



COORDINATING MINISTRY FOR
ECONOMIC AFFAIRS
REPUBLIC OF INDONESIA

OJK INTERNATIONAL SEMINAR ON MICROFINANCE AND FINANCIAL INCLUSION

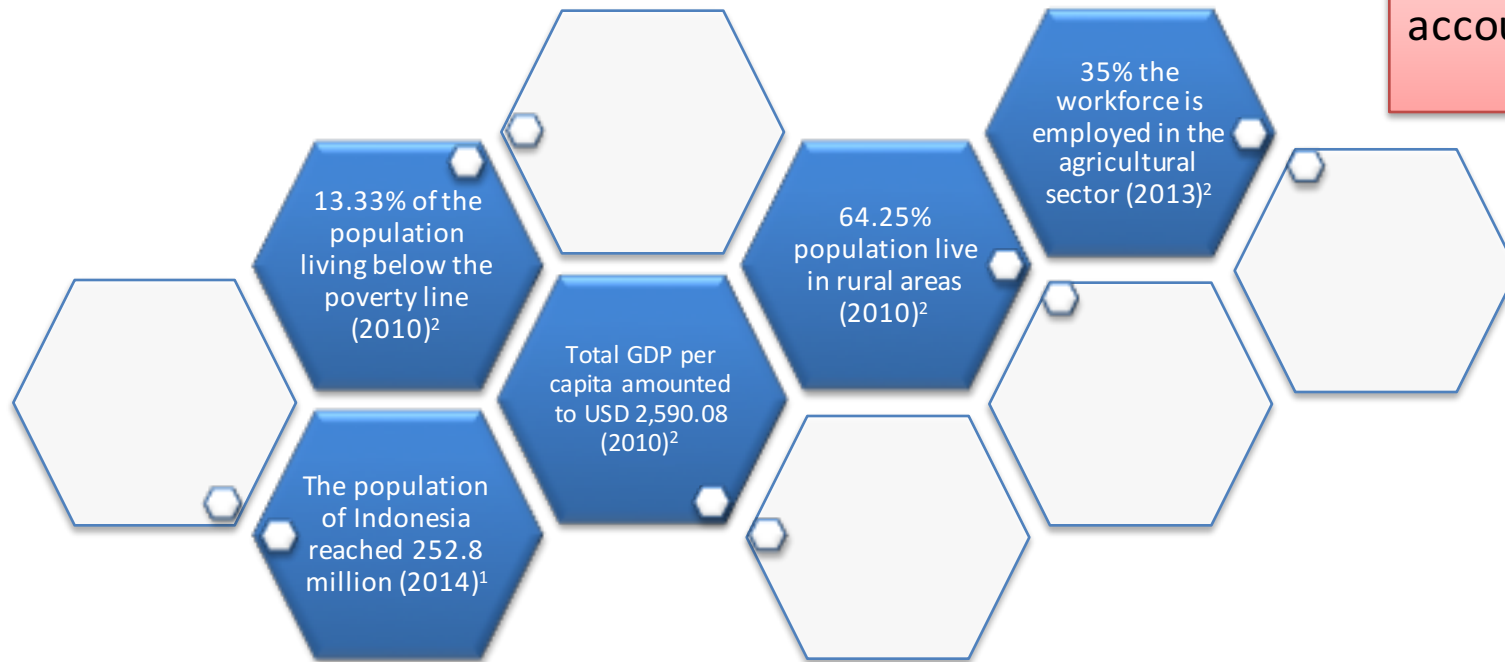
“The National Strategy for Financial Inclusion in Indonesia”

**DEPUTY FOR COORDINATION OF CREATIVE ECONOMY, ENTREPRENEURSHIP,
COMPETITIVENESS OF COOPERATION AND SMEs**

16st March 2016



BACKGROUND (1)



