

Money Wise

Monday Money Wise • Tuesday Property
Wednesday High Life • Thursday Learning
Friday On the Road • Saturday Technophile

Floods, spam texts and retirement are concerns for all, Colin Bloodworth writes

Whether UK Or Indonesia, Financial Issues Persist

I have just returned from a few days in the United Kingdom. Was there any chance of escaping from the kind of financial woes that exist in Indonesia? No way! The news media was full of the same topics that preoccupy us here and served as a reminder that we cannot afford to neglect these issues, wherever we live.

Starting with floods

Indonesia is no stranger to flooding and those of us who have lived for some time in Jakarta will recall the year when over half the city was flooded and the airport was cut off for several days.

In the UK many areas stretching from the southwest to the northeast suffered unprecedented flooding as a result of days of unabated rain. One of the concerns voiced was that householders in newly flooded areas might not be able to find insurance against flooding in the future.

So I guess the moral is, if you can get insurance now, do not fail to do so. The same applies to any form of insurance, including life and medical. It's too late to apply once you have signs of a serious illness. Even if you show no symptoms the insurance companies' medical experts may determine you had a pre-existing condition.

Burdened with loans?

Clearly many people in the UK are. And not just loans for houses or cars, which are too expensive for the average person to buy with cash, but also high interest loans just to make ends meet. These are generally taken up by people who least can afford to repay the extortionate rates of interest, resulting in a downward spiral to misery.

The latter is what the British government is seeking to control, and it will join the good company of Germany, Canada, Australia and the United States, all of which have placed caps on the rates that loan companies can charge.

In the absence of such controls in Indonesia it is left to the individual to resist borrowing money at outrageous rates. The credit card companies are bad enough but I hesitate to ask what rates are charged by all the "kindly" loan companies who offer their services, particularly by way of spam text messages.

How much do those messages cost you?

On the subject of spam messages, Indonesian mobile phone owners are not alone in the world. You may think it costs you nothing to read and delete but have you ever put a value to the time you waste on them? You will also have to pay for them if you receive them via roaming when traveling abroad.

You may be tempted to request your removal from the sender's database or even reply abusively. Unfortunately this will only confirm to the sender that your number is active and it could be sold on to other spammers! If they didn't get hold of your number this way in the first place the chances are that yours is just one of thousands of random numbers they try.

The only way to deal with spam is to ignore and delete. Yes, spam text messages are a nuisance in the UK too. But the difference is that they are illegal and the law can clamp down on them. Last week a firm called Tetras Telecoms was fined 440,000 pounds (almost Rp 7 billion, or \$730,000) for sending out large numbers of spam text messages. Any chance we can expect similar treatment of this nuisance in Indonesia?

The moral is, if you can get (flood)insurance now, do not fail to do so. The same applies to any form of insurance, including life and medical.

And finally, a familiar topic

Assuming we live long enough, everyone is faced with retirement at some point. Western countries like the UK have helped prepare people for it for decades. Big companies have traditionally provided generous pension schemes that enabled workers to retire on a given percentage of their final salaries.

But something has gone badly wrong. A headline in one daily newspaper last week read "Britain's corporate stars face pension time bomb." The calculations to fund pensions were made in an era of high returns from the financial markets. The last decade has seen a collapse in these returns resulting in big companies like BP, Shell, Rio Tinto, British Airways and Unilever being burdened by commitments of billions of pounds to pensions falling under the old regime of defined benefits.

No such issue in Indonesia where pension funding is a relatively new concept. But it is a reminder to all that neither governments nor companies can be relied upon to provide for us completely in retirement. It is an issue everyone needs to take on board yesterday at the latest!

Colin Bloodworth, director of PPI Indonesia, has spent over 20 years in Indonesia. If you have any questions on this or a related subject you can contact the writer at indonesia@ppi-advisory.com

