

Module Empowering Financial Inclusion: The Synergies of the Ultra Micro Ecosystem

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BRI Research Institute, Change Management & Transformation Office



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Empowering Financial Inclusion: The Synergies of the Ultra Micro Ecosystem

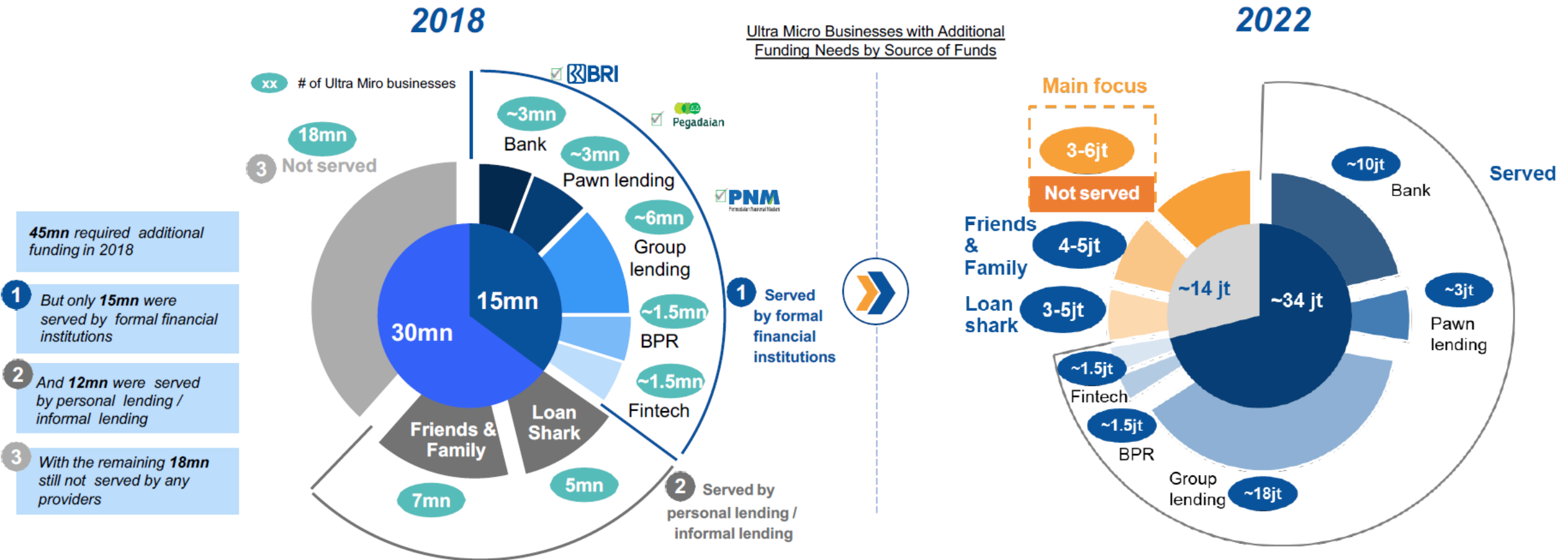
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Look Back: Tap the Untapped







In 2018, 30 million of Indonesia's 57 million UMi businesses lacked formal funding. Since Ultra Micro Holding's inception, notable progress has been achieved. **UMi Holding has already served over 31 million Ultra Micro customers, with a majority being women (74%) and men (26%), primarily within the age range of 30-45 years.** BRI continues to focus on serving the underserved Ultra Micro market with comprehensive offerings.

1. Business Classification UMi is a customer who is eligible for loans up to Rp 50 million
 2. Some UMi businesses can have several loans from various institutions; the market share calculation is calculated from the basis of the main source of funds
 SOURCE: Ministry of Cooperatives – MSME data (2018), Asian Development Bank, team analysis, BRI Research Institute (2023)

Current Profile of Indonesia's Ultra Micro Segment

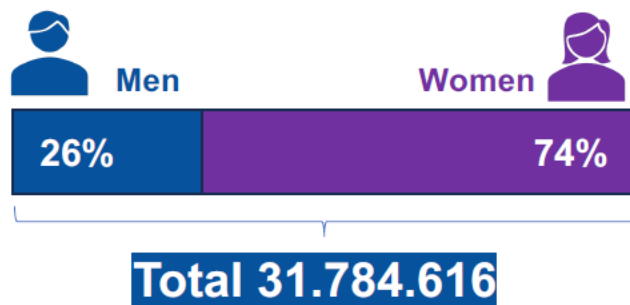
Ultra Micro's Segment Behavior

Source: Women's World Banking – Umi Research

 Occupation	64% Only has 1 job/business	31% Women with >2 jobs/businesses	63% Trade	59% Business has been running over 2 years
 Income Source	37% Monthly revenue up to Rp 2 Mn/month	33% Has other sources of income	45% Considers the business as the main source of income	69% Receives non-cash social aid from the government
 Financial Behavior	98% Saves in informal saving accounts	11% Saves in Sharia-compliant bank	Motorcycle, House, Gold are the primary assets owned	53% Has accessed loans for business purposes
 Digital Access	89% owns a smartphone	WA (90%), FB (73%), IG (49%) are the most accessed social media platforms	33% can perform digital transaction through smartphone	4% Uses QRIS for business transactions

With 89% of the Ultra Micro population owning smartphones, there is an opportunity for accelerating empowerment, financial inclusion, and literacy in Indonesia

