

FINANCIAL INCLUSION **insights**

APPLIED RESEARCH FOR  digital financial inclusion

INDONESIA

QUICKSIGHTS REPORT FII TRACKER SURVEY

Conducted August-November 2014

January 2015



THE INDONESIA FII TRACKER SURVEY - DETAILS

Survey summary

- Annual, nationally representative survey (N=6,000) of Indonesian individuals aged 15+
- Face-to-face interviews lasting on average, upwards of 75 minutes
- First survey (year 1) conducted from 8/3/2014 to 11/12/2014
- Provides baseline measurements; subsequent annual surveys will measure trends and track market developments in DFS

Data collected

- Basic demographics
- Poverty measurement (Grameen Progress Out of Poverty Index)
- Access/use of mobile devices
- Access/use of mobile money
- Access/use of formal financial services (e.g., bank accounts)
- Access/use of semi-formal and informal financial services (e.g., arisans (ROSCAs), cooperatives)
- Financial literacy and preparedness
- Technical literacy

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Survey demographics

Demographic	% of Survey (N=6,000)
Male	49%
Female	51%
Urban	53%
Rural	47%
Above the \$2.50/day poverty line	36%
Below the \$2.50/day poverty line	64%
Ages 15-24	23%
Ages 25-34	23%
Ages 35-44	21%
Ages 45-54	16%
Ages 55+	18%

Figures are weighted to reflect national census data demographics.

Source: InterMedia Indonesia FII Tracker survey (N=6,000 15+) August-November 2014.

NOTABLE STATISTICS

- **Indonesians use some combination of banks and nonbank financial institutions (NBFIs) as a means to accessing financial services. They do not use mobile money.**
 - Nearly half (49%) of Indonesian adults have accessed financial services through either a bank or NBFI.
 - Seventeen percent have exclusively used banks, 20% have used NBFIs, and 12% have used both.
 - A combined 29% have used banks and close to one in four (22%) are account holders. One in five (19%) are active bank account holders.
 - Five percent of Indonesians have accounts with NBFIs such as rural credit banks and cooperatives or venturas.
 - Arisans are the most widely used NBFI at 22%, but are not an account-offering medium for accessing financial services.
- **Bank, NBFI and combined users vary by gender, region and income levels.**
 - Those who have only ever used banks are predominantly male, urban dwellers and those living above the poverty line.
 - The demographics of NBFI-only users are the opposite of bank-only users. They are predominantly female, rural dwellers and those living below the poverty line.
 - Individuals having accessed both banks and NBFIs are predominantly female, urban dwellers and those living above the poverty line.
 - The NBFI-only subgroup has the smallest gap between urban and rural use.

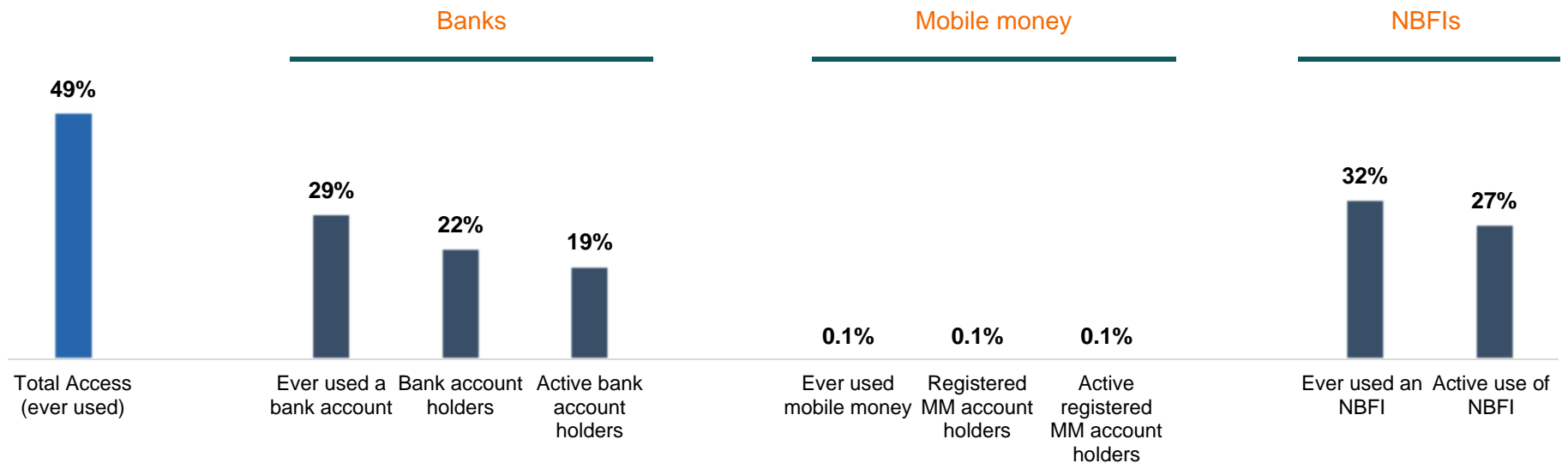
NOTABLE STATISTICS

- **Financial activities of bank and arisan users are mostly basic uses.**
 - More than half of either group had purchased groceries, paid bills, or made person-to-person transfers in the prior month.
 - Active bank users were more likely (9%) to have received government benefits in the last month than were arisan users (7%).
- **Indonesians are largely unaware of the concept of mobile money, and providers.**
 - Only 3% know what the concept of mobile money is.
 - Just 6% of adult Indonesians have heard of at least one mobile money provider, and most of those only know of one of the marketplace providers. Virtually no one (<1%) is aware of more than two of the marketplace providers.
 - Among those aware, XL Tunai (38%) and T-Cash (37%) are the most widely known providers of mobile money. E-Cash and Dometku are third and fourth, respectively.
 - Mass media, word-of-mouth, and provider-led targeted communications are the primary drivers of mobile money awareness.
- **Nearly one-quarter of the adult population has digital access to financial services; it is almost entirely through banks.**
 - Ninety-six percent of those with digital access to financial services only have it through banks.
 - The majority of active digital bank account holders have access to ATMs and can transfer money digitally. Forty-five percent can access their bank accounts through mobile phones or the internet.

