

Module Leveraging Indonesian Ultra-Micro For Resilience & Economic Growth

Made and Presented by: BRI Research Institute,
Ultra Micro Business - BRI



Leveraging Indonesian **Ultra-Micro** for Resilience & Economic Growth



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Indonesian Ultra-Micro & MSME at a Glance

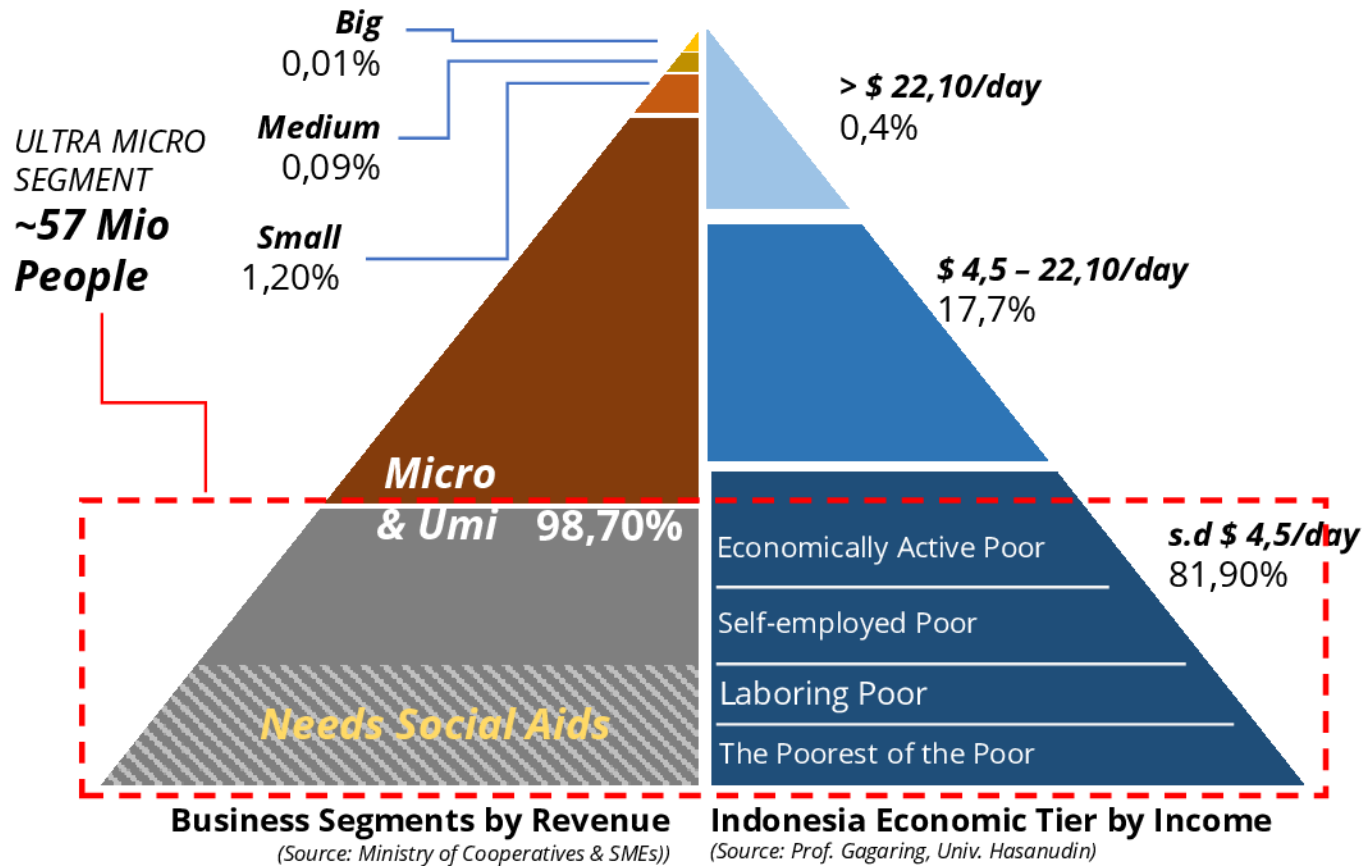
MSME has been the backbone to the nation's economy, biggest contributor to the national GDP. Yet, there is a huge untapped potential in Ultra-Micro.





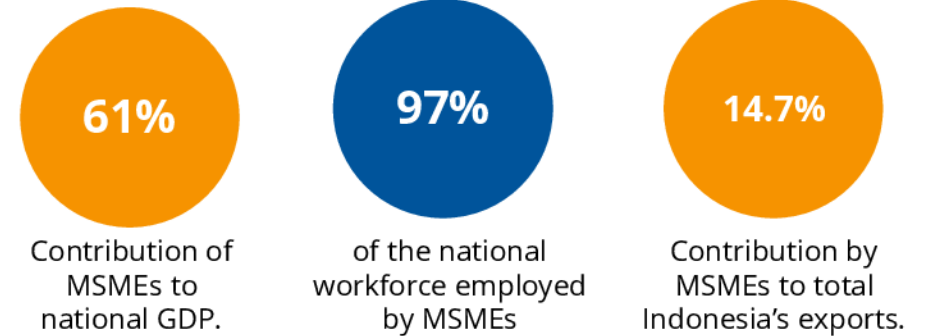
Major Economy Contraction: MSMEs Holds the Key to Resilience, Economic Recovery, and Growth

Indonesian Economic & Business Pyramids

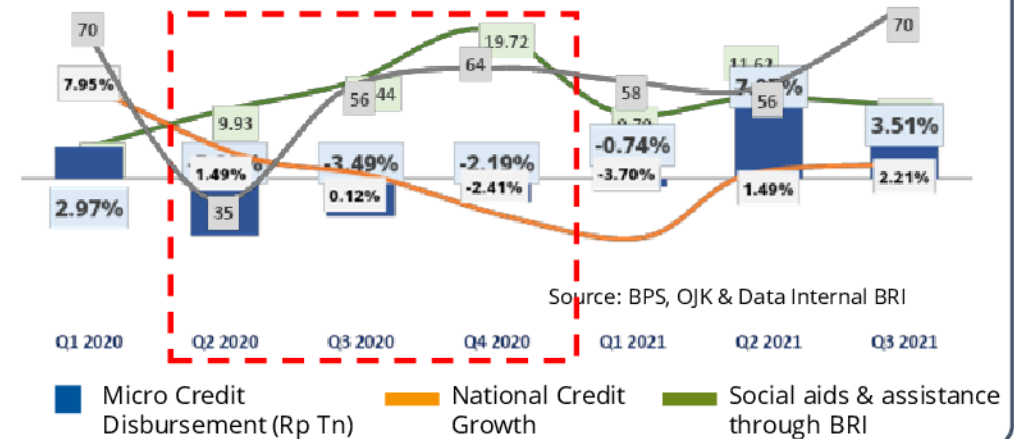


Ultra-Micro (UMi) segment, including those who required Social Aids, are the **most susceptible to crisis**. It requires efforts to **strengthen** the segment, build **resiliency, leverage, and upgrade** them.

Meanwhile...



Driver to Economic Growth



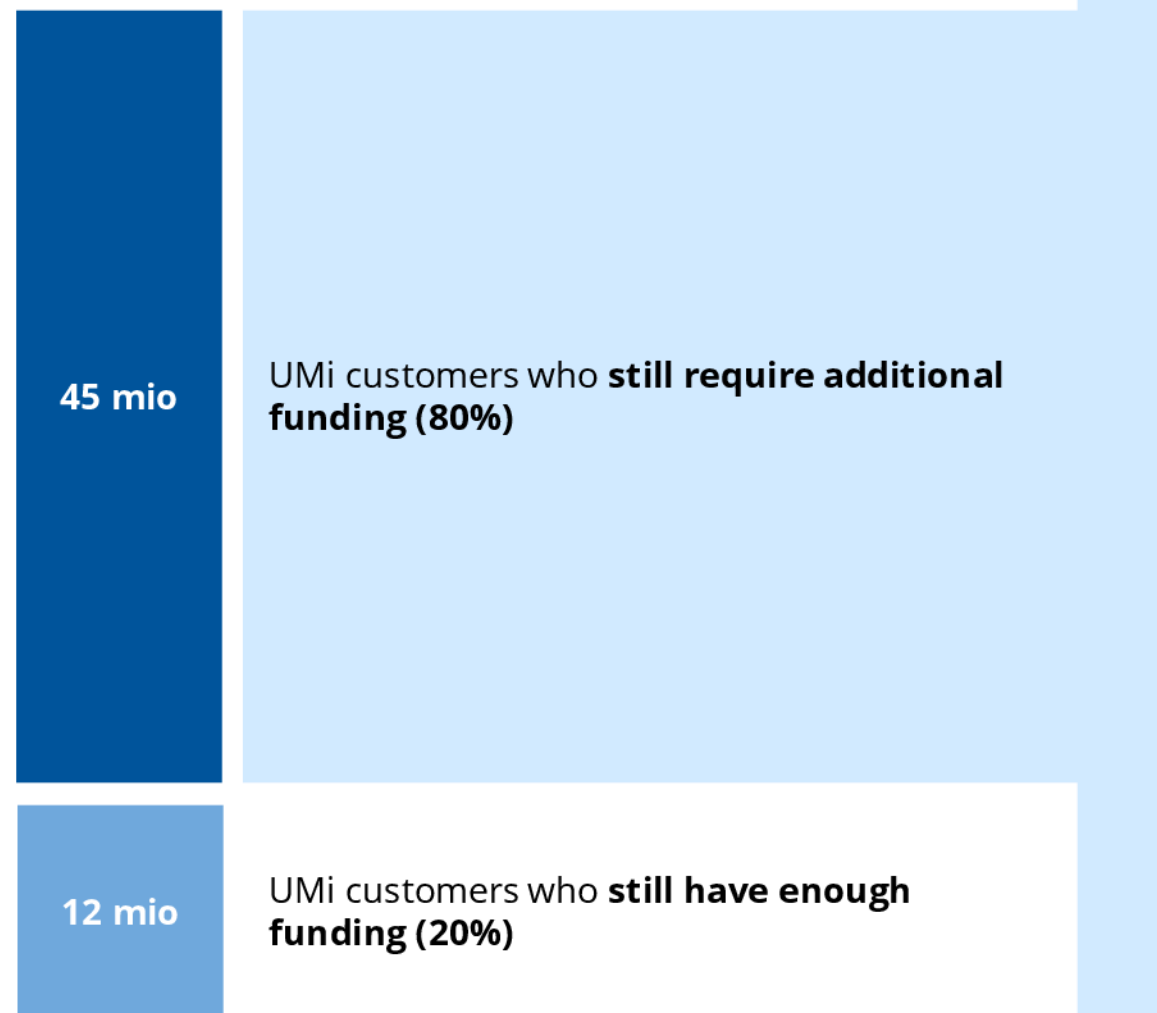
The National Economic Recovery Program through social protection & MSME sector can maintain the community's supply % demand to build **resilience** and accelerate **recovery**.



