



# The potential economic impact of the metaverse in Indonesia

## Technology fundamentals

Certain technologies are needed to materialize the metaverse's potential in the economy, and Indonesia can lean into several **technology fundamentals**:

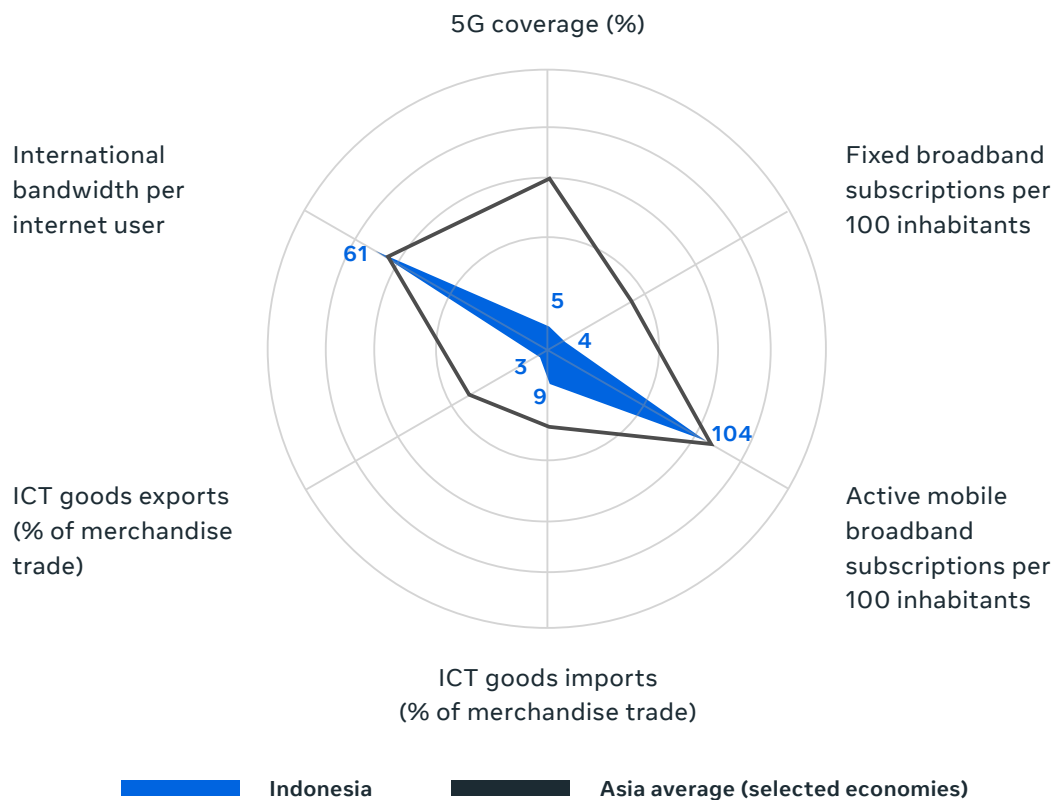
- Indonesia is a mobile-first nation and has the fourth most smartphone users globally.<sup>4</sup>
- Indonesia is expected to lead Asia in overall IT spending over the next 4 years, reaching US\$6 billion by 2024.<sup>5</sup>
- The establishment of physical cloud infrastructure in Indonesia by global players like Alibaba, Google and Amazon will reduce latency of connection.<sup>6</sup>

## Ecosystem enablers

**Ecosystem enablers** (digital skills, technology readiness, interoperability, accessibility and competition) will play a key role in facilitating the widespread adoption of the metaverse. Indonesia can lead in key areas:

- **Digital skills:** As part of the Digital Indonesia Roadmap, Indonesia aims to provide 12.5 million Indonesians with training in basic digital skills, digital culture, digital ethics and digital safety and 100,000 workers with intermediate digital skills in such areas as cloud computing, artificial intelligence, the internet of things, cybersecurity and big data analytics.<sup>7</sup>

FIGURE 2: Technology fundamentals that shape the metaverse



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## Sectors to watch

### Startup

Indonesia has emerged as one of the foremost startup ecosystems globally, with Jakarta ranked third by Startup Genome.<sup>8</sup> The country has produced 11 unicorns, one of the most among Southeast Asian countries.<sup>9</sup> Although still maturing, Indonesia also boasts one of the largest venture capital markets in Southeast Asia. Ajaib, an online brokerage platform, has adopted Bored Ape Yacht Club NFT #2831 as its mascot to support Indonesia's adoption of metaverse and Web 3.0 technologies.<sup>10</sup> The newly-crowned unicorn intends to tap on the Bored Ape to educate the public about crypto assets and blockchain technology.<sup>11</sup> Good Games Guild, a budding metaverse startup, has its sights set on creating the largest virtual world economy by incentivizing greater participation in play-to-earn games.<sup>12</sup> It offers scholarships to sponsor play-to-earn gamers and builds tools to enhance the experience of gaming in the metaverse.<sup>13</sup> Indonesian NFT project, Karafuru NFT and USS Feed launched the Karafuru Carnival in Jakarta in April 2022. The offline festival featured local NFT projects to the broader public, making it more accessible for a larger audience.<sup>14</sup>

### Finance

Indonesia could play an influential role in how the financial rails of the metaverse are developed in a Shariah-compliant manner that addresses the concerns with cryptocurrencies. Bank Syariah Indonesia, formed from a 2021 merger of 3 state-owned banks, has inked an agreement with the WIR Group to develop virtual banking services in the metaverse.<sup>15</sup> Despite the cryptocurrency ban by Indonesia's International Urban Cooperation programme (IUC), observers have identified the greatest potential in economic transactions in the Islamic metaverse.<sup>16</sup>

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## End notes

1. For access to the full report, please [click here](#).
2. The Straits Times. “[More ASEAN Startups Become Unicorn Thanks to Robust Funding, Rising Middle Class: Report.](#)” 2021.
3. The Business Times. “[Indonesia Launches Own Metaverse to Promote its Small Businesses.](#)” 2022.
4. Statista. “[Number of Smartphone Users by Leading Countries in 2021.](#)” 2022.
5. McKinsey & Company. “[The Technology Trends that Could Turbocharge Indonesia’s Economy.](#)” 2022.
6. McKinsey & Company. “[The Technology Trends that Could Turbocharge Indonesia’s Economy.](#)” 2022.
7. International Trade Administration. “[Indonesia: Digital Economy Opportunities, U.S. Department of Commerce.](#)” 2021.
8. Startup Genome. “[The Global Startup Ecosystem Report.](#)” 2021.
9. The Straits Times. “[More ASEAN Startups Become Unicorn Thanks to Robust Funding, Rising Middle Class: Report.](#)” 2021.
10. TechinAsia. “[Indonesia’s Ajaib Introduces Bored Ape NFT as Mascot.](#)” 2022.
11. Jakarta Daily. “[Indonesian Trading App Ajaib Sets ‘Bored Ape’ NFT as Its Mascot.](#)” 2022.
12. Dunia Games. “[Good Games Guild, an Indonesian Startup Company that Brings the Future to Gaming and Metaverse.](#)” 2022.
13. Good Games Guild. “[Good Games Guild: A Gaming Hub for NFT Games.](#)” 2022.
14. PR Newswire. “[Karafuru NFT and USS Feed Presents the Indonesia’s Biggest NFT Real-Life Experience Project.](#)” 2022.
15. Technology for Indonesia. “[Cooperating With WIR Group, Bank Syariah Indonesia Develops Metaverse Service.](#)” 2022.
16. Zawya. “[IBF Net’s COE to Configure Islamic Meta Economy.](#)” 2022.