

Future Micro Banking

DIGITALIZATION AS GROWTH ENABLER

Made and Presented by: BRI Research Institute, Micro Business Developpment Division PT Bank Rakyat Indonesia (Persero) Tbk





FUTURE MICRO BANKING

DIGITALIZATION AS GROWTH ENABLER

MICRO BUSINESS DEVELOPPMENT DIVISION PT. BANK RAKYAT INDONESIA (PERSERO) TBK



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BRI Group Aspiration

Subsidiaries Contribute 11.4% to Net Profit

BRIvolution 2.0

"To be the most valuable banking group in SEA and champion of financial inclusion"



USD 75 billion market cap



90% financial inclusion



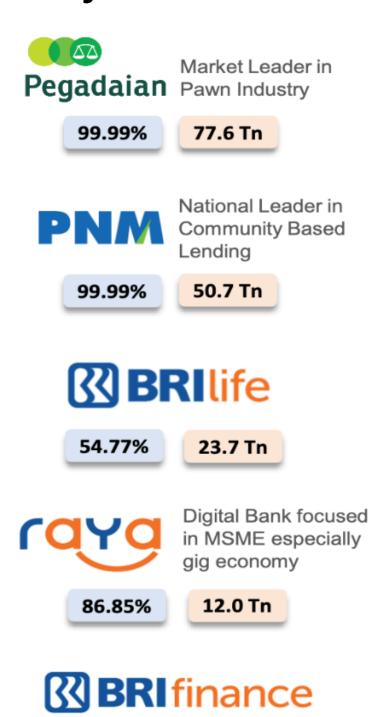
Home to the best talent



Digital-first DNA

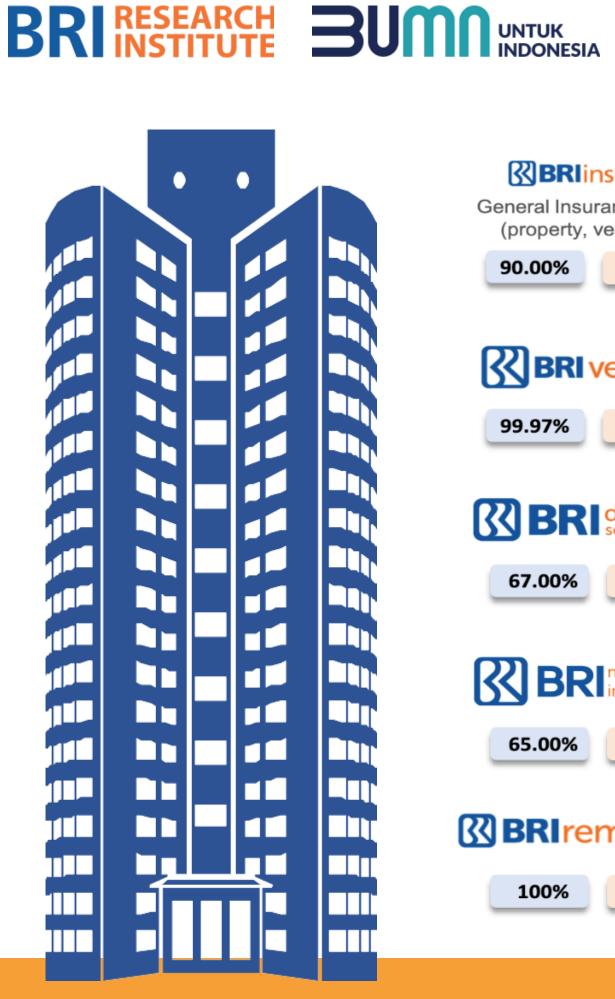


Agile & entrepreneurial mindset



99.88%

8.0 Tn





BRI Digital Transformation Strategy







"The digital transformation is not about technology is about redefining your value proposition"

(Jeanne Ross - MIT)

