

# A PEOPLE-CENTRIC PUBLIC-PRIVATE PARTNERSHIP: THE CASE OF INDONESIA

## Mobilizing innovative technology to address implementation of the Sustainable Development Goals (SDG)

This case study examines how state-owned entities and federal governmental agencies may benefit from private innovation while developing integrated multi-stakeholder partnerships and how Public-Private Partnership (PPP) structure can be used to introduce modern technology

Through this people-centric PPP, financial access is introduced to an underbanked populous providing governments with national economic insight, which will enable the provision of financial services to the underprivileged with the potential to spark economic growth within nations and addressing various SDG objectives and targets.



# INDONESIA

## Background

**Kinesis has formed a strategic long-term public-private partnership (PPP) with PT Pos, the Indonesian state-run postal service. The PPP is commencing with a landmark nationwide integration of payments and savings solutions.**

As the largest non-bank institution in Indonesia, and the third largest postal service worldwide, PT Pos employs over 70,000 Indonesian citizens, operating from 24,000 service points across the nation. Kinesis will utilise the proven scalability of the payments and saving infrastructure to introduce the government and the citizens of Indonesia to cutting-edge financial technology.

The combination of the business climate in Indonesia, large domestic gold demand, recent gold related regulatory pronouncements and ABX/Kinesis partnerships with Indonesian national entities, has created the environment for several additional projects to be realized. All projects are underway and address major development goals for the attainment of a better Indonesia, for both government and citizens through public-private partnerships.

## Indonesia quick facts:

- 260+ million population
- 70-80% population unbanked or underbanked
- 80%+ population with active smartphone account
- One of the wealthiest countries in Asia
- Burgeoning middle class
- Gold, a major asset for saving and investment
- Over US\$20 billion per year in international remittances



# ADVANTAGES: MODERNIZATION OF INFRASTRUCTURE THROUGH TECHNOLOGY

Through partnership with PT Pos, Kinesis payments and savings infrastructure will deliver a technologically-driven value, efficiency and access that improves the lives of citizens and enhances the operations of the government.

- The Kinesis payment infrastructure is delivering unique cross-border value to the millions of people remitting funds to Indonesia monthly, commencing with the 3 million migrant workers sending remittances across the **Malaysia-Indonesia Corridor** every month.
- Kinesis payment technology makes it possible for citizens and governments to transact internationally and domestically with value and efficiency, unseen in the payment provision of the region.
- Citizens and Governments can instantly purchase and store savings in the stable value of gold through the immediate convenience of a Kinesis mobile savings solutions.

## 1. BENEFITS FOR THE GOVERNMENT / OPERATOR

- Provide important financial access to the unbanked and underbanked citizens, currently existing outside of the economic system.
- Accumulate valuable data on a previously unmapped section of the population.
- Utilise fresh insight into previously unbanked citizens to improve services and tailor provision effectively.
- Access a new, inexhaustible governmental income source, calculated from a share of the transaction fees of every citizen referred into the Kinesis yield system for life.
- The citizens will receive a fair, low-cost alternative to the current remittance provision monopolizing the region.
- Advance the national geoeconomic agenda by being a leading nation, embracing cutting edge digital financial technological infrastructure, without the cost and burden on the government's antiquated industry and lack of technological resources.
- Amass true, secure national wealth in a debt-free currency, untethered from the instability of the US dollar and based on the stable value of gold.



## 2. BENEFITS FOR CITIZENS

- All citizens with a mobile phone and internet access can access low-cost, efficient financial services.
- Unbanked citizens once excluded from the financial system are now able to securely save funds for their future.
- Low-cost, instant, mobile cross-border payments, free citizens from the extortionate fees and skewed exchange rates of leading remittance providers.
- The 6 million migrant workers across Malaysia, Saudi Arabia, United Arab Emirates and surrounding countries, can send their monthly remittance to Indonesia fairly.
- Instant, low-cost payments are available from the convenience of a mobile phone, a service particularly impactful in Indonesia's isolated rural areas.
- Kinesis payment technology is set to improve an array of government-run services, enhancing citizen experience in utilities, transport, healthcare and lending services.
- Those citizens unaccustomed to technology can access Kinesis technologies through the familiarity of their local PT Pos post office branch.



### 3. THE KINESIS SOLUTION

Kinesis payments and savings solutions are introducing new value, efficiency and profitability to the government and citizens of Indonesia.

