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management
report

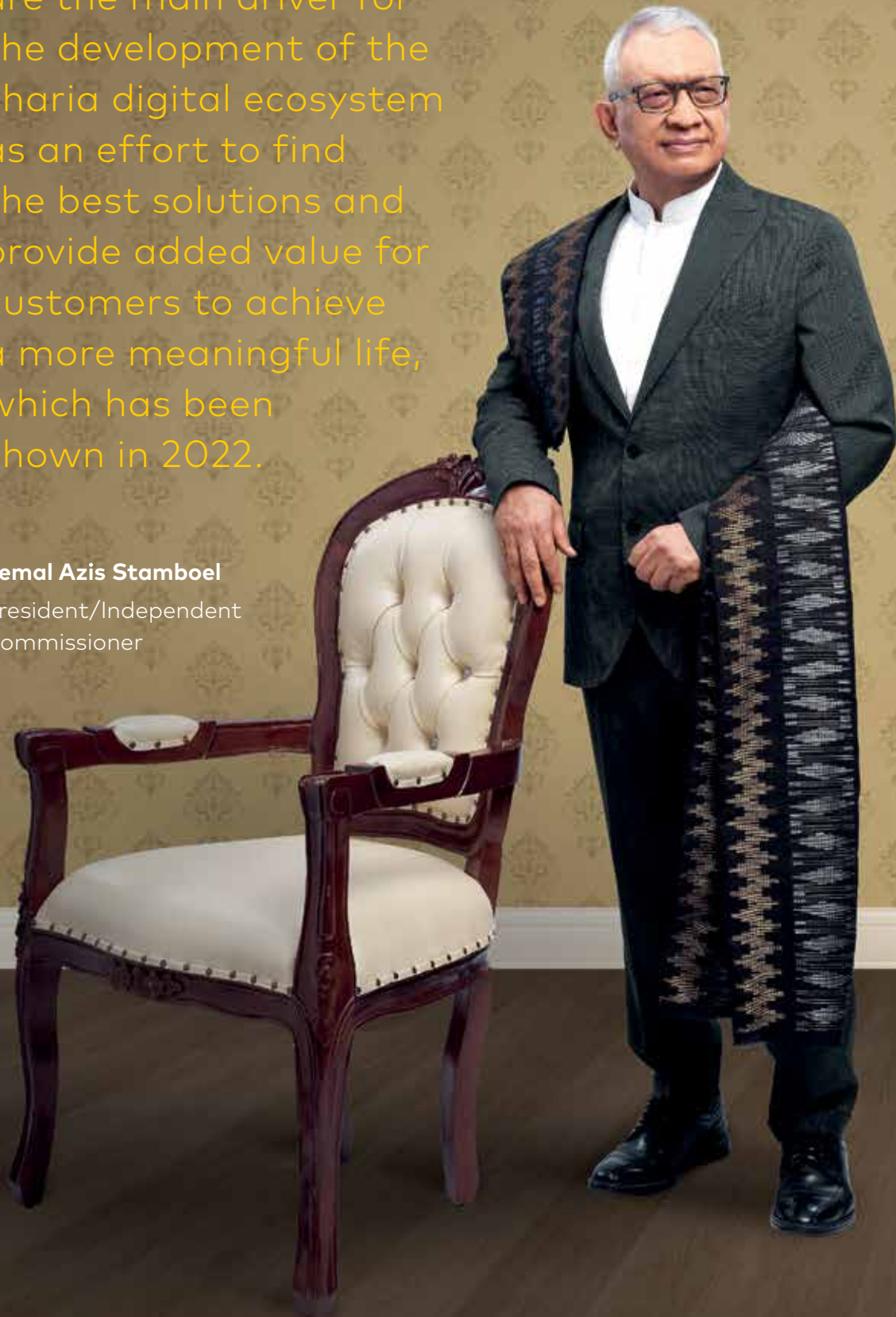


Service program for customers is continuously being enhanced in line with the development of technology that is suitable to meet customers' needs.



The affirmative actions of #bankirpemberdaya towards inclusive customers are the main driver for the development of the sharia digital ecosystem as an effort to find the best solutions and provide added value for customers to achieve a more meaningful life, which has been shown in 2022.

Kemal Azis Stamboel
President/Independent
Commissioner





president commissioner's report

Bismillahirrahmanirrahim

Assalamualaikum Warrahmatullahi Wabarakatuh

Dear stakeholders,

Indonesia and the world are amidst the economic recovery momentum after facing highly complex obstacles in the last three years as an impact of the COVID-19 pandemic and economic slowdown that affected most industries. Moreover, the world is currently also facing a geopolitical conflict resulting in rising commodity prices which led to high inflation worldwide, especially in the developed countries.