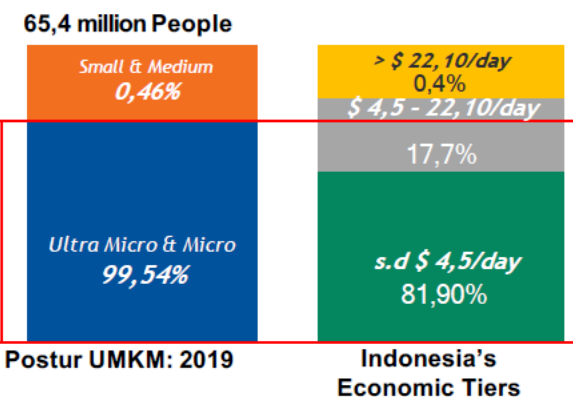
Customers served by UMi Holding



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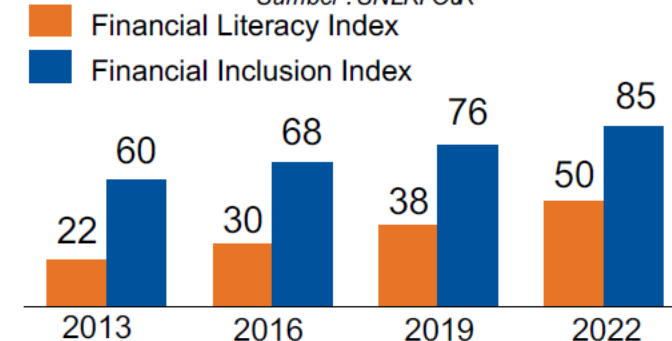
Indonesia's MSMEs Overview

(Source: Kemenkop & Prof. Gagaring, Univ. Hasanudin)







Inclusion and Literacy Gap in Indonesia

Sumber : SNLKI OJK



Financial Inclusion in Upper Middle-Income Countries

Sumber : World Bank

Nations	GNI per Capita (USD) ¹	Financial Inclusion
 Indonesia	~5k	75-85% ²
 Thailand	~7k	96%
 China	~13K	89%
 Brazil	~8k	84%

- Share of adults (15+) with an account at a financial institution or mobile money account
- Estimated from UMi Ecosystem/OJK data

In Indonesia, 99% of SMEs, mostly Micro and Ultra Micro, earn less than USD 4.5 daily. **Low financial inclusion and literacy underscore the need for empowerment**, especially in Ultra Micro and Micro segments, to enhance the well-being of the population

Entities



The Biggest MSME Bank in
SEA serving the feasible and
banked segment



Pegadaian

Indonesia's Biggest Pawn
Operator

serving the feasible and banked
segment

PNM

Permodalan Nasional Madani

World's biggest female ultra-
micro lender

empowering the unfeasible and
unbanked segment

The Establishment of The Ultra Micro Synergies

Consolidated Ultra Micro Ecosystem for a More Integrated Journey for Customers

PNM

Empower

- PNM will serve underserved women entrepreneurs through group financing, enabling their businesses to thrive and advance.



Pegadaian



Integrate

- PNM customers who advance will join the ultra-micro ecosystem with individual financing.
- Pegadaian and BRI will cater to the individual loan needs of Ultra Micro entrepreneurs.



Graduate

- As Ultra Micro entrepreneurs mature, they will move up to the micro-segment.



Benefits



Economic

Increasing entity's
valuation and hence
shareholder's value



Social

Improve living standards
and reduce financing
costs for UMI customers



Sustainable

Contribute to financial
literacy and inclusion
for all Indonesians

Micro and Ultra-Micro Ecosystem

Empower Financial Inclusion and Unlock New Sources of Growth through an Extensive Access Point Network, utilizing a Hybrid Bank Model and Offering a Comprehensive Range of Products

Access to comprehensive Ultra Micro & Micro Financing Products

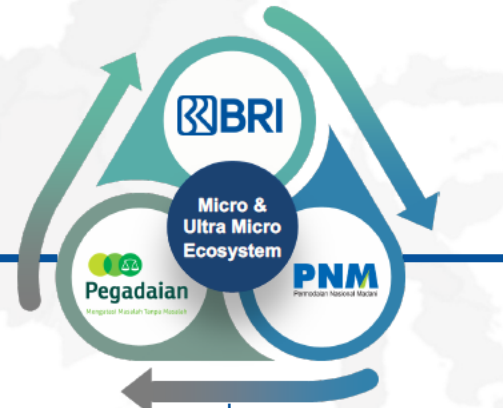
PNM Group Lending (PNM Mekaar):
IDR 42.0 Tn, 15.1 mn borrowers

Pegadaian Pawn Lending (Pegadaian):
IDR 55.6 Tn, 7.1 mn borrowers

BRI Micro Loan:
a) BRI Micro Loan:
IDR 496.6 Tn, 14.0 mn borrowers

PNM b) PNM Ulamm:
IDR 4.1 Tn, 57K borrowers

Pegadaian c) Pegadaian (Non-Pawn Lending):
IDR 12 Tn, +594K borrowers



+36.9 mn
UMi & Micro
Borrowers

+173 mn
Micro Deposit
Accounts

Comprehensive Savings and Beyond Banking Products

Micro Savings IDR 323.7 Tn

Micro Insurance
(Life/ Health,
House & Property) 32.3 mn
insurance
policies

Gold Savings & Investment: 3.1 mn customers & 7,660 kg gold OS

Mobile Banking (BRIMO & SenyuM):
BRI mo 31.6 mn users **SenyuM** >1.800.000 Referral Success

Wider Points of Access

Physical Outlets

- BRI Micro Outlets +6.7K
- Pegadaian +4,087
- PNM +4,553

Co-Location (Senyum Outlets)

