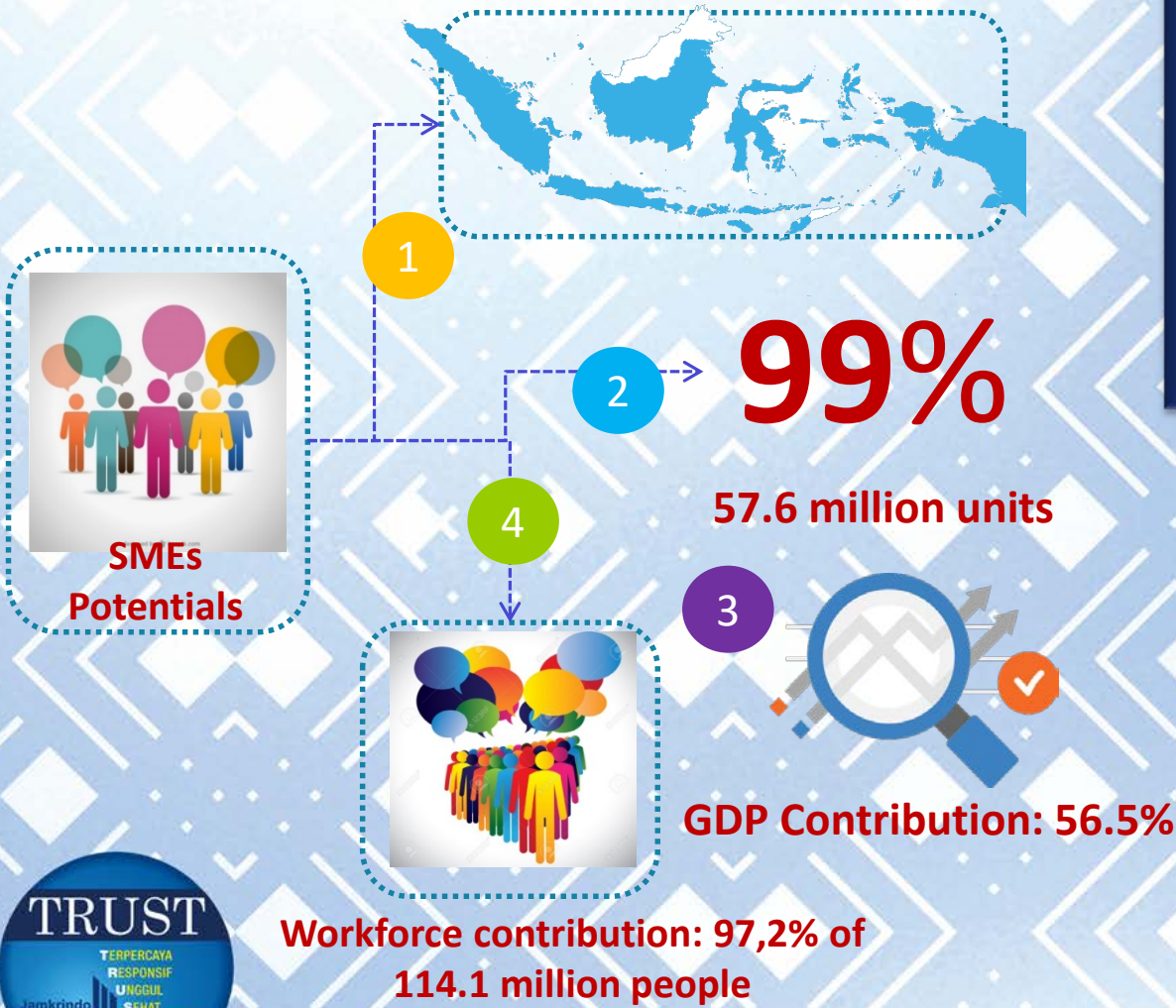


Jamkrindo (Indonesia Credit Guarantee Corporation)

PERUM JAMKRINDO
Indonesia Credit Guarantee Corporation
Presented on
The 27th ACSIC Training Program
Kuala Lumpur, 24-27th September 2017



Indonesian SMEs Potentials



Workforce contribution: 97,2% of 114.1 million people

The Problems Faced by Indonesian SMEs:

The most fundamental problem faced by Indonesian SMEs are :

- Capital Availability
- Capital Access
- Ability to accessed



The Need of Credit Rating for SMEs

1. SMEs Nation-wide database
2. Capturing business information
3. Assigning credit worthiness
4. Enabling the policy makers to conduct detail analysis on SMEs sector/location to focus on
5. Establishing portal for SMEs to promote their products, services and cooperation



DISTRIBUTION OF GUARANTEE COMPANY IN INDONESIA



JAMKRINDO

Indonesia Credit Guarantee Corporation



Year of establishment
1970



State Owned-Enterprise
100% Government Owned



Gov Shares IDR7.1 Trillion
(USD525.9 million)



