

بِسْمِ اللَّهِ الرَّحْمَنِ الرَّحِيمِ

**IN THE NAME OF ALLAH THE
MOST GRACIOUS AND
MOST MERCIFUL**



UMY

Universitas
Muhammadiyah
Yogyakarta

Unggul & Islami

Terakreditasi A, No. 061/SK/BAH-PT/Ak-IV/PT/II/2013





PROMOTING THE BALANCE BETWEEN DEVELOPMENT OF FINTECH AND RESILIENCE OF ISLAMIC BANKING TOWARDS SUSTAINABLE FINANCE IN INDONESIA

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I N D O N E S I A**

**Presented at “National Seminar on Islamic Economics and Finance
Outlook in Industrial Revolution 4.0”,
Universitas Muhammadiyah Yogyakarta, INDONESIA
03 December 2018**



OUTLINE OF PRESENTATION

1. INTRODUCTION

2. FINTECH DEVELOPMENT IN INDONESIA

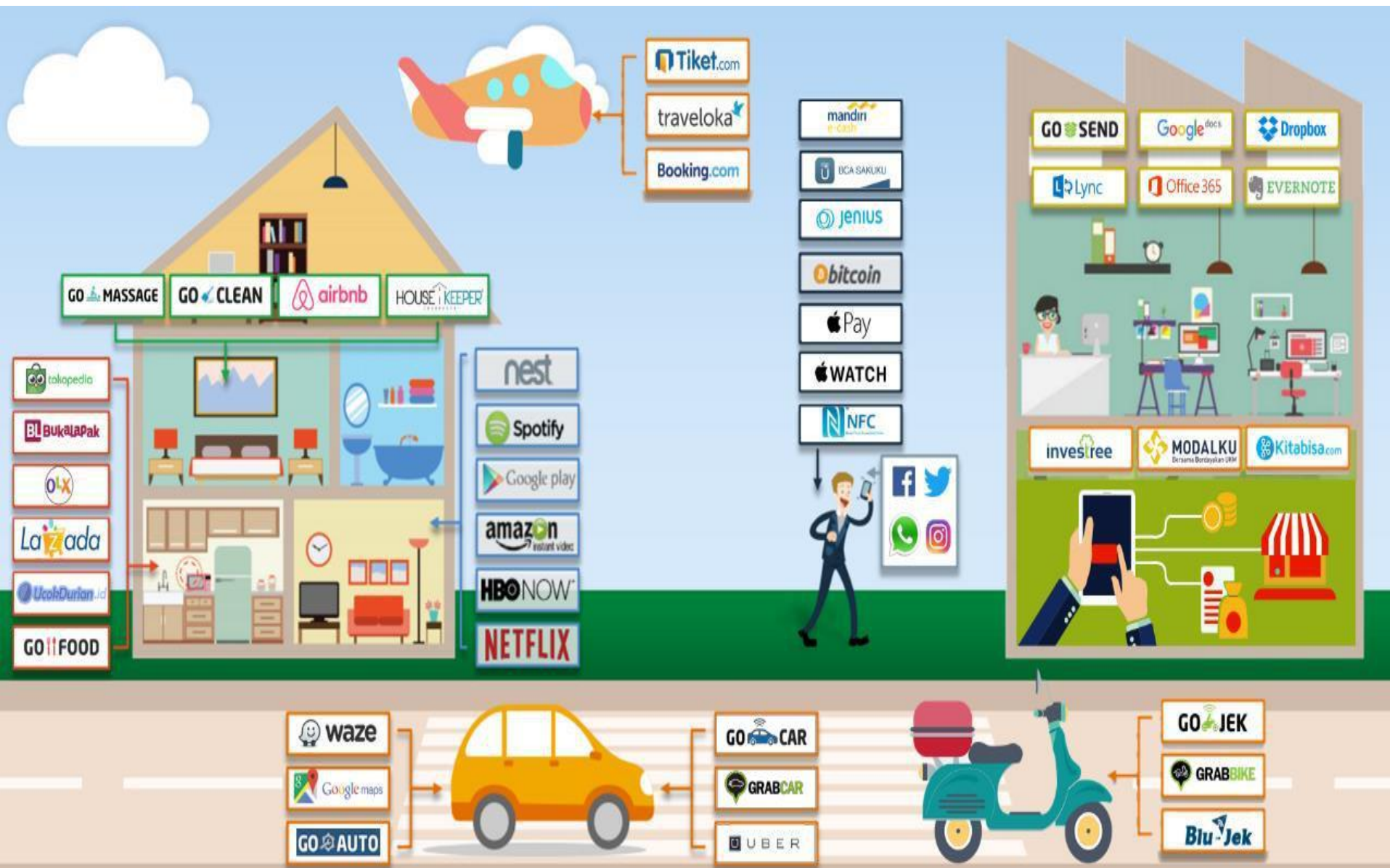
3. THE RESILIENCE OF ISLAMIC BANKING

**4. THE LINK BETWEEN FINTECH DEVELOPMENT
AND RESILIENT**

5. THE WAY FORWARD

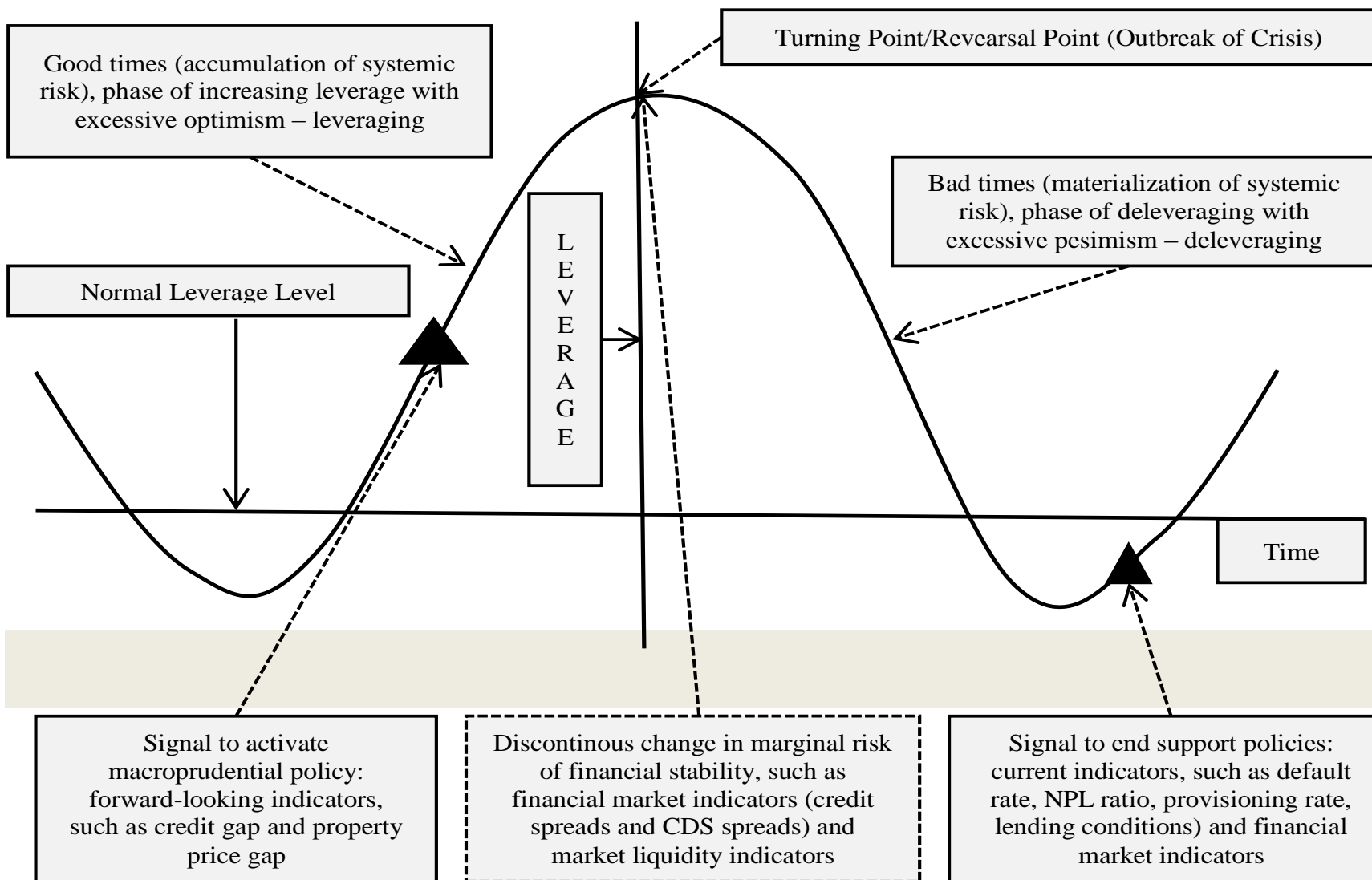
1. INTRODUCTION

Digitalisation has transformed all aspects of human life...



