

**OJK INTERNATIONAL
CENTER OF EXCELLENCE
FOR MICROFINANCE AND
INCLUSION**

**OJK - PUSAT KEUANGAN
MIKRO DAN INKLUSI**

(OJK-PROKSI)



Microfinance Sub Sectors in Indonesia



Micro-Credit

- Very small loan
- No Collateral
- Repayable within 6-12 months



Micro-Saving

- Very small deposit
- Less than IDR 20 Million / USD 1,449



Micro Insurance

- Premium under IDR 50.000/USD3,62

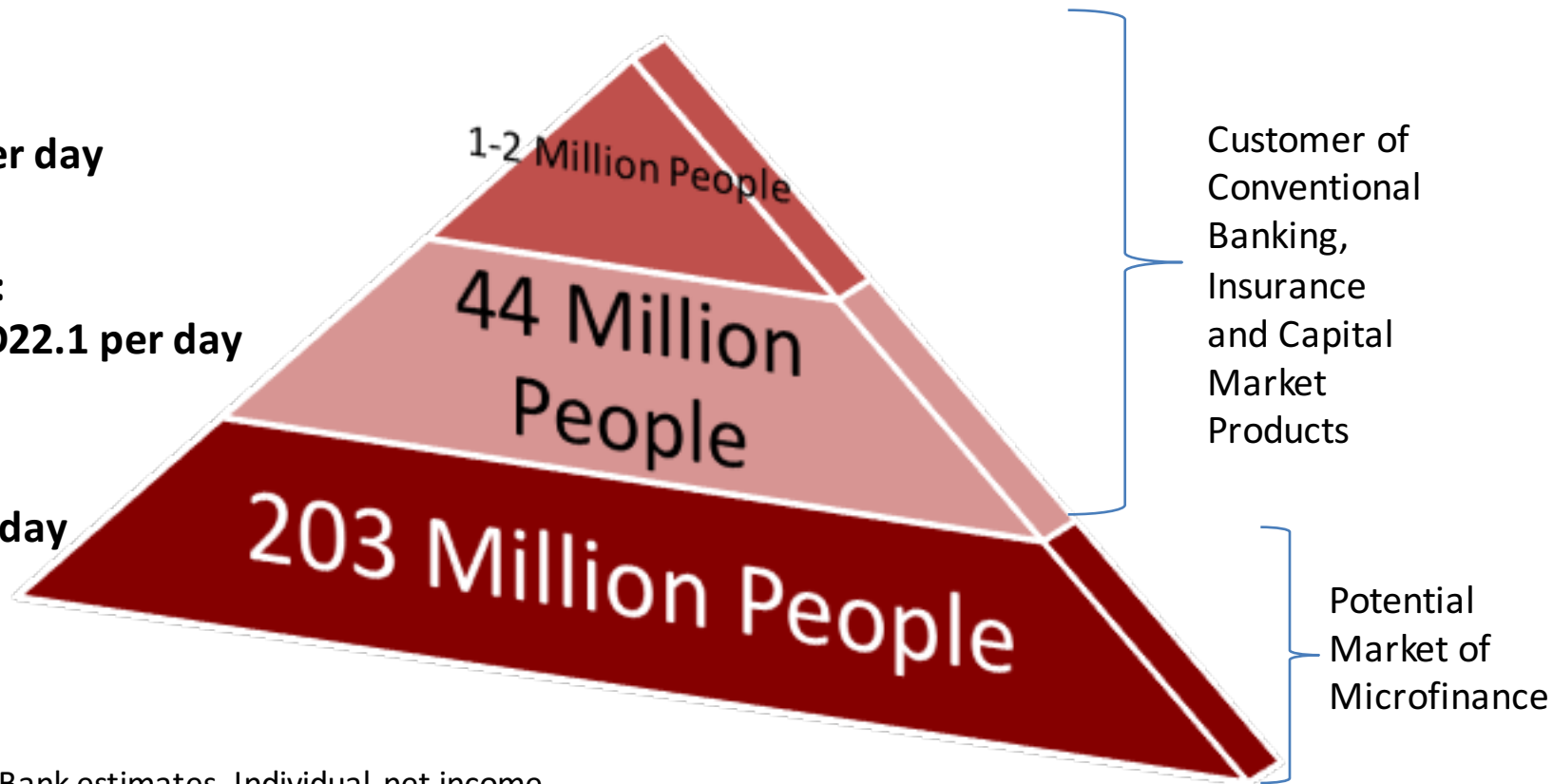


Indonesia's Economic Pyramid

Upper Class:
>USD22.1 per day

Middle Class:
USD4.5 - USD22.1 per day

Poor:
< USD4.5 per day



Source: World Bank estimates, Individual net income

<http://blogs.ft.com/beyond-brics/2014/04/15/indonesias-fragile-middle-close-to-the-edge/>