Total Assets IDR11.6 Trillion
(USD859.3 million)



Guarantee
Outstanding
IDR76 Trillion
(USD5.6 billion)



12 millions of
SMEs guaranteed



1 Head Office
9 Regional Offices
56 Branches
14 Service Units
1 Subsidiary company



1,473 employees

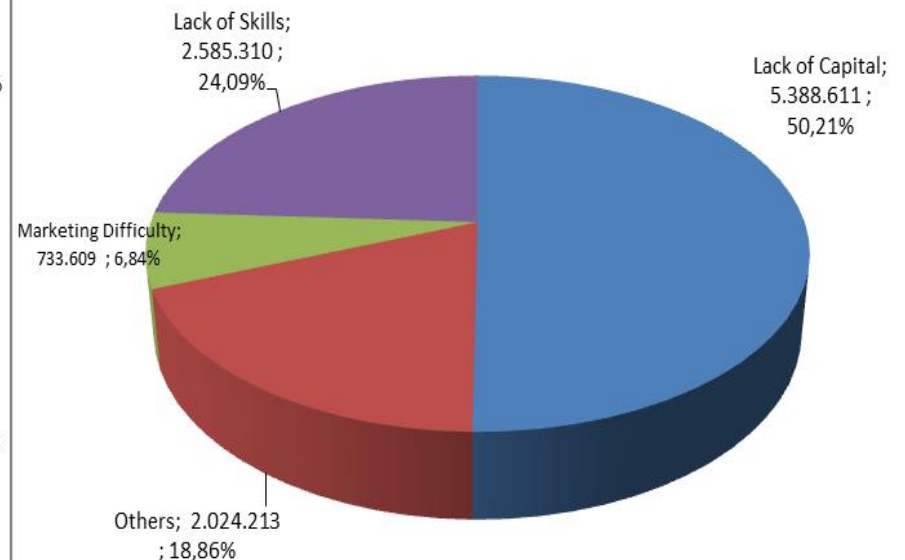
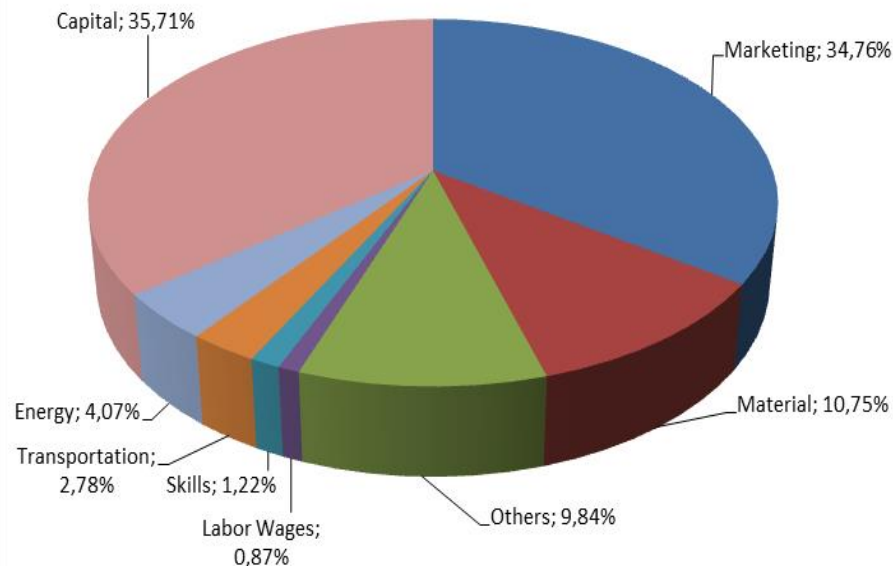


The Problems Faced by Indonesian SMEs

The problem of capital or access to sources of financing are the main problem that has hampered the development of MSMEs

The main problem facing MSMEs

Factors hindering the expansion of SMEs



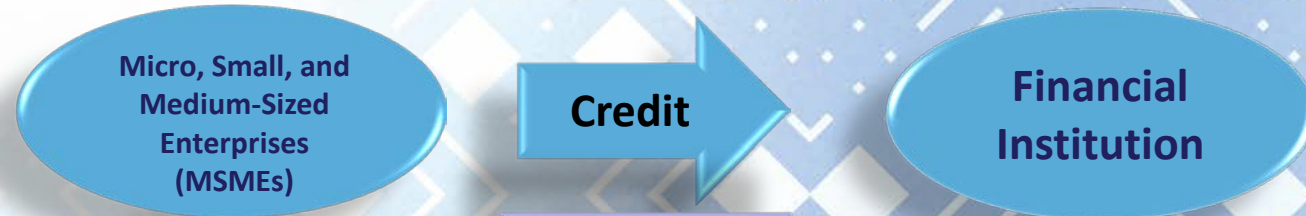
Source : Bank of Indonesia (Central Bank of Indonesia)



