



Promoting Financial Literacy through Life Cycle

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in Financial Education and Consumer Protection, IFSA

Japan, 8 April 2014

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Indonesian Capital Market

2

Development of National Strategies

3

Financial Literacy through Life Cycle



Youth



Working Ages



Pensioners

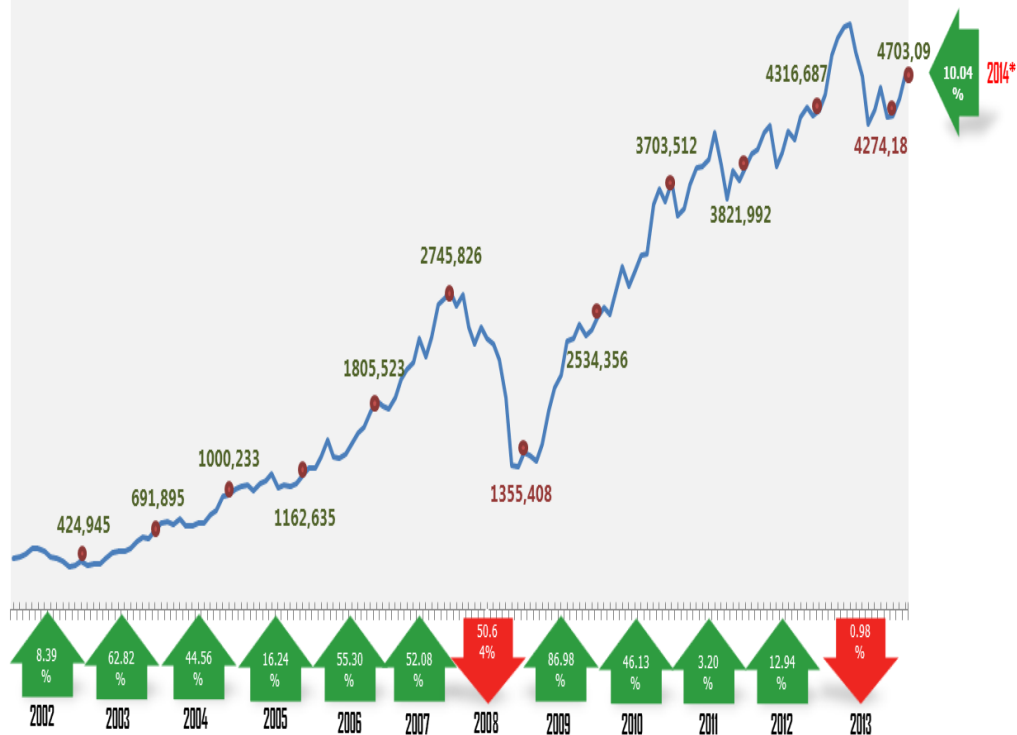


Women

Jakarta Composite Index (JCI)

Per 25 Mar 2014

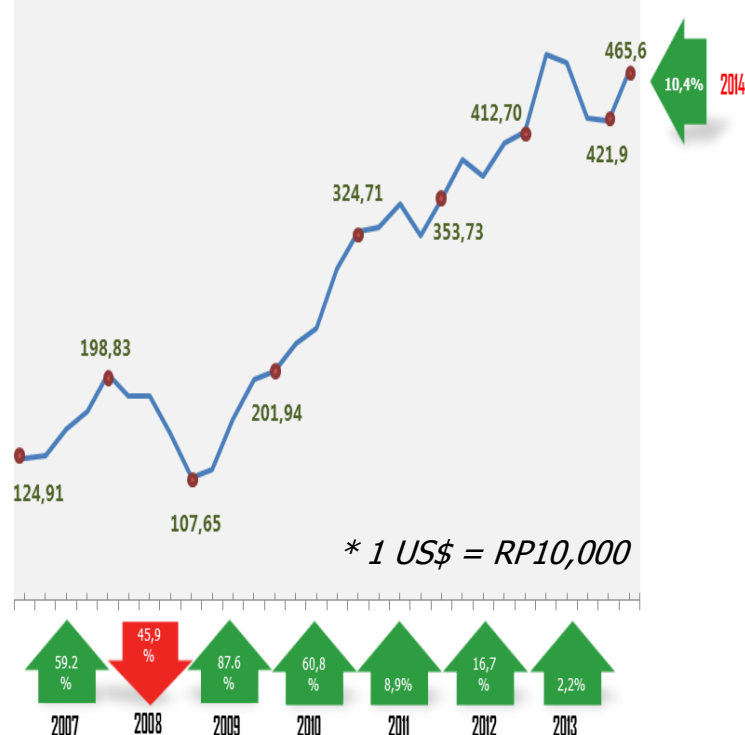
* 25 Mar 2014



Market Capitalization (Billion USD)

