The Rising of Middle Class in Indonesia: Opportunity and Challenge

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Abstract

Like many countries in Asia, now Indonesia, the biggest country in South East Asia, is enjoying the benefit of economic transformation initiated by the New Order regime (1967-1998). From 1967 to 1998, Indonesia had experienced three decades of sustained growth. This consistent growth stopped when twin political-economic crises hit Indonesia in 1998, but through several fundamental reformation, Indonesia recovered faster than most countries and now become the largest and most stable economy in South East Asia. This robust economic growth and political stability have made Indonesia become one of the house of growing middle class in Asia. The middle class grows very rapidly. In 1999, only 25 % of the population could be classified as the middle class, but in 2010, around 57 % of population belonged to middle class. This number is expected to grow even faster since in the coming decades, Indonesia is expected to benefit from demographic bonus. This rapid increase of middle class also leads to the growth of consuming class (individuals with net income of \$ 3,600). With a projected annual GDP growth rate of 5-6 %, the number of consuming class is expected to reach 85 million in 2020 and 135 million in 2030. This growing consuming class and per capita house hold income will increase discretionary spending and will drive saving and investment and retail sectors. However, to be able to take benefit from the growing middle class, Indonesia should be able to handle several challenges. The first challenge is the structure of the middle class it self. Most of the middle class belong to lower middle class which is very prone to economic discruption. The second challenge is to develop labor-intersive sectors. Although, Indonesia's GDP is largely supported by manufacture, agriculture, and trade, hotel and restaurant, the growth is mostly supported by transportation and communication, and electricity, gas and water which is not labor intensive. The third challenge is the quality of the middle class. Of middle class now, only one third hold a university degree and in general, Indonesia's human development index rank at 124 out of 187 countries (medium level). The last challenge is to encourage the middle class to save. Now, the saving account penetration is only 22 %. Such a low banking penetration causes Indonesia's access to financial institution one of the lowest amongst G20 countries. Some policies that the Government of Indonesia could take in order to take benefit from the growing middle class are: 1). Increase job by promoting investment. It needs infrastructure development, supportive regulatory system and environment; 2). Support the labor intensive sectors such as agriculture and manufacture (including creative industry and SME's); 3). Develop workers skills, including technology awareness through education; 4). Develop strong financial service industry to support economic activities; 5). Gender equity (access to finance and markets); and 6). Bank's policy strategy to support sectors with higher employment and its supply chain and penetrate into SME's and micro business.

Like most countries in Asia, now Indonesia, the biggest country in South East Asia, is enjoying the benefit of economic transformation which was initiated by the New Order regime (1967-1998). This economic transformation brings Indonesia into economic's

modernization and development which play an important role not only in reducing poverty but also in creating a new class which is called middle class. The 1980s was considered an important period in the emergence of the Indonesian middle class since the economic progress at that time, which is characterized by state-led industrialization created several new jobs such as business executive and manager, stock analyst, engineers, banker, lawyer, accountant, white collar officer working in city centers and other professional jobs often associated with a booming middle class (Ansori, 2009).

Although Indonesia experienced twin political-economic crises of 1998, due to some fundamental reform and big domestic market, Indonesia not only recovered faster than most countries did but also could maintain its economic growth and political stability. This consintent economic growth and political stability makes Indonesia become one of the house of the growing middle class in Asia. The middle class has grown very rapidly. In 1999, only 25 % of the population could be classified as the middle class, but a decade after, in 2010, there was around 146 millions or 57 % of population belongs to middle class (Salim, 2012). This number is even expected to grow faster since in the coming few decades, Indonesia is expected to benefit from its demographic divident. Recently, the economist and development practitioners have paid more attention to the growing middle class. They expect the middle class, with its big potential, can be the engine of growth in the future. However, benefit from middle class is not something given. For the middle class to become a powerful force, it will likely depend on its size, spending levels, and characteristics. In other words, the increasing middle class does not only offer several opportunities but also bring several challenges. Thus, it requires government role through several policies to create strong and stable middle class which can contribute as the engine of growth. This paper will discuss about the rising of middle class in Indonesia, its opportunity and challenge.

Indonesai's Economy and Demographic Structure

From 1967 when the New Order regime took office up to before the twin politicaleconomic crises of 1998, Indonesia had experiences three decades of sustained growth.