Basic Structure of Credit Guarantee



The Merit of Guarantee Corporation



The merit of guarantee company:

- ❑ To bridge SMEs access to the banking industry, in particular SMEs that are feasible but not yet bankable
- ❑ To guarantee the fulfillment of financial obligations of MSMEs as banks' debtor

Does not have an official business licenses

Unable to meet the criteria for bank's credit

High lending rates

Collateral:

- Doesn't have a mortgage at all
- Insufficient collateral.
- The collaterals does not meet the formal criteria (ex.: land collateral without certificate)

Credit Guarantee System



GUARANTEE COVERAGE

- Guarantee Act No. 1/2016 is the legal basis of guarantee service in Indonesia.
- Guarantee service from Guarantor (Jamkrindo) covers the financial obligation of the Guaranteed (SMEs) to the Guarantee Receiver (Bank/Non Bank).
- Since the loan/obligation is defaulted, Guarantor would pay the claim from the Guarantee Receiver.



Guarantee Procedur

Individual Approach (Case by Case)

Guarantee Application

- SME's application
- Eligibility check-up and Documents verification

Credit Analysis & On-site Visit

- Document submitted & reviewed
- Analyst's on-site visit

Evaluation & Approval

- Credit rating & Evaluation
- Guarantee approval

Issuance of Guarantee Letter

- Contract & Paying fee
- Issue of guarantee

Credit Guarantee Procedure



Guarantee Procedure

Collective Approach (Conditional Automatic Cover)

Determining Loan Guarantee Scheme & Analysis

- Bank proposes loan scheme
- Analysis of the terms & condition of guarantee system

Credit Guarantee Cooperation

- Terms & Condition of Credit guarantee cooperation is documented.
- Signing between Bank & Guarantor

