



Indonesia Continues to Support the Development of MSME Financial Inclusion and Literacy in the ASEAN Region

Bali, 29 March 2023 – As part of the first series of meetings held in Bali on 28 - 31 March 2023 between Finance Ministers and Central Bank Governors (AFMGM), the Ministry of Finance, in conjunction with the Financial Services Authority and Bank Indonesia, hosted a side event called High-Level Dialogue on Promoting Digital Financial Inclusion and Literacy for MSMEs on 29 March 2023 at Bali Nusa Dua Convention Center 2.

The High-Level Dialogue reflects Indonesia's commitment to promote digital financial inclusion and literacy for MSMEs. A significant part of the ASEAN economy dominated by MSMEs, which contribute 69 percent of the GDP and 97 percent of new jobs. Despite this, MSME development still needs more access to formal financial services. Increasing financial inclusion has been made possible through digital financial services.

In her remarks, Sri Mulyani Indrawati suggested a pathway to strengthen ASEAN frameworks in encouraging digital financial inclusion for MSMEs. It is essential to have a clear and robust ASEAN MSME database that distinguishes and identifies the level of inclusivity, governance, and institutional capabilities of MSMEs. The Minister of Finance also explained that digital beyond-credit facilities (other than credit) would be available to MSMEs, such as electronic payment systems, market access, and capacity building.

There were two sessions in the dialogue that was attended by policy makers, regulators, academics, and the private sector in the ASEAN region. The discussion focused on inclusion and digital financial literacy. The first session focused on innovative digital financial products and services for MSMEs, including credit and beyond credit. As part of the ASEAN region's efforts to support MSME development, the Government and private sector have implemented several innovative initiatives. A number of program credit schemes have been digitized by the Indonesian Government (such as People's Business Credit/KUR and Ultra Micro/UMi Financing programs), and the Mobile Credit Program Information System (SIKP) application has been developed to facilitate MSMEs' financing access. Digipay is a platform for connecting government procurement units, MSMEs, and banks. In addition, the private sector is developing a comprehensive ecosystem that facilitates MSMEs' access to financial services, including the development of super-apps that allow MSMEs to obtain financing and purchase insurance products via their mobile devices.

On top of that, in the second session, the dialogue focused on consumer protection in the financial sector for small and medium-sized businesses. By accelerating financial inclusion, improving financial literacy in the regions, and strengthening supervision of financial service businesses, Indonesia continues strengthening its framework for consumer protection in the financial sector, including MSMEs. Also, the dialogue emphasizes the importance of strengthening the digital financial service ecosystem in conjunction with the development of digital finance by putting consumers, including MSMEs, at the center of every initiative undertaken and making information more easily understandable to consumers.

Friderica Widyasari Dewi, the Executive Head of Financial services activities supervisory, Education and Consumer Protection at the Financial Services Authority, pointed out in her closing remarks that it is everyone's responsibility to improve financial literacy, inclusion, and consumer protection. "Financial literacy, financial inclusion, and consumer protection have become priorities in many countries. This is a shared responsibility, and as long as everyone pays attention and works hard in their respective fields, it will be successful," said Friederica.

The High-Level Dialogue on Promoting Digital Financial Inclusion and Literacy for MSMEs seminar will be followed by Promoting Digital Financial Inclusion and Literacy for MSMEs workshop on 30 March 2023. The policymakers, regulators, academics, and the private sector that attending these two events will have a better understanding in ways to increase financial inclusion and literacy for MSMEs in the ASEAN region. All of the parties that involved should continue encouraging innovation and collaboration to achieve the goals, which is empowering MSMEs that can further strengthen ASEAN economies.

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