

## Chapter 8

# Financial Inclusion: Does Fintech Help in Indonesia?

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### **ABSTRACT**

*Financial inclusion is a term that is used to describe easy access of financial products and services for everyone. G20 countries, including Indonesia, show high commitment to accelerate financial inclusion. Financial inclusion also facilitates the achievement of 17 Sustainable Development Goals. Fintech or digital financial technology is one of the most recent innovations in financial industry. It has grown at a rapid speed in the recent years. Fintech provides products and services with low costs, better quality, and stable financial landscape. With its flexibility and simplicity, Fintech may facilitate the offering of financial services to people who are “unbanked,” or to small business at low cost and low risk. Hence, this chapter thoroughly discusses FinTech’s role in supporting financial inclusion in Indonesia. Indonesia is one of the G20 countries that is committed to conduct financial inclusion. Specifically, this chapter elaborates financial inclusion, Fintech in Indonesia, and role of Fintech in supporting financial inclusion in Indonesia.*

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## INTRODUCTION

Financial inclusion is a term that used to describe easy access of financial products and services for everyone. It means that both individual and business have access to financial products and services, such as saving, payment, credit, and insurance. Everyone may choose financial products and services based on their needs.

Financial inclusion seeks to minimize the number of people who do not have financial access, especially banking. Therefore, it is expected that everyone has access to financial services in the future. Those financial services should be good quality, safe, and affordable to everyone in order to increase the community welfare. Financial services must be suitable with people's needs and have some easy requirements for them. Moreover, safe financial services are intended to protect people's rights and obligations from the possible risks posed by the services.

Financial inclusion is one of the most important parts of social and economy inclusion processes to drive economic growth. An inclusive financial system can be achieved through public access to financial services to improve economy capacity, which in turn can reduce economic inequality. Broader access to financial services is important to increase public participation in economics. With the ease in financial access, people can accept help in preparing their daily lives, planning their long-term goals, and preventing any emergency situations.

Financial inclusion is one of the programs of G-20 countries. This program is a joint program of economic growth among G-20 countries. Therefore, G-20 countries, including Indonesia, are highly committed to accelerate financial inclusion to achieve economic growth. Financial inclusion also facilitates the achievement of 17 Sustainable Development Goals. The goals were formulated on July 19th 2014 and agreed on August 2015. It was also published in United Nations's (UN) resolution on October 21st 2015 and agreed by 193-member countries to use financial inclusion as a tool to achieve sustainable development. Meanwhile, those 17 Sustainable Development Goals include: 1) No Poverty; 2) Zero Hunger; 3) Good Health and Well-Being; 4) Quality Education; 5) Gender Equality; 6) Clean Water and Sanitation; 7) Affordable and Clean Energy; 8) Decent Work and Economic Growth; 9) Industry, Innovation, and Infrastructure; 10) Reduced Inequalities; 11) Sustainable Cities and

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