

Recent Development of Payment System in Indonesia

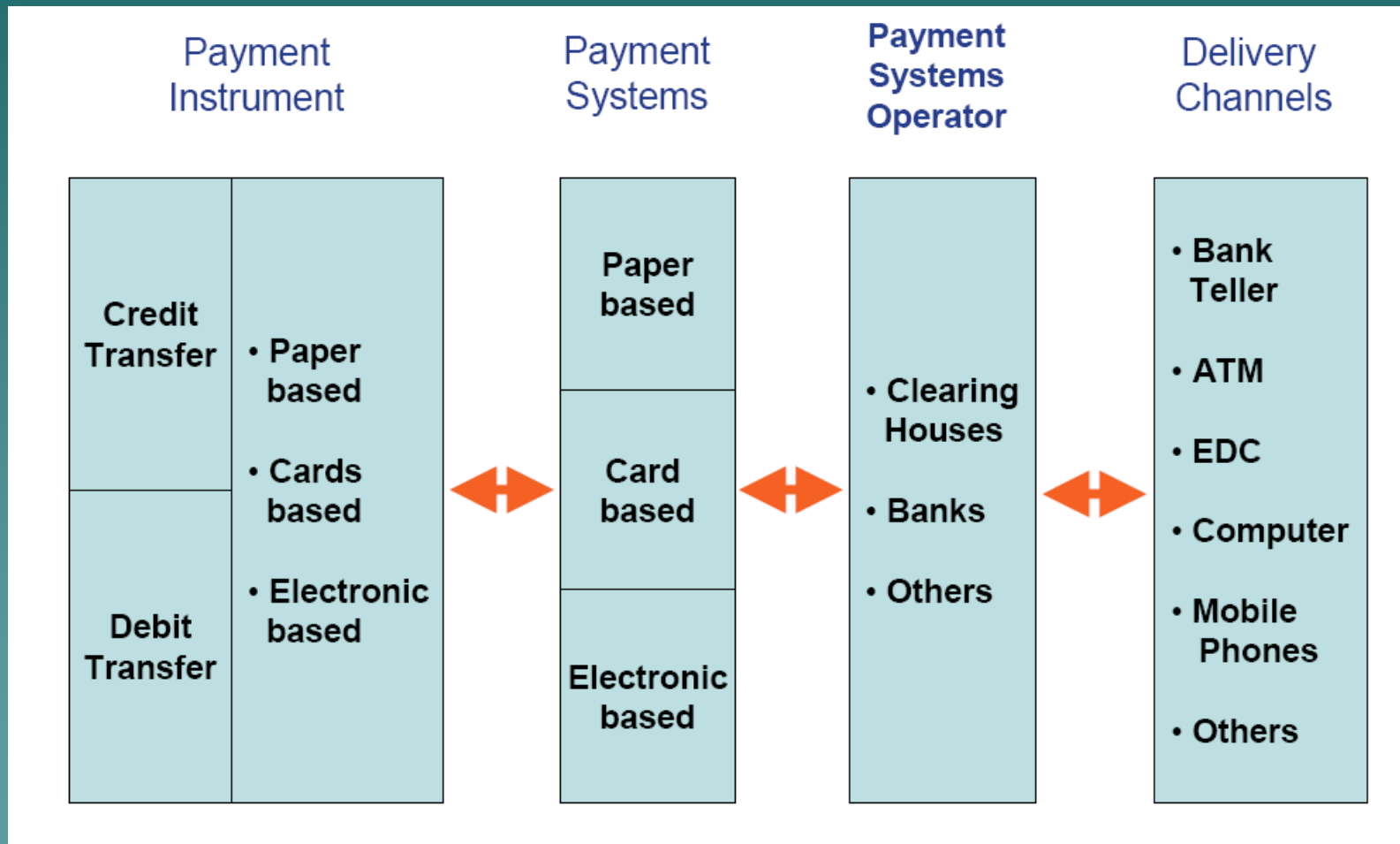
Ira Titiheruw
and
Raymond Atje

A stylized silhouette of a mountain range in shades of teal, located at the bottom right of the slide.

