

PIVOTAL

Indonesia spotlight 2024

New research by DBS reveals the growing strategic influence that treasury and finance teams have on the long-term future of the business. Their guidance is vital as digital technology enables new forms of trade and value creation, as demand grows for sustainable business models, and as economic power is rebalanced across emerging markets as part of a new era of globalisation.

Here we look at what this means for businesses in Indonesia.

1. The business and economic climate

- Indonesia's comparative advantages of abundant natural resources and a deep pool of young talent are propelling it to economic growth^[1]
- Indonesia has seen a decade of stable growth and intense infrastructure investment, which has improved investor confidence in the country^[2]

^[1] <https://www.worldbank.org/en/country/indonesia/overview>

^[2] <https://www.ft.com/content/66a490e3-9268-4d8d-b7df-d2f901cd0fde>

- Growth has been especially intense in the metals, mining and manufacturing sectors as Indonesia's rich deposits of nickel become ever more in demand for electric vehicle (EV) manufacturing
- Export controls on key minerals have encouraged the domestic processing industry and diversified the industry^[3]

Strategic priorities

The top three strategic priorities for organisations in Indonesia for the next two years are:

1. Improving productivity and operational performance (83% say this is a priority)
2. Enhancing customer satisfaction and retention (77%)
- =3. Building topline growth in Asia (73%)
- =3. Securing new skills and talent (73%)
- =3. Business diversification (73%)

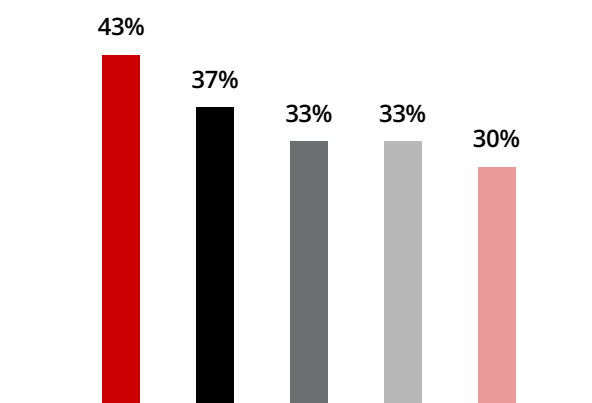
Barriers to growth: access to capital and financing

When asked about the main barriers to doing business in Asia today, the top answer for companies in Indonesia is access to capital and financing. As many businesses in the country have abundant reserves with which to fund their growth and digitalisation ambitions, the challenge here may arise primarily in other markets across Asia where their local entities are looking to expand operations.

Figure 1. Accessing capital and finance is vital for unlocking new opportunities in Asia

What are the main barriers that your business faces in Asia today?

- Access to capital and financing
- Geopolitical uncertainty
- Economic downturn and volatility
- Access to energy and raw materials
- Growing regionalisation and nationalism



^[3] <https://www.ft.com/content/66a490e3-9268-4d8d-b7df-d2f901cd0fde>

2. The strategic power of treasury and finance

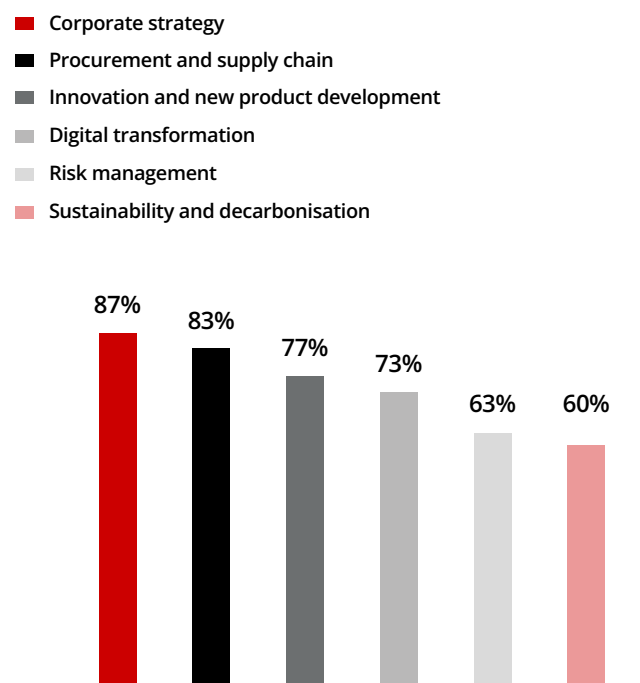
Treasury and finance teams in Indonesia play an important part in strategy

The strategic initiative that treasury and finance teams in Indonesia are most likely to be involved in is corporate strategy, followed by procurement and supply chain.

