



Risk Beyond 2023

Indonesia current and future landscape

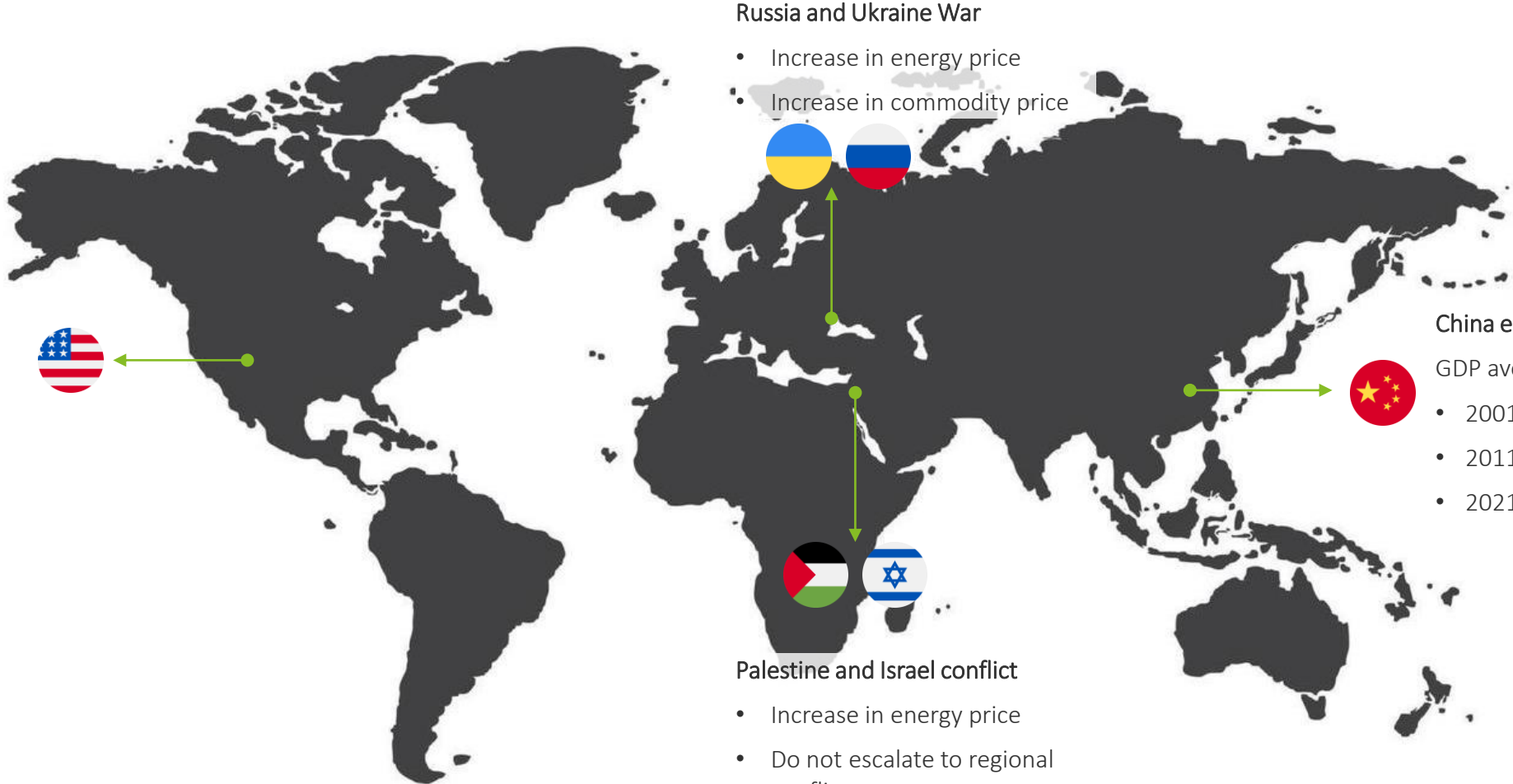
by Abdiansyah Prahasto

07 December 2023

Global uncertainty is increasing

USA

- High inflation, higher for longer interest rate



Russia and Ukraine War

- Increase in energy price
- Increase in commodity price



Palestine and Israel conflict

- Increase in energy price
- Do not escalate to regional conflict



China economic slowdown

GDP average growth:

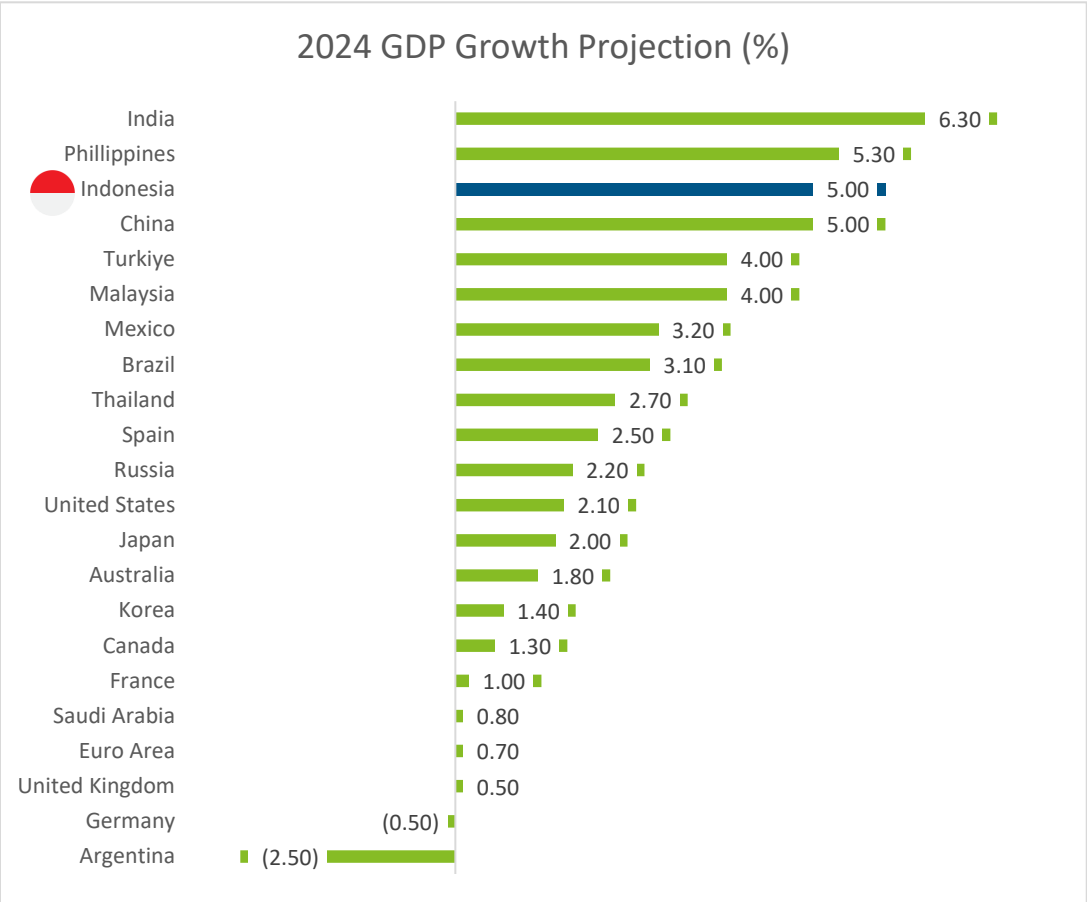
- 2001-2010 = 10.95%
- 2011-2020 = 6.8%
- 2021-2023F = 4.5%



Indonesia economy is quite resilient in the midst of uncertainty



- USA and China economic slowdown
- Geopolitical uncertainty



- Indonesia is resilient (low inflation at 5.5% in 2022 compared to majority countries, >10%)
- Indonesia manage to maintain economic growth at +-5% in 2022, 2023F, and 2024F

