



Financial Inclusion Insights Indonesia

2018

KANTAR

BILL & MELINDA
GATES *foundation*

FOREWORD

In 2016, the Indonesian government established the National Financial Inclusion Strategy (SNKI) through Presidential Regulation (Perpres) No. 82 of 2016.

According to Perpres No. 82, inclusive finance is a condition under which every member of the community has access to a variety of quality formal financial services that are provided in a timely, efficient and secure fashion, at an affordable cost, and in accordance with their needs and abilities, in order to improve the welfare of the community.

Public access to formal financial services includes the use of non-cash payment instruments, savings account ownership, the use of credit or financing, and the utilization of insurance products and services, among others.

To measure the achievement of the national target, Perpres No. 82 established supply-side indicators of access, usage and quality of formal financial services. A nationally representative survey is necessary to provide demand-side insights on progress towards the achievement of the national target.

From the end of 2018 to early 2019, the Survey Task Force of the Secretariat of the National Council for Inclusive Finance (DNKI) conducted the nationally representative Financial Inclusion Insights survey to measure access to formal financial



services in Indonesia as of the end of 2018. The survey was conducted with the support of the Bill & Melinda Gates Foundation, Kantar, and RISE Indonesia.

The increases in financial inclusion in Indonesia are reflected in several different data sources and indicators. These data sources include the Global Findex survey from the World Bank, the National Survey of Financial Literacy and Inclusion from the Financial Services Authority of Indonesia (OJK), and the Financial Inclusion Insights (FII) program from Kantar implemented in collaboration with DNKI. The latter is the source of the data presented in this report.

Financial inclusion in Indonesia is measured through both usage of formal financial services and account ownership. These two key indicators are discussed in this report.

The FII program provides demand-side insights into the drivers and constraints to financial inclusion using rigorous quantitative research to identify pathways to ensuring that those most in need have the financial tools necessary to improve their economic capability. The FII program was conceived in 2013 in partnership with the Bill & Melinda Gates Foundation and has worked to build meaningful knowledge about the financial landscape in eight countries across Africa and Asia. The program provides data, analysis, and reporting through the web-based open data platform, www.finclusion.org.

The data presented in this report is from the fourth FII survey conducted in Indonesia. Previous surveys were conducted in 2016, 2015, and 2014.

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EXECUTIVE SUMMARY

- The survey found that more adults use products and services provided by formal financial institutions than have accounts registered in their own name. 70.3% of adults have ever used a product or service offered by a formal financial institution, but only 55.7% of adults own an account.
- The FII and Global Findex surveys show parallel trends on account ownership. The FII surveys found that account ownership increased from 35.1% in 2016 to 55.7% in 2018. The Global Findex surveys showed an increase from 36.1% in 2014 to 48.9% in 2017.
- Banks are the most widely used of all financial institutions in Indonesia and 38.4% of adults have a bank account. Use of banks through an account that belongs to another person is common; 19.1% of adults use bank products and services but do not have an account.
- From 2016 to 2018, historically underserved demographic groups—women, those with below-poverty incomes, and rural residents—all saw faster growth in account ownership than male, above-poverty, and urban adults. The same proportion of men and women own accounts.
- Banking agents are a key point of service for rural residents who live further away from bank branches than do their urban counterparts. Agent banking is successfully reaching rural areas; 63.1% of rural residents were aware of agent banking locations compared to 55% of urban residents.
- Users of mobile (server-based) electronic money, such as those offered by “super apps,” increased from less than 1 percent of adults in 2016 to 4.7% at the end of 2018. Users of mobile e-money are predominantly young adults who live in urban areas.
- The unbanked show high levels of readiness for account ownership. Within this group, 88.8% have the necessary ID, 83.2% live less than 5 km from a financial institution, and 87.6% have basic literacy. Readiness for adopting mobile e-money and other digital financial services is lower: 30.4% own a smartphone compared to 45.7% nationally.

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

NATIONAL DEMOGRAPHICS AND METHODOLOGY

- Fourth survey (Wave 4) measured national trends on key indicators of financial inclusion. This was the first FII survey to be conducted jointly with the Government of Indonesia under the umbrella of the National Financial Inclusion Strategy (SNKI).
- Target population: Adults aged 15+ residing in households.
- Sample size: N=6,695.
- Sampling frame: The 5,682 accessible Kecamatans (subdistricts) across the 34 provinces of Indonesia.
- Sample design: Stratified multistage cluster sample of 6,695 adults in separate households, stratification by urban and rural population according to the 2010 census.
 - First stage: Probability proportionate to size (PPS) selection of 217 Kecamatans using the population count for each Kecamatan from the 2010 census
 - Second stage: Simple random selection of Desa (rural area) or Kelurahan (urban area) within each selected Kecamatan

National demographics	Percentages
Male	49.9
Female	50.1
Urban	55
Rural	45
Above the \$2.50/day poverty line	38
Below the \$2.50/day poverty line	62
Age: 15-24	22.7
25-34	21.4
35-44	20.2
45-54	19.3
55+	16.5
Basic literacy	92.1

Source: Indonesia Financial Inclusion Insights Tracker survey, Wave 4 (N=6,695, 15+), March-May 2019.

- Third stage: Simple random selection of rukun tetangga (RT) neighborhood groups within each selected Desa or Kelurahan
- Fourth stage: Selection of 10 households in each selected RT
- Face-to-face interviews administered at the household using tablet computers
- Sampling weights: Based on the 2018 national population projection by urban/rural residence and gender. The

sampling weights are normalized at the national level so that the weighted number of cases equals the sample size. The weights are used to make inferences about the target population at the national level and for urban and rural areas separately.

- Questionnaire provided by Bank Indonesia and the financial services regulator, OJK. Due to changes in the questionnaire, the limited comparability of some trend indicators with previous FII surveys are noted in this report.

Financial Inclusion Overview

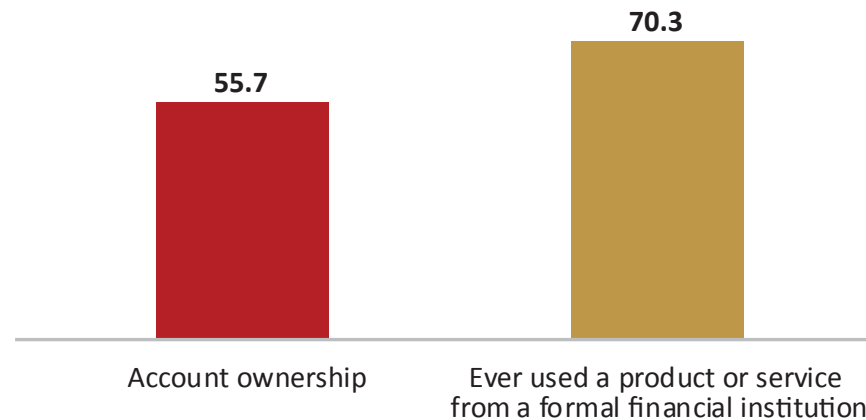
FINANCIAL INCLUSION

55.7% of adults own an account and 70.3% have ever used a product or service offered by a formal financial institution

Growth in financial inclusion will be achieved by converting unregistered users of financial products and services to account owners.

2018: Financial inclusion key indicators

(Shown: Percentage of adults, N=6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey, Wave 4 (N=6,695, 15+), March-May 2019.

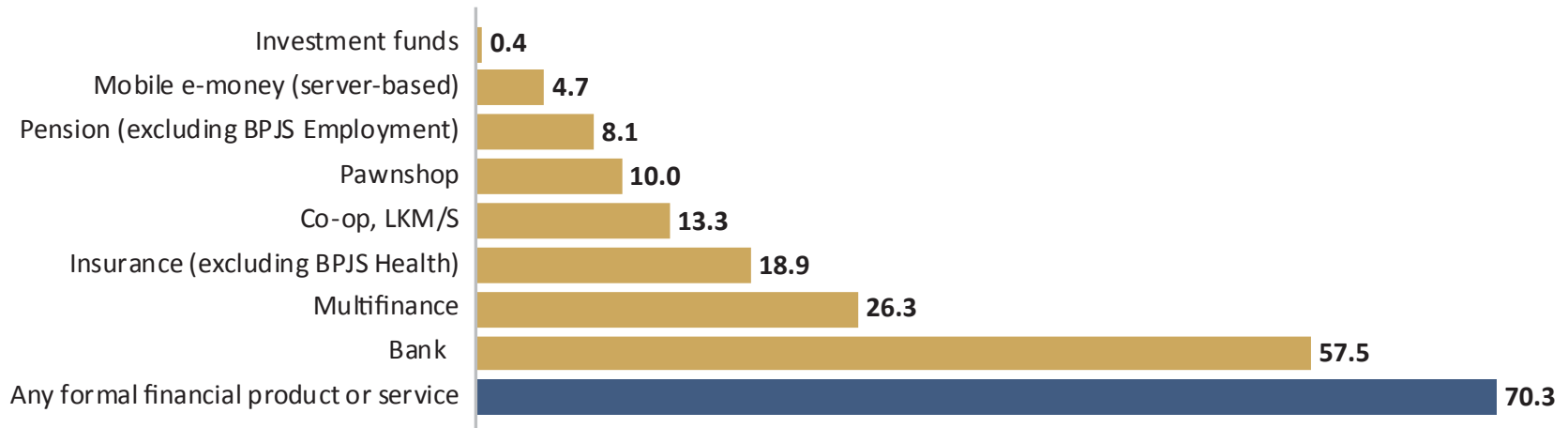
USE OF FINANCIAL INSTITUTIONS

Indonesians access financial services in diverse ways

Bank products and services are used the most. Beyond banks, multifinance lenders, cooperatives and microfinance institutions, pawnshops and mobile e-money providers are the major contributors to financial access.

2018: Formal financial products and services ever used

(Shown: Percentage of adults, N=6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey, Wave 4 (N=6,695, 15+), March-May 2019.

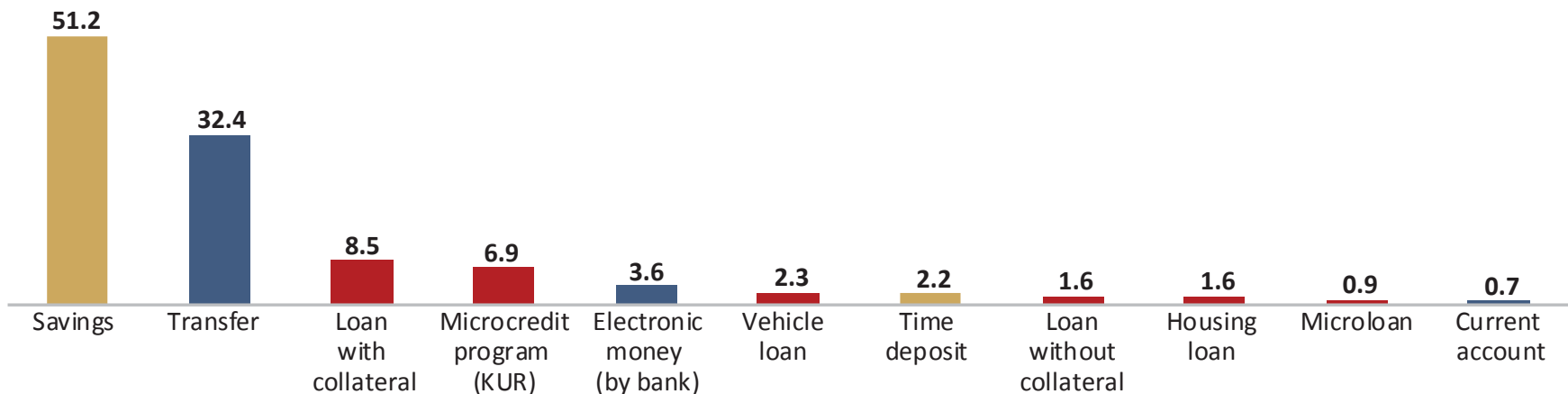
BANKING PRODUCTS AND SERVICES

Access to banks is driven by demand for savings and transfers

Banks are also meeting demand for credit, mainly in the form of collateralized loans, and, to a lesser extent, vehicle, housing, and uncollateralized loans. Government microcredit programs, such as KUR, are working to expand access to credit.

