

Webinar HUT ke-64 IAI: Teknologi dan Digitalisasi untuk Inovasi Sektor Bisnis

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Outline

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- 01 Emerging Trends, Challenges & Opportunities in Digital Economy Landscape**
 - 02 Building New Values Creation through Digital Transformation**
 - 03 BRI Hybrid Beyond Banking Initiatives in Supporting Ecosystem Play Strategy**

01

Emerging Trends, Challenges & Opportunities in Digital Economy Landscape

Everything is Moving and Innovating Digitally

“Covid-19 has greatly accelerated Digital Transformation”

Everything is Moving to Digital

- Digital Platforms
- Financial Services
- Business Operations



Ripen Digital Adoption



On-Demand & Integrated Solutions

DIGITAL PLATFORMS

E-commerce remains to be Indonesia's main growth driver with 54% YoY. Covid-19 also unlocked an opportunity for HealthTech and EdTech platforms.



Online Retail



Food Delivery



Health Tech



Ed Tech

FINANCIAL SERVICES

Consumers and SMEs have adopted Digital Financial Services more than before.



Insurance



Digital Lending



Online Investment



Digital Payment

BUSINESS OPERATIONS



Remote Working



Innovation to Cater Broad Range of Needs



Partnership



M&A with Digital Platforms/Bank/Fintech

Emerging Types of Financial Institutions



Neo/Digital Banks

APAC is expecting 100 new FIs by 2025, supported by the emerging new banking license in pure play digital banks, payment banks, financial aggregators.



Big Traditional Incumbents

The largest banks have major advantage in excelling amidst crisis, now investing in technology to blunt intimidation from fintechs & digital lifestyle platforms



Mid & Small-tier Banks

Might go hard on partnership with fintechs, tech firms, & other banks to complement & supplement value needed to excel & achieve ROI in tech investments



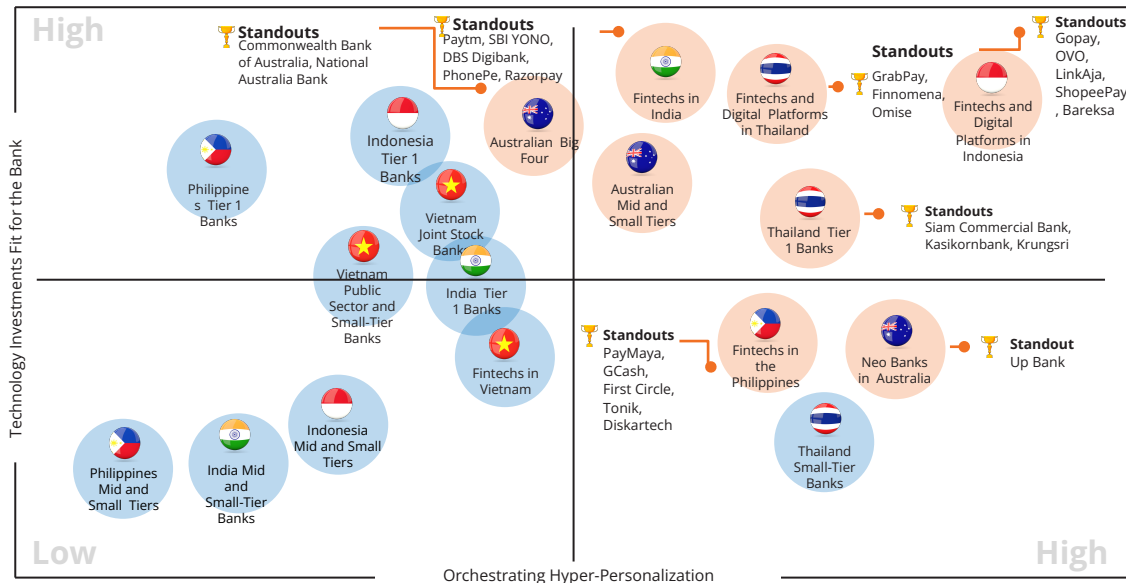
Fintechs

Payments, wealth advisory, alternative data, & lending fintechs gained success due to digital trx influx amidst pandemic. However those that were just gaining scale face massive challenges

