



prepare 2016
ASIAN BUSINESS FORUM
on Risk Reduction and Resilience Building

Co-organized by      



CREDIT GUARANTEE TO SUPPORT SMEs' BUSINESS RESILIENCE

JAMKRINDO
Indonesia Credit Guarantee Corporation
ASIAN BUSINESS FORUM
Technical Session: Tailoring Risk Finance Session
Bangkok, 21 April 2016

JAMKRINDO

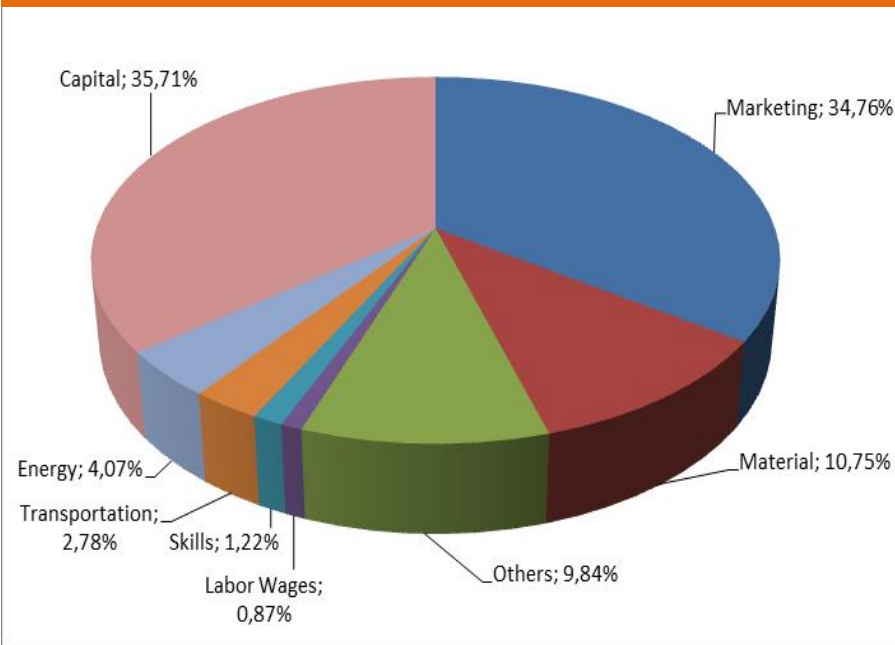
Indonesia Credit Guarantee Corporation

- Status: State Owned Enterprise, 100% Government Owned.
- Establishment : 1970
- Asset : IDR 11.6 Trillion (USD 85.,3 million)
- Govt' Shares : IDR 7,1 Trillion (USD 525.9 million)
- Outstanding Guarantee : IDR 98 Trillion (USD 7.2 billion)
- Number of guaranteed SMEs : 12 million SMEs
- Number of Employees : 700 person
- Business network : 1 Head office, 3 Regional HQs, 56 Branches,
10 Service Unit, 1 Subsidiary (Jamkrindo Sharia)