Credit Guarantee Application

- Bank apply for collective credit guarantee proposal
- Verification

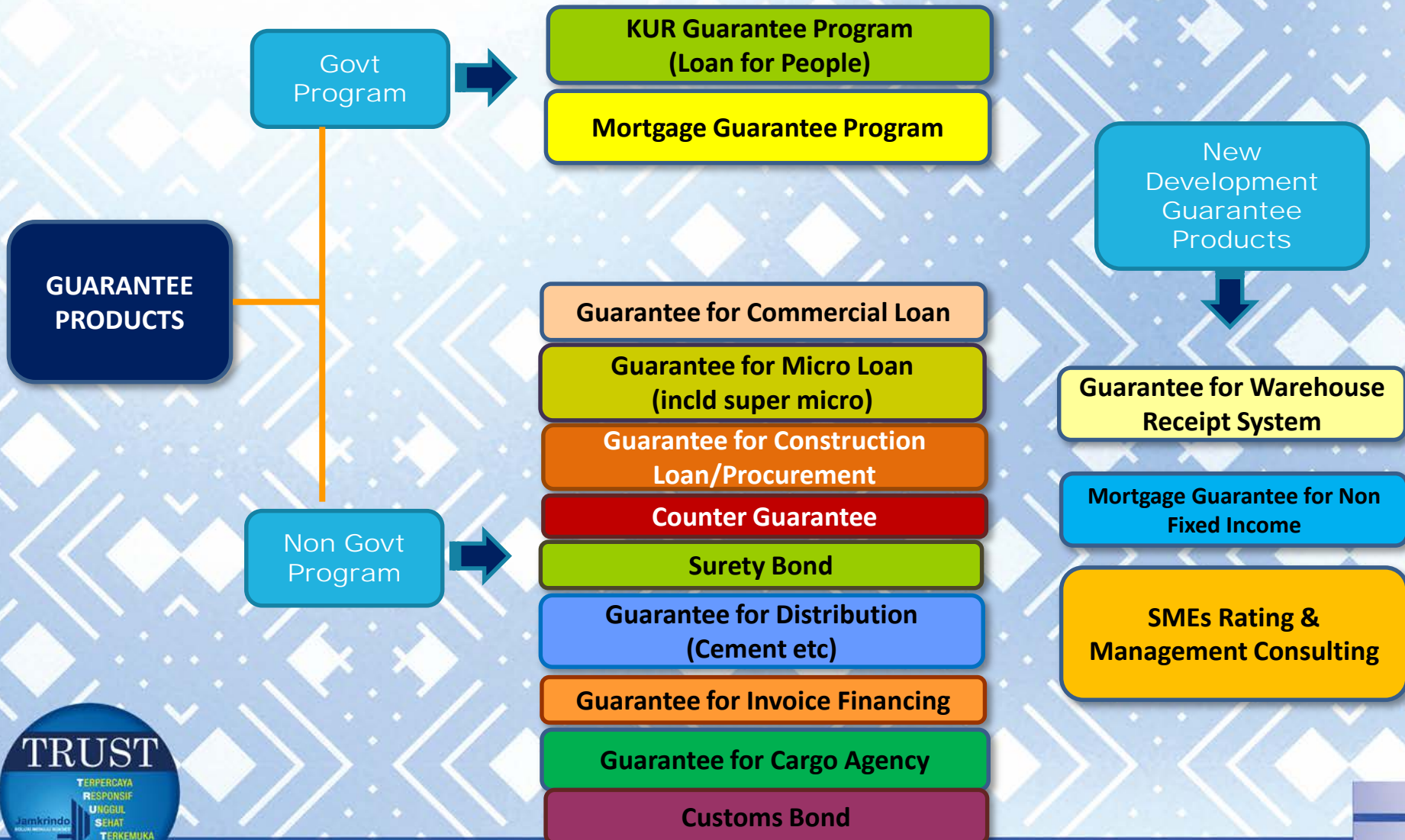
Issuance of Guarantee Letter

- Contract & Paying fee
- Issue of guarantee

Credit Guarantee Procedure

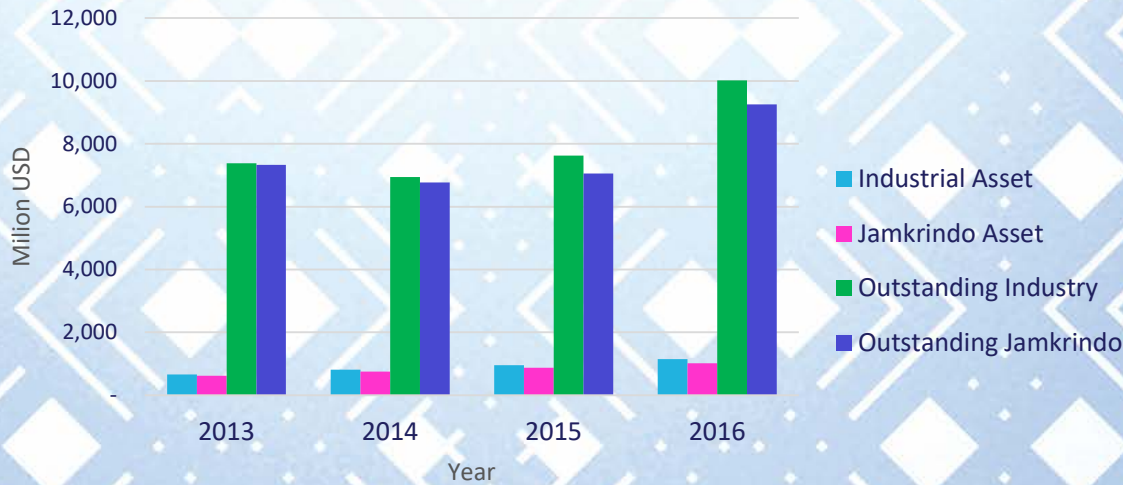


SMEs Loan & Guarantee Products



Operational Performance of the Guarantee Industry (last 4 years performance)

Performance of Perum Jamkrindo to the Guarantee Industry



Jamkrindo covers about **92.44%** of the guarantee outstanding in the industry on Dec 31, 2016

Source : OJK and Perum Jamkrindo

Guarantee Outstanding Comparison (million USD)

	2013	2014	2015	Dec 31, 2016
Industry	7,381.13	6,946.15	7,627.87	10,015.52
Perum Jamkrindo	7,326.38	6,767.66	7,058.65	9,258.29

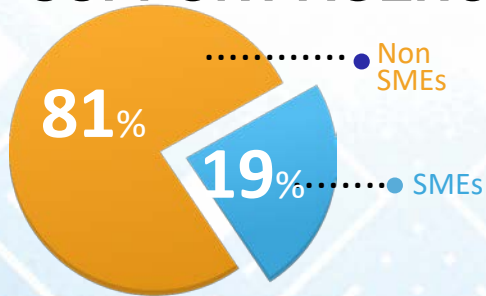
Assets Comparison (million USD)

	2013	2014	2015	Dec 31, 2016
Industry	654.72	815.96	954.70	1,153.37
Perum Jamkrindo	621.72	752.21	872.96	1,018.45

