



The landscape and financial access of social commerce sellers in Indonesia

Report

2025

About this report

Following the rapid growth of e-commerce during the COVID-19 pandemic, social commerce has emerged as the next major trend reshaping Indonesia's MSME landscape. Shopping through platforms like Instagram, Facebook, TikTok, and messaging apps such as WhatsApp offers a unique experience that differs from both traditional retail and conventional e-commerce.

This report draws on data from 458 respondents across seven provinces, 70% of whom are female sellers. This gender focus allows us to better understand the dynamics of women-led businesses in the social commerce ecosystem. This sample distribution is consistent with broader regional trends; studies such as [Caribou Digital's Women in the Platform Economy](#) have shown that women comprise a significant portion of social commerce sellers, particularly in contexts where flexible, home-based digital work provides accessible income opportunities.

We present two key findings from this study: 1) The stages and journey of social commerce sellers, and 2) Their access to credit and financial services. Together, these findings provide a comprehensive view of the social commerce landscape, with a particular focus on the opportunities and challenges faced by women sellers. For many, social commerce serves as their first step toward digitalization, offering a low-barrier entry point that requires minimal technical knowledge of online marketing and sales.

We hope this report will inform government bodies, policymakers, regulators, business associations, and financial service providers in building a more supportive environment for the growth of social commerce—especially for women-led MSMEs.



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List of abbreviations

BHIM UPI	Bharat Interface for Money - Unified Payments Interface; A mobile payment app based on India's national real-time payment system (UPI)
COD	Cash on Delivery
COVID-19	Coronavirus disease of 2019
EDC	Electronic Data Capture
F&B	Food and Beverage Seller
Facebook Marketplace	A platform within Facebook for buying and selling products locally
FSP	Financial Service Providers
Halal	Halal Certification
ICS	Innovative Credit Scoring
KUR	<i>Kredit Usaha Rakyat</i> (People's Business Credit)
MFI	Microfinance Institution
MSMEs	Micro, Small, and Medium Enterprises
NIB	<i>Nomor Induk Berusaha</i> (Business Identification Number)

OJK	<i>Otoritas Jasa Keuangan</i> (Financial Services Authority)
POJK	<i>Peraturan Otoritas Jasa Keuangan</i> (Financial Services Authority Regulation)
POS	Point of Sale
PPMSE	<i>Penyelenggara Perdagangan Melalui Sistem Elektronik</i> (Electronic Commerce Operator)
QRIS	Quick Response Code Indonesian Standard
Rekber	<i>Rekening Bersama</i> (An informal, trust-based escrow system)
SEO	Search Engine Optimization
SNI	<i>Standar Nasional Indonesia</i> (Indonesian National Standard)
WA	WhatsApp
WBENC	Women's Business Enterprise National Council

Table of content

	01	Executive summary	06
	02	Objective, research area, and target respondents	07
	03	Recommendations and opportunities	08
Findings			
	04	Key stages and journey of social commerce sellers	13
	05	Access to credit for social commerce sellers	32
Annex			
	06	Annex 1: Details of personas	43
	07	Annex 2: Background study	48
	08	Annex 3: Sample details of the study	56
	08	Annex 4: Details on Rekening Bersama (Rekber)	59

Glossary and terms



Social commerce sellers:

Individuals or micro-entrepreneurs with the annual turnover of up to IDR 300 million and 0-10 employees as defined by the [Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises](#) who market and sell products or services primarily through social media platforms (e.g., WhatsApp, Instagram, TikTok, Facebook) rather than formal e-commerce marketplaces.



Social commerce platforms:

Defined in [Ministry of Trade Regulation No. 31 of 2023](#), is a type of Electronic Trade Provider (PPMSE) that operates through social media, enabling merchants to promote goods or services. Unlike e-commerce platforms (like Tokopedia and Shopee), **it cannot process payments or act as a producer**, focusing solely on product discovery and user engagement.



Female-owned business

Where at least 51% of ownership, capital, and decision-making power is held and controlled by one or more women. This definition aligns with international standards such as [WBENC](#) and supports [Presidential Regulation No. 12/2025](#) on the 2025-2029 National Medium-Term Development Plan (RPJMN) to increase women's participation in the economy.



Innovative credit scoring:

Innovative credit scoring leverages alternative data—such as digital behavior and self-reported information—to assess creditworthiness, enabling access for underserved borrowers. It is recognized under [OJK Regulation No. 10/POJK.05/2022](#) and [OJK Regulation No. 29/2024](#) to promote inclusive finance.



Rekening Bersama (Rekber):

An informal, trust-based escrow system that originated on Indonesian online forums such as [Kaskus](#). It allows buyer funds to be held by a neutral third party until the seller fulfills the transaction, offering protection in peer-to-peer commerce. [Rekber laid the groundwork for the formal escrow account systems](#) now used in regulated e-commerce platforms.



Executive summary

Study rationale

- The [2025-2029 Medium-term National Development plan](#) prioritizes digitalization of MSMEs to enhance competitiveness and expand market reach through technologies, such as online marketing, digital finance, and e-commerce.
- Indonesia's social commerce landscape has made notable strides, driven primarily by informal online commerce practices. The country ranks sixth worldwide for the highest number of active consumers in social commerce, while [86% of Indonesians have transacted on social media platforms](#).
- Ambiguities in [evolving regulations and compliance requirements](#) in social commerce create challenges for sellers, such as bans on direct sales and obstacles in completing end-to-end transactions on platforms. This study intends to inform the government about existing gaps, challenges, and opportunities faced by sellers to help improve processes that support business growth.

Findings from the study



Social commerce is a widely adopted business model, but remains frequently overlooked as regulations and available support focus more on e-commerce platforms.

Women thrive in social commerce. Thus, governments should ease mobile business registration, the private sector must invest in digital tools, and female sellers who are starting out must receive targeted support.



Social commerce in Indonesia lacks end-to-end features, which require off-platform transactions and adds friction.

An end-to-end approach is imperative to enable secure payments, smooth transactions, and seller growth. This approach would link policy, infrastructure, and platform upgrades.



Social commerce sellers generate valuable data that can be used for innovative credit scoring (ICS) to help boost their credibility and access to financing.

Banks and MFIs should use alternative data and embedded credit models to support inclusive lending through ICS. This should be backed by ethical data sharing between platforms and financial institutions.

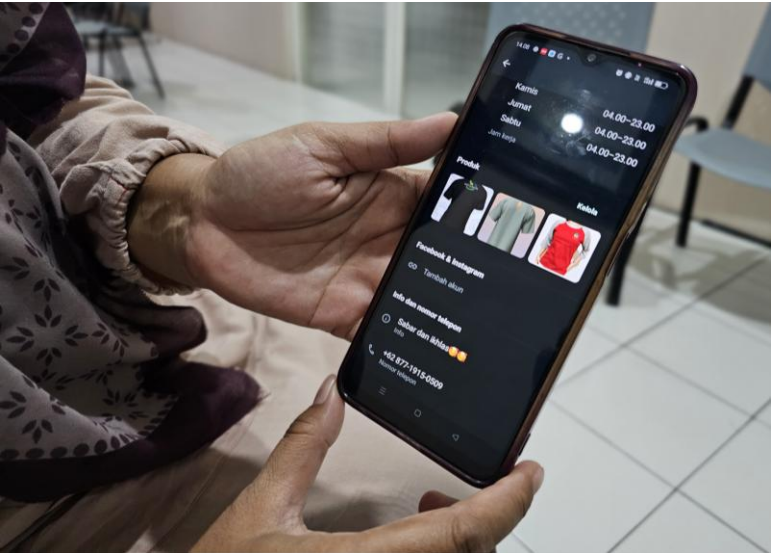


Social commerce operates on trust and offers convenience, but it lacks adequate fraud protection measures, which erodes trust between buyers and sellers.







Stronger customer protection in social commerce requires clear regulations, secure payments, verified sellers, and consumer education to prevent fraud and ensure safe transactions.

Objective, research area, and target respondents





Details of the study		
<p>Key focus</p> <p>Our research will examine how social commerce sellers, particularly women, can scale and access digital financial solutions, identify key value propositions, and develop a data-driven lending model to enhance financial inclusion.</p>	<p>Main objective</p> <p>This study examines how social commerce sellers, especially women, can develop a data-driven lending model to grow and access digital financial solutions. It identifies barriers, enablers, and strategies to enhance financial inclusion and economic empowerment in the digital economy.</p>	<p>Research areas</p> <p>Key research questions focus on:</p> <ol style="list-style-type: none">1. The sales journey of social commerce sellers in Indonesia;2. Financial barriers that affect business sustainability and expansion;3. Data-driven credit models to enhance financial access for informal businesses.
Areas targeted for the study		
<p>The study was conducted in seven provinces with data obtained from the National Labor Force Survey (Sakernas). This allowed us to analyze the data distribution by province, as well as by urban and rural settings.</p>		
Java	Non-Java	Definition of social commerce sellers
Jabodetabek West Java Yogyakarta	Bali East Kalimantan North Sumatera South Sulawesi	<p>We referred to both the Law No. 20 of 2008 concerning Micro, Small, and Medium Enterprises and Ministry of Trade Regulation (Permendag) Number 31 of 2023 to define social commerce sellers as:</p> <ul style="list-style-type: none">➤ Sellers with a business turnover of no more than IDR 300,000,000 and 0-10 employees; and➤ Sellers who market their products via social media, while payments occur on separate platforms, which requires buyers to pay via bank transfer, e-wallets, or other systems.









Recommendations and opportunities

Insights 	What kind of change is needed? 	Actors 	Global example 	Policy Timeframe 
Recognize social commerce in policy and finance strategies with flexible, low-barrier approaches that's reflective with how informal sellers operate.				
<p>Social commerce sellers are often overlooked, with policies focusing more on e-commerce onboarding than on supporting their competitiveness.</p> <p>82% of social commerce sellers remain unregistered, yet 8% of them managed to access credit over IDR 30 million (~USD 1,783). This underscores the untapped potential of informal sellers as a viable credit market, revealing missed opportunities to expand access to financing.</p> <p>Social commerce offers pathway for formalization, but many don't realize the benefits. Big brands are already using it to boost sales and visibility, making it a real contender against traditional e-commerce.</p>	<p>Interventions are needed across policy, platform, and capacity-building fronts to unlock the potential of social commerce:</p> <ol style="list-style-type: none"> 1.) Governments should modernize regulations to incentivize formalization and improve access to the Online Single Submission (OSS) system—through simplified, mobile-friendly versions suited to informal sellers. 2.) Digital platforms and FSPs, in coordination with government, should enable low-friction, platform-tailored pathways to formalization—ranging from soft nudges and business registration guidance on social commerce platforms to embedded KYC (Know Your Customers) and OSS linkages on e-commerce platforms. 3.) Business training and mentorship—particularly for women-led enterprises—should be expanded, recognizing that social commerce is often a first entry point into digital entrepreneurship. 	<p>The Ministry of MSMEs and the Ministry of Trade can help with policy formulation and regulatory oversight.</p> <p>Platform providers can focus on the development and marketing of platforms.</p> <p>Business association can play a key role in the facilitation of networking and collaboration among stakeholders.</p> <p>Financial service providers can offer tailored financial products to meet the specific needs of businesses.</p>	<p>India's Udyam Registration system (2020) streamlines MSME registration via Aadhaar and PAN, reducing compliance burdens while offering incentives such as collateral-free loans.</p> <p>Meanwhile Thailand's Notification No. 64 B.E. 2566 (2023)—including those on social media—to display product prices and terms of sale, aiming to improve transparency and consumer trust.</p> <p>Though not platform-integrated, these policies hint at phased formalization: suggestive roles for social commerce, embedded compliance for e-commerce.</p>	<p>Short Term</p> 







Recommendations and opportunities

Insights 	What kind of change is needed? 	Actors 	Global example 	Policy Timeframe 
Innovative credit scoring and embedded credit can help social commerce sellers access formal financing and grow their businesses.				
<p>Social commerce sellers generate rich data on transactions, payment behaviors, and social media activities, which can serve as alternative variables for credit scoring.</p> <p>Although 75% of sellers had never taken a formal business credit, those who do mostly prefer state-owned banks through the KUR (<i>Kredit Usaha Rakyat</i>) program (81%).</p> <p>This highlights an untapped opportunity to expand business financing through leveraging sellers' digital footprints on these platforms to enhance credit assessments and improve their access to credit.</p>	<p>Enable inclusive lending by strengthening the ecosystem for Innovative Credit Scoring (ICS) adoption. This includes:</p> <ul style="list-style-type: none"> • Creating an enabling environment where financial institutions can design credit products using social commerce data, such as digital sales, payment history, promotional activity, and customer reviews, with seller consent and in compliance with data privacy and security standards aligned with the PDP Law. • Capacity building for financial service providers and MFIs to responsibly underwrite informal digital entrepreneurs based on alternative data and behavioral footprints. • Encouraging platforms to embed credit features—such as “Get Financing” buttons, pre-qualified offers, and partner listings, to enable seamless, secure access to credit within seller interfaces. 	<p>The Financial Services Authority (OJK) and Bank Indonesia can work to enable open finance and implement data policies.</p> <p>Banks and FinTech companies can develop innovative credit scoring models and offer tailored credit products.</p> <p>Social commerce platforms can facilitate data integration to support creditworthiness assessments.</p>	<p>Embedded credit options within platforms: Tencent's Weilidai (WeBank) on WeChat offers no-collateral credits, enabling sellers to credit directly through the app.</p> <p>Collaboration between platforms and financial institutions on ethical data sharing with user consent: Indian Meta partnered with Indifi, which offers small business credits filtered through the users of Facebook Ads with a 0.2% interest rate reduction for women-owned businesses.</p>	<p>Medium Term</p> 

Recommendations and opportunities

Insights 	What kind of change is needed? 	Actors 	Global example 	Policy Timeframe 
Enhancing social commerce platform features to match commerce needs can improve business operations and raise transaction quality for both sellers and buyers				
<p>65% of respondents expect an integrated product catalog with a checkout option. Additionally, 59% value product reviews and ratings to boost brand credibility, while 47% believe a verified buyer feature would help screen out scammers and unserious buyers.</p> <p>Other key features that are highly requested to enhance the platform include secure payment rail, efficient delivery and logistics, business-friendly keyboards, and language translation tools.</p>	<p>Platform integration in Indonesia is limited— WhatsApp and Instagram Business offer product catalogs, but other platforms do not, and existing integrations lack end-to-end purchasing support.</p> <p>The enhancement of platform features will have the greatest impact when supported by a strong regulatory framework that prioritizes business growth and comprehensive training to help sellers effectively use the platform.</p>	<p>The Ministry of MSMEs, and Ministry of Trade to develop policies, strategies and priorities on the integration of social media platforms for business purposes.</p> <p>Platform providers to encourage innovation in platform development and business integration that ensures a safe and secure transaction environment.</p>	<p><u>WeChat</u> demonstrates how a messaging app can integrate live streaming, logistics, payment gateways, and reviews to drive commerce.</p> <p><u>LINE Thailand</u> is known as a super-app which integrates instant messaging app with sales, marketing, payment, and delivery services in one platform.</p>	<p>Short Term</p> 

Recommendations and opportunities

Insights 	What kind of change is needed? 	Actors 	Global example 	Policy Timeframe 
The integration of agile payment solutions in the platform for business growth and customer convenience				
<p>The friction between social commerce and the financial services (payment) environment drives strong demand among respondents for flexible payment options.</p> <p>It underscores the strategic role of social commerce in the facilitation of sales and the provision of integrated financial services that can be used for business growth and customer convenience.</p>	<p>Stakeholders must implement end-to-end interventions to integrate social commerce platforms, financial services, and payment products. These interventions should include:</p> <ol style="list-style-type: none"> Regulatory reform to enable payment integration into social platforms, ensuring compliance with data localization, licensing, consumer protection, and interoperability with systems like BI-FAST and QRIS. Infrastructure upgrades to support secure, efficient, and privacy-compliant digital transactions. User-centric platform design to streamline checkout and enable seamless business-to-customer payments. 	<p>Ministry of Communication and Informatics, Ministry of MSMEs, Bank Indonesia, OJK to lead policy on digital finance, MSMEs, payments, and data protection.</p> <p>Ministry of Finance, Indonesia Competition Commission (KPPU), National Cyber and Crypto Agency (BSSN): To enforce compliance on tax, competition, and cybersecurity.</p> <p>Social commerce platforms to enable credit features and data-sharing with FSPs.</p>	<p><u>WhatsApp in India</u> has a secure integrated payment system using BHIM UPI, India's real-time interbank payment infrastructure, allowing users to send money directly between bank accounts through partner banks.</p>	<p>Medium Term</p> 

Recommendations and opportunities

Insights 	What kind of change is needed? 	Actors 	Global example 	Policy Timeframe 
Ensuring secure transaction, protecting customers and sellers to build a trusted digital ecosystem				
<p>While social commerce platforms offer convenience, many consumers remain wary of transacting due to scams, counterfeit products, and unfulfilled orders. The lack of trust infrastructure, such as secure payments, verified seller identities, product authenticity guarantees, and clear refund policies, reduces confidence and limits repeat purchases.</p> <p>Sellers also face risks from buyer-side fraud, including fake orders, refusal to pay upon delivery, and return fraud. Without buyer verification, secure transactions, or transparent dispute resolution, small sellers lack protection. This discourages them from growing their businesses through social commerce platforms.</p>	<p>Stakeholders must embrace the following multifaceted efforts to strengthen customer protection:</p> <ul style="list-style-type: none"> • As social commerce platforms become more mainstream, the government and regulators must establish and enforce regulations to ensure secure transactions, mandatory seller verification, and safe payment methods; • Social commerce platforms can integrate secure payment solutions, such as escrow services, to enhance transaction security and protect customers; • Consumer education plays a crucial role in fraud prevention. Awareness campaigns and ongoing public messaging can help customers identify scams and practice safe purchasing habits. 	<p>Government agencies and policymakers can strengthen regulations that prevent fraud and scams and promote financial and customer literacy for both sellers and buyers.</p> <p>Financial service providers can expand access to reliable and secure payment transactions.</p> <p>Social commerce platforms can develop and integrate secure payment systems within their platforms to protect both buyers and sellers.</p>	<p>South Korea's Act on Consumer Protection in Electronic Commerce mandates that platforms disclose seller identities, provide clear refund policies, and offer dispute mediation. The Korea Fair Trade Commission enforces compliance through inspections and fines.</p> <p>Though not a social commerce platform, Airbnb implements a risk assessment and screening process to protect both consumers (guests) and sellers (hosts). Hosts can leave public reviews about guests after each stay, providing valuable information for future hosts to assess potential risks.</p>	<p>Long-Term</p> 

Key stages and journey of social commerce sellers



Indonesia’s social commerce scene has grown rapidly, thanks largely to its huge base of active social media users

Social media has empowered a new wave of microentrepreneurs to sell directly to customers. It uses platforms, such as Instagram and WhatsApp, to market products.