2018: Bank products and services ever used

(Shown: Percentage of adults, N=6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

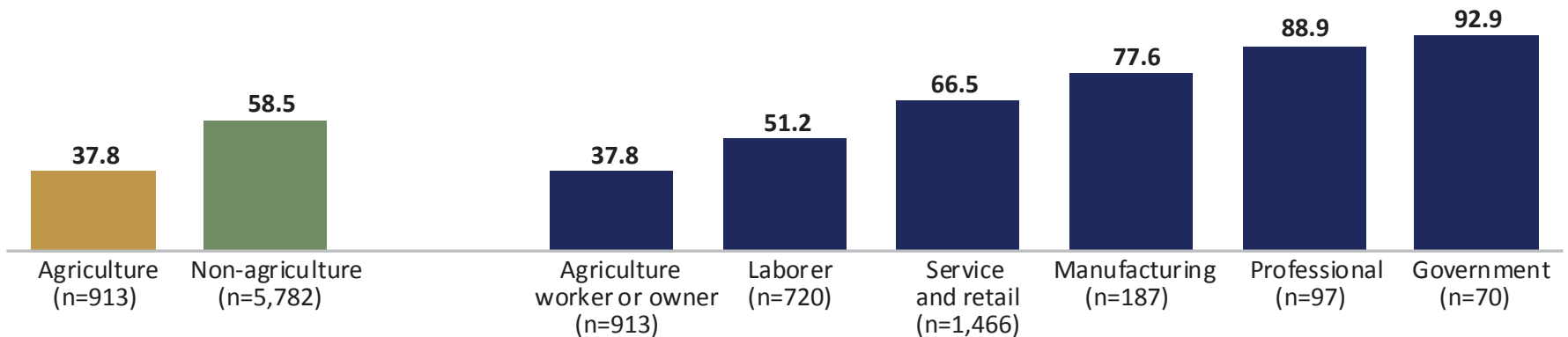
ACCOUNT OWNERSHIP BY LIVELIHOOD

Account ownership is lowest in the agriculture sector and highest among professionals and government workers

Digitizing payments for workers in the agricultural and informal sectors is an important means of expanding financial inclusion.

2018: Account ownership by sector of livelihood

(Shown: Percentage of adults in each group)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

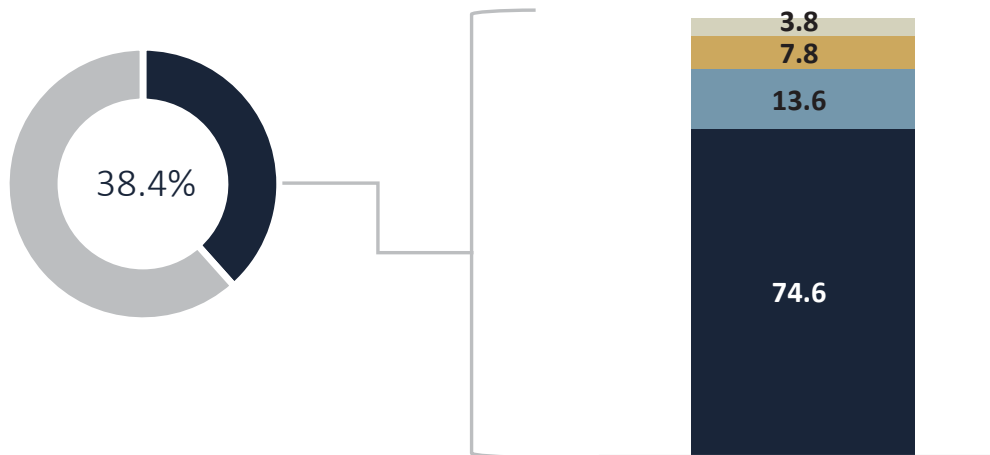
BANK USER ACTIVITY

Bank account owners are highly active; 88.2% used their account in the last 90 days

The high rate of bank account usage shows that account ownership is highly demand driven. Expanding bank account ownership requires offering products and services, such as e-money micropayments, that meet the needs of a wider range of consumers.

2018: Bank account ownership

(Shown: Percentage of adults, N=6,695)



2018: Bank account usage

(Shown: Percentage of account owners, N=2,568)

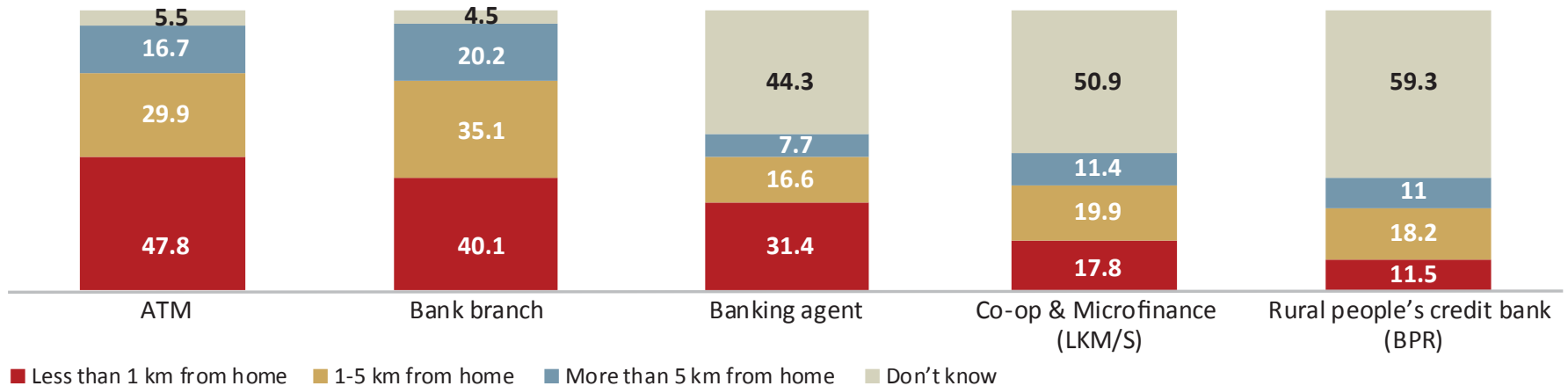
Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

GEOGRAPHIC ACCESS TO FINANCIAL SERVICES

Nearly half of adults know of an ATM within 1 kilometer of home

Bank branches and ATMs are widespread; 75.2% of adults know of a bank branch within 5 km of their home, and 77.7% knew of an ATM. Despite widespread availability of banking agents and significantly increased awareness compared to 2016, 44.3% of adults still didn't know where one was located.

2018: Distance to points of service
(Shown: Percentage of adults, N=6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

Financial Inclusion Trends

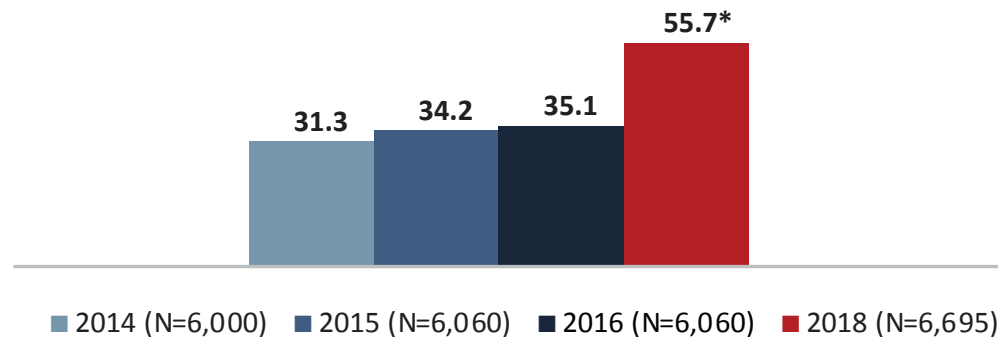
ACCOUNT OWNERSHIP TREND

Account ownership increased by more than 20 percentage points compared to 2016

The successful digitization of government assistance programs drove growth in account ownership. An estimated 38 million adults became new account owners, a significant portion of them are those who have received government assistance via digital transfers.

Account ownership by year

(Shown: Percentage of adults)



**Definition of account ownership is not fully comparable with prior years*

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

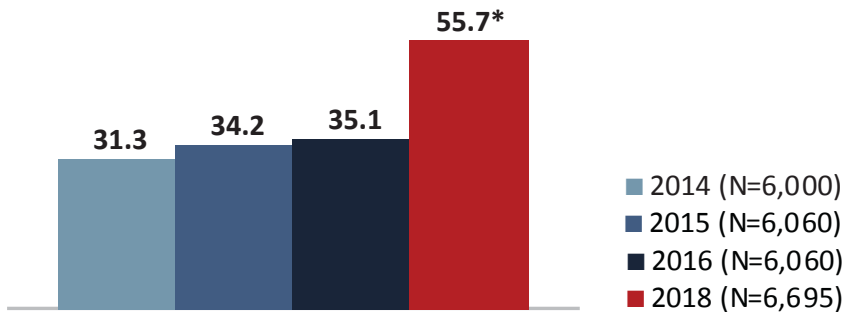
SURVEY TRENDS COMPARISON

The FII surveys and the World Bank's Global Findex surveys show parallel trends

The FII surveys use a much larger sample and geographic coverage, which provides greater measurement accuracy than the Findex survey.

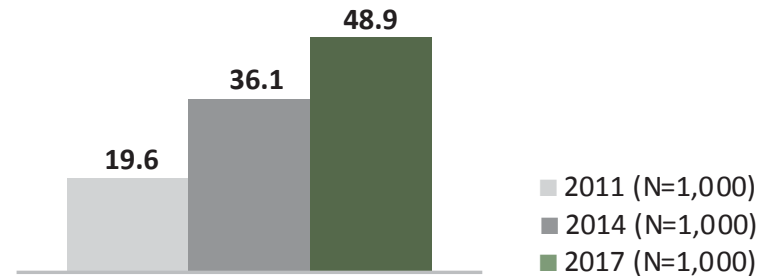
FII account ownership by year

(Shown: Percentage of adults)



Global Findex account ownership by year

(Shown: Percentage of adults)



*Definition of account ownership is not fully comparable with prior years

Source: FII: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019. Findex: Demirgüç-Kunt, Asli, Leora Klapper, Dorothe Singer, Saniya Ansar, and Jake Hess. 2018. *The Global Findex Database 2017: Measuring Financial Inclusion and the Fintech Revolution*. World Bank: Washington, D.C.

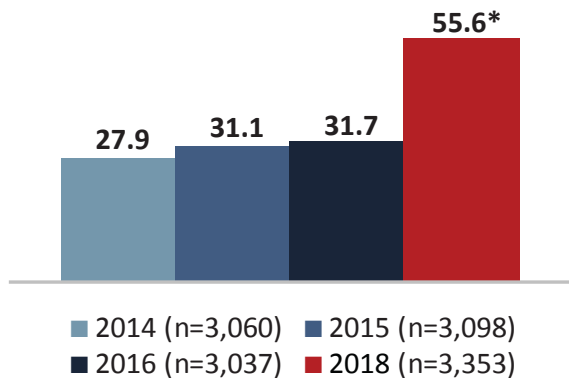
ACCOUNT OWNERSHIP TREND BY GENDER

Equal proportions of women and men are account owners

The gender gap closed between 2016 and 2018 as account ownership grew by 23.9 pp among women, compared to 17.3 pp among men. Government assistance received by women digitally helped to close the gender gap in account ownership.