1,018 Units

BRILink Agents

+741K Agents

BRI E-Channels

+686K Units

Financial Advisors

+73.6K
BRI +27.0K; Pegadaian +2.4K;
PNM +44.1K

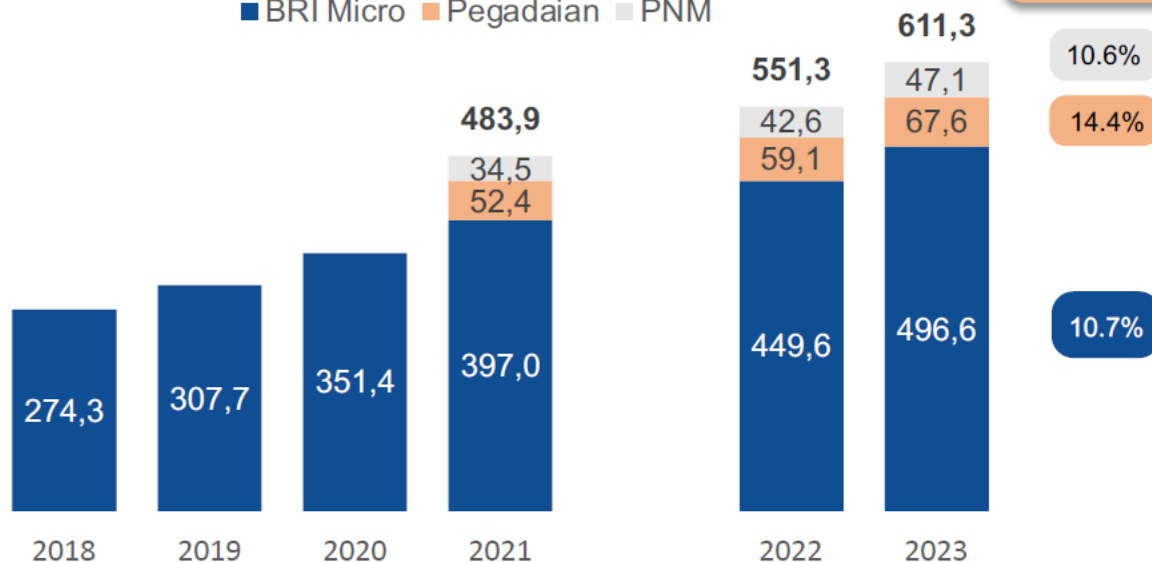
Micro and Ultra-Micro Financial Performance 2023

Loan Composition - Outstanding

(IDR Tn)

↑ 10.9% YoY

■ BRI Micro ■ Pegadaian ■ PNM

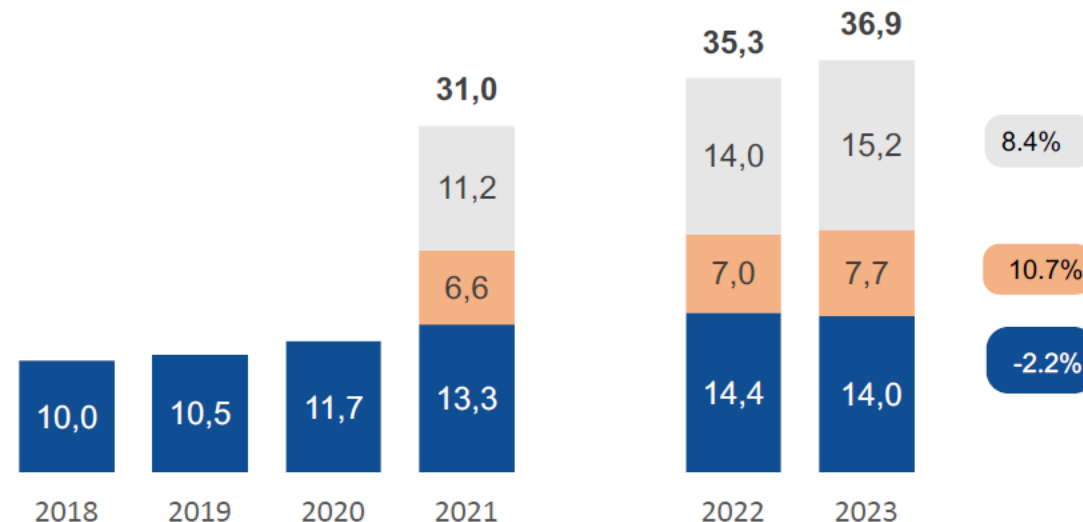


Borrowers

(in Mn)