Indonesian financial access is driven by traditional banks and NBFIs, not mobile money

Bank, mobile money (MM) and nonbank financial institution (NBFI)* access and use

(Shown: Percentage of Indonesian adults who fall into each category, N=6,000)

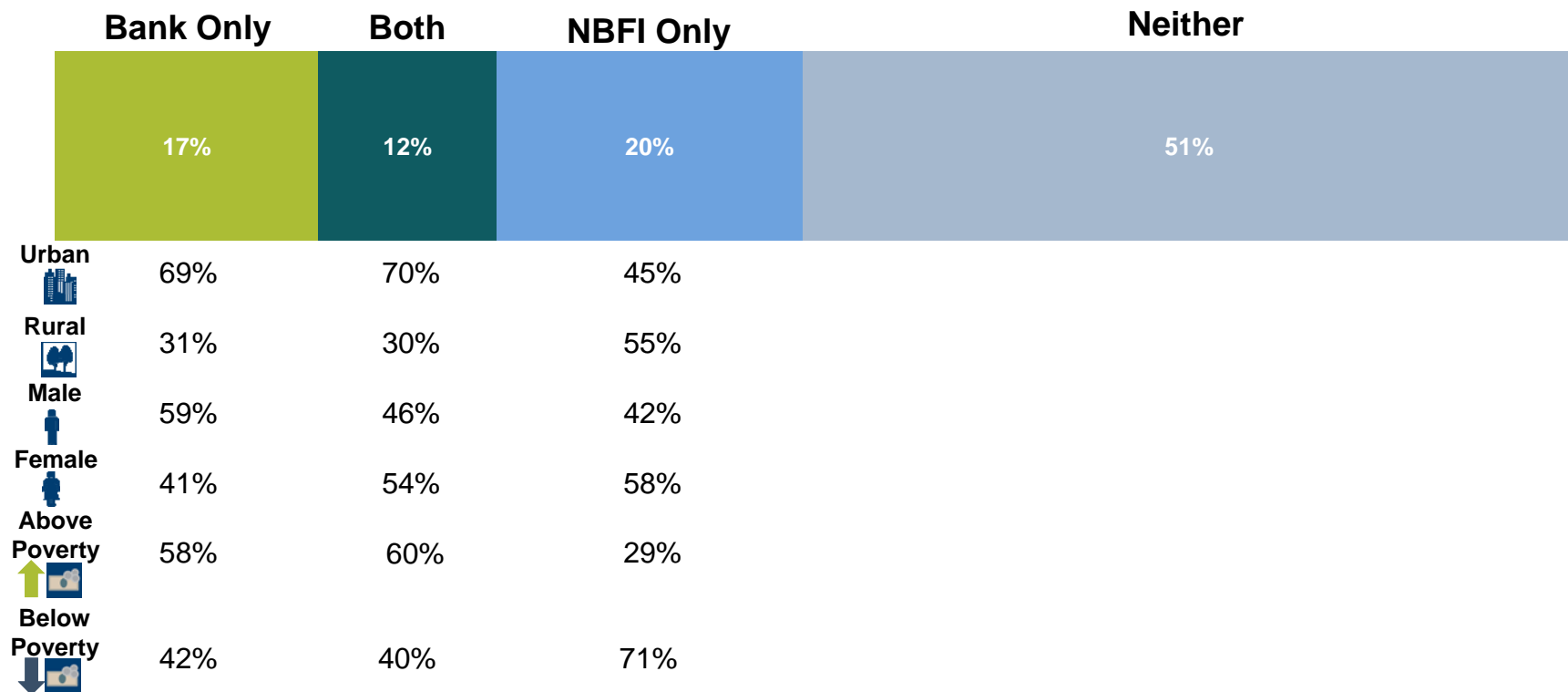


*We recognize that in the Indonesian context, less formalized modes of financial access (arisans, money guards) are viewed as distinct from more formalized institutions (post offices, pawn shops), and rural credit banks are yet another category, often included in “banks.” However, in this report these have all been included in the “NBFI” subgroup.

