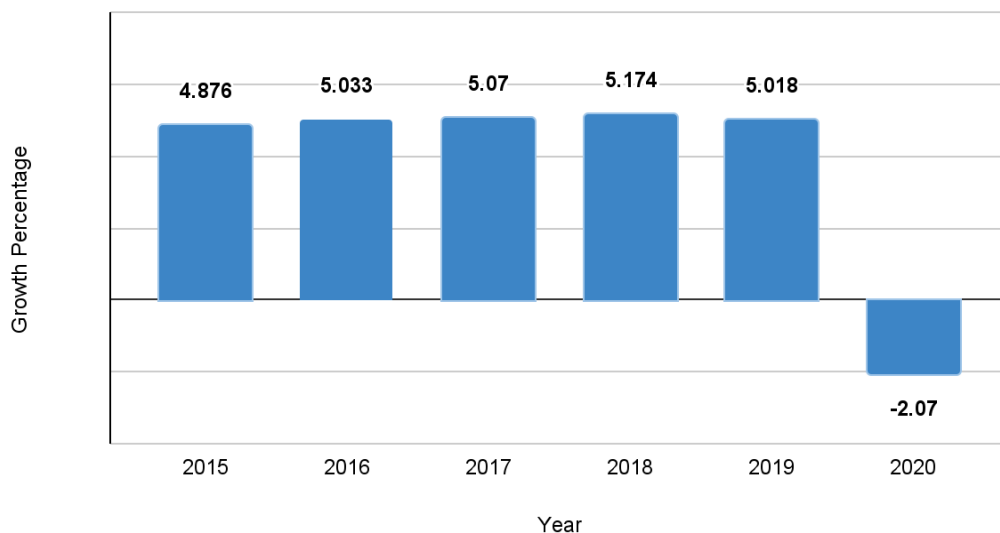


CHAPTER I

INTRODUCTION

1.1 Background

Gross Domestic Product or GDP is the amount of added value generated by all business units in a particular country, or is the sum of the final values of goods and services produced by all economic units. GDP is often used as an indicator to determine the economic conditions in a country in a certain period. GDP can also be a reference for economic growth in the country.



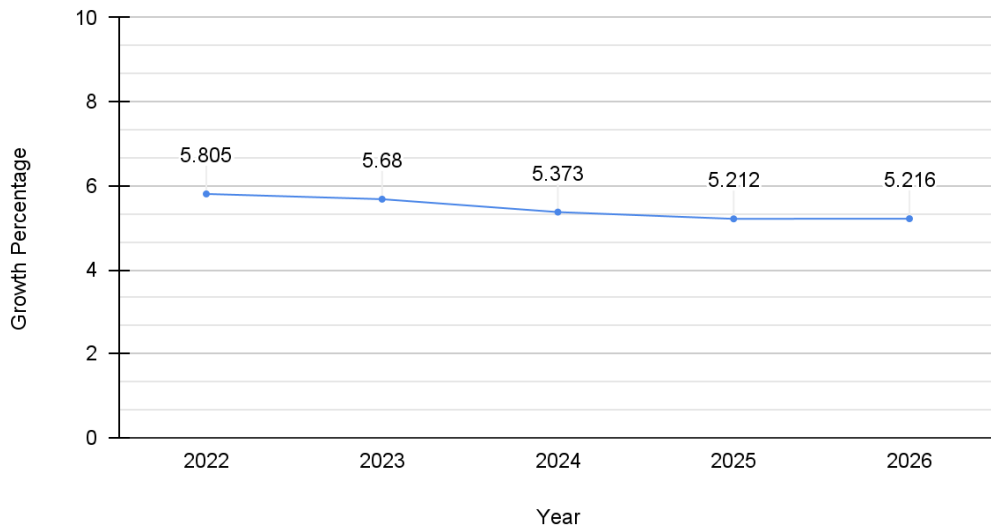
Source: <https://data.worldbank.org/>, 2021

Figure 1.1 Indonesia's Annual GDP Growth

During 2015 to 2019, Indonesia's GDP grew at a steady rate, at around 5.03% per year. This stable growth had put Indonesia in a position to become one of the five countries with the largest GDP in the world by 2045. This was predicted

in 2018 ([Ministry of Industry: RI Prepares to Reach Top 5 World GDP](#)). However, of course no one could have predicted the occurrence of a global pandemic that happened in 2020. Due to the Covid-19 pandemic that occurred in 2020, governments around the world have imposed restrictions on activities, including in Indonesia. This activity restriction has a negative impact on the economy of all countries in the world, because all economic activities are hampered. As a result, Indonesia's GDP in 2020 declined from 2019, by -2.07%.

