



**ASOSIASI PERUSAHAAN EFEK INDONESIA**

*Association of Indonesian Securities Companies*



# INDONESIA COUNTRY REPORT



- Overview of Indonesia and APEI
- Economic Performance
- Capital Market Performance
  - ❖ Stock Market
  - ❖ Bond Market
  - ❖ Mutual Fund Market
- Regulatory Developments
- Challenges
- Prospects for Indonesia Securities Industry

# INDONESIA



INDONESIA “Pearl of the Equator”

Geography: 17,508 islands, tropical climate

Population: 249.9 million (2013)

Culture: major religion is Moslem, 583 languages or dialects and 300 ethnic groups

History: Dutch Colony for 340 years, independence on 17<sup>th</sup> August 1945

GDP: USD868.3 Billion (2013)

Per capita income: USD3,475.25 (2013)



# ASSOCIATION OF INDONESIAN SECURITIES COMPANIES (APEI)



- APEI was established in 11<sup>th</sup> July 1995
- Member of APEI: 126 Securities Companies (2014)

Shareholding		IDX Membership	
Joint venture	28	Member	114
Local	98	Non-member	12
Total	126		126

- Licensing of Securities Companies: Broker-Dealer, Underwriter, Investment Manager
- Regulator: Indonesia Financial Services Authority or OJK
- Self-Regulatory Organizations: Indonesia Stock Exchange (IDX), Indonesia Central Securities Depository (KSEI), Indonesia Clearing and Guarantee Corporation (KPEI)

# APEI ORGANIZATION



- Committee of Chairpersons (5) elect by Members' General Meeting
- Secretary General and Vice Secretary General
- Treasurer and Vice Treasurer
- Departments :
  1. Broker-Dealer and Online Trading
  2. Fixed Income
  3. Underwriting
  4. Investment Manager and Mutual Fund
  5. Foreign Institution
  6. Information Technology
  7. Compliance and Securities Companies Operations
  8. Research and Business Development
  9. Members and Code of Ethics
- Secretariat

# ECONOMIC PERFORMANCE



Indicator	2010	2011	2012	2013	Sep-14
GDP Growth Rate (% y-o-y)	6.1	6.5	6.5	5.8	5.6
Export (Billion USD)	157.8	203.5	190	182.5	117.4
Import (Billion USD)	135.7	177.4	191.7	186.6	118.8
Surplus (Billion USD)	22.1	26.1	-1.7	-4.1	-1.4
Exchange Rate - End Period (IDR/USD)	8,991	9,068	9,670	12,250	12,273
Forex Reserve (Million USD)	96,207	110,123	112,780	99,387	111,164
Unemployment Rate (%)	7.1	6.6	6.1	6.2	5.7

