

A PEOPLE-CENTRIC PUBLIC-PRIVATE PARTNERSHIP: THE CASE OF INDONESIA

Mobilizing innovative technology to address implementation of the Sustainable Development Goals (SDG)

This case study examines how state-owned entities and federal governmental agencies may benefit from private innovation while developing integrated multi-stakeholder partnerships and how Public-Private Partnership (PPP) structure can be used to introduce modern technology

Through this people-centric PPP, financial access is introduced to an underbanked populous providing governments with national economic insight, which will enable the provision of financial services to the underprivileged with the potential to spark economic growth within nations and addressing various SDG objectives and targets.

The PPP will deliver the government, businesses and citizens of Indonesia a nationwide digital payment mechanism. A national integration of digital payment infrastructure that will provide the country with a safer, cashless payment solution, directly impacting the risk of COVID-19 transmission.



INDONESIA

Background

Kinesis has formed a strategic long-term public-private partnership (PPP) with PT Pos, the Indonesian state-run postal service. The PPP is commencing with a landmark nationwide integration of Kinesis gold payments and savings solutions, enabling Indonesian citizens to make transactions and save funds with physical gold bullion.

As the largest non-bank institution in Indonesia, and the third-largest postal service worldwide, PT Pos employs over 70,000 Indonesian Citizens, operating from 24,000 service points across the nation. Kinesis utilises the proven scalability of digital payments and saving infrastructure to introduce the government and citizens of Indonesia to the economic stability of physical gold bullion through cutting-edge financial technology.

The combination of the business climate in Indonesia, large domestic gold demand, recent gold-related regulatory pronouncements and ABX/Kinesis partnerships with Indonesian government and national entities, has created the environment for multiple public-private partnerships to be realised.

Alongside the integration with PT POS, Kinesis is launching additional white-labelled physical gold platform initiatives with government-backed national commodity and futures exchange, the Jakarta Futures Exchange (JFX); million-member Indonesian Sunni Islamic organisation, Nahdlatul Ulama (NU), and nationwide commodity and futures exchange, Indonesia Commodity and Derivative Exchange (ICDX).

All of these projects are now coming to fruition and address major development goals for the attainment of a better Indonesia, for both government and citizens through public-private partnerships.

Indonesia facts:

- 270+ million population
- 70-80% population unbanked or underbanked
- 80%+ population with active smartphone account
- 86.7% Muslim population
- One of the wealthiest countries in Asia
- Burgeoning middle class
- Gold, a major asset for saving and investment
- \$9.6 billion received per year in international remittances



ADVANTAGES: MODERNIZATION OF INFRASTRUCTURE THROUGH TECHNOLOGY

Through partnership with PT Pos, Kinesis gold payments and savings infrastructure will deliver a technologically-driven value, efficiency, access and safety that improves the lives of citizens and enhances the operations of the government.

- The Kinesis payment infrastructure is delivering unique cross-border value to the millions of people remitting funds to Indonesia monthly, commencing with the 3 million migrant workers sending remittances across the **Malaysia-Indonesia Corridor** every month.
- Kinesis payment technology makes it possible for citizens and governments to transact internationally and domestically with value and efficiency, unseen in the payment provision of the region.
- Citizens and Governments can instantly purchase and store the stable, debt-free asset of gold, through the immediate convenience of Kinesis' Shariah-compliant gold savings solution.
- Kinesis digital payment infrastructure enables citizens, businesses and the government to conduct safe, day-to-day transactions with minimised human contact, delivering a safer way to transact during COVID-19 and post-COVID-19 environments.