The race to be digital-first among FIs increasing by **transforming their business process, engagement strategies, expand channels, & innovating in business models of banking.**

Accelerating to be Digital-First Winner:

Right-Fit Tech Investment + Hyper-Personalization

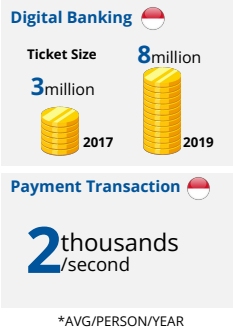
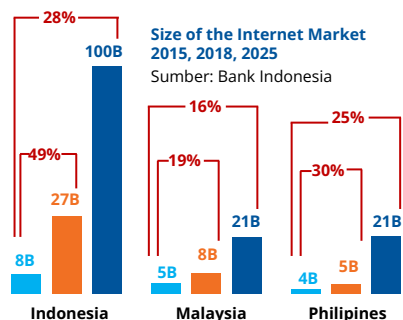


- **Fintechs, neo banks, & digital platforms** in APAC have advantages in having the **right-fit tech** & capable to orchestrate **hyper-personalization**
- **Collaboration** among these financial institutions can be complementary, resulting in **better innovation, and expanding reach for financial inclusion.**

Mega Shifting into Financial 4.0

"Growth of Fintech that exponentially high..."

Internet use & fintech payment transaction is known to have increased exponentially. Fintech will play a significant role in providing access to efficient and practical financial service



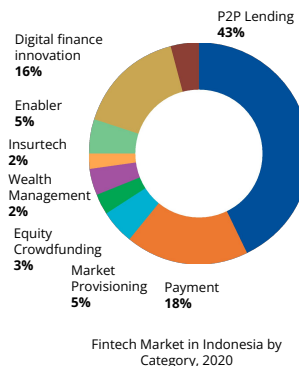
161 P2P lending are registered, and 25 are licensed in OJK (149 conventional, 12 sharia)

Rp87.72 trillion has been distributed

16.9 million P2P lending borrowers

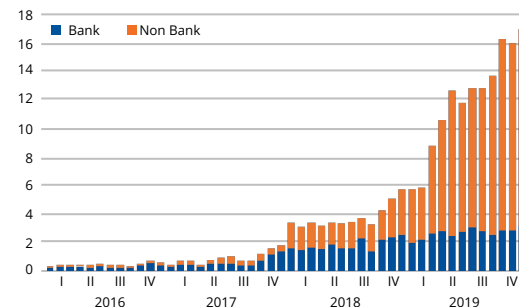
508.014 P2P lending lenders

90 digital finance innovation are recorded



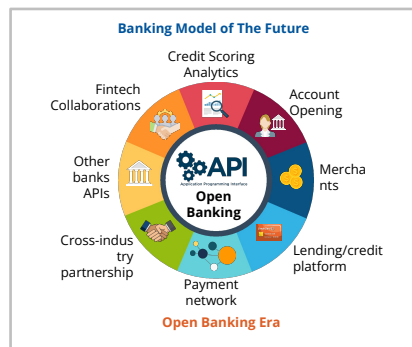
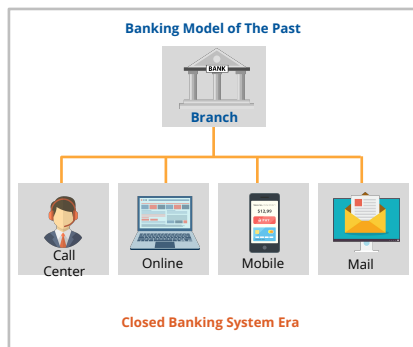
The popularity of non-bank e-wallets has bolstered the growth of non bank e-money transactions
Sumber: Bank Indonesia

Transaksi Fintech Payments (Transaksi UE)
Triliun Rupiah



Open Banking, the Future Banking Model

Mobile should now be seen as the basis for an entirely new banking model, a shift that is forcing bankers to accept that branches are no longer the center of the bank. Now, its Open API to create super-ecosystem faster than ever!



