



Financial Services Authority (OJK) & Banking Regulations Update

The Summary of the New Financial Services Authority (OJK) & Banking Regulations

The following is a list of the new Financial Services Authority (OJK) & banking regulations. All regulations are available in Indonesian.

New Financial Services Authority (OJK) Regulations

1. Regulation: 1/POJK.03/2019 ([Click here 1/POJK.03/2019](#))
Date : 28 January 2019
Regarding : Application of Internal Audit Function in Commercial Banks

Summary:

In applying good governance, an independent internal audit function is needed which has authority, competent resources, and adequate access to information. Based on this, the OJK feels it necessary to establish a Financial Services Authority Regulation concerning application of the internal audit function in commercial banks. This regulation stipulates concerning banks' obligation to have an internal audit function; structure, authority, and basic duties of the internal audit work unit; functions of the head of the internal audit work unit; professional ethics; internal audit charter; scope of internal audit activities; audit plan; responsibilities in

execution of the internal audit function; relationship between the internal audit work unit and the control work unit and external auditor; communication between the internal audit work unit and the Financial Services Authority; functions of the internal audit work unit within a business group; use of services of external parties in implementation of internal audit; obligation for reporting to the Financial Services Authority; and administrative penalties.

2. Regulation: 1/SEOJK.03/2019 ([Click here 1/SEOJK.03/2019](#))
Date : 21 January 2019
Regarding : Application of Risk Management for Smallholder Credit Banks

Summary:

With the establishment of Financial Services Authority Regulation Number 13/POJK.03/2015 concerning Application of Risk Management for Smallholder Credit Banks (BPR), it is necessary to stipulate the implementation of that Financial Services Authority Regulation. This regulation stipulates concerning the application of risk management, which includes stipulation regarding standard guidelines, guidelines for application and stages of preparation, development, and/or refinement of risk management; second, regarding the stages of application of risk management according to the classification of the respective BPR; and finally reporting, which includes risk profit report, report on new products and activities, other risk profile report, and report on realization of action plans.

3. Regulation: 2/SEOJK.05/2019 ([Click here 2/SEOJK.05/2019](#))
Date : 24 January 2019
Regarding : Format and Layout of Annual Actuarial Reports of the Health Social Security Administration Agency and Manpower Social Security Administration Agency

Summary:

In connection with the mandate of the provision of Article 16 paragraph (10) of Financial Services Authority Regulation number 5/POJK.05/2013 concerning Oversight of the Social Welfare Administration Agency, it is necessary to stipulate implementing provisions concerning the format and layout of the actuarial reports of the Health Social Security Administration Agency (BPJS Kesehatan) and the Manpower Social Security Administration Agency (BPJS Ketenagakerjaan). This regulation stipulates the format and layout of actuarial reports, one aspect of which is the obligation for BPJS Kesehatan and BPJS Ketenagakerjaan to prepare annual actuarial reports using the format and layout as set forth in the attachments. In addition, this regulation also stipulates the procedure for submission of the annual actuarial reports, including the time frame for submission of annual actuarial reports.

New Banking Regulation

1. Regulation: 21/1/PBI/2019 ([Click here 21/1/PBI/2019](#))
Date : 07 January 2019
Regarding : Foreign Debt of Banks and Other Liabilities of Banks in Foreign Currency

Summary

In order to maintain management of the foreign debt of banks and other liabilities of banks in accordance with prudential principles, Bank Indonesia performs regulation of the activities of foreign debt of banks and other liabilities of banks in foreign currency, both long-term and short term. This regulation covers the following matters: Application of prudential principles for banks that have foreign debt and other liabilities in foreign currency; obligations of branch offices of banks that are domiciled abroad; plans to enter the market by a bank must first be

set forth the Bank Business Plan (RBB), but this does not apply for request for approval to enter the Long-Term Liability market; obligation for banks to submit reports on realization of market entry; Bank Indonesia oversight of banks' compliance in fulfilment of provisions; finally, the types of penalties imposed on banks for violation of the provisions.

2. Regulation: 21/2/PBI/2019 ([Click here 21/2/PBI/2019](#))
Date : 07 January 2019
Regarding : Reporting of Foreign Exchange Traffic Activities

Summary

Bank Indonesia has the authority to request data and information regarding foreign exchange traffic (LLD) activities conducted by Residents through an effective LLD monitoring system. This regulation is a refinement of the previous PBI, specifically the regulation relating to reporting of LLD activities. The background to this refinement is the separation of the regulations on reporting of LLD and reporting of activities of application of prudential principles (KPPK); harmonization with the refinement of provisions concerning Foreign Debt (ULN) of Bank and strengthening of the mechanisms for reporting and oversight of LLD activities. This regulation stipulates separation of the regulations of reporting LLD and reporting KPPK; expansion of the scope of LLD Reports; strengthening of the mechanism for reporting and oversight of LLD activities; regulation on the time of applicability of reporting, and penalties.

