



# 2018 Financial Inclusion Work Plan for ABAC

April 2018

***Update for the Advisory Group on APEC Financial System  
Capacity-Building***



# ASIA-PACIFIC FINANCIAL INCLUSION FORUM

Date	Location	Partners
27-28 June 2018	Tokyo, Japan	FDC, ADBI

- Policy dialogue for Senior Government Officials and Industry Experts on the topic of “The Inclusion Imperative - Advancing Policies, Targets and Plans”
- Roundtable format (50-60 participants) with a focus on identifying concrete actions
- Key themes:
  - **Day 1: Financial Inclusion**
    - Promoting appropriate financial products and services for the poor with a focus on digital innovations, including support for Nano, Micro and Small Enterprises.
    - Exploring the role of distributed ledger technologies and alternative currencies in accelerating inclusion.
    - Promoting regional standards and policies that lead to conducive regulatory environments that enable greater inclusion.
  - **Day 2: Economic Inclusion**
    - Utilising distributed ledger technologies to advance opportunities for asset accumulation among the poor.
    - Creating equal access to economic opportunities through structural reforms, leveraging the digital revolution
    - Deepening regional integration, trade and investment by improving trade facilitation, access to markets, digitisation of Nano Micro and Small Enterprises (NMSE) and trade.



# MEKONG INCLUSIVE GROWTH FORUM

Date	Location	Partners
5-6 September 2018	Bangkok, Thailand	FDC, Asian Development Bank Institute, UNCDF, ADA, Thai Bankers' Association, Thai Government (TBC)

- Policy dialogue for Senior Government Officials and Industry Experts - “Achieving Regional Connectivity in the Digital Era”
- Roundtable format (50-70 participants) with focus on increasing regional cooperation
- Exclusive focus on the Greater Mekong Subregion (Thailand, Vietnam, China, Laos, Myanmar, Cambodia)
- Key themes: *Trade, Migrants, Remittances*
  - **Financial Systems Integration** – Increasing the flow and affordability of cross-border finance.
  - **Cross-border Partnerships** – Cross border data sharing and increasing levels of financial education.
  - **Digital Financial Services** – Utilising technologies to improve the quality of cross-border finance.



# THE ROLE OF WOMEN IN INCLUSIVE GROWTH

Release Date	Release Location	Partners
Preliminary Findings: June 2018	APFIF - Tokyo, Japan	FDC, ACCESS Advisory Services Ltd.

- Data to be collected from 10 sample countries across Asia-Pacific (TBC target countries are Pakistan, Sri Lanka, India, Nepal, Myanmar, Philippines, Indonesia, Vietnam, PNG and New Zealand)
- Study aims to answer four specific research questions:
  1. *What is the role of digital financial services in improving women's financial inclusion?*
  2. *In what ways do women embrace financial opportunity?*
  3. *What role do women play in creating portfolios of securitising services and assets within their families or communities ?*
  4. *What role do women play in graduating their families or communities into full economic inclusion?*

# INCLUSIVE GROWTH AND DEVELOPMENT CAUCUS

## Function:

- Represents a core group of experts who provide support for ABAC's Financial Inclusion activities.
- Utilising institutional and individual knowledge and capabilities to examine issues associated with building stronger and more inclusive economies. Examples include (but are not limited to):
  - *Opportunities created via Fintech/DFS.*
  - *The role of DLT and cryptocurrencies in accelerating financial and economic inclusion.*
  - *Data, analytics and AI applications to understand financial attributes and behaviours of the poor.*
  - *Creating finance opportunities for nano, micro and small enterprises (NMSEs), particularly within the informal sector*
  - *Advising on Interventions / implementation opportunities and approaches that will accelerate inclusion*

## Current Members:

- Bank Mandiri – Pak Kartika Wirjoatmodjo – CEO and ABAC Indonesia Member, and Mr Andry Asmaro, Economist
- Asian Development Bank Institute (ADBI) – Dr Peter Morgan – Senior Consulting Economist and Research Co-Chair
- PacWealth Capital – Drs Eric Kramer - CEO
- MicroSave – Mr Manoj Sharma – Managing Director
- EY – Ms Duong Nguyen – Partner and Financial Services Leader Vietnam
- Paypal – Mr SuuWei Ho – Director