Digital Transformation Strategy

-Digitize-

Digital Business Optimization

- Efficiency
- New Business Process
- Improve productivity

-Digital-

Digital Business Transformation

- New Business Model
- Generate new revenue streams
- Improve gross margins

Improves Market Position

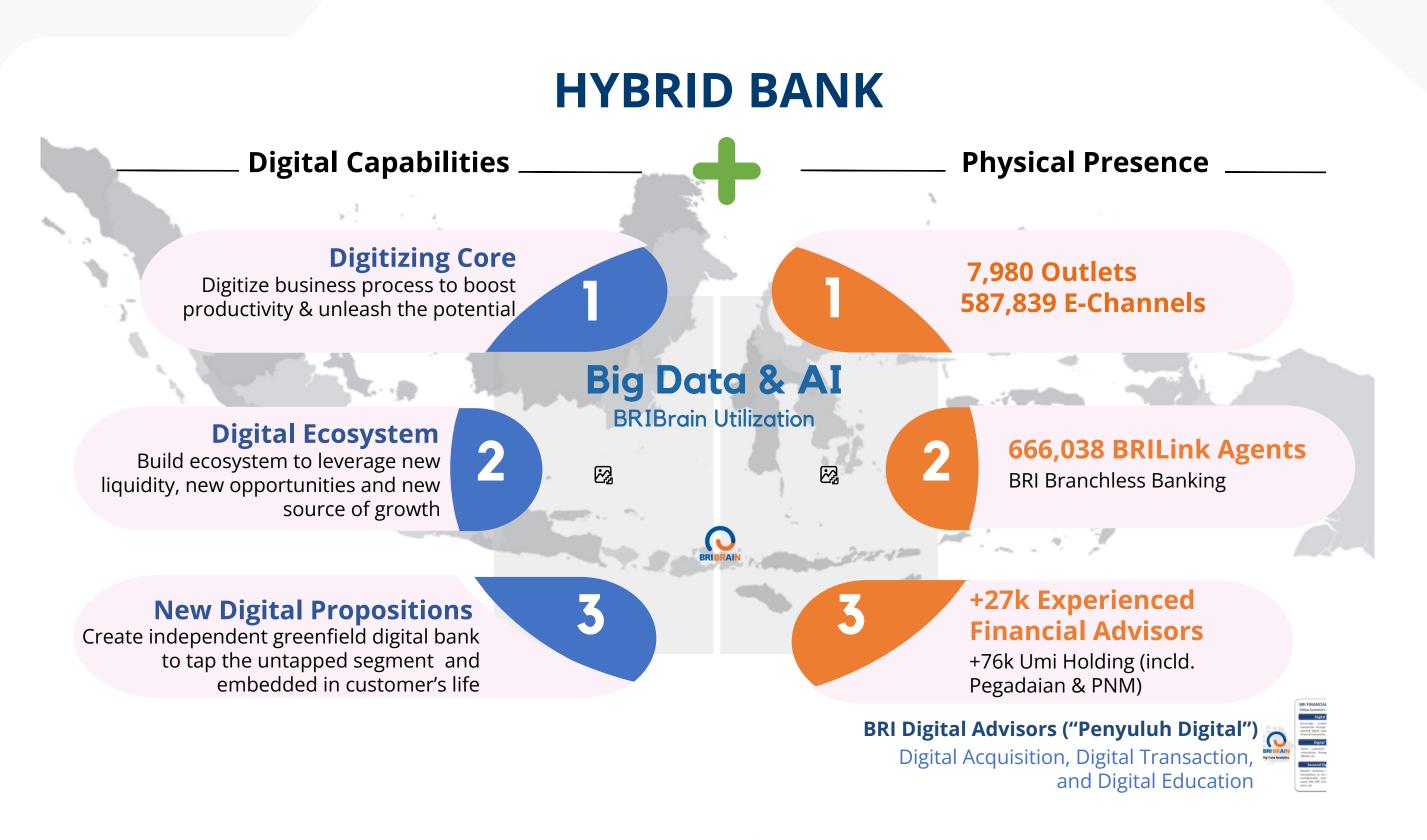
Changes Market Position

Key Characteristics of Ultra Micro & Micro Customers

HYBRID BANK BUSINESS MODEL

Combining Physical Presence and Digital Capabilities (Phygital) to Match Customer Journey

- **1** Familiar with digital platforms, although smartphone penetration remains low
- **2** Limited knowledge of financial products beyond savings account
- **3** Cash still being the dominant chosen method of transactions
- A Need a financial institution that is "locally embedded" and is able to "gain their trust"
- **5** Majority without stable income
- 6 Prefers banking via an agent rather than digital banking model
- **7** Open to beyond banking offerings to help grow the business



