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The Road to Surviving, Sustaining, and Future-proofing MSMEs in a Post-COVID-19 Era





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The Road to Surviving, Sustaining, and Future- proofing MSMEs in a Post-COVID-19 Era

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AT A GLANCE

Micro, small, and medium enterprises (MSMEs) are the backbone of Indonesia's economy. MSMEs are a vital foundation — fueling economic activity across Indonesia's dispersed and diverse geographical regions. Now COVID-19 has left them exposed, threatening this vital link in the economic value chain.

In an effort to understand and support MSMEs, Boston Consulting Group (BCG) and Indonesia's Financial Services Authority, Otoritas Jasa Keuangan (OJK), have undertaken a comprehensive study of the direct and underlying impact of COVID-19 on MSMEs. This analysis was completed over a period of several months, engaging with a wide spectrum of MSMEs and financial institutions through in-depth interviews. The findings are further supported by a survey of 3,136 MSMEs across Indonesia, complemented by detailed focus group discussions with representatives from ministries, government institutions, and MSME associations.

This paper, taken as an excerpt from the joint research report produced by BCG & OJK, summarized some critical challenges facing MSMEs, highlighting key areas of intervention in order to support them through this challenging period. Government and relevant stakeholders should act in order to:

1. ENSURE SURVIVABILITY OF MSMEs DURING THE COVID-19 CRISIS

With an inability to generate sufficient cash flow to cover daily operational expenses, MSMEs are in need of short-term liquidity relief and survival-enablement.

2. GUIDE MSMEs TO SUSTAINABLY ADAPT TO NEW TRENDS

Shifts in behaviors will force MSMEs to change the ways they conduct business. MSMEs will need support in order to embrace digital opportunities, enabled through broader access to finances.

3. PROTECT MSMEs BY FUTURE-PROOFING THEM IN PREPARATION FOR FUTURE CRISES

History has proven that crises are unpredictable and could emerge at any time in the future. With MSMEs providing such a vital link in the economy, there is a need to significantly increase their visibility to key economic institutions. Government and financial institutions should work to build engagement and ensure appropriate support and safety-net instruments to protect MSMEs from future crises.

MICRO, SMALL, AND MEDIUM ENTERPRISES (MSMEs) are a powerhouse for economic activity and employment in Indonesia, as they are in many countries around the world.

Figures from Indonesia's Ministry of Cooperatives and SMEs (Kemenkop) show that MSMEs accounted for 99.9% of all enterprises (~64.2 Mn) and employed 97% of the labor force (~117 Mn individuals) in 2018. In all, they contribute up to 60% of GDP (~0.6 Tn USD). Their importance to the Indonesia economy is undeniable, offering a valuable opportunity to generate further economic benefits for the nation.

COVID-19 has presented a remarkable challenge to this economic opportunity. MSMEs have been hard-hit by this crisis, placing them in an extremely vulnerable section of the economy.

In a survey of 3,136 Indonesian MSMEs undertaken for this study, as many as three-quarters (75%) believed that COVID-19 was worse than any prior crisis experienced by the sector. Social distancing rules and changing customer behavior due to threat of the virus have created unique challenges, as public caution heavily impacts business activities.

How COVID-19 Is Putting MSMEs In Indonesia At Risk

COVID-19 DIRECTLY THREATENS THE EXISTENCE OF MANY MSMEs

The impact of COVID-19 is substantial and widespread throughout the MSME segment. Our research contradicts the belief that this pandemic is primarily impacting relatively small, traditional businesses, and showcases widespread disruption to MSMEs. More than 80% of MSMEs have experienced a decrease in revenue during this period of crisis, regardless of enterprise size, sector of operation, or level of digitalization. (Exhibit 1.)

Without the capital reserves of larger businesses, MSMEs find themselves exposed to significant short-term financial difficulties. These enterprises have limited financing options, with most MSMEs relying on turnover to cover expenses and fulfill short-term payment obligations. This scenario creates a significant challenge for MSMEs, placing them at the most vulnerable edge of the impact of COVID-19, and in many cases struggling to survive.

TRENDS AROUND DIGITALIZATION AND MORE CONSERVATIVE LENDING ARE HERE TO STAY

The COVID-19 pandemic is likely to deliver long-term shifts in consumer behavior, reflected in lingering trends around social distancing measures and uncertain economic activity. MSMEs are already feeling the impact of these shifting trends, creating operational challenges which can be difficult to adapt to.