1. BENEFITS FOR THE GOVERNMENT/OPERATOR

- Provide important financial access to the unbanked and underbanked citizens, currently existing outside of the economic system.
- Accumulate valuable data on a previously unmapped section of the population.
- Utilise fresh insight into previously unbanked citizens to improve services and tailor provision effectively.
- The government can provide Indonesia's Muslim population, who are unable to use interest-bearing or debt-associated financial services for religious reasons, access to a debt and interest-free, Shariah-compliant gold savings solution.
- Access a new, inexhaustible governmental income source, calculated from a share of the transaction fees of every citizen introduced to the Kinesis yield system for life.
- The citizens will receive a fair, low-cost alternative to the current remittance provision monopolizing the region.
- Deliver citizens a low-cost, accessible digital payment solution, reducing the risk of COVID-19 transmission among the general population.
- Governments can process internal payments digitally, reducing the risk of COVID-19 transmission among staff and outbreaks within government facilities.
- Advance the national economic agenda by being a leading nation, embracing cutting-edge digital financial technological infrastructure, without the cost and burden on the government's antiquated industry and lack of technological resources.
- Amass true, secure national wealth in a debt-free currency, untethered from the instability of the US dollar and based on the stable value of gold.

2. BENEFITS FOR CITIZENS

People:

- All citizens with a mobile phone and internet access can access low-cost, efficient financial services.
- Unbanked citizens once excluded from the financial system are now able to securely save funds for their future.
- Low-cost, instant, mobile cross-border payments, free citizens from the extortionate fees and skewed exchange rates of leading remittance providers.
- Indonesia's Muslim citizens can access a Shariah-compliant platform to manage their wealth in debt and interest-free gold bullion via mobile device.
- Citizens are able to access a low-cost, cashless, digital payment solution through their mobile device, reducing the risk of COVID-19 transmission in essential everyday transactions.
- The 6 million migrant workers across Malaysia, Saudi Arabia, United Arab Emirates and surrounding countries, can send their monthly remittance to Indonesia fairly.
- Instant, low-cost payments are available from the convenience of a mobile phone, a service particularly impactful in Indonesia's isolated rural areas.
- Kinesis payment technology is set to improve an array of government-run services, enhancing citizen experience in utilities, transport, healthcare and lending services.
- Those citizens unaccustomed to technology can access Kinesis technologies through the familiarity of their local PT Pos post office branch.
- Citizens are able to redeem the gold bullion they hold via the established infrastructure of Kinesis & ABX.



3. THE KINESIS SOLUTION

Kinesis gold payments and savings solutions are providing new value, access, efficiency, safety and profitability, for the government and citizens of Indonesia.

- Kinesis payment technology enables low-cost, instant transactions locally or globally, from the ease of a handheld device.
- Kinesis gold savings solutions allow citizens and governments to save funds in the stable value of gold, while earning a unique yield from a proportionate share of transactions fees.
- Kinesis gold savings solutions are supported by the Sharia Supervisory Board, formed by the National Sharia Council. Through achieving Shariah compliance, the application enables Indonesia's Muslim citizens to manage their wealth in debt and interest-free gold bullion via mobile device.
- Kinesis' accessible, low-cost digital payment solution brings the enhanced safety of digital transactions to the people, businesses and the government of Indonesia, impacting the risk of COVID-19 transmission, on a national scale.
- Kinesis enables governments and citizens to accumulate wealth and operate in the stable value of physical gold.
- With the backing of multiple government and national stakeholders (PT POS, KBI, JFX, NU), Kinesis is set to install the first-ever grade 4-security purpose-built bullion vault on Indonesian soil. The state-of-the-art vaulting facility enables the government, institutions and citizens to hold physical gold safely and securely in the country.
- Through established infrastructure and trusted logistical providers, Kinesis and ABX infrastructure facilitate the redemption of gold bullion available via Kinesis gold payments and savings solutions.



4. SYSTEM EXPANSION

PT POS - POSPAY GOLD

In Q4 2022, the initial integration with PT POS, 'POSPAY GOLD', launched as a feature within PT POS's existing mobile application, POSPAY App. POSPAY GOLD will enable all Indonesian citizens with a mobile device and internet low-cost access to Kinesis gold payments and savings solutions - commencing with one million current users of the POSPAY application.

The first POSPAY GOLD feature use cases are gold savings, gold trading, and the 'Gold to Mecca' feature - a shariah-compliant gold savings solution built for members of the Muslim faith setting aside funds for the Hajj pilgrimage. Forthcoming use cases will see the successful delivery of gold-based utility payments, as well as fair cross-border gold payment services to the 3 million Indonesian citizens remitting across the Malaysia-Indonesia Corridor each month.