However, in the second quarter of 2021, Indonesia showed indications of its economic recovery, which is shown by the year-on-year growth of Indonesia's GDP from the second quarter of 2020 to 2021, which grew by 7.07%. The achievement of a 7.07% growth in the second quarter of 2021 makes the prediction from the International Monetary Fund (IMF) still within reach. The IMF itself had predicted that Indonesia's GDP would grow by 3.9% for 2021 ([Latest IMF Forecast: Indonesia's Economy in 2021 Revised Down to 3.9%](#)). Although smaller than in previous years, this figure is still an important stage in Indonesia's economic recovery. The IMF also predicted that from 2022 to 2026 Indonesia would have an average GDP growth of 5.46%. If this prediction is correct, it means that Indonesia has managed to recover and even exceeded its average GDP growth before the Covid-19 pandemic. In addition, if Indonesia is able to achieve the GDP growth rate as predicted by the IMF, it is expected that Indonesia will still be able to achieve its vision of becoming the country with the 5th largest GDP in the world by 2045.

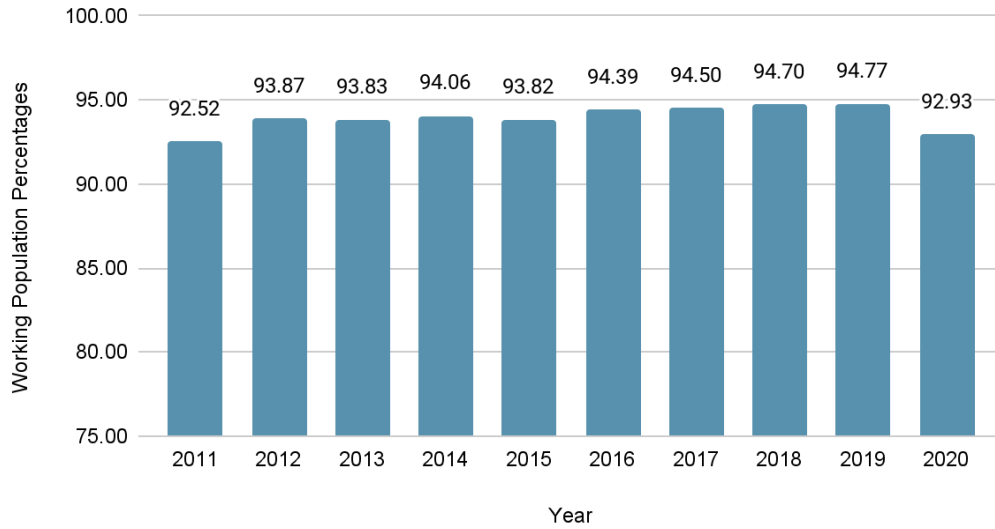


Source: International Monetary Fund, World Economic Outlook Database, April 2021

Figure 1.2 Prediction of Indonesia's GDP Growth (in percentage)

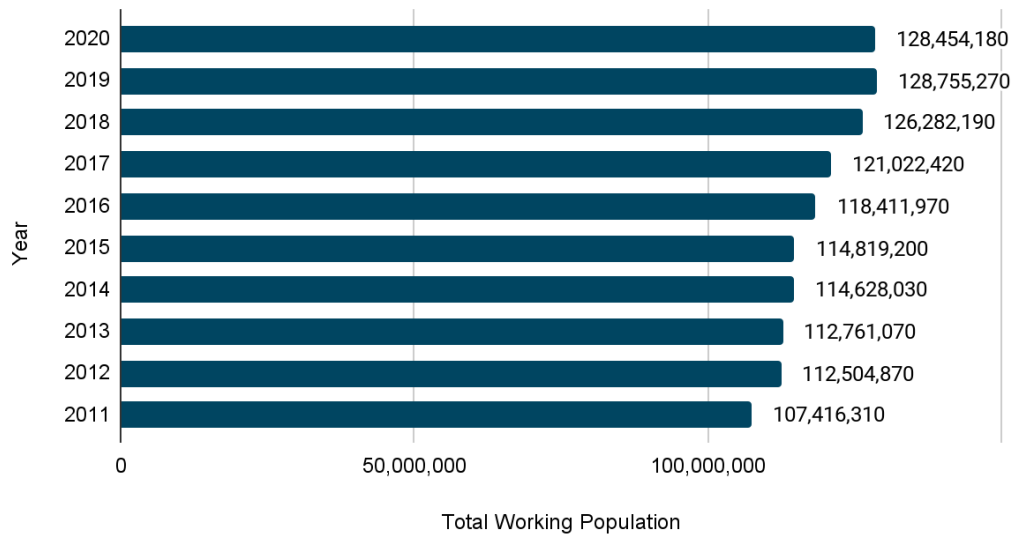
Another indication that shows economic development in Indonesia is the level of the working population from year to year. Since 2011, the percentage of the working population in Indonesia has shown a fairly consistent increase. However, the Covid-19 pandemic has slowed this growth down, due to many people losing their jobs in the economic troubles caused by the pandemic.

