

PROFILE OF INDUSTRY

DEVELOPMENTS AND PROSPECTS OF FINANCE INDUSTRY (MULTIFINANCE) IN INDONESIA

D | EditorS

INTRODUCTION

Slowing growth in the finance industry in Indonesia in the last two years is a result of the general economic slowdown. One of the most affected is the mining sector resulting in a reduction in demand for heavy equipment financing by businesses in the mining sector. Even the decline in the coal mining sector has been started since 2012 ago.

But in general the finance industry in Indonesia in the last five years is still growing, especially consumer finance and factoring financing. While leasing for heavy equipment financing decreased. While the credit card financing in the last two years have grown quite passable.

Despite many obstacles, the financing business people are quite optimistic that the finance industry in Indonesia will continue to grow in the future. If the Indonesian economy is recovered, the market will be wide open, especially from the automotive sector and public transport which has been the largest market. Besides, APPI also continue working to make BI more ease lending requirements of banks to financing industry sector.

Seeing the developments in the financing business in Indonesia so far, BIZTEKA is interested to examine and discuss the extent of the performance of the finance industry in Indonesia in recent years, including the problems and to predict the prospects of financing industry in Indonesia for years to come.

DEVELOPMENT OF FINANCING COMPANY IN INDONESIA

Based on the source of the Indonesian Financial Services Association and the Financial Services Authority - the Ministry of Finance said that until the month of September 2016, there are 203 companies operating in Indonesia consisting of 187 national private companies, 14 joint ventures (JV), and 2 state companies. Here can be seen the development of the number of companies operating in Indonesia, during 2012- 2016.

Table – The Development of the Operational Financing Companies In Indonesia, 2012-2016

Type of Company	2012	2013	2014	2015	2016*
State Owned Companies	2	2	2	2	2
National Private Companies	141	143	142	151	151
Joint Ventures	57	57	57	50	50
Total	200	202	201	203	203

*) Up to September

Source : FSA- Ministry of Finance processed by BIZTEKA-CCI

Thus, the entire finance company officially licensed to operate in Indonesia until September 2016 are as follows.

Table – Financing Company Operations In Indonesia, 2016

No.	Name of Companies	Status
1	Pann Multi Finance	State Owned Companies
2	Sarana Multi Infrastruktur (Persero)	State Owned Companies
3	AB Sinar Mas Multifinance	National Private Companies
4	Adhika Primadhana Multifinance	National Private Companies
5	Adira Dinamika Multi Finance	National Private Companies
6	Adira Quantum Multifinance	National Private Companies
7	Aditama Finance	National Private Companies
8	Aeon Credit Services Indonesia	National Private Companies
9	Al Ijarah Indonesia Finance	National Private Companies
10	Amanah Finance	National Private Companies
11	Andalan Finance Indonesia	National Private Companies
12	Anugerah Utama Multifinance	National Private Companies
13	Anugerah Buana Central Multi Finance	National Private Companies
14	Arjuna Finance	National Private Companies
15	Armada Finance	National Private Companies

No.	Name of Companies	Status
16	Artha Asia Finance	National Private Companies
17	Artha Prima Finance	National Private Companies
18	Arthabuana Margausaha Finance	National Private Companies
19	Asia Multidana	National Private Companies
20	Asiatic Sejahtera Finance	National Private Companies
21	Astra Auto Finance	National Private Companies
22	Astra Multi Finance	National Private Companies
23	Astra Sedaya Finance	National Private Companies
24	Astrido Pacific Finance	National Private Companies
25	Batara Internasional Finansindo	National Private Companies
26	Batavia Prosperindo Finance	National Private Companies
27	BCA Finance	National Private Companies
28	Bentara Sinergies Multifinance	National Private Companies
29	Beta Inti Multifinance	National Private Companies
30	BFI Finance Indonesia	National Private Companies
31	Bhumindo Sentosa Abadi Finance	National Private Companies
32	BII Finance Center	National Private Companies
33	Bima Multi Finance	National Private Companies
34	Bintang Mandiri Finance	National Private Companies
35	Bosowa Multifinance	National Private Companies
36	BNI Multi Finance	National Private Companies
37	Bringin Indotama Sejahtera Finance	National Private Companies
38	Bringin Srikandi Finance	National Private Companies
39	BTMU-BRI Finance	National Private Companies
40	Buana Finance	National Private Companies
41	Buana Sejahtera Multidana	National Private Companies
42	Bukopin Finance	National Private Companies
43	Bumikusuma Multi Finance	National Private Companies
44	Bumiputera Bot- Finance	National Private Companies
45	Bussan Auto Finance	National Private Companies
46	Cakrawala Citra Mega Multifinance	National Private Companies
47	Capella Multidana	National Private Companies
48	Capitalinc Finance	National Private Companies
49	Catterpillar Finance Indonesia	National Private Companies

No.	Name of Companies	Status
50	Central Java Power	National Private Companies
51	Central Sentosa Finance	National Private Companies
52	Century Tokyo Leasing Indonesia	National Private Companies
53	Chandra Sakti Utama Leasing	National Private Companies
54	Cimb Niaga Auto Finance	National Private Companies
55	Ciptadana Multifinance	National Private Companies
56	Citra Mandiri Multi Finance	National Private Companies
57	Citra Tirta Mulia	National Private Companies
58	Clemont Finance Indonesia	National Private Companies
59	Clipan Finance Indonesia	National Private Companies
60	Commerce Finance	National Private Companies
61	Daindo International Finance	National Private Companies
62	Dana Unico Finance	National Private Companies
63	Danareksa Finance	National Private Companies
64	Danasupra Erapacific	National Private Companies
65	Danpac Finance	National Private Companies
66	Daya Sembada Finance	National Private Companies
67	Dharmatama Megah Finance	National Private Companies
68	Diners Jaya Indonesia International	National Private Companies
69	Dipo Star Finance	National Private Companies
70	Emperor Finance Indonesia	National Private Companies
71	Equity Finance Indonesia	National Private Companies
72	Eterindo Pacific Finance	National Private Companies
73	Federal International Finance	National Private Companies
74	Finansia Multi Finance	National Private Companies
75	First Indo American Leasing	National Private Companies
76	Fortuna Multi Finance	National Private Companies
77	Garishindo Buana Finance Indonesia	National Private Companies
78	Hasjrat Multifinance	National Private Companies
79	Globalindo Multi Finance	National Private Companies
80	Hewlet-Packard Finance Indonesia	National Private Companies
81	Hexa Finance (D/H Hitachi Construction Machinery Finance Indonesia)	National Private Companies
82	Hitachi Capital Finance Indonesia	National Private Companies

No.	Name of Companies	Status
83	Hino Finance	National Private Companies
84	Home Credit Indonesia	National Private Companies
85	IBJ Verena Finance	National Private Companies
86	IFS Capital Indonesia	National Private Companies
87	Indojasa Pratama Finance	National Private Companies
88	Indomobil Finance Indonesia	National Private Companies
89	Indonesia International Finance	National Private Companies
90	Indosurya Inti Finance	National Private Companies
91	Intan Baruprana Finance	National Private Companies
92	Intensif Multi Finance	National Private Companies
93	Internusa Tribuana Citra Multi Finance	National Private Companies
94	ITC Auto Multi Finance	National Private Companies
95	JA Mitsui Leasing Indonesia	National Private Companies
96	Jaya Fuji Leasing Pratama	National Private Companies
97	Karunia Multifinance	National Private Companies
98	Karya Teknik Multi Finance	National Private Companies
99	Kembang Delapan Delapan Multi Finance	National Private Companies
100	Kencana Internusa Artha Finance	National Private Companies
101	Koexim Mandiri Finance	National Private Companies
102	Komatsu Astra Finance	National Private Companies
103	Koperasi Pembiayaan Indonesia	National Private Companies
104	Kresna Reksa Finance	National Private Companies
105	Lotte Capital Indonesia	National Private Companies
106	Maestro Prima Finance	National Private Companies
107	Magna Finance	National Private Companies
108	Malacca Trust Finance	National Private Companies
109	Mandala Multifinance	National Private Companies
110	Mandiri Finance Indonesia	National Private Companies
111	Mandiri Tunas Finance	National Private Companies
112	Mandiri Utama Finance	National Private Companies
113	Mashill Internasional Finance	National Private Companies
114	Maxima Auto Finance	National Private Companies
115	Maxima Inti Finance	National Private Companies
116	Mega Auto Finance	National Private Companies