Subsequently, Kinesis will facilitate PT POS in an expansion of gold payment and savings services to their 70,000 employees and agents. Kinesis will integrate payment and savings services with the 24,000 postal service points, embedding gold-based financial services within the physical infrastructure of the national postal system.

POSPAY GOLD operates within the proven regulation and tested trading ecosystem established by Kinesis and the Jakarta Futures Exchange (JFX).

Jakarta Futures Exchange (JFX) - JFXGOLD X

Kinesis has formed a partnership with the Jakarta Futures Exchange (JFX), the government-backed national commodities and futures exchange. Kinesis and JFX have established the regulation that will govern all Kinesis-powered physical gold payments and savings solutions within the region, as approved by Government Regulator, Bappebti.

In Q3 2022, Kinesis and JFX successfully launched **JFXGOLD X**, a trading platform delivering spot physical gold contracts on the Jakarta Futures Exchange. The launch of JFXGOLD X introduces the substantial client bases of JFX's broker members immediate exposure to physical precious metal trading. Through the nationwide launch, citizens across Indonesia are able to access the platform via a JFX broker account. All gold bullion tradeable on JFXGOLD X is accessible for redemption, which will be facilitated by Kinesis and ABX via Kinesis' purpose-built, government-backed Indonesian vaulting facility.

JFXGOLD X, POSPAY GOLD and NUGold operate under the Jakarta Futures Exchange, via their respective JFX broker members. Therefore, the trading infrastructure and regulatory framework for each of these projects is operational.

Nahdlatul Ulama (NU) - NU GOLD

In an illustration of the potential impact and vast scalability of Kinesis' gold savings infrastructure, Kinesis has established a partnership with Nahdlatul Ulama, an Indonesian Sunni Islamic organisation with **one hundred million** members.

Through a stand-alone mobile application - **NU Gold**, Kinesis is set to provide shariah-compliant gold savings in the debt-free asset of gold to the 100 million-strong membership of the social-religious organisation. The NU Gold app will enable Nahdlatul Ulama members to manage their wealth in debt and interest-free gold bullion via mobile device.

Indonesia Commodity and Derivatives Exchange (ICDX)

Kinesis has formed a partnership with Indonesia Commodity and Derivative Exchange (ICDX), an exchange facilitating multilateral commodity and derivative trading in Indonesia. ICDX is a commodity exchange with an integrated clearing house and bonded logistics centre, providing facilities and infrastructure for exchange services and the trade of commodities.

Through the partnership, Kinesis will utilise digital technology to deliver ICDX traders instant access to spot gold bullion contracts on the exchange. Kinesis and ABX will facilitate the redemption of physical precious metals traded on the ICDX platform from Kinesis' Indonesia-based vaulting facility.

Future Scope of Integrations

Kinesis has plans to extend the scope of public-private partnerships in the region, guiding the government through the integration of Kinesis technologies and the Sustainable Development Goals Framework into transport, banking, pensions, health care, insurance, travel, waste management and utilities industries.

In an introduction of Kinesis financial technology to the pensions space, a proposed integration will enable the Indonesian government employee pension fund to allocate a percentage of current fund holdings into gold via Kinesis savings solutions. With a percentage of government employees' future monthly pension contributions automatically converted into gold bullion.

Further integrations include embedding Kinesis technology within banks to provide shariah-compliant pawning and financing of gold holdings. Additionally, within the travel sector, Kinesis is set to facilitate the nationwide redemption of air miles into gold bullion for a national airline.

The continued expansion of Kinesis' public-private partnerships in Indonesia, and surrounding nations, will be assisted by the development of SDG-focused programs through the strategic partnership with PVBLIC Foundation.

PVBLIC serves as a bridge between public, private and nonprofit sectors, managing programs, plugging innovations into SDG-focused social agendas and helping governments, NGO's and intergovernmental organisations amplify their messages and impact; through original programs, creative partnerships and strategic donor funds.