↑ 4.5% YoY

■ BRI Micro ■ Pegadaian ■ PNM



Key Ratios

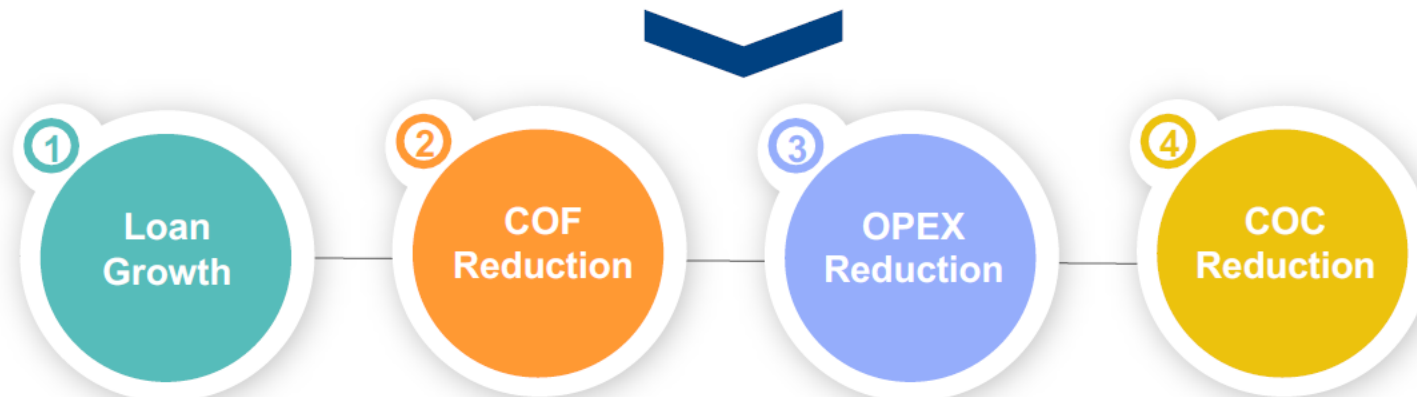
Description	BRI				Pegadaian				PNM			
	9M21	2022	9M23	2023	9M21	2022	9M23	2023	9M21	2022	9M23	2023
COF	2.1%	1.9%	2.7%	2.9%	6.2%	4.9%	5.8%	5.9%	8.7%	7.6%	7.0%	6.8%
BOPO	76.4%	64.2%	64.8%	64.4%	75.5%	71.1%	65.2%	67.4%	88.1%	90.3%	85.6%	85.8%
CIR	42.1%	42.0%	37.6%	37.7%	63.0%	63.7%	56.1%	59.4%	76.7%	67.7%	70.2%	63.4%

Pegadaian, PNM's Cost Of Fund (COF) calculated by dividing annualized interest expense with average monthly Interest-Bearing Liabilities

*PNM's financing outstanding include financing disbursed to LKMS (Syariah Micro Financing Institution) and venture capital

UMi Holding's Key Initiatives

High tech & high touch, simplicity, ecosystem based, and focusing on inclusion and literacy



Sustainable business for The Entities



Large database of UMi ecosystem customers

Currently there are **more than ~31 million** customer's database identified based on measured parameters (i.e personal info, business info, historical transactions)

Data Integration & Analytics

Data integration is necessary for the ecosystem



Data integration will allow the ecosystem to have a **complete view of a customer's financial standing**



The big data can be further leveraged into **generating key business insights and impact through analytics**. – i.e., revenue enhancement, risk management, government programs, etc.



The ecosystem must also invest in **maintaining the integrated database** to ensure the quality of the insights from the data

Analytic-led use cases



Increase **underwriting model quality**



Sharing leads for **cross-selling** among entities



Early Warning System & Fraud Detection

SenyuM Outlets (Co-location)

SenyuM Co-location expands customer access to UMi's extensive range of products and services and social empowerment and financial inclusion programs.



Establishment of Ultra Micro ecosystem presence in the market through joint branding, intensive marketing and integrated branch layout



Customer access to extensive suite of UMi products and services offered by BRI, Pegadaian and/or PNM, as well as **social empowerment and financial inclusion programs**



Integrated cross-entity customer journeys through complementary product bundling

PNM and Pegadaian have optimized BRI's network, a crucial step in areas where their networks, particularly in Papua, Kalimantan, and Sulawesi, are limited. As per now, **1,018 SenyuM Outlets** are live across Indonesia. **This optimization promises to reduce overall network investment costs for both PNM and Pegadaian.**

SenyuM Mobile Ecosystem (Ultra Micro Super App)

A joint acquisition platform crafted with a customer-centric focus on ultra micro needs, designed to simplify onboarding for Indonesia's ultra micro entrepreneurs, including those with limited digital and financial literacy

Integrated sales platform for UMi Products

Referral & Cross-Selling between entities

Accessible to all marketers, Agents, and Customer



#Latest numbers

Tabungan BRI
Simpedes UMi

+67k customers
BRI Savings
*exclude API

Pinjaman BRI

+1,1Mn borrowers
BRI Loan

Tabungan Emas

Pegadaian
Pegadaian Nasional

PNM mekaar
Membina Ekonomi Keluarga Sejahtera

+160k customers
Gold Savings

+400k borrowers
Pawn Lending

+70k borrowers
Mekaar

Accelerating productivity and broadening access, SenyuM Mobile has **achieved over 1,8 Million successful referrals**.

The Journey

2021



+76.000
Marketers



SenyuM Mobile
Pemasar ver.

2022



+666.000
BRILink Agent & Pegadaian Agent



SenyuM Mobile
Agent ver.

2022



Integrated with PNM and
Pegadaian



SenyuM API
Open Banking

2023



All Ultra Micro Customer



SenyuM Mobile (self-serve)
Ultra Micro Customer ver.

Business Process Re-engineering

Revamp, implement, and support enhanced business processes between BRI, Pegadaian, and PNM for a cashless ecosystem.
Goals: optimize CASA growth, boost efficiency, mitigate risks, and establish a closed-loop BRI Group ecosystem.

Tabungan BRI

Simpedes UMi

Special basic savings account tailored for the Ultra Micro segment with minimum fees.



Over 10 million Simpedes UMi accounts have been created



Effortlessly generate **Simpedes UMi** (through **SenyuM API integration**) for the **seamless cashless disbursement** of Mekaar PNM and Pegadaian loans



BRILink Mekaar

BRILink Mekaar agents serve as transaction hubs to support seamless offline-to-online or online-to-offline transactions.