The Indonesian banking sector is expected to undergo transformation in three categories over the next decade.

<p>Hybrid Bank</p> <p>Banks with offline and online platforms with its own ecosystems</p> <p>How are they?</p> <p>3 major banks</p> <p>BCA, BRI, mandiri</p> <p>These banks with their respective digital platforms not only have cost ratios that are the lowest among Indonesia banks, but also better fee income trends.</p>	<p>Sharia Bank</p> <p>A growing acceptance of Shariah-based banks in Indonesia</p> <p>How are they?</p> <p>BSI</p> <p>BANK SYARIAH INDONESIA</p> <p>Indonesia has the largest Muslim population in the world, over 200mn people in 2021. Yet, Syariah-based banking has a very small portion of total banking assets, only around 5% of the country's banking assets (2020).</p>	<p>Digital Bank</p> <p>Growing adoption of digital banking among Indonesian consumers in specific fintech & non fintech ecosystem</p> <p>How are they?</p> <p>Jago, raga, BCA digital</p> <p>Bank Jago, BRI Agro, BCA Digital</p> <p>Digital banks is defined as not only providing internal operations digitally, but also there will be increasing demand from users or customers to have life finance value propositions from digital banks, which would provide all their financial aspects</p>
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Top 5 Technology Trends in Indonesia Banking Industry 2020-2022



Open Banking (API)

Banks are extend their services beyond their boundaries through partnership with large market players and cross-industries.



In Asia Pacific, Indonesia is ranked:
#11 in spending for API, but
#1 in CAGR



Artificial Intelligence

AI can further leverages automated decision making for banks from payment to approving loans..



In Asia Pacific, Indonesia is ranked:
#10 in spending for Analytics & AI
#3 in CAGR



Cloud

Through cloud, Banking as a Service (BaaS) is delivered over the internet, awakening customer-related innovative initiatives.



In Asia Pacific, Indonesia is ranked:
#13 in spending for Cloud, but
#2 in CAGR



Digital Core Banking

Bank customers are expecting to interact with their banks in a digital manner. Indonesian banks are expected to move their legacy core banking systems to online.



In Asia Pacific, Indonesia is ranked:
#12 in spending for Digitalization, but
#4 in CAGR



Customer Experience (CX)

Indonesian banks have not fully implementing CX, but some banks started initiatives to integrate customers data to improve CX.



In Asia Pacific, Indonesia is ranked:
#12 in spending for CX, but
#5 in CAGR

Regulatory Responses on Open Banking & Digital Business Transformation in Indonesian Banking Landscape

Open Banking Regulation: Standar Nasional Open API Pembayaran



Ensuring the **creation of a level of playing field between stakeholders** in the Payment System Open API ecosystem with integrity



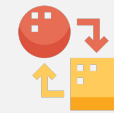
Creating a **strong, competitive and innovative Payment System Industry**



Encouraging **integration, interconnection, interoperability, and security and reliability of payment system infrastructure**

**PADG No 23/15/PADG/2021
Tentang Standar Nasional
Open API Pembayaran**

Commercial Banks and Licensing related to the launch of new banking sector products



Encouraging & **accelerating digital transformation in the banking industry**



Banks can become more **agile with faster time-to-market** for development of digital banking products



Increase **industry optimism** in launching digital banking products with faster licensing