Note: < USD1.90 a day, 96m people; USD 1.90 – USD 4.50, 107m people

ASIA



INDONESIA

Unity in Diversity

34 Provinces **253 million** Population

CAPITAL : Jakarta

4th most populous country on earth

118 Commercial Banks

1,800 Rural Banks

600,000 Micro Finance Institutions



360 Ethnic Groups

Speaking 719 Languages

Living on 6000 of 17,504 islands

Microfinance and Financial Inclusion

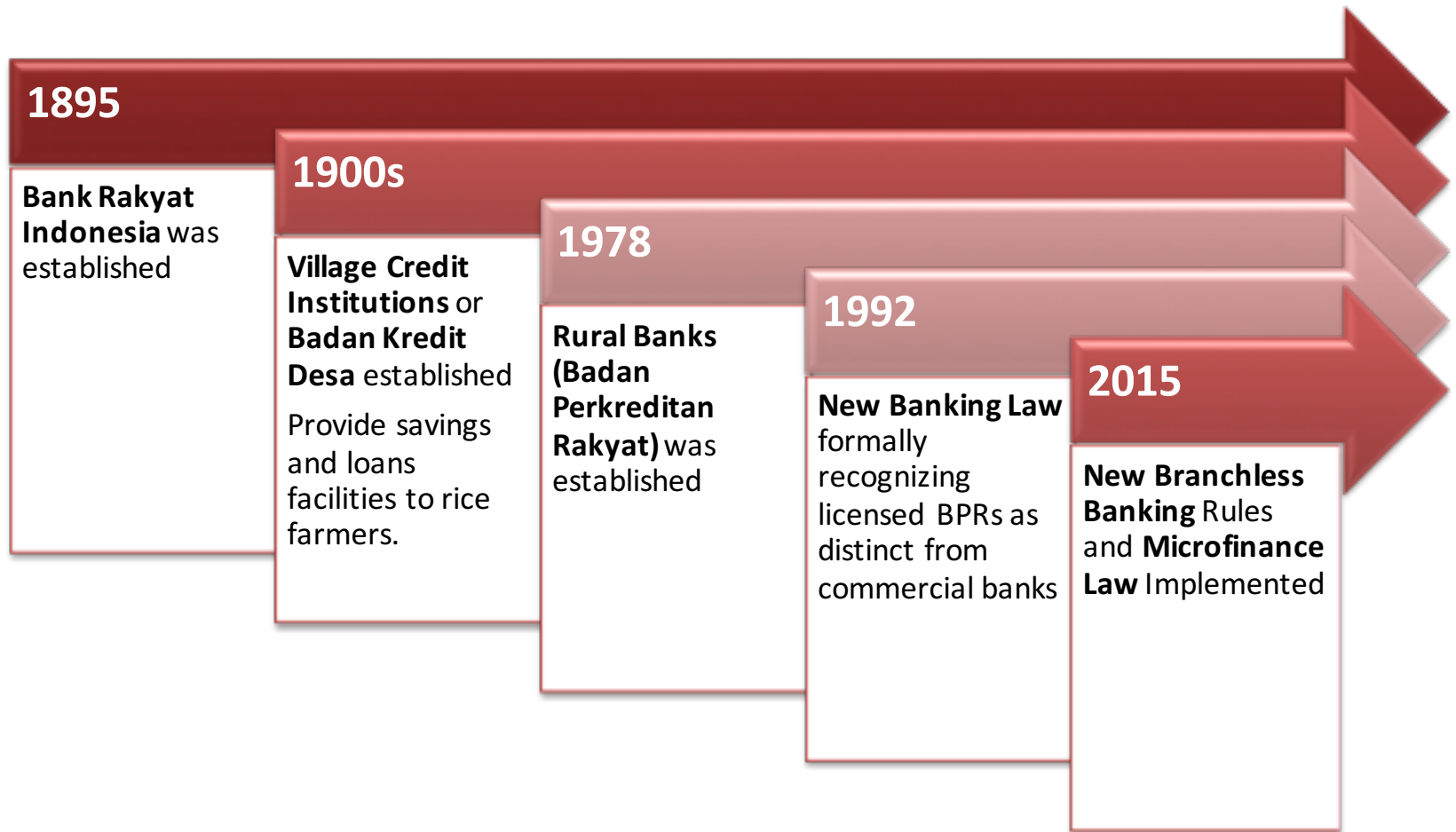


Microfinance is an important **financial inclusion instrument** that can **address development issues** such as unemployment, poverty and social gaps by generating employment, improving social income and access to finance.

Microfinance could also provide **community's basic economic needs** and **increase productivity** while **maintaining the cohesiveness** of local society.

In terms of access to finance, microfinance is a **suitable solution** for the poor as it **increases access** by enabling micro-credits for the low-income households.

The History of Microfinance in Indonesia – More than 100 years



Financial Inclusion in Indonesia

CHALLENGES

1. **203 millions** of Indonesia citizens lacking of access to financial services, due to: disproportionate formal financial services institution network, a **dispersed population** and **geographic structure**, **lack of collateral** and **low financial literacy**.
2. Based on a financial literacy survey conducted in 2013:
 - ✓ **21.8%** of the population is categorized as **well literate** with financial services
 - ✓ product utilization level of 59.7%.

SOLUTIONS

1. **Effective and efficient** financial inclusion program.
2. **Comprehensive financial literacy program** that can create a well literate public in terms of financial management.

OJK Statutory Mandate

- **Law No. 21 No. 2011 (OJK Law)** mandated OJK to perform supervision of financial institutions and protect the interests of financial consumers,
- **Law No. 1 of 2013 on Microfinance Institutions (Law on Microfinance)** mandated OJK to supervise microfinance institutions in Indonesia, OJK has statutory obligation to perform these duties effectively.
- OJK is mandated to nurture the financial industry (including microfinance institutions) to ensure a **sound performance**, as well as **prudent and financially responsible practice** of the microfinance institutions.



Microfinance Key Elements in Indonesia

- OJK
- BI
- Central & Local Government

Regulators

- **118** Commercial Banks
- **1,800** Rural Banks
- **600,000** Micro Finance Institutions
- **52** Life insurers
 - **82** Property & Casualty insurers
 - Pawn Shops

Microfinance Providers

Intermediaries

- Corporate agents
- Payments providers
- Telecoms companies
- State postal firm - PT Pos Indonesia
- State pawn shop - PT Pegadaian

**Lower Income
Individuals:
203 Million
People**

Experts / Practitioners

- Universities and Other Higher Education Institutions
- Foreign Experts
- Research Institute
- Non-Government Institutions

OJK-PROKSI: Vision and Mission

VISION

To become a reputable international microfinance center that **supports global poverty alleviation** programs—through **amplification of microfinance contribution** to the **increased access to finance for the world's poor**.

MISSION

To support **knowledge development** and provide **affordable learning platform** on microfinance –
for policy/decision makers, business and financial practitioners, academics, global communities and other relevant stakeholders—
through **learning and collaborations**.