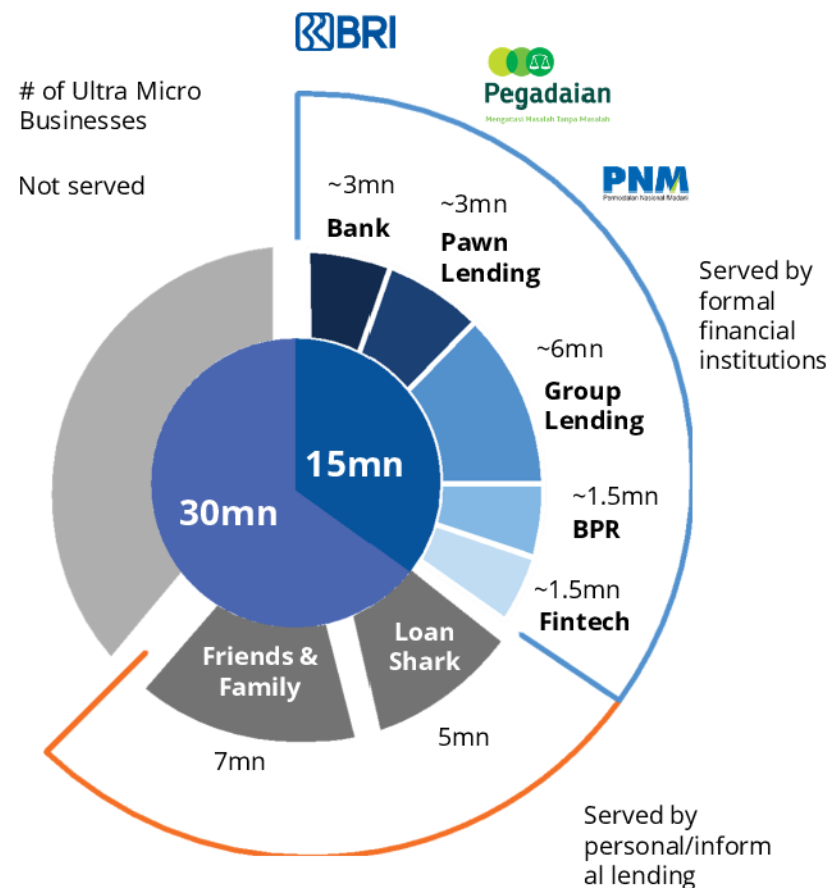
Market Potentials:

52% Indonesian Ultra Micro (UMi) businesses have not had access to formal funding

57 mio UMi businesses that requires funds, separated into:
(eligible for loans up to Rp50 mio)



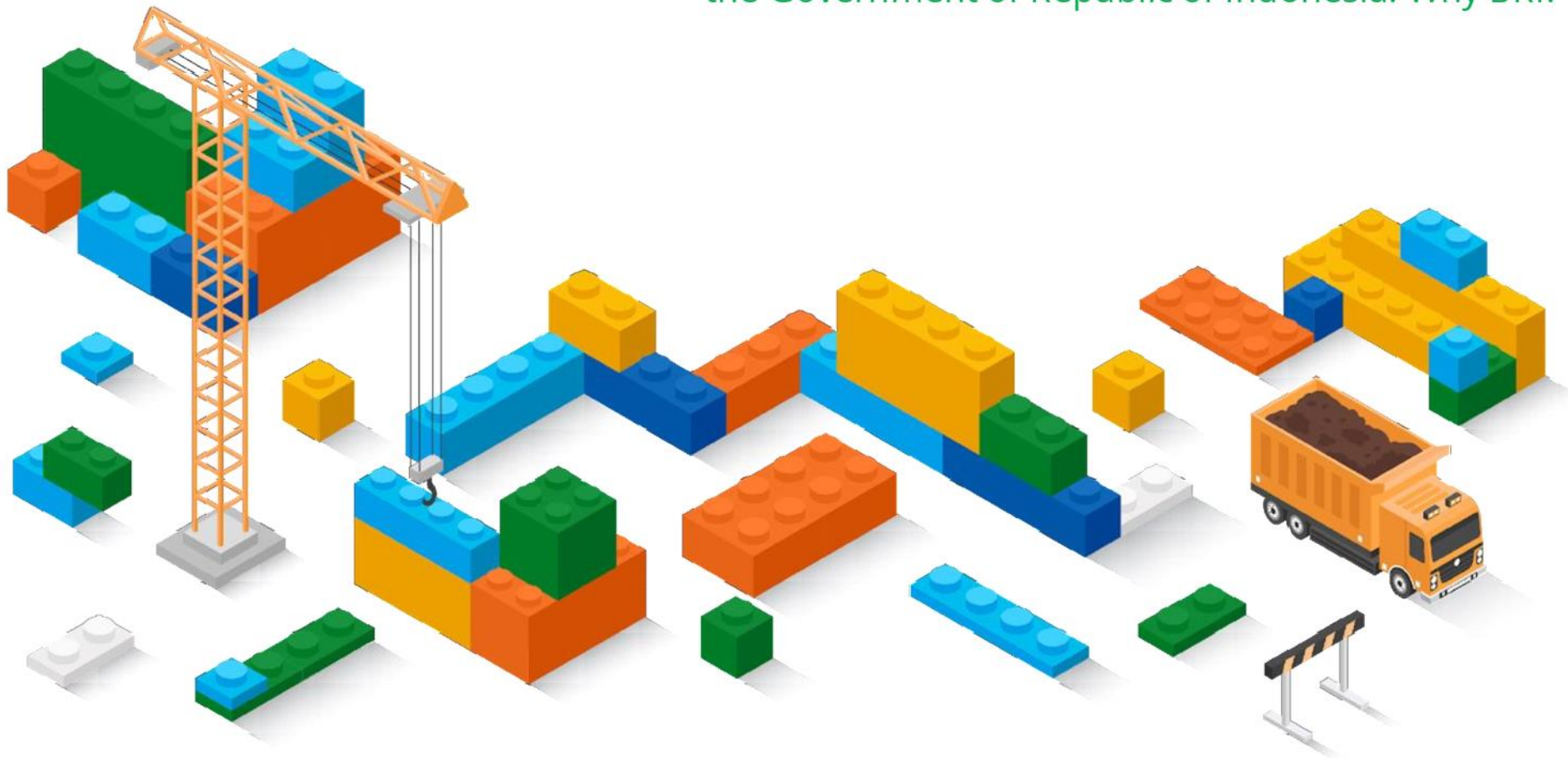
Market share calculation for the 45 Mio UMi businesses that requires additional funds:



- 45mn required additional funding
- 1 But only 15mn were served by formal financial institutions
- 2 and 12mn were served by personal lending/informal lending
- 3 With the remaining 18mn still not served by any providers

BRI & UMi Holding

BRI is leading the Ultra-Micro Holding, consolidated by the Government of Republic of Indonesia. Why BRI?