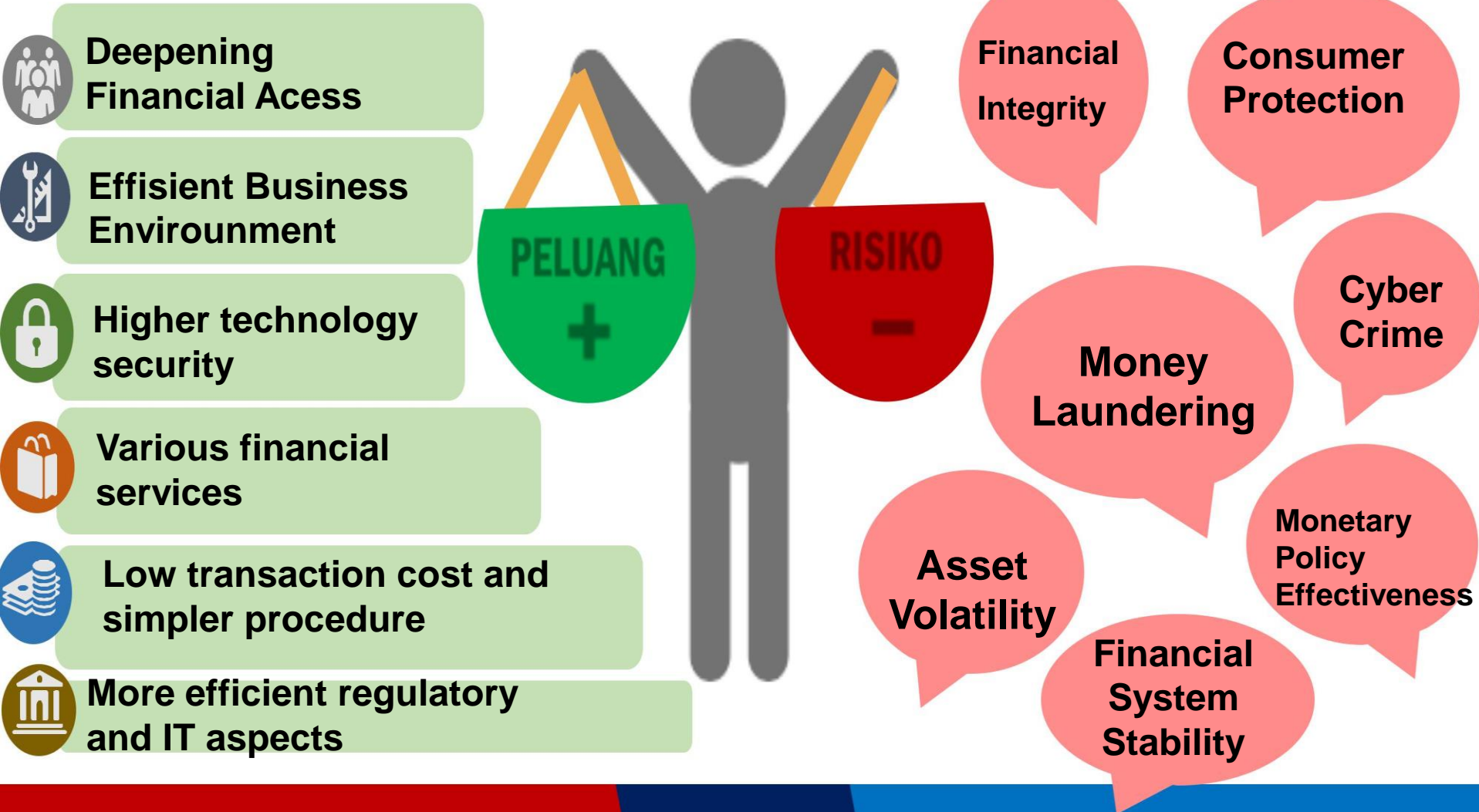


1. INTRODUCTION FINANCIAL LEVERAGE



1. INTRODUCTION

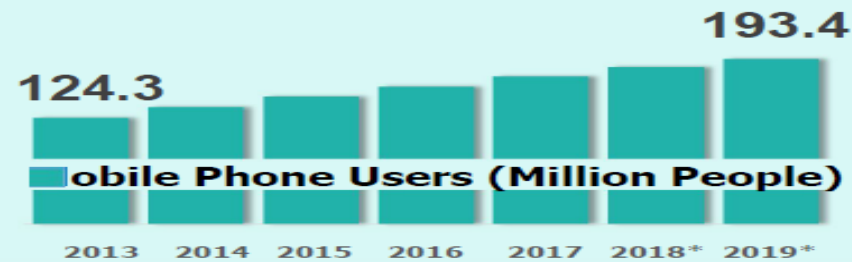
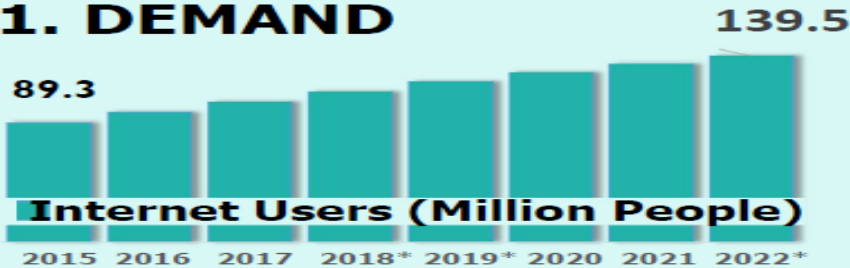
Digital Technology shares huge opportunities and outstanding challenges in the financial system.



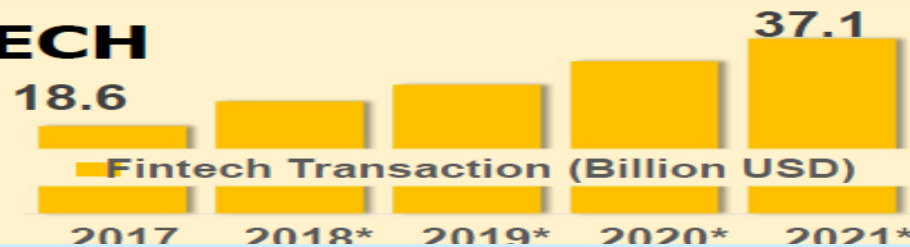


2. FINTECH DEVELOPMENT IN INDONESIA

1. DEMAND



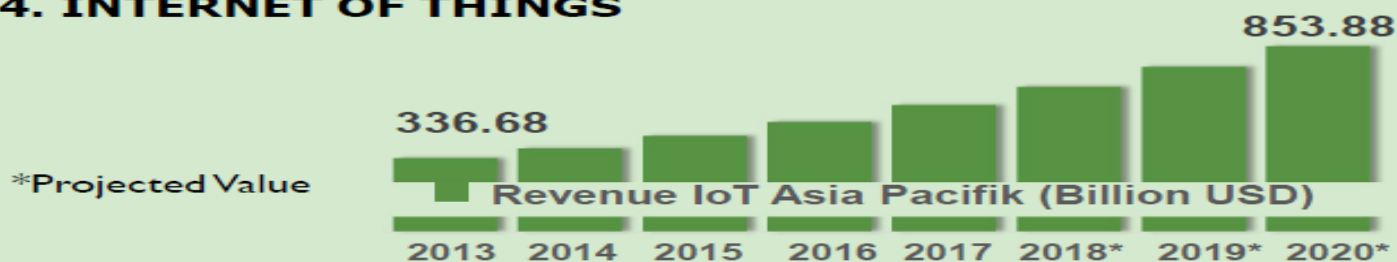
2. FINTECH



3. E-COMMERCE



4. INTERNET OF THINGS



*Projected Value



2. FINTECH DEVELOPMENT IN INDONESIA



POPULATION
261.12 Million