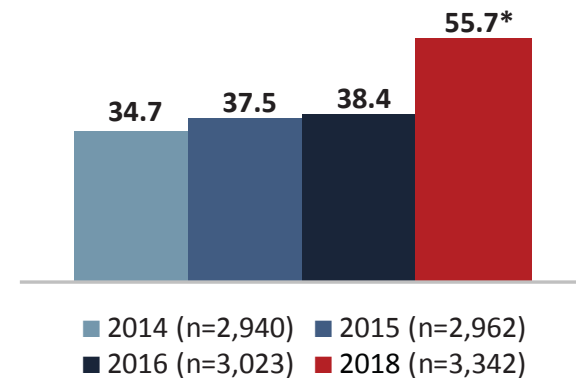
Female account ownership by year

(Shown: Percentage of adults)



Male account ownership by year

(Shown: Percentage of adults)



*Definition of account ownership is not fully comparable with prior years

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

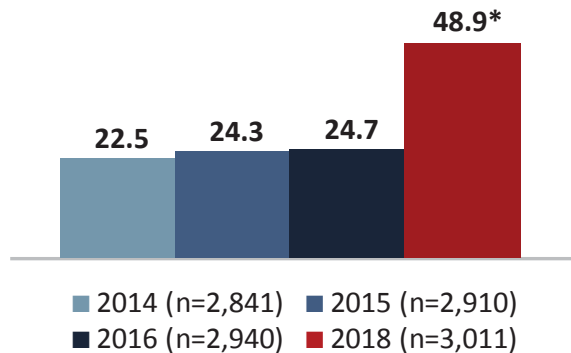
ACCOUNT OWNERSHIP TREND BY LOCALITY

Account ownership is more common in urban areas, but is growing faster in rural areas

Between 2016 and 2018, account ownership nearly doubled in rural areas, growing by 24.2 pp, compared to growth of 16.4 pp in urban areas. Government assistance programs that equally targeted rural and urban areas contributed to the increase in account ownership.

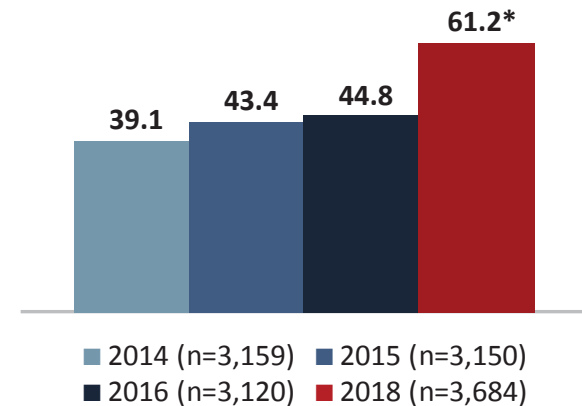
Rural account ownership by year

(Shown: Percentage of adults)



Urban account ownership by year

(Shown: Percentage of adults)



*Definition of account ownership is not fully comparable with prior years

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

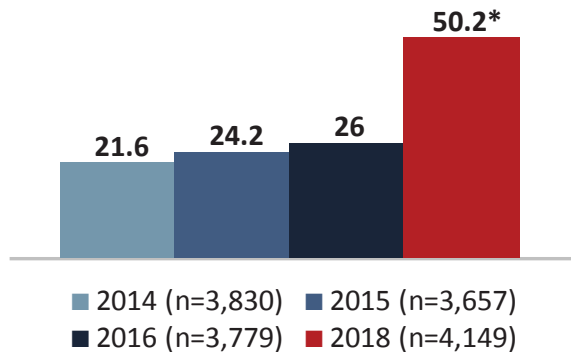
ACCOUNT OWNERSHIP TREND BY INCOME

Account ownership is growing faster among the poor than among higher-income adults

Account ownership nearly doubled among adults with incomes below the poverty line. Government assistance programs targeted to the poor contributed to the increase in account ownership.

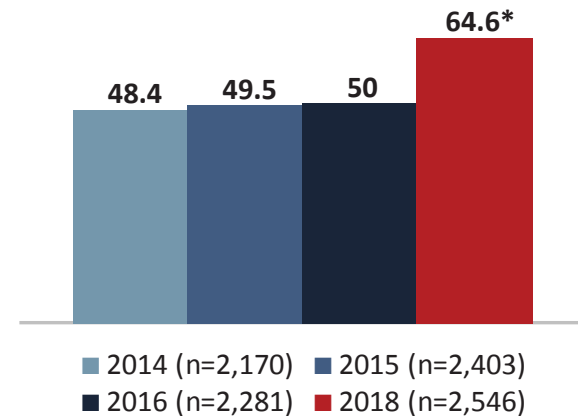
Below-poverty line account ownership by year

(Shown: Percentage of adults)



Above-poverty line account ownership by year

(Shown: Percentage of adults)



*Definition of account ownership is not fully comparable with prior years

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

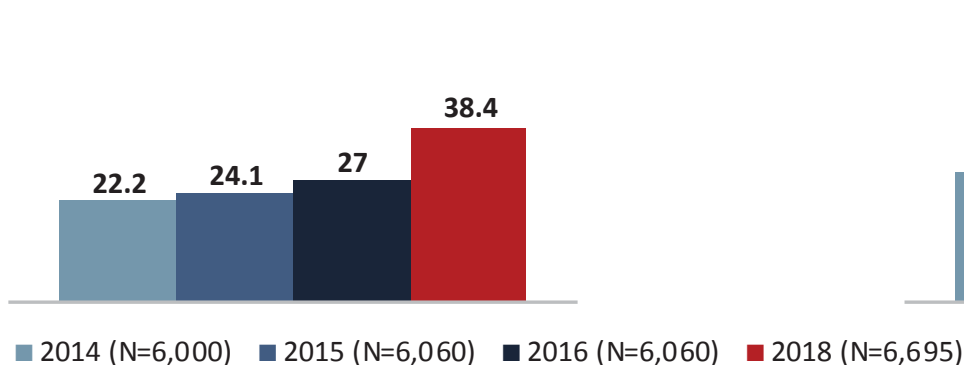
BANK USER TREND

57.5% of adults have used a bank product or service, but only 38.4% have a bank account

Bank account ownership increased by 11.4 pp compared to 2016. Additional growth in financial inclusion will be achieved by encouraging account ownership among adults who currently access bank services using someone else's account.

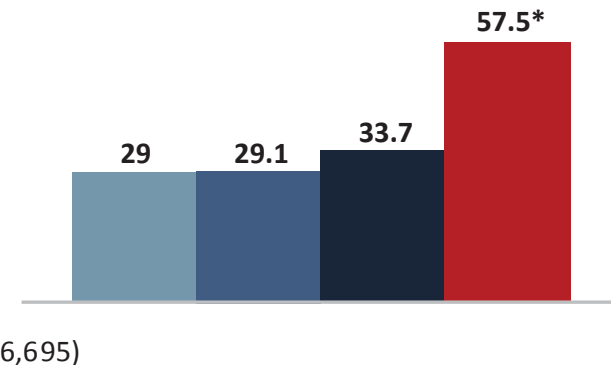
Bank account ownership by year

(Shown: Percentage of adults)



Bank users by year

(Shown: Percentage of adults)



**Definition of bank user is not fully comparable with prior years*

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

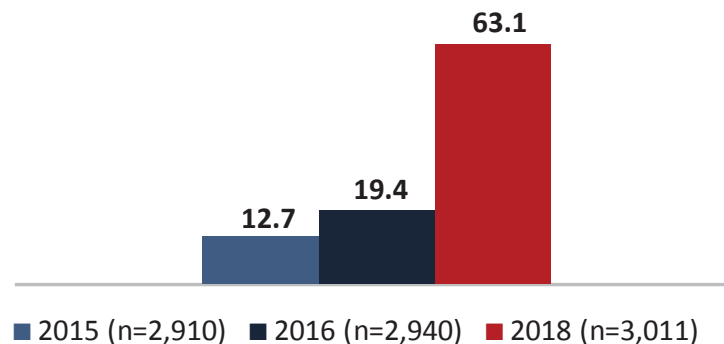
AGENT BANKING AWARENESS TREND

Awareness of banking agents increased dramatically after 2016, particularly in rural areas

Indonesians enjoy widespread access to banking agents. Rural residents are more aware of banking agent locations than urban residents, compensating for the lower density of bank branches and ATMs in rural areas.

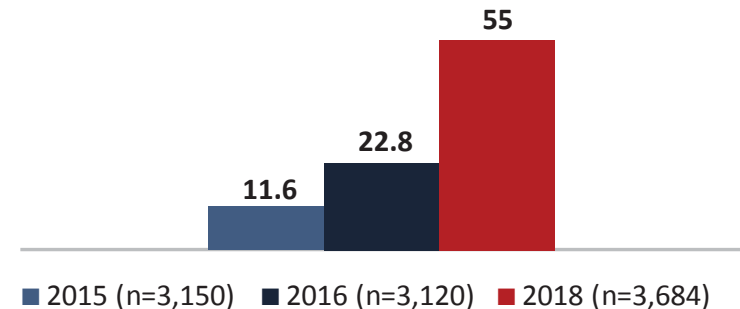
Rural residents who know the location of a bank agent

(Shown: Percentage of adults)



Urban residents who know the location of a bank agent

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

Mobile Phones and Server-based E-money

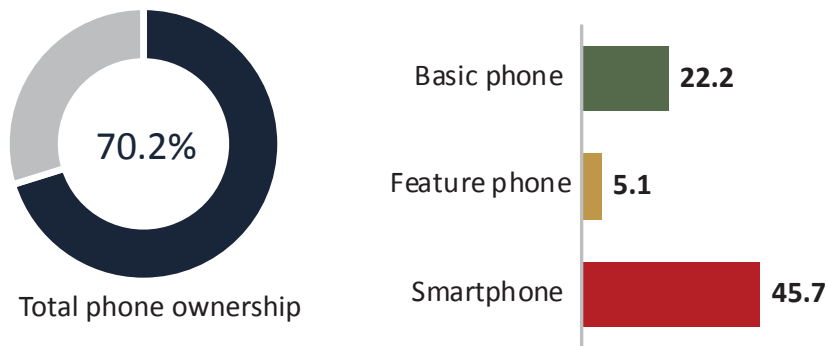
MOBILE PHONE OWNERSHIP

Growth in smartphone ownership should drive growth in digital payments

Smartphones provide a rapidly growing platform for a digital ecosystem of software application-based consumer services, such as those delivered via "super apps." Demand for cashless payments in this ecosystem should drive an increase in account ownership among financially excluded adults.