The reduced dependency on face-to-face interaction is a significant transformation

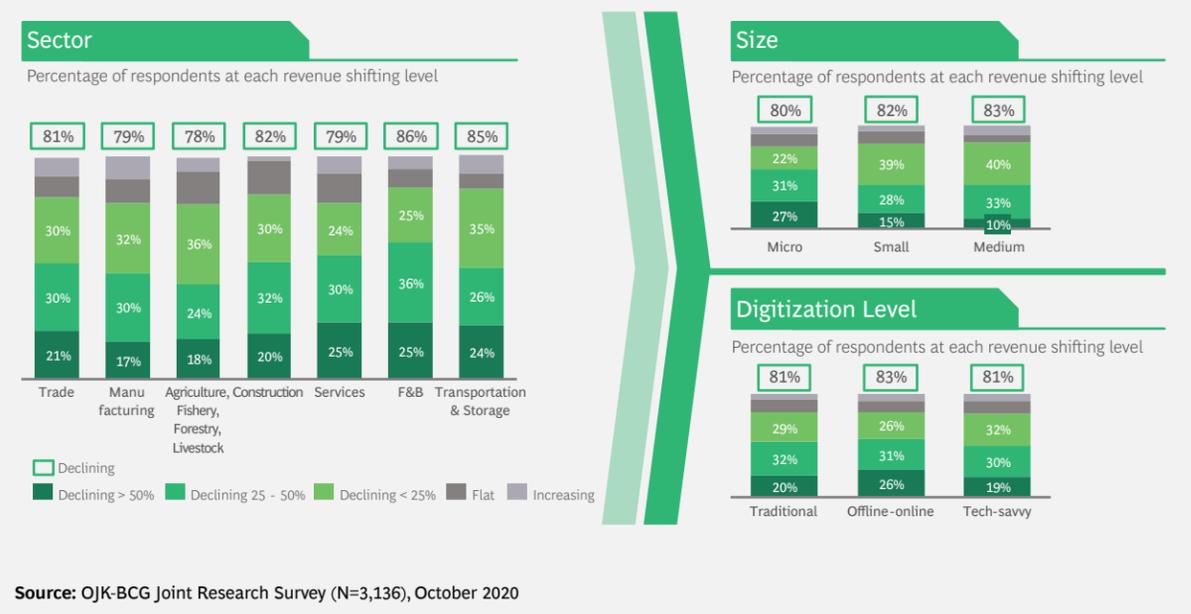
which has led to many consumers transitioning to online shopping channels. This is a major challenge for MSMEs, which have traditionally operated on a bricks-and-mortar approach to customer engagement.

In a survey conducted by BCG's Center for Customer Insight (CCI) in March, 2020, 50% of Indonesian respondents noted a plan to increase online spending in the month ahead. This online shift creates difficulties for MSMEs, as these enterprises struggle to transition towards serving customers online. Despite recognizing this inevitable shift, MSMEs currently have a limited presence in digital channels. 41% of MSMEs surveyed in our study expect a significant increase in digital sales in future, reflecting the widespread expectation of higher reliance on digital opportunities moving forward.

MSMEs face further challenges in access to appropriate financial lending during this period. Financial institutions are acting conservatively in distributing loans to MSMEs during this crisis, largely influenced by the instability of MSME revenue.

In order to understand the current landscape, we engaged with a number of financial institutions during this research. These institutions represented a combination of state-owned enterprises (SOEs), as well as private, foreign, and local banks. The majority of institutions indicated an intention to tightly monitor sector activity moving forward, requiring a more comprehensive list of data points from MSMEs seeking to access loans.

EXHIBIT 1 | >80% Of MSMEs Experienced Declines In Revenue, With Decline Rate Evenly Distributed Across Sectors, Business Sizes, And Digitalization Level



For most of the last nine years, Yanti woke up at 4.30AM, turned on her stove, and started to cook beef rendang in her own kitchen. "It's a favorite among the customers, my stall is well known for it." Yanti owns several food stalls in a couple of office buildings in the Jakarta CBD area. She employs 12 people, including her husband. She also provides catering services for several companies that offer lunches to their employees.

However, this has all changed in the last four months. She has been forced to temporarily close all but one of her stalls, since the office buildings are largely empty. Yanti usually operates without any debt. Since this crisis however, impacted by the near complete drop in sales income, Yanti has been forced to dig into her own savings in order to pay her employees.