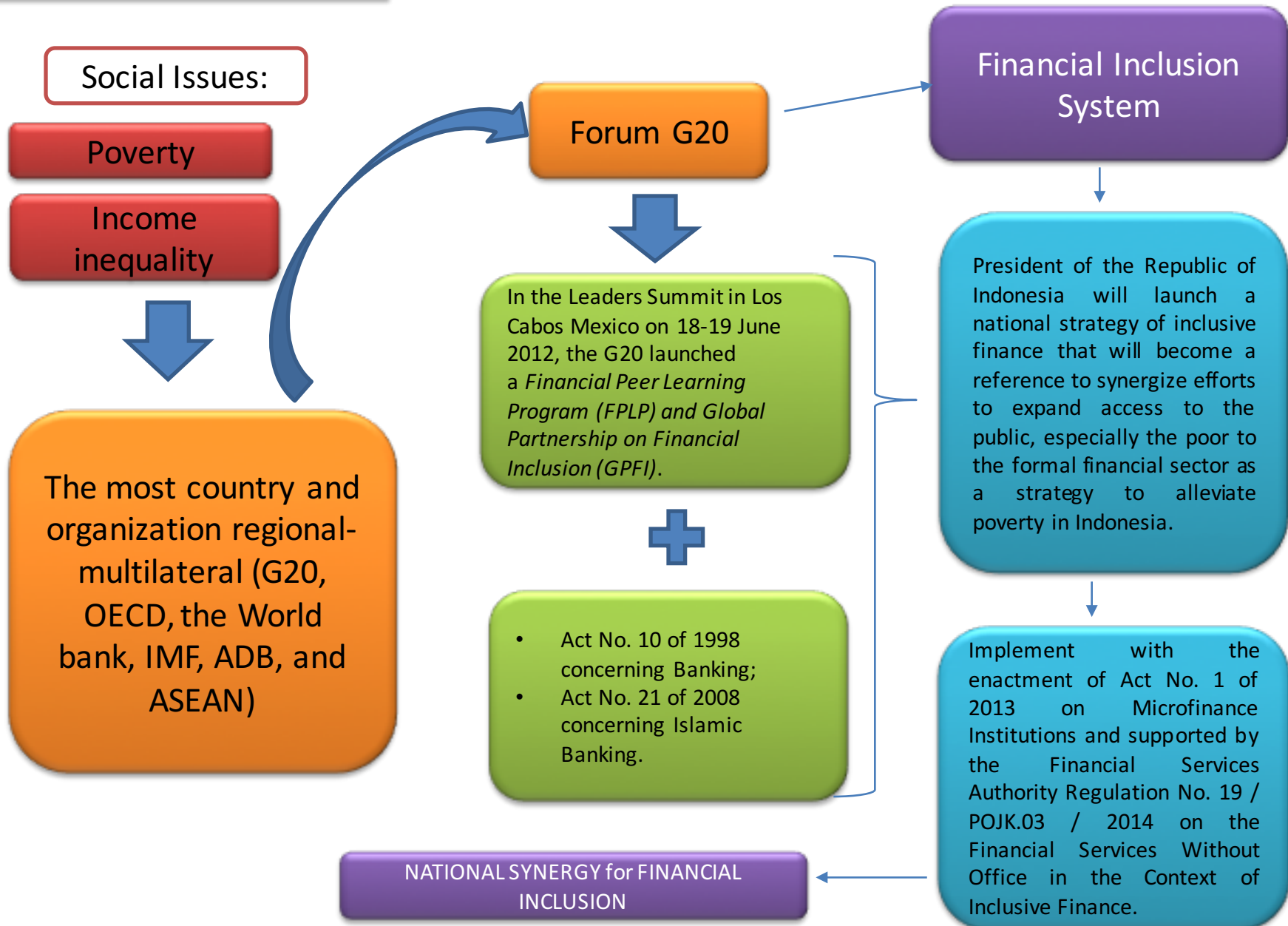
32% of adults do not have a savings account (2012)³