POJK No. 12 tentang Bank Umum



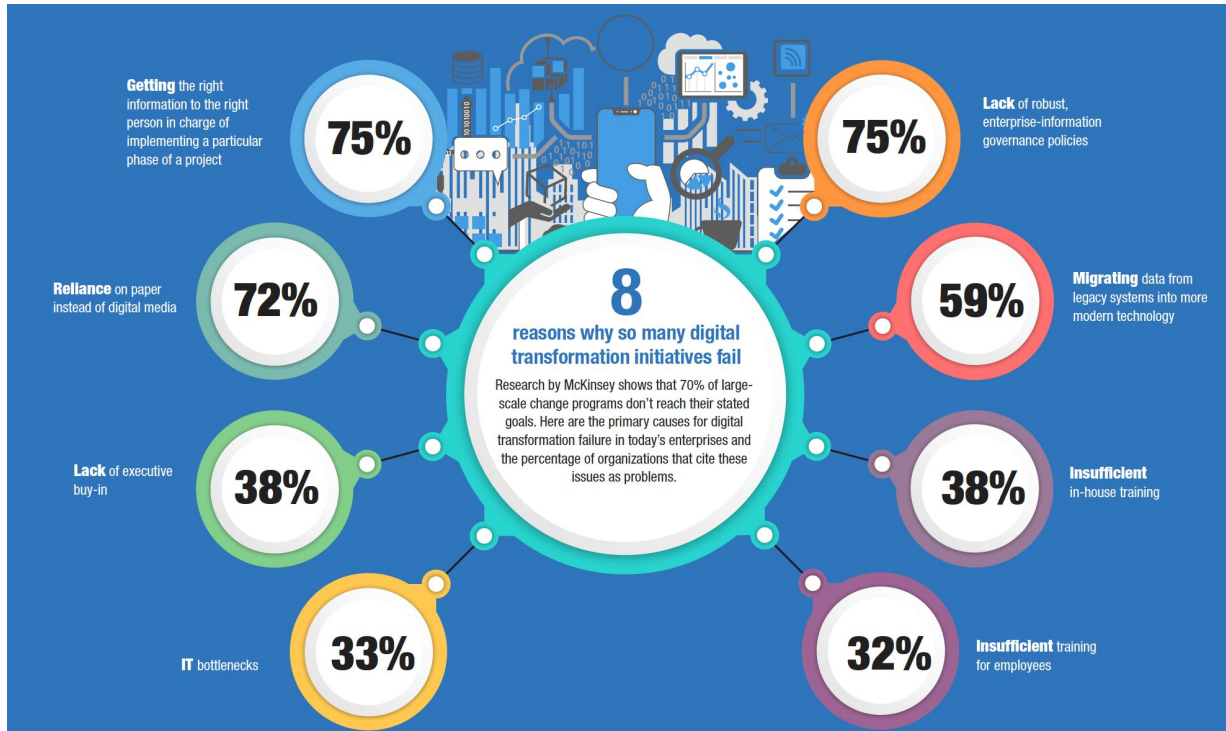
**POJK No.13 tentang
Penyelenggaraan Produk
Bank Umum**

02

Building New Values Creation through Digital Transformation

Leading Change: Why Transformation Efforts Fail

Gartner suggests that **more than 85%** of organizations have undergone a restructuring program in the past few years. However, research and practical experience show that only a limited number of transformations are considered a success, **with 70% failing** according to McKinsey.



5 Strategic Issues in Digital Business Transformation



**Privacy &
Cybersecurity**



**Organization
Dynamism**



Digital Culture



Digital Talent



**Augment
Intelligent**



**“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

Improves Market Position

-Digital-

Digital Business Transformation

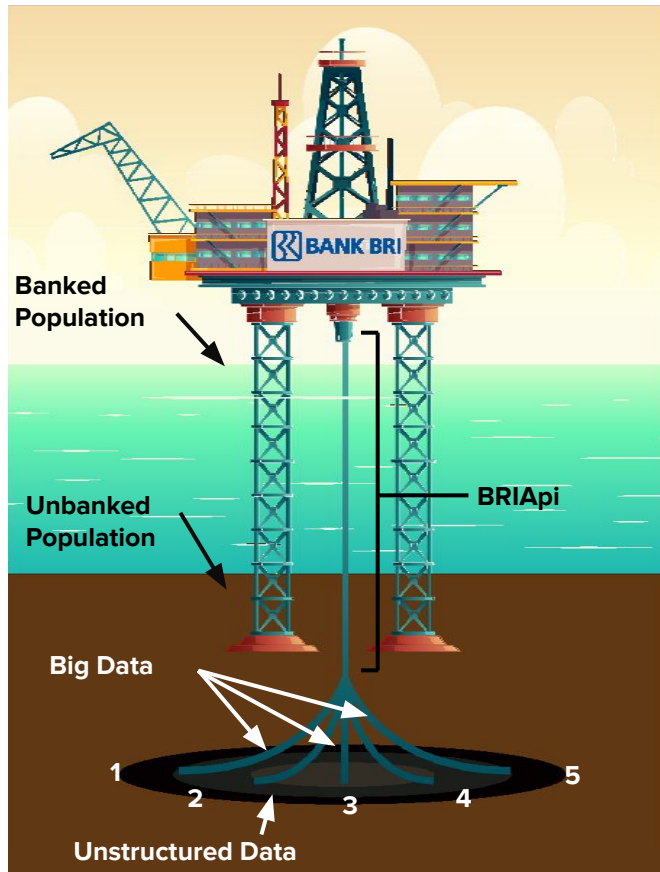
- New Business Model
- Generate new revenue streams
- Improve gross margins

