



Women's Financial Inclusion

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Executive Summary

Financial Inclusion

1. Financial inclusion plays an important role in promoting economic growth, creating a sound financial system, supporting poverty reduction, and reducing economic disparity to support national goals in realizing a prosperous society.
2. To enhance the financial Inclusion, the Indonesian government established the National Strategy of Financial Inclusion (SNKI) in 2016 through Presidential Regulation (Perpres) No. 82 of 2016. SNKI is now expanding and empowering under Perpres No. 114 of 2020 in 2020. Indonesia is among few countries who have the national strategy for financial inclusion. This new regulation provides the direction of financial inclusion policies to expand wider access to formal financial services and set the target of financial inclusion (based on the usage) to 90% in 2024.
3. The new regulation has 4 (four) objectives in line with President Joko Widodo's direction as follows: 1)Creating an inclusive financial system to support a deep and stable financial system; 2)Encouraging economic growth; 3)Accelerating poverty reduction; 4)Reducing the gap between individuals and between regions to accelerate the welfare of the Indonesian people;
4. To achieve those target, Indonesian government set 6 main strategies as follows: 1)Improving financial literacy; 2)Improving consumer protection; 3)Accelerating digital financial products and services; 4)Expanding the reached area and population of digital financial services; 5)Strengthening access to financing to support Micro and Small Enterprises; 6)integrating inclusive economy and financial activities.
5. The National Strategy prioritizes key segment groups that are traditionally excluded from the service of formal financial institutions, they are (i) low-income communities; (ii) micro and small businesses, and (iii) communities that are cross-groups (migrant workers, women, Community groups with social welfare problems, People in disadvantaged regions, Youth and student).
6. Since the establishment of the National Strategy for Financial Inclusion (SNKI) in 2016, Indonesia has made significant progress in accelerating financial inclusion with the account ownership rate increased from 36.1% in 2014 to 76.3% in 2023 and Account usage rises from 67.8% in 2016 to 88.7% in 2023. With this achievement, Indonesia has made the most progress across East Asia and the Pacific, in bringing its citizens into the formal financial system during the three years.



INDONESIA OVERVIEW

Indonesia, with its archipelago of **17,001 islands**, boasts **38 provinces** across its vast expanse. With a total population of **275 million**,

Indonesia is one of the most populous countries in the world. Among its inhabitants, there are **139 million males** and **136 million females**, contributing to its diverse demographic landscape.

Indonesia is the world's fourth most populous nation and 10th largest economy (in terms of purchasing power parity).



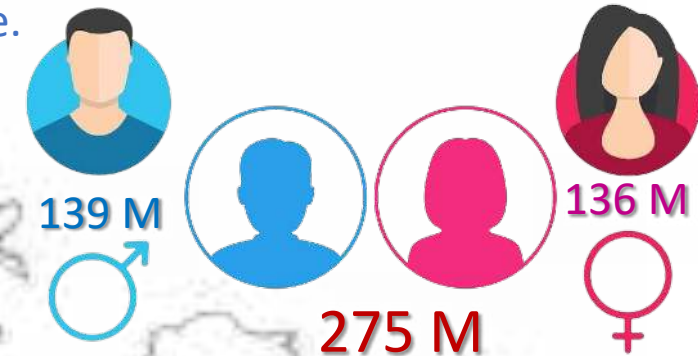
38 PROVINCES

17.001 ISLANDS



718 LANGUAGES

Indonesia, known for its linguistic diversity, is home to **718 languages** spoken across its vast archipelago, a rich tapestry of languages shapes the cultural landscape of Indonesia.



Source: Badan Pusat Statistik (BPS) – Statistics Indonesia



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The Presidential Decree No 114/2020 concerning The National Financial Inclusion Strategy



Issued on December 7th 2020, replacing
Presidential Decree 82/2016

Objectives

- Creating an inclusive financial system to support a deep and stable financial system;
- Encouraging the economic growth;
- Accelerating poverty reduction;
- Reducing the gap between individuals and between regions to realize the welfare of the Indonesian people

How to Reach the Objectives

1. Improving the access to formal financial services;
2. Increasing literacy and consumer protection;
3. Expanding the reach of financial services;
4. Strengthening access to capital and development support for MSMEs;
5. Improving the digital financial products and services;
6. Strengthening the integration of inclusive economic and financial activities through digital financial services.