However, executives in Indonesia are less likely than the global average to say that treasury and finance is involved in sustainability and decarbonisation (60% compared to 71%) and risk management (63% compared to 71%). Indonesia is highly vulnerable to the effects of climate change,^[4] and the country's industrial boom has come at a climate cost. Meanwhile, a Just Energy Transition Partnership project intended to help finance Indonesia's green transition has also faced challenges and struggled to raise funds.^[5]

Figure 2. Treasury and finance teams are closely involved in corporate strategy and procurement and supply chain

Which strategic initiatives are your treasury and finance teams closely involved with?



^[4] <https://climateknowledgeportal.worldbank.org/country/indonesia>

^[5] <https://www.ft.com/content/d49f8109-01ea-4ca3-ac0d-15df8cfdcf70>



3. What comes next for treasury and finance teams in Indonesia?

Almost six in 10 (57%) businesses in Indonesia believe that treasury and finance teams will be integral to business success in the new era. This is lower than the average across the research but is still a significant proportion. However, for many treasury and finance leaders in Indonesia, the question will be how they can consolidate their position and demonstrate that they can exert greater strategic influence as a trusted, insightful business partner.

Businesses in Indonesia say that the areas where their treasury and finance teams are **strongest** are:

1. Strategic alignment with the wider business (70% say their team is capable)
2. Securing favourable financing for diversification initiatives (67%)

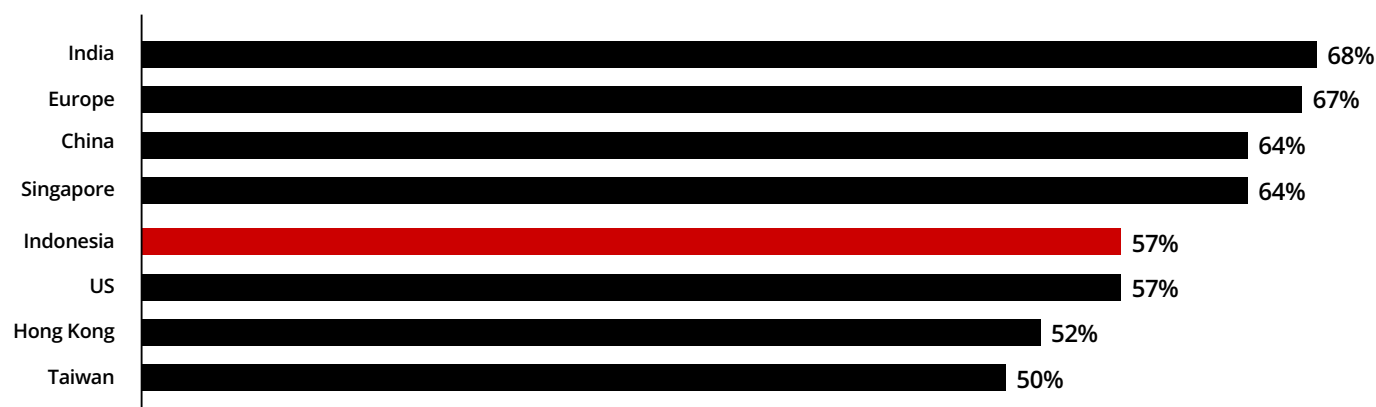
- =3. Preparedness to challenge strategy/development teams and offer solutions direction (60%)
- =3. Accessing consistent and reliable data (60%)

They are **weakest** in the following areas:

1. Talent and skills (33% say their team has room for improvement)
2. Process innovation and flexibility (30%)
3. Perspective on new and evolving risk (27%)

Figure 3. Respondents in Indonesia see treasury and finance teams as enablers of success

Do you agree that treasury and finance teams will be integral to business success in the new wave of globalisation?



Against this backdrop, executives in Indonesia are focusing on a wide range of challenges and priorities:

- 70% of businesses in Indonesia say that the CFO/ Treasurer is closely involved in strategic objectives, but the rest of the treasury and finance function is primarily still focused on operational tasks
- Technology is playing a role in helping them meet growing demands: 43% say generative AI is helping them overcome long-term talent shortages and related challenges within the treasury and finance organisation
- 63% say finance, procurement and strategy teams must collaborate effectively to ensure they have clarity around a set of common goals
- 50% say that securing financing for new strategic initiatives in Asia is becoming more important

The outlook for treasury and finance teams in Indonesia is full of promise. In future, their leaders should focus on collaborating with strategic leadership to extend their influence, while also striving to bring the teams into greater alignment with procurement and supply chain and other functions. By using generative AI to perform more transactional tasks, treasury and finance teams can dedicate additional time and energy to helping their businesses navigate complexity and unlock new opportunities for growth.

At DBS, we are committed to providing guidance and support to help treasury and finance teams navigate the path ahead.