No.	Name of Companies	Status
117	Mega Central Finance	National Private Companies
118	Mega Finadana Finance	National Private Companies
119	Mega Finance	National Private Companies
120	Mirasurya Multi Finance	National Private Companies
121	Mitra Dana Putra Utama Finance	National Private Companies
122	Mitra Pinasthika Mustika Finance	National Private Companies
123	Mitsubishi Ufj Lease & Finance	National Private Companies
124	Mitsui Leasing Capital Indonesia	National Private Companies
125	Mizuho Balimor Finance	National Private Companies
126	MNC Finance	National Private Companies
127	MNC Guna Usaha Indonesia (D/H Indo Finance Perkasa)	National Private Companies
128	Multindo Auto Finance	National Private Companies
129	Murni Upaya Raya Value Inti Finance	National Private Companies
130	Mutiara Multi Finance	National Private Companies
131	National Finance	National Private Companies
132	Nissan Financial Services Indonesia	National Private Companies
133	Nusa Surya Ciptadana	National Private Companies
134	Olympindo Multi Finance	National Private Companies
135	Orix Indonesia Finance	National Private Companies
136	OTO Multiartha	National Private Companies
137	Otomas Multifinance	National Private Companies
138	Pacific Multifinance	National Private Companies
139	Pan Pacific OTO Finance	National Private Companies
140	Panen Arta Indonesia Multi Finance	National Private Companies
141	Pann Pembiayaan Maritim	National Private Companies
142	Paramitra Multifinance	National Private Companies
143	Patra Multifinance	National Private Companies
144	Permata Finance Indonesia	National Private Companies
145	PPA Finance	National Private Companies
146	Pracico Multi Finance	National Private Companies
147	Pratama Interdana Finance	National Private Companies
148	Pratama Sedaya Finance	National Private Companies
149	Prioritas Raditya Multifinance	National Private Companies
150	Pro Car International Finance	National Private Companies
151	Pro Mitra Finance	National Private Companies

No.	Name of Companies	Status
152	Rabana Investindo	National Private Companies
153	Radana Bhaskara Finance	National Private Companies
154	Rama Multi Finance	National Private Companies
155	Reksa Finance	National Private Companies
156	Resona Indonesia Finance	National Private Companies
157	Ridean Finance	National Private Companies
158	Rindang Sejahtera Finance	National Private Companies
159	Rukun Rahardjo Sedoyo	National Private Companies
160	Sadira Finance	National Private Companies
161	Sahabat Finansial Keluarga	National Private Companies
162	Sarana Global Finance Indonesia	National Private Companies
163	Satya Adhika Bhakti Multifinance	National Private Companies
164	Sejahtera Pertama Multifinance	National Private Companies
165	Sinar Mas Multifinance	National Private Companies
166	Sinar Mitra Sepadan Finance	National Private Companies
167	Smart Multi Finance	National Private Companies
168	Smfl Leasing Indonesia	National Private Companies
169	Staco Estika Sedaya Finance	National Private Companies
170	Star Finance	National Private Companies
171	Sumber Artha Mas Finance	National Private Companies
172	Summit OTO Finance	National Private Companies
173	Sunindo Parama Finance	National Private Companies
174	Sunprima Nusantara Pembiayaan	National Private Companies
175	Surya Artha Nusantara Finance	National Private Companies
176	Surya Nordfinans	National Private Companies
177	Suzuki Finance Indonesia	National Private Companies
178	Swadesi Finance	National Private Companies
179	Swadharma Bhakti Sedaya Finance	National Private Companies
180	Swadharma Indotama Finance	National Private Companies
181	Swadharma Surya Finance	National Private Companies
182	Swarna Niaga Finance	National Private Companies
183	Takari Kokoh Sejahtera	National Private Companies
184	Tempo Utama Finance	National Private Companies
185	Tifa Finance	National Private Companies
186	Tirta Finance	National Private Companies
187	TOP Finance	National Private Companies
188	Topas Multi Finance	National Private Companies

No.	Name of Companies	Status
189	Tossa Salimas Finance	National Private Companies
190	Toyota Astra Financial Services	Joint Venture
191	Transpacific Finance	Joint Venture
192	Trevi Pelita Multifinance	Joint Venture
193	Trihamas Finance	Joint Venture
194	Triprima Multi Finance	Joint Venture
195	Tristar Finance	Joint Venture
196	Trust Finance Indonesia	Joint Venture
197	U Finance Indonesia	Joint Venture
198	Usaha Pembiayaan Reliance Indonesia	Joint Venture
199	Varia Intra Finance	Joint Venture
200	Verena Multi Finance	Joint Venture
201	Wahana Ottomitra Multiartha	Joint Venture
202	Wannamas Multi Finance (D/H Harvesia Aktiva Finance)	Joint Venture
203	Woka Internasional	Joint Venture

Source : APPI, processed by BIZTEKA-CCI

DEVELOPMENT OF THE FUNDING VALUE BY FINANCE INDUSTRY

Finance industry (finance) in Indonesia consists of 4 types of business sectors, namely business lease (leasing), the consumer finance business (consumer finance), business factoring (factoring), and the credit card business. According to the Financial Services Authority - Ministry of Finance, a finance company can obtain a license all types of businesses above at once, as long as it meets the requirements. But in general, most of the finance companies in Indonesia conducts business in the leasing sector (leasing) and consumer finance (consumer finance).

Like any other industry in Indonesia which experienced ups and downs due to the economic crisis. Financing industry in Indonesia initially developed rapidly in the 1990s, but eventually collapsed due to the impact of prolonged crisis. After a sharp drop when the crisis escalated in 1998, the financing industry actually had re-emerged in the period 1999 - 2000. However, macro-economic conditions has not improved so that the distribution of funding by the Indonesian finance industry weakened in 2001 - 2002. But it bounced back in following years, and slowed again since 2015 ago.

Slowing growth finance business since 2015 is reflected in the declining value of financing provided, both in the consumer finance sector, as well as credit card factoring. Even the value of lease financing decreased since 2014 ago. While growth in the value of credit card financing in the last two years exceeded the growth in consumer finance and factoring.

In 2012 the total value of the financing disbursed by the finance industry in Indonesia is Rp 310.76 trillion, then in 2013 it increased to Rp 360.01 trillion, up 15.8%. Then in 2014 when the economy started slowing down, the value of the business financing finance also slowed, Rp. 381.93 trillion, or grew only 6.1%, which means a much lower when compared to growth in 2013.

Slowing the value of business finance funding to continue in 2015, even its value has decreased, despite only 0.7% or Rp. 379.25 trillion. This is due to global economic turmoil that contributed to the national economic slowdown.

However, following the improvement of macroeconomic Indonesia as a result of the economic policy package issued by the Government of President Joko Widodo since the middle of 2015, the value of financing business finance in 2016 (data until August) has increased, unless the value of leasing.

Based on data from the Financial Services Authority - the Ministry of Finance the total value of the business financing multifinance throughout January to August 2016 amounted to Rp. 390.58 trillion, an increase of 3% of the total value of the financing in 2015.

Judging from the size of the contribution of each business sector, consumer finance provided the largest contribution to the total value of financing disbursed throughout the finance company. In the last five years consumer finance sector contributed an average of 65.5% of the total value of the financing. The second is the leasing sector (leasing), which contributed an average of 31.1%. Meanwhile factoring sector contributed an average of 3.3%, and credit cards that only contributed an average of 0.01%.

The development of the total value of the industry's financing in Indonesia based on their respective business sectors during 2012 - 2016, are as follows.

