

SiPINTAR - A Case Study of Hybrid Product between Asuransiku (Micro Insurance) and Emasku (Micro Investment) as Part of National Strategy for Financial Inclusion in Indonesia

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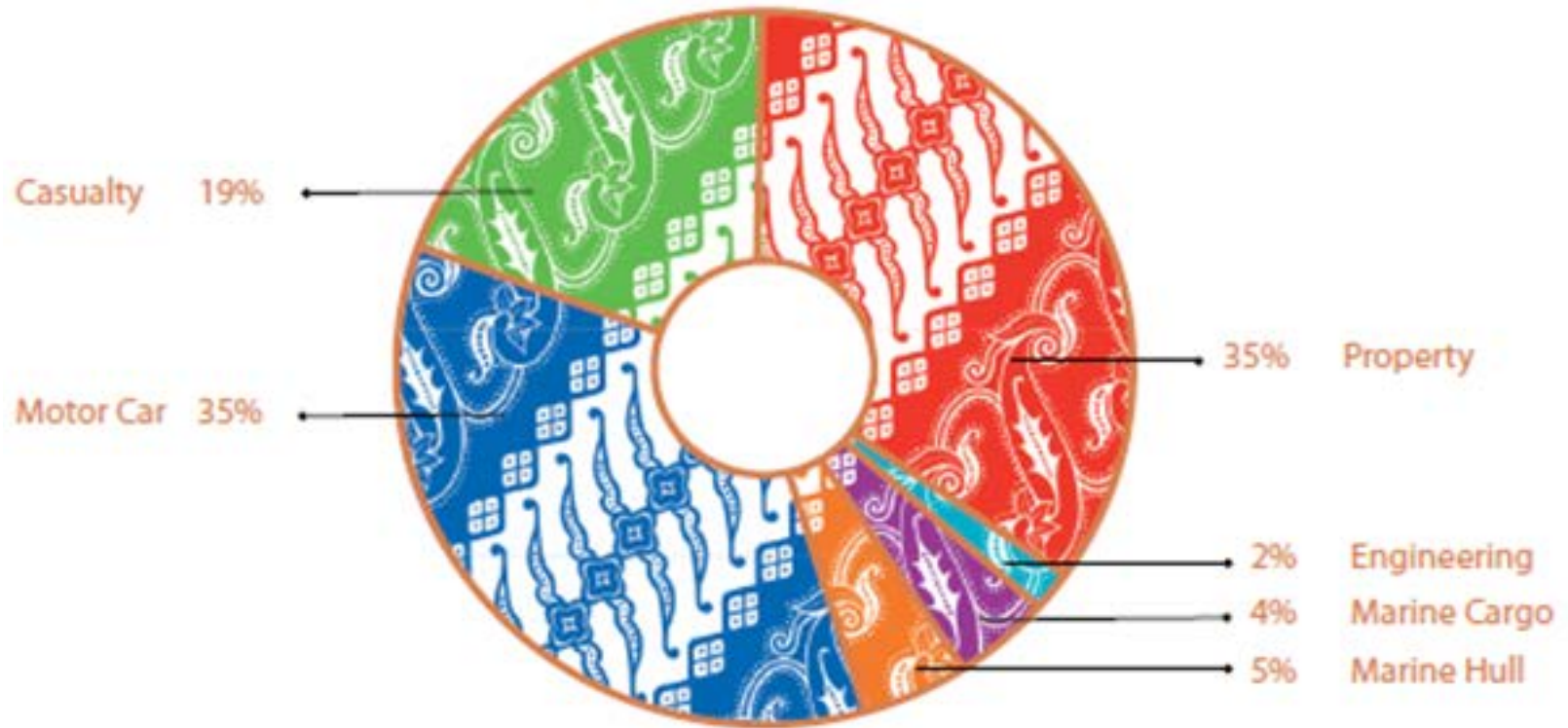
ACA in Brief (www.aca.co.id)

Established on August 29th, 1956, ACA has become one of respected general insurance companies in Indonesia. After providing the Indonesian markets with various conventional products, then in 2009 ACA tried to explore microinsurance in Indonesia started with Dengue Fever Insurance. With its experience in the Indonesian market, ACA has been actively support the insurance industry with insurance inclusion activities, including finding out the most efficient distribution channel that can cover as much as low income society.

The latest was developing agriculture microinsurance for 640 corn farmers by delivering value chain proposition to the farmers together with MFI, input supplies, off-takers.

ACA in Brief

Pendapatan Premi Bruto Gross Premium Income



National Strategy for Financial Inclusion



The main purpose of Financial Literacy in the long run (released in 2013=

1. **Increase public literacy** from **less literate** or **not literate** → **well literate**, and
2. **Increase the number of people** who consume **products** and **financial services**.

National Strategy of Financial Inclusion

- President Joko Widodo in September 2016 has issued the President Regulation No. 82/2016 on the National Strategy of Financial Inclusion (SNKI). The objective of financial inclusion for all levels of society is to raise public understanding on how to choose and use financial products and services, as part of the efforts to support government programs towards public welfare.
- The SNKI has set a target that 75 (seventy five) percent of Indonesia's adult population will have access to financial services offered by formal financial institutions by 2019. The 2013 OJK survey on national financial literacy showed that public financial literacy rate stood at 21.84%, whereas the utilization rate of financial products and services only reached 59.74%.
- The SNKI serves as guidelines for ministries/institutions, provincial/regency/city governments, and other relevant agencies, towards achieving the government's financial literacy target.

Level of Public Financial Literacy

WELL LITERATE = have knowledge on financial service institution, its products and services incl. features, benefits, risks, right and obligation related to the products / services, buy or use the products / services

SUFFICIENT LITERATE = have knowledge on financial service institution, its products and services incl. features, benefits, risks, right and obligation

LESS LITERATE = only have knowledge on financial service institution, its products and services

NOT LITERATE = do not have any knowledge on financial service institution nor its products & services

Index of Financial Service Literacy

| LITERATE | BANKING | INSURANCE | LEASING | PENSION | STOCK MKT | PAWNSHOP |
|------------|---------|-----------|---------|---------|-----------|----------|
| Well | 21,08% | 17,84% | 9,80% | 7,13% | 3,79% | 14,85% |
| Sufficient | 75,44% | 41,69% | 17,89% | 11,74% | 2,40% | 38,89% |
| Less | 2,04% | 0,68% | 0,21% | 0,11% | 0,03% | 0,83% |
| Not | 0,73% | 39,80% | 72,10% | 81,03% | 93,79% | 45,44% |

