

# INDONESIA FINTECH REPORT 2020



“ I LOVE U ”  
INDONESIA

Produced By:

**FINTECH**   
SINGAPORE  
[fintechnews.sg](http://fintechnews.sg)

# INDONESIA At A Glance



**274 Million**  
Population



**84%**  
Under 54 Years of Age



**56%**  
Urban



**83 Million**  
Unbanked



**5.5**  
ATMs  
Per 10,000 Adults  
(2018)



**1.7**  
Branches  
Per 10,000 Adults  
(2016)



**48%**  
Aged 15+ Has Bank  
Account



**76%**  
Financial Inclusion



**US\$4,136**  
GDP per capita  
(2019)



**145 million**  
Population in Java  
(2015)



**67%**  
Internet  
Penetration



**60%**  
Smartphone  
Penetration



**124%**  
Mobile  
Subscription



**54%**  
Internet Users  
Using Mobile  
Banking



**38%**  
Financial Literacy  
Rate (2019)



**2.4%**  
Aged 15+ Has A  
Credit Card



**US\$111**  
Average Spend on  
Online Purchases of  
Consumer Goods  
(2019)



**88%**  
E-commerce  
Adoption Among  
Internet Users  
(2019)

# Indonesian Fintech Map 2020

Total: 322\*

## PAYMENTS (73)



## LENDING\* (33)



## CROWDFUNDING (9)



## BLOCKCHAIN (26)



## INVESTMENTS (24)



## INSURTECH (15)



## POS SERVICE (7)

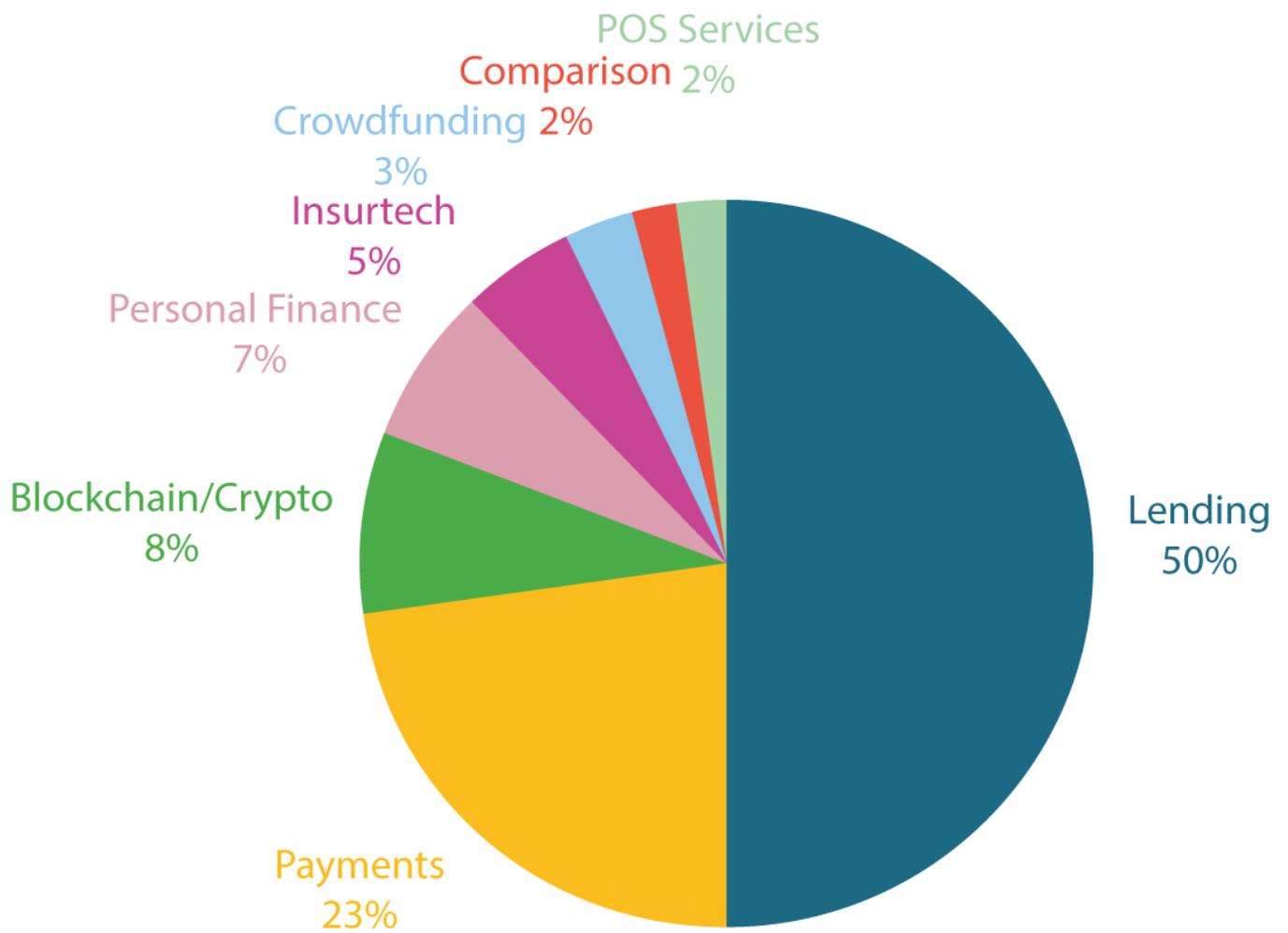


## COMPARISON (7)



\*The 34 mentioned lending startups are licensed by OJK, for all the registered operating lending startups, see Lending section. Total number of fintech companies include all the lending startups. Source: Compiled by Fintech News Indonesia from desk research

# Breakdown of the Indonesian Fintech Ecosystem



Source: Compiled by Fintech News Indonesia from desk research

# Developments of the Indonesian Fintech Sectors

2018	<p>BI issues new e-money regulation</p>  <p>Leading digital wallets</p> <p><b>GO PAY</b> <b>OVO</b> <b>DANA</b> <b>Link Aja!</b></p> <p>Leading payment gateways</p> <p><b>midtrans</b> <b>RU KU</b> <b>AINO</b> <b>sepulsa</b></p>	<p>OJK addresses obligation of fintech in promoting financial literacy</p>  <p>Finansialku.com builds financial planner tools and facilitates financial education</p> 
2019	<p>BI introduced the Indonesia's Payment System (IPS) 2025 Vision Framework</p>  <p>Total Value of E-money Transaction</p>  <p><b>US\$145 Tn</b></p>	<p>Halofina, a goal-based robo-advisor platform, raised pre-Series A funding from Mandiri Capital, to develop its online financial services platform</p> 
