

Indonesia Online Loan and Insurance Industry Outlook to 2024 - Ken Research

Changing Landscape of Financial Products Distribution in Indonesia

INDONESIA, October 9, 2020 /EINPresswire.com/ -- While Indonesian government has been taking initiatives on grounds of industrial digitization, education & commerce, the country still lags behind other emerging countries in terms of digital adoption. Indonesia is placed as one of the largest economies in South East Asia where >60% population is unbanked. This proportion of population is often looking for alternative digital financing options. However, there is a still a section of population that continues to rely on traditional sources of financing (banks and informal channels like friends, family, informal lenders etc) for varied reasons such as limited financial awareness, inadequate collateral, lack of trust on alternative sources etc.

Therefore, a middle ground to traditional & alternative financing solutions was established with the introduction of Online Aggregators (commonly known as marketplaces). These are price comparison websites facilitating comparison across multiple credit/insurance options from different providers. Backed by a team of financially educated advisors & telesales individuals, they provide assistance by suggesting suitable loan/insurance options to customers depending on their requirements & adherence to eligibility criteria. All of these services are provided free of cost to customers.

So, one might wonder, where are the aggregators earning money from? With established partnerships with multiple banks & insurance companies, Online Aggregators work on a commission/fee-based system wherein commission rate is decided depending on product complexity, regulations & agreement conditions. CekAja, one of the pioneers in the industry brought in the concept of Online Aggregation in 2013. The company started off with comparison across loan & insurance products and later on expanded to investment products to Time Deposits, Unit Linked Deposits, Mutual funds etc. Following CekAja's model, companies including Aturduit, KreditGogo, Cermati, Futuready & CekPremi entered the Indonesian market.

According to Ken Research publication, [Indonesia Online Loan & Insurance Aggregator market](#) has been growing at a Y-o-Y growth rate of >15%. Industry is concentrated among the top 5 players contributing >90% to industry revenue. In order to stand out among peers, aggregators have been investing heavily on Technology, Establishing partnerships & Product developments. Leveraging on an in-house technology development team, aggregators collaborate with credit scoring companies to undertake credit scoring & verification checks for unbanked customers. A

credit score for such individuals is established after analysing multiple factors including shopping pattern, bill payment history, consumption pattern etc. Such models help in providing credit opportunities to unbanked population which otherwise would've been not possible.

Changing lifestyle & spending pattern has led to increased traction of Micro Insurance products with small premium & limited coverage scope. Sold at affordable prices of as low as IDR 10,000 these have been a hit in Indonesia, thereby OJK recording 22 Mn policy holders as of June 2019 with expected expansion. This has encouraged leading insurance providers to venture into developing other niche low premium insurance products such as digital appliance insurance, travel insurance etc.

COVID 19 pandemic has created a paradigm shift in consumer behaviour with almost 8 out of 10 people now preferring online services. As people suffer from salary cuts, layoffs, shutting down of small business, there has been an increase in the demand of short-term loans & credit cards. The surge in applications would've created a high growth opportunity in the industry. However, given uncertain circumstances & fear of NP loans, banks and aggregators have been very cautious in disbursing credit to new customers. But looking at long term picture, pandemic will act as an inflexion point in demand for online aggregators & can be foreseen to be a permanent one.

Online aggregator services are observed to be a highly scalable business thereby expanding operations to other socio demographically similar South East Asian countries (Philippines, Singapore, Malaysia) can be first route to diversification. Secondly, customers prefer existing vendors over trying new ones (especially for financial products) therefore it creates high cross selling potential for other services. Taking advantage of established customer database & advisory services, aggregators must strive to expand platform services to Peer to Peer Lending & Wealth Management. Following framework can be considered while expanding financial product offerings.

For More Information on the Research Report, refer to below links: -

<https://www.kenresearch.com/banking-financial-services-and-insurance/loans-and-advances/indonesia-online-loan-aggregator-industry-outlook/347119-93.html>

Companies Covered: -

Cermati
CekAja
CekPremi
Futuready
Aturduit
KreditGogo
GoBear

Finder

Time Period Captured in the Report: -

Historical Period: 2015–2019

Forecast Period: 2020-2024

Key Topics Covered in the Report: -

Socio-Demographic, Economic, Banking & Fintech Scenario in Indonesia

Insurance Scenario in Indonesia with segmentation by Insurance type including Motor Insurance, Health Insurance & Life Insurance

Lending scenario in Indonesia with segmentation by Loan to Government, private (Individuals, NBFIs, NFIs) and Others

Household/Retail Lending Scenario with Segmentation by Multipurpose Loans, Mortgage loans, Credit Cards, Auto Loans, Loans to MSMEs, Home Appliance Loans & Others

Gaps in Traditional Loan Industry fulfilled by Online Loan Aggregators

Online Loan Aggregator Industry in Indonesia with Revenue Models followed

End-to-End Customer Journey followed

Technological & Organizational Structure followed

Regulatory Landscape

Competitive Landscape including Overview, Ecosystem & Cross Comparison among major players on basis of Operational, Loan/Insurance Providers, Product Portfolio and Website Features

Company Profiles- Cermati, CekAja, CekPremi, Aturduit, Futuready & KreditGogo

International Case Studies-PaisaBazaar& PolicyBazaar (India)

Future Outlook of Loans and Insurance & Online Aggregators

Impact of COVID 19

For More Information, Refer to this link

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Related Reports by Ken Research: –

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