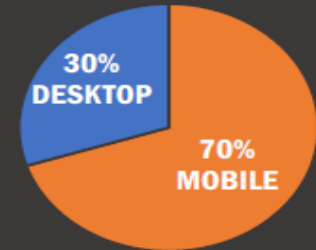
**BANKED
POPULATION**
48.9%



**ACTIVE SOCIAL
MEDIA USERS**
130 Million



**INTERNET
PENETRATION**
143.2 Million



GDP GROWTH
5% per annum



**BORROWED FROM
FINANCIAL
INSTITUTION**
17.2%



**MOBILE
SUBSCRIPTIONS**
415.7 Million



URBAN 72.4%
SEMI-URBAN 49.4%
RURAL 48.2%



**Total value of disclosed
Fintech investment (2017)**

USD \$176.75 Million



**Transaction value in the
Fintech market
(projected 2018)**

USD \$22,338 Million



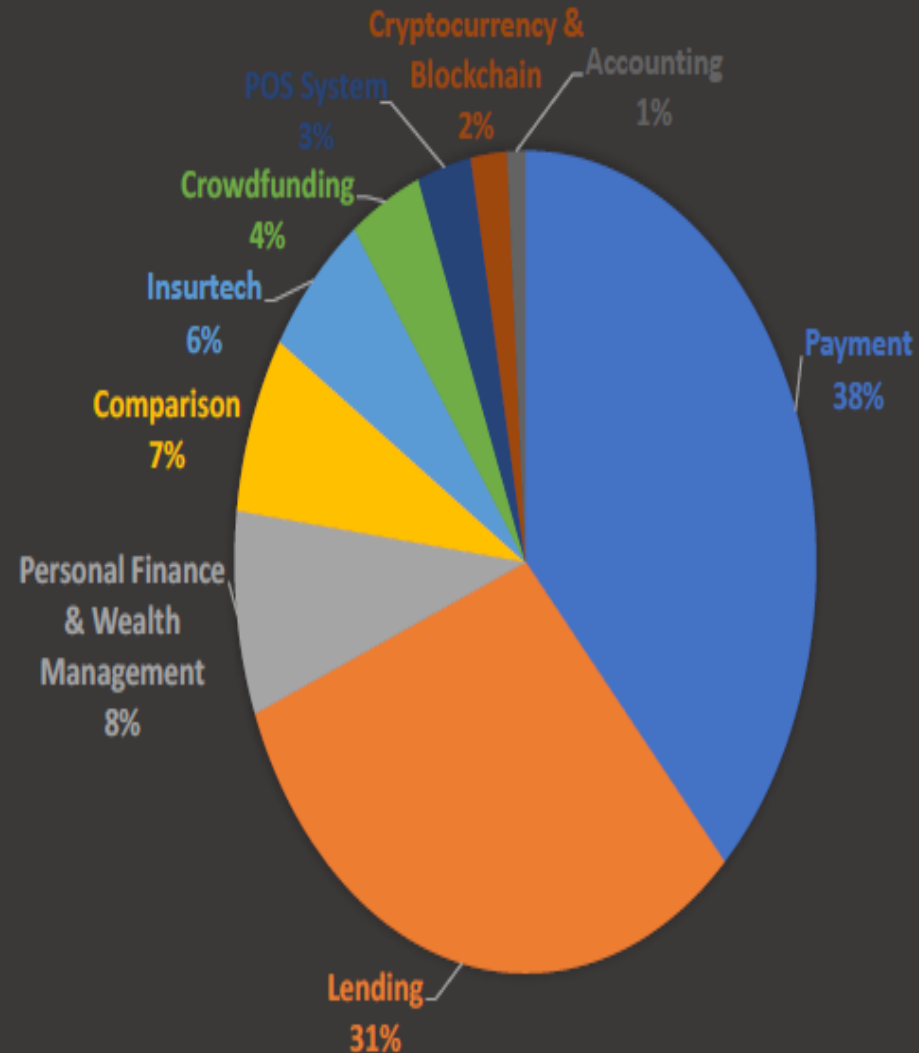
**Transaction value
expected to show
a growth rate of**