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There are three streams of financial services consumers: bank, NBFI, and both

Those who have ever used banks, nonbank financial institutions, or both
(Percentage of Indonesian adults, N=6,000)



Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Close to one in five Indonesian adults have active digital stored-value accounts; rural females and those below the poverty line lag

Main FSP Indicator	%	Base n	Base Definition
Adults (15+) who have active digital stored-value accounts	18	6,000	All adults
Poor adults (15+) who have active digital stored-value accounts	9	3,761	All poor
Rural women (15+) who have active digital stored-value accounts	8	1,712	All rural females
Adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	11	6,000	All adults
Poor adults (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	5	3,761	All poor
Rural women (15+) who have active digital stored-value accounts and use them to access other financial services (beyond basic wallet, P2P, and bill pay)	4	1,712	All rural females

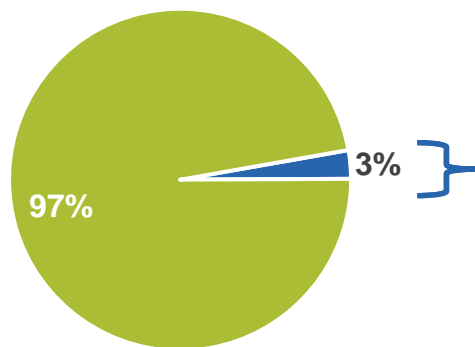
Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Awareness of mobile money as a concept is especially low, driven by provider knowledge

Concept awareness

(Recognize concept of mobile money)

(Shown: Percentage of Indonesian adults, N=6,000)



■ Aware ■ Unaware

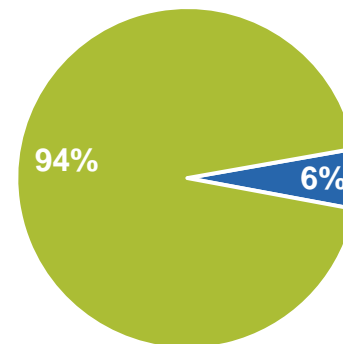
Among those aware

- 100% are aware of at least one mobile money provider
- 2% have used mobile money
- 2% have registered mobile money accounts

Brand awareness

(Recognize at least one mobile money provider)

(Shown: Percentage of Indonesian adults, N=6,000)



■ Aware ■ Unaware

Among those aware

- 48% are aware of the concept of mobile money
- 1% have used mobile money
- 1% have registered mobile money accounts

Categories are not mutually exclusive.

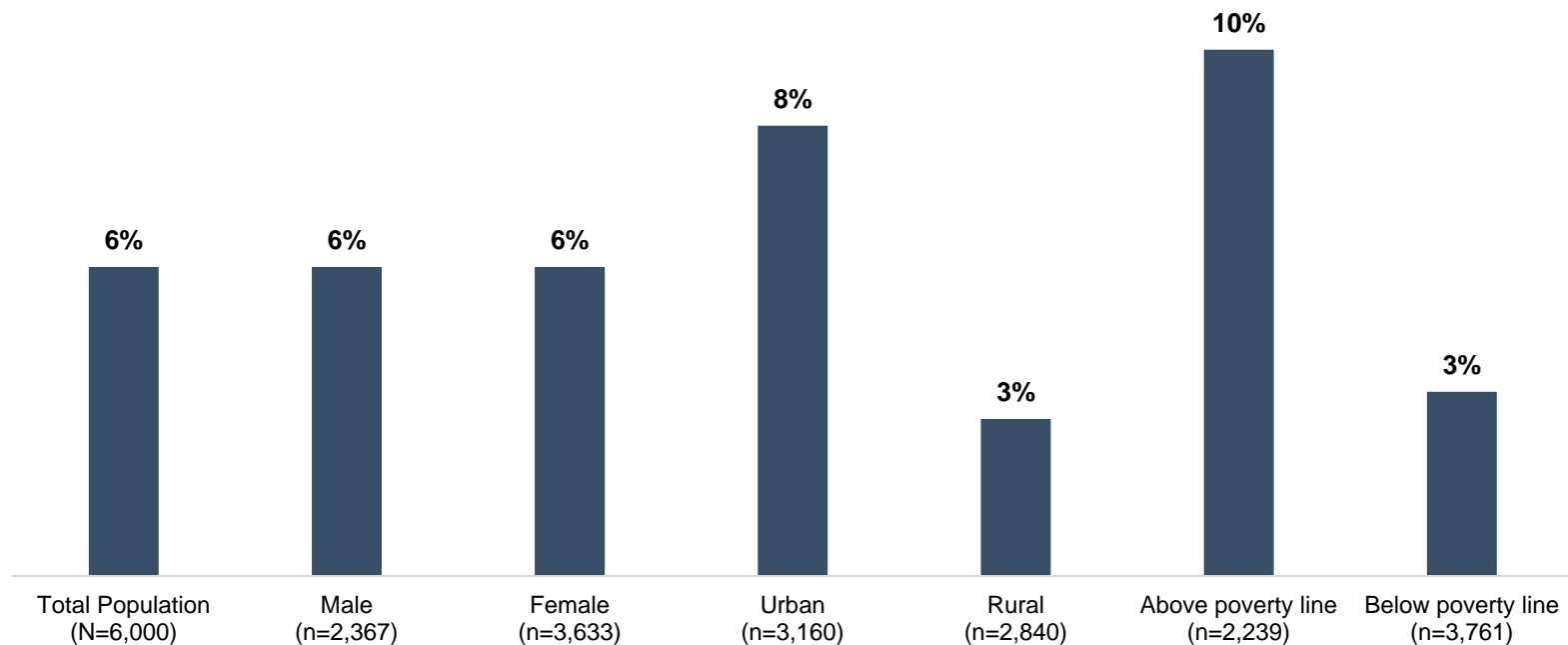
Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

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Urban and above poverty individuals are most likely to have heard of a mobile money provider

Demographics of mobile-money provider awareness

(Shown: Percentage of Indonesian adults who fall into each category, N=6,000)



Mobile money awareness comes from a collection of sources, including mass media, targeted communications and word-of-mouth

<i>“From which source of information did you first learn about this mobile money service?”</i>		
Rank	Top 4 initial sources <i>(% of individuals aware of a mobile money provider)</i>	% <i>(n=309)</i>
①	Television	31
②	Family and/or friends	21
③	Billboards	19
④	SMS alerts from providers	10

Question allowed multiple responses.