GDP Growth (% Annual) 15.0 12.0 10.0 5.0 0.0 -10.0 -15.010.0 5.0 0.0 1999 2000 2001 2008 2009 2002 2006 2010 2011 2012

GDP Growth (annual %)

Picture 1. Indonesia's GDP Growth from 1967-2012

Source: World Bank, 2014

As the graph shows, Indonesia experienced consistent growth from 1967 to 1997 that makes Indonesia become one of the economic giant in Asia. This consistent growth dropped significantly when twin political-economic crises of 1998 which led to a regime change. However, through some fundamental reform and a support from its big domestic market, Indonesia recovered faster than most countries and now become the largest and most stable economy in South East Asia.

Then, after some reformation, in this recent decade, Indonesia has experienced robust growth, around 6 % on the avarage and is now occupying around 40 % of ASEAN GDP (Salim, 2012). Fuththermore, since Indonesia's economy is driven mostly by domestic consumption, with the population of 247 millions in 2010, Indonesia is much less affected by

the global financial crisis than its neighbor countries. Instead of robust GDP growth,

Indonesia is fiscally and monetarily more sound compared to some other countries. Indonesia has a remarkable record of public debt reduction, the debt to GDP ratio decreased from around 80 % in 1998 to 24 % in 2010. Indonesia also has prudent fiscal management.

Indonesia budget deficit is lower than some other countries and the constitution mandate to maintain the deficit below 2 %.

100.0 Public debt-to-GDP ratios 90.0 80.0 70.0 Brazil 60.0 50.0 20.0 China 10.0 0.0 2000 2001 2002 2003 2004 2008 2010 2005 2006

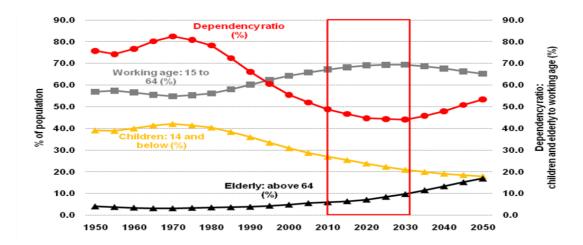
Picture 2. Public Debt to GDP Ratio

Source: Chaudhuri, 2012

Demographic Structures

Based on the 2010 national census, Indonesia's population is 247 millions, which is the biggest population in South East Asia, in which 60 % of the population is below 30. As the population grows at 2.5 millions people per year, by 2030 the population is projected to reach 280 millions in which 70 % of the population is expected to be in the working age (15-64) while only 10 % below the age of 15 (Salim, 2012). Starting from 2010, Indonesia has experienced a transition period in the structure of its population productive age. During 2010-2035, it is predicted that the dependency index will be at its lowest point, thus the productive worke force will be one of the highest in the region (demographic divident/bonus).

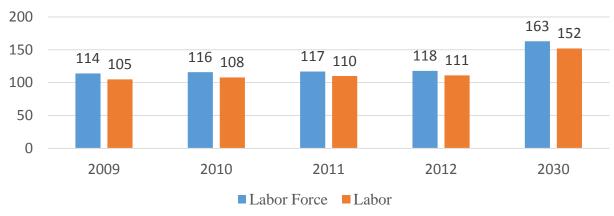
Picture 3. Indonesia's demographic transition



Source: Master plan of acceleration and expansion of Indonesia's Economy 2011-2025

The increasing young population offers a lot of productive labor. During 2009-2012, the labor force who enter the job market increased significantly. In 2009, the labor forces who entered the job market were around 114 millions, the number became 116 millions in 2010 and keep growing to 118 millions in 2012 and is expected to be 163 million in 2030. Since the economic keeps growing, the labor force absorbed by the job market was also increasing. In 2009, the number of labor forced absorbed by job market was around 105 millions. In 2010, the labor forced absorbed by job market is around 108 million and in 2012, it became around 111 million and is expected to be 152 million in 2030.

