

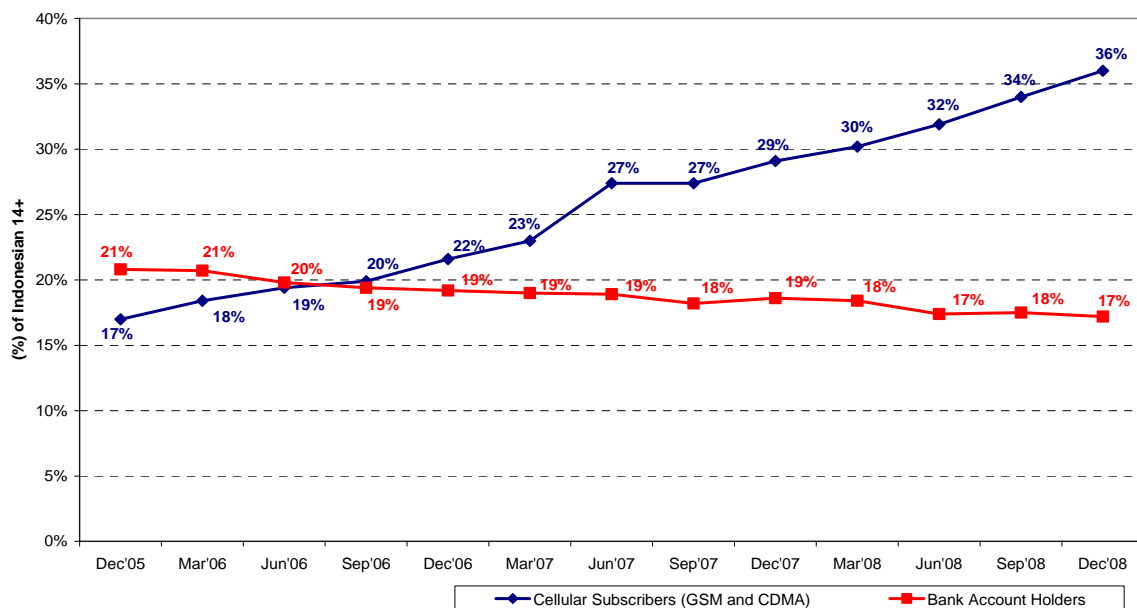
Telcos and banks can help reverse the decline of micro-businesses.

Two steps forward, one step back. So it would seem, as millions of consumers continue to enter the cellular world each quarter, while hundreds of thousands drop out of the banking community. It could be said that for every five new cellular subscribers, at least one more bank account is closed or rendered inactive. On the one hand, the country is steadily climbing into the 21st century. On the other, the very foundation of this developing economy is shrinking.

In just three years, the commercial landscape has gone through a quiet revolution that has largely gone unnoticed. At the end of 2005, 21 per cent of the population 14 years and older had a bank account. Today, a steady decline in active accounts over the years has brought that down to just 17 per cent, with the downward trend continuing. In numbers, that translates to some 30 million bank account holders three years ago now down to some 26 million. Of these four million people who abandoned their banking relationships, too many were small and micro-business owners who gave up the struggle. Most of these closures were at the smallest of banks, in the main. Many of the people involved remain aspiring entrepreneurs, the quintessential backbone of any economy.

In sharp contrast, the numbers of people joining the cellular networks continues to grow in leaps and bounds. From the ojek rider to the corporate executive, the student to the housewife, the mobile phone is becoming an essential facet of life in Indonesia. Three years ago, 21 per cent of the population 14 years and older was connected to a cellular network. Today that number has climbed to 36 per cent. In other words, 24 million regular users yesterday have burgeoned to some 55 million today. Another 9.7 million currently are planning to enter this new and growing community.

Cellular Subscribers Vs Bank Account Holders





That total universe only excludes the large section of society living on one or two dollars a day per capita, the aged, the very young and those still outside the coverage areas in remote Indonesia. The next time you read about per capita income going up or GDP growth of 5 per cent, remember that the distribution of wealth created remains vastly skewed in favour of the affluent few. The battle against increasing inequality is best fought by the underprivileged themselves, with a little bit of help.

These conclusions are based on Roy Morgan Single Source, a syndicated survey with over 25,000 Indonesians 14 years and older interviewed each year. Almost 90 per cent of the population is covered, in the top cities, other urban and rural centres as well. The national database is updated every 90 days, tracking changes as they occur.

The juxtaposition of the two contrasting sets of facts from two different sectors presents a fascinating commentary on consumer behaviour. It is obvious that people are flocking to cellular phones because they find them useful, satisfying, even essential. Many are squeezing money from scarce funds to acquire a handset and maintain a connection. In a fiercely competitive market, networks are making it easier for new entrants today by offering free handsets. Is there a lesson here for the banks, for the government? Is there an opportunity here to put two and two together and make five, for the benefit of all concerned?

It would be appropriate to assume that the people with cellular phones are among the more forward-thinking, dynamic Indonesians in the country. Most of them don't have a bank account, but would get one with the right kind of encouragement. Many of them are budding entrepreneurs looking for a break. At least a million of them can be identified from around the country. We also know that two out of three people who do have a bank account would prefer not to visit a branch, if good alternatives were available. Those are the dots, waiting to be connected.

Now imagine a three-way partnership between the government, the top ten banks and all the cellular networks. At a time when every country in the world is looking to bolster the economy, what better way to encourage entrepreneurs than offering government-funded modest grants to deserving candidates with viable business ideas? Grants as small as Rp 5 or 10 million would attract millions to compete for the assistance. The pre-selected universe of network subscribers offers a target audience easily reached via SMS, an ideal medium to announce a national competition. Cellular networks willing to offer their customers phone-banking facilities could work in tandem with managers at the banks to screen applicants and assist with the execution of their business plans. If a million new micro-businesses employed just one more worker, two million people would be gainfully employed. Everybody wins, including the catalysts.

It is good to know that Mohamed Yunus has registered his legendary Grameen Bank in Indonesia and has reportedly started recruiting staff and volunteers across the country. But the burden of strengthening Indonesia's economic spine can increasingly be shared by the captains of industry already present in the country, local and multinational alike.

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