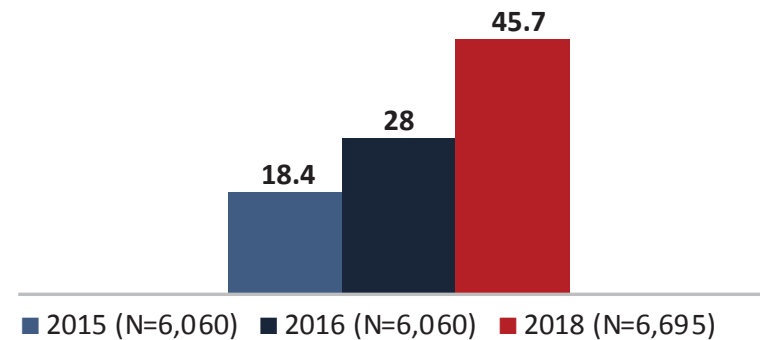
2018: Phone ownership

(Shown: Percentage of adults, N=6,695)



Smartphone ownership by year

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

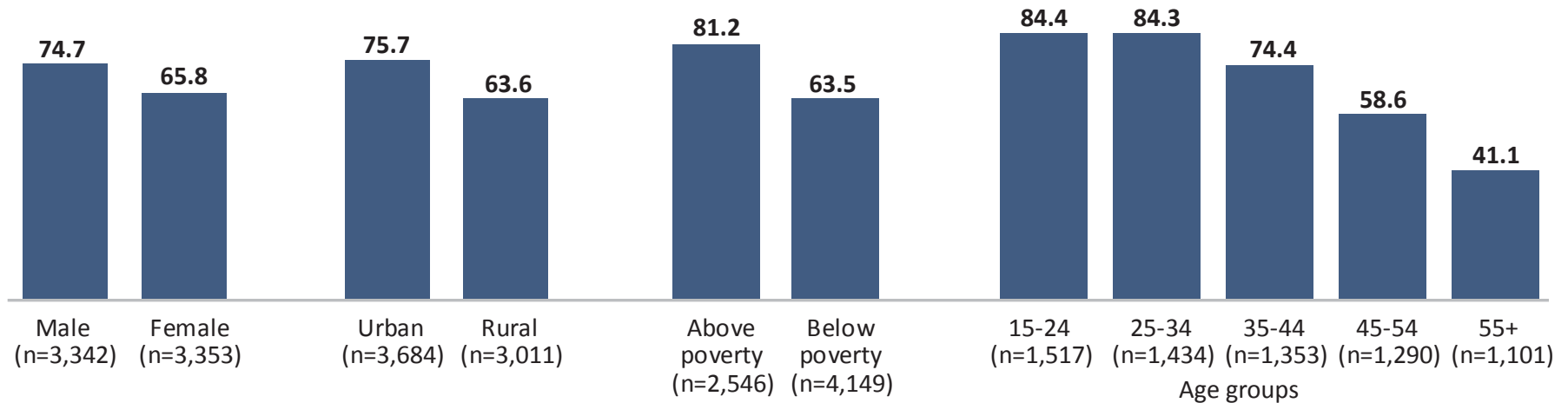
MOBILE PHONE OWNERSHIP DEMOGRAPHICS

There are significant gender, locality, and income gaps between mobile phone owners

Phone ownership is highest among younger, male, urban and higher-income adults. The expansion of phone ownership to more women, below-poverty adults and rural residents will open greater access to digital financial services for these groups.

2018: Mobile phone ownership by demographic group

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

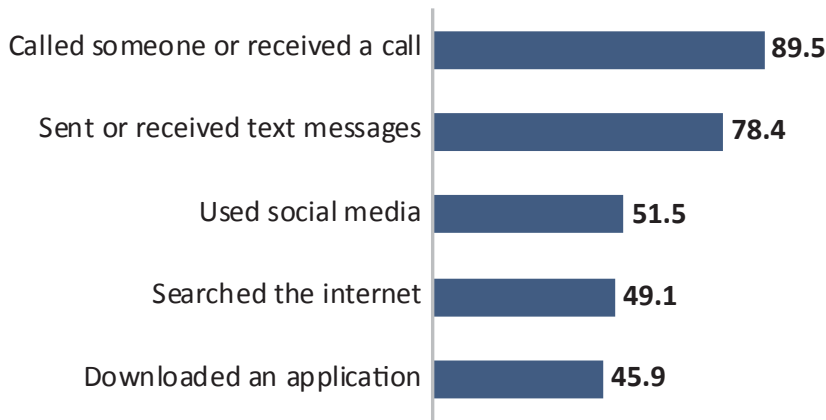
MOBILE PHONE USERS

Phone user capability is generally high, but financial transactions are the exception

Only 25% of adults reported having at least “a little” ability to perform a financial transaction, such as mobile banking or e-money payments. Nevertheless, the high prevalence of other phone skills, such as messaging, suggests that the large majority of the population is ready to adopt digital financial services.

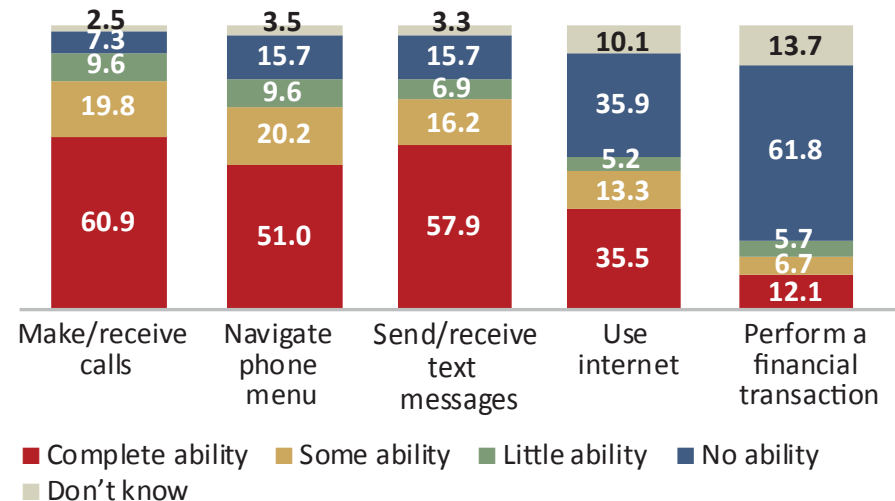
2018: Mobile phone functions ever used

(Shown: Percentage of adults, N=6,695)



2018: Phone user capability

(Shown: Percentage of adults, N= 6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

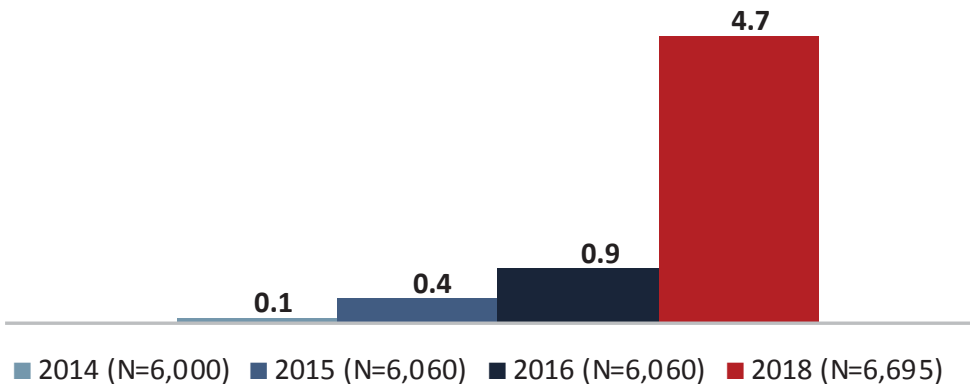
E-MONEY USER TREND

Mobile e-money users increased by over 4X compared to 2016

Adoption of smartphone applications is driving the increase in mobile e-money users, particularly in Jakarta and other urban areas across Indonesia.

Mobile e-money users by year

(Shown: Percentage of adults)



Most adults who have mobile e-money use it regularly
58.7% used it for a transaction in the past month

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

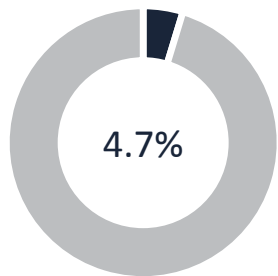
E-MONEY USAGE

Users top-up (cash in) their accounts mainly through convenience stores and ATMs

85% of mobile e-money users have bank accounts, but convenience-store cash counters are the most popular channel for topping-up e-money. Ensuring cash can flow in and out of e-money from a multitude of service points is crucial to fostering the network effects that will expand the utility of e-money and make it a bigger driver of financial inclusion.

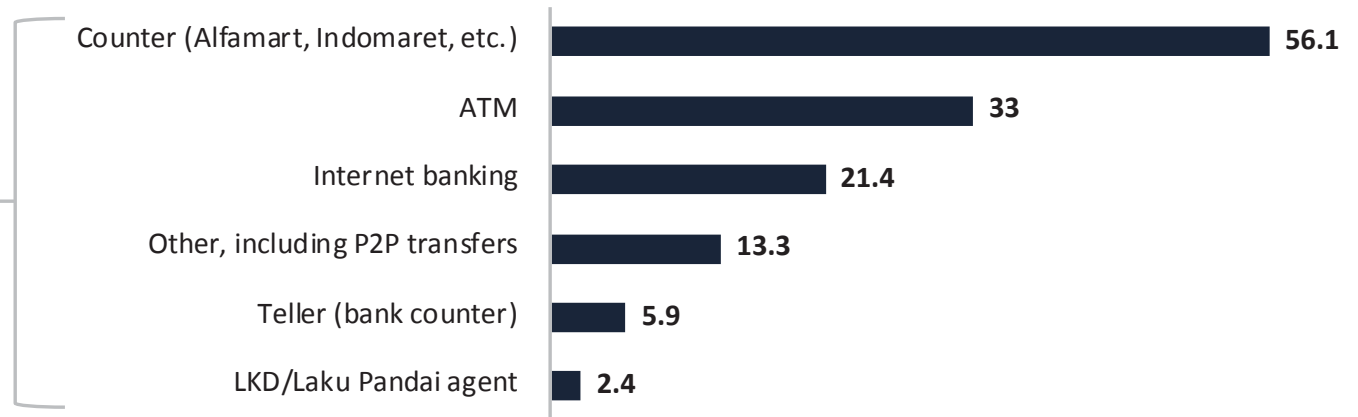
2018: Ever used mobile (server-based) e-money

(Shown: Percentage of adults, N=6,695)



2018: Where users top-up their mobile e-money accounts

(Shown: Percentage of mobile e-money users, n=312)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

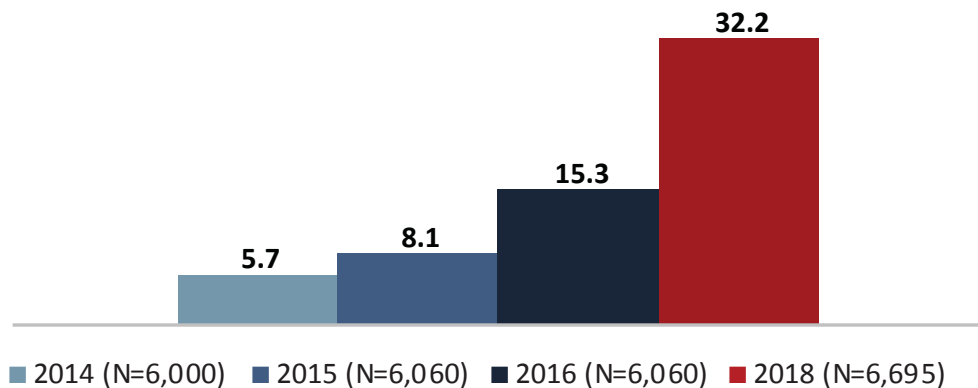
E-MONEY AWARENESS TREND

Awareness of mobile e-money brands more than doubled from 2016

Awareness can be expected to increase rapidly ahead of the adoption of mobile e-money, especially among smartphone owners.

Mobile e-money awareness by year

(Shown: Percentage of adults)



14.5%
of adults who are aware of e-money have ever used it

Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

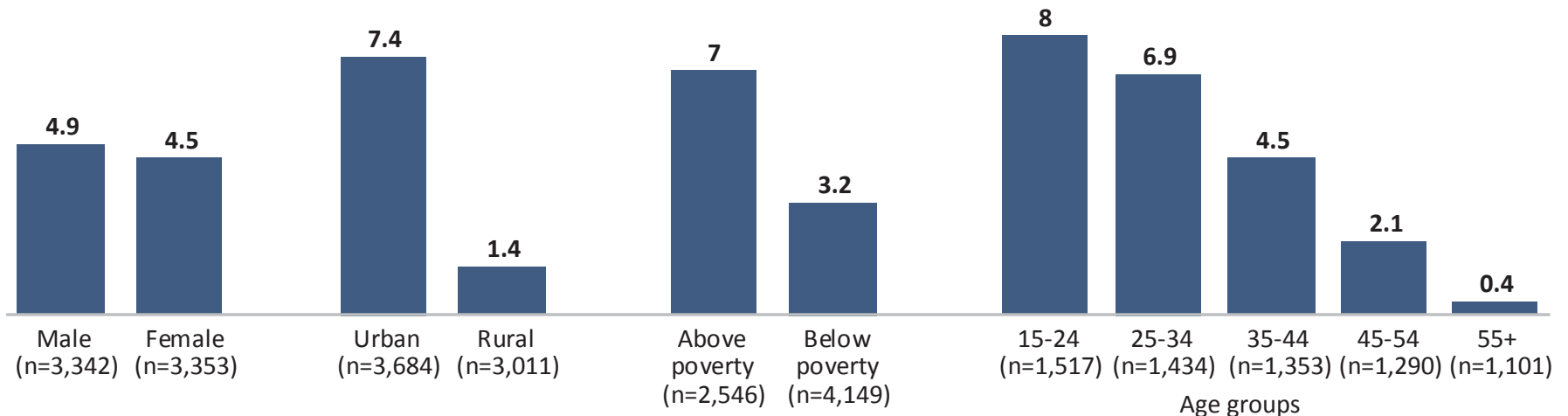
E-MONEY DEMOGRAPHICS

Mobile e-money users are concentrated in urban areas and among the youth

Mobile e-money adoption is in an early phase. Adoption can be expected to spread from urban to rural residents and from younger to older adults. Like account ownership overall, there is no significant gender gap in adoption of mobile e-money.

