

FINANCIAL INCLUSION *insights*

APPLIED RESEARCH FOR  digital financial inclusion

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QUICKSIGHTS REPORT FII TRACKER SURVEY

Conducted August-November 2015

December 2015

KEY DEFINITIONS

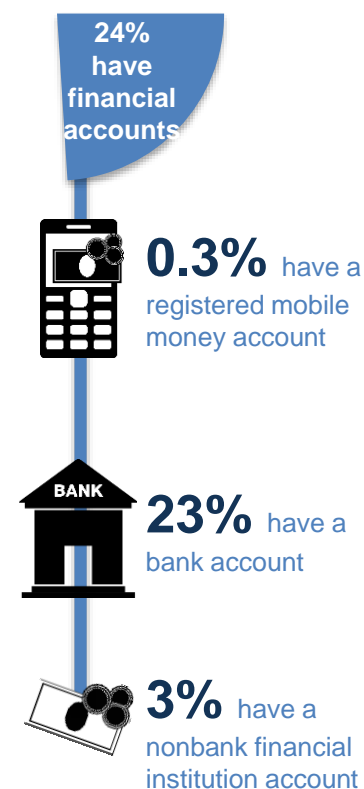
- **Access** – Access to a bank account or mobile money account means a respondent can use bank/mobile money services either via their own account or via an account of another person.
- **Active account holder** – An individual who has a registered DFS account and has used it in the last 90 days.
- **Active 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** – Informal rotating credit savings group.
- **Below the poverty line** – In this particular study, adults living on less than \$2.50 per day, as classified by the Grameen PPI.
- **Credit-only financial institutions** – financial institutions that only offer loan disbursement services to their customers.
- **Digital financial services (DFS)** – Financial services 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.**
- **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.
- **Financially included** – Individuals who have registered for a financial service account with a full-service financial institution.
- **Full-service institutions** – A financial institution that offers customers at least one of the following services: savings, money transfers, insurance or investments.
- **Mobile money (MM)** – A service in which a mobile phone is used to access financial services.
- **Mobile-money value-added services** – Individually branded service products offered by mobile money providers in addition to or along with their basic mobile money services.
- **Registered active user** – A person with a registered DFS account that has used it in the last 90 days.
- **Services beyond basic wallet** – DFS transactions that go beyond simple deposits, withdrawals or money transfers.
- **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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Notable statistics

- **Banks and arisans continued to dominate the financial services landscape in 2015.**
 - Banks remain the most widely used financial service institutions; 27 percent of adults have used a bank and 22 percent of adults are active users, having used their account in the past 90 days.
 - Among semi-formal and informal financial services, arisans (informal rotating credit savings groups) are still the most commonly used financial service. Just over one-quarter of adults use arisans, most of whom do not use bank accounts.
 - Combined, nearly half the population use banks and arisans, and those products serve distinct groups. Most users opt to only use one of the two types of services.
- **Mobile money awareness and use are on the rise.**
 - Awareness of mobile money providers is a first step to building toward usage, and awareness grew by 2 percent since 2014. Awareness grew the most among urban and above poverty populations.
 - Mobile money use increased from 0.1 percent to 0.4 percent. While still a very small proportion of the population, this suggests that increased awareness may be starting to translate to increased use.
 - There remains a lack of specific knowledge about how mobile money services work. Key to converting more awareness into usage will be building knowledge around what mobile money services exist, and how to open an account.
 - Near universal basic literacy and numeracy mean that these are not barriers to mobile money uptake. In some countries, the population's reading and numeracy limitations hinder adoption.

2015: Registered financial services users* (Shown: Percentage of Indonesian adults, N=6,060)



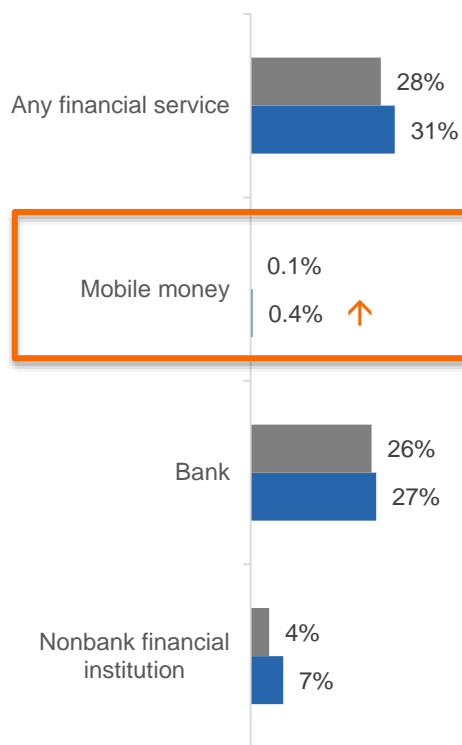
*Overlap representing those who have multiple kinds of financial accounts is not shown.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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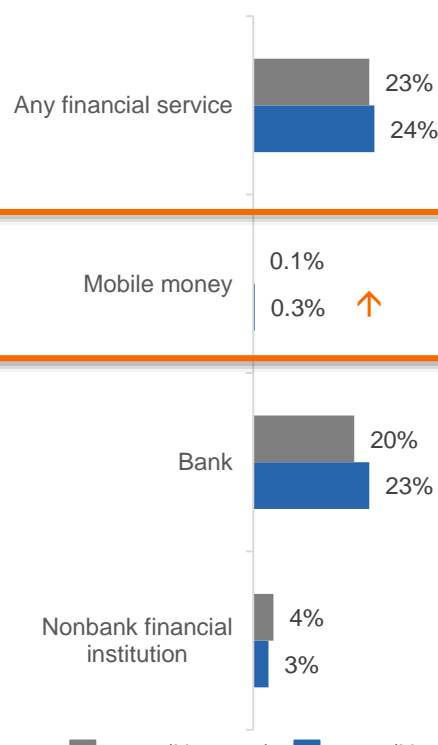
At-a-glance: Bank accounts continue to be the primary means of financial access

