

SOCIO-ECONOMIC IMPACT OF OVO ON MSME PARTNERS



- Micro, Small and Medium Enterprises (MSMEs) play a major role in driving economic growth globally, especially in developing countries. According to the Indonesian Central Bureau of Statistics, around 61% of the country's GDP is generated by more than 64 million MSMEs, many of which have been hard-hit by the COVID-19 pandemic.
- This study by CORE Indonesia looks at the impact of digital payments in strengthening the resilience of Indonesian MSMEs during the pandemic, and is based on extensive online and offline surveys of 2001 MSMEs before and after they joined Indonesia's leading digital payment platform, OVO.
- The surveys were conducted by CORE Indonesia between December 2020 to February 2021 across 12 cities in Indonesia, namely Jakarta, Bogor, Depok, Tangerang, Bekasi, Bandung, Surabaya, Yogyakarta, Medan, Palembang, Denpasar, and Makassar.
- Of the respondents, 63% were nano and micro enterprises, 31% small enterprises, and the remainder medium enterprises. Respondents were selected using the purposive sampling method, whereby respondents are first categorized prior to the interviews.
- The study showed that the majority of the MSMEs surveyed found joining OVO to be beneficial. Interestingly, the benefits went beyond that of simply facilitating cashless payment for customers as an alternative to traditional payment. The majority of respondents reported gains after joining the OVO digital payment platform, ranging from higher daily transactions and revenue, to more frequent use of banking services. A total of 70% of respondents saw their daily transactions increase by 30% on average, while 68% of respondents experienced higher monthly revenue after joining OVO, with an average of 27% in revenue increase.
- Moreover, the OVO payment platform facilitated MSMEs' entry into a larger digital ecosystem, with 91% of the MSMEs subsequently connecting to OVO's wider ecosystem. This connectivity appeared to deliver tangible benefits, with respondents stating that the OVO ecosystem contributed an average of 18% to their total sales.
- Joining the OVO platform also seemed to catalyze desirable shifts in behaviors. Of the respondents, 71% reported improved digital financial literacy and began to keep more consistent book keeping records, while 8 out of 10 respondents who previously had no bank accounts became familiar with banking products.
- Overall, the study concluded that joining the OVO digital platform delivered a positive impact for MSMEs that went beyond the initial benefit of the cashless payment function. This suggests that digital payment platforms can potentially help drive digital transformation among Indonesian MSMEs by serving as a 'digital gateway' that allows them to connect to the wider ecosystem, thereby improving their resilience for better long-term outcomes.

A softcopy of the infographics is available for download via QR code below



“MSMEs have begun to adopt technology, with 73% of MSMEs preferring electronic money as a payment option.”

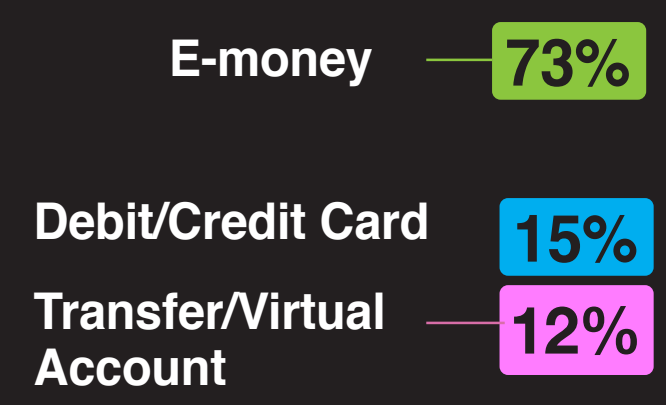
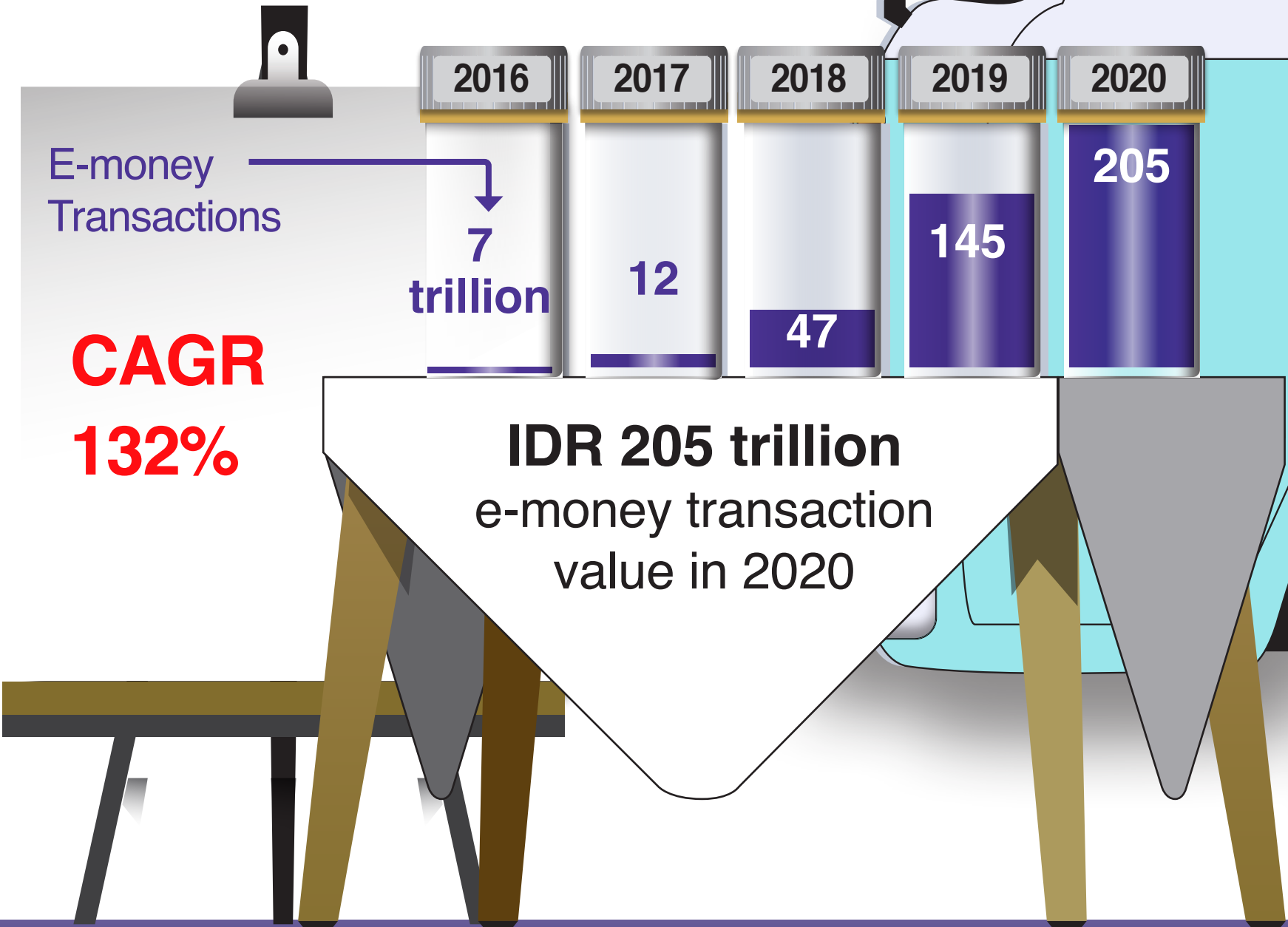
Digital Payment Helped Facilitate MSME Transactions During the Pandemic