Kinesis, in collaboration with PVBLIC, will develop long-term public-private partnerships and impact-focused programs, as Kinesis extends its payment and savings infrastructure to advance the SDGs in Indonesia.

SUSTAINABLE DEVELOPMENT GOALS

Kinesis Financial Access

Kinesis accessible, low-cost mobile financial services provide vital financial access to the Indonesian unbanked community excluded from the financial system. The United Nations has established financial inclusion as a key enabler for achieving 4 of its 17 Sustainable Development Goals.



Every Indonesian citizen with a mobile phone and the internet, can open a free Kinesis account and access our valuable financial services. The empowerment of financial access has the potential to substantially increase the quality of life of Indonesian citizens and the economic growth of the nation.

Sustainable Development Targets

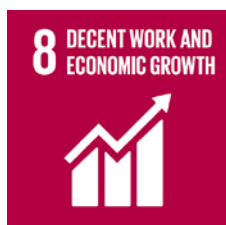
GOAL 1: End poverty in all its forms everywhere



1.4 "By 2030, ensure that all men and women, in particular the poor and the vulnerable, have equal rights to economic resources, as well as access to... appropriate new technology and financial services, including microfinance."

Kinesis provides the financially underserved people of Indonesia with financial access that allows them to lay the economic foundations of a future free from poverty.

GOAL 8: Decent work and Economic



8.3 Promote "decent job creation, entrepreneurship, creativity and innovation, and encourage the formalization and growth of micro-, small- and medium-sized enterprises, including through access to financial services."

The economic freedom and stability of Kinesis financial technology will expand the opportunities for businesses of all sizes.

GOAL 9: Industry, Innovation and Infrastructure



9.A "Facilitate sustainable and resilient infrastructure development in developing countries through enhanced financial, technological and technical support".

Kinesis robust financial infrastructure provides financial services to all, regardless of their location or financial status.

GOAL 10:

Reduce Inequalities



10.2 “By 2030, empower and promote the social, economic and political inclusion of all, irrespective of age, sex, disability, race, ethnicity, origin, religion or economic or other status”

Kinesis gold payments and savings solutions are driving the economic inclusion of every single citizen of Indonesia, without exception.

Kinesis Ethical Remittance

Kinesis provides a fair, low-cost cross-border payment alternative to the current remittance provision, which deprives Indonesian communities of millions of dollars annually. UN research shows the remittance reaching developing countries is a significant factor in achieving 3 of the 17 SDGs.

<https://www.un.org/en/events/family-remittances-day/un-action.shtml>



Annual Personal Remittance to Indonesia (2020)*	Kinesis Fee - < 1% [EST]	Average Southeast Asia Fee - 6.57% (2020)*	Additional funds reaching Indonesia with Kinesis [EST]
\$9.65 billion	\$96.5 million	\$634 million	\$537.5 million

*Source: The World Bank

<https://data.worldbank.org/indicator/SI.RMT.COST.IB.ZS?locations=ID>

<https://data.worldbank.org/indicator/BX.TRF.PWKR.CD.DT?locations=ID>

Applied to the World Bank’s most recent statistics, Kinesis remittance provision would result in an additional \$437.5 million dollars reaching Indonesian communities and entering the economy annually.

United Nations research details that remitted funds make a significant impact on almost every aspect of the lives of the recipient and their families, while contributing directly to achieving 3 SDGs.

Kinesis fair remittance provision aims to maximise the impactful role of remittance in improving the lives of Indonesian citizens, while working towards the UN sustainable development goals.

<https://www.un.org/en/events/family-remittances-day/un-action.shtml>

GOAL 1:**No Poverty**

Remittance significantly reduces the effects of poverty: a 10 per cent increase in per capita remittances leads to a 3.5 per cent decline in the share of poor people in the population.

GOAL 8:**Decent work and Economic growth**

Money held by remittance-receiving families and migrants' savings in host countries improve the financial resources available to the general economy.