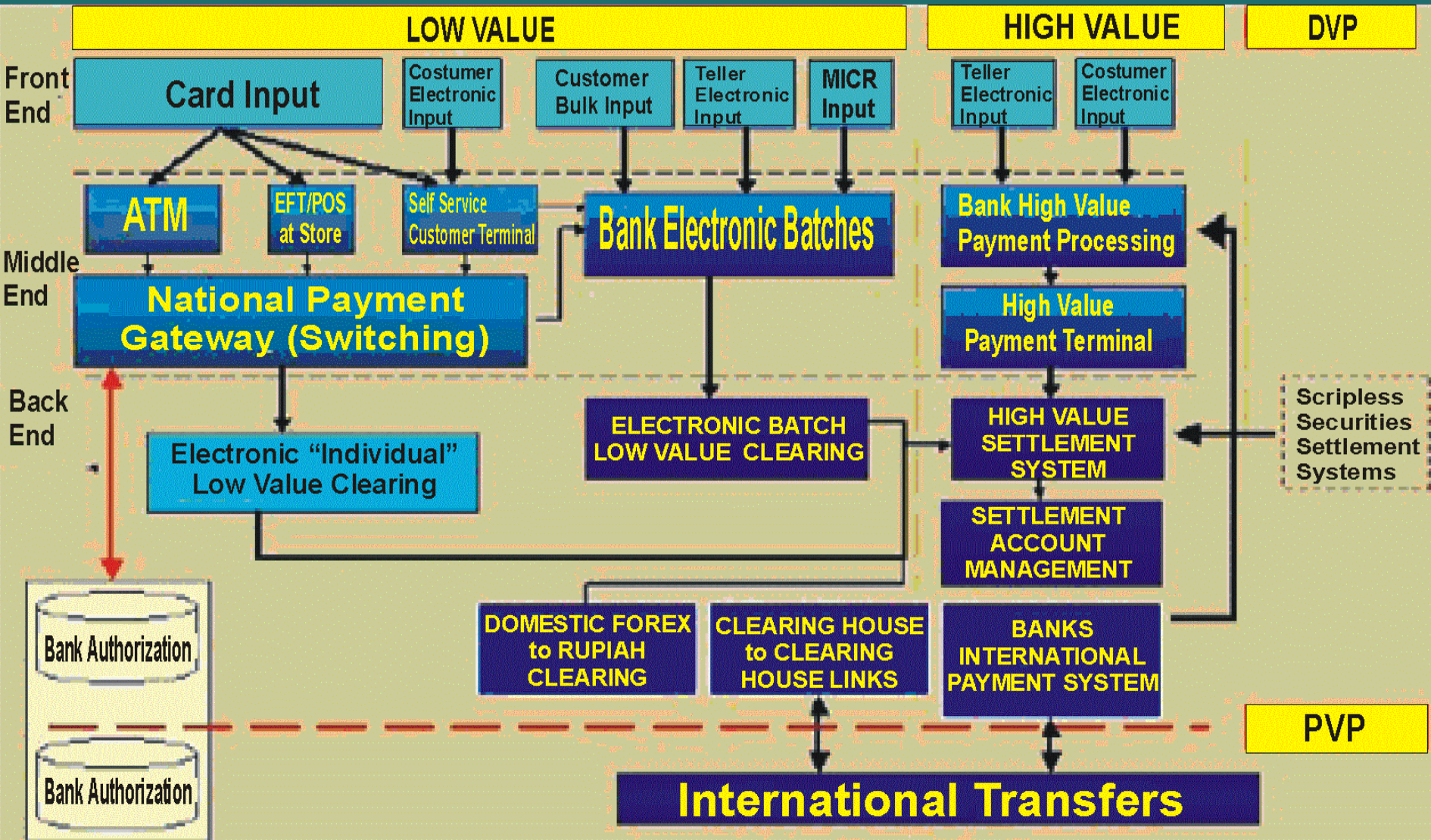
What is payment system

- ◆ National payment system covers:
 - legal and regulatory framework
 - Institutions and mechanism (including physical or electronic infrastructure)
- ◆ to settle liabilities arising from economic activities.
- ◆ The core of the national payment system are:
 - commercial banks
 - non-bank financial institutions
- ◆ Post office system also provide payment services by means of Giro Book, but not included in the payment system of banks.

Payment System Components



Architecture of NPS



Low Value Payment System

- ◆ National Clearing System-BI
 - Net settlement
 - Operator: BI
 - Limit IDR100 million
 - Clearing daily transaction value IDR 5.34 trillion (2008) with average daily transactions of 318,000.