20% adults have a deposit account at a formal financial institution (2011)³

[1] *World Population Review*
[2] Bank Indonesia
[3] Bank Dunia



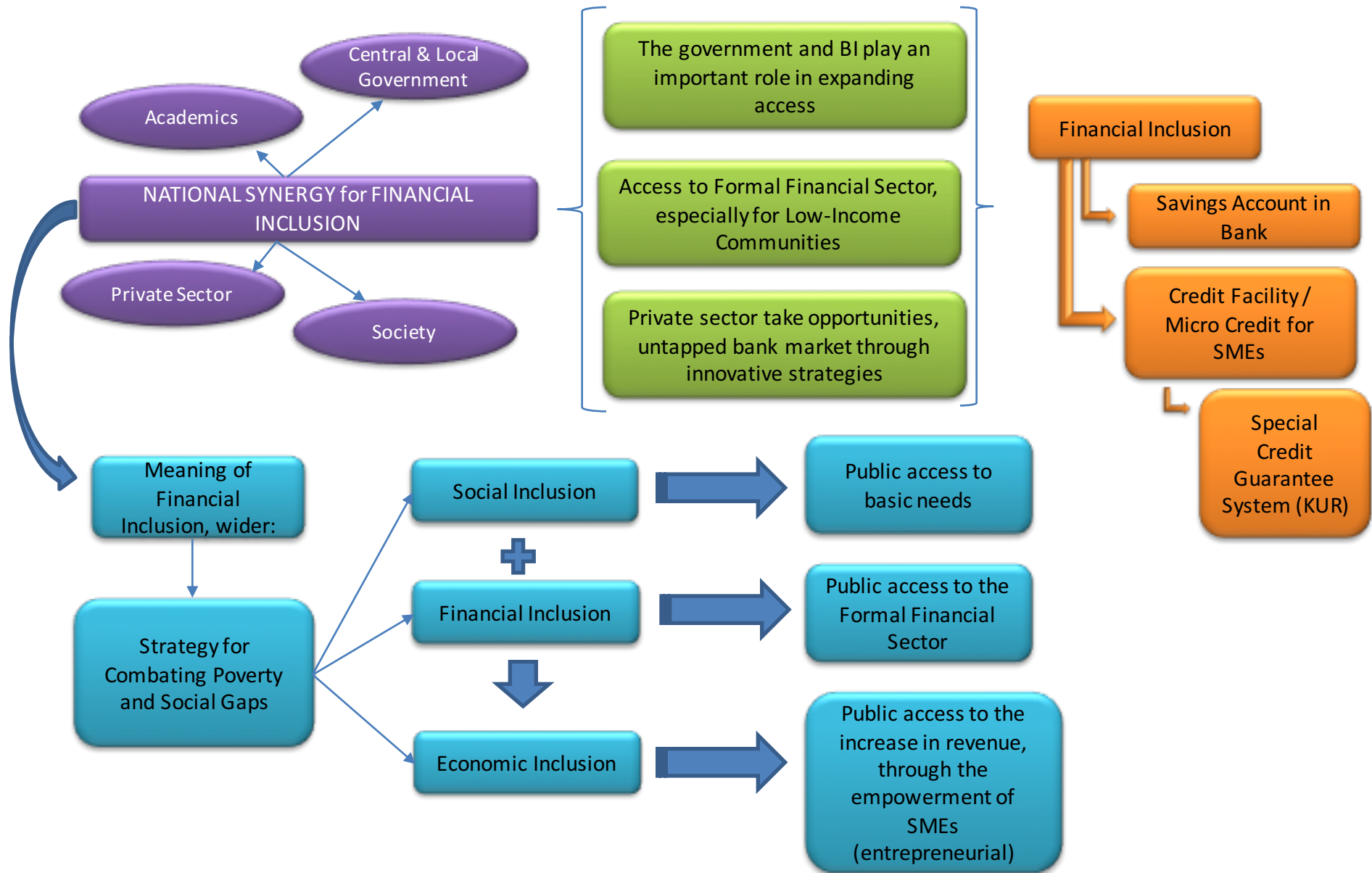
BACKGROUND (2)