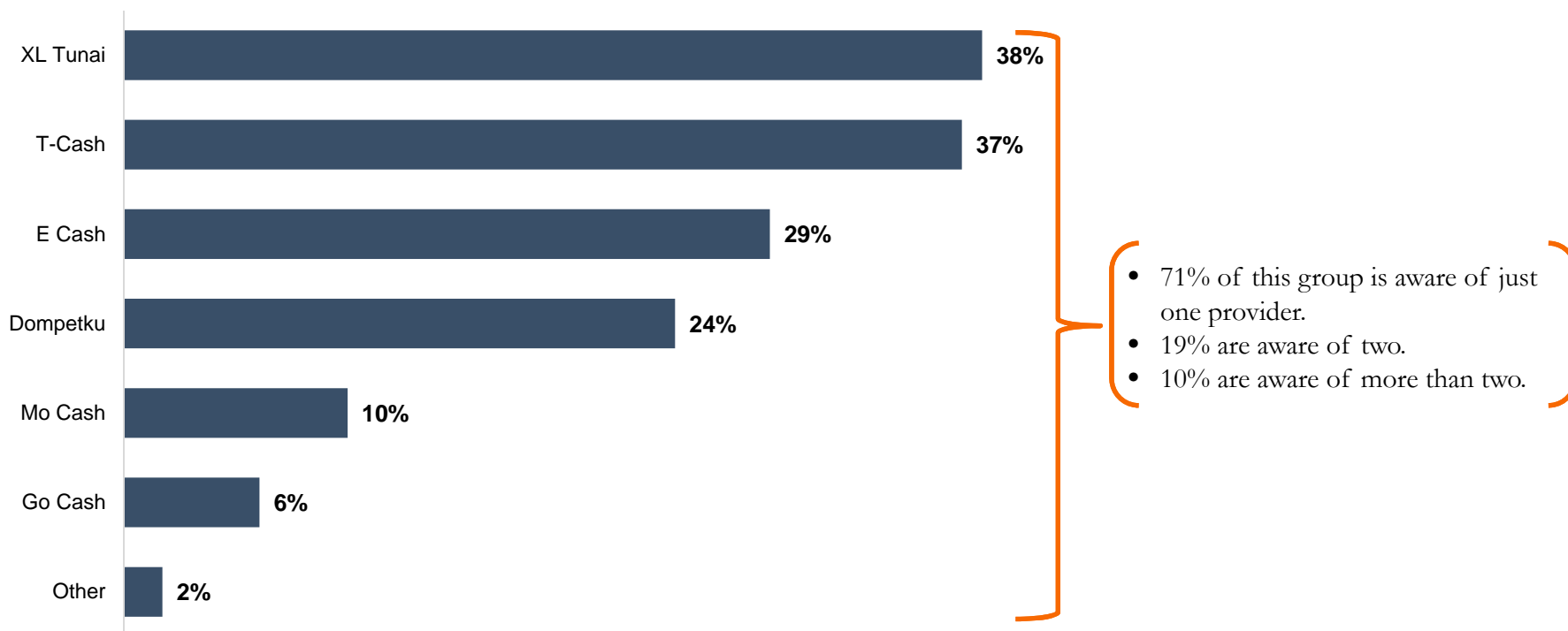
Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

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Consumer awareness does not extend beyond one provider for most, even though multiple providers exist in the marketplace

Mobile-money provider awareness

(Shown: Percentage of Indonesians aware of at least one mobile money provider, n=309)



Question allowed multiple responses.

Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Nearly two-thirds of active bank account holders have used their accounts to conduct at least one of a variety of advanced uses

	Top uses for Active Bank accounts (n=1,100)	%	
Basic Uses	Withdraw money	91	<ul style="list-style-type: none"> • 98% have used at least one basic function. • 70% have used two or more.
	Deposit money	66	
	P2P transfers	32	
	Buy airtime	7	
Advanced Uses	Save/set aside money	36	<ul style="list-style-type: none"> • 64% have used at least one basic function. • 37% have used two or more.
	Receive wages	32	
	Make Bank2Bank / Bank2FI/ Bank to MM transfer	23	
	Bill pay	10	
	Pay for goods at a store/shop	10	
	Loan activity	8	
	Insurance activity	6	
	Receive G2P payments	6	

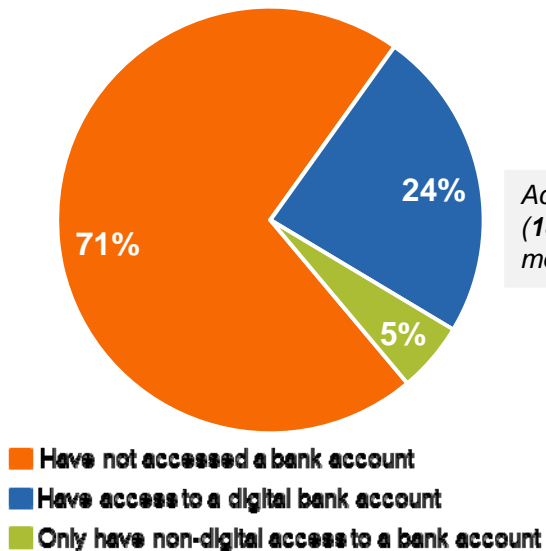
Question allowed multiple responses.

Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Nearly one-quarter of Indonesians can access a bank account digitally; the majority are active account users

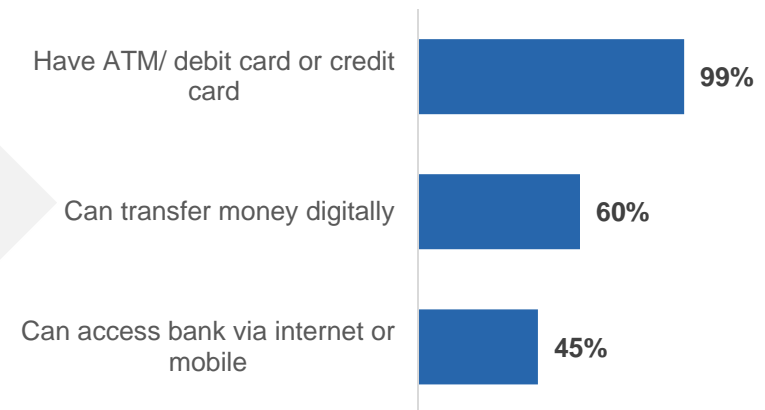
Digital bank account access*

(Total population, N=6,000)



Method of access

(Shown: Active digital bank account holders, n=1,050)



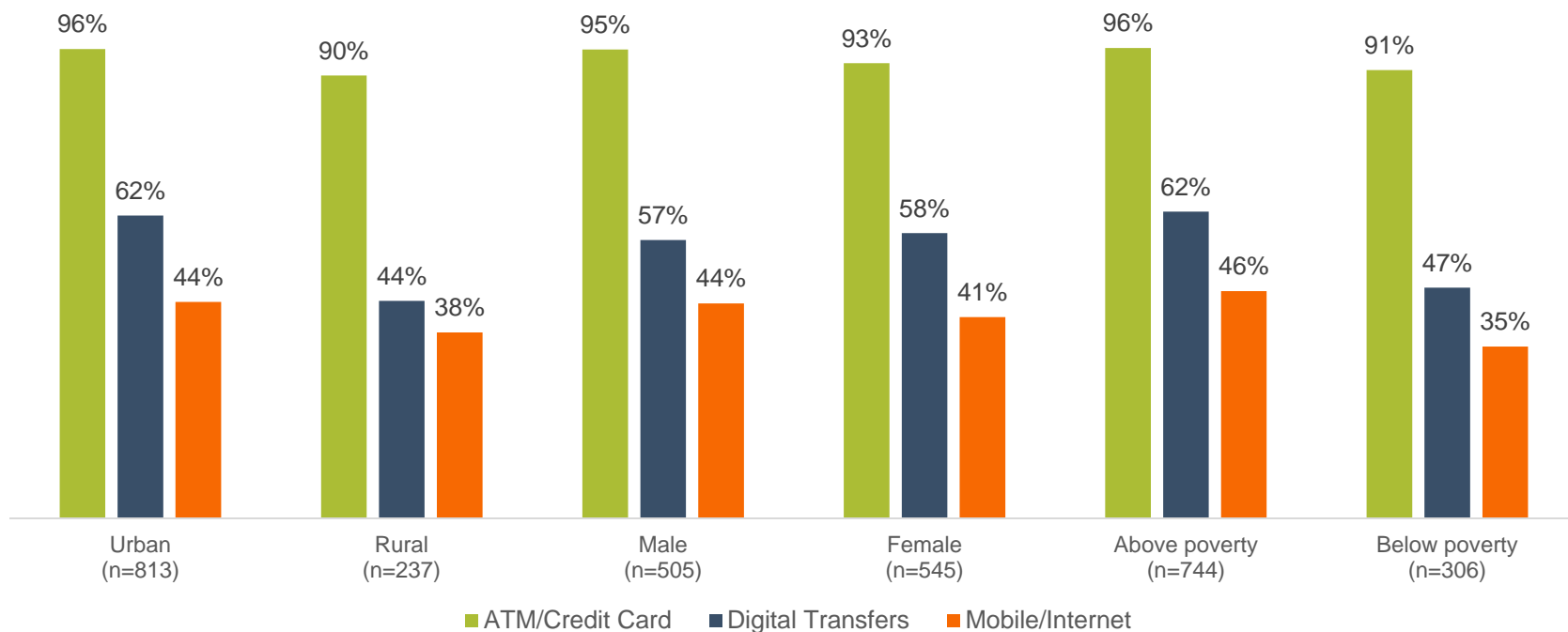
*Question allowed for multiple responses.

* Digital bank accounts offer at least one of the following options: debit/ATM or credit cards, internet or mobile access, or a digital money transfer capability.