High Value Payment System

- ◆ BI-RTGS
- ◆ Operator: BI
- ◆ For transaction over IDR100 million—approximately 95% of financial transaction settlements
- ◆ In 2008, average daily transaction value IDR 190.1 trillions and average volume of 40,400 transactions/day

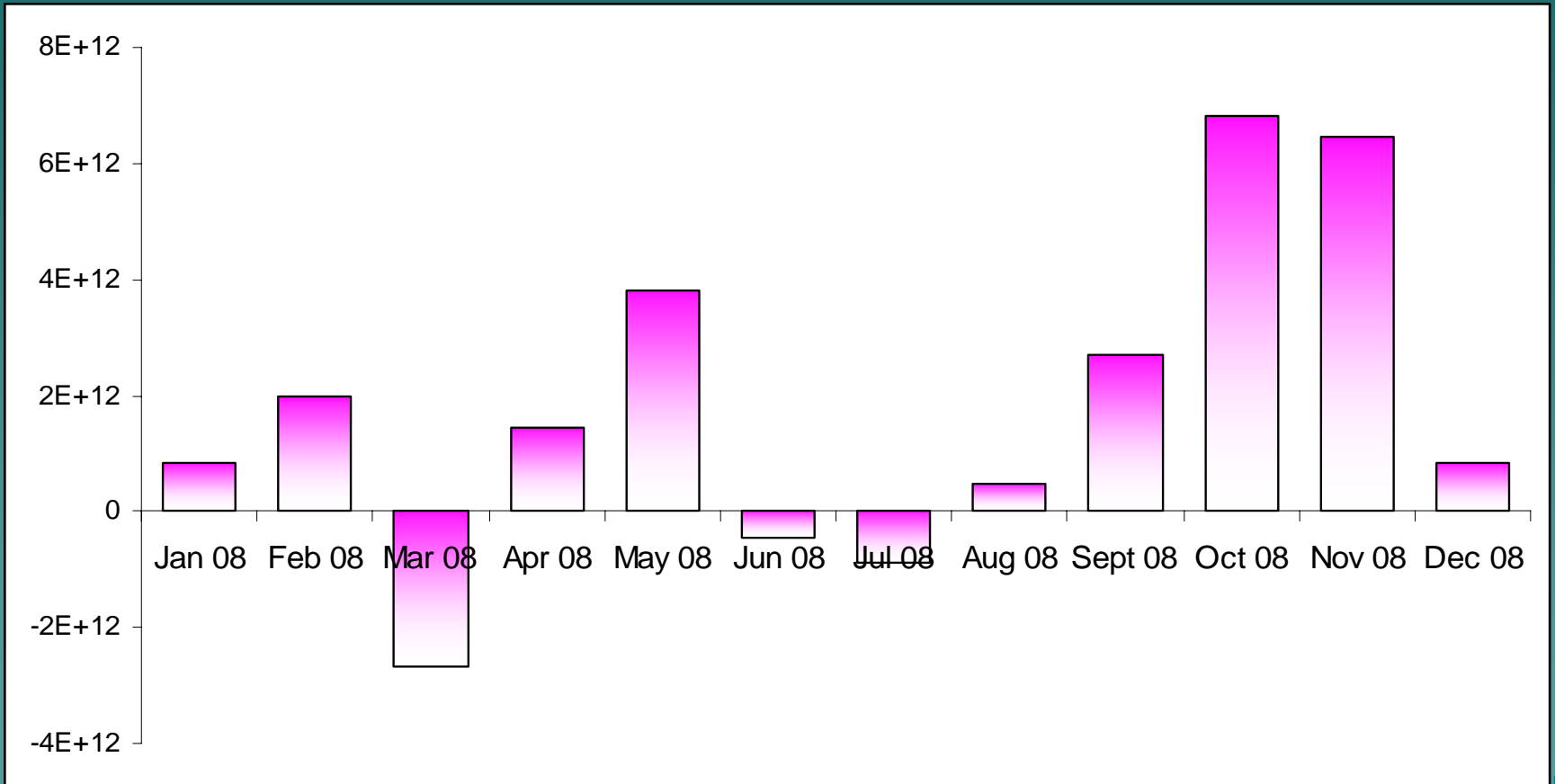
Scripless Securities Settlements System

- ◆ Operator: Indonesian Central Securities Depository
 - DVP
 - Transaction settled according types of market
 - ◆ Regular market: T+3
 - ◆ Immediate market: T+1
 - ◆ Cash market: T+0
 - ◆ Negotiated market: according to agreement

Outstanding Issues to be Settled

- ◆ Instrument:
 - Card fraud and crime
 - Growth of non-bank institutions offering payment system
 - Rise of e-money
- ◆ Legality of e-payment and electronic proof
- ◆ Banking infrastructure
- ◆ Business continuity: natural disaster etc.

Net Equity Foreign Purchase 2008



Payment System and SMEs

- ◆ SMEs have not been able to fully benefiting from payment systems innovations
 - SMEs, small enterprises in particular, have not been able to utilize services provided by banks and non-bank financial institutions
 - Relatively low computer literacy among SMEs hinders their ability to take advantage of electronic banking

Thank You

The image features a solid teal background. In the bottom right corner, there is a stylized, dark teal silhouette of a mountain range with jagged peaks. The text "Thank You" is centered in the upper half of the image in a white, sans-serif font with a thin black outline.