



# Promoting Financial Literacy through Life Cycle

---

**Mrs. Kusumaningtuti S. Soetiono**  
**Member of Board Commissioners**  
**in Financial Education and Consumer Protection, IFSA**

**Japan, 8 April 2014**

**1**

**Indonesian Capital Market**

**2**

**Development of National Strategies**

**3**

**Financial Literacy through Life Cycle**



Youth



Working Ages



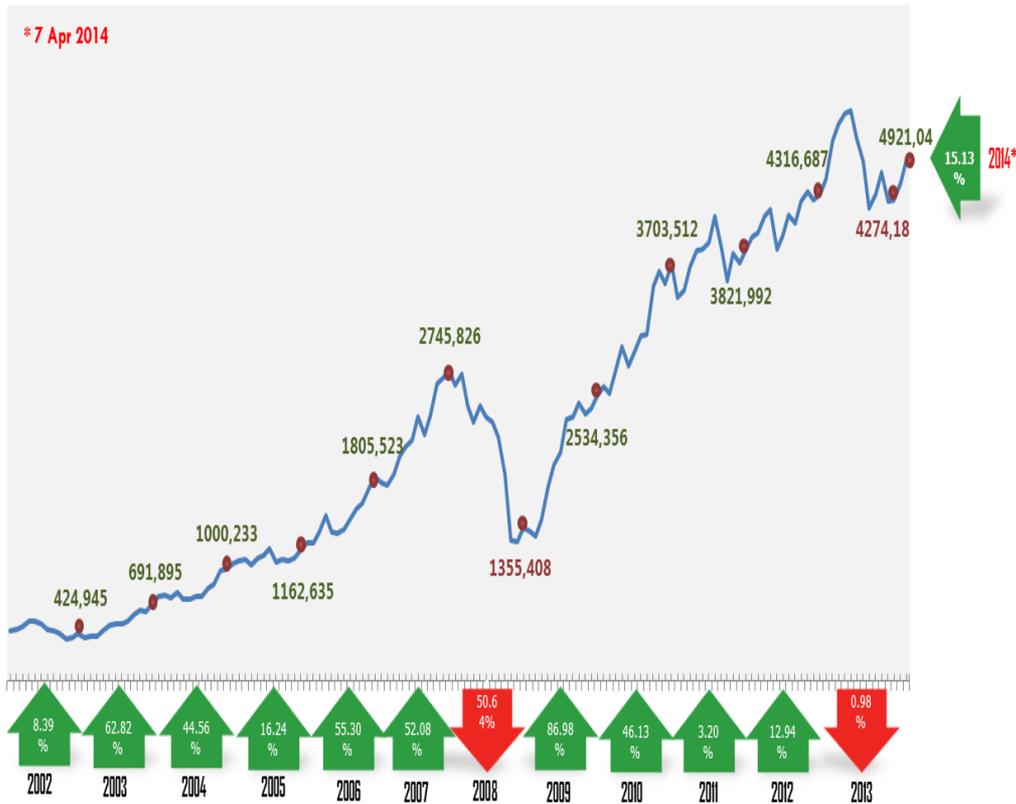
Pensioners



Women

## Jakarta Composite Index (JCI)

Per 7 Apr 2014



## Market Capitalization (Billion USD)

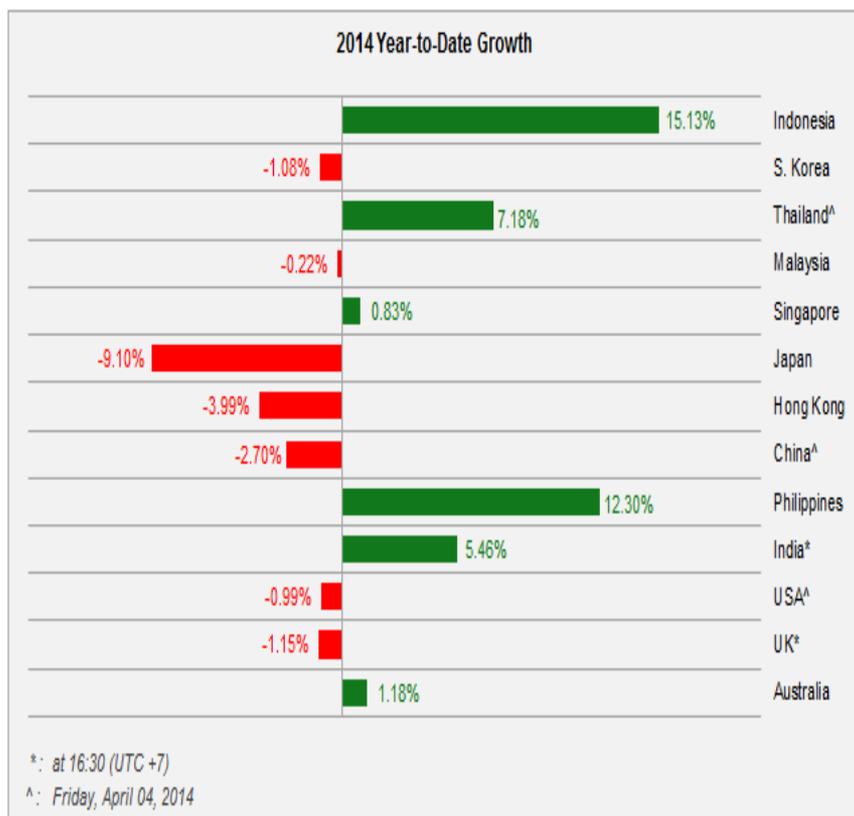
Per 7 Apr 2014



Source : [idx.co.id](http://idx.co.id)

## Comparison to Regional Indices

Per 7 Apr 2014



Source : [idx.co.id](http://idx.co.id)

## Comparison to GDP

Per 2013

| Indicators                              | 2012  | 2013  |
|---|-------|-------|
| GDP                                     | 824,2 | 908,4 |
| Market Capitalization                   | 412,7 | 421,9 |
| Corporate Bonds and ABS                 | 18,9  | 22,1  |
| Government Bonds                        | 82,0  | 99,5  |
| Ratio of Capital Market Cap. to GDP (%) | 62,3% | 59,8% |
| Ratio of Equity Market Cap. to GDP (%)  | 50,1% | 46,4% |
| Ratio of Corporate Bonds to GDP (%)     | 2,3%  | 2,4%  |
| Ratio of Government Bonds to GDP (%)    | 10,0% | 11,0% |

\* 1 US\$ = RP10,000

Figures in Billion USD

## The IFSA Strategy

# FOCUS ON CAPITAL MARKET DEVELOPMENT



**Capital Market  
Deepening**



**Law Enforcement  
Improvement**



**Market  
Infrastructure  
Improvement**

### Article 28

Law No. 21 Year 2011

OJK is authorized in providing information and educating the public on the characteristics of financial services sector, services, and products

### OJK Regulation No. 1/2013

July 26, 2013

Financial Institutions must conduct education in order to improve the community financial literacy. The programs must be prepared annually and reported to the OJK

### National Strategy on Financial Literacy

Launched by  
the President  
on the Nov,19  
2013



Guidelines for financial  
authority, financial  
institutions and other  
stakeholders

