



# Indonesia Social Protection Forum 2024

- 🗣️ "Exploring Strategies for an Inclusive, Resilience and Productive Indonesia Emas"
- 🗣️ Parallel Session 6: "Improving Social Protection Delivery"
- 🗣️ An Industry's Case Study for Disbursement

Jakarta, 3<sup>rd</sup> October 2024

# The essence of financial technology (fintech) is to provide easy and safe access to all levels of society for inclusive financial access.

## The Magnitude of the Potential Population

#16th largest economy globally

**283 MN**

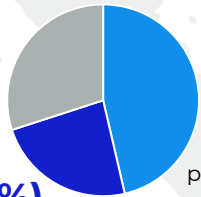
Population (2024) [1]  
#4 Global; #1 in Asteng

**66MN**

UMKM  
(2024)

**47MN (26%)**

Underbanked  
population (2022) [2]



**91MN  
(51%)**

Unbanked  
population(2022)

**59MM (33%)**

Bankable population(2022)

**5%**

Credit Card Penetration(2024)

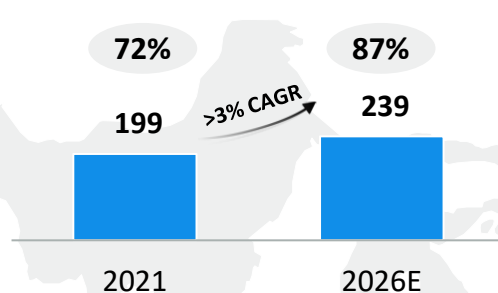
**US\$589Bn**

Cash Transaction Value(2024)

## High Digital Adoption

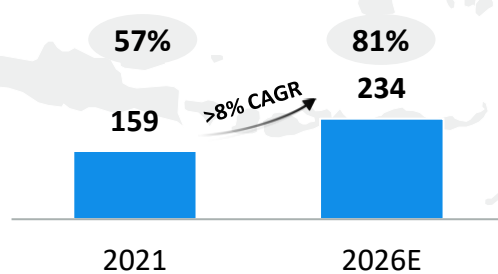
Smartphone Users, MM

% Penetration



Indonesian Digital Payment Users

% Penetration

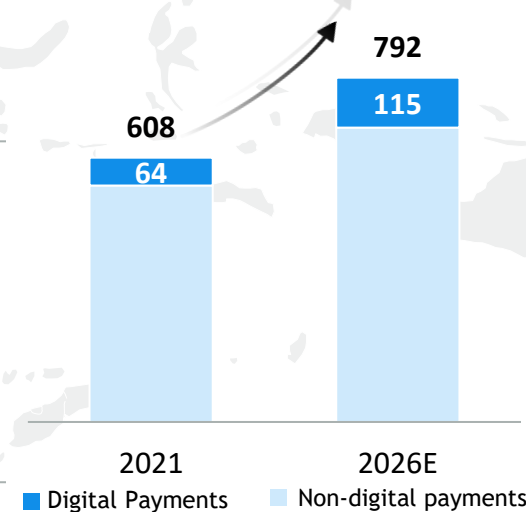


## The size of the payment consumer

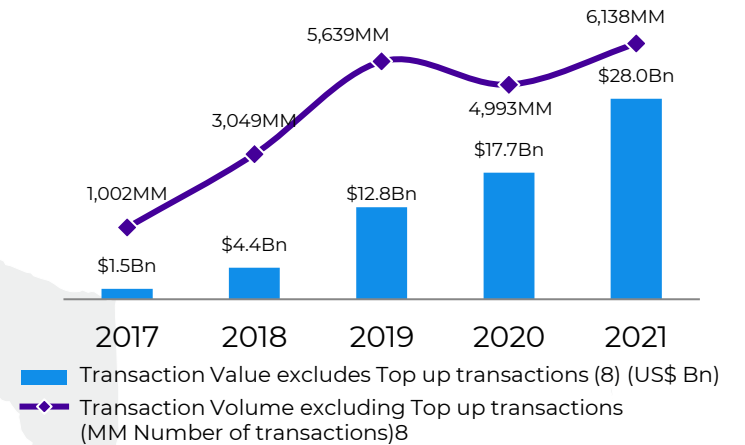
Market Size, Nilai Transaksi (US\$ Bn)

