“AFFORDABLE HOUSING FINANCE FOR INFORMAL WORKERS”
OUR TEAM

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Agenda

01 Background

02 SMF – GRAB Mortgage Program Scheme

03 Implementation Program

04 Development Plan
**INDONESIA’S CURRENT HOUSING CONDITIONS**

**TOTAL POPULATION (Milion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Population</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>252,04</td>
</tr>
<tr>
<td>2015</td>
<td>254,90</td>
</tr>
<tr>
<td>2016</td>
<td>257,89</td>
</tr>
<tr>
<td>2017</td>
<td>261,09</td>
</tr>
<tr>
<td>2018</td>
<td>264,23</td>
</tr>
</tbody>
</table>

**TOTAL HOUSEHOLD (Milion)**

<table>
<thead>
<tr>
<th>Year</th>
<th>Household</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>65,63</td>
</tr>
<tr>
<td>2015</td>
<td>67,23</td>
</tr>
<tr>
<td>2016</td>
<td>68,21</td>
</tr>
<tr>
<td>2017</td>
<td>69,31</td>
</tr>
<tr>
<td>2018</td>
<td>70,10</td>
</tr>
</tbody>
</table>

**HOUSING BACKLOG IN INDONESIA (Million Household)**

<table>
<thead>
<tr>
<th>Ownership Status</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Private Ownership</td>
<td>53.5</td>
<td>54.4</td>
</tr>
<tr>
<td>No Home Ownership</td>
<td>13.7</td>
<td>13.5</td>
</tr>
<tr>
<td>Lease/Rent</td>
<td>6.4</td>
<td>6.3</td>
</tr>
<tr>
<td>Other</td>
<td>7.3</td>
<td>7.2</td>
</tr>
</tbody>
</table>

Sources: Nasional Social Economic Survey (2014-2018)

✓ The Government has been working to reduce home ownership backlog by implementing some subsidized mortgage programs for low income community, such as FLPP Program (Housing Financing Liquidity Facility). KPR FLPP was set up in 2010 to provide low cost fund that will be blended with bank’s fund.

**REALIZATION OF FLPP PROGRAM BY EMPLOYMENT SECTOR**

- KPR FLPP Program is considered successful in helping low-income people to buy their home
- Majority of debtors are salaried worker, only **10.69%** of KPR FLPP debtors are informal workers. The challenges of housing needs for informal workers because of does not have pay slip so that they have limitation to access bank credits.

Sources: Ministry Public Work and Housing, as of March 2020
ACCESS OF HOME FINANCING FOR INFORMAL WORKERS

SMF DIVIDES 3 TYPES OF INFORMAL WORKERS*

1. Informal Workers Using Digital Platform
- The use of technology and digital platform are very important in supporting work
- Using a digital money payment system
- Performance is determined by ratings given by customers
Example: Online Seller in the E-Commerce Marketplace; Ride Hailing Services, Influencers (YouTubers, IG influencers, Bloggers, etc.)

2. Community-based Informal Workers
- Informal workers using simple technology
- Community of the same profession
- The community has a board and activities for its members
Example: Community of traditional market traders, community of handmade craftsmen, community of apple farmers, community of carpenters, etc.

3. Retail Traders
- Home-based workers - Product or service to be produced/provided from home
- Do not join a workers association
- Dominated by women
Example: meatball seller, groceries, tailor, etc

*Based on working conditions and income level

±5 Million Drivers
(CSIS, Tenggara Strategic 2018)

Grab’s Contributions to Indonesia’s Economy in 2018

IDR 48,9 Trillion ≈ 3.49 Billion US$  
(CSIS, Tenggara Strategic 2018)

* Assumption 1 US$ = IDR 14,000

Grab is a ride-hailing app, food delivery service, and cashless payment solution all in one. Grab has increased the number of informal workers in Indonesia and improved their quality of life.
SMF – GRAB MORTGAGE PROGRAM

FEATURES:

- PROGRAM NAME: KPR SMF GRAB
- TYPE OF HOUSE: LANDED HOUSE
- DOWN PAYMENT: MINIMUM 1%
- TENURE: MAXIMUM 15 YEARS FIXED RATE
- MINIMUM INCOME: IDR 8 MIL USD 550/MONTH
- MAXIMUM HOUSE PRICE: IDR 250 MIL USD 17,000
- CREDIT PROCESSING FEE: FREE
- REPAYMENT METHOD: DAILY COLLECTION

SCHEME:

1. Application
   - Proceed Drivers’ Monthly Installment

2. Prescreening the eligibility of the drivers
   - Issuing Recommendation Letter (RL)
   - Conduct Daily Deduction

3. Application + RL

4. Offering Letter

5. Disbursement

6. New House

7. Proposing Refinancing

8. Long Term Fund (Refinancing)

9. HOME BUILDER

This mechanism applied to Grab’s driver partners under the auspices PT Transportasi Pengangkutan Indonesia, as a Grab representative company in Indonesia.

* Assumption 1 US$ = IDR 14,500
KPR SMF-GRAB Expo
Jakarta, 16-17 September 2019

Source: Documentation of SMF

REALIZATION KPR SMF GRAB

420 Drivers attended the expo

406 Submitted Applications

139 Accepted Applications
**EASE OF CREDIT TERMS**

1. **ROLE OF EACH PARTIES**
   - Design program
   - Capacity Building to Finance Company
   - Regular Monitoring
   - Survey, to develop feature product
   - Help Promotion Program
   - Collection payment

**RISK MITIGATION**

- Fixed rate program can’t be applied if Grab Driver breaking partnership with Grab Indonesia
- Limiting the housing plafond to drivers
- These programs are designated for the drivers’ first home
- Protected by life insurance for debtors and fire insurance for housing units

**PROGRAM STRENGTHS**

- IDR

**TECHNOLOGY SUPPORT:**

- SMF
- Grab
COMMERCIAL RATE
SMF funding source for this program comes from bond issuances in the capital market, so the interest rate charged to mortgage debtor is market rate and considered high.

CREDIT GUARANTEE
Protection for financing companies who originate mortgage loan for informal workers throughout mortgage tenure, the insurance premium is too expensive.
This program can be applied to other informal sector workers, such as online seller through e-commerce platform.
“Because every person deserves to own her/his own home”

THANK YOU

Credit Relaxation provide instalment holiday for maximum period of 1 year for debtor that met certain criteria, such as:
- Loan plafond maximum Rp10 bio
- Loan collectability minimum is special mentioned
- Has never been restructured

- Because of PSBB, the Public transportation services will limit passenger numbers to 50% of their normal capacity and restrict operational hours from 6 a.m. to 6 p.m.
- This is makes Grab Drivers’ daily income decreased during pandemic COVID-19. Some of them get credit relaxation toward their housing loan.