Total Agents: +151K Agents

Total Trx: +41 Billion



Total Fee: +55 Trillion

Values and Benefits of Cashless Transactions



Enhanced Accessibility and Improved Customer Experience



Operational Efficiency and Enhanced Competitiveness



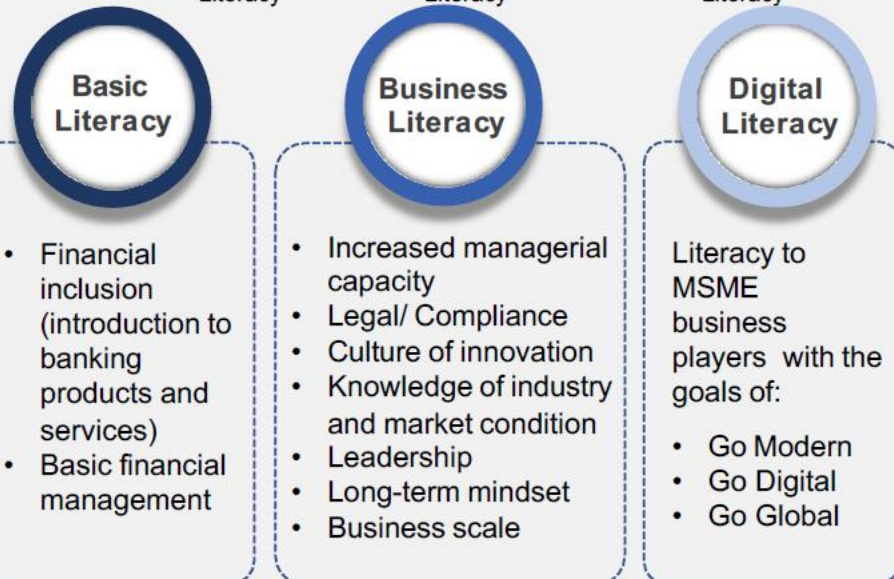
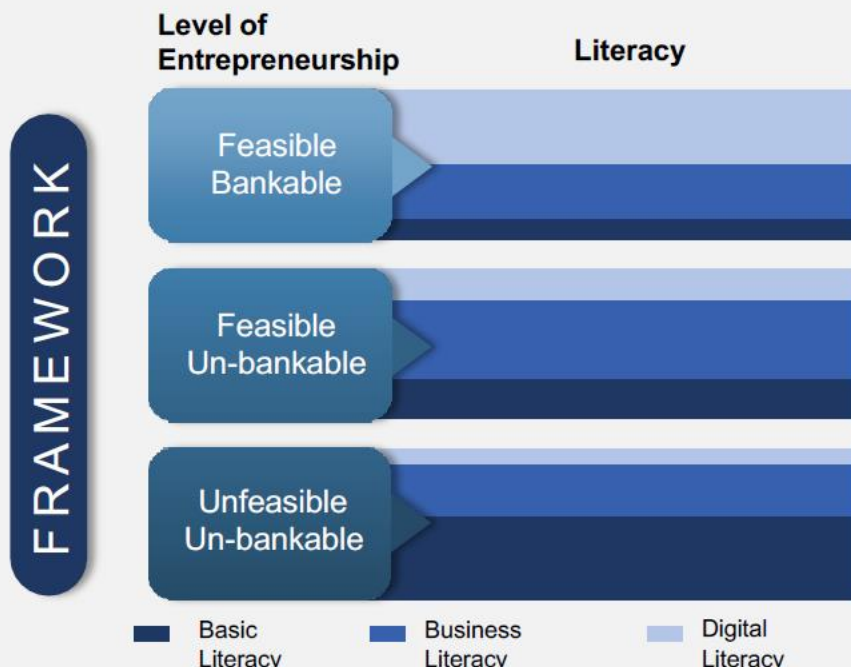
Cost Reduction and Profit Growth for BRI Group



Strengthening Operational and Digital Risk Mitigation

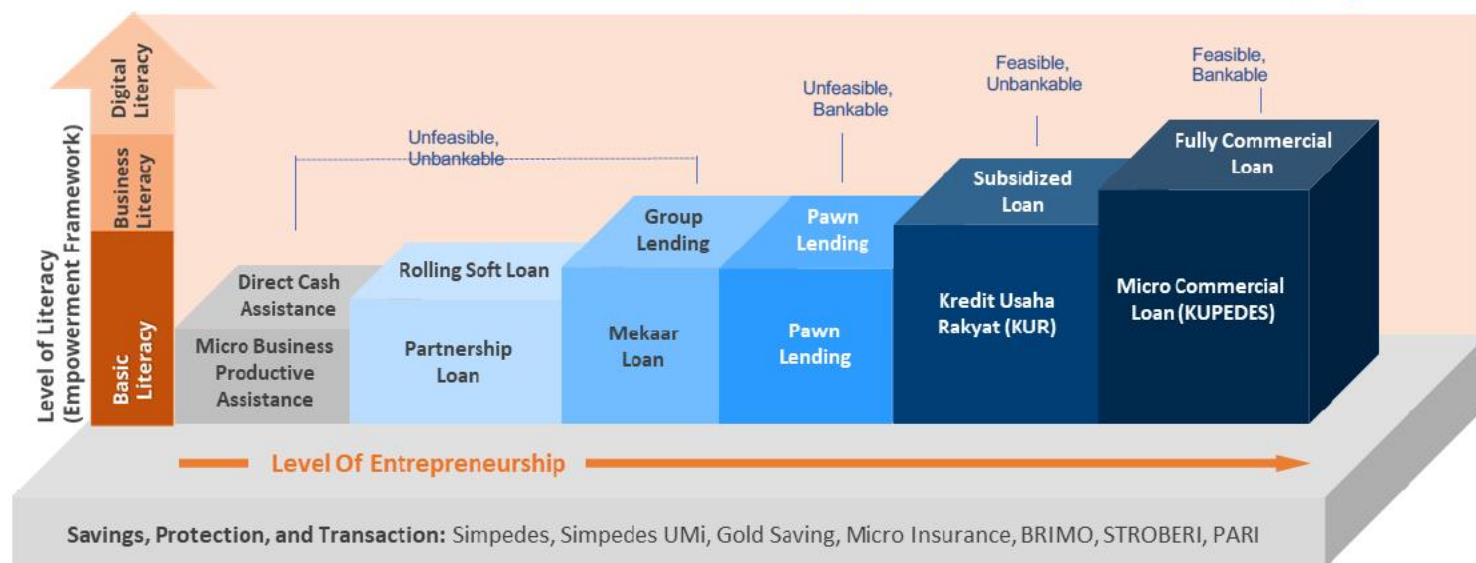


Optimizing Big Data Analytics Use Cases



Micro & Ultra-Micro Financing & Empowerment

BRI provides empowerment platforms and various credit schemes that are adjusted to the business level and business development of Micro business players