Per 25 Mar 2014

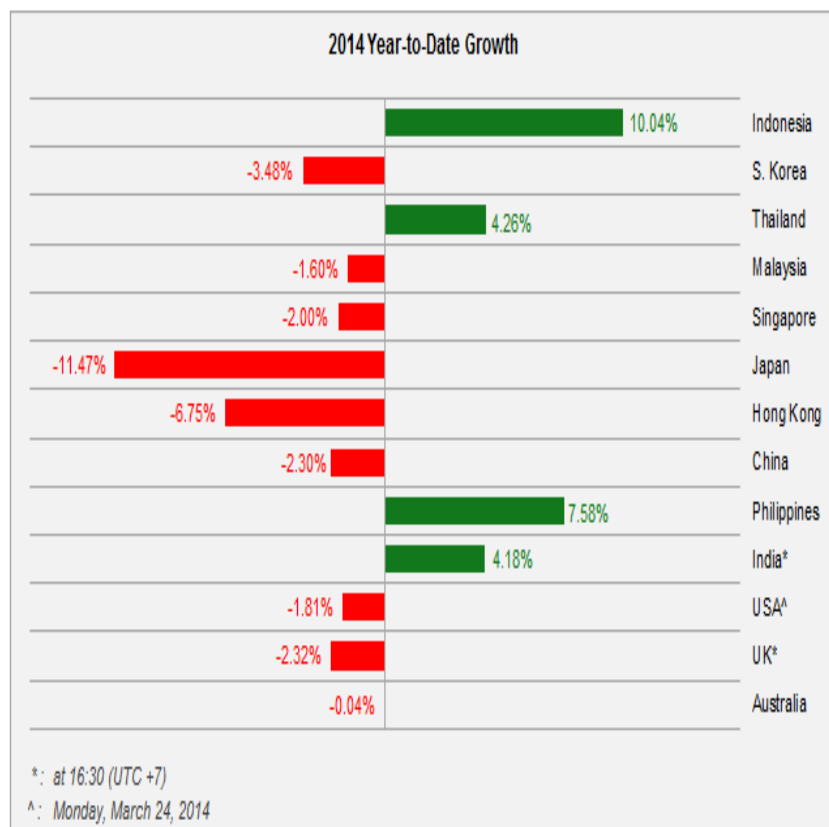
* 25 Mar 2014



* 1 US\$ = RP10,000

Comparison to Regional Indices

Per 25 Mar 2014



Comparison to GDP

Per 2013

Indicators	2012	2013
GDP	824,2	908,4
Market Capitalization	412,7	421,9
Corporate Bonds and ABS	18,9	22,1
Government Bonds	82,0	99,5
Ratio of Capital Market Cap. to GDP (%)	62,3%	59,8%
Ratio of Equity Market Cap. to GDP (%)	50,1%	46,4%
Ratio of Corporate Bonds to GDP (%)	2,3%	2,4%
Ratio of Government Bonds to GDP (%)	10,0%	11,0%

* 1 US\$ = RP10,000

Figures in Billion USD

The IFSA Strategy

FOCUS ON CAPITAL MARKET DEVELOPMENT



**Capital Market
Deepening**



**Law Enforcement
Improvement**



**Market
Infrastructure
Improvement**

Development of National Strategies

Statutory Framework

Article 28

Law No. 21 Year 2011

OJK is authorized in providing information and educating the public on the characteristics of financial services sector, services, and products

OJK Regulation No. 1/2013

July 26, 2013

Financial Institutions must conduct education in order to improve the community financial literacy. The programs must be prepared annually and reported to the OJK

National Strategy on Financial Literacy

Launched by the President on the Nov,19 2013



Guidelines for financial authority, financial institutions and other stakeholders