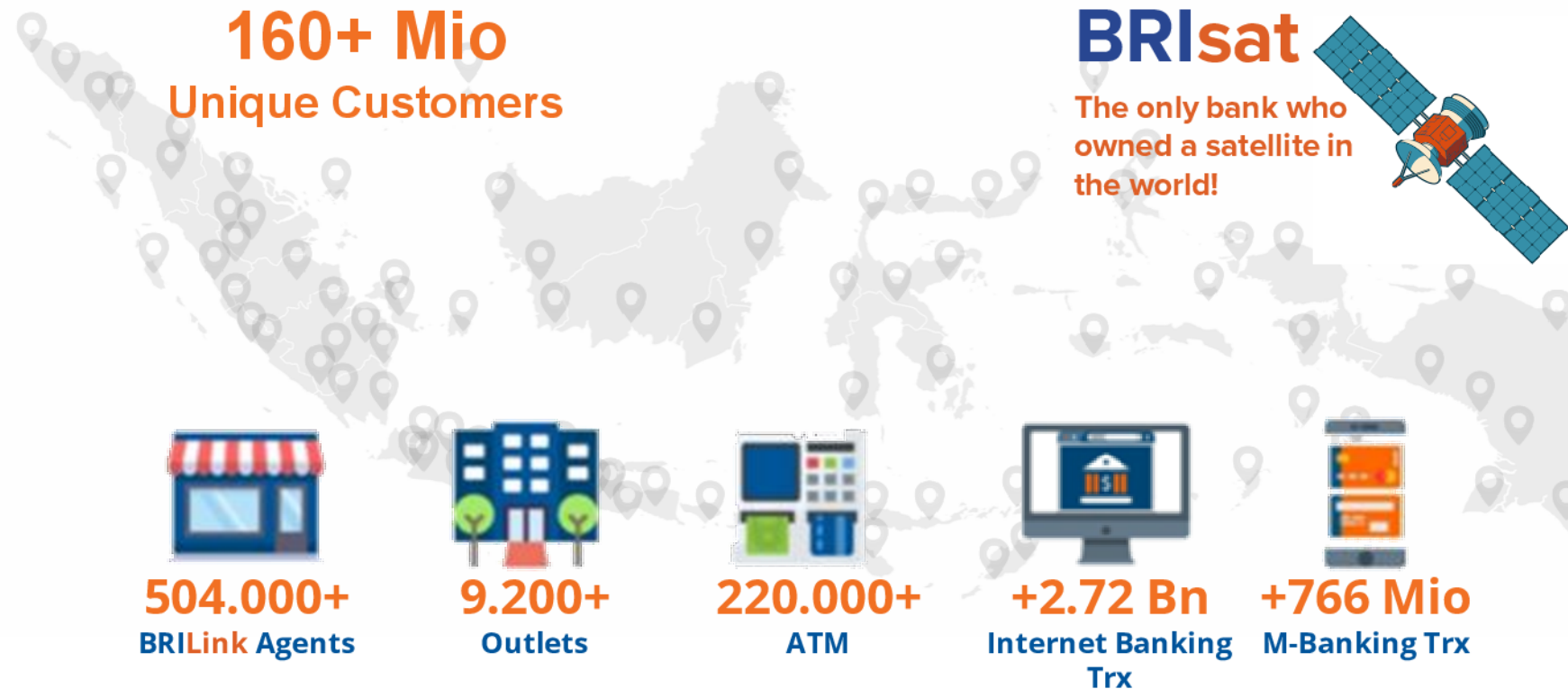


126 Years of Serving Indonesia: Largest MSME Bank & Largest Microfinance Institution in SEA

Market Cap As of Dec 2021
Rp. 616 T

Financial Highlight:
Assets As of Dec 2021
Rp. 1.678,9 T

Net Profit As of Dec 2021
Rp. 32,22 T





BRI Vision 2025: Financial Inclusion Roadmap

BRI Vision 2025

*The Most VALUABLE
Banking Group in Southeast Asia
& Champion of FINANCIAL INCLUSION*

MISSION

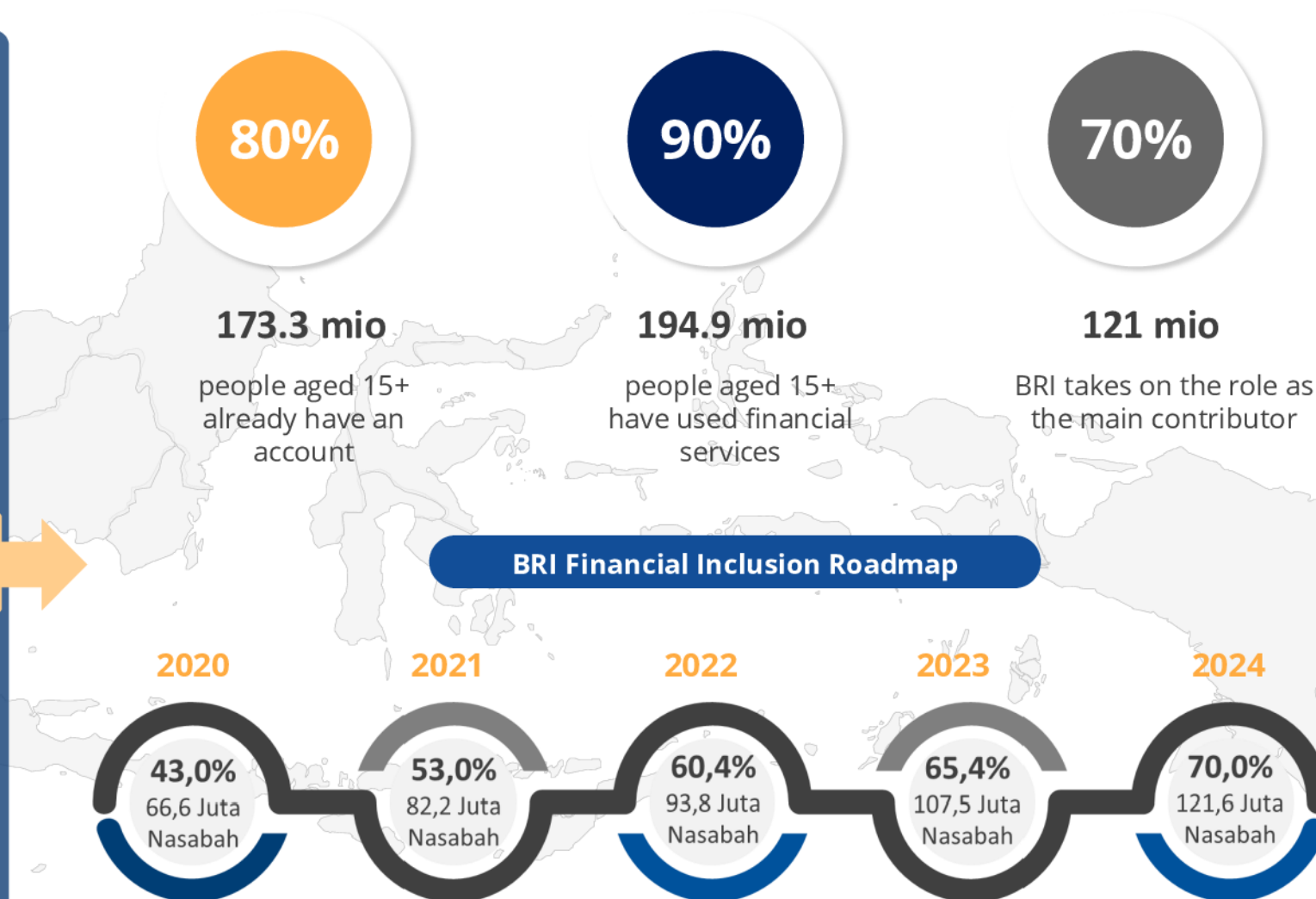
\$ USD 75 Bn. Market Cap

👏 90% Financial Inclusion

🌟 Home to the Best Talent

🧬 "Digital First" DNA

🧠 "Agile & Entrepreneurial" Mindset

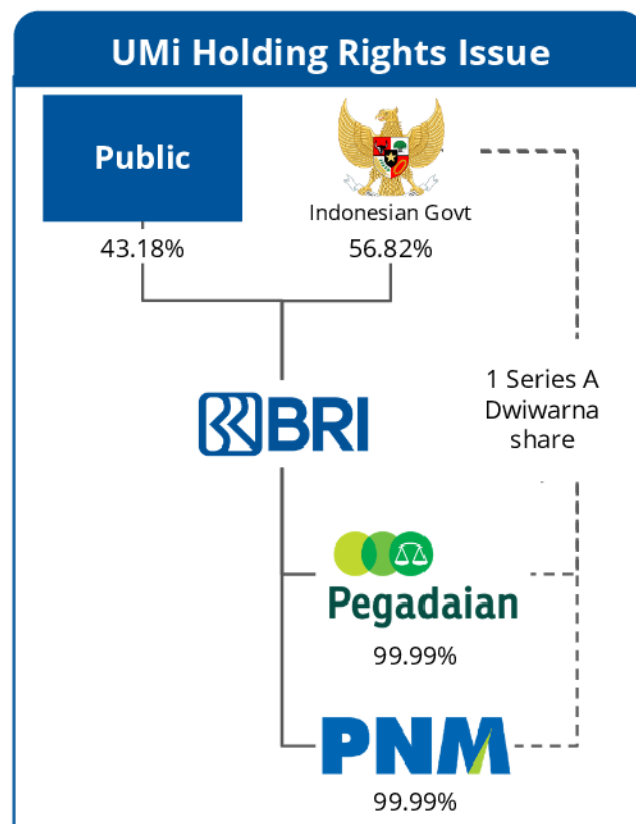


... Data Analytics is an Enabler in achieving the Financial Inclusion target...



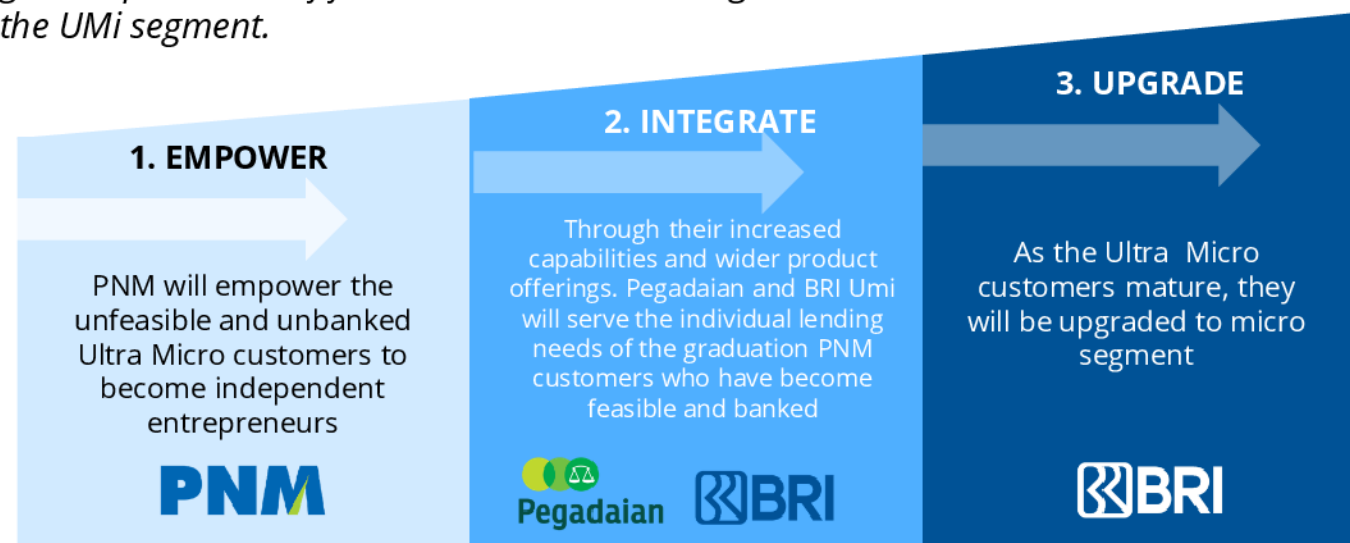
Establishment of Ultra-Micro Ecosystem and Ultra-Micro (UMi) Holding

UMi ecosystem aims to enhance nations economic potential and accelerate financial inclusion. The UMi holding company, consisted of 3 business entities, offering a complete suite of financial services including commercial banking, pawn businesses, and group lending to the UMi segment.



