

PRESS RELEASE

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Innovation, Collaboration, and Consistency Key to Indonesia's Economic Transformation

Jakarta, 25 November 2014 – At a time when the global market economy is slowing down, Indonesia faces the challenge of transforming its economy to become financially strong, sustainable, and socially equitable. Economic experts and political leaders take this opportunity to review Indonesia's latest trends and development strategies under the new Working Cabinet 2014-2019, and share their perceptions concerning the investment market and business growth potential in Indonesia. Such insights were shared during the annual '**DBS Asian Insights Seminar 2014**' with the theme '**Gamechanger; Championing a Better Indonesia**'.

DBS Indonesia introduced top-notch experts in the field to share their views. Among the speakers present were: **Sofyan A. Djalil**, Coordinating Economic Minister, Republic of Indonesia; **Andrinof Chaniago**, Minister of National Development Planning, Republic of Indonesia (Head of National Development Planning Agency); **Kuntoro Mangkusubroto**, Professor at the School of Business and Management Bandung Institute of Technology; **Muhammad Chatib Basri**, Senior Economist and Former Minister of Finance, Republic of Indonesia (2013-2014); **Mari Elka Pangestu**, Senior Economist and Former Minister of Tourism and Creative Economy, Republic of Indonesia (2011-2014); **Lin Che Wei**, Financial Analyst and Founder of Independent Research and Advisory Indonesia; **Melvin Teo**, President Director of DBS Indonesia; **Gundy Cahyadi**, Economist DBS Group Research; and **Maynard Arif**, Head of Research DBS Vickers Indonesia. Their analysis is expected to enlighten clients and the community to assist them in strategic business decision-making and to help them take part in championing a better Indonesia.

Indonesia's current economic slowdown is the right moment to advance structural economic policy reforms in order to create meaningful long-term progress. **Sofyan Djalil** explains that amidst global uncertainties, the challenges ahead will not be easy, but the key to progress lies in the government's ability to consistently bring about good policies. Fiscal policies need to aim at creating new employment opportunities, building infrastructure, and growing investment for development. Likewise, policies in the real sector also need to be directed to yield optimum results, for example shaping policies to support electricity providers in rural areas. "Therefore, our challenge now is to create an investment climate that makes it easy for doing business throughout Indonesia," claims Sofyan Djalil, "And I am confident that we (the new government) will be able to fulfill what we have promised."

In facing the plethora of current challenges, Indonesia must innovate. **Kuntoro Mangkusubroto** explains that despite being hard, innovation is necessary to create a conducive ecosystem for policy implementation.

In the panel discussion moderated by **Rosianna Silalahi**, speakers also had an opportunity to explain their views on the subject of how to foster change amidst unsupportive external conditions. **Mari Elka Pangestu** believes that the biggest challenge for Indonesia is implementation. “Good policies are not enough; the challenge lies in implementation. If we cannot transform everything, then we start with small, incremental changes. Thus, the gamechanger for Indonesia will be creativity and innovation,” explains Mari E. Pangestu. A similar view on change was outlined by **Chatib Basri**. He stressed that reformation needs to start with simple changes, which later may be expanded if successful.

Indonesia needs to create a competitive investment climate to advance economic growth. **Lin Che Wei** emphasizes that the key is good execution and the ability of the government to continue reaching for ‘low-hanging fruits’ to build momentum, such as policies to change and debottle-neck business licensing procedures in Indonesia.

“The golden moment for Indonesia is within the upcoming 3-5 year timeframe because now is the time to reform our structural economic policies, which will pave the way for long-term positive transformations,” explains **Gundy Cahyadi**, Economist of DBS Group Research, “The most important thing for us is to see gradual implementation of policies by the government through consistent, incremental changes.”

Consistency is an important factor that impacts the equity market. This was explained by **Maynard Arif**, Head of Research DBS Vickers Indonesia, “Apart from external factors and the global economy, the stock exchange is also very much influenced by market sentiment. Therefore, execution of policies and consistency in implementation must be maintained to continue the positive momentum.”

Reciprocating the government’s goodwill, **Melvin Teo**, President Director DBS Indonesia openly conveyed that, “Through this seminar, we hope to bring ideas, agenda, and actionable items to enlighten us to advance Indonesia’s economic development,” says Melvin, “This year DBS is celebrating its 25th Anniversary in Indonesia and we are ready to take collaboration to the next level to champion a better Indonesia.”

A sound national economy must also be supported by a strong and sustainable foundation. Concerning this, **Andrinof Chaniago** believes that the Indonesian government must direct its policies to help all economic actors engage in production processes, for example through channeling fiscal policies towards supporting infrastructure financing.

Apart from challenges in infrastructure development, legal uncertainties, and bureaucracy, Indonesia also needs to address the problem of financial inclusion. This is critical to provide financial access for all economic actors in Indonesia. **Chatib Basri** explains that the problem lies in the fact that 80 percent of the Indonesian population is still unbankable. One of the ways to address this is through mobile banking supported by reliable IT infrastructure and secure payment platforms.



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DBS provides a full range of services in consumer, SME and corporate banking activities across Asia. As a bank born and bred in Asia, DBS understands the intricacies of doing business in the region's most dynamic markets. These market insights and regional connectivity have helped to drive the bank's growth as it sets out to be the Asian bank of choice. DBS is committed to building lasting relationships with customers, and positively impacting communities through supporting social enterprises, as it banks the Asian way. It has also established a SGD 50 million foundation to strengthen its corporate social responsibility efforts in Singapore and across Asia.

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