2020	<p>BI made the universal QR code mandatory for all payments</p>  <p>Number of licensed e-money operators (as of Jun)</p> <p><b>50</b></p>	<p>Funding from Ant Financial, raised by Akulaku to expand to offer wealth management</p>    <p><b>US\$40 mn</b></p>
2021-2023	<p>Gross transaction value (GTV) for digital wallets is poised to grow 16-fold, from</p> <p><b>US\$1.5 bn</b> (2018)      <b>US\$25 bn</b> (2023)</p> <p>Digital wallet usage is projected to grow from</p> <p><b>10%</b> (2018)      <b>20%</b> (2023)</p>	<p>Mass affluent middle class is expected to grow by 26% from</p> <p><b>1.3 bn</b> (2018)      <b>1.5 bn</b> (2022)</p> <p>However, % of Indonesian Millennials income goes to saving</p> <p><b>10%</b></p>
Payments		Wealth Management

\*Mass affluent class: holding liquid assets of US\$50,000- 1 million

Source: Compiled by Fintech News Indonesia, Global Data, Trade Press, AFTECH

# Developments of the Indonesian Fintech Sectors

2018	<p>Insurtech is still in early stage, and largely unregulated</p>  <p>Insurance penetration % Population who are policy holders</p> <p><b>2.2%</b> 2014      <b>2.8%</b> 2018</p>	<p>Crypto assets are legal in Indonesia and specified as a commodity that can be traded on futures exchanges. BAPPEBTI and PPATK are regulatory bodies</p> <p>Indonesia Blockchain Association (IBA) and Indonesian Blockchain Network (IBN) were established</p>  
2019	<p>Digital insurance and insurtech startups are on the rise following fintech trends</p>      <p>Life insurance contributes majority of total insurance market premium</p> <p><b>US\$12.7 bn</b></p>	<p>Four blockchain-based players passed OJK's regulatory sandbox assessment</p>   <p>Tokoin and KuCoin collaborates to develop massive adoption to support industrialization 4.0</p>  <p>China</p>  <p>Jakarta</p>
2020	<p>Axinan rebrands to Igloo, who raised funding to expand in Southeast Asia</p>   <p><b>US\$8.2 bn</b></p> <p>Funding raised by Qoala to expand micro-policies in Indonesia</p>   <p><b>US\$13.5 bn</b></p>	<p>Number of registered blockchain companies (as of Apr 2020)</p> <p><b>20</b></p> <p>Top blockchain to watch in 2020</p>     
2021-2023	<p>Insurance market is expected to grow at CAGR of 7%, from</p> <p><b>US\$13 bn</b> 2019      <b>US\$17 bn</b> 2024</p>	<p>With 8 in 2018, number of blockchain companies with IBA today</p> <p><b>66</b></p> <p>Blockchain is expected to see applications in sectors such as payments, settlements, KYC, and financial inclusion</p>
Insurtech		Crypto/ Blockchain