MSMEs Absorb 97% of the Workforce

MSMEs' Contribution to the Economy

Payment Systems Utilized by Indonesian MSMEs

Survey
CORE
INDONESIA
CENTER OF REFORM ON ECONOMICS



- 8 Provinces
- 12 Cities
- 2,001 Respondents

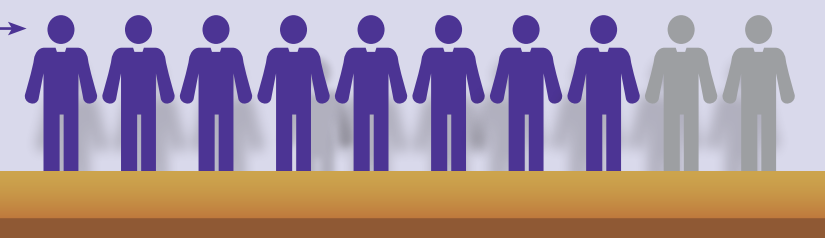
Acceleration of Digitalization Among MSMEs Who Joined OVO

“ 71% of MSMEs began using automated transaction record keeping services, the lack of which is a major hindrance to grow. ”

The Benefit of Digitalization for OVO's MSME partners



8 out of 10 MSMEs are now familiar with financial/banking products



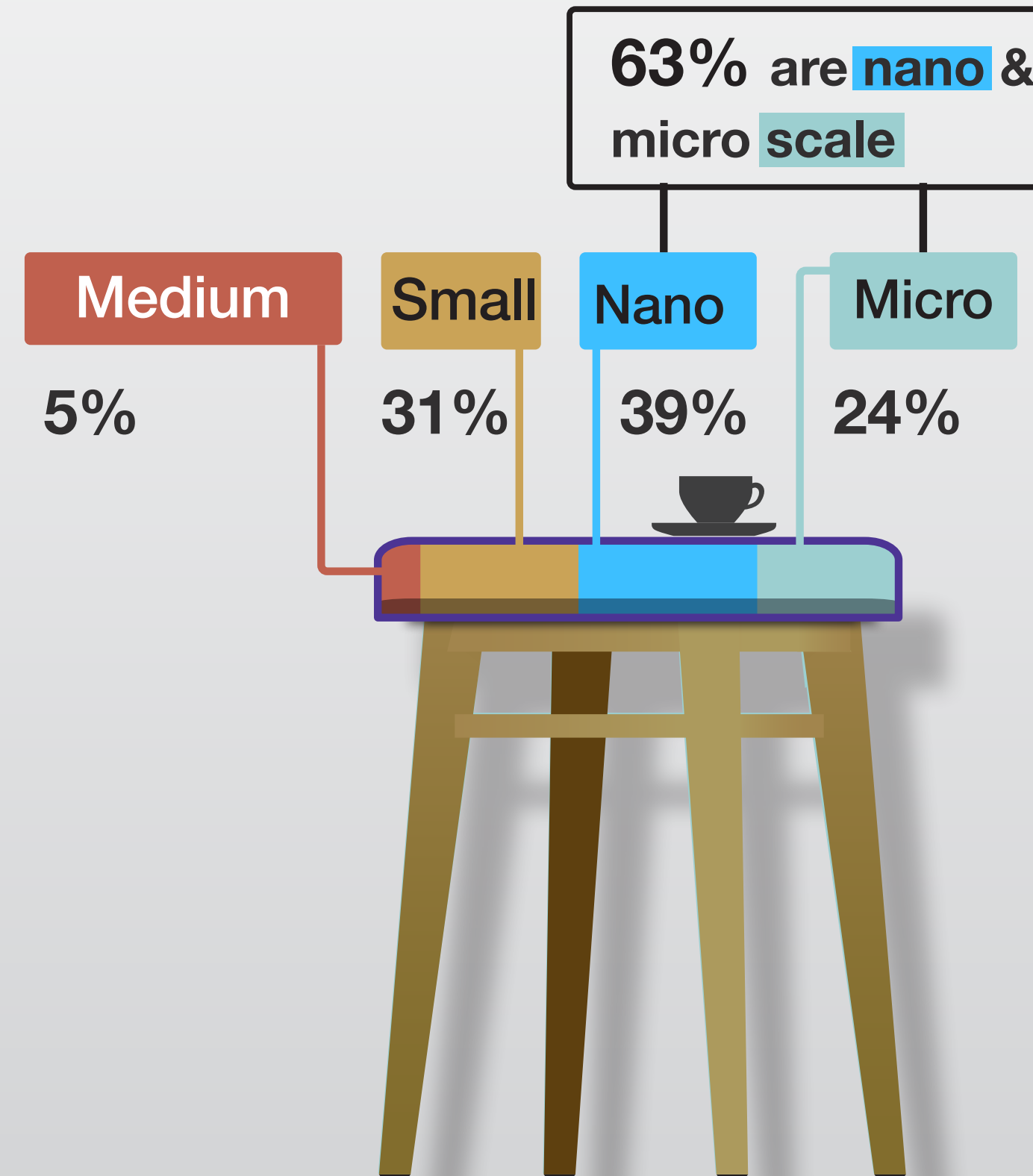
84% Felt supported during the pandemic

71% Are aware of digital finance

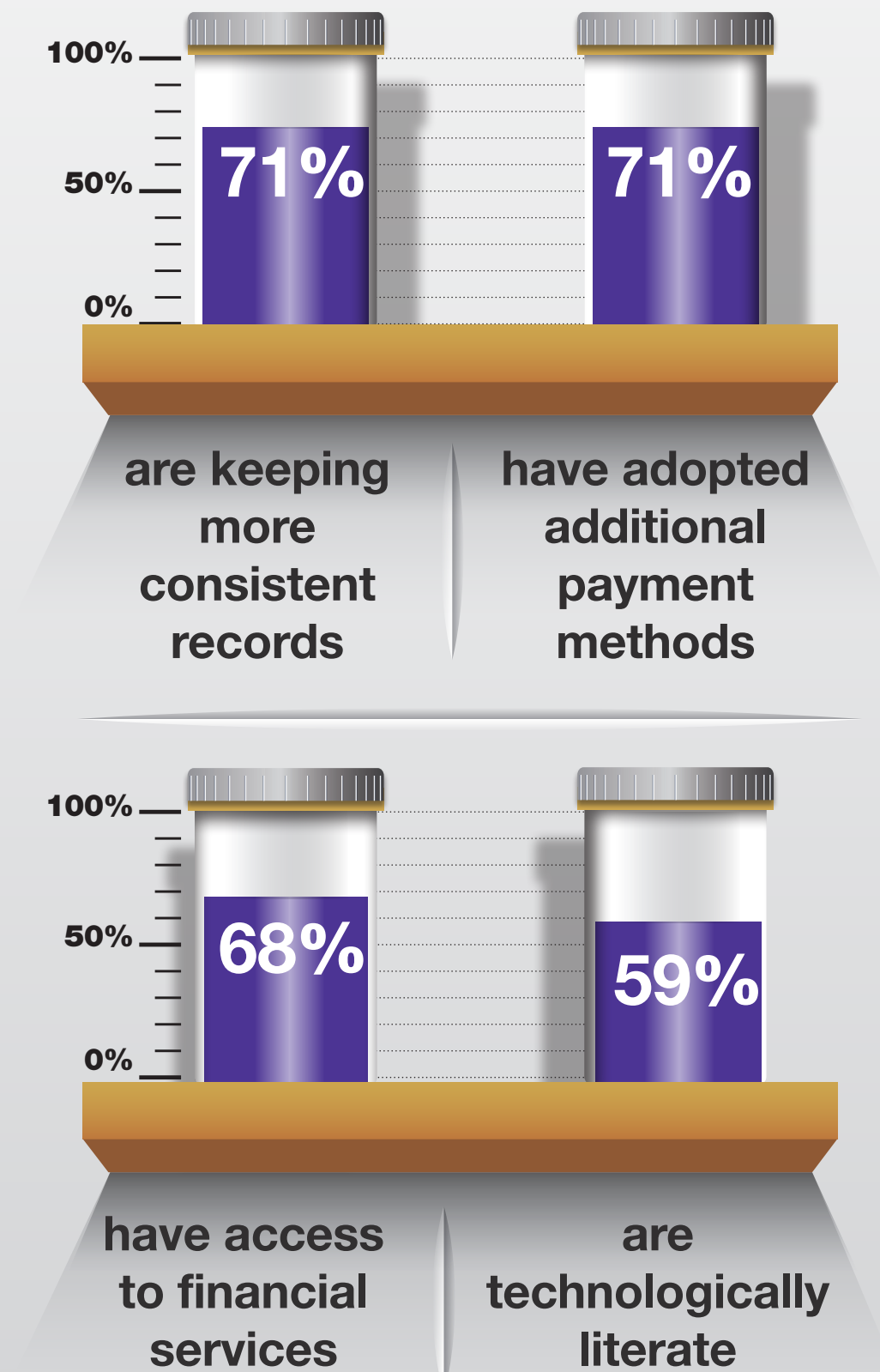
70% Increased their daily transactions

68% Increased their monthly revenue

