

# Multi Sectors Partnership in Financial Education Program: *Sharing the Indonesian Experience*

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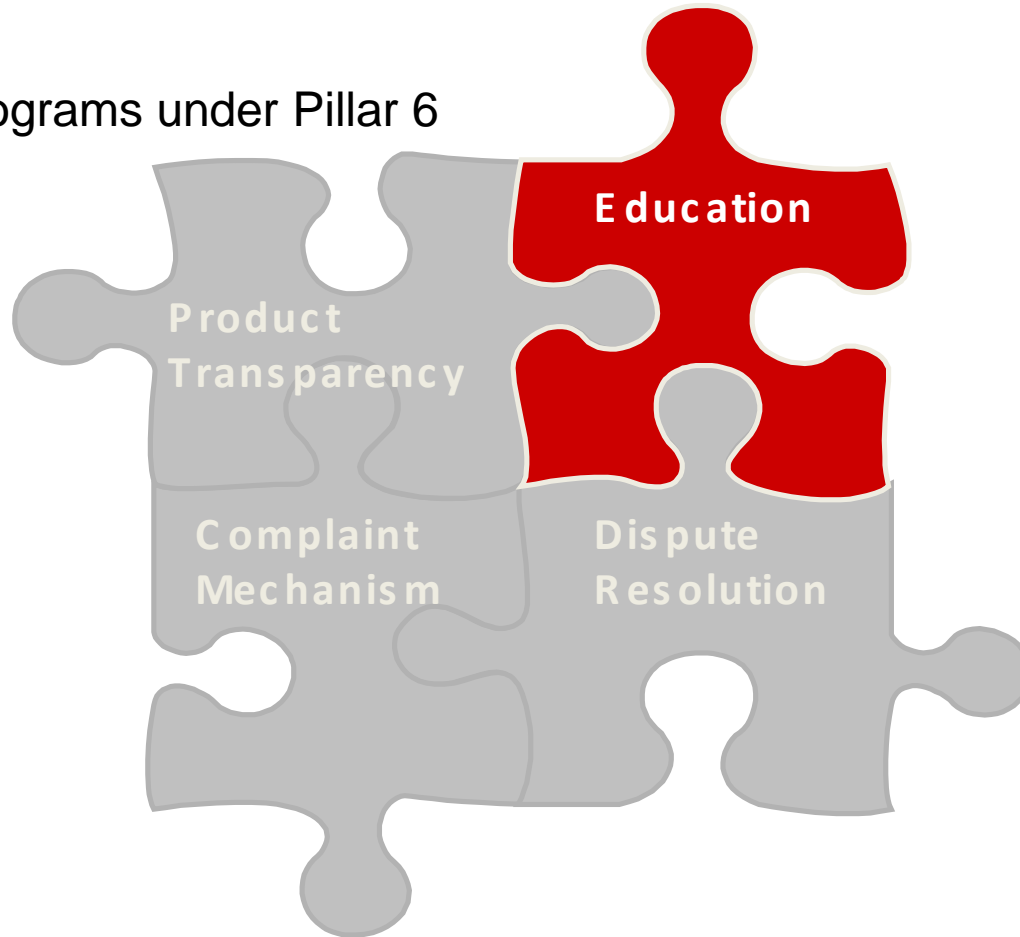
- The mortgage crisis may create momentum for improving our financial literacy. It's about time (*Temma Ehrenfeld, Newsweek*)
- We teach teens trigonometry, why not Money 101? (*Braun Mincher, The Christian Science Monitor*)