Baseline Financial Literacy Survey 2013

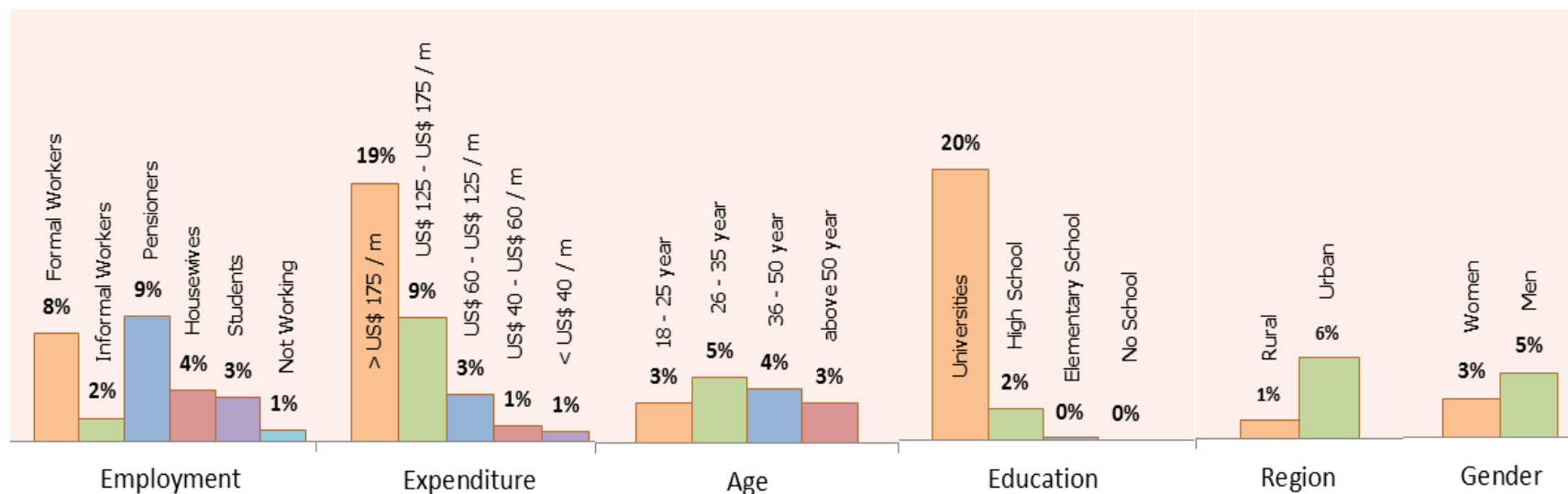
Capital Market

 **4%**
 **0.1%**

 **Literacy Level**

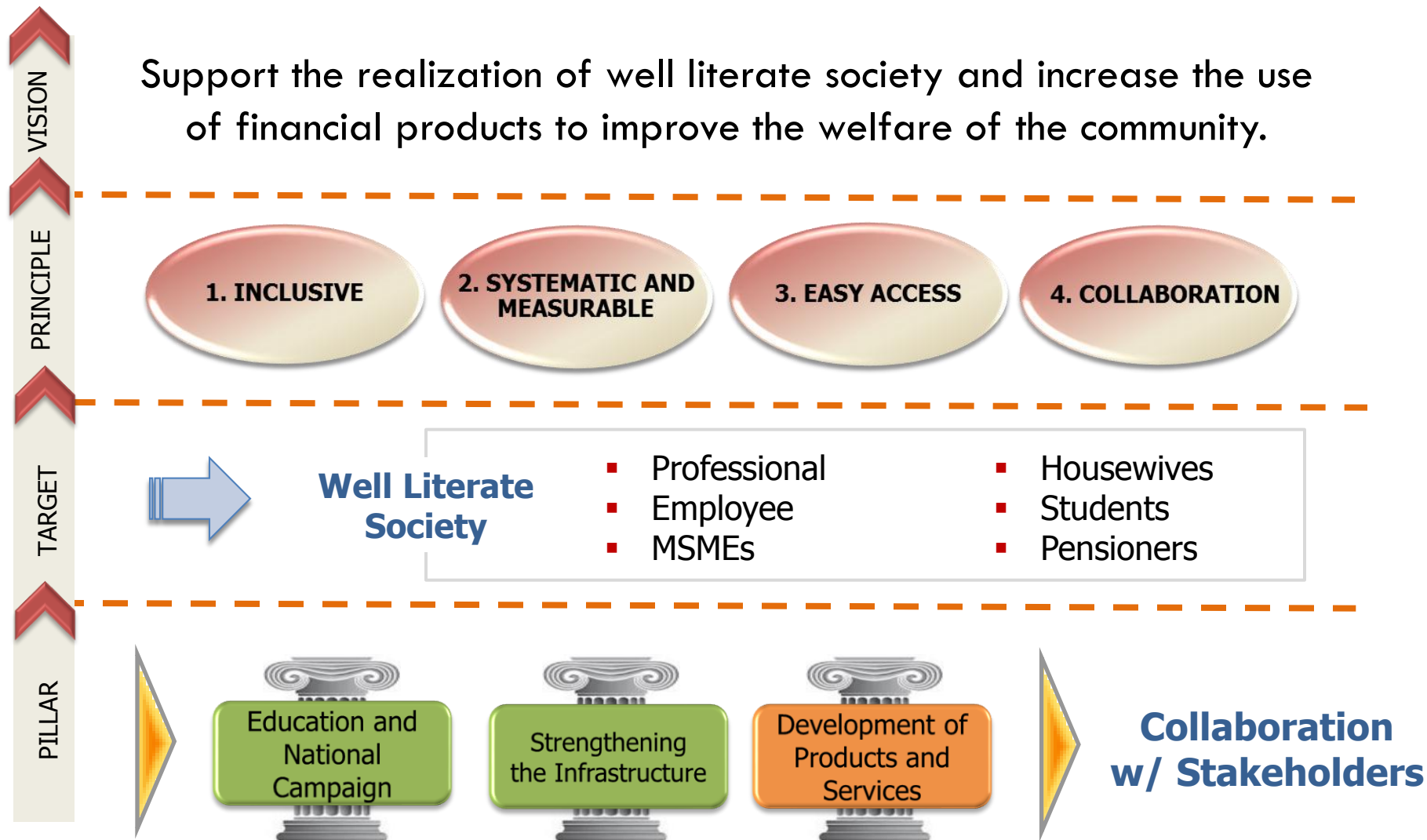
 **Usage Level**

Well Literate Capital Market

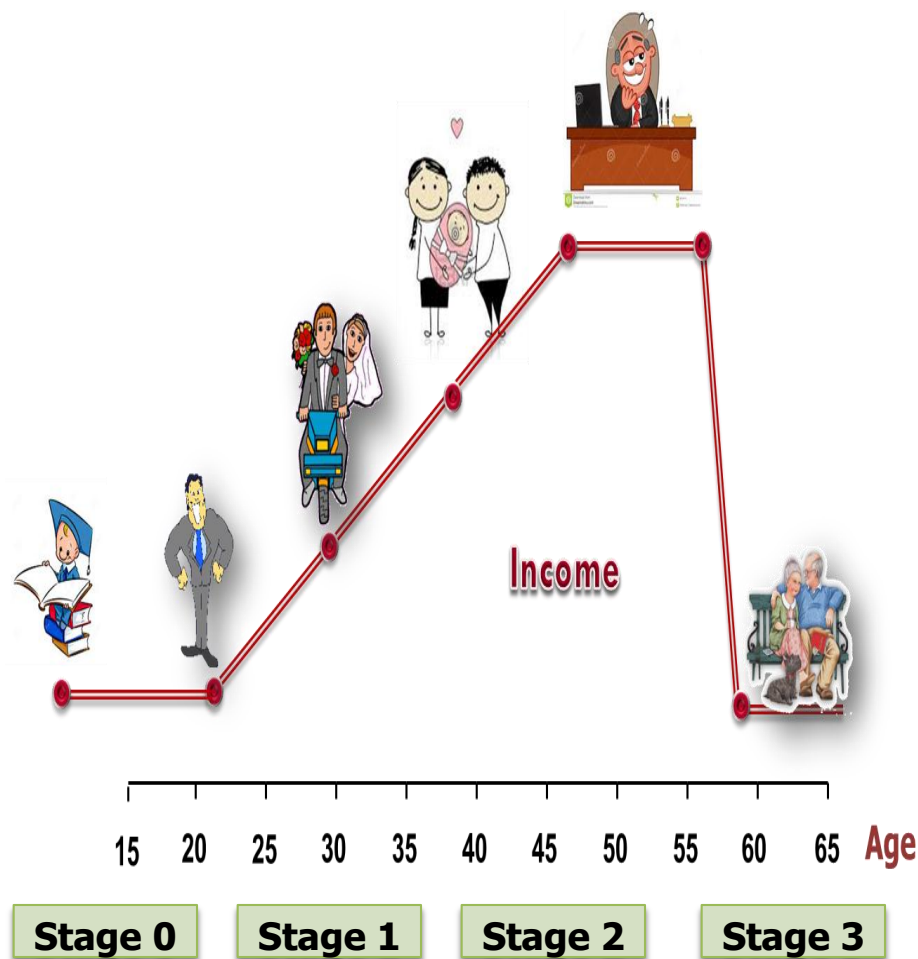


Development of National Strategies

Support the realization of well literate society and increase the use of financial products to improve the welfare of the community.



Life Cycle Programmes



Financial Education is a life-long process that begins in childhood and continues through to old age.

Financial education programmes should provide materials that match :

- ▶ the participants needs
- ▶ the participants characteristics

Financial education programmes should create creative method to deliver material due to difference in level of income, age, education and other characteristics of the participants.

Financial Literacy through Life Cycle

Youth

Working Ages

Pensioners

Women

Stage 0: Basic Wealth Knowledge

Contents

Financial education should focus on building the foundational knowledge and encourages savings behaviour from youth to adulthood