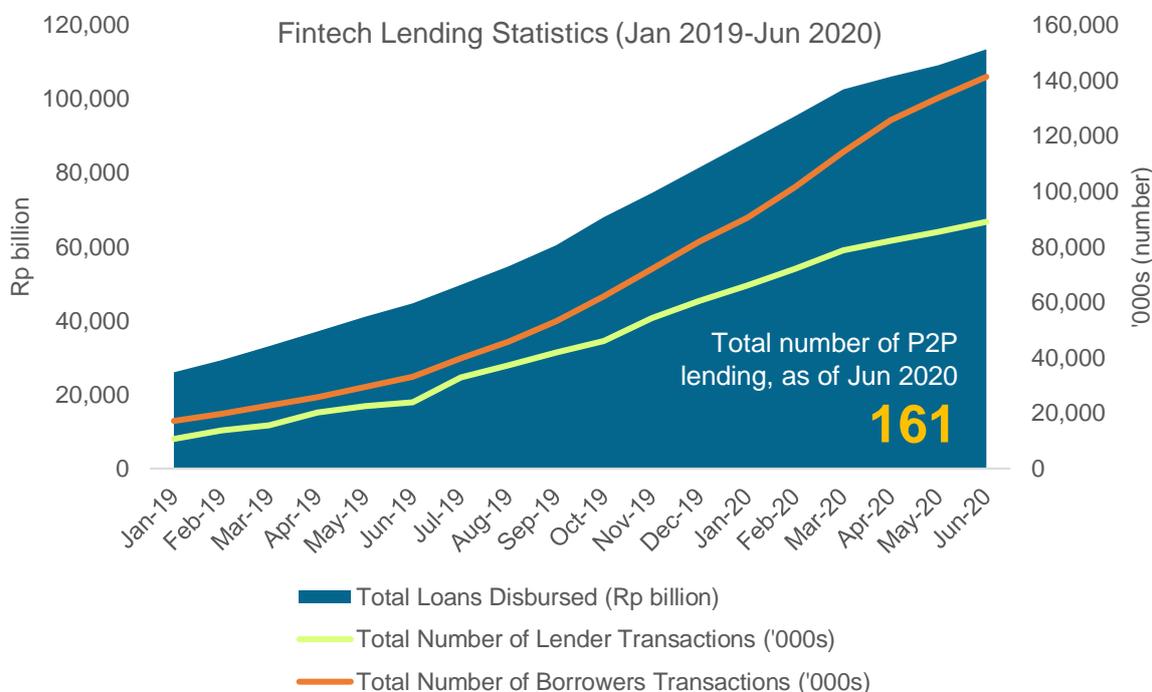
Source: Trade Press, DSRResearch Insurtech Report 2019, Global Data

# State of Lending in Indonesia

## P2P lending sees phenomenal growth in loan disbursements, largely to MSMEs

According to the MSME Ministry, Indonesia had 64 million MSMEs in 2018, of which 63 million are micro businesses. The MSME sector has absorbed 97% of workers, thereby contributing 61% to the country's gross domestic product. These MSMEs are highly underserved as they are costly to serve due to lack of credit information and history. According to the government\*, around 41 million MSMEs have access to credit from financial institutions while 23 million are not bankable. According to Asian Briefing\*\*, only eight million MSMEs have an online presence.

In 2019/2020, increased P2P lending companies develop AI-powered credit scoring models and alternative lending solutions to serve the large, underserved population. As per 2020, total funding from P2P platforms reached IDR 113.46 trillion (USD7.7 billion) with close to 26 million borrowers, from over 160 fintech companies listed with the OJK, according to data from Bank Indonesia.