Indonesia ranks sixth globally for active social commerce consumers, and second for WhatsApp Business downloads with 128 million downloads in 2025.



86% of Indonesians have transacted on social media platforms.

The gross merchandise value of social commerce in Indonesia reached USD 8.2 billion in 2023 and is projected to grow to USD 22.1 billion in 2028.

Ambiguity about evolving regulations and compliance requirements poses challenges for small-scale sellers who operate in the space.

Ban on direct sales

Ministry of Trade Regulation No.31 (2023) banned direct sales on social media and permitted only the promotion of goods and services.

Proof of compliance

Ministry of Trade Regulation No. 31 (2023) also requires sellers and e-commerce platforms to display proof of standardization compliance for goods. This includes *Standar Nasional Indonesia* (SNI), *halal*, safety, health, and environmental certifications.

Transparency issues

TikTok Shop faced scrutiny for its algorithm, which encourages impulsive buying behavior. This raised transparency concerns as users engaged with content that contained undisclosed advertisements.

Social commerce offers low barriers to entry, which makes it accessible to individuals with limited resources and skills



Technology

Sellers require basic technology, such as a smartphone, and access to social media platforms. A laptop is not necessary.



Digital literacy

Social media platforms are user-friendly and do not require advanced skills, unlike e-commerce, which demands knowledge of SEO, marketing, and analytics.



Financial literacy

Basic literacy is sufficient to manage transactions, as flexible payment methods are common.



Operational costs

It has minimal operational costs and no platform fees or payment processing fees.



Human resources

A single individual can typically manage these with or without minimal assistance. They usually do not require additional staff.



Time investment

It allows flexible time commitment that can be adjusted to the seller's availability. It can also be operated part-time.

Source: Qualitative interview

For many women, social commerce has shown promise as a pathway to entrepreneurship.



New entrants to social commerce were **2.5 times more likely to be women** than men.



The flexibility of conducting business online accommodates women's mobility and time constraints.



The familiarity of social media tools, such as WhatsApp, Instagram, and Facebook, supports easier adoption.



Social commerce enhances women's access to formal financial services. The platforms create data-driven methods to assess their creditworthiness.

Our qualitative study identifies four distinct personas of different social commerce seller to illustrate their digital and sales journeys

- ▶ We classified different social commerce sellers based on their behavior, business profile, mindset, and readiness to map them. This also included their attitudes toward innovation, financial risk, and business motivations.
- ▶ We analyzed challenges and opportunities based on their experiences with digital platforms and access to financial services, with a focus on formal business credit.



Digital explorer

This persona wants to modernize the business but feels overwhelmed by digital tools. They use basic social media for marketing and hesitate to take out credit due to debt concerns. They are early-stage in both digital engagement and business acumen.



Community nurturer

This persona builds trust through personal relationships and avoids digital tools and formal credit. They favor community-based support and stability. They show business instincts but remain digitally limited.



Market observer

This persona uses digital platforms for marketing and engagement. They are open to improvements but cautious with credit. They prefer transparency and low risk. They are digitally engaged but financially conservative.



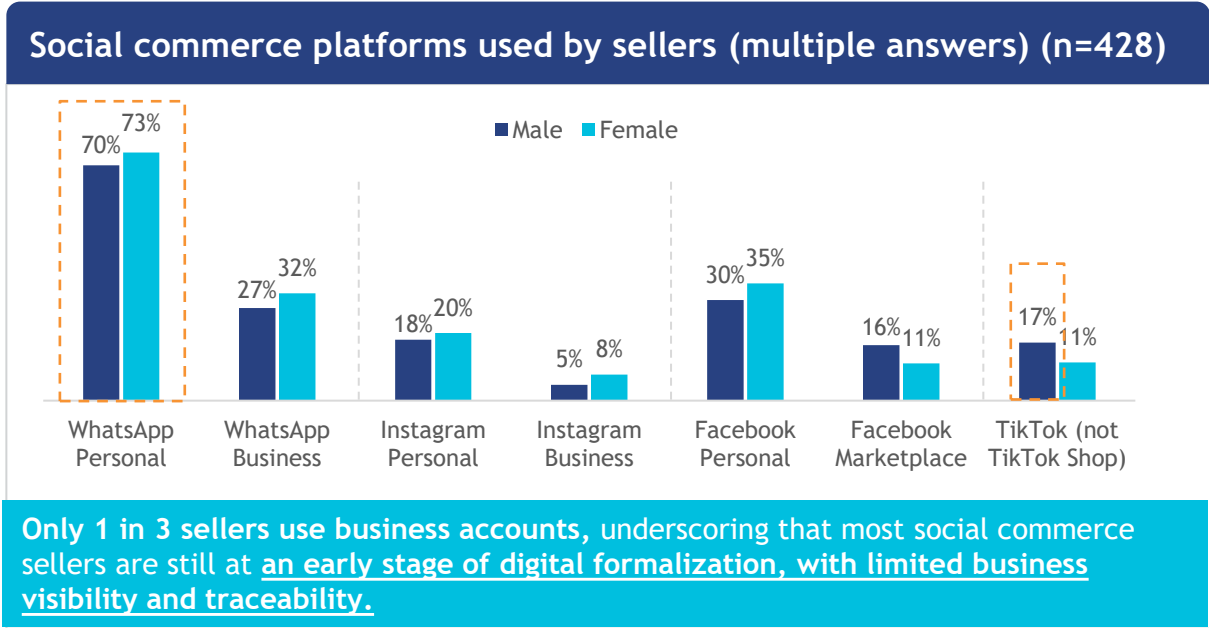
Digital hustler

This persona is active on social media and frequently promotes products. They take risks with credit and inventory but lack structured financial management. They are growth-oriented with high digital engagement.

The nonlinear journey of social commerce sellers



Sellers build visibility through social media platforms and establish trust by closing sales via direct messaging



- Male sellers prefer fast, transactional platforms, while female sellers prioritize social validation and trust
- ▶ The widespread use of WhatsApp Personal highlights how direct, relationship-based communication drives sales by helping sellers build trust and complete transactions more quickly.
 - ▶ Female sellers show a stronger tendency toward conversational, community-based marketing, reflected in their higher usage of WhatsApp and Instagram (both personal and business accounts).
 - ▶ Male sellers are more inclined than their female counterparts to diversify their strategy by using platforms that expand reach and leverage viral or localized visibility, reflected by their slightly higher use of TikTok and Facebook Marketplace.

Sellers’ preference when they choose a commerce platform (taken from qualitative research)					
Ease of use and familiarity	Reach and audience	Cost efficiency	Trust and security	Marketing and sales features	Trend and popularity
Simple, familiar, and easy to operate platforms	Platforms with a large user base or high visibility	Platforms that allow free promotion or require minimal investment	Platforms where they feel secure from scams and fraud	Better sales tools, such as group sales, story updates, and direct messaging	Platforms based on current digital trends and viral content

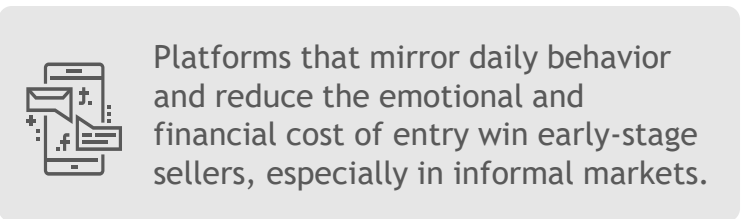
Platform appeal: Ease, cost, and trust

In the early stage, platform appeal is the key to persuading sellers to go online. Sellers prefer platforms that mirror daily behavior and feel intuitively safe for them to operate.

<p>WhatsApp usually scores as the easiest platform to use. Most sellers and customers are already comfortable with it for personal chats.</p>	<div> <div>easiest to use</div> <div>Ease of use and familiarity</div> <div>least familiar</div> </div> <div> <div>  <div>Personal WhatsApp</div> </div> <div>  <div>WhatsApp Business</div> </div> <div>  <div>Personal Facebook</div> </div> <div>  <div>Personal Instagram</div> </div> <div>  <div>Facebook Marketplace</div> </div> <div>  <div>Instagram Business</div> </div> <div>  <div>TikTok</div> </div> </div>	<p>TikTok was seen as the least familiar because its short-form video model requires more creative knowledge.</p>
<p>Besides data costs, WhatsApp is effectively free, which makes it popular among sellers.</p>	<div> <div>Mostly free</div> <div>Cost efficiency</div> <div>Most costly</div> </div> <div> <div>  <div>Personal WhatsApp</div> </div> <div>  <div>Personal Facebook</div> </div> <div>  <div>Personal Instagram</div> </div> <div>  <div>WhatsApp Business</div> </div> <div>  <div>Facebook Marketplace</div> </div> <div>  <div>Instagram Business</div> </div> <div>  <div>TikTok</div> </div> </div>	<p>TikTok requires more investment in ads or advanced content creation to stand out. Sellers need to pay a moderate cost if they want more reach.</p>
<p>WhatsApp is perceived as the most secure platform for personal exchanges, as buyers chat directly with minimal risk of scams.</p>	<div> <div>Safest</div> <div>Trust and security</div> <div>Least safe</div> </div> <div> <div>  <div>Personal WhatsApp</div> </div> <div>  <div>WhatsApp Business</div> </div> <div>  <div>Instagram Business</div> </div> <div>  <div>Personal Instagram</div> </div> <div>  <div>Personal Facebook</div> </div> <div>  <div>Facebook Marketplace</div> </div> <div>  <div>TikTok</div> </div> </div>	<p>TikTok has low trust because of fewer direct channels for buyer-seller verification.</p>






I prefer WhatsApp because it is more direct and efficient. I do not want to open too many apps just to sell. I want something simple—something certain, something straight to the point, and something that really works. **Endang, Jabodetabek**



Market reach and growth potential

For matured sellers, the consideration of market reach and growth potential goes beyond audience size. Sellers are starting to actively choose a platform that effectively enables them to expand their visibility, tap into demand, and grow with intention.

<p>TikTok has the widest reach, and its algorithm can expose products to new audiences quickly.</p>	<table><tr><th colspan="2">Widest reach</th><th colspan="3">Reach and audience</th><th colspan="2">Segmented</th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>TikTok</td><td>Instagram Business</td><td>Facebook Marketplace</td><td>Personal Instagram</td><td>Personal Facebook</td><td>WhatsApp Business</td><td>Personal Whatsapp</td></tr></table>	Widest reach		Reach and audience			Segmented									TikTok	Instagram Business	Facebook Marketplace	Personal Instagram	Personal Facebook	WhatsApp Business	Personal Whatsapp	<p>WhatsApp typically has a smaller circle, which only allows contacts. It performs moderately in terms of audience expansion.</p>
Widest reach		Reach and audience			Segmented																		
																							
TikTok	Instagram Business	Facebook Marketplace	Personal Instagram	Personal Facebook	WhatsApp Business	Personal Whatsapp																	
<p>Instagram Business provides robust commerce tools and brand-building features, such as product tagging and analytics.</p>	<table><tr><th colspan="2">Widest reach</th><th colspan="3">Marketing Features</th><th colspan="2">Segmented</th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>Instagram Business</td><td>TikTok</td><td>Facebook Marketplace</td><td>Personal Instagram</td><td>Personal Facebook</td><td>WhatsApp Business</td><td>Personal Whatsapp</td></tr></table>	Widest reach		Marketing Features			Segmented									Instagram Business	TikTok	Facebook Marketplace	Personal Instagram	Personal Facebook	WhatsApp Business	Personal Whatsapp	<p>Personal WhatsApp is seen as the least structured for business. It relies on personal contacts and status updates.</p>
Widest reach		Marketing Features			Segmented																		
																							
Instagram Business	TikTok	Facebook Marketplace	Personal Instagram	Personal Facebook	WhatsApp Business	Personal Whatsapp																	
<p>TikTok leads in making products viral, is favored for short videos, and has a young audience.</p>	<table><tr><th colspan="2">High virality</th><th colspan="3">Trend and Popularity</th><th colspan="2">Closed sharing</th></tr><tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr><tr><td>TikTok</td><td>Personal Instagram</td><td>Instagram Business</td><td>Personal Facebook</td><td>Facebook Marketplace</td><td>WhatsApp Business</td><td>Personal Whatsapp</td></tr></table>	High virality		Trend and Popularity			Closed sharing									TikTok	Personal Instagram	Instagram Business	Personal Facebook	Facebook Marketplace	WhatsApp Business	Personal Whatsapp	<p>WhatsApp is ubiquitous but not as “trendy” for marketing. It is more functional than flashy.</p>
High virality		Trend and Popularity			Closed sharing																		
																							
TikTok	Personal Instagram	Instagram Business	Personal Facebook	Facebook Marketplace	WhatsApp Business	Personal Whatsapp																	

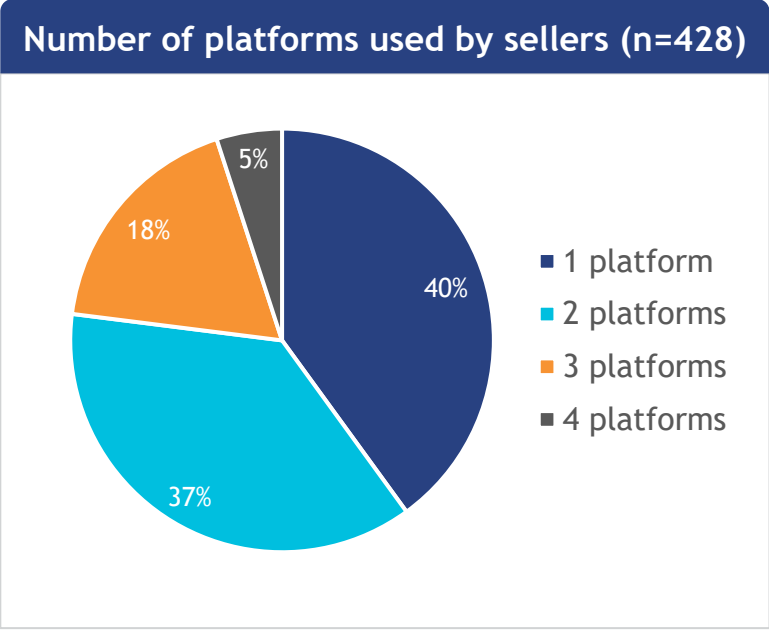
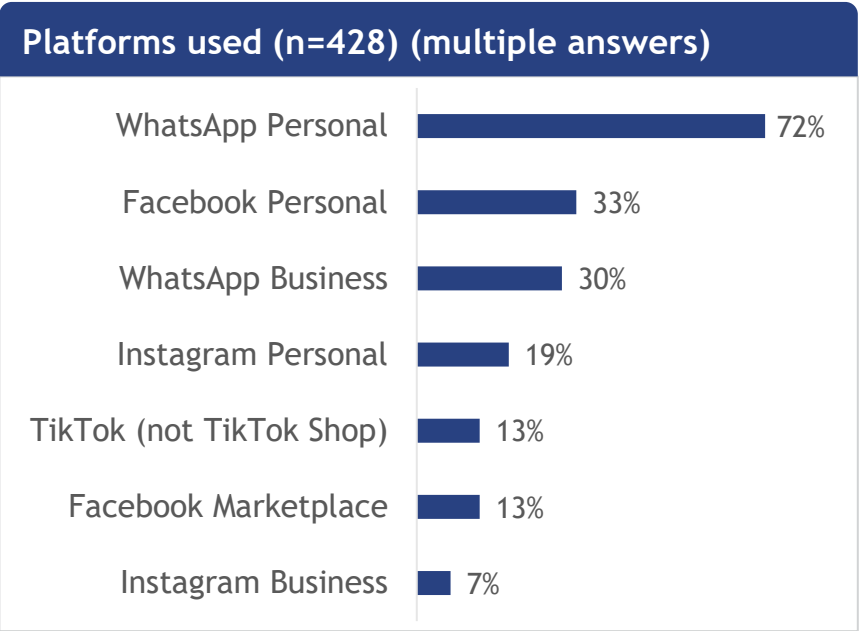


Digital hustler

Instagram attracts buyers who take my product seriously. Facebook helps me reach more people, even if they do not always buy. TikTok makes me more visible. On WhatsApp, I can really talk to customers and keep them coming back. I use all of them—each one works in its own way.

- Riana, Jakarta

More than half of social commerce sellers utilize more than one platform, reflecting on the multichannel nature of social commerce



- Personal WhatsApp is the most widely used platform, highlighting the relationship-driven nature of social commerce.
- 60% of sellers operate on more than one platform sellers as a strategy to broaden reach and engage customers more effectively.
- Business account adoption remains low compared to personal accounts, signaling an opportunity for platforms to encourage adoption by making the benefits clearer and easier to access.









Estimated audience across platforms**



**Estimates are based on our survey (n=428) that uses the median number of friends or followers.

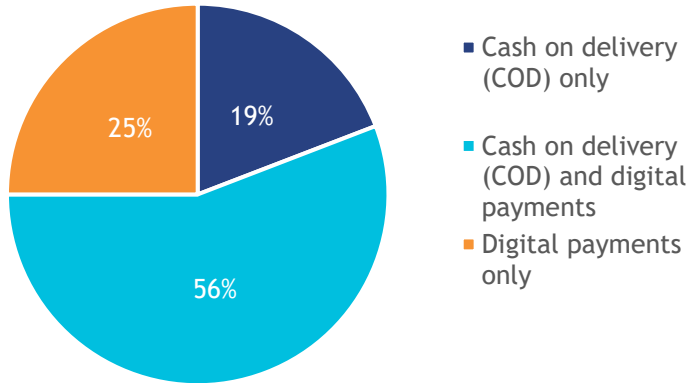
- Facebook Marketplace is missing as it varies by the groups where listings are posted.
- WhatsApp is missing as it depends on each seller's contact list and can include non-contacts via shared links.

