

# Indonesia

## An overview on economy and business environment



Indonesia is the fourth most populous country in the world after China, India and United States and it is also the largest economy in the Southeast Asia.

During the global financial crisis, Indonesia outclassed all the nearby countries and joined China and India as the only G20 members growing. Despite the slowdown in growth since 2012, mostly due to the end of the commodities export boom, Indonesia's economic outlook continues to be positive, with domestic demand being the main driver of growth.

Indonesia's annual economic growth eased to 5.07 percent in the first quarter of 2019 from 5.18 percent in the previous three-month period. The Indonesian GDP composition, by sector of origin is allocated as follows: agriculture: 13.7% (2017 est.), industry: 41% (2017 est.), services: 45.4% (2017 est.)



Indonesia is a market economy in which the state owned enterprises (SOEs) and large private business groups (conglomerates) play a significant role. There are hundreds of diversified privately-held business groups in Indonesia (a tiny fraction of the total amount of companies active in Indonesia) that - together with the SOEs - dominate the domestic economy. As such, wealth is concentrated at the top of society.

Indonesia's micro, small and medium sized enterprises, which together account for 99 percent of the total amount of enterprises that are active in Indonesia, are important too. They account for about 60 percent of Indonesia's GDP and create employment to nearly 108 million Indonesians. This implies that these micro, small and medium sized companies are the backbone of the Indonesian economy.

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Indonesia is also the 25th largest exporter of the world. The top exports of Indonesia are Coal Briquettes, Palm Oil, Petroleum Gas, Rubber and Crude Petroleum while the top export destinations of Indonesia are China, USA, Japan, India and Singapore.

With regard to import, its top imports are Refined Petroleum , Crude Petroleum, Telephones, Vehicle Parts, and Petroleum Gas. Main import countries are China, Singapore, Japan, Malaysia and Thailand.

Indonesia is a promising country from a macroeconomic perspective but also entails risks due to a number of specific political, social and cultural dynamics of the country. In order to establish safe and profitable business relationships it is necessary to count on local expert business information providers.

PT. Visi Globalindo Data Utama, a CRIF company based in Jakarta, is a leading local provider of business information on Indonesian companies. Thanks to the expertise and deep knowledge of its analysts, PT Visi offers through SkyMinder the most complete and updated credit reports on any Indonesian company.

It is important to understand that only skilled and experienced local analysts can provide trustworthy and reliable information on Indonesian companies. Indeed, in Indonesia only local companies can access some data on companies. The data acquisition in Indonesia only can be accessed by local entities.





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This not only due to the fact that a considerable amount of information needs to be retrieved by phone interviews and this work can be done effectively only by local well trained analysts, but also to structural reasons: the registration documents are online but cannot be paid online, data on litigations is not centralized and has to be checked per region, finally the financial statements can only be accessed by visiting the Ministry of Trade (offline).

On SkyMinder, PT VISI provides complete and updated credit report assessing the creditworthiness of a company. PT VISI analysts examine, verify and analyze information related to the debt payment capacity of a company and after a thorough and objective evaluation of the company, assign it with a credit rating.

PT VISI evaluation process takes into account of various key factors including financials, company size, past payment behavior, length of time in business, management experience and ownership background.

PT VISI reports build trust in customers relationships and are important to the customer's partners including suppliers, buyers, vendors and bankers



PT VISI reports available through SkyMinder include all information available on companies:

- all company identification, contact and registration detail
- shareholding structure and management
- key data on operations: line of business, number of employee, status of investment, product and capacity, sales territory, export import, payments, supplier and customer, operation performance, litigation
- Market outlook and industry trend
- Financial Statement Information, Sales, Assets, Financial Ratio
- Creditworthiness: Conclusion, Credit rating, Maximum of Credit recommendation thanks to the Visi's scoring credit assessment tools

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Of course availability of each details depends on the type company, on the willingness to cooperate, on the data filed and on each single situation.

With regard to the Financial Statements it is important to say that only companies quoted on the Indonesia Stock Exchange (IDX) and companies owning at least IDR25 billion asset are obliged to disclose financials. In addition to this, with regard to private companies the awareness to submit the financial statement is still very low. This implies that in many cases it is not possible to obtain the financial statements.

That is the reason why PT VISI has developed a credit assessment tool able to calculate and appraise effectively the credit risk of companies also in absence of financial data. Thus, thanks to PT VISI and its in depth knowledge of the Indonesian economic pattern, on SkyMinder it is possible to get a complete picture with a credit appraisal on any Indonesian company.

SOURCES: PT VISI Globalindo Data Utama; <https://www.worldbank.org/en/country/indonesia/overview>; <http://www.oecd.org/economy/indonesia-economic-snapshot/>; <https://www.nordeatrade.com/en/explore-new-market/indonesia/economical-context>; <https://www.focus-economics.com/countries/indonesia>; <https://www.indonesia-investments.com/culture/economy/general-economic-outline/item251?> <https://www.export.gov/article?id=Indonesia-Market-Overview>; <https://www.cia.gov/library/publications/the-world-factbook/geos/id.html>; [https://www.indexmundi.com/indonesia/economy\\_profile.html](https://www.indexmundi.com/indonesia/economy_profile.html); <https://tradingeconomics.com/indonesia/gdp-growth-annual>; <https://atlas.media.mit.edu/en/profile/country/idn/>