

Module BRI's Micro Banking Overview

Made and presented by:

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BRI's Micro Banking Overview



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











February, 2024

BRI Micro Customer's Characteristic

Customer's Characteristic		Strategy
THE SURVIVAL BORROWER	<ul style="list-style-type: none">• Revenue from business barely enough for cost of living• Limited experience with financial services or products• Highly concern with loan access• Does not have collateral	<ul style="list-style-type: none">• Ultra Micro loan (up to IDR 10 mio)• Approach with partnership loan
THE STRIVING AMATEUR	<ul style="list-style-type: none">• Revenue from business is slightly high than cost of living• Have started their journey in financial services or products• Highly concern with interest rate• Have collateral (typically motorcycle)	
THE STEADY UPGRADER	<ul style="list-style-type: none">• Stable revenue from business• Quite a few experience in financial (loan) products• Highly concern with loan plafond• Revenue from business is sufficient for savings• But not enough capacity for loan above IDR 100mio (USD 6.300)	<ul style="list-style-type: none">• Micro loan with plafond range between IDR 10-250 mio• Approach with relationship to Mantri• Self service products utilization
THE OPPORTUNITY SEIZER	<ul style="list-style-type: none">• Production capacity more than demand• Adaptability in business• Highly concern with service, flexibility, and loan plafond• Consistent in savings• Have willingness and ability to have higher installment	
THE EXPANDING PROPRIETOR	<ul style="list-style-type: none">• Have multiple businesses• Revenue is far higher than cost of living• Highly concern with service, flexibility, and loan plafond• Consistent in savings and not dependent with loans• Eager for expanding their businesses	<ul style="list-style-type: none">• Micro loan with plafond greater than IDR 250 mio• Requires deeper relationship between Mantri and customers (and heir candidate)
THE HEIR SEEKER	<ul style="list-style-type: none">• More than 20yrs experience being borrowers from loan products (and have desire to stop)• In transition to passing the businesses to an heir (family member)	

... BRI divides its customer based on their characteristic profile and each profile has its own strategy to minimize risk and therefore generate higher yield ...

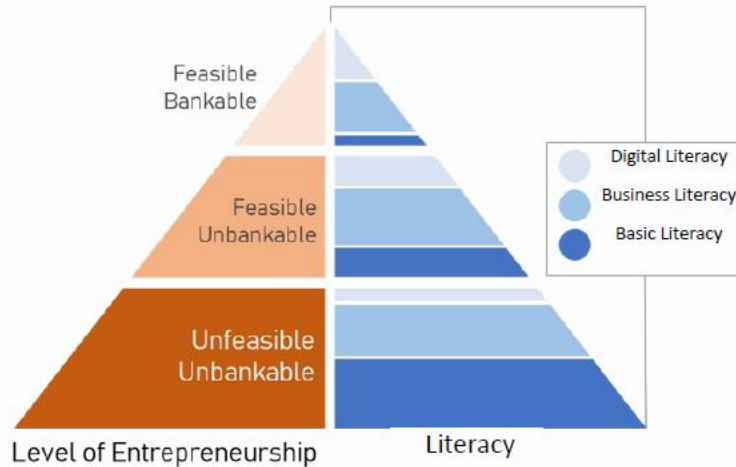
Micro Loan's Access Matrix

Micro Borrower's Profile							
		The Survival Borrower	The Striving amateur	The Steady Upgrader	The Opportunity Seeker	The Expanding Propetior	The Heir Seeker
		<ul style="list-style-type: none"> Revenue from business barely enough for cost of living Limited experience with financial services or products Highly concern with loan access Does not have collateral 	<ul style="list-style-type: none"> Revenue from business is slightly high than cost of living Have started their journey in financial services or products Highly concern with interest rate Have collateral (typically motorcycle) 	<ul style="list-style-type: none"> Stable revenue from business Quite a few experience in financial (loan) products Highly concern with loan plafond Revenue from business is sufficient for savings But not enough capacity for loan above IDR 100mio (USD 6.300) 	<ul style="list-style-type: none"> Production capacity more than demand Adaptability in business Highly concern with service, flexibility, and loan plafond Consistent in savings Have willingness and ability to have higher installment 	<ul style="list-style-type: none"> Have multiple businesses Revenue is far higher than cost of living Highly concern with service, flexibility, and loan plafond Consistent in savings and not dependent with loans Eager for expanding their businesses 	<ul style="list-style-type: none"> More than 20yrs experience being borrowers from loan products (and have desire to stop) In transition to passing the businesses to an heir (family member)
Alternative Access to Finance	 Relatives	✓	✓				
	 Loan Shark	✓	✓				
	 Pawn Lending	✓	✓	✓			
	 Group Lending	✓	✓				
	 Fintech				✓	✓	
	 Local Bank		✓	✓			✓
	 Commercial Bank		✓	✓	✓	✓	✓