- Kinesis payment technology enables low-cost, instant transactions locally or globally, from the ease of a handheld device.
- Kinesis savings solutions allow citizens and governments to save funds in the stable value of gold, while earning a unique yield from a proportionate share of transactions fees.
- Kinesis enables governments and citizens to accumulate wealth and operate in a currency based on the stable value of gold.
- The first ever, state-of-the-art Kinesis vault, with multiple government and national stakeholders (PT POS, KBI, JFX, NU) installed on Indonesia soil, enables the government, institutions and citizens to hold physical gold safely and securely in the country.



### 4. SYSTEM EXPANSION

Upon successful delivery of fair cross-border payments services to citizens remitting across the Malaysia-Indonesia Corridor, Kinesis will facilitate PT Pos in an expansion of payment and savings services to their 70,000 employees and agents. Subsequently, Kinesis will integrate payment and savings services within the 24,000 postal service points, embracing the population into the Kinesis monetary system.

Kinesis has plans to extend the scope of public-private partnerships in the region, guiding the government through integration of Kinesis technologies into transport, health care, insurance, waste management and utilities industries.

Kinesis have established a partnership with NU, an Indonesian Sunni Islamic organisation, to provide a shariah-compliant gold savings scheme in the debt-free asset of gold to their **one hundred million** strong membership.

# SUSTAINABLE DEVELOPMENT GOALS

## Kinesis Financial Access

Kinesis accessible, low-cost mobile financial services provide vital financial access to the Indonesian unbanked community excluded from the financial system. The United Nations have established financial inclusion as a key enabler for achieving 6 of their 17 Sustainable Development Goals.



Every Indonesian citizen with a mobile phone and the internet, can open a free Kinesis account and access our valuable financial services. The empowerment of financial access has the potential to substantially increase the quality of life of Indonesian citizens and the economic growth of the nation.

## Sustainable Development Targets

### GOAL 1: End poverty in all its forms everywhere



1.4 “By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to... appropriate new technology and financial services, including microfinance.”

Kinesis provides the financially underserved people of Indonesia with financial access that allows them to lay the economic foundations of a future free from poverty.

### GOAL 2: Zero Hunger



2.3 “By 2030, double the agricultural productivity and incomes of small-scale food producers, in particular women, indigenous peoples, family farmers, pastoralists and fishers, including through... financial services.”

Kinesis provides Indonesian food producers with the financial services to support and develop local agriculture, working towards reducing hunger.

### GOAL 5: Gender Equality

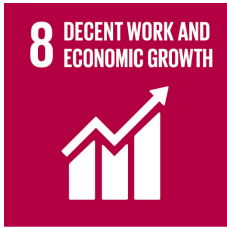


5.A “Undertake reforms to give women equal rights to economic resources, as well as access to... financial services”.

Kinesis payment and savings solutions aid economic empowerment of the women of Indonesia, through the security and independence of financial sovereignty.

**GOAL 8:**

**Decent work and Economic**



**8.3** Promote “decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services.”

The economic freedom and stability of Kinesis financial technology will expand the opportunities for businesses of all sizes.

**GOAL 9:**

**Industry, Innovation and Infrastructure**



**9.A** “Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support”.

Kinesis robust financial infrastructure provides financial services to all, regardless of their location or financial status.

**GOAL 10:**

**Reduce Inequalities**



**10.2** “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status”

Kinesis payments and savings solutions are driving economic inclusion of every single citizen of Indonesia, without exception.

**Kinesis Ethical Remittance**

Kinesis provides a fair, low-cost cross-border payment alternative to the current remittance provision, which deprives Indonesian communities of millions of dollars annually. UN research shows the remittance reaching developing countries is a significant factor in achieving 11 of the 17 SDGS.





# Kinesis Ethical Remittance

Kinesis' provides a fair, low-cost cross-border payment alternative to the current remittance provision, which deprives Indonesian communities of millions of dollars annually. UN research shows the remittance reaching developing countries is a significant factor in achieving 11 of the 17 SDGS.

## GOAL 10: Reduced Inequalities



**10.C** "By 2030, reduce to less than 3 per cent the transaction costs of migrant remittances and eliminate remittance corridors with costs higher than 5 per cent."

Kinesis low-cost remittance provision aims to provide a fair service to those remitting funds to the nation of Indonesia, with a fee of less than 1% - considerably lower than the UN target of 3%. In commitment to UN goal 10.C to, Kinesis is working to eliminate costly remittance corridors of +5%, through competitive, low-cost provision.

