

Remarks of President of the Republic of Indonesia During 2023 Financial Services Industry Annual Meeting Shangri-La Hotel, Jakarta, February 6, 2023

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Bismillahirrahmanirrahim,



Assalamu'alaikum warahmatullahi wabarakatuh,



Good morning,

May prosperity be upon us all,

Om swastiastu,

Namo Buddhaya,

Greetings of virtue,

Honorable Heads of State Institutions attending the event today,

Honorable Coordinating Ministers and Ministers of the Indonesia Onward Cabinet,

Honorable Governor of Bank Indonesia and Board of Governors of Bank Indonesia,

Honorable Chief, Board of Commissioners of Financial Services Authority (OJK) and all its ranks,

Honorable Chief of the Deposit Insurance Corporation (LPS) and all its ranks;

Excellencies, Ambassadors of friendly countries, Governors throughout Indonesia, financial services industry players, and all invitees,

Ladies and Gentlemen,

Chairperson of OJK reported that the credit grew at 11.3 percent in 2022. This is great. It has reached a double-digit figure. I also learned that the capital adequacy ratio (CAR) was at 25.68 percent, higher than that in the pre-pandemic period 23.31 percent. This is good.

Before I came in, I asked Chairperson of OJK, "How much is the NIM (net interest margin)?" To which the Chairperson answered, "4.4 (percent)." It is really high. It is probably the highest one in the world. I am also pleased that the development of the insurance industry is improving.

I just want micro, small and medium enterprises sector get more support because it is our strength. Do not forget the small sector. Do not forget micro, small, and medium enterprises. Give them assistance to the greatest amount possible and with careful consideration as it is the sector that provides job opportunities to the people.

Secondly, Chairperson of the OJK has also talked about supporting downstream industry. I want a concrete support because I still hear that those who want to build smelters still have difficulty in finding funds. So, supports should be given, but certainly with high calculation and cautiousness. It is because downstreaming will be the key to our country in taking a leap to become a developed country.

We could see the progress as until 2018, we were still classified as a lower middle income group. Then, we moved up to upper middle-income group in 2018. Because of the pandemic, we moved down to lower middle-income group. However, in 2022, we could go up again to upper middle-income group. This is what we have to encourage consistently to increase our gross domestic product. So, we hope we can jump forward.

Downstreaming is key for this country if we want to become a developed country, for all commodities, be it crude palm oil (CPO), minerals and coal, be it from our marine wealth, everything. I have often talked about minerals and coal, and gas. On nickel, we have experienced a big leap from US\$1.1 billion to US\$30 billion after downstreaming. Later, this will also be applied to bauxite, tin, copper, gold, natural gas, and oil. If we really do this consistently, we will be a developed country.

applied to diamonds, tin, copper, gold, natural gas, and oil. If we really do this consistently, we will be a developed country.

Do not forget, our marine wealth can give high added values if we also implement the downstreaming. Bear in mind that two-thirds of Indonesian territory is water, sea, and ocean. The width of our ocean is 3.25 million km. It is huge and we have not made the most of the potential yet.

For instance, seaweed. Indonesia is the number one exporter of seaweed, but for the raw material, we only export the raw material. China is the top importer of seaweed. An importer, even though they are not seaweed producer. We can see that we are just number three exporter of carrageenan powder, jelly, or thickening agent components, only number three. China was the top importer of seaweed and also the top exporter of carrageenan powder. We should also do this. We should be the top exporter of raw materials, and also the top exporter of carrageenan powder. Then, the added value will increase.

Then, about fish, especially yellowfin tuna, skipjack tuna, and little tuna. We are the top exporter of fresh yellowfin tuna, skipjack tuna, and little tuna, but at the same time, we are also the number one importer of fish flour. It's absurd. We have exported the fish, but then import it in the form of fish flour. Can't we do the downstreaming to industrialize our fish into fish flour? Is it that hard? No, if we cannot do it, make a partnership. Do not hesitate to carry it out.

Then, we see that China is number two importer of fresh yellowfin tuna, skipjack tuna, and little tuna, but they can be number four exporter of fish flour. Find partners. There are still a lot more, such as seaweed, yellowfin tuna, skipjack tuna, little tuna, and shrimp that can give multiple added value if we processed it into chitosan powder, and it will be multiplied to 27 times.

Soft shell crab processed into crab meat can give 3.2 times of added value. If all raw materials are processed domestically in downstream industry, our country will make a leap. Our Gross Domestic Product (GDP) will increase.

The most important thing is to integrate them all. I have reiterated several times that our minerals and coal, crude palm oil (CPO), marine resources should be integrated. Indeed, it is incredibly challenging. Once again, I ask the OJK to support this. Disseminating the importance of downstreaming because minerals and coal, oil and gas, and marine wealth downstreaming are projected to generate US\$715 billion and to create 9.6 million job opportunities. It is really huge. This is what we have to reach.

Secondly, on protection. I see that the people need protection from financial services products, such as insurance, online loan, investment, and hajj and umrah tours which should be monitored in detail. We cannot work only at macro level. No, we cannot. We need to work at macro level as well as at micro level in detail, with one by-one check.

Bear in mind that a major incident happened last week, Adani in India. The country is good at the macro level, but there was a problem at the micro level. At the micro level, just one company, Adani, lost US\$120 billion, or Rp1,800 trillion. Beware of this. Monitor, monitor, monitor.

Do not let such circumstances happen, Rp1,800 trillion. A quarter of India's GDP was lost. What happened? Capital outflow. Rupee fell. Beware of it, even though the macro condition is good. So, pay attention to things that may trigger problems. A good strategy will bring you positive results. Once we make a mistake, [it may be] like Adani in India, as I told you before. So, be careful.

I demand that issues of insurance, online loan, investment, must be monitored closely. Do not let cases such as Asabri, Jiwasraya, Rp17 trillion, Rp23 trillion, happen again. Also, Indosurya, and Wanaartha.

I remember them because I read about it. Unit linked plan must be monitored at the micro level one by one. If the people suffer loss, they will cry. Actually, the people just want their money back. When I went to Tanah Abang market, attended Chinese New Year event, and went to Surabaya city, I met some people crying and telling me about losing the money. Be careful. Monitoring should be intensified.

We often receive complaints reported from 2020, but until 2023. They have not been solved yet. Be careful because what we build is trust. Once you have lost it, it is hard to rebuild it. I believe that the current OJK management can do it.

I think I conclude my remarks at this auspicious occasion.

I thank you.

Wassalamu'alaikum warahmatullahi wabarakatuh.

Om santi santi santi om

(FKH/AW/EP)

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