3. Regulation: 21/1/PADG/2019 ([Click here 21/1/PADG/2019](#))
Date : 17 January 2019
Regarding : Amendment of Regulation of the Board of Governors Number 19/6/PADG/2017 concerning Short-Term Liquidity Loans for Conventional Commercial Banks

Summary

In order to strengthen the framework of Monetary Operation, Bank Indonesia has issued Sukuk Bank Indonesia (SukBI) as one instrument of monetary operations. SukBI fulfil the criteria as one type of high-quality marketable security that may be used as collateral for short-term liquidity loans (PLJP). With attention to this matter, Bank Indonesia needs to adjust the scope of high-quality collateral as guarantee for granting of PLJP in the form of marketable securities by adding SukBI as collateral for PLJP. The adjustments in this regulation include the addition of a definition concerning SukBI; addition of SukBI as one type of marketable securities collateral that can be accepted as collateral for PLJP; addition of SukBI in the priority for use as collateral for PLJP; addition of SukBI in the requirements, mechanism, and commitment of collateral for PLJP; and addition of SukBI in the value of PLJP collateral. In addition, there are other adjustments, as follows: harmonization with other BI provisions, i.e. adjustment of the definition of statutory reserve (GWM), i.e. the term "primary GWM in rupiah" is adjusted to become "GWM in rupiah"; and adjustment of the definition of SBIS, i.e. the reference "provisions on sharia monetary operations" is adjusted to become "provisions on monetary operations"; and finally, adjustments to the attachments to the PADG on PLJP.

4. Regulation: 21/2/PADG/2019 ([Click here 21/2/PADG/2019](#))
Date : 21 January 2019
Regarding : Amendment of Regulation of the Board of Governors Number 19/8/PADG/2018 concerning Sharia Short-Term Liquidity Financing for Sharia Commercial Banks

Summary

With the issuance of the Bank Indonesia Regulation that stipulates concerning addition of types of high-quality collateral in the form of Sukuk Bank Indonesia (SukBI), it is necessary

to make adjustments to the Regulation of the Board of Governors (PADG) concerning Sharia Short-Term Liquidity Financing (PLJPS) for Sharia Commercial Banks. The adjustments in this regulation include: SukBI as one type of sharia marketable securities that can be accepted as collateral for PLJPS so that sharia marketable securities can be proposed as collateral for PLJPS by sharia commercial banks; the priority for the use of SukBI as collateral for PLJPS is the same as the priority for use of SBIS and SBSN. The remaining term of collateral of SukBI shall be not less than 110 (one hundred ten) calendar days from the date of signing of the deed of the agreement granting PLJPS. The value of collateral in the form of SukBI is set at 100% (one hundred percent) of the ceiling of PLJPS calculated based on the sale value of the SukBI; the mechanism for pledging of SukBI is the same as the mechanism for pledging of SBIS and SBSN; the mechanism for return of collateral in the form of SukBI is the same as the mechanism for return of collateral in the form of SBIS and SBSN; execution of collateral of SukBI is the same as the mechanism for execution of SBIS collateral; and finally, adjustments to the attachments to the PADG.

Contact

Clients & Markets Deloitte Indonesia

Email: IDMarcomm@deloitte.com

Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited ("DTTL"), its global network of member firms, and their related entities. DTTL (also referred to as "Deloitte Global") and each of its member firms are legally separate and independent entities. DTTL does not provide services to clients. Please see www.deloitte.com/about to learn more.

Deloitte is a leading global provider of audit and assurance, consulting, financial advisory, risk advisory, tax and related services. Our network of member firms in more than 150 countries and territories serves four out of five Fortune Global 500® companies. Learn how Deloitte's approximately 264,000 people make an impact that matters at www.deloitte.com.

About Deloitte Southeast Asia

Deloitte Southeast Asia Ltd – a member firm of Deloitte Touche Tohmatsu Limited comprising Deloitte practices operating in Brunei, Cambodia, Guam, Indonesia, Lao PDR, Malaysia, Myanmar, Philippines, Singapore, Thailand and Vietnam – was established to deliver measurable value to the particular demands of increasingly intra-regional and fast growing companies and enterprises.

Comprising approximately 340 partners and 8,800 professionals in 25 office locations, the affiliates of Deloitte Southeast Asia Ltd combine their technical expertise and deep industry knowledge to deliver consistent high quality services to companies in the region.

All services are provided through the individual country practices and their affiliates which are separate and independent legal entities.

About Deloitte Indonesia

In Indonesia, services are provided by Satrio Bing Eny & Rekan.

This communication contains general information only, and none of Deloitte Touche Tohmatsu Limited, its member firms, or their related entities (collectively, the "Deloitte Network") is, by means of this communication, rendering professional advice or services. Before making any decision or taking any action that may affect your finances or your business, you should consult a qualified professional adviser.

No entity in the Deloitte Network shall be responsible for any loss whatsoever sustained by any person who relies on this communication.