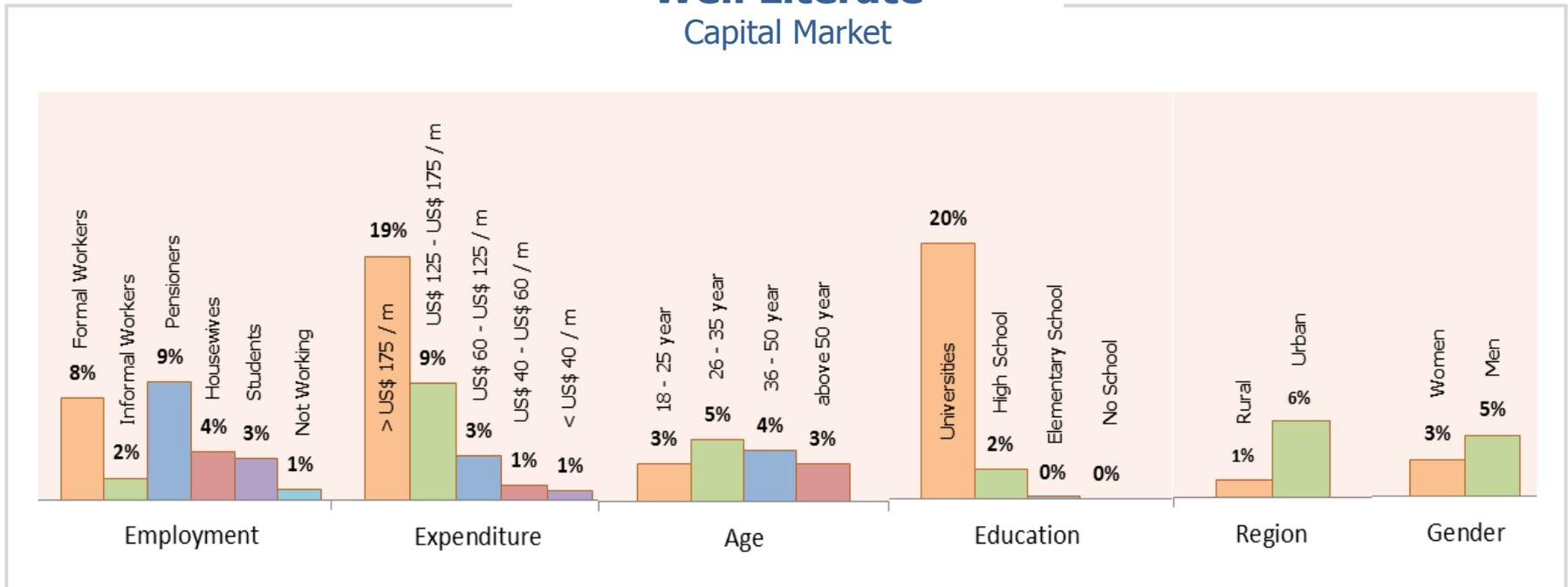
## Baseline Financial Literacy Survey 2013

