



# BTPN: Building new generation business models

Presentation for SMFG IR Day  
June 2017



# SMFG and BTPN are well positioned to capture the opportunities in Indonesia

## Indonesia: Great opportunities

### Strong macro-economic growth

- **USD ~1 tr** GDP, growing at **~5% p.a.**<sup>1</sup>
- **260 mn** population, with demographic dividend
- **~30%** consuming class

### Under-penetration

- **~30%** debt as % of GDP
- **36%** adults have a bank account

### Consumer openness to technology

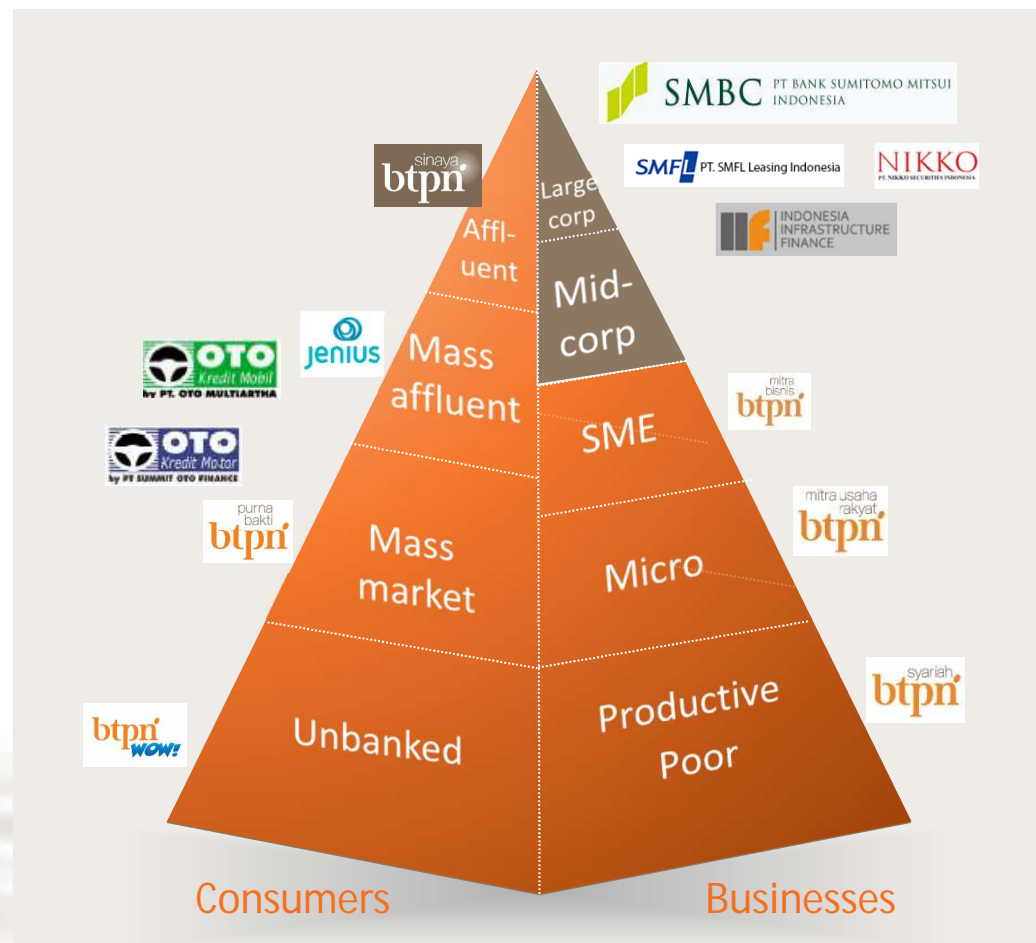
- **88 mn** active internet users
- Mobile first country: **325+ mn** mobile connections
- **33%** smartphone banking penetration

### Attractive industry profitability

- **2.3%** banking RoAA
- **USD ~30 bn** banking revenues; Expected to grow at **> 8% p.a.**