In macroeconomic terms, Indonesia's condition has been better than in other countries. The situation as a result of the COVID-19 pandemic is relatively well-contained. That goes hand in hand with the rising vaccination rate, and performance improvement and better efficiency from the industry sector and national economic resiliency. This is reflected by the rising economic growth in 2022, and mainly supported by an increase in productive credit and consumption credit growth in line with increasing public consumption. By looking at the right potentials and strategies, throughout 2022, Indonesia's economy is consistently above 5% with maintained inflation.

A result of Indonesia's economic recovery is the improvement in people's purchasing power which is believed to be a booster for the revival of the micro, small and medium enterprises (MSMEs) segment, including ultra-micro businesses as one of the driving forces of the national economy. Regardless, there are still around 57 million ultra-micro businesses that largely have not had access to financing in the formal financial sector.

The economic turmoil and uncertainty are still risks to be considered in the financial sector that remains a concern of the Board of Commissioners in carrying out its supervisory function of the Bank's performance. Especially since its establishment, BTPN Syariah has chosen to target and focus on serving inclusive customers at the bottom layer, who have been untouched by banking services. The pandemic has lessened their opportunity to get access to financial services due to restrictions in direct interaction and face-to-face meeting. This fact has triggered the Bank that has been consistently serving inclusive customers to take affirmative actions to continue on providing positive impact to realize a more prosperous life for the customers.

Therefore, in 2022, the Bank began to carry out the development of sharia digital ecosystem for inclusive communities aimed to open other access aside from access to banking services, namely access to digital finance, access to supply of goods, access to a broader market both offline

and online, as well as the access to knowledge that will enable a broader role and involvement of other stakeholders.

The challenge in the 'first round' of staying connected with the inclusive customers has been addressed by having digital-based platforms and applications designed by the Bank, which have been used by customers and #bankirpemberdaya. However, the Bank increasingly realizes that the digital elements that have been pioneered and tested by #bankirpemberdaya, financing customers, and funding customers in the previous years, must be improved more thoroughly within the development of the sharia digital ecosystem. It is hoped that with this ecosystem, the Bank can support the government's vision in empowering the ultra-micro businesses, accelerating the pace of financial inclusion and sustainable financing, and making a real contribution so that the customers can embody the key behaviors, which are Courage to do Business, Discipline, Hard Work, and Solidarity (BDKS), so that they can have a high competitiveness and can take advantage of more business opportunities in this digitalization era.

performance of the directors

In order to serve the inclusive customers segment, different approaches and ways are needed. Especially in relation to technology and

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digitalization, which are increasingly needed since the pandemic. New initiatives, breakthroughs and innovations are required, not just to open the access to formal financial services, but also how the Bank can empower to improve the customers' capabilities to optimize their self-development and business productivity continuously by utilizing technology.

With all the challenges faced, the Bank sees the opportunity to better serve their customers and ensure sustainable social impact through technology designed by the Bank. With breakthroughs in the development of appropriate digital technology, all of the Bank's Community Officers (CO) have used the digital platform that have enabled them to increase their capability to be better in interacting and serving their customers.

The customer empowerment activities are now done through *Bestee Tepat* that can add the quality of assistance and empowerment model to increase customers' involvement and added value not only for them, but also for other stakeholders. Because with empowerment as the Bank's 'DNA', inclusive customers are expected to have the capability to increase their potential and reach a more meaningful life.

The Board of Commissioners considers that the performance of the Board of Directors, which has strived to build digital sharia ecosystem through the introduction and use of digital-based technology to better serve customers, has been optimal and according to expectations. The vigorous efforts of #bankirpemberdaya has encouraged millions of the Bank's inclusive customers to revive their condition and bounced back from the bottom due to the impact of the COVID-19 pandemic. This is certainly not easy to achieve. Therefore, the Board of Commissioners highly appreciates the affirmative actions in providing the best solutions for inclusive customers shown by the Board of Directors and management.

The Board of Commissioners also sees that all the work plans and strategies presented have been running well and optimally. Considering the various level of digital literacy among customers, ways of communicating and introducing features of the digital platforms are carried out in steps and adjusted to the adaptability level of the customers. Even so, the Bank still considers togetherness as the main element in building trust and provide positive impact to one another.