BRI Loan and Financing Portfolio



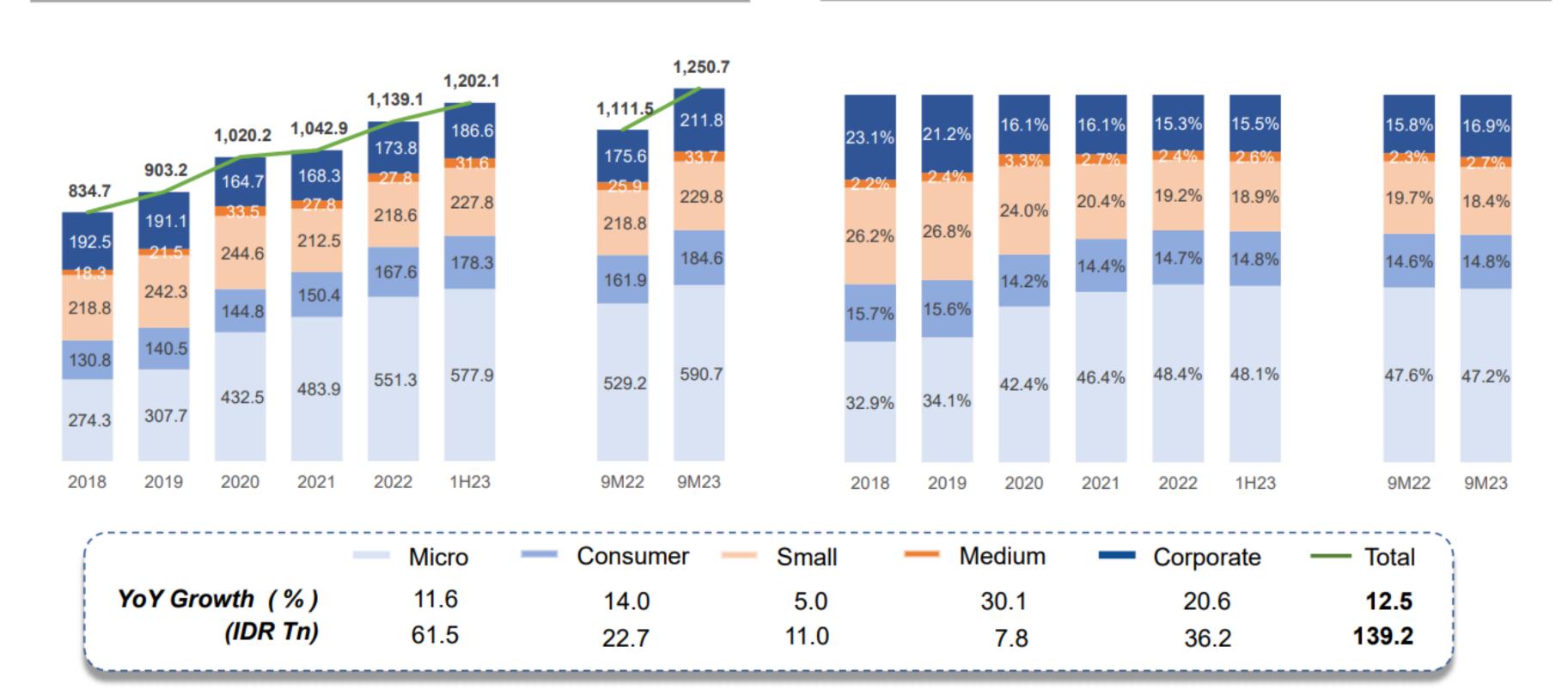




Loan Outstanding – by business segment

(IDR Tn)

Composition – by business segment (%)



...Micro Driven Persistent Loan Growth Capitalizing On economic Recovery Momentum...

BRI Loan and Financing Portfolio



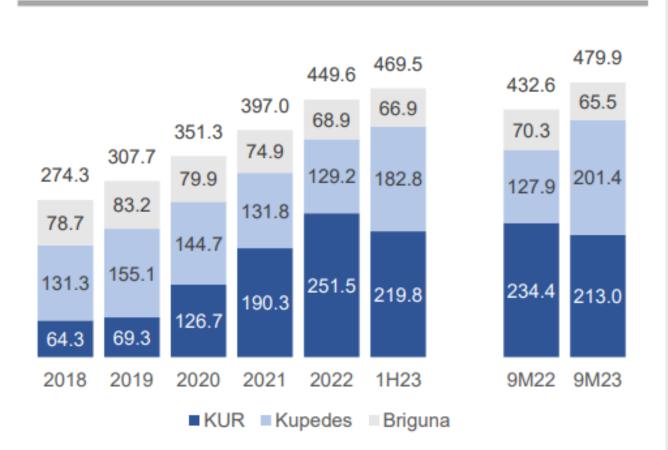




(in Bn)