Picture 4. Indonesia's Labor Force and Labor

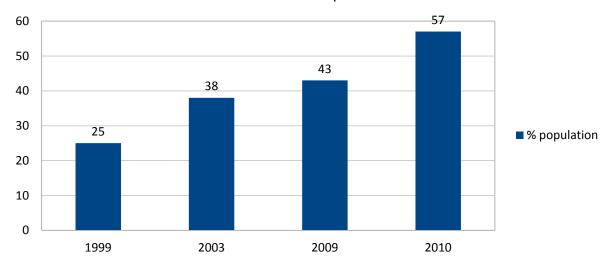


Source: Indonesia's Central Statistic Board, 2013

In addition to the quantity of productive labor, due to education improvement, the quality of productive labor is also increasing. According to McKinsey Global Institute (2012), In 2012, there are 55 million skilled workers working in Indonesia economy, but it is expected to grow to approximately 113 millions in 2030. The growing skilled workers also lead to better payment. The growing productive labor with better payment increase the number of middle class.

Middle Class Growth: Opportunity

There is no standard definition of the middle class. Different researcher employs different criteria-some absolute, others relative. Some use the criteria of income or expenditure while some others use some characteristics that can be attributed to this class. In Indonesia, middle class is defined using Asian Development Bank criteria which is population with daily per capita expenditure between \$ 2-20 per day). Using this criteria, Indonesia's middle class has increased rapidly, in 1999 the number of Indonesia's middle class was around 25 millions (25% of population) while in 2010 was estimated around 146 million (57% of population). Such rapid growth driven by favorable demographic, a credit cycle recovery, and a comodities boom (Salim, 2012).



Picture 5. Indonesia's Middle Class Relative to Population

Source: McKinsey Global Institute, 2012

This rapid increase of middle class leads to the growth of consuming class.

Consuming class is individuals with net income of \$ 3,600. With a projected annual GDP growth rate of 5-6 %, the number of consuming class in Indonesia is expected to reach 85 millions in 2020 and 135 millions in 2030 (increase 90 millions), with the population

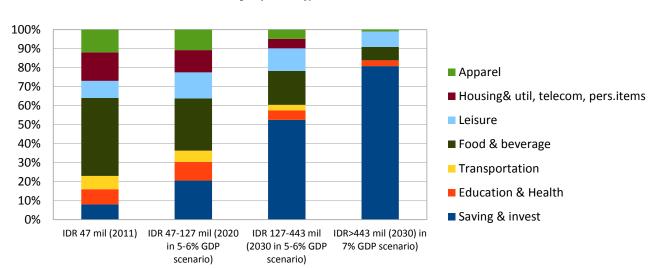
300
250
200
150
150
0
2011
2020
2030 in 5-6% growth
2030 in 7% growth

Picture 6. Indonesia's Growing Consuming Class

projected to grow 2.5 millions per year (Salim, 2012).

Source: McKinsey Global Institute, 2012

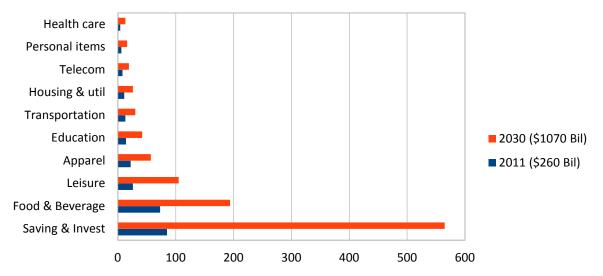
The additional 90 millions people with enough income to purchase goods beyond basic needs (during 2020-2030) is the biggest in the world- a part for China and India. Growing consuming class and per capita house hold income will increase discretionary spending and will drive saving and investment and the retail sectors (Salim, 2012).



Picture 7. Indonesian's Discretionary Spending

Source: McKinsey Global Institute, 2012

Picture 8. Indonesian's Annual Expenditure



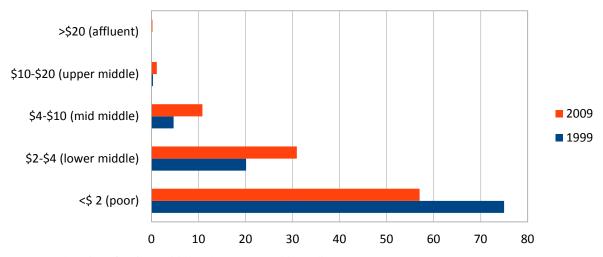
Source: McKinsey Global Institute, 2012

However, eventhough the rising of the middle class in Indonesia offers some opportunies for Indonesia to boost its economic growth, there are some challenges that the government should able to tacke to take the benefit of the growing minddle class.