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Source: bps.go.id, 2021

Figure 1.3 Percentage of Indonesia's Working Population 2011-2020

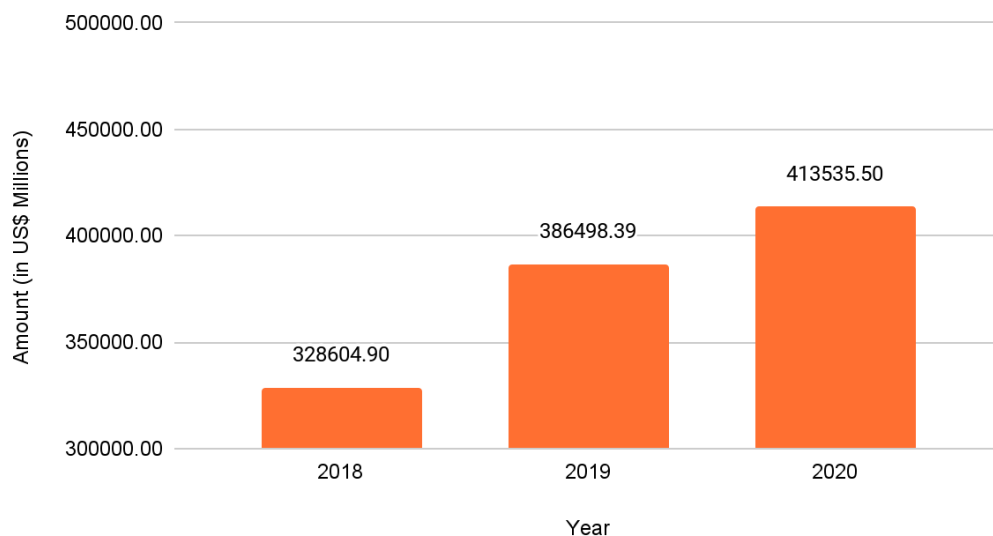


Source: bps.go.id, 2021

Figure 1.4 Indonesia's Working Population 2011-2020

As seen from the two graphs above, in 2020 the number of working people in Indonesia has decreased. However, both graphs show that over the last 10 years, the number of working people in Indonesia has continued to increase. This indicates economic growth, because more jobs are created and more people are getting employed.

Another factor that drives Indonesia's economic growth is investment. In recent years, the number of realized domestic investments in Indonesia continues to increase every year. The following is a graph showing the realization of domestic investment growth from The Central Bureau of Statistics (Badan Pusat Statistik). It should be noted that this figure does not include the oil and gas sector, banking, non-bank financial institutions, insurance, leasing, investments whose licenses are issued by technical agencies or sectors, capital market investments, and households.