Micro Loan Outstanding

(IDR Tn)

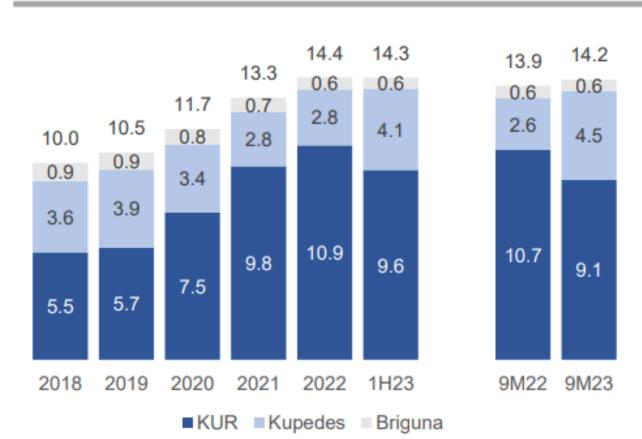


Growth YoY

Product	2018	2019	2020	2021	2022	1H23	9M22	9M23
KUR	8.5%	7.9%	82.8%	50.1%	32.2%	-2.5%	35.8%	-9.1%
Kupedes	20.6%	18.1%	-6.8%	-8.9%	-1.9%	43.0%	-2.4%	57.5%
Briguna	10.4%	5.8%	-4.0%	-6.3%	-8.0%	-7.1%	-7.5%	-6.9%
Total	14.5%	12.2%	14.2%	13.0%	13.3%	10.4%	13.9%	10.9%

Borrowers

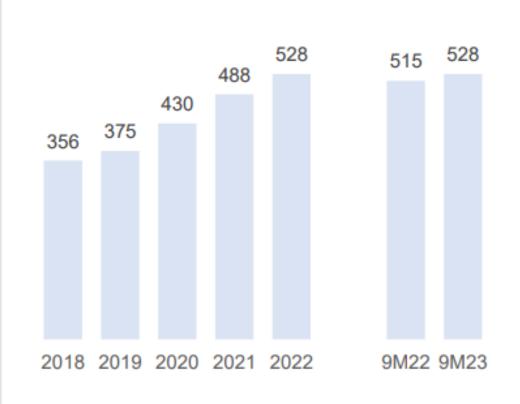
(in Mn)



Growth YoY

Product	2018	2019	2020	2021	2022	1H23	9M22	9M23
KUR	7.4%	4.5%	31.4%	31.1%	10.8%	-8.7%	15.8%	-14.2%
Kupedes	7.2%	8.7%	-12.8%	-19.5%	2.7%	57.3%	-7.9%	71.6%
Briguna	-1.9%	-3.9%	-9.8%	-10.1%	-13.6%	-10.7%	-13.1%	-10.4%
Total	6.5%	5.3%	11.4%	13.5%	7.8%	3.7%	8.9%	2.3%

