

# Module Connecting Finance & Giving Value for Indonesia

Made and presented by:

BRI Research Institute, Change Management & Transformation Office





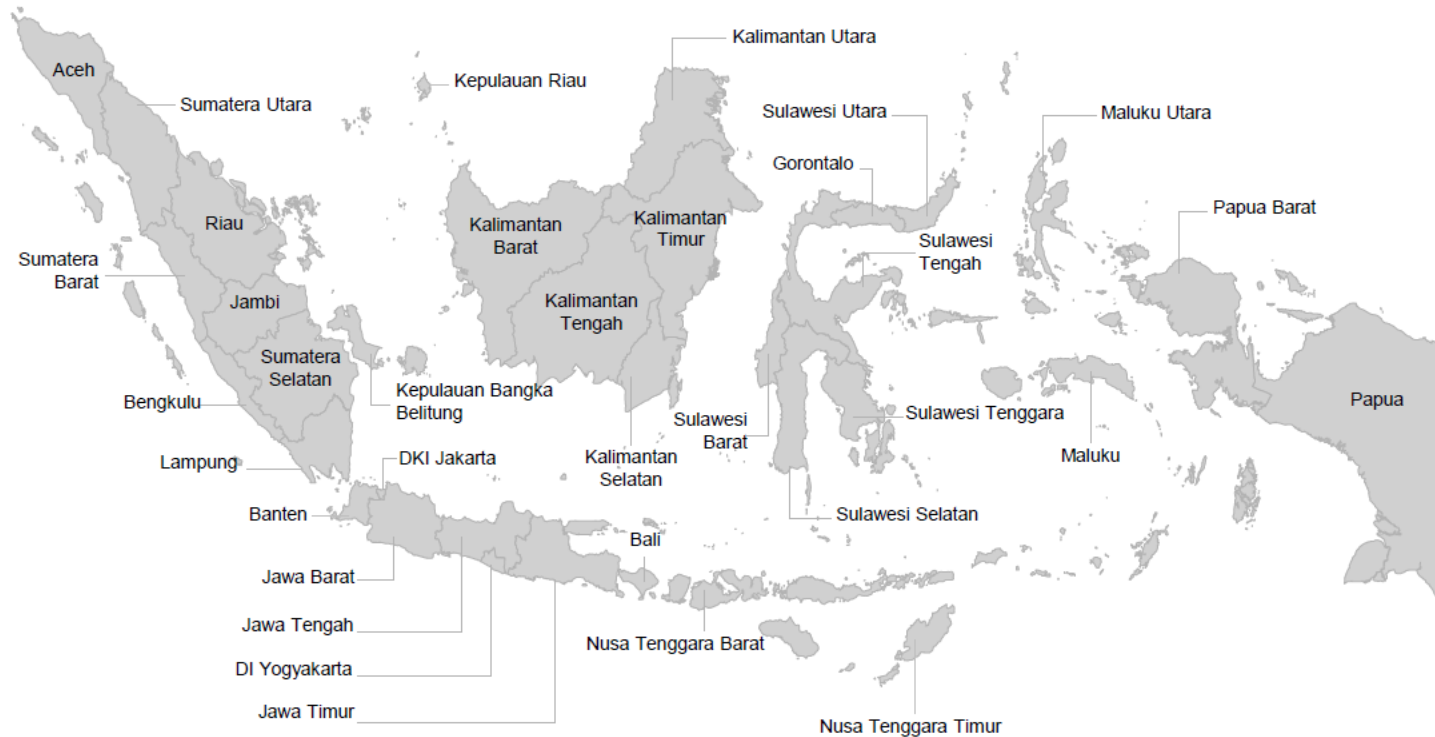
# Connecting Finance & Giving Value for Indonesia

Sharing Document for Mibanco

22<sup>nd</sup> February 2024



# Indonesia: an archipelago country with massive economic potential



The world's largest archipelagic country with more than **~17.500** islands



The fourth most populous country in the world with population around **~270 Mn**



More than **~83.000** villages spread across **38 Provinces** in Indonesia



In 2022: the **2<sup>nd</sup> fastest GDP growth in ASEAN (5,3%)**, only after Vietnam



In 2022: the **2<sup>nd</sup> largest FDI flows in ASEAN (\$22Bn)**, only after Singapore

Understanding the **characteristics** and **potential** of Indonesia, we as a banking institution must **develop** appropriate **strategies** to **maximize** the **company's business**.