OJK-PROKSI: Objectives

Strengthen **Coordination** among Government Agencies

Provide **Learning Forum** for Stakeholders

Peer Learning Centre and **Knowledge Sharing Forum** for Policy Discussion on Microfinance and Financial Inclusion

Expose Policy Makers on **innovative approaches** in the financial inclusion policymaking


To bring recognition to **outstanding policy champions** in increasing access to financial services for the poor

Provide **various resources of international experts and strategic partners** to enrich discussion on policy and best practices

Why OJK?

- 
- Indonesia : the world's **biggest laboratory** of microfinance

- 
- To **carry out the mandates** and **perform statutory tasks** successfully

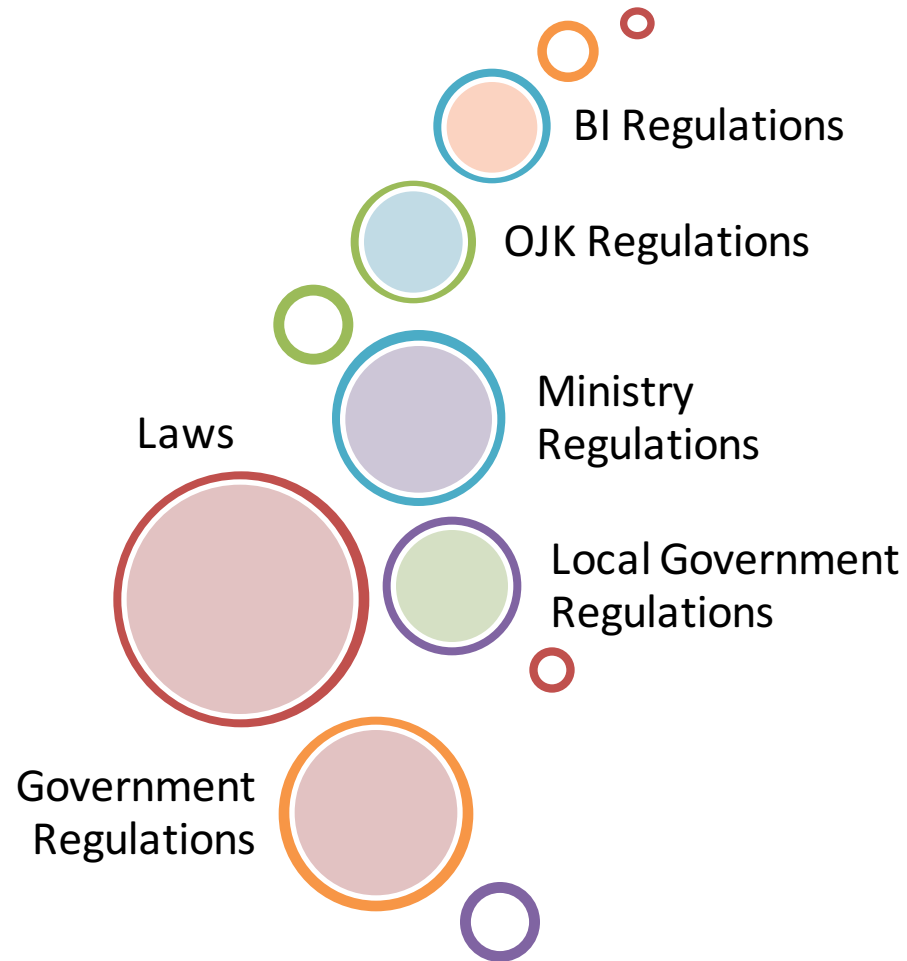
- 
- OJK's **access** to all microfinance stakeholder (Bank and Non-Bank)

