

DEVELOPING INCLUSIVE FINANCIAL SYSTEMS AND SMALL, MICRO AND MEDIUM ENTERPRISES

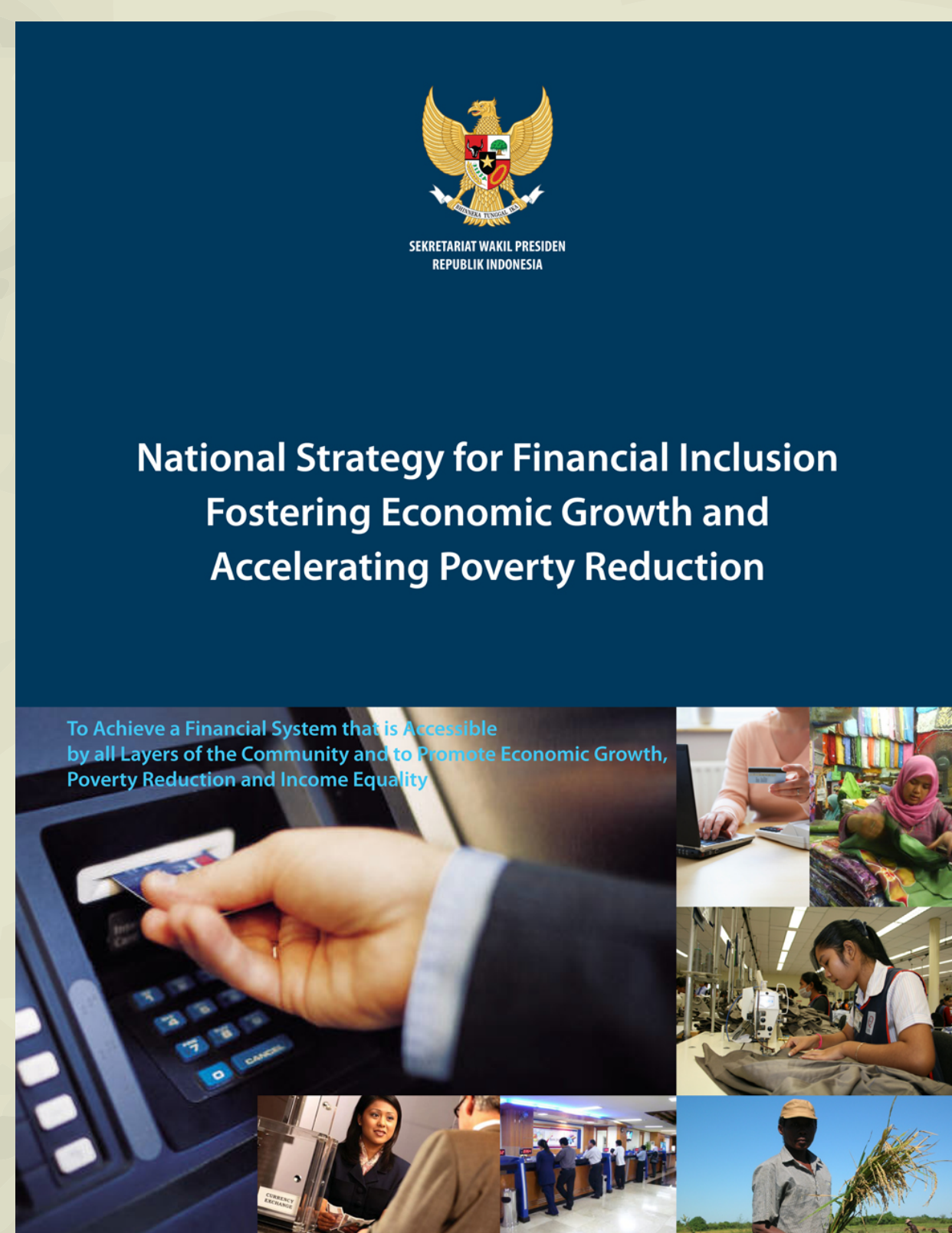


80%
OF INDONESIA'S POOR DO NOT USE FORMAL FINANCIAL INSTITUTIONS

- Almost half of Indonesians do not use formal financial institutions, such as banks.
- Only 1 in 5 small businesses receive loans from banks, with the remainder reliant on loans from individuals, colleagues or relatives.
- For micro businesses, nearly all rely on their own capital, with only 5% receiving loans from banks.