Financial account access

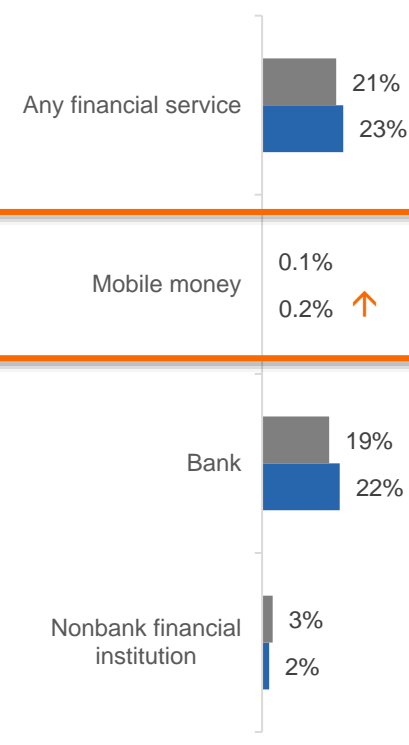


Registered financial service users

(Shown: Percentage of Indonesian adults for each year)



Active financial account holders*



■ 2014 (N=6,000) ■ 2015 (N=6,060)

Types of account ownership are not mutually exclusive. *A registered account used in the last 90 days.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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FII Indonesia Tracker Survey details

Survey Summary

- Annual, nationally representative survey (N=6,060) of Indonesian adults aged 15+
- Face-to-face interviews lasting, on average, 83 minutes.
- Second survey (wave 2) conducted from 8/2/2015 to 11/15/2015
- Tracks trends and market developments in DFS based on the information gathered in the first survey, conducted in 2014

Data Collection

- Basic demographics and 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., microfinance institutions, cooperatives, village savings groups)
- Financial literacy and preparedness
- General financial behaviors

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Survey demographics

	% of survey
Gender	
Male	49%
Female	51%
Geography	
Urban	52%
Rural	48%
Income	
Above the \$2.50/day poverty line	40%
Below the \$2.50/day poverty line	60%

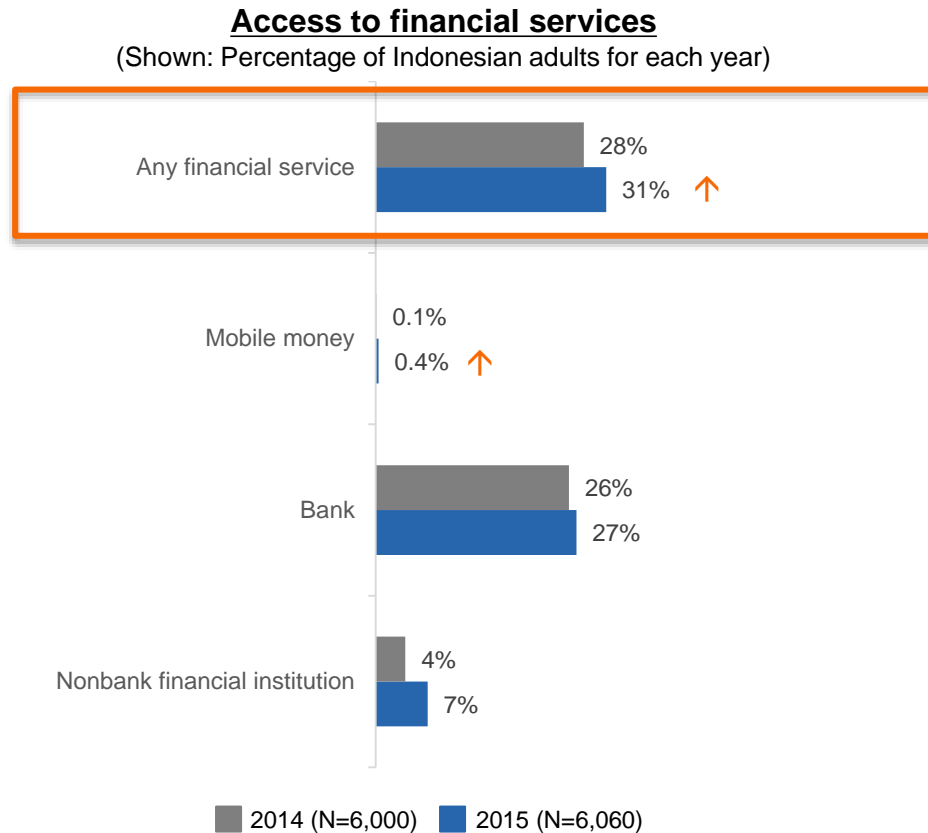
	% of survey
Age	
15-24	22%
25-34	22%
35-44	21%
45-54	16%
55+	18%
Aptitude	
Basic literacy	95%
Basic numeracy	98%

Figures are weighted to reflect national census data demographics.

Source: InterMedia Indonesia FII Tracker survey Wave 2 (N=6,060, 15+), August-November 2015.

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More Indonesians are accessing financial services vs. 2014

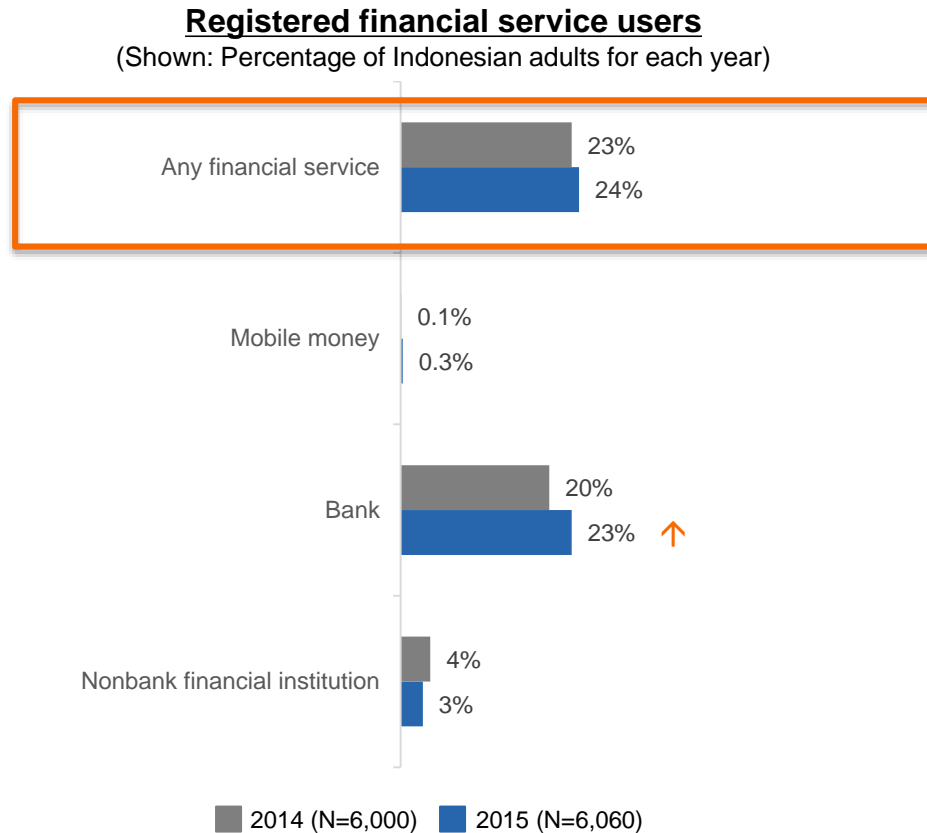


Types of accounts are not mutually exclusive.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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More Indonesians now have registered accounts and most are bank accounts



Types of accounts are not mutually exclusive.

