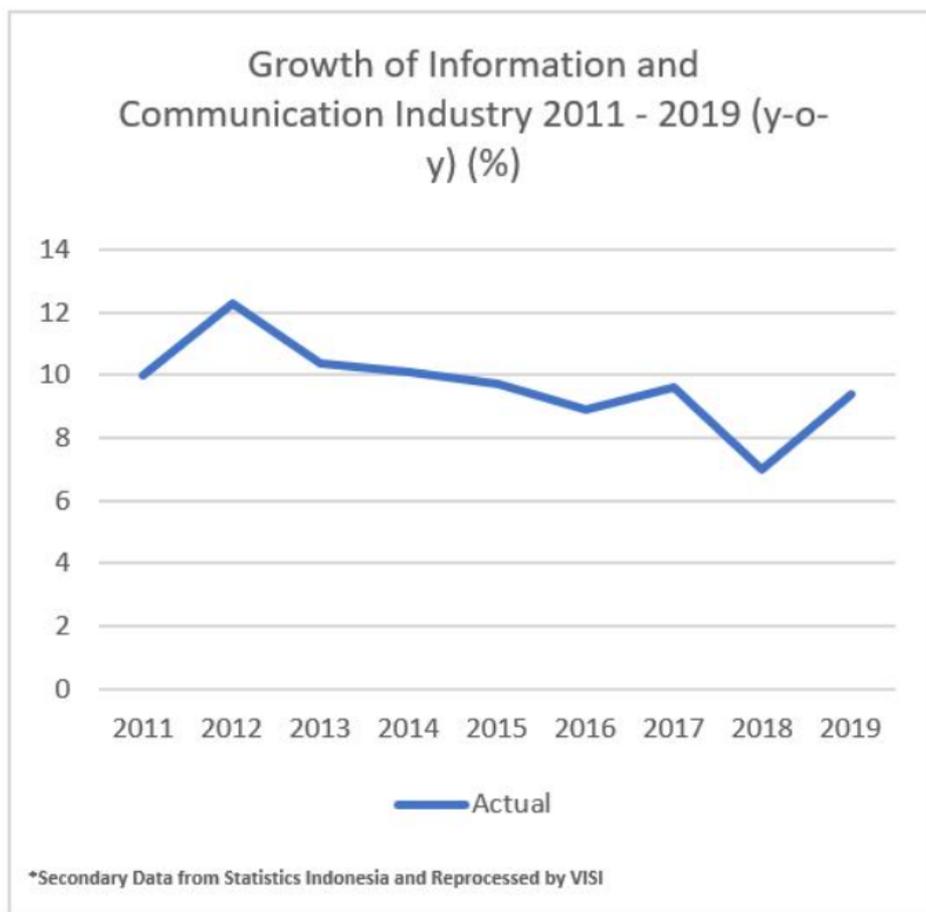


# CRIF PT VISI STUDY: INDUSTRY INFORMATION AND COMMUNICATION 2020 AND Q1-2021



The Information and Communication sector is an industrial sector with the activities related to services and products to process and convey information which includes two aspects, namely information technology and communication technology. Currently, this sector plays a very important role in the development of the real sector in Indonesia and the world. Not only industry or business, this sector also has an important role in the development of education and social affairs.



In Indonesia, the development of the Information and Communication sector since 2011 has been quite volatile. Based on the following graph, this sector experienced a significant increase in growth in 2012, increasing by 2.26 points to 12.28% (y-o-y).

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The increase was based on the increase in information and communication services in line with the increase in sales and use of electronic devices such as laptops, smartphones and other devices. However, it is not as good as the forecast for entering 2013 to 2016, the growth of this sector continues to decline with an average decline of 0.5% to a peak decline of 0.82 points in 2016, which is 8.88% (y-o-y).

