

FINANCIAL INCLUSION DEVELOPMENT IN INDONESIA AND HOW IT RELATES TO MACROECONOMIC VARIABLES

Presented in The Capacity Building Seminar on
Financial Inclusion in Asia-Pacific The Way Forward

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FINANCIAL LITERACY AND INCLUSION CONDITION IN INDONESIA

FACTS



Low Income
Society



Uncertified
Asset



Complicated
Requirements



Long Distance



Limited Agents



Limited Financial
Services



Low Financial
Literacy



Low Financial
Management
Capabilities



Limited
Infrastructure



The Cost of Financial
Services is Relatively
High

FRAMEWORK

EQUALLY SOCIAL WELFARE

Economic Growth



Poverty Alleviation



Income Equality



Financial System Stability



VISION

INDICATOR

FINANCIAL ACCESSIBILITY

MARKET CONFIDENCE

EXPECTED
CONDITION

LOW INCOME
SOCIETY

- Migrant workers
- Woman
- Community group with social welfare problems

Cross Group Society

- Communities in underdeveloped areas, borders, and outer islands
- Groups of students and youth

MSME

SEGMENT
TARGET

FINANCIAL EDUCATION

FINANCIAL INCLUSION

CONSUMER
PROTECTION

WAY THROUGH

POLICY AND
REGULATION



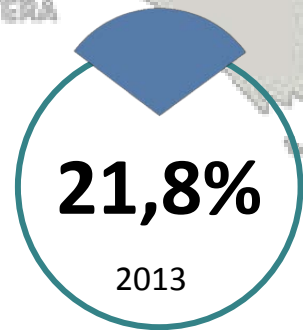
FINANCIAL INCLUSION IN INDONESIA

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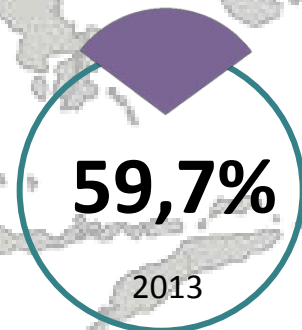
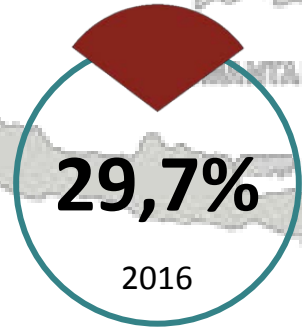
Financial Inclusion is the availability of access to various formal financial institution, product, and services in financial sector in accordance with the needs of the community in order to improve social welfare.

(POJK No.76/POJK.07/2016)

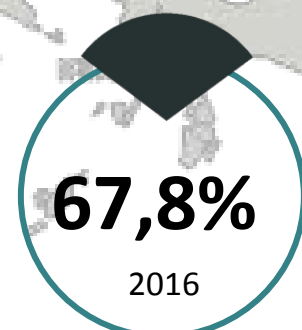
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FINANCIAL LITERACY



FINANCIAL INCLUSION



MACROECONOMIC VARIABLES AND FINANCIAL INCLUSION



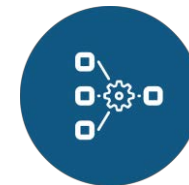
Macroeconomic variables that are significant and positively affect the financial inclusion are outstanding deposit to GDP ratio, outstanding loan to GDP ratio, domestic credit to GDP ratio, M1 to GDP ratio, GDP per capita, and economic growth.



Macroeconomic variables that give most positive effect on financial inclusion is economic growth



Financial variables that affect significantly positive towards financial inclusion in Asia are the number of bank branches, ATM number, cost of business, mobile cell subscription, internet user, and telephone lines



The most influential financial variable toward financial inclusion is the number of branch offices

Economic variables generally have a relatively high impact on financial inclusion than financial variables towards financial inclusion

MACROECONOMIC VARIABLES AND FINANCIAL INCLUSION IN INDONESIA

Level of financial inclusion in Indonesia is influenced by macro variables and financial variables



Based on the result of time series data regression in Indonesia, the variables that have positive influence on financial inclusion are GDP per capita, national saving to GDP ratio, domestic credit to GDP ratio, internet user number, ATM number, and mobile cell subscription



The variables that influence financial inclusion from saving and loan side are number of bank branches and outstanding deposits to GDP