Pricing models shape social commerce sellers' finances; thus, platforms and financial services must provide tailored tools for sustainable growth

	Fixed pricing		Dynamic pricing	
	Cost-plus pricing	Value-based pricing	Competitor-based pricing	Customer-based or flexible pricing
Pricing method	Sellers add a fixed markup to the cost of goods to ensure predictable profit margins.	Sellers set prices based on customers' perceived value of the product rather than cost or competition.	In this pricing model, sellers monitor competitors' prices, consumer demand, and industry trends to set their own prices.	Sellers adjust prices based on customer type and their purchasing power.
Market orientations	This model targets loyal, price-sensitive customers who value consistency.	This model targets customers who prioritize quality over price.	This model attracts highly price-sensitive customers and operates in a dynamic pricing environment.	This model is highly customer-centric. It focuses on long-term relationships rather than fixed pricing.
Possible potential	This model reflects low-risk financial behavior and signals reliability.	This model has high margin potential. It attracts customers with bigger purchasing power.	Competitive pricing keeps sales consistent, which can signal reliable cash flow to lenders.	Sellers with this model have a larger and more diverse consumer network and higher customer retention.
Lender concerns	This model prioritizes stability over growth and may limit credit demand.	This model has unpredictable revenue as the prices depend upon external factors, such as consumer perception and market trends.	This model is prone to revenue volatility. It makes lenders concerned about repayment stability.	This model has short-term sales but may create revenue instability.
Fitting persona	 Digital explorer  Community nurturer	 Community nurturer  Market observer	 Digital hustler  Market observer	 Digital hustler  Digital explorer

Majority of sellers offer digital payment options, yet COD leads as the most preferred method among customers

Payment methods offered to customers
(multiple answers) (n=428)



- **Cash on delivery (COD) and bank transfers** dominate transactions. 75% of transactions occur through COD and 70% through bank transfers. This restricts sellers from building credit histories.
- **E-wallets (28%) and QRIS (21%)** are available but rarely the first choice, partly due to top-up fees.
- **Rekening Bersama (Rekber)** is not popular among customers, with only 4% of transactions using this method. Its low adoption is mostly due to additional fees, as it involves a third party to verify both sides of the transaction.
- **Debit and credit cards (2%)** play a minimal role, as point-of-sale (POS) access is limited and EDC (electronic data capture) machines are costly.

Most preferred payment method by
customers (single answer)



48%

Cash on delivery (COD)



43%

Bank transfers

Payment preferences vary by location

Most of my customers pay in cash as I live in Cileungsi, a rural area. My customers from Jakarta usually prefer bank transfers. I also accept digital wallets, such as DANA, OVO, and GoPay.

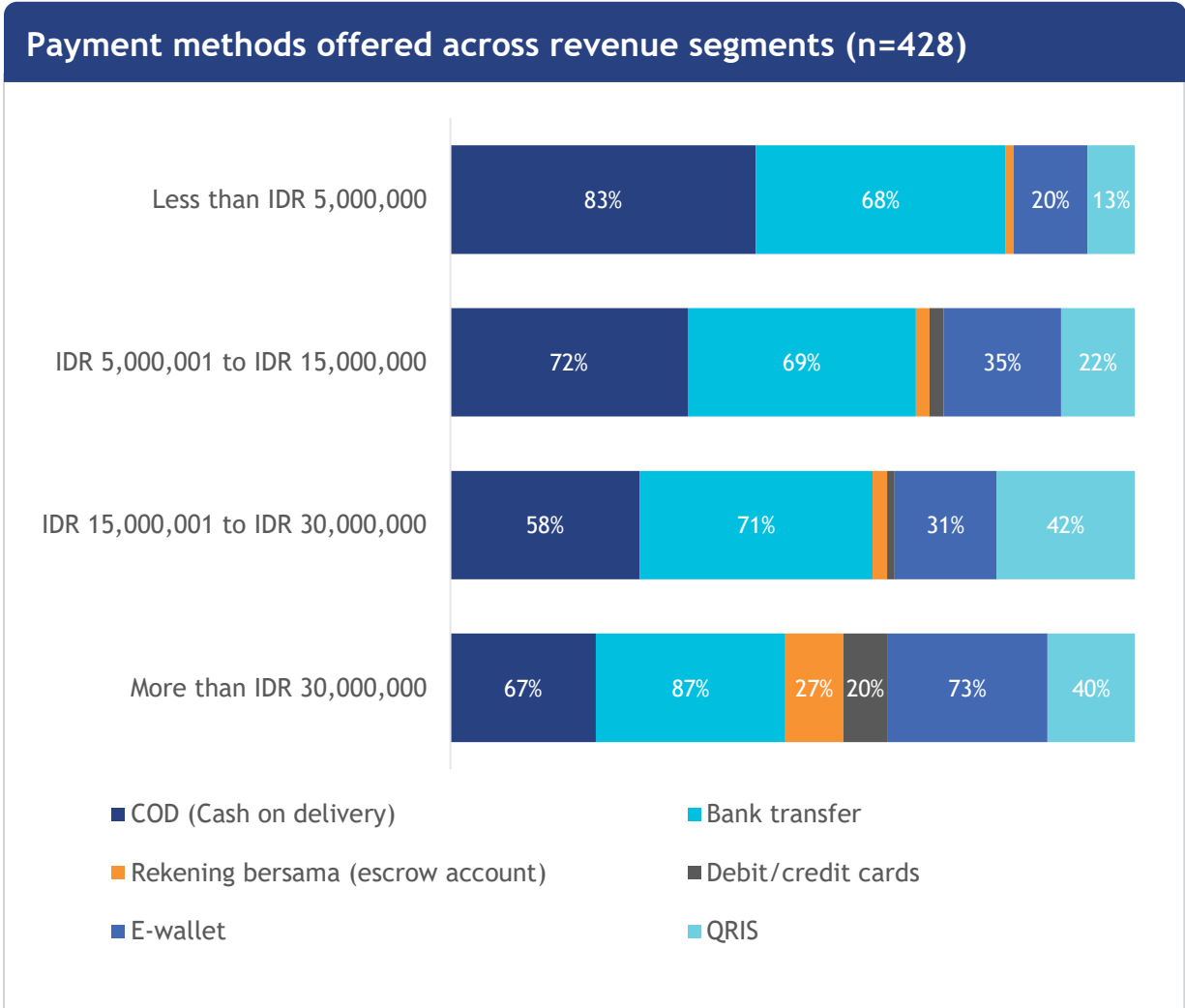
- Endang, Jabodetabek

Using QRIS to avoid payment fraud

I've received fake transfer receipts before, so now I always check my bank account to verify payments, and I also use QRIS to avoid fraud. I send the QR code as an image on WhatsApp.

- Sri, Yogyakarta

Sellers with higher monthly revenue adopt more digital payments, while those with lower revenue rely more on cash



Bank transfers are widely used across all segments, with higher uptake among those in higher revenue brackets.



COD is most common among lower-revenue sellers. Its adoption becomes less dominant as revenue increases.



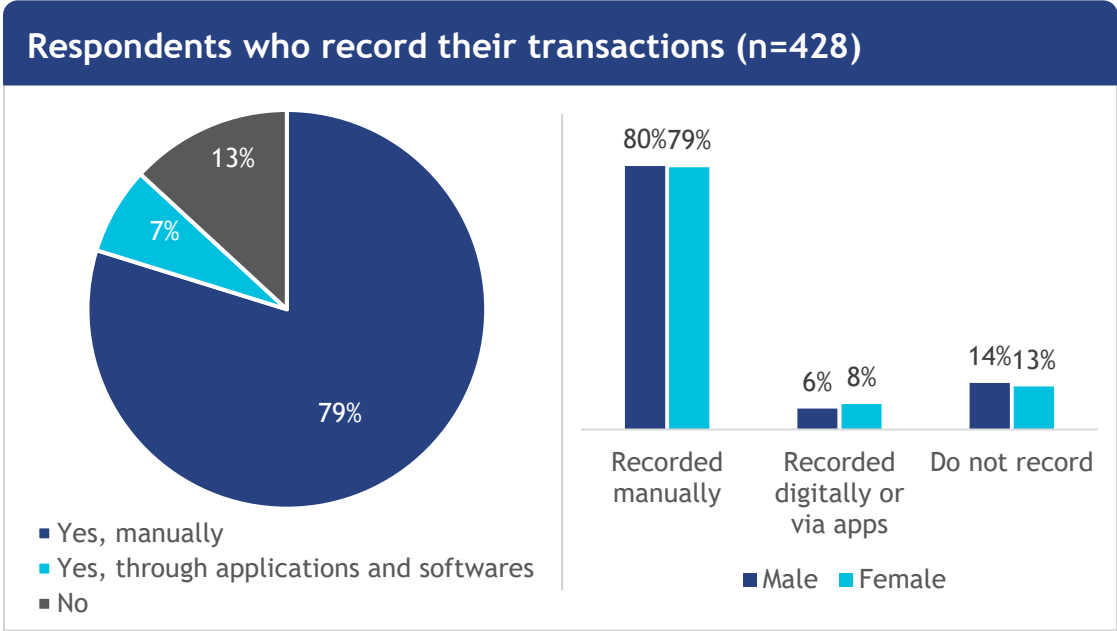
E-wallet and QRIS adoption rise with revenue. This trend suggests that established sellers in areas with higher digital payment penetration use e-wallets and QRIS more.

Businesses with large transactions use digital payments to secure capital and minimize risk

“ I ask customers to pay a 50% down payment via bank transfer for high-volume catering orders. This ensures I have the capital to fulfill the order and also helps reduce the risk of fraud. ”

- Nurlina, Balikpapan

Manual bookkeeping limits sellers’ ability to turn digital payments into structured records, weakening traceability and credit readiness

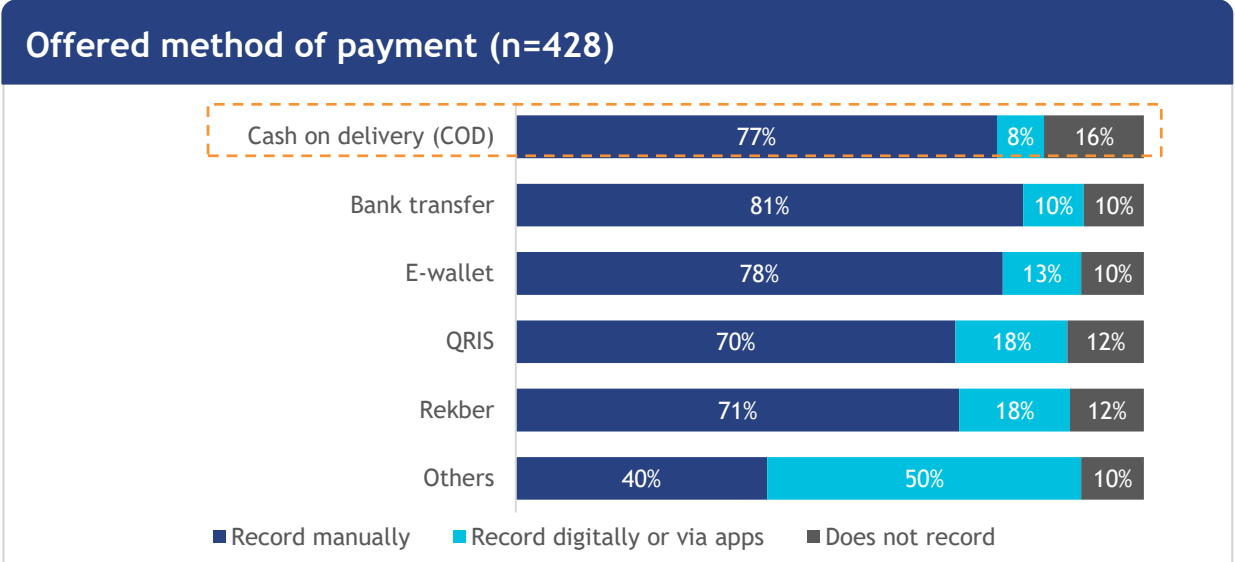


Reliance on manual bookkeeping limits accuracy, efficiency, and financial access.

- Most sellers (79%) record transactions, but manual tracking dominates – highlighting a gap in digital adoption (only 7%)
- Manual tracking dominance underscores the need for simple, accessible digital bookkeeping solutions.

Digital bookkeeping is crucial for financial access. It offers structured records that strengthen lender credibility.

- COD transactions are the least structured. 77% of respondents tracked COD transactions manually, while 16% did not record their transactions at all. This limits their financing access.
- Digital payments improve transparency. 50% of card users track concerned transactions digitally, while only 8% of COD users do it.
- Sellers who use digital bookkeeping are more likely to accept digital payments.

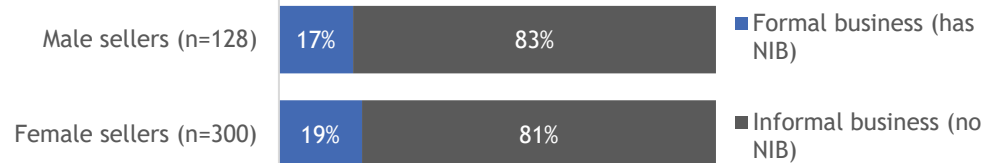


Find details about Rekber in Annex 4.

Registered businesses earn more than unregistered ones, which shows the impact of business formalization on monthly profit

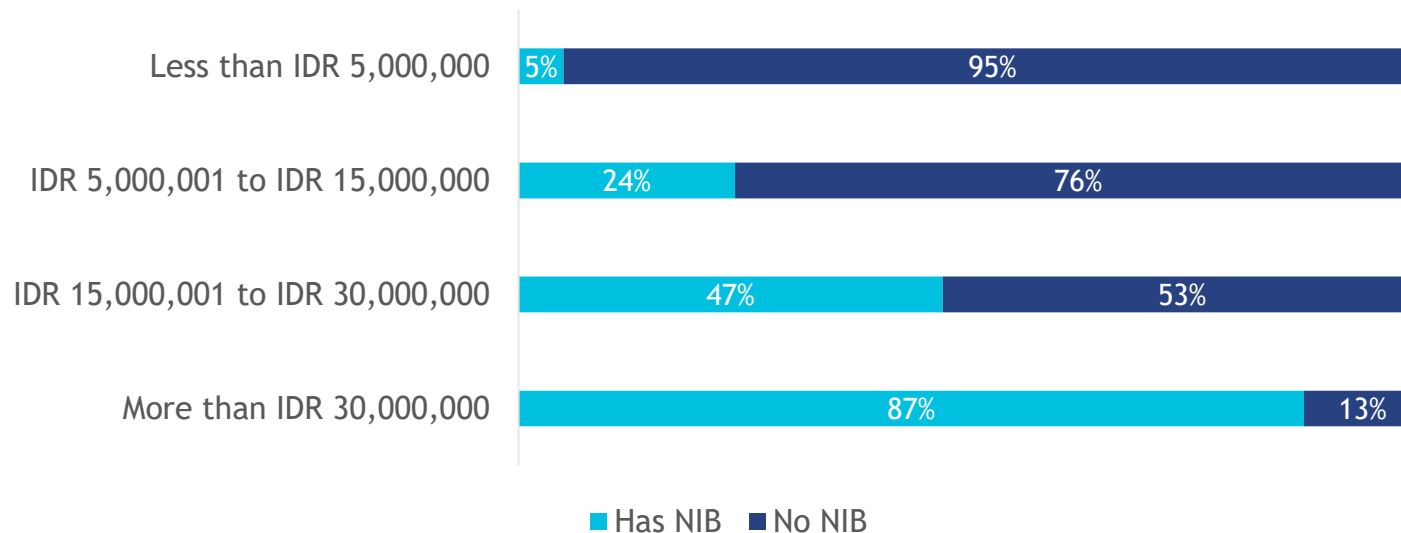
Overall, business formalization rates are low for both male and female sellers.

Business formalization by gender (n=428)



***Formalized business:** A business registered with an NIB (*Nomor Induk Berusaha* or Business Identification Number)

Median monthly profit (in IDR) by gender and business formalization (n=428)

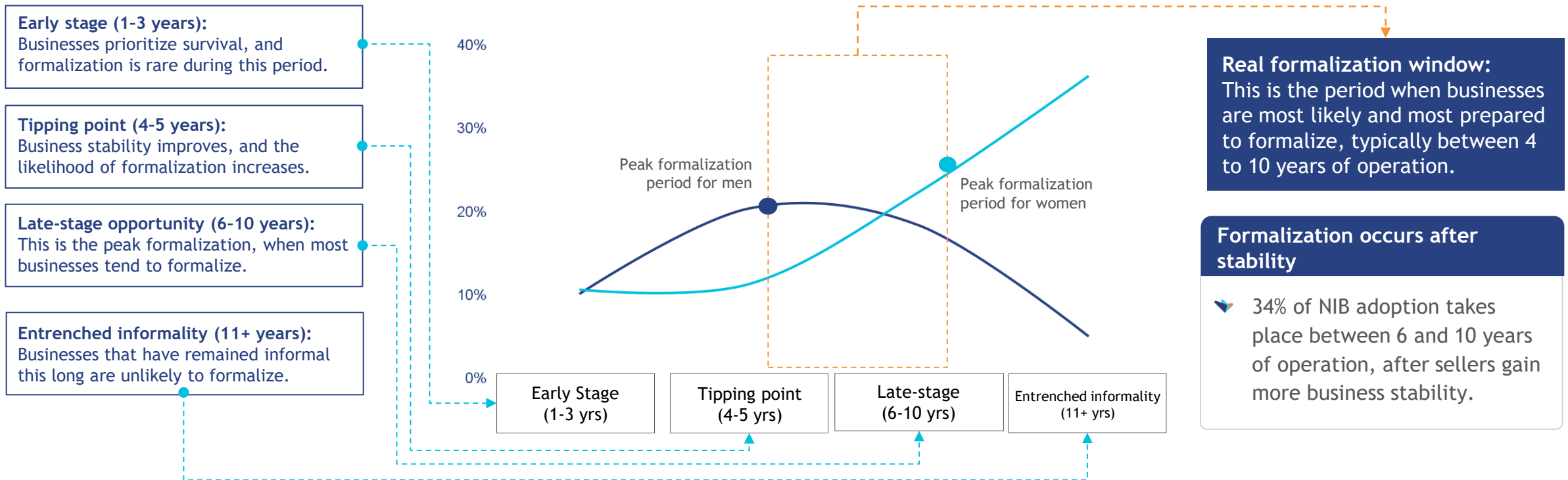


- Lower-profit sellers are overwhelmingly informal. This suggests that many sellers may not yet perceive the benefits of formalization.
- Higher earners are mostly formalized. This makes them strong candidates for larger credit facilities.
- Formalization appears to correlate with higher revenue, highlighting the economic benefits of registration.

Business formalization happens in later business years

Most sellers delay formalization but formalize steadily over time. This is especially seen among female sellers.