Most of them have worked with her for more than five years. "They are like a family to me. I didn't have the heart to fire them. At most I just cut their daily lunch money."

Nevertheless, Yanti remains hopeful. Her daughter has just registered her to one of the well-known food delivery platforms in Indonesia. She's hoping to keep her kitchen fire burning by selling her rendang via the delivery platform. With minimum knowledge about apps and digital transactions, she admits that this is not going to be an easy adjustment. "I am lucky to have my daughter, so I can bug her to teach me how to operate this thing, but give me couple of weeks I think I should be able to do it on my own."

Yanti, 51 years old -
Interviewed in August 2020

EVEN WITH COVID-19 GONE, MSMEs REMAIN A WEAK LINK AT TIMES OF CRISIS

Periods of economic crisis are not unique. Economic shocks have occurred in the past, and they will continue to emerge in the future. Each crisis represents a different severity of impact, and consequent recovery timeline to follow.

Even if MSMEs survive COVID-19, there is no guarantee they will be safe from the next crisis to appear on the horizon. This pandemic has revealed how MSMEs are always positioned to take the brunt of impact from these periods of economic adversity. There are a number of factors that place MSMEs in this position

1. They have a weaker ability to ride out shocks due to lack of cash reserves
2. They are less resilient to new trends, given limitations in skills and knowledge
3. They find it difficult to seize opportunities outside of their region, without sufficient economies of scale

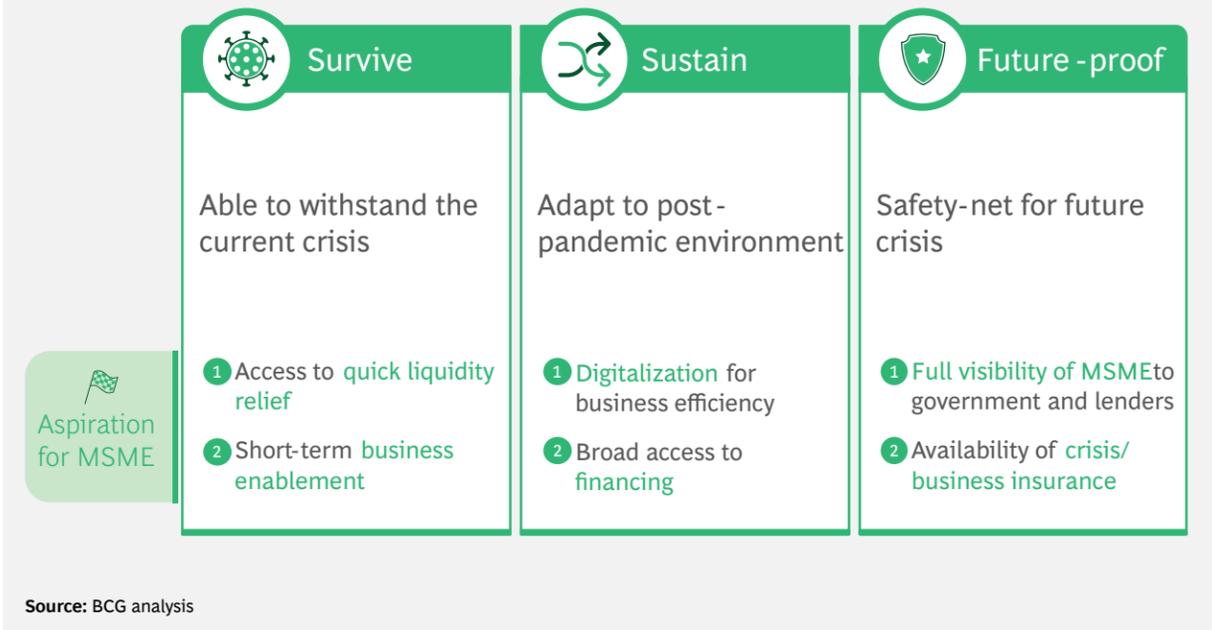
These fundamental attributes of the MSME segment make them extremely vulnerable to shocks. These operating realities mean that MSMEs remain exposed to the risk of potential disruption from future crises.

Three Objectives For MSMEs: Survive, Sustain, and Future-Proof

Despite the widespread impacts of the pandemic, MSMEs in Indonesia remain largely optimistic about their business opportunities. 78% of MSMEs surveyed are planning to expand or diversify their business in the future.

