Design of an Integrated Cascade Framework for the Graduation Program of Bank BRI Microcredit Debtors

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ABSTRACT

***Purpose*:** This study aims to develop an adaptive change management framework to enhance the capacity of microcredit borrowers while strengthening the credit risk management model at Bank Rakyat Indonesia (BRI). Currently, BRI faces significant challenges in managing credit risk quality within the micro segment, which accounts for approximately 37.1% of the total loan portfolio. Despite its strategic role in promoting financial inclusion and economic empowerment, this segment continues to exhibit a relatively higher Non-Performing Loan (NPL) ratio compared to other segments. This condition results in substantial provisioning burdens and increases the potential for moral hazard, driven by interest rate subsidies that are not supported by an effective mechanism for debtor graduation.

Design/Methodology/Approach: This study employs a qualitative approach, employing thematic analysis, and synthesizes the ADKAR model and the Integrative Change Model (ICM) into an original framework termed the Integrated Cascade Framework (ICF). The ICF framework integrates change simultaneously across three layers: strategic–governance, operational–organizational, and ecosystem–debtor behavior.

***Findings*:** The findings indicate that this integration can align the corporate risk appetite with tangible changes in debtor behavior toward graduation. The implementation of the Integrated Cascade Framework (ICF) is expected to foster a more sustainable, well-controlled, and adequate microcredit distribution pattern, thereby significantly enhancing national productive capacity.

Keywords: *Integrated Cascade Framework; Large Exposure; Debtor Graduation; Microcredit; Concentration Risk*

INTRODUCTION

Bank Rakyat Indonesia (BRI) has reaffirmed its commitment to supporting national economic growth with a primary focus on financing Micro, Small, and Medium Enterprises (MSMEs), particularly through the prioritization of microcredit distribution. This commitment is reflected in the contribution of MSME loans, which accounted for 59.7% of the total loan portfolio, amounting to IDR 762.9 trillion in Q3 2025. Of this amount, microcredit contributed IDR 474.5 trillion (Bank Rakyat Indonesia, 2025). This composition illustrates a high level of dominance, as summarized in the following table:

Table 1. Composition of Bank BRI's Loan Portfolio

Segment	Proportion (%)	Value (IDR Trillion)
Micro	37.1	474.5
CSME	22.6	288.4
Corporate	23.2	296.8
Consumer	17.1	218.3
Total	**100**	**1,277.90**

Source: BRI, Q3-2025

The dominance of microcredit presents a dual paradigm. On the one hand, BRI has successfully fulfilled the government mandate to promote financial inclusion and serve as a backbone of the national economy. On the other hand, a portfolio concentration exceeding one-third in a single segment may generate systemic vulnerabilities. The Bank for International Settlements (BIS), in its Framework for identifying systemically important banks (BIS, 2023), emphasizes that asset concentration in higher-risk segments can strengthen systemic interconnectedness and amplify the impact of shocks.

A similar principle is embedded in Otoritas Jasa Keuangan Regulation No. 17/POJK.03/2023 on the Implementation of Corporate Governance for Commercial Banks, which mandates the strict management of concentration risk. Although BRI's gross NPL ratio increased to 3.29% in Q3 2025 (Bank Rakyat Indonesia, 2025), the micro and small business segments have historically recorded the highest NPL levels, necessitating substantial loan loss provisions and exerting pressure on capital adequacy.

This phenomenon reinforces the information asymmetry theory articulated by Stiglitz (2001), which posits that lending to small and micro borrowers is inherently more susceptible to adverse selection and moral hazard, ultimately manifesting in elevated credit risk.

Table 2. BRI's NPL Portfolio, Q3 2025 (Bank-Only Basis)

Credit Segment	NPL (%)	Risk Profile	YoY Change
Micro	3.96	High	Increased from 3.03

Consumer	2.5	Low	Increased from 2.08
SME	5.03	Highest among segments	Increased from 4.64
Commercial	2.3	Low	Increased from 1.94
Corporate	1.59	Low	Decreased from 2.52
Total	**3.29**	—	Increased from 3.04

Source: BRI, September 2025

The elevated NPL levels in this segment translate into a substantial financial burden through the provisioning mechanism. In response to asset quality conditions, BRI adopts a highly conservative provisioning policy. As of the end of September 2025, the bank had set aside provisions amounting to 183% of total gross NPLs. A coverage ratio well above 100% indicates that for every rupiah of non-performing loans, BRI has allocated nearly two rupiah in buffers. This practice is consistent with the prudential banking principles emphasized by the Basel Committee on Banking Supervision (2023) in managing concentration risk. However, behind this prudential stance lies a substantial and persistent cost burden (the cost of funds).