**BRI has two mandates to deliver:  
Economic Value and Social Value**

**Become the Most  
VALUABLE Banking  
Group in Southeast Asia**

&

**Champion of  
FINANCIAL INCLUSION**

**\$75Bn** Market Cap

**90%** Financial Inclusion

**“Digital First” DNA**

Home to the **“Best Talent”**

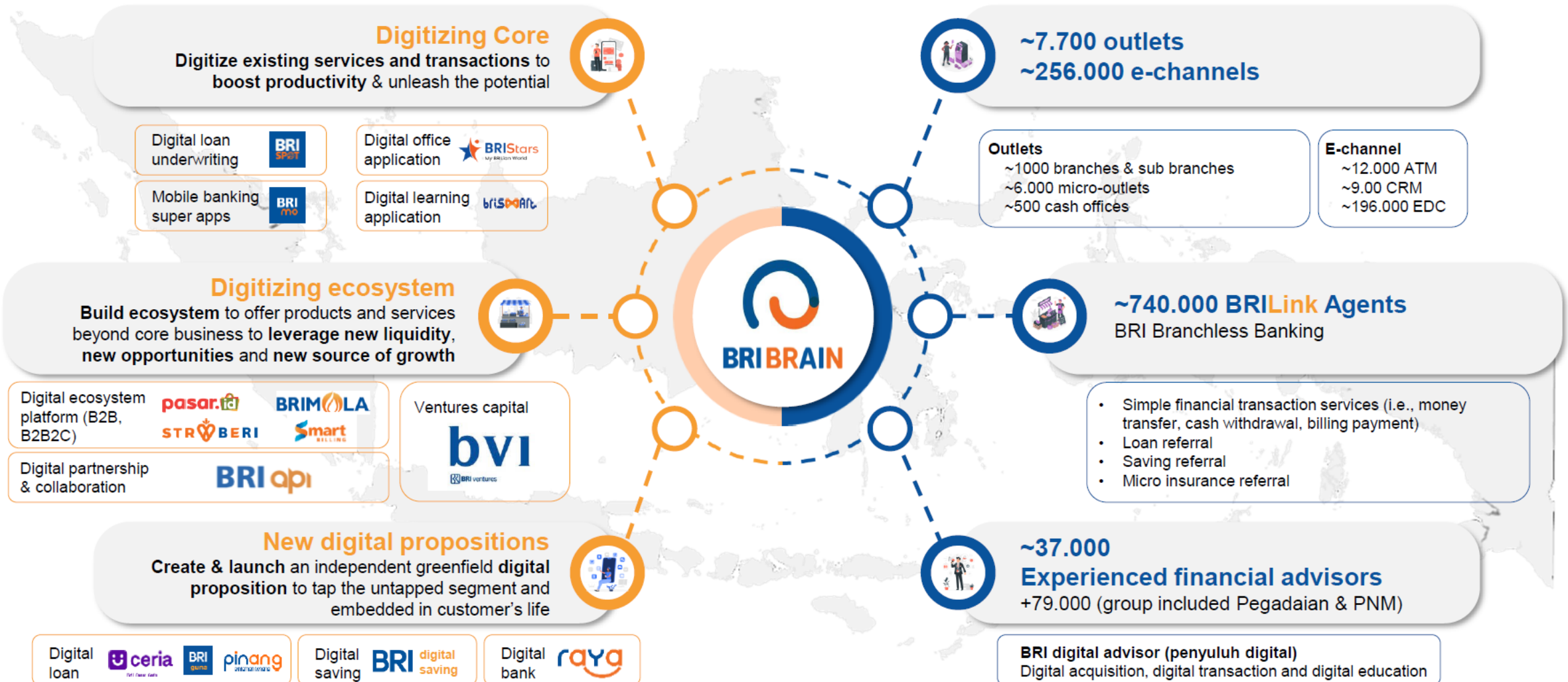
**“Agile & Entrepreneurial” Mindset**



# Our hybrid bank business model aims to meet the wide spectrum of our customer target segments' needs in delivering banking services

