



INDONESIA  
DEVELOPMENT  
FORUM 2018  
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KNOWLEDGE  
SECTOR INITIATIVE

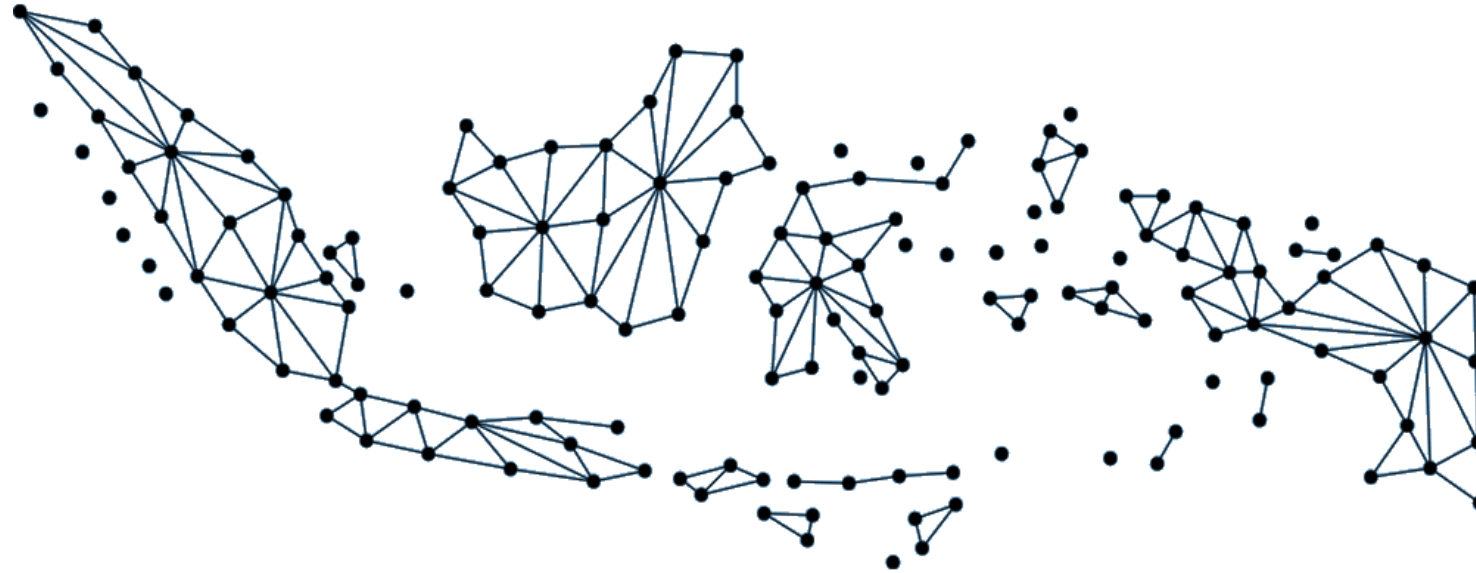


# Unlocking The Potential Of The **Digital Economy** For Regional Development

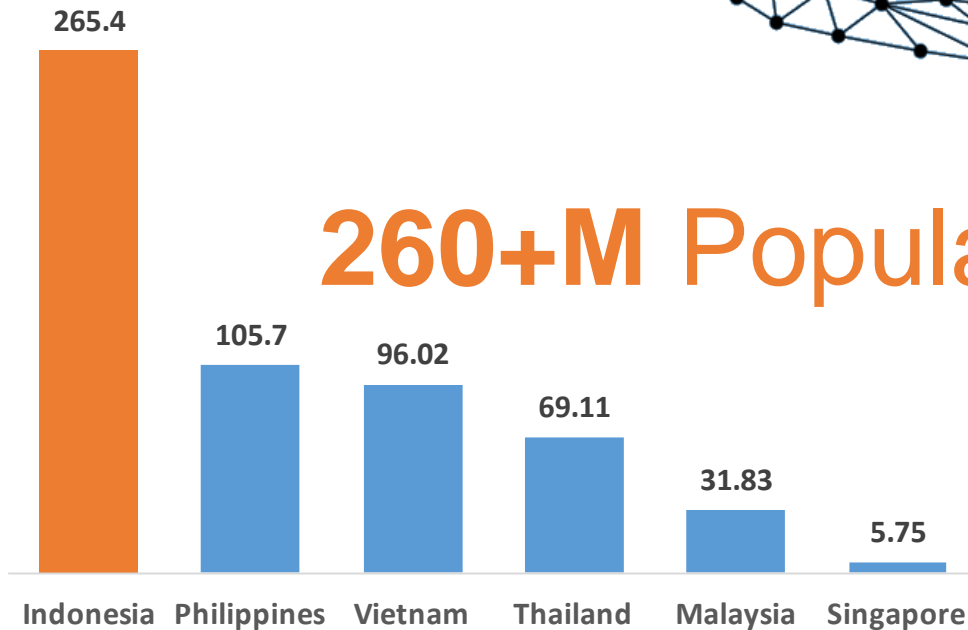
*Mari Elka Pangestu*



# 17,000+ Islands across 5,000km<sup>1</sup> with various natural resources



**260+M Population & 66% Economically**



Source: WeAreSocial, Hootsuite (2018), BPS (2017)

1) Jarak bujur 46°, atau setara 5,000Km

# INDONESIA DIGITAL PROFILE



**143** million Internet Users  
(55% population, grow 8% pa)



**71** million Mobile Internet users  
(28% population, grow 20% pa)

**44%** Access internet via  
users **MOBILE ONLY**



**60%** Young population  
Users (age <60 years old)



**448** petabyte Data flow per month  
(petabyte=1mil gigabytes)



**7** trillion E-commerce sales value  
(in USD 2017, grow 22% pa)



**925** million E-money transaction value  
(in USD 2017, grow 3.7 times)



# DIGITAL DIVIDENDS AND DEVELOPMENT

**10%** increase in internet usage

**0.33%** increase in World GDP  
(WIK study 2000-2015)

add **500,000** formal jobs by 2020  
(Oxford Economics estimates for Indonesia)

**10%** increase in network coverage

**0.92%** increase in GDRP growth  
(CSIS study using Podes)

Through **EFFICIENCY,**  
**INNOVATION,**  
**INCLUSIVENESS**

## Information

- Price information
- Reviews
- Product



## Market

- e-Commerce
- SMEs
- Export-Imports



## Financial Services

- 50% unbanked (Findex, 2018)
- Fintech
- Microlending



# INCLUSIVENESS AND REGIONAL DEVELOPMENT :

## Access and Utilization



## Tourism

- Ticket booking, e.g. Traveloka
- Hotel booking, e.g. Trip Advisor, Airbnb
- Digital branding, e.g. #instagrammable



## Work

- Traditional job, e.g. LinkedIn
- New job, e.g. Gojek riders, selebgram, vlogger, outsourcing