SMEs Rating

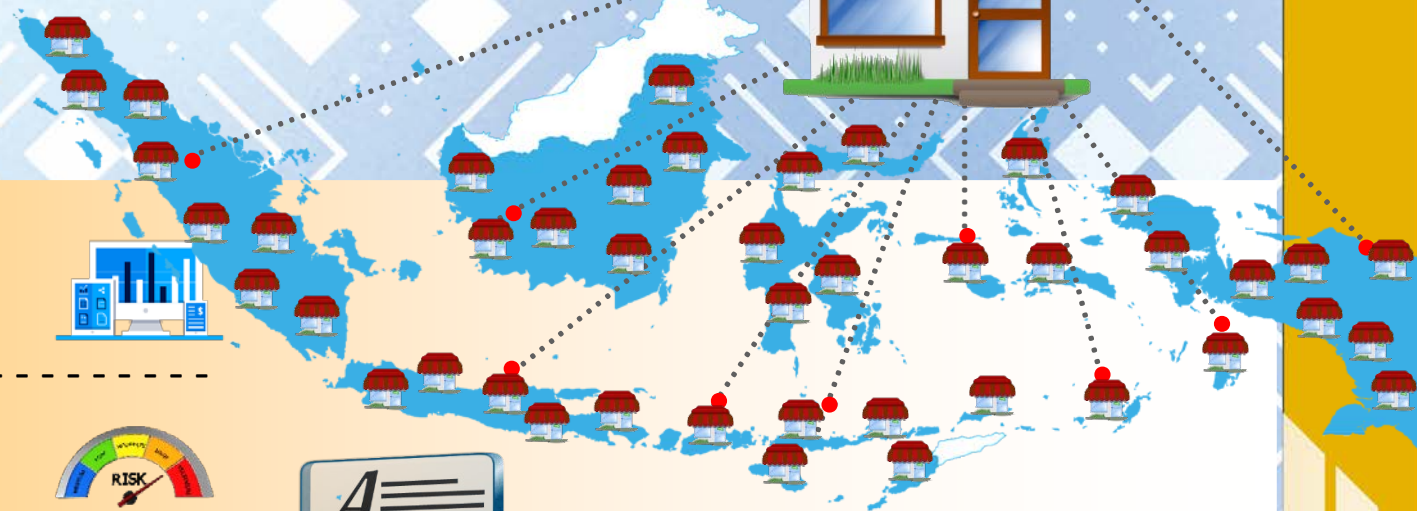


MANAGEMENT CONSULTING & SMEs RATING AS A GUARANTEE SUPPORT AGENCY



SMEs rating through updating of SMEs data is guaranteed and nationally guaranteed candidate to create bigger guarantee market and increase credit penetration of SMEs (financial inclusiveness / credit)

Indonesian Banking Statistics shows the national average 2011-2016 period of credit absorption to MSMEs is only 19%



Search & record SMEs potential candidate



Expansion of SMEs financial access, guarantee market (Direct Guarantee)



Updating data SMEs Guaranteed as Credit control activities



Pressing the risk of guarantee claims, subrogation optimization



Coaching SMEs Guaranteed to go up the class through management consulting and guarantee control



Strengthen the capacity & capacity of SMEs in business management & prepare the guarantee market



Service Provision of SMEs Rating Certification and Maintenance of SMEs Database that has been recorded through communication or correspondence with SMEs, SMEs development to increase class.

Background

- The large number of Micro, Small, Medium Enterprises & Cooperatives (SMEs) of **56,7 Million unit** in Indonesia is larger than in other countries.
- SMEs play significant role in national economic development. Huge potential of SMEs and access to financing are the background or SMEs Database & Rating System:
 - ✓ Need for capturing SMEs business information (Registration, location, industry, size, potential, capital needs, etc)
 - ✓ Assigning rating (credit worthiness) to the SMEs to enable the financial intermediaries to lend (and thus reduce the acquisition cost)
 - ✓ Enabling the policy makers to conduct detail analysis on SMEs sector/location to focus on, the come up with policies to spur growth.
 - ✓ Establishing portal for SMEs to promote their products, services and cooperation with related parties.
- For these reasons, then on 16 November 2015 in Denpasar, Bali, it has been launched by the chairman of Financial Services Authority (FSA) 10 rating results for 10 SMEs to access to finance



SME's Rating and Database Critical Factors

Critical Factors	Solution
Rating analysis of SMEs according to the needs of creditors	<ul style="list-style-type: none"> • Rating Methodology concept by looking at aspects of financial and nonfinancial • Benchmarking and study ondesk • Using the database of Jamkrindo (KUR and existing)
The high cost of data acquisition and network limitations SMEs ratings agencies	<ul style="list-style-type: none"> • Reliable IT Systems Support • Utilizing network of Jamkrindo • Utilizing collaboration with academia / university and companion SMEs
Human resources with specific skills, including helping SMEs to conduct financial records	<ul style="list-style-type: none"> • Educate HR for Enumerator and management consulting • Educate HR for SMEs rankings Institutions (information MSMEs) • Cooperation with universities (SKS internship / CTF / CCN) and companion SMEs
Reliable technology required accuration, automation in a time and quality	<ul style="list-style-type: none"> • Integrated SME national database • Reliable IT Systems Support • Funding Support
Commitment from the Financial Institutions to use the database and the results of Rating SMEs	<ul style="list-style-type: none"> • Cooperation with strategic partners sources of the SMEs database • FSA regulatory support for data collection on SMEs • Incentives for the users of SMEs rating results