Borrowers per Loan Officer



Loan OS per Loan Officer



BRI Networks





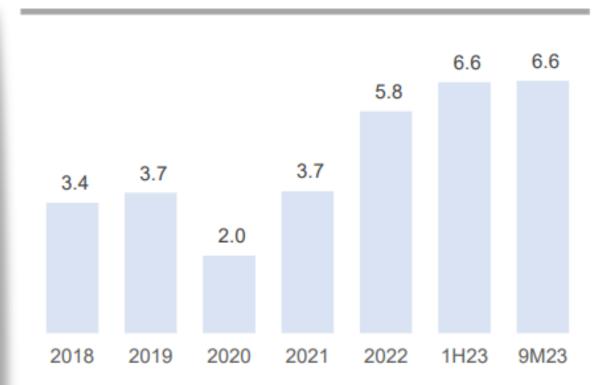


Branchless Network	2018	2019	2020	2021	2022	1H23	9M23	YtD
BRILink Agents	401,550	422,160	504,233	503,151	627,012	666,038	698,717	71,705
Office Type	2018	2019	2020	2021	2022	1H23	9M23	YtD
Head Office	1	1	1	1	1	1	1	-
Regional Office	19	19	19	18	18	18	18	-
Branch Office & Special Branch Office	463	462	462	451	449	453	453	4
Branch Overseas Office	9 5	5	5	6	6	6	6	-
Sub-Branch Office*	609	608	608	588	579	560	559	- 20
Sub-Branch Overseas Office	3	3	3	3	3	3	3	-
BRI Units	5,381	5,382	5,382	5,222	5,156	5,137	5,128	- 28
Cash Office	580	568	547	525	506	521	513	7
BRI Terrace	2,069	2,049	1,867	1,697	1,370	1,161	1,048	- 322
Mobile BRI Terrace	133	133	132	132	117	116	116	- 1
Ship BRI Terrace	3	4	4	4	4	4	4	-
Total	9,266	9,234	9,030	8,647	8,209	7,980	7,849	- 360
E-Channel Type	2018	2019	2020	2021	2022	1H23	9M23	YtD
ATM	22,684	19,184	16,880	14,463	3,863	13,838	13,818	- 45
EDC**	224,618	204,386	198,785	203,027	497,976	565,937	605,900	107,924
CRM	2,609	3,809	5,809	7,407	8,007	8,007	8,974	967
e-Buzz	57	57	57	57	57	57	57	_
Total	249,968	227,436	221,531	224,954	519,903	587,839	628,749	108,846
e-Buzz	57	57	57	57	57	57	57	10

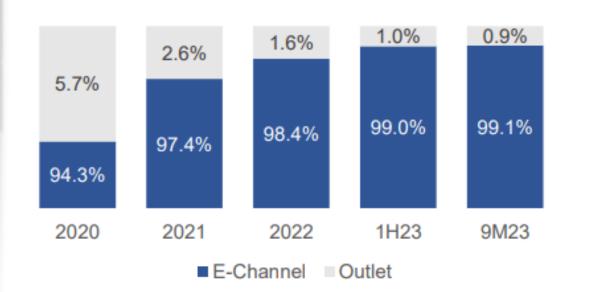
^{*}In accordance with POJK No. 12/POJK.03/2021 concerning Commercial Banks, there are adjustments for the types of BRI Unit Offices, Teras BRI and BRI Cash Offices which are included in the category of Sub-Branch Offices. Here, the data is still separated.

Net Profit per Outlet

(IDR Bn)



Outlets vs E-Channel Trx Composition



E-Channel transaction includes: ATM, CDM, BRIlinks, BRIMO, and Internet Banking.

^{**} Since 2022, number of EDC includes government program, managed service, and partnership EDC

BRI Micro Business Organization in HQ





Micro Business Development Division Micro Sales Management Division Social Entrepreneurship & Incubation Division

Ultra Micro Business Division

Hyperlocal Ecosystem Team BRILink Business Division

Ecosystem
Attacker & BRI
Unit

Journey Micro Strategy Initiatives







BRI Memimpin PEN

- Business Follow Stimulus, KUR Rp 126 T
- Penyaluran **BPUM**, 7,8 juta penerima Rp 18,6 T (dalam 3 bulan)
- Restru COVID Rp 132 T, 4,2 juta debitur

RE-STRATEGIZING Inisiatif Strategis: 16 "Percepat", 7 "BAU", 2 "add-on"



Percepatan Inisiatif Kunci (semula Jan '21 meniadi Okt'20):

REVITALISASI MANTRI

- Re-Mapping Wilker: 90rb Desa
- Single Segment : New Rentang Kendali
- Efisiensi Kebutuhan tambahan Mantri

9 31.327 SEBELUM REVITALISASI

27.691 REVITALISASI

Efisiensi Setara Rp 411,5 M ... Micro will maintain its position as a leader in adapting to change in order to offer top-notch facilities and services for the advancement of micro enterprises ...



Mitra Agen UMi

Bisnis Model Kemitraan Mantri - Mitra Agen Umi



perluasan usaha

Hyperlocal Ecosystem berbasis komoditas unggulan

PARI - Platform



BRIKODES

Super Platform indikator inklusi & potensi dan arah pengembangan strategi



Penguatan Mico Human Capital Penyempurnaaan Revitaisasi Mantri,

Reorganisasi MBM dan Tata Ulang Kaunit



Monetizing Business Model berbasis Platform Digital

Penguatan Micropayment dan platform ekosistem bisnis mikro (PARI, New Pasar.id, Localoka)



Penghimpunan CASA berbasis **Rural Saving**

Kaunit Urban, KPI CASA untuk Kaunit & MBM



Penguatan Risk Managemen dari persepektif 1st Line of Defense

RPC Dinamis, Pipeline Management, Modul Aktivitas Harian Mantri, Penyempurnaan Wilayah Kerja Mantri

> BUKAN JAGO KANDANG

... Future Transformation of Micro & Ultra Micro Segment will be "The Comet-Collaborative Micro Ecosystem"...