Notes =

- National survey on financial literacy (1st semester in 2013)
- The number of respondents = 8.000 respondents from 20 provinces
- Respondents' profiles = gender, age, level of education, occupation, area strata, social strata

National Strategy for Financial Inclusion



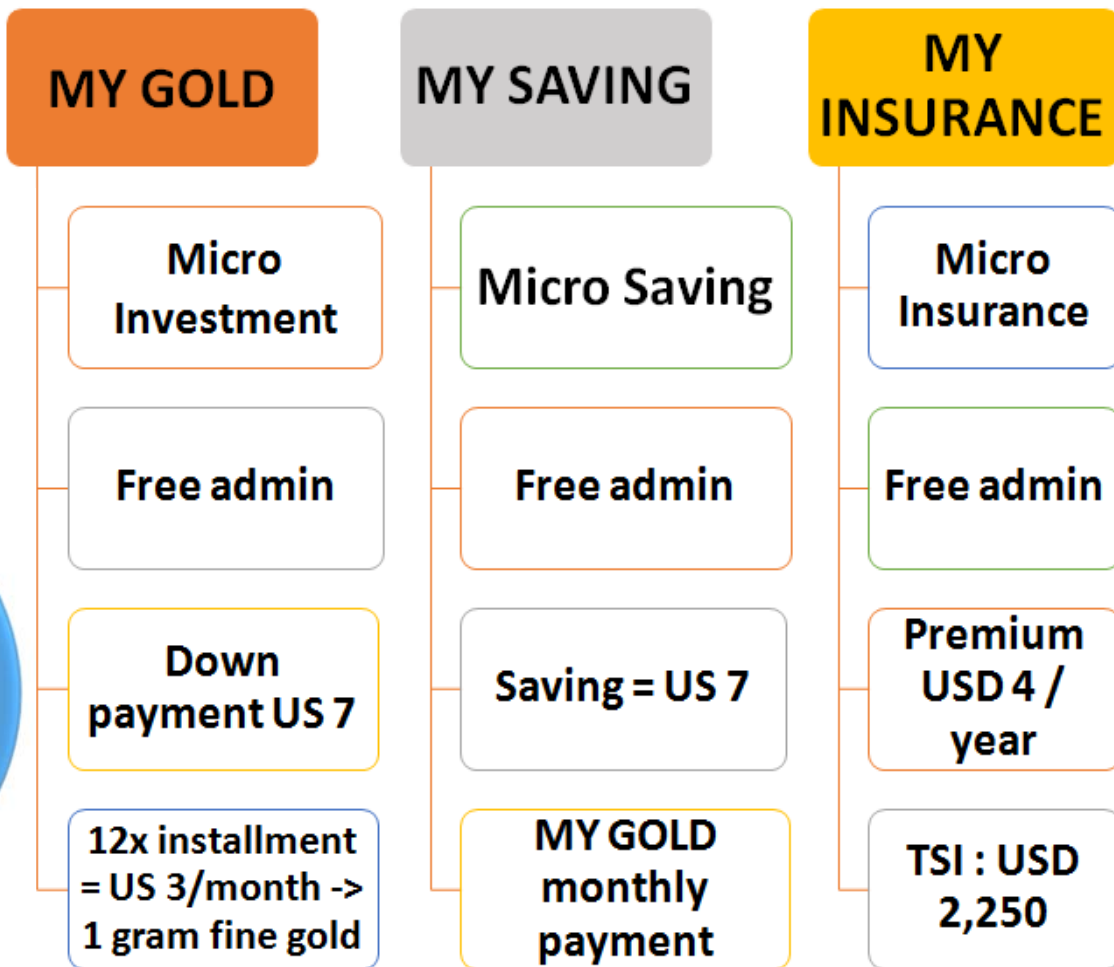
Pillar 3 - Product and Financial Service Development

Increase public awareness for better Financial Planning

Urge the society to have saving + investment and get protected

Support access to finance esp. for the non-bank society with low utility index

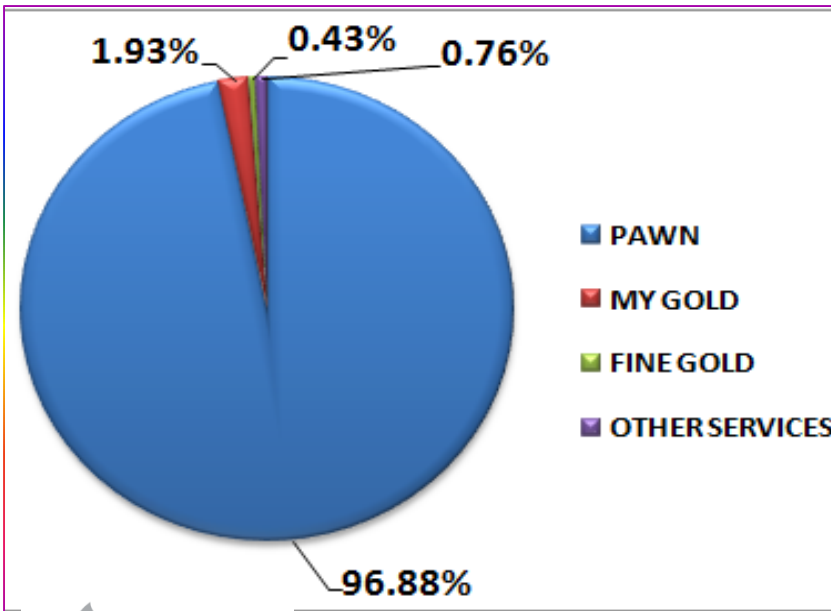
Provide alternatives of easy, accessible, affordable, and comprehensive financial products to the society