FINANCIAL INCLUSION FRAMEWORK

GENERAL





FINANCIAL INCLUSION FRAMEWORK

EXISTING CONDITION

- *Unbanked*
- Cash
- Manual
- Without Account



FUTURE CONDITION

- *Banked*
- Non-Cash
- Digital
- *Sophisticated Product*



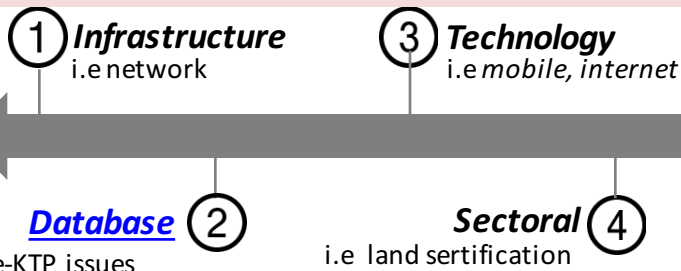
TECHNICAL

FI

DEMAND

- *Grass Root*
- Household
- TKI
- SME's
- Sectoral (farmer, fisherman, etc.)

INOVASI



SUPPLY

- Banks
- Non-Bank (i.e Telco, Posindo, Pegadaian)

ISSUES

- Low income & volatile
- Low saving
- Low financial literacy
- Low financial management
- Nonconforming product
- Land is not certified

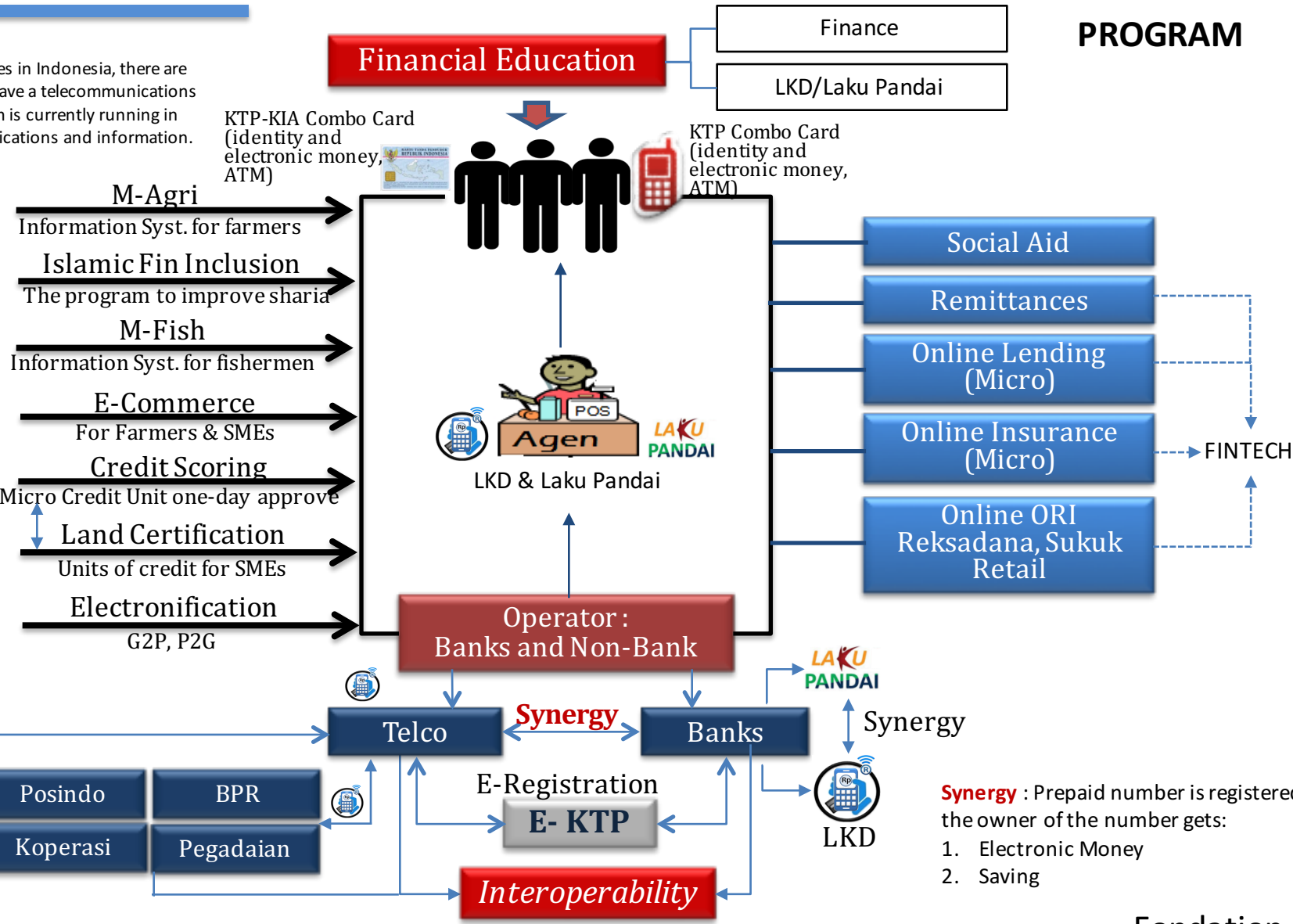
- Remote access
- The product does not fit
- Complex requirements
- Fees & high formality
- Regulations are less supportive
- Institutional (agent)
- Limited tool for micro-credit (credit scoring)