GOAL 10:**Reduced Inequalities**

Reducing the cost of remittance transfers can substantially increase disposable income for remittance-receiving families.

EXPECTED IMPACT & RESULTS

The financial empowerment of Kinesis gold payments and savings solutions and the value of Kinesis remittance provision, will be felt at every level of Indonesian society.

Across Indonesia, previously unbanked citizens equipped with the financial tools of Kinesis solutions will begin to carve out a better life for themselves and their families. The option to save funds securely, allowing them to think beyond the struggles of the present, and build towards a brighter future, while preparing for life's uncertainties.

As the value of Kinesis cross-border payments replaces costly remittance providers, additional wealth will flow into the Indonesian economy, through citizens purchasing essentials and investing in wealth creation activities. Over time, Indonesia will experience a rise in living standards and inclusive, sustained economic growth, which betters every member of society.



CONCLUSION & OUTLOOK

For the Indonesian government, the introduction of a private partner to implement and run the Kinesis gold payments and savings solutions via the POSPAY GOLD application, was an ideal scenario in a number of respects:

- Primarily, the PPP mechanism is a way of investing in much needed public infrastructure, achieving efficiency improvements, whilst limiting the impact on public budget.
- Through accessing the efficiency of the private sector and the implementation of the Kinesis Monetary System, the POSPAY GOLD application brings a wide range of benefits for the government including risk transfer (to the private sector), enhanced demand management, expanded product/services to clients and extremely cost-effective pricing, while at the same time, generating an added revenue stream for the government.
- It will also provide a secure and reliable form of access to financial solutions and economic growth, both easier to use and providing government connectivity, economic data and accessibility into a previously unreachable environment.
- Kinesis' partner, PVBLIC, provides the program management leadership, and is a strategic conduit to implement and advance multi-stakeholder-led SDG-related initiatives and assist in the formation of long-term PPPs. A world-leading partnership to advance the implementation and measure and communicate the impact of the Kinesis gold payments and savings solutions.
- Through implementing a digital payment solution, the government will be able to impact the transmission of COVID-19, and mitigate the devastating human and economic cost of the virus.
- Fundamentally, such benefits are coming at no extra cost to either the government or citizens, as the investment in this new system has come entirely from the private sector and seamlessly integrates into existing infrastructure.

INDONESIA CASE SUMMARY

Worldwide the majority of national wealth is bound to volatile debt-based global economics. The currencies of the world are held in precarious economic balance, with their value inseparably tied to the world's reserve currency, the US Dollar.

In terms of financial access, many countries are unable to provide their citizens with basic banking services or fair alternatives to inefficient, costly remittance providers. Governments are cut out of fruitful revenue streams and locked out of vital areas within private partnerships, leaving citizens at the mercy of costly and profit-centric business.

A nation of citizens stranded outside of the financial system leaves governments with major issues

- No financial record of their population
- No financial savings across a vast populous
- Citizens have no financial security
- Widespread financial disempowerment
- Stunted economic growth and societal development

CASE STUDY

Problem

A national currency dependent on the economy of world powers limits that government's resilience to economic instability. Absence of robust payment infrastructure limits government provision of banking services and forces reliance on inefficient, costly remittance providers. Governments do not capitalise on scalable sources of income, and their citizens are subjected to financial exclusion and ineffectual, high-cost cross-border payments.

Implication

A government that cannot protect the value of its currency from the erosion of external financial influence, operates with no guarantee of long-term economic security. Insufficient payment solutions leave governments with no financial record of their population. Citizens deprived of financial access and cost-effective cross-border payments are left stranded outside of the financial system. Unable to save funds securely, the unbanked and underbanked live with no financial security. Widespread financial disempowerment stunts the economic growth and societal development of a nation.

SOLUTION: *Kinesis purpose-driven core principles and foundations for transforming economies*

Transforming and integrating a new currency

- Kinesis enables governments to create a currency based on a true, stable store of value, physical gold and silver.
- Empowering countries to accumulate tangible, physical wealth and regain control of their currencies' value, buffering against the fall out of global debt.
- The Kinesis system facilitates a nation's economic independence through access to the stable value of precious metals, all integrated digitally into the existing financial system.