Source: WEO IMF (2023), World Bank, OECD

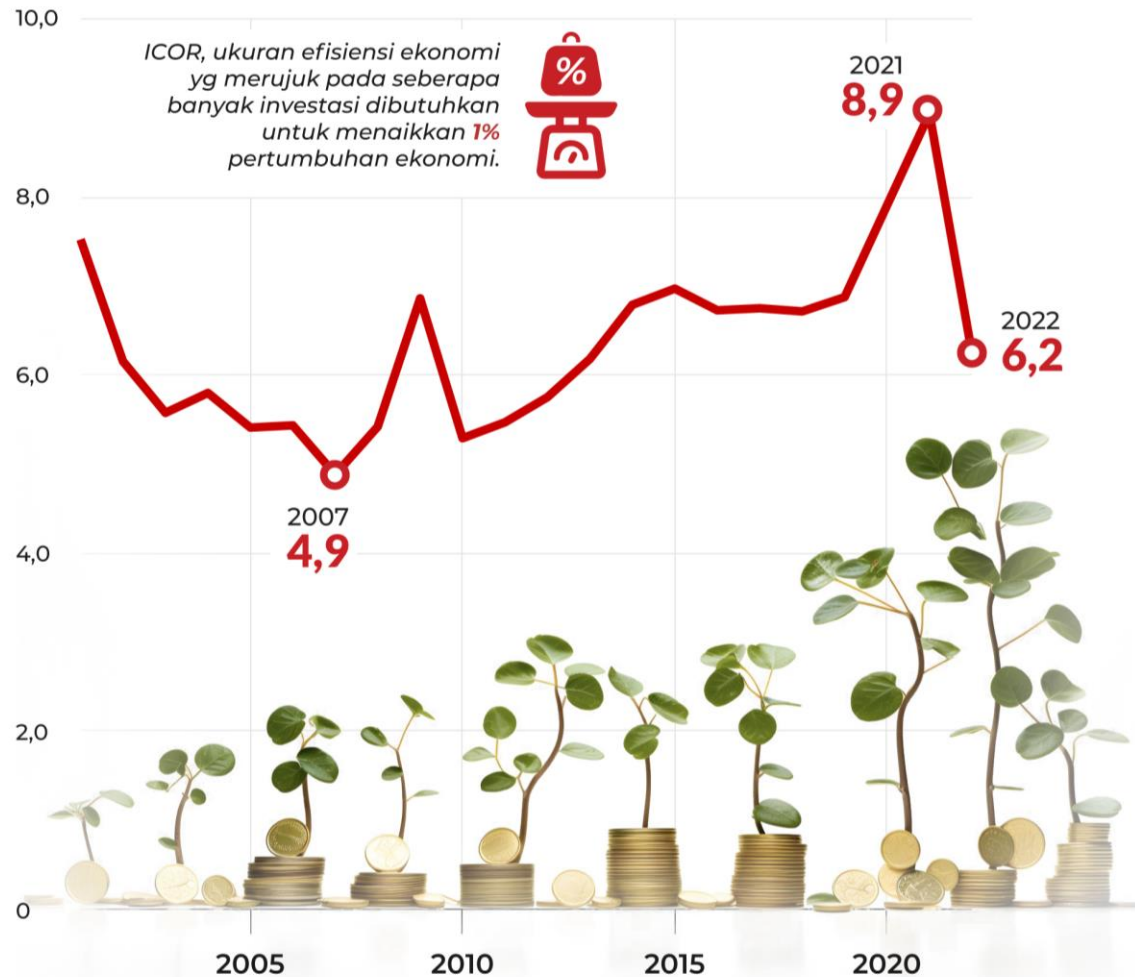
Indonesia Emas/Golden Indonesia 2045

	2025 baseline	2045 target
GNI per capita	USD 5,500	USD 30,300
GINI Ratio	0.382-0.379	0.29-0.32
Global Power Index	#32	#15
Human Capital Index	0.54	0.73
Greenhouse Emission Intensity	38.6	93.5%



Pre-requisite:
Economic
growth of
minimum 7%

Indonesia needs to be more efficient to accelerate economic growth of 7% or more



Source: World Bank (2022)

