

FOR IMMEDIATE RELEASE



Bank BRI's Pinang Goes Head-to-Head With P2P Lenders in Southeast Asia

QUICK FACTS FOR THE MEDIA

- **60% of people in Indonesia are unbanked or not actively participating in the formal financial sector. More than half the nation's population are active internet users, with more than 80% accessing the web via mobile.**
- **Pinang is the country's first microlending mobile app launched by Bank BRI, the largest microfinance institution in the world and Indonesia's first digital bank.**
- **While the loan approval process for most microfinance institutions can take up to two weeks, Pinang users can now be approved within two minutes of applying.**
- **Licensed by Indonesia's financial services authority (OJK), Pinang offers borrowers a flat interest rate of 1.24% per month, with the freedom to borrow up to IDR 20 million (roughly US\$1,420.00) at a time.**
- **Borrowers are free to choose a preferred repayment window of anywhere between one and 12 months. To date, Pinang has a 0% non-performing loan ratio due to Bank BRI's AI-powered alternative credit checking method.**

JAKARTA, INDONESIA - Earlier today, the largest microfinance institution (MFI) in the world Bank Rakyat Indonesia ([Bank BRI](#)), announced that its mobile app [Pinang](#), a digital loan application, has reduced the loan approval process for its users from two weeks down to two minutes.

Pinang is a well-known digital loan contender in Indonesia, as it challenges risk-laden and unsustainable peer-to-peer (P2P) lending platforms and expands on Bank BRI's trailblazing position in Indonesian financial services. To date, Pinang boasts a 0% non-performing loan ratio due to Bank BRI's AI-powered alternative credit checking method.

Based on 2018 data, P2P transactions in Indonesia reached IDR 20 trillion (more than US\$1.4 billion), an increase of 681.25% from the previous year. The number of debtors is now massive, exceeding 4 million. With more of the country's 260 million people coming online every day, the number of digital loan users will continue to rise.

Bank BRI, BRI Agro, & Pinang

Bank BRI, through its business unit BRI Agro, launched Pinang in February 2019 as a safe alternative to the P2P lending bubble in Indonesia. Bank BRI recognized the danger of unguaranteed loans and also realized that low-income consumers are now busier than ever. The idea of queuing in line for hours so that an intimidating bank official could go through all the needed documents for a resident to secure a micro loan was also a major deterrent for users.

Additionally, millennial-aged users do not have time for this process. They are, however, tech-savvy and represent a majority of the Indonesian population. Efficiency is the number one rule for these young drivers of the country's economy. Pinang was created as an app for busy people to be able to borrow money at their own convenience.

Bank BRI itself is the biggest microfinance institution in the world and Indonesia's first digital bank. This positions it to be the leading conduit for digital lending in the country. The bank's name offers credibility, legitimacy, and trust to the lending platform, and with Pinang, Bank BRI sets a trend for all other MFIs in the region.

"Everything is digital. Technology makes digital lending easy. Today if you have a job and access to mobile internet, you are able to improve upon almost everything in your life," says Indra Utoyo, Managing Director of Digital Banking and IT at Bank BRI. "This is where we need to be -- over-the-top and in people's hands -- where they are most comfortable coordinating their lives."

To get started on Pinang, borrowers in Indonesia need only download the app. To register, users must have a valid ID that proves they are aged between 21 and 54. They also need to fill out a form and state their income details. The system then uses Bank BRI's proprietary AI to run an alternative credit check and establish whether the user is a safe borrower.

If all goes well, just minutes later the user will be approved for a loan. Loans via Pinang can be anywhere between IDR 500,000 (US\$35) and IDR 20 million (US\$1,417).

Bank BRI guarantees the loan and its tech screens the borrower based on data from their bank transaction history, phone credit top ups, online purchase behavior, existing credit history, and more. Pinang's interest rate is a flat 1.24%, and is among the lowest offered by any other bank, MFI, or fintech company in the region.

Pinang has been downloaded more than 100,000 times and currently has more than 1,900 debtors with a user growth rate of 114% from June to July 2019. The application has seen lending total IDR 6.9 billion (approaching US\$500,000) since its launch. As of August 2019, Pinang has zero problematic loans.

Ebeneser Girsang, Acting Director of BRI Agro, attributed Pinang's success to Bank BRI's non-conventional credit scoring and profiling.

“By making credit checks fast, efficient, and painless we are able to onboard a raft of good borrowers with minimal hassle but with the guarantee that comes with a Bank BRI-run vetting process,” says Girsang.

For now, the app is only accessible to Bank BRI or BRI Agro customers, but there are plans to expand to general users by 2020. Pinang aims to provide more benefits to society, namely for small and medium enterprises and groups that have no access to conventional loans.

The difference between microfinance and P2P lending

P2P lending is a digital marketplace model for lenders and loan borrowers to meet and conduct businesses without the involvement of a bank or financial institution. Lenders invest in hopes of profiting from the interest generated by the loans. Meanwhile, borrowers can get loans easier and faster compared to traditional banks which usually require complex document submissions and procedures.

P2P lending is popular in Indonesia because many people are still unbanked and it gives them easy access to loans. Blue-collar workers, small businesses, and other financially marginalized groups who are living on minimum wage are most likely to use such a service to cover their needs as it reaches directly to them. Instead of coming to a bank, facing a bank official, filling out forms, and giving out guarantees, people can just access the app online to get the loan they want. From the lenders' point of view, P2P lending is one of the best ways to get returns quickly.

However, P2P lending is dangerous for both parties. Because it is not run by a bank or financial institution, lenders face the risk of losing their investment because there is no real guarantee that borrowers will repay, despite the rigorous profiling that P2P platforms claim to run. The platforms are also as vulnerable to instability and bankruptcies as normal businesses. Unauthorized platforms also present another level of danger, including charging high interest rates in return for more lax credit checks and -- in extreme cases -- abusing their users' private data in an attempt to force repayment.

Compared to P2P lending platforms, Bank BRI's Pinang is likely the safest option. Not only it is regulated and supervised by OJK, it is also guaranteed by one of Indonesia's largest state-owned banks.

About Bank BRI

Bank BRI is the largest microfinance institution in the world and Indonesia's first digital bank. It is one of Indonesia's leading commercial banks and the country's largest lender by assets. Bank BRI is also the longest-standing bank in Indonesia, first established in 1896, with more than 4,000 branches throughout the country. Bank BRI's Digital Centers of Excellence division is committed to providing customers with innovative services and solutions for modern financial needs.

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Bank BRI Digital Centers of Excellence