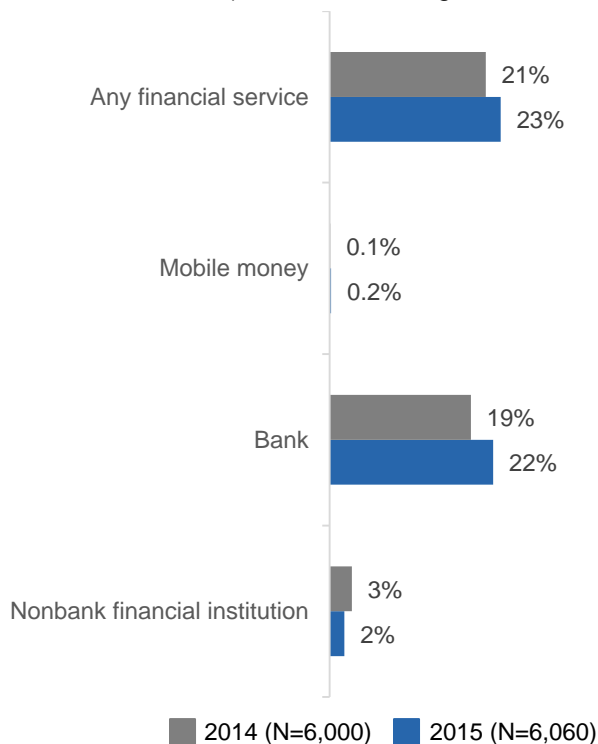
Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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Registered account holders are mostly active account users

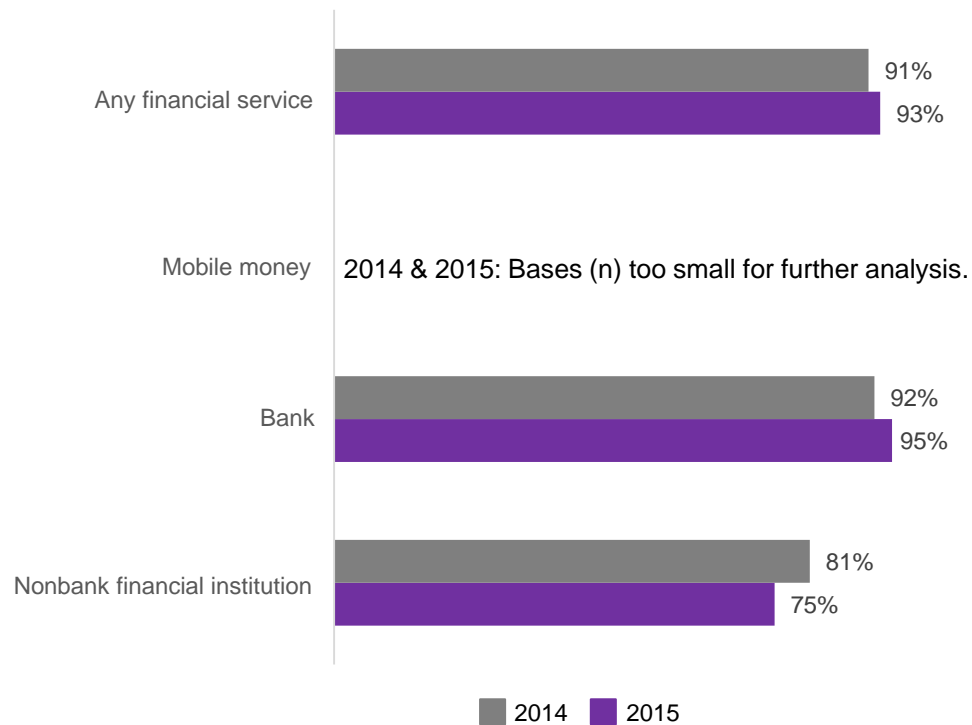
Active financial account holders

(Shown: Percentage of Indonesian adults)



Active financial account holders

(Shown: Percentage of registered users for each type of account, by year)



Types of accounts are not mutually exclusive.

