Early Warning System

IFC-34288

Ekonomi SME Loan

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Quick Facts

Countries	Indonesia
Financial Institutions	International Finance Corporation (IFC)
Status	Hold
Bank Risk Rating	B
Voting Date	2014-11-06
Borrower	PT BANK EKONOMI RAHARJA
Sectors	Finance
Investment Type(s)	Loan
Investment Amount (USD)	$ 45.00 million
Project Cost (USD)	$ 45.00 million

Project Description

The proposed project (the “Project”) will likely consist of a senior debt package for up to US$45 million to PT. Bank Ekonomi Raharja, Tbk. (“Bank Ekonomi” or “the Bank”) in Indonesia. The Project will support the Bank’s lending program for SMEs. The IFC financing package will allow the Bank to expand the volume and maturity of its SME loan portfolio. The proposed project is also consistent with both IFC’s Indonesia and financial markets strategy given that this project will help provide more access to finance for SMEs, and promote job creation.

People Affected By This Project

1. Job creation: To eventually create more local employment opportunities by increasing access to finance for SMEs.
2. To support economic growth in frontier regions: While big cities in Indonesia especially Jakarta are growing rapidly with increased banking penetration, frontier regions are left behind in terms of access to finance for SMEs, which hinders the economic growth in these regions. Having established its strong network in the frontier regions with plans to expand into other frontier regions to provide access to finance for SMEs, Bank Ekonomi will support the continued growth of the local economy.

Investment Description

- International Finance Corporation (IFC)

The proposed project will likely consist of a debt facility amounting up to US$45 million equivalent in Rupiah on IFC's own account to Bank Ekonomi.

Financial Intermediary

Financial Intermediary: A commercial bank or financial institution that receives funds from a development bank. A financial intermediary then lends these funds to their clients (private actors) in the form of loans, bonds, guarantees and equity shares. Financial intermediaries include insurance, pension and equity funds. The direct financial relationship is between the development bank and the financial intermediary.

- PT BANK EKONOMI RAHARJA (Financial Intermediary)

Private Actors Description

The Bank was established on 15 May 1989 as PT Bank Mitra Raharja and renamed PT Bank Ekonomi Raharja (also called Bank Ekonomi) four months later. On 22 May 2009, HSBC Holdings Plc. through its subsidiary, HSBC Asia Pacific Holdings (UK) Limited, acquired 88.89% shares of the Bank, which is increased to 98.94% by now. HSBC Holdings plc, the parent company of the HSBC Group, is headquartered in London. The Group serves customers worldwide from over 6,200 offices in over 74 countries and territories in Europe, Asia, North and Latin America, and the Middle East and North Africa. With assets of US$2,754billion at 30 June 2014, HSBC is one of the world’s largest banking and financial services organizations.

Contact Information

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ACCOUNTABILITY MECHANISM OF IFC

The Compliance Advisor Ombudsman (CAO) is the independent complaint mechanism and fact-finding body for people who believe they are likely to be, or have been, adversely affected by an IFC or MIGA- financed project. If you submit a complaint to the CAO, they may assist you in resolving a dispute with the company and/or investigate to assess whether the IFC is following its own policies and procedures for preventing harm to people or the environment. If you want to submit a complaint electronically, you can email the CAO at CAO@worldbankgroup.org. You can learn more about the CAO and how to file a complaint at http://www.cao-ombudsman.org/

Campaign Documents

- Investing: Bank Ekonomi Raharja