... Micro Borrowers' profile segmentation affects their financial access from relatives to commercial bank ...

Empowerment & Financing Framework In BRI Micro Business

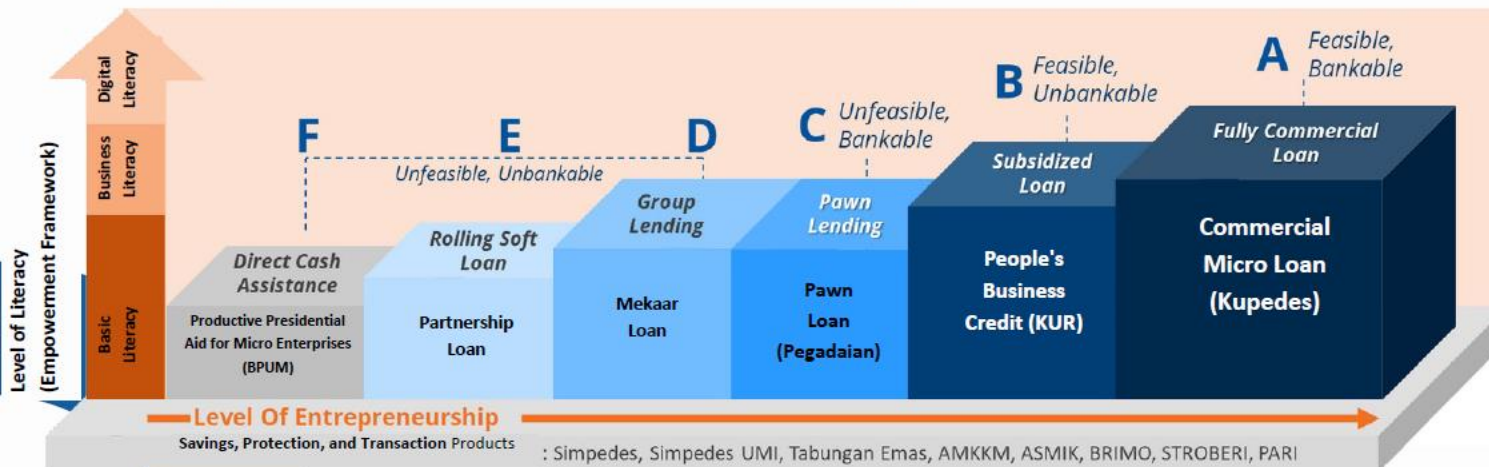
Empowerment Framework



Empowerment Target Segment



Financing Framework & Infrastructure



Community Empowerment Programs

-  Village empowerment program with the aim of creating economically independent villages and able to grow sustainably
-  Business Cluster Empowerment Programs which formed based on similarities in business, fields and interests
-  The Online Platform, which can be accessed through the website & application, aims to upscale MSME through a series of integrated empowerment programs
-  Integrated Commodity Platform that provides transactions convenience and various solutions for commodity ecosystem players in a holistically integrated BRI services

... BRI provides empowerment platforms and various loan scheme customized to each customer based on SMSE's business level and development ...