Stakeholders will need to rethink their approach during the COVID-19 crisis, providing the ability for MSMEs to survive the current crisis, supporting them to sustainably adapt to changes in the new normal which follows, and helping future-proof against any future disruptions. (Exhibit 2.)

EXHIBIT 2 | Three Objectives To Ensure MSMEs Achieve The Aspirations Required To Flourish During Times Of Crisis



SURVIVE: WITHSTANDING THE CURRENT CRISIS

The past few months have certainly not been easy for MSMEs in Indonesia. Social distancing and consumer caution have led to an inability for MSMEs to generate revenue. This has delivered a crippling effect on enterprises' abilities to pay off expenses and fulfill immediate payment obligations.

Many enterprises face looming fears of business closure, necessitating urgent short-term support from government agencies and related parties in order to help them ride out this crisis.

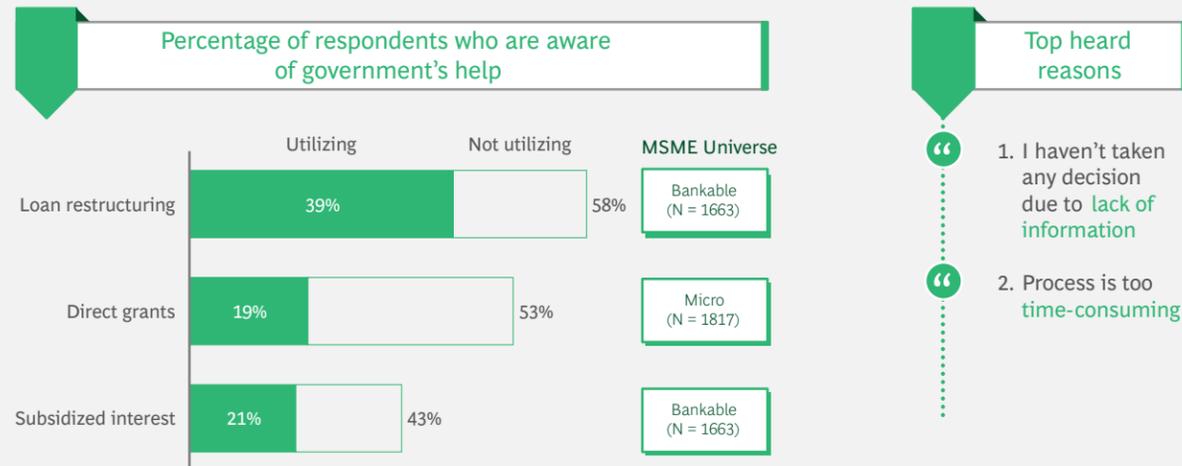
If MSMEs are to be supported to survive this crisis, they will require two key areas of relief in order to tackle these challenges: **short-term liquidity relief** and **survival-enablement**.

1. Short-term liquidity relief

Under the dedicated program for National Economic Recovery, Pemulihan Ekonomi Nasional (PEN), the Indonesian Government has launched multiple initiatives to provide near-term help for MSMEs. Many of these initiatives come in the form of liquidity relief, including grants, subsidized interest, and loan restructuring help.

However, reception to these initiatives has been mixed. On average, only less than 55% of the MSMEs surveyed are aware of these programs, with only less than 30% utilizing them. Respondents listed the lack of information and time-consuming process as their main concerns regarding these programs.

EXHIBIT 3 | Both Awareness And Utilization Rate Of Government Help Is Low, Averaging Below 55% And 30% Respectively



Note: Bankable MSME defined as MSME that have previously or currently engaged in banking services, as self-declared in the survey. Micro MSME defined as MSME with net assets of less than IDR 50Mn and turnover of less than IDR 300Mn per annum, as defined by Indonesia regulation
Source: OJK-BCG Joint Research Survey (N=3,136), October 2020

The low awareness and utilization clearly underlines the potential room for improvement in terms of MSME outreach. A recent statement from the Indonesian Ministry of Cooperatives and SMEs specifies that 17 million MSMEs have engaged with the Banpres Produktif program. This is a direct grant scheme of IDR 2.4 Mn per eligible micro-business. That number is significantly lower than the estimated 64 million MSMEs across Indonesia. Moreover, the majority of these programs are still directed towards bankable enterprises — those with existing or previous experience of banking loans. Analysis shows that loan-related help such as loan restructuring, subsidized interest, and Government credit guarantees represent over ~80% of the total fund allocated.

