

Read all interviews here:
the-report.com/reports/indonesia/newsweek



A New Blueprint for Prosperity

Social programs and trade engagement underpin Indonesia's growth. **By Rod Reynolds**

Indonesian President Prabowo Subianto has set a target of 8 percent growth as the centerpiece of his economic agenda, with his government's spending plans central to that ambition. "Our social policies must expand productivity and produce growth," he said at the World Economic Forum in Davos. Programs such as free school meals, investments in cooperatives and nationwide medical checkups reflect Prabowo's policy priorities of food security and human capital development, alongside ambitions for energy self-sufficiency and greater trade integration.

That agenda rests on the foundation of fiscal discipline. The nation's economy has expanded at more than 5 percent annually for much of the last decade, unemployment continues to fall and the fiscal deficit remains under the 3 percent cap. "Indonesian fundamentals are strong because we maintain macroeconomic stability," says Coordinating Minister of Economic Affairs Airlangga Hartarto. "Inflation remains low and public debt stands at roughly 40 percent of GDP, well below the legal ceiling of 60 percent." In that context, the government's

major initiatives complement the national development strategy through a focus on human capital. "Building hospitals and education facilities is an investment, not simply expenditure," says Vice Minister of Finance Suahasil Nazara.

Key to that strategy is Dantantara, the sovereign wealth fund Prabowo launched in 2025 to consolidate Indonesia's state-owned enterprises and direct capital toward priority industries. With assets exceeding \$900 billion, Dantantara is financing projects across renewable energy, digital infrastructure and resource downstreaming—extending Indonesia's long-standing push to process more of its raw materials and stimulate domestic industries. "Every major government initiative is designed to generate multipliers and build capacity," says Deputy Governor of Bank Indonesia Thomas Djiwandono. Critical sectors include nickel—a key input for electric vehicle supply chains—and palm oil, used across food, consumer goods and biodiesel production. Indonesia is the world's largest producer of both commodities. The government has paired

this domestic buildout with an expanding trade agenda. Indonesia signed a reciprocal trade agreement with the United States in February, reducing tariffs on many Indonesian exports and exempting others, while pursuing comprehensive economic partnership agreements with the European Union, Canada and other countries. Prabowo has emphasized the central role global engagement plays in Indonesia's long-term ambitions. "We believe trade is a tool for prosperity," he told Davos delegates. "We are determined to become a modern country, integrated with the global economy, providing good quality of life for its citizens, living free of poverty and hunger."

Through this combination of social investment, state-directed capital and global trade engagement, Indonesia is pursuing a goal to become a top-five economy by 2045—a trajectory it maintains despite the impact of geopolitical turbulence. "Regardless of broader global instability, Indonesia is positioning itself as ready to do business and cooperate," says Vice Minister of Trade Dyah Roro Esti Widya Putri. ■

VIEWPOINTS



"Indonesian fundamentals are strong because we maintain macroeconomic stability."

AIRLANGGA HARTARTO,
 COORDINATING MINISTER FOR
 ECONOMIC AFFAIRS



"Indonesia is positioning itself as ready to do business and cooperate."

DYAH RORO ESTI WIDYA PUTRI,
 DEPUTY MINISTER, MINISTRY
 OF TRADE



"Building hospitals and education facilities is an investment, not simply expenditure."

SUAHASIL NAZARA,
 VICE MINISTER, MINISTRY OF
 FINANCE



"Every major government initiative is designed to generate multipliers and build capacity."

THOMAS DJIWANDONO,
 DEPUTY GOVERNOR, CENTRAL
 BANK

INTERVIEW



AIRLANGGA HARTARTO,
COORDINATING MINISTER OF
ECONOMIC AFFAIRS

Coordinating Minister for Economic Affairs Airlangga Hartarto sets out Indonesia's strategies across energy, trade and development in pursuit of becoming a top-five global economy.

By Rod Reynolds

Q: How has your vision for Indonesia's economy evolved in the face of global shifts?

The president is navigating the complexities of 2026. From an Indonesian perspective, crisis creates opportunities. We have the capacity to rely on Indonesian resources for oil and gas, especially renewables based on palm oil. We have our own refinery in Balikpapan. Indonesia is building capacity for growing sugar cane, which is an opportunity to create bioethanols. We have to accelerate structural reform to make it investment-friendly.

"We have to accelerate structural reform to make it investment-friendly."

Indonesia is also active in opening access to the market through "minilateralism." With the EU CEPA, Eurasia CEPA, EFTA CEPA and Canada CEPA, alongside the process of becoming a member of

the OECD and part of BRICS, we are positioned to engage across global markets.

Q: What role does Danantara play in national development?

Danantara is part of President Prabowo Subianto's legacy to unlock the potential of state-owned enterprises (SOEs). In the past, SOEs were part of government agencies. Now there is a separation between investment and the government budget.

"We are positioned to engage across global markets."

Danantara has the ability to leverage the total investment account, as it is more open and freer to operate. In the past, the number of SOEs plus subsidiaries was more than 1,000. The government will rationalize that number to around 300 within two years. In the past, companies that could not compete were put under asset management for restructuring, but restructuring was not done even after five years. This will become the same status as a private entity, making it easy to close companies and utilize assets.

Q: What are your goals for Indonesia's economy?

If we sustain our growth, together with our population, we expect to become a top-five country globally by 2045. We need greater equality. The average income per capita in Jakarta is \$22,000, while nationally it is \$5,000. In certain areas, such as East Kalimantan, it is \$15,000. Equality is the key challenge from now to 2045.