Middle Class Growth: Challenge

The first challenge that should get a high concern from the government is the structure of the middle class itself, eventhough the number of middle class in Indonesia is big enough, 57 % of the population in 2010. However, most of the middle class still belong to lower middle class. Based on ADB definition, middle class could be categorized into three groups: lower middle class, population with \$ 2-\$4 expenditure a day, mid middle, population with \$ 4-10 expenditure a day, and upper middle, population with \$10-\$20 expenditure a day. Of 57 % middle class population, 30,9 % belongs to lower middle class, 10,8 belongs to mid middle, and 1,1 % belongs to upper middle (Salim, 2012). Since lower middle class dominates middle class in Indonesia, a discruption in the economy can immediately downgrade this group of middle class to below the poverty line.

Picture 9. Indonesia's Middle Class Structure



Source: The Rise of Asia's Middle Class as quoted by Salim, 2012

Thus, to sustain the middle class and to keep the middle class grow, the government should maintain the good climate for economic growth. Futhermore, most of middle class are enterpreneur or work in private business and industry (64.3%) (Salim, 2012). The second challenge is providing more job for upcoming labor forces. The increasing productive workers will be disaster if the there is no job available. They will end up as youth unemployment, then it will lead to higher poverty rate and may eventually increase the crime rate. On the other word, they will be the burden of society. Thus, one of serious challenge faced by the government of Indonesia is creating more job vacancies and the way to create more job vacancies is by promoting investment. Then, several challenges should be tacked if Indonesia want to increase investment, among of which are infrastructure development and supportive regulatory system and environment. Infrastructure is one of the main factor which can impede investment come to Indonesia. Indonesia's global competitiveness index is relatively low, ranking 50 out of 148 countries, lower than their neighbor country, Thailand, 38 Malaysia, 25 and Singapore, 2, and Infrastructure sector give significant contribution to the low global competitiveness index (World Economic Forum, 2013). The low quality of infrastructure also makes the price of a certain product in one island far more expensive than in another island. The price of commodities in eastern Indonesia (Nabire) are three times

higher than in Java. This large price difference reflects the high costs of logistics as a result of poor distribution systems (Basri and Rahardja, 2010 as quoted by Basri, 2013). Logistics in Indonesia amounted to 14% of total production costs, far higher than, say, Japan at 5% (LPEM study, 2005, as quoted by Basri, 2013). Inefficiencies at Indonesia's numerous harbours make transport costs more expensive, especially for export-oriented and importbased industries. (Patunru et.al, 2007, as quoted by Basri, 2013). Another factor which also give significant contribution to the low competitiveness index is unstable regulatory system and unsupportive environment. The regulation often changes and some overlap among government agencies. In addition, it is not easy to start up bussiness in Indonesia. It takes a long time and complicated procedure to start up a bussiness. It takes around 48 days to start up a business in Indonesia (2013), while only 34 in Vietnam, 28 in Thailand, 6 in Malaysia, and 3 in Singapore (World Bank, 2013). Moreover, red head tape still can be found in some agencies that makes the transaction cost is more expensive. According to a research conducted by University of Indonesia (2006) as quoted by Basri (2013), bribe to government official occupies 1.7 % in the first round, 1.8 % in the second round and 1.6 % in the third round of production cost. The combination of over-lapping regulations and high domestic transport costs reduce Indonesia's trade competitiveness. Second challange for the Indonesia to keep the middle class grow is to keep the growth of all economic sector especially the sector which is high labor internsive. Although, Indonesia GDP is largely supported manufacture, agriculture, and trade, hotel and restaurant, the growth is mostly supported by transportation and communication, and electricity, gas and water which is not labor intensive.

Table 1. Indonesia GDP by Economic Sector

Sector	2006	2007	2008	2009	2010	2011		Growth 2006-11
Agriculture incld fishery	433.2	541.9	716.7	857.2	985.4	1,093.5	14.7 %	3.6 %