In order to expand the coverage of these programs, particularly for unbanked enterprises, the Government should look into involving the provincial and district regional governments. These branches can assist in identifying and collecting MSMEs' information in their region.

With their informed picture of MSME businesses, and respective characteristics within identified regions, regional governments are better positioned to gather appropriate data. This can be through field visits to complement existing understanding, as well as consolidating data from sub-districts and local governmental agencies, and leveraging grass-roots communities to register these MSMEs.

An additional route to further engage MSMEs and raise awareness is through improving touchpoints for information delivery. Obvious solutions include using

conventional media channels which can be implemented or improved from previous communication. This includes delivering information via SMS, and utilizing online registration platforms to collect MSME data. Reaching out to traditional enterprises with limited exposure to digital platforms will require a more unconventional approach. Potential channels with huge network coverage across Indonesia include Permodalan Nasional Madani (PNM), Pegadaian, Pos Indonesia, Linkaja and MSME associations.

Like most MSME owners in Indonesia, Purwa worked as an employee in a big company before opening his own business. He's now operating a domestic transportation and logistics service with a fleet of 20 trucks. "I was a pretty good salesman. I utilized all the contacts that I got from working in my previous company."

Serving B2B customers on a contractual basis, his company has managed to largely maintain normal operations during COVID-19. Nevertheless, Purwa can already feel the slowdown looming large in the next couple of months. "None of my clients want to commit to contract extensions, those with open contracts are asking for renegotiation." Operating in a

low-margin operating area, any slowdown in the top-line will inevitably disrupt his solvency.

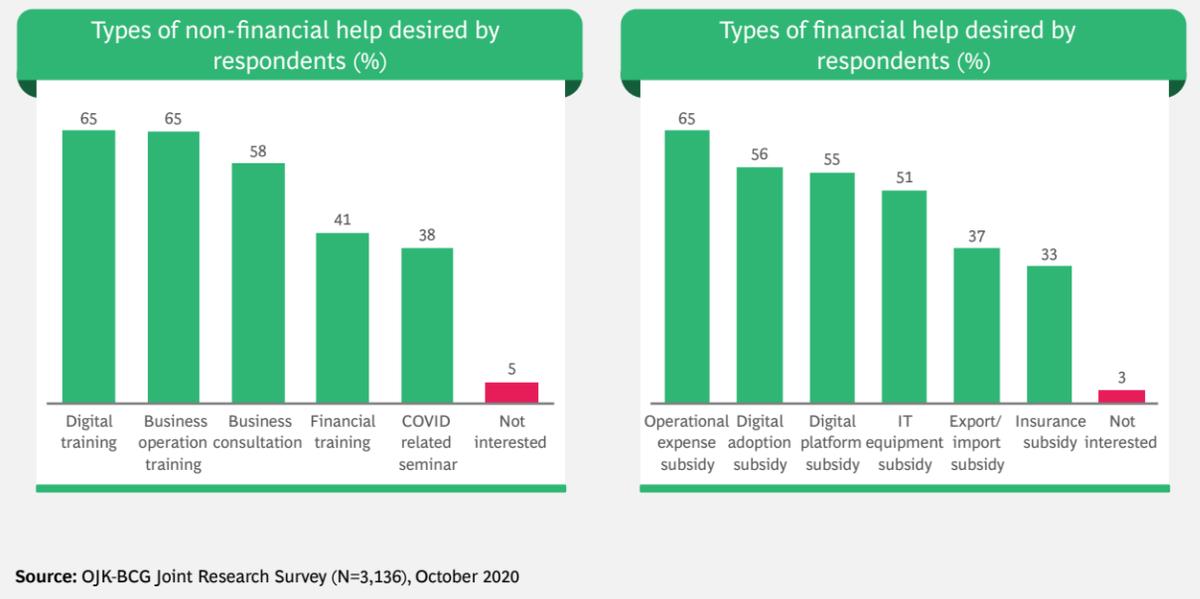
With that in mind, Purwa reached out to his bank to check on his remaining working capital facility. To his surprise, his bank's relationship manager told him about the loan restructuring scheme from the Government. "I was actually not aware of this program, all I heard of is the one program that gives 2.4Mn for MSMEs like me. But I never give it much thought because it's too small for my business."

Purwa, 42 years old -
 Interviewed in July 2020

Furthermore, having a streamlined process is crucial to improve the time taken for help to reach MSMEs. By identifying process bottlenecks, specific solutions can then be driven to achieve a new and improved process. As an example, preliminary observation of the Banpres Produktif program reveals two major pain points along the process chain. First, during data collection, all MSME-related data are consolidated from 10+ different organizations with varying degrees of data structure and completeness. Second, to validate the eligible recipients, currently Government relies only on two state-owned banks, setting limited validation capacity.