Source: Otoritas Jasa Keuangan (OJK)

## Government's initiatives to boost lending MSMEs during COVID-19

Loan restructuring (OJK Regulation No 11 /POJK.03/2020)	Mar 2020	OJK published a policy package for commercial banks that includes relaxation measures related to reporting, credit treatment, and governance of restructured credit or financing.
National Economic Recovery Program	May 2020	The Finance Ministry has allocated Rp35 trillion (US\$2.4 billion) to bail out the millions of MSMEs by subsidizing the interest costs and guaranteeing their loans. The ministry outlined detailed procedures to access the subsidies.
Working capital credit (Regulation 71/PMK.08/2020)	Jul 2020	The government guarantees Rp100 trillion (US\$6.9 billion) to provide MSMEs with short-term cashflow relief. Under the guarantee program, the government expected that the banks channel between Rp65-80 trillion worth of loans.

Source: \*The Star titled 'Indonesia to give subsidies, loan relief to 60 mil small/medium businesses'

\*\*Asian Briefing article titled 'Indonesia Issues Regulation on Working Capital Incentives for MSMEs'

## Lending Companies by Target Market Segment

The P2P industry is resilient in Indonesia's rapidly growing fintech industry, representing 51% of the country's fintech companies. It has attracted the attention of local and foreign investors who have poured millions into fintech startups in 2019/2020.

**Leading Indonesia lending fintech are gaining traction in raising funding capital**

Valuation	P2P Lending to consumers	P2P Lending to Businesses
\$50M and above	 	
\$20-50M		  
\$0-20M	 	  

### Major Regulations/ Milestones in P2P Lending

2016	The OJK issued Regulation No. 77/POJK.01/2016 on Information Technology-Based Lending Services, which came into force on 29 December 2016
2018	On 31 December 2018, OJK issued a regulation (No. 37/POJK.04/2018) on equity crowdfunding that enables SMEs to sell their shares through electronic platforms. Equity crowdfunding remained in its infancy until 2020.
2019	E-wallet providers OVO and Akulaku have begun providing P2P lending, remittance, and investment services to its users, paving way to transform into digital banks
2020	There are numerous cases of fraud, unethical collection practice, as well as sky high rate which raised great concern from regulator. OJK blocked a total of 2,591 fraudulent platforms in 2019/2020. Fintech Lender Association (FLA) partners with OJK and launches Fintech Data Center (FDC) enhance credit assessment. P2P firms will be able to exchange other companies' data, such as debtor's identity cards and tax identification numbers. Other regulations related to fintech activities, such as data privacy and cybersecurity, will also be enhanced by regulators to accommodate the needs of fintech business schemes.

# P2P Lending Startups of Indonesia 2020

Total: 159 (as of April 2020)

## LICENSED LENDERS (33)



## REGISTERED LENDERS (126)

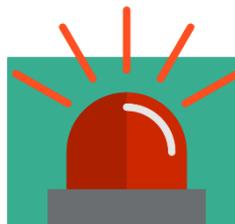


# Impact of COVID-19 on P2P Lending



## Surging online loan demand

The online lending industry is already registering a rise in demand. Small businesses or gig workers\* experience direct impacts and need quick microloans to stay afloat during the pandemic.



## Increased risk of non-performing loans

P2P lending platforms are struggling with risky loans as loan restructuring requests surged. Nonetheless, the integration of Fintech Data Centre (FDC) is able to press even better against NPL risks.



## Decline in funding

Investors are becoming more cautious and risk averse. Lending start-ups postpone launches and adjust priority to protect business, employees, and customers.



## Impact on partnerships

Lending fintech faces delays in collaborations especially when it involves governmental institutions with layered bureaucracy. Partnerships between fintech and businesses also impacted due to postponing business plans.



## Push for more online services

Restricted social distancing and business operations offer fintech lending the advantage over conventional financial institutions. Fintech lending companies do not require any physical interactions.



## Enable technology

As the risks of non-performing loans increased, fintech lending increased digital tech adoption such as e-KYC and new demand for ecosystem like APIs

*Notes: Gig workers are independent contractors, freelancers who hold temporary, flexible jobs such as online taxi or motorcycle drivers, delivery men, owners of small kiosks.*

*Sources: Kr-Asia*

# Regulations of the Indonesian Fintech

In Indonesia, the OJK and BI regulate the provision of fintech products and services. The OJK regulates the provision of fintech products and services other than those related to payment services, while BI regulates all fintech products and services related to payment services.

