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

School Improvement Loans (SIL)

Profile of schools interviewed

- >5 Years in operation
- 269 Avg. students per school
- IDR 1.4mn (USD 97) Annual school fees
- 2 Terms per academic year

Demand for School Improvement Loans

Main purpose for loan: extra classroom

<table>
<thead>
<tr>
<th>Purpose, size, and duration of loan</th>
<th>Construction</th>
<th>Spot improvements</th>
<th>Fixed assets</th>
<th>Working capital</th>
</tr>
</thead>
<tbody>
<tr>
<td>Construction</td>
<td>IDR 156mn (USD 11k)</td>
<td>Loan tenure: &gt; 3 years</td>
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<tr>
<td>Spot improvements</td>
<td>IDR 61mn (USD 4k)</td>
<td>Loan tenure: 6 months – 1 year</td>
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<tr>
<td>Fixed assets</td>
<td>IDR 104mn (USD 7k)</td>
<td>Loan tenure: 6 months – 2 years</td>
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<tr>
<td>Working capital</td>
<td>IDR 38mn (USD 3k)</td>
<td>Loan tenure: 6 months – 1 year</td>
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</tbody>
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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

Average loan requested IDR 11.4mn USD 814

Interest in additional financial products

- 49% of parents are saving for school fees through a bank or MFI
- 17% use informal saving
- 29% not saving

The estimated potential market for School Improvement Loans is:

IDR 4,884–5,949bn (USD 137–396mn)

The estimated potential market for School Fee Loans is:

IDR 14,446–40,802bn (USD 1–2.9bn)
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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
  - 46% not saving up for tuition fees
  - 32% interested in saving up
- Would you like to save up for tuition fees via a microfinance bank?
  - Yes
  - No
  - I don’t want to answer

Have you or your parents ever borrowed money to pay school fees?
- Yes, me
- Yes, my parents
- No

Source of borrowing
- Family
- Money lenders
- Bank
- MFI
- I don’t want to answer

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?
  - Yes, I have financing
  - No, I need a loan
  - I don’t know / don’t want to answer

Demand for TVET Improvement Loans
- Working capital
  - IDR 68mn (USD 5.6k)
- 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
- IDR 115–375bn (USD 8.27mn)

The estimated potential market for TVET Fee Loans is:
IDR 1196–3440bn (USD 85–246mn)

The estimated potential market for TVET Improvement Loans is:
IDR 115–375bn (USD 8.27mn)

* US$/IDR exchange rate set at 14k