>5% CAGR (Total Consumer Payments)

>12% CAGR (Digital Payments)



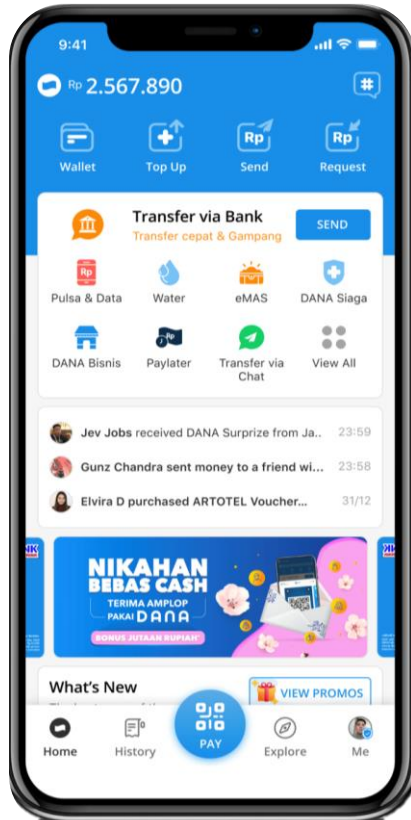
## The Fastest Pace of Digital Transactions



- It took ~75 years of cash to reach today's transaction rate
- It takes card payments (9) ~40 years to reach the current transaction rate
- It only takes ~6 years of digital payments to reach today's transaction rate

**In contrast to other emerging markets in Southeast Asia and globally, the adoption of electronic payments is still low in Indonesia. However, the high number of smartphone and internet users has increased the growth of digital payments.**

Entering its sixth year, DANA is present in the community as a bridge for inclusive financial access and solutions for daily financial activities.



**> 180 million**

download and the public uses DANA as a financial service activity.



**> 850K**

MSMEs registered in DANA Bisnis which are connected to QRIS payments.



**> 20**

Large financial institutions are interconnected and interoperable with DANA.



**> 12**

Cooperation in distributing funds (disbursement) with the private and public parties.



**PJP**

closely supervised by Bank Indonesia and connected to the Dukcapil-Ministry of Home Affairs for KYC.



**> 900**

Regional children are members of DANAM8s, >64% are engineers.

**DANA is a financial infrastructure ecosystem to support the digital economy and the acceleration of an inclusive economy**

# The Payment System Policy (BSPI) mandates banking institutions as the main providers of payment services and encourages interconnection with Fintech players.