## BTPN's & SMFG's businesses

BTPN's strong foothold



<sup>1</sup> Inflation adjusted growth

SOURCE: UN, IMF, CIA, Global Findex Database, WeAreSocial Digital, McKinsey Asia PFS Survey; McKinsey Global Banking Pools; ASEAN Development Bank Review

# BTPN is building new digital businesses as well as digitizing the core businesses



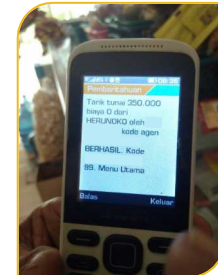
## Building new digital businesses



- Smart Digital Bank targeted towards the digitally savvy mass-affluent individuals
- Launched in August 2016
- 280k+ registered customers



- Feature phone enabled agent based branchless banking solution for the mass-market
- Launched in September 2015
- 3.6 mn customers; 183k agents
- 44<sup>th</sup> “*change the world 50 companies*” Fortune magazine



## Digitizing the core businesses

- Shifting from traditional businesses heavily reliant on physical assets to digitized asset-light businesses, with less paper based processes
- Moving from silo-ed branches to integrated universal branches
- Centralizing operations at automated Shared Services Center



# At the same time, BTPN is putting in place cutting-edge digital capabilities

## Leveraging leading architecture & tech.



- Develop micro-service based architecture – providing high-scalability and easy re-use across other businesses
- Modern technology stack (React Native and Node.js) – also used by leading mobile-first companies globally

## Adopting agile delivery methodology



- Agile development methodology introduced – in 6 squads for the Front End System (FES) and 2 squads in BTPN WOW
- Cross-functional Business and IT teams set-up and co-located to accelerate value delivery, promote agility and transparency

