

Empowering Financial Inclusion: The Synergies of the Ultra Micro Ecosystem

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



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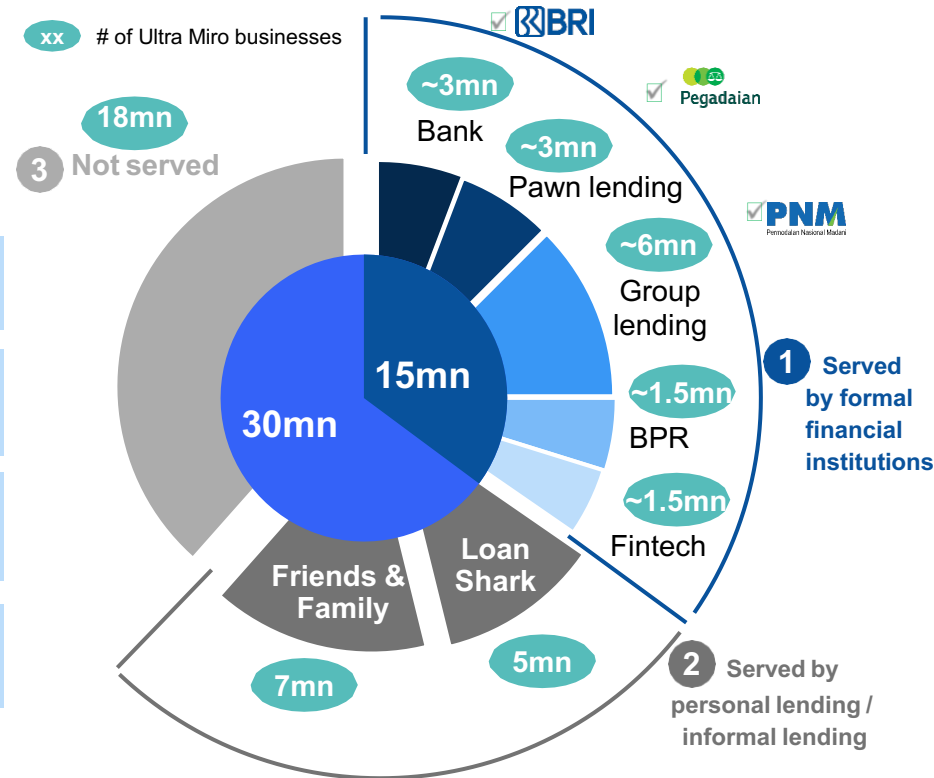
Ultra Micro Business Division
PT Bank Rakyat Indonesia (Persero) Tbk



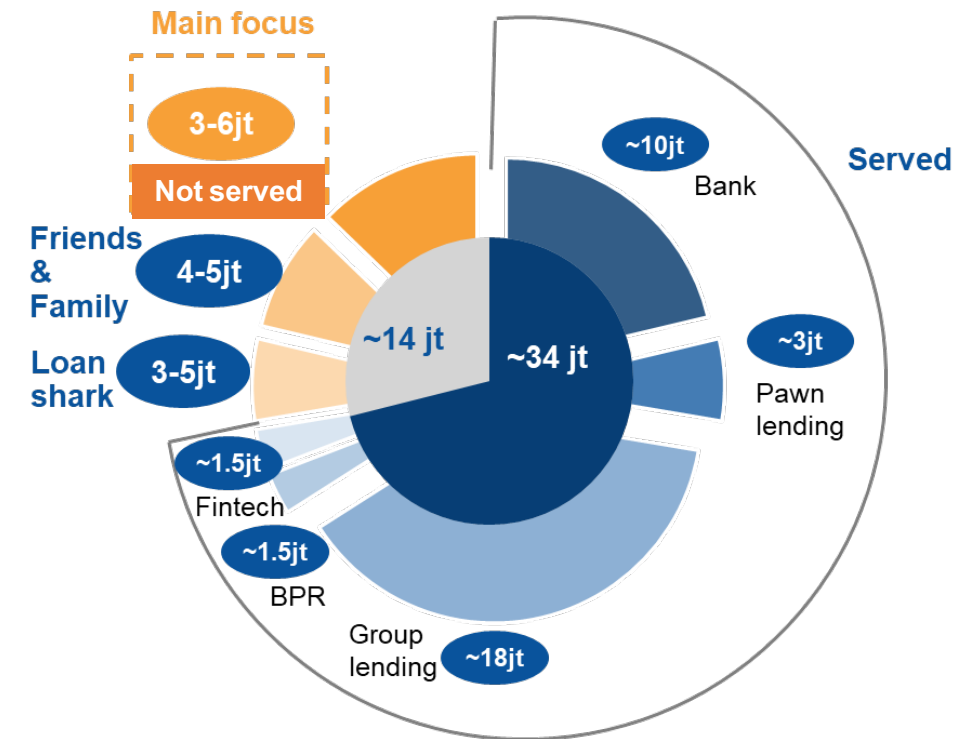
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Tap the Untapped

