

News Release

UOB Indonesia: Robust fundamentals to support Indonesia's economic growth in 2019 despite global turbulence

Jakarta, 3 October 2018 – PT Bank UOB Indonesia (UOB Indonesia) has forecast the country's gross domestic product (GDP) will remain stable at a range of 5.2 to 5.4 per cent in 2019, supported by the country's robust fundamentals.

The Bank's forecast was shared at the UOB Indonesia's Economic Outlook 2019 "Riding the wave of progressive economic growth" forum today, which is part of the lead up to the 2018 IMF and World Bank Annual Meetings on 8 to 12 October. More than 500 participants attended the UOB forum.

Mr Enrico Tanuwidjaja, Economist at UOB Indonesia, told forum participants, "We expect Indonesia's GDP to remain stable, growing between 5.2 to 5.4 per cent in 2019. This growth will be backed by factors such as robust domestic demand, a sustained recovery in exports, especially in commodities, and stable private consumption. In addition, the country's higher reserves position and manageable current account deficit continue to underpin Indonesia's economic growth."

Mr Tanuwidjaja also said that seizing opportunities from the digital economy offered additional growth prospects. "Over the medium- and longer-term, the government's digital blueprint plan and efforts to develop the digital economy will also boost economic growth. There is significant growth potential for Indonesia's digital economy as we have high internet and mobile usage¹, which is being driven largely by millennial² consumers who are the country's first 'mobile first' and 'mobile only' generation. Further, the number of millennial consumers is expected to reach

¹ In 2016, total internet users in Indonesia is 132.7 million or 51 per cent of the population, penetration of social media users is 106.0 million or 40 per cent of the total population and mobile subscription is 371.4 million or 14 per cent of the total population. Source: We are social digital in 2017 Southeast Asia

² Defined as people between 21 and 35 years of age.

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94 million by 2020³. This also gives rise to more financial technology companies being created to serve the increasingly digital needs of customers.”

“If further structural changes are effected beyond the 16 economic reform packages already implemented, combined with regulations to encourage innovation, we forecast that overall the digital economy’s contribution may reach 3.3 per cent of Indonesia’s GDP by 2022,” Mr Tanuwidjaja said.

Global developments remain a test of Indonesia’s economic resilience

While in the short term investors are trimming their emerging markets investments, Indonesia remains an attractive foreign direct investment.

“The US Federal Reserve’s interest rate increases and global trade tensions between the US and its trading partners, predominantly China, have resulted in many investors hedging their investment portfolio positions. This is leading to more pressure on emerging market currencies, including the rupiah,” Mr Tanuwidjaja said.

However, Indonesia’s strong fundamentals, resilient economy, potential growth in digital economy and the Government’s high commitment to boost and sustain economic growth will continue to draw investment into Indonesia.

-Ends-

³ Today’s number of Indonesian millennials is 83 million or around 32 per cent of the total population
Source: Indonesian Central Bureau of Statistics (Biro Pusat Statistik – BPS), 2017 – 2018.



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About PT Bank UOB Indonesia

PT Bank UOB Indonesia (UOB Indonesia) was established in 1956. The bank's service network comprises 41 branch offices, 137 sub-branch offices and 173 ATMs across 32 cities in 18 provinces in Indonesia. UOB Indonesia's banking services are accessible through its regional ATM network, the ATM Prima and Bersama networks and the Visa network.

UOB Indonesia is a subsidiary of United Overseas Bank Limited, a leading bank in Asia with a global network of more than 500 offices in 19 countries and territories in Asia Pacific, Europe and North America.

UOB Indonesia is committed to providing quality products and excellent customer services. UOB Indonesia offers various banking products and services categorised into personal financial services, business banking, commercial banking, corporate banking, global markets and investment management.

The bank has a strong retail customer base through its wide range of saving products, mortgage services and credit card. UOB Indonesia banking services are also accessible in Indonesia, Singapore, Malaysia, and Thailand through hundreds of UOB ATMs.

With its full suite of corporate/commercial and personal banking products, UOB Indonesia offer customers a range of treasury and cash management products and services. UOB Indonesia has also been increasingly focused on helping companies with their expansion plans. It has facilitated many enterprises from industries such as construction, mining, real estate and the services sector expanding into Indonesia. UOB Indonesia is rated AAA (idn) by Fitch Ratings.

UOB Indonesia plays an active role in the community, focusing on art, education and children. Since 2010, UOB Indonesia has held the annual art competition, UOB Painting of the Year. UOB Indonesia also encourages its employees to be involved in its regular volunteer activities. These include the annual UOB Heartbeat Run, blood donation and book donation activities.

For further details on UOB Indonesia, please visit www.uob.co.id

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