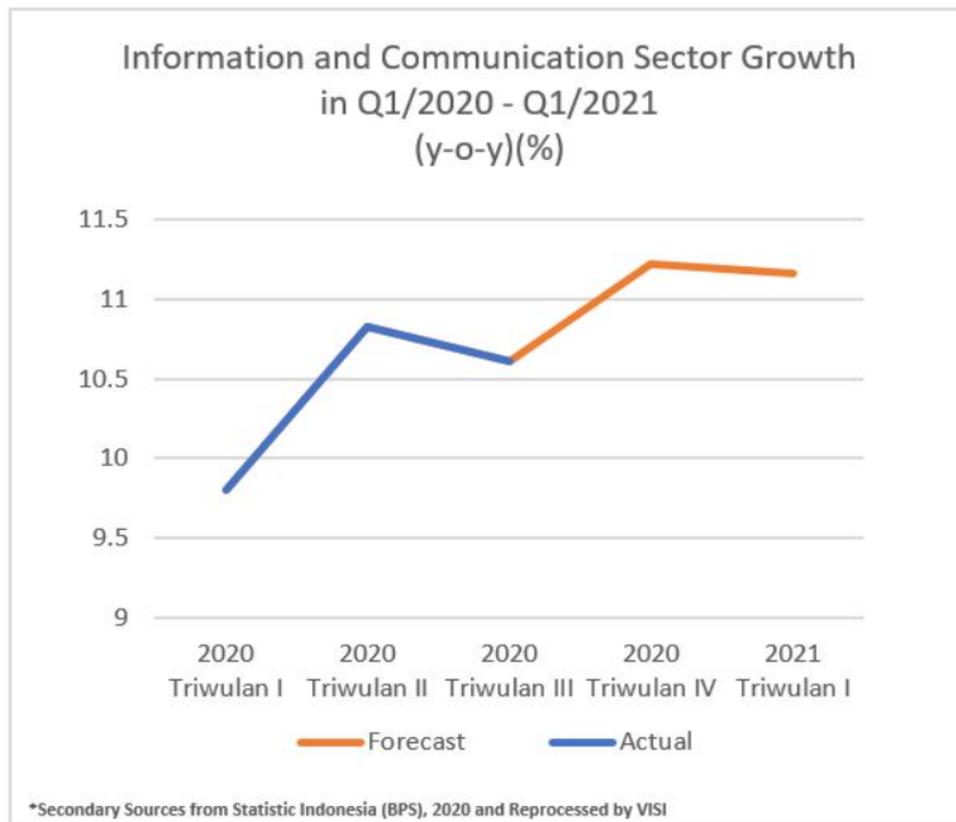
This is due to the economic downturn in Indonesia which has led to a decrease in the purchasing power of its customers. In 2017, there was an increase in growth by 0.75 points to 9.63% (y-o-y). This increase was triggered by the development of digital business technologies such as e-commerce and fintech (financial technology), as well as online transportation services whose users have increased drastically. Based on this, the information and communication sector contributed 5% to the national Gross Domestic Product (GDP) which grew by 9.81% (y-o-y) from 2016. This achievement was the highest compared to other sectors.

In 2018, there was a very significant decline in growth, namely 2.61 points to 7.02% (yoy) compared to 2017. This was due to a decrease in the contribution of the telecommunications sector, there were several factors that caused this decline, including a decrease in voice/SMS services which has been replaced by new services from Over the Top (OTT) providers, tariff wars between operators in data services, and also SIM card registration regulations. Business players need innovation and rapid adaptation to new conditions to deal with these obstacles. And in 2019, the growth of the Information and Communication sector again showed positive growth with an increase of 2.39 points to 9.41% (y-o-y).

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The increase in consumption is influenced by the increasing use of smartphones and online-based activities.



The Information and Communication sector becomes the supporting sector for the Indonesian economy in the midst of the COVID-19 pandemic.

Based on quarterly growth data from Statistics Indonesia (BPS), 2020, in Q1/2020 the Information and Communication sector experienced a positive growth of 9.8% (yoy) when compared to the same period in 2019. Even in Q2/2020, the sector recorded a growth. The highest sector, namely 10.83% (yoy), was caused by the dependence of society on the digital economy in living and working in the world during the COVID-19 pandemic.

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Even the online Fast Moving Consumer Goods (FMCG) business had increased by 300% – 400% during 2020. In Q3/ 2020, the growth of the sector was not as big as the previous quarter, which was 10.61% (y-o-y). However, this is still prospective because this sector still recorded high growth amid falling components of other expenditures such as household consumption, investment, non-profit sector spending and exports. VISI predicts that this sector will still record positive growth in Q4/2020 and Q1/2021 with the growth of around 11.22% (y-o-y) and 11.16% (y-o-y). This is based on a good recap of sector growth, the habit of people interacting and transacting via digital, and the recovery of business activities entering Q4/2020. In addition, the Ministry of Communication and Information Technology (Kemenkominfo) will make an effort to present a 5G network and can be accessed publicly in 2021.

With this, the production and marketing of Information and Communication products based on 5G networks will have a higher sales potential and are expected to continue to increase along with the growing trends and needs of the Indonesian people. But before continuing with this, the Ministry of Communication and Informatics still has to do some homework, namely equalization of network services to remote areas. Of the total 38,218 villages or sub-districts in Indonesia, there are still around 12,548 villages or sub-districts that have not been 100% covered by the 4G network. This shows that in addition to the emergence of new business potential (in 5G network services), 4G network services can still be improved, where around 30% of the total potential market is still not absorbed.