- 
- The needs of a **leader** in microfinance development strategic initiatives

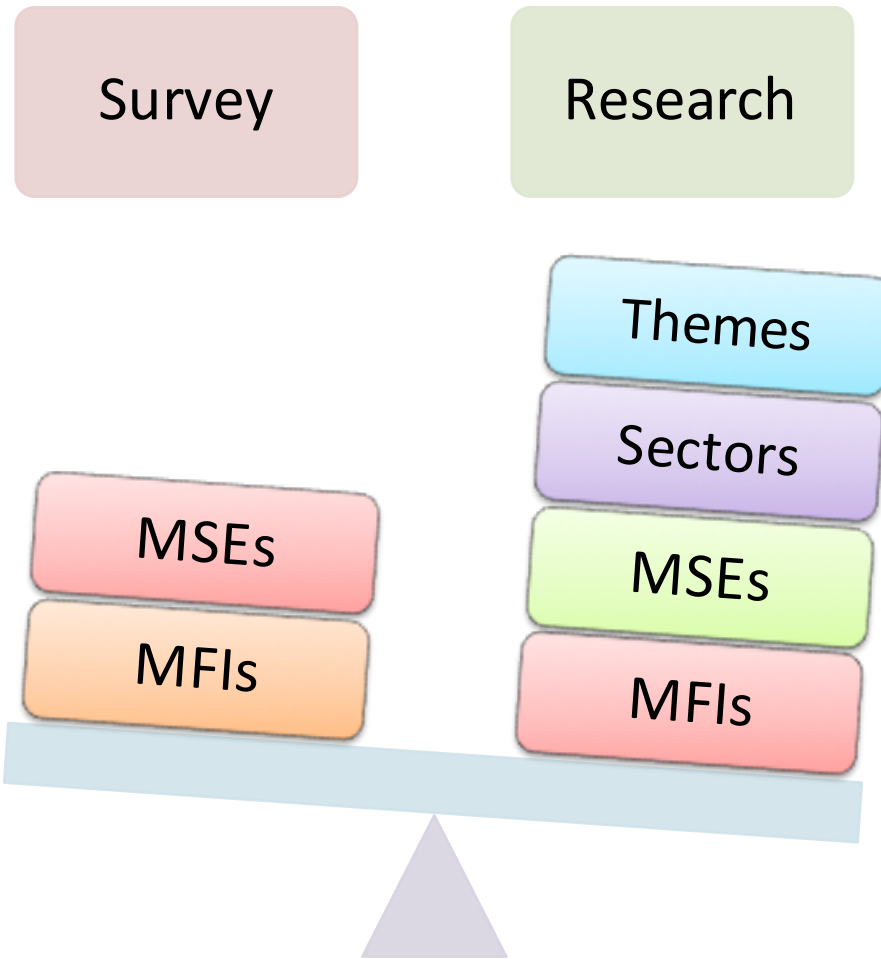
PROGRAMS AND ACTIVITIES



POLICY REVIEW



SURVEY AND RESEARCH



SEMINAR, WORKSHOP, AND SUMMIT

- International Summit for Policy Makers
- International and Domestic Seminars
- International and Domestic Workshops
- Focused Group Discussions (FGDs)
- International and Domestic Call for Papers

TRAINING

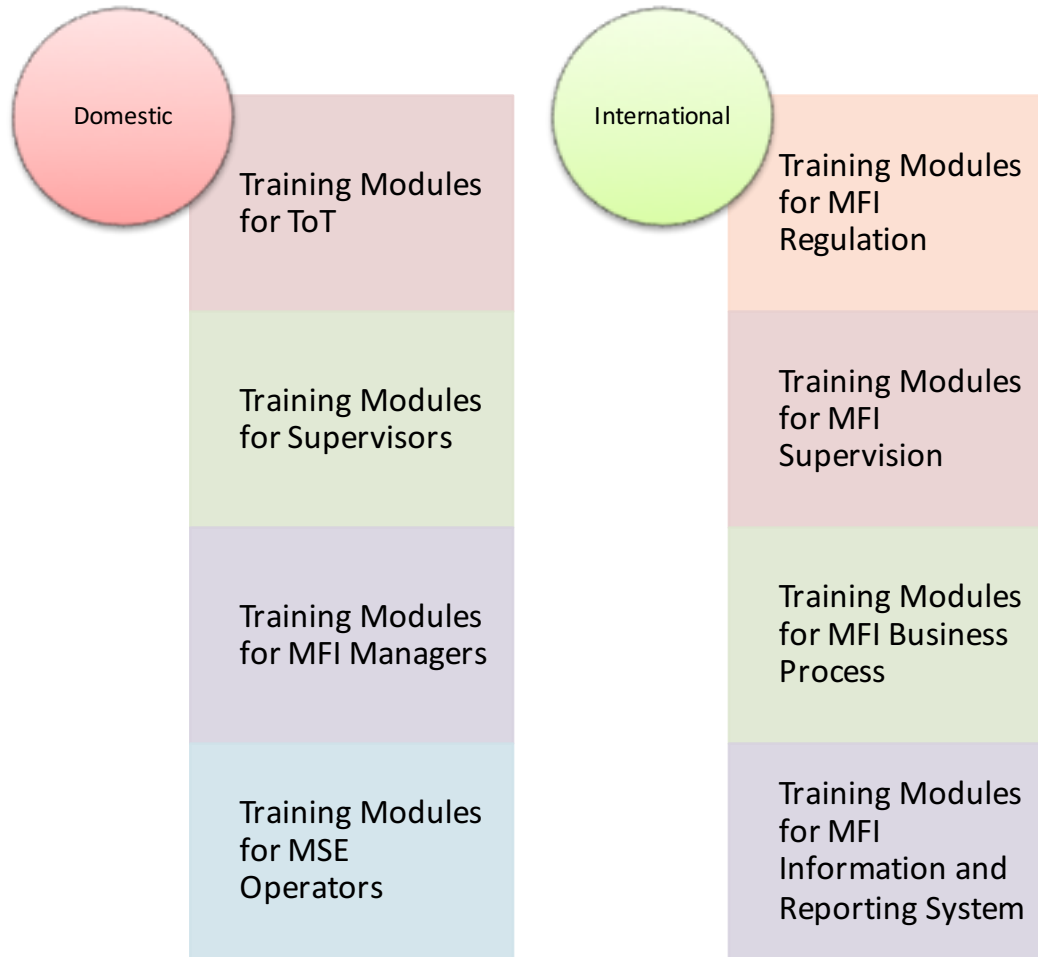
- Training of Trainers (ToT)
- MFI Supervisors (Local Government)
- MFI Managers
- MSE Operators

Domestic

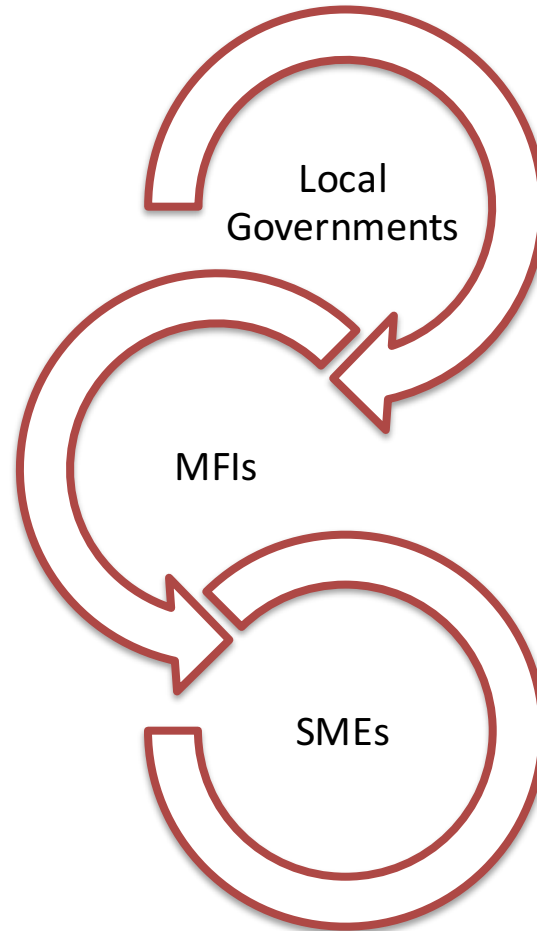
- MFI Regulation
- MFI Supervision
- MFI Business Process
- MFI Information and Reporting System