The average annual formalization rate of businesses across different stages of business age (in percentage) (n=79)



Gender differences in formalization timing:

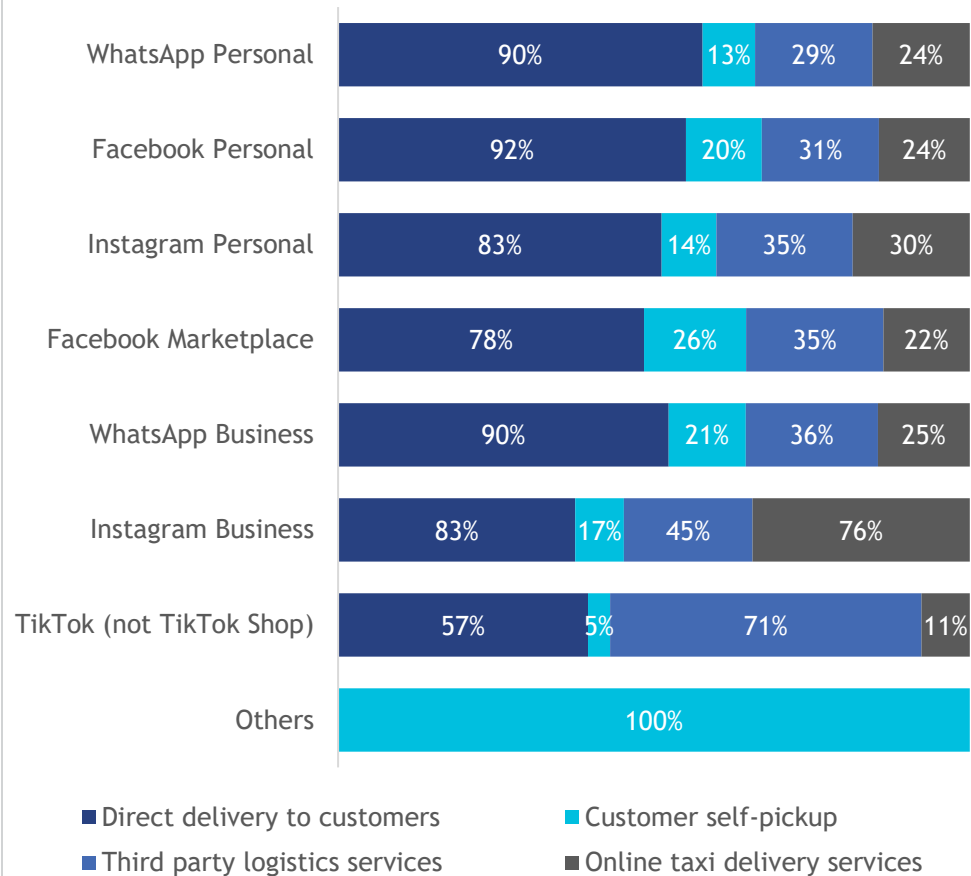
- **Men formalize earlier:** The peak formalization period for male-led businesses occurs between 4 and 5 years of operation (the “tipping point”).
- **Women formalize later:** Women-led businesses reach their peak formalization rate after 6 years of operation, with formalization rates continuing to rise and eventually surpassing those of men. This suggests longer decision-making cycles before formalization.

Investing in early-stage entrepreneurs

- Businesses formalize after gaining stability, so early-stage support can accelerate the process.
- Women may face additional barriers, such as limited access to resources and heightened risk perception, which require tailored support.

Delivery methods vary by platform, which reflects different seller strategies

Delivery method preferences by social commerce platform (n=428, multiple responses)



Community nurturer

Sellers who sell through personal accounts tend to operate in smaller, informal networks.

- **Heavy reliance on direct delivery:** This indicates transactions are highly personal and localized. They often involve familiar buyers.
- **Lower use of third-party logistics:** This indicates a limited need for broader distribution networks. This reinforces their informal nature.
- **Facebook Marketplace as an anomaly:** Although this is not a personal account technically, its customer self-pickup rate aligns with its community-driven design, where in-person exchanges are more common.



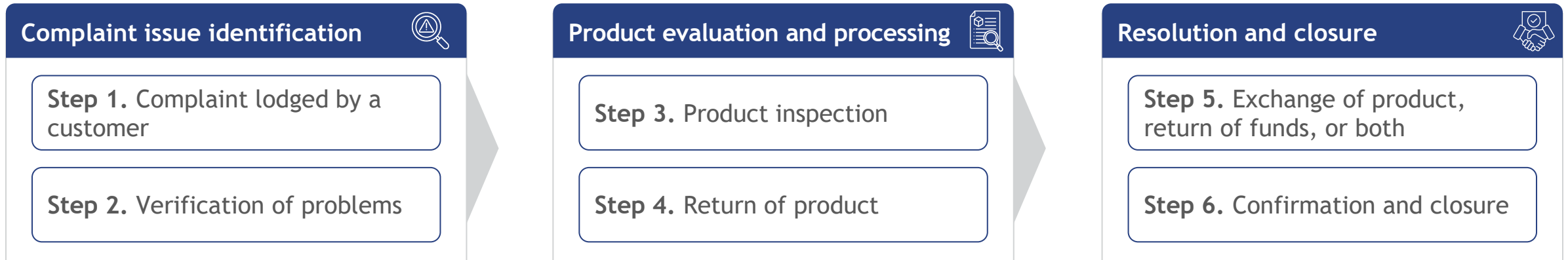
Digital hustler

Sellers who use business accounts are more likely to integrate logistical solutions to scale their reach.

- **Greater adoption of third-party logistics:** This is particularly seen for sellers on TikTok and Instagram Business. It shows a need to reach a wider audience beyond their immediate community.
- **Higher use of online taxi delivery for Instagram Business:** This suggests urban-based sellers who cater to fast-moving, on-demand customers.
- **Lower reliance on direct delivery compared to personal accounts:** This indicates a shift toward more structured fulfillment methods as businesses have more established operations.

Manual after-sales processes lack structured records and digital footprints, even though customer reviews are crucial to the business

Most sellers handle complaints directly through in-person interactions, chat, or social media reviews. In case of conflicts and complaints, sellers usually follow this non-linear structure below:



Manual after-sales processes may limit creditworthiness

- Manual processes lack structured records and digital footprints. This makes it difficult for FSPs to assess business stability and responsiveness.
- Manual processes often lead to slower issue resolution, which risks negative sentiments and reputational damage.
- As a business grows, manual customer service and returns become unsustainable, which leads to bottlenecks, missed orders, delays, and refund disputes.

The business reputation depends on customer reviews

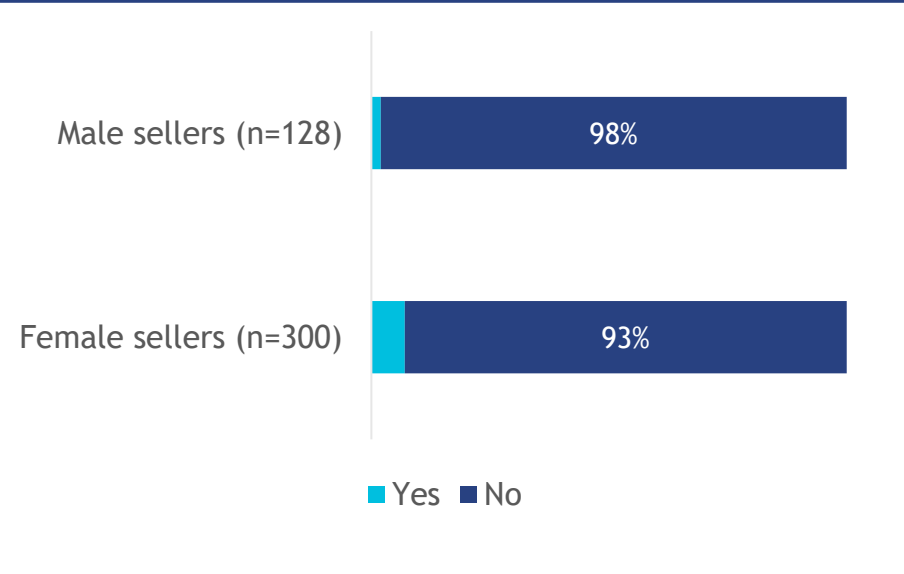
“

I always ask for feedback from my customers. I find it important to ensure that the food they order is up to the quality standards. If the review is good, my customers often post a WhatsApp story and promote my business.

- Jumiya, Balikpapan

Training participation in social commerce remains low, whereas business-oriented platforms show higher engagement

Respondents who have joined business trainings and mentoring (n=428)



Respondents using social media-based platforms such as Instagram and TikTok see higher training participation, while messaging-based platforms (Facebook, WhatsApp) show lower engagement in business training and mentoring.



Digital hustler

Instagram Business, Facebook Marketplace, and TikTok sellers show higher training engagement. This indicates their awareness of the need for marketing, branding, and operations training.

1

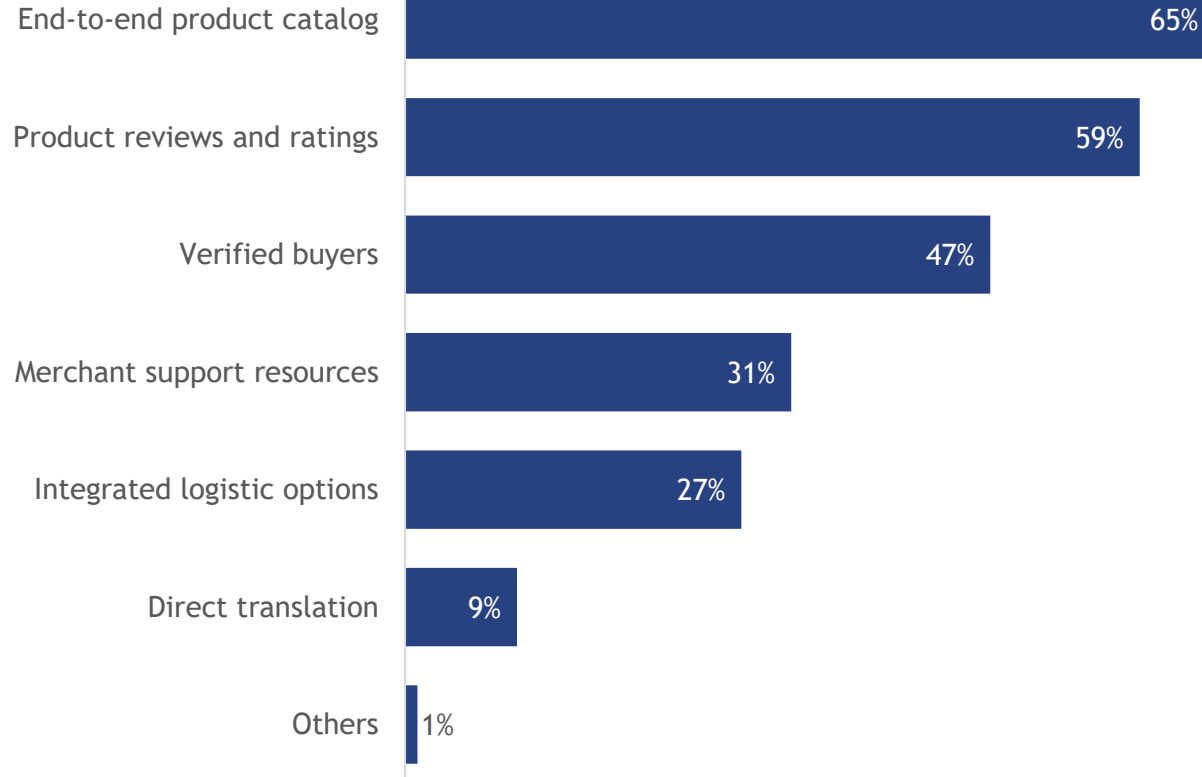
Only **6% of total respondents** have attended business training and mentoring. Female sellers are more likely to attend training than male sellers, with 7% participation versus 2%.

2

However, the low participation rate across both genders highlights systemic barriers to training access. This underscores the need for affordable, localized, and flexible programs for social commerce sellers.

Sellers seek end-to-end product catalogues, reviews, and buyer verification to simplify sales—but low awareness and support limit usage

Expectation on platform improvement and integration (n=428) (multiple answers)



“ End-to-end process on catalog

I know that there is a catalog feature on WhatsApp Business. However, it does not work like in e-commerce, where customers can checkout and pay directly. I still have to process the transactions manually. - **Budi, Denpasar**

“ Unaware of supporting features, need business training

I learned that WhatsApp Business has a catalog feature only through this interview. I hope there is socialization and training on how to use this feature effectively. - **Jumiyah, Balikpapan**

“ Translation feature to reach foreign customers

I use an Android phone with a keyboard translation feature. I use WhatsApp to communicate with my customers and business partners. They speak English. - **Linda, Denpasar**

Access to credit for social commerce sellers



Most social commerce sellers stay self-funded, borrow when needed, and prefer familiar, trusted sources for credit, which reveals their risk-averse and self-sustained mindset

Social commerce sellers' credit journey*



Step 1: Start out with just enough to get by

Launch with their own cash and minimal overhead charges



Step 2: Keep it going by living day-to-day

Reinvest daily sales to sustain operations



Step 3: Borrow with a small amount when hitting a bump

Borrow small amounts when cash shortfall hits



Step 4: Settle in by staying small and steady

Once stable, revert to self-funding—or take minimal credit—to maintain control.

Most social commerce sellers rely on self-funding

74%

of social commerce sellers prefer self-funding, which reflects a preference for a cash-driven approach regardless of product categories. They take credit only briefly to cover short-term needs.

“



Market observer

I need capital, but it is even riskier if I borrow and cannot repay. I fear that I would lose my home and ruin my reputation in the community. I would rather find another way, even if it takes longer.

- Linda, Denpasar

Social commerce sellers prioritize financial stability over credit-driven growth*



Preference for immediate cash flow

Sellers avoid credit due to payment delays, risk, and long-term commitments.



Reactive borrowing

Many borrow impulsively and overlook costs and return on investment.



Debt as a reputation risk

Unpaid debt signals instability, which deters formal borrowing.

*Taken from qualitative research

*Taken from qualitative research

Male sellers take high-value credit for business, while female sellers prefer low-value, manageable credit, and informal financial sources

Formal credit



Access to credit

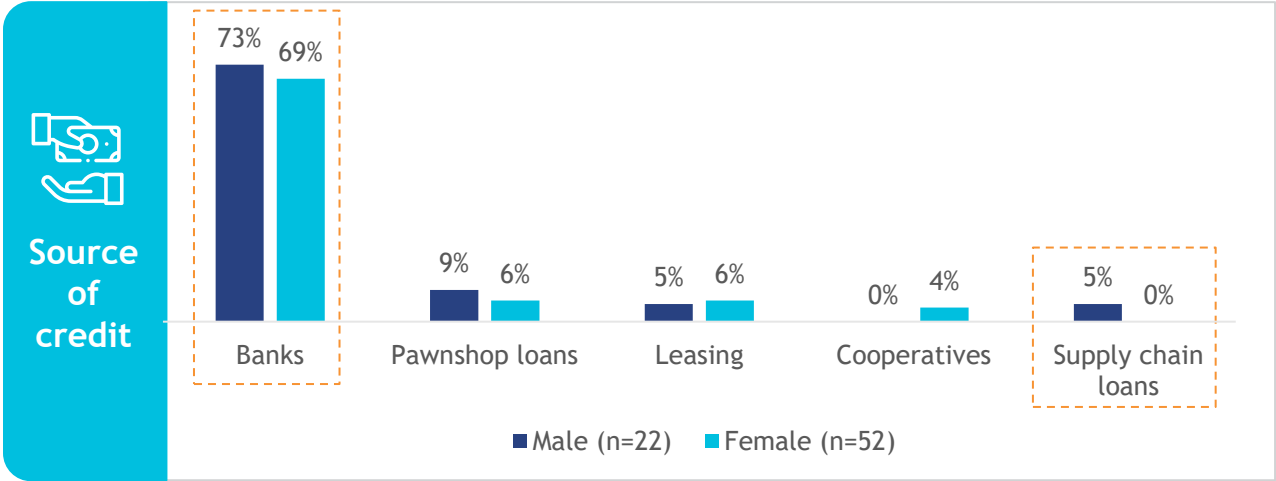
15% of sellers have taken formal credit, 39% borrowed between IDR 30-75 million (~USD 1,800 - 4,500)

60% of men borrow above IDR 25 million (~USD 1,500), compared to only 27.3% of women. This indicates that men enjoy higher access or take more risks.

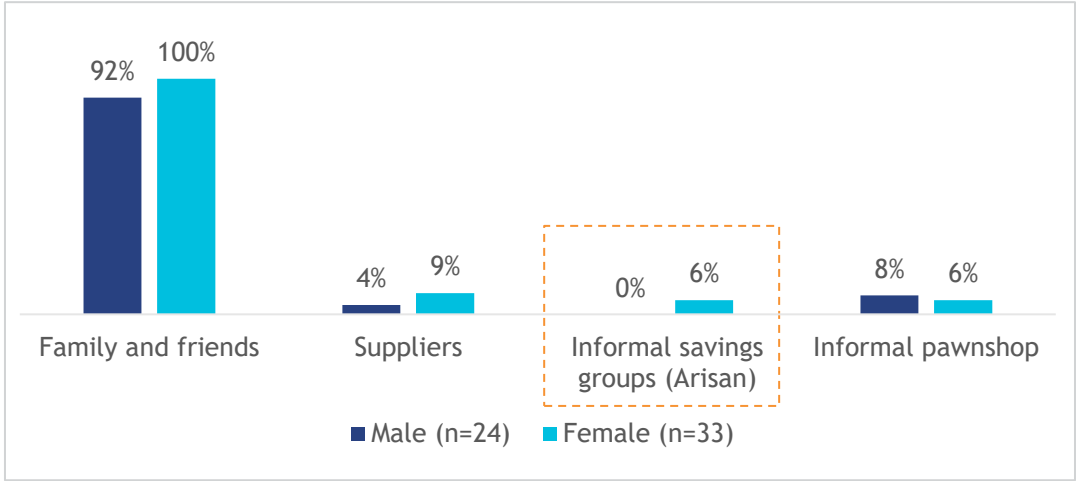
Informal credit

13% of sellers took informal credit, 42% of borrowers took micro-size credit less than IDR 5 million (~USD 300)

44% of female social commerce sellers dominate micro and small credit (less than IDR 15 million ~USD 911). This suggests that women prefer smaller, more manageable credit.