● Digital capabilities

● Physical presences





# In 2021, we build Ultra Micro (UMi) Holding to provide comprehensive & integrated financial services that meet the needs of businesses

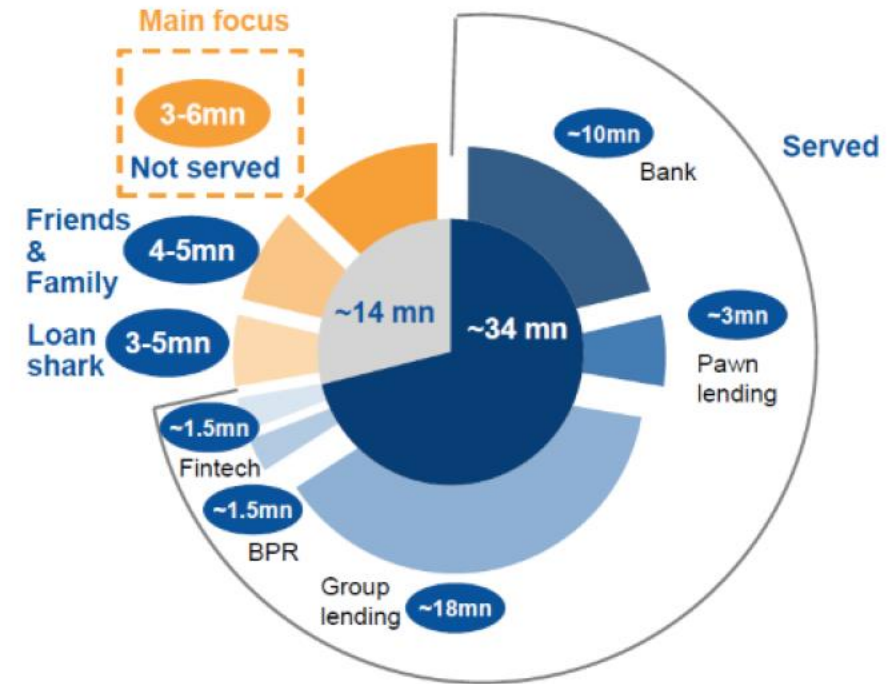
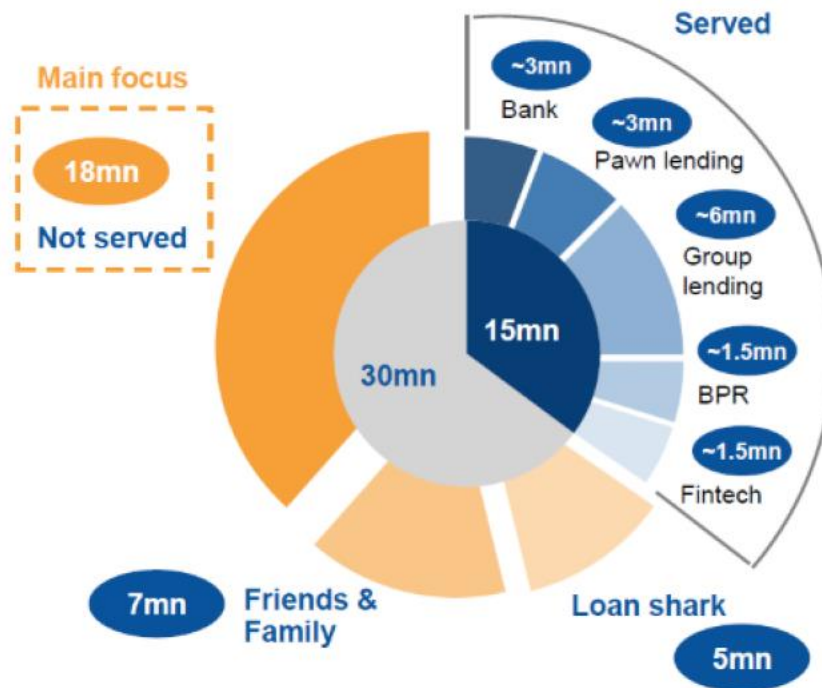
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#of Umi businesses

UMi businesses that require additional funds, out of 45Mn customers in 2018



UMi businesses that require additional funds, out of 48Mn customers in 2022



Our strategy to targeting ultra micro-enterprise players in line with the Indonesian government's aspirations to make Indonesia as the "world-leading UMi Ecosystem" by 2029-2034

# We have 6 key success factors to effectively serve the micro and ultra-micro segments in Indonesia



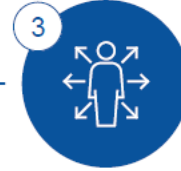
## Digital asset

**Build online platforms and applications to engage** micro and ultra-micro segments **effectively** e.g.,



## Data analytics

**Utilizing data analysis techniques to gain insights** into **customer behavior** and **preferences**, e.g., credit scoring, product offering.