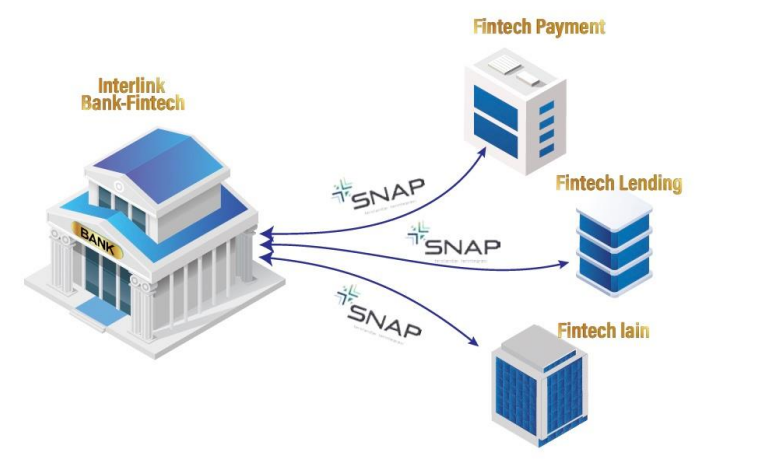
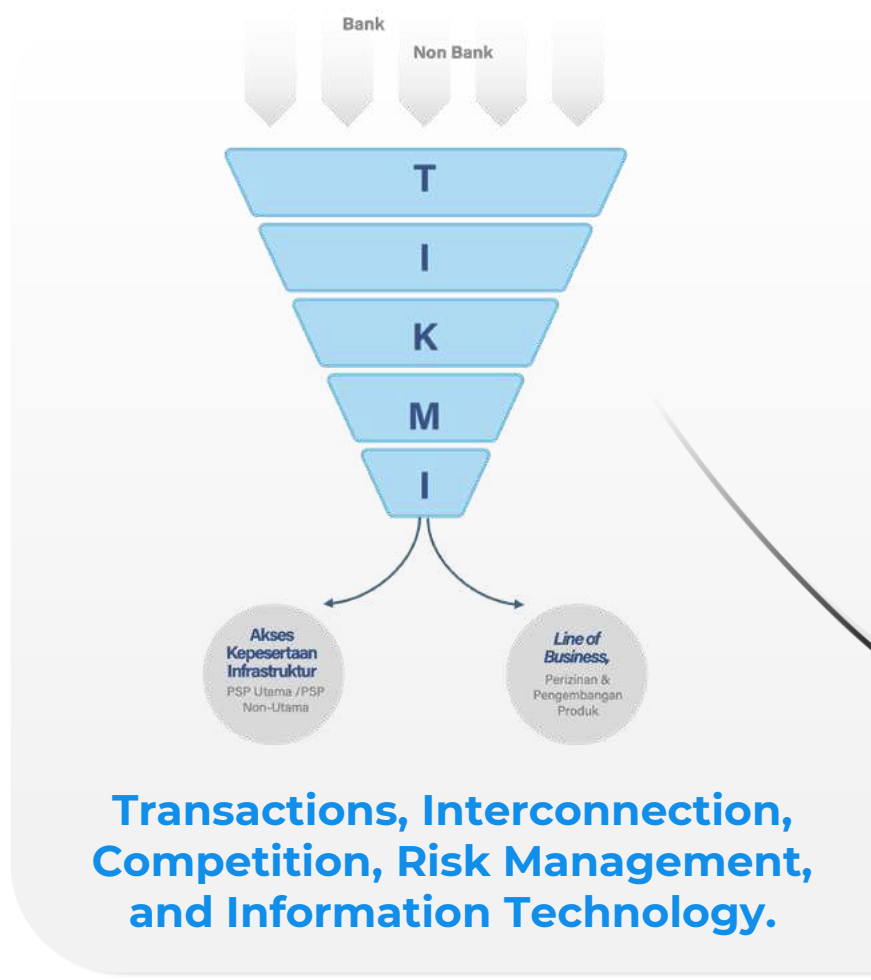
API API API

**Before SNAP**  
high cost, time, and resources.

**SNAP**  
terstandar, terintegrasi

**Standardization**  
Various actors, including banking and non-banking institutions.

**Interoperability**  
Connectivity with financial and digital institutions.



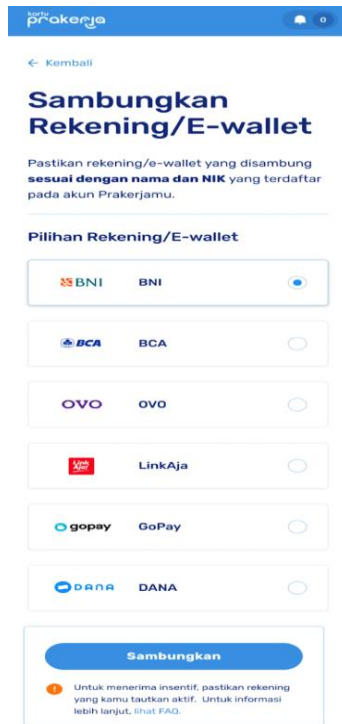
**Including the digitization of government assistance and social assistance (bansos)**