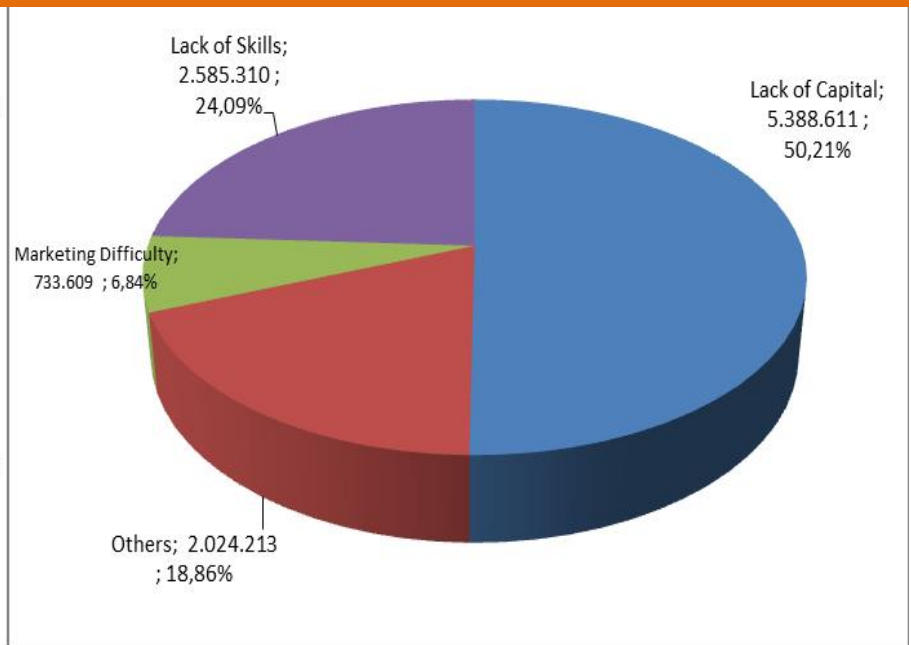
The Problems Faced by Indonesian SMEs

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

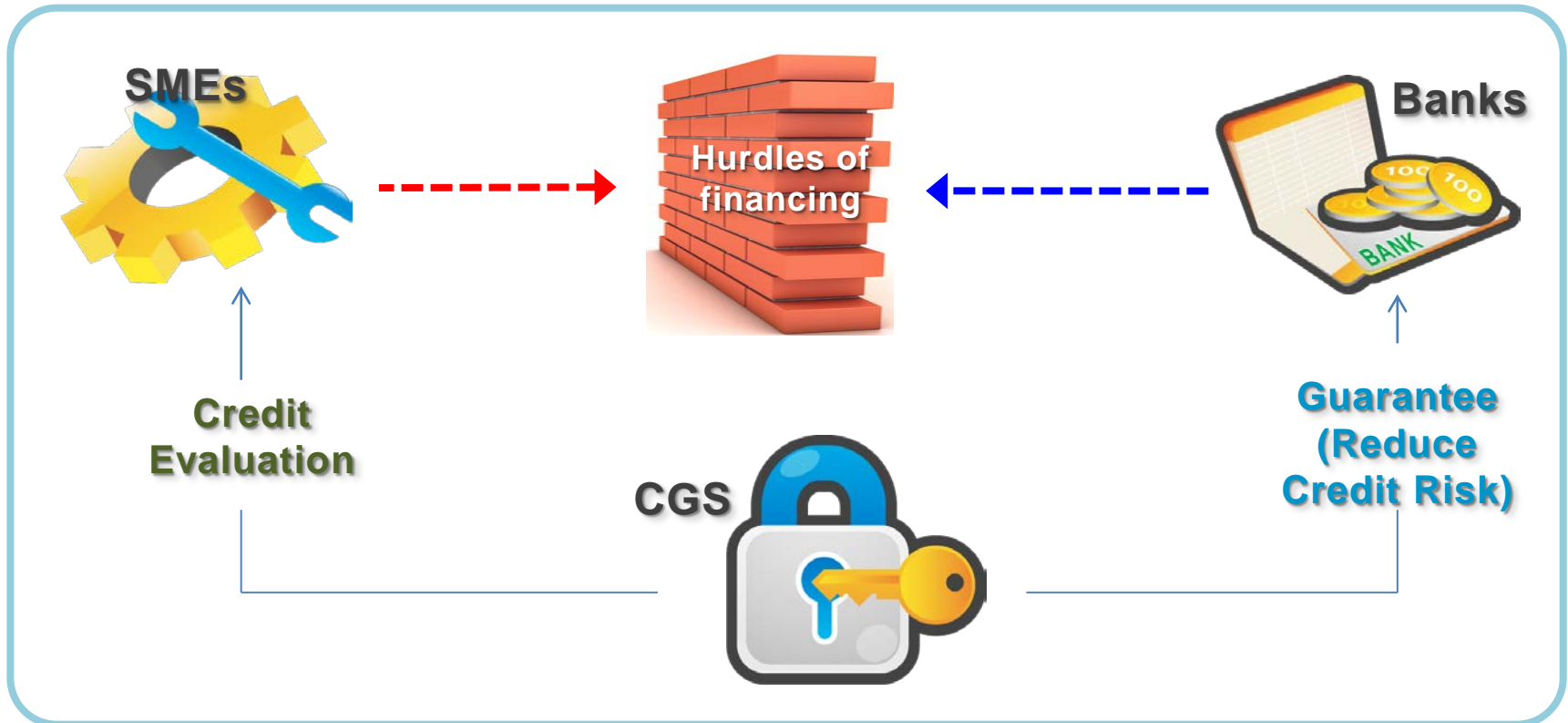


Factors hindering the expansion of SMEs

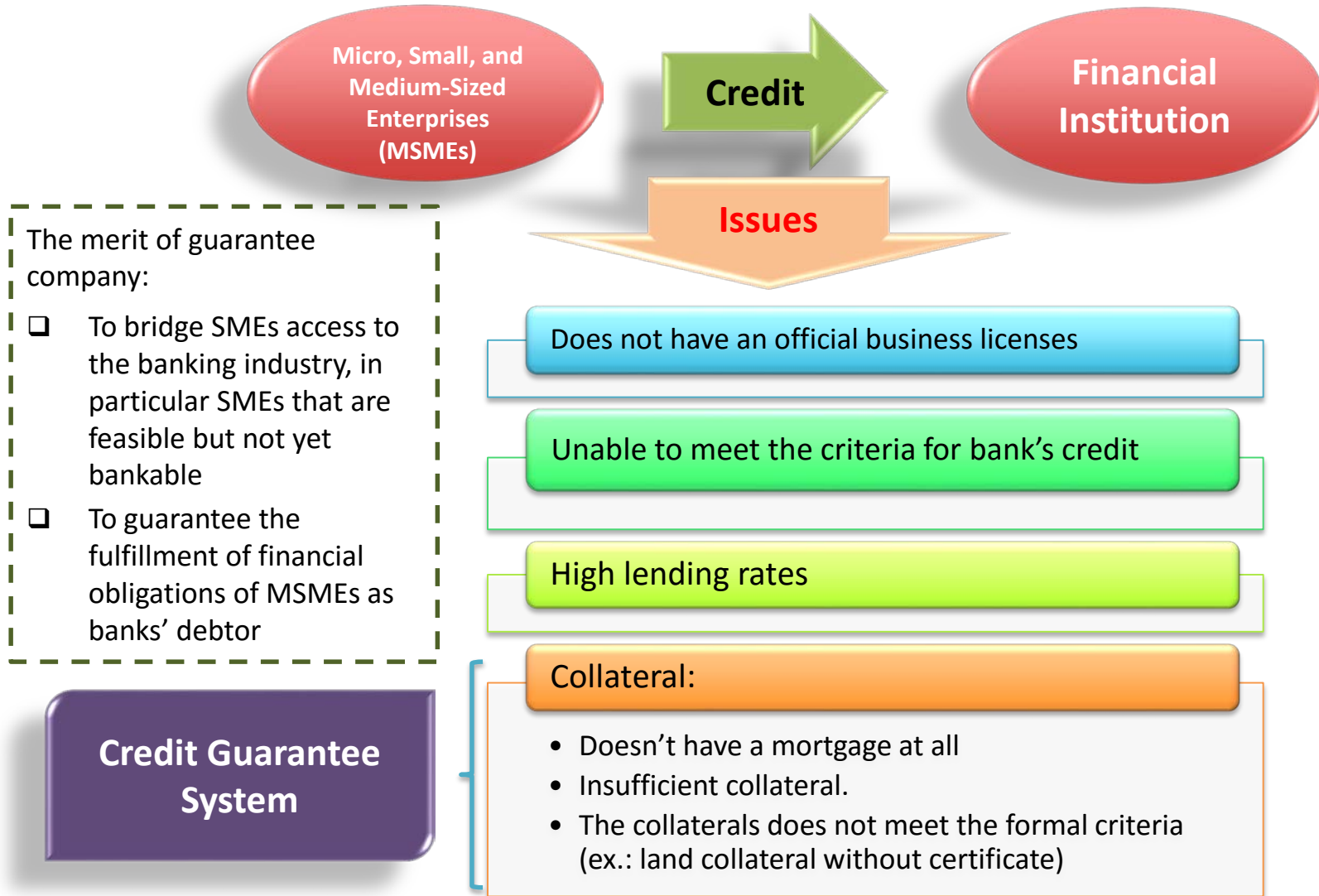


Source : Bank of Indonesia (Central Bank of Indonesia)

Basic Structure of Credit Guarantee



The Merit of Guarantee Corporation



Objectives of Credit Guarantee

For SMEs

- Ease access to formal finance (bank, non bank)
- SMEs business development
- Increasing welfare

For Financial Institution

- Provide assured collateral
- Introduce new loan markets
- Improve capital adequacy ratio

For Govt

- Higher competitiveness of SMEs
- Job creation & supplement social safety-net
- Financial market progress



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 Procedure

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 (look BCP awareness)