*The holding successfully raised **\$6.71 billion** in its rights issue. This records as the **largest rights issue in SEA**, even Asia and globally.*

Source: Indonesia Stock Exchange



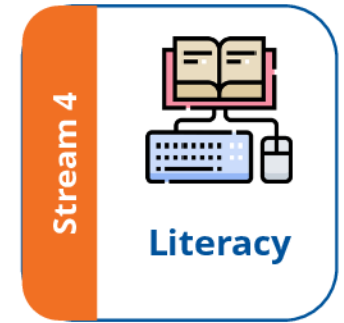
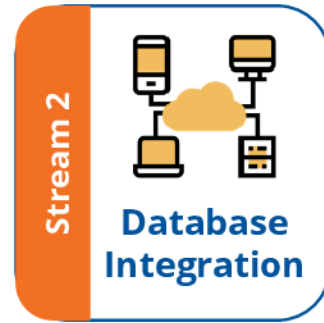
Consolidated Ultra Micro Ecosystem for a More Integrated Journey for Customers

Entities	
	Market leader in micro banking, serving the feasible and banked segment
	Market leader in pawn lending, serving the feasible and banked segment
	Group lending, empowering the unfeasible and unbanked segment

Benefits	
	Economics Increasing entity's valuation and hence shareholders' value
	Social Improve living standards and reduce financing costs for UMi customers
	Sustainable Contribute to financial literacy and social inclusion for all Indonesians



UMi Holding Guiding Streams for UMi Ecosystem Implementation



SenyuM Mobile offers **products & services tailored to the needs** of Indonesian UMi.

Data integration among 3 entities will allow:



Increase **underwriting model quality**



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



Early Warning System & Fraud Detection



Expanding Network and Extended Services



Product marketing

Widen **customer access points** leveraging BRI, Pegadaian, and PNM **strong physical networks** across the nation.

3 steps of BRI Literacy:



Increase awareness and gain basic understanding on finance



Directing UMi to use banking products in their daily life



Increasing the number of financial products & services used by UMi

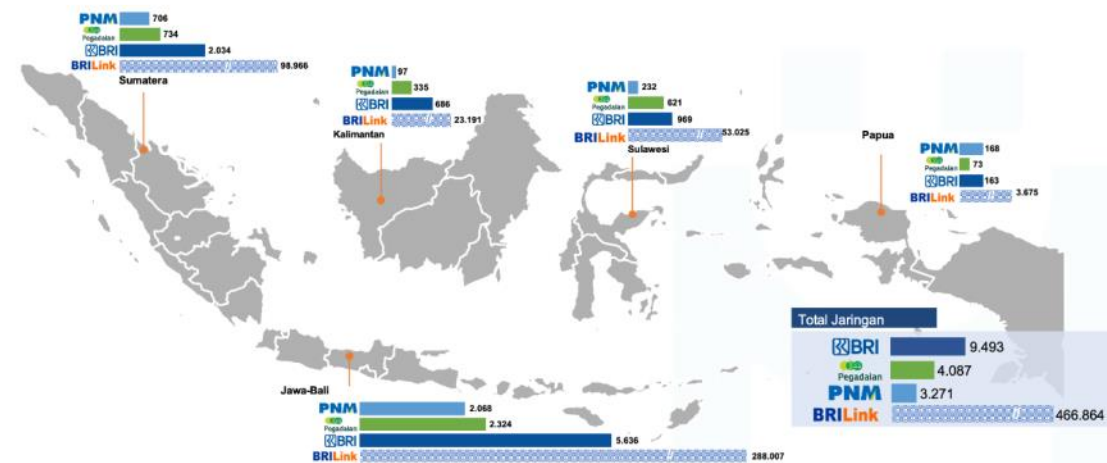
Senyum Co-Location: a hub for financial inclusion

Co-location will play a pivotal role in establishing UMi ecosystem, with extensive offering and integrated customer journeys

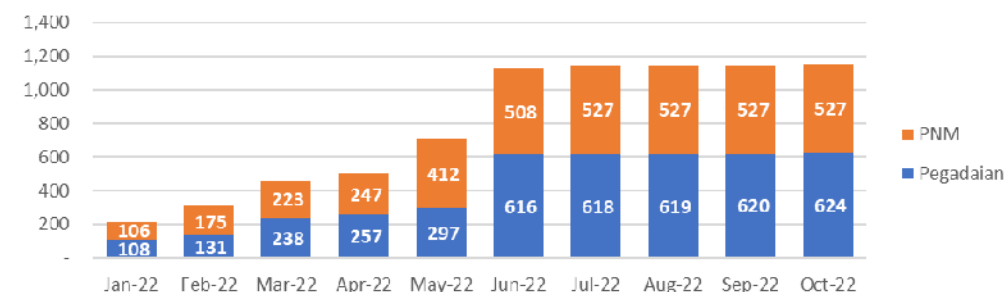


Unit Senyum Co-location Network Utilization for Joint UMI Business Expansion

- PT PNM and PT Pegadaian optimized the 9,493 BRI network and more than 550 thousand agents throughout Indonesia.
- Optimization is increasingly relevant for areas where PT PNM and PT Pegadaian's network is still limited, such as Papua, Kalimantan, and Sulawesi. It can reduce overall network investment costs for PT PNM and PT Pegadaian.



Senyum Co-location Implementation



Co-Location Portfolio

BRI		Pegadaian		PNM	
Simpedes UMi	526.153 Rek avg Rp 500rb	Gadai 122.118 cust Rp 694,8 billion	Tab. Emas 62.638 acct Rp. 4,2 billion	Cashless(cust) Cashless Graduated (cust)	: 11.196 cust : Rp 155,48 billion : 11.196 cust

The Co-location (unit Senyum) opening in 2022 have been significant and can meet the set targets.



SenyuM
SENTRA LAYANAN ULTRA MIKRO

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



Sentra Layanan Ultra Mikro will be delivered across archetypes to maximize customer reach leveraging BRI existing network



Pegadaian

PNM

Branch-in-branch



Presence of **Pegadaian counter and collateral safe boxes** within BRI outlets – full suite product offering available at co-location

KC unit extension



Presence of **Pegadaian appraisal counter** within BRI outlets – full suite product offering available at co-location

Gadai-on-demand



Setup of **Pegadaian sales** with **scheduled collateral pick-up service** to be appraised at Pegadaian outlets – full suite product offering available at co-location

Branch-in-branch



Extension of PNM branch at co-location outlets with **dedicated workspace for PNM branch staffs** (branch head, AO, FAO)

Cash management hub



Integration of PNM daily cash operations (disbursement and repayments) with BRI units through placement of PNM financial account officer at BRI outlets



Integrated Sentra Layanan Ultra Mikro: locations where BRI, Pegadaian and PNM co-located in 1 unit and the full suite of UMi offerings are available to customers



A structured approach to shortlist potential co-location outlets for UMi holding – detailed assessment conducted through geospatial analysis

Shortlisting approach

1 Segment focus of the network

2 Distance from Pegadaian/ PNM outlets

3 Availability of space in existing network areas

Potential co-location outlets

Pegadaian

PNM

Branch in branch

KC Unit Extension

Gadai-on-demand

Branch in branch

Cash Mgmt Hub

Outlet mainly serves customers in the micro segment

Beyond existing coverage – 15km away from Pegadaian cluster hub

Within existing coverage - located within 15km from Pegadaian cluster hub

Within existing coverage - located within 15km from Pegadaian cluster hub

Beyond existing coverage – not located in same sub-district with Mekaar

Within existing coverage - located in a sub-district with PNM Mekaar presence

Banking hall space for appraisal counter and collateral storage

Banking hall space for appraisal counter

Banking hall space for counter and collateral drop box

Back office space for PNM staff

Back office space for FAO

~550

~560

~1,500

~2,000

Implementation and validation

- On-site validation has been conducted by Pegadaian and PNM to validate analysis output and business potential within the area Further on-site validation to be conducted to further shortlist more than 1.000+ points



Co-location outlets implementation will be conducted across 2 phases

Phase 1 – Quick win

Build presence in geographies with existing coverage

Launch Sentra Layanan Ultra Mikro in **areas where there are already Pegadaian and PNM outlets in proximity**, to provide local support and knowledge –



Phase 2 – Next Steps onwards

Expansion in untapped geographies

Establish Sentra Layanan Ultra Mikro to **expand into non-covered markets by Pegadaian and PNM**