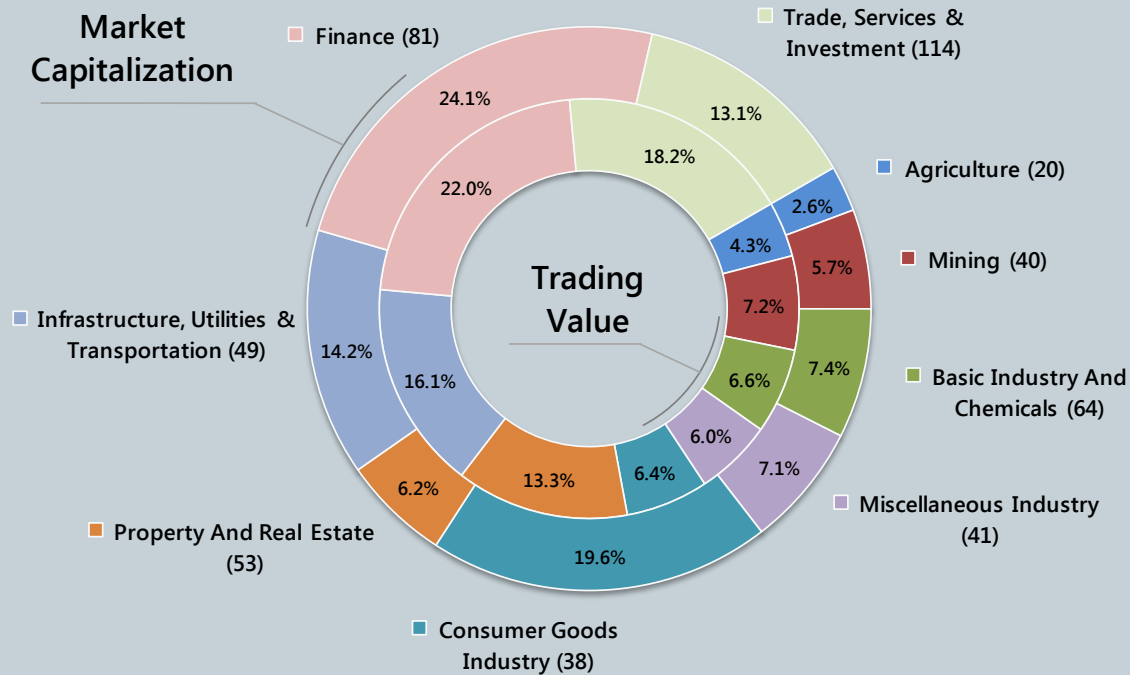
# STOCK MARKET PERFORMANCE



Description	2010	2011	2012	2013	Sep-14
Trading Value (Billion USD)	131.0	134.9	115.4	124.1	89.5
Average Daily Trading Value (Million USD)	534.8	546.2	469.2	508.4	500.0
Composite Index ~ High	3,786.10	4,193.44	4,375.17	5,214.98	5,246.48
