BLOG: ON THE FAST TRACK TO DIGITAL FINANCIAL INCLUSION WITH INDONESIA'S GO-JEK
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By Nancy Widjaja

Anywhere you look in Jakarta these days, you'll see the bright green helmet and jacket of a Go-Jek motorbike driver carving a path down the crowded streets. Established in 2010 as a ride-hailing service, Go-Jek has become a ubiquitous presence in Indonesia's cities. Through the wide-range of services now offered on its app, which go beyond ride-hailing and include ordering food, tickets, cleaning services, and more, Go-Jek is providing convenience to customers and wider markets for a growing range of micro-entrepreneurs.

Go-Jek is doing so well that its digital wallet, Go-Pay, has emerged as a mobile payment leader in the country. With 900,000 drivers, more than 125,000 merchants and micro-entrepreneurs, and 100 million monthly transactions across 50 cities in Indonesia, Go-Jek is a great example of private-sector impact on financial inclusion. And in May it announced its expansion into other countries.

But what does this business model have to do with financial inclusion? During her February visit to Indonesia as UNSGSA, Queen Máxima met with Go-Jek drivers and merchants to hear how the tech start-up has created a hugely successful enterprise by building financial inclusion into its value proposition.

Go-Jek began simply, but as its ecosystem of merchants grew, in 2016 it launched Go-Pay, its digital wallet, to make it easy for customers to do transactions via its app. Go-Pay has since become the fastest growing digital wallet platform in the country and it had on-boarded 10 million users by the end of 2017. Its closest competitor, T-Cash, had a comparable number of users after 10 years in operation.

A key factor behind Go-Jek's traction is its customer-centric value proposition. The convenience of its services and its ability to fill many of its customers' needs has encouraged them to use Go-Pay. It is also more convenient than cash, and customers can use it for many different purposes in their daily lives. Finding the right "use case" is often a challenge for similar products, resulting in customers opting to stay with cash instead.

The benefits for Go-Jek's partner micro-entrepreneurs are significant as well. Because they must be able to accept Go-Pay, many of them opened a bank account for the first time. Being on the Go-Jek platform and accepting Go-Pay also makes it easier for small businesses to serve a broader customer base. And because their transactions are now captured digitally, Go-Jek is able to leverage sales data that demonstrates their creditworthiness and it partners with banks to provide them with housing and small-business loans. Go-Jek also introduced many of its motor taxi drivers to insurance for the first time.

Such homegrown innovation fully supports Indonesia's national financial inclusion strategy, launched by President Joko Widodo in 2016, and the country's ambitious financial inclusion goal of 75 percent by the end of 2019.

Customer-centric technology-enabled financial innovations exemplified by Go-Jek will be crucial for Indonesia to hit this goal, which will require bringing a quarter of the entire adult population into the formal system in short order. Indonesia has so far showed stellar progress. The percentage of adults with a formal account grew from 36 percent in 2014 to 49 percent in 2017, according to the latest Global Findex.

Regulatory enhancements will contribute greatly. The UNSGSA applauded President Widodo's commitment to simplifying systems and regulations to accelerate financial inclusion, which he publicly announced after their meeting. If Indonesia successfully combines private sector innovation with enabling policies and regulations that optimize the use of technology, the country will continue making great strides to advance financial inclusion.
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