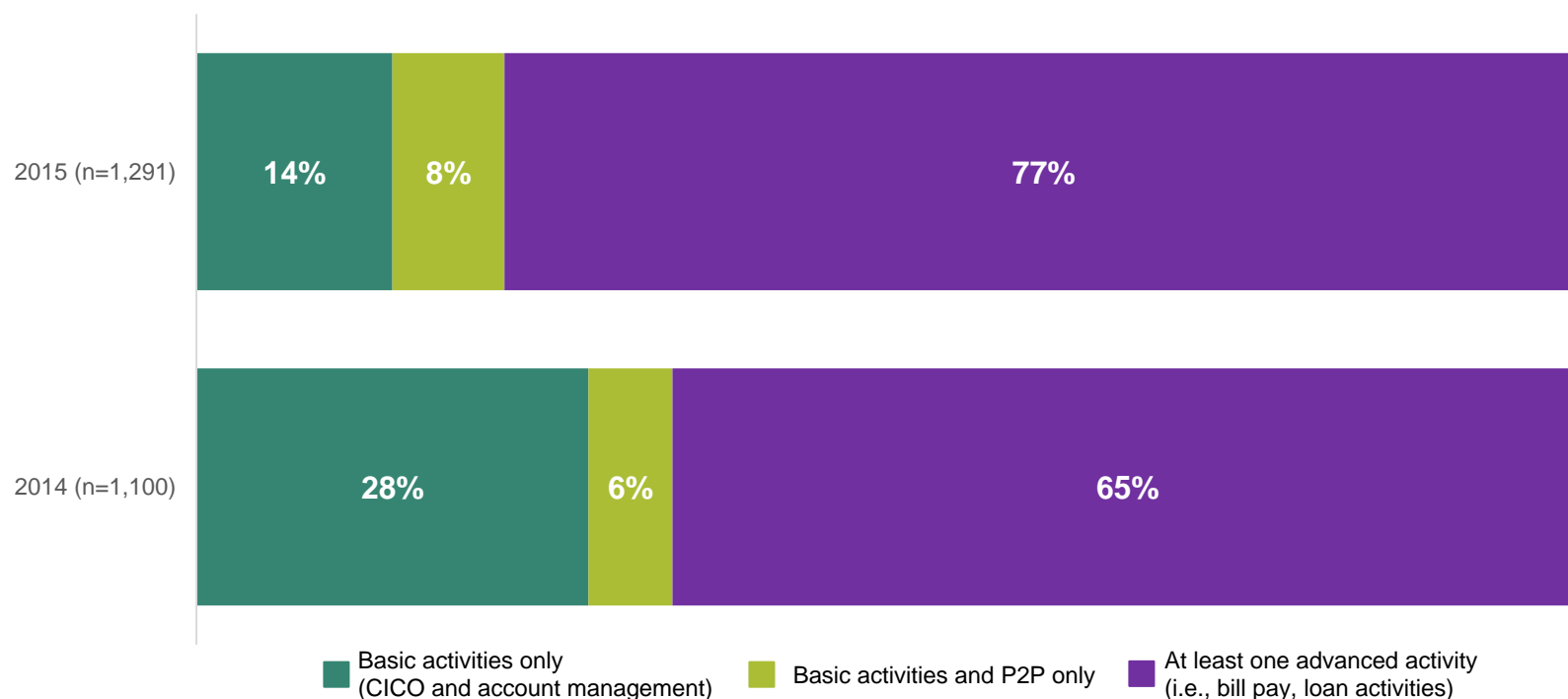
Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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Active bank account holders are increasingly using their accounts for advanced activities

Bank uses, by type

(Shown: Percentage of active bank account holders)



Due to the changes in the questionnaire some data points may not be directly comparable across years.

*The number of registered mobile money users is too low to draw conclusions.

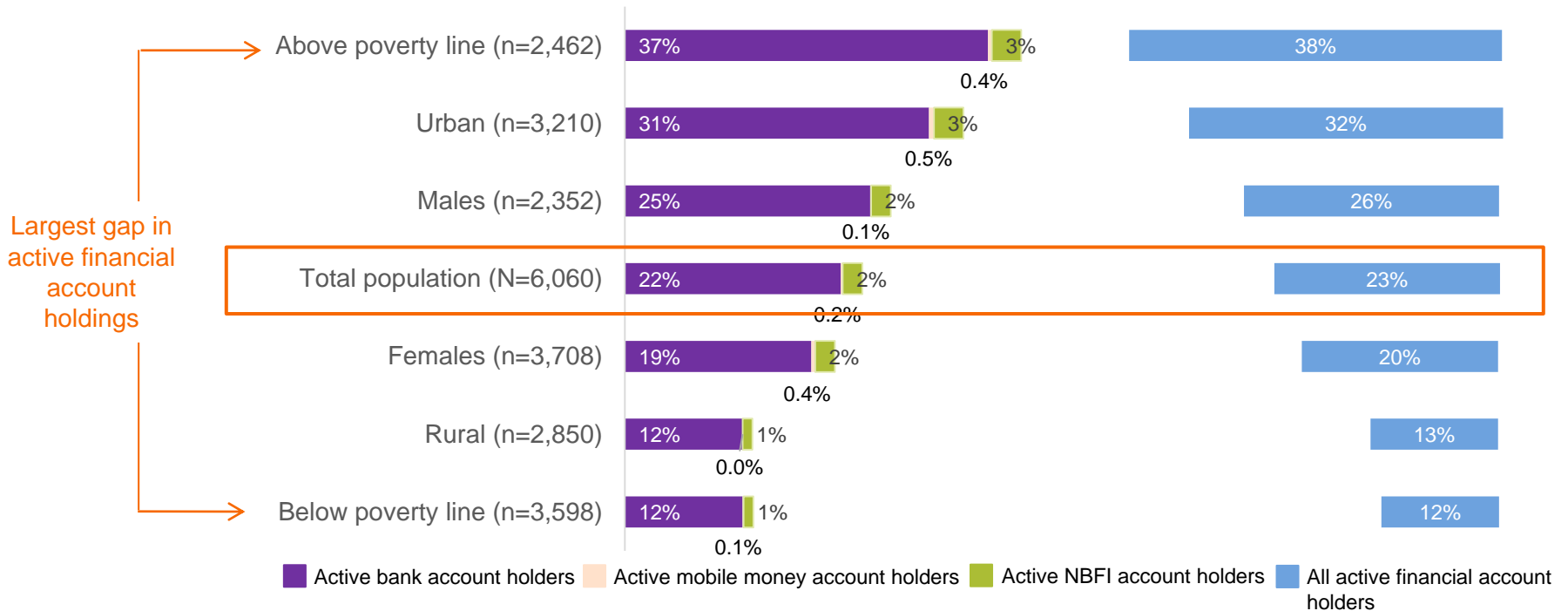
Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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There are pronounced income and geographic disparities for active account use; lower income, rural users are much less likely to be active account holders

2015: Active account usage by demographic

(Shown: Percentage of each subgroup)



Types of accounts are not mutually exclusive.

