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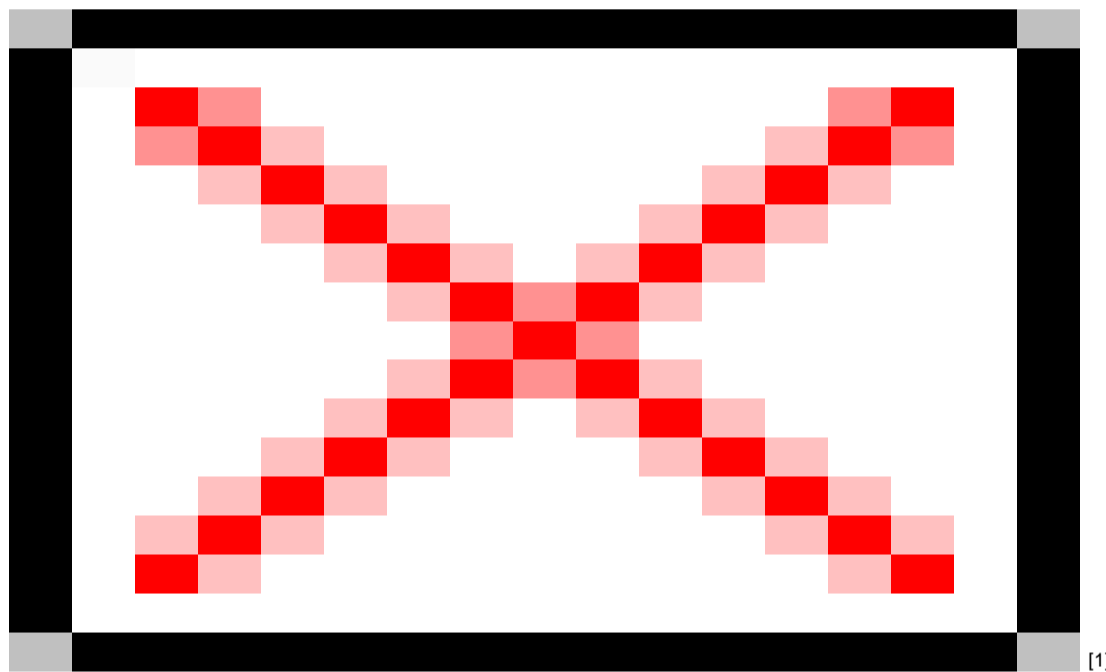
**Source:**KOMIDA

## Integrated risk-management solutions to better cope with economic stresses

[In a recent webinar on integrated risk-management solutions](#) <sup>[1]</sup>, KOMIDA, a non-profit microfinance institution in Indonesia, explained the rationale behind its new education savings-linked insurance product.

The starting point came from listening to its clients. Funding education is a challenge in Indonesia, where the cost of education is among the highest. Parents can pay up to 20,000 USD until their children finish college and the education inflation rate of Indonesia stands at 15%-20%. When KOMIDA conducted a market research to understand the savings behaviours, risk experience and coping mechanisms, they found that funding education was the top challenge for their customers.

The figure below illustrates the customers' perspective on the value proposition of KOMIDA. It also shows KOMIDA's perspective and their wish to reduce reliance on external funding and to focus on building member deposits to change its capital-funding ratio from 65-35 to 50-50 in 2020.



As a result KOMIDA designed SIPADAN, a contractual savings product for children's education. Members can select a contract period between six months and six years and specify a savings target and weekly deposit amount. Members earn an interest rate of 4% and are covered with life insurance. The savings can be used not only for school fees, but also to pay for other education-related needs such as uniforms, books and school activities.

To learn more about the product features and the product development process of KOMIDA and similar savings-linked products offered by two savings and credit cooperatives from the Philippines, [watch the webinar recording](#) <sup>[1]</sup>.

**Source URL:** <http://www.impactinsurance.org/emerging-insights/ei166>

**Links:**

[1] <http://www.impactinsurance.org/events/webinar/integrated-risk-management>