## Public Services

- Health
- Education
- Donation





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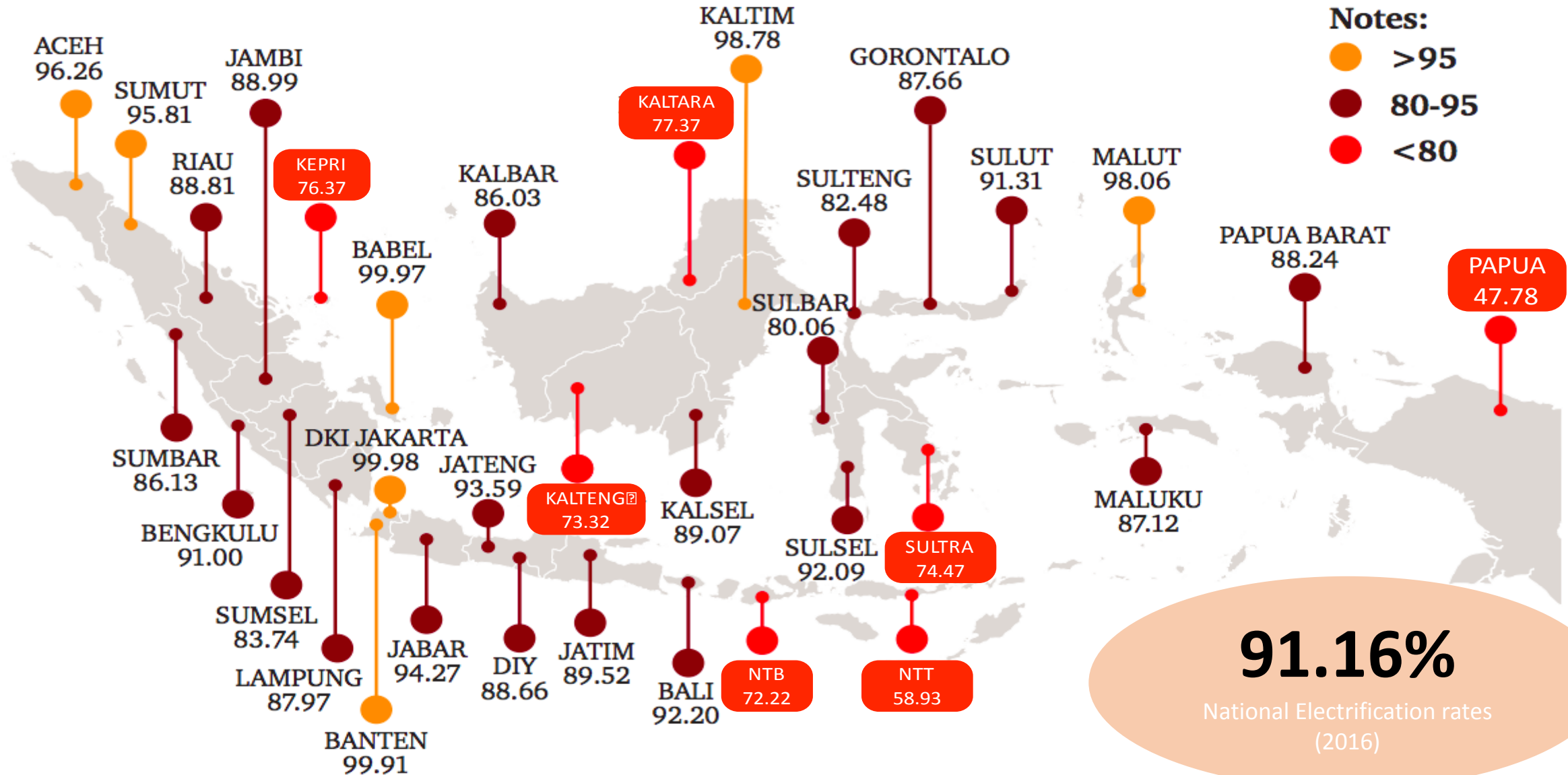
