

Module Microfinance and Micro Banking in Indonesia

Made and Presented by: BRI Research Institute,
Otoritas Jasa Keuangan



Microfinance and Microbanking in Indonesia

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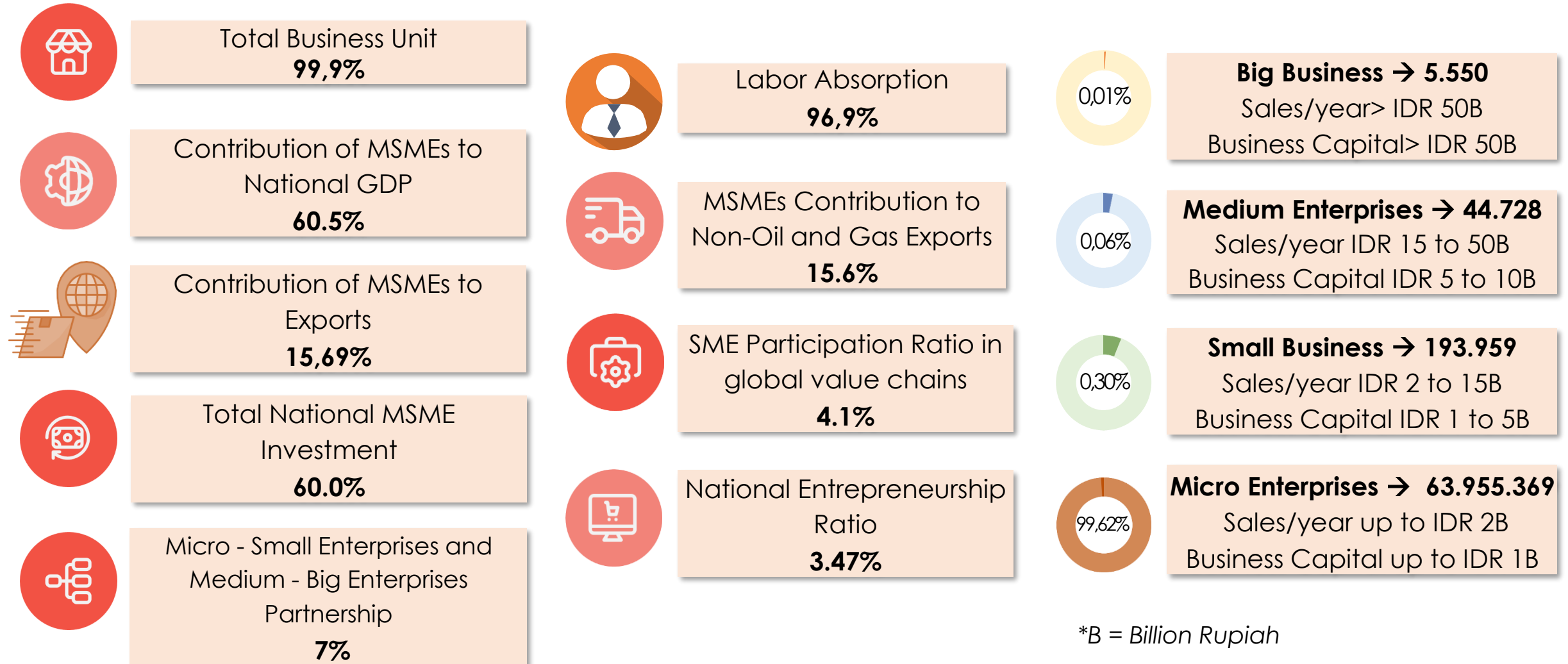
Monday, January 22th 2024

