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WAKE UP CALL

Insights, regulatory updates and news from **RSM Indonesia**

QUARTER III – 2025

Welcome to issue 74 of Wake Up Call
RSM Indonesia newsletter covering topics on audit, tax and consulting.

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40 YEARS OF
EXCELLENCE
& PARTNERSHIP
— 1985 – 2025 —

RSM INDONESIA

Digital Transformation That Works: Putting Business Process First

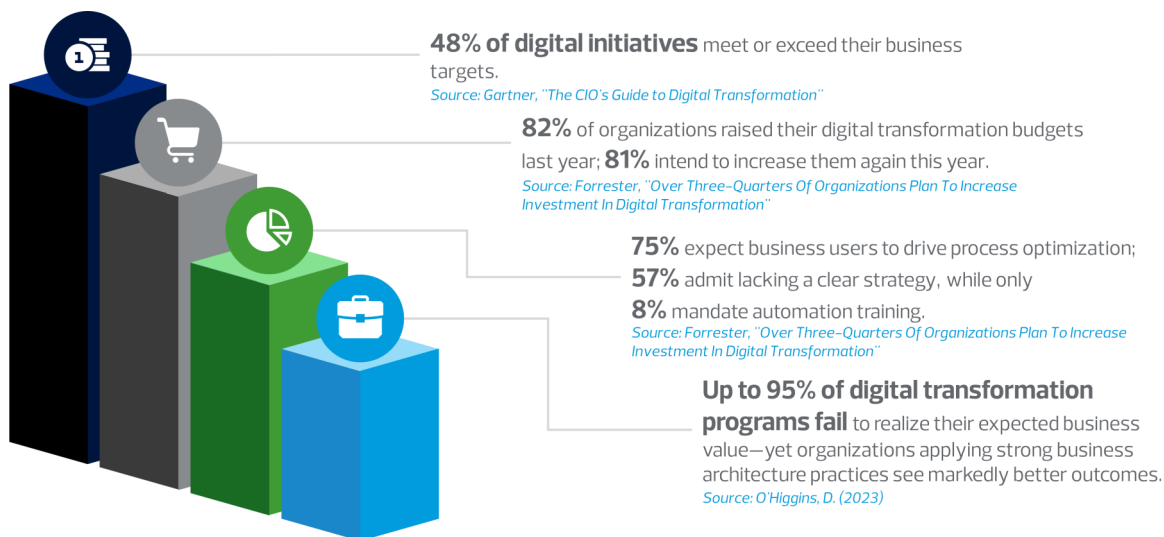
ADHITYA IBARDA PUTRA, TECHNOLOGY CONSULTING PRACTICE

Quantitative Facts: The Link Between Digital Transformation and Business Process Redesign

Across industries, digital transformation has moved beyond being a competitive advantage—it's now essential for business survival. In Indonesia, this urgency is even more pronounced. The government's Making Indonesia 4.0 roadmap reflects a clear national ambition: position Indonesia as a global digital economy leader by 2030.

Yet despite substantial investments in digital platforms, cloud adoption, ERP implementations, and AI pilots, many organizations continue to face a sobering reality: the outcomes rarely match expectations. Technology itself is not the core issue. The deeper problem lies in business processes that are outdated, fragmented, or never optimized for a digital operating model.

Independent research highlights this persistent execution gap:



These numbers reinforce a critical lesson: digital transformation fails not because of weak technology, but because organizations attempt to automate processes never designed for the digital era.

Technology Alone Won't Fix Broken Processes

Many Indonesian enterprises have adopted modern ERP systems, cloud platforms, and robotic process automation. But very often, these systems are deployed on top of legacy processes originally designed for different business realities—centralized decision-making, fragmented data ownership, and manual workarounds.