16.3%
annually



2. FINTECH DEVELOPMENT IN INDONESIA

**Percentage Distribution of the
Indonesian Fintech Ecosystem**





2. FINTECH DEVELOPMENT IN INDONESIA

Indonesia Fintech Map





2. FINTECH DEVELOPMENT IN INDONESIA

Payment | Go Pay

Powered by: **FINTECH SINGAPORE**

GOJEK GO-PAY

Description
GO-JEK (PT Aplikasi Karya Anak Bangsa) is an Indonesian-owned and run technology start-up that specializes in ride-hailing, logistics and digital payments. GO-PAY is not only to pay for GO-JEK services but also available to help you with new features and products. In October 2017, GO-PAY transactions have contributed 20 percent of overall e-money transactions in Indonesia.

Company
Go Jek/Ko Pay

Website
<https://www.go-jek.com/go-pay/>

Country/City
Indonesia/Jakarta

Founded
2010

Lending | Doctor Rupiah

Powered by: **FINTECH SINGAPORE**

Doctor Rupiah

Description
Doctor Rupiah presents innovative financial services in Indonesia to help people get small cash loans without asking for lots of documents, to be with collateral, go through long process and complicated procedures, once you submit online. Doctor Rupiah operates under the auspices of PT Digital Solutions Indonesia.

Company
Doctor Rupiah

Website
<https://drupiah.com/>

Country/City
Indonesia/Jakarta

Founded
2012

Finance & Wealth Management | Bareksa

Powered by: **FINTECH SINGAPORE**

bareksa

Description
Bareksa.com is the first integrated online mutual fund marketplace in Indonesia, under PT Bareksa Portal Investasi which was established on February 17, 2013. This portal, in addition to providing a platform to conduct mutual fund trading online, also provides data services, information, and investment tools of mutual funds, stocks, bonds, and others, to facilitate the public to invest.

Company
Bareksa

Website
<https://www.bareksa.com/>

Country/City
Indonesia/Jakarta

Founded
2013

Comparison | SikatAbis

Powered by: **FINTECH SINGAPORE**

SikatAbis.com

Description
Home Ownership Loan (KPR) is a long-term commitment. SikatAbis.com is a home loan comparison site from various banks, making you easily choose the cheapest mortgage.

Company
SikatAbis

Website
<https://www.sikatabis.com/>

Country/City
Indonesia/Jakarta

Founded
2015

Insurtech | Asuransi88

Powered by: **FINTECH SINGAPORE**

asuransi88.com

Description
Asuransi88.com is the most comprehensive web site for insurance products in Indonesia. They partner with certified insurance agents and leading insurers. Their aim is to "Help you find the right product at the best price, while saving you TIME and MONEY."

Company
Asuransi88

Website
<http://www.asuransi88.com/>

Country/City
Indonesia/Jakarta

Founded
2014

Crowdfunding | GandengTangan

Powered by: **FINTECH SINGAPORE**

gandengtangan.org

Description
GandengTangan is a collaborative venue for business owners who need capital with investors seeking to safety and transparency impact social. Through short-term investment, GandengTangan is intended to bridge the two in order to join hands to create a good impact for Indonesia.

Company
GandengTangan

Website
<https://gandengtangan.org/>

Country/City
Indonesia/Jakarta

Founded
2015

POS System | Olsera

Powered by: **FINTECH SINGAPORE**

olsera

Description
Olsera is a creative solution that helps you design and build online stores, while presenting Point of Sale (POS) to your smart phone or tablet, with every convenience that today's technology can bring.

Company
Olsera

Website
<http://www.olsera.com/id/pos>

Country/City
Indonesia/Jakarta

Founded
2015

Cryptocurrency & Blockchain | Bitcoin.co.id

Powered by: **FINTECH SINGAPORE**

bitcoincoid.com

Description
Bitcoin.co.id is the Biggest Indonesia Bitcoin Exchange that act as bitcoin's backbone for the finance ecosystem in Indonesia.

Company
Bitcoin.co.id/indonesia

Website
<https://indodax.com/>

Country/City
Indonesia/Jakarta

Founded
2013

Accounting | Akunting Mudah

Powered by: **FINTECH SINGAPORE**

akuntingmudah.com

Description
Akunting Mudah (which translates to "Easy Accounting") is another cloud-based accounting software. Akunting Mudah helps users prepare and analyze their financial statements. The firm claims users don't even need to understand the basic theory of accounting to use the product.