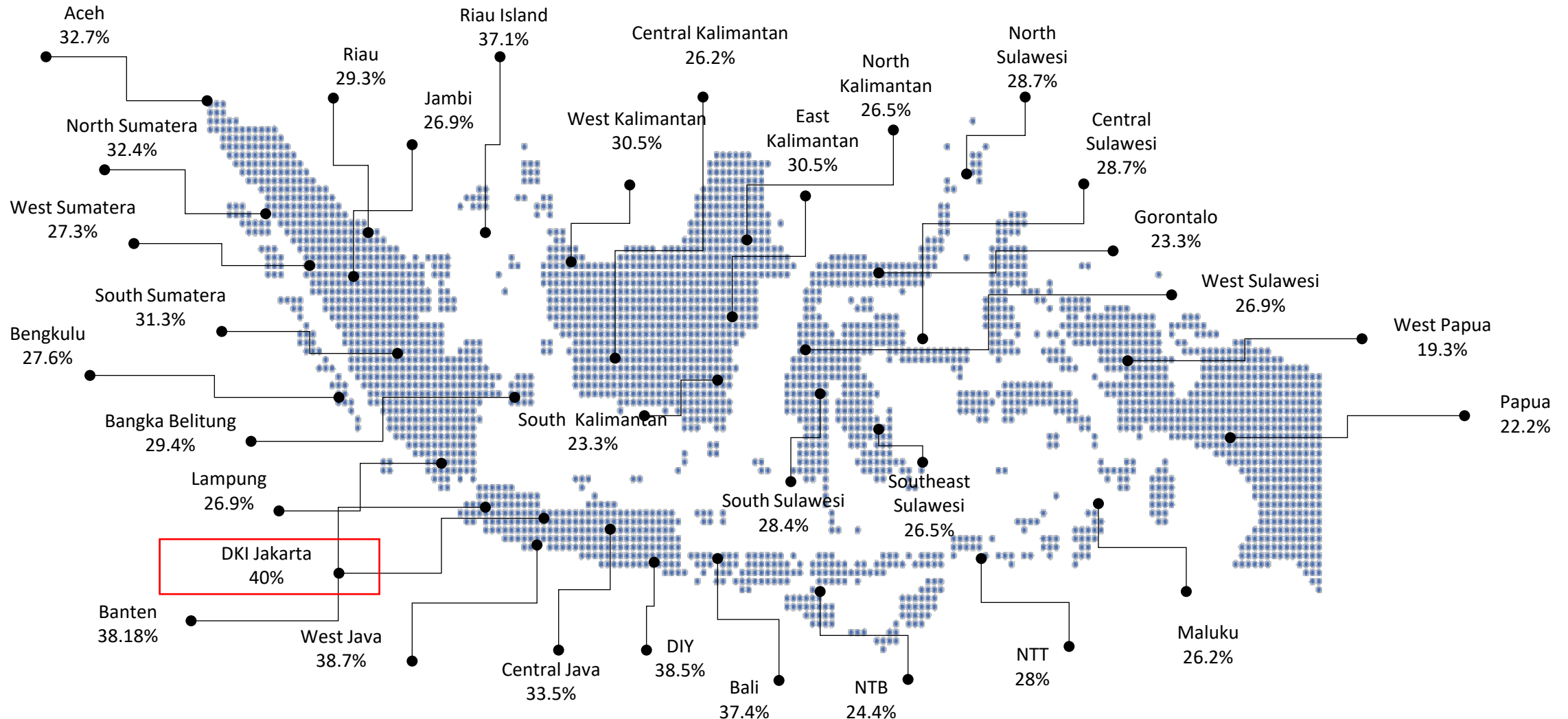
# SPECIFIC CAUCUS CONTRIBUTIONS

- Bank Mandiri
  - National strategies to accelerate financial inclusion, increase DFS access and affordability, increase % digital payments
  - Strong focus on leveraging dynamic Nano – Micro and Small Enterprise sector including a focus informal economy enterprises
- Asian Development Bank Institute (ADBI)
  - Financial Inclusion policy think tank and research
- PacWealth Capital
  - Participation of pension funds in the creation of dynamic Nano- and MSM – Enterprises
  - Creating the structural and institutional environment in terms of economic policy that addresses pathways to optimise the investment and utilisation of pension funds
- MicroSave
  - Financial inclusion and the informal economy
- EY – Ms Duong Nguyen
  - Data imperatives, analytics
  - Agri-business and NMSE
  - DFS, Supply Chain digitisation, NMSE digital marketplaces
- Paypal
  - DFS, DLT, and NMSE