Profile of MSMEs on OVO



Since Using OVO

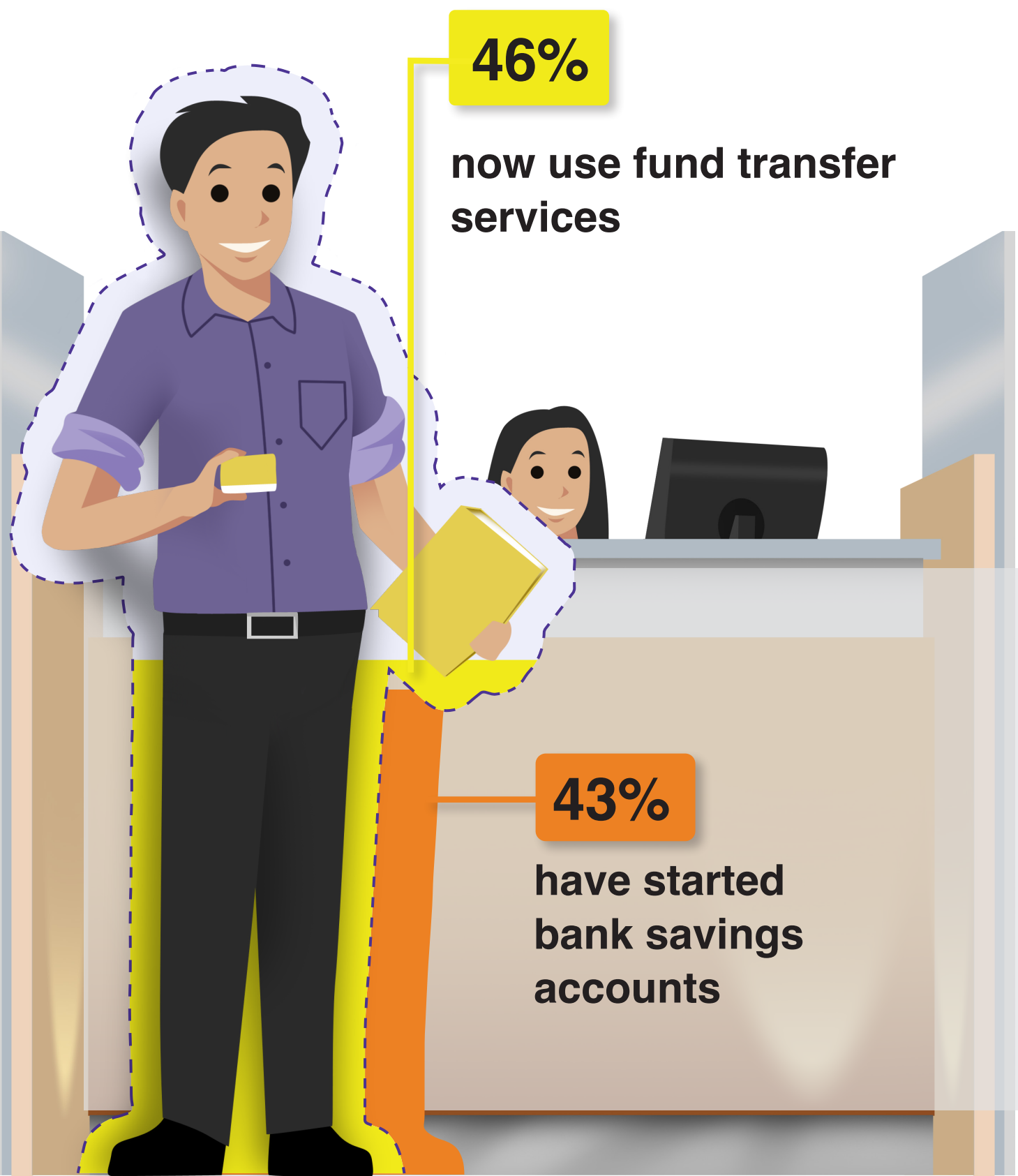




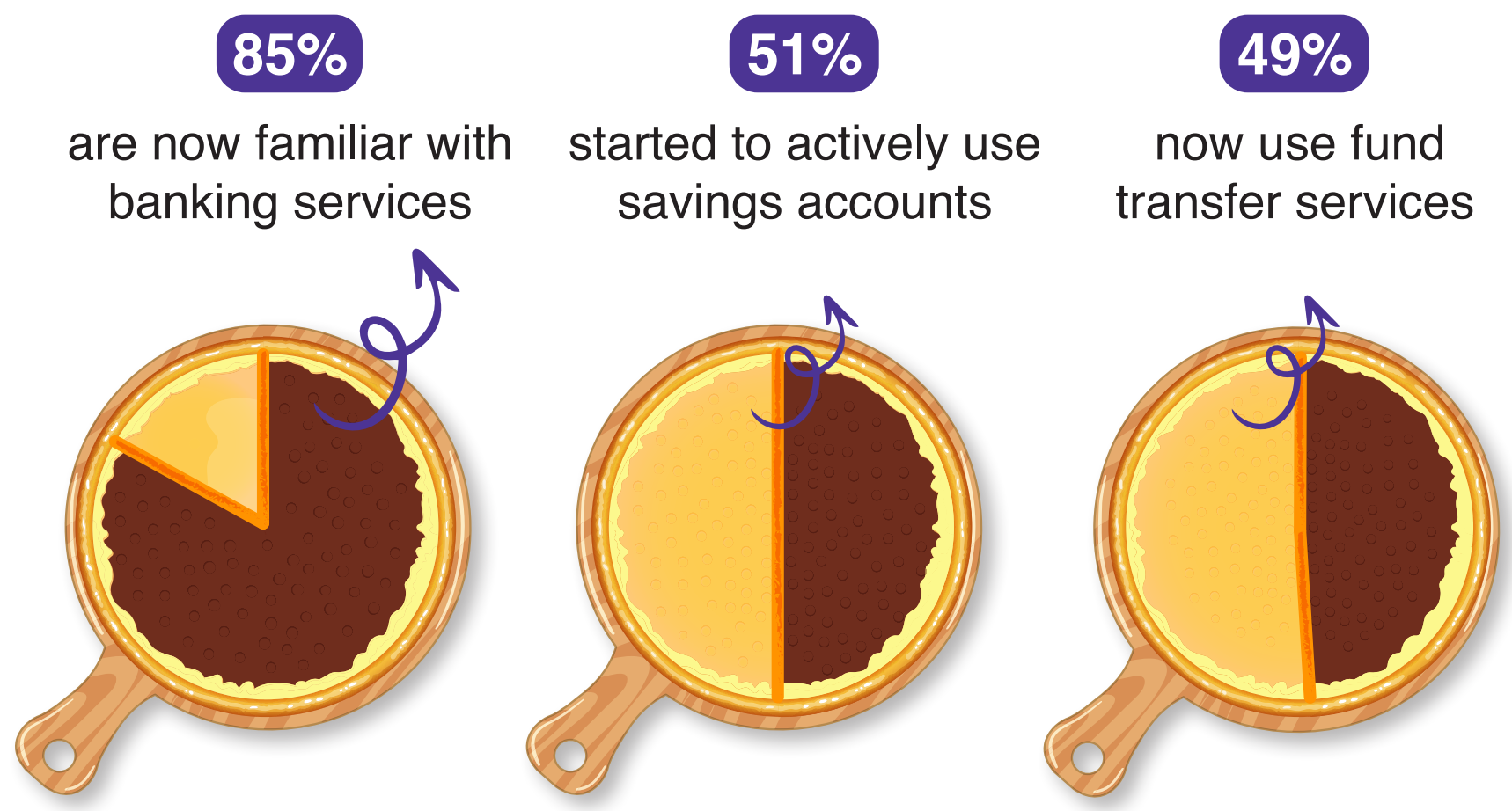
Financial literacy among MSMEs with elementary and junior high school education increased after joining OVO, with savings rates going up to 74% among the former and 78% among the latter.



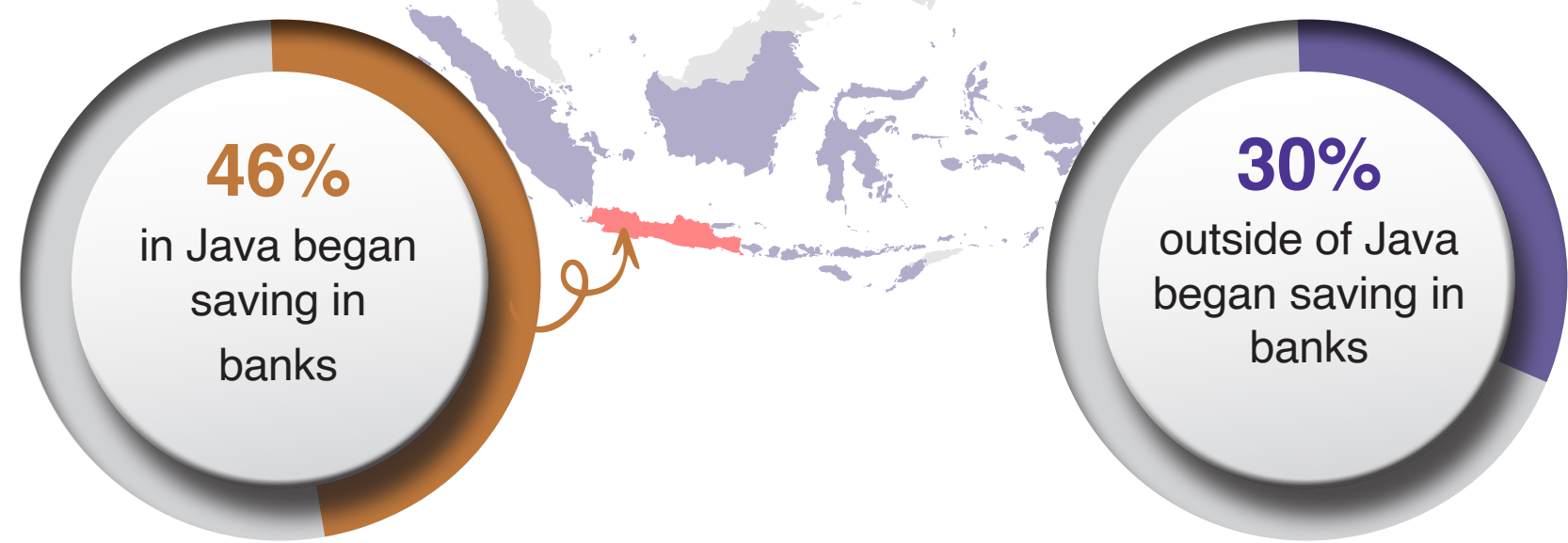
8 out 10 MSMEs are Now Familiar with Banking Products