Most sellers prefer banks, but male sellers are slightly more likely to use **supply chain financing**, which indicates **stronger business-to-business credit access**.



Female sellers prefer informal savings groups, which use community-based financial networks.

Formalization enhances access to formal financing

Sellers' reluctance to formalize their business is due to many perceived barriers:



Complex procedures




Administrative burden

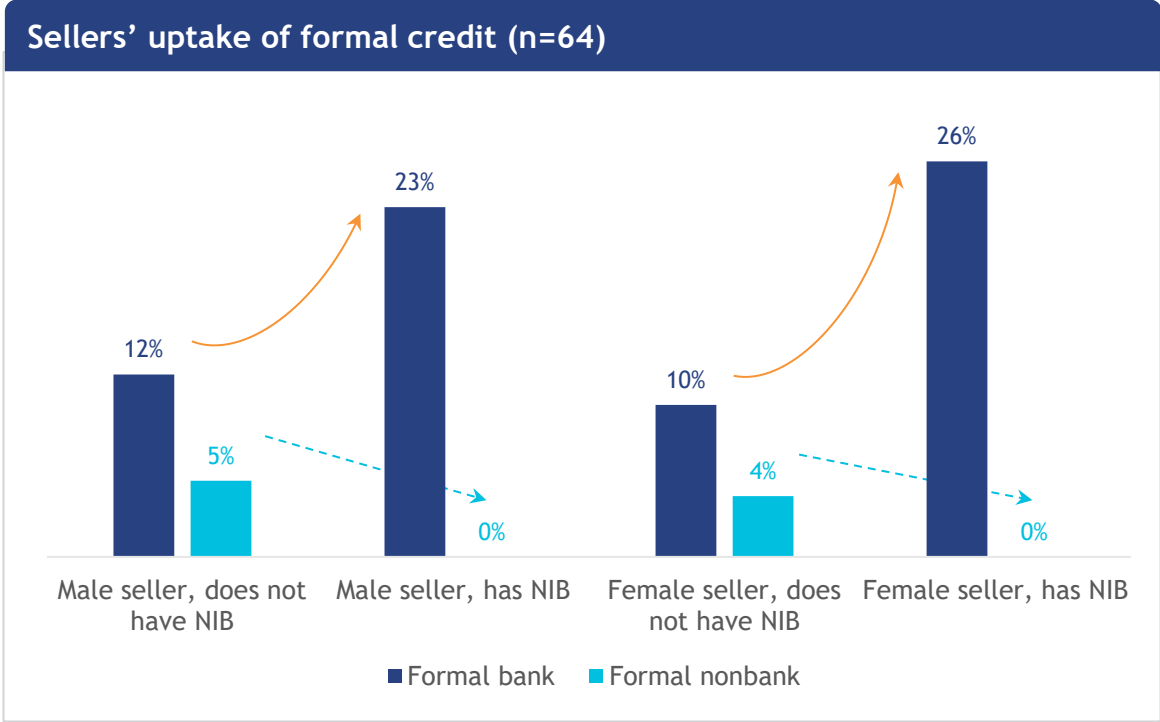


Unclear perceived value




Fear of tax liabilities


“ I know NIB could help with credit and growth, but the process seems complicated, and I worry about taxation. I prefer to keep it simple. **- Yudi, Medan** **Digital explorer** 




Formalization as a gateway for formal financing



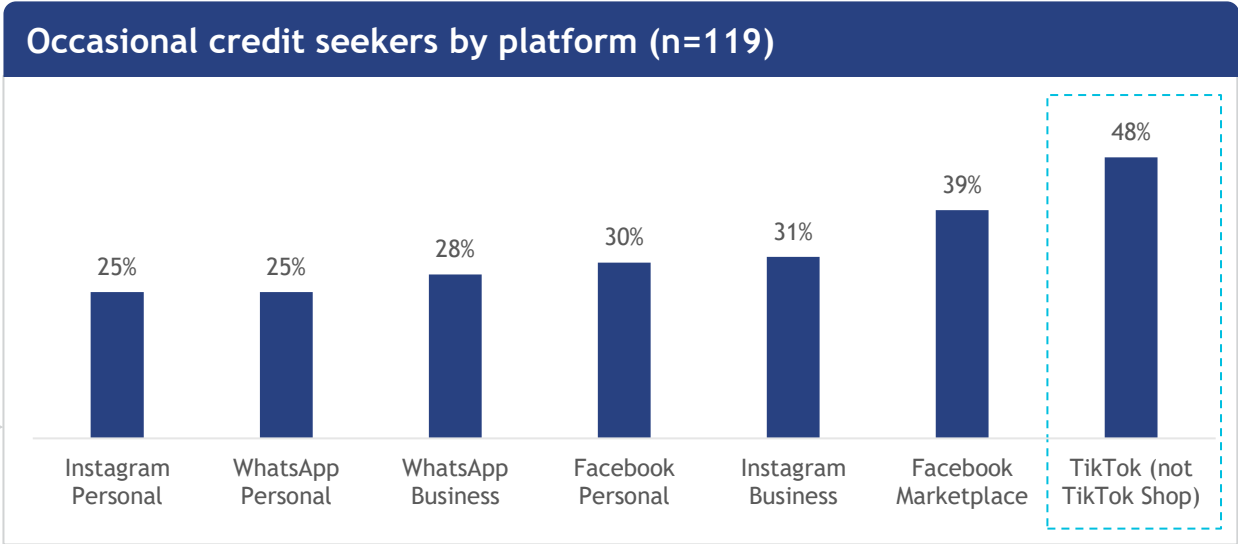
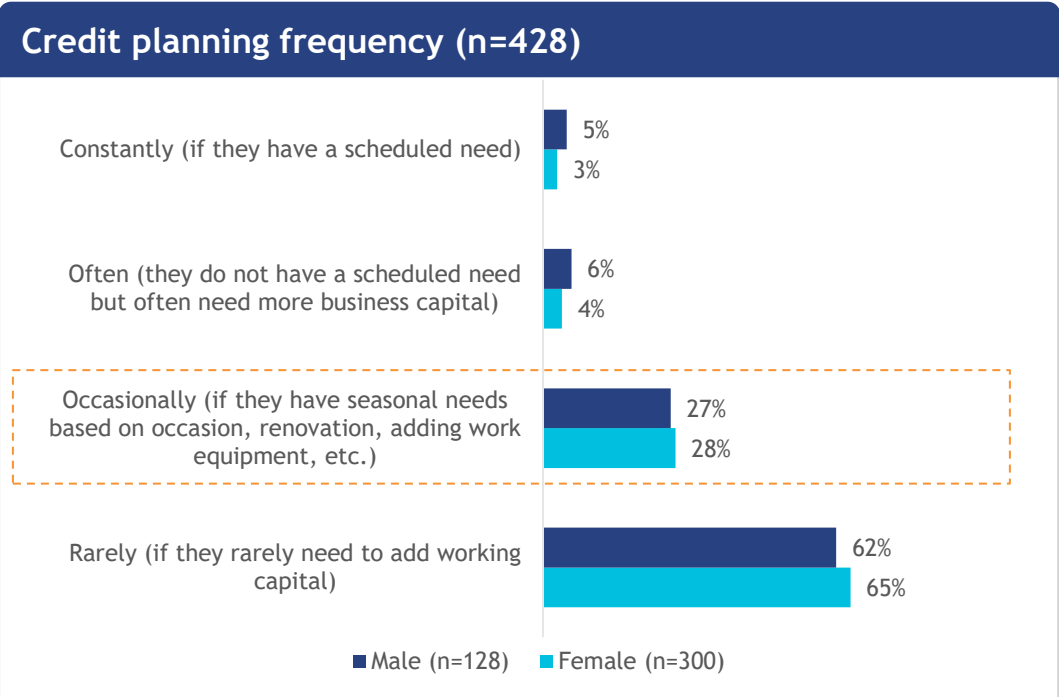
Sellers' credit uptake jumps to 26% for women and 23% for men who own NIBs, which shows that sellers who eventually formalize are significantly more likely to access formal bank credit.




Meanwhile, nonbank lending drops to 0% among NIB holders, which suggests that once sellers have NIB, their preference for other forms of loans decreases.

 Investing in efforts to enhance informal sellers' formalization can thus be a strategy to boost financial inclusion further

Understanding the frequency of credit needs will help providers predict trends and serve social commerce sellers better



Opportunity on purpose credit products



Market observer

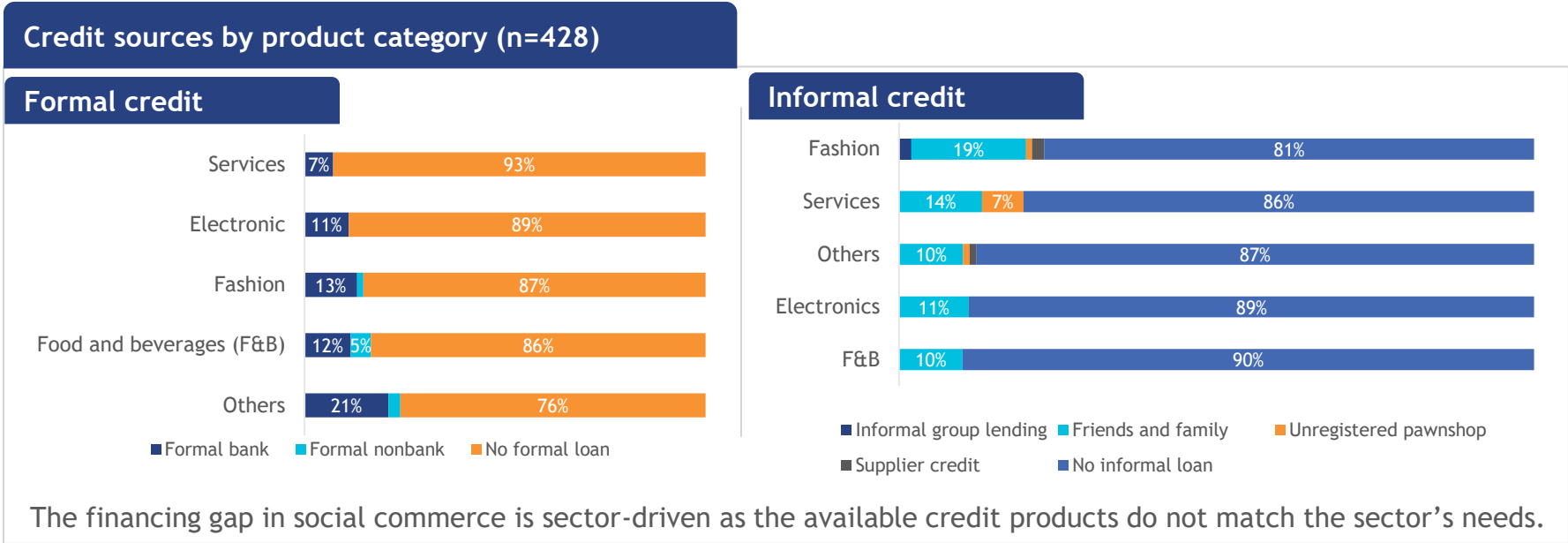
48% of sellers on TikTok need occasional credit. This suggests reliance on financing for trend-driven, seasonal, or campaign-based sales.


- 1


62% of male sellers and 65% of female sellers rarely seek credit, which suggests financial stability, limited growth ambitions, or a reluctance to incur debt.
- 2

5% of male sellers and 3% of female sellers take credit regularly, which indicates that structured financial planning is rare among social commerce sellers.

Social commerce sellers need tailored financing to balance stability and growth in a volatile market



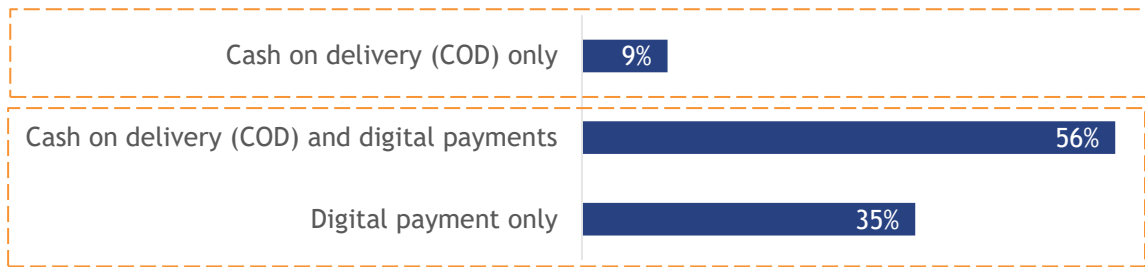
 More than 80% of sellers, especially 90% in F&B and 81% in fashion, rely on self-financing despite their need for short-term working capital.

 Only 2% of electronics sellers access supplier credit despite high upfront costs and long sales cycles.

	Market dynamics of social commerce sellers	Ideal financing
High turnover, low-margin sellers (e.g. F&B, groceries)	Rapid turnover and perishability: Daily stock replenishment creates urgent, short-term financing needs High cash flow pressure: Thin margins and frequent demand fluctuations	Fast, short-term financing that aligns with frequent stock replenishment and cash flow cycles
Seasonal and trend-driven sellers (e.g. Clothing, accessories)	Seasonality and trend volatility: Collection launches demand short-term surges in capital Competitive pricing pressure: Price sensitivity drives short-term decisions	Structured, long-term financing that supports high upfront investments in inventory, production, or technology
Capital-intensive sellers (e.g. Electronics, others)	High upfront capital needs: Requires significant investment in inventory and technology Risk of obsolescence: Requires structured, longer-term financing to manage rapid market shifts	Flexible credit facilities that accommodate demand fluctuations and short sales cycles

Digital payment adoption and business longevity shape financing behavior

Payment methods offered among formal loan takers (n=64)



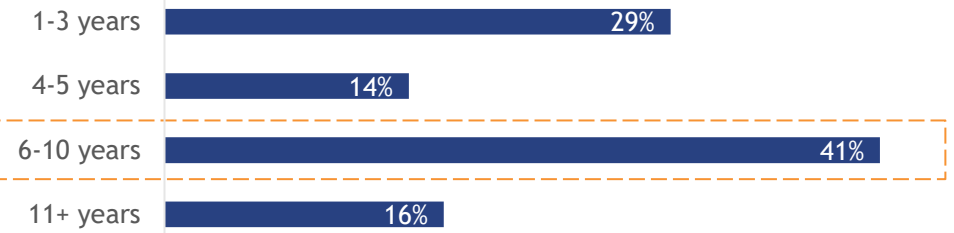
Digital payment adoption enhances credit access

- Sellers that offer digital payments are more likely to access formal financing, with 91% obtaining credit, as digital transaction records may enhance financial credibility.
- Only 9% of cash-reliant businesses secure formal credit, which indicates that they may need alternative credit assessments or financial tools to bridge the gap in access to structured financing.

Cash-heavy businesses struggle to secure formal credit

“ In my line of work, repair services, we struggle to secure formal credit (from bank) because I do not sell a physical product, and most payments are in cash, which does not leave a transaction history. My credit application was rejected, so I used PayLater to buy a machine. It is tough because my work involves significant and often unexpected expenses. - Rahman, Jakarta

Formal credit adoption by years in business (n=64)



Established businesses secure more formal credit

- Early-stage businesses that have been around for one to three years often require initial capital for operations. Despite potential eligibility challenges, their need for working capital drives them to seek formal credit.
- Mature businesses that have been operating for six to 10 years take loans the most, likely for expansion. They are better positioned to secure structured loans with stronger financial records and credibility.

Personas who struggle to access formal credit



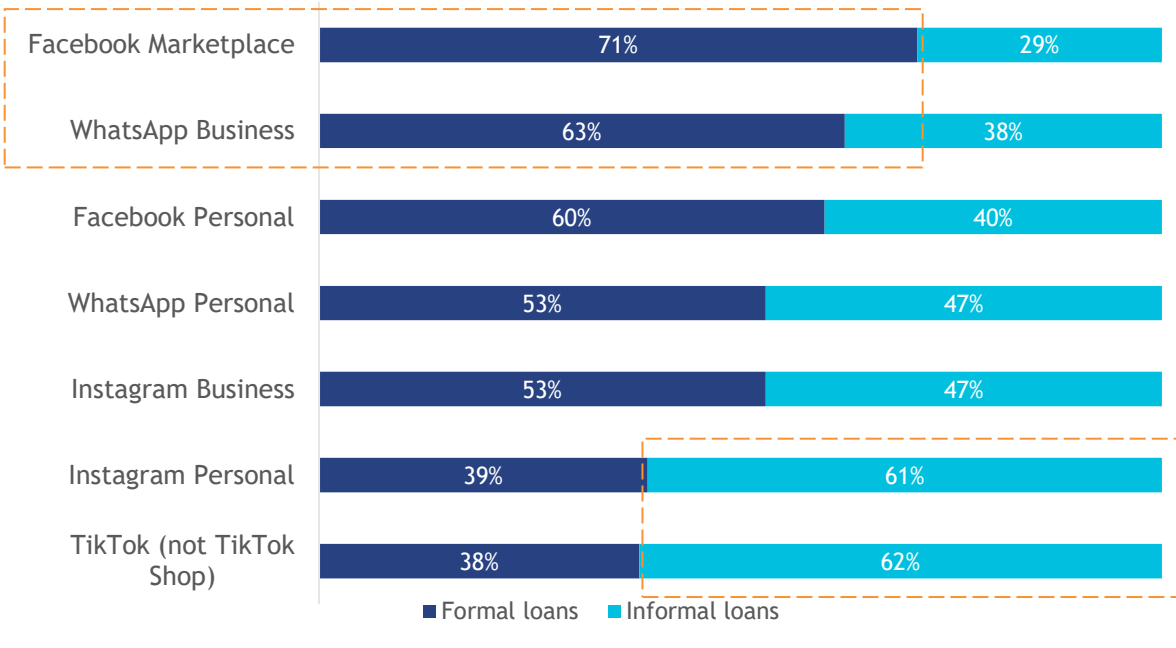
Digital explorer



Community nurturer

Sellers who use business accounts are more likely to access formal credit

Credit type preferences by social commerce platform (n=110, multiple answers)



71% of sellers on **Facebook Marketplace** and 63% on **WhatsApp Business** show a stronger preference for formal credit.



62% of sellers on **TikTok** and 61% of sellers on their **personal Instagram accounts** may need alternative credit solutions that match their informal borrowing patterns.



Sellers on **WhatsApp**, both personal and business, represent the largest credit-taking group compared to sellers on other platforms, which makes it a key platform for outreach and embedded financial services.