# Background

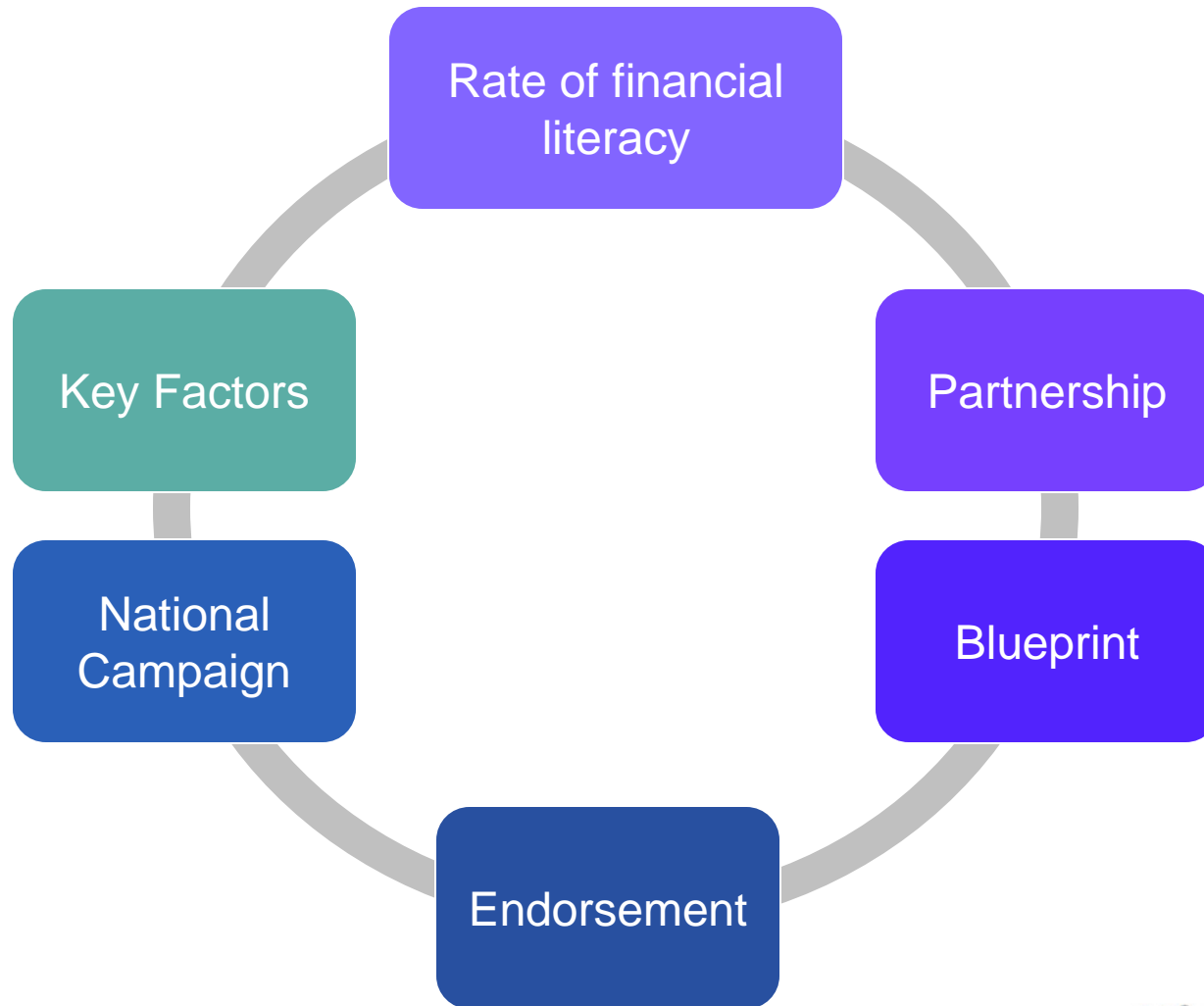
- Some key facts:
  - Population of Indonesia: 220 million
  - GDP per capita: USD 1.663
  - Banking industry holds 84.68 % of financial sector assets
  - 97.4% of banks accounts are less than Rp100 million (less than USD10,000)
  - Number of commercial banks: 128
  - Number of rural banks: +9.300
  - Number of cooperatives: +13.000
  - Number of microfinance institutions: +8.000