Company
Akunting Mudah

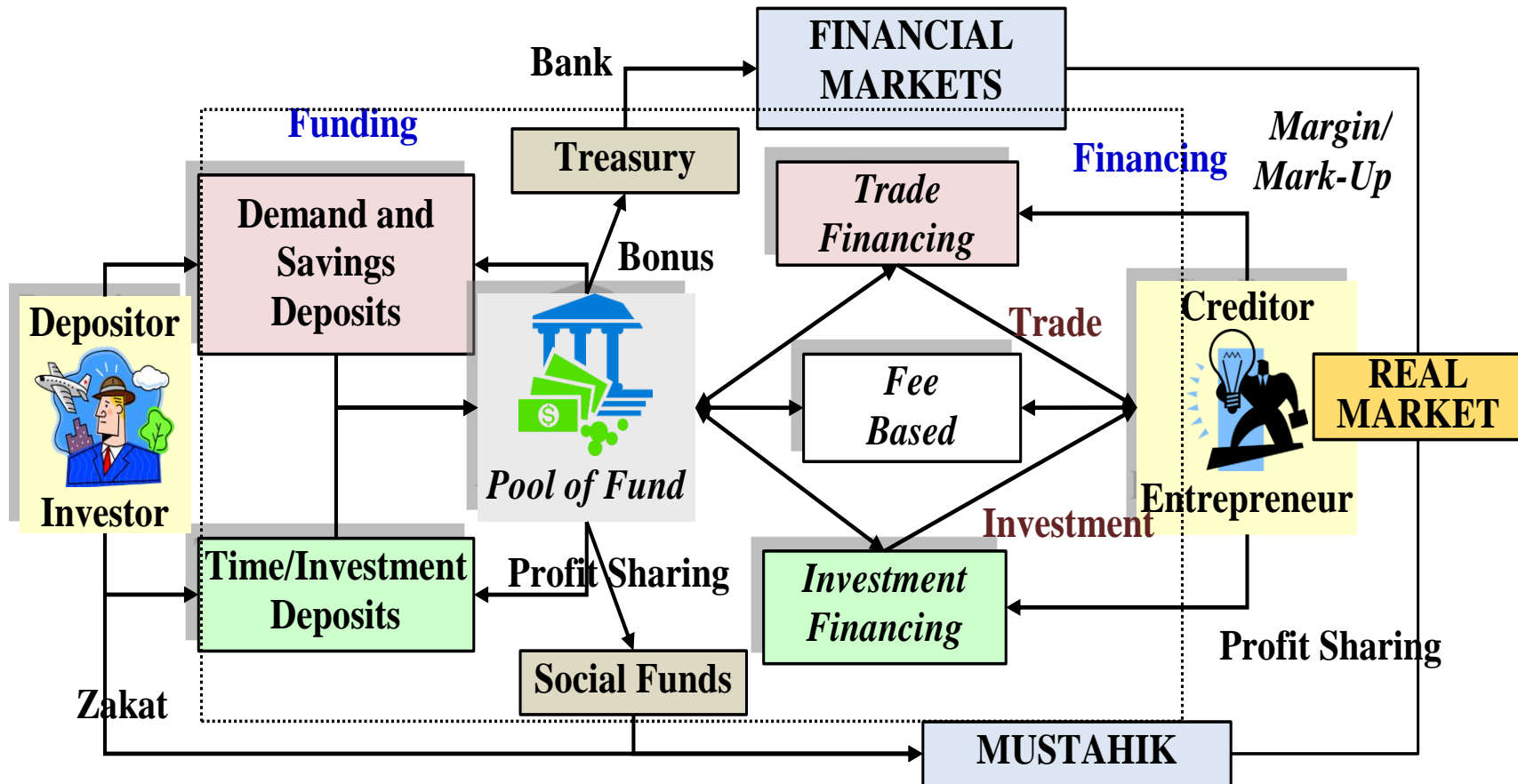
Website
<https://akuntingmudah.com>

Country/City
Indonesia/Jakarta

Founded
2013



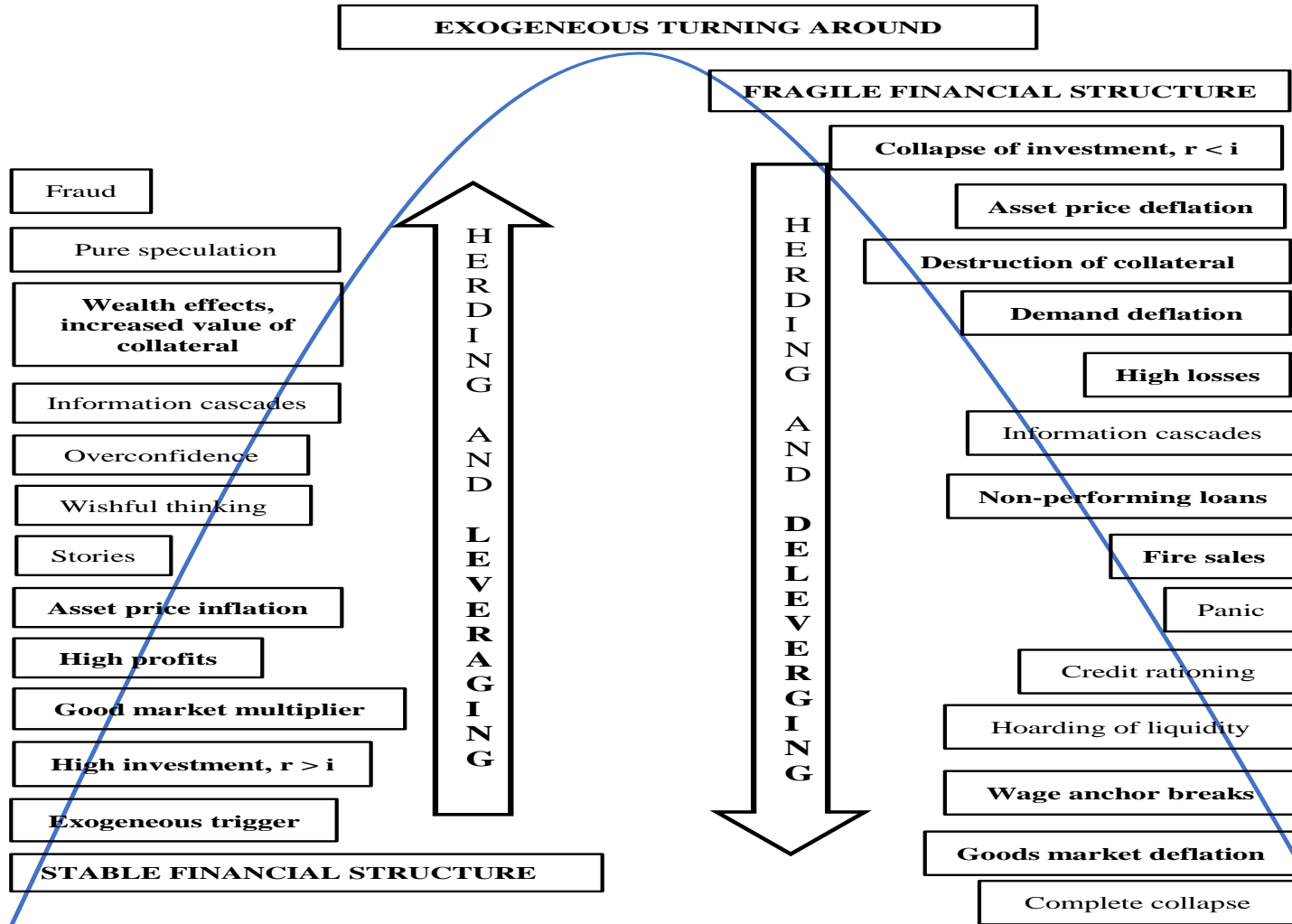
3. THE RESILIENCE OF ISLAMIC BANKING



Source: Ascarya et al. (2014)