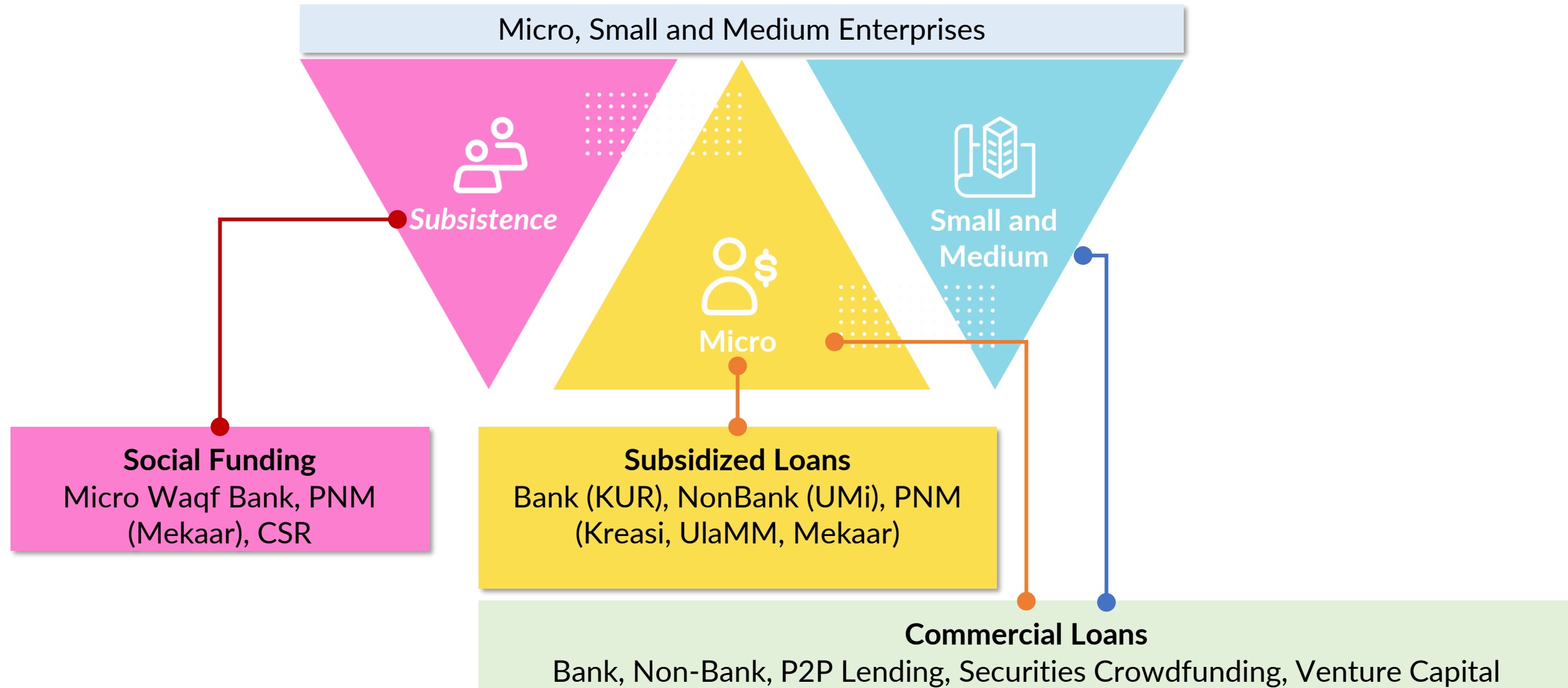


Indonesian Micro, Small, and Medium Enterprises

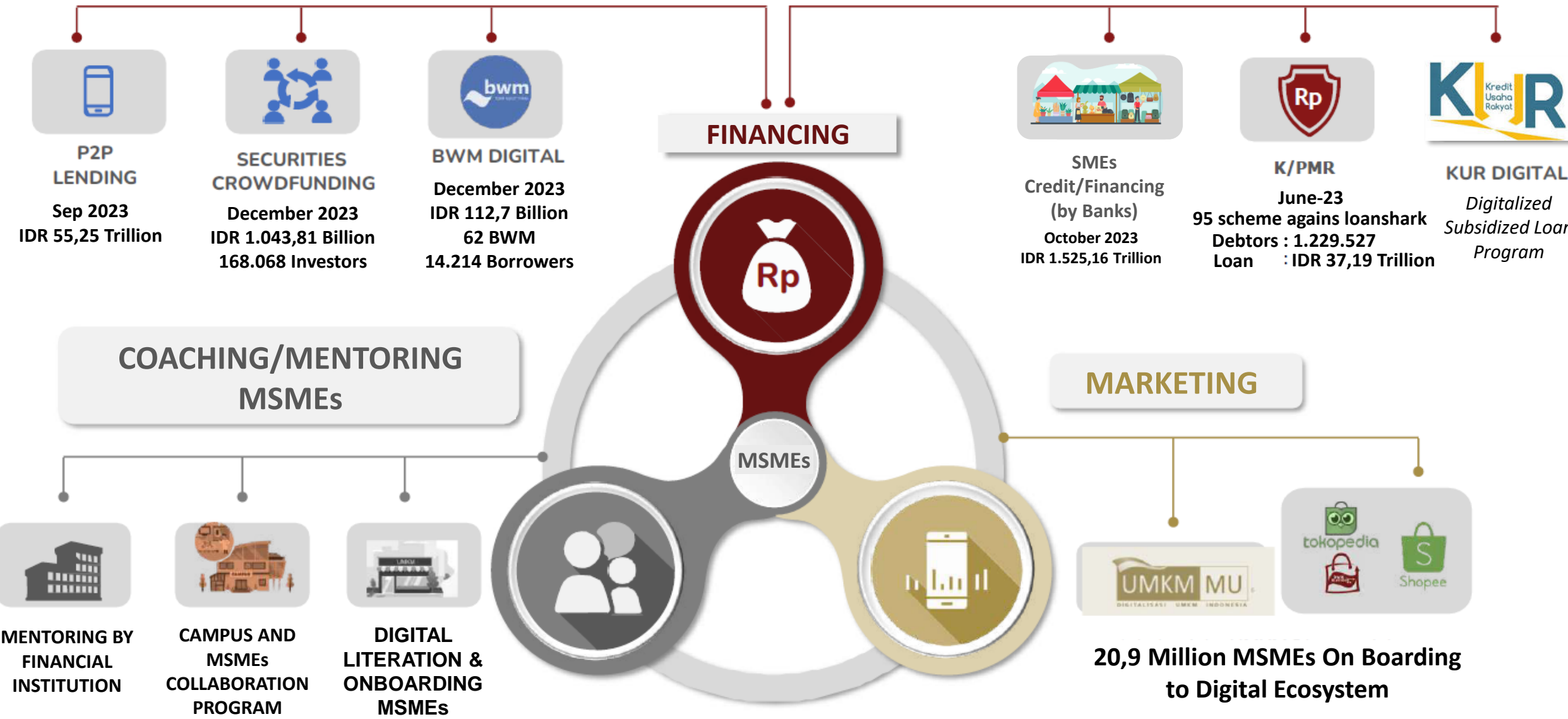
MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT

According to The Global Entrepreneur and Development Institute, in 2020, the Indonesian Entrepreneurship Index has a score of 26.0, and is ranked 75 out of 137 countries. While in ASEAN it is ranked 6 out of 10 countries.





MICROFINANCE ECOSYSTEM



Improving Financial Inclusion

FINANCIAL INCLUSION STRATEGY

NATIONAL



Financial inclusion means the condition in which every member of the society has access to formal financial services timely, steadily, and securely with affordable costs, in accordance to their needs and abilities, to improve their welfare.

STRATEGY

- Increase access to formal financial services;
- Increase financial literacy and consumer protection;
- Expand financial services;
- Strengthen access to finance and support for micro and small enterprises development;
- Improve digital financial products and services;
- Strengthen the integration of economic activities and financial inclusive through digital financial services.



OJK



Financial inclusion is the availability of access to various financial institutions, products and services that meet community needs and abilities to improve public welfare.

STRATEGY

-  Strengthen regulation and policies
-  Implementation of financial access expansion program
-  Development and strengthening information systems
-  Encourage participation and strategic alliances from stakeholders (Local Government, Financial Institution, Ministry)



PRINCIPLE

-  Measurability
-  Suitability
-  Affordability
-  Sustainability



LAYANAN KEUANGAN TANPA KANTOR DALAM RANGKA KEUANGAN INKLUSIF (LAKU PANDAI) – BRANCHLESS BANKING



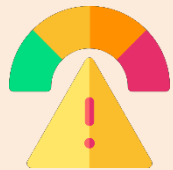
Financial Institutions become operator of Laku Pandai, after **obtaining permission** from OJK.



Licensing mechanism is carried out in accordance with the POJK regarding the **implementation of bank products**.



Supporting documents for applying permits are determined by the OJK (SEOJK).



Risk profile rating,
Operational risk level,
Compliance risk level.



Rank 1, 2, or 3 based
on the last
assessment period;



Have supporting infrastructure
to provide electronic banking
services.



Bank Products that can be provided
through the implementation of Laku Pandai



(Basic Saving
Account/BSA)