2018



2022



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 30 million Ultra Micro customers, with a majority being women (73%) and men (27%), 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

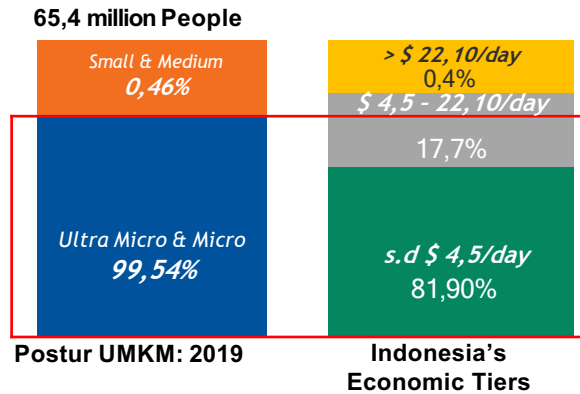
Ultra Micro's Segment Behavior

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

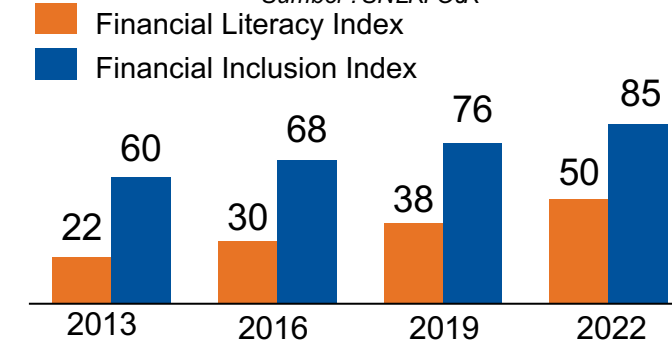
Indonesia's MSMEs Overview

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



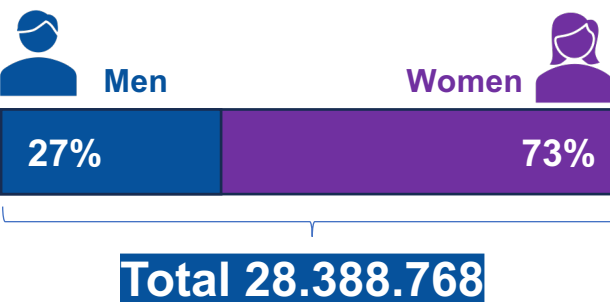
Inclusion and Literacy Gap in Indonesia

Sumber : SNLKI OJK



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



UMi Holding has already served over 30 million Ultra Micro customers, with a majority being women (73%) and men (27%), primarily within the age range of 30-45 years.