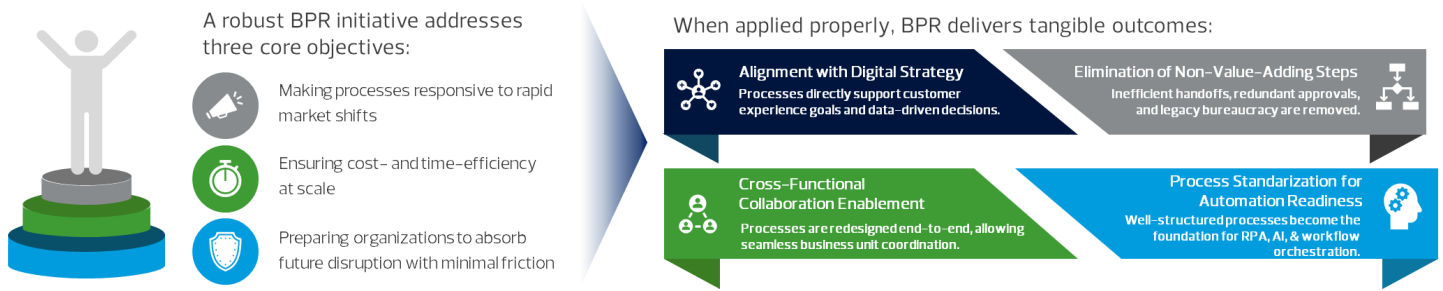
"If you digitize bad process, you only get a faster bad process." – Michael Hammer

This is why organizations hit the same operational bottlenecks even after their systems go live. Technology amplifies the strengths of well-designed processes—but also amplifies the weaknesses of poorly designed ones.

To truly unlock digital transformation, businesses must fundamentally rethink how their work gets done. This is where Business Process Redesign (BPR) plays a decisive role.

Business Process Redesign: The Often-Overlooked Foundation

Business Process Redesign is not about tweaking existing workflows. It requires organizations to challenge assumptions, break silos, and design operations with digital customers, workforce, and data flows in mind.



Why Digital Transformation Often Stalls Without BPR

We repeatedly see organizations invest heavily in technology but fail to address underlying process complexity. Bottlenecks arise where overlapping responsibilities slow decision cycles. Teams invest time reconciling inconsistent data sets rather than executing high-value work.

Frontline employees continue spending hours on repetitive data entry and manual reconciliations. For customers, this translates into inconsistent service experiences and longer response times.

The result? A highly digitized organization with modern systems—but still struggling with old inefficiencies beneath the surface.

Why BPR Is Central to Indonesia's Digital Agenda

Indonesia's digital ambitions require fundamentally better ways of working. The Making Indonesia 4.0 roadmap outlines ambitious goals across five key sectors: food & beverages, automotive, electronics, textiles, and chemicals. The government's commitment to onboarding 30 million MSMEs into the digital economy by 2024 reflects the scale of change expected.

For both large enterprises and MSMEs, process agility will determine who succeeds in this digital economy. With BPR embedded early in the transformation journey, organizations can:

- Build lean, scalable processes fit for digital scale
- Realize stronger returns on technology investments.
- Deliver consistent customer experiences.
- Enable faster, insight-driven decision making.

CONCLUSION: TURNING DIGITAL AMBITIONS INTO COMPETITIVE ADVANTAGE

Digital transformation is business transformation. To achieve meaningful digital transformation, focus not only on technology adoption, but also on process redesign — the architecture that enables organizations to unlock real business impact. Consider the following steps:

- Assess existing processes to understand current performance and identify pain points.
- Identify inefficiencies that may be limiting growth or agility.
- Redesign processes to be flexible and future-ready, aligned with broader digital goals.
- Develop a practical, phased transformation roadmap to guide implementation and measure progress.



For further information, please contact : inquiry@rsm.id

AI Governance: A Wake-Up Call for the Banking Sector

ERIKMAN PARDAMEAN & DIAN P RAHMASARI, TECHNOLOGY RISK CONSULTING PRACTICE

Artificial intelligence (AI) has shifted from being a futuristic concept to a present-day business enabler. From automating back-office tasks to powering customer service chatbots, fraud detection, and credit risk analysis, AI has redefined how banks operate. Yet, as adoption accelerates, so do the stakes. Without proper governance, AI could become more of a liability than a strategic advantage.

The Evolution of AI in Banking

AI's journey began with task automation that replicated human work without creating new methods of interaction. Traditional AI brought pattern recognition, data analysis, prediction, and classification. Generative AI advanced further by creating new content such as text, images, or even code, reshaping customer engagement and operations. The latest wave is Agentic AI, which can autonomously learn and make decisions without direct supervision.