International

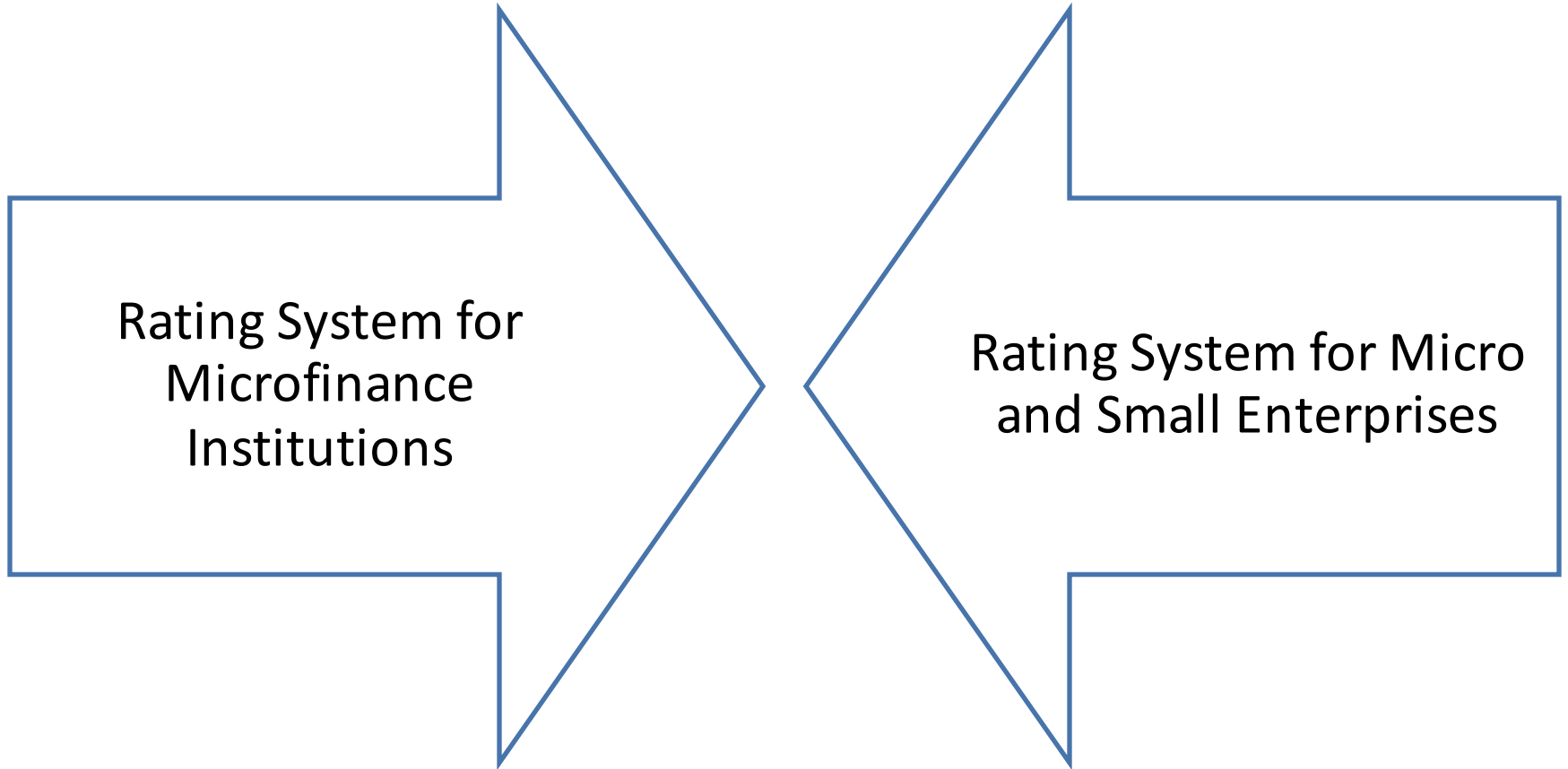
MODULE DEVELOPMENT



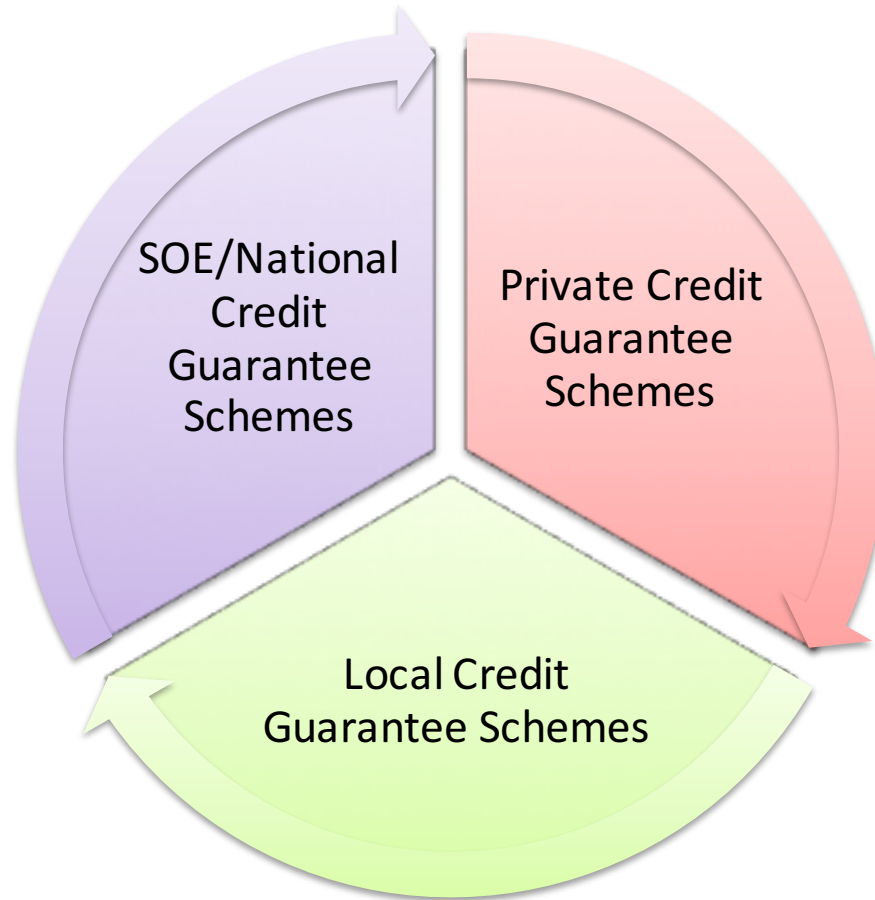
TECHNICAL ASSISTANCE



RATING SYSTEM