The result of heterogeneous panel data regression shows significant variables affecting financial inclusion from side savings are the number of bank branches, outstanding deposit ratio, the domestic credit to GDP ratio, and the number of ATM



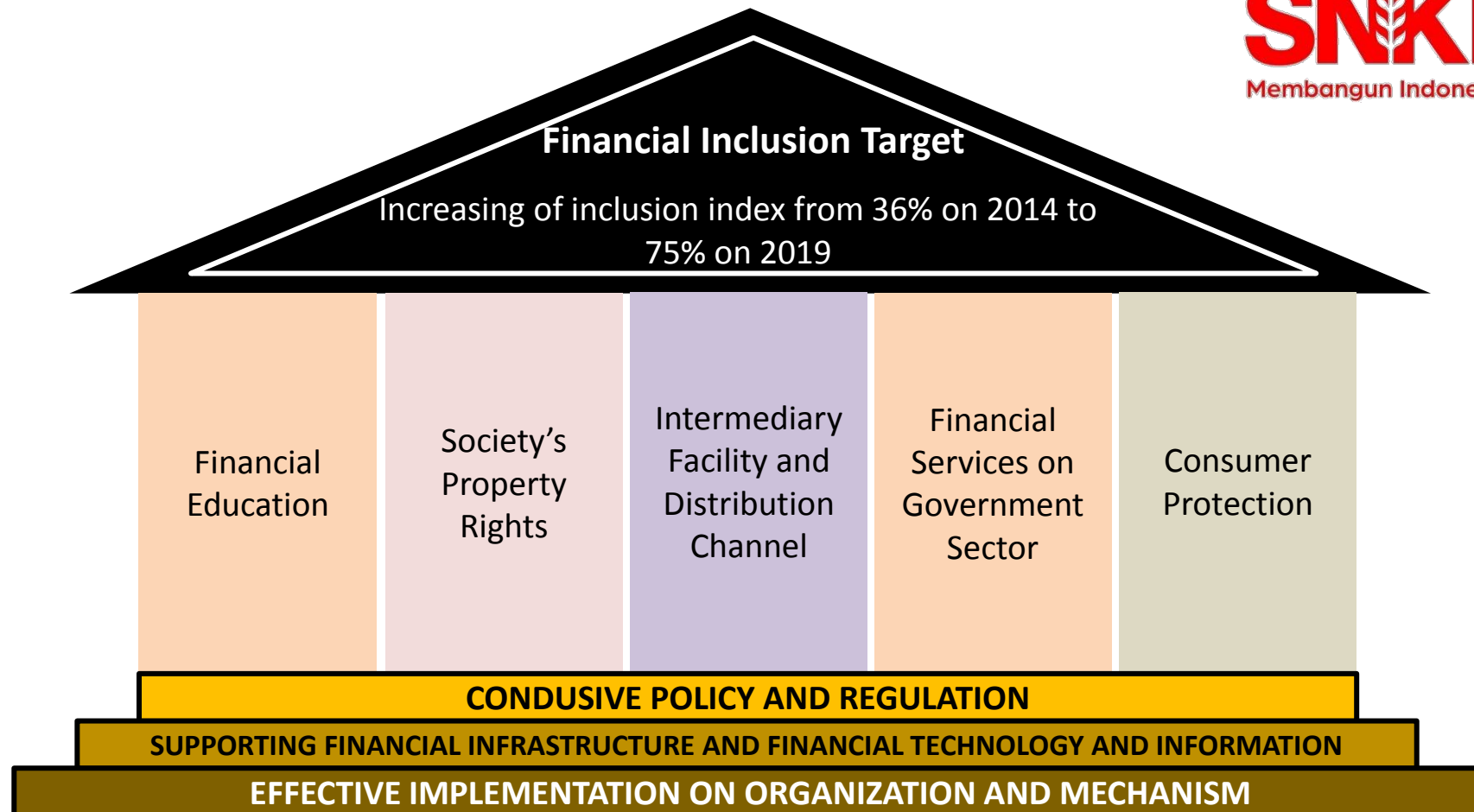
Macroeconomic variables tend to have a higher influence on financial inclusion compared to financial variables to financial inclusion



There are no macroeconomic variables or financial variables that significantly affect the financial inclusion from loan side