In Q3 2025, the micro segment accounted for IDR 474.5 trillion, or 37.1% of the bank's total loan portfolio (Bank Rakyat Indonesia, 2025). Given this dominant composition, NPL risk concentrated in the micro segment necessitates substantial provisioning allocations. Funds that could otherwise be deployed for business expansion or product innovation are instead "locked in" as buffers to anticipate potential losses. This pattern creates a paradox: on the one hand, it fulfills the mandate of financial inclusion; on the other, extreme concentration generates systemic risk and substantial provisioning pressure due to elevated NPLs in this segment (Bank for International Settlements, 2015).

This concentration may also approach prudent large-exposure limits when analyzed as collective exposure to a single asset class (microcredit) that is highly sensitive to the same economic cycles. In the Principles for the Sound Management of Concentration Risk, the Basel framework defines concentration risk not only as exposure to a single borrower but also to groups of borrowers with correlated risk characteristics (BIS, 2023).

Government subsidies, without an effective mechanism for graduation, further increase the risk of moral hazard. The government provides subsidized interest rates through the Kredit Usaha Rakyat (KUR) program, effectively lowering borrowing costs and stimulating demand. However, beneficiaries may lose incentives to scale up their businesses toward greater financial self-reliance. Stiglitz (2001), in his analysis of information asymmetry in financial markets, explains that poorly targeted subsidies can distort risk signals and weaken borrower discipline.

This phenomenon is evident in the tendency of some micro debtors to maintain small-scale businesses or establish new micro units to remain eligible for subsidized facilities, rather than graduating to higher-capacity segments. As a result, empowerment programs risk becoming permanent fiscal transfers that do not generate significant improvements in national productive capacity.

These conditions place BRI in a highly complex position. The bank must balance its social role as a development agent, commercial imperatives to safeguard profitability and capital soundness, and regulatory obligations to comply with prudential banking standards. John Kotter (2012) argues that organizations facing such disruptive pressures require a dual operating system: one to run the core business, and another to design and accelerate strategic transformation.

The complexity of these challenges—spanning regulatory, risk, and behavioral dimensions—indicates that partial solutions are insufficient. BRI requires an integrated transformation. Kotter (2012) further emphasizes that fundamental change in complex environments requires a purpose-built, adaptive change-management framework rather than incremental operational adjustments.

BRI acknowledges this need by establishing an Integrated Governance Committee to oversee the implementation of integrated risk management (BRI, 2025). However, in the absence of an explicit, measurable risk appetite framework that defines acceptable limits for microcredit concentration, the bank faces difficulties in proactively managing excess risk. Consequently, a specialized change-management framework is required to guide the transformation of microcredit recipients' capacity, promote systematic graduation, and simultaneously reshape BRI's business model and risk-management architecture to enhance resilience to shocks.

Accordingly, this study aims to design an adaptive change management framework to transform both the capacity of microcredit recipients and the risk management model at BRI. The framework is intended to directly address portfolio concentration, NPL risk, and moral hazard by integrating clear risk appetite principles (BIS, 2023) with sustainable empowerment mechanisms. Through this approach, a more sustainable, controlled, and mission-aligned microcredit distribution pattern can be achieved, consistent with the original objectives of MSME empowerment.

ADKAR Framework

Many change models focus primarily on the organizational level. However, the ADKAR framework places the individual at the center of change. The model recognizes that the success of organizational change ultimately depends on the readiness and adoption of each individual (Jeff Hiatt, 2006).

ADKAR is an acronym representing five sequential building blocks of successful change that must be developed in order: Awareness of the need for change, Desire to participate in and support the change, Knowledge of how to change, Ability to implement new skills and behaviors, and Reinforcement to sustain the change over time.

