

Press Release

For Immediate Release

2016 Serves as Momentum for Expanded Role of Private and Financial Sector in Indonesia

HSBC and Sampoerna University Hold 'Indonesia Economic and Financial Sector Outlook 2016' Seminar and Initiate Financial Literacy Program

Jakarta, 10 December 2015 – The downturn in the global economy and financial market in recent times and the downside risk of short-term economic outlook have posed a number of macroeconomic challenges to Indonesia. With this in mind, **Sampoerna University** and **HSBC** jointly held the Indonesia Economic and Financial Sector Outlook (IEFSO) 2016 seminar dubbed "Transforming Risks into Opportunities in the Dynamic Era of Globalization". The seminar held today (10/12) forms part of the collaboration initiated by **Putera Sampoerna Foundation** along with HSBC and is organized by the Sampoerna University through its Business School. The partnership aims at developing the banking and financial education program launched in October 2015.

"The year 2016 is expected to provide a momentum for structural change, in which the private sector will begin to play a significant role in building an economic foundation which is productive and encourages exports, capitalizing on weak rupiah," said **Wahyoe Soedarmono**, a lecturer at Sampoerna University's Faculty of Business, who was a speaker at the seminar. "However, despite the potential, there is a challenge faced by the banking sector which is the main financing provider for private investment but is being under pressure both in terms of credit quality or liquidity", he added.

Wahyoe Soedarmono also unveiled that the foreign debt outstanding of the private sector has almost doubled since 2010 to around US\$168 billion by September 2015, which heightens the exchange rate risks due to the depreciation of rupiah, especially when The Fed raises its interest rates. Therefore, the deepening of the capital market and the domestic bond market remains a top priority in an effort to provide alternative financing for the private sector in the country while soothing the impact of an exchange rate fluctuation on the private sector. In addition, the efforts to boost the intermediary role of the banking sector through relaxation or macro-prudential and micro-prudential rules is still needed because the space for credit expansion will be limited as the implementation of Basel III rules starts in 2016.

On the same occasion, **Ali Setiawan**, *Managing Director Head of Global Markets* at HSBC Indonesia said in his presentation that: "The current depreciation of rupiah against the US dollar is caused by a number of structural factors at home, such as exports which are still dominated by commodity goods that are weakening and exporters' sentiment that reduce the sales of foreign currency for rupiah, as well as the ever increasing import of consumer goods. These factors increase the amount of dollars used by the private sector to pay imports, repay foreign debt and to pay dividends". Ali Setiawan also said that the economic outlook for next year will still be affected by China's economy which is expected to continue a downward trend.

In addition, **Wahyoe Soedarmono** said that improvement in financial literacy and inclusion is necessary to encourage people's investment in long-term instruments, which will in turn boost funding for the banking sector. The current credit slowdown, apart from being caused by the slowing demand for loans, is also due to tight funding sources on the banking side which weakens credit offers. Robust credit growth will encourage economic recovery in 2016.

Improved financial literacy and inclusion has also received the attention of the government through the Financial Services Authority (OJK). In fact, the OJK is targeting a two-percent growth in financial literacy index this year. Putera Sampoerna Foundation (PSF) along with HSBC in October 2015 launched the banking and financial education program, which was administered by the Sampoerna University through its Business School. The program underscored the commitment of PSF and HSBC in supporting the government's efforts to raise financial literacy in Indonesia.

"The Indonesia Economic and Financial Sector Outlook (IEFSO) 2016 seminar is part of the collaboration between HCBC, Putera Sampoerna Foundation and Sampoerna University in expanding banking and financial education programs," said **Dr. Wahdi Salasi April Yudhi, rector of USBI-Sampoerna University**. "The collaboration consists of instructional curriculum program in the form of banking majors with teaching materials which are specifically designed to be readily applied in the job world and is able to produce reliable banking professionals, Training of Trainers (TOT) at more than 210 universities in 7 regions in Indonesia, community service activities, seminars and workshops organized by Sampoerna University for the sustainability of the program."

The program will be implemented over the next three years, encompassing a variety of activities that contribute significantly to the beneficiaries of the program, such as trainings, scholarships, and or ease of access to banks. Besides, the employees of HSBC Indonesia also play an active role in the program as volunteers in case studies, a guest lecturer, a member of the research team and a conference speaker, and are involved in community service projects organized by Sampoerna University or other universities that receive the benefits of the educational program.

The Indonesia Economic and Financial Sector Outlook (IEFSO) in 2016 seminar was also attended by **Ganjar Mustika PhD**, Senior Advisor at Financial Services Authority (OJK), **Gimmin Sumalim**, Director of Network and Distribution at Bank Ekonomi and **Zulkifli Zaini**, chairman of the Indonesian Bankers Association (IBI) as speakers.

About HSBC

HSBC has been operating in Indonesia since 1884 and currently serves customers through its 41 branches in six major cities in Indonesia. With the support of more than 3,000 employees, HSBC Indonesia has now developed into a leading international bank in Indonesia which offers Commercial Banking and Global Banking for Corporate and Institutional services, Global Markets for the management of Treasury and Capital Markets as well as Retail Banking and Wealth Management.

HSBC celebrates 150 years of its global presence in 2015. Along with the anniversary celebration, HSBC is donating USD 150 million to support a variety of community programs over three years (2015-2017). More than 140 social activities around the world have been selected by HSBC Management Team based on the social themes chosen by employees. In addition to the \$150 million funding, HSBC is also distributing \$114 million annually to finance community programs worldwide. For more information, visit www.hsbc.com/150-community-fund

About Putera Sampoerna Foundation

Putera Sampoerna Foundation (PSF) is the first social business institution in Indonesia which has a vision to create reliable future leaders that are expected to be able to face global challenges, contribute and bring positive change to the communities around them. PSF believes that the vision can be achieved by providing quality education for Indonesian students.

To maintain the sustainability of its social business, PSF takes the role of an organizer of social responsibility programs (CSR operator) which has gained trust from more than 300 companies, organizations and associations to carry out CSR programs. PSF has obtained ISO 9001: 2008, which is a certificate given to organizations with quality management system which meets the international standards. Periodically, PSF is audited by an independent international auditor. PSF publishes the results of the audit in an annual report that can be accessed by the public through PSF's official website. For more information, visit www.sampoernafoundation.org.

About USBI-Sampoerna University

USBI-Sampoerna University is part of the Sampoerna School System with its various educational channels aimed at improving access to international education for Indonesia's youth. USBI-Sampoerna University has become an institution which effectively improves access to international education for young generation in Indonesia with the goal of creating quality future leaders. The USBI-Sampoerna University cannot be separated from the Putera Sampoerna Foundation which was founded in 2001 and has historical achievements in improving the quality of education in Indonesia for more than ten years. The university was preceded by Sampoerna School of Education in 2009 and the Sampoerna School of Business in 2010. Since 2013, the two Putera Sampoerna Foundation colleges were integrated to create the USBI-Sampoerna University which opens three faculties, namely the Faculty of Education, Faculty of Business, and the Faculty of Science and Technology and is supported by a language center, namely the Institute of Language and Communications.

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