Changes Market Position



5 Critical Capabilities to Accelerate to Win in Crisis Mode

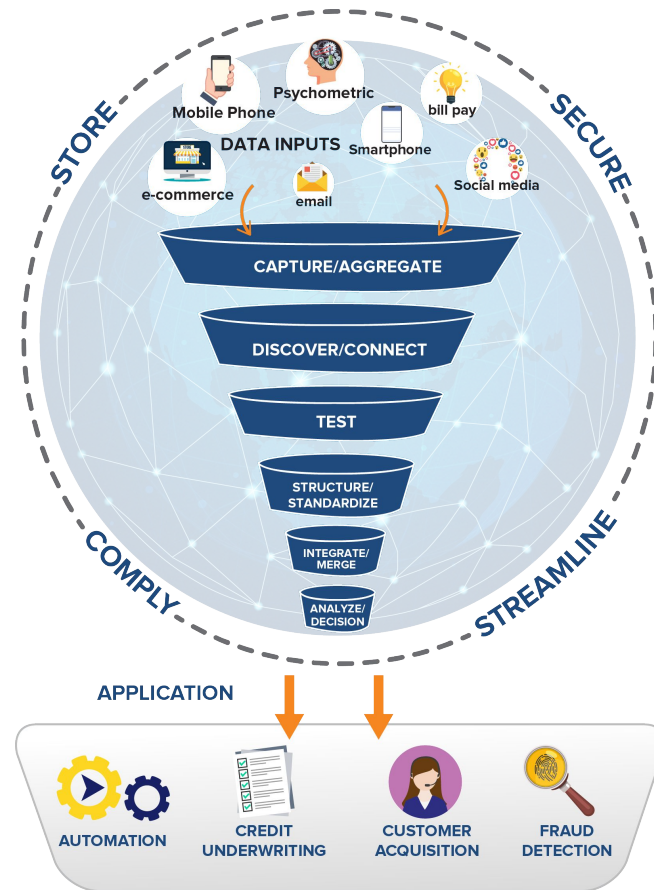




Monetize It

Distribute It

Extract It



03

BRI Hybrid Beyond Banking Initiatives in Supporting Ecosystem Play Strategy

Strengthening The Identity: As The Largest Microfinance Institution In The World

... SERVE AS MUCH COMMUNITIES AS POSSIBLE, WITH THE MOST EFFICIENT COSTS ...



GO Smaller

Reaching wide market & society as possible, banking to small to ultra micro communities.



GO Shorter

Offering products with shorter tenor



GO Faster

Through the usage of technology or digitization to make it more efficient.