Table – Development of the Total Value of Financing Distributed by Multifinance In Indonesia, 2012-2016

(In Billion Rupiah)

Company Activities	2012	2013	2014	2015	2016*)
Value of lease contract	109,149.86	123,382.69	118,360.49	112,572.73	99,479.87
Value of consumer financing	196,557.64	228,546.97	253,463.42	255,121.05	263,035.65
Value of factoring financing	5,054.47	8,082.73	10,081.10	11,461.45	27,938.31
Value of credit card financing	0	0	29.49	95.13	127.53
TOTAL	310.761,97	360.012,39	381.934,50	379,250.36	390,581.36
Growth rate (%)		15.85	6.09	(0.70)	2.99

*) up to August

Source : FSA-Ministry of Finance processed by BIZTEKA-CCI

Total contract finance companies decreased by 3.32% from 21.92 million contracts in 2014 to 21.19 million contracts in 2015. In 2015 contracts Consumer Finance is the largest with a total of 20.94 million or 98.80% of the industry's total contract activity, as can be seen in the following table:

Tabel - Number of Contracts by Type of Multifinance Activity 2012-2016

(units)

Types	2012		2013		2014		2015		2016*)	
	(Units)	(%)	(Units)	(%)	(Units)	(%)	(Units)	(%)	(Units)	(%)
Lease	152,310	0.85	174,571	0.83	194,062	0.89	213,640	1.01	220,038	1.03
Factoring	6,950	0.04	7,548	0.04	11,991	0.05	16,326	0.08	2,863	0.01
Credit cards	1	0.00	779	0.00	8,487	0.04	23,571	0.11	33,692	0.16
Consumer financing	17,853,618	99.12	20,921,888	99.13	21,704,601	99.02	20,938,702	98.80	21,194,190	98.80
Total	18,012,879	100.00	21,104,786	100.00	21,919,141	100.00	21,192,239	100.00	21,450,783	100.00

*) up to August

Source : FSA-Ministry of Finance processed by BIZTEKA-CCI

While the overall distribution of the largest value of multi business financing to the electricity sector, mining sector, Manufacturing and Trade Sector can be seen in the table below:

Table – Development of Industrial Financing Multifinance by Economic Sector, 2012 - 2016

(Rp. Billion)

Economic Sector	2012		2013		2014		2015		2016*)	
	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)
Agriculture	10,558.56	3.40	10,206.67	2.84	14,213.17	3.72	13,532.66	3.57	14,199.17	3.64
Mining	19,613.52	6.31	21,801.49	6.06	20,393.40	5.34	16,572.97	4.37	13,312.73	3.41
Processing Industry	14,530.22	4.68	16,383.02	4.55	21,405.17	5.60	24,224.19	6.39	26,063.29	6.67
Electricity	34,892.95	11.23	32,085.34	8.91	26,704.45	6.99	26,125.47	6.89	28,823.68	7.38
Construction	8,458.65	2.72	9,616.28	2.67	10,035.45	2.63	9,189.77	2.42	8,637.31	2.21
Trade	27,142.63	8.73	26,398.98	7.33	31,949.48	8.37	35,395.04	9.33	46,377.38	11.87
Transport	14,057.11	4.52	16,137.59	4.48	24,013.88	6.29	19,064.93	5.03	20,188.25	5.17
Business Service	16,036.23	5.16	23,967.05	6.66	29,244.40	7.66	30,641.90	8.08	29,048.08	7.44
Social Service	11,955.50	3.85	11,436.28	3.18	12,897.73	3.38	13,670.43	3.60	16,928.43	4.33
Others	153,516.60	49.40	191,979.69	53.33	191,077.37	50.03	190,833.00	50.32	187,003.03	47.88
Total	310,761.97	100.00	360,012.39	100.00	381,934.50	100.00	379,250.36	100.00	390,581	100.00

Source : OJK – Ministry of Finance, processed by BIZTEKA-CCI

Judging from its location, the industry's financing portfolio value throughout the years 2012-2015 is still largely concentrated in the island of Java. DKI Jakarta is the largest. Followed by the provinces of West Java, Central Java and East Java. More can be seen in the table below:

Table – Distribution Location of the Financing Value by Multifinance, 2012-2016 *

(Rp. Billion)

No.	Province	2012	2013	2014	2015	2016*)
1	DKI Jakarta	73,715.34	93,188.53	86,561.41	87,605.35	108,009.18
2	West Java	36,866.83	47,119.33	60,370.16	64,128.72	65,216.55
3	Central Java	49,804.41	51,748.50	48,490.07	47,496.72	50,524.89
4	East Java	20,218.81	26,357.71	29,907.01	29,965.01	28,658.71
5	Banten	12,477.79	14,745.79	24,477.65	24,582.52	22,322.02
6	East Kalimantan	21,301.31	23,497.66	21,902.33	16,535.97	13,659.17
7	North Sumatera	9,964.66	11,097.23	12,637.79	12,815.05	11,624.49
8	Riau	6,902.58	6,860.31	8,942.71	11,722.23	8,466.57
9	South Sulawesi	8,410.86	10,680.82	12,648.10	10,563.68	11,308.50

No.	Province	2012	2013	2014	2015	2016*)
10	South Sumatera	7,518.68	8,382.88	9,867.85	9,766.48	8,711.91
11	Bali	4,928.94	6,556.91	6,912.31	7,131.54	6,548.98
12	South Kalimantan	7,670.05	9,016.13	8,917.41	6,813.68	6,006.96
13	Lampung	5,373.34	5,025.43	5,948.42	6,446.51	5,793.63
14	Jambi	3,905.69	3,838.77	4,536.58	4,393.48	3,980.95
15	West Sumatera	6,003.51	4,846.72	4,464.41	4,197.20	4,259.92
16	West Kalimantan	4,143.82	4,269.16	4,632.48	4,104.27	3,658.51
17	North Sulawesi	3,687.33	3,173.55	3,660.17	3,979.86	3,988.18
18	Central Kalimantan	2,970.35	3,522.84	4,117.41	3,368.37	3,139.00
19	D.I. Yogyakarta	2,114.47	2,512.06	2,946.13	3,118.68	3,300.43
20	Central Sulawesi	2,354.73	2,952.20	2,708.06	2,830.92	2,885.77
21	NAD	8,955.97	7,556.73	2,240.96	2,609.07	2,909.70
22	West Nusa Tenggara	1,832.64	2,028.03	2,272.95	2,339.13	2,472.22
23	Sulawesi Tenggara	2,164.63	1,843.14	2,365.28	1,954.39	2,111.83
24	Bengkulu	1,604.78	1,550.17	1,727.39	1,720.09	1,524.58
25	Riau Islands	1,179.23	1,849.08	1,785.22	1,643.07	1,707.62
26	Bangka-Belitung	1,694.49	724.79	1,651.26	1,325.17	1,304.66
27	Papua	702.96	935.59	1,113.64	1,195.59	1,278.61
28	East Nusa Tenggara	615.03	727.92	886.39	901.23	986.46
29	Gorontalo	254.60	1,054.89	842.23	789.46	824.36
30	West Sulawesi	298.61	540.60	489.84	521.73	554.63
31	West Papua	350.48	507.20	504.76	491.76	603.33
32	North Maluku	323.78	424.08	436.48	446.33	464.04
33	Maluku	325.64	384.96	399.68	424.93	483.68
34	Indonesia Outside	125.62	492.67	569.92	1,321.57	1,291.32
	T o t a l	310,761.96	360,012.38	381,934.46	379,249.76	390,581.36

*) up to August

Source: OJK – Ministry of Finance, processed by BIZTEKA-CCI

Distribution of finance companies financing amount per August 2016 based on its location and the largest economic sector is in Jakarta and economic sectors such as other sectors, the Trade, and Transportation sectors. While in West Java, the largest is distributed to the other sectors, Manufacturing sector, and the Business Services sector. More can be seen in the table below:



Table – Value Financing Multifinance
Based on location and Economic Sector per August 2016

(Rp. Billion)