Digital access to bank accounts is prevalent even in rural areas and among below-poverty populations through ATMs

Demographics of active bank account holders with digital access

(Shown: Percentage of active bank account holders by demographic)

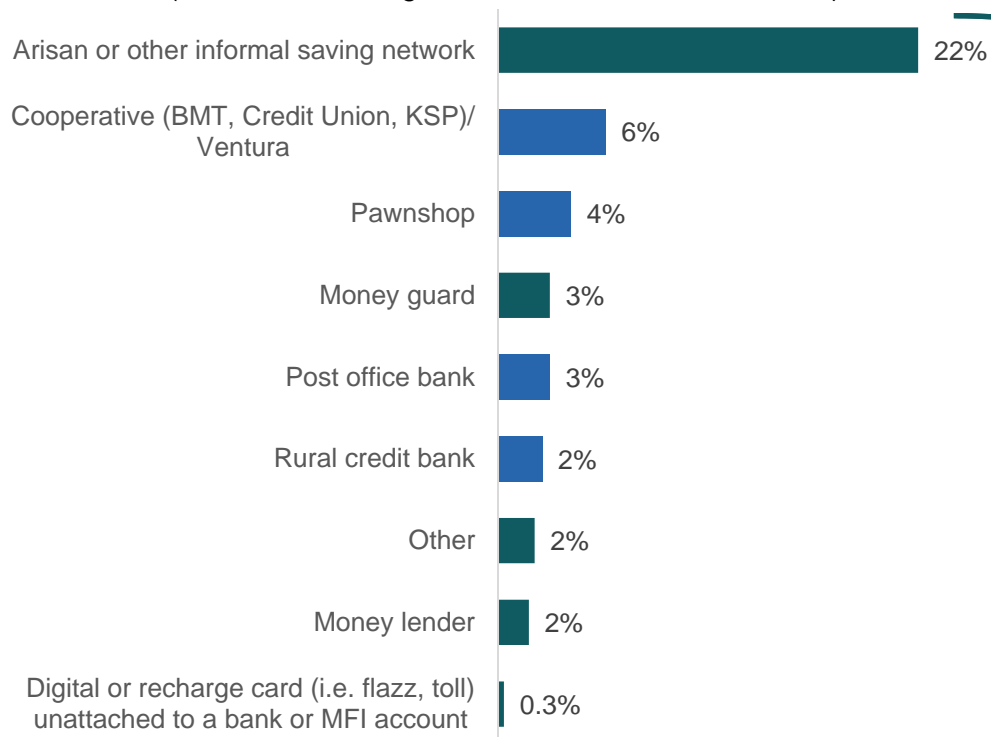


Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Arisans are the most commonly used nonbank financial institution; digital access is limited among NBFIs

Use of informal and nonbank financial institutions

(Shown: Percentage of Indonesian adults, N=6,000)

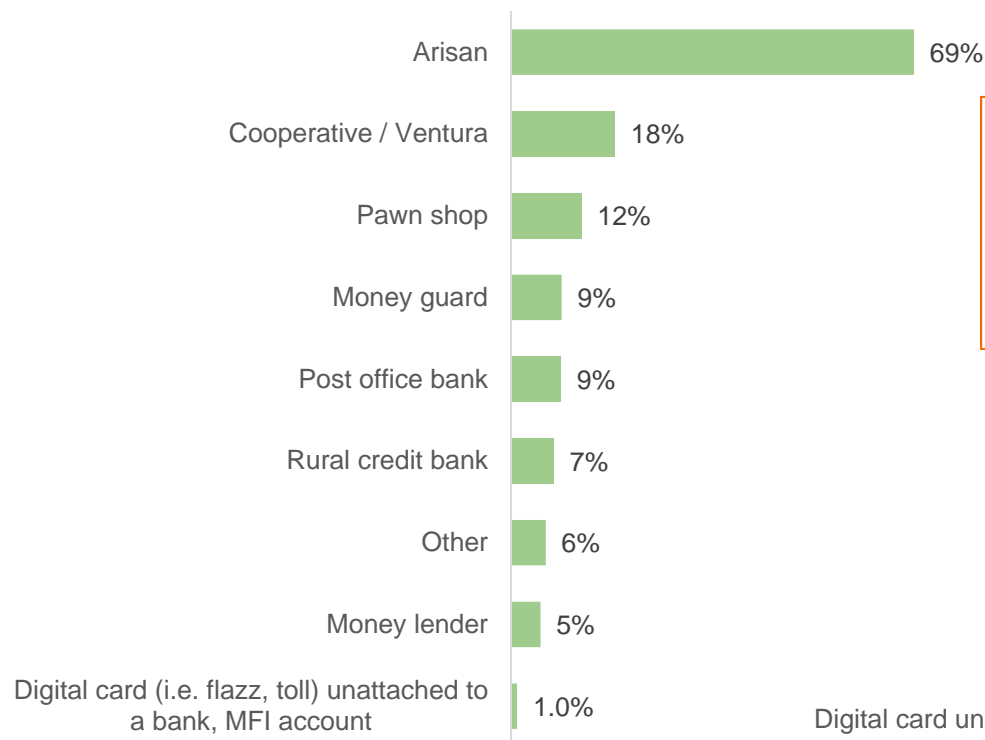


- 32% of adult Indonesians have used a nonbank financial institution.
- 15% of individuals who use institutions with potential for digital access of financial services (n=812) report having digital access.