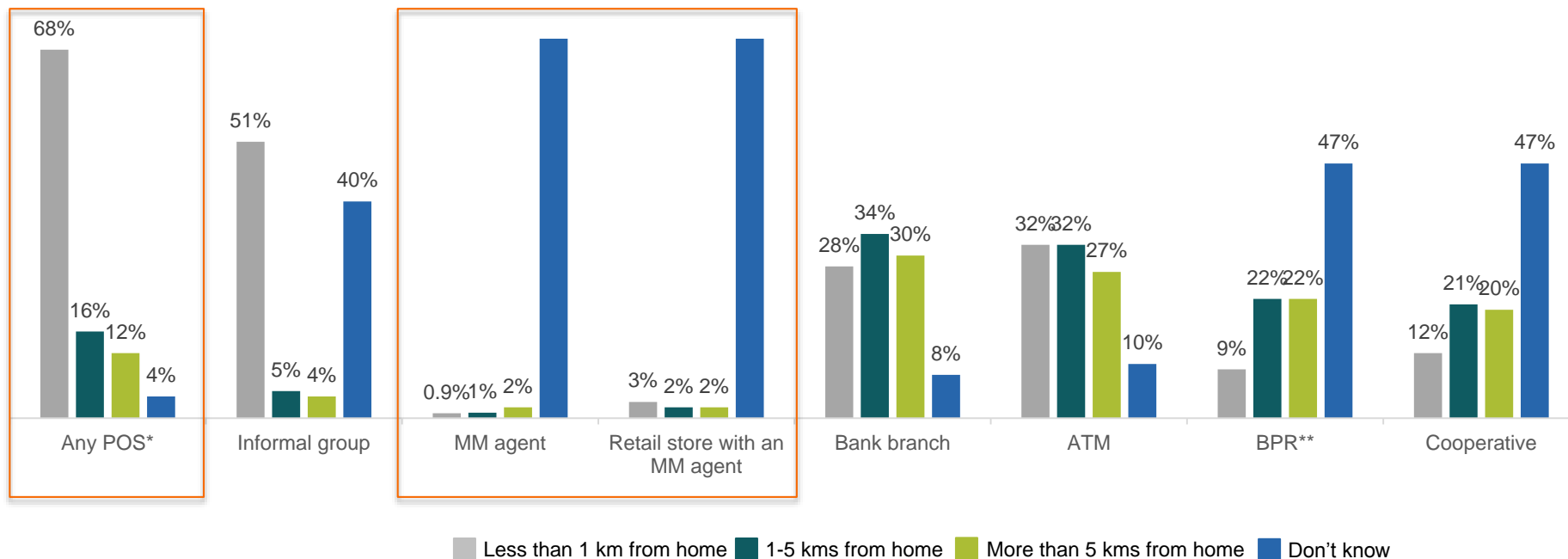
Source: InterMedia Indonesia FII Tracker survey Wave 2 (N=6,060, 15+), August-November 2015.

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Indonesians know of at least one point-of-service in their area; very few know of any mobile money agent locations

2015: Proximity to points-of-service (POS) for financial institutions

(Shown: Percentage of Indonesian adults N=6,060)



*POS includes post office banks and pawnshop; not shown. **A BPR (Bank Perkreditan Rakyat) is a rural credit bank.

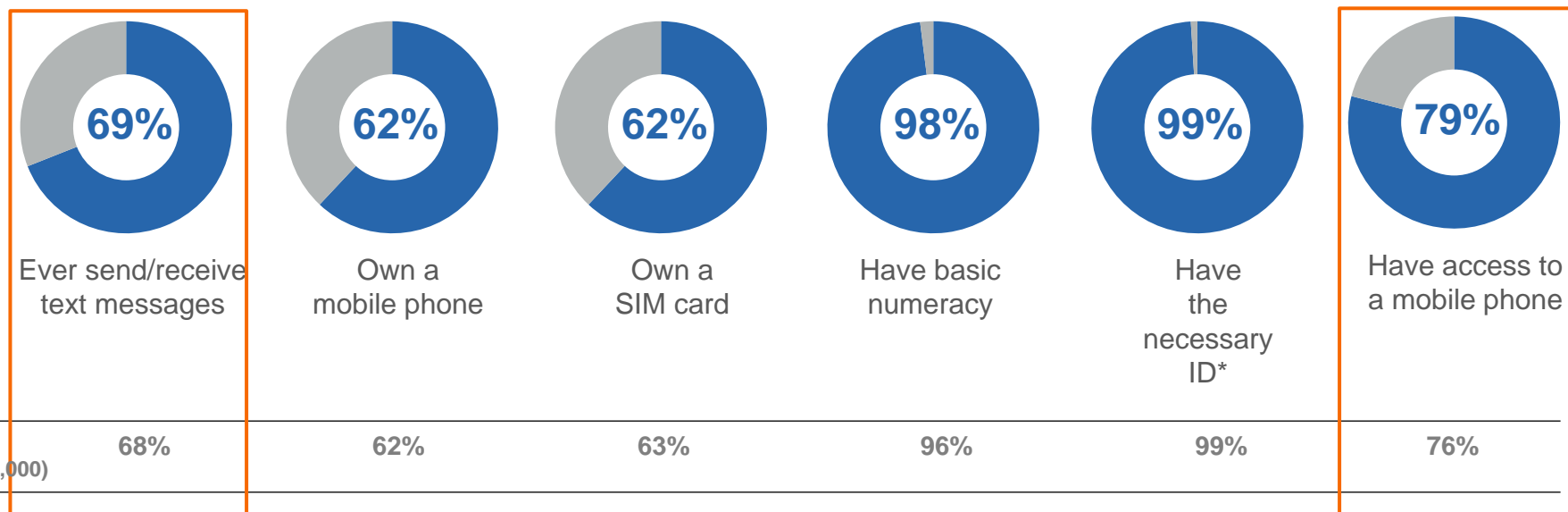
Source: InterMedia Indonesia FII Tracker survey Wave 2 (N=6,060, 15+), August-November 2015.

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Experience with text messaging and basic numeracy are advantageous to furthering digital financial services use

2015: Key indicators of preparedness for digital financial services

(Shown: Percentage of Indonesian adults, N=6,060)



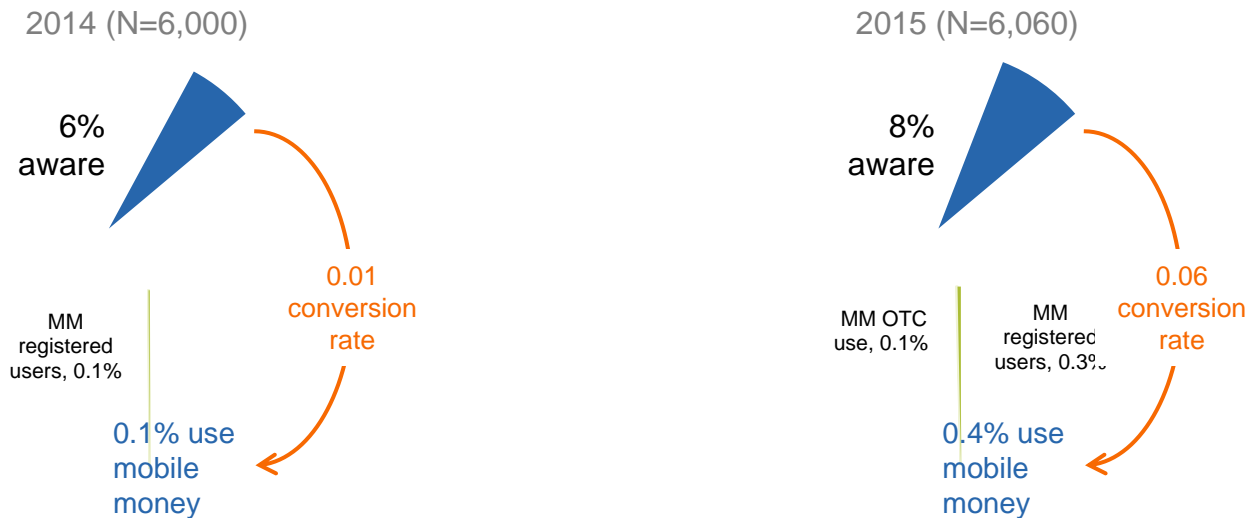
*Identification documents (ID) necessary for registering a mobile money or a bank account include one of the following: a National ID, passport, voter's card, driver's license, company or government ID, birth certificate or school ID.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