SCOPE OF FINANCIAL INCLUSION

Data: total 71,000 villages in Indonesia, there are 31,000 villages do not have a telecommunications connection. The program is currently running in the ministry of communications and information.

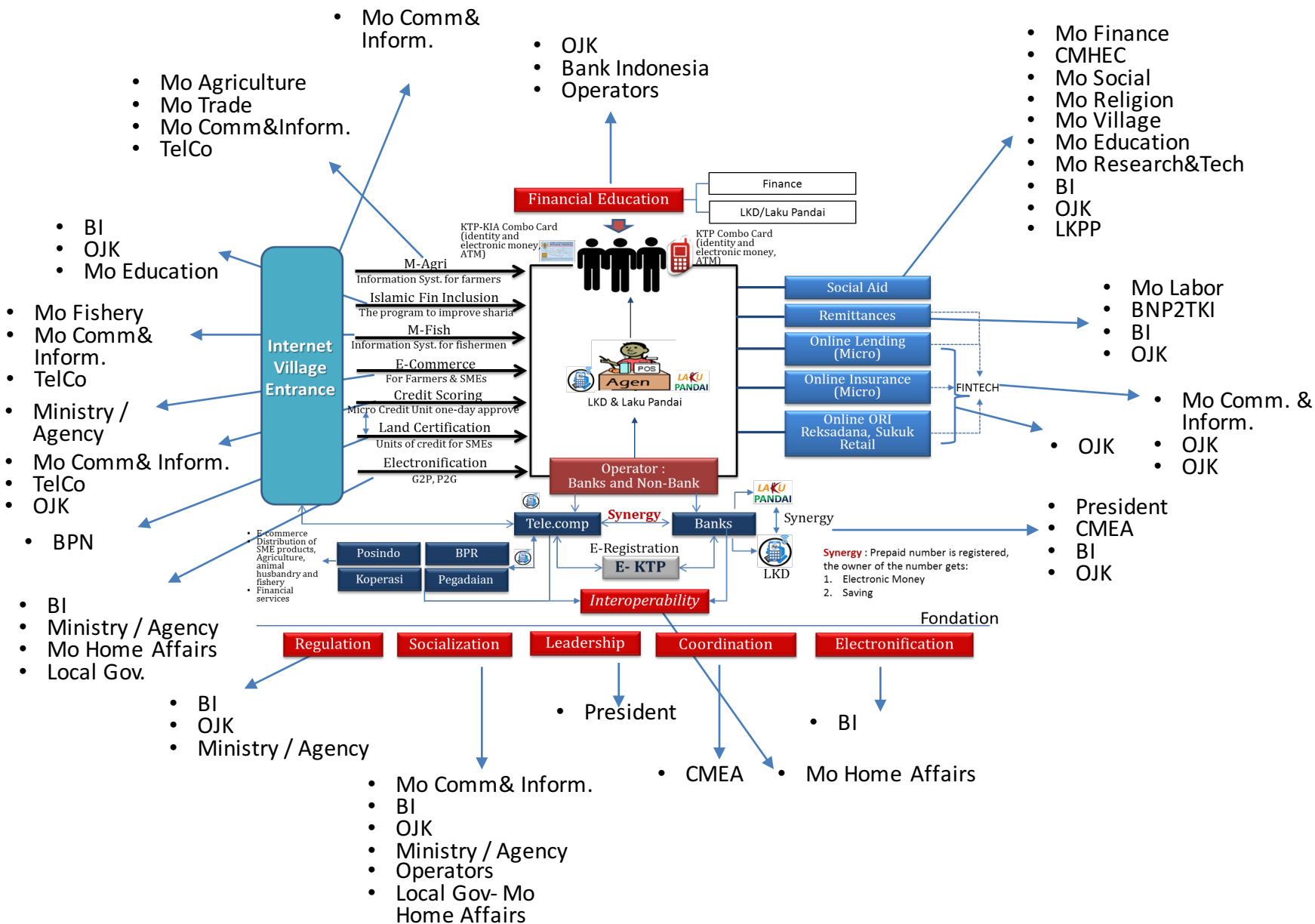
Internet Village Entrance



- E-commerce
- Distribution of SME products, Agriculture, animal husbandry and fishery
- Financial services

Synergy : Prepaid number is registered the owner of the number gets:

1. Electronic Money
2. Saving





Deregulation Package Recapitulation Phase I - X

No	Package	Finished	Discussed	Total
1	Package I	118	6	134
2	Package II	15	0	15
3	Package III	8	0	8
4	Package IV	8	2	10
5	Package V	2	1	3
6	Package VI	5	0	5
7	Package VII	4	0	4
8	Package VIII	2	1	3
9	Package IX	3	4	7
10	Package X	0	1	1
TOTAL		165	15	180
Percentage		92 %	8%	100%

Supporting
Financial
Inclusion



Policy

NO	Ministry / Agency	Finished	Discussed	Total	Information
A	Coordinating Ministry for Economic Affairs (CMEA)	2		2	Expansion of Special Credit Guarantee System (KUR) (1 Permenko, 1 Kepmenko)
etc..	...	6	2	8	...
	Total	8	2	10	

Coordinating Minister for Economy Regulation No. 8 of 2015 concerning Guidelines Special Credit Guarantee System (KUR)

As chairman of the Decree of the Coordinating Minister Policy Committee Finance for Micro, Small and Medium Enterprises No. 188 Year 2015 concerning the Stipulation Distributors KUR and Guarantee Company KUR

Deregulation Package IV:
Jakarta, October 15, 2015

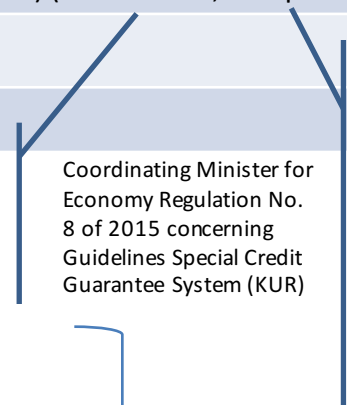
Purpose:

Encourage increased and more equitable access to micro, small, and medium-sized business sector, to finance **productive financial institutions**