Examples of initiatives in neighboring countries offer a potential opportunity to learn and adapt Indonesia's delivery. The Singapore Government has managed to create an efficient disbursement process via a self-application procedure, where eligible aid recipients can independently register. The disbursement process is self-initiated through a simple process of inputting an identification number and uploading required documents in a government online platform. This self-application procedure would solve pain points around data consolidation and validation processes, leading to an extremely streamlined process with turnaround time of less than two weeks.

EXHIBIT 4 | 95% Of MSMEs Express A Wish To Gain Non-Financial Help In The Form Of Upskilling



2. Survival-enablement (upskilling)

Government-initiated short-term solutions for MSMEs in Indonesia are still largely concentrated on liquidity relief, leaving a gap for improvement in survival-enablement.

This enablement revolves around supporting and improving the skillset required by MSMEs to implement solutions needed to survive the crisis. Most MSMEs in Indonesia in fact desire this support in order to enhance business readiness. Our survey indicates that ~95% of respondents are interested in attaining survival-enablement help through upskilling support.

There is an increasing awareness of the need for survival-enablement support in the MSME segment. Many organizations in Indonesia have launched upskilling programs in order to help MSMEs survive this crisis. These programs, while welcome, are largely operating within silos, with no coordinated approach to optimize their value to MSMEs. They are primarily targeted at very specific MSME groups, rather than taking a holistic approach across the segment.

In order to boost the efficiency and impact of these initiatives, a clear mandate by a central organization should be established to manage, monitor, and consolidate programs. This will provide a more structured approach to upskilling across programs, enhancing measurement and tracking of success, boosting cost efficiencies, and enhancing MSME participation.

In addition to a centralized approach for upskilling programs, Government and related stakeholders should consider expanding the current portfolio of programs,

supported by a more creative consultation process that utilizes multiple channels to understand MSME needs. As well as common business and vocational training, MSMEs should be further equipped with financial and digital upskilling opportunities. Digital and financial literacy will be fundamental to surviving in times of disruption.

SUSTAIN: ADAPTING TO A POST-PANDEMIC ENVIRONMENT

The COVID-19 pandemic continues to cause disruption towards the end of 2020. The widespread impacts are reshaping the world, accelerating existing trends around digital adoption, while creating remarkable new shifts in how we live and work.

While the ultimate trajectory of the pandemic may mean that some trends we see are only temporary, others are clearly set to linger once the crisis abates. The shift towards digital channels is widely seen as being a long-term trend. Risk-averse lending appetites are likely to be long-lasting too in the wake of a crisis with substantial repercussions for the global economy.

These lasting trends will necessitate an innovative approach to business evolution. This is a substantial change for Indonesian MSMEs, with just ~13% of MSMEs currently operating in some form of digital environment according to a recent statement by the Ministry of Communications and Information. These difficulties are compounded by the low credit penetration of MSMEs, with BCG estimating that just 20-25% of these enterprises currently engage in some form of credit services. These two stark statistics frame the scope of the challenge MSMEs face in transitioning for the new normal.

In order for MSMEs to survive in the new normal following the pandemic, measures must be undertaken to boost **the adoption of digitalization among MSMEs** while at the same time establishing **broader access for MSME financing**.

1. Digitalization for business efficiency

Analyzing digitalization efforts in other countries reveals two key routes through which governments can catalyze digital adoption. Those efforts reflect either a direct push, or a pull via an accessible digital ecosystem.

In a direct push approach, the Government provides financial support such as grants or subsidies, as well as non-financial support through efforts such as training and consultancy. These efforts are directly targeted to MSMEs.

Singapore undertook a direct push approach with its SMEs Go Digital program, which aims to make 'going digital easy for SMEs'. The program includes relevant training, detailed roadmaps for specific industries, and a free consultation with a 'Digital Project Manager'. It is also backed up with subsidies for IT equipment and solutions, which typically comes in the form of accounting software, human resources, and digital marketing.

In an indirect approach, governments work with digital ecosystem partners to pull support for MSMEs. These partners tend to be technology giants, able to leverage

their extensive networks and experience to provide help for MSMEs.