Lokasi / Locations		Agriculture	Mining	Manufacturing	Electric	Construction	Trade	Tranfortation	Business Services	Social Cervices	Others	Total
1.	West Java	889	356	9,470	293	863	5,233	3,985	5,445	2,919	35,763	65,217
2.	Banten	303	182	2,117	94	682	1,427	779	1,669	991	14,076	22,322
3.	DKI Jakarta	3,842	3,013	7,568	1,358	2,318	24,206	8,069	11,084	2,865	43,685	108,009
4.	DI Yogyakarta	40	34	118	16	50	283	177	211	287	2,084	3,300
5.	Central Java	369	70	1,273	26,619	314	2,361	956	1,372	1,381	15,810	50,525
6.	East Java	894	188	1,627	155	638	2,562	1,345	1,885	1,159	18,205	28,659
7.	Bengkulu	124	57	32	1	36	209	22	77	84	883	1,525
8.	Jambi	774	258	134	5	82	314	64	194	155	2,002	3,981
9.	DI Aceh	134	14	76	3	39	516	186	110	434	1,397	2,910
10.	North Sumatera	792	40	523	26	330	1,653	672	715	703	6,169	11,624
11.	West Sumatera	225	18	87	5	50	643	83	189	369	2,590	4,260
12.	Riau	1,387	260	378	67	398	616	200	486	317	4,358	8,467
13.	South Sumatera	924	470	663	45	435	1,048	539	468	519	3,600	8,712
14.	Bangka-Belitung	56	34	30	3	16	111	41	80	125	809	1,305
15.	Riau Islands	85	23	84	5	15	47	60	71	29	1,289	1,708
16.	Lampung	417	16	169	29	47	721	133	226	536	3,499	5,794
17.	South Kalimantan	241	1,128	258	2	345	347	277	632	279	2,498	6,007
18.	West Kalimantan	507	75	67	2	131	231	135	207	117	2,187	3,659
19.	East Kalimantan	725	5,656	503	43	583	422	406	1,264	351	3,705	13,659
20.	Central Kalimantan	278	596	36	2	82	201	85	286	177	1,396	3,139
21.	Central Sulawesi	141	99	56	3	109	195	42	129	342	1,770	2,886
22.	South Sulawesi	410	186	326	17	387	1,519	241	900	1,404	5,918	11,308



Lokasi / Locations		Agriculture	Mining	Manufacturing	Electric	Construction	Trade	Tranfortation	Business Services	Social Services	Others	Total
23.	North Sulawesi	113	198	109	4	123	173	41	203	394	2,632	3,988
24.	Gorontalo	21	1	13	0	15	49	8	33	102	583	824
25.	West Sulawesi	50	1	13	1	10	85	8	30	55	302	555
26.	Sulawesi Tenggara	118	78	50	3	50	242	75	109	277	1,110	2,112
27.	West Nusa Tenggara	48	7	56	3	32	145	39	188	197	1,757	2,472
28.	Bali	115	23	152	10	152	647	316	679	160	4,294	6,549
29.	East Nusa Tenggara	59	7	7	2	46	66	35	27	37	700	986
30.	Maluku	3	6	3	0	12	14	3	4	84	355	484
31.	Papua	76	86	20	4	106	43	10	41	5	888	1,279
32.	North Maluku	3	16	9	1	45	22	7	12	64	285	464
33.	West Papua	36	4	6	0	89	27	6	20	9	406	603
34.	Indonesia Outside	0	110	32	-	4	-	1,144	0	-	0	1,291
TOTAL		14,199	13,313	26,063	28,824	8,637	46,377	20,188	29,048	16,928	187,003	390,581

Source : OJK – Ministry of Finance, processed by BIZTEKA–CCI

Because the contribution of consumer finance sector (consumer finance) and leasing (leasing) is still dominant, then in the subsequent discussion, it will only present more details of the financing value of the two sectors over the last four years (2012-2015).

FINANCE VALUE / ACCOUNTS DETAILS VALUE OF LEASING

A. Value Financing Leasing By Economic Sector

In the four-year period (2012 - 2015), leasing finance portfolio in Indonesia is still dominated by the electricity and mining sectors. If viewed from the economic sector, during this time the value of financing leasing in Indonesia is grouped in several sectors; agriculture, mining, manufacturing, electricity / gas / water, construction, trade, transport, the business services, social services, and other sectors.

Based on information from the FSA - the Ministry of Finance within a period of four years, the value of the business financing extended lease (leasing) in Indonesia remain largely channeled into the electricity sector. During the period, the value of financing channeled to sectors of electricity is on average about 25% of the total value of leasing financing annually.

If in 2012 the value of leasing financing to the power sector is Rp.33.31 trillion, then in 2013 dropped to Rp 31.73 trillion. Although the value of leasing financing to electricity sector in the next two years declined due to macro-economic conditions, but the overall value of financing for power sector remains the largest compared to other economic sectors.

Another sector getting a large enough portfolio of the leasing industry in Indonesia is the mining sector. The amount of financing channeled to this sector ranked second in the period 2012-2015 an average of approximately 15.34% of the total value of financing annually.

If in 2012 the value of financing leasing for the Mining sector amounted to Rp 17.92 trillion, then in 2013 it increased to Rp 20.48 trillion. As electricity sector, the value of the distribution to the mining sector in 2014 and 2015 decreased respectively to Rp. 18.25 trillion and Rp. 14.57 trillion.

The third position getting sizeable portfolio of the leasing industry in Indonesia is the processing industry sector. In the period 2012-2015 the value of the leasing industry channeled to the sector is about 11.28% of the total value of financing annually.

If in 2012 the value of financing leasing for Processing Industry is Rp 10.44 trillion, then in 2013 it slightly increased to Rp 12.55 trillion, and increased again to around Rp 14.46 trillion, and rose again to Rp. 14.82 trillion in 2015.

Here is the development of the value of lease financing (leasing) in Indonesia, based on the economic sector during 2012-2015.

Table – Development of leasing By Economic Sector, 2012 - 2015

(Rp Billion)

Economic Sector	2012		2013		2014		2015	
	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)
Agriculture	4,091.68	3.75	4,723.12	3.83	6,795.54	5.74	6,127.47	5.44
Mining	17,920.02	16.42	20,479.81	16.60	18,246.75	15.42	14,575.24	12.95
Manufacturing	10,445.40	9.57	12,549.83	10.17	14,460.16	12.22	14,820.42	13.17
Electricity	33,306.40	30.51	31,729.28	25.72	25,738.37	21.75	24,825.53	22.05
Construction	6,341.68	5.81	7,921.97	6.42	7,310.67	6.18	6,480.54	5.76
Trading	13,250.99	12.14	12,736.18	10.32	6,775.62	5.72	6,974.86	6.20
Transport	8,032.89	7.36	10,984.92	8.90	16,061.81	13.57	11,517.71	10.23
Business Services	5,025.30	4.60	4,983.85	4.04	7,029.43	5.94	8,629.30	7.67
Social services	380.72	0.35	549.24	0.45	591.78	0.50	554.86	0.49
Others	10,354.78	9.49	16,724.49	13.55	15,350.36	12.97	18,066.80	16.05
Total	109,149.86	100.00	123,382.69	100.00	118,360.49	100.00	112,572.73	100.00

Source: OJK – Ministry of Finance, processed by BIZTEKA-CCI

B. Value Financing Leasing By Distribution Regions

Seen from its distribution area, the leasing portfolio in Indonesia is still concentrated in Java, especially in Jakarta and Central Java. Based on data from the FSA - the Ministry of Finance, during this time Jakarta is indeed the biggest distribution center of the financing of the leasing business. It is strongly associated with the status of Jakarta as the country's capital, the center of business, and is the most rapid development. But in 2012, Central Java is the highest position as the region getting disbursement of financing leasing.

Based on the information the FSA - the Ministry of Finance, in the period 2012-2015 the value of financing provided for the Jakarta area by an average of approximately 25.6% of the total value of leasing each year. If in 2012 the value of leasing financing channeled to

the Jakarta area was Rp 26.36 trillion, then in 2013 the value increased to Rp 33.28 trillion, but in the following two years it decreased to Rp 29.56 trillion in the year 2014, and Rp. 29.57 trillion in 2015.

While the region of Central Java, overall throughout the year 2012-2015, the average distribution is still higher compared to Jakarta, but when viewed from the annual value, annual figures are lower than those distributed to Jakarta.

If in 2012 the total value of the lease to the Central Java region amounted to Rp. 34.12 trillion. Furthermore, in the following years it decreased to Rp. 26.11 trillion in 2015, or by an average contribution of approximately 25.9%.