datanesia



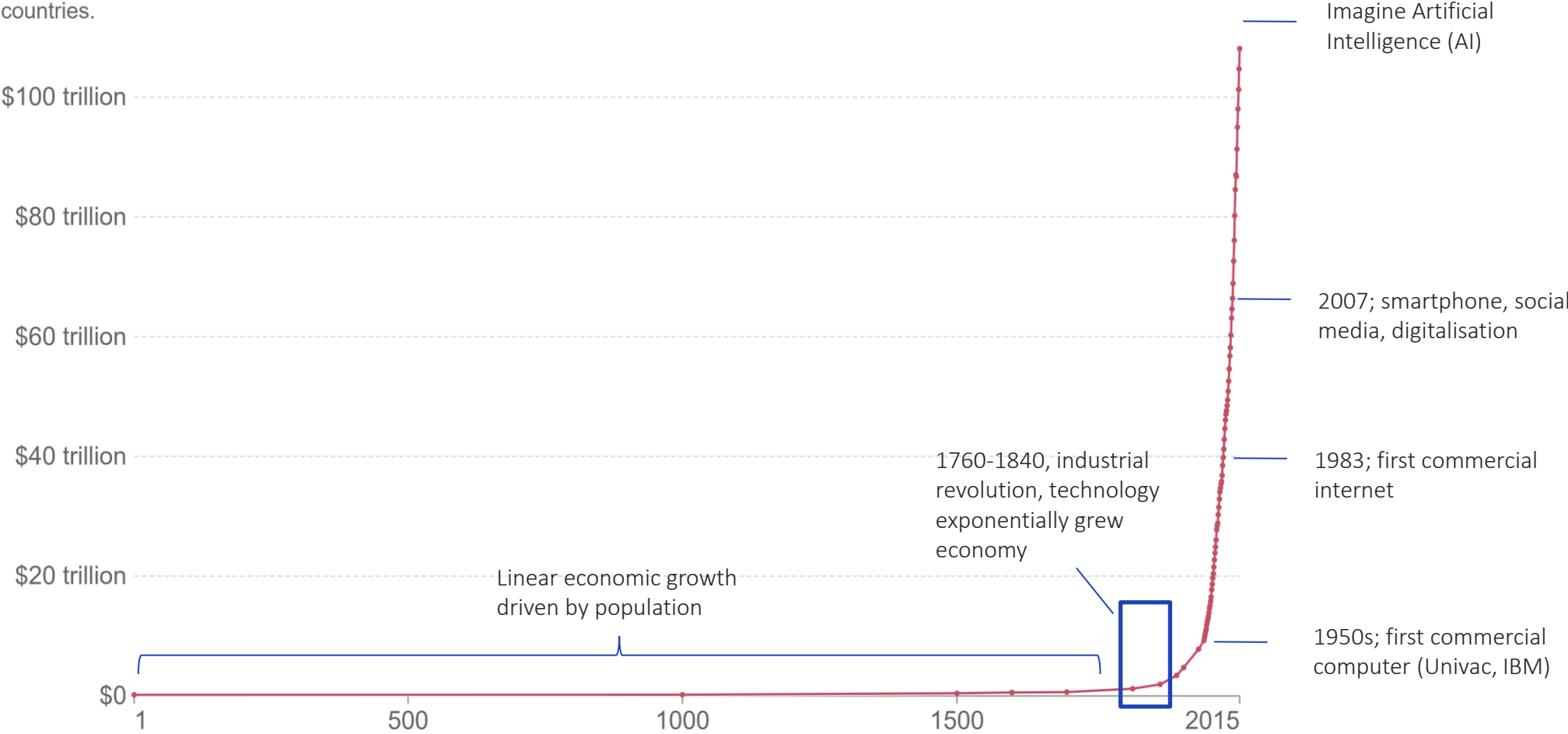
- Every additional 1% GDP growth will necessitate a 6.2 increase in investment/GDP
- If Indonesia wishes to grow its GDP by 7%, the investment/GDP ratio should be $7\% \times 6.2 = 43.4\%$
- Current Indonesia domestic saving/GDP is 36%
- Account deficit of 7.4%
- To achieve higher growth, Indonesia should either:
 1. Increase domestic saving (tax ratio)
 2. Increase Foreign Direct Investment
 3. Increase debt
 4. Increase productivity (human capital and technology)