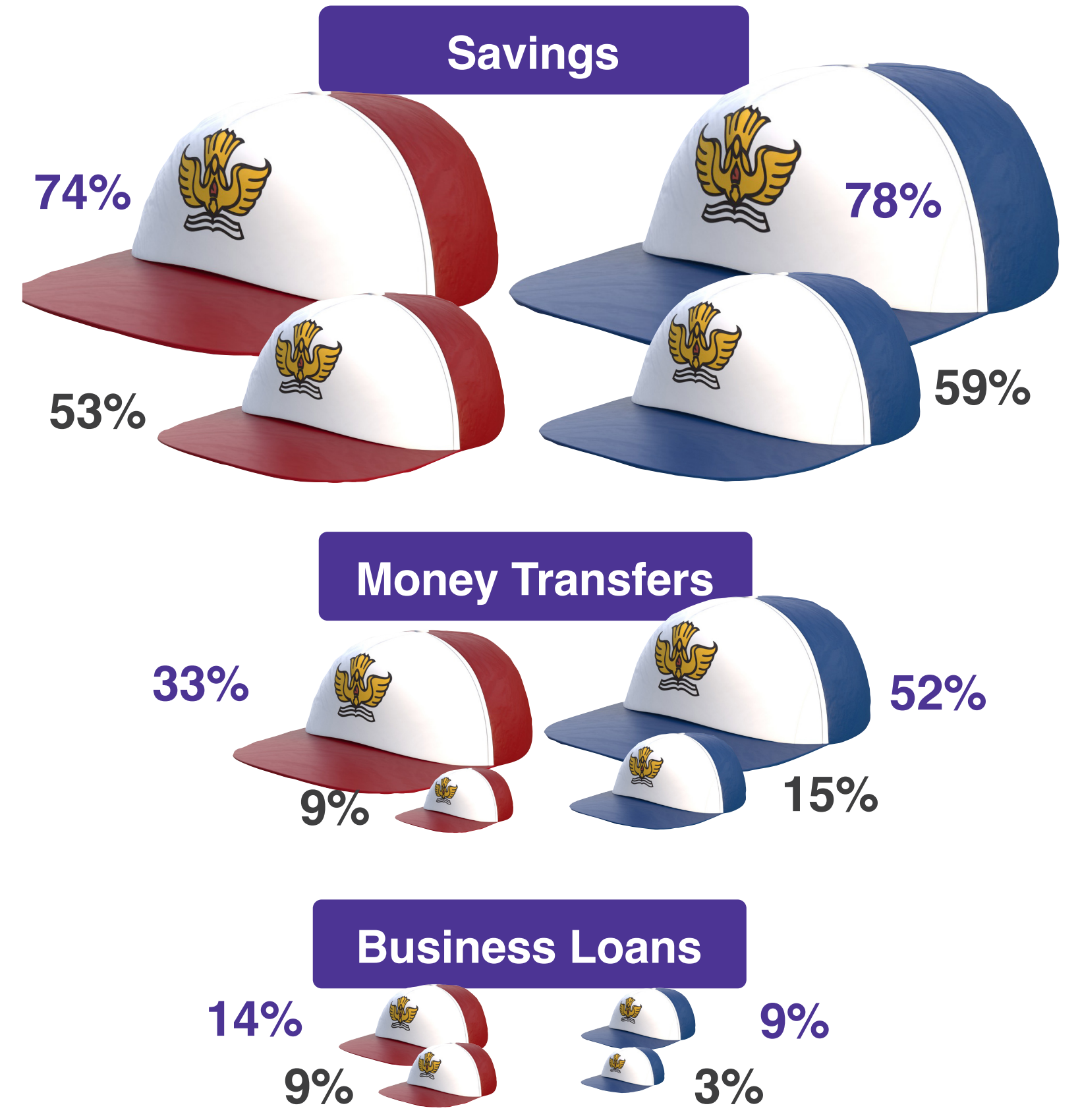
Financial Literacy Increased Among Nano & Micro Enterprises



Driving Financial Literacy Among MSMEs Across Regions



Increased Financial Literacy Among MSMEs with Elementary and Junior High School Education

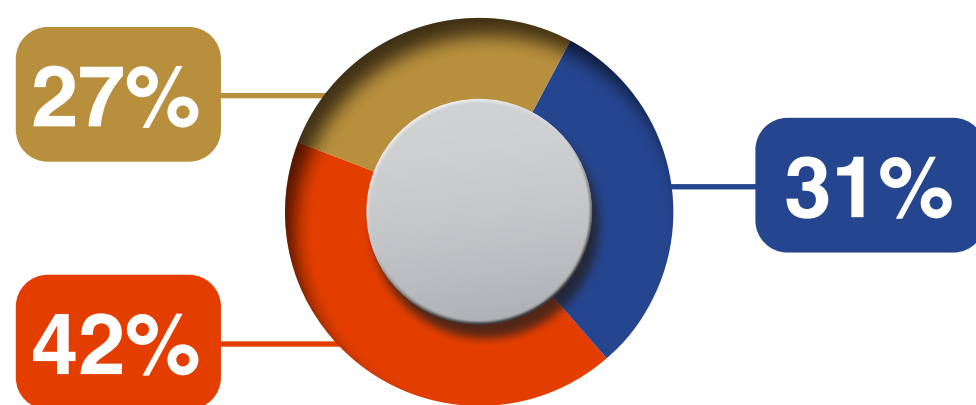


“ OVO helped MSMEs to scale their businesses, as shown by 70% who saw increased daily transactions and 68% who saw increased monthly revenue. ”