The Foundation: "**Digital First, Ecosystem First**"

Hybrid Bank Business Model to Support Business Combination

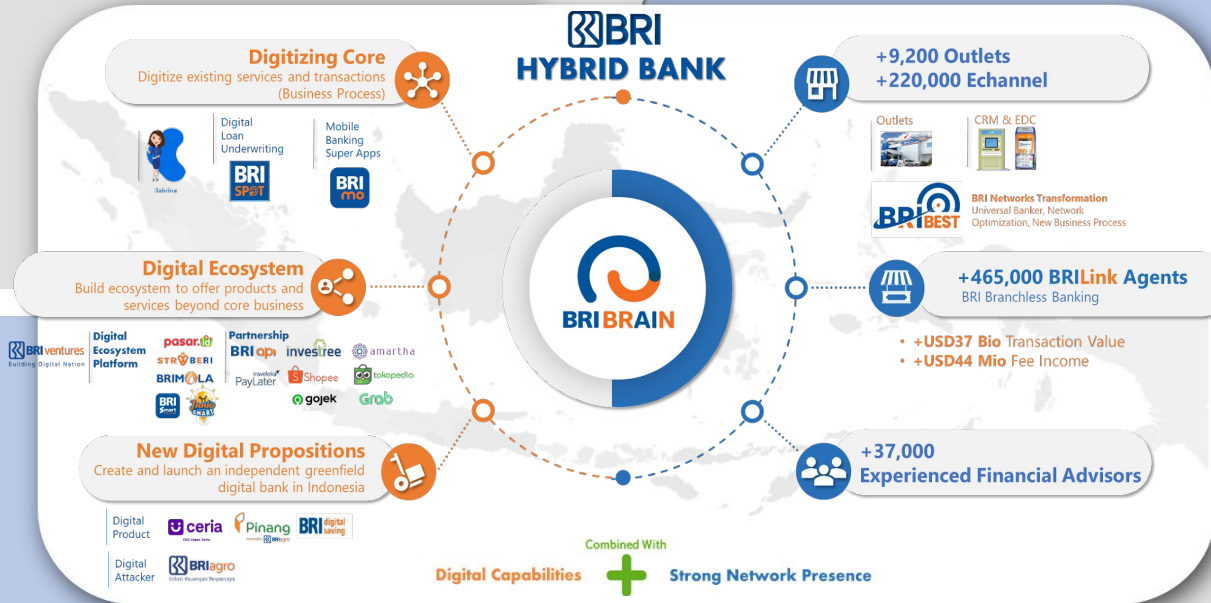


Rapid Change in Consumer Behavior

Consumers are transitioning into digital economy.

Huge Market Potential

>30 Mio Unserved Ultra-micro Market



Growing Young Market Population

with more than 190 million productive population

Geographically Challenging

Consists of more than 75 thousand villages spread across thousands archipelagos separated by the sea.

+663%
Trx vol YoY

UP NEXT : BRIMO WITH AI & MACHINE LEARNING



Brimo has
Already
Connected
With
Strategic
Partners to
Generate
CASA And
FBI



Enhancing BRISPOT

Quicker, Safer, Easier Access to Loans



Boost Productivity & Unleash the Potential

BEFORE

Digitalization

AFTER

- Double Work
- Variative Financial Assessment
- No Cross Sell Module



- All in one go
- Standardized Template
- Built-in Cross-Sell Module

BEFORE

Automation

AFTER

- Manual Pre-screening
- Manual Disbursement
- Manually notify by loan officer



- Automated Pre-screening
- Automatic Disbursement
- SMS & e-Mail Notification

BEFORE

Simplification

AFTER

- Paper Based
- Manual Mapping
- Approval process in 20 days



- Less Paper
- Geo-tagging Technology
- Less in 1 days



What's on BRISPOT?



+47,500 Users
(LOAN OFFICERS & APPROVERS)



BRISPOT FEATURES BY SEGMENT

Micro **+65**
SME **+34**
Cons **+43**



+140 IMPACTFUL FEATURES

BRISPOT Existing Features

Boost Productivity

- Sales & Pipeline
- Portfolio Balancing Dashboard
- Profit & Loss Portfolio
- Working Area Mapping
- uMi Corner Integration
- BRILink Partnership