Personas well-positioned for formal credit



Market observer



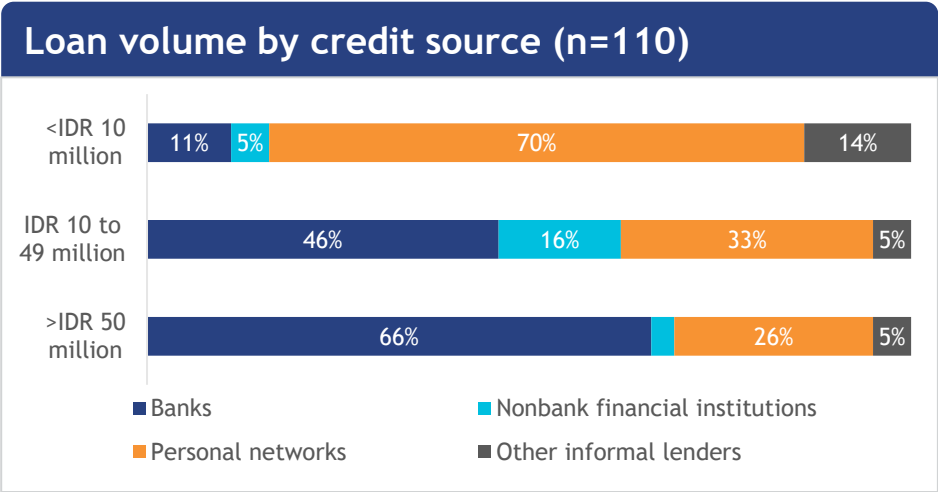
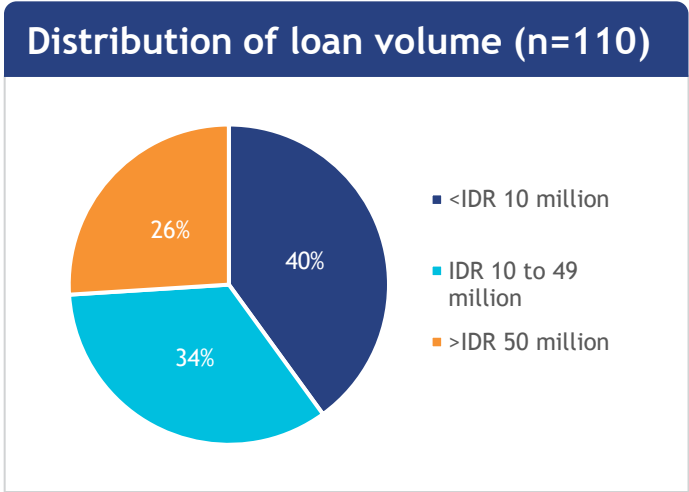
Digital hustler

Embedded financial services are in demand to simplify seller operations.

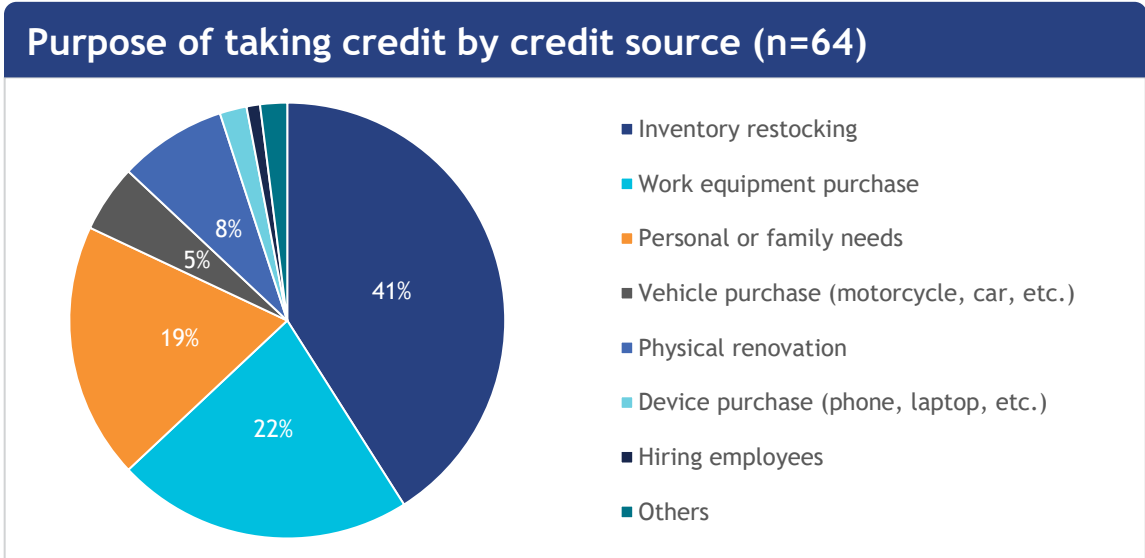
I prefer features that allow me to manage my finances on WhatsApp, such as automatic bookkeeping and POS features that integrate payments and invoicing.


- Sri, Yogyakarta

Credit sourcing reflects business needs: Sellers take quick funds from personal networks and high-value credit from formal financial institutions



- Small loans worth less than IDR 10 million (USD 606) come from personal networks for easy access.
- As credit amounts increase, sellers shift toward banks, which provide structured financing but require more formal qualifications.



- 
- Sellers rely on personal networks to fund immediate, flexible needs due to barriers in formal financing institutions. These networks fund 80% of device purchases and 47% of personal or family-related expenses.
 - Business-related expenses are mainly financed through formal financial institutions, which offer structured credit products that support business growth. Banks fund 53% of work equipment purchases, 50% of renovations, and 44% of restocking needs.

Building scoring frameworks for social commerce sellers

Social commerce sellers operate without formal credit histories, but their digital behaviors offer unique, observable data points that can serve as predictive variables to ensure responsible, data-informed lending.

	Possible data point	Rationale	Predictability
1	Communication pattern	Frequency, tone, and responsiveness reflect the seller's activeness and trust-building, an important behavioral proxy	Medium
2	Customer engagement	Likes, shares, replies, and DMs signal loyalty and business quality, which can help infer repeat business	Medium
3	Transaction histories	Past orders, order confirmations, or proof of transfer give insights into sales volume and frequency	Medium
4	Followers' growth	This growth reflects business traction, visibility, and audience retention, which is especially relevant for seller scale	Low
5	Posting frequency	Regular posts suggest business consistency and commitment, which can predict cash flow and active status	Low
6	Promotional activities	Indicates business investment and a growth mindset—those who promote are more likely to use credit productively	Low
7	Digital payment usage	Usage enables traceable cash flow, loan disbursement, and repayment, and is a strong predictor of formality.	High
8	Delivery method	The use of couriers or structured delivery reduces fulfillment risk and indicates business readiness.	High
9	Review and ratings	Reviews and ratings reflect product or service quality and buyer trust, which is key for the evaluation of business sustainability.	High



Sellers with high visibility and proactive marketing show potential, but formality and trust come from deeper indicators, such as payment channels, logistics, and buyer feedback.

Improving access to finance for social commerce entrepreneurs through Innovative Credit Scoring (ICS)

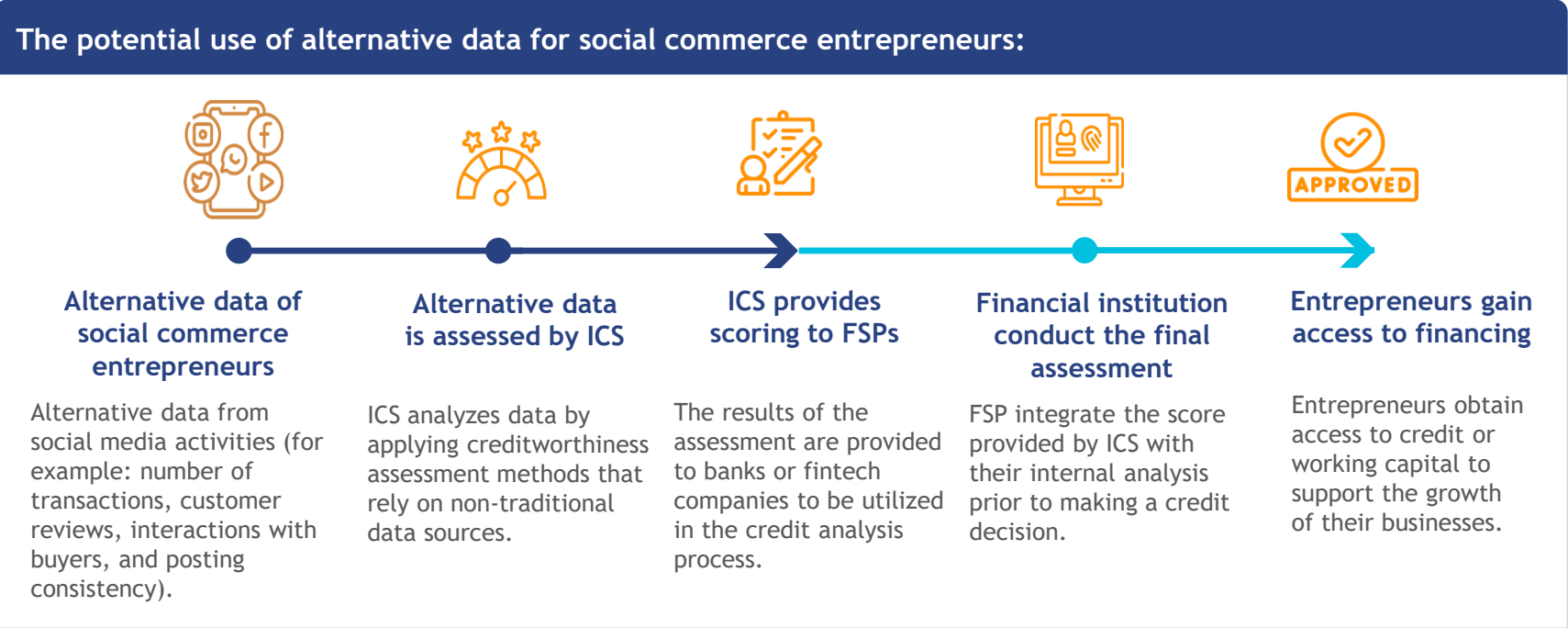
Innovative Credit Scoring (ICS) is a method of assessing a borrower’s creditworthiness by utilizing non-traditional or alternative data sources, either as a complement to or a substitute for conventional credit history.

The majority of social commerce entrepreneurs lack a formal credit history, making it difficult for them to be accessed by financial institutions. ICS can transform alternative data into a recognized credit profile, opening up financing opportunities that were previously inaccessible.

Regulatory framework for Innovative Credit Scoring (ICS)

The Financial Services Authority (OJK) issued POJK No. 29/POJK.03/2024 on Innovative Credit Scoring (ICS) to:

- Expand financial inclusion through the utilization of Innovative Credit Scoring (ICS).
- Reduce credit access gaps and strengthen financing access.
- Reach underserved segments such as micro-enterprises, first-time borrowers, and borrowers with limited credit histories.



FSPs that uses ICS*


BANK MEGA


standard chartered


bank sinarmas


UOB


BPR SUPRA


bank neo commerce


bank saiku


jenius


allo bank


findaya


EASYCASH
by Fintopia


AdaKami









ULO





ADIRA
FINANCE


buana finance

*) This list provides an overview of alternative data usage and is not exhaustive of all Financial Service Providers (FSPs) using ICS. It is indicative only, based on publicly available data from MSC’s secondary study

Mapping data availability across social commerce platforms

							Target areas for platform-FSP collaboration		
	Communication pattern	Customer engagement	Transaction histories	Followers growth	Posting frequency	Promotional activities	Digital payment usage	Delivery method	Review and ratings
 WhatsApp									
 WhatsApp Business									
 Instagram									
 Instagram Business									
 Personal Facebook									
 Facebook Marketplace									
 TikTok									

-  = Publicly available, can be accessed without the seller's input—visible on their profile, posts, or activity
-  = Self-reported required, must be asked directly via onboarding, survey, or platform prompt
-  = Not available, currently inaccessible through either public view or seller engagement—requires platform design change or deeper integration



Most actionable seller data comes from platforms, such as Instagram Business and TikTok, where behaviors are publicly visible. Meanwhile, WhatsApp, though the most widely used platform, requires self-reporting.



Crucially, all platforms still lack access to core data points, such as payments, delivery, and ratings. Bridging this gap is essential for inclusive and reliable future credit assessments.

Annex 1. Details of personas



Fitri, the digital explorer

Demographic and digital business profile



35+ years



Married with two children



High-school graduate



Peri-urban area



Manages day-to-day business decisions



Works alone with occasional unpaid family help

Background



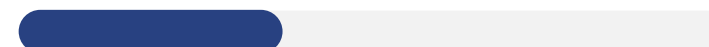
Fitri runs a small home-based snack business to earn extra income. She sells via WhatsApp groups and through friends' referrals. She relies heavily on word of mouth and occasionally posts on social media. Though Fitri is aware of digital expansion, she finds it overwhelming. She prioritizes stability over growth as she balances childcare with her work.

Business mindset and readiness



Innovation orientation

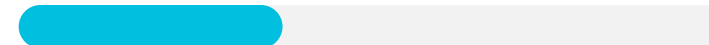
Very conservative



Highly innovative

Financial risk appetite

Risk-averse



Risk-tolerant

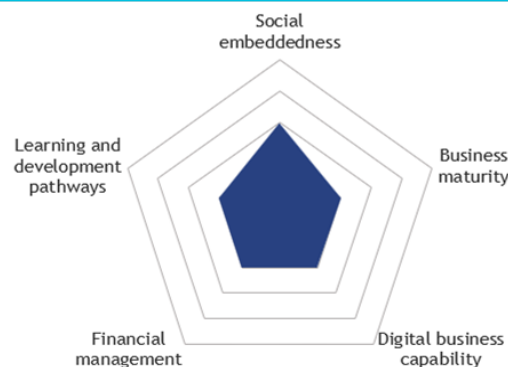
Motivation of doing business

Sustenance-focused



Growth-focused

Social commerce seller profile



Challenges



- 🚩 **Fear of debt traps and financial uncertainty:** Fitri is wary of formal credit due to community stories about small businesses' struggles with high-interest credit. She prefers to operate in cash, which limits her ability to expand.
- 🚩 **Hesitation to expand beyond her network:** She relies on local customers and fears mistakes or scams when she uses social media. This limits her willingness to explore new digital tools.

Opportunities



- 🚩 **Community-based microfinance:** Flexible, transparent credit with clear guidance can ease Fitri's fear of borrowing.
- 🚩 **Practical digital training:** Bite-sized lessons on WhatsApp Business, social media engagement, and digital payments can build her confidence.

Ratna, the community nurturer

Demographic and digital business profile



50+ years



Widowed



High-school graduate



Rural area



Deeply involved in local women's groups



Works full-time but is flexible; her business also fulfills a community role

Background



Ratna runs a small, community-based business that sells traditional handicrafts. She values trust over profit and prioritizes stable pricing and personal connections. Her business serves as a social hub in her village and operates flexibly with in-person sales and occasional WhatsApp orders. She avoids formal banking and prefers community-based financing, such as *arisan*.

Business mindset and readiness



Innovation orientation

Very conservative



Highly innovative

Financial risk appetite

Risk-averse



Risk-tolerant

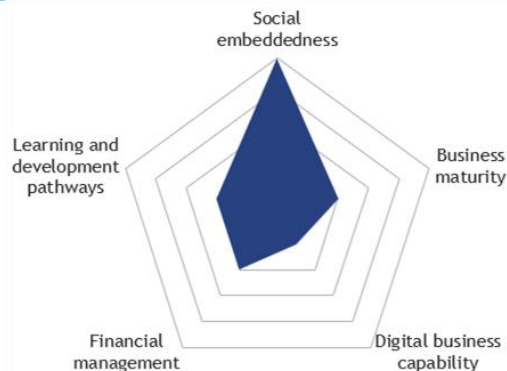
Motivation of doing business

Sustenance-focused



Growth-focused

Social commerce seller profile



Challenges



- 🚩 **Cultural resistance to digital tools:** Ratna prefers to run her business the traditional way and hesitates to adopt new tools, which limits her ability to scale or modernize operations.
- 🚩 **Distrust of formal banking and digital payments:** Ratna avoids formal banking systems and digital financial services. She prefers community-based financing mechanisms, such as *arisan*, which limits her access to broader financial support.

Opportunities



- 🚩 **Community finance partnerships:** Formal institutions can partner with group lending programs to offer Ratna better financial access while respecting her community-based system.
- 🚩 **Simple business tools:** User-friendly solutions that support face-to-face interactions could streamline Ratna's operations without compelling her to lose her personal touch.

Rina, the market observer

Demographic and digital business profile



35 years



Married with one child



College graduate



Suburban area



Her husband helps with daily operations



Has one unpaid family helper, and two freelance workers during high season

Background



Rina runs a business that sells household essentials via WhatsApp Business and Facebook. She has built a steadfast local customer base with occasional out-of-town referrals. Rina prefers steady growth that focuses on quality over rapid expansion. Her husband helps her in daily operations, which allows her to manage the business with a strategic approach.

Business mindset and readiness



Innovation orientation

Very conservative



Highly innovative

Financial risk appetite

Risk-averse



Risk-tolerant

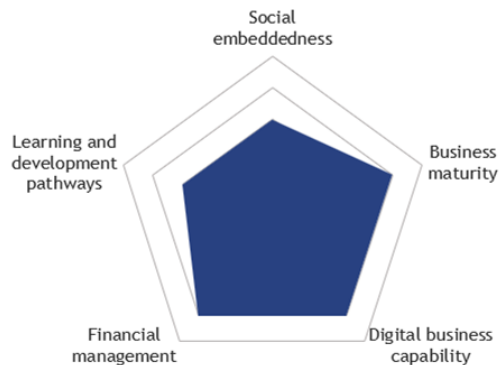
Motivation of doing business

Sustenance-focused



Growth-focused

Social commerce seller profile



Challenges



- ❖ **Concerns about hidden fees in credit:** Rina is open to small credit, but is wary of high interest rates and hidden fees. She prefers simple, transparent credit options with minimal paperwork.
- ❖ **Balancing business with household responsibilities:** Rina has limited capacity for large-scale expansion. She carefully selects growth opportunities and seeks steady returns without disrupting her household.

Opportunities



- ❖ **Low-risk micro credit:** Tiered credit with clear terms could help her build confidence in formal financing.
- ❖ **Smarter digital marketing:** Training in basic analytics and targeted promotions could boost sales efficiently.