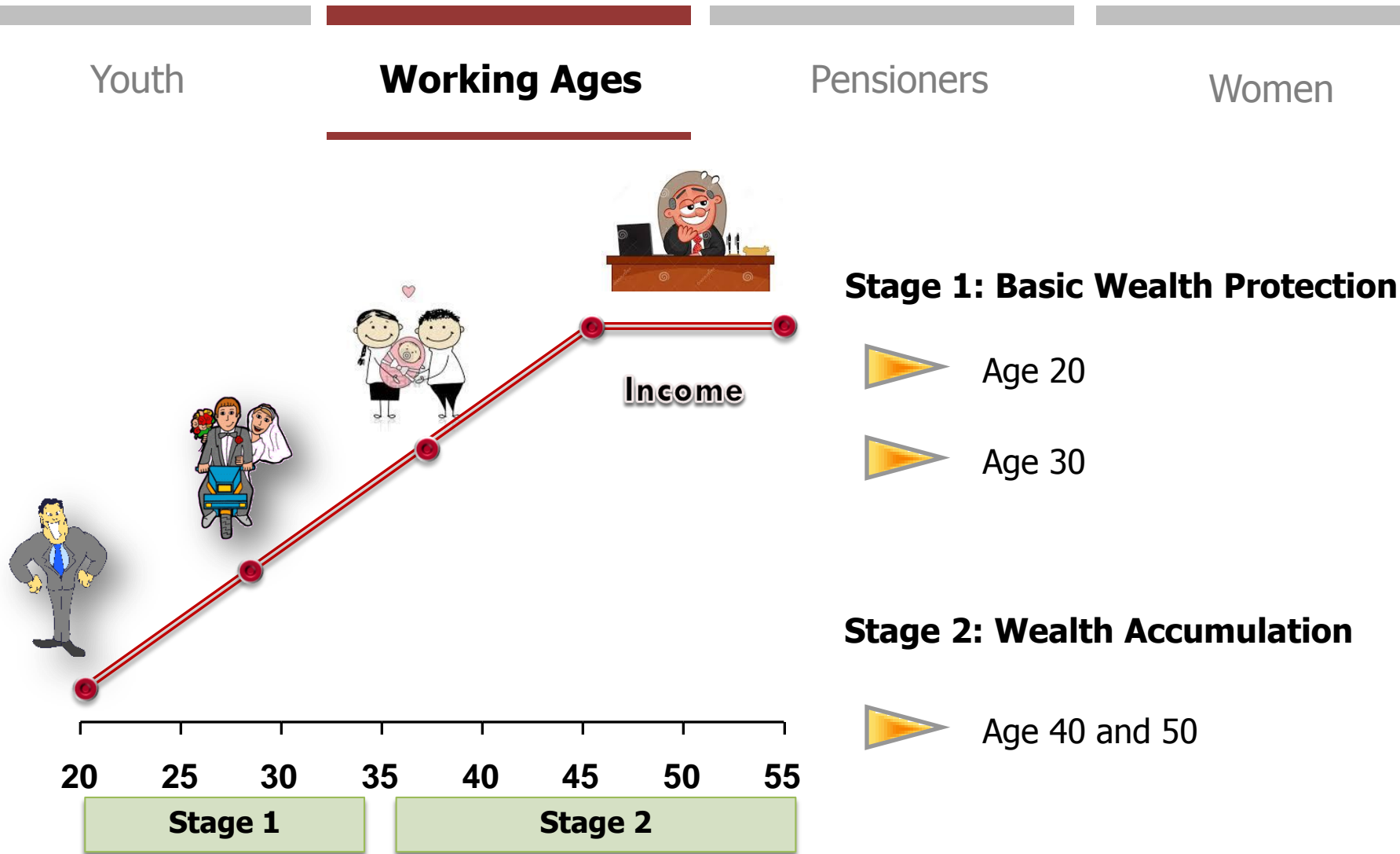
Delivery Channel

- Taught in School (Curriculum)
- Training for Trainers (Teachers)
- Mini Banks (Fin. Inst.)
- Games

Financial literacy has come to be acknowledged as an essential life skill for individuals

The Role of School is Paramount

Financial Literacy through Life Cycle



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Stage 3: Wealth Distribution

- Financial Education may come too late
- Consumer Protection become important

5 Principle

Baseline Financial Literacy Survey 2013 – Pension Fund



55 60 65

Stage 3



Literate
Usage



It is important for individuals to take **proactive** role in saving for retirement

Financial Literacy through Life Cycle

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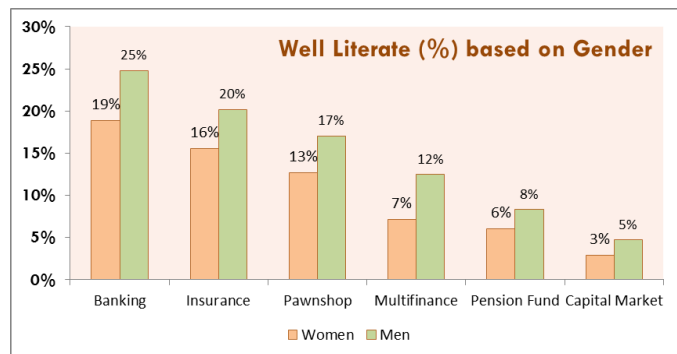
Women

Both women and men need to be financially literate.
Women's needs are even higher, because of:

- Take primary responsibility of household resources
- Major role in transmission of financial habits to their children
- Lower earnings and labour market participation
- Longer life expectancy
- Lower Level of Financial Literacy and Financial Inclusion

Content :

- Financial Planning
- Planning for Retirement
- Entrepreneurship
- Avoiding Over-Indebtedness
- Financial Products



- Only 19% women have knowledge, skill and behaviour compared to 25% men are well literate in banking sector
- **In all 6 sector, women are less literate compare to men.**

Financial Literacy through Life Cycle

Programmes should create creative method to deliver material due to difference in level of education of target audiences.