**Capital Market**  **4%**  
 **0.1%**

 **Literacy Level**

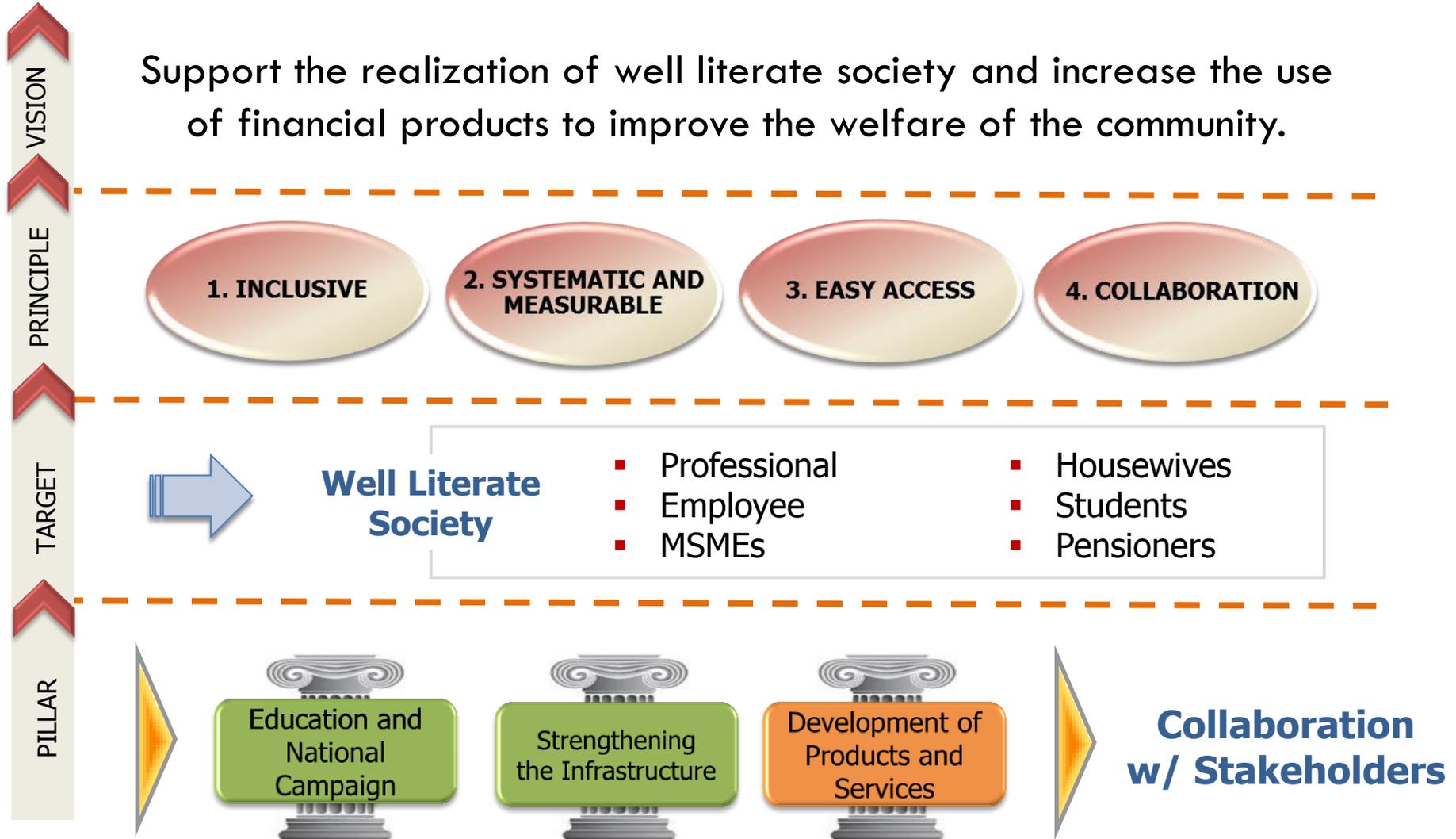
 **Usage Level**

### Well Literate Capital Market

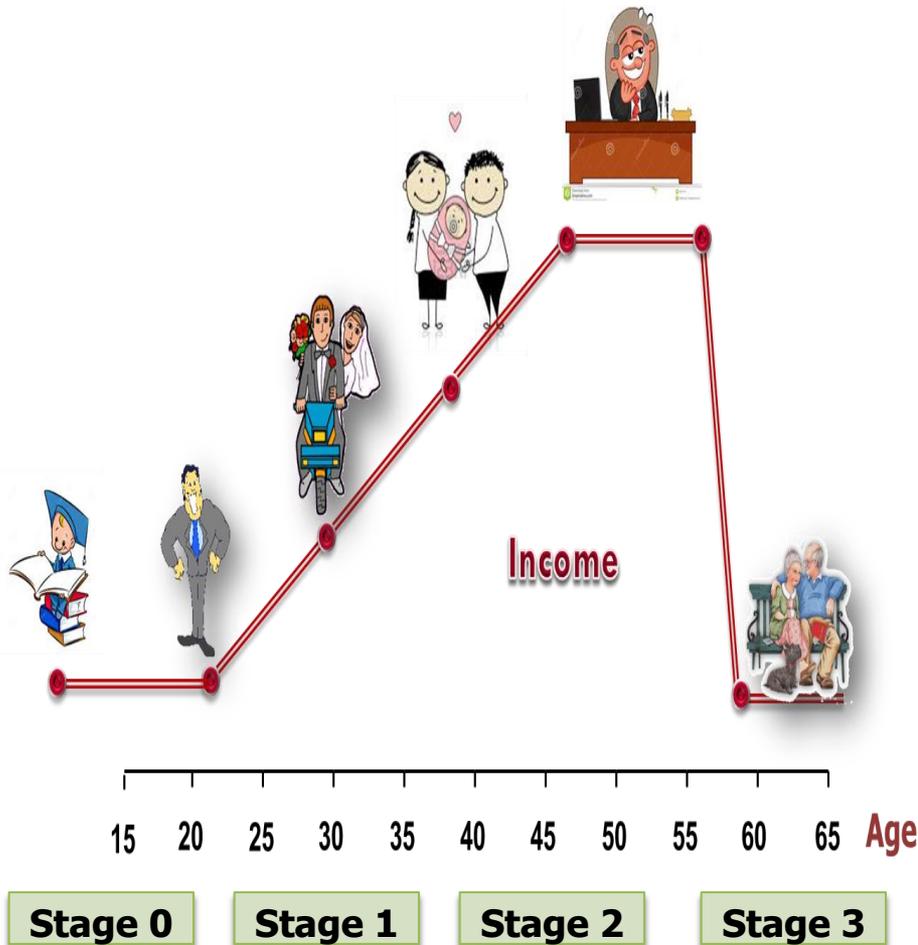


# Development of National Strategies

Support the realization of well literate society and increase the use of financial products to improve the welfare of the community.