Siti, the digital hustler

Demographic and digital business profile



25+ years



Married with one child



College graduate



Peri-urban area



Seeks income while managing childcare



Mostly self-run, has one to two freelance helpers for packing and deliveries

Background



Siti is a driven entrepreneur who juggles motherhood and a fast-paced online business. She sells fashion and beauty products via WhatsApp, Instagram, and TikTok, and uses social media to expand her reach. Her sales thrive on trending products, but she struggles with inventory fluctuations and financial stability. She sometimes overstocks in anticipation of high demand.

Business mindset and readiness



Innovation orientation

Very conservative



Highly innovative

Financial risk appetite

Risk-averse



Risk-tolerant

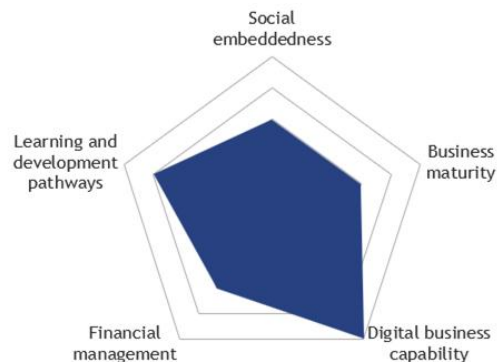
Motivation of doing business

Sustenance-focused



Growth-focused

Social commerce seller profile



Challenges



- **Inconsistent financial tracking:** Siti focuses on sales volume but lacks clear profit tracking. Without structured bookkeeping, she risks cash flow issues.
- **Overstock risks from chasing trends:** Siti is quick to invest in trending products and sometimes overbuys inventory that may not sell as expected. This leads to losses or excess stock.

Opportunities



- **Simple financial tools and courses on financial discipline:** Bookkeeping apps, auto-saving features, and short lessons on profit calculation could help Siti make smarter financial decisions.
- **Optimized inventory planning:** An analysis of sales patterns and demand before bulk buying could minimize overstock risks and boost profits.



Annex 2. Background study




Landscape of social commerce sellers in Indonesia

Characteristics of e-commerce versus social commerce*







	E-commerce	Social commerce
Discovery	E-commerce platforms, search engines, targeted online advertising	Social media, word-of-mouth, informal networks
Infrastructure	Requires robust infrastructure that includes e-commerce platforms, secure payment gateways, inventory management systems, and logistics networks	Relies on existing social media platforms, messaging apps, and informal networks Sellers often employ a diffusion of multiple platforms
Price determination	Fixed prices that are publicly displayed on the platform	Flexible and negotiable prices, especially in peer-to-peer transactions
Payment determination	Integrated into platforms through digital wallets, credit or debit cards, and options for cash on delivery	Various payment methods, such as cash on delivery, direct bank transfers, mobile payment apps
Delivery mechanism	Structured and often involves third-party logistics providers or in-house fulfillment centers	Flexible and may include local pick-up, personal delivery, or informal courier services
Customer service	Typically formalized with dedicated support teams and standardized policies Have established procedures to manage returns, refunds, and inquiries	Customer service is more personalized as it relies on direct communication Resolutions for issues and disputes are handled informally
Scope and scale	Can operate at various scales and reach a broad customer base Offers scalability with the potential for rapid growth	Often operates on a smaller scale Growth is more organic and focused on personal connections and trust
Regulation and compliance	Subject to formal requirements related to consumer protection, taxation, and data privacy Adheres to legal frameworks around online transactions	Operates in a less regulated environment with fewer formal requirements Compliance may vary based on local customs and informal agreements

*) Based on CGAP's 2021 *Focus Note "Business Her Own Way: Creating Livelihoods Through Informal Online Commerce"*







Instant messaging can enable seamless transactions, real-time chats, digital payments, and after-sales, which would promote trust, engagement, and data-driven credit access

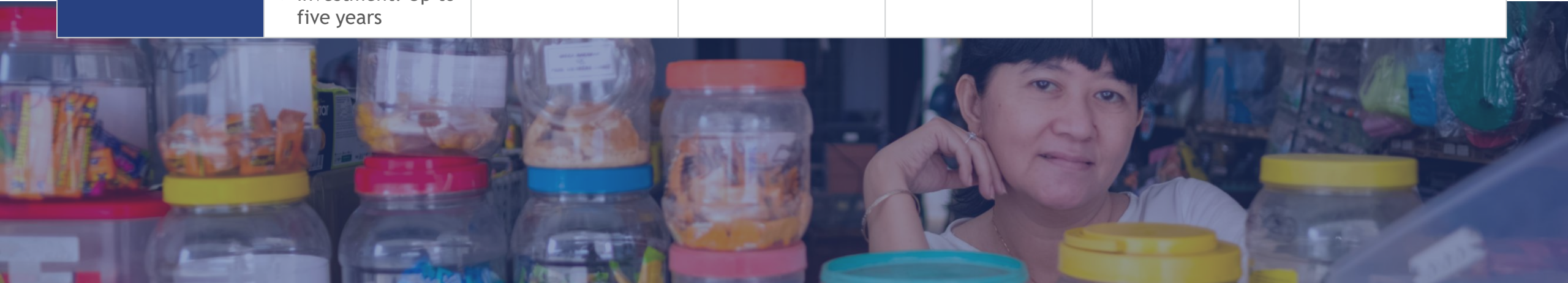
Platform	 WhatsApp Business Ideal for: A business with high catalog engagement and frequent customer orders	 LINE Ideal for: A seller with high response rates and recurring invoices	 WeChat Ideal for: A business with consistent transactions and a growing purchase volume
Discovery	It offers QR codes and shareable links. However, sellers must rely on word-of-mouth and external promotion rather than built-in discovery features for new customers to discover their business.	LINE uses unique LINE IDs, QR codes, and its “Gain Friends” functionality to boost discoverability—especially in core Asian markets. Its brand facilitates organic customer reach.	WeChat Business benefits from a tightly integrated ecosystem that ensures high visibility (WeChat Moments) and robust social sharing. This makes businesses easily discoverable.
Sales and marketing	Catalog features, broadcast messaging, and integration with Meta’s advertising ecosystem support effective informal selling and marketing efforts.	It offers rich messaging, targeted broadcast capabilities, interactive “rich menus,” and advertising tools that enable tailored marketing campaigns.	It has an advanced, integrated advertising framework that seamlessly blends content marketing with transactional functions. This positions WeChat as a leader in social commerce marketing.
Price determination	Catalogs display product prices clearly, though the platform does not inherently support dynamic or automated price adjustments.	It clearly displays prices through product catalogs. While it supports promotional campaigns, more dynamic pricing features often require additional integrations.	WeChat’s mini-programs and commerce tools offer flexible pricing strategies and real-time promotional capabilities. This makes it highly adaptable to market changes.
Payment	Payment features are emerging in select markets, but the platform relies mostly on external payment integrations rather than a seamless native system.	The platform integrates with LINE Pay in supported markets and offers digital invoicing through partner solutions. Its native payment integrations are strong where available.	The platform features seamless, native integration with WeChat Pay. This enables frictionless in-app transactions that are central to its “super app” ecosystem.
Delivery	WhatsApp Business lacks an inherent delivery management feature. Businesses must integrate external solutions or use links to manage delivery and order tracking.	Delivery and order tracking typically depend on third-party partnerships or external integrations, as native logistics tools are limited.	It supports integrated logistics and order tracking, especially through mini-programs. Thus, it offers comprehensive solutions to manage delivery and fulfillment.
After sales service	WhatsApp Business enables efficient customer support through quick replies, labels, and multi-agent support. These make it well-suited to handle follow-up and support inquiries.	LINE provides robust after-sales features, such as multi-user management, intelligent chatbots, auto-responses, and scheduled messaging to ensure effective customer support.	It offers integrated customer service channels with automated support and multi-agent functionalities.

The landscape of credit products available to social commerce sellers (1/2)

Details	 <u>KUR BRI</u>	 <u>PNM Mekaar</u>	 <u>BTPN Syariah</u>	 <u>Amartha</u>	 <u>Kredivo</u>	 <u>ShopeePayLater</u>
Eligibility criteria	<ul style="list-style-type: none"> ➤ The business should be operational for at least six months. ➤ It should not be receiving credit from other banks except consumptive credits. 	<ul style="list-style-type: none"> ➤ Women entrepreneurs who manage an ultra-microbusiness can avail of it. ➤ They should be willing to join group training. 	<ul style="list-style-type: none"> ➤ Women entrepreneurs who manage a micro or small business can avail of it. ➤ The business should be operational for at least one year. ➤ The business should not receive any other financing from financial institutions. 	<ul style="list-style-type: none"> ➤ Women entrepreneurs who manage a micro or small business in rural areas are eligible for it. ➤ The business should be operational for at least one year. ➤ The entrepreneurs should be willing to join a 15-20 women group for joint liability. 	<ul style="list-style-type: none"> ➤ Sellers must live in specific cities to be eligible for it. ➤ They must have a minimum monthly income of IDR 3 million. 	<ul style="list-style-type: none"> ➤ Sellers must be active Shopee users. ➤ They must have a good transaction history with Shopee.
Documentation required	<ul style="list-style-type: none"> ➤ KTP ➤ Family card (KK) ➤ Marriage certificate ➤ NPWP (credit > IDR 50 million) 	<ul style="list-style-type: none"> ➤ KTP ➤ Family card 	<ul style="list-style-type: none"> ➤ KTP ➤ Family card 	<ul style="list-style-type: none"> ➤ KTP ➤ Selfie with KTP ➤ Family card 	<ul style="list-style-type: none"> ➤ KTP ➤ Family card ➤ Proof of income, such as salary slips or bank statements 	<ul style="list-style-type: none"> ➤ KTP ➤ Selfie with KTP ➤ NPWP ➤ OTP verification
Collateral and guarantor	Usually vehicle or building certificate	No collateral required	No collateral required	No collateral required	No collateral required	No collateral required

The landscape of credit products available to social commerce sellers (2/2)

Details	 <u>KUR BRI</u>	 <u>PNM Mekaar</u>	 <u>BTPN Syariah</u>	 <u>Amartha</u>	 <u>Kredivo</u>	 <u>ShopeePayLater</u>
Credit amount range	<ul style="list-style-type: none"> 📌 KUR Mikro: Up to IDR 25 million 📌 KUR Kecil: IDR 25 to 500 million 	IDR 2 to 25 million	IDR 2 to 20 million	Typically starts from IDR 3 million	Up to IDR 30 million	Varies based on user assessment up to IDR 15 million
Interest rate	6% per annum	Ranges from 4% to 7% per annum	Sharia-compliant profit-sharing	Starts from 1.9% per month	0% for 30 days; 2.6% per month for installments	Starts from 2.95% per month
Repayment term and flexibility	<ul style="list-style-type: none"> 📌 Working capital: Up to three years 📌 Investment: Up to five years 	Weekly group repayments	Tailored to business cycle	Weekly for 52 weeks	30-day or three, six, twelve month installments	Monthly repayments on the app



In return for flexibility, the informal nature of social commerce creates obstacles to growth and strips participants of necessary protection

Limited reach



Social commerce sellers often struggle to expand beyond their network, as they rely heavily on personal connections and word-of-mouth referrals.

Platform dependence



Sudden changes to platform policies and algorithms can significantly impact visibility, engagement rate, and profits.

Market saturation



A diluted customer base and intense price competition make it difficult for sellers to stand out. Some of them experience direct customer poaching in the comments of their product posts.

Delivery challenges



Unlike e-commerce platforms, where third parties manage the delivery, the seller determines how the product reaches the buyer. Any issues reflect directly on the seller's reputation.

Scaling operations and logistics



The lack of integrated supply chain tools and streamlined systems can lead to time-consuming tasks and potential errors.

Reputation management



Sellers must ensure that buyers do not leave negative reviews within the community, as any negative feedback can hurt their reputation disproportionately.



Comparison of e-commerce platform fees



	Shopee	tokopedia	blibli	Lazada	gojek
Administrative fees*	<ul style="list-style-type: none"> Fee range: 2.5% - 17.4% Min 2.5% for Non-Star sellers (≥50 orders), Category E (e.g. electronics, health, F&B) Max 17.4% for Shopee Mall sellers using full services, selling Category A (e.g. fashion, beauty, household) 	<ul style="list-style-type: none"> Fee range: 5% - 15.8% Min 5% for sellers of telecom vouchers (1% Platform Commission + 4% Dynamic Commission) Regular Seller: 1% - 6% Max 15.8% for Tokopedia Mall sellers in Category A (e.g. fashion, mobile accessories, beauty) using full services 	<ul style="list-style-type: none"> Fee range: 2.5% - 8% Flat commission-based structure Fee details not publicly broken down by category Commission structure and rates disclosed only in the seller contract after registration 	<ul style="list-style-type: none"> Fee range: 4.25% - 18.24% Min 4.25% for Marketplace sellers in Category D (e.g. phones, tablets), no services used Max 18.24% for LazMall sellers using full services, selling Category A (e.g. fashion, toys, beauty, automotive) 	GoFood: Ranges from 20% to 30%
Other service fees or subscriptions*	<ul style="list-style-type: none"> New Order Processing Fee: Rp1,250/order Free Shipping XTRA: 4% (optional, boosts visibility) Promo XTRA: 1.4% (campaign participation) Shopee Mall fee: 1.8% 	<ul style="list-style-type: none"> Dynamic Commission: 4%-6% based on exposure/traffic boost Affiliate Commission: Optional, negotiated with creators Mall Service Fee: 1.8% (for Official Store sellers) 	N/A	<ul style="list-style-type: none"> Free Shipping Max: 4% (optional program) Bonus Dadakan: 2.22% (promo performance-based) LazMall onboarding: eligibility based on assessment 	N/A
Advertising fees**	Cost per click fee <ul style="list-style-type: none"> Search ads: IDR 200 Similar product ads: IDR 150 	Cost per click fee ranges from IDR 250 to 350	Cost per click fee starts from IDR 500	Minimum advertising budget of IDR 15,000 per day (Cost per click fee is unavailable)	Exact CPC rates undisclosed publicly
Documentation required	<ul style="list-style-type: none"> Non-Shopee Mall: KTP, bank account number Shopee Mall: KTP, NIB, NPWP 	KTP, bank account number, NPWP (optional)	KTP, NPWP (optional), personal information, bank account number	KTP, bank account number	KTP, bank account number, NPWP (optional)

*) Based on Databoks by KataData report on [Estimated Seller Fees on Shopee, Tokopedia, Lazada, and Blibli in Indonesia \(June 2025\)](#)

**) Based on compilations of e-commerce seller centre in [Shopee](#), [Tokopedia](#), [Blibli](#), [Lazada](#), and [Gojek](#)

Practices from other countries



China

Pinduoduo

- [Pinduoduo is a growing commerce giant that centers on team purchasing](#), where buyers form groups to secure discounts from suppliers.
- Team purchasing benefits both buyers and sellers. It provides discounted prices to buyers and boosts demand and visibility for sellers.
- Its integration with WeChat fueled its rapid growth, which facilitates transactions and product sharing. [It contributes to 65% of Pinduoduo's transactions.](#)

China's policies on e-commerce

Based on [China's E-Commerce Law \(2018\)](#):

- **Legal compliance:** Businesses are obligated to display business licenses and avoid abusing market dominance to restrict competition.
- **Consumer protection:** Businesses must disclose product information, cannot make bundled goods or services as a default option, and must offer non-targeted search results.



United States

Facebook Marketplace

- Facebook Marketplace allows users to buy and sell items within their local communities.
- It is integrated with the broader Facebook ecosystem, enables direct communication via Facebook Messenger, and simplifies the listing, sharing, and promotion of products.

Pinterest Shopping

- Pinterest Shopping offers a visually-driven shopping experience where users discover and buy products through visual searches and curated boards.

The USA's policies on e-commerce

- **[Federal Trade Commission Act \(Section 5\)](#):** As per this act, influencers and businesses must disclose sponsored content to promote fair competition and protect consumers from deceptive business practices.
- **[E-SIGN Act](#):** This act grants electronic records and signatures the same legal status as paper documents to boost consumer confidence in online transactions.



Vietnam

Zalo

- Zalo Shop allows sellers to create online storefronts. This enables users to browse and buy products directly from the app.
- Zalo integrates its digital wallet, Zalo Pay, to make secure payments for purchases, transfer money, and pay bills.
- Zalo's natural language processing engine creates stickers based on Vietnamese keywords. It makes the app highly localized and appealing to Vietnamese users.

Vietnam's policies on e-commerce

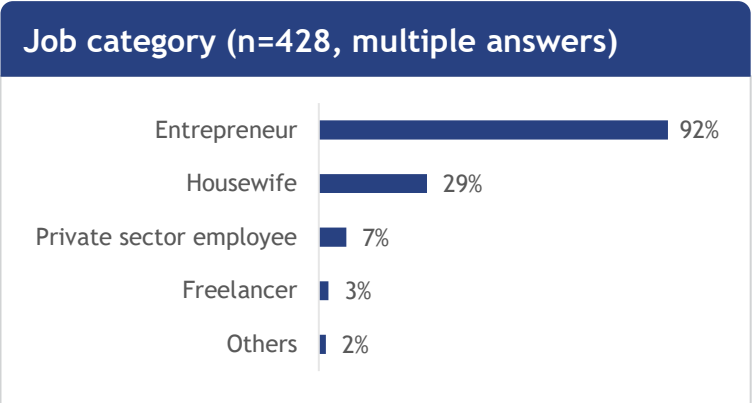
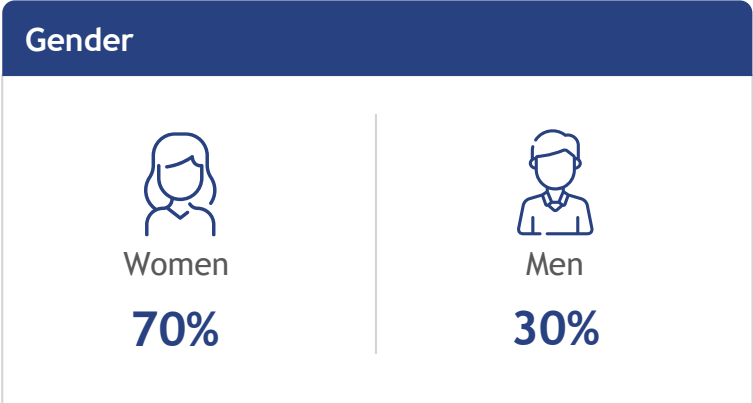
Based on [Vietnam's Law on Protection of Consumers' Rights \(CPL 2023 and the Law on E-Transactions \(LOET 2023\)\)](#):

- Regulatory oversight will be extended to platforms without a legal presence in Vietnam.
- Large digital platforms are required to monitor ads that use algorithms to target specific consumers and assess the handling of fake accounts to enhance consumer protection.

