

## **UOB Indonesia: Post-pandemic structural reforms are key to accelerate Indonesia's sustainable economic recovery**

*Empowering MSMEs will be a strategic move to support long-term economic growth*

**Jakarta, 15 September 2021** – UOB Indonesia is forecasting Indonesia's economy to grow at least five per cent in 2022 as the country focuses on furthering structural reforms, creating sustainable commodity revenue streams, leveraging strong domestic consumption and capitalising on its connectivity to global value chains.

The Bank's optimism on the nation's economic growth is also underscored by the extensive support from the government and private sectors to reform the micro-, small- and medium-sized enterprises (MSMEs). Collective efforts to help MSMEs gain better access to digital tools and services, financing, as well as partner larger corporations will enable them to contribute more to the domestic economy and play a greater role regionally and even globally.

UOB Indonesia shared its insights at the UOB Economic Outlook 2022 seminar held virtually today with the theme '*Empowering the Indonesian Economy for Stronger Recovery*'.

His Excellency (H.E.) Mr Joko Widodo, President of the Republic of Indonesia, who opened the event with special remarks, said, "In the midst of economic recovery, I encourage the banking industry to foster credit disbursement and enterprises to expand and revitalise their businesses. We should use the pandemic as a momentum to transform the Indonesian economy. We will also continue to pursue sustainable growth in the green and blue economies. Today, Indonesia is well-positioned to capitalise on the vast opportunities in exports, supported by our trading partners that started to see recovery in the second quarter. The current investment climate is also conducive for structural reforms, which will provide greater ease of doing business. Let us seize these opportunities while continuing to maintain our health, in order to achieve sustainable and equitable economic growth."

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The Coordinating Minister for Economic Affairs of the Republic of Indonesia, Mr Airlangga Hartarto, also gave a keynote speech. Other notable speakers at the event comprised government officials, including H.E. the Ambassador of the Republic of Indonesia in Singapore, Mr Suryo Pratomo, the Minister of Trade of the Republic of Indonesia, Mr Muhammad Luffi, and the Minister of Cooperatives and Small and Medium Enterprises of the Republic of Indonesia, Mr Teten Masduki, as well as industrial and business leaders. More than 3,000 participants attended the annual UOB event.

Mr Wee Ee Cheong, Deputy Chairman and CEO, UOB, who also gave an opening address said, "It is heartening to see Indonesia making steady progress on the back of the country's determination in containing the pandemic. Looking ahead, we see opportunities emerging in the areas of connectivity, digitalisation and sustainability. With a strong base of young, enterprising talent who are skilled and digitally-savvy, Indonesia is well-equipped to tap these opportunities while playing a significant role in the region."

Mr Enrico Tanuwidjaja, UOB Economist, said, "Indonesia's economy is set to emerge stronger amid the revival in domestic and favourable external demand, further supported by accommodative fiscal and monetary policy stances, as well as sustained infrastructure spending. The massive ramping-up of the vaccination drive in the country will also result in the gradual easing of social and domestic economic activity restrictions. Further structural reforms aimed at increasing productivity and investment, improving net export and creating sustainable economic growth will be fundamental to the country's acceleration of post-pandemic economic growth."

### **Empowering MSMEs for Indonesia's growth prospects**

MSMEs are a key contributor to Indonesia's economic growth as they contribute more than 60 per cent of Indonesia's GDP and more than 97 per cent of the total productive labour. However, they are currently facing constraints to serve the expanding needs and consumption preferences of Indonesia's population.

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Mr Tanuwidjaja said that Indonesian MSMEs should pursue reforms in three strategic areas so that they can contribute more to the economy and to reach greater heights. These areas are digitalisation, access to credit and collaboration with larger corporations within and outside Indonesia.

“The pandemic has accelerated digitalisation in Indonesia, but the pace is still lacking among MSMEs. Based on UOB data, only about 15 per cent of local MSMEs have digitalised their operations, due to their limited resources and often a lack of digital literacy or digital confidence. In terms of their access to credit, the percentage of MSMEs’ loans in relation to the country’s gross domestic product stagnated at around 6.5 per cent since a decade ago. In addition, MSMEs’ exports remain small at only 15.7 per cent of Indonesia’s total exports. Through innovation and digital transformation, as well as with greater financial flexibility, MSMEs will be able to internationalise their businesses, which will in turn help improve Indonesia’s net exports and attract more foreign investors over time,” Mr Tanuwidjaja said.

Mr Hendra Gunawan, President Director, UOB Indonesia, said, “With key structural reforms put in place, we believe Indonesia is well-positioned to maximise its potential and to attract more domestic and foreign investments. At UOB Indonesia, we are here to support our customers in Indonesia as well as those looking to expand into the country and across the region by tapping the strength of UOB Group’s extensive network. In doing so, we will help contribute to the continued growth of Indonesia and the region.”

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### **About UOB Indonesia**

UOB Indonesia is a subsidiary of United Overseas Bank Limited (UOB), a leading bank in Asia with a global network of around 500 offices in 19 countries and territories in Asia Pacific, Europe and North America. Established in 1956, UOB Indonesia’s service network comprises 41 branch offices, 107 sub-branch offices and 150 ATMs across 30 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 committed to providing quality products and excellent customer service. The Bank offers various banking products and services categorised into digital bank, personal financial services,



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business banking, commercial banking, corporate banking, global markets and investment management. UOB Indonesia is rated AAA (idn) by Fitch Ratings.

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

UOB's award-winning digital bank, TMRW, serves Indonesia's generation of enterprising and digitally-savvy customers by providing a better, personalised banking experience through the use of data and customer feedback. Through TMRW, the Bank is committed to helping customers meet their financial goals as they build a better tomorrow.

UOB Indonesia also offers a full suite of corporate/commercial products, including a range of treasury and cash management products and services. UOB Indonesia is also focused on helping companies with their expansion plans and has supported many enterprises from industries such as construction, mining, real estate and the services sector in their expansion into Indonesia.

UOB Indonesia believes in being a responsible financial services provider and it is committed to making a difference in the lives of its stakeholders and in the communities in which it operates. Just as the Bank is dedicated to helping customers manage their finances wisely and to grow their businesses, UOB Indonesia is steadfast in its support of social development, particularly in the areas of art, children and education.

For further details on UOB Indonesia, please visit [www.uob.co.id](http://www.uob.co.id)

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