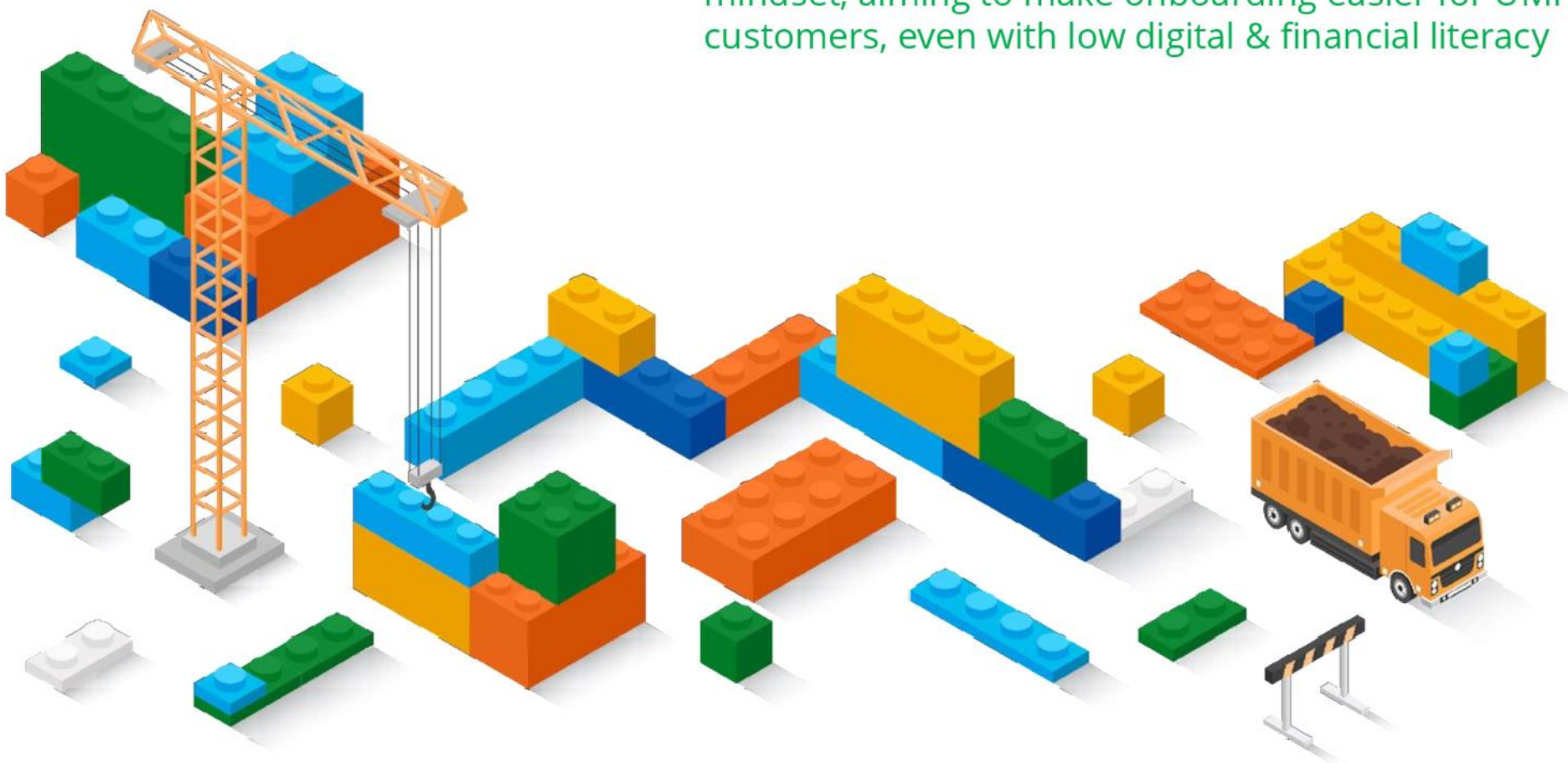


Across phases 1 & 2, Sentra Layanan Ultra Mikro will be able to provide the **full suite of offerings of the partner entity present**

- **Pawn Shop:** customer acquisition, appraisal and servicing
- **Group Lending:** AO servicing and customer lead generation

Introducing SenyuM Mobile

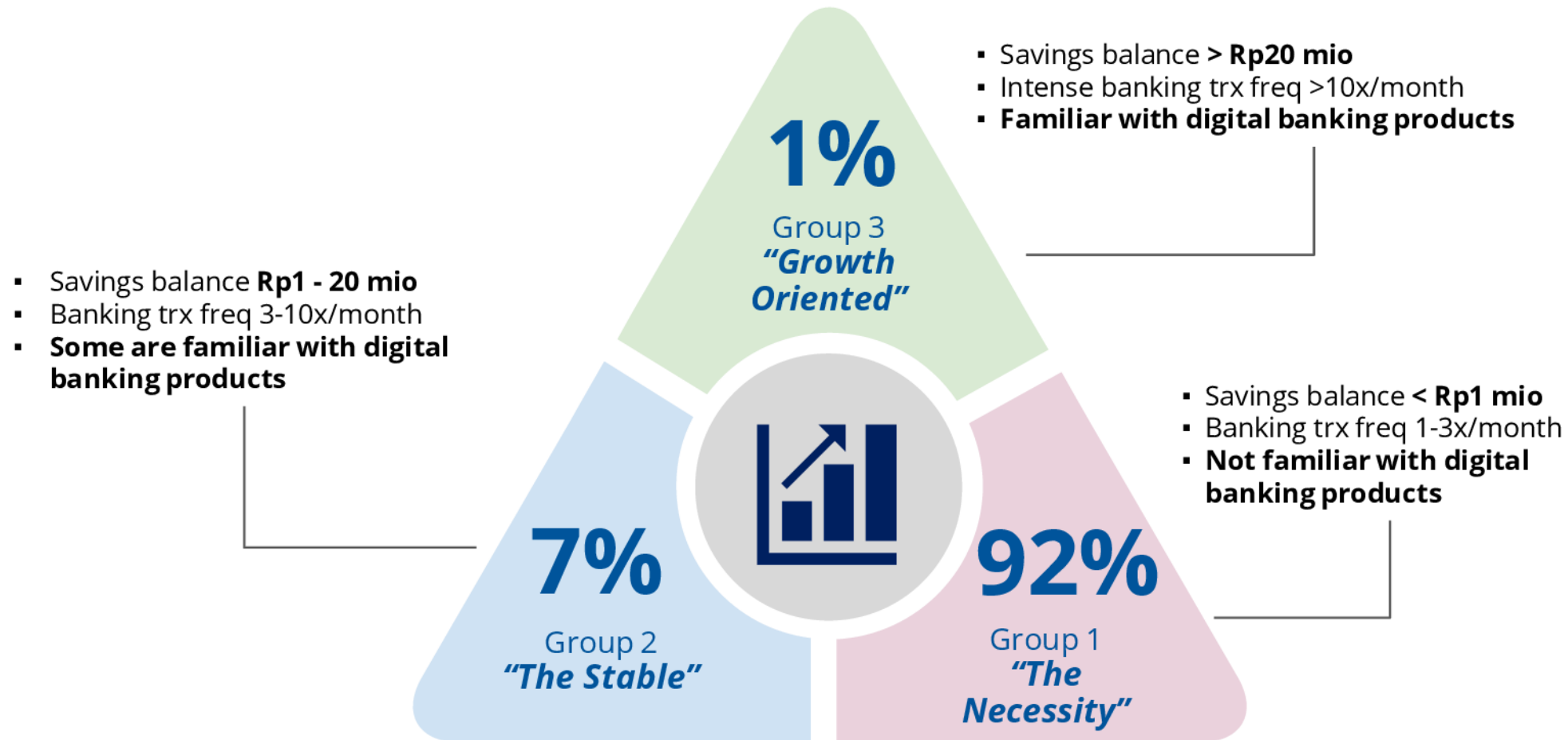
A joint-acquisition app made with a customer-obsessed mindset, aiming to make onboarding easier for UMi customers, even with low digital & financial literacy





Delivering Customer-Obsessed Solutions: UMi Customers

Grouping After Receiving Government Assistance



Source: BRI Enterprise Data Management

UMi holding through SenyuM Mobile aims to **strengthen the UMi ecosystem**, and further **upgrade** the Group 1 customers into Group 2 or 3, utilizing the **3 main factors** of UMi customers: **access to financing, smartphone utilization, and increase awareness for savings**



Delivering Customer-Obsessed Solutions: **The Three Personas in UMi Segments**



The Necessity



The Stable



The Growth Oriented

Funding/Capital	Personal/Family savings		
	Informal loans	Informal loans & non-bank FIs	Formal loans
Business Permit	Not necessary	Not necessary unless required by lending companies	Necessary
Profit management	Mixed with other income for personal & daily use	Separated, only use in emergency	Separated, has its own budget post
Use of profits	Household needs & emergency	Emergency funds, circulated as capital	Circulated as capital
Financial preferences & behavior	Cash	Dominated by cash, combined with transfer	Combination of cash & digital (transfer, QRIS, e-wallet)
Use of mobile phone	Personal use	Mixed personal & business	Mixed personal & business
Savings balance	< Rp 1 mio	Rp 1 - 20 mio	> Rp 20 mio
Banking trx freq.	1-3x/month	3-10x/month	>10x/month



Product Offered & Easy Features

Currently **SenyuM Mobile** offers savings and lending products from BRI, PNM, and Pegadaian, tailored to the needs of UMi customers.

Savings

Tabungan BRI
Simpedes

Simpedes (BRI Savings)

Savings account for individuals with low initial balance deposit, aimed for the unbanked.

Tabungan Emas

Gold Savings

deposit gold balance for investments.

Lending

 **Pegadaian**
Mengatasi Masalah Tanpa Masalah

Gadai Emas (Gold Pawn Lending)

Pawn system loan with movable goods as collaterals (gold, diamonds, vehicles).