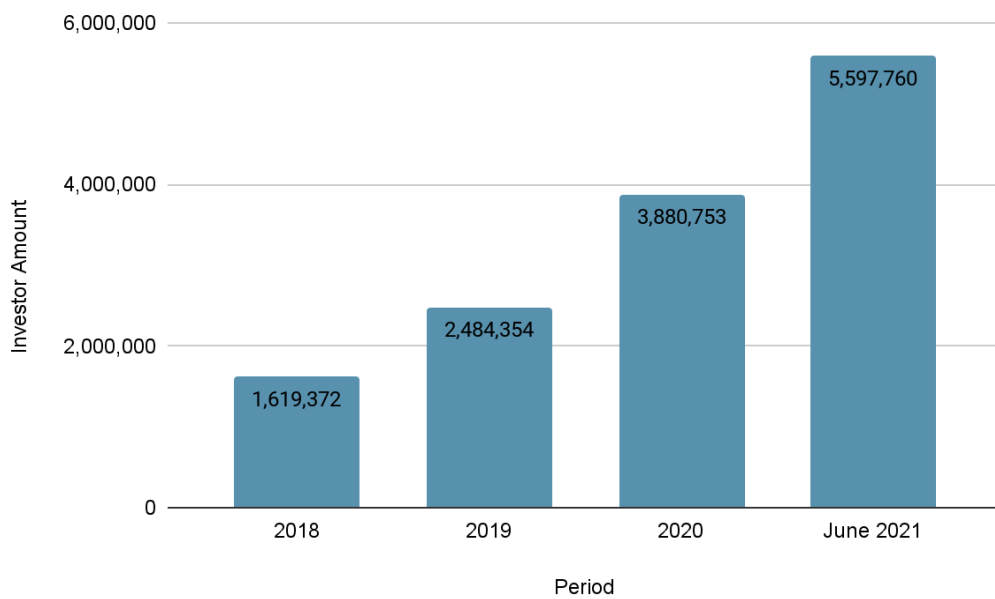


Source: bps.go.id , 2021

Figure 1.4 Total Domestic Investment Investment Realization 2018-2020

In addition to the increasing realization of domestic investments, Indonesia has also experienced a fairly consistent and impressive growth of investors in the

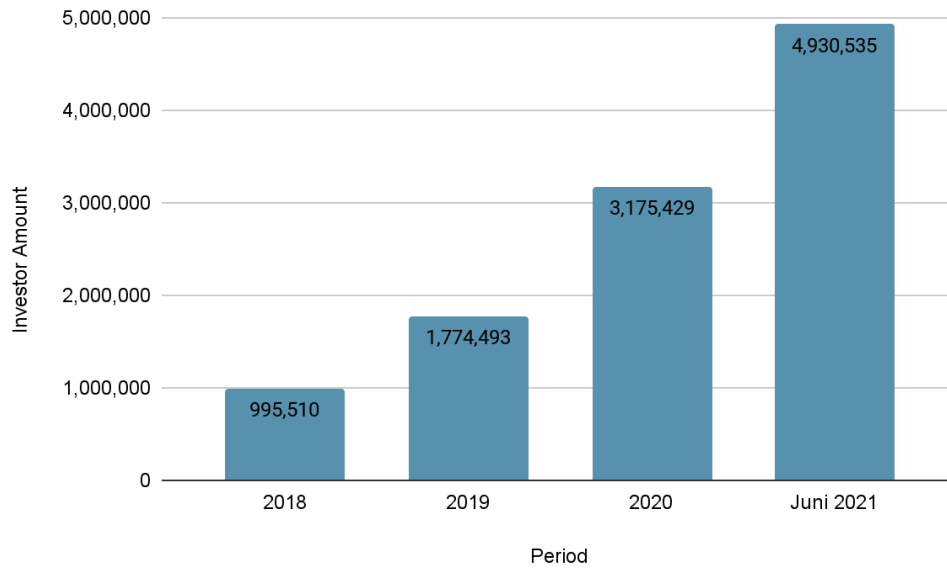
capital market, mutual funds, and government issued bonds, especially in the capital market. The growth in the number of investors and the realized domestic investment is certainly a sign that the Indonesian economy continues to develop in a good direction. The following is a graph showing the growth in the number of investors in Indonesia.



Source: Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia), 2021

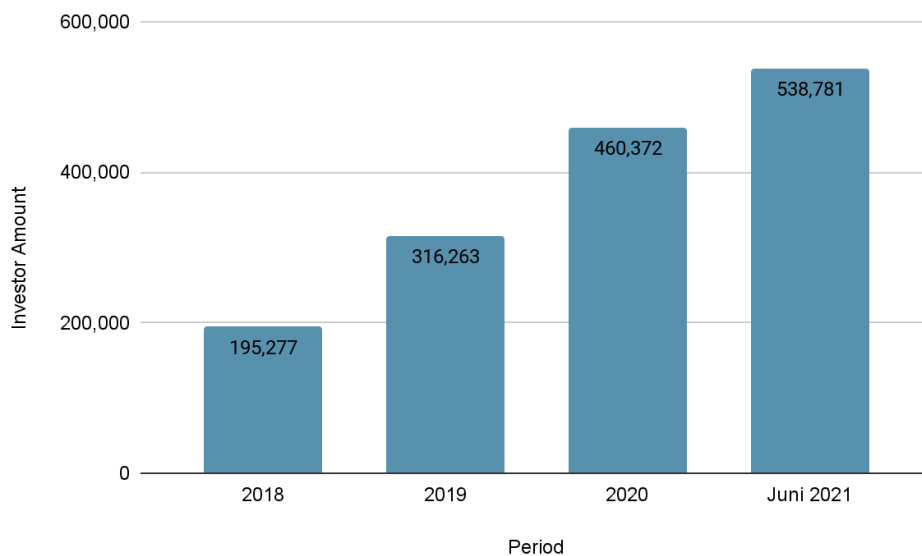
Figure 1.5 Investor Growth in the Capital Market