Mining	366.5	440.6	541.3	592.1	718.1	886.2	11.9 %	2.4 %
Manufacture	919.5	1,068.7	1,376.4	1,477.5	1,595.8	1,803.5	24.3 %	4.3 %
Electricity, Gas, & Water	30.40	34.7	40.9	46.7	49.1	55.7	0.7 %	9.1 %
Construction	251.1	305.0	419.7	555.2	660.9	756.5	10.2 %	7.4 %
Trade, hotel, restaurant	501.5	592.3	691.5	744.5	882.5	1,022.1	13.8 %	6.9 %
Transportation & Communication	231.5	264.3	312.2	353.7	423.2	491.2	6.6 %	14.1 %
Finance, Real Estate, & Business Service	269.1	305.2	368.1	405.2	466.6	535.0	7.2 %	6.8 %
Services	336.3	398.2	481.8	574.1	654.7	783.3	10.5 %	6.4 %
GDP	3,339	3,950.9	4,948.7	5,606.2	6,436.3	7,427.1	100.0	5.9 %

Source: Indonesia's Central Statistic Board, 2013

Another challenge that should be able to managed by the government is the quality of indonesia middle class since the middle class can be the engine of growth if they have good quality. Of middle class population now, only one third hold a university degree and in general, Indonesia human development index rank at 124 out of 187 countries (medium level) (Salim, 2012). The School enrollment in Indonesia is also still relatively low. The school enrollment for primary school is around 92, while for secondary school is around 76 and for tertiary school is even lower, only 32 (World Bank, 2014).

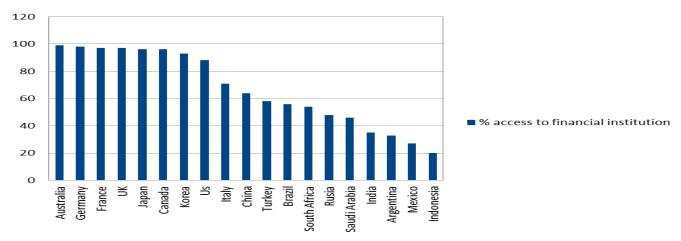
100% 90% 32 80% 70% university level education, with 7 degree 60% ■ Some university education without degree 50% ■ Completed secondary 40% 30% ■ Less than secondary 20% 28 10% 0% Education

Picture 10. Indonesia Middle Class' Education Level

Source: Indonesia's Central Statistic Board and Marketers as quoted by Salim, 2012

In adddition to maintain the economic growth and increasing the quality of human resources, another challenge is related to the characteristics of the middle class in Indonesia. Although Indonesia has big portion of middle class, but it doesn't give much contribution to the increase of national saving. The saving account penetration is only 22 % (Graph 7), (Salim, 2012). It indicates that there is still low awareness to save among the middle class. Such a low banking penetration causing Indonesia's access to financial institution is one of the lowest amongst G20 countries (Graph 8), (Salim, 2012).

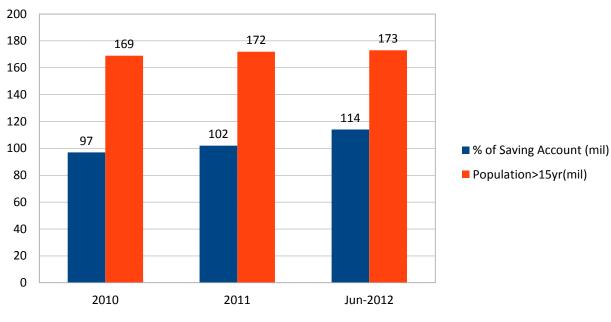
Picture 11. Access to Financial Institution



Source: The Global Financial Inclusion Index, World Bank, as quoted by Salim, 2012

In addition, the penetration of financial service in Indonesia is still far less than in other countries. According to McKinsey Global Institute, in 2011, Indonesian owned an average of only 2.3 products, still far fewer that the Southeast Asan average of 3.6 products and well below Thailand's 2.5, Malaysia's 5.4 and Singapore's 7.7. Indeed, Indonesia lags behind other Asian economies on every class of financial product (Graph 9). Encouraging the middle class to save their money is important since it can prepare for their future, so they will not become the burden for the countrty in their elderly. In addition, growing saving will increase the capital that can be invested in productive sectors. Among factors which are believed to contribute to the low financial service penetration are access channels and trust and understanding. Banking is the primary conduit for saving and investment for Indonesia. Yet, based on McKinsey's 2011 Asia Personal Financial Services survey which covered some of the largest urban arean in Indonesia (Bandung, Greater Jakarta, Makassar, Medan, and Surabaya, only 40 % of Indonesians in these cities currently have a banking relationship. In Addition, due to geographic difficulty, the number of commercial bank outlet is still very limited, especially in the eastern part of Indonesia (Picture 1). In addition, to access channel, some indonesian still don't understand about financial services, especially for those who live in rural area. Some others lose their trust to financial institution due to some bank liquidation

during finacial crisis in 1999. Another factor that contribute to low financial service penetration is limited financial service product. A rigid regulation is claimed to make the financial instituton difficult to expand its finacial service product.