Annual Personal Remittance to Indonesia (2018)	Kinesis Fee - < 1%	Average Southeast Asia Fee - 5%	Additional funds reaching Indonesia with Kinesis
\$11.2 billion	\$112 million	\$560 million	\$448 million

Applied to the most recent statistics, Kinesis remittance provision would result in an additional \$448 million dollars reaching Indonesian communities and entering the economy annually.

United Nations research details that remitted funds make a significant impact on almost every aspect of the lives of the recipient and their families, while contributing directly to achieving 12 SDGS, at a household, local and national level.

Kinesis fair remittance provision aims to maximise the impactful role of remittance in improving the lives of Indonesian citizens, while working towards the UN sustainable development goals.

## Household and Local Level

### GOAL 1: No Poverty



Remittance significantly reduces the effects of poverty: a 10 per cent increase in per capita remittances leads to a 3.5 per cent decline in the share of poor people in the population.



**GOAL 2:**

**Zero Hunger**



In rural communities, common in Indonesia, half of remittances are spent on agriculture-related expenses.

**GOAL 3:**

**Good health and well-being**



Remittances invested in health care - access to medicine, preventive care and health insurance products - improve the health and well-being of recipient families.

**GOAL 4:**

**Quality Education**



Remittance-receiving households invest around 10% of their income educating their children and remittances lead to almost doubling school enrolment.

**GOAL 5:**

**Gender Equality**



Remittances transform the economic role of women both on the sending side and receiving end through financial independence and better employment opportunities.

**GOAL 7:**

**Affordable and clean energy**

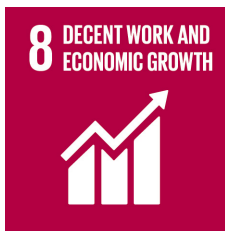


Remittances have a positive impact on family assets and overall quality of life when invested in housing, including efficient cooking devices and clean energy solutions, and rural community projects may apply clean energy technologies.

**National Level**

**GOAL 8:**

**Decent work and Economic growth**



Money held by remittance-receiving families and migrants' savings in host countries improves financial resources available to the general economy.

**GOAL 10:**

**Reduced Inequalities**



Reducing the cost of remittance transfers can substantially increase disposable income for remittance-receiving families.

**GOAL 12:**

**Responsible Consumption and Production**



As remittance families increase their purchase capacity and change their consumption patterns, they can do so by meeting individual needs and aspirations within the ecological limits of the planet.

**GOAL 13:**

**Climate Action**



Remittances enable the adoption of more sustainable crops and non-farm activities: more efficient use of water, improved irrigation systems, storm/heat/wind-resilient building materials.

# EXPECTED IMPACT & RESULTS

**The financial empowerment of Kinesis payment and savings solutions and the value of Kinesis remittance provision, will be felt at every level of Indonesian society.**

Across Indonesia, previously unbanked citizens equipped with the financial tools of Kinesis solutions will begin to carve out a better life for themselves and their families. The option to save funds securely, allowing them to think beyond the struggles of the present, build towards a brighter future, while preparing for life's uncertainties.

As the value of Kinesis cross-border payments replaces costly remittance providers, additional wealth will flow into the Indonesian economy, through citizens purchasing essentials and investing in wealth creation activities. Over time, Indonesia will experience a rise in living standards and an inclusive, sustained economic growth, which betters every member of society.



# CONCLUSION & OUTLOOK

For the Indonesian government, the introduction of a private partner to implement and run the Kinesis payments and savings solutions via the PT POS mobile app - PosGO, was an ideal scenario in a number of respects:

- Primarily, the PPP mechanism is a way of investing in much needed public infrastructure, achieving efficiency improvements, whilst limiting the impact on public budgets.
  - Through accessing the efficiency of the private sector and the implementation of the Kinesis Monetary System, the PosGO mobile app brings a wide-range of benefits for the government including risk transfer (to the private sector), enhanced demand management, expanded product/services to clients and extremely cost-effective pricing, while at the same time, generating an added revenue stream for the government.
  - It will also provide a secure and reliable form of access to financial solutions and economic growth, both easier to use and providing government connectivity, economic data and accessibility into a previously unreachable environment.
  - Fundamentally, such benefits are coming at no extra cost to either the government or citizen, as the investment in this new system has come entirely from the private sector and seamlessly integrates into existing infrastructure.
- 

## INDONESIA CASE SUMMARY

**Worldwide the majority of national wealth is bound to volatile debt-based global economics. The currencies of the world are held in precarious economic balance, with their value inseparably tied to the world's reserve currency, the US Dollar.**

In terms of financial access, many countries have difficulty in providing their citizens with basic banking services or fair alternatives to inefficient, costly remittance providers. Governments are cut out of fruitful revenue streams and locked out of vital areas within private partnerships, leaving citizens at the mercy of costly and profit-centric business.

