Agenda

Current Situation

Current Issue

Future Business Model
Malaysia is the second biggest recipient of Indonesian migrant workers (TKI) after Saudi Arabia.

Indonesia contributes the highest overseas workforce in Malaysia (more than 60% of total overseas workforce).

As of 2006, TKI works in Malaysia approximately 1.3 million documented and 700,000 undocumented (best prediction 3.5 million).

In the last 5 years, the number of TKI in Malaysia is increasing 16% (average).

Remittance Flow from Malaysia to Indonesia both formal and informal shows USD 2.7 billion in 2006.
Remittance flow from Malaysia to Indonesia contributes almost half (48.21%) of total incoming remittance to Indonesia.

Current Situation

Remittance Data

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total Incoming Remittance to Indonesia (USD Bil, 2006)</td>
<td>5.6</td>
</tr>
<tr>
<td>Total Incoming Remittance to Indonesia from Malaysia (USD Bil, 2006)</td>
<td>2.7</td>
</tr>
<tr>
<td>Share</td>
<td>48.21%</td>
</tr>
</tbody>
</table>

Source: Bank Indonesia, 2006
Current Situation

Bank
• Secure
• Expensive
• Slow

MTO (Western Union, Moneygram)
• Expensive
• Fast

Post Office
• Cheap
• Slow
• ID

Remittance sender/TKI

Money Changer w/o Remittance License
• Cheap
• Fast
• No ID required

Recruitment Agency
• Insecure
• Convenient

Family members
• Cheap

20%

80%

Formal Provider

Informal Provider
The documented TKI prefer to send their money through Informal Remittance Service Providers due to some reasons:

- Easy access to the Provider without ID requirement.
- Simple documentation.
- Wide coverage in Malaysia.
- No language barrier.
Agenda

- Current Situation
- Current Issue
- Future Business Model
Future Business Model

- Direct presence in Malaysia
- Improving cooperation with existing RSP in Malaysia
- Monitoring illegal RSP in Malaysia
- Improve flow of remittance between Indonesia - Malaysia
Future Business Model

Direct presence in Malaysia

- Simple license process
- Reciprocal basis concept
- Flexible management structure (1 director – no nationality restriction)

Improving Cooperation with existing RSP in Malaysia

Indonesian banks should work with other RSP in Malaysia.
- More flexible service (speed).
- Competitive pricing.
- Wider network/coverage.

Monitoring illegal RSP in Malaysia

There should be a severe punishment for any person/any institution that operate remittance business without license (illegal provider).
Thank You