Increase Efficiency

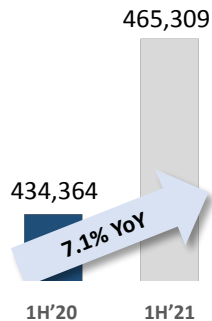
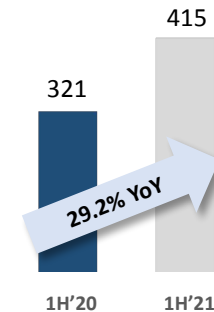
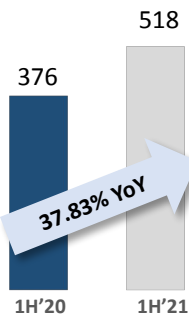
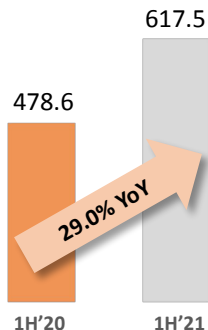
- Automated Pre-Screening
- Less Paper
- All in one Application
- Pick Up Transaction
- BRISURF Integration
- Online Loan Application Letter Register

Increase Strengthen Risk Management

- Monitoring & Evaluation
- Monitoring Point to Point
- "Activity Today"
- Assistance
- Early Warning System
- Loan Collection
- KUR Limit Monitoring

A branchless banking initiatives performed by BRI's customer through fee income sharing scheme..

of Agents

# of Transaction
(In Million)Transaction Volume
(IDR Trillion)Fee Income
(IDR Billion)

BRILINK 1.0 → BRILINK 2.0

Organic agent
performanceAgent as partner
of developmentLimited
productBeyond-banking
productsBRILink Officer
as controllerBRILink Officer
as Business
CoachFacilitate
transactionsMonitor &
Monetize agents

... beyond banking product

dinomarket.com

Payment through agent

bukalapak

Payment through agent

traveloka

Bus ticket reservation

asdp
Indonesia ferry

Ferry ticket reservation



26.3 Thousand saving referrals (↑ 32.5% YoY)

83.2 Thousand loan referrals (↑ 275% YoY)

IDR 15.1 T CASA (↑ 60% YoY)

2,370 Financial Inclusion Acquisition (+1,117 from Mar '21)

CERIA (Cecil. Cepat. Ceria):

PayLater for Consumers to Shop Directly on Digital Platforms



Fast credit
application! Only
10 minutes



Low interest of
1.42% flat per
month



**No need to go
to the
Bank/meet the
Bank officials**



**Registered &
supervised
OJK**



General Info

Digital end-to-end process
24 hour for application process
Can be directly used in partners platform



Tenor

1 - 12 months



Plafond

Rp500.000-Rp20.000.000



Interest Rates

Lowest Compared to any other Consumer Digital
Lending Apps!



Partners:

tokopedia

Panorama JTB

dinomarket.com

Link Aja!

HARTONO
Your Lifetime Partner

blibli.com
BIG CHOICES. BIG DEALS.

RADATIME

BRI api

BRI ventures

Ecosystem/API	Partnership	Fintech	Non-fintech
<p>Digital Partnership Model to connect with Fintech and create digital ecosystem. Already more than 220 partners using BRI API.</p> <div> <div> Transportation Ecosystem </div> <div> Healthcare Ecosystem </div> </div> <p>BRI api</p> <div> <div> Agri Ecosystem </div> <div> Fintech & E-commerce </div> </div> <p>Oil & Gas Ecosystem; Education Ecosystem; etc</p> <div> Ceria Ecosystem <small>Cicil. Cepat. Ceria.</small> </div>	<p>BRI also establishes partnership with Indonesia's top digital platforms to reach out and tap the untapped.</p> <div> <p>KUR Disbursement Partnership*</p> </div> <p><small>*Partnership with E-Commerce & Ride Hailing Application</small></p> <p>Through partnership with Investree and Amarta, BRI became the first Institutional Lender.</p> <div> <div> investree 436.9 Bio disbursement amartha 1.2 Bio disbursement </div> </div>	<p>Through BRI Venture Capital, BRI is actively investing and facilitating Indonesian start-ups and fintech that synergize with BRI.</p> <div> </div>	<p>BRI prepared Sembrani Nusantara funds for BRI Venture Capital to invest in non-fintech MSMEs for their market expansion as well as strengthening BRI's MSME ecosystem.</p> <div> </div>



Thank You



Appendix