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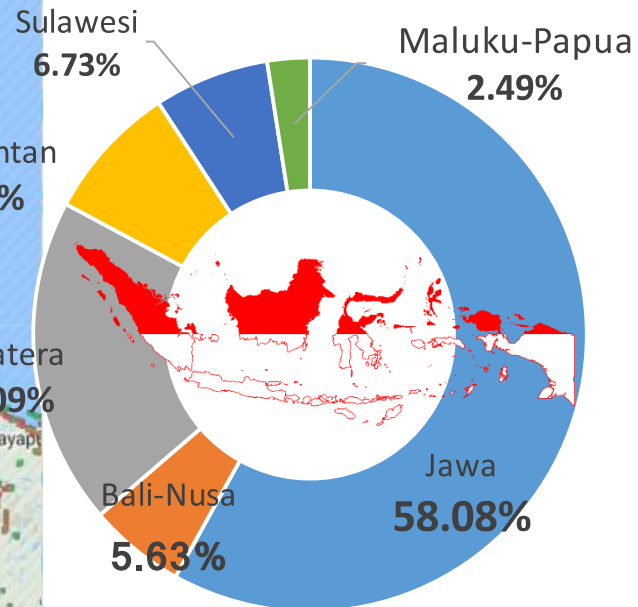
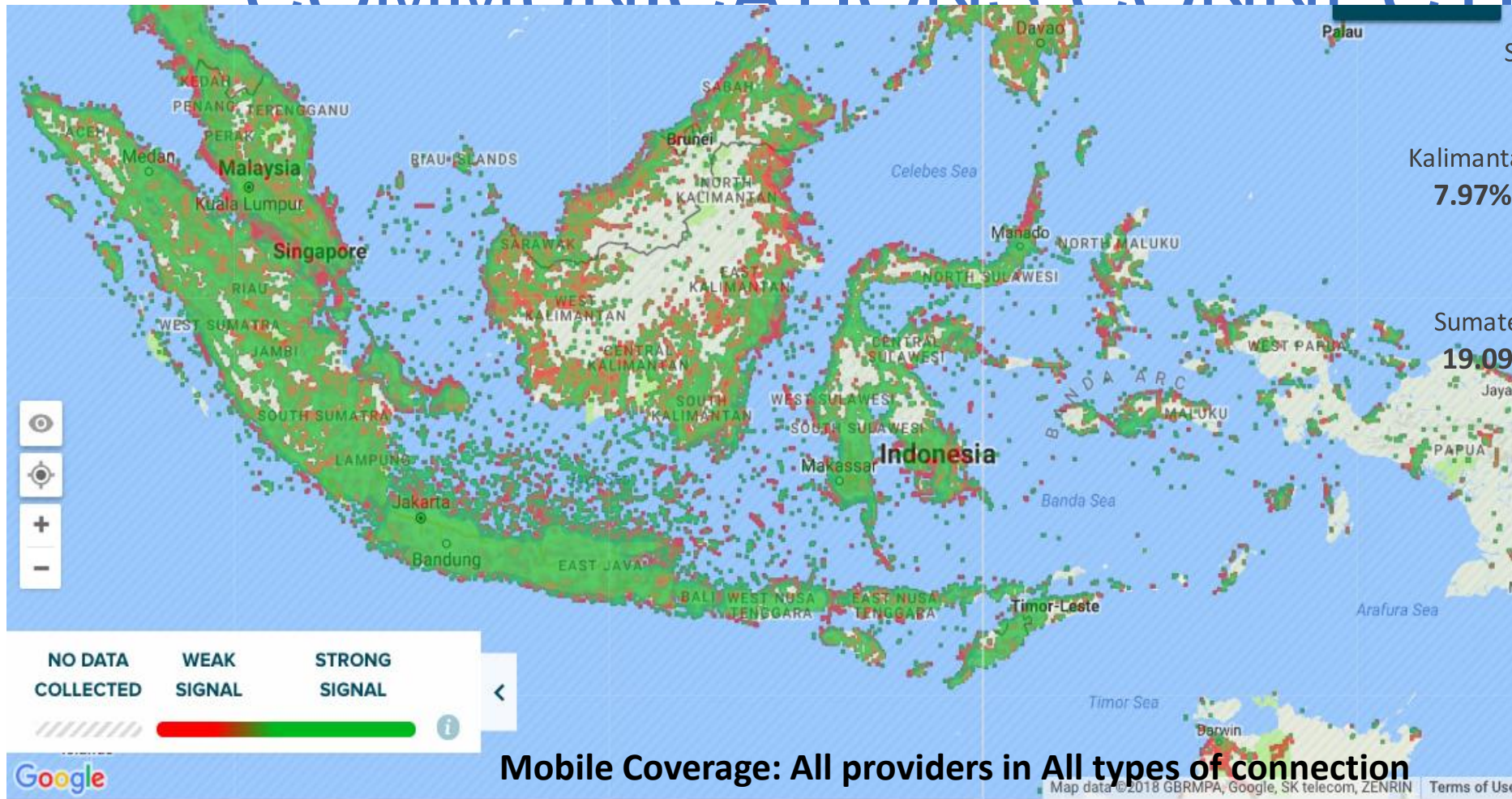
# CHALLENGES ?