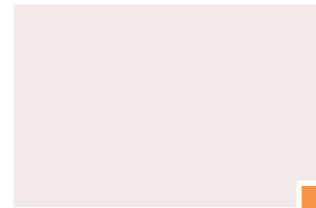
CREDIT GUARANTEE SYSTEM



LECTURER



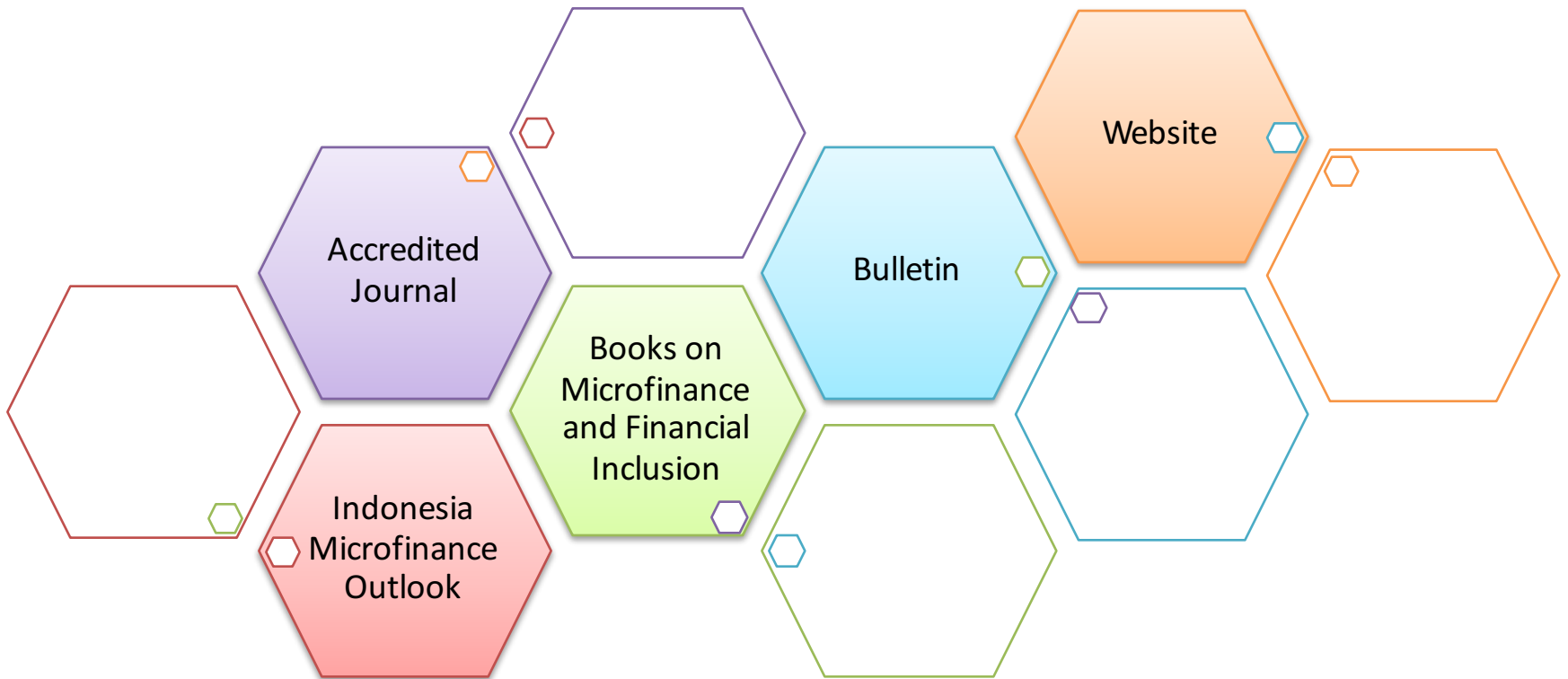
Domestic
Guest
Lecturers