INCLUSIVE FINANCIAL SYSTEM

Financial Inclusion Strategy Roadmap created together with Bank Indonesia, the Coordinating Ministry of Economic Affairs and the Ministry of Finance.



DIGITAL FINANCIAL SERVICES

Supported **Bank Indonesia Regulation Number 16/8/PBI/2014** on Digital Financial Services.

2,600
households

4
provinces

DKI Jakarta
West Java
East Java
NTT

3
commercial banks
with wide
networks

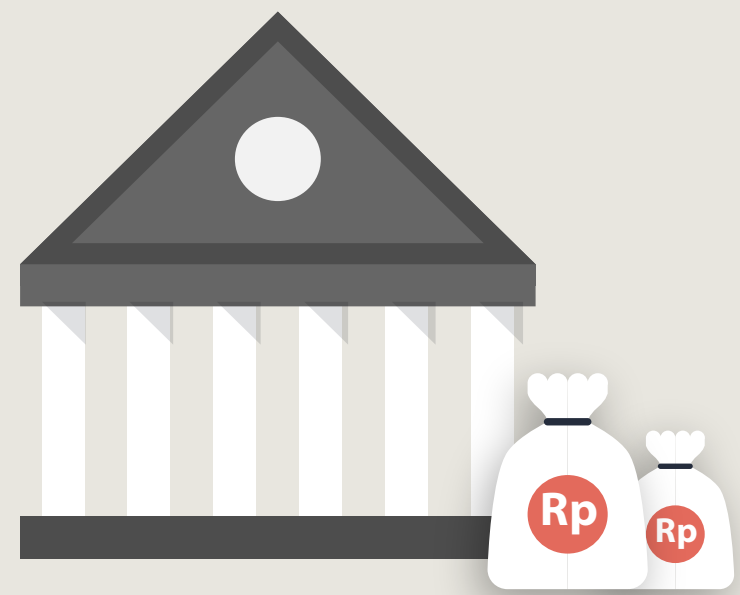
BANK BRI
mandiri
CIMB

PILOT TESTS

Conducted pilot tests on the electronic distribution of PKH benefits to **2,600 households in 4 provinces.**

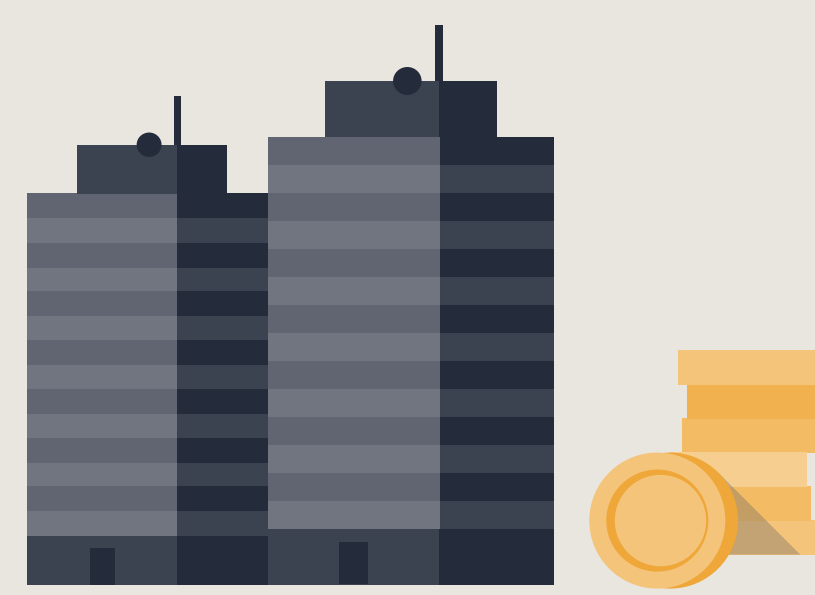
STUDIES RELATED TO THE CREDIT FOR BUSINESS PROGRAMME (KUR)