Network & Delivery Channel



layanan perbankan **tidak** bergantung pada produk, namun hadir dalam setiap touch point Aktivitas keuangan nasabah "

Beyond Channel



Data & Risk Capability





Human Capital & Organization

The micro-business sector will go through a transformation to become a Strategic Business Unit that specializes in managing ecosystems with stronger ecosystem attacker team and

enhanced **HC Micro capabilities**.

Customer Centric Ecosystem Centric



Business Process & Business Model

Customer Experience Adding value to a product/service requires knowing client expectations. **Product Rejuvenate**

in ecosystem business

Platform Based

Developing business model platform to focus

A product must be customer-centric and follows the journey of society's behavior **Open Banking**

banking (API)

BERLARI & BERINTEGRITAS

2019 **MEMBANGUN**

PONDASI



BUKTI

2022 MENGUKUHKAN LEGACY



11 Efficiency Drvien **7** Sustainabilty Driven



Micro Culture **Activation #PULANGKERUMAH**

Berkelit dari Covid 2nd Wave

Dengan Growth Mikro YoY 13,0%

BRISPOT Enhance

Portofolio Balancing Laba Rugi Mantri Penjualan Produk PA

Ekosistem

Pemberdayaan Desa BRILIAN, Klaster

Rejuvenasi Produk

Simpedes BISA, Kupedes Auto Renewal Kupedes Utama

Data Analytics

Churn Modeling, Sensitivitas BRI Unit

Micro Business Transformation







Key Factors

transformasi dapat terwujud ...



Object



Buy - In



Leadership 🗃 System



TRANSFORMASI

Objects/Area Transformasi





Digitalisasi

.. Area fundamental di dalam sebuah transformasi: culture & digitalisasi...

AMANAH

Integrity

BRILiaN jujur, tulus dan patuh pada peraturan LOYAL

KOMPETEN

Profesional

BRILiaN cakap dan handal, terus belajar

BRILiaN bekerja tuntas dengan penuh tanggung jawab berorientasi pada kinerja terbaik

KOLABORATIF

kolaborasi yang

produktif

HARMONIS

BRILiaN BRILiaN membangun

Trust

terbuka dan menghargai kemajemukan

ADAPTIF

Innovation

Customer Centric

BRILiaN proaktif, adaptif, inovatif, dan beorientasi pada pertumbuhan yang berkelanjutan

BRILiaN berempati memahami kebutuhan pelanggan BRILiaN peduli terhadap masyarakat dan lingkungan

െ Relationship Model



Revitalisasi Mantri

- Wilayah kerja Mantri
- Mantri Single Segmen
- Mantri sebagai financial advisor



Ecosystem **Based**



Mantri menjadi bagian dari suatu ekosistem:

- Desa BRILIAN
- Pasar.id
- Klasterku Hidupku



Enhancement Business Process 467

Bisnis proses berbasis teknologi:

- Enhancement BRISPOT menuju Jaringan Alternatif
- Management Pipeline
- Modul Collection, Partnership, Aktivitas Mantri
- Portofolio kelolaan Mantri



Rejuvenasi Produk Rejuvenasi & Layanan

67

Pengembangan produk sesuai kebutuhan

customer:

- KUPEDES 500 Juta
- Simpedes BISA
- Fitur Auto Renewal
- Kupedes Rakyat
- KECE



Business Model Business Model
Digital Platform

467

Business Model berbasis Digital Platform:

- PARI
- Localoka
- Agen BRILINK



HC Capability Enhancement

123

Peningkatan kapabilitas HC Mikro:

- Layering JG Mantri
- Re-ploting Kaunit
- Reorganisasi MBM
- Perbaikan Modul Training
- · Micro Culture: Sincerity, Care & Community Based

Micro Business Digitalization Highlight







Area Persaingan



Driver Inklusi / Literasi Keuangan non Bank



Pengembangan **Ekosistem**



Payment & **Transaction**



Financing/ **Pembiayaan**

....Future competition maps will be more open as new organizations take market niches, especially micro segments...