## Life Cycle Programmes



Financial Education is a life-long process that begins in childhood and continues through to old age.

Financial education programmes should provide materials that match :

- ▶ the participants needs
- ▶ the participants characteristics

Financial education programmes should create creative method to deliver material due to difference in level of income, age, education and other characteristics of the participants.

**Youth**

Working Ages

Pensioners

Women

## Stage 0: Basic Wealth Knowledge

### Contents

Financial education should focus on building the foundational knowledge and encourages savings behaviour from youth to adulthood

### Delivery Channel

- Taught in School (Curriculum)
- Training for Trainers (Teachers)
- Mini Banks (Fin. Inst.)
- Games

***Financial literacy has come to be acknowledged as an essential life skill for individuals***

***The Role of School is Paramount***

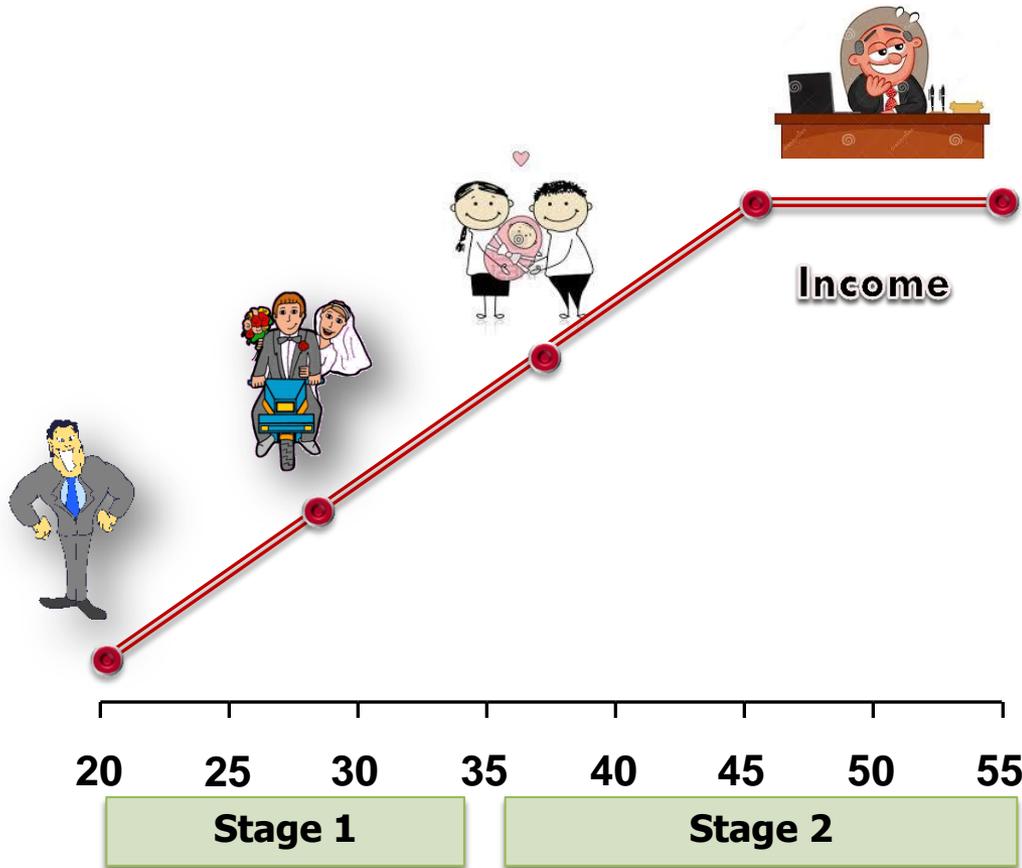
# Financial Literacy through Life Cycle

Youth

**Working Ages**

Pensioners

Women



## Stage 1: Basic Wealth Protection

▶ Age 20

▶ Age 30

## Stage 2: Wealth Accumulation

▶ Age 40 and 50

# Financial Literacy through Life Cycle

Youth

Working Ages

**Pensioners**

Women

## Stage 3: Wealth Distribution

- Financial Education may come too late
- Consumer Protection become important

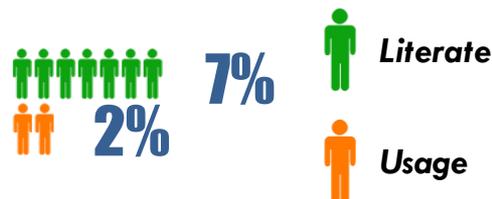
**5** Principle



55      60      65

Stage 3