# **BANK MANDIRI'S ROLE IN SUPPORTING FINANCIAL INCLUSION IN INDONESIA**

# Financial Inclusion one of the main challenges in Indonesia

There is a gap in Financial Literacy that affect to Financial Inclusion



Source: OJK



# Bank Mandiri's role in supporting Financial Inclusion in Indonesia

- Besides focusing on its businesses, Bank Mandiri also committed as an Agent of Development through numerous programs, either initiated by Bank Mandiri (Corporate Social Responsibility) or the Government.
- Bank Mandiri has formed a Work Unit that focuses on government program implementation. Located in the Head Office, the unit is supported by other work units at the Head Office/Regional/Area and Branch offices.



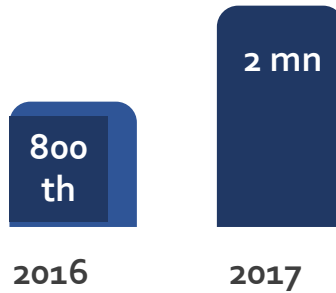
# Starting 2016, Government has several social assistance programs as social protection program

Programs that are available for social purposes, increase and reduce poverty as it worsens economic conditions.

## Farmers Card



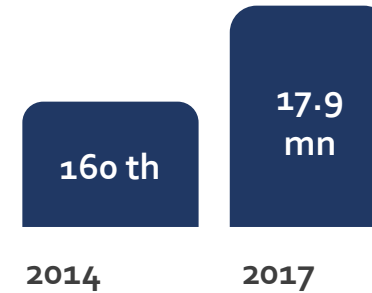
Number of Card Recipients



## Smart Indonesia Card



Number of Card Recipients



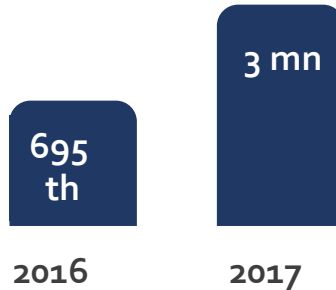
## Branchless Banking



## Prosperous Family Program



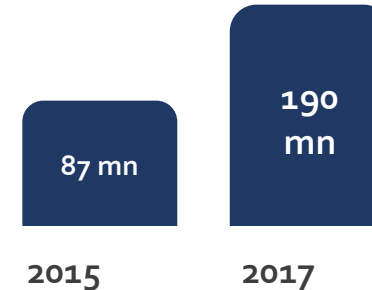
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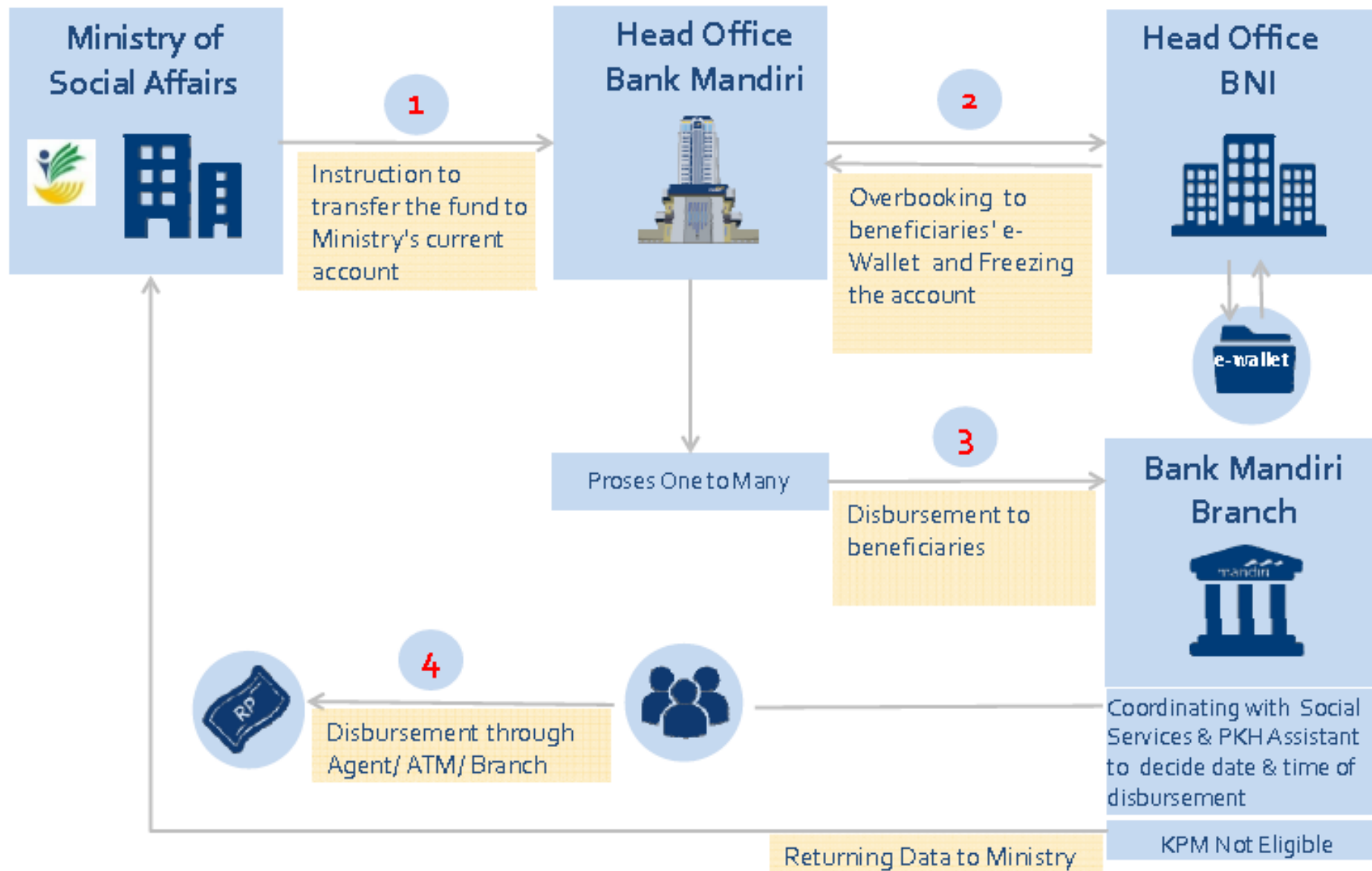
## Healthy Indonesia Card