Banking has been at the forefront of this transformation. Nearly 80 percent of financial institutions recognize AI as a source of competitive advantage, particularly in machine learning. Indonesia, although still classified as a rising contender in global AI adoption, has shown commitment through initiatives such as the National AI Strategy 2020–2045, the Ministry of

Communication's AI Ethics Circular, and the Financial Services Authority (OJK) publication *"Tata Kelola Kecerdasan Artifisial Perbankan Indonesia"* (Artificial Intelligence Governance for Indonesian Banking, 2025), which provides banks with guidelines to ensure AI is developed and implemented responsibly.

Opportunities and Risks in AI Adoption

The promise of AI for banks is undeniable. It offers operational efficiency, stronger fraud detection, personalized services, and improved risk management. However, risks are just as pressing. These challenges can be grouped into four dimensions:

- Organizational: lack of clear governance structures and fragmented oversight.
- Technology: inadequate infrastructure and lack of explainability in models.
- Information systems: poor data quality, weak integration, and cybersecurity vulnerabilities.
- Human resources: limited skills, unprepared leadership, and resistance to change.

If these risks are not addressed, AI adoption can undermine trust, create compliance breaches, and even amplify systemic risks across the financial sector.

Figure 1: Opportunities to Implement Predictive and Generative AI in Banks

	Marketing and Sales	Prospecting and Onboarding	Product Development	Operations Process	Financial Advice	Customer Support	Risk and Compliance	Support for Corporate Functions
Predictive AI	Customer retention Cross-selling and acquisition Pricing and fee optimization Omnichannel engagement	Customer lifetime value modeling Personalized onboarding	Analytical banking offerings	Intelligent payment routing Smart payment repairs Differentiated collections Branch network optimization		Call transcript analysis and insights mining	Early warning credit risk monitoring Collateral risk assessment Automated credit decision making	Optimization of risk-weighted assets HR: AI-powered talent acquisition Optimal allocation of resources
Both		Intelligent document processing and digitization			Support and proactive needs identification for RM/client interactions		Transaction monitoring	HR: Talent retention and employee sentiment analysis
Generative AI	Hyperpersonalization of text content (e.g., email) Hyperpersonalization of image content Client acquisition chatbots for engagement Sales training for simulating client conversations	Streamlined onboarding (including KYC) Initial fact finding for a new client	Identification of emerging product trends to support product teams Helping users discover products tailored to needs	Document prepopulation	Investment reports and research synthesis Synthesized, tailored reports for customer distribution based on individual interests	Policy/contract monitoring and synthesis Automated document classification Customer service/contact center support interface and chatbots Agent coaching and performance	Knowledge database for legal teams Suspicious activity report prepopulation Ongoing customer due diligence Compliance monitoring and documentation creation Document synthesis for lending reviews Enhanced underwriting	Knowledge management and analysis Code generation and review Memo writing IT: Synthetic data generation and use for test cases Finance: Drafting reports and planning

Enhancing customer intimacy
Improving operational excellence
Controlling credit risk
Containing compliance and operational risks

Building workforce and culture
Steering and controlling
Providing analytics-based products and services

From fraud detection to hyper personalization AI is already reshaping core banking functions (Source: BCG, 2023)

Why AI Governance Matters for Banks

AI governance is not only about compliance but about embedding responsibility, integrity, and resilience into the AI lifecycle. For banks, key considerations include:

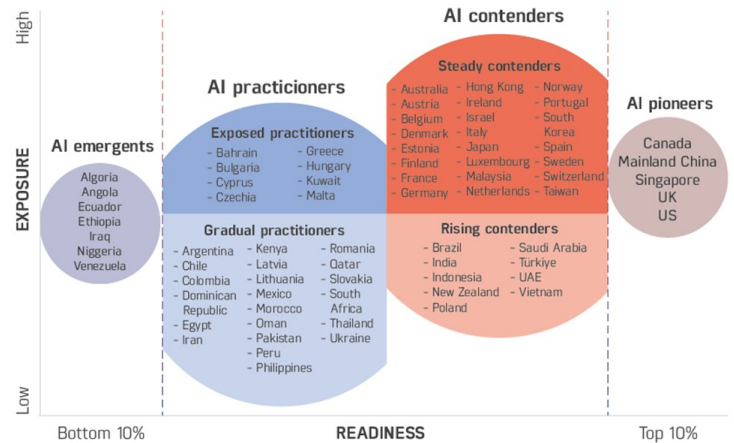
- Organizational structures: clear mechanisms aligned with board oversight.
- Policies and procedures: formal usage rules, escalation protocols, and accountability lines.
- AI specific risk management: cross functional ownership across all three lines of defense.
- Independent internal audit: unbiased evaluation and assurance of AI models.
- AI impact assessments: addressing bias, accountability, product safety, and security.
- Regulatory compliance: staying ahead of evolving banking and AI specific regulations.
- AI KPIs: measuring not only technical accuracy but also business outcomes.
- Role assignments: ensuring executives understand AI concepts and risks.
- AI Committee: reporting directly to the Board and ensuring alignment with strategy.
- Center of Excellence: consolidating expertise and driving responsible adoption across the bank.
- Talent development: upskilling across technical and non-technical roles.
- Computational readiness: ensuring infrastructure and data security safeguards.

Without these safeguards, banks risk reputational damage, financial loss, and regulatory penalties.

Insights from RSM's Global Research

Findings from the RSM Middle Market AI Survey 2025 show that while enthusiasm for AI is high, governance maturity is lagging. Many organizations adopt generative AI without fully addressing data privacy, security, and bias. Executives increasingly recognize that trust in AI systems will determine long term adoption and return on investment. For banks, this reinforces the urgency of moving beyond experimentation toward structured governance frameworks that align with both business goals and regulatory expectations.

Figure 2: AI Maturity Matrix



Indonesia stands as a Rising Contender in global AI adoption. The momentum is here, governance must follow. (Sources: BCG Center for Public Economics; BCG Analysis)

The Call to Action for Indonesian Banks

As financial institutions in Indonesia accelerate AI deployment, the challenge is not whether to adopt AI but how to govern it responsibly. Regulators like OJK have provided minimum references through *Tata Kelola Kecerdasan Artifisial Perbankan Indonesia*, but banks must go further by embedding governance structures that reflect integrity, accountability, and resilience.

Board members and executives cannot delegate AI oversight to technical teams alone. They need to understand the AI lifecycle, support cross unit collaboration, and ensure timely corrections when risks emerge. Establishing an AI Committee, investing in Centers of Excellence, and building talent pipelines are no longer optional. They are prerequisites for sustainable growth.

AI governance is not a box ticking exercise. It is the foundation of digital trust. For banks, trust has always been the most valuable currency. In the age of AI, it will decide who thrives and who falls behind.



For further information, please contact : inquiry@rsm.id

OUR ACTIVITIES

RSM INDONESIA HAS BEEN CERTIFIED AS
GREAT PLACE TO WORK FOR THE 3RD CONSECUTIVE YEAR



RSM Indonesia is proud to be certified as a Great Place to Work for the third consecutive year!

This recognition reflects the trust and confidence of our people, and the consistent efforts we've made to build a workplace culture rooted in appreciation, collaboration, and continuous growth.

At RSM Indonesia, we believe that empowering our people leads to better outcomes – not just internally, but for our clients as well. This certification reinforces our ongoing commitment to creating a positive, inclusive, and high-performing environment.

View our result at Great Place to Work website [here](#).



CELEBRATING INDONESIA'S 80TH INDEPENDENCE DAY

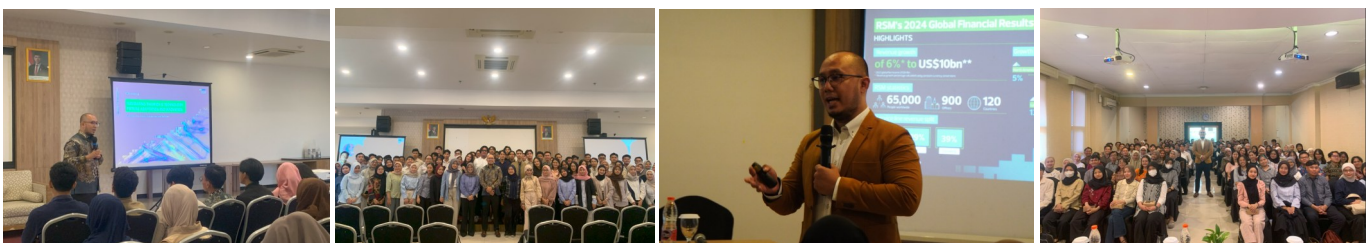
This year, we held a special edition flag ceremony featuring our partners as all the ceremony officers—a proud moment that truly strengthened the spirit of unity and patriotism within the RSM Indonesia family.