2018: Mobile e-money users by demographic group

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

Youth adoption of financial services

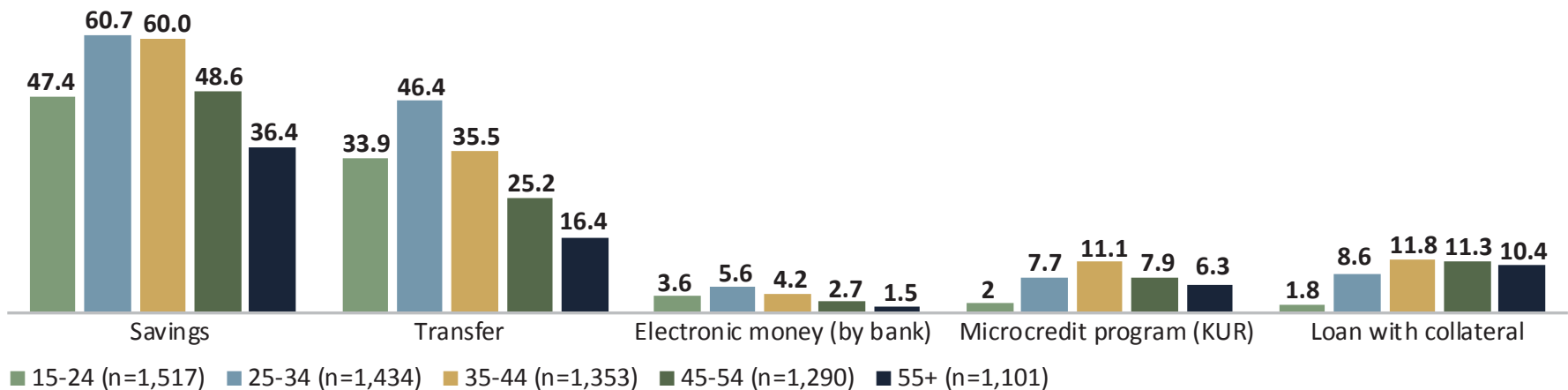
BANK ACCOUNT USAGE BY AGE

Different age groups use bank savings, transfers, and credit at different rates

Users of savings, transfers, and e-money tend to be relatively younger, while users of microcredit and collateralized loans tend to be older. Savings, payments, and credit products and services offered via smartphones are likely to appeal to younger adults.

2018: Bank account usage by age group

(Shown: Percentage of adults)



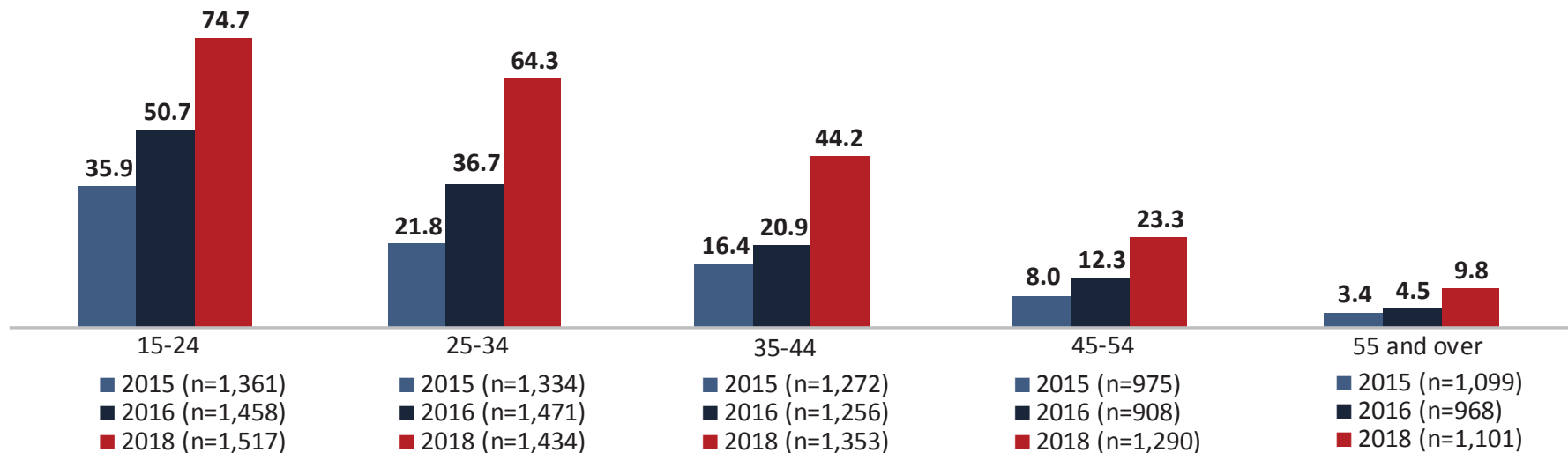
Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

YOUTH SMARTPHONE OWNERSHIP TREND

The youth are leading smartphone adoption

Nearly three-quarters of adults in the 15-24 age group own smartphones. These digital natives will be more likely than their elders to use their smartphones for financial activities.

Smartphone ownership by age group
(Shown: Percentage of adults)



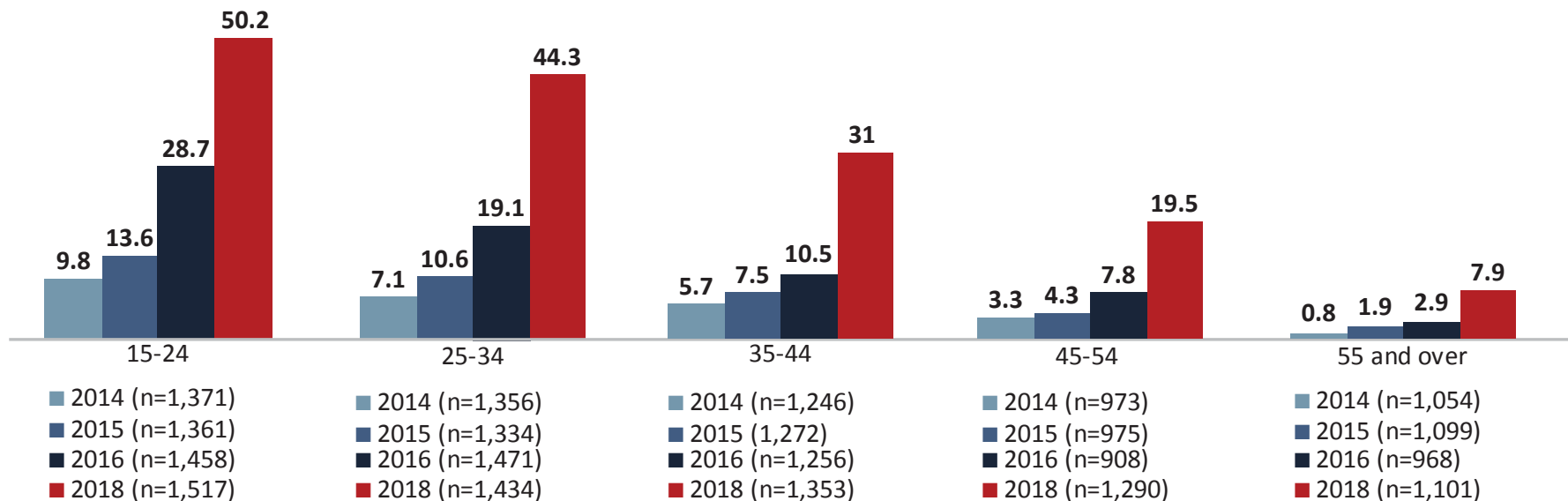
Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

YOUTH E-MONEY AWARENESS TREND

The youth are more aware of mobile e-money than are older adults

Since 2014, the 15-24 age group has consistently been the most aware of mobile e-money brands. Awareness spiked across all age groups after 2016 with the rise of "super apps."

E-money awareness by age group
(Shown: Percentage of adults)



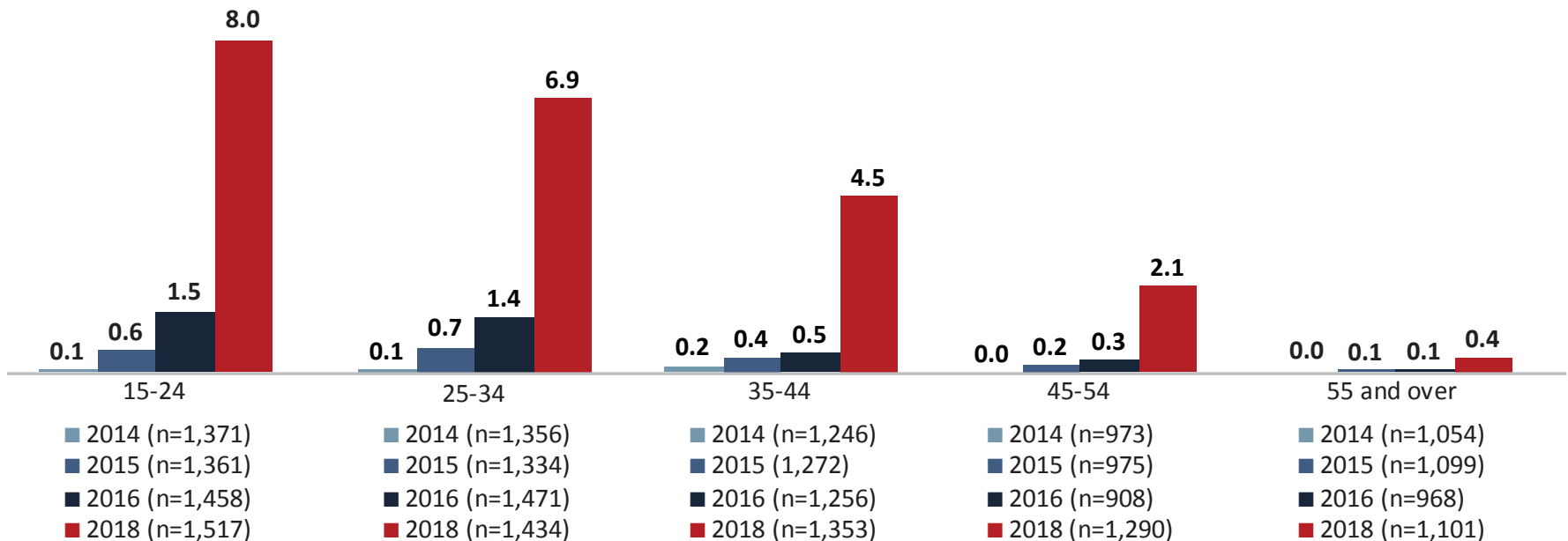
Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

YOUTH E-MONEY USAGE TREND

The youth are the most likely to use mobile e-money, but usage increased 9X in the 35-44 age group after 2016

The increase in e-money usage across age groups shows the utility of mobile e-money for users of all ages.