## Baseline Financial Literacy Survey 2013 – Pension Fund



It is important for individuals to take **proactive** role in saving for retirement

Youth

Working Ages

Pensioners

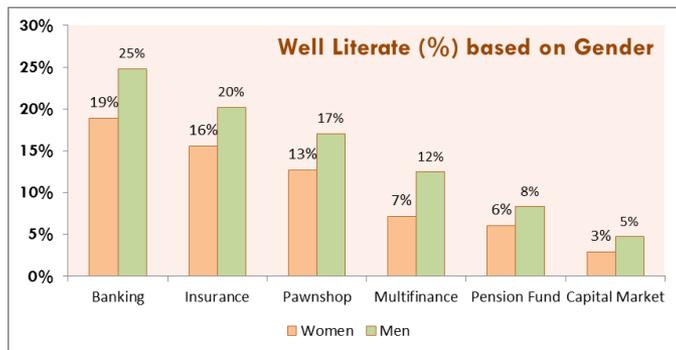
**Women**

Both women and men need to be financially literate.  
Women's needs are even higher, because of:

- Take primary responsibility of household resources
- Major role in transmission of financial habits to their children
- Lower earnings and labour market participation
- Longer life expectancy
- Lower Level of Financial Literacy and Financial Inclusion

Content :

- Financial Planning
- Planning for Retirement
- Entrepreneurship
- Avoiding Over-Indebtedness
- Financial Products



- Only 19% women have knowledge, skill and behaviour compared to 25% men are well literate in banking sector
- **In all 6 sector, women are less literate compare to men.**

# Financial Literacy through Life Cycle

Programmes should create creative method to deliver material due to difference in level of education of target audiences.

## Delivery Channel

### Urban People

- Education Website
- Social Media
- Lecture



### Rural People

- Financial Literacy Car
- Outreach Program
- Adv: TV, Radio, Newsletter



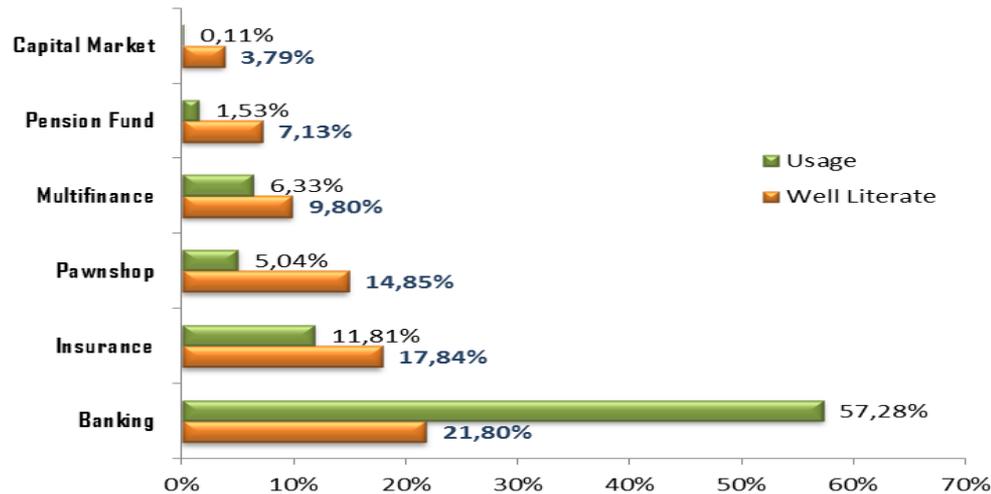
### Financial Customer Care

System where customers can receive and give information, and filed a Complaints



# Financial Literacy through Life Cycle

## Baseline Financial Literacy Survey 2013



Financial Literacy Survey conducted in 2013 was the largest literacy survey yet, comprising :