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



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



Empower

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



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

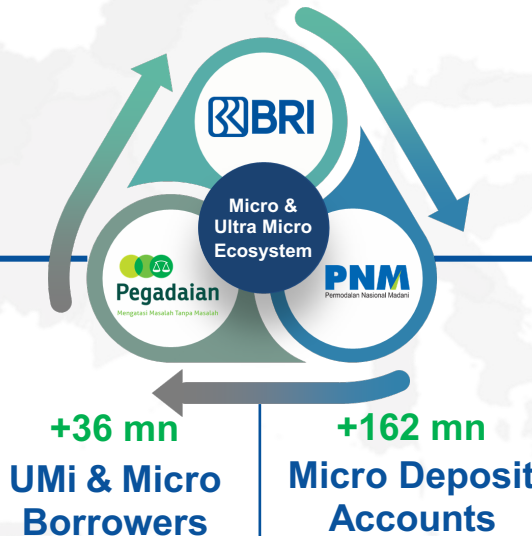
PNM Group Lending (PNM Mekaar):
IDR 39.6 Tn, 14.7 mn borrowers

Pegadaian Pawn Lending (Pegadaian):
IDR 53.6 Tn, 6.5 mn borrowers

BRI Micro Loan:
a) BRI Micro Loan:
IDR 469.5 Tn, 14.3 mn borrowers

PNM b) PNM Ulamm:
IDR 5.0 Tn, 140K borrowers

Pegadaian c) Pegadaian (Non-Pawn Lending):
IDR 9.2 Tn, +436K borrowers



Comprehensive Savings and Beyond Banking Products

 **Micro Savings**

 **Micro Insurance**
(Life/ Health,
House & Property) **19.2 mn insurance policies**

 **Gold Savings & Investment:** **3.2 mn customers & 7,591 kg gold OS**

Mobile Banking (BRIMO & SenyuM):
 **27.8 mn users**  **>1.800.000 Referral Success**

Wider Points of Access

Physical Outlets



- BRI Micro Outlets +6.9K
- Pegadaian +4,086
- PNM +4,547

Co-Location (Senyum Outlets)



1,018 Units

BRILink Agents



+666K Agents

BRI E-Channels



+587K Units

Financial Advisors

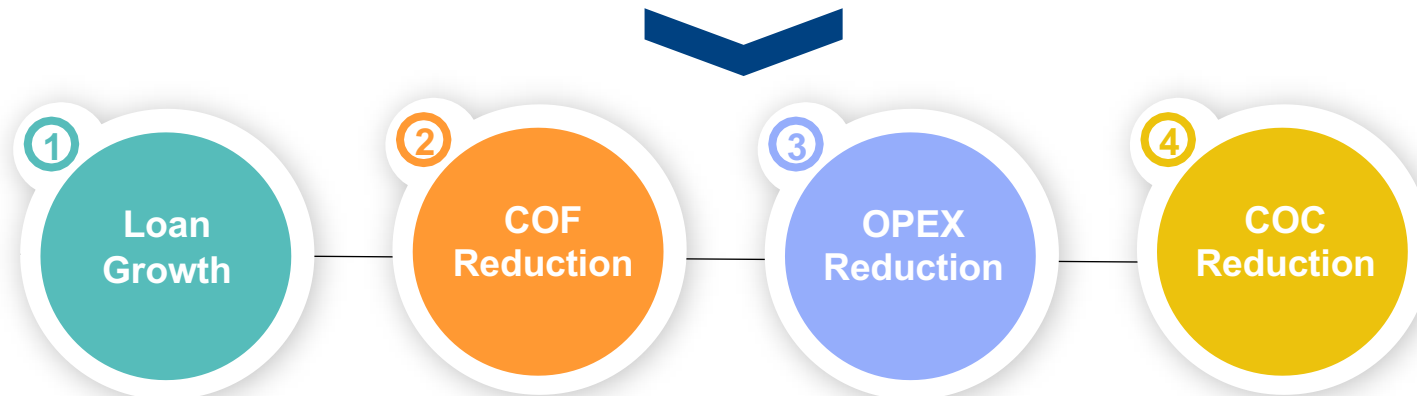


+76.8K

BRI +26.9K; Pegadaian +2.4K;
PNM +47.5

UMi Holding's Key Initiatives

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





Large database of UMi ecosystem customers

Currently there are **more than ~30 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.**