Source: Hiatt (2006)

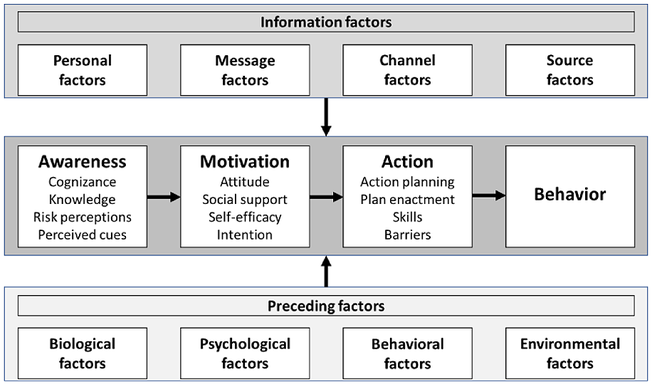
Figure 1. ADKAR Framework

The strength of this model lies in its emphasis on emotional and cognitive responses. Jeff Hiatt (2006) explains that failure at the early stages—particularly in building Awareness and Desire—will obstruct the entire change process, regardless of the quality of training (Knowledge). In the context of behavioral transformation among microcredit recipients, the ADKAR framework is therefore highly relevant. It provides a lens for analyzing and designing interventions that cultivate awareness of the importance of graduation, foster the desire to move beyond subsidy dependence, deliver financial and business literacy, and reinforce new entrepreneurial behaviors through appropriate incentives.

Integrative Change Model (ICM)

The Integrative Change Model (ICM) represents a change management approach that addresses the limitations of traditional linear models by emphasizing dynamic alignment and interdependence across organizational components. This framework is grounded in the understanding that sustainable change requires the simultaneous integration of complex elements (strategy, structure, and processes) and soft elements (people, culture, and leadership) in a holistic manner (By, 2019).

ICM functions as a meta-framework that accommodates and aligns multiple change models, with a primary focus on creating systemic coherence—from strategic formulation at the top-management level to behavioral adoption at the individual level (Lungu et al., 2023; Shaw, 2021).



Source: Lungu et al., 2023

Figure 2: ICM diagram Source

Integrated Change Model (ICM), as proposed by Lungu et al. (2023), explains that human behavior change is a staged process shaped by complex interactions between internal and external factors. The process begins with preceding factors, such as biological and environmental factors, as well as information factors, including message quality and source credibility. These factors influence the awareness stage, enabling individuals to develop knowledge and risk perceptions. This awareness then evolves into motivation, which is driven by attitudes, social support, and self-efficacy.

Subsequently, the action stage is required, involving concrete planning, skill development, and strategies to overcome physical and psychological barriers. Overall, the model emphasizes that final behavior results from a systematic pathway linking mental readiness to practical readiness, with the transition from intention to action as the critical point for achieving sustainable behavioral change.

Transformation of Banking Governance

The transformation of banking governance represents an evolution from traditional supervisory structures toward integrated, responsive, and sustainability-oriented systems. A primary driver of this shift is the development of international regulatory frameworks such as Basel III and IV, which place stronger emphasis on comprehensive capital, liquidity, and risk management (BIS, 2017).

Good governance is no longer limited to regulatory compliance; it entails building an organizational culture in which risk management and business ethics are embedded in every decision-making process. The Basel Committee (BIS, 2015), through its corporate governance principles for banks, underscores that boards of directors and commissioners are responsible for overseeing a bank's risk strategy, including the management of concentration risk and significant exposures.

Stakeholder demands for sustainable practices and social responsibility also drive this transformation. In the context of BRI, this means integrating the business objective of microcredit

distribution with strict prudential banking principles. Governance mechanisms must ensure that the social mandate to finance MSMEs is implemented within a robust risk management framework, thereby safeguarding both bank stability and the overall financial system.

Characteristics of Microcredit Recipients

Understanding the characteristics of microcredit recipients requires an approach that extends beyond purely financial analysis and encompasses sociology and economic psychology. Microcredit recipients, who often come from low-income and informal segments of society, operate according to a survival logic that differs fundamentally from that of established entrepreneurs.

Banerjee and Duflo (2011), in their work on behavioral economics, observe that the lives of the very poor are often characterized by multiple, interrelated problems that significantly constrain their cognitive capacity and mental bandwidth for long-term planning. This condition may manifest as a heightened aversion to risk in productive investments, a preference for quick, certain returns, and a reliance on close social networks as a form of social insurance.

Perceptions of debt can also be paradoxical: on the one hand, it is viewed as a tool for coping with shocks through consumption smoothing; on the other hand, it is avoided due to fear of social sanctions in the event of default (Karlan & Appel, 2011). These characteristics help explain why empowerment programs that merely offer credit are often insufficient. Behaviors such as “not moving up the ladder” or opening new microenterprises to access additional facilities can be understood as rational strategies within the context of their constraints—forms of moral hazard rooted in economic uncertainty and the lack of better alternatives. Effective interventions must therefore be designed with deep empathy for these psychological and socio-economic realities.