Risk Mitigation in BRI Micro Banking

Pre Credit Approval



Pre Screening

- Pre-screening towards customer before credit approval.
- Using system from Indonesia Financial Services Authority (OJK) called Financial Information Services System (SLIK)
- Built as a tool for exchanging financing or credit information among institutions in the financial field



Credit Risk Scoring

- Well-formed credit scoring is being used in each credit application to ensure customer's capacity in loan
- 11 item on credit risk scoring includes: Repayment Capacity, Installment, Loan to Value, Business established date, Customer domicile, Age, Collateral Ownership, Inflation, Customer's status (new to bank/existing), Plafond, Relationship History with Bank



Pipeline Based Loan

- BRI is using scoring and other methods to generate high quality pipeline to get potential micro customer
- Kupedes loan is using parameterized scoring named Debtor's Profile History to filter potential debtor
- Parameter in Debtor's Profile History:
 - Credit collectability status 'performing' in the last 6 months
 - Repayment history
 - Average of savings account compared to loan account
 - Deposit transaction to savings account in each month
 - Collateral ownership and coverage
 - Billing payments using BRI channel



Designated Working Area

- Determine the work area for each account officer (Mantri)
- Helping Mantri to concentrate in their respective fields and preventing overlapping work between Mantri

Credit Approval



BRISPOT

- Pre-screening towards customer before credit approval.
- Using system from Indonesia Financial Services Authority (OJK) called Financial Information Services System (SLIK)
- Built as a tool for exchanging financing or credit information among institutions in the financial field



Personalized Credit Scheme

- Credit scheme based on customer's business cashflow and business sector. (monthly/ one time pay-off)
- Minimize non performing loan

Financial Advisor

- Mantri has a holistic role not only as loan officer but also Financial Advisor for their customers
- Mantri daily activities:
 - acquisition,
 - credit initiatives,
 - educating customers,
 - monitoring and evaluation

Post Credit Approval



Digital Customer Visit Sheet

- Implementing a digital customer visit sheet where the "Mantri" periodically visits debtors and records the results digitally.



Point to Point Payment

- Form customer's habit to pay installment on the exact date as their loan approval date (not in the end of the month)



Credit Insurance

- Credit insurance in every loan products as a protection shield for BRI in case of non performing loan



Life Insurance

- BRI offers additional life insurance for debtors to avoid non performing loan in condition when the debtor is passed away

BRI's Corporate Strategy

Vision

THE MOST VALUABLE BANKING GROUP IN CHAMPION INCLUSION SOUTHEAST OF ASIA & FINANCIAL

Mission

- \$ USD 75 Bn. Market Cap
- 👏 90% Financial Inclusion
- 🌟 Home to the Best Talent
- 🧬 "Digital First" DNA
- 🧠 "Agile & Entrepreneurial" Mindset

Strategy

- 1 Quality of Growth**
Productive asset growth while maintaining quality by focusing on high yield asset expansion and accelerating new growth drivers
- 2 CASA Sustainability**
Increasing CASA market share by building ecosystem through territorial control & referrals and relying on transaction tools & Cash In / Cash Out capability
- 3 BRI Group Synergy**
Cohesive synergies among entities as an anchor of solid sustainable growth; Cross selling between segments and products, creating solutions for customers across the value chain
- 4 ESG Principles Implementation**
Committed to implement business management principles that adhere to the values of ESG in order to have a positive impact on the community (deliver value beyond profit)
- 5 Excellence Enablers**
Strengthen employee capabilities, system reliability, services and networks, as well as data analytics to provide superior quality banking services

BRI's Financial Inclusion Roadmap



... BRI is committed to develop SMSEs segment to support financial inclusion in Indonesia with BRI contribution up to 70% in 2024 ...

BRI Micro Loan Products & Services

Customer's Characteristic

THE SURVIVAL BORROWER

- Revenue from business barely enough for cost of living
- Limited experience with financial services or products
- Highly concern with loan access
- Does not have collateral

THE STRIVING AMATEUR

- Revenue from business is slightly high than cost of living
- Have started their journey in financial services or products
- Highly concern with interest rate
- Have collateral (typically motorcycle)

THE STEADY UPGRADER

- Stable revenue from business
- Quite a few experience in financial (loan) products
- Highly concern with loan plafond
- Revenue from business is sufficient for savings
- But not enough capacity for loan above IDR 100mio (USD 6.300)

THE OPPORTUNITY SEIZER

- Production capacity more than demand
- Adaptability in business
- Highly concern with service, flexibility, and loan plafond
- Consistent in savings
- Have willingness and ability to have higher installment

THE EXPANDING PROPRIETOR

- Have multiple businesses
- Revenue is far higher than cost of living
- Highly concern with service, flexibility, and loan plafond
- Consistent in savings and not dependent with loans
- Eager for expanding their businesses