E-money usage by age group
(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015; Wave 3 (N=6,060, 15+), September-November 2016; Wave 4 (N=6,695, 15+), March-May 2019.

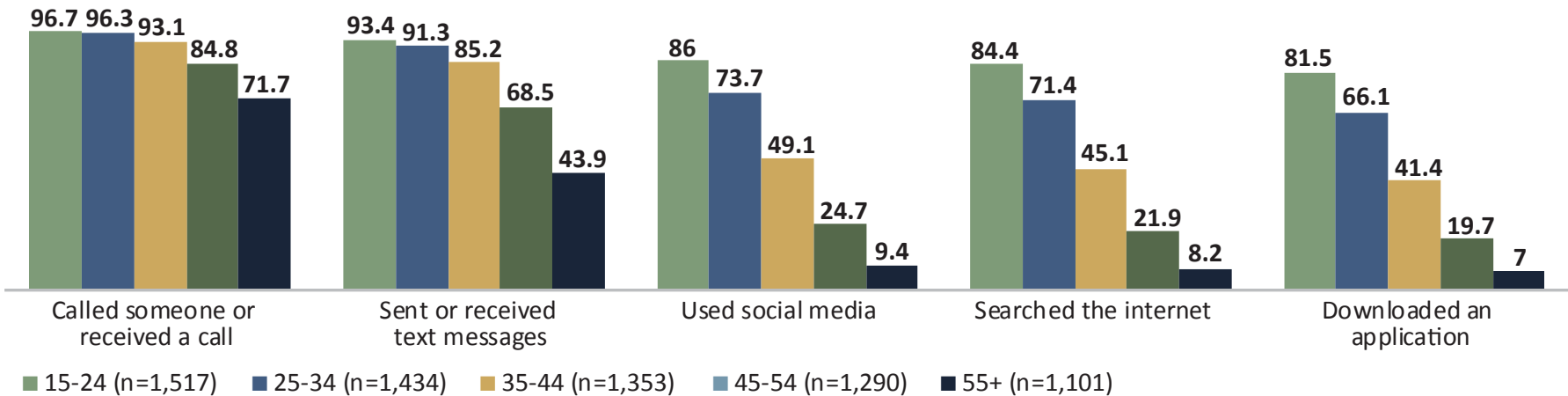
MOBILE PHONE USE BY AGE

Phone use is skewed young, particularly the use of social media and internet applications

The high prevalence of internet use among the younger adults suggests that adoption of digital financial services will continue to rapidly increase as they engage with digital commercial ecosystems and gain greater spending power.

2018: Mobile phone functions ever used by age group

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

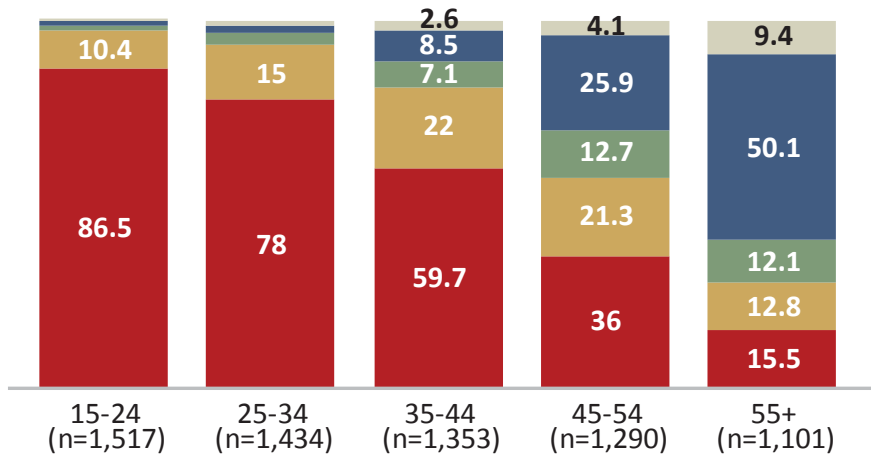
MOBILE-PHONE USER ABILITY BY AGE

Younger adults are more skilled at using mobile phone applications

Adoption of digital financial services is likely to be fastest among the 15-24, 25-34, and 35-44 age groups where messaging ability is highly prevalent. Messaging is a cognate skill for conducting financial transactions using a phone, which is already relatively high among younger adults.

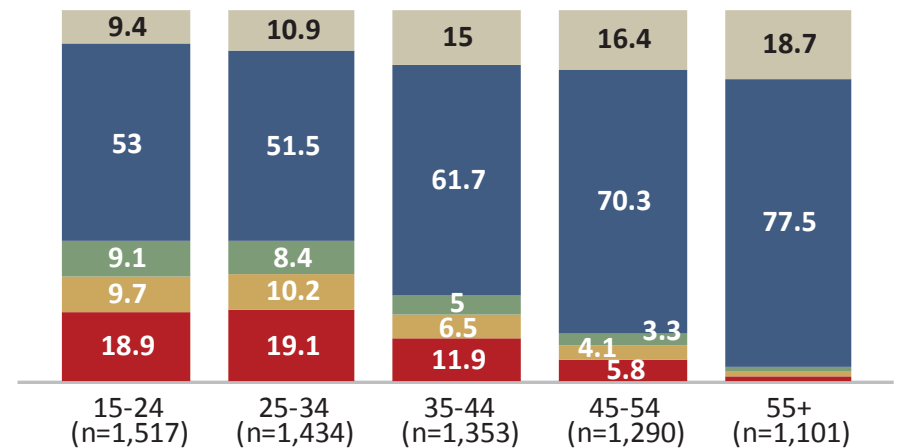
2018: Messaging ability by age group

(Shown: Percentage of adults)



2018: Financial transaction ability by age group

(Shown: Percentage of adults)



■ Complete ability ■ Some ability ■ Little ability ■ No ability ■ Don't know

Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

The unbanked

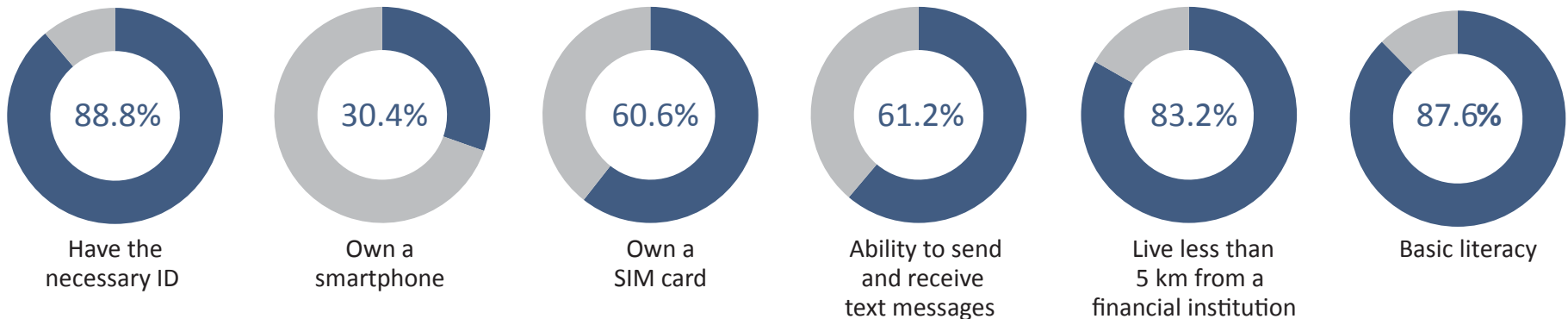
READINESS FOR ACCOUNT OWNERSHIP

Unbanked adults show relatively low levels of readiness to adopt digital financial services

Key indicators of readiness for account ownership, such as proof of identity, basic literacy, and geographic access to financial institutions, are high among the unbanked. But, digital indicators, such as ownership of smartphones and SIM cards, as well as phone skills such as messaging, are lower. Compelling use cases for micropayments and transfers, as well as savings, are necessary to drive demand for account ownership among the unbanked.

2018: Key indicators of readiness for account ownership among the unbanked

(Shown: Percentage of adults, n=2,969)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

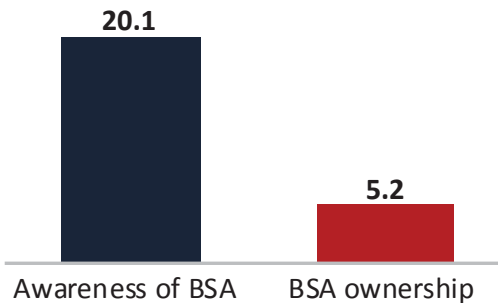
BANK SAVINGS ACCOUNTS

20.1% of adults are aware of the Basic Savings Account product, and 5.2% have one

Lack of money was the most frequently mentioned reason for not having a savings account, despite the availability of a Basic Savings Account (BSA) that has no fees and low minimum balance requirements. Payment and transfer products may be more in demand by lower-income adults than savings accounts.

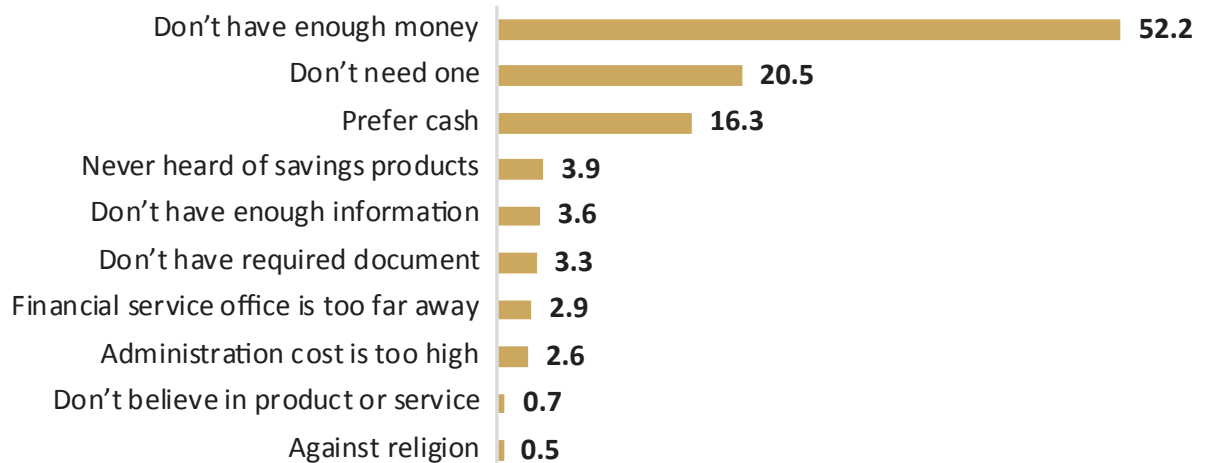
2018: Basic Savings Account (BSA) indicators

(Shown: Percentage of adults, N=6,695)



2018: Reasons for not having a bank savings account

(Shown: Percentage of adults who do not have a bank account, n=4,123)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

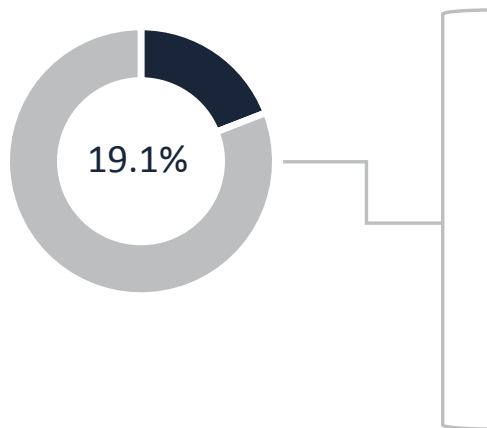
BANK USERS WITHOUT ACCOUNTS

Nearly one-fifth of adults have used a bank product or service but do not have an account

Compared to the larger unbanked population (see page 39), a smaller proportion of those who have used bank services but do not have accounts agreed with each reason for not having a savings account. The high prevalence of ATM card use in this group suggests that using an account that belongs to someone else is common. These users should be relatively easy to convert to account ownership.