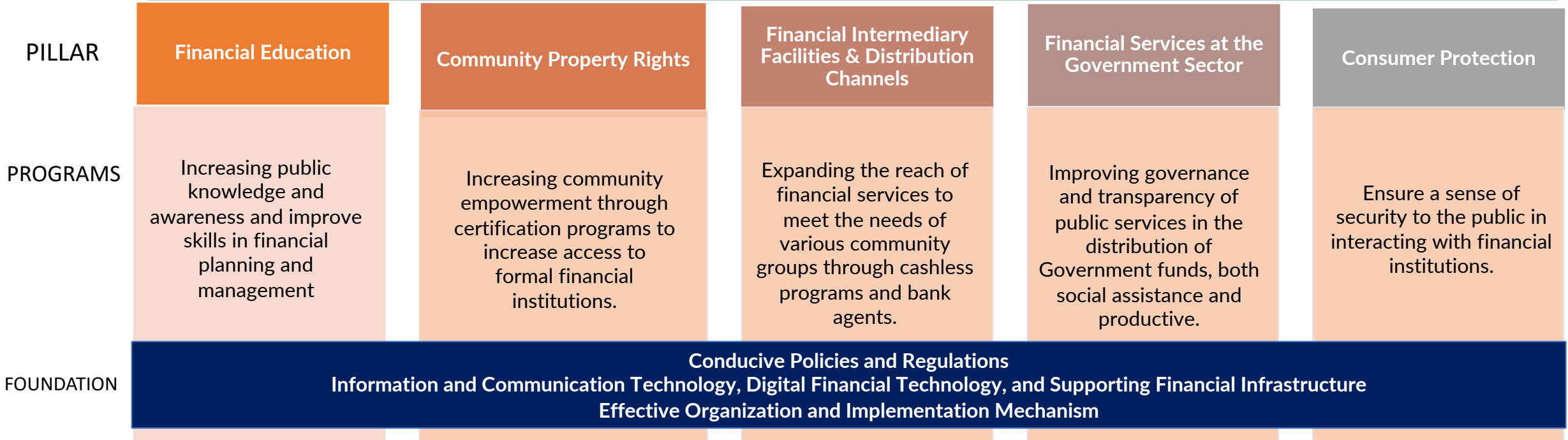
Pillar and Foundation

The National Financial Inclusion Strategy

Target: Financial Inclusion Index Increase to 90% by 2024

Objectives: 1. Encouraging the economic growth; 2. Accelerate poverty reduction; 3. Reducing disparities between individuals and between regions

Strategies: (1) Improving access to formal financial services; (2) Increasing literacy and consumer protection; (3) Expanding the reach of digital financial services; (4) Strengthening access to capital and support for business development for MSMEs; (5) Improving digital financial products and services; and (6) Strengthening the integration of inclusive economic and financial activities, at least through digital financial services



The Structure of The National Council for Financial Inclusion

The establishment of **the National Council for Financial Inclusion (DNKI)** is the implementation of Presidential Decree 114/2020 concerning the National Financial Inclusion Strategy. The duties of the DNKI are:



1. Commissioned to coordinate and synchronize the implementation of the National Financial Inclusion Strategy



2. Directing measures and policies for resolving issues and barriers to the implementation of the National Financial Inclusion Strategy