Bank account holders who also use NBFIs are more apt to use digitally accessible NBFIs

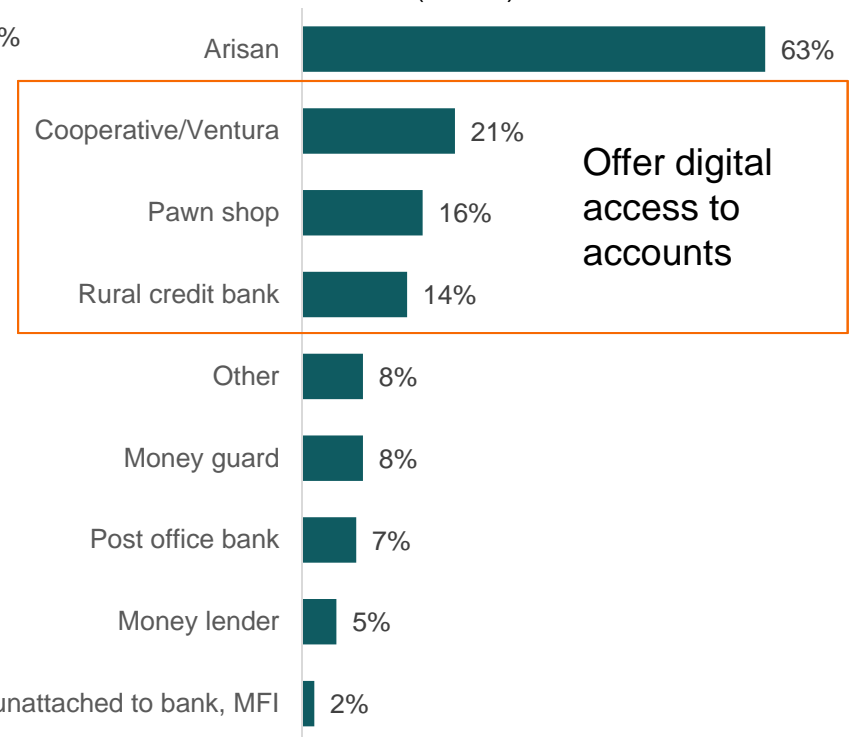
Use of informal and nonbank financial institutions

(Shown: Percentage of Indonesian adults to have ever used, n=2,055)



Form of NBFi use by those who have ever used both a bank and an NBFi

(n=748)



Arisan users' financial behaviors resemble those of bank account users and are focused on basic services



Five most common financial behaviors of active arisan, bank account users
(Shown: Percentage of active arisan users or bank account holders to have engaged in a financial activity in the month prior to being interviewed)

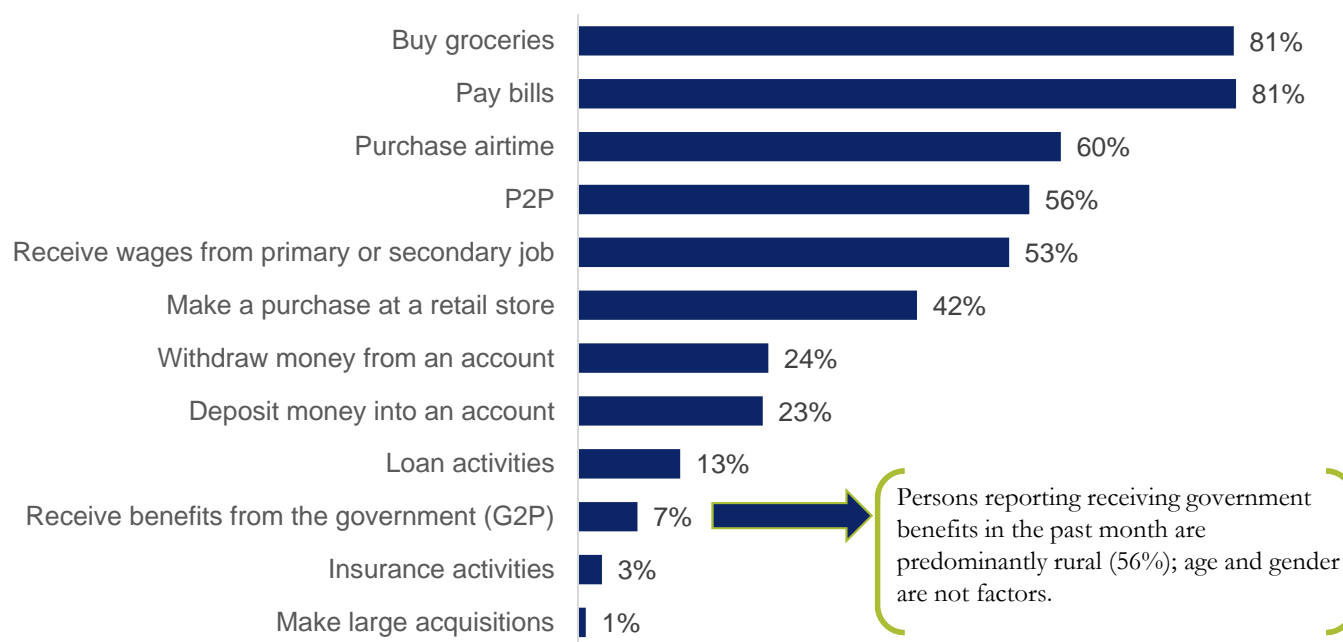
Rank	Active Arisan Users (n=1,352)	%	Active Bank Account Users (n=1,289)	%
1	Pay bills	91	Purchase groceries	83
2	Purchase groceries	83	Pay bills	80
3	Receive wages from job(s)	58	Purchase airtime	79
4	Make person-to-person (P2P) transfers	57	Withdraw money from an account	71
5	Purchase airtime	57	Receive wages	61

56% of active bank account users made P2P transfers in the previous month.