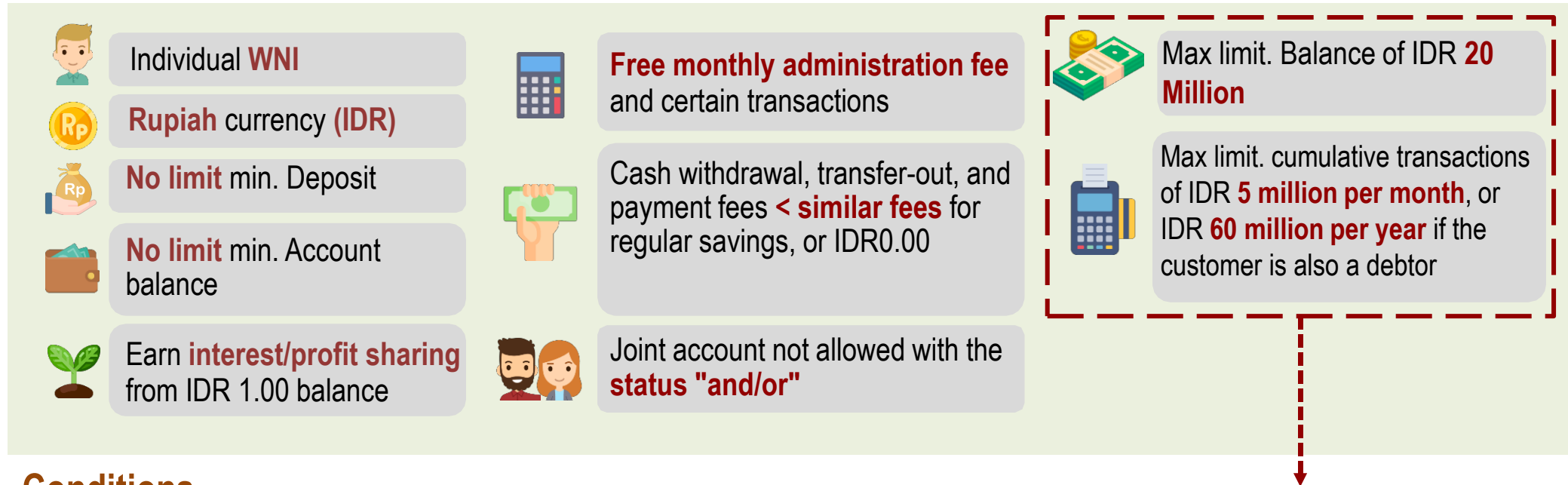
Credit or
Microfinance



Other Bank Products
(based on OJK permission)

LAKU PANDAI PRODUCT: BASIC SAVING ACCOUNT (BSA)

Characteristic



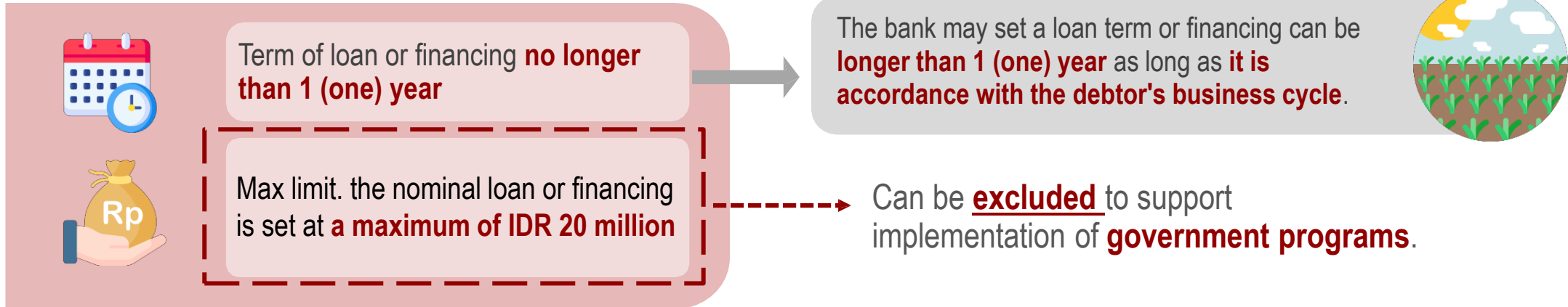
Conditions

1. Banks can only open BSA accounts to prospective customers who **do not have other savings.**
2. Under certain conditions, the Bank may **establish transaction maximum limit oversight policy** for a time.

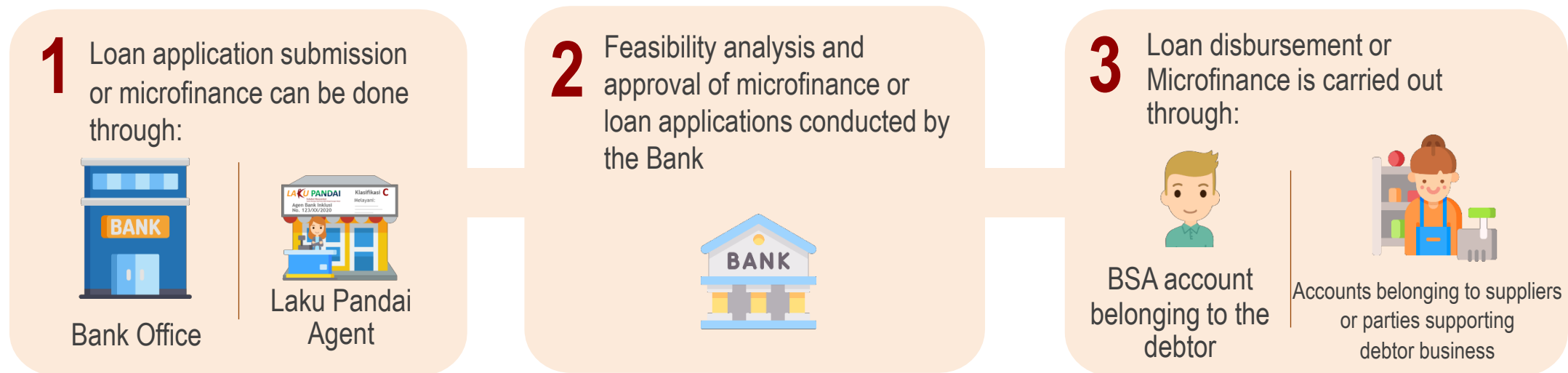
Can be **excluded** to support implementation of **government programs.**