Entitas Pesaing Potensial

Judi Online

Nilai transaksi Rp 200 T (2023) yang melibatkan 2,7 juta orang berpenghasilan rendah

E-commerce

Sebanyak 129 juta Masyarakat bertransaki dengan nilai **Rp 429 T**

DANA

Tercatat**telah** memiliki 135 jt user dengan 40% berada diluar Jawa

KEAGENAN

Jumlah agen Laku Pandai mencapai 1,1 juta agen

Total 101 P2P Lending & Fintech Lending terdaftar di OIK

- **Buy Now Pay Later** 13 juta customer, OS Rp 25,16 T
- Disbursement PINJOL Rp 20,8 T ke 10 juta akun

Digital Bank menyasar **segmen mikro** Banking

Shared Resource

Rp 14,53 T

Rp 10,84 T allobank **BCA**digital Rp 4,46 T Rp 7,32 T

ij Jago

BC Rp 10,11 T Aladin

Rp 2,53 T

VC & Incubator

On Demand Service

















Transaksi E-Wallet

Diproyeksikan nilai transaksinya di 2025 mencapai **ÚSD 70 Miliar**



OVO i.saku





Aplikasi Point of Sales (POS) Semakin Fleksibel & terintegrasi





Business Process Re-Engineering

Re-Modelling Pipeline

Scoring for New Customer (Canvasing)

Dynamic Plafond

Billing Date by Group

Re-Modelling PDWK

Runs scoring using the parameters that are provided for the candidate pipeline.

Specific scoring parameters for out-of-pipeline debtors and BRI savings customers

implementing the dynamic credit limit and tenor for each consumer, whether or not they have BRI savings

Modify the billing date to a predetermined date to enable the marketers to concentrate on their duties.

PDWK Head Unit will be determined based on vintage analysis & percentage NPL BRI Unit per tiering credit limit.

Journey Delivery Channel



Branch Centered

Branch sebagai pusat interaksi nasabah



Multi-Channel

Berbagai Opsi Channel tanpa interkoneksi



Omni-Channel

Interkoneksi dari berbagai channel, same experience



Beyond-Channels

Kolaboratif Touch Point, tidak harus channel Bank

Future Channel Requirement

Multiple Customer **Touch Points**

Mass Personalization

Multiple Delivery Options **Across Channels**

Extended Reach and Seamless Integration

Service Model Differentiation Based on

Blurred Lines

Between

Humans and

Machines

Customers' Profiles and **Preferences**



Micro Segment **Product & Services**

Financing Framework & Infrastructure

Ultra-Micro (max loan ticket size Rp.10 Mio) Micro (max loan ticket size Rp.500 Mio) Unfeasible, Unbankable Level of Literacy (Framwrok Pemberday Loan Group Pawn Lending Lending Rolling Soft **Kredit Mikro** Direct Cash Loan Komersial Kredit Usaha **Assistance** (KUPEDES) Rakyat (KUR) Pinjaman Pinjaman Piniaman Bantuan Mekaar Gadai Produktif Usaha Kemitraan Mikro (BPUM) Level Of Entrepreneurship Produk Tabungan, Proteksi dan Transaksi: Simpedes, Simpedes UMI, Tabungan Emas, AMKKM, ASMIK, BRIMO, STROBERI, PARI **CHANNEL PEMBERDAYAAN** INFRASTURKTUR BRI GROUP Mantri 28.000, RM 4.700, 33.093 AO Mekaar, 6.379 Pemasar Gadai Inkubasi Rumah Kreatif LinkUMKM Universitas 457 Kantor Cabang 5.222 BRI Unit , 1.697 Teras BR

	1	2	3	4		6
	KUPEDES Kupedes Utama, Kupedes Motor, Kupedes Suku Bunga Khusus, Kupedes until Rp 500 Mio	KUPEDES RAKYAT	KUR Mikro	KUR Super Mikro	PUMK	Pari
Loan Max	Rp. 500 Mio	Rp. 100 Mio	Rp. 100 Mio	Rp. 10 Mio	Rp. 50 Mio	Rp. 200 Mio
Collateral	•	8	8	8	8	8

Credit Without Loan

...There are various types of loans/credit available in the microsegment with different market segments...