## Wholistic “Mantri” Role

**Empowering** Mantri with **multifaceted responsibilities** (i.e., marketing, disbursement, collection and mentorship) to ensure a **comprehensive approach** to **serve client**.



## BRILink Agent

**Leveraging** authorized **agents** to **provide financial services** (including credit underwriting for selected agent) to tap the **untapped customer**



## Tailored product

Develop **customized products** and **services** that **meet** the **unique needs** of micro and ultra-micro customers, e.g., intraday loan, subsidized loan

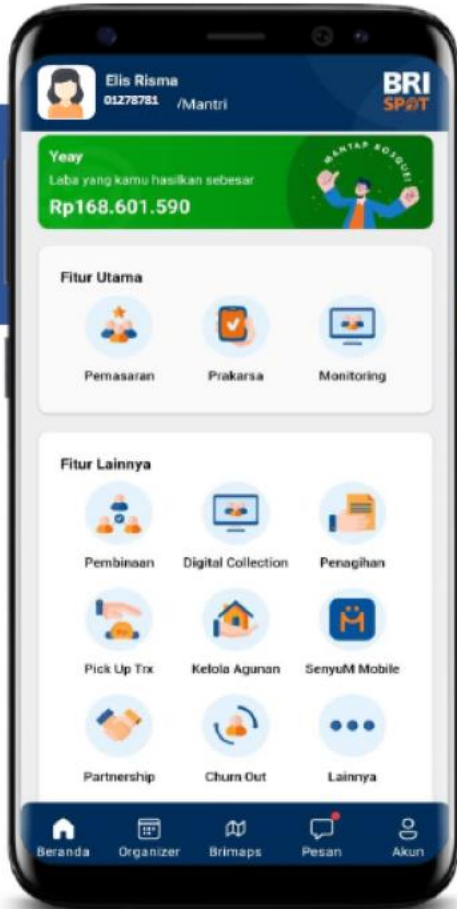


## Managing credit risk

100% of **loans** are insured by SEO and subsidiaries, which includes **credit insurance** and **life insurance**, with a normal **recovery rate** targeted at **70%**.



# 1. BRISPOT as digital tools to improve productivity and efficiency by digitalizing business process



● **+100K Users**  
(loan officers & approvers)

● **+157 Impactful Features**  
Micro +76  
Small +37  
Consumer +44

## BRISPOT Features

### Boost Productivity

- Sales & pipeline
- Portfolio balancing dashboard
- Profit & loss portfolio
- Working area mapping
- UMi corner integration
- BRILink partnership
- KPI visibility
- Activity suggestion
- QRIS acquisition
- Radar CASA

### Increase Efficiency

- Automated pre-screening
- Less paper
- All in one application
- Pick up transaction
- BRISURF integration
- Online loan application letter register
- Scheduled marketing
- Automated AGF registration

### Strengthen Risk Management

- Monitoring & evaluation
- Monitoring point to point
- "Activity Today"
- Assistance
- Early warning system
- Loan collection
- KUR limit monitoring
- Credit restructuring

## Boost Productivity & Unleash the Potential

### Digitalization



### Automation



### Simplification





## 2&3. Optimizing data analytics and wholistic Mantri role to provide comprehensive services to customer

BRIBRAIN as the digital brain center of BRI, consolidating the capabilities of Artificial Intelligence and analytics

We develop Mantri to become a complete marketer to provide all financial solution needed by customers