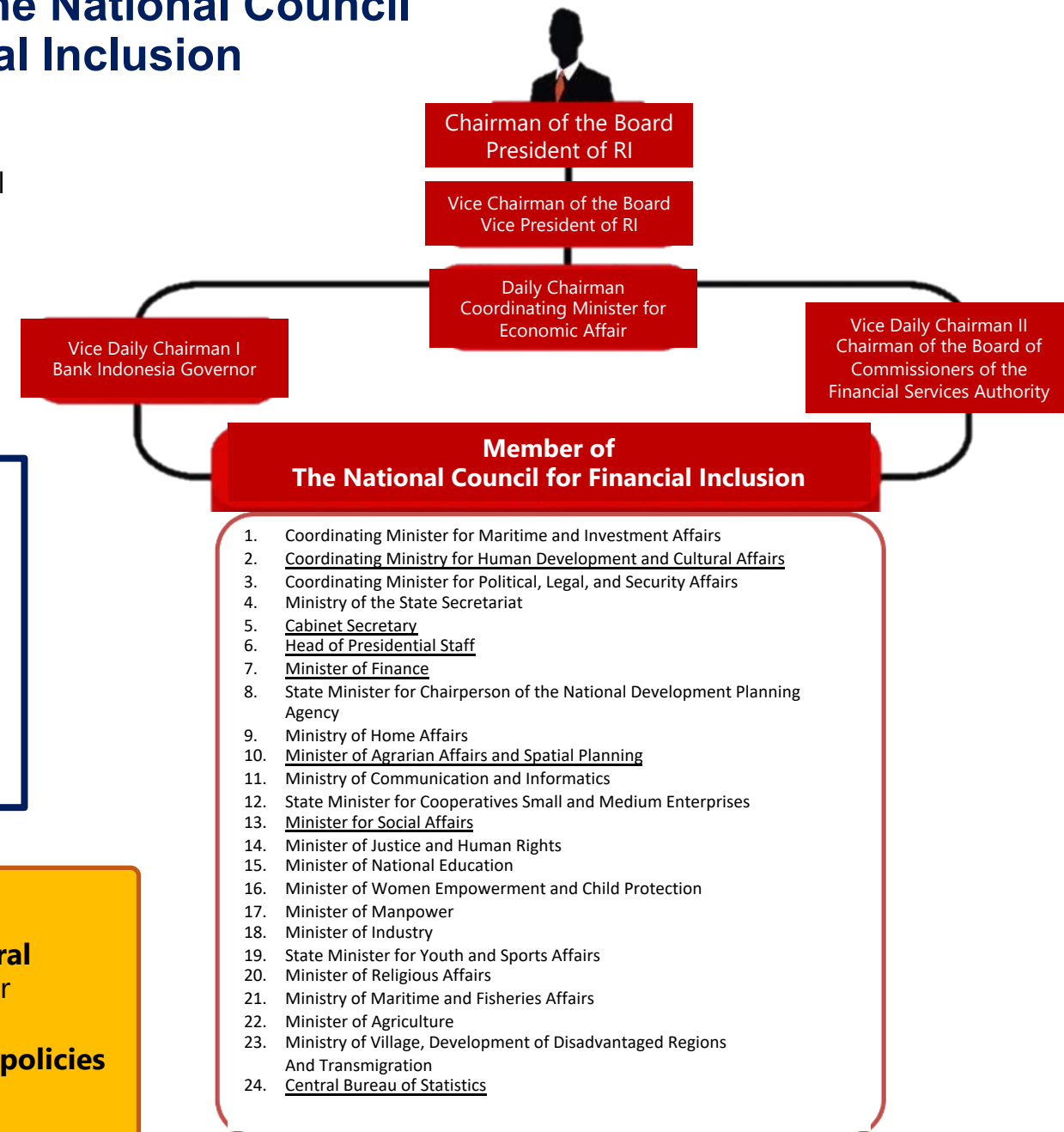


3. To monitor and evaluate the implementation of the National Financial Inclusion Strategy



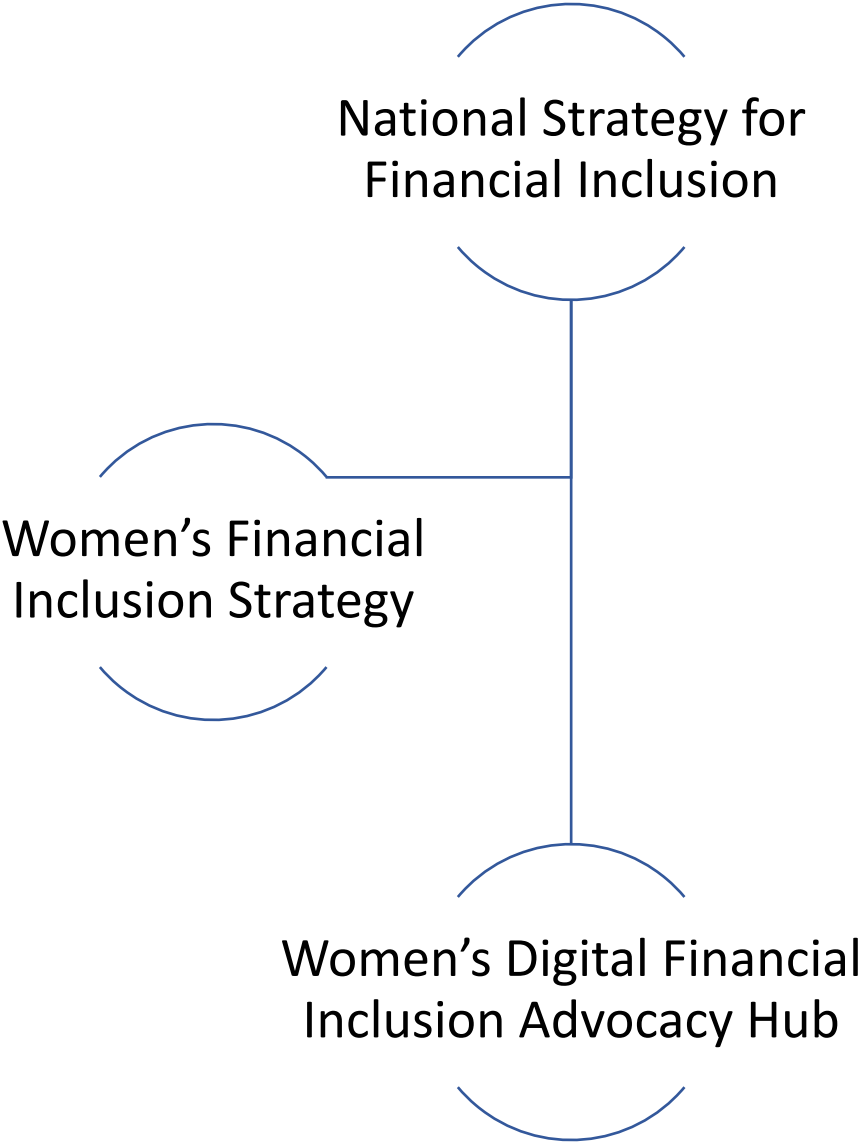
DNKI's Function

1. Guidelines for **Ministers and Institutional Leaders** in determining **sectoral policies** related to SNKI as outlined in the strategic plan document in their respective areas of duty as part of the RPJMN; and
2. Guidelines for **Governors and Regents/Mayors** in establishing **regional policies** related to SNKI at the provincial and district/city levels.