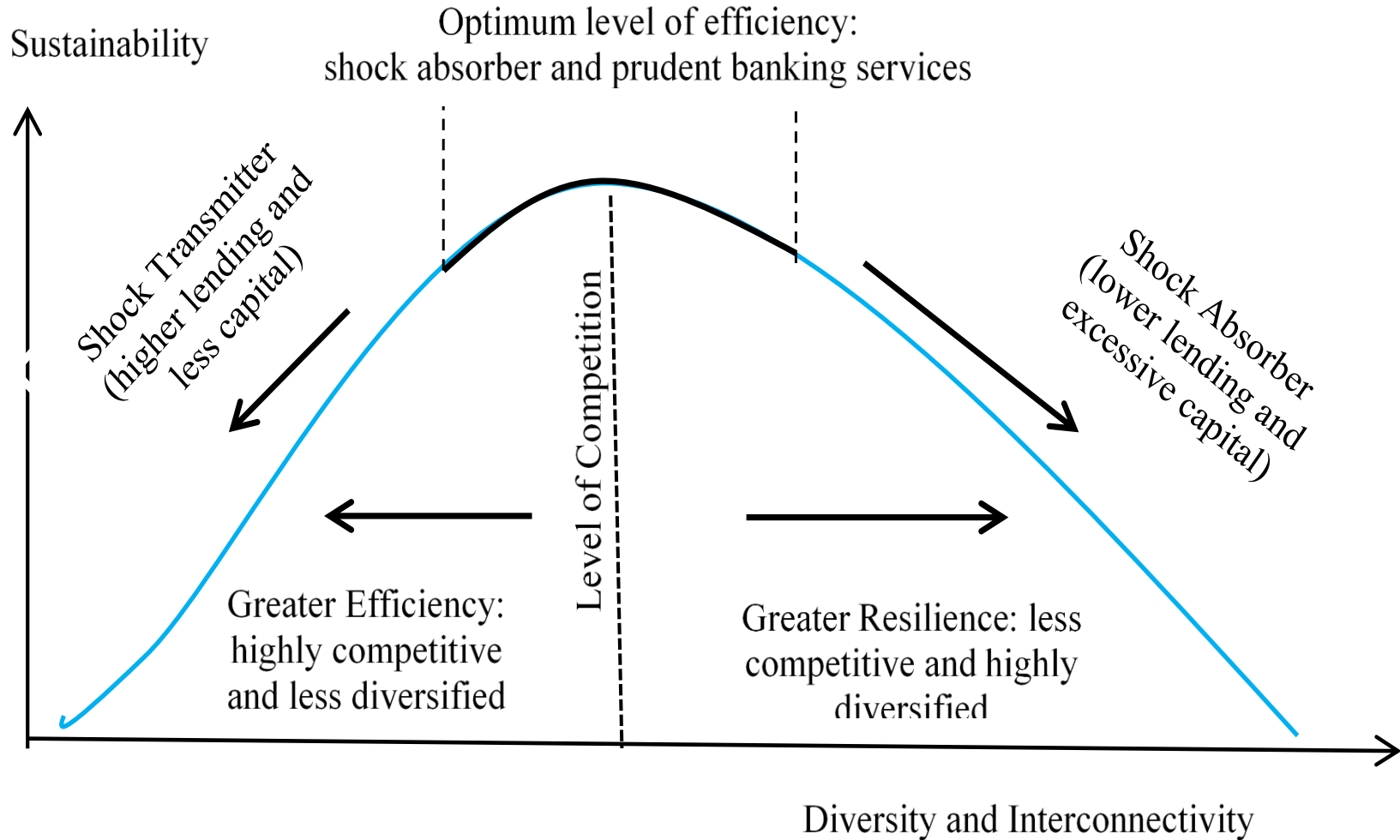


3. THE RESILIENCE OF ISLAMIC BANKING





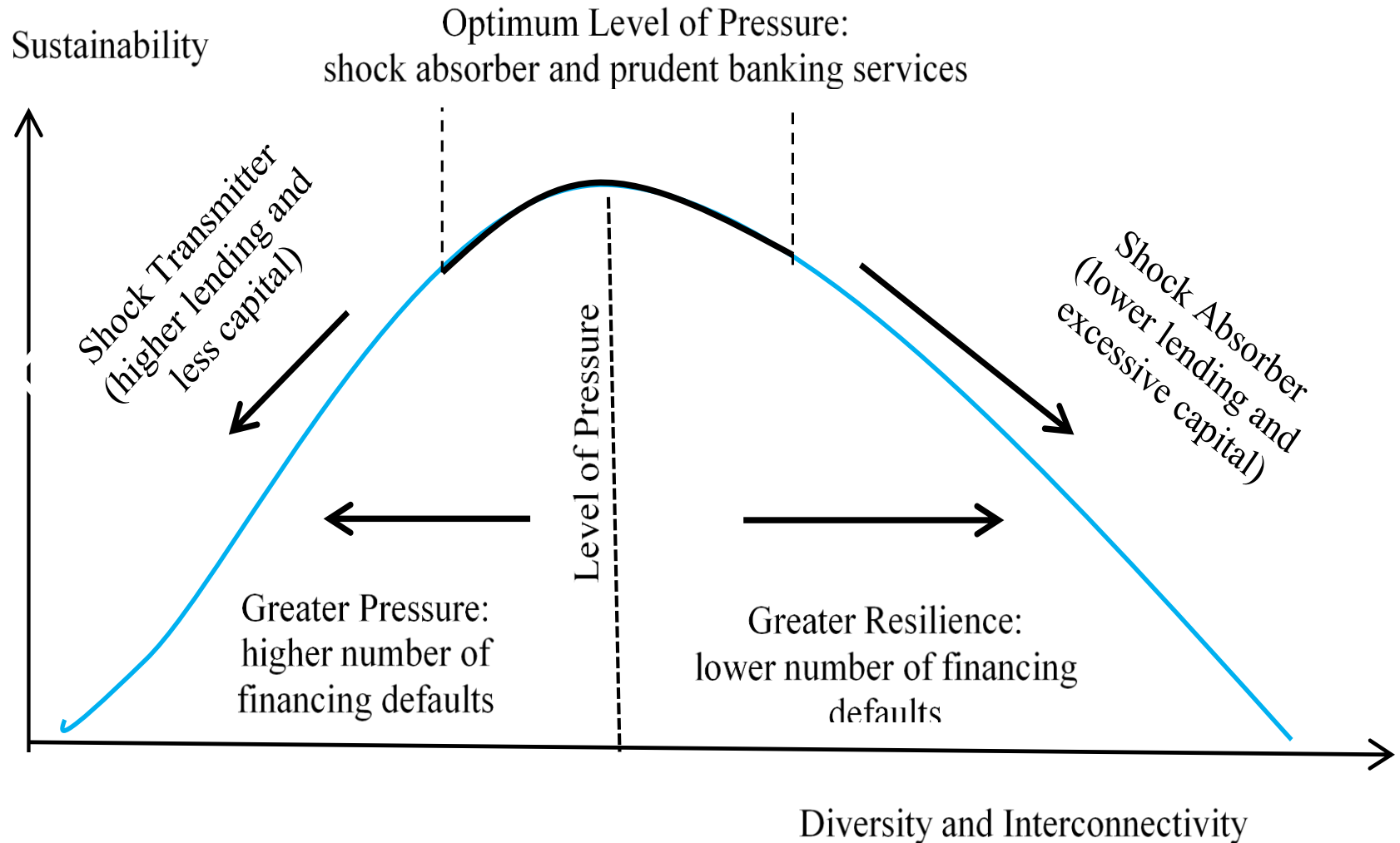
3. THE RESILIENCE OF ISLAMIC BANKING



The Optimum Level of Efficiency in the Banking Sector



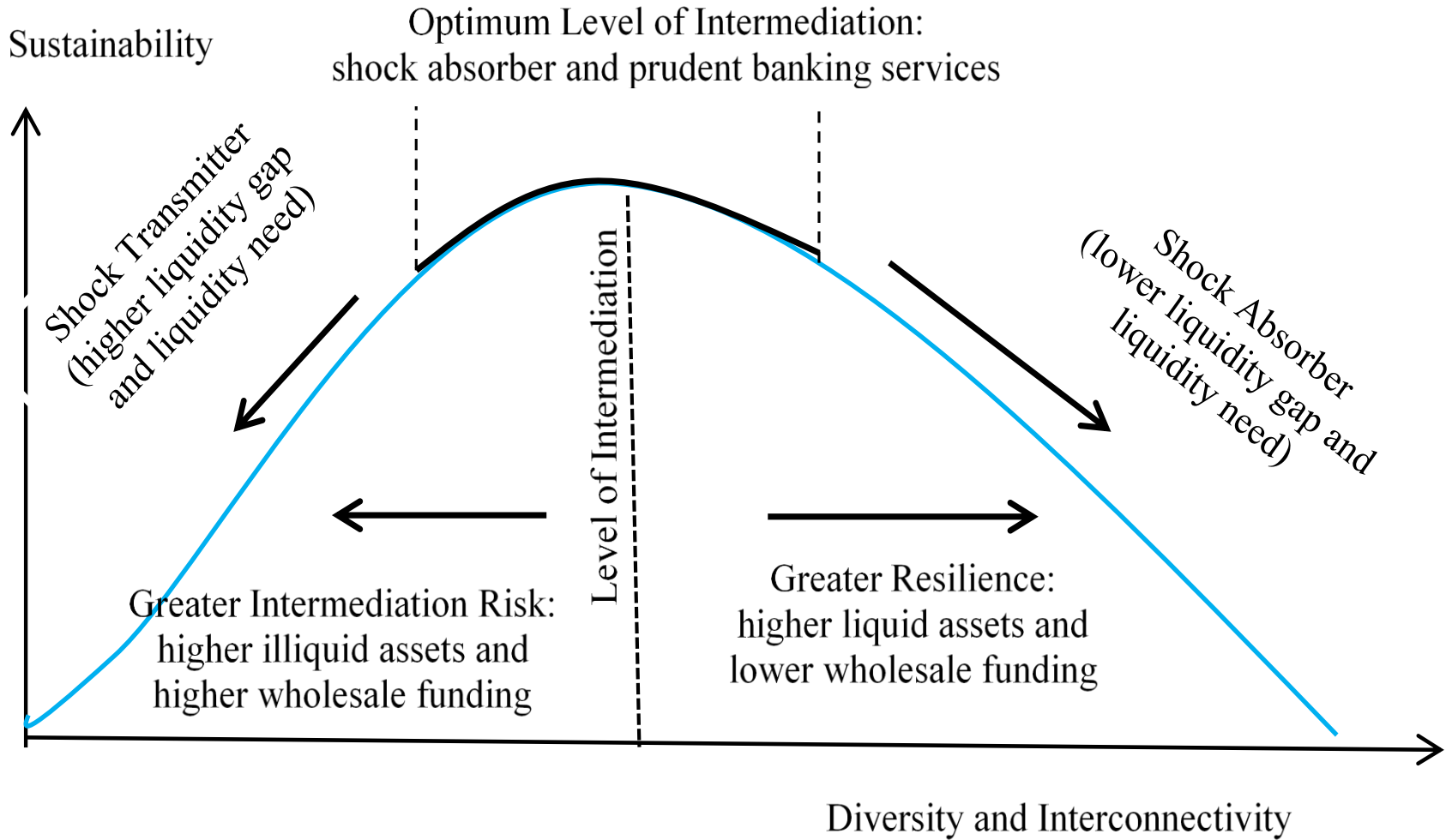
3. THE RESILIENCE OF ISLAMIC BANKING



The Optimum Level of Pressure in the Banking Sector



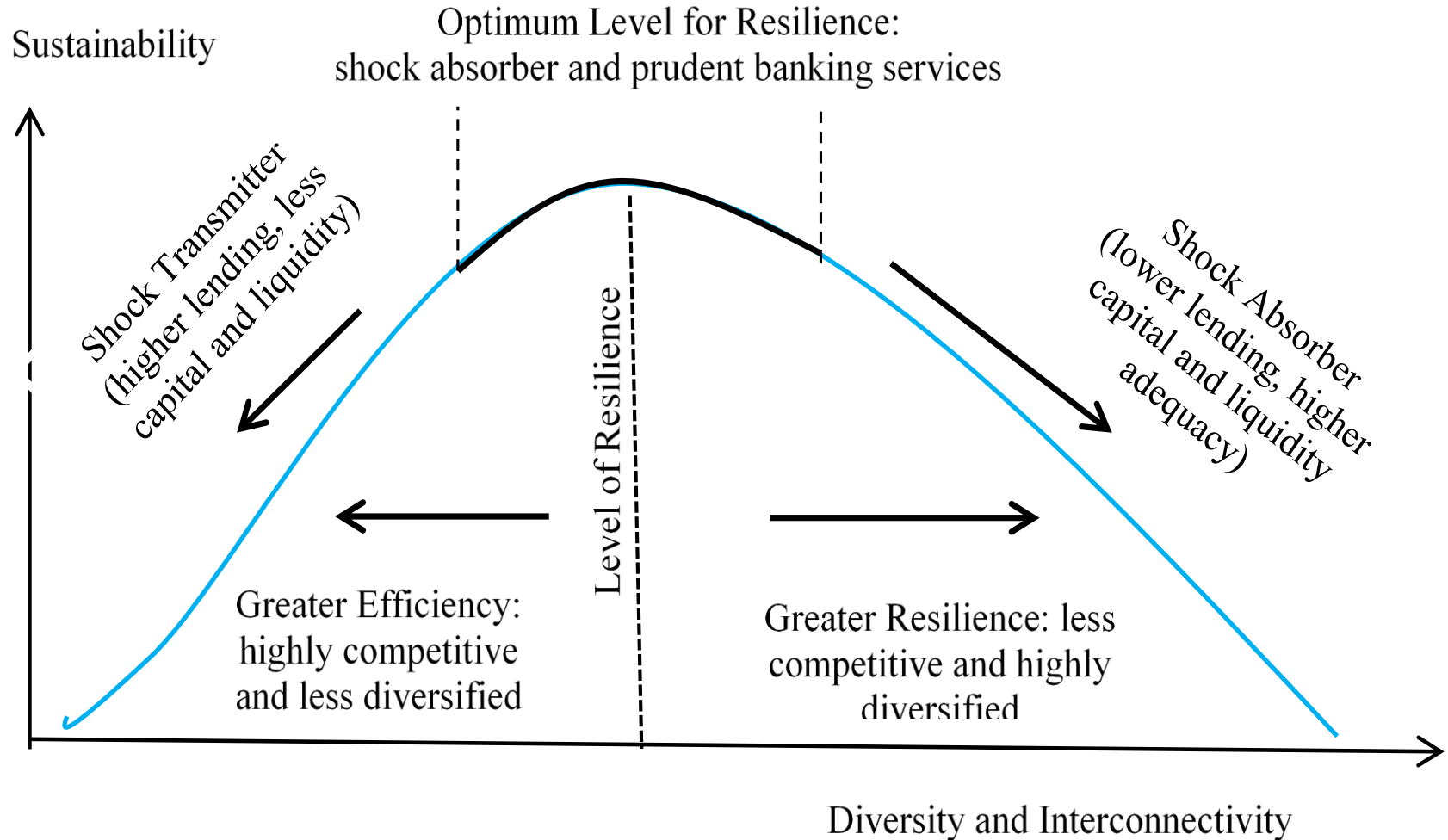
3. THE RESILIENCE OF ISLAMIC BANKING



The Optimum Level of Intermediation in the Banking Sector



4. THE LINK BETWEEN FINTECH DEVELOPMENT AND RESILIENCY



The Optimum Level of Resilience in the Islamic Banking



4. THE OPTIMAL LEVEL OF RESILIENCE

No	Unit of Measurement	Conditional Criteria		
		Threshold Level of Resilience	Threshold Level of Crash	Threshold Level of Stagnation
Individual Variables				
1	Non Performing Financing (NPF) (%)	$2.86 < \text{NPF} < 3.94$	$\text{NPF} > 3.94$	$\text{NPF} < 2.86$
2	Return on Assets (ROA) (%)	$1.69 < \text{ROA} < 2.05$	$\text{ROA} > 2.05$	$\text{ROA} < 1.69$
