Global Money Week 2024 Launch

Protecting Young Generation from Financial Scams and Frauds

Friderica Widyasari Dewi
Chief Executive of Market Conduct Supervision, Education and Consumer Protection, OJK

Paris | 18 March 2024
With more than half of the population (54%), Young Generation is clearly an important economic players in Indonesia...

However, they face many vulnerabilities...

**Gap on Financial Literacy and Financial Inclusion...**

**Financially Vulnerable Behaviors...**
- the young age group becomes the largest borrower in P2P lending.

**P-to-P Lending active debtors**

Age group distribution

<table>
<thead>
<tr>
<th>Age Group</th>
<th>Loan VS Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>&lt;19</td>
<td>90.86%</td>
</tr>
<tr>
<td>19-34</td>
<td>96.80%</td>
</tr>
<tr>
<td>35-54</td>
<td>89%</td>
</tr>
<tr>
<td>&gt;54</td>
<td>93.93%</td>
</tr>
</tbody>
</table>

On average, these loans reached 97% of the average salary earned

**Financially Vulnerable Behaviors...**
- Money on Pleasure (YOLO) VS Invest for Long Term

91%

Don't have an emergency fund

Lifepal Survey, 2021

21%

Only 21% Millennials just started investing

Indonesia Millennial Report, 2024
The Vulnerabilities.. (2)

With more than half of the population (54%), Young Generation is clearly an important economic players in Indonesia ...

However, they face many vulnerabilities...

3 Easy to Fall into Influencers Trap
   FOMO (Fear of Missing Out)

Luxurious Lifestyle from the Influencers

DONI SALMANAN
Quotex USD 23.5 Million

WAHYU KENZO
RoboTrading USD 16 Million

INDRA KENZ
Binomo USD 5.5 Million

4 Young generation traps in the Illegal investment/Online lending

From Top 5 Illegal investment/Online lending victims, 3% are students

42%

Teacher Layoff Housewife Employee Merchant Trader Student

21% 18% 9% 4% 3%
The 4 Effective Ways:

1. Financial Education
2. Financial Inclusion
3. Regulation and Sanctions
4. Collaboration
Effective ways to protect young people from financial scams and frauds through financial education, financial inclusion, regulation and enforcement, and stronger collaboration with relevant authority.

1. **Financial Education**
   - A strong foundation of financial education can help youth build competencies that can protect them from financial frauds
   - Education in School and Financial Literacy Series, both printed and digital
   - Digital Platform, including LMS
   - Training of Trainers (ToT) for Teachers
   - Collaboration with Universities and financial institutions

2. **Financial Inclusion**
   - One Student One Account (OSOA)
     - 53.9 Million Account (85% Student)
     - USD 2 Billion (IDR 29.65 Trillion)
   - Strengthening the Infrastructure
   - Bank Goes to School
   - Campaigns

   - Credit Against Loan Shark
     - 1.36 Million borrowers
     - USD 2.6 Billion (IDR 38.74 Trillion)
   - Through the Task Force on Regional Financial Access Acceleration (TPAKD)
Effective ways to protect young people from financial scams and frauds through financial education, financial inclusion, regulation and enforcement, and stronger collaboration with relevant authority.

3 Regulation and Sanctions

Omnibus Law to regulate the financial sector
Law No. 4/2023

- BLOCK applications, links, bank accounts, and telephone numbers related
- Examination and arrest the fraudsters
- IMPRISONMENT for a minimum of 5 years and a maximum of 10 years and a FINE of at least IDR 1 billion and a maximum of IDR 1 trillion (USD 66.67 million)

4 Collaboration

**Chair: OJK**

**Vice Chair: National Police**

- WG on Financial Sector
- WG on Religious Travel
- WG on Trading Activities

In order to protect public interest, OJK with related authorities or institutions, formed a task force to fight against illegal activities in the financial sector.
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THANK YOU

merci beaucoup

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What is the total loss caused by illegal entities in the financial sector, and how much of this loss has been successfully recovered or closed?

PUBLIC LOSSES DUE TO ILLEGAL INVESTMENTS 2017-2023 REACH 9.27 billion USD
*IDR 139.67 Trillion

COMPLAINTS CONCERNING ILLEGAL ONLINE LENDING AND INVESTMENTS

<table>
<thead>
<tr>
<th>Year</th>
<th>Illegal Investments</th>
<th>Illegal Online Lending</th>
<th>Illegal Pawns</th>
</tr>
</thead>
<tbody>
<tr>
<td>2018</td>
<td>106</td>
<td>0</td>
<td>50</td>
</tr>
<tr>
<td>2019</td>
<td>68</td>
<td>442</td>
<td>0</td>
</tr>
<tr>
<td>2020</td>
<td>75</td>
<td>1493</td>
<td>68</td>
</tr>
<tr>
<td>2021</td>
<td>88</td>
<td>1026</td>
<td>88</td>
</tr>
<tr>
<td>2022</td>
<td>17</td>
<td>311</td>
<td>106</td>
</tr>
<tr>
<td>2023</td>
<td>18</td>
<td>1466</td>
<td>698</td>
</tr>
</tbody>
</table>

TOTAL: 13,064

ILLEGAL ENTITIES STOPPED

<table>
<thead>
<tr>
<th>Type</th>
<th>Number</th>
</tr>
</thead>
<tbody>
<tr>
<td>Illegal Investments</td>
<td>1,218</td>
</tr>
<tr>
<td>Illegal Online Lending</td>
<td>6,680</td>
</tr>
<tr>
<td>Illegal Pawns</td>
<td>251</td>
</tr>
</tbody>
</table>

*from January to 31 December 2023

from 2017 to 2023
Besides illegal investment fraud and online lending, what else should young people be anticipated?

Young Generation – The “Buy Now Pay Later” Generation
Share of Indonesian respondents who use “buy now, pay later” schemes, by generation (in percent)

- Baby Boomer (1946-1964)
- Gen X (1965-1979)
- Gen Z (1995-2012)

Addressing buy now pay later risks effectively

1. Overspending
2. Debt Accumulation
3. Missed Payments
4. Impact on Credit Score
5. Encourages Unnecessary Debt

IDscore, 2023
What are common factors that make young people in Indonesia easily fall into financial scams and frauds?

**FOMO** (Fear of Missing Out)
- 40%
  - Feel afraid of missing out on information
  - JW Intelligence Survey, 2012

**YOLO** (You Only Live Once)
- 91%
  - Don’t have an emergency fund
  - Lifepal Survey, 2021

**FOPO** (Fear of People’s Opinions)
- 21%
  - Only 21% Millennials just started investing
  - Indonesia Millenial Report, 2024

#1 FOPO: No. 1 Inhibitor of human potential