# ADDRESSING OLD CHALLENGES:

## ELECTRICITY



# OLD CHALLENGE: REDUCE REGIONAL DISPARITIES IN MOBILE AND COMMUNICATIONS CONNECTIVITY



Internet Users are concentrated in **JAVA**



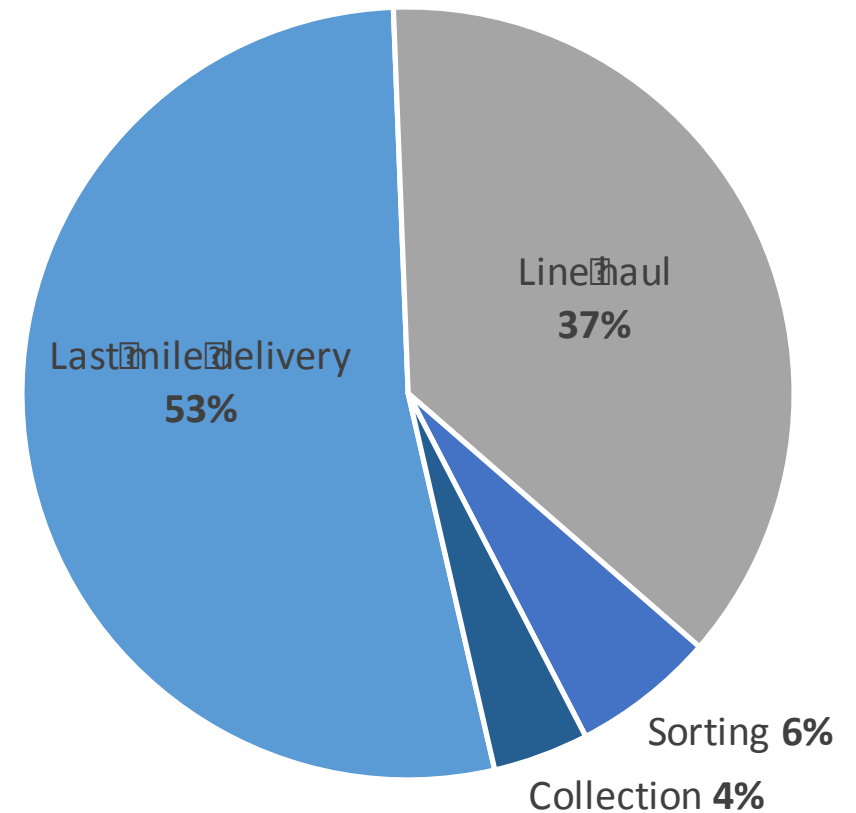
# ADDRESSING OLD CHALLENGES: PHYSICAL CONNECTIVITY