Picture 12. Commercial Banking Saving Account Penetration

Source: Salim, 2012

Furthermore, the Indonesian consuming class does not look or feel much like the middle class in developed nations, who own cars, houses and apartments and have access to formal social safety nets, whether through the state or privately. The reality for most supposedly middle class Indonesians is that while they may own a scooter and a smartphone and splash out on shampoo and the odd restaurant meal, they are extremely vulnerable to shocks, whether it be a natural disaster, the loss of a job or the sickness or death of a family member.

Matthew Wai-Poi is one of a growing number of development economists who think it is time to re-think definitions of the middle class in emerging markets like Indonesia. He said, "The McKinseys and BCGs of this world are now thinking about the market size, not a set of attitudes and behaviors outside consuming, but we see the middle class as those who will not be in poverty or vulnerability next year. It's about security."

Using this more critical definition, he recently completed an analysis of the middle class in Indonesia that will make for uncomfortable reading for the government and others who have championed Indonesia's economic miracle.

There are 96 million Indonesians living on less than \$1.90 a day, classed by the World Bank as poor or vulnerable. Then there is a large "emerging consuming class" of 107 million people who live on \$1.90-\$4.50 a day and are starting to make more discretionary purchases but remain far from secure. The middle class, which the World Bank deems to be those who no longer have to worry about their vulnerability, live on \$4.50-\$22.10 a day and number 44m people. Above them is a more wealthy cohort, which resembles the middle class in developed countries, but they do not show up in the government's income surveys so the World Bank can only guess that they number several million.

The problem for Indonesia is not only that the financially secure middle class is smaller than some investors and government officials want to believe. Inequality is also rising at one of the highest rates in Asia, according to the ADB, as the rich take more of the benefits of Indonesia's rapid rate of economic growth. While Indonesia has been growing at nearly 6 per cent a year over the last decade, the annual growth in consumption for the poor and vulnerable is not far above zero, according to the World Bank.

Wai-Poi said, "Growing at 1 or 2 per cent is not enough to get you out of poverty, it's not until you reach the middle class that you get 5 to 8 per cent consumption growth in real terms. The emerging consuming class is growing at 3 or 4 per cent only."

So while Indonesians tycoons and urban professionals are getting rich very quickly, the poor are getting better off slowly, if at all. There is huge churn between the poor and vulnerable groupings, according to the World Bank. Fifty-five per cent of the poor in Indonesia were not poor last year. With few formal social safety nets, even those in the emerging consuming class are vulnerable to slipping into insecurity. It does not take a big

shock, such as one of Indonesia's all-too-frequent natural disasters, to push people over the edge.

Conclussion and Recommendation

Although the demographic bonus (large productive age relative to population) offers many opportunities for Indonesia's development especially growing middle class, but it could backfire if not carefully planned. This situation has happened to many counties like South Africa, Brazil, Philipinnes, and Rusia. The failure to create job and the lack of quality in human resources to compete in the global market will cause high economic burden, hing poverty rate, stuck from emerging /middle income to a higher income country group.

Therefore, to be able take the benefit of demographic bonus and to keep the growing middle class, the government should make the right policies. Several policies that government could take to benefit from the growing middle class to boost economic development are as follows:

1). Increase job by promoting investment. It needs infrastructure development, supportive regulatory system and environment.

There are two important sectors that the Government of Indonesia should prioritize to increase investment; improving infrastructure and providing supportive regulatory system and environment. To improve the infrastructure, the governments clearly need to spend more on infrastructure. The government should allocate more budget to improve the infrastructure. During this past decade, the government budget for infrastructure is only 3-4 % of GDP, far below China, Malaysia, and Singapore and even below the government budget in the new order regime which allocate 7-8 % of GDP to improve the infrastructure. In addition, since, the government budget is limited, the government should keep on developing public private partnership to improve the infrastructure. There is scope for the private sector to play a key role in building and operating economic infrastructure that can generate an acceptable rate of return for investors and, at the same time, make infrastructure markets work better. But this

simply will not happen unless governments take serious steps to improve the investment climate in a way that attracts greater private-sector participation. This includes reforms and investments in institutions that are capable of developing a pipeline of genuinely bankable projects.