Our economic prosperity is spurred by technology and will continue in the future

World GDP over the last two millennia

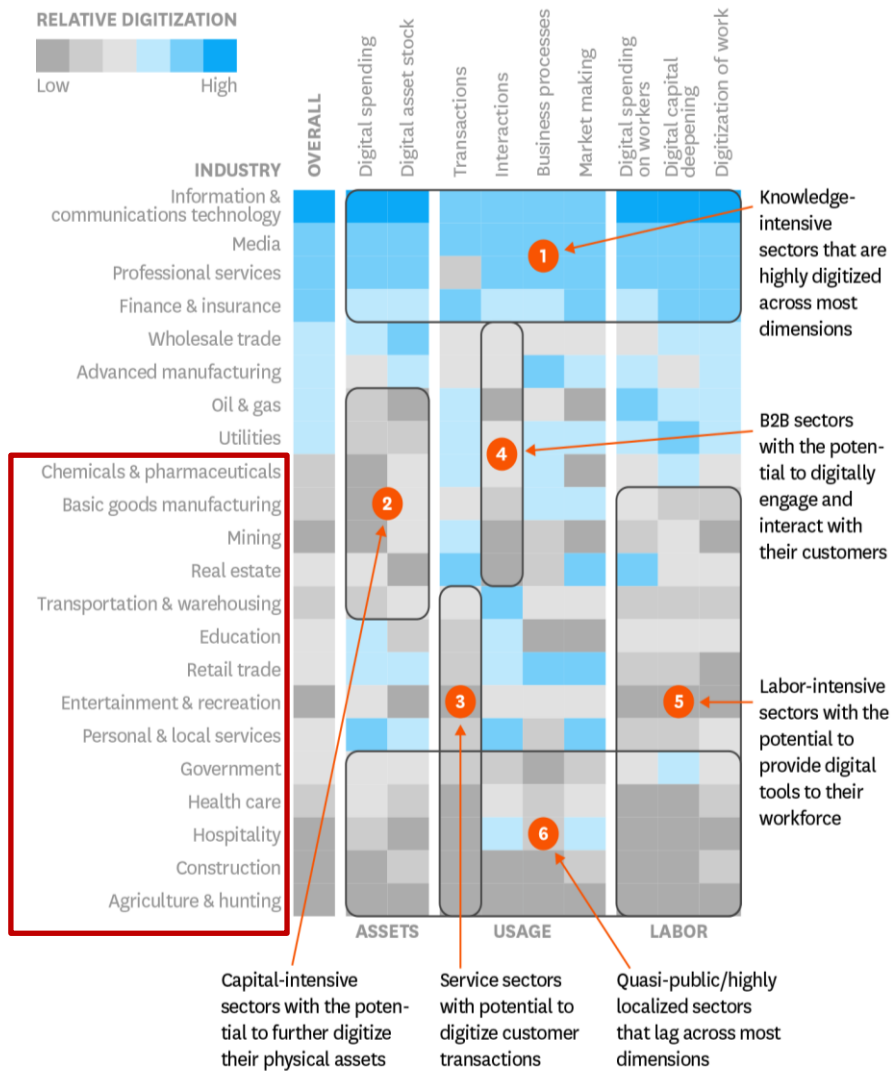
Total output of the world economy. This data is adjusted for inflation and differences in the cost of living between countries.

Our World
in Data



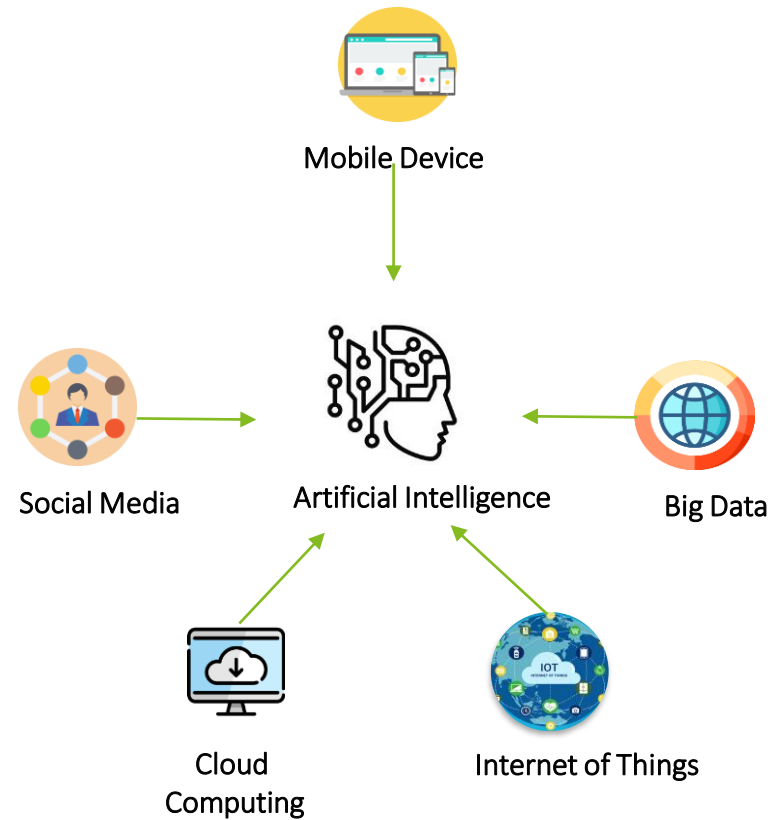
Source: Our World In Data based on World Bank & Maddison (2017)
Note: This data is expressed in international-\$¹ at 2011 prices.