Evaluation & Approval

- Credit rating & Evaluation
- Guarantee approval

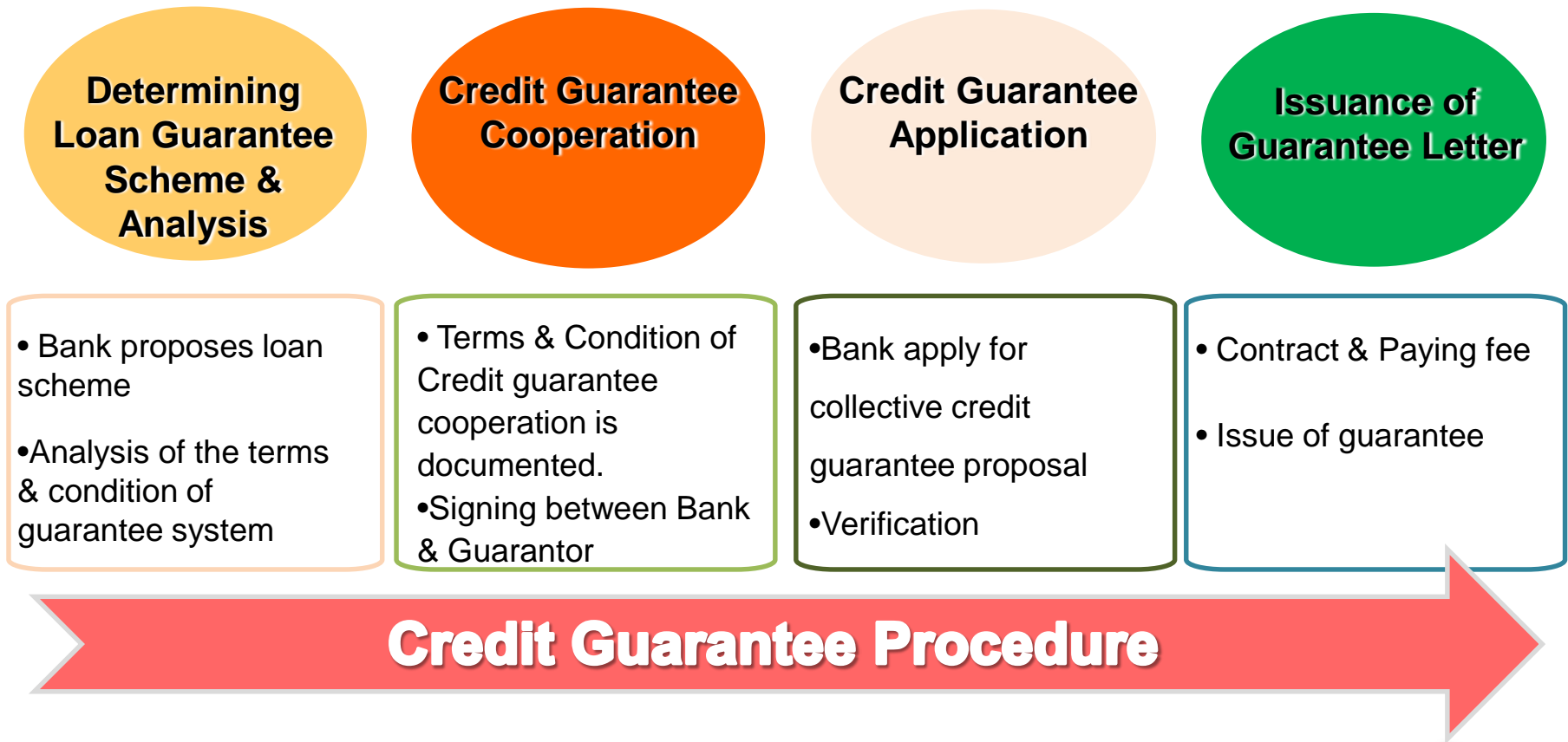
Issuance of Guarantee Letter

- Contract & Paying fee
- Issue of guarantee

Credit Guarantee Procedure

Guarantee Procedure

Collective Approach (Conditional Automatic Cover)



The Comparison of The Amount of Guarantee with GDP

19 Guarantee Corporations (1 SOE, 3 private, 16 local govt owned
(Asippindo))

(in billion Rp)

Keterangan	Dec-11	Dec-12	Dec-13	Dec-14	Jun-15
Indonesian GDP	7.831.726	8.615.704	9.524.736	10.542.693	5.595.756
The Amount of Guarantee - Productive Sector	23.407	35.544	40.436	36.620	35.797
% on GDP	0,30%	0,41%	0,42%	0,35%	0,64%
The Amount of Guarantee - Non Productive Sector	49.565	56.607	57.976	56.000	57.031
% on GDP	0,63%	0,66%	0,61%	0,53%	1,02%
Total Amount of Guarantee	72.973	92.152	98.412	92.620	92.828
% on GDP	0,93%	1,07%	1,03%	0,88%	1,66%

CREDIT GUARANTEE

RELATES TO SMEs' BUSINESS RESILIENCE

- CGS is a tool to access to finance, for SMEs with feasible business (less collateral).
- Disaster impact is indirectly covered, since the loan is defaulted.
- Early study for 'Business Interruption Guarantee' (loan instalment would be paid by CGC during the disaster & recovery).
- SMEs with good BCP manner would be rated as priority clients to get 'better loan' (upper limit, less interest rates).
- BCP & DRR noted as points to be included in SMEs Management Consulting & rating system.

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Guarantee Products

1. KUR Guarantee Program (Govt Loan Program)
2. Commercial Credit Guarantee
3. Micro Credit Guarantee
4. Construction & Procurement Credit Guarantee
5. Multipurpose Credit Guarantee
6. Goods Distribution Guarantee
7. Counter Bank Guarantee
8. Surety Bond
9. Regional Bank Credit Guarantee
10. Housing Loan Guarantee
11. Custom Bond
12. Guarantee for Cargo
13. Invoice Financing Guarantee

Khob Khun Ka!