The third absorbent area of leasing in Indonesia is West Java. Based on data from the FSA - the Ministry of Finance, in four years the value of financing provided for the leasing industry in West Java region is on average about 7.3% of the total value of leasing financing annually. If in 2012 the value of leasing to West Java at Rp 4.51 trillion, then in 2013 it increased to Rp 7.61 trillion, and continued to increase up to Rp. 11.40 trillion in 2015, up from 2014's Rp. 10.32 trillion.

The next is East Java. Based on data from the FSA - the Ministry of Finance, during the year 2012-2015 the value of financing in East Java on average is about 3.2% of the total value of leasing financing annually. If in 2012 the value of leasing financing channeled to East Java was Rp 2.89 trillion, then in 2013 it increased to Rp 3.55 trillion, and rose to Rp 4.27 trillion in 2014 and Rp. 4.275 trillion in 2015.

Here is the development of the value of lease financing (leasing) in Indonesia, based on the distribution area during 2012-2015.

**Table – Development of Financing Lease Distribution
by Region, 2012 - 2015**

(Rp Billion)

Province	2012	2013	2014	2015
NAD	7,621.88	6,217.13	386.27	315.36
North Sumatera	1,321.96	1,457.19	1,537.62	1,731.27
West Sumatera	611.75	522.16	566.50	396.75
Riau	1,324.68	1,416.21	1,839.12	4,147.01
Jambi	844.08	804.74	1,150.73	1,141.39

Province	2012	2013	2014	2015
South Sumatera	1,235.41	1,488.45	3,176.70	2,937.39
Bengkulu	387.59	374.25	319.95	242.96
Lampung	519.81	666.05	671.57	934.50
Bangka-Belitung	325.24	176.98	212.18	131.49
Riau Islands	227.82	594.54	449.61	349.09
DKI Jakarta	26,362.05	33,285.59	29,559.18	29,574.91
West Java	4,512.09	7,613.38	10,322.61	11,401.53
Central Java	34,119.65	32,607.11	26,802.34	26,117.36
D.I. Yogyakarta	139.29	185.85	160.84	133.00
East Java	2,891.22	3,550.95	4,274.41	4,275.00
Banten	1,693.79	2,350.49	7,605.03	6,318.27
Bali	451.57	632.48	755.51	729.43
West Nusa Tenggara	74.17	106.89	134.81	139.38
East Nusa Tenggara	43.97	64.89	68.95	110.17
West Kalimantan	990.84	1,052.46	1,239.71	939.26
Central Kalimantan	1,226.16	1,617.03	1,854.80	1,197.82
South Kalimantan	3,337.06	4,158.59	4,586.52	2,997.91
East Kalimantan	16,279.56	17,835.00	15,627.81	10,700.75
North Sulawesi	385.10	452.06	566.73	563.93
Central Sulawesi	387.37	847.90	886.59	710.36
South Sulawesi	732.06	1,368.09	1,660.13	1,561.05
Sulawesi Tenggara	367.42	588.16	569.51	502.88
Gorontalo	74.53	124.51	76.13	96.26
West Sulawesi	21.63	57.65	56.16	70.47
Maluku	43.93	47.74	51.83	71.55
North Maluku	169.73	209.71	162.57	156.63
West Papua	178.66	185.22	106.19	130.27
Papua	201.80	328.79	398.14	426.81
Di luar Indonesia	46.01	394.46	523.74	1,319.98
Total	109,149.88	123,382.70	118,360.49	112,572.19

Source : OJK – Ministry of Finance, processed by BIZTEKA-CCI

DETAILS OF CONSUMER FINANCE VALUE

A. Value of Consumer Financing by Economic Sector

In contrast to the business lease (leasing) that is largely dominated finance portfolio for business activities, the consumer finance business (consumer finance) is almost the majority, or approximately 70.6% of the value of financing provided is to the other sectors, which are expected to meet personal needs of the public (households). Judging from the type of capital goods, consumer finance sector in Indonesia is grouped into five types of capital goods, namely motor vehicles, houses, tools, home appliances, electronic goods, and other items (excluded the four types of groups mentioned). However, data from the FSA - The Ministry of Finance does not specify capital goods as mentioned above, the portion of which approximately 70.6% is predicted for the personal needs of the community, most of which are motor vehicles (motorcycles and four-wheeled vehicles).

If in 2012 the value of consumer financing for other sectors is Rp. 142.28 trillion, then in 2013 it rose to Rp 172.88 trillion, up 21.5%. But in the years following the financing value to other sectors tended to decrease, Rp. 172.86 trillion in 2014 and Rp. 168.83 trillion in 2015.

This condition is in line with sales of motor vehicles (cars and motorcycles) during the year 2012-2015 that tended to decrease. Data Gaikindo showed car sales in 2012 totaled 1.12 million units, in 2013 rose 10.2% to 1.23 million units. Then in 2014 sales dropped, and even sales in 2015 fell sharply which is down 16.1% to 1.01 million units.

Motorcycle sales in 2012 recorded 7.06 million units, in 2013 rose to 7.74 million units, up 9.6%. In 2014 sales still rose, despite 1.6%. While 2015 sales of motorcycles fell quite high at 17.6% to 6.48 million units.

Although financing for these types of motor vehicles continued to decline during 2014-2015, motor vehicle sector (automotive) remains the biggest market for consumer finance business in Indonesia. If the Indonesian economy was recovered, market finance industry in the automotive sector is predicted to wide open, both cars (sedan and commerce) or motorcycles.

Financing industry has a promising chance both for new and used cars (under five years and in a good condition). Financing for used cars have become trend a few years ago, where a number of finance companies began distributing the funds to finance the public who want to buy used cars. Some automotive analysts said that the used car market in Indonesia is quite large, and become a potential area for finance companies.

Meanwhile, other types of capital goods from the consumer finance industry in Indonesia are still very limited in number. This is because most are still tilted by the banking sector (especially for home loans). As for the financing of goods outside the automotive and home products that are relatively inexpensive (such as electronic goods and household appliances), most are handled directly by the store goods.

Trade sector also includes the one that gets large enough consumer finance, which in the period 2012-2015 an average of about 7.9%, from Rp. 13.07 trillion in 2012, then in 2013 was down slightly, but the following year it surged to Rp. 23.46 trillion, and in 2015 rose to Rp. 26.09 trillion, up 11.2%.

Here is the development of the value of consumer financing in Indonesia, based on the economic sector during 2012-2015.

**Table – Development of Consumer Financing
By Economic Sector, 2012 - 2015**

(Rp Billion)

Economy Sector	2012		2013		2014		2015	
	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)	Contract Value	Share (%)
Agriculture	6,445.30	5.91	5,460.78	4.43	7,325.58	6.19	7,236.17	6.43
Mining	1,580.81	1.45	1,125.98	0.91	1,571.62	1.33	1,708.97	1.52
Manufacturing	3,763.44	3.45	3,468.78	2.81	6,248.43	5.28	8,769.77	7.79
Electricity	1,569.04	1.44	319.96	0.26	926.58	0.78	1,284.37	1.14
Construction	1,944.78	1.78	1,465.96	1.19	2,382.99	2.01	2,473.95	2.20
Trading	13,070.86	11.98	12,466.37	10.10	23,461.97	19.82	26,092.97	23.18
Transport	5,909.50	5.41	5,044.36	4.09	7,844.25	6.63	7,343.59	6.52
Business Services	8,548.32	7.83	15,606.93	12.65	18,661.56	15.77	18,385.12	16.33
Social Services	11,447.63	10.49	10,707.76	8.68	12,178.96	10.29	12,998.03	11.55
Others	142,277.96	130.35	172,880.09	140.12	172,861.48	146.05	168,828.11	149.97
Total	196,557.64	180.08	228,546.97	185.23	253,463.42	214.15	255,121.05	226.63

Source : OJK – Ministry of Finance, processed by BIZTEKA-CCI

B. Consumer Finance Value By Distribution Regions

As the finance portfolio on the leasing industry, consumer finance portfolio in Indonesia is still concentrated in Java, especially Jakarta. Based on data from the FSA - the Ministry of Finance, Jakarta is the largest distribution center of the consumer finance industry. It is strongly associated with the presence of Jakarta as the center of the course of business, where the per capita income level of the people is relatively so that the purchasing power of people to automotive products is also relatively higher.