After the ceremony, the celebration continued with fun games that brought everyone together, making the day a joyful and meaningful way to honor the spirit of independence.



RSM INDONESIA GOES TO CAMPUS

We recently participated in Career Days at several top universities, including Universitas Diponegoro and Universitas Gadjah Mada. Over 150 students stopped by our booth. Events like these highlight our dedication to engaging with future professionals and empowering them to grow as they take the next step in their career journey with RSM Indonesia. We look forward to seeing you at our next Career Days event!



OUR ACTIVITIES

RSM INDONESIA AT IIA NATIONAL CONFERENCE 2025

On 26–27 August 2025, we participated in the IIA National Conference 2025 held in Medan, themed **Audit for Tomorrow: Strategic. Future-Ready. Sustainable.**

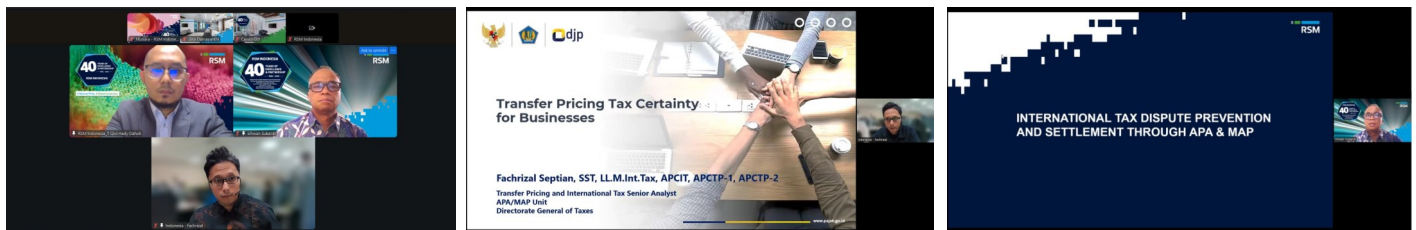
The event was a great opportunity to connect with GRC professionals and discuss the latest trends and challenges in governance, risk management, internal audit, and technology.



RSM INDONESIA WEBINAR

We held a webinar on international tax updates in the 3rd quarter 2025. The session featured a speaker from the Directorate General of Taxes, along with two of our Tax Partners from RSM Indonesia. The webinar was attended by more than 150 participants.

The full recording will be available on RSM Indonesia's [YouTube channel](#). We look forward to welcoming you at our upcoming webinars!



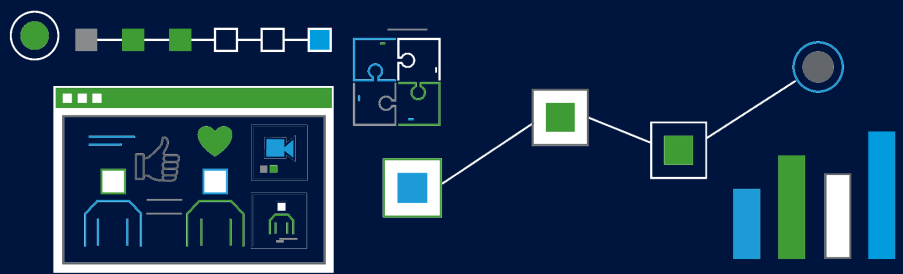
INDONESIA FACTS

KAWAH IJEN AND BLUE FIRE – natural wonder



Located in East Java, Indonesia, Kawah Ijen is a volcanic crater famous for its rare and mesmerizing blue fire— a phenomenon that can only be seen in a few places on Earth. This electric-blue glow is caused not by lava, but by sulfuric gases that escape from deep cracks in the volcano at extremely high temperatures. When the gas meets oxygen and ignites, it burns with an intense blue flame, creating a surreal, almost otherworldly sight. The blue fire is only visible in darkness, which is why visitors begin the early morning hike up the mountain long before sunrise to catch a glimpse of this natural wonder.

Thank you for reading



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