Composite Index ~ Low	2,475.57	3,269.45	3,654.58	3,967.84	4,175.81
Composite Index ~ Close	3,703.51	3,821.99	4,316.69	4,274.18	5,137.58
Listed Issuers	420	440	459	483	501
Market Capitalization (Billion USD)	361.7	390.1	426.8	343.9	418.9

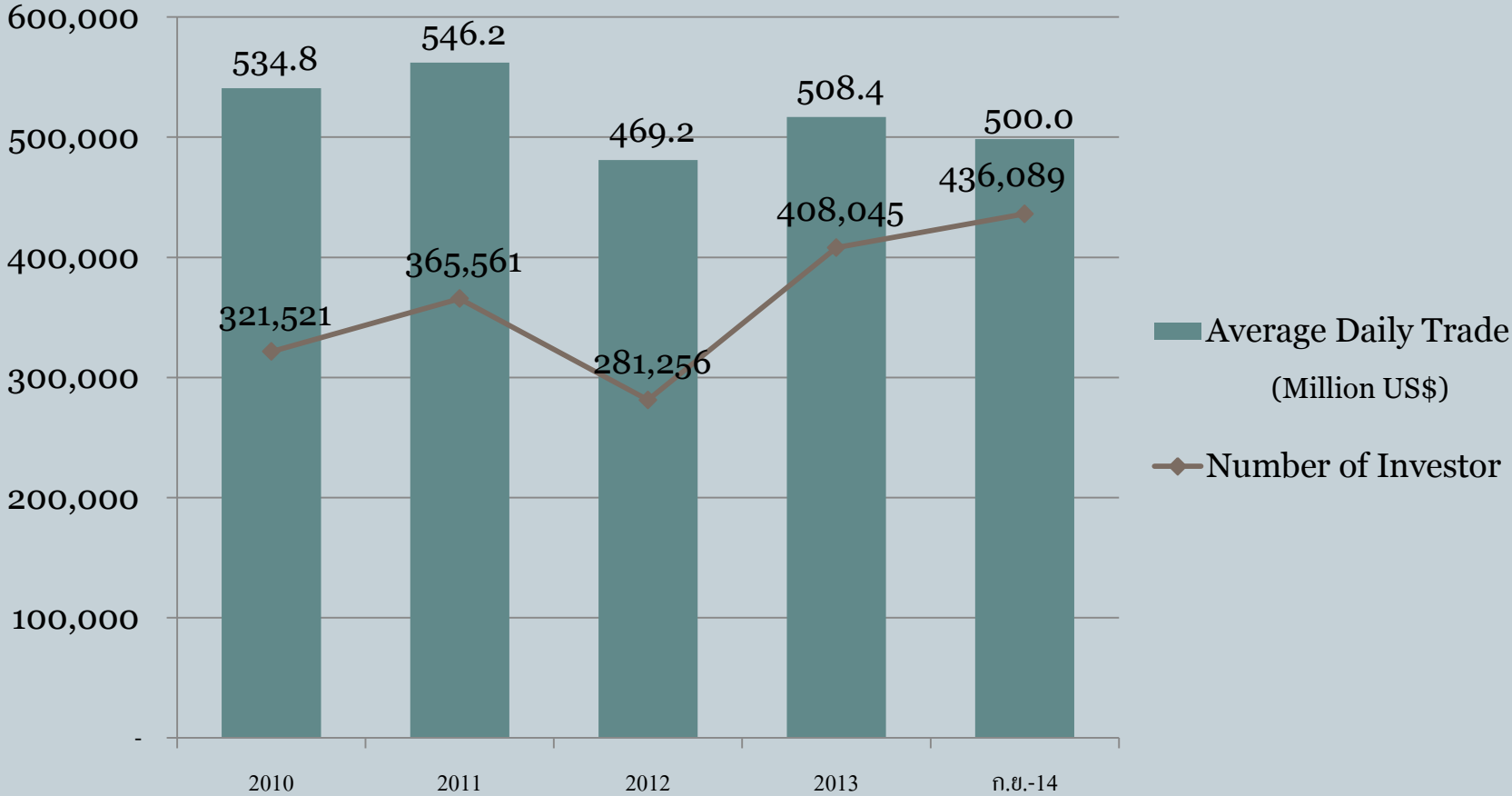
# Market Capitalization and Trading Value By Industry