THE HEIR SEEKER

- More than 20yrs experience being borrowers from loan products (and have desire to stop)
- In transition to passing the businesses to an heir (family member)

Strategy

- Ultra Micro loan (up to IDR 10 mio)
- Approach with partnership loan

- Micro loan with plafond range between IDR 10-250 mio
- Approach with relationship to Mantri
- Self service products utilization

- Micro loan with plafond greater than IDR 250 mio
- Requires deeper relationship between Mantri and customers (and heir candidate)

Products

- Commercial:
- KECE
- Non Commercial:
- PUMK
 - Partnership Loan

- Commercial:
- Kupedes
 - KECEKU
 - PARI
- Non Commercial:
- KUR Mikro

- Commercial:
- Kupedes 500mio
 - PARI

Micro Loan Products

KURBRI

Subsidized loan from government for working capital or investment made for customers starting their SMSEs journey.

KECE

Derivative product from Kupedes with digital based application with flexible tenor (daily and weekly). Its tagline is **Go Faster, Go Lower, Go Shorter**.

PUMK

Subsidized loan from Ministry of SOEs for working capital or investment made for customers starting their SMSEs journey with lower interest rate than KUR

Kupedes BRI
Lebih Dekat, Lebih Mudah

Commercial loan from BRI targeting individuals SMSEs to expand their business with **working capital or investment loan**.

Kupedes 500mio is one of the derivative product from Kupedes which targets SMSEs with larger business but only given to **existing customers** with excellent credit scoring

KECEKU

Automatic renewal credit for existing Kupedes debtors with plafond up to IDR 100mio. This feature enables debtors to get **renewal credit only from their smart phone**.

 **PARI**

The **digital marketplace** for **agricultural commodities**. Currently aiding over 18,000 farmers, livestock breeders, and fishermen in Indonesia.

Business Process Enablers



Enhancing Digital Micro Loan Underwriting Application

Sales management, Monitoring & evaluation, Cross selling, Origination & approval



Loan Officer Designated Coverage Area

Designated Coverage Area prevents overlapping customers and enables loan officers to work more efficiently with a better familiarity to maximize the potential of an area.

Big Data Advance Analytics (BRIKODES) as BRI's inclusion management tool which produces recommendation matrices up to sub-district level (inclusion, product holding, digital literacy & risk management)

Loan Officer Revitalization



Digital Assistance

Educating customer about digital payment technology



SMSEs Partner to Develop

Helping customer to develop in their business



BRIlink Agents Supervisor

Mantri as a supervisor to BRIlink Agents to broaden BRI financial services



Financial Advisor

Mantri could provide advice to their customer about business development

...Various loan products and services tailored to the needs of customers based on customer's characteristic...

BRI Micro Saving Products & Services

Micro Customer's Persona

THE DAILY PASSER

- Struggling with daily life and its cost of living
- Work for only to survive the day
- Not enough savings
- Depend on other people (and the government)

THE CONTINUAL FIGHTER

- Work really hard to get a living
- Fear of risk
- Savings for emergency situation

THE NEWBIE PRIORITIZER

- Have a decent and promising job
- Realized the needs of saving for their lives and also other people's

THE PROFIT MAXIMIZER

- Have entrepreneur skill
- Familiar with taking risk
- Consider that money will be more profitable in investment not only savings

THE ASSET HOARDER

- Have a wealthy life
- Avoid taking risk
- Long term investment in fixed assets

Product Strategy

Social Assistance
(from government)

Transactional

Emergency Needs

Investment

Micro Saving Products

Tabungan BRI
Simpedes

BRI main savings account initially established for customers with features tailored to the needs for micro customers (inexpensive monthly fee, mobile banking, digital open account)

Tabungan BRI
Simpedes UMi

Derivative of the **Simpedes product** tailored for **ultra-micro customer**, requires no initial deposit and free monthly fees

Simpedes
BISA

Variation from Simpedes with **3 different accounts purposes in 1 main accounts** (transactions/savings, investment, protection) intended for customers with numerous needs

Tabungan BRI
Simpedes
Usaha

Derivative of the Simpedes product designed for customers with **larger transactional needs** typically well established SMSEs