Number of Card Recipients



# Flow of the social assistance distribution using the banking sector: Hope Family Program case



# The result is significant: Both for Financial Inclusion improvement and better social assistance disbursement

## A. Family Hope Program (PKH)

Bank Mandiri has distributed the fund to all over Indonesia for the beneficiary families in 154 regencies/cities, 1,671 districts, and 17,450 Villages.

## B. Non Cash Food Aid Program (BPNT)

Throughout 2017, Bank Mandiri has distributed the aid to 10 regencies/cities, 12 districts, and 96 villages in Indonesia, in total the beneficiary families can amount to 38,465 families with the help of 93 agents helping on disbursement.



# The result is significant: Both for Financial Inclusion improvement and better social assistance disbursement

## A. PKH Disbursement Progress Per December 31 2017

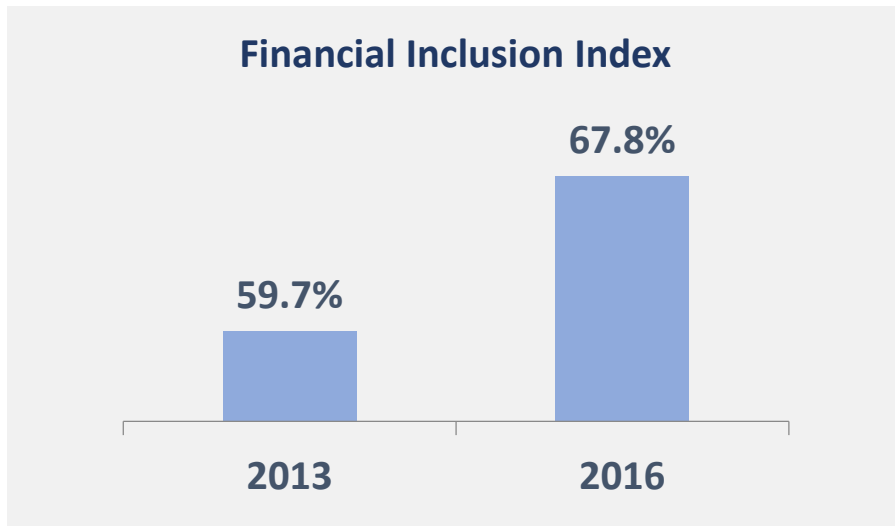
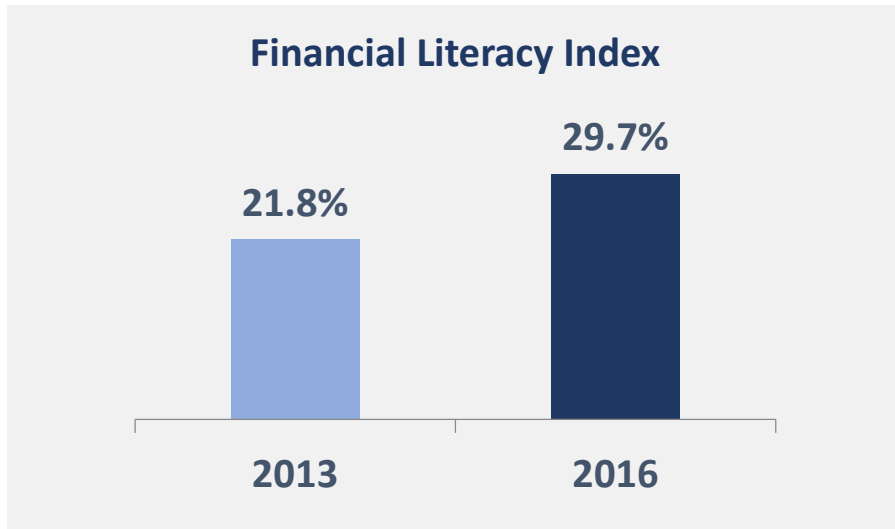
Stage	Target SP2d (KPM)	Fund (Rp mill)	E-Wallet Created				Fund transferred to beneficiary				Fund disbursed	
			KPM (person)	%	Fund (Rp Mill)	%	KPM (person)	%	Fund (Rp mill)	%	(KPM)	%
1	1,023,092	511,546	1,021,080	99.80%	510,540	99.80%	1,021,080	99.80%	510,540	99.80%	994,417	97.20%
2	1,011,869	505,939	1,009,897	99.80%	504,949	99.81%	1,009,897	99.81%	504,949	99.81%	986,950	97.54%
3	941,640	470,820	939,689	99.79%	469,845	99.79%	939,689	99.79%	469,845	99.79%	924,307	98.16%
4	944,605	372,510	943,610	99.90%	372,149	99.90%	943,551	99.89%	372,095	99.89%	868,149	91.92%

## A. BPNT Disbursement Progress Per December 31 2017

Stage	Target SP2d (KPM)	Fund (Rp. Mill)	Fund transferred to beneficiary's E-Wallet				Fund disbursed through E-Wallet			