To provide supportive regulatory system, since the investor wants security and stability, the government should be able to create security and stability in term of political situation and regulation. In term of regulation, the government should keep the regulation understandable and consistent for investor. To improve the supportive environment, the government should keep on strengthening the National Single Window System to ease the investor start up the business. The system is expected to reduce the time to start up business and to eliminate red head tape which will eventually reduce the operational cost for investors. In addition, keep on the effort to realize the open and clean government and increase the capacity of human resources dealing with investment promotion should also become the priority.

 Government policy should focus to support the labor intensive sector such as agriculture and manufacture (including creative industry and SME's)

Due to limited government budget, the government should make development of the labor intensive sector a priority. Agriculture sector in which most of indonesian's livelihood rely on should get enough support from the government. In stead of agriculture, manufacture which also could absorbs a lot of labor should also get enough support as well as the creative industry which is now experiencing the significant growth in several cities in Indonesia. There should be a favorable policy in term of the allocation of budget as well as the affirmative policies to support those sectors to grow.

Build workers skills, including technology awareness through education
 Increasing Indonesian worker's skill, including technology awareness through

education in this information age is a must. Otherwise, Indonesian worker cannot be absorbed by the industry. Then, the increasing productive population will not get the job and will contribute to the higher unemployment. The need to increase the Indonesian workers' skill is getting more critical since starting 2015, Indonesia and other ASEAN countries will implement Asian Eonomic Community (AEC), which will eliminate any obstruction of labor flow among ASEAN countries. Therefore, Indonesian worker will not only compete with their own people but also people from their neighbor ASEAN countries.

4). Develop strong financial service industry to support economic activities

Strong financial service industry is strongly needed for a county to support economic activities. Thus, developing finacial service industry both quantitatively and qualitatively is important for Indonesia to reach sustainable economic growth. Quantitavely, the government should trigger people to establish financial service industry by eliminating several bottle neck regulation. More diverse financial service industry will make people have many choices to invest their money. Qualitatively, the Government should always improve the quality of the financial service industry by giving continous supervision.

5). Gender equity (access to finance and markets).

Woman make up the biggest portion of Indonesia's population. Thus, woman has recently played more important role both as the manager of the family's wealth and the career woman. Due to a better education, more woman could reach top management position in several prestigious institution which bring them into middle or affluent class. Thus, empowering woman by giving them more access to finance and markets actually empower the society as whole and make woman as one of most important contributor to sustainable economic growth.

6). Bank's Policy Strategy to support sectors with higher employment (et al agribusiness, manufacturing) and its supply chain and penetrate into SME's and micro business;

- stronger network and services and customer Analytics and insights to capture the growing middle class/productive population.
- 7. To increase national saving, there are several actions that could be done. To increase voluntary saving, especially to deal with limited number of commercial banking outlet, the bank can introduce mobile banking. This is a route being pursued elsewhere in Asia. In the Philippines, for instance, Smart Communications has introduced Smart Money, which combines a mobile payment system for international remittances and a cash account for users wanting to make micro payments and purchases. Smart money has attracted 7.1 million subscribers who have made transactions worth more than \$ 1 billion a year. More collaboration between banks and telecommunication players could stimulate much wider use of financial products in Indonesia. In addition, to encourage people to save, the financial education should be given to young generation in their early ages, particularly in their school. The campaign to promote saving to the people can also be done through multiple media such as television, social media, and many others. For mandatory saving, Instead of increasing voluntary saving, the government also strengthen mandatory saving. Since January 1, 2014, Indonesia has implemented a universal social security system. The system is intended to cover all employees and residents (including foreign residents) under a single health care system by 2019 and a single employment benefit system, including old-age, pension, workplace accident and death benefits, by 2029. However, looking at the experience of Singapore through its Central Provident Fund (CPF), it is recommended for the Government of Indonesia to unify two social security system administrator (heath and employment), so that, instead of the flexibility of transferring among accounts, it also provide bigger fund to invest in development. It is also recommended to expand the mandatory saving in the future such as saving to fund housing need.

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