Tabungan BRI
Simpedes
Impian

Subsidiary product from Simpedes with main characteristic which is **saving account** as a **time deposit** with a monthly routine **Automatic Fund Transfer (AFT)** feature

3 Main Focus to Strengthen CASA

MAINTAIN

Target: Customers with huge amount of balance

Activity:

- Cross selling products
- Customer gathering
- Loyalty program

INCREASE VOLUME

Target: Customers with increasing amount of balance

Activity:

- Cross selling products
- Community based acquisition
- Fattening program

GROW

Target: New customers

Activity:

- Acquisition in business center (eg. traditional market)
- Targeting young customers (millenials & gen z)

Micro Payment & Ecosystem Products

AganBRIlink
Layanan Transaksi Keuangan Tanpa Kantor

BRILink is an extensive BRI's services where BRI acts as an Agent for the customer to serve real-time online banking transactions using BRI's mini-ATM EDC

localoka

Platform that facilitates the online marketing of products from business groups and MSME

pasar.id

E-commerce platform to support traditional market seller in increasing their revenue through a broader sales reach

kasir

Tagihan

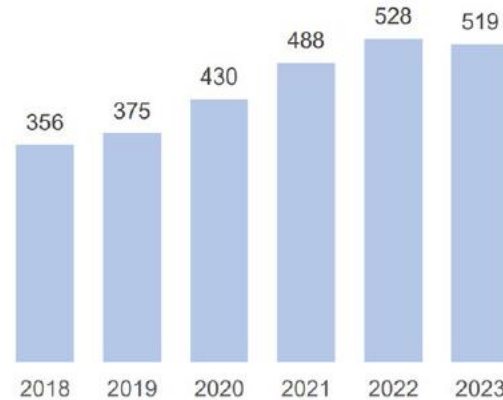
Point Of Sale (POS) application or cash management application and online-bill management that offered to MSME customers

BRI Micro Business At Glance

Micro Loan Outstanding



Borrowers per Loan Officer



Comprehensive Savings to generate CASA



Micro Savings

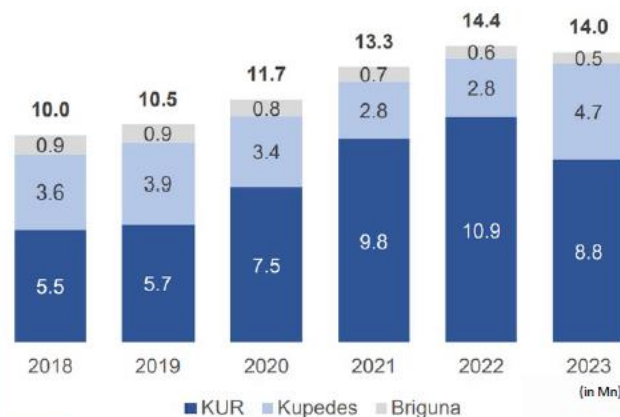
IDR 323.7 Tn
(0.3% YoY)



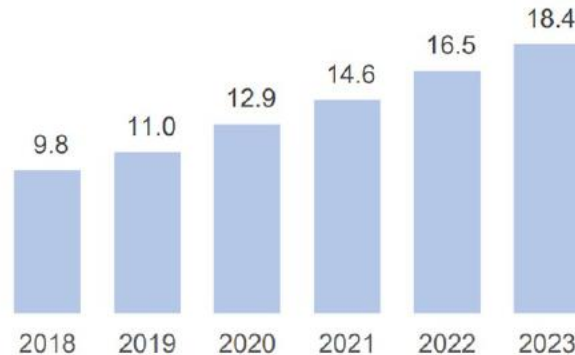
Micro Deposits Accounts

Approx. 173 million

Micro Loan Borrowers



Loan OS per Loan Officer



BRI Micro Infrastructure

BRI has the most extensive network across Indonesia to serve its customer in financial products and services.



+ 26.000
Account Officer
(Mantri)



5.117
BRI Unit



740.818
BRILink
Agents

... BRI micro is committed to increase Kupedes composition with higher yield and generate CASA as main composition in liabilities to increase profit...

Thank You

Micro Business Directorate
PT Bank Rakyat Indonesia (Persero) Tbk.



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