Based on data from the FSA - the Ministry of Finance, during the period 2012-2015 the value of consumer financing to Jakarta is an average about 68.86% of the total value of consumer financing annually. If in 2012 the value of consumer financing to Jakarta reached Rp 43.15 trillion, and in 2013 rose to Rp. 52.92 trillion, it declined up to Rp 48.33 trillion in 2014 and Rp. 47.83 trillion in 2015, or by an average contribution of 20.7%.

The second largest area of consumer finance in Indonesia after Jakarta, is West Java. In the years 2012-2015 the value of consumer financing to West Java an average about 18.4% of the total value of consumer financing annually. In contrast to the area of Jakarta, the total value of consumer financing in West Java in four years continued to rise each year, from Rp 32.07 trillion in 2012, rose to Rp. 49.54 trillion in 2014, and in 2015 its value went up to Rp. 52.39 trillion, or 5.8% up.

The third largest area of consumer finance in Indonesia after Jakarta and West Java is East Java. During the period 2012-2015 the value of consumer financing for East Java an average is about 9.7% of the total value of consumer financing annually. In 2012 the value of customer financing to East Java reached Rp 17.21 trillion. Then in subsequent years it continued to rise, Rp. 22.71 trillion in 2013 and Rp. 25.50 trillion in 2015.

Here is the development of consumer finance value (consumer finance) in Indonesia, based on the distribution area during 2012-2015.

**Table – Development of Consumer Financing
By Provinces, 2012 - 2015**

(Rp Billion)

Province	2012	2013	2014	2015
NAD	1,334.09	1,339.61	1,854.69	2,276.99
North Sumatera	8,595.64	9,640.03	11,080.26	11,083.78

Province	2012	2013	2014	2015
West Sumatera	5,391.76	4,287.74	3,858.11	3,792.97
Riau	5,565.64	5,438.88	7,103.59	7,575.22
Jambi	3,061.27	3,022.62	3,381.40	3,237.84
South Sumatera	6,257.25	6,886.98	6,671.03	6,724.50
Bengkulu	1,173.40	1,136.12	1,407.44	1,477.13
Lampung	4,853.36	4,359.37	5,249.01	5,500.58
Bangka-Belitung	1,362.98	546.95	1,432.91	1,192.96
Riau Islands	951.41	1,254.54	1,335.61	1,293.97
DKI Jakarta	43,146.36	52,923.50	48,335.72	47,834.77
West Java	32,073.29	39,162.93	49,541.51	52,390.54
Central Java	15,673.22	19,060.55	21,646.52	21,355.51
D.I. Yogyakarta	1,971.89	2,316.21	2,745.47	2,958.70
East Java	17,207.99	22,715.57	25,479.64	25,504.83
Banten	10,664.73	12,223.08	16,470.55	12,770.34
Bali	4,454.24	5,895.05	6,156.12	6,401.43
West Nusa Tenggara	1,758.47	1,921.14	2,138.14	2,199.75
East Nusa Tenggara	571.06	663.09	817.45	791.06
West Kalimantan	3,117.90	3,186.07	3,388.28	3,156.03
Central Kalimantan	1,740.04	1,905.81	2,262.60	2,170.56
South Kalimantan	4,268.13	4,937.25	4,259.43	3,798.81
East Kalimantan	4,998.03	5,533.79	6,231.21	5,762.98
North Sulawesi	3,302.22	2,721.48	3,093.45	3,409.66
Central Sulawesi	1,967.36	2,093.79	1,804.55	2,120.57
South Sulawesi	7,673.10	9,285.99	10,981.79	8,998.62
Sulawesi Tenggara	1,786.26	1,254.98	1,795.77	1,451.51
Gorontalo	180.07	913.91	766.10	693.20
West Sulawesi	276.99	482.95	433.68	451.27
Maluku	281.71	334.22	347.86	353.38
North Maluku	154.05	214.37	273.91	289.70
West Papua	171.82	318.29	398.57	361.49
Papua	501.16	606.79	715.50	738.78
Indonesia outside	71.73	63.37	5.55	1.59
Total	196,558.62	228,647.02	253,463.42	255,121.00

Source: OJK – Ministry of Finance, processed by BIZTEKA-CCI

DEVELOPMENT FUNDING SOURCE

The funding source for the finance industry in Indonesia during this time is mostly from the banking sector. At the beginning of its development, a finance company in Indonesia is not restricted in an effort to get the funds. However, starting from the beginning of 1996, the company engaged in the financing industry can no longer enjoy the freedom the search for funds from the bank. This is related to the issuance of the Minister of Finance Decree No. 606 / KMK.017 / 1995 on the provision of loans received, and the reporting of finance companies. As well as the Joint Decree of the Minister of Finance and BI No. 607 / KMK.017 / 1995 and 28/9 / KEP / GBI concerning the supervision of finance companies by BI.

Efforts supervision by BI since 1996 because the financing company became an agent for banks to extend credit for their own business group. It is closely linked with the regulations issued by the Government of the Lending Limit (LLL). To anticipate the chances of collusion between banks and finance companies, the government needs to conduct surveillance for finance companies.

Trouble finding funding to strengthen the capital structure for a financing company in Indonesia is more so since the crisis in mid-1997. The Bank did not freely disburse funds as a source of primary capital to financial institutions. The banking sector performance became worse during the crisis. The surge in lending rates and ballooning bad loans became a major factor for financing companies to obtain funding from banks.

The difficulty of getting the disbursement of this funding is mainly felt by the majority of national private companies. Meanwhile the joint venture conditions are still better, because they are generally still able to obtain funding from their parent companies abroad. In addition, the joint venture is also easier to obtain funding sources from abroad (offshore loan), whether from banks or non-bank financial institutions.

So in general, the funding source of multifinance comes from subordinated loans, issuance of securities, domestic or overseas loans sourced from banks and / or other business entities.

Based on data from the FSA - the Ministry of Finance during the 2012 - 2015 funding sources of finance companies are largely from domestic and foreign loans.

Sources of funding from domestic loans in 2012 recorded at Rp. 124.54 trillion, or with a portion of 48.8%, in 2013 rose to Rp. 142.11 trillion or 47.85% portion. Furthermore, in 2014 and 2015 funding from domestic loans continued to fall to Rp. 140.73 trillion in 2014, and in 2015 it decreased again to Rp. 137.7 trillion.

While the funding source of foreign loans which ranked second largest of Rp. 86.61 trillion in 2012, jumped to Rp. 101.24 trillion in 2013, and up again to Rp. 114.34 trillion in 2014. While in 2015 it decreased to Rp. 107.21 trillion, or with a portion of 35%.

Funding from securities issuance increased in the period 2012-2015. In 2012 it reached Rp. 43.77 trillion, then in 2013 increased to Rp. 53.21 trillion, and in 2014 recorded at Rp. 53.16 trillion, even in 2015 increased to Rp. 60.79 trillion, with a contribution of 19.85%.

Here is the development of the loan proceeds for financing industry in Indonesia, during 2012-2015.

**Table – Business Development Funding Sources For Multifinance
In Indonesia, 2012-2015**

(Rp Trillion)

Funding Sources	2012	2013	2014	2015
Subordinated Loans	0.24	0.4	0.41	0.57
Share (%)	0.09	0.13	0.13	0.19
Issuance of Securities	43.77	53.21	53.16	60.79
Share (%)	17.15	17.92	17.22	19.85
Foreign Loans	86.61	101.24	114.34	107.21
Share (%)	33.94	34.09	37.05	35.01
Domestic Loans	124.54	142.11	140.73	137.7
Share (%)	48.81	47.85	45.60	44.96
Total	255.16	296.96	308.64	306.27
	100.00	100.00	100.00	100.00

Source : OJK – Ministry of Finance, processed by BIZTEKA- CCI

CAPITAL FINANCE COMPANY

As noted earlier, the toughest problems in the finance industry in Indonesia is the lack of capital. Moreover, the Financial Services Authority (FSA) since 2015 required that the finance company in limited liability (PT) must have a minimum capital of Rp. 100 billion in stages. Previously, the minimum capital adequacy fulfilled by the finance company is only Rp. 25 billion, and a minimum capital of Rp. 50 billion if it is a cooperative.

