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INNOVATION



BANKIA AIMS TO LEAD THE WAY AND BE AN INNOVATIVE BANK, BOTH WITHIN ITS ORGANISATION AND IN OFFERING A BETTER SERVICE TO ITS CUSTOMERS.

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Innovation is an everyday reality in Bankia. From talent management to corporate governance, sponsorships and customer relations, the bank strives to lead the way and make innovation part of its DNA.

The advances made in 2017 earned Bankia the Digital Talent award, in the Digital Adopter category, in recognition of its transformation towards a digital culture, with digitally competent employees who are able to adapt to the new market needs.

Contributing to this transformation are projects such as the Digital Talent School, focused on the new technologies; the change of training platform, so that the bank's professionals learn more effectively in a flexible environment with diverse functionalities; and the Digital Transformation website,

which provides information about the latest advances in innovation both inside and outside the organisation.

Innovation has also been applied to the relationship with suppliers, with the launch of a new portal that ensures transparency, impartiality and equal opportunities and the implementation of the "Valora" tool for managing purchases online.

Bankia made a major commitment to innovation with the Bankia Fintech by Innsomnia project, considered Spain's biggest open innovation centre. The bank's faith in this startup incubator and accelerator has led it to hire seven of the firms that took part in the programme's first edition, which have developed solutions for some of the bank's strategic segments, such as SMEs and self-employed business owners.

The collaboration between Bankia and Innsomnia has extended to La Digitalizadora, a digital immersion programme in which the technological verticals that are likely to affect companies in the future, such as robotics and artificial intelligence, were presented to business owners and managers in ten information sessions.

The bank also wants to contribute to business innovation and so sponsors events such as the Digital Competitiveness Awards, the Compendedor Awards, the "Bankia Accelerator by Conector" call for proposals, the Atípics programme and the Innova Pyme and Spain Startup South Summit forums.

TECHNOLOGY AT THE SERVICE OF CUSTOMERS

Technology and data processing play an important role in learning about customers' needs in today's economic and financial context.

In order to provide the best possible service, Bankia has been working since 2017 to build an innovation model that will identify new technologies and cultural and social changes that could assist the bank's transformation.

The work of the Corporate Technology Strategy and Innovation Directorate has therefore centred on analysing trends in new business models, with a focus on fintech, with a view to meeting customers' needs and exceeding their expectations.

One of the directorate's main missions has also been to introduce

new products and services arising from technological development and explore new channels of interaction with customers.

INNOVATION OBSERVATORY

To help detect trends in fintech business models, the bank has used the Innovation Observatory, which seeks to anticipate changes in customers' needs and identify improvement opportunities.

This work is done through Bankia Fintech, an entrepreneurship

IN 2017 BANKIA FINTECH ISSUED ITS SECOND CALL FOR APPLICATIONS, THE FIRST TO BE ADDRESSED TO INTERNATIONAL STARTUPS.

platform located in the Valencia Royal Marina, a site that has established itself as Spain's leading innovation centre.

MAIN INITIATIVES

In order to be able to add new products, services and channels to Bankia's portfolio, the Corporate Technology Strategy and Innovation Directorate focuses on certain core themes, covering the bank's business areas and central service areas, that help identify the levers of change.

BANKIA FINTECH, SPAIN'S BIGGEST OPEN INNOVATION CENTRE

The Bankia Fintech philosophy is based on open innovation and collaboration among the parties involved. Regular contact with companies allows Bankia to judge when the time is right to enter into joint ventures with the participating startups, which from the moment they are selected are tutored by a business partner and an innovation partner.

In 2017 Bankia Fintech issued its second call for applications, the first to be addressed to international startups. After the success of this second call, the third round brings together entrepreneurs from Spain and the rest of the world, with a total of 76 projects submitted, of which 12 that could contribute value and solutions to Bankia have been selected.



70%

of the companies from the first batch of startups have formed a business relationship with Bankia

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This has allowed the development of tools such as Incuenta, an account aggregation service for corporate customers that can estimate cash flows for the next three months. This aggregator also offers its users suggestions on government subsidies that match their business profile.

The bank also has a blockchain laboratory, from which it works to simplify and increase the efficiency of certain processes, such as personal data management.

The first use cases have centred on processes that require intermediaries to provide trust or certify information.

Blockchain is an exponential technology that is expected to have a transformational impact on many industries, financial services being one of the sectors with the greatest potential. It is an unalterable distributed database technology, where transactions are validated by consensus rather than by a central decision maker.

Blockchain technology offers banks various opportunities, which many are already starting to explore, such as real-time cross-border payments, issuance of digital assets or the management of customers' identification details.

A major milestone in this area in 2017 was the bank's becoming a member of Red Alastria, a consortium of more than 70 Spanish companies devoted to accelerating the use of the blockchain.

IMPLEMENTATION OF TECHNICAL TOOLS TO ADVANCE IN INNOVATION



Innovation Observatory

To identify opportunities through analysis and information sharing.



Credit scoring

Situates each new initiative on a theoretical horizon that measures the estimated time until it becomes a reality.



Sandbox

Agile testing environment that includes simpler procedures for working with startups.



Innovation process map

Based on the Agile Management methodology, which industrialises procedures and speeds up the feasibility testing of new products and services.

Initially, the consortium's main focus will be on the "ID Alastria" digital identity standard, which will give citizens control over their personal information transparently, following the guidelines set by the European Union.

NEW MODELS

To expedite the loan approval process, Bankia has evaluated credit risk with a view to trying out new credit scoring and credit rating models.

It has also promoted an ecosystem for developing new business models based on automated investment advice, as a supplement to traditional advisory services. The initiatives framed within this ecosystem are targeted both at investor clients and at asset managers.

In fact, the Private Banking wealth managers already have the use of Robo4Advisory, a tool that facilitates the analysis of their portfolios and interactions with their clients.

The bank has also used artificial intelligence applied to IT systems to simulate human thought processes, learning in each interaction.

Artificial intelligence has been used in connection with cyber security to detect threats through analysis of user behaviour, identifying anomalous patterns in network traffic.

During 2017, the bank worked on more than 70 innovation initiatives, collaborating with experts, trialling new applications and testing the integration capacity in Bankia.

To create a more efficient environment for the implementation of innovation initiatives, the bank has introduced a number of fundamental

technical tools that together establish a new work methodology:

- Identification of opportunities through the analyses and reports issued by the Innovation Observatory.
- A scoring system that situates each new initiative on a theoretical horizon that measures the estimated time until it becomes a reality.
- A sandbox or testing environment that includes simpler procedures for working with startups.
- An innovation process map, based on the Agile Management methodology, which industrialises procedures and speeds up the feasibility testing of new products and services.

In 2018 Bankia will continue to develop its innovation model, exploring the more disruptive trends that are likely to afford the greatest competitive advantage.

For instance, it will investigate new use cases for blockchain technology, drawing support from the Red Alastria network and the newly created blockchain laboratory.

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