Micro Saving Product

Simpedes Derivative of the Simpedes product designed for customers **Usaha** with larger transactional needs

Simpedes,

BRI savings account that was initially established and features regular options for prospective customers

Tabungan BRI Simpedes

BRI savings account that was initially established and features regular

Tabungan BRI Simpedes **Impian**

BRI saving account as a time **deposit** with a monthly routine Automatic Fund Transfer (AFT) feature

Simpedes UMi

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

Empowerment Platform



desa Village empowerment programmes in improving linkumikm independence, financial literacy and digitization of



empowerment platform, covering UMKM scoring up class, literacy and education as well as the UMKM community

Micropayment & Ecosystem Product



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



Platform that facilitates products from **business** groups and MSME



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





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



BRI's services where BRI acts as an Agent for the customer to serve realtime online banking transactions using BRI's mini-ATM EDC

Tools for Increasing Business Process Eficiency



processes..

Implementing BRI Outlet as a joint sales channel for ultra-micro products (financing, group empowerment)



Channel Kolaboratif for 3 entity: BRI, Pegadaian & PNM

Business Process & Business Model Re-Engineering





Current Strategy Micro Business Model & Process



...Business Model & Business Processes are now being prepared to alleviate short-term growth needs as well as be a source of future growth...

Future Micro Business Model & Process

Customer Experience

Adding value to a product/service requires knowing client expectations.

Product Rejuvenate

A product must be customercentric and follows the journey of society's behavior changing

Platform Based

Developing business model platform to focus in ecosystem business

Open Banking

Hyper-collaboration business model by open banking (API)



Hyper-personalization will be a new focus area

for this industry to meet customer expectations

Focus on 2024 - 2030

Automatic suplesion

Social

Impact

Life-

changing

Emotional

- Deepening Inclusion (Simpedes Bisa)
- Upscale avg Plafon Pinjaman
- Loan Personalization
- Soft Landing KUR
- Micro Consumer Loan
- KECE 3.0 (Fully Digital)





















Micro Business Innovation Higlight







GOALS



Shifting from Customer Based to Ecosystem Based



Shifting from Fix Cost to Variable Cost



Shifting from Asset Growth to turn Over



Mempersiapkan model persaingan masa depan

Enhancement Bisnis Proses

Revitalisasi Mantri

Mendudukkan Mantri di wilayah kerjanya, menjadi seorang Financial Advisor









KECE 2.0

Rejuvenasi Produk



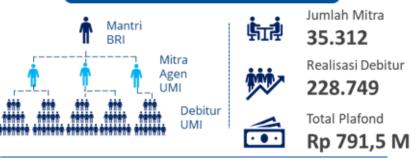
Kupedes Simpedes 500 Juta





Kupedes KECEKU

New Business Model



Transaksi komoditas berbasis Block Chain

- 44 rb user
 - Rp 5,02 T GMV
 - Rp 1,15 T Dana Talangan

Ecosystem Based



Platform Ekosistem pasar tradisional 6.632 Pasar



Konsolidator +11 ribu Klaster



Pemberdayaan Ekosistem Desa 1.882 Desa

Data Analytics



SIMPEDES CHURN **MODELLING**



PROFIL HISTORIS DEBITUR



SENSITIVITAS BRI UNIT



DASHBOARD SIPK

Super Platform

BRISPOT



- Laba/Rugi Mantri
- Data Analytics
- Pipeline Management
- Risk Mitigation
- Mantri New Relationship Model
- Jaringan Alternatif



BRIKODES

Super platform dengan 3 Fungsi utama:

- Financial Inclusion
- Risk Mitigation
- Business Mapping

5 FITUR DI DALAM BRIKODES



Financial Inclusion

Monitoring DPK vs NPL





Analisis:

Korelasi Kepadatan Ekonomi vs Penetrasi Smartphone

USE | Kota Malang **CASE** Kec. Kedungkandang



156.808 Penduduk Dewasa

66,91%

Kepemilikan rekening sudah tinggi, maka tugas BRI meningkatkan literasi

dalam rangka meningkatkan usage produk financial

NEXT STEP



BRIPOST: Jaringan Alternatif

Enhancement BRISPOT sebagai jaringan alternatif dengan mencipatkan bisnis model baru (Mantri 3.0, Micro Network Revamp)



Intervensi Program Pemerintah dengan **Data Analitik**

Pemanfaatan dan permodelan big data untuk meningkatkan tingkat akurasi data penerima Program Pemerintah



Comperhensive Analytcis : Kebijakan KUR

Memetakan dampak dan utilisasi KUR melalui riset yang komprehensif sebagai guideline pemerintah dalam menentukan kebijakan desain KUR masa mendatang