METHODS

Approach and Design

This study adopts a qualitative approach to capture the complexity of social phenomena in their natural context (Creswell & Poth, 2018), focusing on the dynamics of capacity transformation among microcredit recipients and risk governance within BRI. An instrumental single-case study design enables an in-depth investigation of a specific case, namely the development of a change management framework in the context of significant exposure in the banking sector. The emphasis is not on statistical generalization, but on the conceptual transferability of the resulting framework to comparable organizational settings (Merriam & Tisdell, 2016).

Data Collection

Data were collected from multiple sources to ensure trustworthiness and depth of understanding. Primary data were obtained through semi-structured interviews and focus group discussions (FGDs) with key informants, including members of the BRI Board of Commissioners and Board of Directors, as well as selected members of committees under the Board of Commissioners. Secondary data were gathered from internal documents and official publications to provide contextualization and validation.

Data Analysis

The collected data were analyzed using a phenomenological approach to explore debtors' subjective experiences of psychological barriers in the graduation process. This approach aligns with the motivation and self-efficacy components of the Integrated Change Model, which emphasize that individuals' perceptions of their own capabilities are critical determinants of successful behavioral change (Lungu et al., 2023). In addition, a comparative case study was conducted to examine differences in action patterns between debtors who independently upgraded their business capacity and those who experienced stagnation. This analysis is essential for identifying action-planning variables and practical skills that constitute the key differentiators in practice.

Subsequently, content analysis was applied to internal policy documents and operational protocols to ensure alignment between quantitative credit disbursement targets and the qualitative vision of debtor graduation. Misalignment between strategic policies and operational implementation is often a significant impediment to sustainable organizational change management (Kotter, 2012a).

The next stage employed thematic analysis. According to Braun and Clarke (2006), this process is conducted iteratively through six phases: (1) familiarization with the data, (2) generation of initial codes, (3) searching for themes, (4) reviewing themes, (5) defining and naming themes, and (6) producing the report. This process aims to identify gaps between existing and desired conditions, which subsequently serve as key inputs to the design of the change management framework.

To validate the designed ICF framework, focused group discussions employing the Delphi technique were conducted to elicit expert consensus on the model's feasibility. All qualitative data were then processed using thematic analysis to ensure adherence to the criteria of credibility and transferability, in accordance with qualitative research standards (Merriam & Tisdell, 2016; Shenton, 2004). Through this series of rigorous qualitative analyses, the

transformation of micro-debtor capacity can be understood beyond mere administrative metrics.

Framework Design Process

The change management framework was developed through a synthesis process that integrates empirical themes derived from data analysis with a solid theoretical foundation. The base model adapted is the Integrative Change Model, which emphasizes alignment among strategy, operations, and people (Appelbaum et al., 2012; By, 2019). This framework was subsequently modified and enriched by incorporating specific elements from the ADKAR model (at the individual/debtor level), Basel risk governance principles (at the organizational level), and an in-depth understanding of the characteristics of microcredit recipients.

The design stages include: (1) mapping the as-is and to-be conditions based on data analysis, (2) identifying barriers and drivers of change at each level (individual, process, and organization), (3) designing mutually reinforcing interventions grounded in theory, and (4) developing an implementation roadmap with clearly defined stages. Initial validation of the framework was conducted through member checking with selected key informants and limited expert discussions (Shenton, 2004).

RESULTS AND DISCUSSION

Philosophical Foundation and the Need for an Original Framework

Based on a synthesis of research findings and a review of the relevant literature, it is evident that the primary challenges in transforming the management of large-exposure microcredit at BRI are multidimensional. These challenges encompass technical regulatory aspects, financial risk considerations, internal organizational behavior within the bank, and the social-psychological characteristics of debtors. Classical change models, while providing a strong foundational perspective, often face limitations in addressing systemic complexity and cross–stakeholder dynamics (Kotter, 2012b; Shaw, 2021), as exemplified by BRI. Therefore, a framework is required that is specifically designed to create an integrated and mutually reinforcing cascade of change, spanning from the strategic level of the Board of Commissioners to the level of credit beneficiaries in the field.