Characteristic



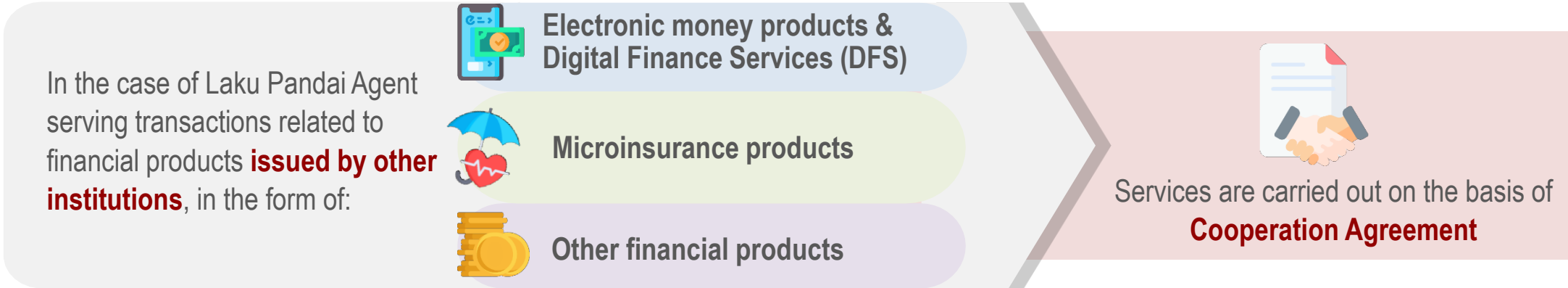
Disbursement Mechanism



BANK COOPERATION WITH LAKU PANDAI AGENTS: SERVICES PROVIDE BY LAKU PANDAI AGENTS

- Laku Pandai Agent serves customers or prospective customers **according** to the scope of services based on their **classification**.
- New agents should **start from classification A**.
- If the new agent **has first provided** services related to other financial products **beyond** the scope of classification A services, the agent **may still provide such services**.
- Banks must have **a written policy regarding the mechanism for changing** the classification of Laku Pandai Agents.
- Changes The classification of agents **does not have to be sequential** (from classification A directly to classification C).

Agent Services	Classification		
	A	B	C
<ul style="list-style-type: none">• BSA• Electronic Money (DFS agent)• Microinsurance	●	●	●
<ul style="list-style-type: none">• Loan/Microfinance• Savings account other than BSA (excluding manual account opening and closing)		●	●
<ul style="list-style-type: none">• Other Financial Products			●





P2P Lending development

101 P2P Lending

94 Conventional and 7 Sharia

7.674.858

Lender (unit of entity)

(Number of Lender Accounts)

19.525.822

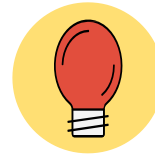
Borrower (unit of entity)

(Number of Borrower Accounts)

IDR20,35 Trillion

Disbursement to MSMEs

Sept 2023



Fintech Development Strategy

Providing OJK Infinity and regulatory sandbox to encourage Start-up growth and create a fintech ecosystem in Indonesia

Ensuring that fintech and traditional financial institutions will have the same level playing field going forward