The Indonesian government is supportive of financial innovation. OJK Regulation No. 13/POJK.02/2018 on Digital Financial Innovation highlights the existence of a regulatory sandbox process, and enhances responsible finance innovation, data security, good governance, customer protection, and anti-money laundering/ anti-terrorism.



## P2P Lending

The OJK issued Regulation POJK 77/2016 on Information Technology-Based Lending Services (POJK 77/2016). The Indonesian Fintech Lending Association (APFI) has also issued a Code of Conduct in which P2P lending companies are prohibited from imposing high interest and other fees, as well as misusing consumers' data.

## Crowdfunding

OJK Regulation No. 37/POJK.04/2018 dated 31 December 2018 on Information Technology-Based Crowdfunding Services Via Public Offerings defines equity crowdfunding that provides access to SMEs in raising funds for the development of their businesses by selling shares to the public.



## Payment Services

Payment services are primarily regulated under Bank Indonesia No. 18/40/PBI/2016 on the Operation of Payment Transaction Processing and PBI No. 20/6/PBI/2018 on Electronic Money and PBI No. 14/23/PBI/2012 on Transfer of Funds. The scope of regulated activities covers pre-transaction, authorization, clearing, settlement, and post-transaction activities.

## Open banking

In April 2020, BI published Consultation Paper (CP) regarding Open API Standards in association with open banking and banks interlinkage with fintech for Payment Services Provider (PSP), which pushed the financial industry to develop open banking. BI is aware that API would be able to boost the digital economy. But a lack of security standards and data protection regulation is holding up the progression.



## Insurance products

Insurance products are generally regulated under OJK Regulation No. 23/POJK.05/2015 on Insurance Products and Marketing of Insurance Products, which allows insurance companies to sell and market insurance products through insurance agents, banks, or non-bank institutions. Currently, there is no specific regulation governing the selling of insurance products specifically through fintech companies. Microinsurance products, however, are allowed to be marketed and sold through the internet.



## Credit Scoring



Based on OJK Regulation No. 18/POJK.03/2017 on Reporting and Requesting of Debtor Information through the Financial Information Services System (SLIK). The SLIK collects and records credit or loan facility data submitted to the OJK to generate the credit information status of a person. The scope of reporting companies covers both financial institutions (FSI) and non-FSIs. Fintech companies, specifically P2P lending companies, may become reporting companies upon obtaining approval from the OJK.

## Crypto assets/ Digital Currencies

Commodity Futures Trading Supervisory Authority (Bappepti) governs the operation of digital currency exchanges under Regulation No. 5 of 2019 on Technical Provisions Governing Physical Futures Trading of Crypto Assets. However, there are no regulations specifically governing the use of crypto assets as digital currencies, meaning that crypto assets are prohibited to be used as digital currencies, including in digital wallets or e-money.



## Artificial Intelligence



POJK 13/2018 allows the use of artificial intelligence and robo-advice in the financial services sector, whereby artificial intelligence is recognized within the market support group while robo-advice is recognized as part of the other digital finance support group.

# Major M&A and Partnerships 2019/2020

As the government continues strengthening the fintech regulations, more fintech players see huge potential in the Indonesian market. M&A activities intensified the battle of the super-app, and a possible merger between Grab and Gojek was discussed.

Period	Investors	Investment Value	Fintech/ Company	Sector
Apr 2020	 gojek	US\$130 MILLION	 MOKA	POS Service
May 2019	 akulaku	US\$35 MILLION	 BANK YUDHA BHAKTI	Digital banking
Apr 2019	 OVO	US\$20 MILLION	 bareksa	Investment
Dec 2019	Wealth Track Technology (WTT), Metamorfosis Ekosistem Indonesia (MEI)	US\$17 MILLION	 bank artos	Digital banking
Aug 2020	 FUNDTASTIC	US\$6.5 MILLION	 INVISEE <small>YOUR RELIABLE EASY INVESTMENT</small>	Investment
Feb 2020	 gojek	UNKNOWN	 JD.ID	E-commerce
Sep 2019	 Grab	UNKNOWN	 OVO	Digital wallet
Still in negotiation as of Jun 2020	 OVO	MERGE	 DANA	Payment

Since 2019, collaboration is the name of the game. Fintech, platforms, banks, and government have been working together to build new digital services and boost financial inclusion in a country where millions are unbanked. Home to a robust population of digital natives, Indonesia becomes a hot spot to fintech players. Digital players have been actively participating in collaborations with leading platforms such as Tokopedia, Bukalapak, Traveloka, and Gojek.