Pinjaman BRI

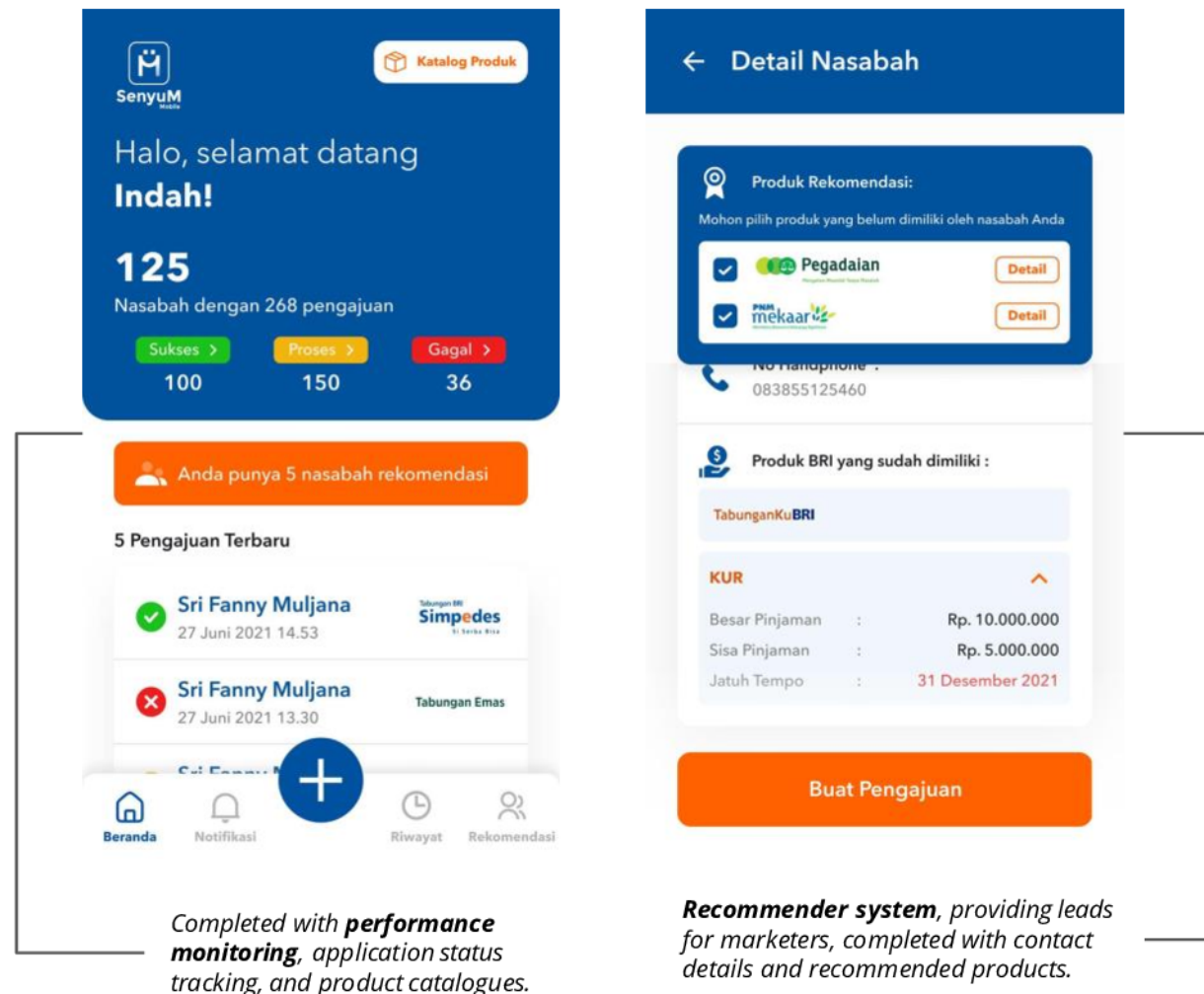
Pinjaman BRI (BRI Loan)

Loan aimed for UMi and micro businesses who needs working capital or investments

PNM mekaar
Memبina Ekonomi Keluarga Sejahtera

PNM Mekaar

Capital loan for UMi business owned by underprivileged women

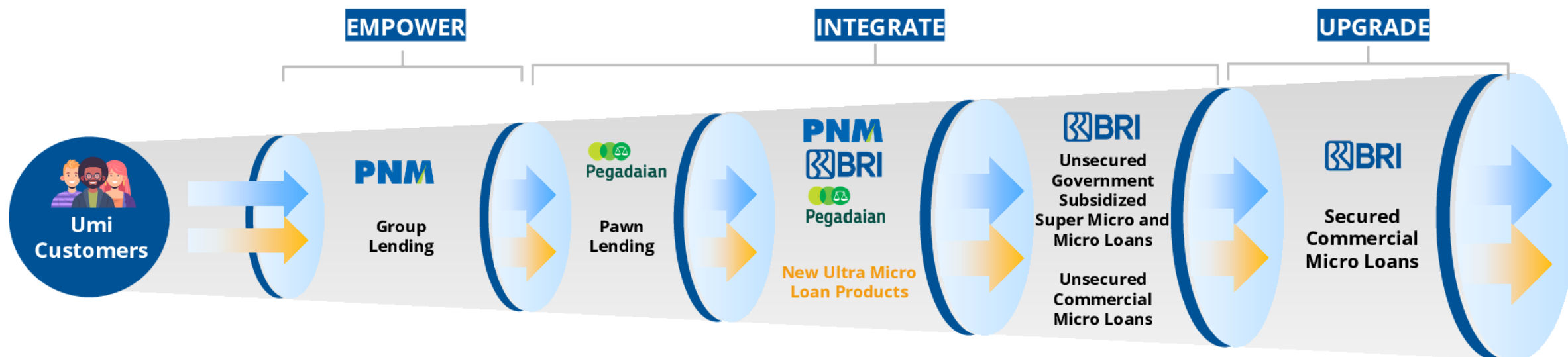


SenyuM Mobile for **internal account officers and external agents** are equipped with features that will help them for **easy onboarding** process.



SenyuM Mobile: Empowering Growth & Increasing Capabilities

The consolidation of three biggest microfinance entities: BRI, Pegadaian, and PNM, offers comprehensive product selection for valuing financing needs across UMi customer segments



Empowerment & Capacity Building

- 1 Encourage saving behavior**
UMi customers are given savings & trained to save in the bank
- 2 Individual Capacity Building Program**
Financial literacy program (community empowerment by BRI branch), digital awareness program

Deep Dive on Financial Products

- 3 Drive cross-selling of non-lending products to increase financial independence**
Gold savings and micro insurance
- 4 Enhance Business Capabilities**
Provide access to marketplace to improve business plan, increase cash flow

Graduation to Micro

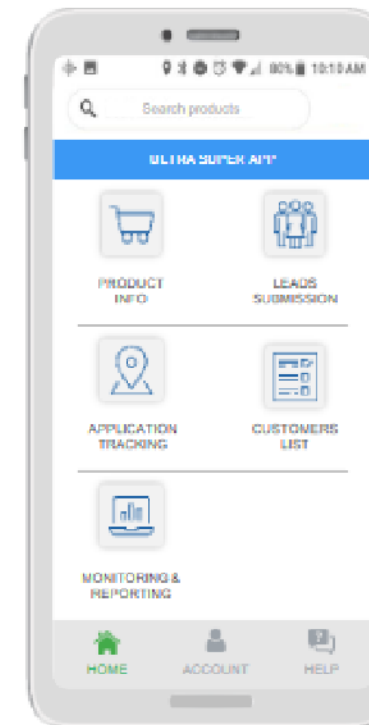
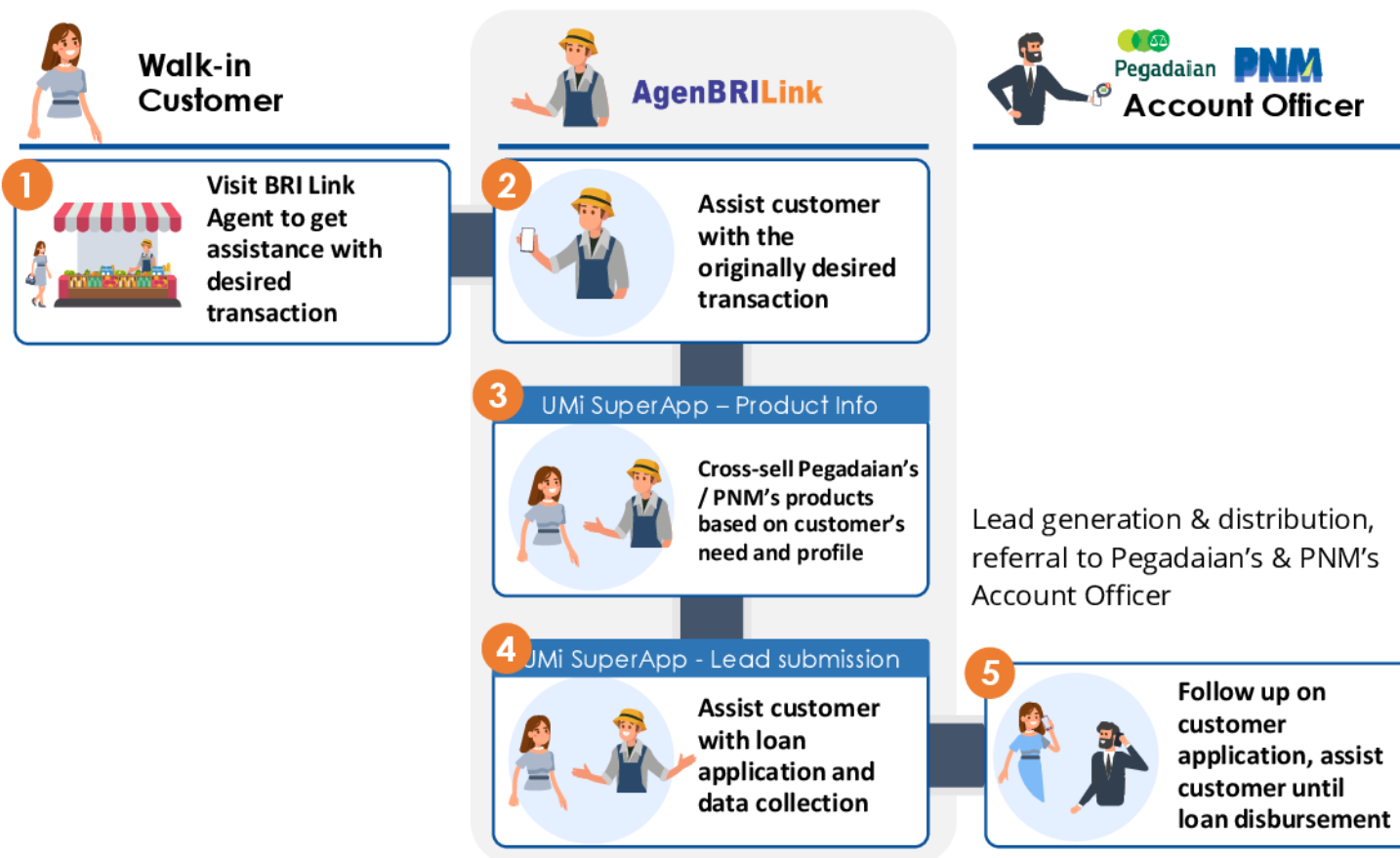
- 5 Improve repayment capacity from UMi to be Micro**
With maturing repayment capacity, customers will be granted access to bigger loans