SMEs Rating System & Management Consulting Road Map



1. Scoring the beginning of 10 SMEs
2. Launching in Bali by Muliaman D Hadad 16/11/15
3. Jamkrindo internal assessment
4. Establishment of SMEs Rating Division & Management Consultancy
5. Preparation of IT Needs SMEs Ranking, Procurement Consultant Planner
6. Output: KAK Implementing Consultant IT SMEs Rating
7. Initiation of cooperation
8. SMERA Workshop, MCC with 11 Universities
9. Draft General Guidelines & SOP
10. Piloting updating 200 SMEs Jabodetabek Guaranteed
11. Support from OJK, Ministry of SOEs
12. Feasibility Study (letter of the Minister of SOE)

1. Jamkrindo database optimization
2. Utilization of IT Jamkrindo for simple SMEs database application
3. Tayang public (17/5/17)
4. Guidelines & General SOP
5. Target 50,000 SMEs
6. Piloting Kudus & Bandung
7. Target scoring 1000
8. Learning Process Data Collection, Scoring
9. The addition of cooperation
10. Implementation of SMEs Consultation / Assistance
11. Evaluation Methodology plus psychometric EPL
12. TL Feasibility Study, proposed RKAP 2018

1. The new target is 50,000, cumulative 100,000 SMEs
2. Target 1000 SMEs scoring, cumulative 2000.
3. Procurement of IT Infrastructure Rating
4. Cooperation with prospective users (financial institutions),
5. Marketing scoring and database to potential users
6. Jamkrindo internal socialization, used internally
7. The SMEs Ranking Website has been active and interactive, starting incentives for active SMEs updating (umroh prizes for active SMEs)
8. Implementation of Management Consulting with concepts and priorities
9. Monev database development activities and ranking

1. Target data collection of 50,000 SMEs per year, accumulated 150,000 SMEs
2. Updating online database SMEs
3. Target 1000 scoring, accumulated 3000 SMEs
4. Commercial Utilization of SMEs scoring results by user
5. The addition of cooperation with external parties
6. Socialization of SMEs rating services and SMEs database updating notifications
7. Website optimization
8. Marketing and commercial use of Data Scoring users
9. Implementation of Management Consulting
10. SMEs Jamkrindo Business Clinic Initiative

1. Target 50,000 SMEs, accumulated at least 200,000 SMEs
2. Target 1000 scoring, acum 4000 SMEs
3. Increased commercial utilization of scoring and rating of SMEs Perum Jamkrindo by user (financial institution)
4. The addition of cooperation with external parties
5. Optimization of SMEs Website pemeringkatan
6. Implementation of SMEs Assistance
7. Implementation of SMEs Jamkrindo Business Clinic
8. Prepare the spin off

SMEs Development

The SMEs development directed to:

- **SMEs Entrepreneur**

SMEs rating institution to manage the SMEs database at national basis to measure the number of the entrepreneur in Indonesia.

- **SMEs Productive**

SMEs rating institution to support the financing scheme that involved the stakeholder of the Indonesia SMEs.

- **SMEs Creative**

SMEs rating institution to support the assisting, training and development for SMEs



Goals of the SMEs Rating

1. Creating facilities for SMEs in developing itself for growing bigger and competitive.
2. Lowering costs for execution for financial institution to obtain prospective SMEs (the current SMEs and the new ones).
3. Improving the national economy, encouraging productive employment and creating the prosperous community with SMEs for the backbone of the economy.



SMEs Rating Methodology

- The SMEs database that brings together SMEs data that are scattered in many Agencies, Agency , Ministries, Agencies / Institutions Others in Indonesia into one (1) of the National SME Database that can be an integrated reference for SMEs loan lending, financial market etc.
- Updating on the profile and performance of each of the selected SMEs from both sides of the implementation of business management and financial capabilities . Doing business mutually beneficial work with all relevant stakeholders , regulators , government agencies , enterprises , educational bodies and other institutions related to the improvement and empowerment of SMEs .