Ease of access to the financial institutions are also expected to push the number and quality of entrepreneurs that will ultimately support the growth of the national economy

Enhancement
Financial
Inclusion and
Economic
Inclusion

Evaluation Policy
Package





- 1. Special Credit Guarantee System (KUR)**
- 2. Certification Land Rights (SHAT)**
3. Acceleration of Regional Financial Access(Team)
4. Partnership and Community Development Program (PKBL)





1. On December 28, 2015, the Policy Committee has conducted Coordination Meeting with the following conclusion:
 - a. Interest rates Micro KUR, Retail KUR and KUR of TKI Placement effective at 9% per year. The interest rate applicable to credit / financing new credit agreement since the first working day of 2016.
 - b. Target distribution of KUR in 2016 was IDR 100 trillion - IDR 120 trillion.
 - c. Merging the former Credit program (KKPE) with a ceiling of up to Rp 25 million into the Micro KUR; ceiling above IDR 25 million - IDR 500 million into the KUR Retail; and the ceiling above IDR 500 million will be further regulated under a special scheme.
 - d. The expansion of economic sectors, including the creative industry is the economic sector.
 - e. Determination distributor and guarantor KUR conducted by the FSA (OJK), and by the Ministry of Finance (online system with SIKP).
2. As a follow-up meetings held, it has previously compiled Coordinating Minister of Economic Regulation No. 13 Year 2015 on the Amendment of Permenko 8/2015.