12 September 2014

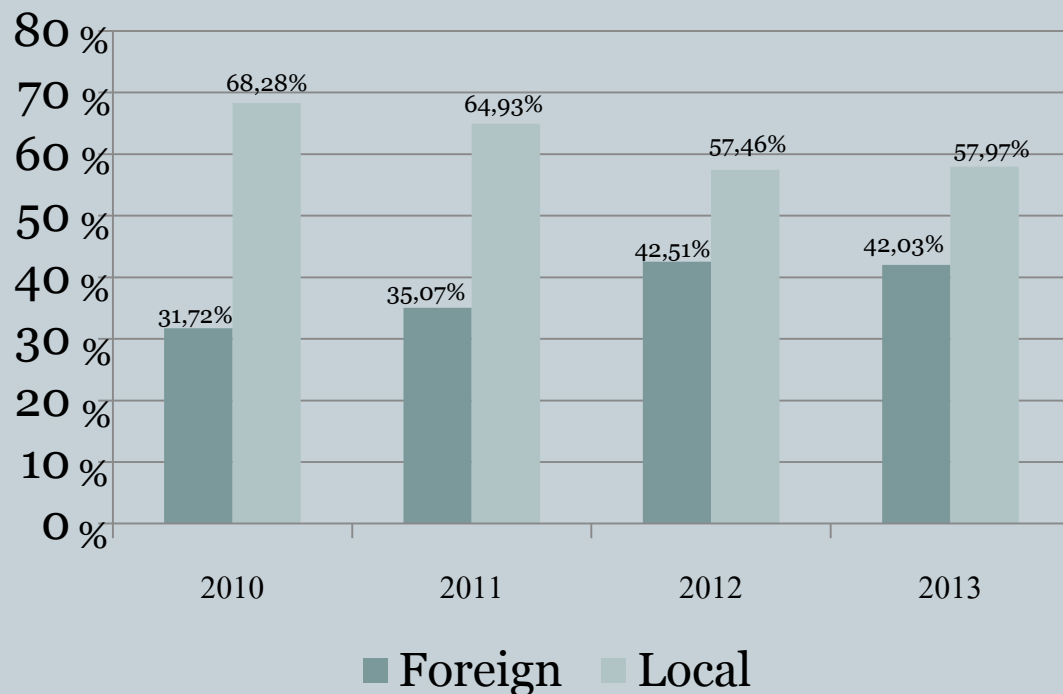




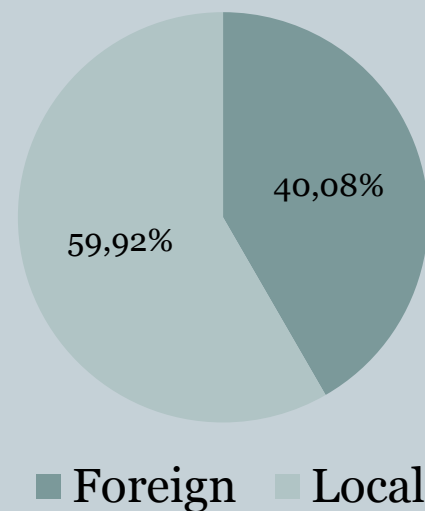
# Number of Investor and Average Daily Trade