How the Women's Digital Financial Inclusion Advocacy Hub support the Indonesian National Strategy for Financial Inclusion

With the technical lead from Ministry of Women's Empowerment and Child Protection





Target Group of Financial Inclusion

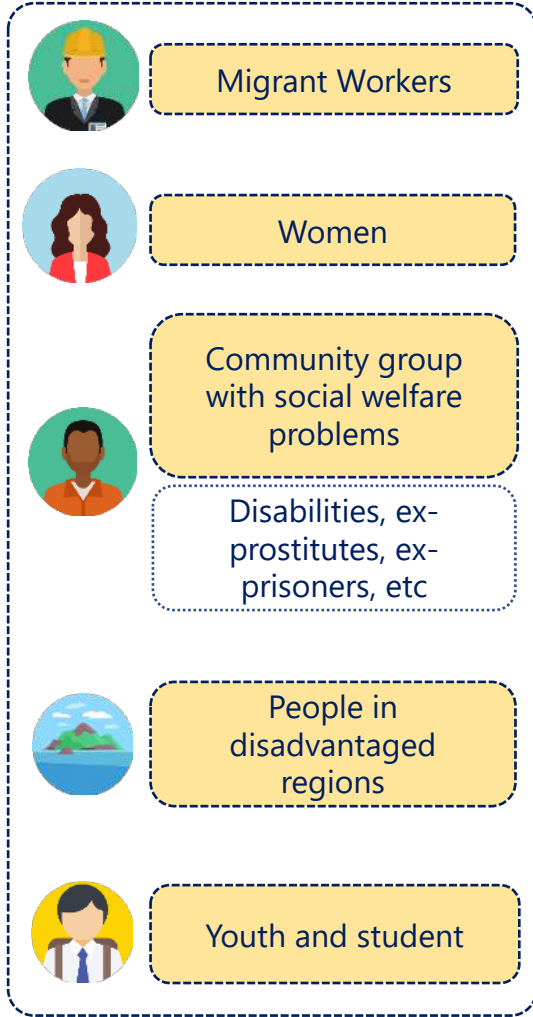
40% of the lowest income. This group has **limited or no access** to any types of financial services, including recipients of social assistance, community empowerment programs.