The ‘Integrated Cascade Framework’ (ICF)

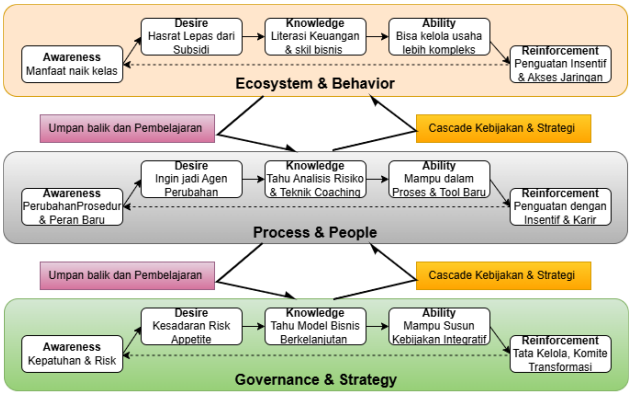
The modified integration of the ADKAR framework with the Integrated Change Model (ICM) is termed the Integrated Cascade

Framework (ICF). This modification of ADKAR and ICM is considered appropriate for constructing a framework tailored to BRI's specific context. The combination enables the micro-level strengths of ADKAR in mapping individual psychological transitions (Hiatt, 2006) to be integrated with the macro-level strengths of ICM, which ensure alignment of change across organizational levels and the broader ecosystem (By, 2019; Lungu et al., 2023). This synthesis results in a layered approach that can concretely: (1) align risk appetite at the strategic layer, (2) transform the roles and incentive systems of relationship managers at the operational layer, and (3) guide micro-debtors through measurable stages of "graduation" or upward progression at the ecosystem/individual layer.

Accordingly, the integration of ICM and ADKAR provides a comprehensive and operationalizable response to BRI's strategic dilemma. Through the ICF framework, the corporation can manage significant exposure through a human-centered transformation while remaining firmly governed by robust institutional oversight.

The ICF framework is designed as a dynamic, multi-level change management model. It adopts a systemic approach that views the organization and its ecosystem as an interconnected whole (Senge, 2014). ICF modifies and extends the core principles of the ADKAR model (Awareness, Desire, Knowledge, Ability, Reinforcement), which focuses on individuals, by integrating them into three layers of change that operate in parallel and iteratively.

These three layers consist of: the Strategic–Governance Layer (Governance & Strategy), the Operational–Organizational Layer (Process & People), and the Ecosystem–Debtor Layer (Ecosystem & Behavior). The interaction among these layers is conceptualized as a bidirectional cascading flow, in which policies from the strategic layer propagate downward and feedback from the debtor layer propagates upward, forming a continuous cycle of learning and adaptive adjustment.



Source: Author, 2025

Figure 3. Integrated Cascade Framework (ICF)

The ADKAR model (Hiatt, 2006) has traditionally functioned as a linear roadmap for changing individual attitudes and behaviors, based on the assumption that an organization's collective success is the accumulation of well-managed personal changes. However, the challenge of significant exposure in microcredit at BRI reveals a far more complex reality: change must occur simultaneously and in a coordinated manner across three distinct entities—the corporate policy holders (Board of Commissioners/Board of Directors), the bank's operational structure (management and staff), and a considerable pool of external individuals (micro-debtors). These three layers are adapted from the Integrated Change Model (ICM) (By, 2019; Lungu et al., 2023). The ICF framework fundamentally modifies ADKAR by integrating ICM principles, transforming it from a linear, individual-centered change model into a systemic, multilevel change framework.

The primary modification lies in contextualizing and parallelizing each ADKAR element across all ICM layers. The principle of Awareness, for example, is no longer built through a uniform message. At the Strategic Layer, Awareness is generated through big-data analyses of concentration risk and regulatory pressures arising from POJK requirements. At the Operational Layer, Awareness focuses on staff understanding of how new procedures safeguard both the bank's sustainability and their professional careers. Meanwhile, at the Debtor Layer, Awareness is cultivated through communication campaigns that simplify the concept of "graduation" into tangible success stories and immediately perceptible financial benefits. Thus, a single ADKAR principle is operationalized through three distinct yet mutually reinforcing forms of intervention.