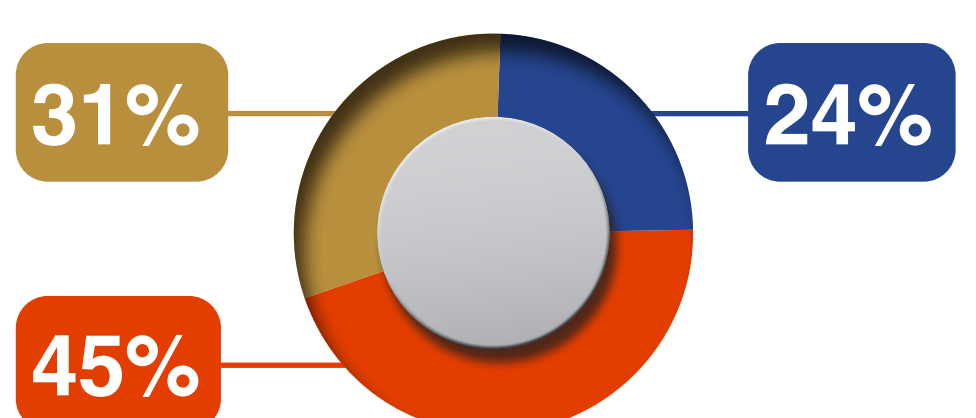
70%
Rise in daily transactions

Average daily transactions increased by **30%**

Prior to joining OVO



After joining OVO



Notes:
 ● **Low:** under 20 transactions per day | ● **Average:** 20-75 transactions per day | ● **High:** over 75 transactions per day

OVO INCREASED MSMEs' MONTHLY REVENUE

68%
Saw increased monthly revenue

27%
Average monthly increase in revenue

Revenue tended to increase

Prior to joining OVO

Category	Percentage
Low	27%
Average	69%
High	4%

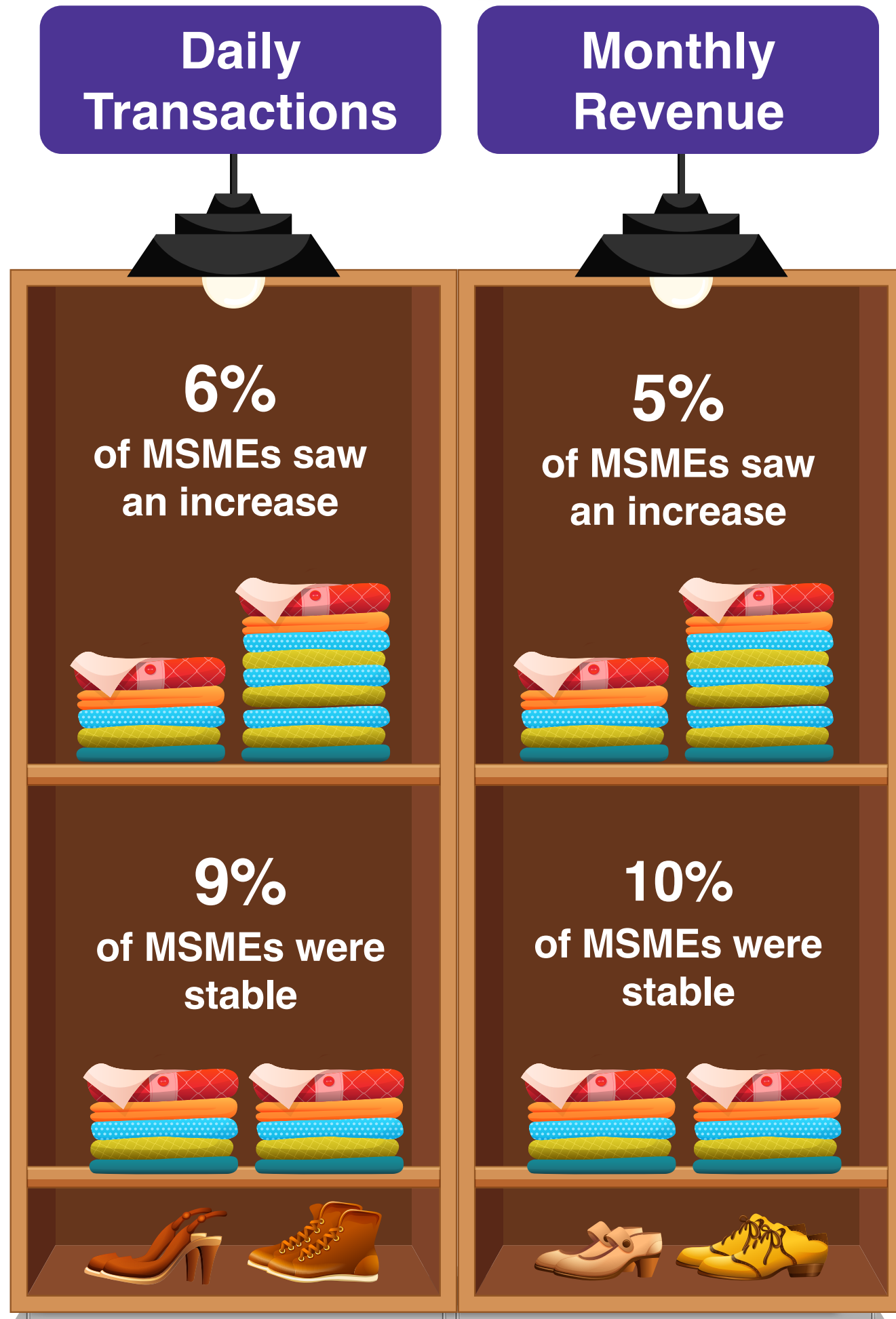
After joining OVO

Category	Percentage
Low	33%
Average	62%
High	5%

Note:
 ● **Low:** under Rp 25 mio/month
 ● **Average:** Rp 25-100 mio/month
 ● **High:** over Rp 100 mio/month