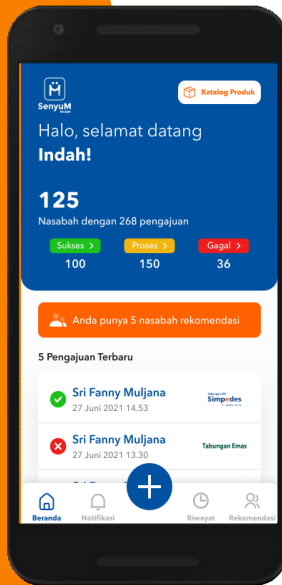
SenyuM Mobile Ecosystem

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
Mengatasi Masalah Tanpa Masalah

PNM mekaar
Membina Ekonomi Keluarga Sejahtera

+170k customers
Gold Savings

+400k borrowers
Pawn Lending

+60k 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

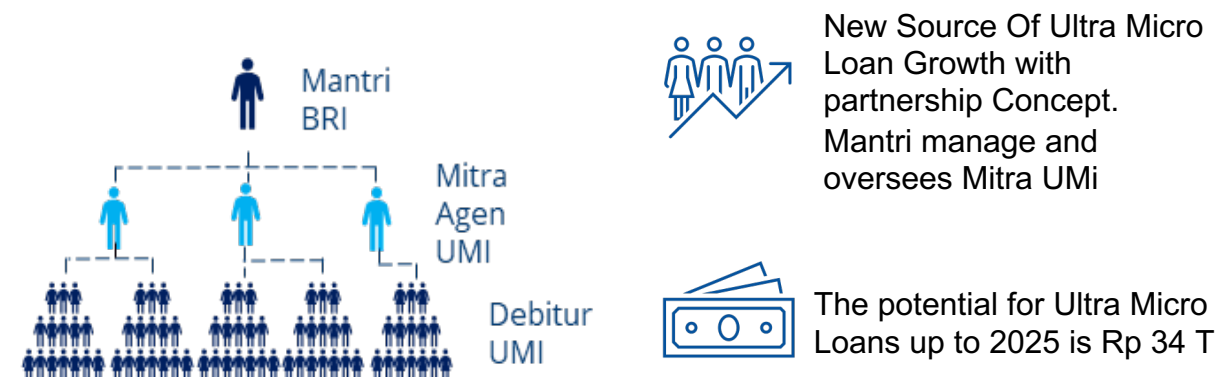


Optimizing Big Data Analytics Use Cases

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



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%

Financial Literacy Deepening

Deeper Financial Inclusion

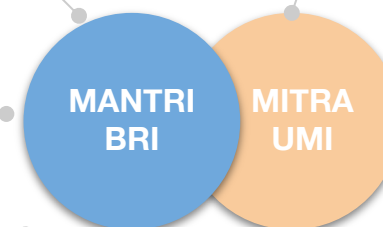
BRI Digital Assistant

Education - Lending

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

