

## Press Release

### **Bali Team for Acceleration of Regional Financial Access (TPAKD) Appointed, to Promote Financial Access and Empower Local Economy and MSMEs**

**Financial Services Authority, Denpasar, June 27, 2016:** Member of the Board of Commissioners of the Financial Services Authority (OJK) Kusumaningtuti S. Soetiono and Deputy Governor of the Bali Province Ketut Sudikerta inaugurated the Team for Acceleration of Regional Financial Access (TPAKD) of the Bali Province on Monday (June 27, 2016) in Denpasar, Bali.

“The establishment of the Bali Province TPAKD represents the OJK’s concrete support to the Balinese government’s efforts to foster economic development and empower the community by means of wider financial access for the local population and MSMEs,” Kusumaningtuti said in her welcome speech during the event.

She believed that a synergy between financial literacy and inclusion programs—initiated by the OJK as the regulatory body for the financial services sector—and programs to empower the local economy and MSMEs in the Bali Province, was central to all cooperation and coordination that involve the TPAKD, which aim at empowering MSMEs and improving the welfare of the island’s population.

Indonesia’s MSMEs sector has made considerable contribution to the national economy. Its contribution has made up 60 percent of the country’s Gross Domestic Product and the industry itself has absorbed 97% of the national workforce.

Given the importance of the MSMEs sector in supporting economic growth, it is essential to build these enterprises’ capacity. One of such capacity-building efforts is improving MSMEs’ skills in managing their finance and businesses and expanding financial access for them.

TPAKDs represent a program initiated by the OJK—part of its MSME empowerment program, which is in line with the government’s bottom-up approach in relation to the country’s development and this approach is reflected by its people-oriented economic programs.

The TPAKDs are coordinating forums for government institutions and stakeholders that aim at promoting financial access acceleration in regional areas in order to boost local economic growths and create more prosperous communities.

The TPAKDs are established in the Bali Province and other provinces/regencies/cities across Indonesia to follow up the Home Minister Radiogram No. T-900/634/Keuda dated February 19, 2016, which calls on regional chiefs (governors, regents and mayors) to form such teams in their respective provinces/regencies/cities together with the OJK.

Given the TPAKDs are set up based on the need to increase financial access in regional areas and implement local economy empowerment programs—in order to support the local development and the local community’s welfare—hence the Bali Province TPAKD is under the auspices and coordination of Bali Province Governor.

The Bali Province TPAKD has prepared its working programs that are expected to produce immediate results for the local community in Bali. The programs include:

1. Increase of food security through the rice farmer insurance (AUTP) and beef cattle insurance (AUTS) programs;
2. Acceleration of the 100 tourism villages development program;

3. Disbursement of people's business credits (KUR) to MSMEs; and
4. Improvement of the public's financial literacy

Those programs were planned when preparations for setting up the Bali Province TPAKD began, based on discussions among the OJK, the Bali Provincial Government, financial service companies in Bali, the Indonesian Central Bank and all related stakeholders.

Several concerns were taken into account when they developed the programs, including the following facts:

- a. Many MSMEs:
  - do not have capitals to start or to expand their businesses,
  - face a lack of technical capacity, thus they are not able to improve production qualities,
  - do not know where to market their products and as a result, it is difficult for them to grow and be recognized by the general public,
  - have no financial management skills, in order to set aside some money for their savings accounts, for buying good investment products from formal financial services institutions or for taking insurance policies to protect themselves. Many among the local population in Bali have become victims of investment scams.
- b. The financial literacy and inclusion rates of MSMEs only reached 15.7 percent and 53.3 percent respectively, lower than the average figures of the national population that stood at 21.8 percent and 59.7 percent respectively.
- c. National distribution of MSME financing/loans as of April 2016 only amounted to IDR 745 trillion, representing 18.12 percent of the national total loan disbursements. For the Bali Province, the loans channeled to MSMEs only recorded a total of IDR 27.7 trillion as of April 2016.
- d. Economic indicators of the Bali Province:
  - The poverty rate of the Bali province as of September 2015 stood at 5.25 percent, rose 0.49 percent year-on-year from 4.76 percent.
  - The number of workforce as of February 2016 hit 2.38 million people, with unemployment rate of 2.12 percent.
  - A total of 1.5 million local residents aged 15 or above work in informal sectors or is self-employed; this figure makes up around 37.6 percent of Bali's total population.

The presence of the TPAKD in the Bali province is expected to give the public, especially the local MSMEs, easy access to the financial services sector, and provide more opportunities to financial services institutions in the island to market and offer products and services suitable for the local population and MSMEs, and empower the local economy and MSMEs towards better public welfare and development growth in the province.

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**For more information:**

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