Digital Financial Innovation

155 Registered and Licensed Digital Finance Innovation

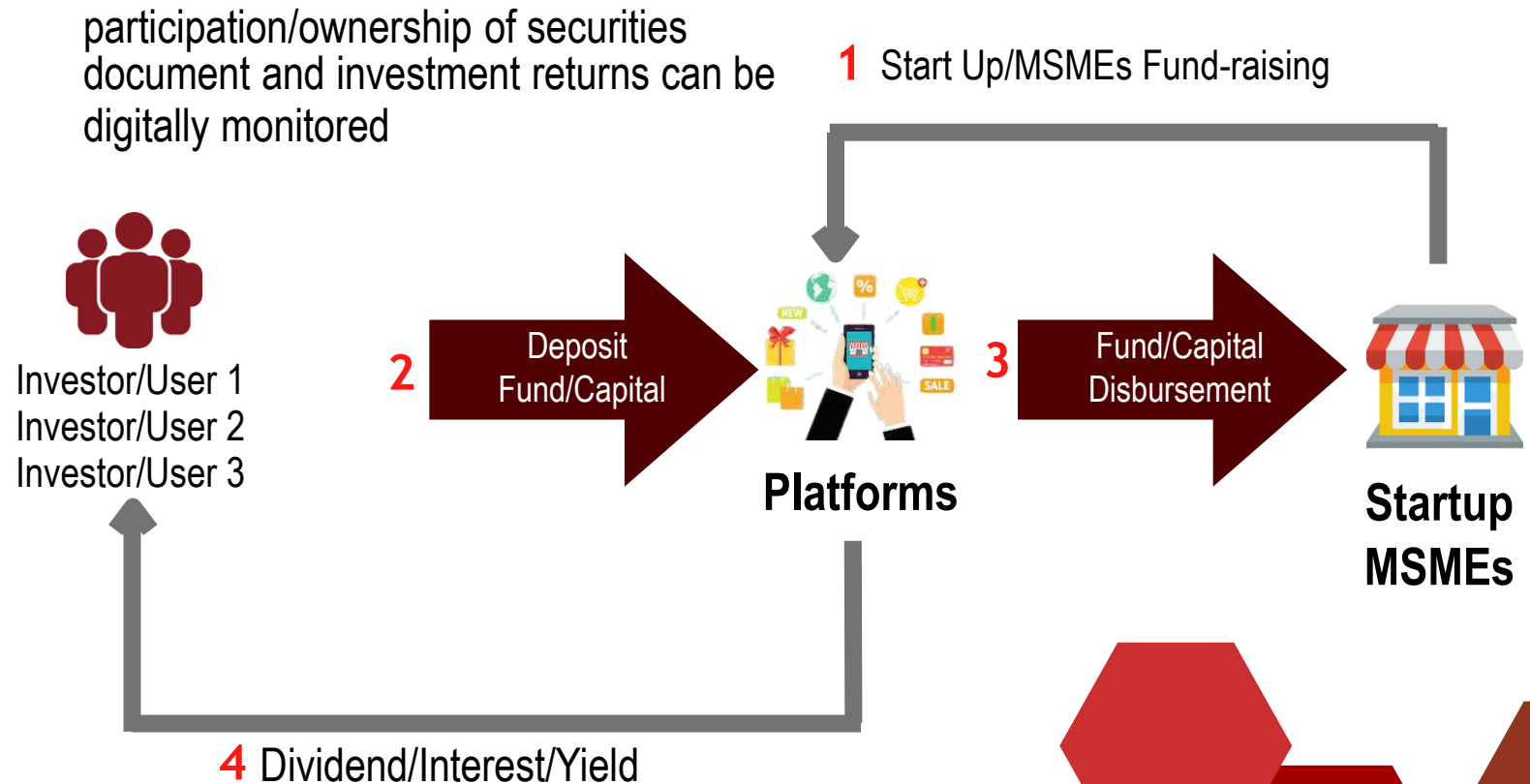
15 Cluster

4 Association

AFTECH, AFPI, AFSI, ALUDI



Securities Crowdfunding Concept



Indonesian Securities Crowdfunding (SCF) Potential

in Dec 2023, there are **16 platforms** and **494 issuers** who have raised funds IDR **1,04 trillion**.

OJK Policy on Microbanking

POLICY TO RESPONSE THE IMPACT OF COVID-19

Regulation Issuance :

POJK 19/2022 concerning Special Treatment for Financial Services Institutions in Certain Regions and Sectors in Indonesia Affected by Disasters

Assessment quality of loan/financing/provision of other funds only based on timeliness of payment principal and/or interest for loans up to IDR 10 billion.