Objectives and Benefits Database & Ratings SMEs

- Being the basis for planning (forecasting) on the growth and development of SMEs,
- Support the development of Government (non-financial) government policies in the SMEs sector, including: subsidized budgeting, development priorities, sectoral SME development, etc.,
- To be the basis for the preparation of the Government's financial policies for SMEs and the arrangement of financial institutions to support financing, guarantee, etc. to SMEs,
- Being a reference to support economic sector development priorities undertaken by the Government,
- Increase financial inclusion,
- The need for all SMEs to enjoy the KUR Program
- Optimization of Credit Program (KUR) by mutual exploiting potential database of SMEs Perum Jamkrindo and SIKP

Government



FINANCIAL INSTITUTIONS



SMEs



PERUM JAMKRINDO

- Become an integrated national SMEs database source
- Become the identity of SMEs with registration number
- Explore the potentials and weaknesses of SMEs
- Knowing the financial and non financial capabilities
- Rating results can be used to access financing with better terms and conditions,
- Supports SMEs better image (SMEs product marketing aspect),

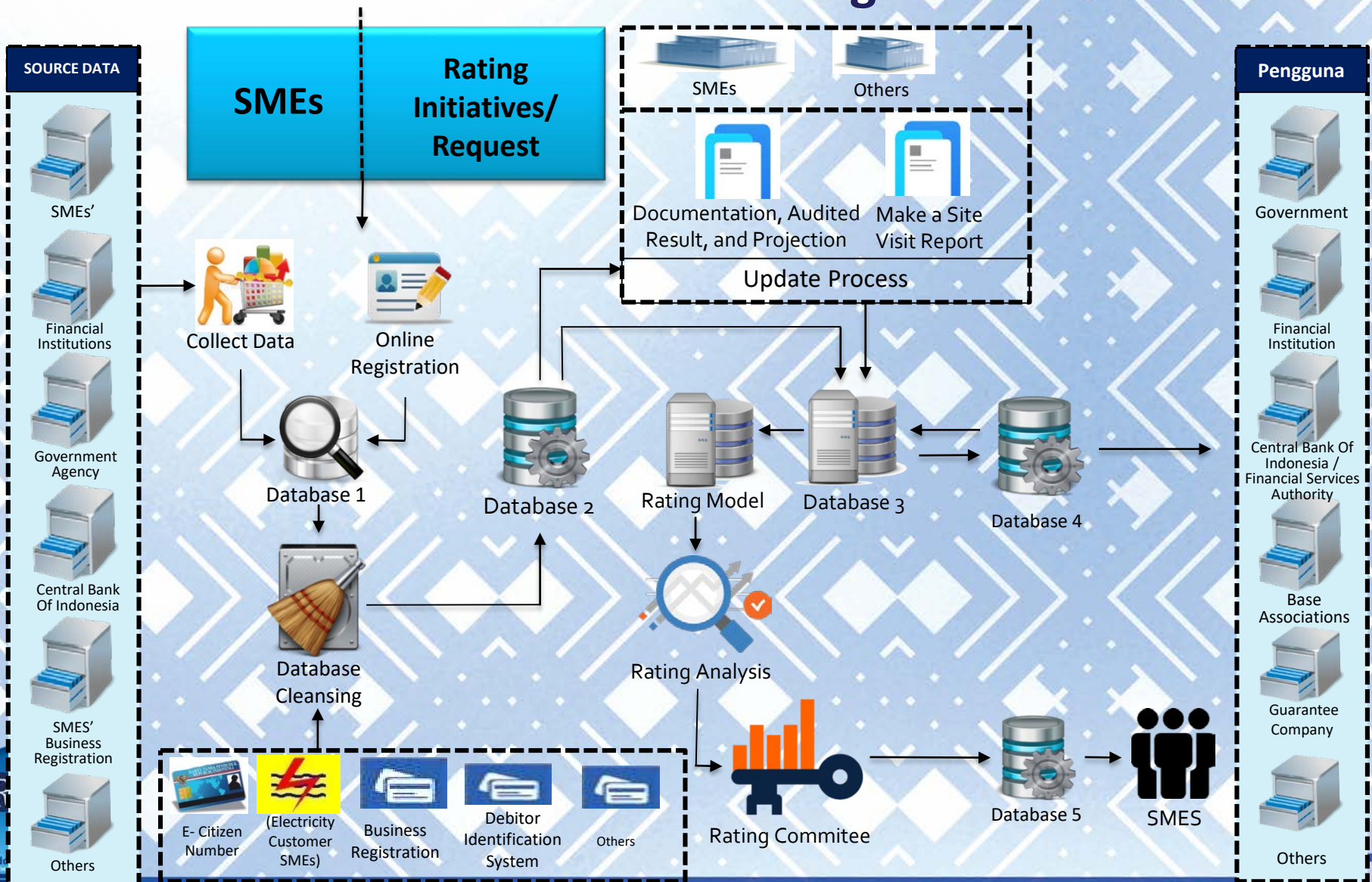
- Being a reference financing and other financial activities for SMEs
- Provide a list of SMEs that can be targeted for financing and other financial activities,
- Providing quality opinions regarding SMEs and credit profiles,
- Being a supporter of credit decision making,
- Assisting credit risk assessment of SMEs (risk pricing)
- Helps to reduce NPL of credit channeling institutions
- Reduce the cost of debtors