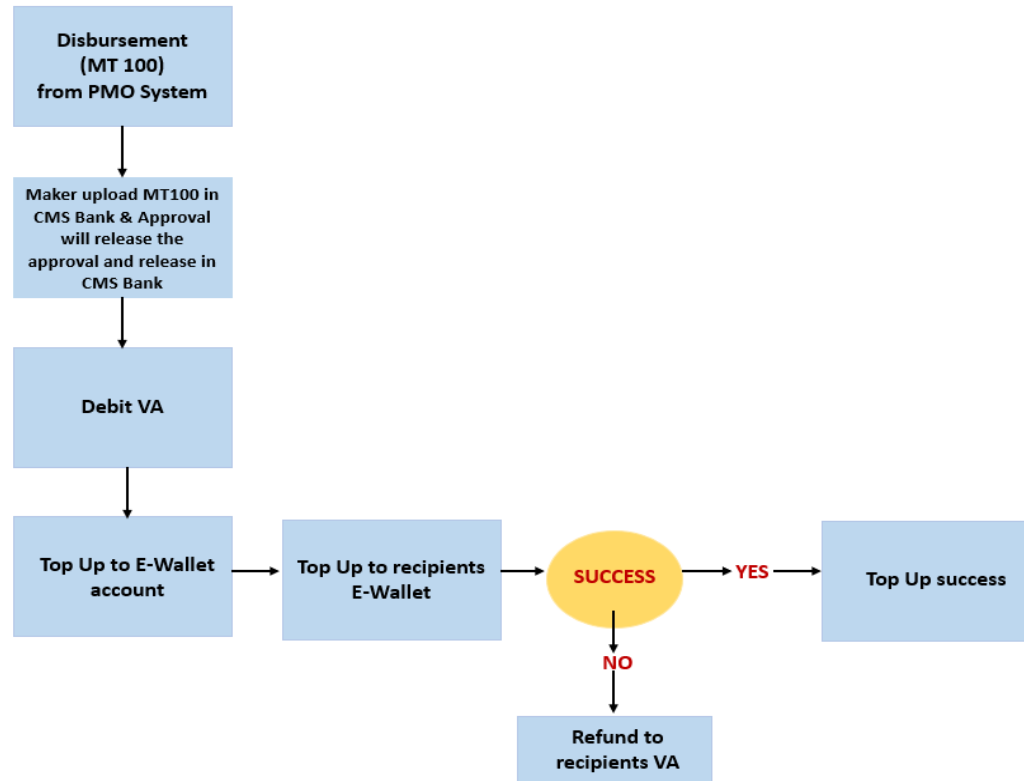
Sumber: BSPI 2025, BSPI 2030.

Since December 2020, DANA has served the government-to-person (G2P) program, the Pre-Employment Card and is one of the channels for receiving incentives (disbursement).

### Connection



### Payment System Mechanism in Distributing Incentives



**#1** PMO as the data guardian collects their eligible data in the form of MT100 which is centralized from the content management system (CSM).

**#2** Data guardian experts from PMO upload MT100 on CSM Other Shelter Bank (RPL). Payment instructions are received and then resumed.

**#3** RPL carries out instructions by debiting funds in the virtual account (VA) of the recipient of the pre-employment card.

**#4** VA debits by RPL are then continued with incentive fund top-ups to those who choose digital wallets.

**#5** The payment instruction is completed and the recipient gets the incentive.

The Pre-Employment Card program is a pioneer in G2P in digitizing social assistance. The involvement of digital wallets side by side with banks, helps increase national financial inclusion.

The Pre-Employment Card is an example of digital ecosystem collaboration in distributing government assistance. Existing infrastructure can be replicated for the digitization of social assistance.



**72%**

Pre-Employment Card recipients choose a digital wallet.

**4.6 MN**

The recipient opens a bank account or digital wallet account for the first time.



## KEY TAKEAWAYS

1

The success of social assistance digitization requires policy planning and implementation across sectors, starting from the Government, related authorities, central mappers/implementing management, banking, and fintech.

2

Central mappers play a crucial role as implementing management in the development of fund distribution infrastructure as well as operational implementation to the distribution of funds to the entitled.

3

Synergy between banking and fintech increases the acceptance of social assistance revenue. This collaboration should be a consideration in the formulation of policies/regulations on the electronification of social assistance.

4

The participation of banking and fintech in the distribution of digital social assistance requires ID card verification for the KYC process. Another consideration in the future formulation is incentives for verification fees.



# Thank you.

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