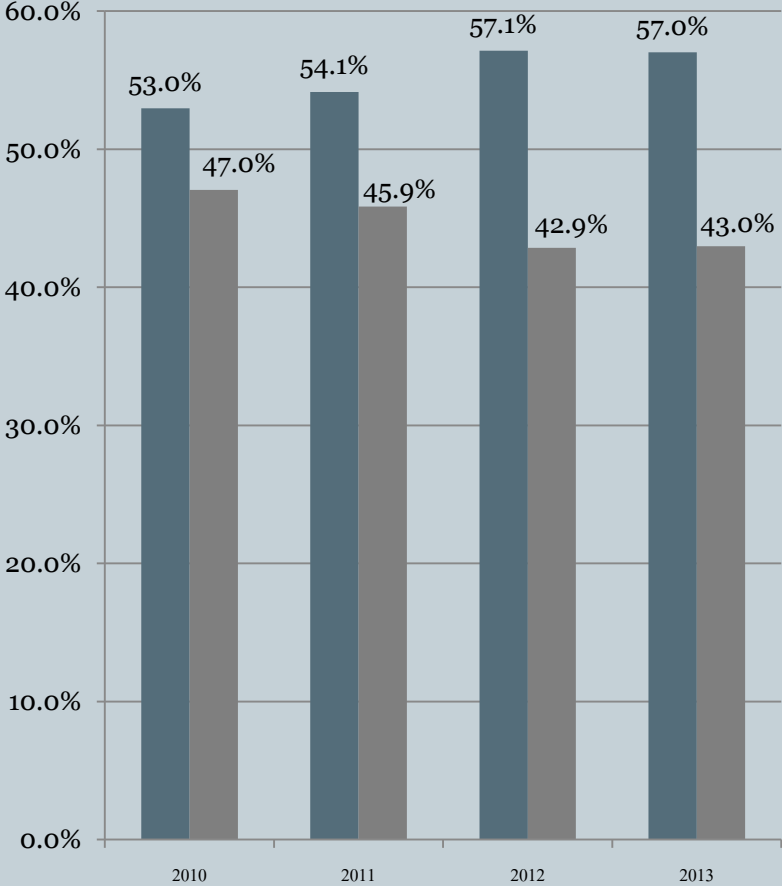
# INVESTORS STOCK TRADING



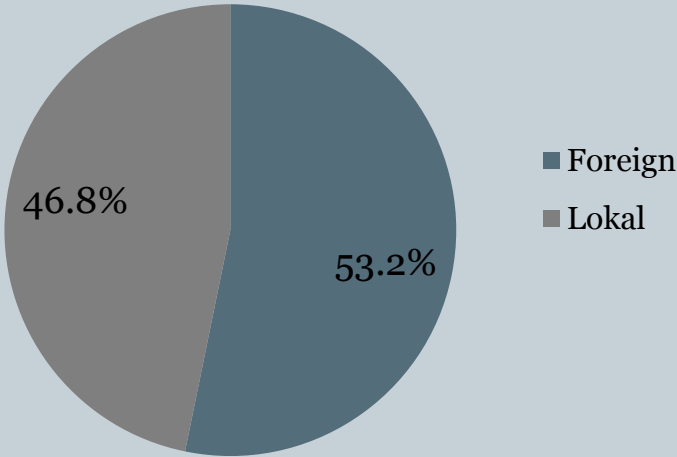
## September 2014



# BROKERS STOCK TRADING



**30 September 2014**



# TOP 20 BROKERS – 2013



2013	Billion IDR	Rank	Market Share
Credit Suisse Securities Indonesia (CS)	206,142	1	6.77
CIMB Securities Indonesia (YU)	185,155	2	6.08
UBS Securities Indonesia (AK)	178,866	3	5.88
Deutsche Securities Indonesia (DB)	130,538	4	4.29
Macquarie Capital Securities Indonesia (RX)	128,454	5	4.22
Mandiri Sekuritas (CC)	115,036	6	3.78
Maybank Kim Eng Securities	114,097	7	3.75
CLSA Indonesia (KZ)	111,837	8	3.67
Morgan Stanley Asia Indonesia (MS)	97,183	9	3.19
Daewoo Securities Indonesia (YP)	89,684	10	2.95
Bahana Securities (DX)	88,196	11	2.90
Citigroup Securities Indonesia (CG)	81,535	12	2.68
JP Morgan Securities Indonesia (BK)	79,543	13	2.61
Danareksa Sekuritas	73,574	14	2.42
RBH OSK Securities Indonesia (DR)	65,683	15	2.16
Indo Premier Securities (PD)	63,903	16	2.10
Ciptadana Securities (KI)	58,899	17	1.93
Valbury Asia Securities (CP)	55,261	18	1.82
Merrill Lynch Indonesia (ML)	50,643	19	1.66
MNC Securities (EP)	49,347	20	1.62
TOP 20 Broker	2,023,576		66.48%

# TOP 20 BROKERS – Sep 2014



2014 (9 months to Sep-14)	Billion IDR	Rank	Market Share
Credit Suisse Securities Indonesia (CS)	105,763	1	4.84
UBS Securities Indonesia (AK)	101,718	2	4.65
CIMB Securities Indonesia (YU)	100,650	3	4.60
Mandiri Sekuritas (CC)	100,089	4	4.58
Deutsche Securities Indonesia (DB)	90,662	5	4.15
Maybank Kim Eng Securities (ZP)	87,764	6	4.02
CLSA Indonesia (KZ)	84,653	7	3.87
Macquarie Capital Securities Indonesia (RX)	82,618	8	3.78
Morgan Stanley Asia Indonesia (MS)	81,545	9	3.73
Merrill Lynch Indonesia (ML)	62,178	10	2.84
Bahana Securities (DX)	58,926	11	2.70
Citigroup Securities Indonesia (CG)	57,829	12	2.65
Daewoo Securities Indonesia (YP)	55,059	13	2.52
JP Morgan Securities Indonesia (BK)	52,126	14	2.38
RBH OSK Securities Indonesia (DR)	52,106	15	2.38
MNC Securities (EP)	52,009	16	2.38
Danareksa Sekuritas (OD)	50,493	17	2.31
Trimegah Securities Tbk (LG)	46,459	18	2.13
Indo Premier Securities (PD)	37,256	19	1.70
Ciptadana Securities (KI)	36,064	20	1.65
TOP 20 Broker	1,395,967		63.87%

# BOND TRADING ACTIVITIES



## Corporate Bond

Year	Outstanding Listed & Traded (Billion USD)	Daily Average Transactions	
		Volume (Million USD)	Frequency (X)
2004	6.86	8.05	21
2005	6.48	10.15	21
2006	7.40	15.09	11
2007	9.25	30.96	63
2008	7.63	22.61	50
2009	8.50	15.68	40
2010	12.71	40.10	70
2011	16.03	55.80	73
2012	19.70	67.69	103
2013	17.78	61.28	81
2014 *	18.45	57.54	89

