INTERVIEW

Indonesia's Bank Mandiri reveals data strategies as pandemic continues

The bank is now using machine learning technology to predict what customers need next.

The COVID-19 pandemic has gravely struck Indonesia, where it now stands with the second-highest number of cases in Southeast Asia. It's resulting economic fallout did not spare the country's banking and financial industry, with subdued results expected to manifest themselves in Q2 this year, according to Fitch Ratings.

In order to weather the fallout, state-owned Bank Mandiri has had to leverage its digitisation efforts and partnership with US-based data cloud firm Cloudera. "It's becoming very, very important for the management to see the performance of the bank, the conditions of our customers, our distribution, and our employees," said **Billie Setiawan**, the lender's head of enterprise data management and bankwide data & analytics, told *Asian Banking & Finance.*

Bank Mandiri's data journey with Cloudera started in 2014, according to Setiawan, where the first objective was to centralise its data. Since then, it has snowballed into real-time monitoring of liquidity and daily branch transactions, tracking of employee health status, and loan restructuring programs — organisational tools that are proving to be especially important during a time of a global pandemic.

"We have a capability of machine learning where we can build more accurate physical models to be able to predict what is the next best offer for our customers. Those are the things that have been evolving since we started on data analytics," Setiawan explained.

And they're not stopping there. Since there has been a spike in e-commerce transactions, the bank has been trying to learn about their clients' behavior in hopes of serving them better, whilst also improving Bank Mandiri's revenue and profitability.

Asian Banking & Finance caught up with Setiawan to discuss in detail how has the pandemic affected the country's finance sector, Bank Mandiri's data and digitisation journey, how they have benefitted from their Cloudera partnership, and what the future holds for their data transformation.

Can you talk briefly about how the pandemic affected Indonesia's banking and finance sector, and the measures you've taken to survive?
It has definitely impacted our customers, our financial performance and network distribution, and lastly our employees. Since the declaration of the pandemic in the middle of March, we straightaway came up with all the urgent stuff and emergency planning. It has really

> **Bank Mandiri uses machine learning to build more accurate physical models, that are able to predict the best offers for customers.**

Billie Setiawan, Head of Enterprise Data Management & Data Analytics, Bank Mandiri

impacted my team, especially related to data analytics.

First, in terms of our customers, how can we help our customers to continue their business? We provide a few initiatives and we also suggest restructuring programs for their credit.

Secondly, how do we also manage our risk management, risk appetite, as well as our liquidity monitoring? We also have to manage our market situations, how is it in condition in terms of the industry, because we have many customers from various industries, from wholesale businesses all the way to retail businesses, so we need to be really strong at coming up with helpful, customer-focused programs.

We had to temporarily close our branches to make sure that the virus would not spread. But at the same time, we need to also take care of our service to customers, to make sure that busy branches will stay open with the right protocols, and to make sure that the banking services are still continuous.

Lastly, in terms of our employees, we really need to manage our capacity in the office, to make sure that all the critical functions are working, from customer care, risk management, collection, and IT. That's something that we have been really preparing for since March of this year, right up to now.

Indonesian businesses have shifted their focus on wholesale customer information to keep operations afloat (Photo Credit: Tom Fisk, Pexels)

How would you assess Bank Mandiri's data journey so far? How have leveraged data to weather through the pandemic?

Our data analytics here at Bank Mandiri started quite a few years ago. These functions and enterprise data management have been with Bank Mandiri since maybe 2014, 2015 where the main intention is we really want to have, firstly, a single source of truth, make sure that everything is centralised into the same platform. We have to make sure that we have the same understanding, that we need to govern the data, that we need to govern and secure the data.

Secondly, all the data analytics that we need to make sure that we can utilize our data, which is embanked in Bank Mandiri for all activities such as how we come up with business opportunities and business recommendations, or that this is the right thing to do. Now, we are evolving into the basic function which is we go on the data and how do we visualize the data so that it becomes very useful for us or for the management who really can come up with decisions and help them to support decision making. We have a capability of machine learning where we can build more accurate models to be able to predict the next best offer.

Are there any notable data-backed trends that have emerged from your customers and your operations amidst the pandemic?

Our customers are now focusing on wholesale customer information for how they can keep their business to survive. Initially, we helped them acquire more credit, for example, and we gave them a special rate, so there's something that we can assist them with. On the retail side, I think we can see a lot of online banking -- it is more active, but people are going less to branches at this moment, and online banking is really increasing in terms of the transactions.

What factors help you decide which branches to prioritise first and temporarily close, without sacrificing your clients' time?

What we actually assess and analyze is in our data in real

When it comes to liquidity monitoring, Bank Mandiri's aim is is to give liquidity to the right customers. The right customer is someone who really needs their business to survive, and needs to give salary to their employees.

time to essentially see and compare situations prior to pandemic, and during the pandemic. In terms of transactions, on a daily basis as well as on a weekly basis, if we can see that transactions are going down, that's one of the signs that we can close a branch temporarily. We also need to balance working from home and working from the office to make sure that social distancing is in place.

The most important thing for us in terms of liquidity monitoring is to give liquidity to the right customers. The right customer is someone who really needs their business to survive, and needs to give salary to their employees. But liquidity is also on the funding side. How do we make sure that our relationship is not only on the credit side but also on the funding side? We need to balance those two.

What measures have you taken to assure clients and employees that their data is secure and protected?

We want to make sure you know we have a big office in order to govern the data. Secondly, we need to really understand where the data is coming from, how is the quality of the data. Lastly, the security of the data.

Prior to using Cloudera, everybody can have access to the data, so the risk of leakage was really big. But we have access metrics now as a way of standardising data access by making sure that everyone who will use the data can really give justification as to why they have to.

Everything is a journey and we are still in the process of making sure to standardise everything. We put the discipline, we put all the governance on related management reporting in domains as well. Those kinds of things are really in progress for us to tidy up everything to make sure that our data security and governance are well in place.

How do you envision Bank Mandiri's long-term digital and data transformation? What do you think are going to be the biggest challenges along the way?

Of course now we have online banking and a website and we are embracing our digital capabilities. However, how do we make sure that we can still interact with people who do not have online banking profiles? We are currently improving our online banking, something that we are working on at this moment to make sure we can communicate all the relevant activities and offers to customers.

Everything sits on the online banking, but for non-online banking users, what we do essentially is make sure that for those who come into the branches, the right relationship management activity is in place. The customer service representative or the relationship manager knows the right offers, and we make sure that it's dynamic since every behavioral change in a customer will impact the next best offer.

We also have to make sure that we are embracing digital strategies and we keep on learning since customer behavior also changes our behavior. The theme is also evolving, gaining new knowledge, gaining better models on giving recommendations and opportunity for the business. *By Alyssa Divina*