### BRIBRAIN capabilities:



### Mantri roles:



### Example on BRIBRAIN usecases:

**AGEN**  
**BRI Link**

AI-based leads generations for potential BRILink Agents

**BRI**  
**mo**

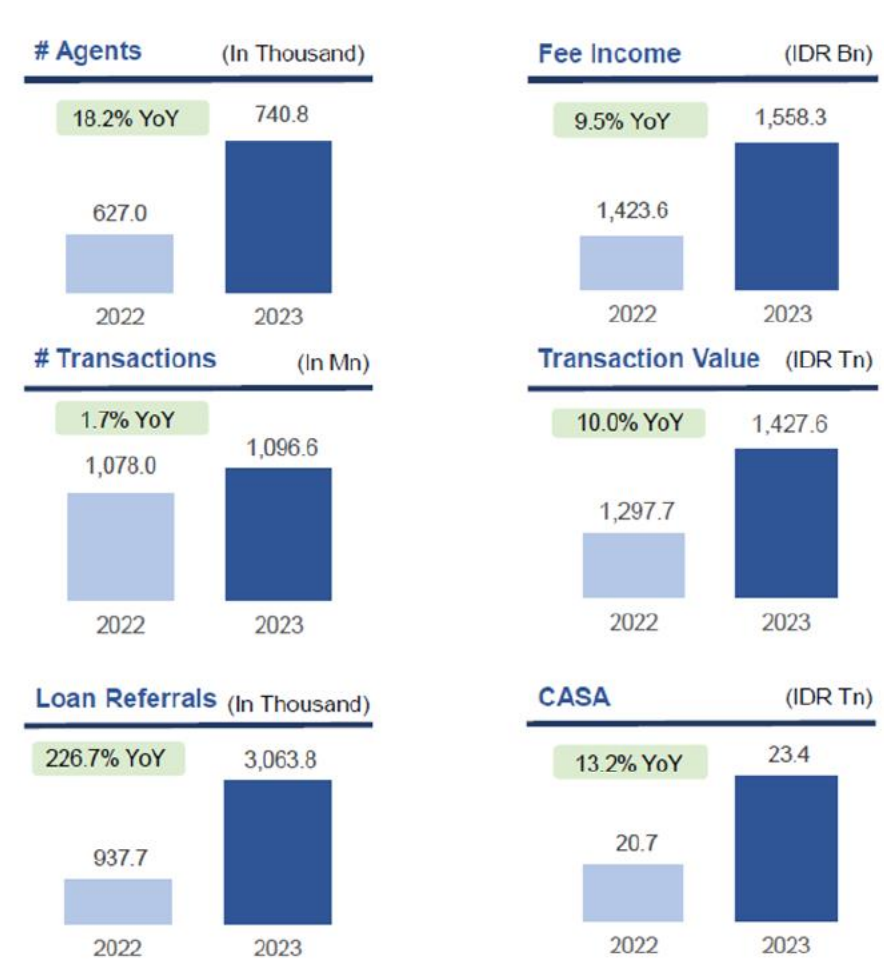
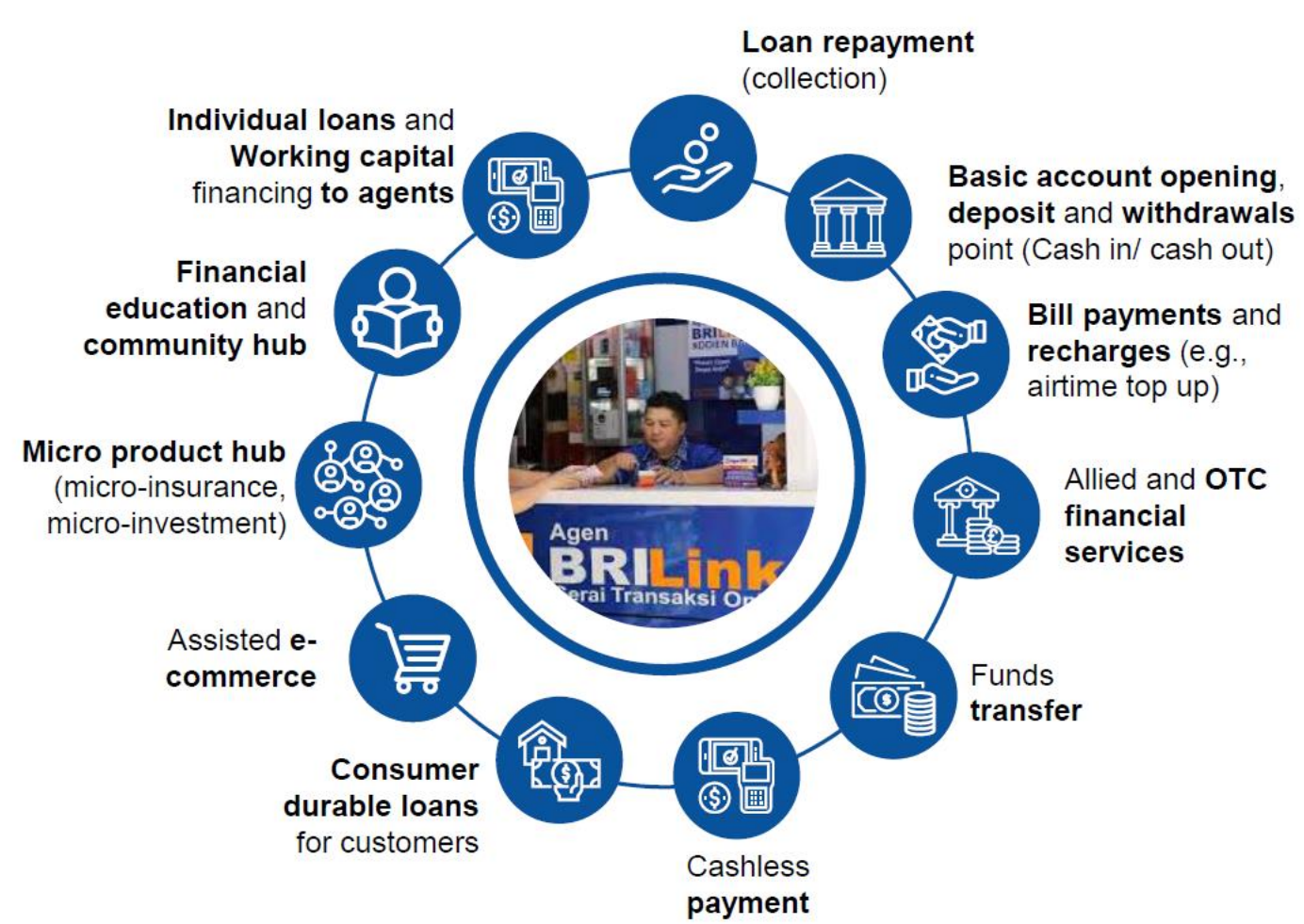
Personalised product recommendation