[Please click here to read the full *Pivotal* report](#)



“ As the driving force behind growth in this new era of globalisation, businesses recognise Asia’s potential for expanding their consumer base and establishing manufacturing operations in its emerging economies. Within companies in Indonesia, we find executives focusing their efforts on enhancing productivity as a top priority while also strengthening customer satisfaction and retention. Business diversification will be key to success, supported by strategic guidance and data-supported insight from treasury and finance.

Kunardy Lie

Head of Institutional Banking Group,
DBS Indonesia



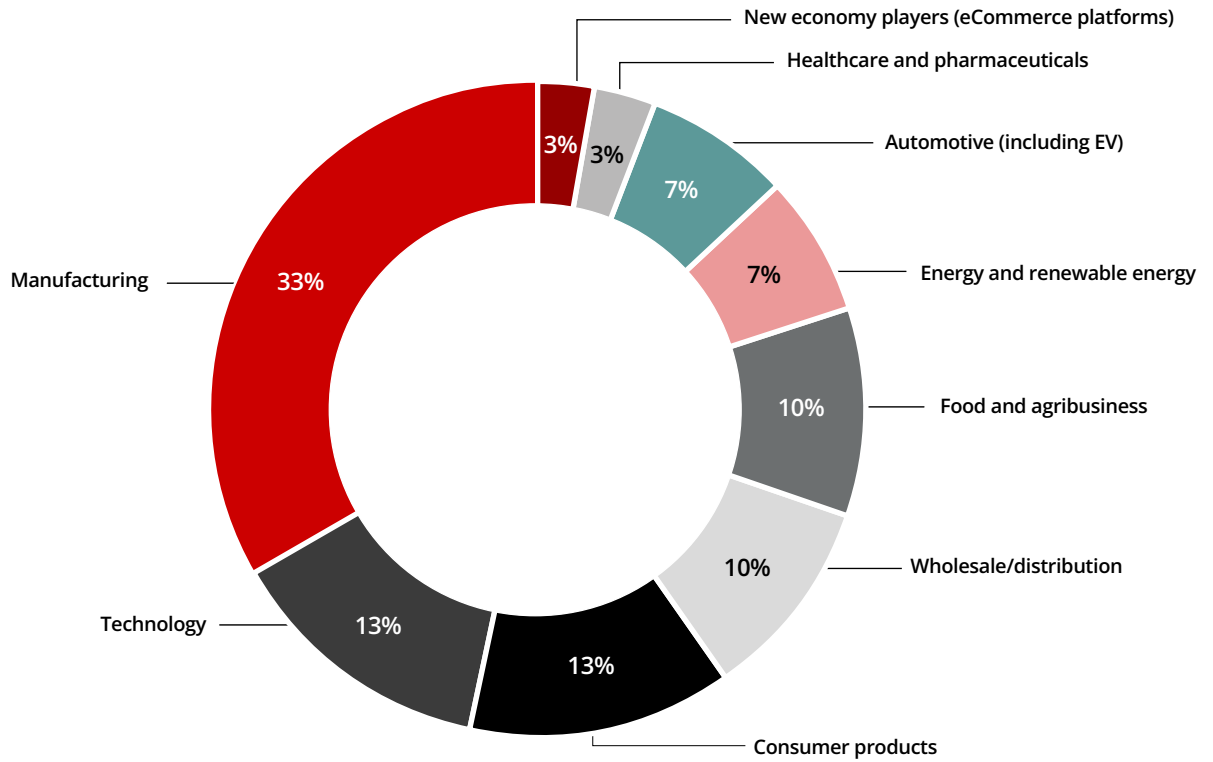
“ Treasury and finance teams are instrumental to influencing the sustained growth and success of their organisations. In Indonesia, the teams are clearly aligned with broader strategic goals and largely help shape the corporate strategy. Over time, they may face growing demand to support their businesses’ sustainability efforts, such as securing financing to enable widespread decarbonisation initiatives, as this is something we see increasingly in other markets.

Dandy Indra Wardhana Pandi

Head of Global Transaction Services,
DBS Indonesia

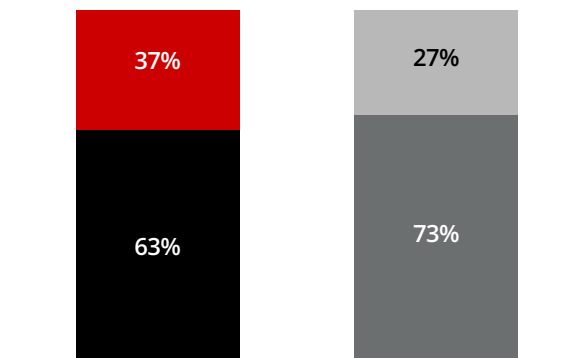
Indonesia: Demographic breakdown of survey respondents

Industry



Function and seniority

- Senior Treasury Manager
- Finance
- C-level (executive leadership/board member)
- C-1 (senior management reporting into executive leadership)



Role