Joint Customer Acquisition through One Digital App & Agent Banking

BRILink agents play a central and integral role in cross-selling PNM & Pegadaian's products and driving customer acquisition

Senyum Mobile as an integrated salesforce tool to enable cross-sell, lead generation, and end to end lending



- Integrated salesforce tools connecting existing digital platforms of BRI, Pegadaian, and PNM



- Key features:
 - User guide
 - UMi product info
 - Sign up
 - Loan application tracking
 - Monitoring and reporting
 - Referral and lead generation

Powered by:

600.000+
BRILink Agents

27.000+
BRI Account Officers

17.000+
Pegadaian Account
Officers

40.000+
PNM Account
Officers

Mitra UMi
and many more...



SenyuM Mobile Latest Numbers



SenyuM Mobile Piloting

SenyuM Mobile has been piloted by more than **~600.000 BRI, Pegadaian, and PNM sales force** that are located in co-location branch, as well as **BRI Link Agents** & UMi partners.



Data Integration & Analytics

Currently there are **~22.5 million** customer's database identified based on measured parameters (i.e personal info, business info, historical transactions)



#Referrals SenyuM Mobile



~12k borrowers
Mekaar



~348k borrowers
BRI Loan



~316k borrowers
Pawn Lending

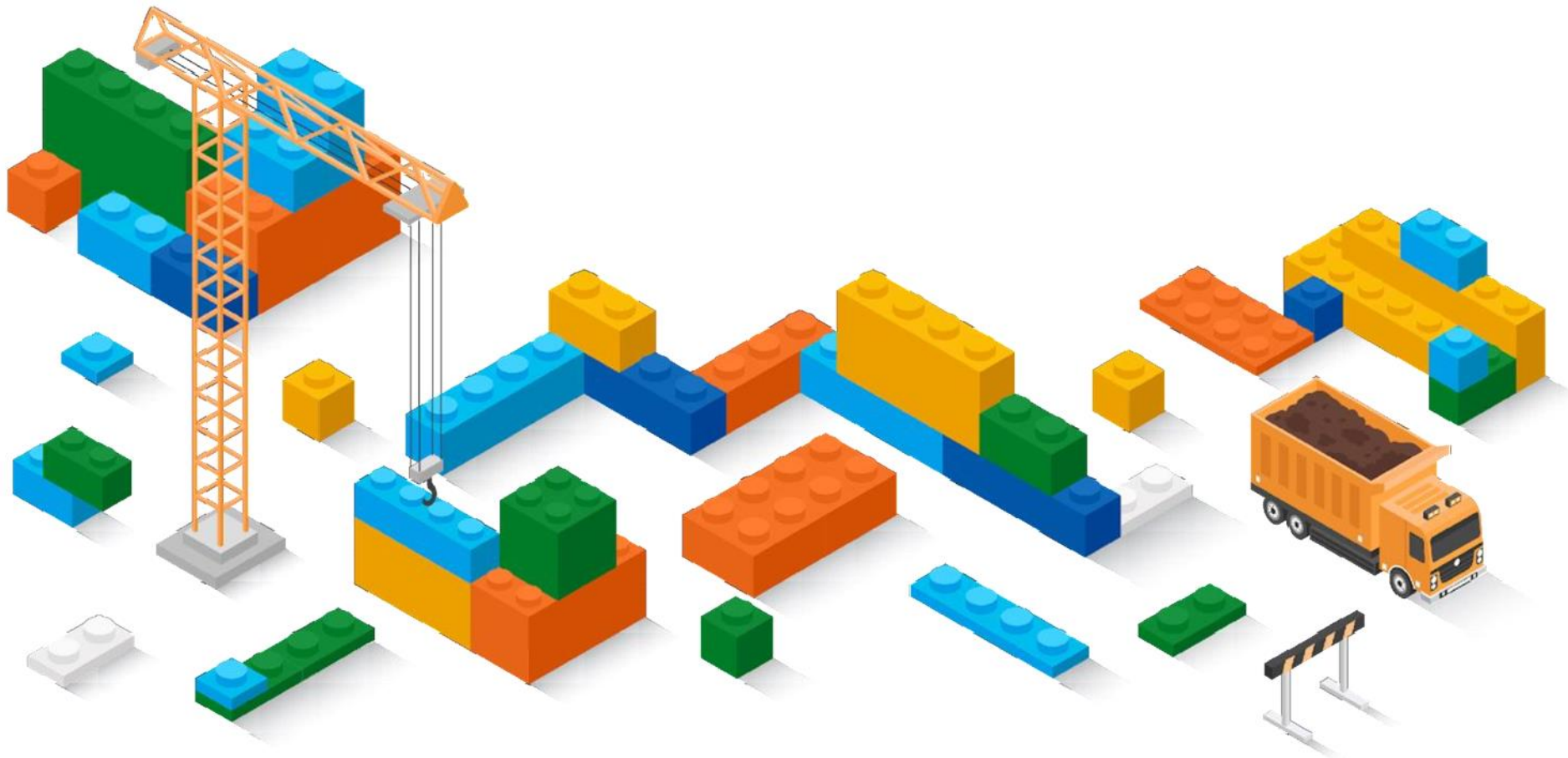


~67k customers
BRI Savings



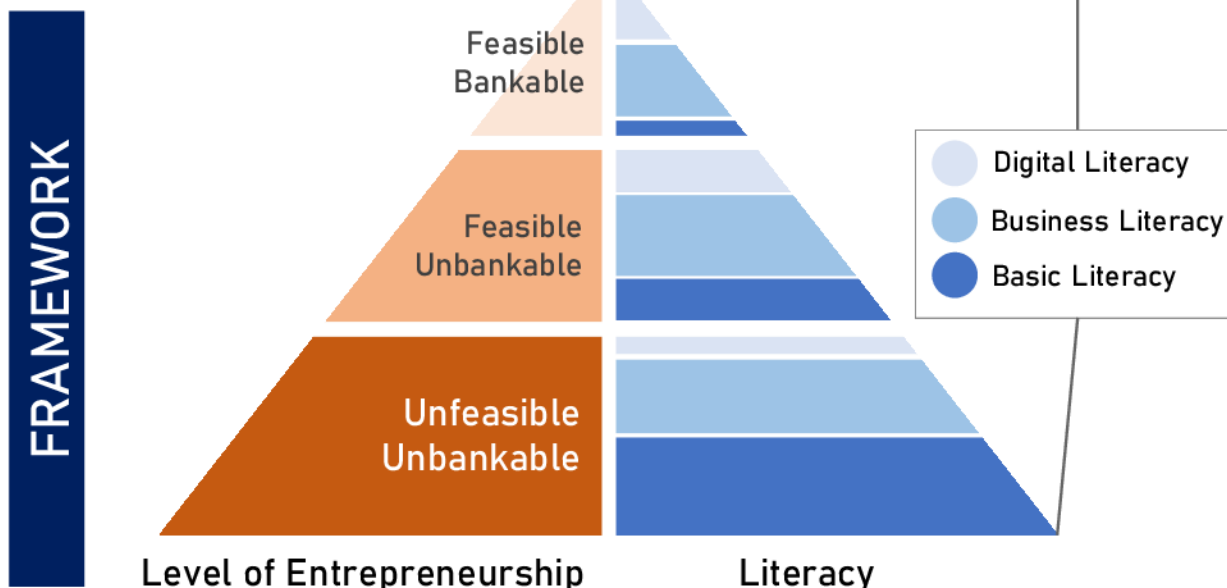
~126k customers
Gold Savings

Social empowerment: Value Proposition





Use Cases in UMi Empowerment through SenyuM Mobile



EMPOWERMENT PHASES

Basic Phase

- Mapping Using SME Self Assement
- Target: BRI SMEs

Integration Phase

Integrating system and database with related institutions to become SME data center

Interconnection Phase

Integrating BRI system & database, related institutions on permit, halal certification, exporting SMEs

Klaster UMKM, UU Cipta Kerja, NIB



- Financial inclusion (financial product and services education)
- Basic financial management (basic accounting)



- Managerial capacity development
- Legal & compliance
- Innovation culture
- Market and industry understanding
- Leadership
- Long term goal mindset
- Scalability



- SME literacy with several goals:
- Go Modern
 - Go Digital
 - Go Global

Entity

Clusters

Rumah BUMN

Non Rumah BUMN

**Link
UMKM**

Expert & Institutions

- Kementerian
- Asosiasi
- Mentor



UMi Empowerment activities actively involves women's role

Stream 1

Group based Literacy Enhancement Program

Group-based Financial Literacy and UMI Simpedes account opening

Progress

- Opening 6.9 mio of UMI Simpedes Account
- 54,309 BRILink agents

Stream 2

Joint Distribution Government Program

Pasar Senyum Rakyat festival program as public awareness and appreciation in Cirebon, Denpasar and Medan

Progress

It has been implemented in 3 cities with 1000 participants/city and 50 MSMEs/city

Stream 3

Targeted Small Business Course of Female Entrepreneur

Business training programs, digital marketing, business licenses and UMI women entrepreneurs

Progress

Account opening and NIB registration to 129 thousand customers (position 25 October 2022)

Stream 4

UMI Community Development

Preparation of UMI's business development program through digital services in collaboration with Grab

Progress

Onboarding 1,000 participants in Cirebon, Malang and Kupang, Makassar, Semarang and Padang

Stream 5

Social Media Marketplace

Formation of a SENYUM Community account via IG and FB as a platform for sales and literacy transactions

Progress

IG: @Komunitasenyum with more than 5 thousand followers
FB: Komunitasenyum with more than 25 thousand followers

Every activity involves the active role of women in the ultra micro sector

Funding and empowerment in the Ultra Micro segment can improve people's standard of living.