Although it has already been effective in 2015, supervision of the financial industry and banking in Indonesia is still giving a five-year period for the finance company to meet the obligations of a minimum capital of Rp. 100 billion in stages. In 2016, the finance company must have a minimum capital of Rp. 40 billion. In 2019 there is no longer the companies that have paid-up capital of less than Rp. 100 billion.

The minimum capital requirement indicates that the company's financial structure should be healthy financing, so that banks do not hesitate to disburse the funds.

Facing the problem of the lack of capital (especially for national private finance companies), APPI has long suggested that the Government or in this case Bank Indonesia to further ease the requirements of bank lending to the industrial financing sector. APPI also suggested that financial institutions may publish commercial paper to help its capital structure.

APPI and a leasing company executives also suggested the Government try other alternatives (outside banks) in terms of disbursement of funds for financial institutions. The government could use the funds from the insurance company or pension fund of the institution. By allowing the finance industry to access funds from insurance and pension institutions, then the problem of scarcity of funding can be overcome with the medium-term funding instruments.

FINANCIAL PERFORMANCE DEVELOPMENT OF FINANCE INDUSTRY

As noted, the growth of the finance industry (finance) in Indonesia since the 2014 slowdown. This condition is caused by global economic turmoil impact on the weakening national economy, thus affecting the performance of finance companies in the past two years.

Based on data from the FSA - the Ministry of Finance, a number of indicators of the financial performance of Indonesian finance industry before the 2014 growing quite well, by 2014 the growth began to slow.

Financial indicators showing a slowdown growth of mutifinance include total assets, total equity, the value of financing, as well as net profit.

The total assets of the entire company's finance Indonesia in 2012 reached Rp 341.77 trillion, then jumped to Rp 400.63 trillion in 2013. The total assets increased up to Rp. 425.71 trillion in 2015. While the data until August 2016 total assets is recorded at Rp. 374.06 trillion.

Meanwhile, the total equity (capital) continued to increase in recent years. If in 2012 the total equity was Rp 66.72 trillion, then a year later increased to Rp. 82.75 trillion, and it recorded Rp. 96.01 trillion in 2015.

On the other hand the value of financing of Indonesia's finance industry development seems to be increasing in recent years. If in 2012 the value of financing amounted to Rp 310.76 trillion, then a year later increased to Rp. 360.01 trillion, and continued to be Rp. 381.93 trillion in 2014. Meanwhile, in 2015 the value of financing decreased, ie to Rp. 379.25 trillion. But along with the improvement in the national economy, the value of financing in 2016 (data until August) has exceeded the value of financing in 2015.

Meanwhile, the total net profit of Indonesian finance industry also began to improve in 2015. If in 2012 the finance industry still recorded a net profit of Rp 12.16 trillion, then a year later increased to Rp. 14.47 trillion. in 2014 net profit fell, lower than profit in 2013. Similarly in 2015 and 2016 (data until August).

The development of the finance industry performance indicators Indonesia during 2012 - 2016 are as follows.

Tabel - Financial Performance Development of Financing (Multifinance) Industry In Indonesia, 2012-2016

(In Trillion Rupiah)

Indicators	2012	2013	2014	2015	2016*
Total Asset	341.77	400.63	420.44	425.71	374.06
Total Equity	66.72	82.75	87.41	96.01	t.d.
Financing Value	310.76	360.01	381.93	379.25	390.58
Profit (Loss)	12.16	14.47	12.22	10.67	7.76

*) Until August

t.d. = no data

Source: OJK - Ministry of Finance, Processed BIZTEKA-CCI

FINANCE INDUSTRY (MULTIFINANCE) OUTLOOK IN INDONESIA

Despite some slowdown in growth in the last two years, the finance industry in Indonesia in the coming years is still growing. The sign has been considered since 2016. One indicator of the improving finance business in Indonesia is the value of the financing, which until August 2016 reached Rp. 390.58 trillion, which means it is exceeded the value of the financing achieved throughout 2015.

Other indicators that may affect the industry's business is the running national economic recovery, the successful tax amnesty program, the low bank interest rates, accelerating the development of infrastructure, and increase public confidence.

As one of the non-bank financial institutions, financial industry is believed to still be interested in the community considering the few advantages compared to the banking sector. Moreover, over 80% of purchases of motor vehicles in Indonesia is done by a credit system, and consumers generally prefer finance company to banking.

Nevertheless, competition in the market is still on the banking sector. The banking sector has long disbursed credit, especially credit Small and Medium Enterprises (SMEs) and multipurpose loans (consumer loans). The intense competition is unavoidable, given the interest rate offered by the banking sector is relatively lower than the interest rate given finance industry.

But on the other hand the finance industry also has some distinct advantages compared to the banking sector, the requirements are relatively easier (such as collateral requirements were not asked), and the procedure is simpler than banking. Finance companies also assessed more quickly in terms of providing lending to their customers than banks that are much more cautious and bureaucratic. Finance industry has to be more innovative in developing its business in order to better compete with the banking industry.

The relatively large Indonesia's automotive market is a promising market for the finance industry, despite the recent sales decline. But in the future automotive market in Indonesia will be recovering. If the Indonesian economy improved in the next few years, the automotive market will re-open wide, given its automotive market is the biggest market for consumer finance business (consumer finance). Heavy equipment industry is a good market for lease (leasing) business, the demand for heavy equipment in Indonesia is expected to increase again in the coming years. Other sectors are financing other than motor vehicles.

In addition to the new auto market, the opportunities for financing industry is also in the used car market (under five year car and in a good condition). Financing for used cars has become trend since several years ago, where a number of finance companies distributing the funds to finance people who buy used cars (second hand). Some automotive analysts said that the used car market in Indonesia is quite large, and become a potential area for finance companies.

Nevertheless the finance industry also has to face the toughest obstacles; the problem of capital. Faced with that problem, Indonesian Financial Services Association (IFSA) will continue working to make that obstacle can be overcome. APPI seek BI more ease lending requirements of banks to financing industry sector. In addition APPI also suggested that the Government try other alternatives (outside banks) in the disbursement of funds for the finance institutions, such as the use of funds from the insurance company or the pension institution.

Some finance companies are optimistic that the finance business climate in 2017 and the coming year will be better, and it is started in 2016. PT. Mandiri Tunas Finance (MTF) for example, the company is focusing its finance portfolio in the new car segment, and set a target of financing growth of 11% in the year 2017. Business strategy to achieve the target is by developing a network to several regions in Indonesia.

In addition, the subsidiary of PT. Bank Mandiri (Persero) Tbk., will also improve the status of satellite offices that have rapid growth market into branch offices. The company will also strengthen marketing through telemarketing team for credit products and multipurpose vehicles.

Similar optimism is also delivered by PT. Andalan Finance, which targets the financing to grow about 20% in 2017. Finance portfolio companies focus on the segment of used car and target to Rp. 3.4 trillion. Assuming a growth of 20%, then the financing target in 2017 is estimated to reach Rp. 4.1 trillion.

To encourage financing in 2017, the company will actively approach the used car dealership, and increase market penetration by opening new sales points.

Apart from all the above factors, the prospect of financing industry in Indonesia will not be separated from the development of the overall macro-economic conditions, as well as the political and security situation in the country. If the Government has consistently implemented the economic recovery program and is able to control the social and political upheavals in the country, then it certainly will be a positive impact on various financial business in Indonesia, including the finance industry.

CONCLUSION

As one alternative to non-bank financing, the finance industry is a potential business that continues to grow in Indonesia. Finance business development in Indonesia is largely determined by the development of the motor vehicle market as well as other factors such as competition with banks, and regulation by the government.

Based on data from the FSA - the Ministry of Finance, the total value of the financing by the Indonesian finance industry continues to increase throughout the year 2012-2016, except 2015 which decreased only 0,7%. The decrease was due to a slowing national economy.

The decline in the value of the financing by the finance industry occurred in the leasing (lease) business sector, and consumer finance both of which are the mainstay of finance business. While the contribution of financing in the credit card and factoring is relatively small.

The toughest problem in the finance industry is capital. FSA - The Ministry of Finance as an institution that oversees the business required the finance companies have a minimum capital of Rp. 100 billion until 2019 to come.