More Indonesians now know of mobile money vs. 2014, which may be translating to increased use

Conversion from awareness of mobile money (MM) providers* to mobile money use

(Shown: Percentage of Indonesian adults for each year)



*Awareness of at least one mobile money provider.

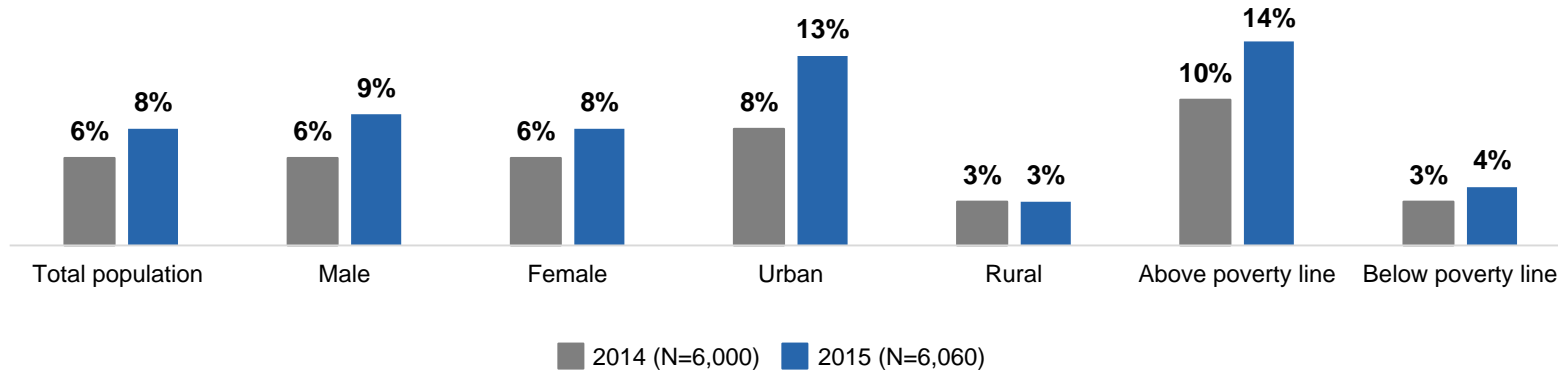
Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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The greatest increases in mobile money awareness are within urban and above-poverty populations

Demographic trends for mobile money aware

(Shown: Percentage of Indonesian adults who fall into each category)

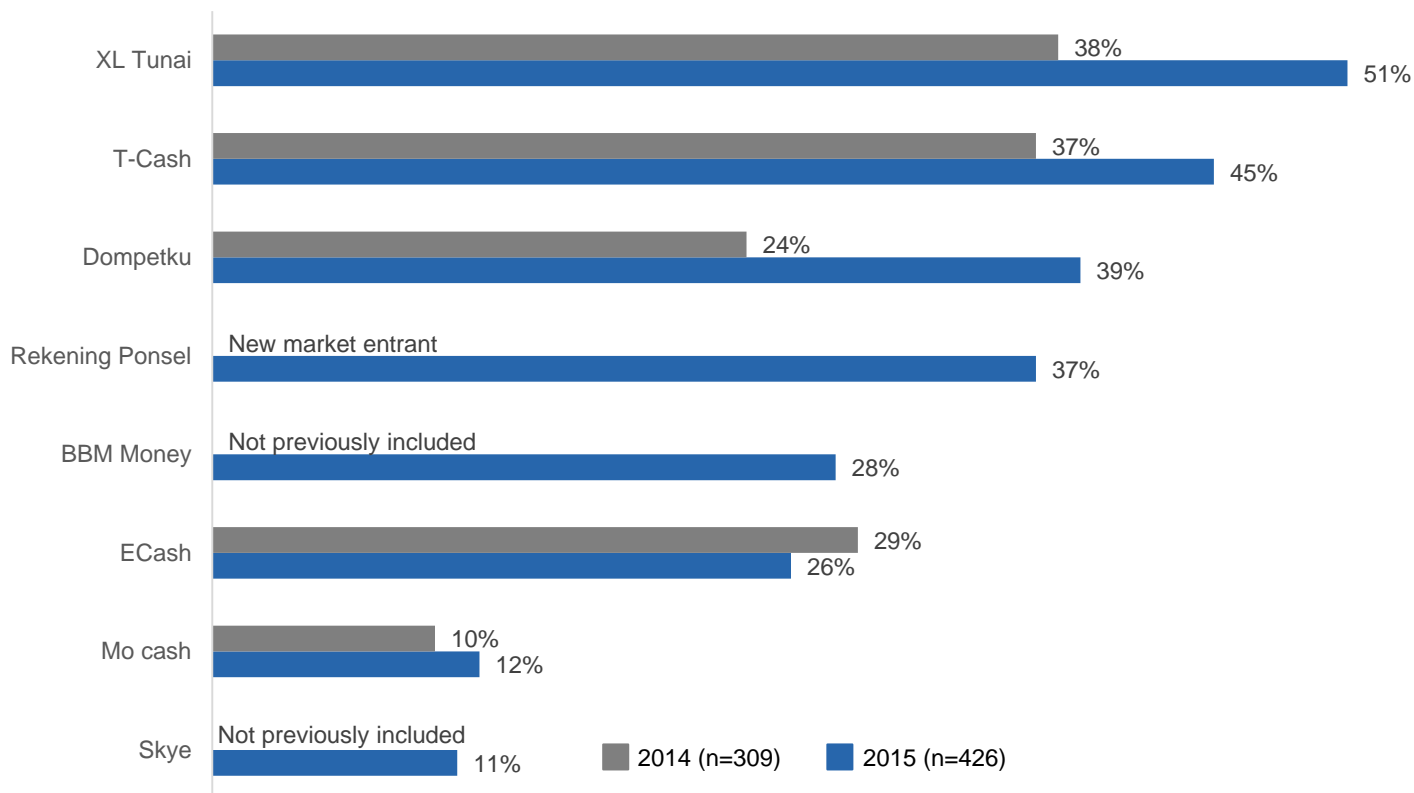


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Nearly all mobile money providers enjoy greater consumer awareness vs. 2014