Furthermore, the ICF departs from the rigid linear sequence of ADKAR and reframes it as a parallel, iterative process across layers. Within ICF, the development of Desire at the Debtor Layer to move beyond dependence on subsidies need not wait for the perfect development of Ability among frontline staff. Both can be designed and implemented concurrently, with feedback from failures or successes in one layer immediately informing adjustments in other layers. For instance, if debtors exhibit low Desire toward the graduation program (Layer 3), this may trigger a new Knowledge cycle in Layer 2, such as targeted training for relationship managers in behavioral economics–based motivational techniques. These insights can then inform Reinforcement mechanisms at Layer 1, including revisions to incentive policies. This feedback mechanism creates a dynamic organizational learning cycle (Senge, 2014), in which change is not a project with a definitive endpoint, but an adaptive capability that is continuously developed.

Through this expansion, ICF addresses the primary weakness of standard ADKAR applications in complex contexts, such as BRI, namely the fragmentation of initiatives. Without an integrative framework, the risk division may run Awareness programs for top executives with significant exposure. At the same time, microbusiness teams implement Knowledge programs for debtors without coordination, thereby fostering a collective Desire for transformation. ICF aligns all such initiatives by positioning ADKAR as the "DNA of change," consistently yet contextually expressed at every level of the system, ensuring that waves of change—from the strategic apex to the base of the ecosystem—move in the same direction and reinforce one another.

Meaning and Components of the Framework

Each layer within the ICF is equipped with specific components and mechanisms inspired by the identification of earlier problems.

Layer 1: Strategic–Governance (Governance & Strategy)

This layer functions as the brain and navigator of change. Its core components are Risk Appetite Recalibration and Integrated Governance Steering. Risk Appetite Recalibration means that the Board of Commissioners and the Board of Directors must explicitly redefine their risk appetite related to microcredit concentration, not merely as a quantitative threshold but as a dynamic strategy that incorporates explicit debtor "graduation" targets. Integrated Governance Steering is achieved by expanding the mandate of BRI's Integrated Governance Committee (Komite Tata Kelola Terintegrasi—KTKT) to serve as the steering committee for the transformation, ensuring coherent oversight of both risk and change (BIS, 2015). At this stage, Awareness and Desire are fully developed in policy-making.

Layer 2: Operational–Organizational (Process & People)

This layer serves as the execution engine that translates strategy into new procedures and capabilities. Its key components include Dynamic Risk Process Embedding and Capability & Incentive Realignment. Dynamic Risk Process Embedding refers to the integration of significant exposure parameters and forward-looking debtor health indicators into credit assessment and monitoring systems, moving beyond a static, compliance-oriented approach.

Capability & Incentive Realignment requires the reskilling of relationship managers (RMs) and credit analysts to become "change agents" and business consultants, rather than merely credit collectors. Incentive systems must be revised to reward portfolio quality and successful debtor graduation, rather than focusing solely on loan

disbursement volumes. This aligns with the findings of Wolor et al. (2020), which emphasize that the effectiveness of change in the banking sector is highly dependent on the readiness and motivation of frontline staff. This stage builds Knowledge and Ability across the bank's operational ranks.

Layer 3: Debtor Ecosystem–Behavior (Ecosystem & Behavior)

This layer represents the frontline that ultimately determines the success of the transformation. Its main components are Behavioral Nudge & Graduation Pathway and Ecosystem Collaboration. Behavioral nudges and graduation pathway designs are interventions grounded in behavioral economics (Banerjee & Duflo, 2019) that stimulate debtors' motivation to grow. Examples include implementing gradually declining interest subsidies (tapering) as business turnover increases, or providing "graduation certificates" that grant access to more prestigious, unsubsidized financial products.

Ecosystem Collaboration entails partnerships with e-commerce platforms, suppliers, and business mentors to create tangible pathways to growth for debtors, thereby reducing reliance on credit alone. This stage represents a concrete application of the ADKAR model (Hiatt, 2006) at the debtor level, with a strong emphasis on building Desire and delivering appropriate Reinforcement.

Purpose and Objectives of the Framework

The primary purpose of the ICF is to transform static, reactive risk concentration into a dynamic, proactive cycle of performance and growth management. This framework is designed to address three common weaknesses of traditional change models in complex contexts: (1) fragmentation, by aligning objectives from the board level down to debtors; (2) passive resistance, by building Desire through structured incentives across all levels; and (3) failure to adapt, by institutionalizing feedback from the ecosystem layer to the strategic layer (Hiatt, 2006; Kotter, 2012a; Wilden et al., 2016). The key strength of ICF lies in its holistic and contextual nature. A potential critique concerns the complexity of its implementation, which requires strong leadership and long-term commitment. Compared to Kotter's model, which emphasizes a "sense of urgency" at the outset, ICF places greater emphasis on a sustained "sense of purpose" and continuous "systemic alignment."