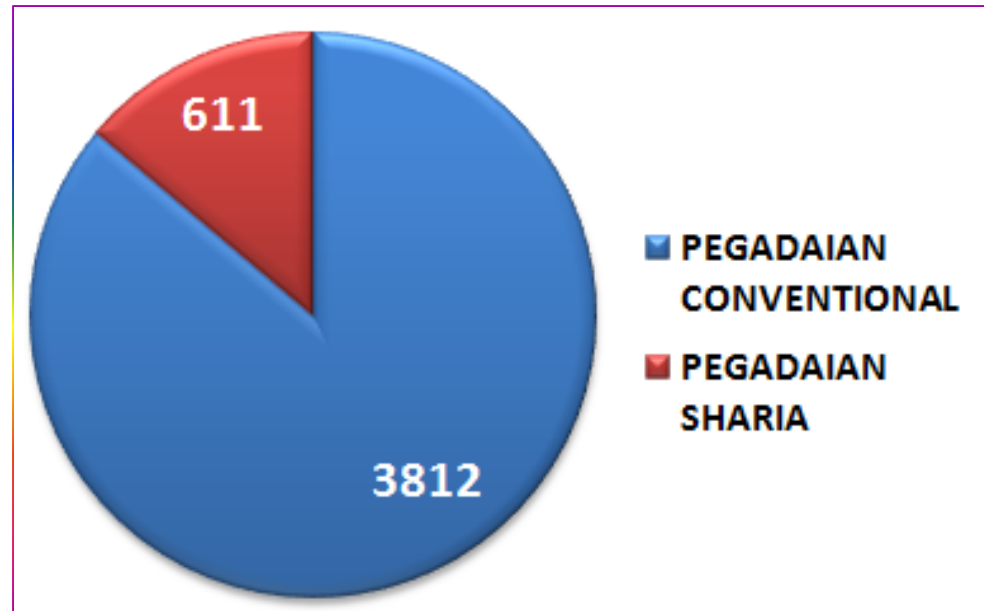
Since the customer can choose only 2 products, the term “SiPINTAR” was changed into “Laku Mikro” or Micro Financial Service

- Established on April 1st, 1901 (state owned)
- Number of customer > 6.6 million customer (pawn business), 72.700 (gold business)