Mobile money provider awareness by brand

(Shown: Percentage of adults aware of at least one mobile money provider, by year)



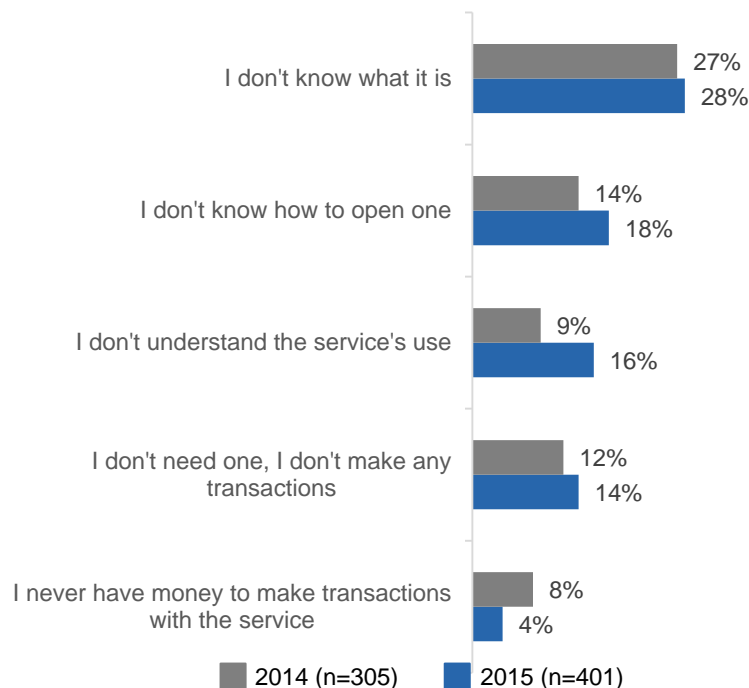
Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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Consumers still lack substantive knowledge about mobile money, even though provider awareness has grown

Top reasons mobile money aware do not use mobile money (MM)

(Shown: Percentage of MM aware that don't use, by year)



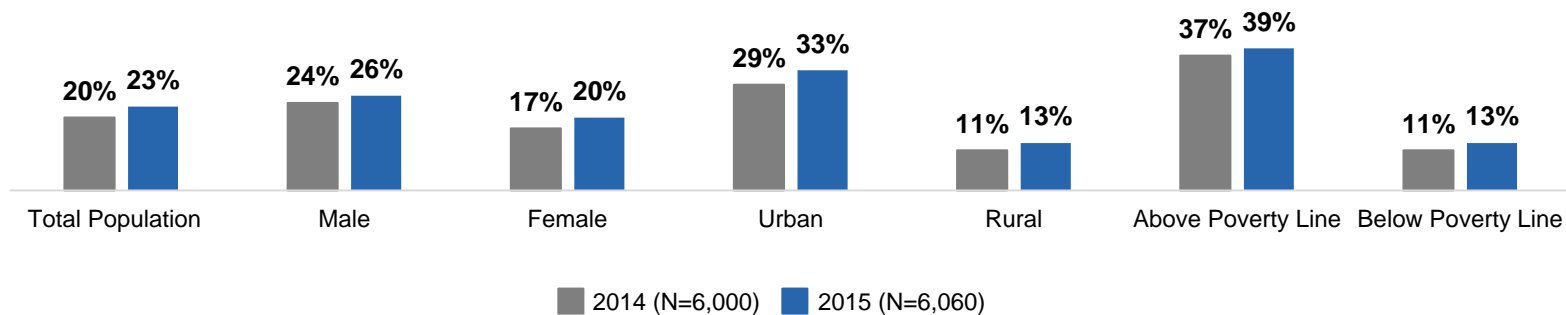
Question allowed for multiple responses.

Source: InterMedia Indonesia FII Tracker survey Wave 2 (N=6,060, 15+), August-November 2015.

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Bank account ownership increased in nearly all demographic groups

Demographic trends for registered bank account use
 (Shown: Percentage of Indonesian adults who fall into each category)



Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

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Saving or setting aside money, and transfers between bank accounts are the most common account uses for active bank account holders

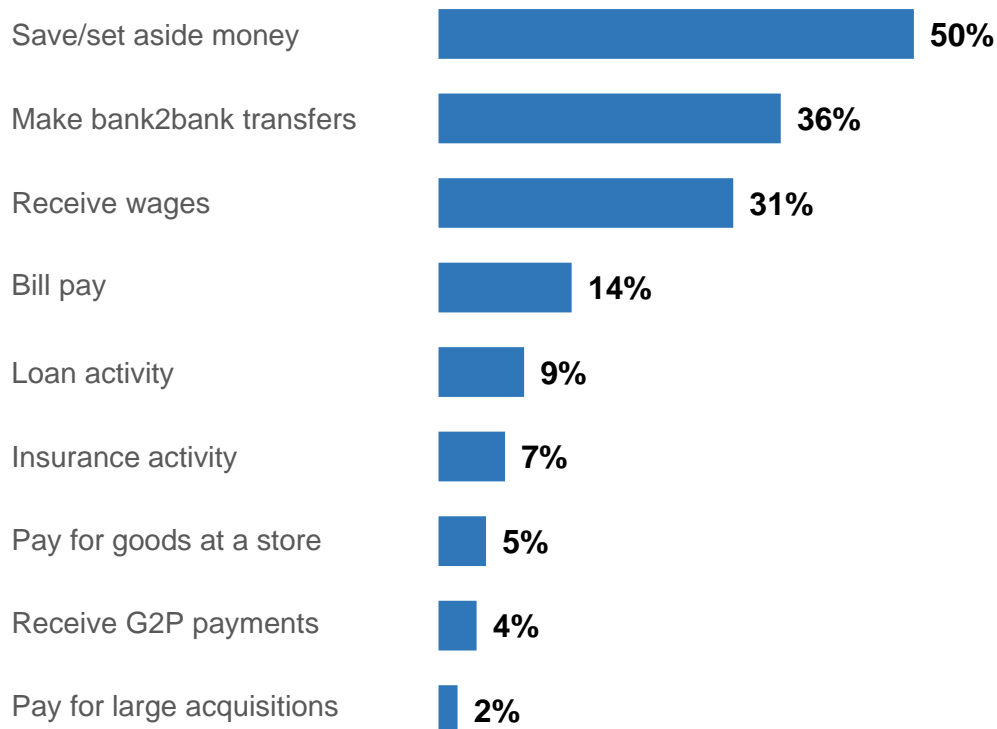
2015: Advanced bank account uses

(Shown: Percentage of active bank account holders, n=1,291)

77%

of active registered users have used at least one advanced function through their accounts

(vs. 65% in 2014)



Due to the changes in the questionnaire some data points may not be directly comparable across years.

