

PRESS RELEASE

OJK AND RIAU GOVERNMENT INAUGURATE LOCAL FINANCIAL ACCESS ACCELERATION TEAM, INVESTMENT ALERT TASK FORCE, AND FINANCIAL SERVICES INDUSTRY COMMUNICATION FORUM TO EXPAND FINANCIAL SERVICES

Tanjungpinang, October 10, 2016. Financial Services Authority (OJK) Deputy Chairman Rahmat Waluyanto and Riau Islands Governor Nurdin Basirun inaugurated the Regional Financial Access Acceleration Team (TPAKD) then appointed the Working Team of the Task Force for Handling Alleged Unlawful Acts involving Public Funds Collection and Investment Management at Wan Sri Beni Hall, Office of Riau Islands Province Governor. At the same place, head of the local OJK Office Uzersyah installed the Financial Services Industry Communication Forum (FKIJK) of the Riau Islands Province.

Access to financial products and services is the public's basic right and the access is critical to improving the population's standard of living. Hence, economic development that favors middle-lower class is vital in order to provide such access to them. Availability of financial services, especially at micro scale, will help the middle-lower class raise its life quality as they can utilize financial products such as micro business loans or savings accounts to invest in productive assets.

For Indonesia, given that a fairly large number of residents still do not have access to the formal financial sector, financial inclusion is important and critical. Financial inclusion has become one of the government policies to support the country's national development. The 2015-2019 National Mid-Term Development Plan states that one of the financial sector reinforcement targets for the next five years is more access for the public and MSME to formal financial services under the framework of inclusive and just economic development.

In addition, the government has issued Presidential Regulation No. 82/2016 on the National Strategy of Financial Inclusion (SNKI), which has become the basis for developing and strengthening financial inclusion in Indonesia. The government has set a target to achieve a financial inclusion index of 75 percent by 2019.

The SNKI serves as guidelines for all parties, from the central government, local governments, the private sector, scholars, to the general public, in expanding access to the formal financial sector, especially for the low-income population.

Availability of financial access in regional areas will make it easier for local populations to know about financial products and services, including how to select education and health insurance. Interest in investments would reduce their consumption level and create positive impacts on local economic growth and lessen the income gap.

Hence, efforts to increase access and offer broader financial services to the public could be seen as one of the effective strategies to alleviate poverty and lessen income gap. Therefore, all stakeholders should prioritize programs to accelerate financial access in regional areas. All local elements, from local governments, the local financial industry, and other related agencies should work together to seek breakthroughs in opening up more effective financial access and utilizing available funding sources to support productive activities. This is in line with the government's desire to strengthen local economies towards promoting national economic growth.

For that reason, the OJK and the Ministry of Home Affairs and other related institutions have established Regional Financial Access Acceleration Teams, the name of which is abbreviated as TPAKD. These teams are coordinating forums for government institutions and stakeholders that aim to increase financial access acceleration in regional areas, in order to boost local economic growth and create more prosperous communities. They are established to follow up Home Minister Radiogram No. T-900/634/Keuda dated February 19, 2016, which asks regional chiefs, in this case governors, regents and mayors, to form TPAKD in their respective provinces/regencies/cities.

Members of TPAKD came from various elements, such as local governments, regulatory bodies, related local government institutions/agencies, financial services companies (LJK), LJK associations, and scholars. The active roles of local governments and relevant stakeholders are critical to TPAKD establishment.

To follow up the radiogram, on October 10, 2016, a TPAKD was established in the Riau Islands Province. The event saw the province's governor, Nurdin Basirun, inaugurated the TPAKD of the Riau Islands Province, and OJK Deputy Chairman Rahmat Waluyanto performed the similar ceremony for the province's Investment Alert Task Force. On the same occasion, Head of OJK Office of the Riau Islands Province Uzersyah inaugurated the province's FKIJK.

"The TPAKD is expected to prompt comprehensive financial access for the public, one that can create public welfare especially among the Riau Islands Province's population," Rahmat Waluyanto said in his opening speech. Whereas Nurdin Basirun stated that "The Working Team's inauguration is only the beginning; the team needs to produce concrete results that the general public can enjoy, especially by receiving financial services."

The Riau TPAKD's working programs for accelerating economic growth include as follows: *first*, Promoting financial services expansion through *Laku Pandai* (financial services without office towards financial inclusion) Agents and student savings accounts (SimPel); *second*, Fostering MSME growth by accelerating business licensing, increasing capacity-building efforts, and MSME financing towards People's Economy; *third*, Encouraging financial access acceleration through financing for fishery and tourism sectors; *fourth* Expanding financial access to private/local companies through initial public offerings at Indonesia Stock Exchange; *fifth*, Developing micro financial institutions to support people's economy.

Banks as SimPel issuers have made agreements with 264 schools in the Riau Islands Province and there have been 4,964 SimPel accounts registered so far.

In preparing its working programs, the TPAKD considered several main factors, including local characters and needs, local economic potentials that can be developed with the support of financial products and services, expectations to see more thriving productive sectors, and development of MSMEs and other startup businesses.

In addition, OJK Office of the Riau Islands Province together with the province's Governor, Regional Police Chief, High Court Chairman, and Regional Office of Religious Affairs, made joint commitment to prevent and deal with widespread illegal investment offers and practices that have plagued the public—such as the acts of certain parties that promise debt repayments, offer investments under the Ponzi scheme, or who claim they can multiply money—by means of preventive, curative, and repressive (law enforcement) measures.

The presence of the TPAKD, the Investment Alert Task Force and the FKIJK in the Riau Islands Province would give the public wider access to the financial services sector and increase local LJK's ability to market and provide products and services suitable for public and MSME needs. Thus, the three institutions are expected to raise public welfare and foster development in the province.

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