a



Studies on increasing the number of KUR micro channelling banks – **in collaboration with the Economic Research Centre, Indonesian Institute of Sciences.**

b



Studies on increasing the number of credit guarantee companies - **in collaboration with the Institute for Economic and Social Research, University of Indonesia.**

c



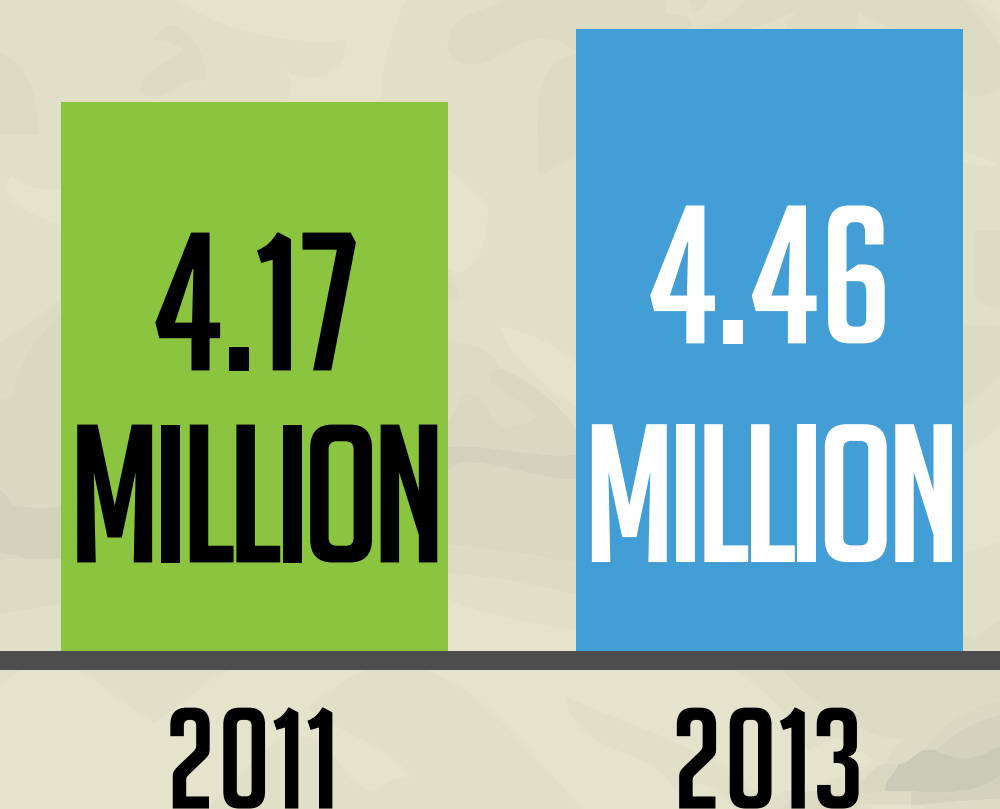
Studies on the profiles of KUR beneficiaries using data from the **Bank of Indonesia's Debtor Information System.**



GROWTH IN EMPLOYMENT OPPORTUNITIES

UNEMPLOYMENT RATES AMONG 15-24 YEAR OLDS

- The unemployment rate among young people in Indonesia increased by about 300,000 people in 2 years.
- Requires effort to improve skills, provide employment information as well as encourage entrepreneurship.



5 PILLARS OF ACTION TO CREATE EMPLOYMENT AND IMPROVE THE SKILLS OF THE LABOUR FORCE

- Improve employment services and information systems.
- Improve the skills and capacity of the labour force.
- Develop small & medium enterprises and cooperatives and entrepreneurships.
- Create employment opportunities through labour-intensive programmes and community-based infrastructure.
- Create employment opportunities through emergency employment programmes.

1 in **5** young people **do not work**

7X more than Thailand
4X more than Vietnam
2X more than Malaysia & India



AGENDA GOING FOWARD

- Formulate labour-intensive programmes at the village level.
- Increase access to vocational training.
- Encourage entrepreneurships.