**Default
on Loan**

allowance for
impairment
losses



OJK Policy:

1. Loan Restructurisation
2. Additional Working Capital Loan



Government Policy:

Interest Subsidies, Credit Guarantees



OJK Policy:

1. Market stabilization to maintain market sentiment
2. Massive and Effective policy communication

Investor Outflow



Financial Sector

(Banking, Capital Market, Non Banking Financial Industry)

Liquidity

Loan Inflow
Customer Deposit
Outflow

Financial Services Sector Conditions
✓ CAPITAL ✓ LIQUIDITY

Supporting the National Economic Recovery Program

- Subsidy for Interest Expenses
- MSMEs and Corporate Credit Surety
- Placement of Government Funds in Banking



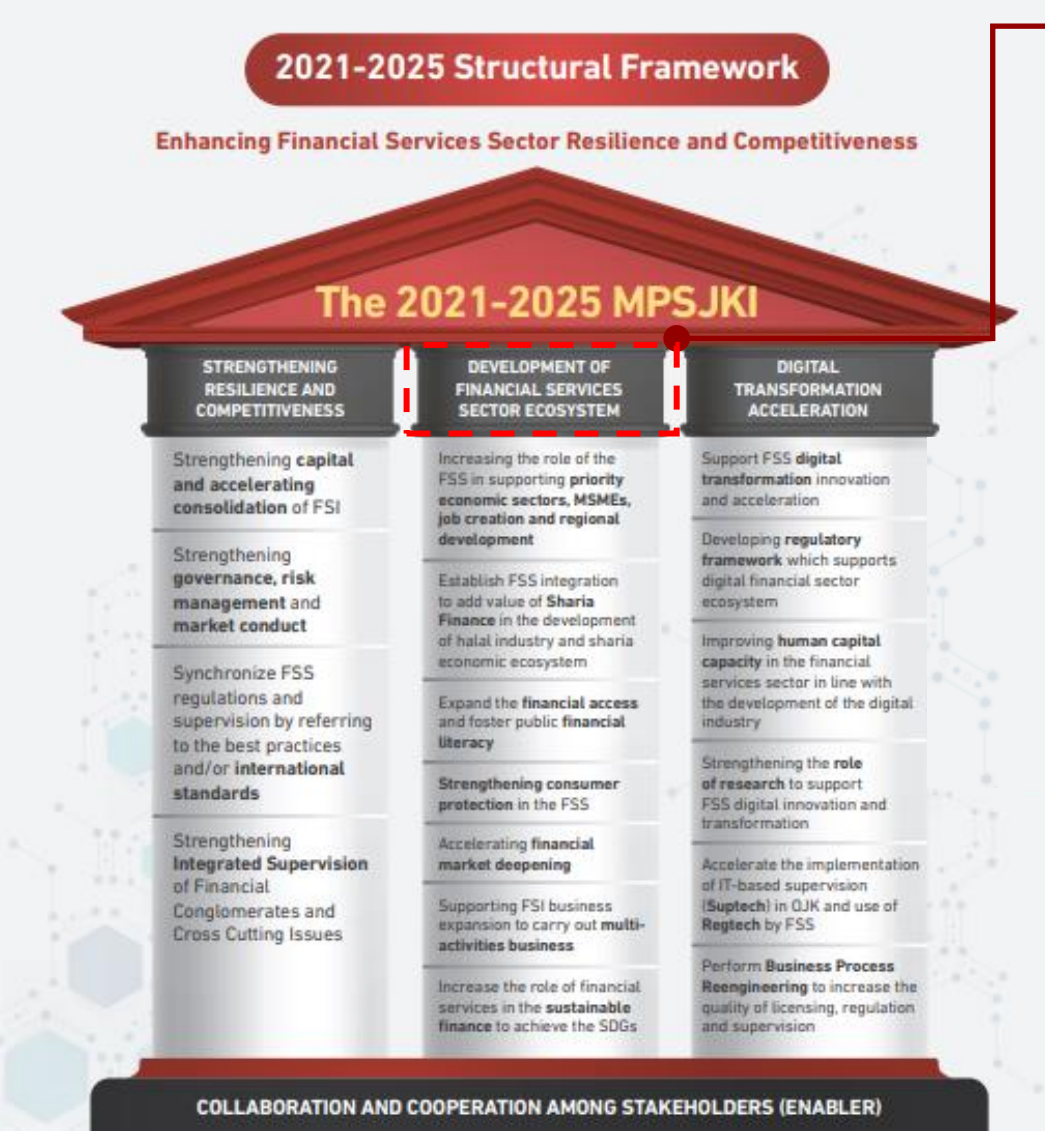
Government Policy:

Placement of Government Funds in Commercial Banks



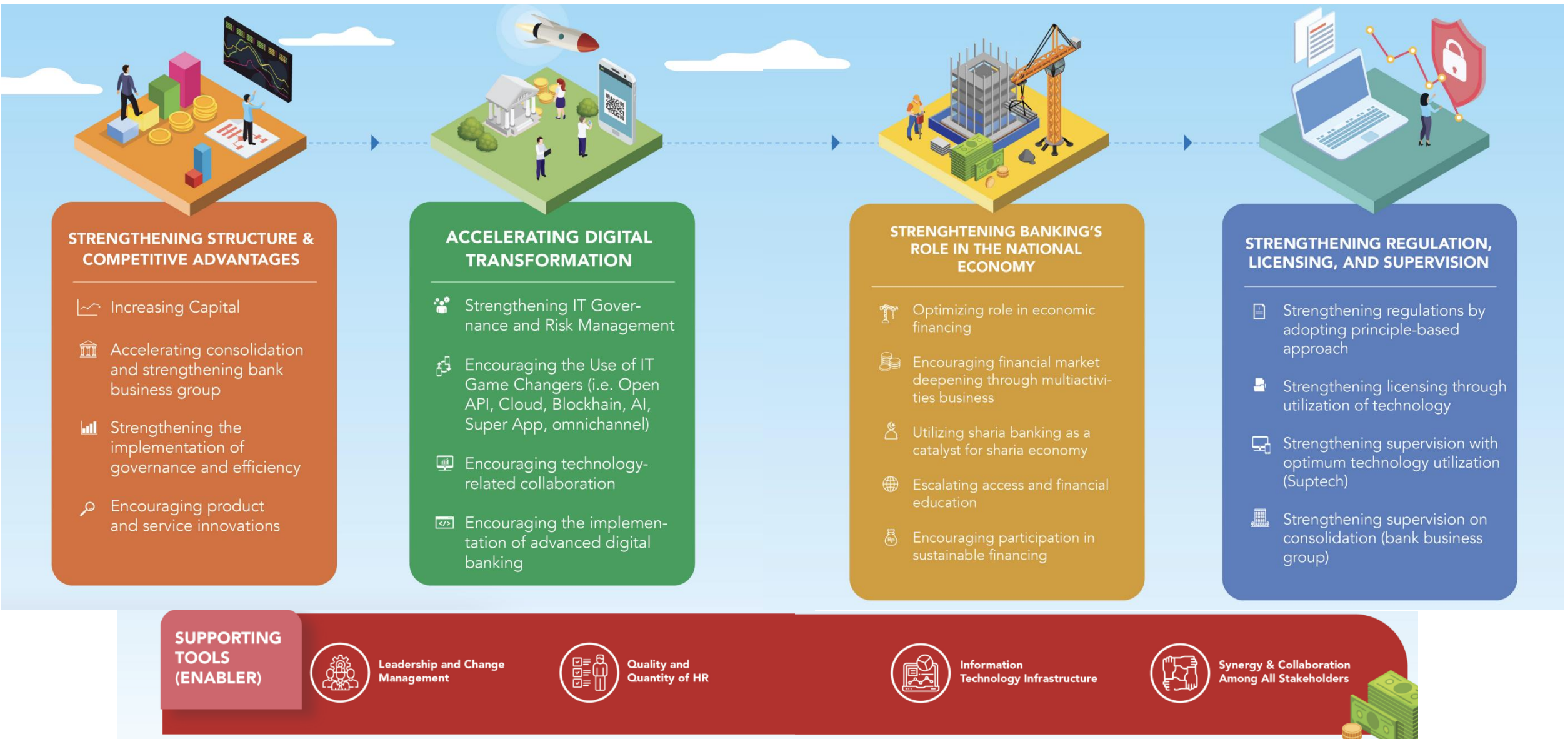
Bank Indonesia Policy:

1. Liquidity Scheme
2. Quantitive Easing



- In order to encourage the development of MSMEs, OJK will take several policies.
- OJK directs all FSIs to expand services to MSMEs, especially in remote rural areas.
- OJK continues to support the distribution of People's Business Loan (KUR) with various schemes.
- OJK and the Indonesia Stock Exchange will improve access to MSME financing through the Capital Market, especially by listing them on Acceleration Boards, business incubators programs and accelerating the process of Electronic Registration of Public Offerings for Issuers with small or medium scale assets (E-Registration).
- OJK will continue to optimize special MSME programs such as Micro Waqf Bank and Micro Insurance. OJK also continues to encourage financing for social assistance beneficiaries (Program Keluarga Harapan) through the Mekaar program by PNM, credit guarantees by guarantee institutions, financing for housing development for low-income communities by SMF, financing through mortgages and financing for export-oriented MSMEs by the Indonesia Exim Bank (Lembaga Pembiayaan Ekspor Indonesia or LPEI).
- OJK supports the formation of a financial ecosystem that involves cooperation between FSIs in serving the financial needs of MSMEs.
- OJK will strive to strengthen the role of guarantee institutions at the central and regional levels to support FSI financing to MSMEs.
- OJK will also coordinate with related ministries and agencies to improve the empowerment of MSMEs, especially those that are export-oriented and import substitution.

INDONESIA BANKING DEVELOPMENT ROADMAP 2020-2025



Thank You

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