84% of MSMEs Found OVO's App Beneficial during the Pandemic

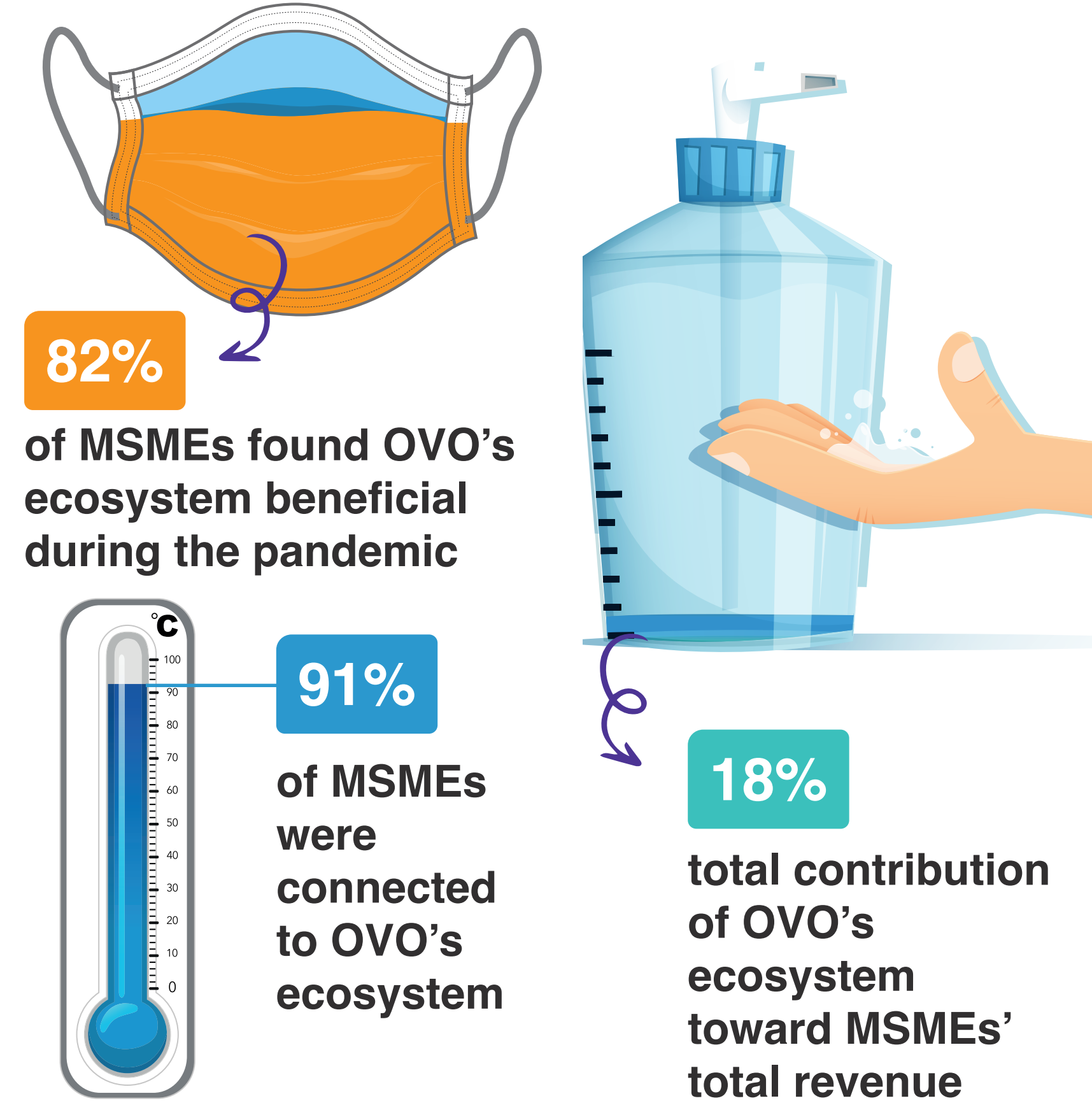
“ 91% of OVO MSME subsequently connected to the larger OVO ecosystem, effectively strengthening their resilience during the pandemic. ”



How OVO Assisted MSMEs During the COVID-19 Pandemic

- Facilitated cashless transactions
- Marketing in the form of online promotions
- Expanded market access through OVO's ecosystem
- Technological adoption

BENEFITS OF OVO'S ECOSYSTEM DURING THE PANDEMIC





OVO reduced the gender gap in financial literacy and inclusion, reflected in the higher use of business credit by women at 46% compared to men at 20%.

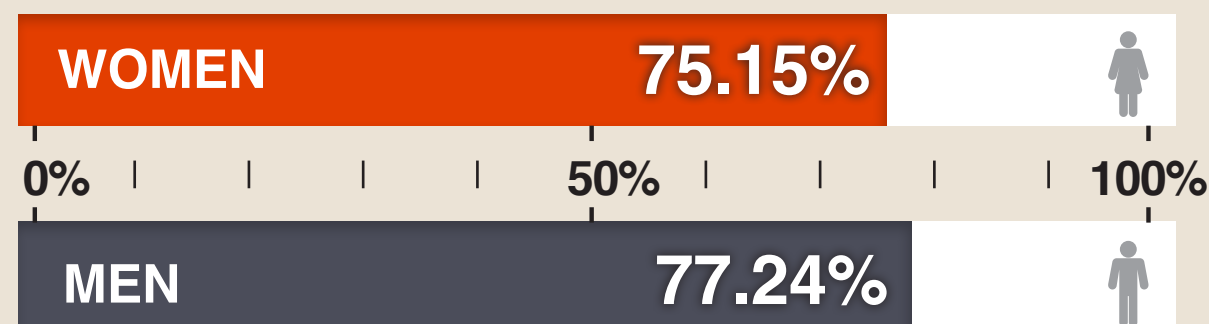


Empowering Women Entrepreneurs

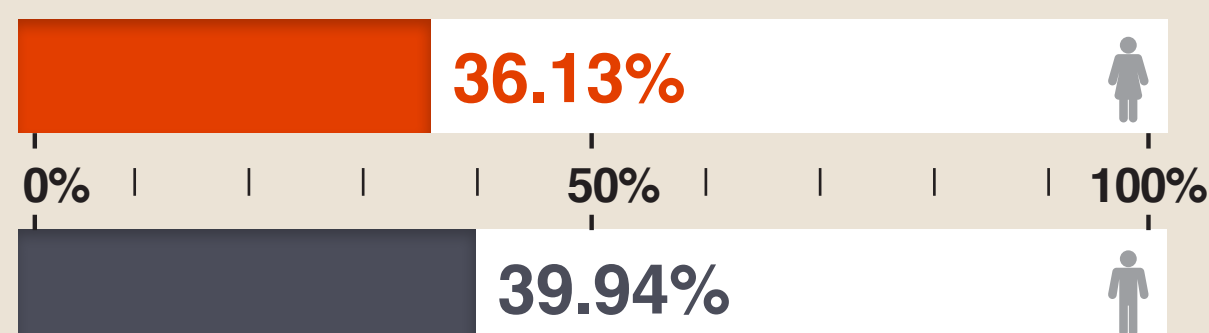
Financial Services Authority Data

Financial literacy and inclusion among women are lower than that among men.