PRESIDENTIAL DECREE OF NATIONAL FINANCIAL INCLUSION STRATEGY

Presidential Decree of National Strategy on Financial Inclusion No. 82 Year 2016 are set on September 1, 2016



FINANCIAL INCLUSION PROGRAM



Laku Mikro is the Micro-Product as an entry gate for micro customers and facilitates one stop services, especially for unbanked, uninvested, and uninsured people



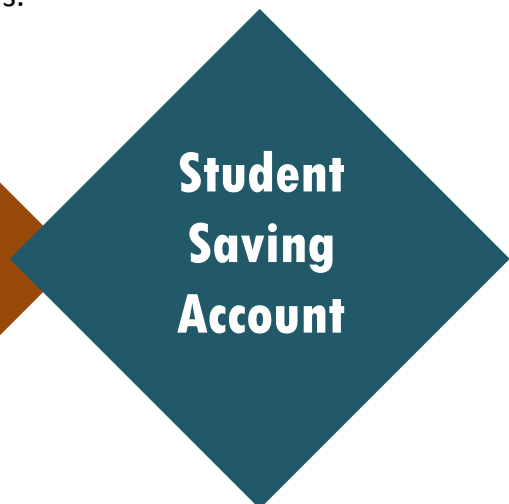
This program is dedicated to optimize credit distribution to the fisherman, collaboration between OJK, Ministry of Fishery, and financial institutions.



Laku Pandai or branchless banking is a distribution channel strategy used for delivering financial services without relying on bank branches.



SimPel / SimPel iB is a savings account for students in the framework of education and financial inclusion to encourage saving culture.



1.007.513 accounts



14 banks



29.384 PKS



Rp9,3 bio



Rp5,68 trio



2.506.605 accounts



Rp 520,70 bio

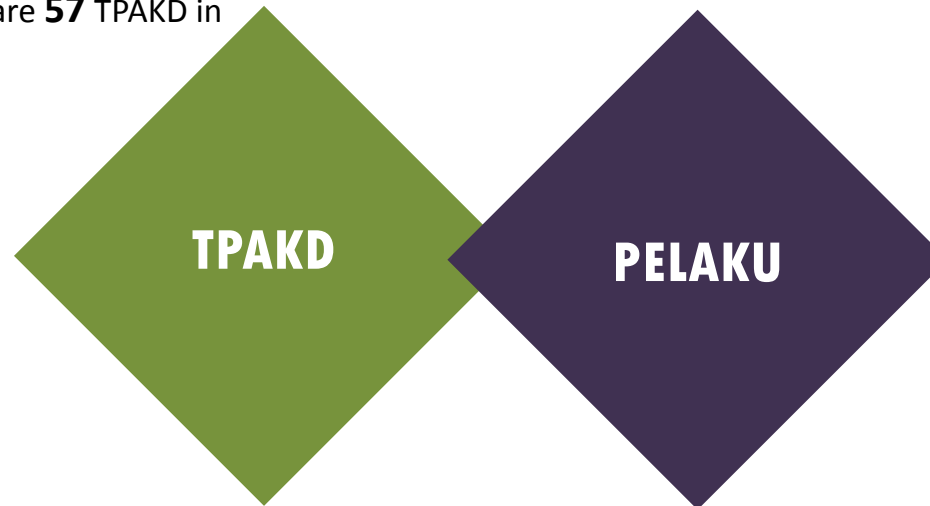
FINANCIAL INCLUSION PROGRAM



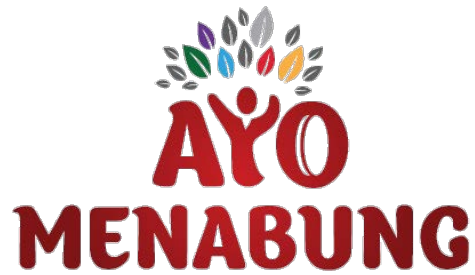
Tim Percepatan Akses Keuangan Daerah (TPAKD). Coordination forum among stakeholders to improve access to finance in the region in order to increase regional economic growth and prosperity. There are **57** TPAKD in Indonesia.



Pusat Edukasi, Layanan Konsumen, dan Akses Keuangan UMKM (PELAKU) is a center for financial information delivery and complaint handling, as well as increased access to finance for MSMEs in the region.



FINANCIAL INCLUSION CAMPAIGN





Thank You