Faced with this problem, the Indonesian Financial Services Association (IFSA) urged BI more ease lending requirements of banks to financing industry sector. In addition APPI also suggested that the Government seek other alternatives (non banks) to disburse funds for finance institutions from the insurance company or pension fund institution.

Having to compete with the banking, finance industry has its own advantages in ease of procedures and requirements than banks. Automotive growth lately is a potential market for the finance industry. If the Indonesian economy improved in the next few years, the automotive market is expected to be back open, given its automotive market is the biggest market for consumer finance business. Heavy equipment industry is a good market for the lease (leasing) business, the demand for heavy equipment in Indonesia in the coming years is expected to rise in line with the vigorous development of infrastructure in Indonesia.

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PROFILE OF COMPANY

ADIRA DINAMIKA MULTI FINANCE Tbk., PT

D | Editors

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 Fax. - 021 – 52964159
 E-mail -af.corsec@adira.co.id
 Website - http://www.adira.co.id

Date of Establishment

13 November 1990

Legal Status

PT. (Perseroan Terbatas) or Limited Liability Company

Category

Public Listed Company

Permits

The Department of Industry
 No. C2-19.HT.01.01.TH.1991
 Dated 08 January 1991
 No. AHU-0935663.AH.01.02 TH.2015
 Dated 22 May 2015

Lines of Business

- Consumer Financing
- Factoring
- Rent

Shareholders

- a. PT Bank Danamon Indonesia Tbk
- b. PT Asuransi Adira Dinamika
- c. The Publics

Capitalization

Authorized Capital	- Rp 400,000,000,000.-
Issued Capital	- Rp 100,000,000,000.-
Paid Up Capital	- Rp 100,000,000,000.-



Total Assets :

2013 – Rp 30,994,411,000,000.-
 2014 – Rp 29,930,882,000,000.-
 2015 – Rp 27,744,207,000,000.-
 2016 – Rp 22,012,384,000,000.- (Januari-September)

Net Profits :

2013 – Rp 1,695,518,000,000.-
 2014 – Rp 745,584,000,000.-
 2015 – Rp 723,114,000,000.-
 2016 – Rp 849,917,000,000.- (Januari – September)

Sales Turnover/Revenues:

2013 – Rp 8,064,626,000,000.-
 2014 – Rp 8,251,148,000,000.-
 2015 – Rp 8,063,757,000,000.-
 2016 – Rp 6,233,117,000,000.- (Januari-September)

Bankers

- a. PT Bank MANDIRI Tbk.
- b. PT Bank CENTRAL ASIA Tbk.
- c. PT Bank CIMB NIAGA Tbk
- d. PT Bank NEGARA INDONESIA Tbk
- e. PT Bank DANAMON INDONESIA Tbk

Started Operation

1991

Total Employees

14,552 persons

Supervisory Board

Chairman - Mr. Sng Seow Wah
 Member - Mr. Djoko Sudyatmiko
 Mr. Krisna Wijaya
 Mr. Eng Heng Nee Philip
 Ms. Vera Eve Lim
 Mr. Loh Niap Juan

Board of Management

President Director - Mr. Willy Suwandi Dharma
 Vice President Director - Mr. Marwoto Soebiakno
 Directors - Mr. Hafid Hadeli
 Mr. Ho Lioeng Min

Mr. I Dewa Made Susila
Mr. Cornel Hugroseno
Mr. Swandajani Gunadi

Associated Companies

The ADIRA Group Members

Remarks

In Production

Information:

One of the largest financing business in the country is PT. Adira Dinamika Multi Finance Tbk. Adira Finance was established based on Deed of Misahardi Wilamarta, SH, No. 131. This deed was approved by the Minister of Justice of the Republic of Indonesia in Decree No. C2-19.HT.01.01.TH.91 dated January 8, 1991 and published in Supplement No. 421 in the Official Gazette of the Republic of Indonesia No. 12 dated February 8, 1991.

The Company obtained a license as a finance company of the Minister of Finance in Decree No. 253 / KMK.013 / 1991 dated March 4, 1991. According to Article 3 of the Articles of Association, the scope of the Company's activities is in the field of financing including leasing, factoring, consumer finance and credit card business. At this time, the Company is primarily engaged in consumer financing.

In January 2004, PT Bank Danamon Indonesia Tbk became the majority shareholder with a stake of 75%. Bank Danamon is a subsidiary company of Asia Financial (Indonesia) Pte. Ltd, in which the final shareholder is Temasek Holdings Pte. Ltd., an investment company based in Singapore and wholly owned by the Singapore Government. In 2009, Bank Danamon added 20% ownership stake, so that it becomes 95%.

The company's stock ownership is constantly changing. And up to September 2016 the shareholders of the company controlled by PT Bank Danamon Indonesia Tbk., Which owns shares of up to 92,07%, and PT Asuransi Adira Dinamika at 0,42% and public amounted to 7,51%.

The company carried out Initial Public Offering of 100,000,000 shares with a nominal value of Rp100 (full amount) per share at the offering price of Rp 2.325 (full amount) per share on March 23, 2004. All shares have been listed on the Jakarta Stock Exchange and the Surabaya Stock Exchange on March 31, 2004.

In 2012, the company added the scope of its activities with financing based on Islamic principles. Until 2015, Adira Finance operated 558 business networks throughout Indonesia, supported by more than 14,5 thousand employees.

Entering the age of 25 in 2015, Adira is connoting Faithful Companions Forever. The commitment will be realized by providing a friendly and profitable experience for the consumers, so that the long-term friendship relationship is established between Adira Finance and customers. Adira Finance is committed to carry out the mission that led to the welfare of Indonesian society.

This was done through the provision of products and services that vary according to the life cycle of customers, and provide experiences that benefit the consumers.

Company Performance

Number of new financing in the last five years (2011-2015) tends to fluctuate with the rate of minus 1.5% per year. In 2011 the number of new financing of PT Adira Finance recorded at Rp 32.6 trillion, which later increased to Rp 34.1 trillion in 2014. However, in 2015 the number of new financing decreased 10.6% to Rp 30.5 trillion.

**Table – Total New Financing,
2011-2015**

Year	New Financing, (Rp Trillion)	Growth, (%)
2011	32,6	---
2012	32,4	-0,6
2013	33,7	4,0
2014	34,1	1,2
2015	30,5	-10,6
Growth rate, %/yr		-1,5

Until 2015 the PT Adira Finance has developed three new finance user segments, namely the financing of motorcycles, cars and household appliances (durables) but the motorcycle financing segment was the biggest.

In 2015 for example, the number of new financing for motorcycle is Rp 17.6 trillion, while the number of new financing for cars at Rp 12.7 trillion, a new financing for household appliances (durables) reached Rp 270 billion, as stated in the table following.

Table – New Financing By User Segment, 2011-2015

User Segments	Value, (Rp Trillion)				
	2011	2012	2013	2014	2015
Motorcycle	20,4	19,4	19,0	19,7	17,6
Car	12,2	13,1	14,7	14,31	12,6
Home Appliances	-	-	-	-	0,27
Total	32,6	32,5	33,7	34,01	30,5

In 2015, consumer financing receivables performing (NPL) stood at 1.7%, an increase compared to the NPL in 2014 at 1.5% and NPL in 2013 only at 1.3%.

Table – Development of NPL, 2011-2015

Year	NPL, (%)
2011	1,3
2012	1,4
2013	1,3
2014	1,5
2015	1,7

Total assets owned by PT Adira Finance during 2011 to 2013 has increased from Rp 16.9 trillion to Rp 31.0 trillion. However, beginning 2014 its assets began to decline to Rp 29.9 trillion and decreased again to Rp 27.7 trillion in 2015, as detailed in the following table.

Table – Asset Development Company, 2011-2015

Year	Total Asset, (Rp Trillion)	Growth, (%)
2011	16,9	---
2012	25,5	50,9
2013	31,0	21,6
2014	29,9	-3,5
2015	27,7	-7,4
Growth rate, %/year		15,4

In 2015, PT Adira Dinamika Multi Finance Tbk., recorded a net profit of Rp 665 billion. While the number of business networks is as much as 558 network and the number of active customers are 3.3 million consumers.