Design of Empirical Application

ICF can be operationalized in the BRI case through a program titled "Transformasi Bersama: Mikro Berdaya, BRI Kuat." Its implementation can be carried out in five phases over three years. Phase 1 (Initiation & Commitment) establishes a Transformation

Committee under the Board of Commissioners. Phase 2 (Design & Calibration) involves reformulating the risk appetite statement and designing staged (graduated) credit products. Phase 3 (Pilot & Feedback) tests the new model on selected micro-debtor segments across several regions while simultaneously training relationship managers to serve as consultants. Phase 4 (Scale-up & Integration) expands the program nationally and integrates the new incentive system. Phase 5 (Institutionalization & Learning) embeds the new practices into the operational culture and updates the strategy based on organizational learning. This phasing is consistent with expert considerations proposed by Daily et al. (2003), Hernández and Nieto (2020), and Wilden et al. (2016). The role of the ICF diagram is to serve as a navigational map that keeps all stakeholders within the same transformation corridor, visualizing the linkage between boardroom decisions and behavioral changes in the market.

CONCLUSION

This study affirms that the dominance of microcredit in Bank Rakyat Indonesia (BRI) 's loan portfolio presents a complex strategic dilemma. On the one hand, BRI has successfully fulfilled the government's mandate to expand financial inclusion and support micro, small, and medium-sized enterprises (MSMEs), which are the backbone of the national economy. On the other hand, the concentration in the micro segment—accounting for more than one-third of the total loan portfolio—generates systemic risk, elevated Non-Performing Loan (NPL) ratios, and substantial provisioning burdens. This condition creates a paradox between BRI's social role as a development agent and the commercial imperative to maintain profitability and capital soundness.

To address this challenge, the study proposes the Integrated Cascade Framework (ICF) as an adaptive change-management framework. ICF represents a synthesis of the ADKAR model and the Integrative Change Model (ICM), operationalized simultaneously across three layers: strategic–governance, operational–organizational, and ecosystem–debtor behavior. This approach enables change processes that integrate corporate policies, internal incentive systems, and debtor behavior, allowing them to interact within a continuous learning cycle.

ICF emphasizes the graduation of micro-debtors as a key solution to mitigating concentration risk and moral hazard arising from interest subsidies. Through behavioral nudging mechanisms, incentive realignment, and ecosystem collaboration, debtors are guided to "graduate" toward more productive and self-reliant business segments. In this way, BRI not only safeguards financial stability but also strengthens national productive capacity.

ICF makes an innovative contribution to the field of change management, particularly within the banking industry, facing increasing demands for sustainability and financial inclusion. The framework integrates principles of corporate governance (GCG) and risk management into the core design of change—dimensions that are often treated separately in the literature (Almeida & Santos, 2020).

ICF also explicitly incorporates the external ecosystem and debtor psychology as legitimate layers of change, recognizing that sustainable organizational transformation often depends on transforming its surrounding ecosystem (Hidayat & Adhikara, 2020). In contexts of disruption, such as AI integration, ICF provides an adaptive framework; for example, AI algorithms can be applied at Layer 2 for dynamic risk analysis and at Layer 3 to deliver personalized behavioral nudges to debtors. Thus, ICF is not merely a tool for managing transition, but also a mechanism for building long-term organizational resilience and learning capacity.

Overall, the findings demonstrate that the implementation of ICF can align corporate risk appetite with tangible on-the-ground changes. The framework is not a partial solution but a comprehensive strategy for transforming the microcredit business model to become more sustainable, more controlled, and more resilient to shocks. With consistent implementation, BRI has the potential to emerge as a pioneer in managing concentration risk while simultaneously strengthening the role of MSMEs as a driver of national economic growth.

The Integrated Cascade Framework (ICF) is designed to address the complexity and urgency of transforming the management of significant exposure in microcredit at BRI. By aligning change across strategic, operational, and ecosystem layers in parallel and iteratively, this framework offers a more comprehensive and contextual approach than traditional models. The success of its implementation depends on transformative leadership from BRI's Board of Commissioners and Board of Directors, who must act as integrators and catalysts, ensuring that top-down change flows and bottom-up feedback function effectively. Future research may examine the empirical validity of this framework through longitudinal studies of implemented pilot projects.

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