- 20 Provinces (from Aceh to Jayapura)
- 8.000 Respondent

**Every 3 Years**

**Assessment Programs**

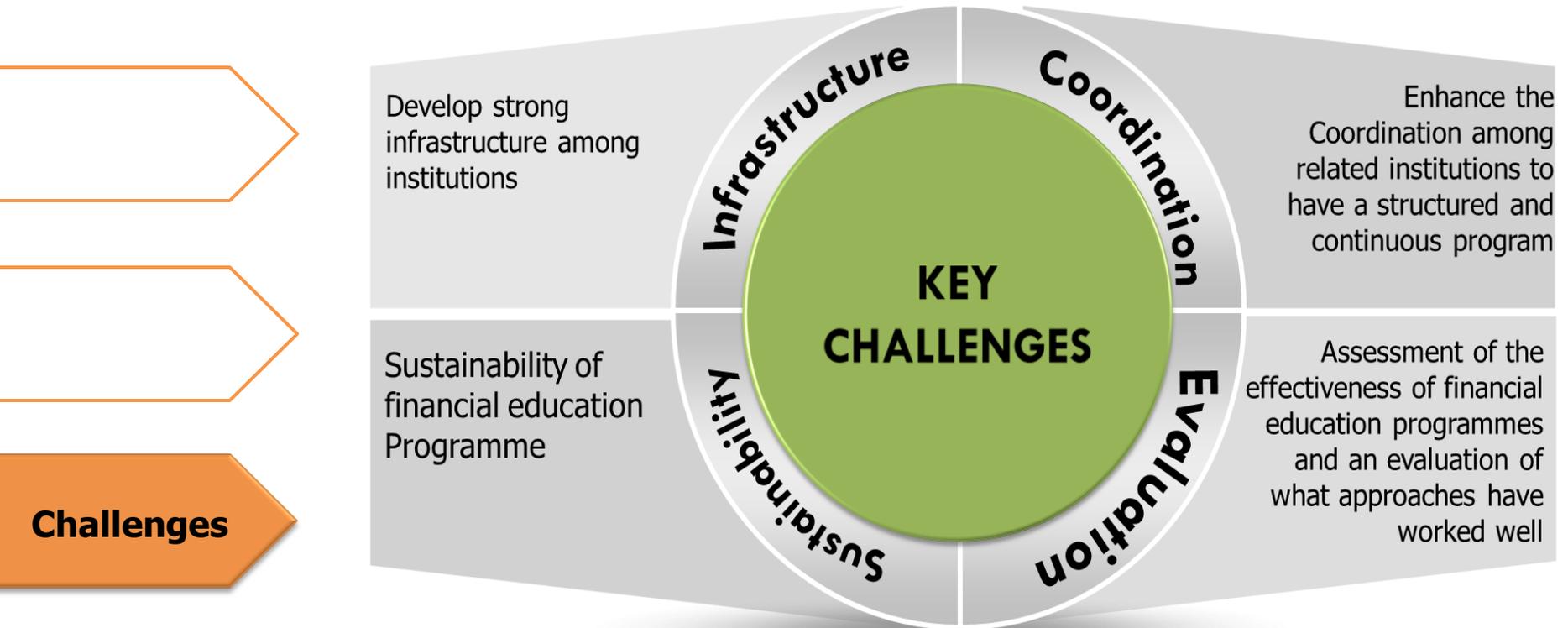
**Outreach Program**

**Questionnaires**

**Every Programs**

**Every Education Programs**

# Financial Literacy through Life Cycle



# THANK YOU

Mrs. Kusumaningtuti S. Soetiono  
Member of Board Commissioners  
in Financial Education and Consumer Protection, IFSA

Telp : +62-21 2981-7002  
Fax : +62-21 350 1886  
Mobile : +62-811-922-942  
Email : [kusumaningtuti.soetiono@ojk.go.id](mailto:kusumaningtuti.soetiono@ojk.go.id)

# Outreach Program