## 50% of the total logistics cost

- Freight with Challenges
- Congestion in urban areas
- Distance in remote areas
- Hard-to-locate locations
- No one home so cannot accept delivery (high rate of Cash-on-Delivery transaction)
- Lack of nearby parking

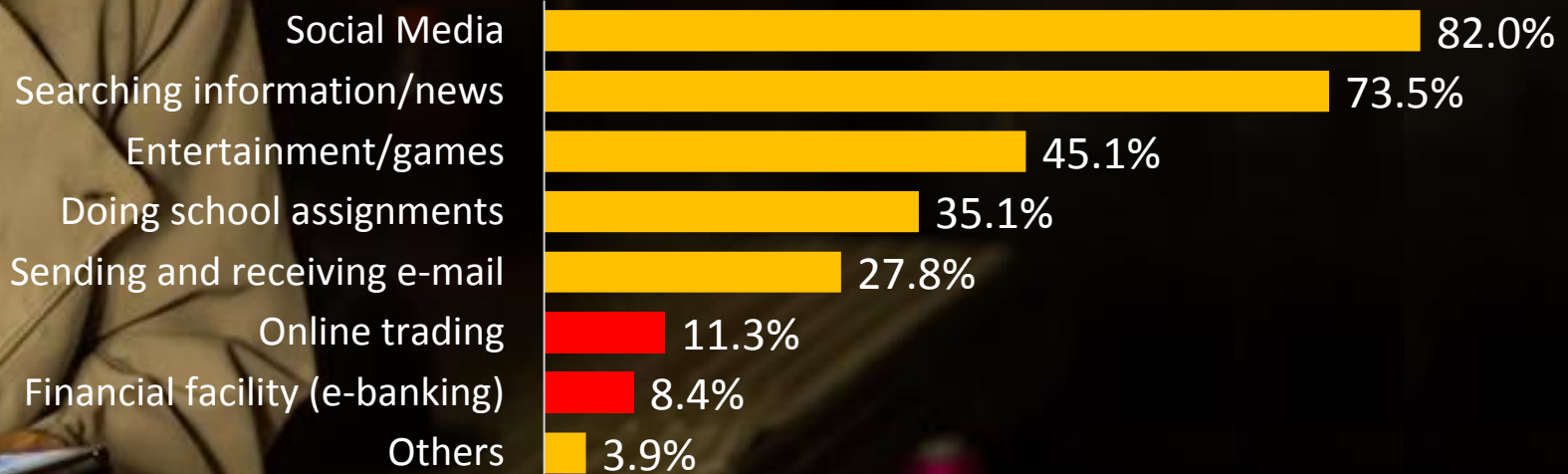
**All add cost, time and inconvenience**

Logistic Cost



# NEW CHALLENGES: HUMAN CAPITAL AND CAPACITY

**82% out of 50 million (86% in 2016) have Social Media as the main objective of using the internet (80% sos med users are 16-45, 45% are HS grad and 30% tertiary)**



Source: SUSENAS, 2014

# ADDRESSING CHALLENGES TO REDUCING DIGITAL DIVIDE: WHOLISTIC APPROACH

## CONNECTIVITY

Infrastructure  
Affordability and  
Reliability of data &  
devices

## MARKET ACCESS

Taxation, Competition,  
Security, Cross border  
(trade facilitation)  
Solution last mile

## FINANCIAL INCLUS

Conducive regulatory  
env. for Scalable Fintech  
Solutions

## UTILIZATION

Human capacity  
(digital literacy,  
upskilling, skill devt,  
talent movement)

## COORDINATION

Inter-government  
Central & Local  
Government &  
Stakeholders

## SYSTEM & TRUS

Digital ID







TERIMA KASIH  
THANK YOU