Source of business



Pegadaian Outlet



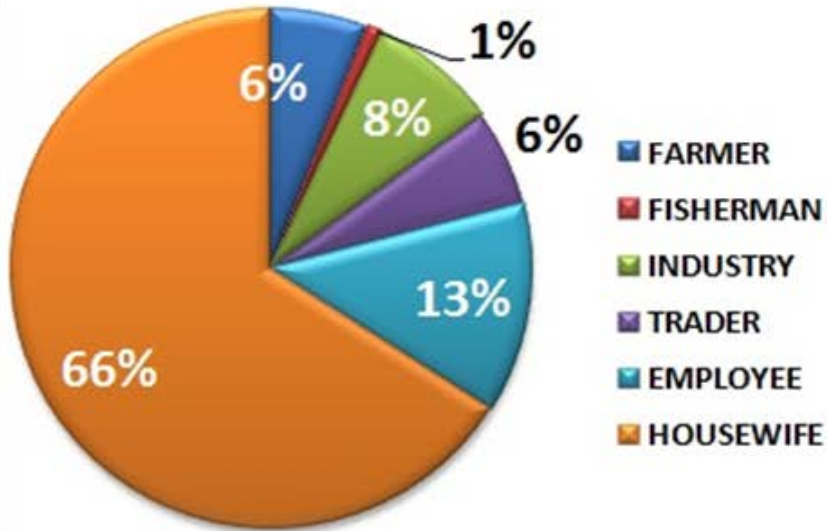


Pegadaian

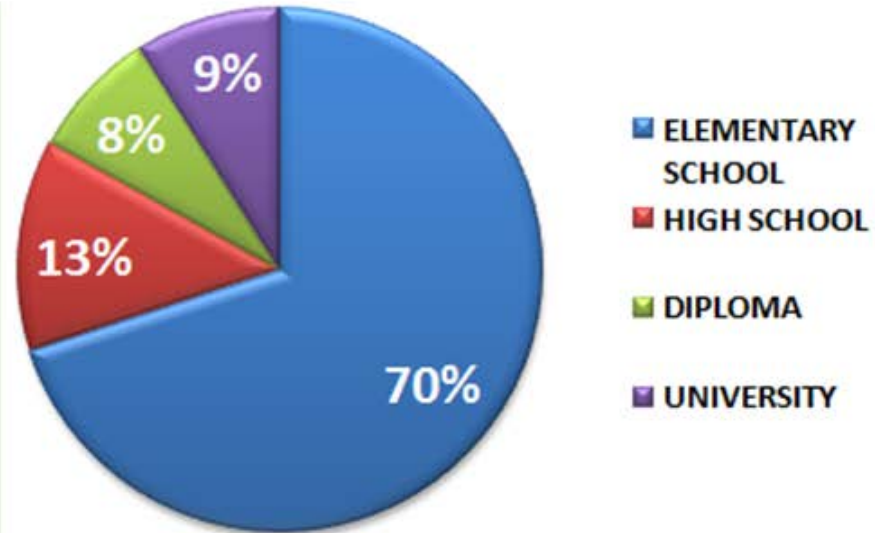
Mengatasi Masalah Tanpa Masalah

Customer Profile

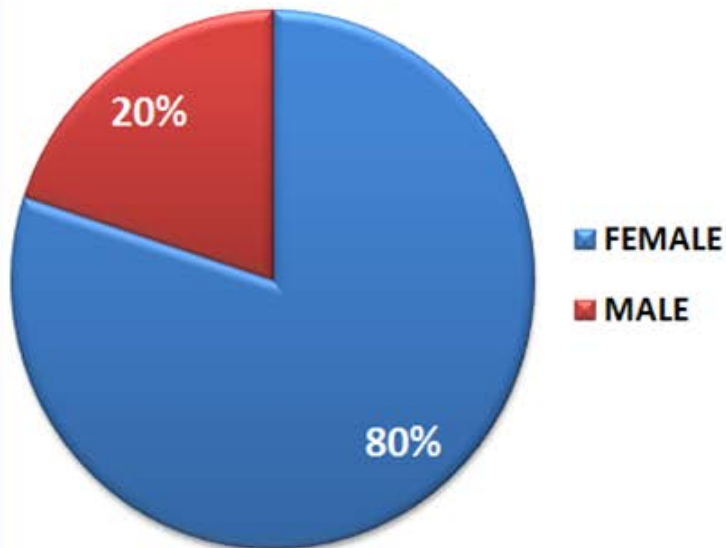
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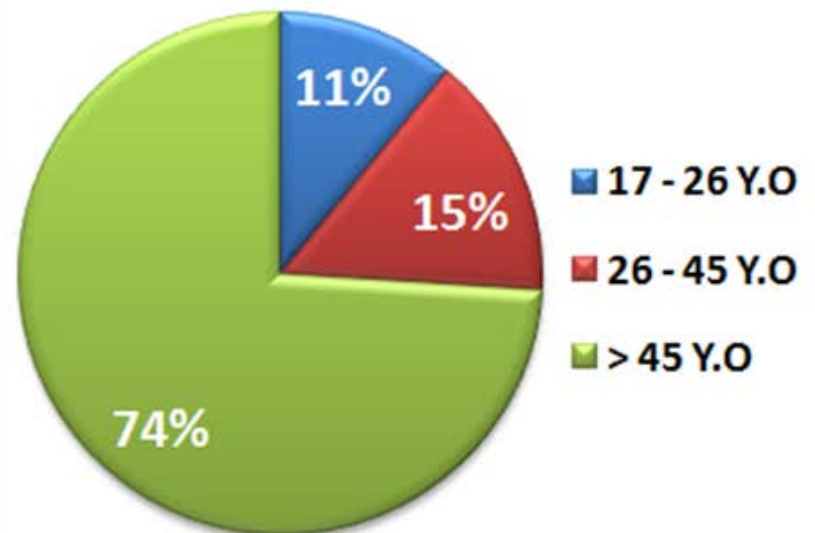
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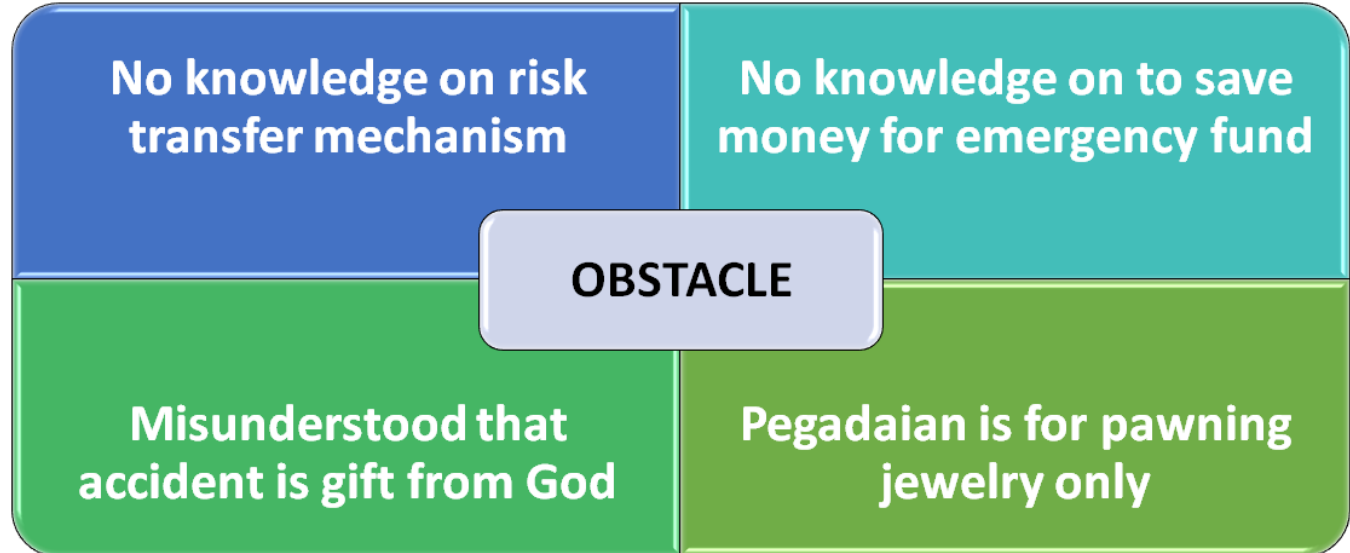


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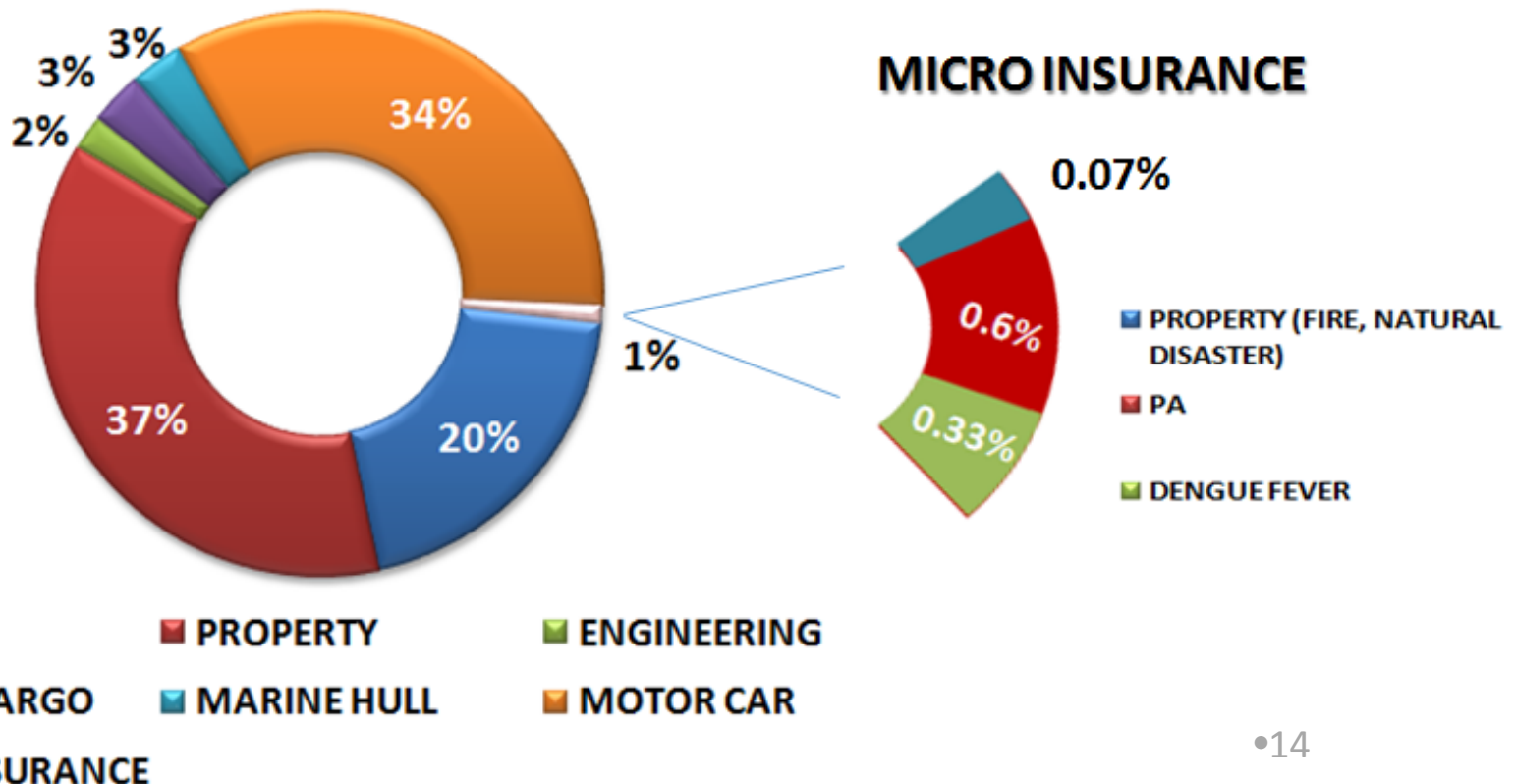
Benefit “Laku Mikro” for ACA and Pegadaian

| | ACA | PEGADAIAN |
|---|-------------------------------------|--------------------------------------|
| Financial Literacy for Target Market | Notice about micro insurance | Notice about micro investment |
| Sales | Increase in sales | Increase in sales |



- Established in 29 Aug 1956 (private company)
- Number of branch offices : 56
- Market segment : mostly A, B and a few of C class

Source of business



What Are The Target Market Thinking of Financial Products?

