

## **PRESS RELEASE**

### **OJK AND LOCAL GOVT. LAUNCH CENTRAL JAVA TEAM FOR FINANCIAL ACCESS ACCELERATION**

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Semarang, July 15, 2016. Member of the OJK's Board of Commissioners, Kusumaningtuti S. Soetiono, and Central Java Governor Ganjar Pranowo appointed the Central Java Province Team for Acceleration of Regional Financial Access (TPAKD) on Friday.

The establishment of the TPAKD is expected to foster economic development and community empowerment through better financial access for the local population and MSMEs in Central Java.

TPAKDs were designed as a response to the local population that requires financial access for their personal, family and business needs. Therefore, TPAKDs as coordinating forums for government institutions and stakeholders are expected to improve and accelerate financial access in regional areas in order to boost economic growth and create more prosperous communities.

“The establishment of the Central Java TPAKD represents the financial services industry's actual efforts to promote economic development and community empowerment, by improving financial access for the local community and MSMEs,” Kusumaningtuti said in her welcome speech for the event.

She added that there were many potential MSME business sectors in the Central Java Province that might need financial access provision or wider financial access and they could become TPAKD's target groups. They include for example, red onion farmers in Brebes, organic rice farmers in Boyolali, batik merchants at the Klewer market, and merchants at Solo's Legi Market.

Central Java Governor Ganjar Pranowo expects TPAKD to generate visible benefits to the public, and to implement activities towards better public welfare and higher MSME business capacity in Central Java.

Given the importance of the MSME sector in supporting economic growth, capacity-building efforts that are targeted to MSMEs are essential. Those efforts include developing such enterprises' skills in managing their financial and business affairs and expanding their financial access.

The inaugurations of TPAKDs in the Central Java Province and other provinces/regents/cities in Indonesia were carried out to follow up the Home Minister Radiogram No. T-900/634/Keuda dated February 19, 2016—that calls on regional chiefs (governors, regents and mayors) to form TPAKDs in their respective provinces/regencies/cities together with the OJK—and the Action Synergy for People's Economy program that was launched by Indonesian President Jokowi on April 11, 2016 in Brebes, Central Java.

The Central Java TPAKD has prepared a series of working programs expected to deliver evident results to the public. The programs are as follows:

1. Financing Facilities from Financial Services Institutions to MSMEs/start-up businesses;
2. Implementation of the Saving Culture Movement that is targeted to students;
3. Increase of *Laku Pandai* (branchless banking) agents in regional areas; and
4. Assistance for MSMEs to enter the Stock Market

The team considered the concerns below when developing the programs:

- a. Many MSMEs still deal with the following issues:
  - They do not have capitals to start or to expand their business,
  - They face a lack of technical capacity, thus they are not able to improve production qualities,
  - They 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.
- b. The literacy and financial inclusion rates of MSMEs only reached 15.7 percent and 53.3 percent respectively, lower than those 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 had only amounted to IDR 745 trillion, representing 18.12 percent of the national total loan disbursements. For the Central Java Province, the loans channeled to MSMEs have only recorded a total of IDR 81.5 trillion as of April 2016.

The presence of the TPAKD in the Central Java 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 Province to market and offer products and services suitable for the local population and MSMEs.

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