

case 1-429-330  
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## BTPN (A): Banking for the Bottom of the Pyramid in Indonesia

Jerry Ng returned his seat to the upright and locked position and gazed through the window as the flight began its final approach into Washington, D.C. Having left Indonesia almost 24 hours earlier, he was anxious to get off the plane. The International Finance Corporation (IFC) had invited him to attend its spring 2011 conference on global financial inclusion. Recognizing that a dearth of financial services represented a formidable poverty trap around the world, Ng and many other top financial executives, policy makers, and development leaders from around the world gathered to brainstorm approaches to bring financial services to underserved markets.

Ng was invited because he had developed a unique business model that provided financing to Indonesia's entrepreneurs at the Bottom of the Pyramid (BOP).<sup>i</sup> As president of BTPN, a midsize bank in Indonesia, Ng and his team helped the poor markedly while turning a profit. In just three years, they had transformed a small pension bank into one of the most successful banks in the region. At the conference, Ng was to provide perspective on Southeast Asia and share the experiences of his bank in reaching profitability so quickly in the mass market.



The timing of the conference was excellent. Although BTPN had grown impressively, the market was becoming very competitive and Ng needed a fresh idea, one that could build upon BTPN's success and continue its reputation as an innovator that achieved both social and financial returns. He was keenly aware that microfinance had run into many hurdles in other parts of the world, especially in India, Nicaragua, Pakistan, and Bolivia. Even Muhammad Yunus, the microfinance founder and Nobel Peace Prize winner, was under attack for "sucking the blood from the poor."<sup>1</sup> Ng was eager to prevent the same social and political backlash from happening in Indonesia.

i The "Bottom of the Pyramid (BOP)" is a term used to describe the poorest segment of an economic population, one that historically has been overlooked by multinational corporations. See C. K. Prahalad and Stuart L. Hart, "The Fortune at the Bottom of the Pyramid," *Strategy+Business*, issue 26, first quarter 2002.



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This case was prepared to be the basis for class discussion rather than to illustrate either the effective or ineffective handling of a situation.