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Source: Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia), 2021

Figure 1.6 Investor Growth in Mutual Funds



Source: Indonesian Central Securities Depository (Kustodian Sentral Efek Indonesia), 2021

Figure 1.7 Investor Growth in Indonesian Government Securities

The existence of financial consultants will always be beneficial for any economic ecosystem, especially in an emerging economy such as Indonesia. With the continued growth of the economy and investment in Indonesia, it means that there will be more new businesses, up-and-coming businesses, and investment funds that can be distributed. In this situation, the existence of a financial consulting company is very useful, because it can help new business units to get the right capital and loans, as well as help investors to channel their funds appropriately.

Strait Merchants Capital Ltd. or commonly abbreviated as SMC Ltd., is one of the financial consulting companies in Indonesia. SMC Ltd. plays a role in helping its client companies obtain business capital, either through loans, investments, or through an initial public offering (IPO). In addition, SMC Ltd. can also help its clients find the right investment targets. This financial assistance service is open to various companies from various industries and countries, not only Indonesia, because SMC Ltd. has extensive experience, and has assisted clients from various industries.

As an intern at SMC Ltd., the author is tasked with helping companies conduct research according to client needs. The research that the author does is generally about the financial condition of a company, whether it is looking for information about the financial performance of similar companies in the same industry in the Southeast Asia region, looking for information about a list of companies operating in the same industry in Indonesia, or making a summary of financial statements from a company looking for investors. In addition to conducting research related to corporate finance, the author was also tasked with making a profile of a mining company from Australia as well as a summary of the introduction of the helium industry for the purpose of making a project teaser from a client company that is currently looking for investors.

1.2 The Purpose of Internship

The underlying purpose of this internship is to meet the graduation requirements for the Bachelor of Management program at Universitas Multimedia Nusantara and to complete the Internship course. However, these are not the sole purpose of this activity, as the author also expects to experience a real work environment and earn new insights that could be beneficial for the future, as the author graduates and starts a career in the financial industry.

Through the internship activity at SMC Ltd., the author expects to learn new insights and abilities such as:

1. How to seek required financial information on public Indonesian companies through The Indonesian Stock Exchange.
2. How to seek required financial information on public Singaporean companies through The Singapore Exchange.
3. How to seek required financial information on public Malaysian companies through The Malaysian Stock Exchange.
4. How to summarize a company's financial statements.
5. How to create a comparison between similar companies competing in the same industry, both domestic and internationally.
6. Learning to be responsible for client's confidential information
7. Learning to adapt and perform in a fast paced work environment
8. Learning to work in a multilingual work environment
9. New insights on the investment banking industry

1.3 Time Frame and Procedures for Implementation of Internship

1.3.1 Internship Time Frame

The author's internship activity at SMC Ltd. starts from July 7th 2021 through October 8th 2021. The internship is fully done through remote work, due to the pandemic and the Indonesian Government's activity

restrictions. Every Monday to Friday the author will stand by for any given tasks from 09.00 a.m. until 17.00 p.m.

1.3.2 Internship Implementation Procedures

The following are the steps that the author went through in the internship implementation process:

1. Applied for an internship at Strait Merchants Capital Limited.
2. Attended an online interview process through Zoom.
3. After being accepted, the author received an acceptance letter from SMC Ltd., which was used to acquire several required documents from the Multimedia Nusantara University's Academic Information Bureau (Biro Informasi Akademik).
4. Started the internship at SMC Ltd.
5. Universitas Multimedia Nusantara's Management Program assigned a lecturer as a guide for the internship process.
6. The author wrote a written internship report according to Universitas Multimedia Nusantara's regulations.
7. The assigned guiding lecturer reviewed the written report before it is submitted to the final internship trial.
8. The author attended the final internship trial.

1.4 Internship Report Layout

The following is the layout for this internship report. This report consists of four chapters:

1. Chapter I: Introduction

This chapter presents the background information to the internship activity done by the author, internship purpose, internship time frame and implementation procedures, and internship report layout.

2. Chapter II: Company Overview

This chapter presents the general overview of the company where the author does the internship along with theories that are relevant to the internship implementation process.

3. Chapter III: Internship Implementation Process

This chapter presents a detailed explanation of the tasks that the author has done during the internship process.

4. Chapter IV: Conclusion and Recommendations

This chapter presents the conclusion of the internship process and recommendations for the company where the author does the internship.