BANK INDONESIA

Stability Backs Growth Target

How the central bank supports national strategy.



Photo: Bank Indonesia

Indonesia is using stability as the base for faster growth, with Bank Indonesia Deputy Governor Thomas Djiwandono stressing closer fiscal-monetary coordination as the country pursues President Prabowo's 8 percent growth target. He says the central bank's role is not to choose

the engines of growth, but to protect conditions that allow them to function. "Stability and growth are not in conflict; one enables the other."

With inflation contained, the trade balance in surplus and the fiscal deficit kept within 3 percent of GDP, Djiwandono says Indonesia can now move from resilience to a new acceleration, with government programs in nutrition, housing, education, health and energy security designed to create local multipliers. "Indonesia has been through periods of volatility, and the economy has proven resilient every time. That is why investors should believe in long-term growth," he adds. ■ By Manuela Tecchio

AKULAKU FINANCE

Driving Financial Inclusion



"Indonesia represents one of the most compelling digital credit markets globally."

PERRY BARMAN SLANGOR,
CEO AND PRESIDENT
DIRECTOR, AKULAKU FINANCE

Akulaku is a digital consumer finance platform backed by MUFG and Ant International at a group valuation exceeding \$1.5 billion. In 2025, the company disbursed \$439 million in new financing while growing profits by 66 percent. "We continue to operate

in a market with strong and growing demand for accessible digital financing solutions," says President Director Perry Barman Slangor.

With 48 percent of Indonesia's population unbanked and financing increasingly embedded in everyday transactions, Akulaku is expanding beyond Java. "This combination creates a unique opportunity for long-term participation in the expansion of inclusive financial services," says Slangor. "For investors, Indonesia represents one of the most compelling digital credit markets globally." ■ By Rod Reynolds



www.akulakufinance.co.id

CONTENT BY THE REPORT COMPANY

Indonesia's Push for Grassroots Growth

Targeting faster economic expansion, Indonesia is building from the ground up. By Rod Reynolds



"Fiscal policy is always an anchor for a country—an anchor for stability."

SUAHASIL NAZARA,
VICE MINISTER, MINISTRY OF
FINANCE

Indonesia's long-run growth trajectory has hovered around 5 percent. Now the government aims to break through that ceiling, focusing on measures to stimulate grassroots economic activity. Here, Vice Minister of Finance

Suahasil Nazara explains the key role the ministry plays in balancing economic acceleration with the stability that has long been the foundation of the nation's fiscal strategy.

Q: What are your aims for Indonesia's economy?

After COVID, we have been growing at a steady 5 percent—stable. The president understands this, but we aspire to a higher number. Not only growth that is higher, but growth that is stable in terms of prices and inflation. President Prabowo has come forward with big ideas on how to unlock the country's potential. He believes that grassroots-level economic activity is a source of growth. The free meal program and the cooperative program

are foundational to growth from the ground up. That is the transformative vision that, if executed correctly, can propel Indonesia's economic growth well above 5 to 6 percent.



Photo: Shutterstock

Q: What role does fiscal stability play?

Fiscal policy is always an anchor for a country—an anchor for stability, because everyone

looks at the budget. A stable budget means a stable anchor. At the same time, fiscal policy is critical for promoting growth: through revenue policy, through spending policy and through financing decisions that affect the financial sector.

Q: Which sectors hold the greatest investment potential?

First, food security. This is a country of 280 to 290 million people. They need food, and we must ensure it is available. Second, energy security. Third, human capital—social spending on health can itself be a source of economic growth. Fourth, MSMEs. The president is focused on the cooperative approach to micro and small business development. ■

PT PEGADAIAN

Pegadaian's Gold Ecosystem Takes Shape

Indonesia's only designated gold bank is using technology and partnerships to drive financial inclusion. By Rod Reynolds

PT Pegadaian was founded in 1901 as a state pawnbroker, operating as a monopoly for most of its existence. By 2017, that market dominance prompted President Director Damar Latri Setiawan to reshape the group's model and organizational culture. A digital overhaul followed, and in 2025 the company recorded growth of 42 percent, supported by rising gold prices and a broader customer base. "More customers

can now access our services conveniently," says Setiawan, "and our people are fully aligned with this shift."

"More customers can now access our services conveniently."

The company's rapid growth has created demand for outside capital. A deal with Japanese bank SMBC is already in place, and now the firm is seeking additional partnerships. "We would welcome similar investment from U.S. and other investors," says Setiawan. "Global partners who bring complementary capabilities in financial security or digital infrastructure would find

a natural fit here."

Around 90 percent of Pegadaian's collateral is gold, and the company is building a full ecosystem around the metal. In 2025, it became the only institution in Indonesia formally designated as a gold bank, offering savings and deposits, working capital loans, trading and custody under one roof. A subsidiary manages the full supply chain, from raw material through to minting and purification.

That reflects the company's wider network. Since 2021, Pegadaian has operated within the Ultra Micro holding alongside state lender BRI and micro-finance institution PNM. The arrangement gives Pegadaian access to BRI's branches and



DAMAR LATRI SETIAWAN,
PRESIDENT DIRECTOR,
PT PEGADAIAN

balance sheet, while BRI and PNM customers gain access to Pegadaian's products. "Our network is the foundation," says Setiawan. "MSMEs choose Pegadaian because access is fast, requirements are minimal and financing is affordable." ■



pegadaian.co.id

INDONESIA

CONTENT BY THE REPORT COMPANY