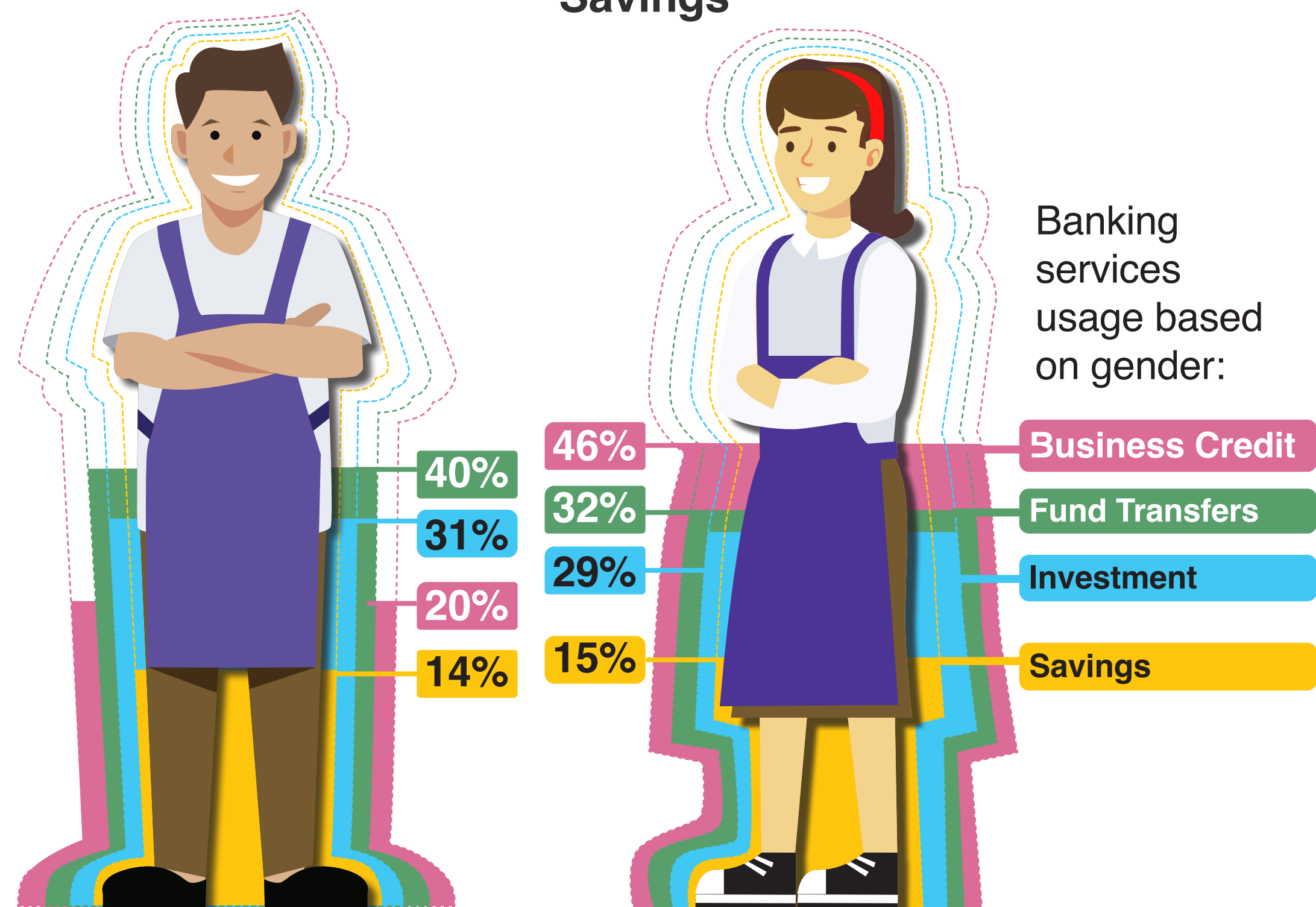
Financial inclusion



Literacy penetration level

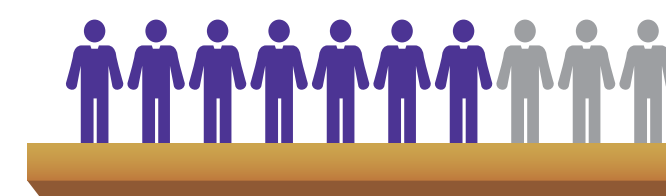


Financial Literacy Among Women Entrepreneurs Increased, Notably in Relation to Business Credit and Savings



Young Entrepreneurs Empowerment

97% of MSMEs owners who started their businesses within the past 5 years were **Gen X, Millennials,** and **Gen Z**

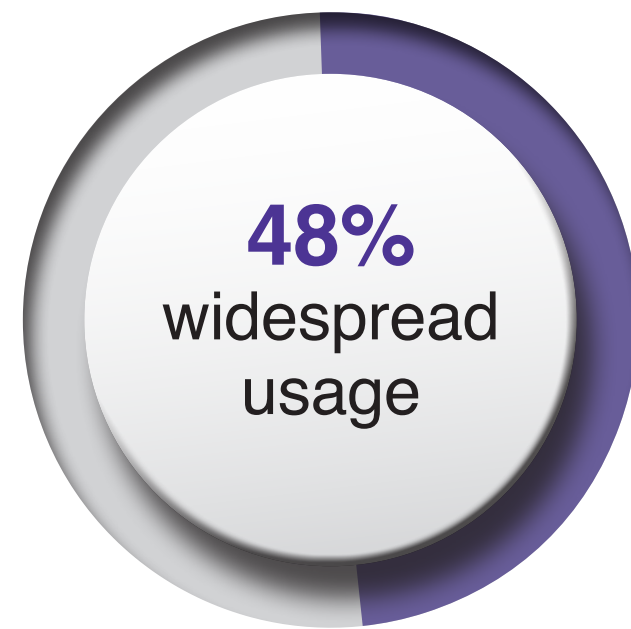


7 out of 10 young entrepreneur respondents were in the culinary industry

Becoming the Preferred Payment Platform Among MSMEs

“ 77% of MSMEs found OVO’s banner/marketing kit highly effective, enabling them to compete with large businesses. ”

Reasons MSMEs chose OVO



#SupportLocals Program Increased MSMEs' Transactions

BANGGA BUATAN INDONESIA

75% found the promotion/cashback programs highly effective

114 brands were involved in the program

Successfully increased transactions by 24.7%

IRIS TOKO OGAH RUGI

WE ACCEPT OVO

Impact of OVO's Promotion Program

77% found the marketing kit assistance highly effective

OVO

CORE
INDONESIA
CENTER OF REFORM ON ECONOMICS

Jl. Tebet Barat Dalam Raya No.76A, Jakarta Selatan, Indonesia 12810
T: +6221-22983998 F: +6221-22837424 email: info@coreindonesia.org

 www.coreindonesia.org

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