- Fine gold and insurance are only for the rich
- The products cannot be afforded → impossible to have
- Lack of trust to the institution, especially for insurance
- Financial product = saving

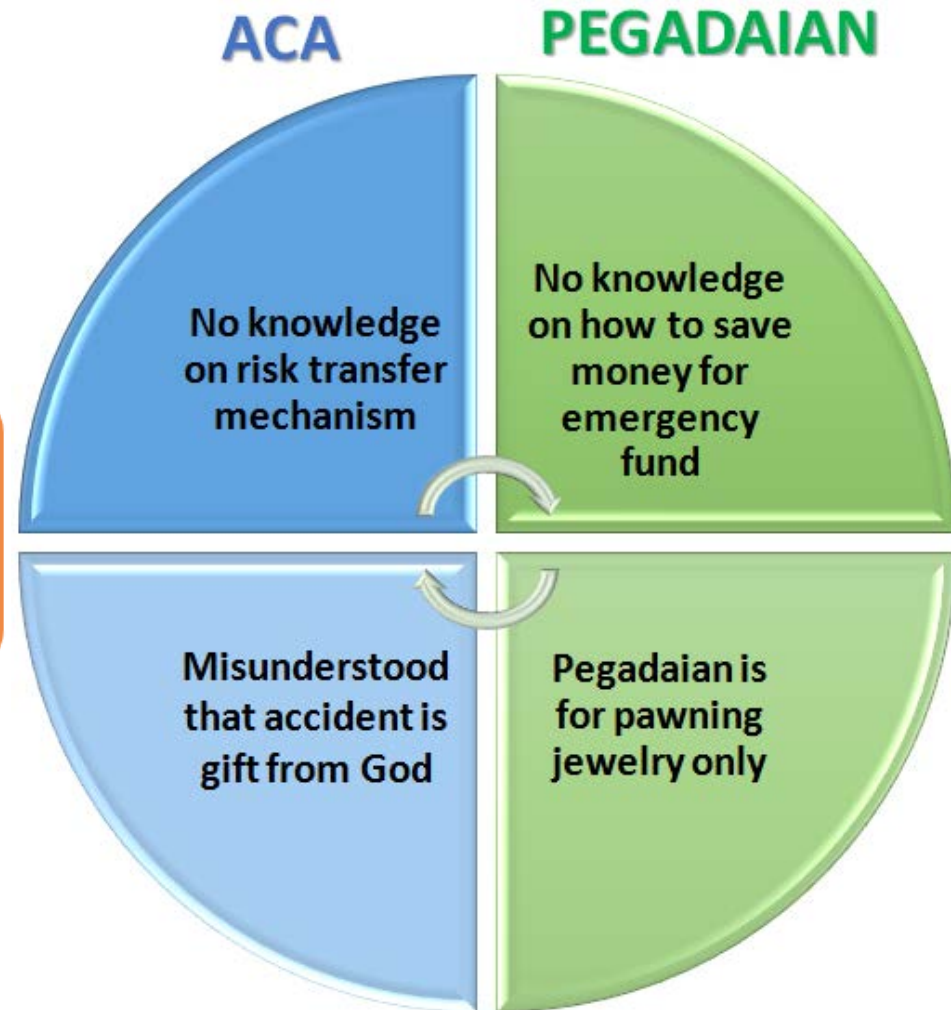
Educational tool



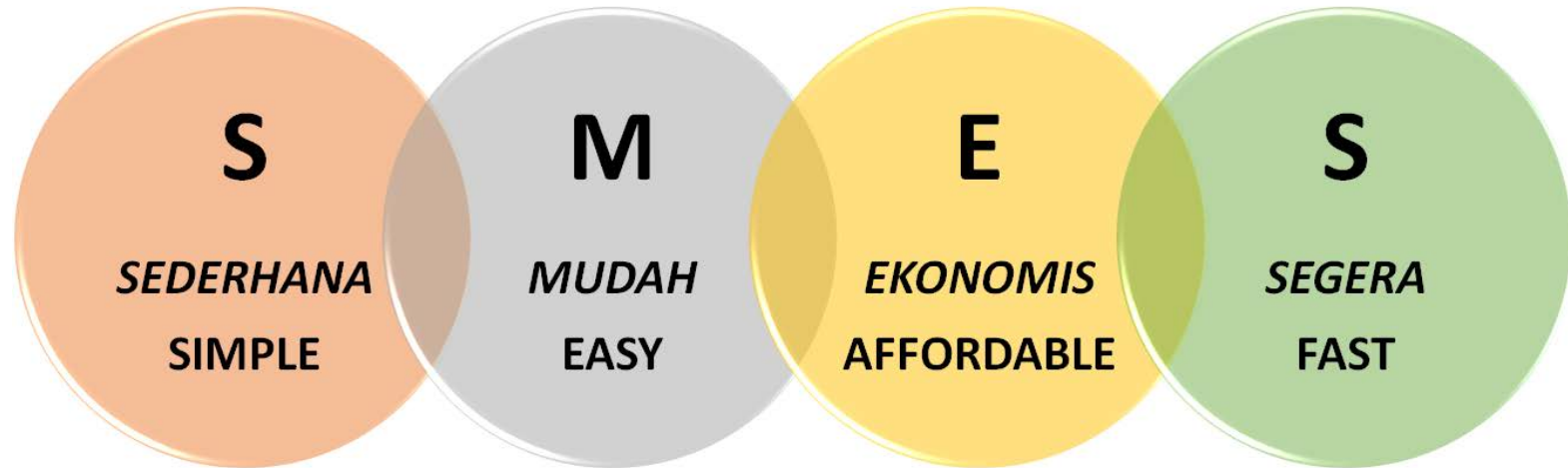
TARGET MARKET'S PREPAREDNESS FOR FUTURE RISKS