## Fintech, banks, and platforms that actively participate in collaborations and fintech innovations\*

Fintech Players	Banks	Platforms
                 	     	      

\*Non-exhaustive list

Source: Compiled by Fintech News Indonesia from trade press

# Indonesian Fintech Funding 2019/2020

Period	Sector	Funding Type	Fund Raised (US\$)	Fintech/ Company	What is it about?
Jan 2020	Payments	Series F	2.0 billion	 gojek	The super-app looks to continue expanding into mobile payments and food delivery
Mar 2020	Payments	Series F	1.2 billion	 gojek	Mitsubishi and Visa look to Gojek's expertise and presence in mobility and consumer services
Jun 2020	Payments	Series F	375 million	 gojek	Facebook and PayPal back Gojek to boost digital payments in Asia
Jul 2020*	Payments	Series B	200 million	 Link Aja!	Grab and Gojek compete for investment in the leading shariah-compliant e-wallet
Dec 2019	Lending	Series C	110 million	 kredivo <small>Buy now, Pay later</small>	Back by its parent company FinAccel with US\$90M, the fintech continues to expand its credit lending platform in SEA. It also raised US\$20M debt financing.
Jan 2019	Lending	Series C	70 million	 akulaku	Led by China's FinUp, Akulaku expanded into Vietnam and the Philippines. In Indonesia, it introduced productive credit scheme for SMEs.
Jul 2020	Payments & Lending	Series B	53 million	 PAYFAZZ	Payfazz continues to drive financial inclusion through its distributed network of bank agents (Laku Pandai Agents).
Apr 2020	Lending	Series C	40 million	 modalku	The SEA's largest P2P lending fintech will use the funding to support MSMEs through restructuring options
Apr-May 2020	P2P Lending	Series C	30 million	 KOINWORKS	The largest Indonesia's P2P lending fintech secures US\$30M from Lendable (UK) and Quona Capital, and an undisclosed amount from Triodos Bank (Germany)
Apr 2020	Lending	Series C	24 million	 investree	Investree partners with Bank BRI to provide working capital loans for SMEs, and to expand to Thailand and the Philippines through joint ventures.
Jul 2020	Lending	Series A	20 million	 Awan Tunai	P2P lending startup helps the underserved and unbanked manage cash flow, receives debt financing from Accial Capital
Nov 2019	Lending	Series B	18 million	 amartha	Initiated by LINE Ventures, Amartha will grow its reach to more women and rural families
Apr 2020	Insurtech	Series A	13.5 million	 Qoala	Based on its rapid growth and extensive partnerships, Qoala secures the largest funding for an insurtech in Indonesia
Aug 2019	Lending	Series B	10 million	 UANGTEMAN	Founded in 2014, the micro-credit lending diversifies loan types and is set to expand to the Philippines through an acquisition
Sep 2019	Lending	Series A	10 million	 JULO	The funding, led by Quona Capital, provides growth capital and improves credit scoring technology.
Aug 2020	Investment	Series A	9 million	 BukuKas <small>BOOK MANUFACTURER</small>	The Indonesian ledger app plans to invest in product development and strengthen the presence
Jan 2020	Lending	Series A	8.5 million	 Akseleran	Beenext leads the funding round to back the fintech to develop tailored loan for SMEs
Aug 2020	Payments	Pre-series B	5 million	 ayoconnect	As of July 2020, the open bill platform has processed 40 million payments through its 600 bill providers and 40 channel partners.

Source: Compiled by Fintech News Indonesia from trade press

### PAYMENT

Launched in 2016, Payfazz is an agency-based financial platform that facilitates bill payments, mobile top-up, money transfers, etc. As of Jul 2020, Payfazz has over 250,000 active agents. It expanded to P2P lending, POS system, and freelancer marketplace. In 2019, Payfazz processed US\$1.2 billion in annual transactions.

### PAYMENT

Launched in Mar 2019, LinkAja is a centralised QR code payment platform that unites four of Indonesia's state-owned banks with the country's national carrier Telkom Indonesia and state-owned energy corporation Pertamina. LinkAja facilitates e-payment, digital financial services, and fund transfers.