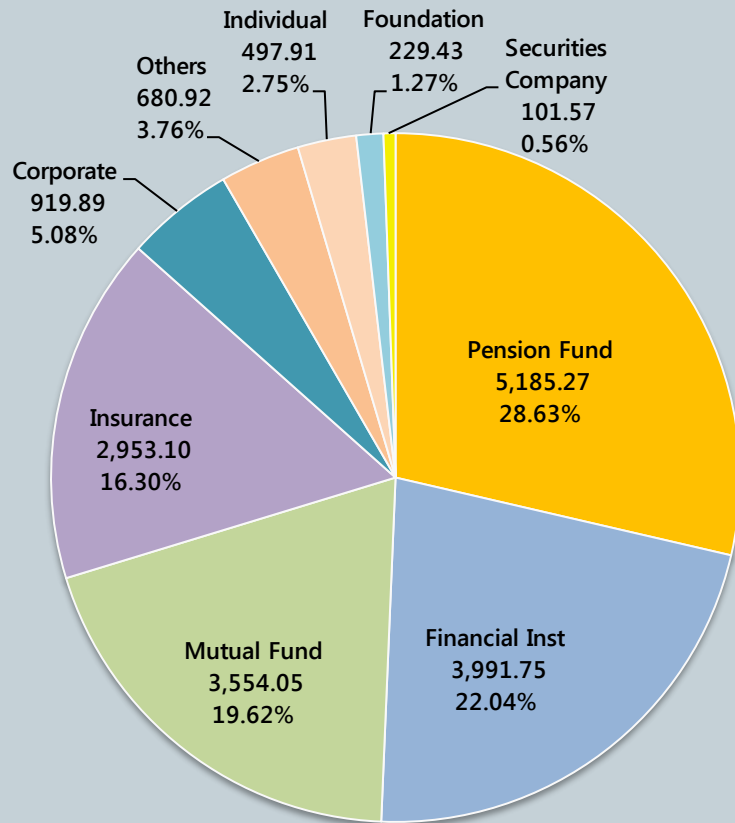
## Government Bond

Year	Outstanding Listed & Traded (Billion USD)	Daily Average Transactions	
		Volume (Million USD)	Frequency (X)
2004	44.67	238.12	112
2005	41.20	220.92	100
2006	45.73	132.82	134
2007	52.03	553.86	227
2008	54.20	395.24	206
2009	55.31	310.31	218
2010	70.64	748.54	381
2011	78.91	867.01	433
2012	85.31	843.82	552
2013	81.11	619.57	492
2014 *	93.85	938.02	623