- ✓ Simple thinking and never thought on how to prepare themselves for tomorrow / future
- ✓ Mostly consumptive



LAKU MIKRO (Micro Financial Service)



- process is fast
- easy to get
- one can have 3 services with affordable price
- simple procedure
- no admin cost

**FOR
CUSTOMER**

- more distribution channels
- a chance to get more new customers
- increasing customer loyalty
- media for education and product socialization
- create a synergy among financial service institutions

**FOR FINANCIAL
SERVICE
INSTITUTION**



SABANG



● **PEGADAIAN REGIONAL OFFICE**
Number of Conventional Branch + Sub-Branch : 3812

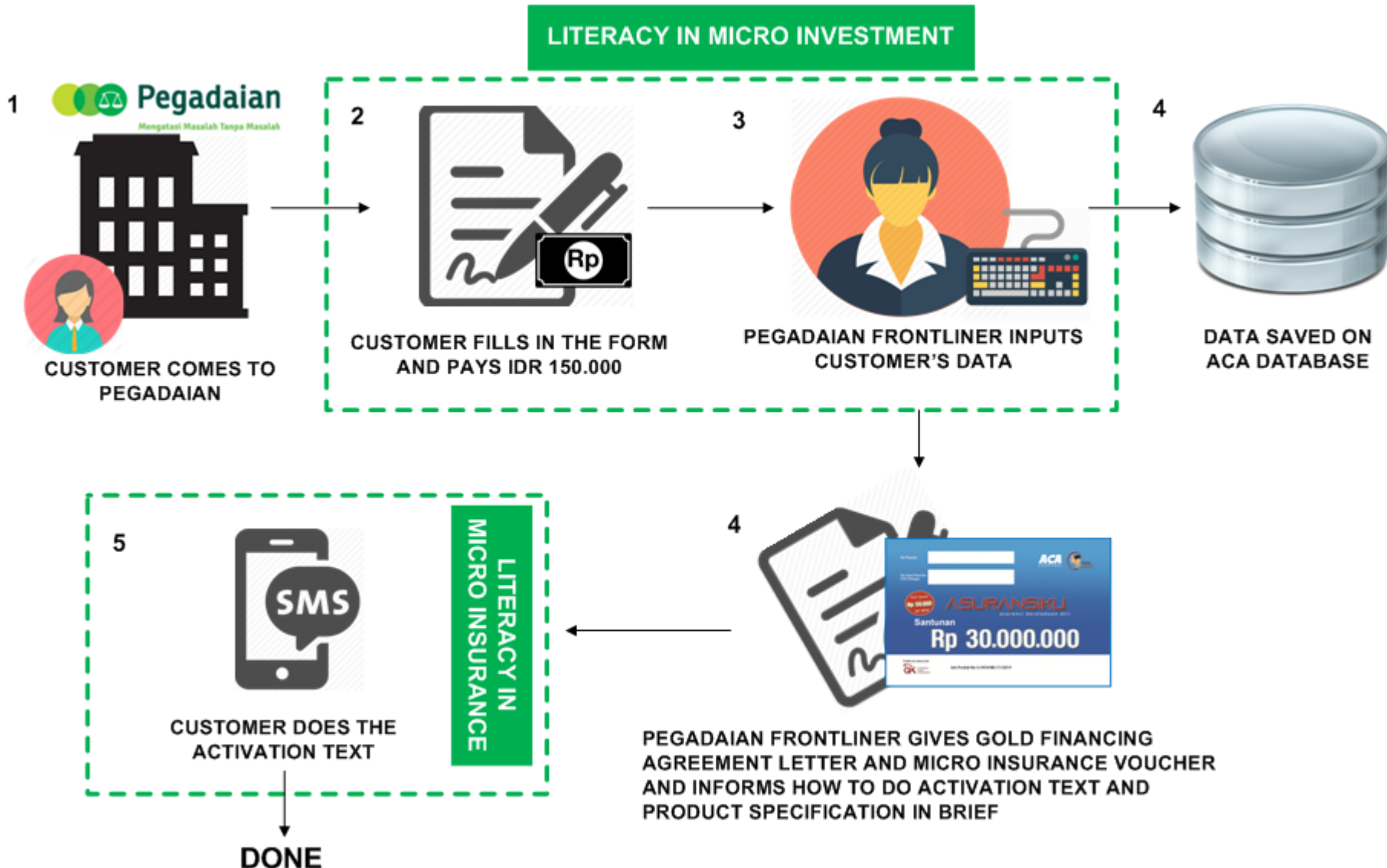
▼ **ACA BRANCH OFFICE**
Number of ACA Branch and Sub-Branch : 67

- Indonesia is the world's 15th-largest country in terms of land area with of about 252 million people in 2015.
- Distance from Sabang to Merauke = 3,731 km (6,5 hours direct flight).
- It took almost USD 35,000 to deliver 100,000 insurance scratch cards