Delivery Channel

Urban People

- Education Website
- Social Media
- Lecture



Rural People

- Financial Literacy Car
- Outreach Program
- Adv: TV, Radio, Newsletter



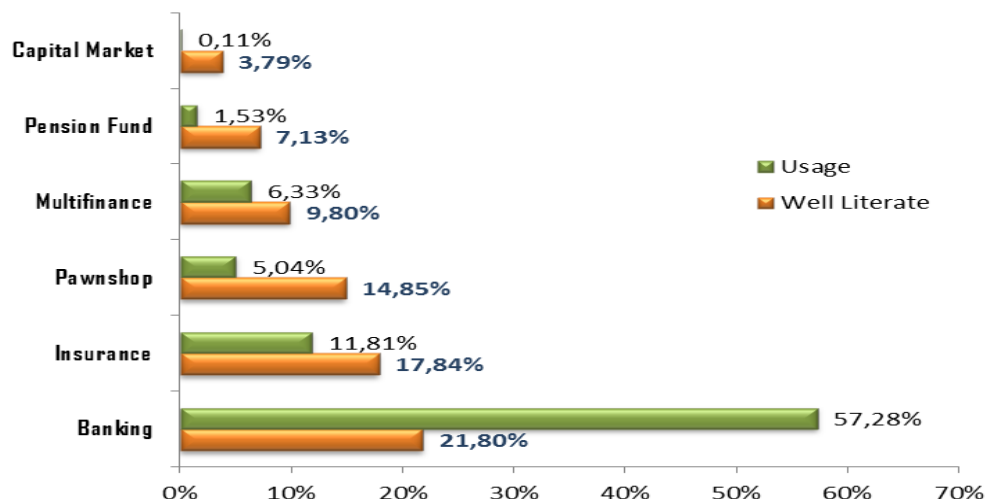
Financial Customer Care

System where customers can receive and give information, and filed a Complaints



Financial Literacy through Life Cycle

Baseline Financial Literacy Survey 2013



Financial Literacy Survey conducted in 2013 was the largest literacy survey yet, comprising :

- 20 Provinces (from Aceh to Jayapura)
- 8.000 Respondent

Every 3 Years

Assessment Programs

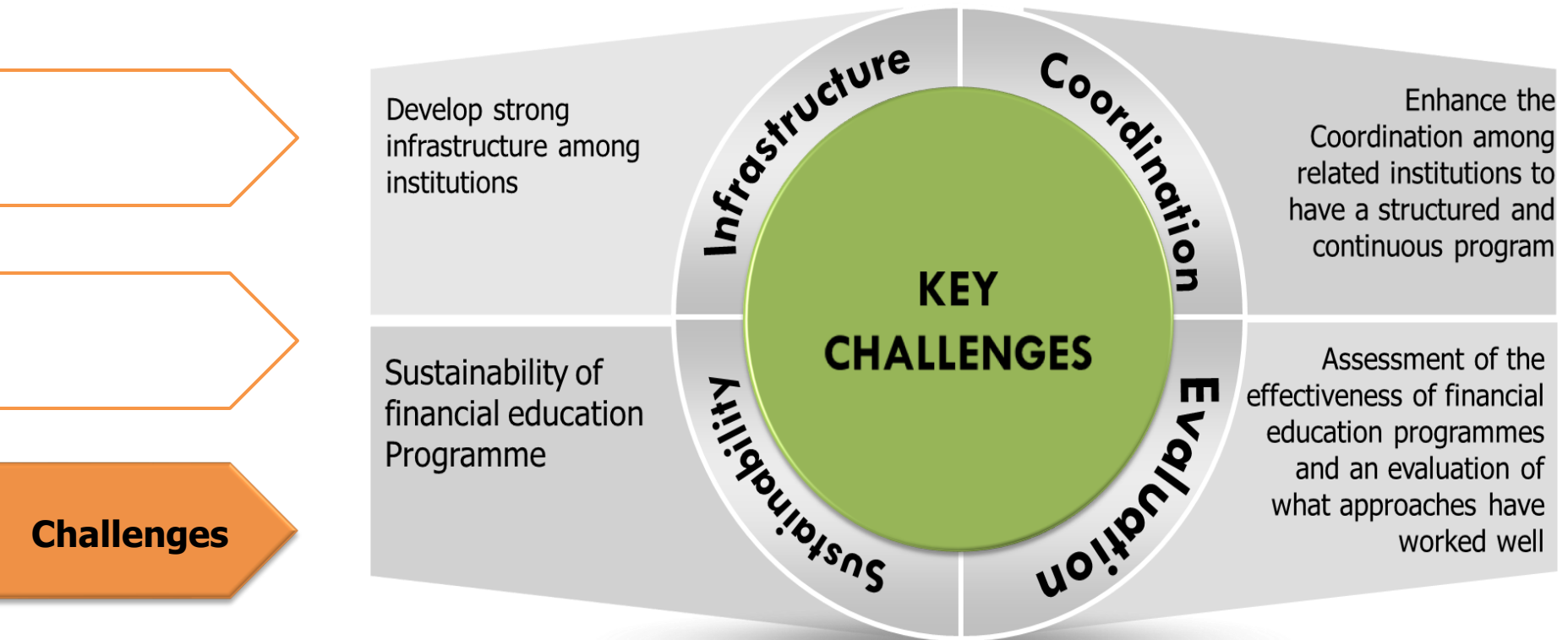
Outreach Program

Questionnaires

Every Programs

Every Education Programs

Financial Literacy through Life Cycle



THANK YOU

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