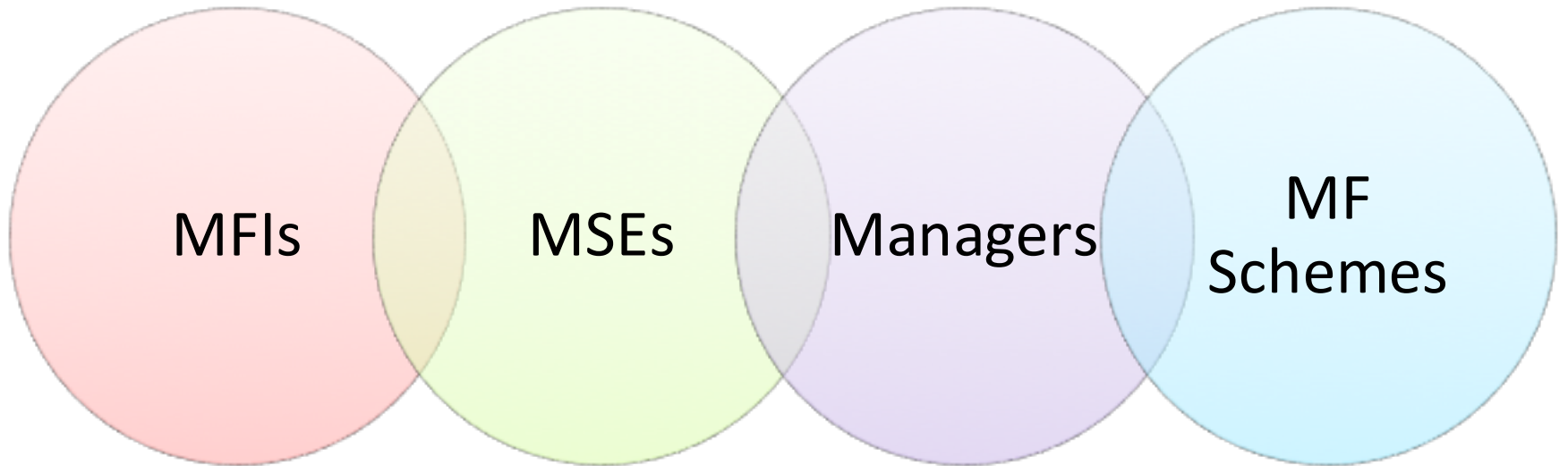
International
Guest
Lecturers



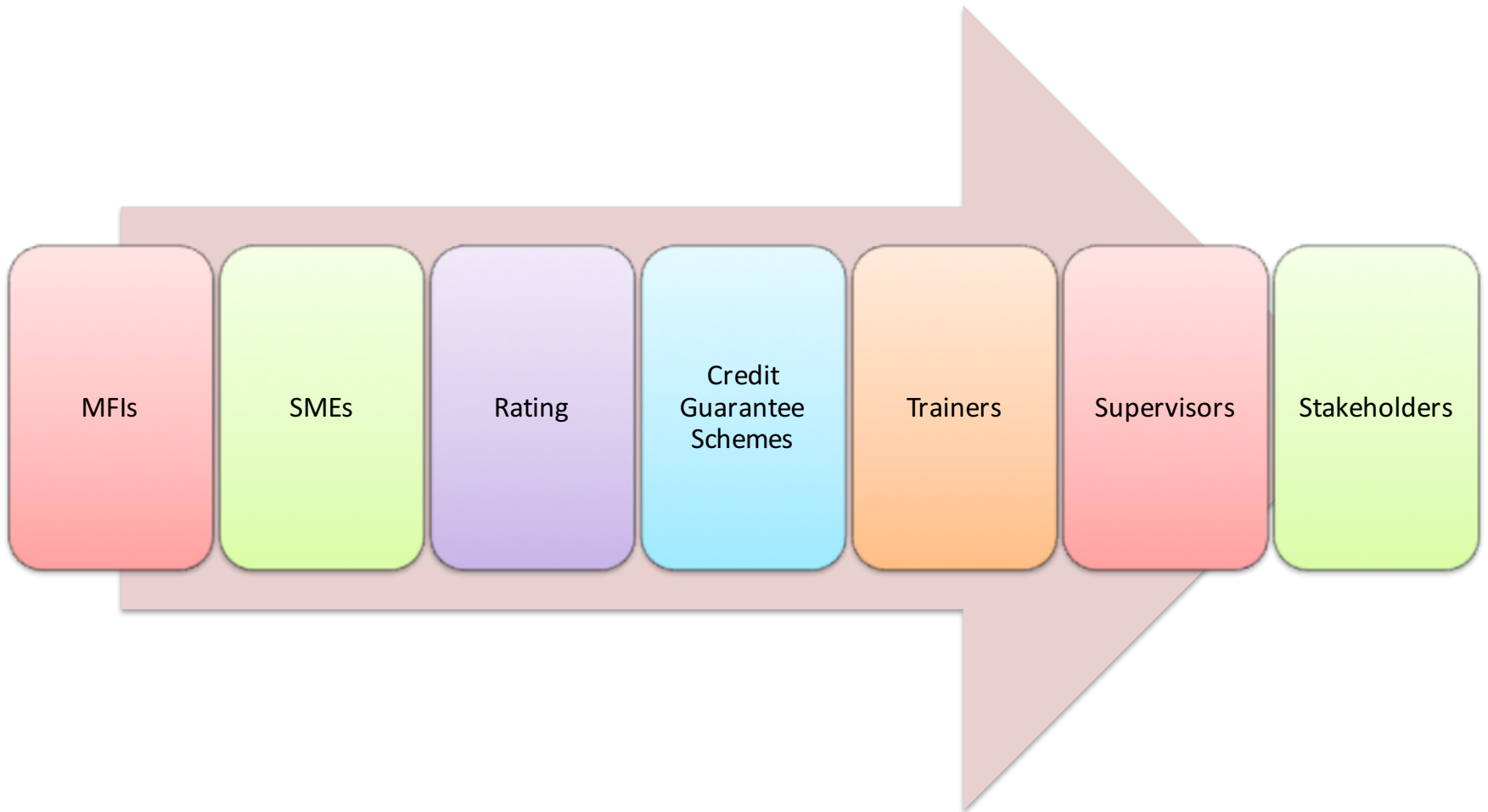
PUBLICATION



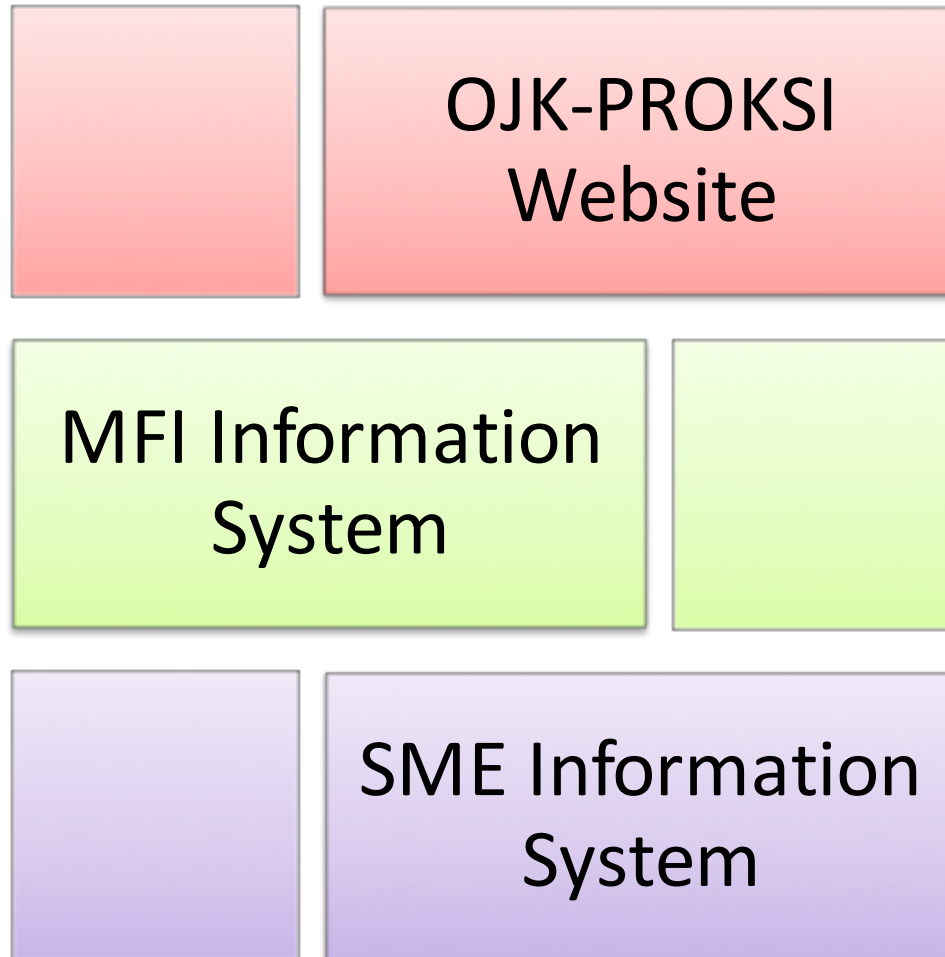