- Is the implementation of Guarantee Act and Government Regulation No. 41/2008 on Perum Jamkrindo,
- Creating a guarantee market for SMEs that do not currently access financing and underwriting,
- Being a credit control activity under guarantee to reduce the risk level of guarantee claims,
- Activities strengthen the capacity and capabilities of SMEs in business management, for business development and lower credit risk and underwriting,
- Is a service supporting the guarantee activity of Perum Jamkrindo,

SMEs Rating Flow Chart



SMEs Database & Rating Process



SMEs Score Developed by Jamkrindo

Criteria	Rating	Micro	Small	Medium	Keterangan
Highly Recommended	AA	751 – 1000	751 – 1000	751 – 1000	Highly recommended to get loan
Recommended	A	501 - 750	501 - 750	501 - 750	Recommended to get loan
Fairly Recommended	BB	251 - 500	251 - 500	251 - 500	Recommended to get loan while at the same time coached
Not Yet Recommended	B	0 – 250	0 – 250	0 – 250	not yet recommended to get loan. SMEs in this rate needs Coaching before given loan



Data Collection Progress



Current Database Source (30/5/17)

- 5,419,895 KUR Guaranteed
- 880 Suretyship Guaranteed
- 6,806 Univ. Brawijaya SMEs
- 93 Univ. Negeri Jakarta SMEs
- 1,157 Kab. Kudus SMEs
- 700 Univ. Indonesia SMEs
- 110 Direct Guarantee SMEs
- 67 Universitas Pancasila SMEs
- 3,000 Bank Indonesia SMEs



Total
5,432,708
SME's

Scoring Progres

- 700 University of Indonesia SME's
- 110 Bank Direct Guarantee
- 3,228 Bank of Indonesia SME's
- 250 Jamkrindo SME's Guaranteed (on the spot visit)



Total

4,288 SMEs

Rating Progres



10 SMEs
2015



200 SMEs
2016



50 SMEs
Maret - 2017

Total

260 SMEs



PARTNER UNIVERSITY

Jakarta



**UKM Centre
 Universitas Indonesia**

Aceh



**UKM Centre
 Universitas Syiah Kuala**

Malang



**Universitas
 Brawijaya**

Malang



**Politeknik
 Negeri Malang**

Bandung



**Institut
 Teknologi
 Bandung**

Bogor



**Institut
 Pertanian
 Bogor**

Jakarta



**Universitas
 Negeri Jakarta**

Banjarmasin



**Universitas
 Lambung
 Mangkurat**

Makassar



**Universitas
 Hasanudin**

Padang



**Universitas
 Andalas**

Jember



**Universitas
 Jember**

Bandung



**Universitas
 Padjajaran**

Medan



**Universitas
 Sumatera Utara**

Kudus



**Universitas
 Muria Kudus**

Jakarta



**Universitas
 Pancasila**



Management Consulting



STAGE OF MANAGEMENT CONSULTATION AND SME's COACHING

Feasible

Data Updating

Bankable

Guaranteed

Growth Up of SME's

Stages	Feasible SME's	Data Updating SME's	Bankable SME's	Guaranteed SME's	Growth Up of SME's
I. Definition	SME's feasible, complete the credit criteria (4C, 4P)	SME's Data Collection to get the scoring result	SME's ready to get financing	SME's get guarantee facilities	Increasing the scoring and rating of SME's
II. Criteria	Complete the credit criteria : 4 C (<i>character, capacity, condition & capital</i>) 4 P (<i>personality, purpose, prospect & payment</i>)	<ol style="list-style-type: none"> 1. Filling the SME's rating quetionnaire 2. <i>SME's visit and data verification</i> 3. Getting scoring results 	<ol style="list-style-type: none"> 1. Complete the credit criteria 5 C (<i>character, capital, capacity, condition, and collateral</i>) 2. Have bussiness licences, fix line telephone, and bussiness financial records 3. Have prospect bussiness and planning bussiness 	<ol style="list-style-type: none"> 1. SME get financing dan guarantee facilities 2. Credit in good condition (collectibility 1). 3. SME active and has a bussiness entity 4. SME are included in the bussiness sector of productive, creative, and local products 	<ol style="list-style-type: none"> 1. Increased income/assets, amount and quality of human resources 2. Increased bussiness capacity 3. Invesment management of core bussiness 4. Get training, coaching, etc
III. Coaching Activities	<ol style="list-style-type: none"> 1. Survey of SME's 2. SME's Data updating (filling the SME's quetionnaire) 	<ol style="list-style-type: none"> 1. Scoring Analysis. 2. SMEs Coaching 	Introduce the SME's to the finance (Bank and NonBank)	<ol style="list-style-type: none"> 1. Oversee bussiness performance 2. Provide training 3. SME are included in the bussiness sector of productive, creative, and local products 	<ol style="list-style-type: none"> 1. Updating Scoring 2. Monitoring periodic 3. Get training, coaching, etc

TRUST

Thank You