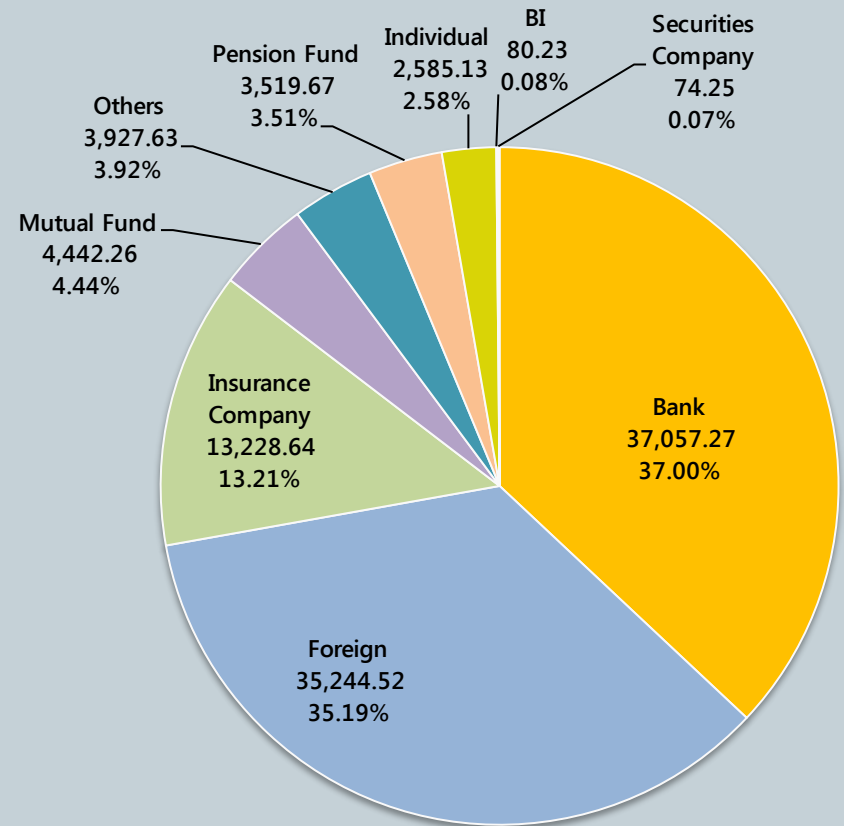
\*) July 2014

# BOND OWNERSHIP DISTRIBUTION

## Corporate Bond Ownership



## Government Bond Ownership

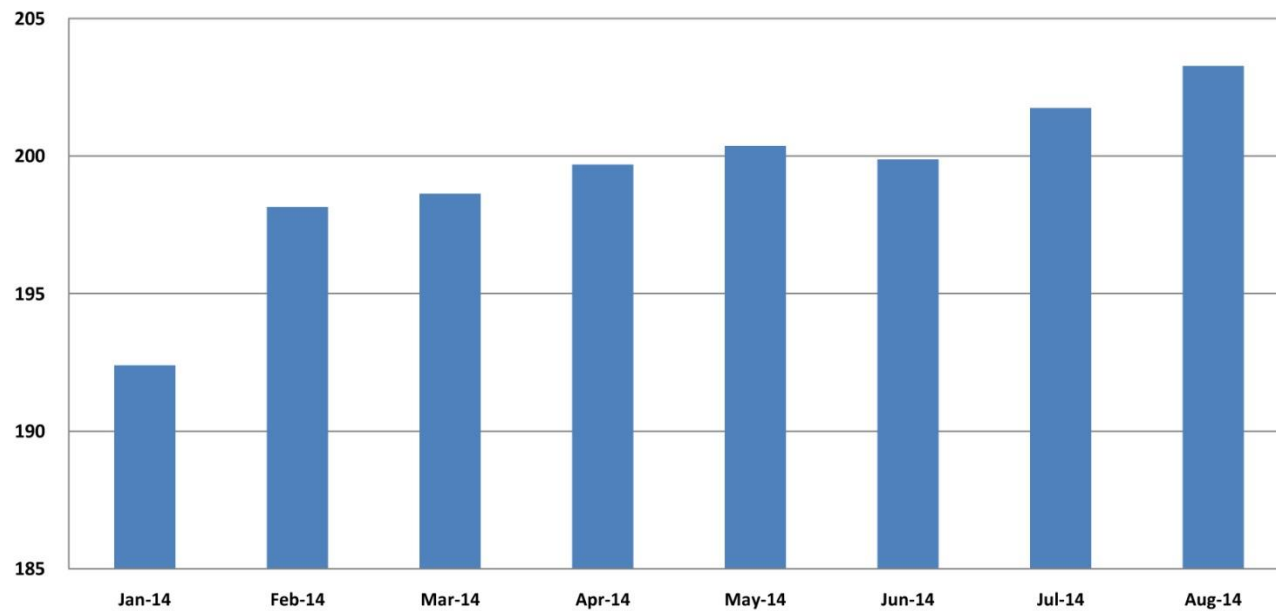


August 2014 (Million USD)

# MUTUAL FUND - AUM



**Total AUM (IDR Trillion)**  
Jan - Aug 2014



	Jan-14	Feb-14	Mar-14	Apr-14	May-14	Jun-14	Jul-14	Aug-14
<b>AUM</b>	192.40	198.15	198.62	199.69	200.36	199.88	201.74	203.27