To help the success of this wholistic role, **Mantri** is supported by digital tools (e.g., BRISPOT) and regulations regarding work areas to avoid overlapping

# 4. BRILink Agents as an extension for BRI to tap the untapped customer

Services provided by BRILink Agents

BRILink Agents by numbers





# 5&6. We develop tailored products to meet customer needs, supported by strong risk management

Non - exhaustive

Some of our tailored product for targeted customer...



**Kredit Usaha Rakyat – subsidized credit**  
a **government loan program** distributed by BRI to who have **not previously borrowed** or are considered **non-bankable** but are striving to develop their businesses



**Yarnen loan – pay after harvest**  
Credit loan which **repayment** is structured to **occur when the harvest season arrives**, **aligning** with the **borrower's cash flow** from agricultural activities.



**Intraday loan**  
Helping the business to **fullfill or maintain liquidity needs on daily base** for the purpose of **making unhindered payment transactions** during a relevant day

...and supported by strong risk management



Credit risk management



**100% loan is insured** by insurance company: **credit & life insurance**



**Credit risk scoring** to **assess** the **likelihood** of **borrowers** **defaulting** on loans



**Risk based pricing** to set interest **rates** and other **loan terms based** on the **perceived credit risk** of the borrower



**Early warning system** to **identify** and **mitigate** potential credit **risks before** escalate into **defaults** or **financial crises**

# Beyond those 6 key success factors, culture transformation also plays a crucial role in our success

Our culture transformation focuses on 2 key objects

## Transforming **our customer**



- Enhancing **public literacy** and **awareness to utilize digital services/products**.
- Educating customers regarding the **borrowing and lending cycle: point-to-point payments**

## Transforming **our employee**



- **Implementing work areas as planned**
- **Executing disciplined sales and collection strategies.**
- **Cross-selling products** (e.g., mobile banking and insurance)