# Robust Consumer Protection

Programs under Pillar 6



# The Grand Strategy

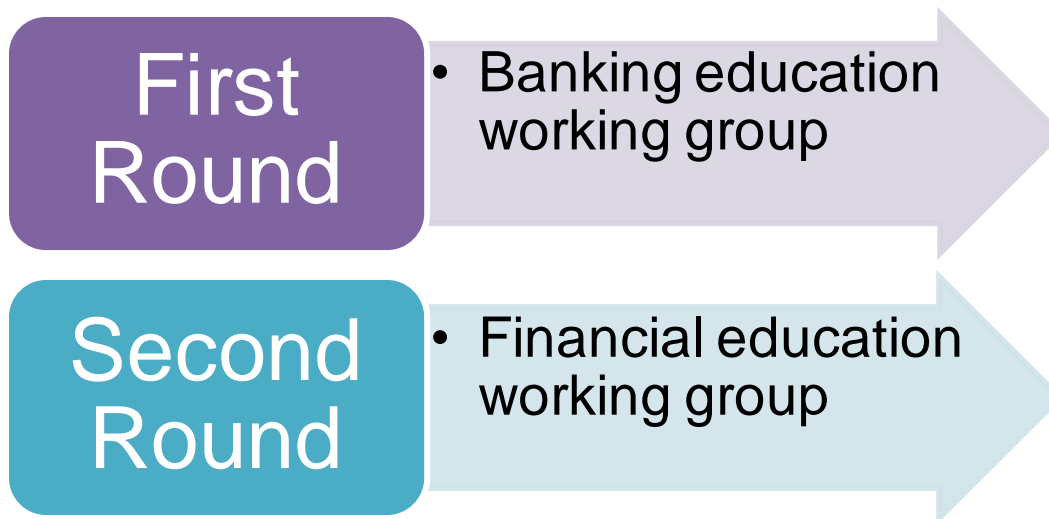


# Assessing the Rate of Financial Literacy

- Conducted as a tool for developing and formulating the right strategies of financial education
- A pilot project of Baseline Survey on the Rate of Financial Literacy:
  - Collaborative effort with the Demographic Institute of the University of Indonesia
  - Covers two provinces with distinct characteristics:
    - West Sumatera (Agriculture)
    - DKI Jakarta (Services)Both covers respondents from rural and urban areas

# Partnership & Buy-in Process

- Establishment of a working group for financial education:
- A two-round process:



# First Round Partnership

- Banking Customer Education Working Group
  - Banking industry holds > 80% financial asset
  - Voluntary basis
  - Members:
    - commercial and rural banks (both conventional and sharia banks),
    - non-bank financial institution,
    - associations of banks,
    - association of credit card issuer, and
    - Bank Indonesia
  - Focus on developing and implementing strategies for banking education

# Second Round Partnership

- Financial Education Working Group
  - To be established following the success stories of banking education working group
  - Will be a collaborative effort with other governmental and non-governmental institutions that share the same vision of financial education
  - A pilot project has been started with the Ministry of Manpower and the Ministry of Foreign Affair to facilitate financial education for Indonesian migrant workers

# Banking Customer Education Working Group

- Established by leading commercial & rural banks, leading non-bank credit card issuer, and associations of banks and credit card issuer, facilitated by Bank Indonesia
- Bound by the commitment to conduct financial education in concurrence with the Indonesian Banking Architecture program
  - Signed by all members on June 14<sup>th</sup> 2007, witnessed by members of the parliament and consumer organization
- Deliverables:
  - The Blueprint for Banking Customer Education
  - Education materials (i.e. brochures and pocket book)
  - Other supporting materials (i.e. logo and jingle)

# Endorsement of the Blueprint

- Part of the commitment signed by all members of Banking Customer Education Working Group
- Acknowledged under Presidential Order No.6/2007
- A model for developing a blueprint for financial education under the coordination of the Coordinating Minister for Economy
- Escalated into a national program of financial education and endorsed by Indonesian Consumer Organization

# Implementing the Blueprint

- Setting the single theme for the first round of national campaign:



*(let's go to the bank)*

- Purpose:
  - introduce bank's products & services with its characteristics (benefits, risks, charges, rights & obligations) as part of financial education
  - promote intermediary function of banks
- Collaborative program conducted by all members of the working group

# The National Campaign

- Focus on banking awareness campaign
  - Year 2007:
    - Public service advertising
    - Talk show (television and radio)
  - Year 2008:
    - Designation of Banking Education Year,
    - A more comprehensive and collaborative programs, and
    - Utilization of the nation-wide network and contact points of banking institutions

# Brochures in National Campaign

- How Banks Calculate Interest:
  - Credit card
  - Deposits
  - Loans
- Understanding Debit Card
- Use Your Credit Card Wisely
- Understanding E-banking
- Be Aware of Overwhelming Offers
- Complaint and Dispute Resolution
- Getting to Know Sharia Bank



# Key Success Factors

- Assessing the rate of literacy
- Building the sense of ownership
- Establishing the commitment
- Gaining the endorsement
- Creating a single theme for a certain period
- Continuing evaluations and enhancements

# End of Presentation