Cicih Sunarsih

Nasabah PNM (Mekaar)

Sells Nasi Uduk. Received Mekaar Regular loan with Rp4 million ceilings.



"Thank god. I used Rp2.4 million to buy new display window, a rice warmer, bigger rice cooker, frying pans, and ingredients. My business has only grown more and more."



Mariyani

Nasabah PNM (Mekaar)

Sells equipments with installments. Received Mekaar Regular loan with Rp5 million ceilings.



"I used the money to recapital my business, purchase goods, and recirculated for capital."



Nani

PKH* & KUR Super Mikro

Sews clothes and sells snacks. PKH* recipient since 2021, KUR Super Micro debtors.



"Now I can buy more goods at once. I don't need to go back and forth to the market, thus, I save more from the taxi fares, it can costs me Rp50.000."



Yuli Senawati

PKH & KUR Super Mikro

Sells snacks. PKH* recipient since 2011, KUR Super Micro debtors.



"I have more snacks to sell in my store now. Hopefully, this will smoothen my business, smoothen my repayment, so I can add more capital and expand my store."

**PKH: Family Hope Program is a program to provide conditional social assistance for underprivileged families. PKH aims to reduce the burden of household/family expenditure while investing in improved health and education to sustainably lift PKH recipients out of poverty.*

Mitra UMI: Value Proposition

BRI is leading the Ultra-Micro Holding, consolidated by the Government of Republic of Indonesia. Why BRI?





New Source of Growth in the challenge of financial inclusion

Challenge – UMI Segments



Have limited access, time, and knowledge

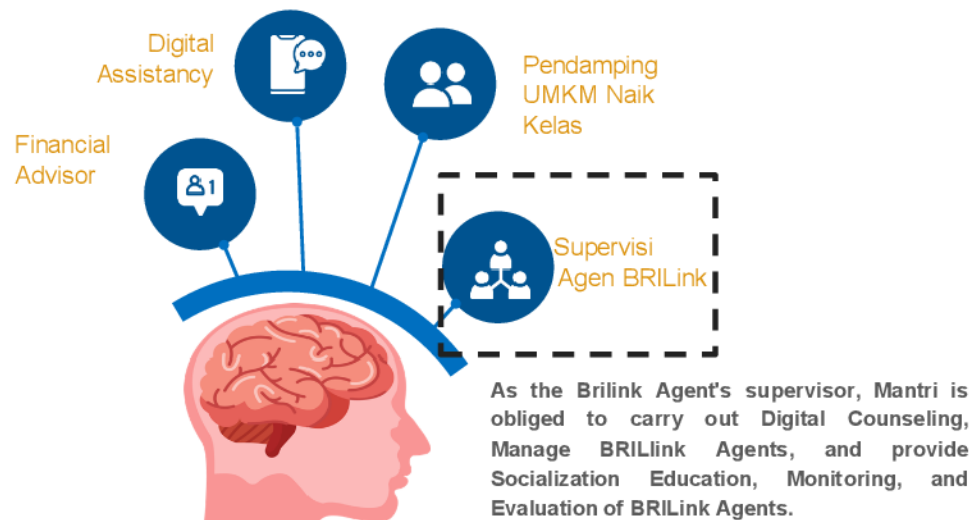


Operational cost (OHC) is too high

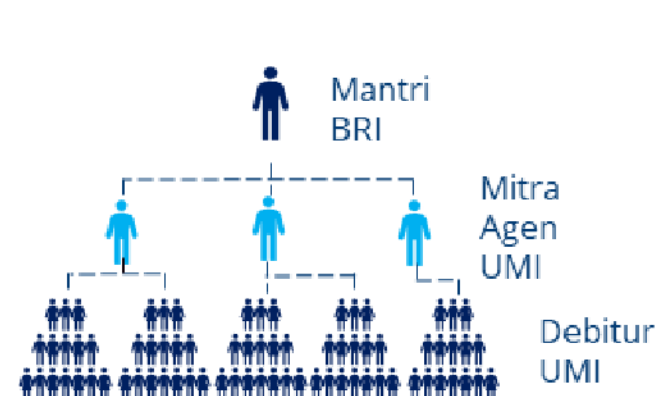


Not ready for on-boarding digitization

Mantri Revitalization



Business Model Mitra UMI Partnership



New Source Of Ultra Micro Loan Growth with partnership Concept. Mantri manages UMI Agent Partners as "ride sharing concept"



UMi loans through the Mitra UMI business model (280 thousand partners in 2025) and PNM customers graduation



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

Business Model : Mitra agen UMI

"Target 280 ribu mitra di tahun 2025"

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%

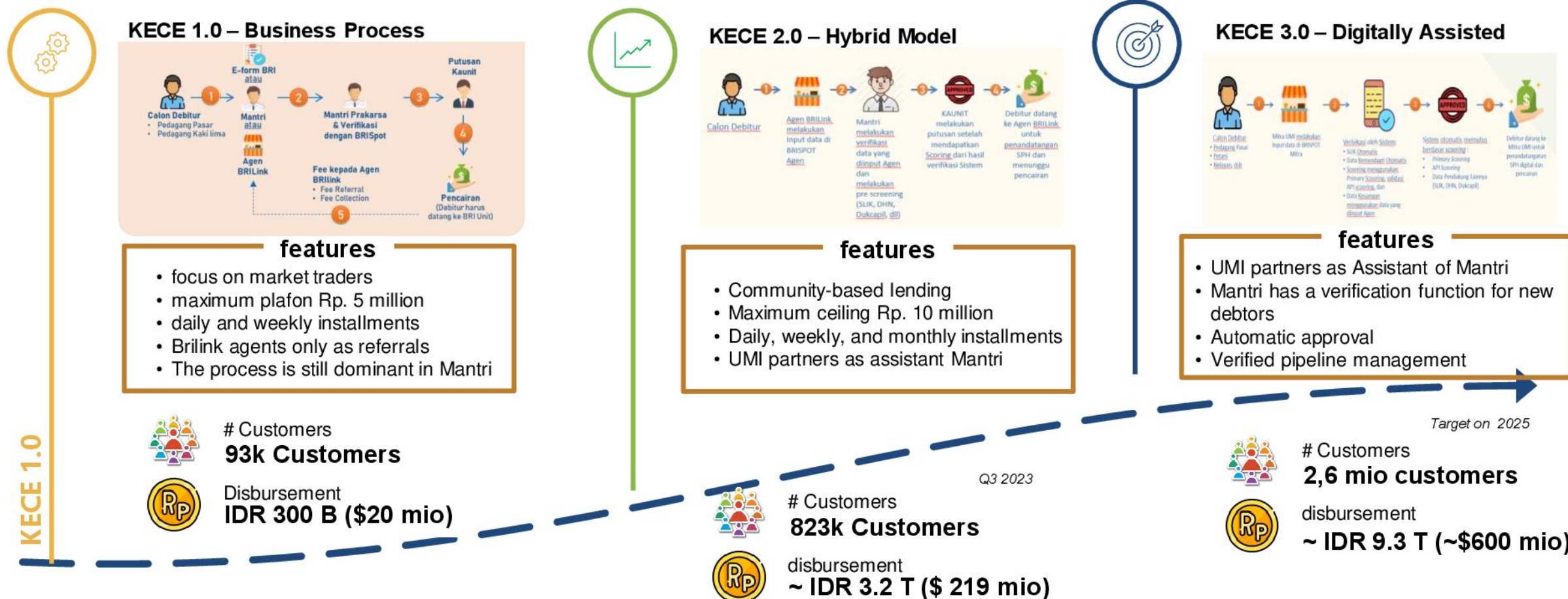




Kupedes KECE as a personalized product needed by the Ultra Micro community

KECE is a Kupedes product rejuvenation that focuses on targeting the Ultra Micro segment (market traders, farmers, fishermen, community members/business clusters) with a maximum ceiling of **IDR 10 million**, which is offered with **daily, weekly and one-time installment** features.

KECE Journey for Exponential Growth





Use Cases in UMi Empowerment through Mitra UMi

“ To achieve the vision of Inclusion and Financial Literacy, Partners need the role of Mantri BRI to increase the capabilities of UMi Partners to the Ultra business process. ”



Empowerment activities, as a meeting of Mantri and UMi Partners to deepen and level financial inclusion and literacy in Indonesia

Financial Literacy Deepening

Deeper Financial Inclusion

BRI Digital Assistant

Education - Lending

- Duration: 1 Month / 4 Weeks
- Frequency: 1x per week
- Method: On Site
- Material: 5C, Product knowledge KECE, Customer monitoring, Calculating loan needs, BRISPOT application, Marketing Skills

Mitra UMi Monitoring

- Duration: ~
- Frequency: 1x per Month
- Method: On Site
- Material: Sharing session, empowerment, monitoring, evaluation

BRI Mantri must carry out the UMi meeting to maximize the performance of UMi Partners. The YUMi meeting is expected to strengthen the collaboration between Mantri and its management, namely the UMi Partners

Thank you

