

EDUFINANCE MARKET KNOWLEDGE: Financing the Affordable Private School Sector in Indonesia

School Improvement Loans (SIL)

Profile of schools interviewed

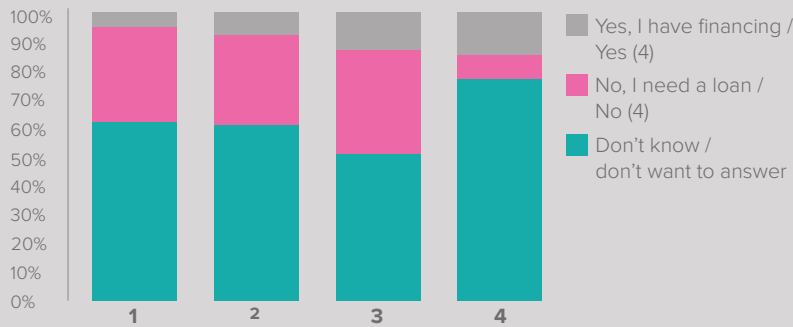


Demand for School Improvement Loans

Main purpose for loan: extra classroom



33% of schools need a loan



1. Do you have financing to cover the construction project?
2. Do you have financing to cover the spot improvement project?
3. Do you have financing to buy the fixed assets?
4. Would you consider taking a loan to solve short term cash flow challenges?

Purpose, size, and duration of loan



Construction
IDR 156mn (USD 11k)
Loan tenure: > 3 years



Spot improvements
IDR 61mn (USD 4k)
Loan tenure: 6 months – 1 year



Fixed assets
IDR 104mn (USD 7k)
Loan tenure: 6 months – 2 years



Working capital
IDR 38mn (USD 3k)
Loan tenure: 6 months – 1 year



The estimated potential market for School Improvement Loans is:

IDR 4,884–5,949bn
(USD 137–396mn)

School Fee Loans (SFL)

Profile of families interviewed



Families have **2 children in education** on average and **45%** of parents in 'somewhat stable employment'.

Interest in SFL



48% are interested in a loan to finance education



46% would use a loan to pay for school items such as books and uniforms



IDR 11.4mn
Average loan requested
IDR 11.4mn USD 814



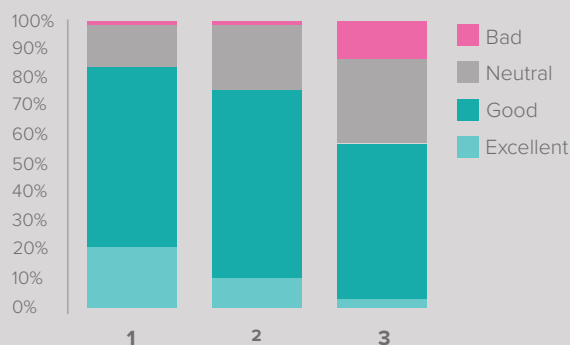
The estimated potential market for School Fee Loans is:

IDR 14,446–40,802bn
(USD 1–2.9bn)

Interest in additional financial products



- 17%** use informal saving
- 29%** not saving



1. The microfinance bank can offer you a savings plan where you decide how much you want to save towards school fees.
2. The microfinance bank can help reminding you what your savings goal is and if you are behind or not with your savings plan.
3. The microfinance bank will pay you interest on your school fee savings.

EDUFINANCE MARKET KNOWLEDGE: Financing the Affordable Private School Sector in Indonesia



TVET Fee Loans

Profile of students interviewed

79 students interviewed

IDR 46.3mn (USD 3.3k) average earning expectation after graduation

65% of students not currently working

16% of students working part-time or occasionally

Demand for TVET Fee Loans

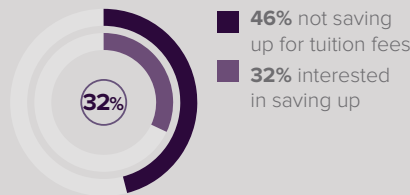


Loan tenure:
6–12 months
Monthly repayment

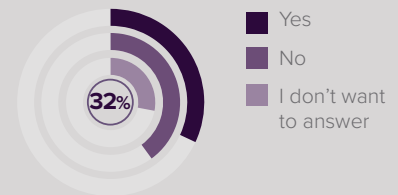
Avg. loan requested
IDR 12.4mn (USD 884)

Interest in additional financial products

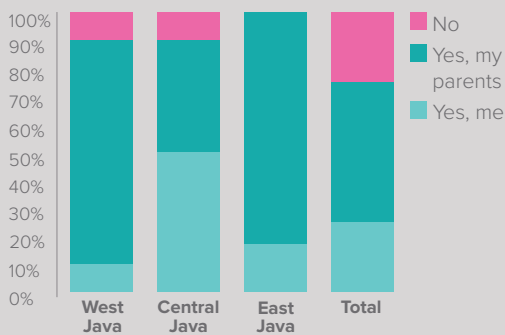
Savings



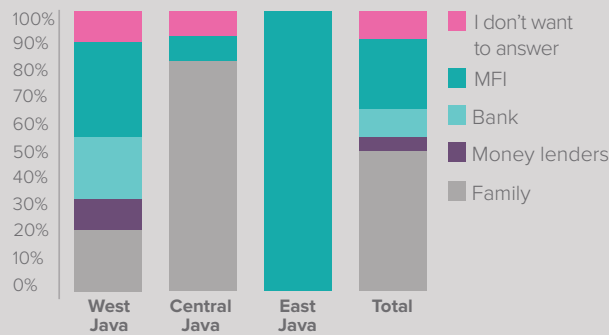
Would you like to save up for tuition fees via a microfinance bank?



Have you or your parents ever borrowed money to pay school fees?



Source of borrowing



The estimated potential market for TVET Fee Loans is:

IDR 1196–3440bn
(USD 85–246mn)

TVET Improvement Loans

Profile

39 students enrolled (average)

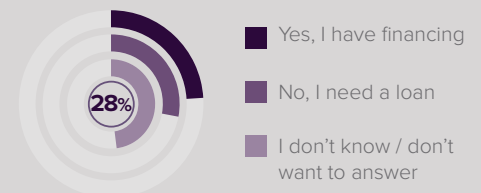
>2 years in operation

IDR 660k (USD 47) Monthly tuition fees

Interest in TVET Improvement Loans



Do you have financing to cover the project's costs?



Demand for TVET Improvement Loans



Working capital
IDR 68mn (USD 5k)

Loan tenure:
6 – 24 months

Demand for other financial services



Administration and Payment Services
28% reported late payment as the main challenge for their finances



The estimated potential market for TVET Improvement Loans is:

IDR 115–375bn
(USD 8–27mn)