Target Group



Entrepreneurs who have limited resources to **expand their businesses**

Cross Group Society



This group has limited access to formal financial services to support the **migration process**.

Women have an **important role** in making financial decisions in the household and have more authority over household finances than men.

Relatively **less developed** than other regions terms of the community's economic criteria, human resources, infrastructure, local financial capacity, accessibility and regional characteristics.

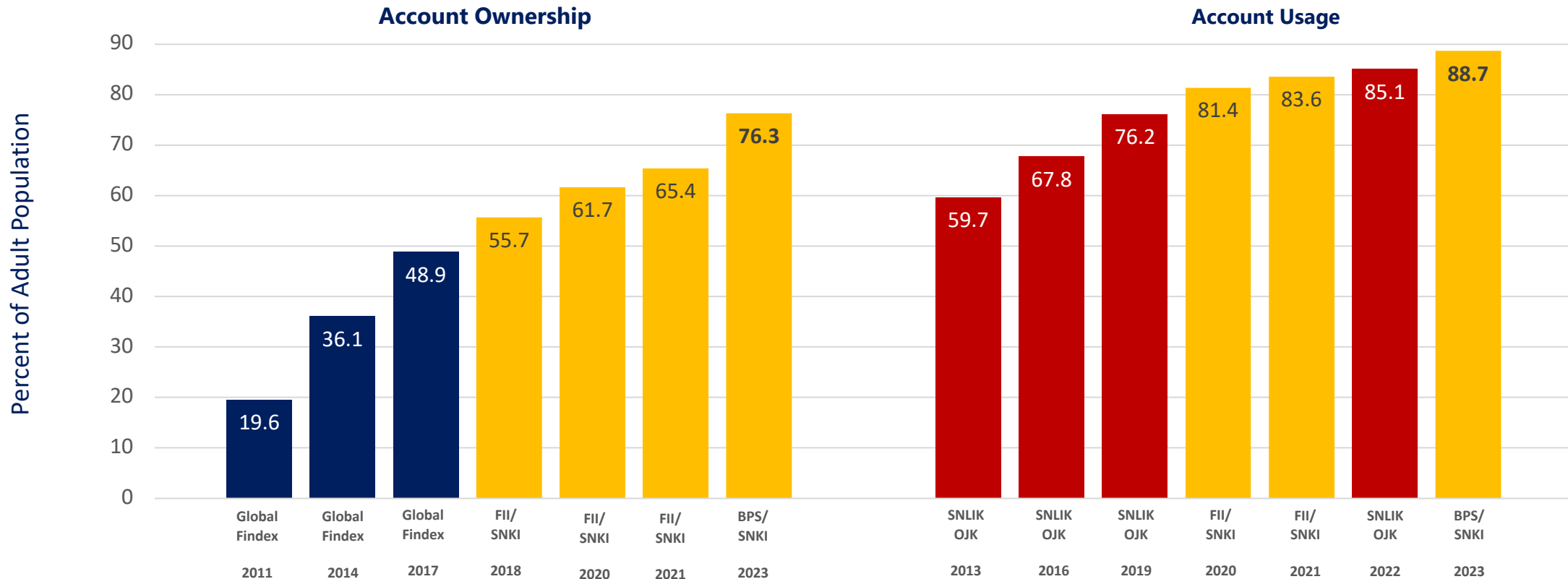
Access to formal financial services is needed to prepare superior human resources to **welcome the demographic bonus** that Indonesia will get.