Question allowed for multiple responses.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+), August-November 2014; Wave 2 (N=6,060, 15+), August-November 2015.

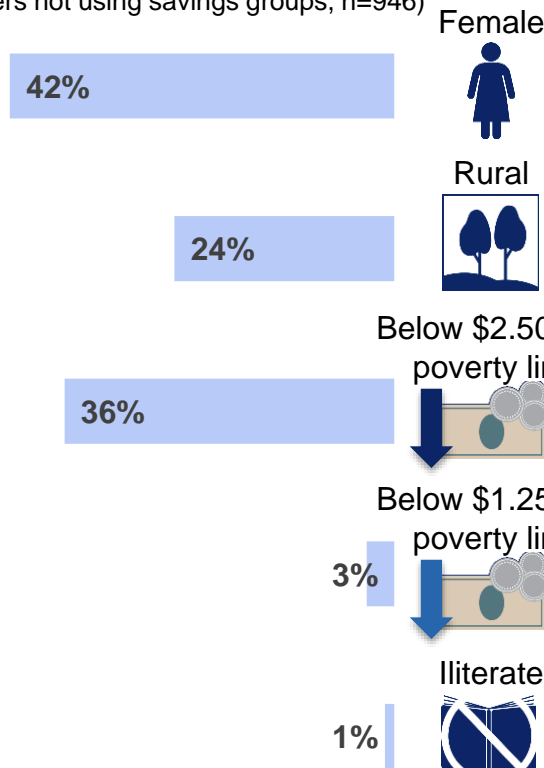
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Informal savings groups and banks serve distinct groups; informal savings groups primarily serve female, rural and poor populations

2015: Demographics of bank users who do not use savings groups

(Shown: Percentage of bank users not using savings groups, n=946)

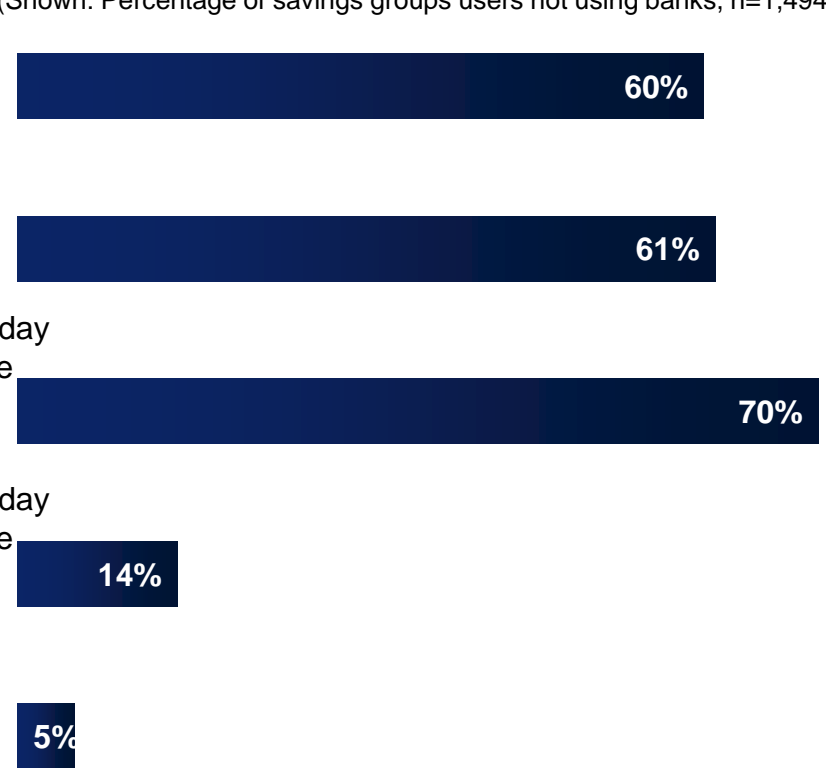
groups



2015: Demographics of savings groups users, who do not use banks

(Shown: Percentage of savings groups users not using banks, n=1,494)

use banks



Half of all adults use either a savings group or a bank, but just 11% use both.

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Account ownership is increasing, use of accounts for more advanced functions also grew between 2014 and 2015

Main FSP Indicator	2014	2015	Base Definition
	%	%	
	Base n	Base n	
Adults (15+) who have active digital stored-value accounts	18%	22%	All adults
	6,000	6,060	
Poor adults (15+) who have active digital stored-value accounts	9%	12%	All poor
	3,761	3,598	
Rural women (15+) who have active digital stored-value accounts	8%	10%	All rural females
	1,712	1,716	
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%	17%	All adults
	6,000	6,060	
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%	8%	All poor
	3,761	3,598	
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%	6%	All rural females
	1,712	1,716	

Digital stored-value accounts: accounts in which a monetary value is represented in a digital electronic format and can be retrieved/transferred by the account owner remotely. For this particular study, DSVAs include a bank account or NBFi account with digital access (a card, online access or a mobile phone application) and a mobile money account.

Source: InterMedia Indonesia FII Tracker surveys Wave 1 (N=6,000, 15+) August-November 2014; Wave 3 (N=6,060, 15+), August-November 2015.

For more information, contact:

Nat Kretchun, FII Asia Lead

KretchunN@InterMedia.org

Caldwell Bishop, Research Manager

BishopC@InterMedia.org



www.finclusion.org | Twitter: @finclusion_FII

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Headquarters
Washington, D.C.
Tel: +1.202.434.9310

InterMedia Africa
Nairobi, Kenya
Tel: +254.720.109183