Annex 3. Objective and sample details of the study



The study covered 458 social commerce sellers



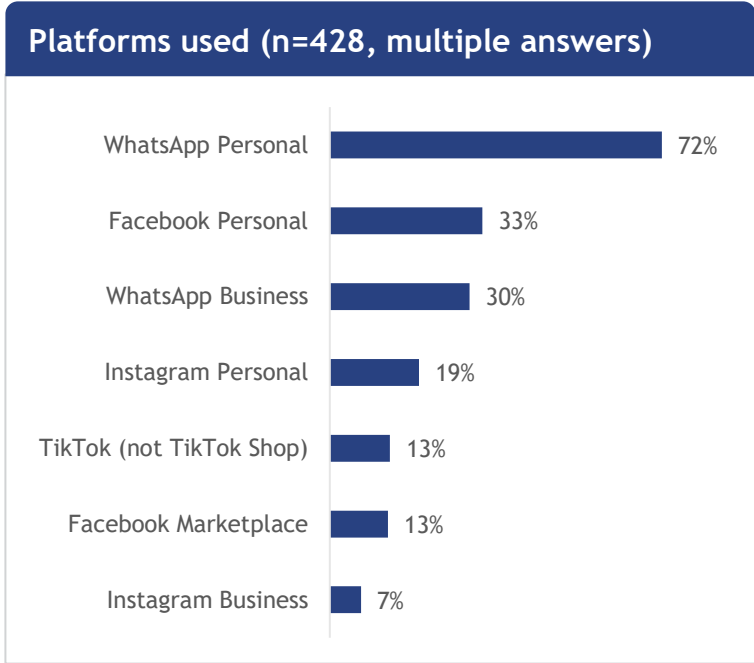
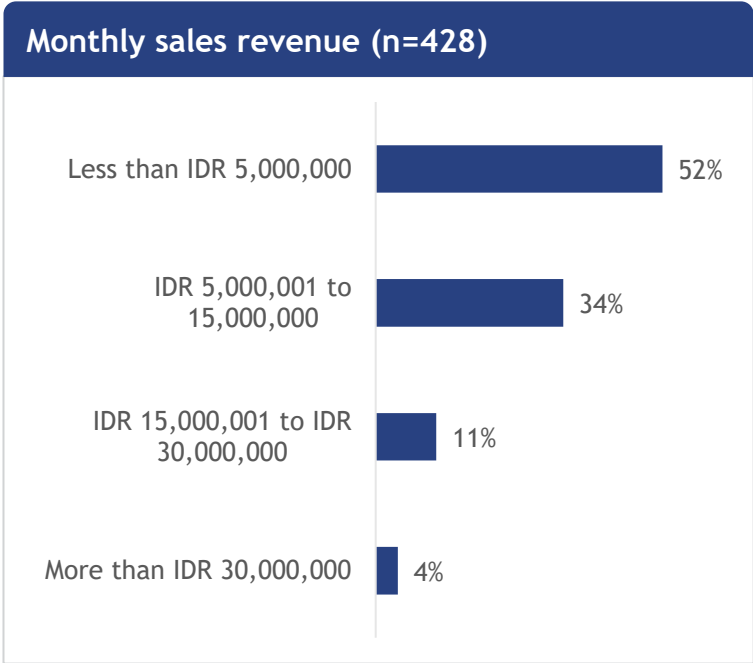
Age

Age group	Percentage
17-27	21%
28-35	34%
36-43	25%
44-59	19%

Area

List of provinces

- DKI Jakarta
- West Java
- Special Region of Yogyakarta
- Bali
- East Kalimantan
- North Sumatra
- South Sulawesi



Limitations of the study

The following points provide some context for study limitations that must be considered when we consume this study's content.

01

Sampling

This study specifically focused on social commerce sellers who operate outside structured e-commerce platforms. Sellers who primarily use platforms with integrated systems, such as built-in payment, logistics, and buyer protection, were intentionally excluded to better understand the behaviors, challenges, and financial needs of sellers who rely on informal or semi-formal digital channels like WhatsApp, Facebook, Instagram, and TikTok (excluding TikTok Shop; the focus is on those who market their business on TikTok but complete transactions elsewhere).

While this approach ensures relevance to the target group, the findings may not be generalizable to sellers using fully integrated, structured e-commerce platforms.

Credit product adoption

The study aimed to explore the potential for credit access among social commerce sellers; however, only a limited portion of respondents had prior experience with formal credit products. This may constrain the depth of insights related to credit usage patterns and preferences, especially in terms of comparing different types of financial products or providers.

02

A woman wearing a blue hijab and glasses is holding a piece of fabric with a leaf pattern. She is standing in front of a wall with floral wallpaper. A framed picture of a religious figure is visible on the wall behind her.

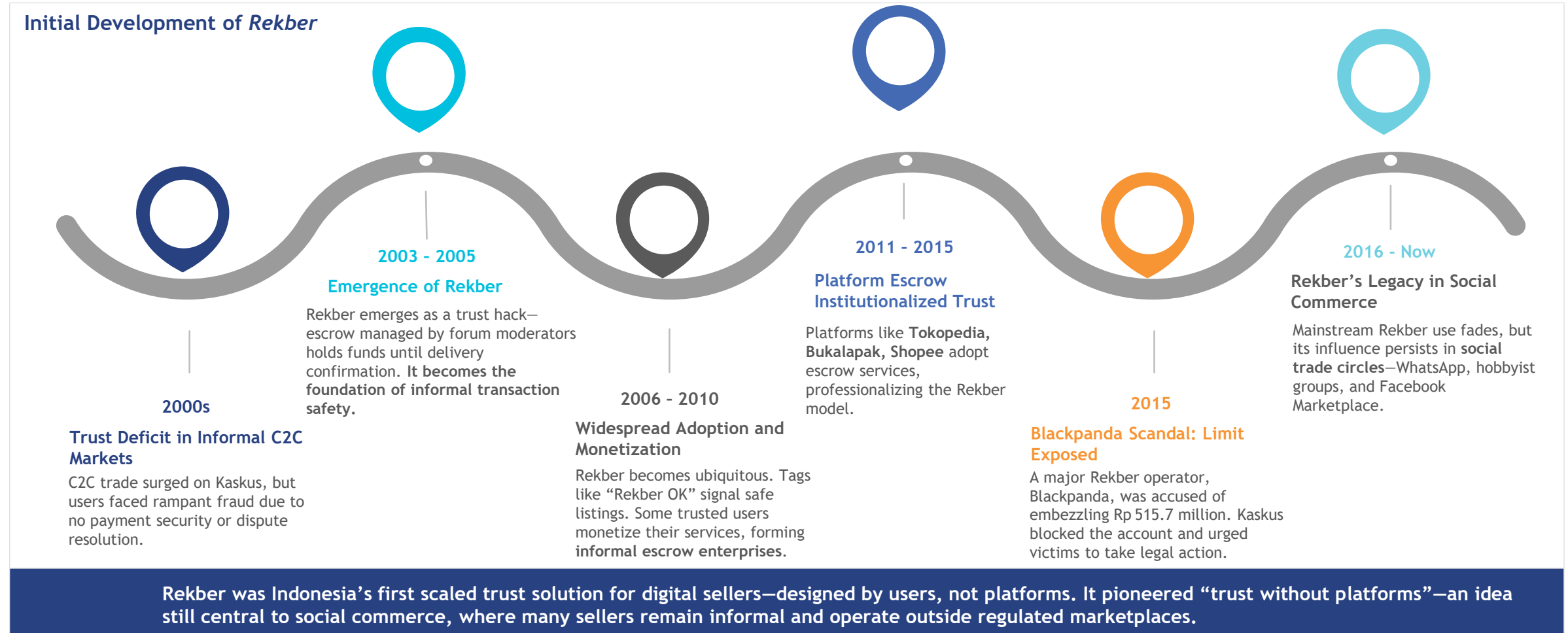
Annex 4. Details on Rekening Bersama (Rekber)

From forums to feeds: *Rekber* and the roots of trust in social commerce



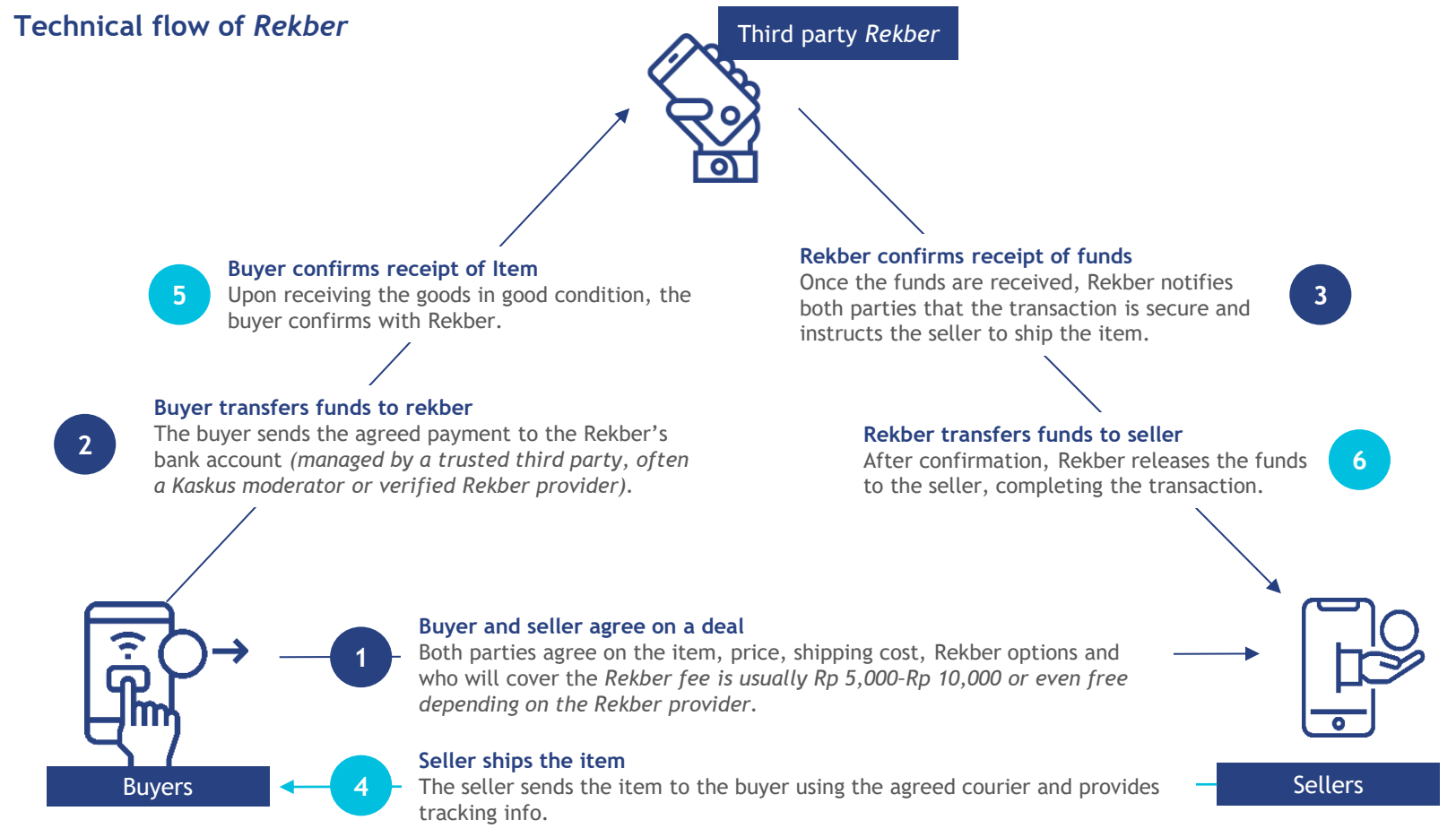
By the mid-2000s, Kaskus had become Indonesia's largest online forum, with millions of users trading goods through its *Forum Jual Beli (FJB)*. In the absence of platform safeguards, users developed their own trust systems—relying on peer reviews, moderator oversight, and a grassroots escrow model known as *Rekber* (short for *Rekening Bersama*, or “joint account”). *Rekber* allowed a trusted third party—often a forum moderator—to hold buyer funds until the item was received, effectively reducing fraud in informal C2C transactions. By 2012, Kaskus had over 4.5 million users and facilitated an estimated Rp 567 billion in monthly trade.

Initial Development of *Rekber*



The *Rekber* mechanism: A social trust workaround with systemic risk

Technical flow of *Rekber*



Rekber was not just a payment workaround—it was a **grassroots solution to platform absence**, reflecting how social trust can temporarily substitute for formal institutional infrastructure in early-stage digital ecosystems.

Blackpanda scandal: *Rekber*'s biggest trust Crisis



In 2015, **Blackpanda**, a popular *Rekber* provider on Kaskus, was accused of **embezzling Rp 515.7 million** from over 170 users. Once trusted for its speed and reliability, Blackpanda abruptly stopped disbursing funds, ignored buyer/seller complaints, and went silent.

Kaskus responded by **blocking the account** and urged victims to report the fraud to authorities. The incident **shattered trust** in informal *Rekber* services and triggered a user shift toward **regulated platform-based escrow systems** like Tokopedia and Shopee.

Despite its vulnerability, its core elements—payment holds, community validation, and social signaling—still shape how trust operates in today's informal social commerce spaces like WhatsApp, Instagram, and Facebook Marketplace.

Sectors we work in

Providing impact-oriented business consulting services



Banking, financial services, and insurance (BFSI)



Water, sanitation, and hygiene (WASH)



Government and regulators



Micro, small, and medium enterprise (MSME)



Social payments and refugees



Youth



Gender equality and social inclusion (GESI)



Education and skills



Digital and FinTech



Agriculture and food systems



Climate change and sustainability



Health and nutrition

Multi-faceted expertise

Advisory that helps you succeed in a rapidly evolving market



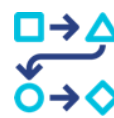
Policy and strategy



Products and channels



Research, evaluation, and analytics



Organizational transformation



Digital technology and channels



Catalytic finance



Design thinking and innovation



Marketing and communication



Training



Government regulations and policy



Data Insight



Customer protection and engagement for responsible finance

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Projects in **~68** developing countries

Our impact so far

>550
clients

>1,400
publications

Assisted development of digital G2P services used by **>875 million** people

Implemented **>950 DFS** projects

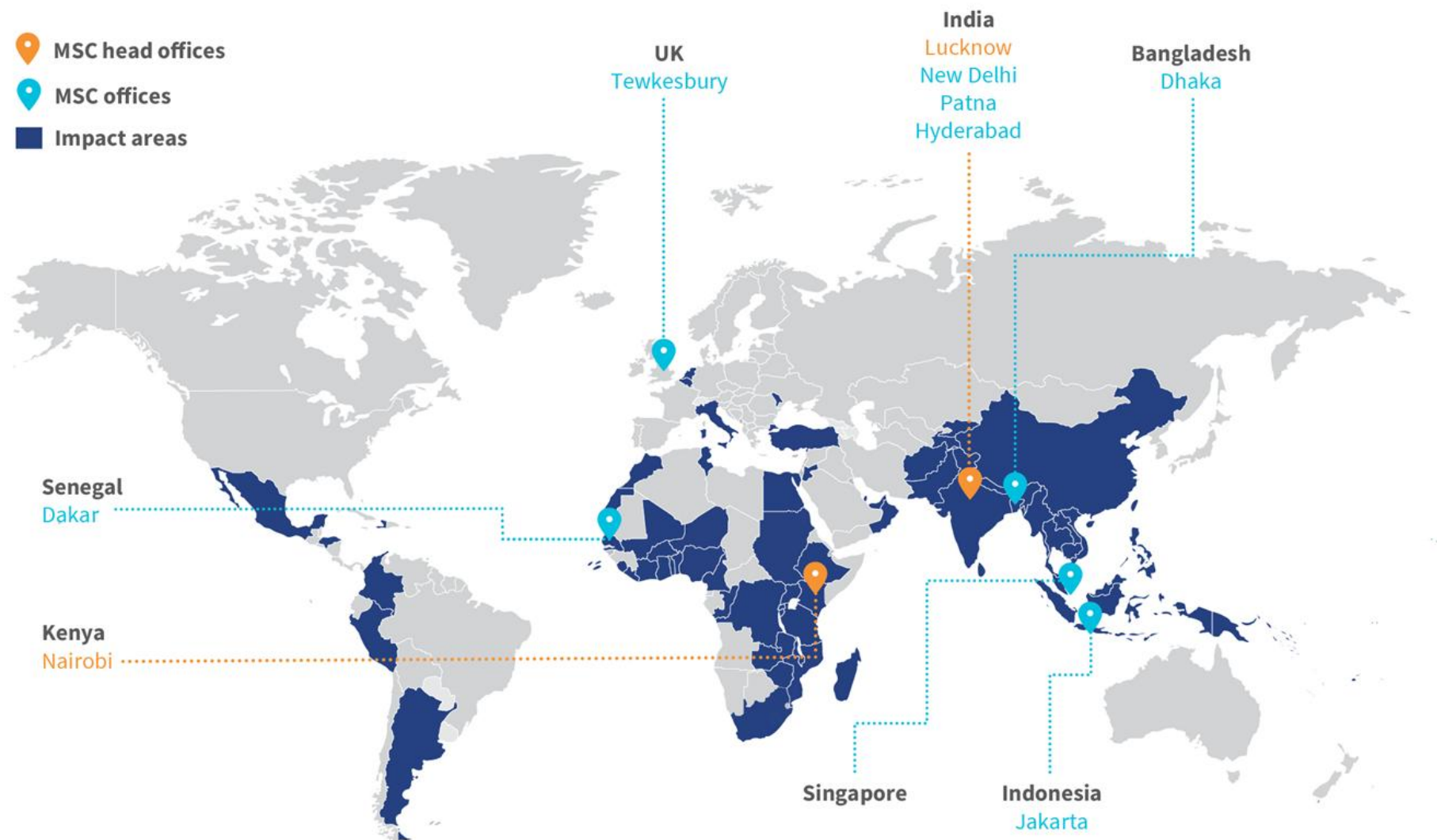
Developed **>300 FI products** and channels now used by **>1.7 billion** people

Trained >11,100 leading FI specialists globally

Some of our partners and clients



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