### LENDING

Julo, a P2P lending platform, offers unsecured consumer loans of about US\$300 at aggressively competitive rate of 3-5% per month. Julo has managed to keep its interest rate low by using alternative data to power its proprietary credit scoring technology. In Sep 2019, Julo raised US\$10 million in Series A2, led by Quona Capital.



## Emerging Digital Players To Watch In 2021

### LENDING

ALAMI is a SME financing platform that is focused on Islamic market. Since it established in late 2017, ALAMI has disbursed loans of about US\$4 million within two years with non-performing loan rate close to 0%. ALAMI cooperates with Bank Permata Syariah, and transactions are carried out with sharia contracts.

### LENDING

UangTeman, one of the first P2P cash lenders licensed by OJK, offers unsecured micro-lending service where credit decisions are made real-time and instantly by big data analytics that determines creditworthiness. The fintech is expanding to the Philippines and is in the process of obtaining license.

### LENDING

Operated as Funding Societies in Singapore, and the largest in Southeast Asia, Modalku is a crowdfunding platform for SME financing, based in Jakarta, Indonesia. Modalku's machine learning based risk assessment model, partnership ecosystem, and range of loan services facilitated it to grow exponentially during past three years.



### LENDING

Operated by FinAccel, it is a credit lending app that enables customers to secure credit between US\$100-2,200. Kredivo's payment option is integrated with e-commerce and food delivery apps, so users can 'buy-now'pay-later'. The startup secured US\$90million in late 2019 to further expand in Southeast Asia.



### LENDING

Founded in 2015, it is the leading P2P lending platform for SME. It leverages machine learning to connect businesses that are eligible to make the return and connects them with lenders. Since its inception, KoinWorks raised a total funding amount at US\$62 million in 2020.



### LENDING

Founded in 2015, Investree is a P2P lending marketplace for SMEs for both conventional and Shariah businesses. Investree partners with Bank BRI to provide working capital loans for SMEs. Secured about US\$24 million in 2020, the fintech plans to expand to Thailand and the Philippines through joint ventures.



### LENDING

Incorporated in 2010 as a micro lender then transformed into a fintech lending in 2016, Amartha is pioneering P2P lending for micro entrepreneurs. Amartha connects unbanked micro-entrepreneurs with lenders interested in making investments. It leverages technology to reach geographically remote villages.



### LENDING

With 6 million users and counting across Southeast Asia, Akulaku offers three major services – online credit, wealth management, and digital banking. In 2019, Akulaku started its wealth management, which became the largest online wealth management platform in Indonesia, with more than 100,000 monthly active users.



### LENDING

Akseleran is a P2P lending platform that provides access to capital for SMEs with competitive rates and flexibility in loan tenors, payment models, and collateral participation. Since its establishment in Oct 2017, Akseleran has disbursed more than US\$73 million in loans to 2,000 MSMEs within two years.



### INVESTMENT

Founded in 2017, Halofina is a robo-advisory platform that helps users who are mainly Millennials to manage their finance and build investment strategies. Halofina also connect users to financial products providers. Halofina raised pre-Series A funding from Mandiri Capital Indonesia and Europe's Finch Capital in Nov 2019.



### INVESTMENT

Stockbit is a stock market social community that redesigned information and ideas sharing for stock investors and traders in Indonesia. In May 2019, Stockbit closed a Series A round from East Ventures. Currently, Stockbit is Indonesia's highest rated stock investment app on both iOS and Google Play.



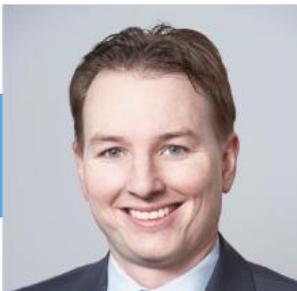
### INVESTMENT

Founded in 2016, Pluang offers a gold savings product that allows investments starting from 0.01grams and with real-time liquidity as the gold is kept in a government-backed institution through the official Indonesian commodities exchange. Pluang raised \$3 million in Series A funding led by Go-Ventures in Q4 2019.

# FINTECH NEWS NETWORK

Switzerland, Singapore, Hong Kong,  
Malaysia, Philippines, Middle East & Baltic States

If we've missed you out in our fintech map or if you'd like to speak to us for media enquiries / advertising kindly reach out to:



**CHRISTIAN KOENIG**  
FOUNDER  
FINTECH NEWS NETWORK  
[chris@fintechnews.sg](mailto:chris@fintechnews.sg)

