Increasing Financial Inclusion for MSMEs through the Utilization of Digital Technology, the Government Launches the PROMISE II Impact Program

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Increasing Financial Inclusion for MSMEs through the Utilization of Digital Technology, the Government Launches the PROMISE II Impact Program

Jakarta, March 6th, 2023

The use of digital technology continues to be encouraged to increase access to financial services that reach the community, especially those living in rural and remote areas, including groups of low-income communities and Micro, Small, and Medium Enterprises (MSMEs). This group has a crucial role in supporting the achievement of the target of 90% national financial inclusion by 2024.

The MSME sector has an enormous contribution to the Indonesian economy which has more than 64.2 million business units, contributes 61.9% to the Gross Domestic Product (GDP), and absorbs 97% of the workforce. However, MSMEs in Indonesia face various challenges, such as access to finance, marketing, competitiveness, and productivity.

"The government is committed to continuing to encourage the performance of MSMEs, one of which is through access to financing such as the People's Business Credit (KUR) Program. In addition, the Government is also committed to increasing the competitiveness and productivity of MSMEs through the development of the digital and fintech sectors," said Acting Deputy for Coordinating Macroeconomics and Finance of the Coordinating Ministry for Economic Affairs Ferry Irawan at the PROMISE II Impact Program Launching (Promoting Micro and Small Enterprises through Entrepreneurs Access to Financial Services) at the Ayana MidPlaza Hotel Jakarta, Thursday (2/03).

The PROMISE II Impact program is an initiative of the International Labor Organization (ILO) together with the Secretariat of the National Council for Inclusive Finance (DNKI) and the Financial Services Authority (OJK) with funding support from the Swiss State Secretariat for Economic Affairs (SECO).

To provide greater access to digitalization, PROMISE II Impact focuses on four strategies, namely encouraging the use of digital technology to increase the productivity and business scale of MSMEs, supporting the adoption of digital technology by Regional Development Bank (BPD) and Rural Bank (BPR), enhancing ecosystems that are bound in the eyes of MSMEs values ??through digitalization, expanding buyers and better access to finance, and involving Local Governments in supporting economic recovery policies and programs targeted at MSMEs and financial service providers.

The ILO Director for Indonesia Michiko Miyamato, who was present at the occasion, said that the PROMISE II Impact Program aims to strengthen the environment that supports an inclusive financial sector for SMEs, leading to economic growth and increased employment opportunities, especially in the post-pandemic period.

In addition, the Swiss Deputy Ambassador to Indonesia Philippe Strub was also present and emphasized the commitment of the Swiss Government to support the development of SMEs in Indonesia by opening access to finance and encouraging digital transformation. PROMISE II Impact will significantly contribute to Indonesia's financial inclusion agenda and support MSMEs to realize their MSME growth potential.

Chairman of the OJK Board of Commissioners Mahendra Siregar also emphasized that even though Indonesia has experienced a great leap forward in financial inclusion over the last 10 years, the high public access to financial services needs to be accompanied by quality financial inclusion. OJK will continue to support the PROMISE II Impact pilot project program, bearing in mind the importance of looking at the entire ecosystem, both the MSMEs ecosystem and the financial ecosystem, which must be sustainable to improve the quality of financial inclusion.

Also attending the occasion were the Deputy for Entrepreneurship of the Ministry of Cooperatives and Small and Medium Enterprises, Assistant Deputy for Inclusive Finance and Sharia Finance at the Coordinating Ministry for Economic Affairs, Advisor to the Deputy Regional Commissioner of OJK, Chair of the MSME/IKM APINDO Sector, Main Director of BJB, Chair of AFTECH, Chair of Perbarindo, CEO of Bank NTT, Chair of KPBS Pangalengan, and Member of OJK Commissioner for EPK 2017-2022. (dep1/dlt/rtn/map/fsr)

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