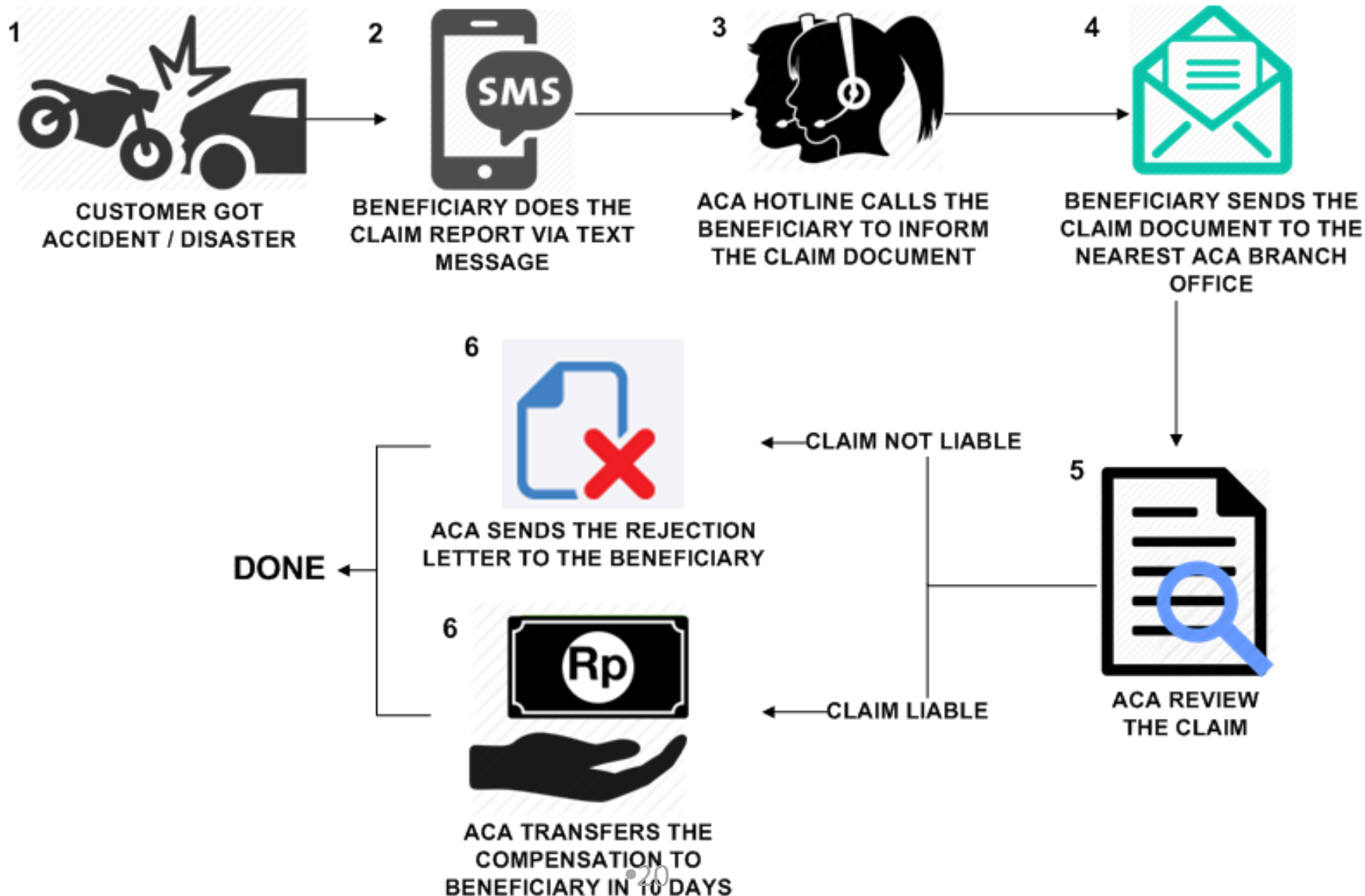
How Does It Work?

REGISTRATION

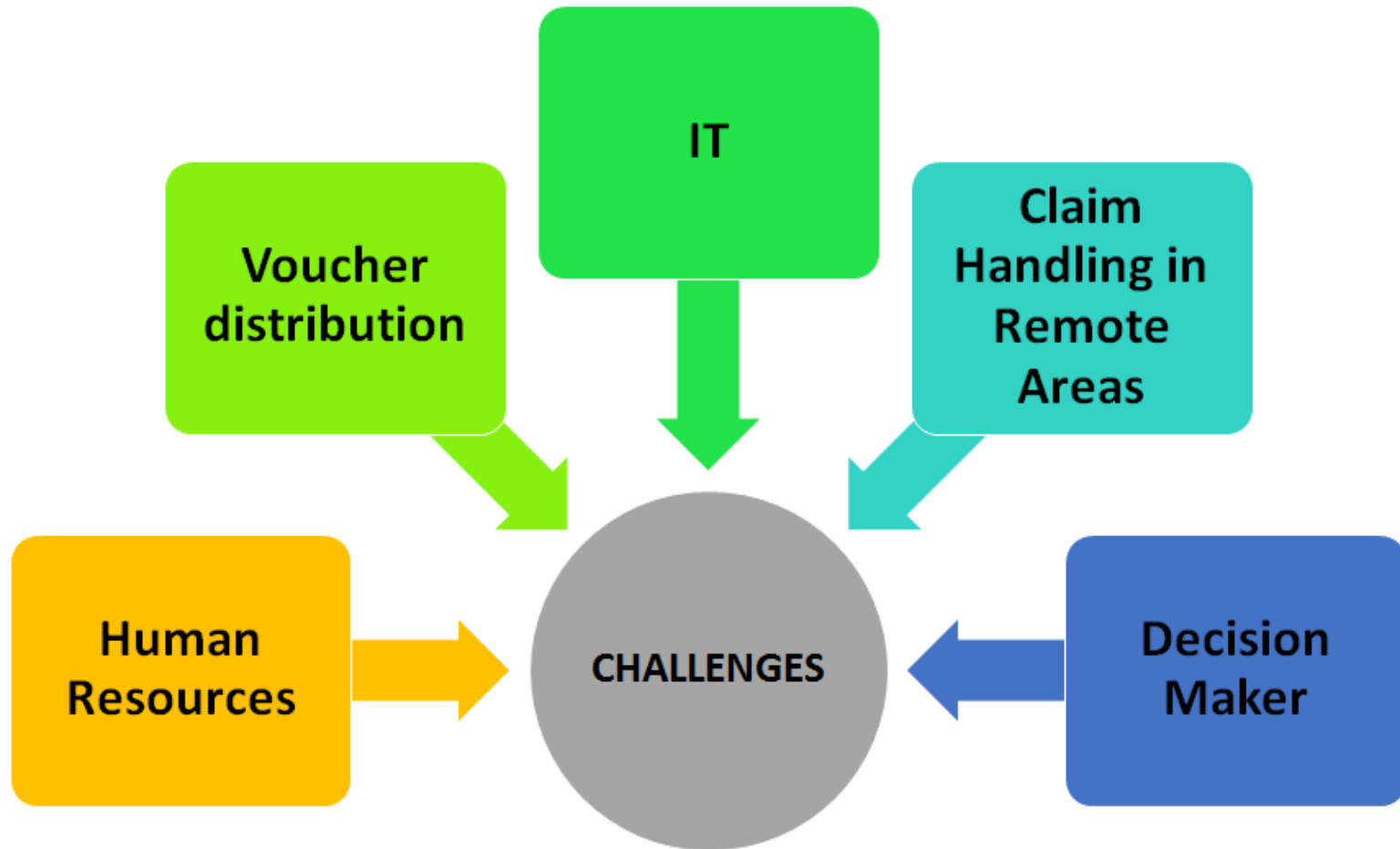


How Does It Work?