There is certainly challenges that are faced. The Bank anticipates that the process and method to develop the digital literacy of inclusive customers can not be done in a short amount of time. The process should be started by opening the access in a way that is easy, concise, and clearly communicated. Nevertheless, either way, the Bank must try and start now. The role of *Mitra Tepat* as the extension of the Bank in their community and Community Officers in the field can act as a bridge and help assist customers in using digital platforms so they can feel the experience and benefit themselves.

In regards to this challenge, the Board of Commissioners works hand in hand with the Board of Directors and management, and continues to be involved to carry out the supervisory duties in good faith, responsibly, and prudently to ensure the Bank's activities run well and the development of the sharia digital ecosystem for inclusive communities, which have particular characteristics, can run as expected and provide the best solutions for the customer's condition so as to increase their loyalty to BTPN Syariah.

implementation of corporate governance

Good Corporate Governance (GCG) is the 'rule of the game' that all #bankirpemberdaya must obey without exception. BTPN Syariah consistently implements the best principles of governance that promotes the disclosure of information that is transparent, easily accessible and understood by stakeholders as a correct, measurable performance accountability in accordance with the applicable rules and regulation. Management of the company is carried out independently by considering the interests of shareholders and other stakeholders based on fairness and equality; including opening up equal employee recruitment opportunities, to have a career and carrying out their professional duties without any discrimination against ethnicity, religion, race, class, gender, and physical condition.

Considering the importance of GCG principles, all members of the Board of Commissioners, the Sharia Supervisory Board and the Board of Directors have shown their commitment in the implementation of GCG. The supervisory functions of the Board of Commissioners towards the Board of Directors and Management are carried out routinely and periodically intensively based on strengthening service processes and business processes, increasing organizational relevance in every business dynamic, and strategically building a better digital ecosystem to support financial inclusion. This commitment is not only done to comply with the applicable regulations in the business world, but is believed by the Bank to be the key to success in achieving effective, efficient and sustainable business performance which is highly necessary in winning market competition.

The Bank's continuous commitment to make improvements to the implementation of GCG principles on an ongoing basis has received high appreciation from PT Bursa Efek Indonesia (the Indonesia Stock Exchange) and ASEAN Corporate Governance where BTPN Syariah was awarded the title of "Domestic Significantly Improved Public Listed Companies" based on 2021 Asean Corporate Governance Scorecard (ACGS) assessment and received ASEAN Asset Class PLSs since deemed successful in carrying out the implementation of high-quality corporate governance and deserves the attention of global investors.

2023 prospect

The Bank enters 2023 optimistically but remains cautious and always be alert. The Bank is optimistic because we see Indonesia has a strong economic and political foundation amidst the looming global economic recession. The government's capability to continue accelerating the national economic recovery will continue in 2023 by projecting 2023 national economic growth in 2023 range of 5.3%, much higher compared to the global economic outlook which is estimated to be in the range of 2.2% to 2.7%.

From an organizational standpoint, according to the Bank's Business Plan (RBB), the development of digital technology infrastructure to further open up access to financing for inclusive customers will be further enhanced. Customers' access to knowledge, supply of goods, and a much broader market, God willing, will be widened, including inviting more stakeholders and the public to get involved and contribute in empowering inclusive customers from an early stage.

Through in-depth and measurable involvement with customers, it is hoped that the Bank will be able and ready to grow to the next level, that is not only having a positive, but also continuous and sustainable work performance to keep its focus on assisting and serving ultra-micro female business owners in small towns and villages so that they can provide their children with the highest education, have a decent and prosperous life, and reach to realize their next dreams.

closing

In line with the 2022 Indonesia G20 Presidency theme, "Recover Together, Recover Stronger", where Indonesia invited the whole world to work together to revive, this is also what the Bank has been doing in 2022. The Bank also needs the support of customers and all stakeholders in order to recover together and grow stronger to change the lives of millions of Indonesians.

BTPN Syariah would not be in the position it is today without the support and trust from customers, shareholders and all stakeholders. On behalf of the Board of Commissioners, I

would like to express my deepest gratitude to all customers, shareholders, government, regulators and stakeholders for the support and motivation given to BTPN Syariah.

I also want to convey my gratitude to the Chairman and member of the Sharia Supervisory Board, Mr. H. Ikhwan Abidin, MA and Mr. H. Muhammad Faiz, MA. for their supervisory to keep the Bank within the sharia corridor.

Last but not least, our appreciation goes to the Board of Directors and management, as well as all #bankirpemberdaya for their commitment, dedication, hard work, and integrity to open more opportunities for millions of Indonesians to realize their dreams and achieve a more meaningful life.

***Wassalammualaikum Warahmatullahi
Wabarakatuh***



Kemal Azis Stamboel

President/Independent Commissioner