Financial Inclusion Development in Indonesia

- Financial Inclusion in Indonesia continues to Increase, both from ownership and use of accounts.
- The account ownership reaches 76.43% in 2023. Meanwhile, the account usage reach 88.7% in 2023.
- By 2024, financial inclusion in Indonesia is targeted to reach 90% in account usage, while account ownership is targeted at 80%.

Financial Inclusion Development



Financial Inclusion Rates Based on Gender, Age, and Regional Strata

- **Gap in financial inclusion rates** between urban and rural areas, as well as between genders, **is decreasing**.
- **Millennials**, aged 24-39, are the **most inclusive group**, with ownership rates at 78.8% and usage rates at 89.1%. Meanwhile, **Gen Z**, aged 15-23, has the **lowest rates** of financial inclusion, presenting a **significant opportunity** for Financial Services Business Actors (PUSK) **to accelerate account ownership among Gen Z**.
- Formal credit has been received by 19.5% of households, while 4.4% still rely on non-formal credit.

Based on Regional

Urban



Ownership Rates: 80,3%
Usage Rates: 91,5%


Rural



Ownership Rates: 70,7%
Usage Rates: 84,8%


Based on Gender

Male



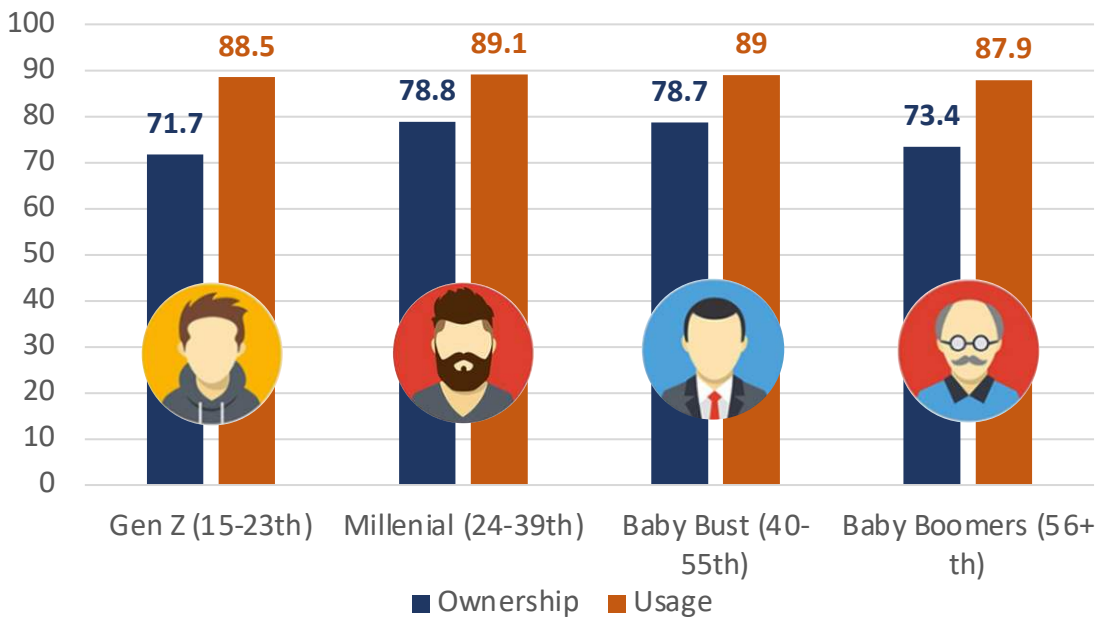
Ownership Rates: 78,3%
Usage Rates: 89,3%