Opportunity for digitalization is still high in 14 out of 22 industries



Source: McKinsey Global Institute (2016)

- 1 Disruption from **current** technology
- 2 Disruption from **future** technology

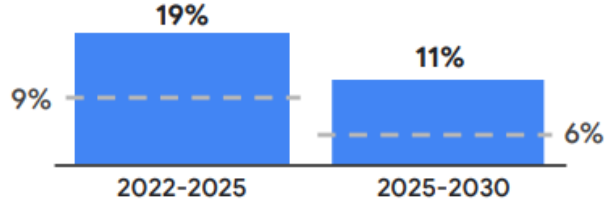


Indonesia are growing their digital economy

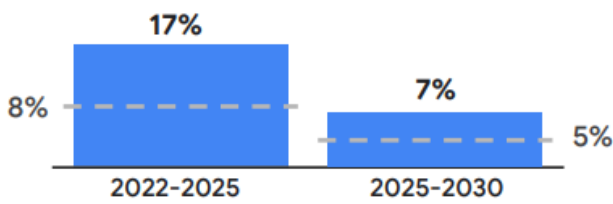
Digital economy GMV growth vs GDP growth (%)

● Expected digital economy CAGR - - - Expected nominal GDP CAGR

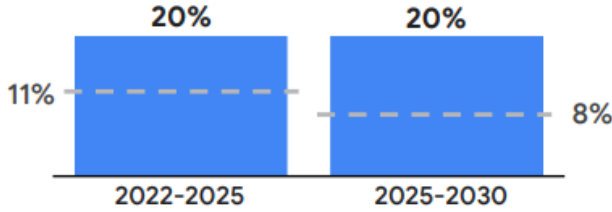
Indonesia



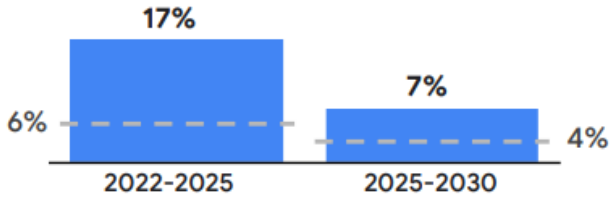
Malaysia



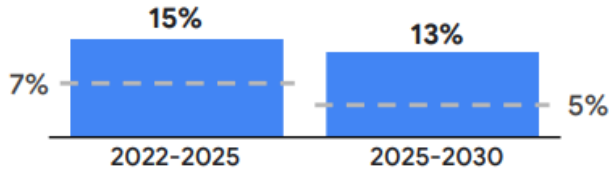
Philippines



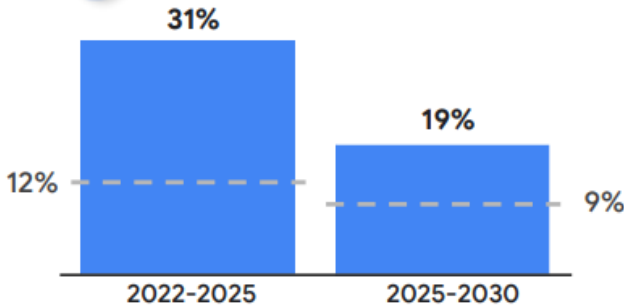
Singapore



Thailand



Vietnam



Source: Google (2022)

