

Event Coverage

15 December 2015

Spire speaks on Digital Financial Services in Indonesia at the ITU Workshop in Geneva

As payment transactions become digitalized, it is crucial to ensure digital financial services are accessible to the poor at affordable rates and in a scalable manner. Recognizing this need, the International Telecommunication Union (ITU) organized a workshop on 'Digital Financial Services and Financial Inclusion' for ITU member states, ICT regulators and Financial Service providers from across the globe to discuss key industry trends, opportunities and challenges at the ITU headquarters in Geneva.

Jeffrey Bahar, Deputy Chief Executive Officer of the Spire Research and Consulting group, was honored to be a part of the workshop. In his presentation, Bahar highlighted initiatives by the Indonesian Government and the private sector to implement bulk payment services for beneficiaries.

Bahar mentioned the Government to People (G2P) Payment option for Program Keluarga Harapan (PKH) – the Family Hope Program – where beneficiaries are entitled to cash grants from the government through PKH. These beneficiaries are poor families who have children in school and regularly visit healthcare service facilities. Moreover, PKH offers Kartu Keluarga Sejahtera (KKS) cards – also known as Social Security Cards – which offer financial assistance to poor families via a deposit account as part of the

national strategy for financial inclusion for education (Kartu Indonesia Pintar) and health (Kartu Indonesia Sehat) services.

At the same time, PKH reached its 2015 target of 3.5 million families. It has set a target to reach 15.5 million families by 2016. With 150 million active mobile phone users in Indonesia (as of 2015), this digital financial service has potential to grow much more.

On the other hand, the private sector also offers mobile money services. A joint collaboration between Standard Chartered Bank and Indosat Dompotku led to the launch of the 'Straight2Bank' wallet service in July 2015 for corporate clients (of Standard Chartered). This service starts at the Corporate Bank, which give loans to a cooperative. It is offered through a mobile application (wallet) platform from a Telco provider.

Interestingly, as at 2015 Indosat Dompotku had 191,000 cash in/cash out outlet points across Indonesia. Under this scheme, cash is electronically transferred to the customer's registered mobile number, which can be checked via SMS or an e-cash menu on the mobile phone.

Nevertheless, roadblocks remain. There are limitations for the PKH program. Many beneficiaries immediately withdraw funds – which means they do not save money in the account. Moreover, telecommunication infrastructure is limited in many areas of Indonesia. The database on sectoral poverty is not unified, as in it is still controlled by multiple government agencies.

Bahar's presentation deck on "Government to People Programs in Indonesia" can be found [here](#).

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About International Telecommunication Union workshop on Digital Finances Services and Financial Inclusion

The International Telecommunication Union workshop gathered ITU member states, ICT regulators and Financial Service providers from across the globe to discuss key trends and

business opportunities in the digital financial services. For more information, please visit its official website [here](#).

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Jeffrey Bahar, Deputy Chief Executive Officer of Spire Research and Consulting

Jeffrey founded Spire Indonesia's operation in 2003, subsequently opening full-service offices in Malaysia and Vietnam in 2007 and 2008 respectively. He is based in Jakarta and travels frequently in the South East Asia region to consult a vast portfolio of leading companies in various industries, addressing their market entry and market growth problems, providing marketing consulting, in-depth competitor analysis, distribution channel and supply chain analysis, as well as business partner evaluation.

He holds Master of Science and Bachelor of Science degrees in Industrial Engineering from the University of Wisconsin, Madison.

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About Spire Research and Consulting

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