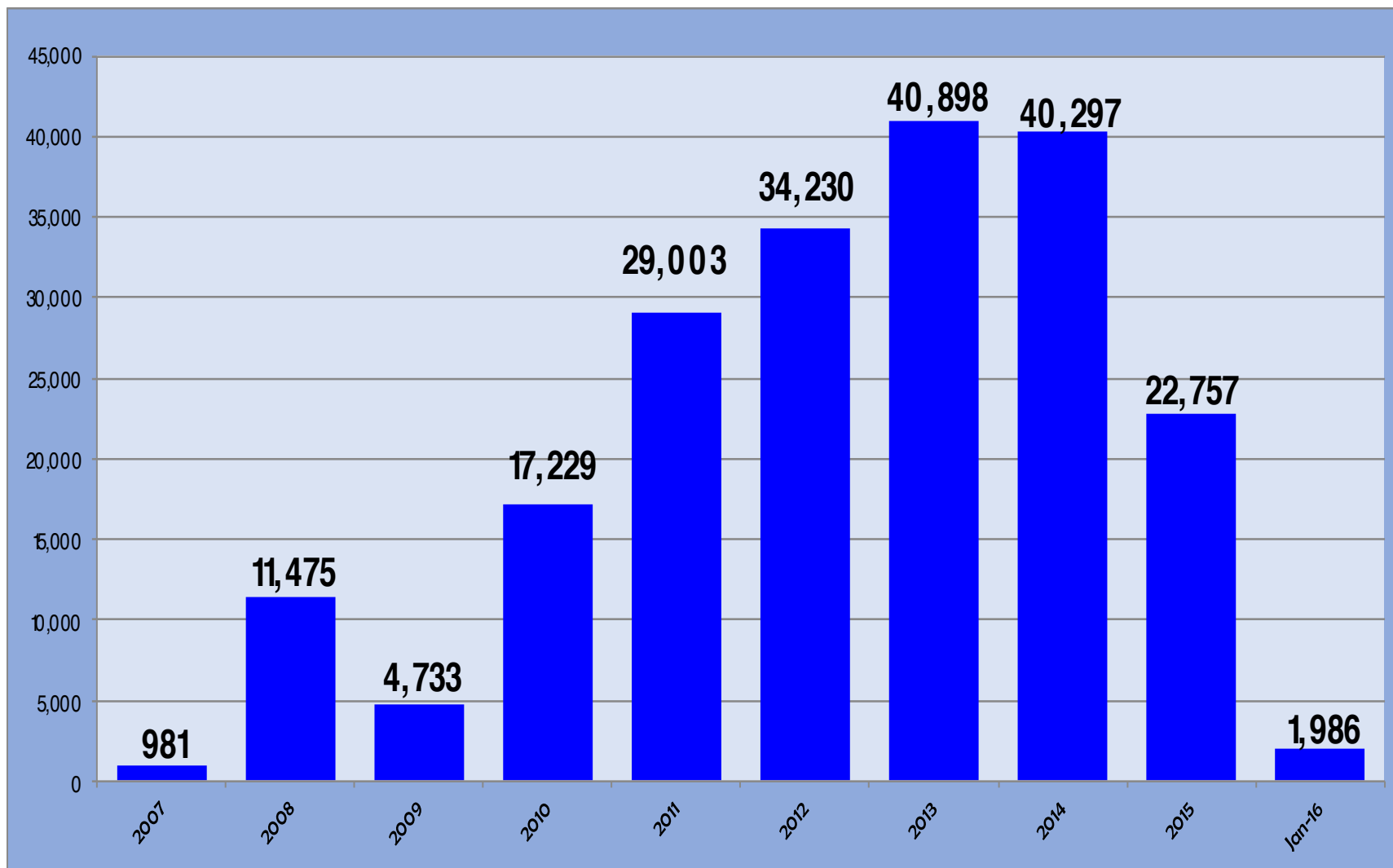
KUR SCHEME 2015

No.	Type	Credit Ceiling	Interest rate	Interest subsidy
1.	Micro KUR	<ul style="list-style-type: none">• Credit ceiling up to IDR 25 million per debtor;• Can provide additional, suppletion, restructuring up to IDR 75 million per debtor.	9% effective per year	10,0% <i>(including guarantor fees)</i>
2.	Retail KUR	<ul style="list-style-type: none">• Credit ceiling of up to IDR 500 million per debtor.	9% effective per year	4,5% <i>(including including guarantor fees)</i>
3.	KUR of TKI Placement	<ul style="list-style-type: none">• Credit ceiling of up to IDR 25 million per debtor;• The longest credit period equal to the period of the employment contract and does not exceed a period of 3 years.	9% effective per year	12,0% <i>(including including guarantor fees and Collection Fee)</i>

The magnitude of Payments Assurance Services and Fee Collection in accordance with the negotiations between the Agency and Guarantee Company



KUR REALIZATION : 2007 – JANUARY 2016 (IDR Billion)





Efforts to reach the 2016 target of KUR IDR 100 T - IDR 120 T, among others:

1. Increasing the number of KUR participating banks (BPD and / or the National Private Bank / Bank Mixed / Foreign Bank);
2. Increasing the number of KUR guarantor (PT. Jamkrida in each province);
3. Involving non-bank financial institutions (NBFIs) such as finance companies (PP) and the Venture Capital Company (PMV) as the KUR dealer and / or as an institution linkage;
4. Integration of the credit scheme program into the special scheme.



AGRARIAN REFORM

ASSET REFORM



ACCESS REFORM

Reorganize control,
possession, use, and
utilization of land based
laws and regulations
land.

The process of providing access for
beneficiaries of the
economic resources and
political enable
them to develop
land as a source
life.



PURPOSE OF CERTIFICATION LAND RIGHT IN CROSS-SECTOR

1. Providing assurance / legal status of the property (assets) owned by the community program participants;
2. Provide assurance program participants to improve the quality of the social and economic environment that is viable, permanent and healthy;
3. Improving business assurance program participants through the ownership of land assets that can be used as collateral to access capital resources;
4. Increasing interest and confidence in financial institutions / banks to extend credit to MSEs, Farmers, Fishermen and Fish Farmers.



Thank You



**KEMENTERIAN KOORDINATOR
BIDANG PEREKONOMIAN
REPUBLIK INDONESIA**