In China, the Chinese Government worked in collaboration with tech giant JD to launch 'Spark', a program aimed at helping MSMEs adopt end-to-end digital tools. This program utilized JD's ecosystem experience to enable MSMEs — from building an online presence through to optimizing back-end processes in areas such as order logistics and inventory management.

Taking a primary view for Indonesia, a more generic support for a wide range of MSMEs should be considered. This can include digital grants for IT equipment such as internet services, computer equipment, and digital technologies, encouraged by cash bonuses for MSMEs that prove adopting digital tools is best done directly.

2. Broader access to financing

In an uncertain economic environment, lenders are becoming less willing to fund MSMEs. Institutions fear that a lingering economic slowdown will ultimately lead to higher loan defaults. Many of these institutions view MSMEs as an even more risky segment following the COVID-19 pandemic.

It is clear that persuading institutions that MSMEs are less of a risk than larger enterprises will not be a successful tactic. Instead, stakeholders should explore ways to increase the attractiveness of MSME loans, incentivizing lenders to fund MSMEs. That opportunity can be enabled by Government support, taking a securitization approach supported by Government-backed financing.

Financial institutions in Europe have taken advantage of this methodology. Spanish institution Be-Spoke Capital is one example, issuing a securitized SME loan valued at IDR 4.7 Tn as of October. Since MSMEs by their nature are riskier when compared to government or corporate bonds, governments in Europe have taken part in ensuring that the SME securitization is attractive in the eyes of investors by embedding guarantees into these policies. A similar approach can be taken in Indonesia, especially since securitization is not an unfamiliar term. Over the years, several different securitizations have been issued, though with different underlying assets such as mortgages or infrastructure projects.

Alternatively, Government-backed credit guarantees can also be explored to lessen risk aversion. This guarantee serves as an insurance, undertaken by the Government, to pay the debt of MSMEs in the event of defaults. In fact, the Government of Indonesia has already engaged similar schemes. It launched several credit guarantee schemes as part of Pemulihan Ekonomi Nasional. As of September 2020, these schemes covered an amount of roughly IDR 5 Tn, distributed through state-owned credit insurers to guarantee working capital loans.

One significant initiative which could offer a template for the future is the pre-COVID guarantee on KUR — Kredit Usaha Rakyat (People's Business Credit). Moving forward, this initiative should be further enhanced to cover a wider range of MSME loans from banks and other lenders. This initiative should continue even after COVID-19 passes, making it a long-term sustainable financing solution for MSMEs.

Banks are in the best position to broaden the financing access to MSMEs, leveraging their position as pivotal sources of finance. We have seen many global banks tweaking their strategies in response to COVID-19, with the goal of engaging more innovative ways to reach and serve the MSME segment.

In the short-term, many banks have focused on encouraging their MSME clients to adopt more digital solutions, often by tweaking processes to accommodate non-face-to-face interactions. This includes functionality such as e-signatures, performing electronic know-your-customer (e-KYC), and even launching digital-only products to differentiate offerings.

ICICI Bank in India is a prominent example, creating its own dedicated digital platform (ICICI Stack) that captures the end-to-end MSME banking journey. It offers instant relationship building, digital transactions, loan applications, and even insurance solutions, all in one advanced digital platform. This can be utilized in parallel by MSMEs as a networking stand to help them grow their businesses.

In a longer-term approach, many banks have started to redefine their entire operating models to accelerate digital distribution channel capabilities. With these initiatives we are seeing numerous banks repurposing branches for advisory services, shifting their overall distribution model to cater towards a more future-proof omnichannel approach.

FUTURE-PROOF: HAVING A SAFETY-NET FOR FUTURE CRISIS

It's important to acknowledge that future crises are inevitable, and by their nature are unpredictable in both time and severity. While we cannot ascertain when such crises may emerge, we can work to make MSMEs more resilient.

Future-proofing MSMEs will require elevating the visibility of MSMEs to both Government and lenders, as well as ensuring the availability of safety-net instruments such as crisis or business insurance.

1. Full visibility of MSMEs to Government and lenders

The lack of robust data on MSMEs has made it difficult for Government and lenders to obtain a comprehensive view of this segment, particularly during a time of crisis. This has resulted in challenges in delivering an effective Government response, and has further enhanced the perceived riskiness of lending to MSMEs.