**A nation of citizens stranded outside of the financial system leaves governments with major issues**

- Poor financial record of their population
- No financial savings across a vast populous
- Citizens have no financial security
- Widespread financial disempowerment
- Stunted economic growth and societal development

# CASE STUDY

## Problem

A national currency dependent on the economy of world powers limits that government's resilience to economic instability. Absence of robust payment infrastructure limits government provision of banking services and forces reliance on inefficient, costly remittance providers. Governments do not capitalise on scalable sources of income, and their citizens are subjected to financial exclusion and ineffectual, high-cost cross-border payments.

## Implication

A government that has limited tools to protect the value of its currency from the erosion of external financial influence, operates with no guarantee of long-term economic security. Insufficient payment solutions leave governments with a poor financial record of their population. Citizens deprived of financial access and cost-effective cross-border payments are left stranded outside of the financial system. Inability to save funds securely, the unbanked and underbanked live with little financial security. Widespread financial disempowerment stunts economic growth and societal development of a nation.

**SOLUTION:** *Kinesis core principles and foundations for transforming economies*

## Transforming and integrating a new currency

- Kinesis enables governments to create a currency based on a true, stable store of value, physical gold and silver.
- Empowering countries to accumulate tangible, physical wealth and regain control of their currencies' value, buffering against the fall out of global debt.
- The Kinesis system facilitates a nation's economic independence through access to the stable value of precious metals, all integrated digitally into the existing financial system.

## Leveraged economic benefit

- Kinesis opens up a multitude of new revenue opportunities for governments and transformative access, value and efficiency to their citizens.
- Kinesis' infrastructure delivers chargeless, lucrative and secure gold storage and savings solutions, and instant, inexpensive cross-border payments.
- Plugging into the Kinesis Monetary System allows governments and organisations to generate revenue from the use, storage and transacting of gold and silver based currencies in every economy that uses it.

## Reintroducing wealth into an economy

- Government capacity to monetize gold reserves, allows new wealth to circulate into the economy.



- Introducing financial access to an underbanked populous provides governments with national economic insight, which enables the provision of financial services with the potential to spark economic growth within nations.



## Current real-world applications of Kinesis in Indonesia

### **GOAL 1: Cross Border Value**

Kinesis is working with the Indonesian government to embed its platform within the Indonesian national postal service, PT POS, the third-largest postal service in the world.

A nationwide integration that demonstrates the financial access, gold storage solutions and fast, low-cost remittance provision, Kinesis can deliver on a national scale. The integration of the Kinesis monetary system into the Indonesian economy will have a far-reaching and lasting impact on the economic future of the country.

### **GOAL 2: Gold Savings Initiatives**

Kinesis is enabling national financial access and government gold storage through the launch of accessible, profitable and chargeless gold storage and gold saving programs. As a result, the government and citizens of Indonesia are monetising unbanked gold holdings.

### **GOAL 3: Monetisation of Existing Assets**

A national amassing of tangible wealth, increasing the share of the economy operating in a currency of true value. Kinesis is facilitating the development of an alternative economy, with deep-rooted resilience to the erratic fluctuation of the debt-funded global financial system. Subsequently, the Indonesia government has an advantageous position of conducting future international trade in the universal value of gold.

#### **GOAL 4: Yields Based on Active Participation For Rewards and Government Initiatives**

Both the government and citizens alike are accessing the profit and value of the Kinesis gold storage and saving program. Indonesian gold storers and savers earn an unprecedented, passive yield, without paying storage fees.

Kinesis unique yield technology means the government and citizens of Indonesia, profit from all economic activity across the Kinesis system. Through participation in the Kinesis system, Indonesia is earning from the transactional volume of countries it has no formal relationship with. Additionally, the Indonesian government earns a significant yield from the transaction fees of every citizen or business it introduces into the Kinesis system.

For more information contact [www.kinesis.money/contact-us](http://www.kinesis.money/contact-us)