CLAIM

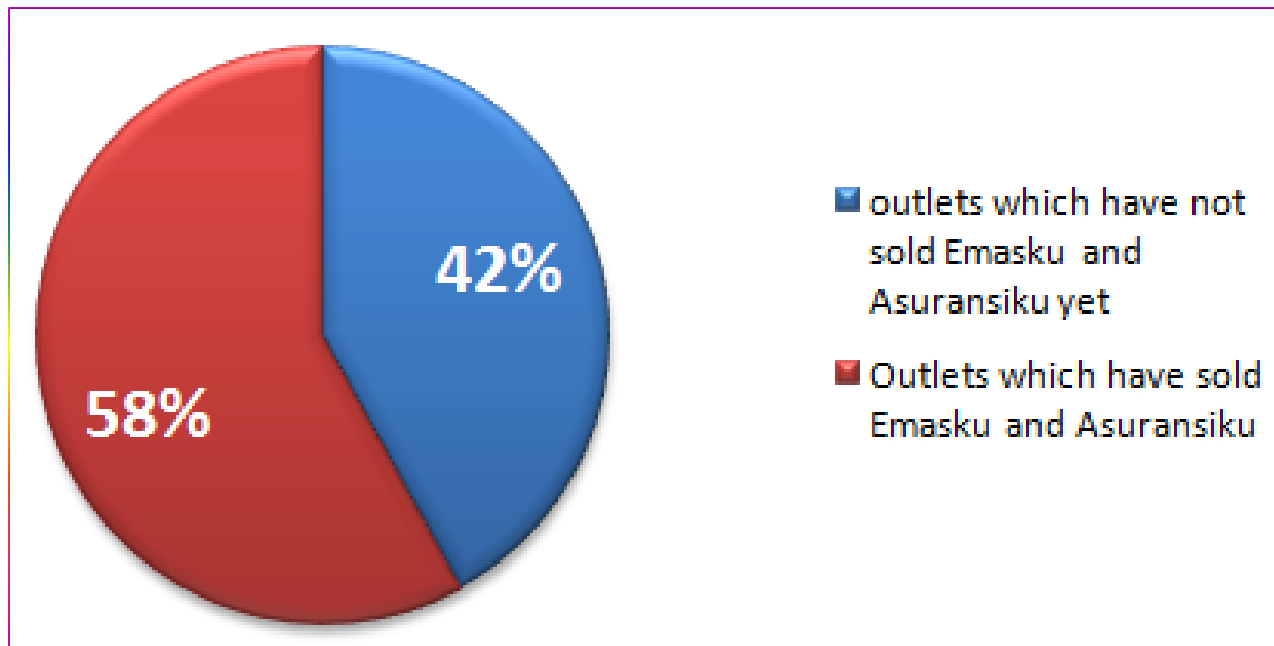


CHALLENGES



Jan - Aug 2015 = test period

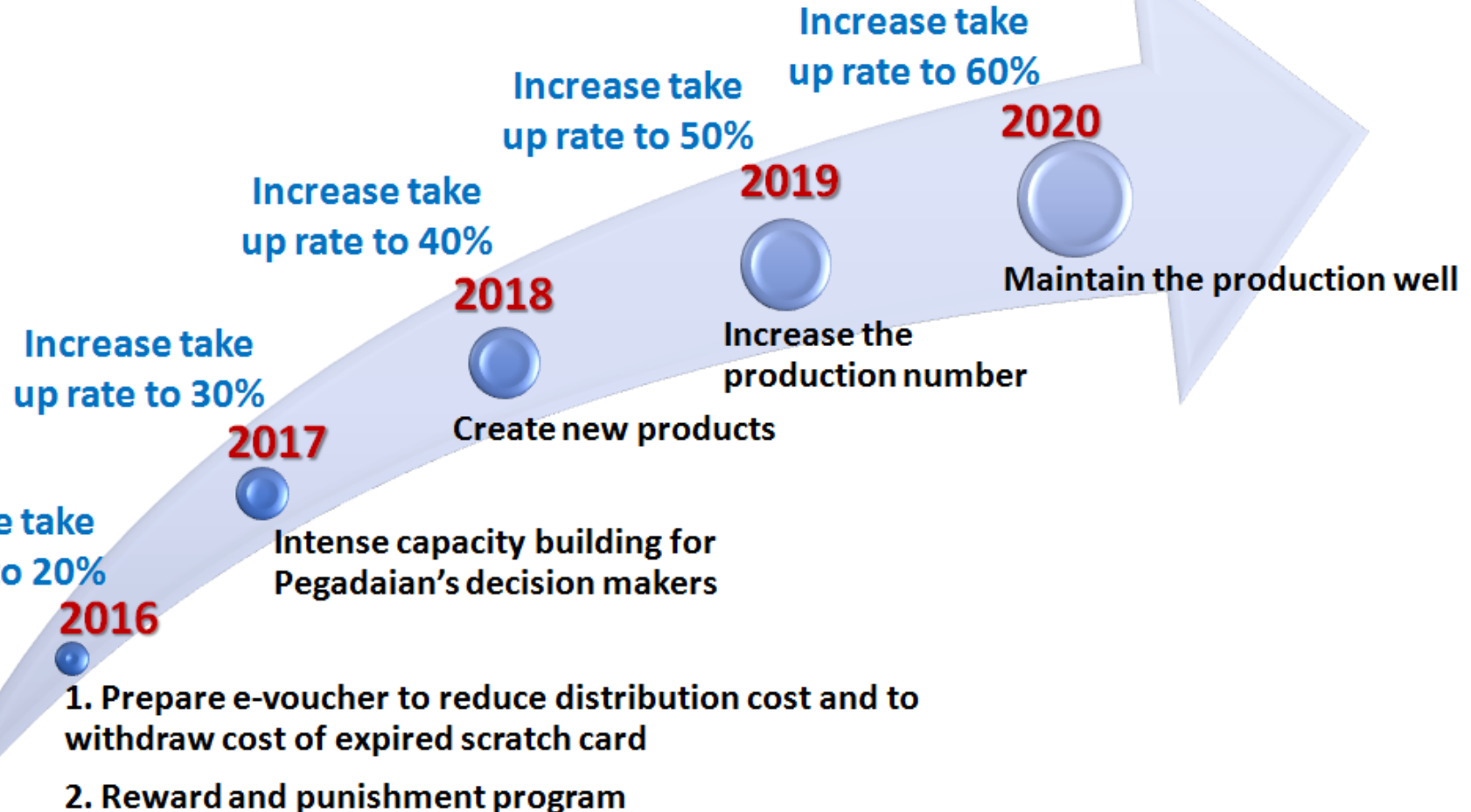
Sep 2015 - today = offered to the public





Ceremony of Asuransiku claim payment to the beneficiary in
Bangkalan, Madura Island, 24 Dec 2015

NEXT PLAN UNTIL 2020





THANK YOU
Terima kasih
நன்றி
ඔබට ස්තූතියි