EMPOWERMENT CHANNEL & PROGRAM



Micro & Ultra-Micro Empowerment Platform in Numbers



The Village Empowerment Program is based on four pillars: BUMDES (Village-Owned Enterprises), Digitalization, Innovation, and Sustainability.

3.178

Desa BRILian



Empowerment program for clusters/group businesses through institutional development and collaboration.

23.243

Clusters



BRI's online empowerment platform, upgrading MSME scoring and MSME community

+6,1 Mn

Link UMKM User



BRI's annual exhibition serves as a platform for empowering and facilitating business matching for export-ready MSMEs (Go Global).

234

Business Matching



A platform for collaboration steps for state-owned enterprises (BUMN) in forming a digital economy ecosystem through fostering MSMEs.

54

Rumah BUMN



Integrated Commodity Platform that provides convenience for participants/players in the commodity ecosystem.

+70K

PARI User



Holding Ultra Micro synergies(BRI, Pegadaian, & PNM) in empowering MSMEs.

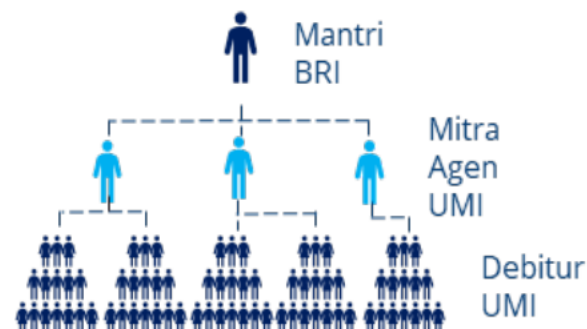
36,9 Mn

**UMi + Mikro
Customers**

UMi Inclusion and Empowerment through Mitra UMi

Mantri BRI plays a pivotal role in boosting UMi partners' capabilities for accelerating new source of growth

Mitra UMi Partnership



New Source Of Ultra Micro Loan Growth with partnership Concept. Mantri manage and oversees Mitra UMi



The potential for Ultra Micro Loans up to 2025 is Rp 34 T

Education - Lending

- Method: On Site, weekly
- Material: Product knowledge, Customer monitoring, Calculating loan needs, BRISpot application, Marketing Skills

Financial Literacy Deepening

Deeper Financial Inclusion

BRI Digital Assistant

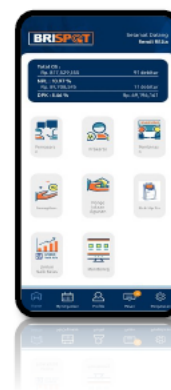


Mitra UMi Monitoring

- Method: On Site, weekly
- Material: Sharing session, empowerment, monitoring, evaluation

Business Model : Mitra agen UMi

Access lending with closer & more practical services



Loan Product

- Digital-based loans
- One stop services
- Flexible installments (daily/weekly/monthly)
- Term of up to 3 months (6 months of agriculture)
- Maximum ceiling of IDR 10 million
- Interest Rate 1.75%

Mitra UMi Performance

	2023	2024
Memantri Agen	1 Mantri 3 Mitra	1 Ekosistem 1-2 Mitra
Total Mitra	81K Mitra UMi	90.906 Mitra UMi
Total Debitur	1,2 Mn Debitur	1,9 Mn Debitur
Total Realisasi	Rp4,27 T	Rp6,9 T
Pend. Bunga	Rp 557 Bn	Rp 662 Bn
CKPN	Rp 73 Bn	Rp 113 Bn

SenyuM

SENTRA LAYANAN ULTRA MIKRO





PARI (Indonesian People's Market) is an Integrated Commodity Platform that provides ease of transactions and various solutions for commodity ecosystem players within BRI's holistically integrated services.

Released:
22 September 2021

Downloads:
60rb+++



Marketplace

Easiest transactions of commodities that carried out through the PARI Application.