## Deploying modern practices and platforms



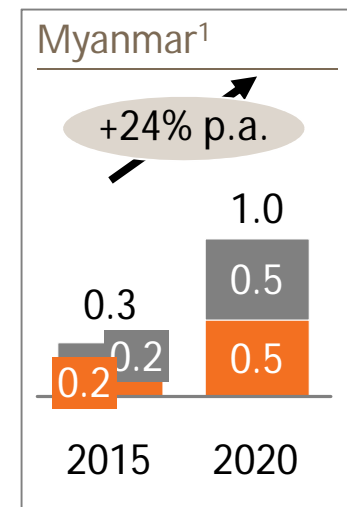
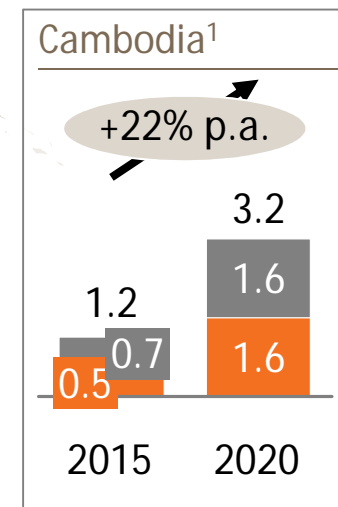
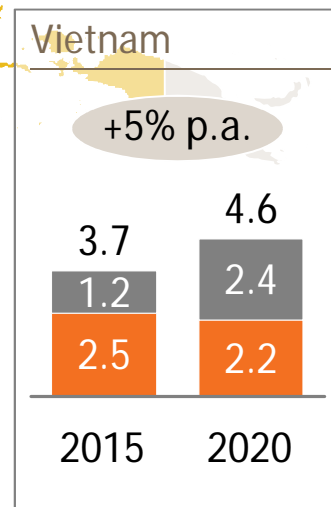
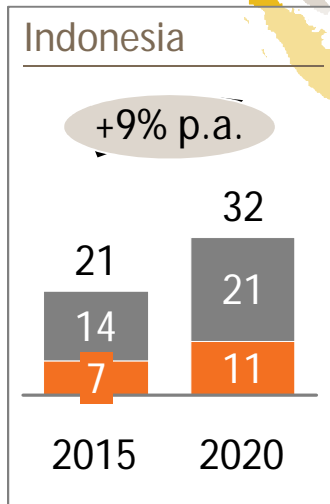
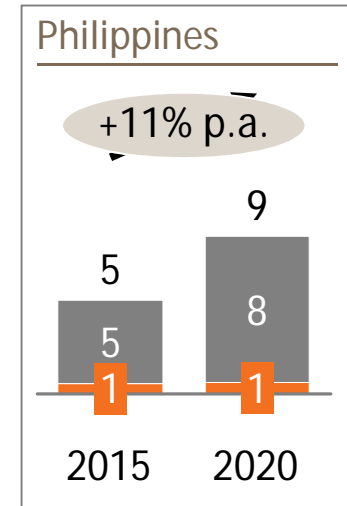
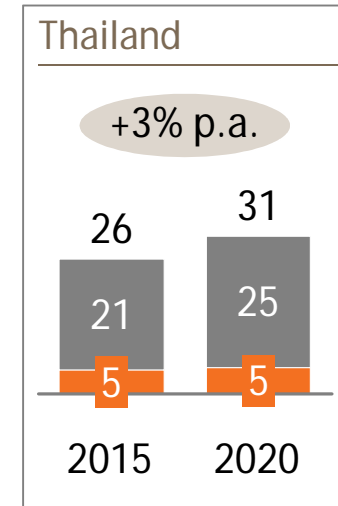
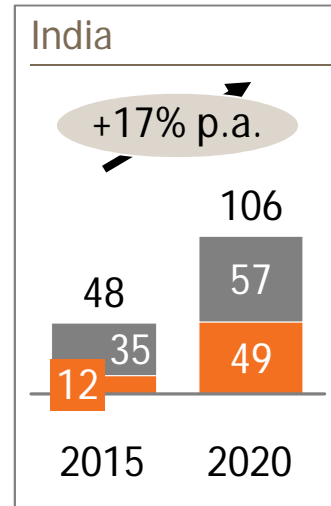
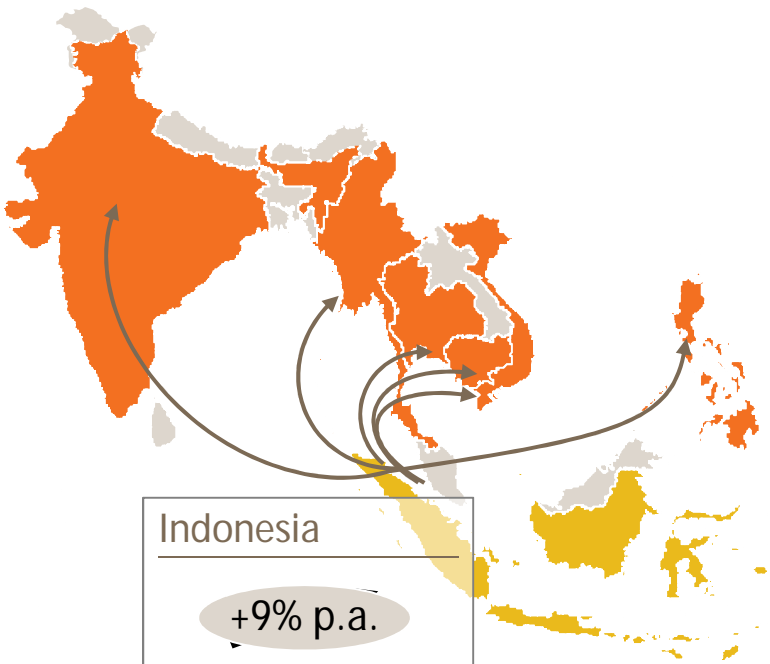
- Modern development platforms (e.g., OpenShift) and practices (e.g., DevOps, CI/CD<sup>1</sup>) being deployed by teams to increase automation in the shorten the lifecycle from development to deployment
- API gateway to enable collaboration internally across systems and with external partners

<sup>1</sup> Continuous integration continuous delivery

# Unique capabilities and businesses that we have built with SMFG are transportable to other markets

Global banking revenue pools for retail and SME (post risk); USD Billion

■ Retail ■ SME



<sup>1</sup> Pre-risk; Wholesale instead of SME

SOURCE: McKinsey Panorama Global Banking Pools