AWARD



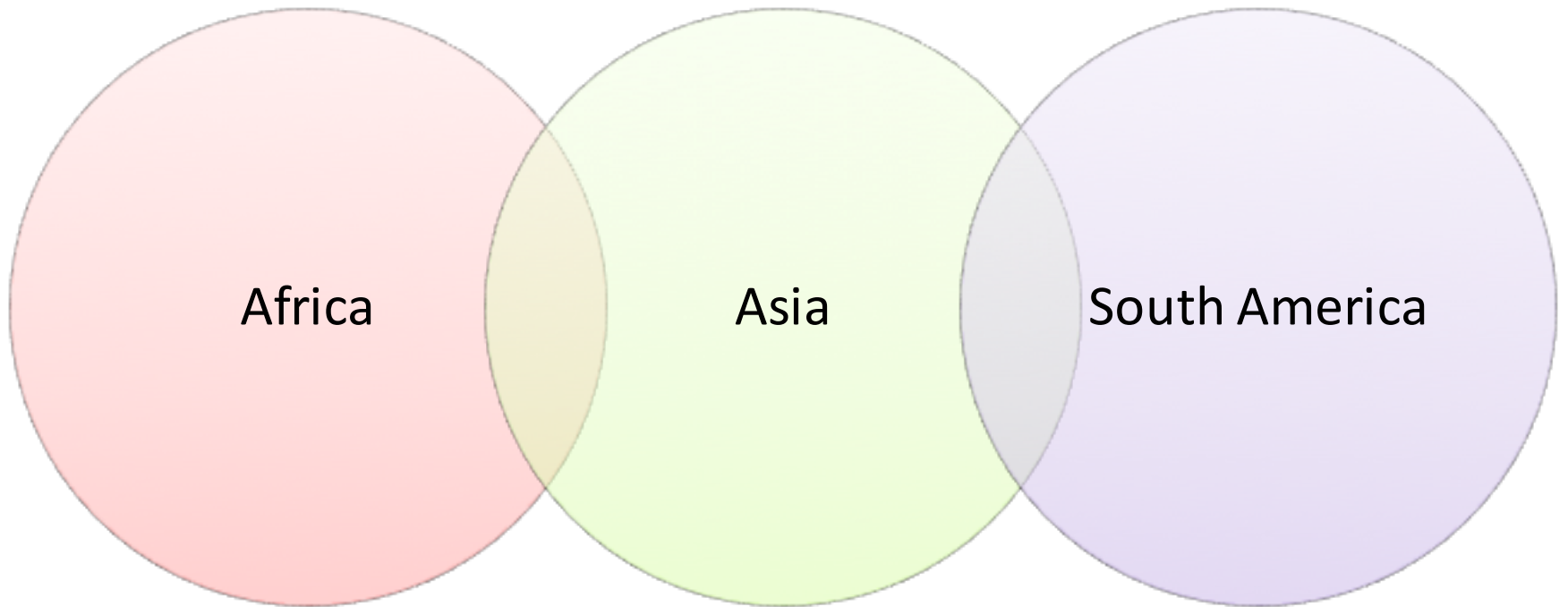
DATABASE DEVELOPMENT



IT DEVELOPMENT



EXCHANGE VISITATION





End of Presentation