			KPM (person)	%	Fund (Rp Mill)	%	KPM (person)	%	Fund (Rp mill)	%
1	40,065	8,814	40,065	100,0%	8,814	100,0%	31,753	79.25%	6,875	77.99%
2	38,545	8,480	38,545	100,0%	8,480	100,0%	35,661	92.52%	7,714	90.97%
3	38,545	8,480	38,545	100,0%	8,480	100,0%	35,348	91.71%	7,736	91.22%
4	38,545	8,480	38,545	100,0%	8,480	100,0%	35,284	91.54%	7,670	90.45%
5	38,545	8,480	38,545	100,0%	8,480	100,0%	35,063	90.97%	7,684	90.62%
6	38,545	8,480	38,545	100,0%	8,480	100,0%	33,452	86.79%	7,341	86.57%



# Indonesia's financial literacy index rose by 7.9% and financial inclusion index increased by 8.1%



## Trilogy of Policy Instrument in Consumer Empowerment

- 1 Strategy for Financial Consumer Protection
- 2 National Strategy for Financial Literacy
- 3 National Strategy for Financial Inclusion

Financial Literacy Index Target in 2019

35%

Financial services providers (includes banking institution) are obliged:

- To have a function to implement, monitor and evaluate financial literacy and inclusion activities
- To make and submit financial literacy and inclusion activities plan once a year

# The challenges during the disbursement (1/2)



Beneficiaries Data differs



Disbursement & Cashing Out Agent



Insufficient infrastructure in Remote Area



Disbursement and Cashing Out Platform



High Expenses to Disburse the aid in Remote Area



## The challenges during the disbursement (2/2)



The disbursement team encountered a crocodile on their way to a beneficiary in Kalimantan

Disbursement  
to Wasior,  
Teluk  
Wondama  
Regency – 14  
KPM



The journey to Toli-toli Regency, Southeast Sulawesi, has to pass this muddy road





**Thank You**