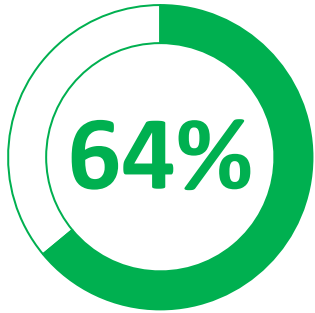
Technology and digital risk hot topics through the years: 2012-2024 (Deloitte, 2023)

Rank	2024 (All Sectors)	2023 (All sectors)	2022 (FS)	2021 (FS)	2020 (FS)	2019 (FS)	2018 (FS)	2017 (FS)	2016 (FS)	2015 (FS)	2014 (FS)	2013 (FS)	2012 (FS)
1	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Cyber Security	Large Scale Change	Third-Party management	Cyber Threat
2	Digital Transformation and IT Change	Digital Transformation and Change	Cloud Governance and Security	Operational and IT Resilience	Transformation and Change	Technology Transformation and Change	Strategic Change	Strategic Change	Strategic Change	Disaster Recovery and Resilience	IT Governance and IT Risk Management	Identity and Access Management	Complex Financial Models
3	Data Management and Data Quality	Data Governance	Operational and IT Resilience	Cloud Governance	Operational Resilience	Data Protection and Governance	Data Management and Data Governance	Data Management and Data Governance	Third-Party Management	Large Scale Change	Identity and Access Management and Data Security	Data Governance and Quality	Data Leakage
4	Artificial Intelligence	Cloud Hosted Environments	Data Governance	Extended Enterprise Risk Management	Extended Enterprise Risk Management	Technology Resilience	IT Disaster Recovery and Resilience	Third-Party Management	IT Disaster Recovery and Resilience	Enterprise Technology Architecture	Data Governance & Quality	Large Scale Change	Data Governance and Quality
5	Cloud Environments - Cost and Sustainability	Operational and IT Resilience	Transformation and Change	Transformation and Change	Digital Technologies	Extended Enterprise Risk Management	Information Security/ Identity & Access Management	IT Disaster Recovery and Resilience	Data Management and Data Governance	Third-Party management	Third-Party management	Cyber Security	Rogue Trader and Access Segregation
6	Technology Resilience	Business Critical IT Controls	Digital Risk	Digital Risk	Data Protection and Data Privacy	Legacy architecture	Third-Party Management	IT Governance and IT Risk Management	Information Security	Information Security	Cyber Security	Resilience	Regulatory Programmes
7	Outsourcing and Critical Third Parties	Extended Enterprise/ Third-Party Risk Management	Extended Enterprise Risk Management	Data Governance	Cloud Governance and Security	Cognitive Automation and Artificial Intelligence	IT Governance and IT Risk Management	Information Security/ Identity & Access Management	Digital and Mobile Risk	Digital and Mobile Risk	Digital and Mobile Risk	Cloud Computing	Financial Crime
8	Legacy IT and Simplification	IT Strategy & Governance	IT Strategy and IT Governance	IT Strategy and IT Governance	IT Governance and IT Risk	Cloud Computing	Cloud Computing	Enterprise Technology Architecture	IT Governance and IT Risk Management	Data Management and Governance	Service Management	Mobile Devices	Third-Party Management
9	Identity and Access Management	Identity & Access Management/ Privileged Access	Payments	Payments	Application Development	Application Development	Digital and Mobile Risk	Cloud Computing	Enterprise Technology Architecture	IT Governance and IT Risk Management	Disaster Recovery and Resilience	Complex Financial Modelling	Social Media
10	Emerging Technology Trends	Digital Risk: Artificial Intelligence	Application/ Integrated Reviews	System Development	Legacy Environments	Payment Technologies	Enterprise Technology Architecture	Digital and Mobile Risk	Payment Systems	Service Management	Cloud Computing	Social Media	Mobile Devices