Digital Loan

Daily loans accessible by users up to Rp 1 billion



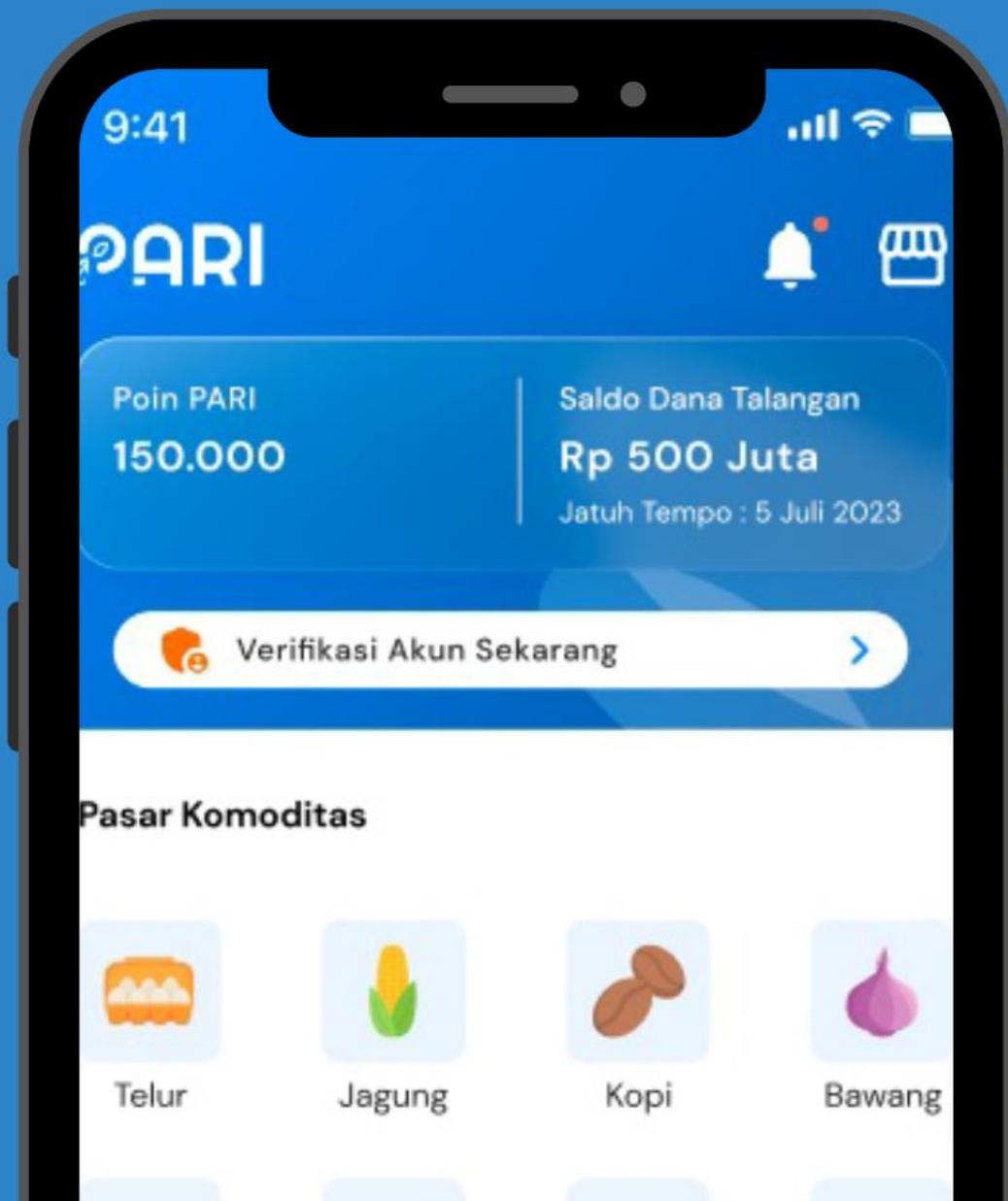
Payment Service

PARI also provides PARI points as one of the payment methods in the PARI application.



Financial Accounting System & Bookkeeping

All transactions on PARI application will be recorded neatly and systematically.



The Benefits



Easy, Fast, and Secure

Accessible from anywhere with assured security.



Financial Accounting System & Bookkeeping

All transactions on PARI application will be recorded neatly and systematically.