On average, Indonesians conduct 10 financial activities a month; buying groceries, retail goods and bill pay are most common

Indonesians financial activities in the previous month

(Shown: Percentage of Indonesian adults, N=6,000)



Persons reporting receiving government benefits in the past month are predominantly rural (56%); age and gender are not factors.

- All have engaged in at least one of these activities.
- 89% have engaged in three or more.
- 71% have engaged in four or more.

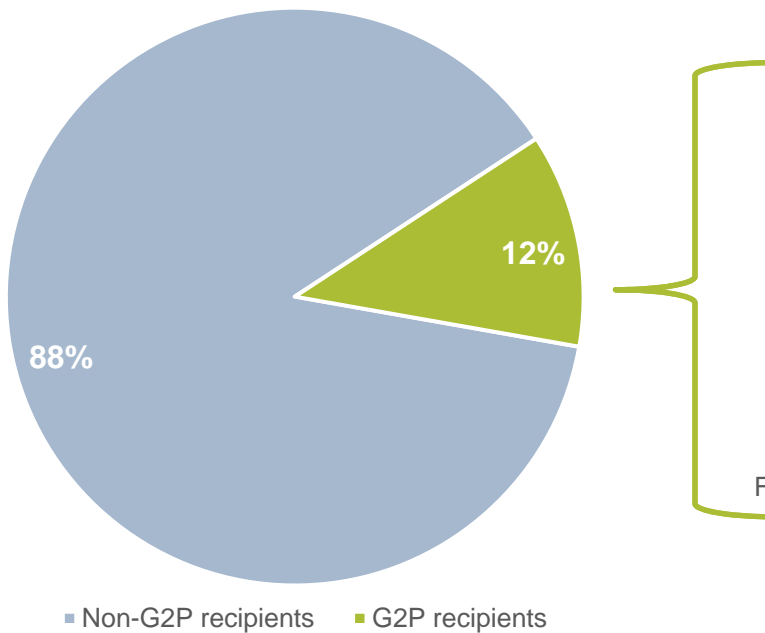
Question allowed multiple responses.

Source: InterMedia Indonesia FII Tracker survey (N=6,000, 15+) August-November 2014.

Twelve percent of adults receive government benefits

Recipients of government benefits*

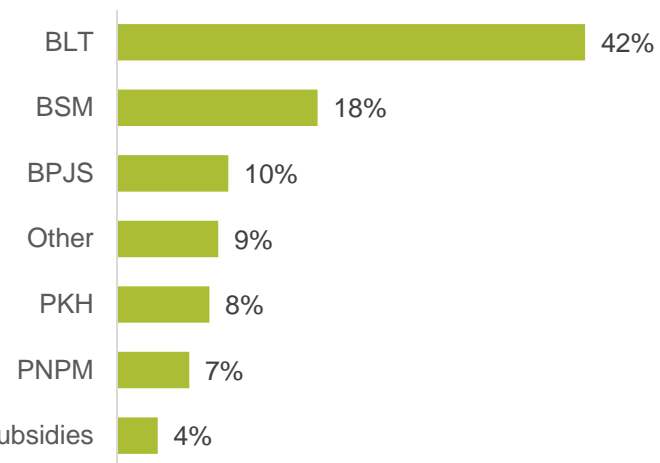
(Shown: Percentage of Indonesian adults, N=6,000)



*Recipients may not have picked up their benefits in the previous month – explaining discrepancies between this and the previous slide.

Government benefits received by program*

(Shown: Percentage of adults receiving government benefits, n=755)



Question allowed for multiple responses

BLT: Bantuan Langsung Tunai

BSM: Bantuan Siswa Miskin

BPJS: Badan Penyelenggara Jaminan Sosial

PKH: Program Keluarga Harapan

PNPM: Program Nasional Pemberdayaan Mandiri

*Depending on the program, either an entire household or an individual is the beneficiary.

GLOSSARY OF TERMS

- **Access** - Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.
- **Active user** – An individual who has used any DFS for any type of transaction in the past 90 days via his/her own account or somebody else’s account.
- **Adults with DFS Access** – Adults who either own a DFS account or have access to someone else’s account.
- **Arisan** – A rotating savings and credit association (similar to a ROSCA). This is an informal structure whose members meet regularly. Each member contributes the same amount of money when they meet and one member takes the entire pot of money, on a rotating basis.
- **Below the Poverty Line** - In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Digital financial services (DFS)** – Financial services that are provided through an electronic platform (mobile phones, electronic cards, the internet, etc.). **For this particular study, digital financial services include bank services and mobile money services.**
- **Digital stored-value account (DSVA)** – An account in which funds or a monetary value are represented in a digital electronic format and can be retrieved/transferred by the owner of the account remotely. For this particular study, DSVAs include a bank card (debit or credit) and a mobile money account.
- **Financial inclusion**—For the purposes of this study, those with a bank, nonbank financial institution or registered mobile money account that offer a range of financial services beyond credit are considered financially included.
- **Grameen Progress out of Poverty Index (PPI)** – A poverty measurement tool from the Grameen Foundation wherein a set of country-specific questions are used to compute the likelihood that a household is living below the poverty line.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Registered active user** – A person with a registered DFS account that has used it in the last 90 days.
- **Urban/rural** – Urban and rural persons are defined according to their residence in urban or rural areas as prescribed by the national bureau of statistics.

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