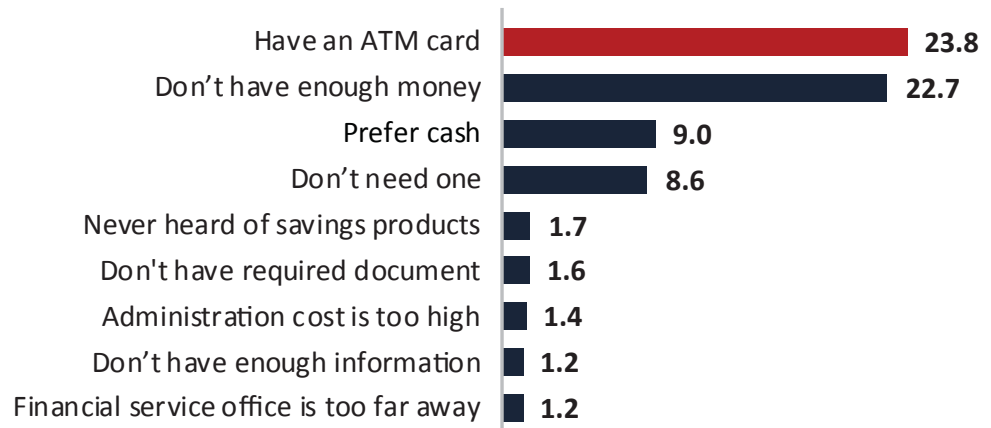
2018: Used a bank product or service but do not have an account

(Shown: Percentage of adults, N=6,695)



2018: Reasons for not having a savings account among those who have used banks

(Shown: Percentage of adults, n=1,277)



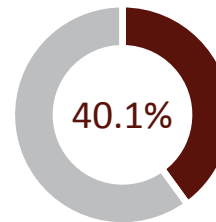
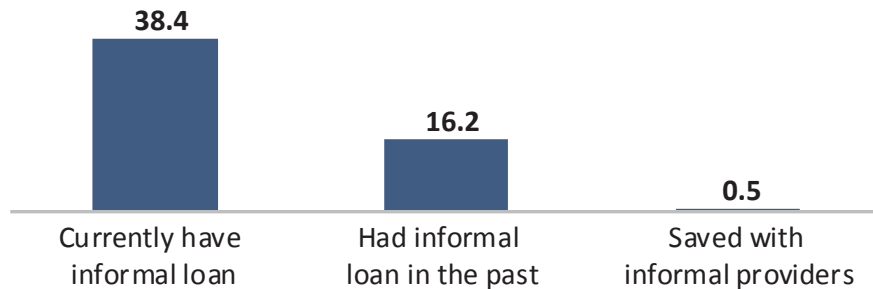
Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

INFORMAL BORROWING

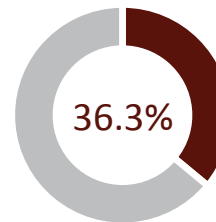
Nearly 4 in 10 adults have an informal loan

Informal borrowing is higher among account owners than non-account owners. This finding suggests that formal financial institutions could meet more demand for credit from both current customers and non-customers.

2018: Informal financial service users
(Shown: Percentage of adults, N=6,695)



40.1% of account owners have an informal loan (n= 3,726)



36.3% of non-account owners have an informal loan (n= 2,969)

Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

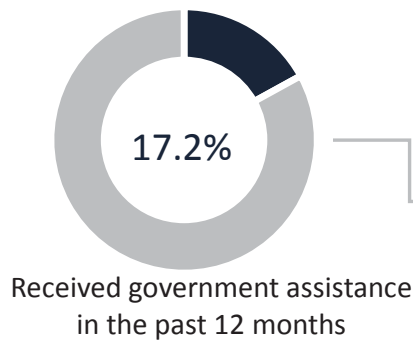
GOVERNMENT ASSISTANCE

Nearly one-third of the recipients of government assistance still do not have accounts

Additional growth in account ownership can be achieved by requiring more recipients to receive government assistance via digital transfers to their own accounts.

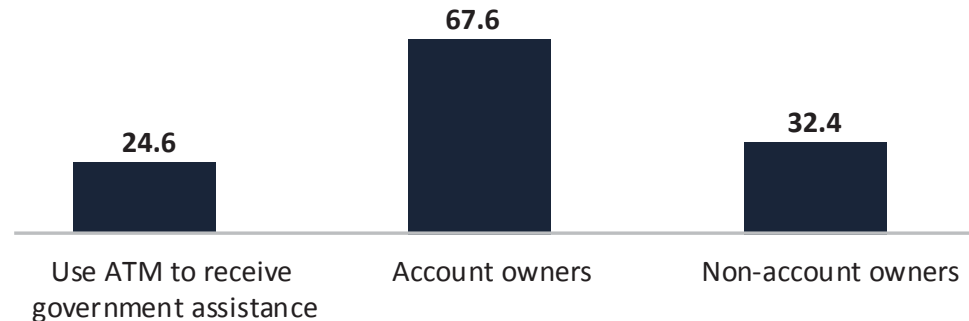
2018: Recipients of government assistance

(Shown: Percentage of adults, N=6,695)



2018: Delivery of government assistance

(Shown: Percentage of adults who receive government assistance, n=1,152)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

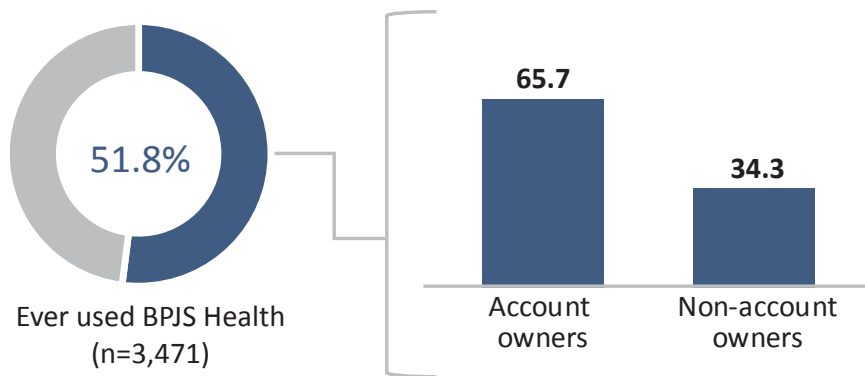
BPJS SERVICES

Over one-third of users of the BPJS national health insurance system do not have accounts

Requiring the use of an account to pay premiums and receive BPJS health benefits would further promote the expansion of account ownership.

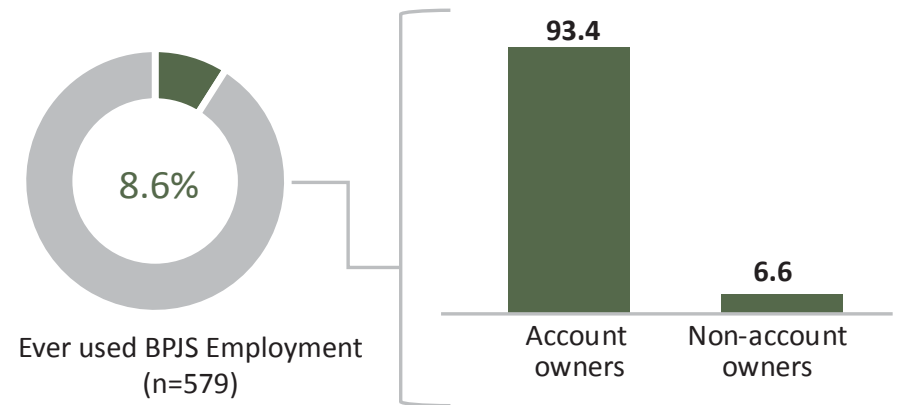
2018: Users of BPJS Health

(Shown: Percentage of adults, N=6,695)



2018: Users of BPJS Employment (pension contribution)

(Shown: Percentage of adults, N=6,695)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

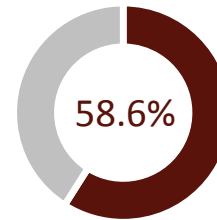
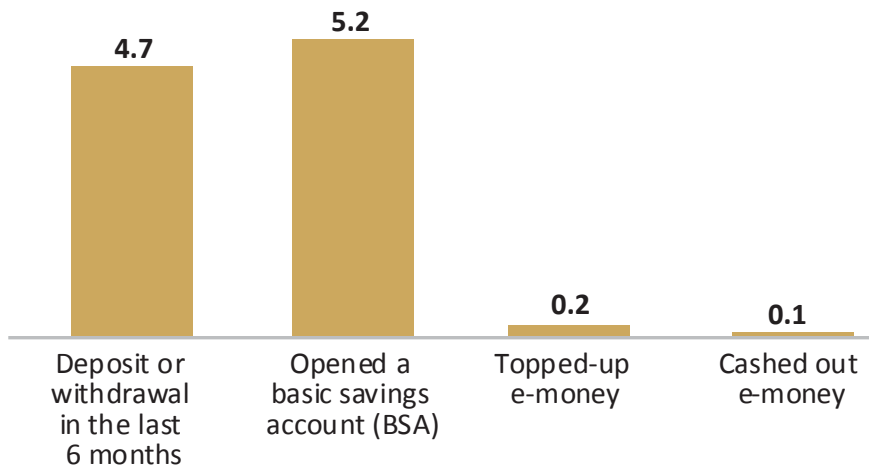
AGENT BANKING

Agent banking is a key channel for account access outside bank branches

Banking agents provide a variety of services, such as mobile e-money top-ups and payments, that are in demand by unbanked adults. Use of agent banking services should grow along with mobile e-money adoption.

2018: Activities of agent banking users

(Shown: Percentage of adults, N=6,695)



knew the location of a banking agent (N=6,695)

Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

Geography of Financial Service Users

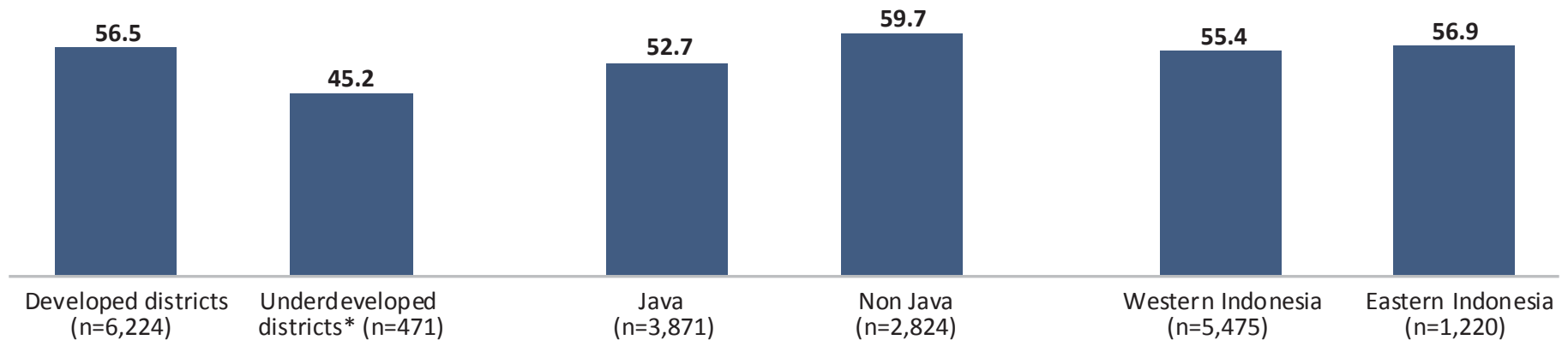
GEOGRAPHY OF ACCOUNT OWNERSHIP

Account ownership is lower in Java compared to the rest of Indonesia

Geographic disparity in account ownership is greatest between underdeveloped and developed districts, reflecting the gap between above- and below-poverty individuals. There is no significant difference between Eastern and Western provinces.