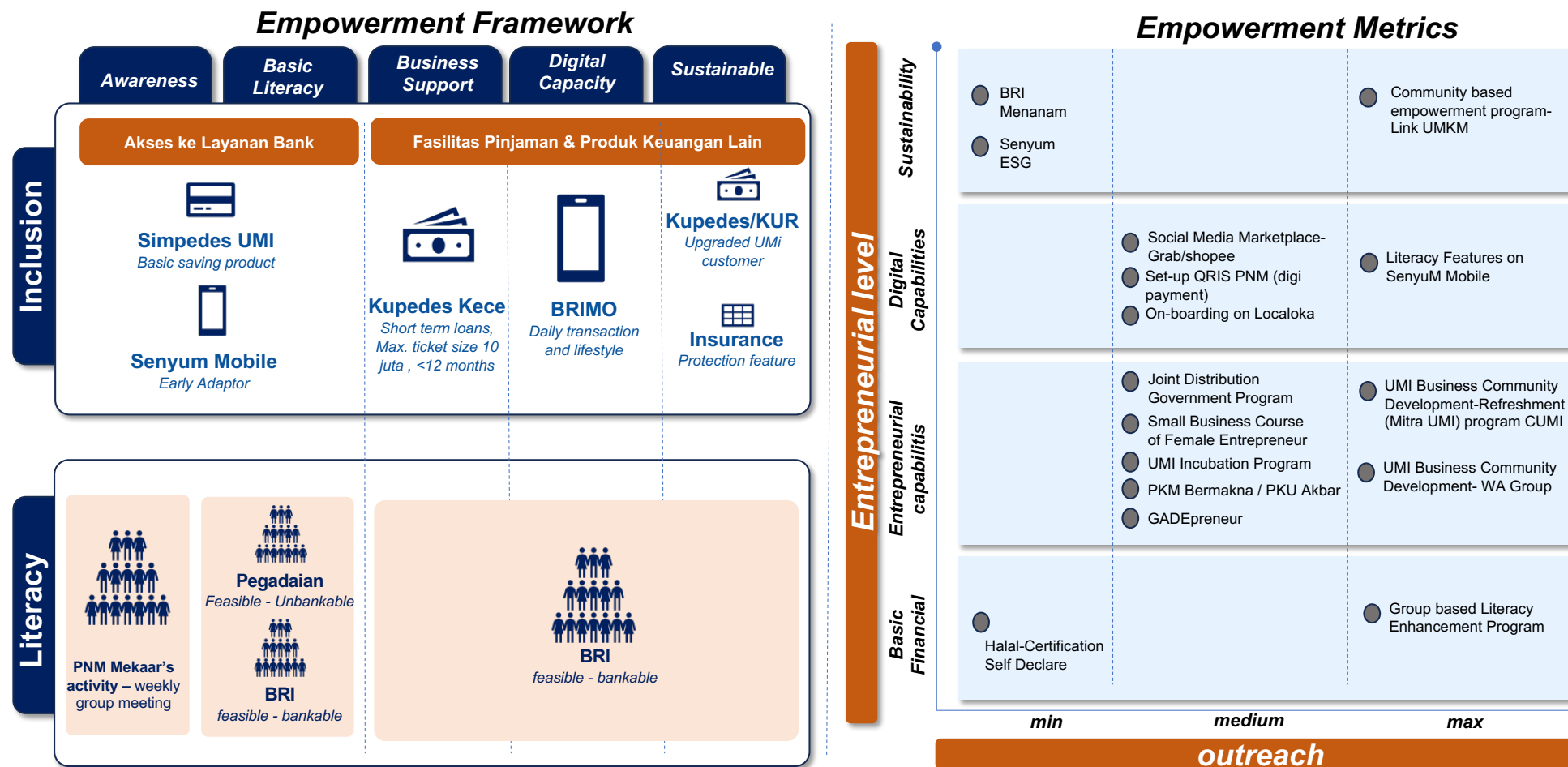
Mitra UMI Monitoring

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



Ultra-Micro Financing & Empowerment Integration

BRI provides integrated empowerment framework with various platform and credit schemes that are adjusted to the business level and business development of ultra-micro business players



SenyuM

SENTRA LAYANAN ULTRA MIKRO





**Research & Concept Testing, Usability Testing, Piloting
Mempawah | Babelan | Semarang**



**Weekly Group Meeting (PKM) Mekaar
Bandar Lampung, Indonesia**



**Investor Visit
Jakarta, Indonesia**



**ASEAN INDO-PACIFIC FORUM 2023
Jakarta, Indonesia**



**Making Finance Work for Women 2023
Mumbai-Delhi, India**