Leveraged economic benefit

- Kinesis opens up a multitude of new revenue opportunities for governments and transformative access, value and efficiency to their citizens.

- Kinesis' infrastructure delivers chargeless, lucrative and secure gold storage and savings solutions, and instant, inexpensive cross-border payments.
- Plugging into the Kinesis Monetary System allows governments and organisations to generate revenue from the use, storage and transaction of gold and silver based currencies in every economy that uses it.

Reintroducing wealth into an economy

- Government capacity to monetize gold reserves, allows new wealth to circulate into the economy.
- Introducing financial access to an underbanked populous provides governments with national economic insight, which enables the provision of financial services with the potential to spark economic growth within nations.



Current real-world applications of Kinesis in Indonesia

GOAL 1: Cross Border Value

Kinesis is working with the Indonesian government to embed its platform within the Indonesian national postal service, PT POS, the third-largest postal service in the world.

A nationwide integration that demonstrates the financial access, gold storage solutions and fast, low-cost remittance provision, Kinesis can deliver on a national scale. The integration of the Kinesis monetary system into the Indonesian economy will have a far-reaching and lasting impact on the economic future of the country.

GOAL 2: Gold Savings Initiatives

Kinesis is enabling national financial access and government gold storage through the launch of accessible, profitable and chargeless gold storage and gold saving programs. As a result, the government and citizens of Indonesia are monetising unbanked gold holdings.

GOAL 3: Monetisation of Existing Assets

A national amassing of tangible wealth, increasing the share of the economy operating in a currency of true value. Kinesis is facilitating the development of an alternative economy, with deep-rooted resilience to the erratic fluctuation of the debt-funded global financial system. Subsequently, the Indonesian government has an advantageous position of conducting future international trade in the universal value of gold.

GOAL 4: Yields Based on Active Participation For Rewards, SDG Programs and Government Initiatives

Both the government and citizens alike are accessing the profit and value of the Kinesis gold storage and saving program. Indonesian gold storers and savers earn an unprecedented, passive yield, without paying storage fees.

Kinesis' unique yield technology means the government, local NGOs and citizens of Indonesia, benefit from all economic activity across the Kinesis system. Through participation in the Kinesis system, Indonesia is earning from the transactional volume that will drive economic development for generations to come. Additionally, the Indonesian government earns a significant yield from the transaction fees of every citizen or business it introduces into the Kinesis system, which can then be used to advance programs to continue to improve the lives of people in Indonesia.

First Phase delivery

In Q3 2022, with the regulation that will govern all Kinesis integrations within the region established, Kinesis and JFX launched the JFXGOLD X platform - a product enabling spot physical gold contracts on the government-backed exchange. In Q4 2022, operated through the same trading ecosystem, Kinesis and PTPOS next launched POSPAY GOLD, introducing gold savings and trading to the citizens of Indonesia.

Second Phase delivery

Following POSPAY GOLD, Shariah-compliant gold savings application, NUGold, will be brought online for the 100 million members of Nahdlatul Ulama. Next, Kinesis is launching a physical digital gold trading platform with the Indonesia Commodity and Derivative Exchange.

In Q1 2023, Kinesis will commence a cross-border payment solution for the 3 million migrant workers sending just under US\$1 billion across the Malaysia-Indonesia Corridor each month. Before expanding the infrastructure to facilitate all 6 million Indonesians working as migrant workers outside of Indonesia. As part of the launch, Kinesis will introduce instant, low-cost gold-based utility payments, enabling Indonesian citizens to pay their monthly bills with greater value and efficiency.

The Indonesia case study demonstrates the boundless potential for the integration of Kinesis payment and gold storage solutions for governments, and their citizens. The introduction of the Kinesis economic system delivers citizens widespread financial inclusion; governments exciting new revenue opportunities and the economy a new physical value ensuring the stability of Indonesia for years to come.

For more information on SDG implementation plans or partnerships contact

www.kinesis.money/contact-us