2018: Account ownership by geographic area

(Shown: Percentage of adults)



*13 of 122 underdeveloped (3T) districts (Presidential Regulation 131 Year 2015) were included in the survey (i.e., Musi Rawas (Sumatera Selatan); Pandeglang, Lebak (Banten); Sampang, Bondowoso (East Java); Lombok Barat and Bima (West Nusa Tenggara); Manggarai Timur, Timor Tengah Utara, Timor Tengah Selatan (East Nusa Tenggara); Sambas (West Kalimantan); Sarmi (Papua); Sorong (Papua Barat)

Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

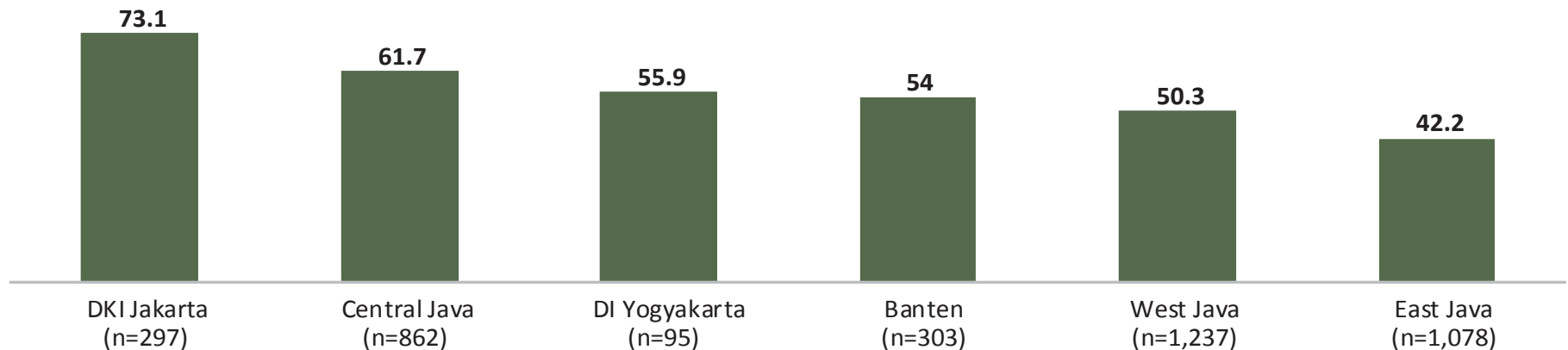
ACCOUNT OWNERSHIP IN JAVA

There are significant disparities in account ownership between provinces of Java

Jakarta has the highest prevalence of account ownership and all other provinces are significantly lower. Central Java is the only other province where account ownership exceeds 60%.

2018: Account ownership by province of Java island

(Shown: Percentage of adults)



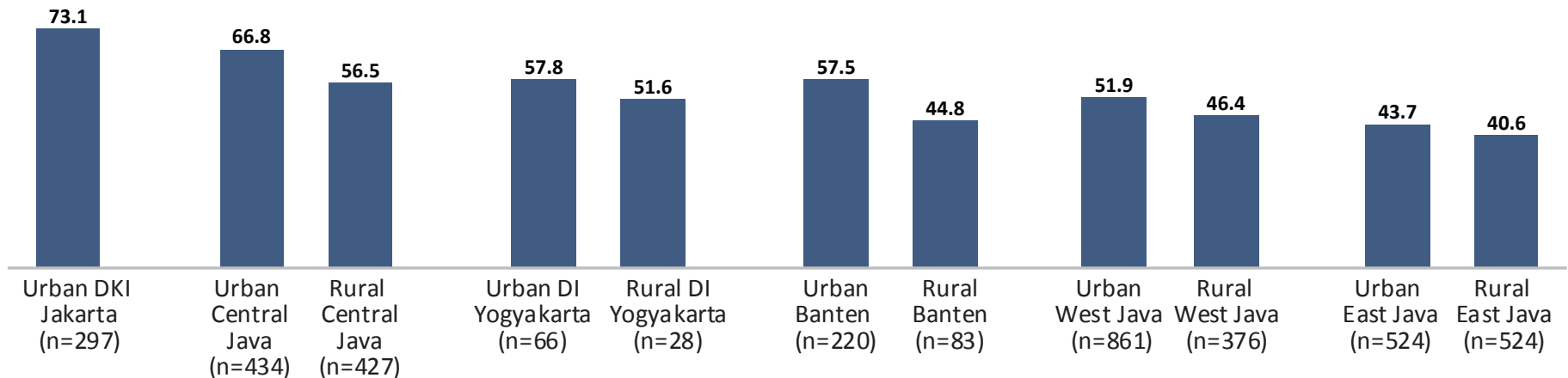
Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

ACCOUNT OWNERSHIP IN URBAN AND RURAL JAVA

Account ownership is lower than the national average of 55.7% in all rural areas of Java's provinces except for Central Java

Locality gaps between urban and rural areas of Java's provinces vary from 10 to 3 pp.

2018: Account ownership by province of Java island
(Shown: Percentage of adults)



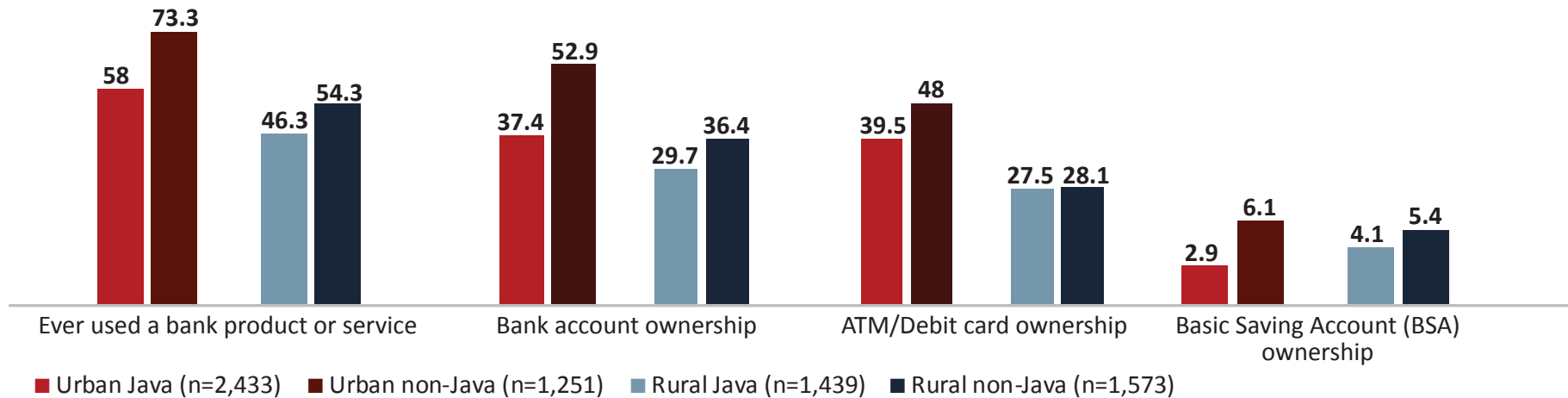
Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

GEOGRAPHY OF BANK USERS

All bank indicators are lower in urban and rural areas of Java island compared to urban and rural areas in the rest of Indonesia

Java is home to most of the population and also to most of the unbanked.

2018: Bank indicators by urban or rural Java or non-Java island
(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

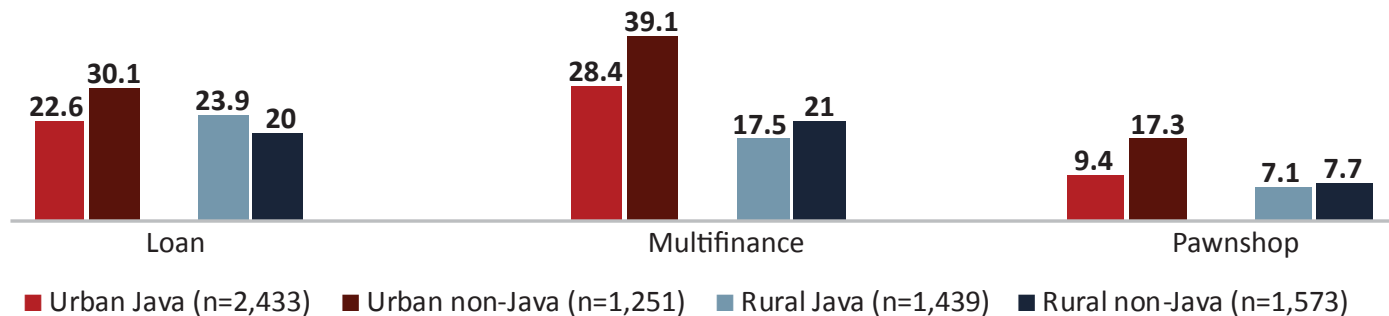
GEOGRAPHY OF BORROWING

Borrowers from formal financial institutions are more prevalent among adults in provinces outside Java, with the exception of loans to rural residents

This finding suggests that the supply of credit in rural Java is greater than in the rest of Indonesia, despite the relatively low proportion of account owners in rural Java compared to the rural population outside of Java.

2018: Borrowing in urban or rural Java island or non-Java island

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.

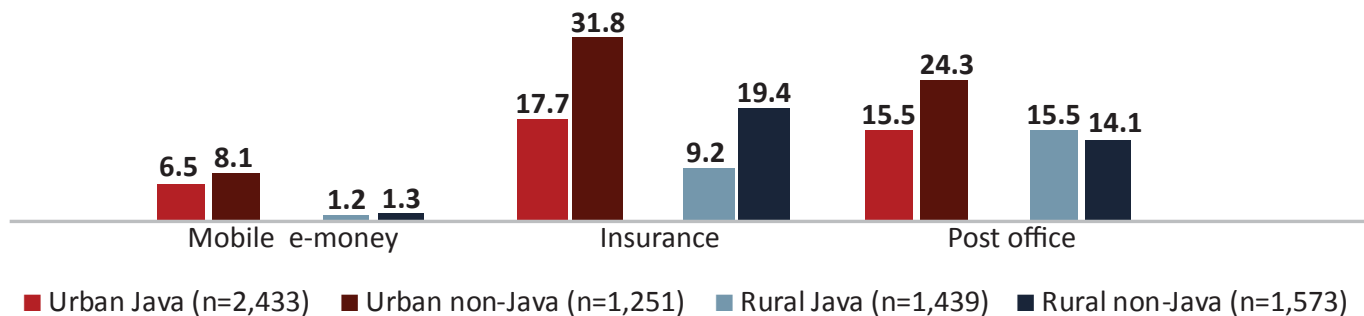
GEOGRAPHY OF FINANCIAL SERVICE USAGE

Mobile e-money users are a larger proportion of urbanites outside of Java than inside

Users of insurance products are also significantly more prevalent in both urban and rural areas outside of Java than inside Java. These findings show that Indonesia's very dynamic financial services industry is meeting varied demand throughout the archipelago.

2018: Financial service usage by urban or rural Java or non-Java island

(Shown: Percentage of adults)



Source: Indonesia Financial Inclusion Insights Tracker survey Wave 4 (N=6,695, 15+), March-May 2019.



“Improving financial inclusion in Indonesia is an important step in our fight against poverty and social inequality. Without financial inclusion it will be difficult to win the fight.”

Joko Widodo,
President of the Republic of Indonesia

For more information contact:
Dr. Samuel Schueth, Research Director
samuel.schueth@kantar.com



www.finclusion.org | Twitter: @finclusion_FII

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KANTAR, Washington, D.C.
Tel: +1.202.809.3229



Indonesia's National Strategy for Financial Inclusion (Strategi Nasional Keuangan Inklusif), is designed to expand the number of Indonesians who have access to bank accounts and other financial services. SNKI was launched in 2016 by the President of Indonesia.

Dewan Nasional Keuangan Inklusif

Jakarta, Indonesia
Tel: +6221 3454 247 | +6221 3454 685
snki.go.id | sekretariat@snki.go.id