Female

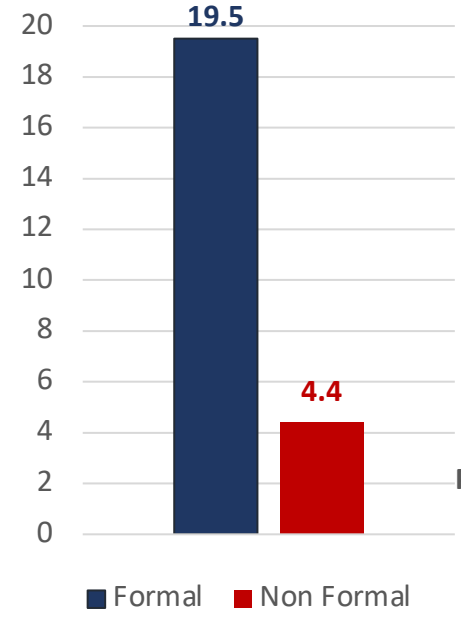


Ownership Rates: 74,3%
Usage Rates: 88,1%

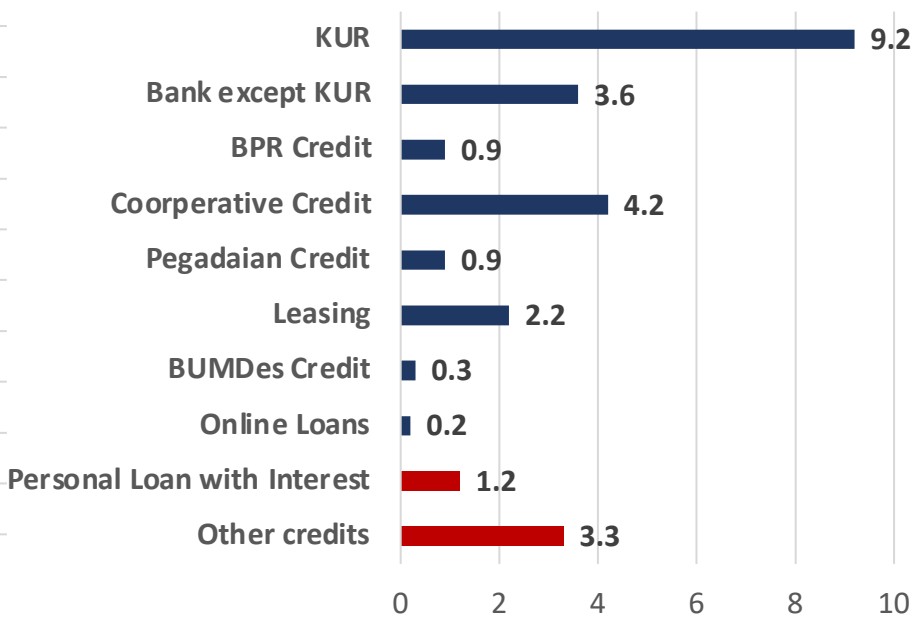
Account Ownership Rates Based on Age



Percentage of Households Receiving Credit



Percentage of Households Receiving Credit Based on Type of Credit



Work Program Achievements

In an effort to accelerate financial inclusion for the target group, the National Council for Financial Inclusion has implemented synergies and various programs including financial education and consumer protection, empowering community assets, digitizing transactions, and providing infrastructure that supports financial inclusion.

Financial Education

Community Property Rights

Financial Intermediary Facilities & Distribution Channels

Financial Services in the government sectors

Consumer Protection

Policies and Regulation

Infrastructure and Financial Information Technology

Conducting education, dissemination and publication on financial services both for Conventional and Sharia Based to Key target segments

Promoting Land Right Certification to be used to access financial services (financing/funding) from formal financial institutions

Encouraging digital payment system (QRIS), Introducing credit generic mode to address informal credit, and improve financing for priority sectors, Development of Micro Waqf Bank and promoting alternative financing sources.