Open and Closed Market

Buying and selling that still preserves local wisdom

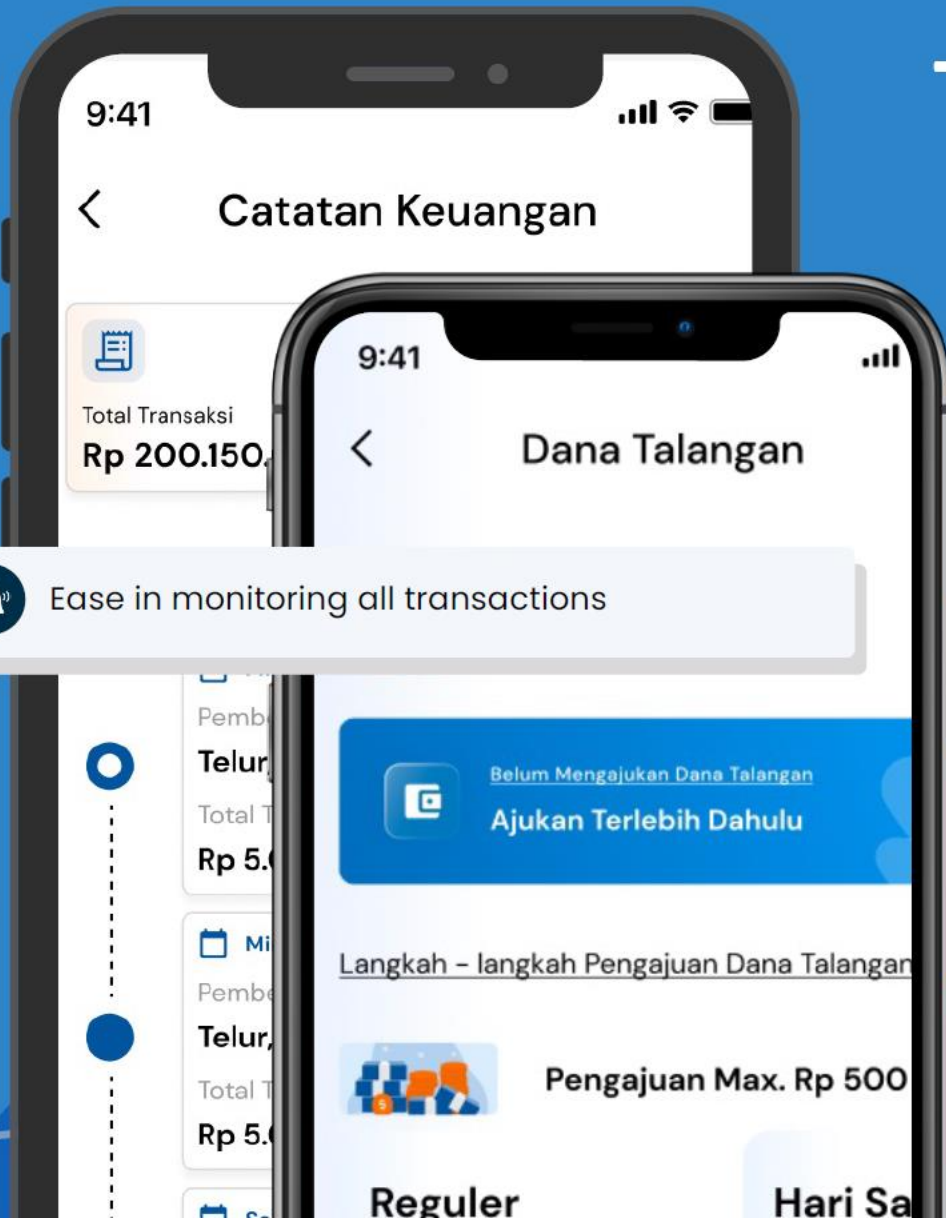


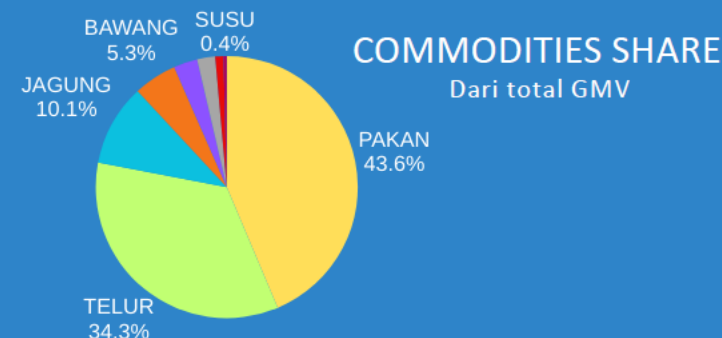
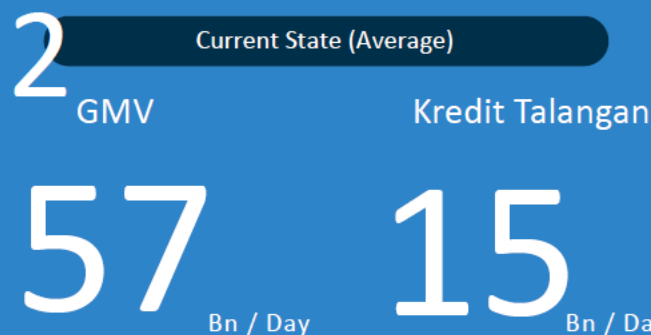
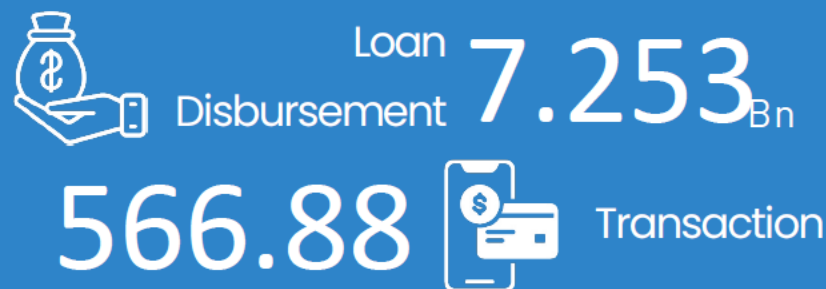
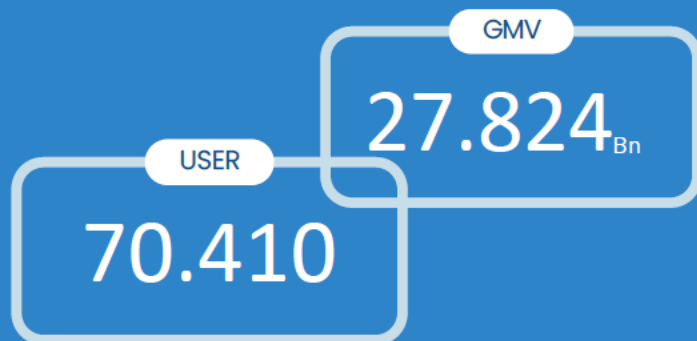
Advance Credit Feature (Kredit Talangan)

The credit advance application limit is up to Rp 1 billion.



Ease in monitoring all transactions







The merchant purchases eggs at a price of Rp 20,000 per kilogram for a total of 500 kg (Rp 10 million).

The merchant utilizes a Rp 10 million advance fund from PARI.

Rp 5 Million deposits



The merchant earns a profit of Rp 500 per kilogram, thus earning a profit of Rp 250,000 for 500 kilograms

The use of PARI's Advance Credit for 3 days with a fee of Rp 16,500, the merchant still earns a profit of Rp 233,500 from the sale of 500 kilograms.

Assuming a turnover of 10 times in a month with operational costs of 15%, then in a month the merchant obtains a net profit of Rp 1,980,000



Assumption

If the merchant only uses personal capital of Rp 5 million to buy 250 kilograms of eggs and earns a profit of Rp 500 per kilogram, then in 10 turnovers and with operational costs of 15%, the merchant only makes a profit of Rp 1 million.

Increase in business profits by using PARI



98%