3	Capital Adequacy Ratio (CAR) (%)	$14.35 < \text{CAR} < 19.33$	$\text{CAR} > 19.33$	$\text{CAR} < 14.35$
4	Liquid Asset (LA) (Ratio)	$0.21 < \text{LA} < 0.26$	$\text{LA} > 0.26$	$\text{LA} < 0.21$
5	DRR (%)	$9.28 < \text{DRR} < 10.26$	$\text{DRR} > 10.26$	$\text{DRR} < 9.28$
6a	Time Deposit (TD) (%)	$6.42 < \text{TD} < 7.19$	$\text{TD} > 7.19$	$\text{TD} < 6.42$
6b	Financing Margin (FM) (%)	$16.04 < \text{FM} < 17.11$	$\text{FM} > 17.11$	$\text{FM} < 16.04$
7	Gap Financing to Deposit Ratio (GFDR)	$-3.73 < \text{FDR} < 2.30$	$\text{FDR} > 2.30$	$\text{FDR} < -3.73$
8	Financing Deposit Ratio (FDR) (%)	$91.36 < \text{FDR} < 97.21$	$\text{FDR} > 97.21$	$\text{FDR} < 91.36$
9	Financing to Gross Domestic Product (FGDP) (Ratio)	$0.12 < \text{FGDP} < 0.16$	$\text{FGDP} > 0.16$	$\text{FGDP} < 0.12$
10	Gap Gross Domestic Product (GGDP)	$-391.01 < \text{GGDP} < -546.22$	$\text{GGDP} > -546.22$	$\text{GGDP} < -391.01$
11	Net Profit Margin (NPM) (%)	$1.27 < \text{NPM} < 1.85$	$\text{NPM} > 1.85$	$\text{NPM} < 1.27$
12	Cost Income Ratio (CIR) (%)	$76.69 < \text{CIR} < 79.24$	$\text{CIR} > 79.24$	$\text{CIR} < 76.69$
13	Operating Expense Ratio (OER)	$0.58 < \text{OER} < 0.63$	$\text{OER} > 0.63$	$\text{OER} < 0.58$
14	Overhead Cost Operating Ratio (OHCPO)	$0.05 < \text{OHCPO} < 0.06$	$\text{OHCPO} > 0.06$	$\text{OHCPO} < 0.05$

5. THE WAY FORWARD

Balancing Approach by Promoting Fintech Development while Maintaining Financial Resilience

INNOVATION

1. Promote Innovation in Financial Sector
2. Promote Economic growth by utilizing digital technology

Conducive business environment for fintech innovation

RESILIENCE

1. Maintaining Monetary Stability
2. Maintaining Financial System Stability
3. Sound, strong, and efficient payment system
4. Mitigating risk and consumer protection

Surveillance Fintech Development

Balancing Innovation & Resilience

REGULATION



END OF PRESENTATION



**THANK YOU FOR YOUR PRECIOUS TIME
MAY ALLAH BLESS US WITH KNOWLEDGE AND WISDOM**

WASSALAM