Encourage digital transformation of government aids and government transactions and introduce new and innovative credit scheme for SMEs

Establishing digital platform consumer complains, introducing regulation on code of conduct and governance for financial services officers, conducting capacity building for financial services officer to handle complains, Optimizing Alternative Services of Dispute Resolution

Issuance of regulations to encourage account ownerships for key segment target, wider access of financing for women, expanding the establishment of Regional for Financial Access Acceleration (TPKAD)

Developing infrastructure to support financial inclusion, Developing financial access maps, encouraging innovation on digital technology in financial sector

Sinergy of 27
Minsitry / Institution



Reducing extreme poverty in Garut Regency through the model of Balai Sakinah Aisyiyah-Qoriyyah Thayyibah (BSA-QT)

Balai Sakinah 'Aisyiyah Qoryah Thayyibah (BSA QT) is a non governmental - community based forum to provide education, consultation and assistance regarding sexual and reproductive health rights services, reducing stunting, preventing child marriage, encouraging women's leadership, economic empowerment and other issues according to local needs.

PRINCIPLES OF BSA-QT



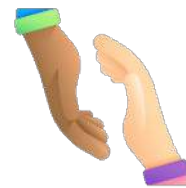
INCLUSIVE



EGALITER



PARTICIPATIVE



CARING

In the district of Garut, 12 BSAs have been formed in 6 villages with a total amount of 25 BSA members.

SCOPES OF BSA-QT

1. EMPOWERMENT
2. CONSULTANCY AND SERVICES
3. EDUCATION

BSA MEMBERS CONSIST OF:

- a) Underprivileged women, mothers with stunted children,
- b) grandmothers and their grandchildren,
- c) families headed by a mother
- d) victims of child marriage
- e) people with disabilities.





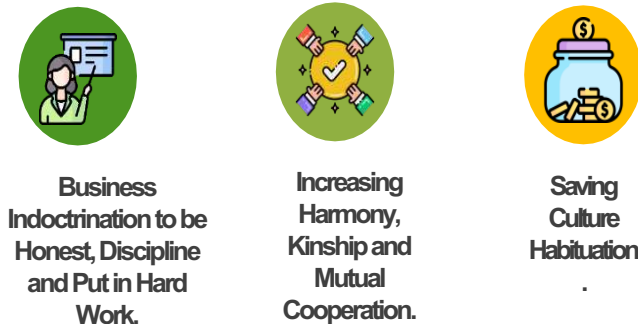
GROUP-BASED EMPOWERMENT SERVICE FOR UNDERPRIVILEGED WOMEN through PNM MEKAAR (Membina Ekonomi Keluarga Sejahtera)

Characteristics



Basic Group Empowerment

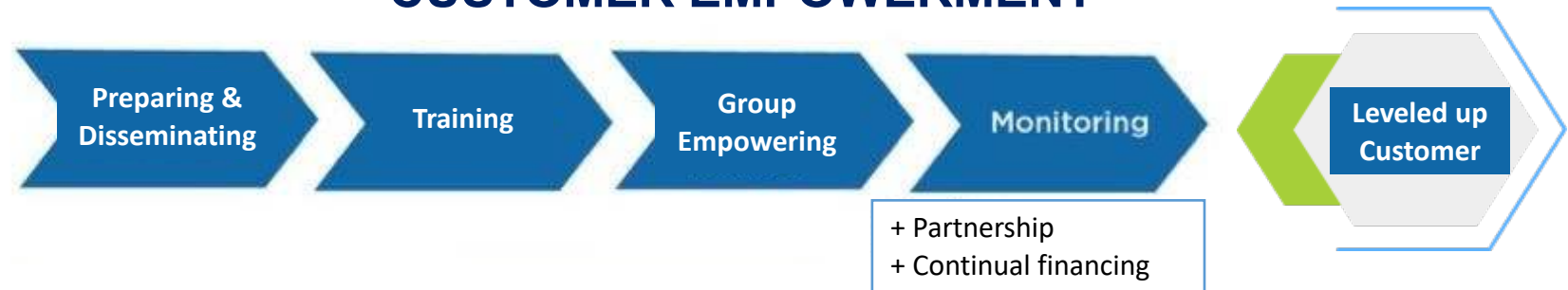
Collective Commitment to advance individual businesses & groups for family welfare.



FINANCING PROCESS OF MEKAAR



CUSTOMER EMPOWERMENT



PNM Mekaar

Accounts:
13,68 million

Financing:
15,06 million





THANK YOU