The reality is that data are available, but are scattered amongst a wide range of institutions and organizations. For instance, Dinas Koperasi and UKM Selindo have captured the profile of 2.7 million MSMEs. Permodalan Nasional Mandani (PNM) stores data of 6 million Mekaar program recipients. State-owned enterprises have their own databases of MSME customers. If these data remain standalone, it minimizes the potential value that can be derived from them. But once these sources are integrated as one, it will serve as the foundation for many valuable interventions and support measures.

With comprehensive MSME data, equipped with a robust operating model, data architecture, infrastructure, and security, the Government will be able to achieve.

- **Better tracking and monitoring of MSMEs.** Data can then be transposed to a dashboard which can be customizable depending on needs. For instance, the Government can generate a heatmap of economic activity based on sector and geography to quickly detect struggling segments.
- **Increased effectiveness of Government help.** Data can further be grouped depending on chosen parameters such as monthly revenue, credit score, level of digitalization. With better segmentation, Government can deploy highly customizable and targeted help for Indonesian MSMEs.
- **Ability to accurately estimate all MSMEs.** With a sensible amount of true data, predictive analytics can be utilized to interpolate and estimate MSME data that is yet to be captured.

Neighboring countries have also been collaborating with various parties to integrate data. In Malaysia, more than 30 data sources across government entities and private sources, including consumer sentiment index, macroeconomic data such as GDP, and companies' financial statements, have been combined. The Malaysian Government plans to use this data to assess the short-term impact of COVID-19, at the same time generating forward-looking implications regarding federal budgeting.

A better view of MSMEs will not only lead to benefits through improved targeting of Government help but will also boost the confidence of lenders to fund MSMEs. While it is costly for lenders to obtain the necessary data to properly assess MSMEs, the development of an independent credit rating agency can help to fill the gaps. Fed by both traditional and unconventional data, such as digital footprint and transactional data, a well-functioning and reliable credit rating agency can level the playing field for MSMEs by bridging the information asymmetry in the segment.

Malaysia, among many other countries, has developed a credit rating agency that provides credit reports with a rating for MSMEs, with its Credit Bureau Malaysia (CBM). CBM combines multiple data sources, including data from government agencies, financial institutions, business registry information, insolvency department, and other non-bank credit information such as telco payment, utilities, and other leases. Users of CBM ratings vary, from financial institutions, businesses that lend to MSMEs, to MSMEs themselves, who typically use the rating to understand their score, allowing them to improve their score before they apply for a loan.

2. Availability of crisis/business insurance

The sudden spread of COVID-19 has been a wake-up call that crises can happen at any given moment. Many countries have taken this learning into developing an insurance scheme aimed to ensure the stability of MSMEs during a crisis.

One striking example is seen in China, where the Chinese Government has initiated a return-to-work (RTW) insurance product, designed to cover the losses caused by business interruption. In the case of COVID-19 this covers property shutdowns due to infection, and ill employees. Insured enterprises can then claim against the losses they faced, alleviating the financial burden of losses incurred during this period.

There are two possible paths for the Indonesian Government to get involved in this process. In the first option, Government can develop insurance schemes through SOEs. These schemes will allow greater control over the product and price. This is similar to the concept of Lembaga Penjaminan Simpanan (LPS), the Deposit Insurance Corporation, introduced as a response to the economic crisis in 1998. This scheme offered guarantees of third-party funds in financial institutions.

The second option would involve public-private partnerships, whereby Government works with private companies to develop and market these insurance products. In order to incentivize industry participation, Government can adopt a model of risk-sharing, splitting the cost of claims between agreed parties.

As support to increase the take up rate of these products, the Government could also subsidize the prices borne by MSMEs. With the support of such an insurance scheme, MSMEs will be better able to protect themselves and build financial resilience in the face of a crisis which might trigger closures or cash flow challenges in future.

BUILDING A RESILIENT FUTURE FOR MSMEs Indonesia has enjoyed impressive growth over recent decades. MSMEs have been the foundation on which much of that growth has been built.

COVID-19 now represents an unprecedented period of crisis, challenging business continuity in this vital economic segment. MSMEs face new challenges, and ones which will be neither easy nor straightforward to address.

It is clear that vital steps should be taken to support MSMEs. We can rise to meet this challenge, not independently, but in collaboration. Government, financial institutions, private companies, and other industry stakeholders have it within their power to drive effective intervention which can support MSMEs.

Now is the time to champion MSMEs, providing the framework that enables them to survive and thrive in the recovery to come. These businesses will need to be supported to adapt to the new normal, but in doing so we not only ensure their survival today, but provide resilience to potential crises which may emerge in the future.

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