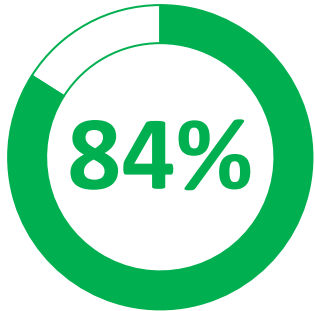
Context Setting: HR to transform the workforce for sustainability

Our 2023 Deloitte HC Trends results show that it is time to take the next step to achieve tangible outcomes by focusing on the human element —by operationalizing people-enablers in the organization, planning for the right technical and soft or human skills, making work better for humans, and designing for human sustainability

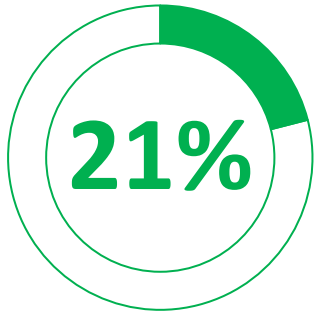
THE READINESS GAP



workers said they would be **more attracted to and remain at an organization that creates value** not just for shareholders, but for workers **as human beings and society** in general.



of respondents **acknowledge that understanding the impact of sustainability** on their organization and defining ownership for driving progress and outcomes **is important to their organizations.**



believe that their organizations are very **ready to address** such issues.

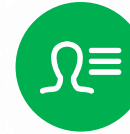
Source: Deloitte Global HC Trends 2023

NEW FUNDAMENTALS

HR's Role in Designing for Humans



Embed sustainability into purpose, strategy and culture



Plan **strategically for sustainable** skills needs



Practice to make work better **for humans**



Define and design for **human sustainability**

Digital disruption and climate change risks are projected to climb significantly in the next 3 years

Global

The top 5 risks organization currently faces		The top 5 risks organization will face 3 years from now	
1. Cybersecurity	73%	1. Cybersecurity	67%
2. Human capital	51%	2. Digital disruption	55%
3. Business continuity	47%	3. Human capital	46%
4. Regulatory change	39%	4. Business continuity	41%
5. Digital disruption	34%	5. Climate change	39%
6. Financial liquidity	32%	6. Regulatory change	39%
7. Market changes	32%	7. Geopolitical uncertainty	34%
8. Geopolitical uncertainty	30%	8. Market changes	33%
9. Governance/corporate reporting	27%	9. Supply chain and outsourcing	25%
10. Supply chain and outsourcing	26%	10. Financial liquidity	23%
11. Organizational culture	26%	11. Organizational culture	21%
12. Fraud	24%	12. Governance/corporate reporting	20%
13. Communications/reputation	21%	13. Fraud	20%
14. Climate change	19%	14. Communications/reputation	15%
15. Health and safety	11%	15. Health and safety	11%
16. Mergers and acquisitions	6%	16. Mergers and acquisitions	11%

Expected risk change in 3 years (global) | Source: IIA (2023), Risk in Focus 2024

Asia Pacific

The top 5 risks organization currently faces		The top 5 risks organization will face 3 years from now	
1. Cybersecurity	66%	1. Cybersecurity	64%
2. Business continuity	61%	2. Digital disruption	55%
3. Human capital	59%	3. Business continuity	51%
4. Market changes	47%	4. Human capital	50%
5. Regulatory change	35%	5. Climate change	46%
6. Digital disruption	30%	6. Market changes	42%
7. Geopolitical uncertainty	28%	7. Geopolitical uncertainty	38%
8. Supply chain and outsourcing	27%	8. Regulatory change	31%
9. Governance/corporate reporting	24%	9. Supply chain and outsourcing	26%
10. Organizational culture	23%	10. Governance/corporate reporting	17%
11. Climate change	22%	11. Financial liquidity	17%
12. Fraud	22%	12. Organizational culture	16%
13. Financial liquidity	21%	13. Communications/reputation	15%
14. Communications/reputation	18%	14. Fraud	15%
15. Health and safety	12%	15. Health and safety	10%
16. Mergers and acquisitions	4%	16. Mergers and acquisitions	9%

Expected risk change in 3 years (Asia Pacific) | Source: IIA (2023), Risk in Focus 2024

Three out of 5 top risks in Asia Pacific (cybersecurity, digital disruption, and human capital) are driven by technological advancement.

Looking for the black swan



&

Acting on the gray rhino





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