Source : OJK



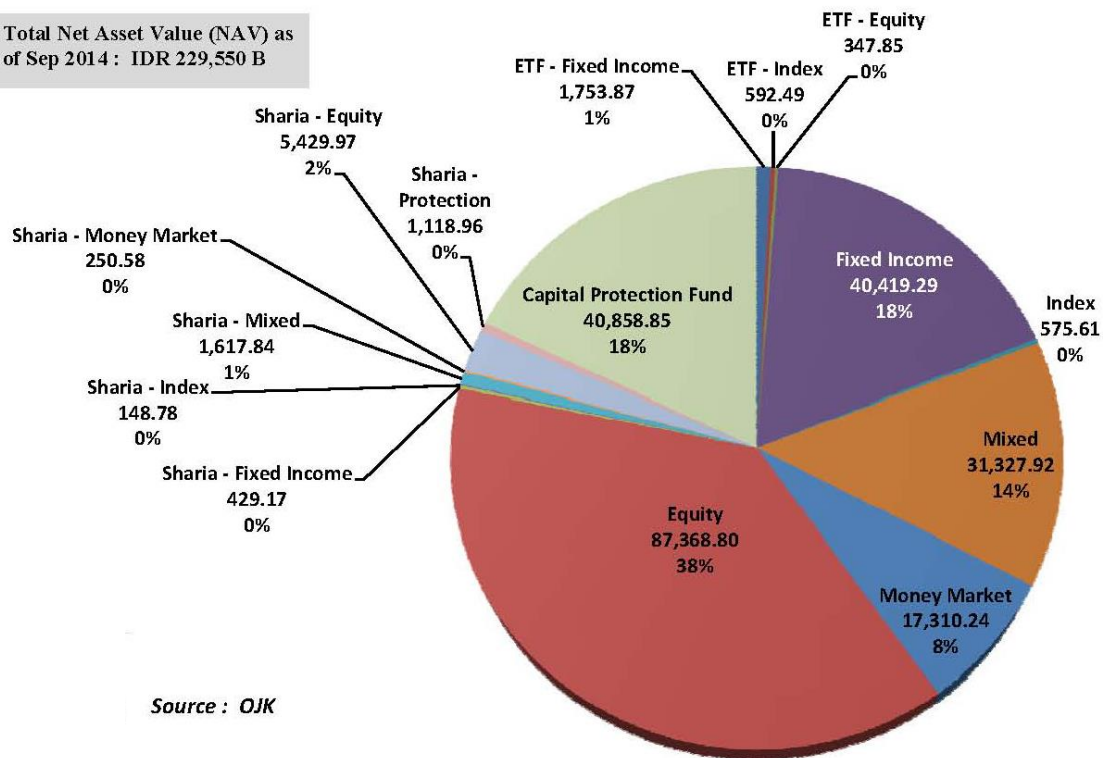
# MUTUAL FUND – ASSET ALLOCATION



## Mutual Fund Allocation (IDR Billion)

As of Sep 30, 2014

Total Net Asset Value (NAV) as  
of Sep 2014 : IDR 229,550 B



Source : OJK

# REGULATORY DEVELOPMENTS



- Establishment of Indonesia Financial Services Authority or OJK – completed 1-Jan-14
  - Banking: effective 1-Jan-14
  - Capital Markets: effective 1-Jan-13
  - Non-Bank Financial Institutions: effective 1-Jan-13
- Straight Through Processing (STP) – effective Jun 2012
- Single Investor ID (SID) – started Feb 2009
- Establishment of Investor Protection Institution – operational 11-Sep-13
- Establishment of Investor Protection Fund (SIPF) – effective 1-Jan-14 2014
- Capital Market Master Plan 2015-2019 – in progress
- Implementation of General Clearing Member (GCM) – in progress
- Development of Syariah Products – in progress
- Change in Trading Lot Size and Tick Size – effective 6-Jan-14

# CHALLENGES



- Low liquidity in the market
- Low number of product range available for investors
- Lack of financial literacy
- Low number of domestic investor
- Difficulty in KYC process
- Lack of licensed professionals in the capital market
- Brokerage and underwriting fee's war
- Restriction on bank support
- Unfavorable tax regulations
- AEC in 2015

# PROSPECTS FOR INDONESIA SECURITIES INDUSTRY



- Rich and diverse natural resources
- Strategically positioned among markets
- Size of the country in terms of population: 250 million people
- Over 50% of the population is below the age of 30 and highly adaptive to new technology
- Political stability
- Positive economic outlook
- Growing transaction volume
- Investor Protection



**THANK YOU**