



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 : [12/POJK.03/2020](#)
- Date : 17 March 2020
- Title : Konsolidasi bank umum
(Indonesian)
- Title (English) : Consolidation of commercial banks

Summary

In order to deal with the dynamic of the economy and domestic and global information technology, it is necessary to strengthen the structure, resilience and competitiveness of the national banking industry that can be achieved by strengthening bank capital and banking consolidation in Indonesia. In addition, to encourage the strengthening of bank capital and banking consolidation in Indonesia, provisions are needed to support the banking industry in consolidating. Based on these considerations it is necessary to establish a Financial Services Authority Regulation on Consolidation of Commercial Banks.

This regulation regulates the following important matters::

- a. PSP (controlling shareholder) of a bank can have 1 (one) Bank, or several banks by fulfilling a bank consolidation scheme through several things.
- b. Minimum core capital and minimum CEMA must be met at least Rp.3,000,000,000,000.00 (three trillion rupiahs) no later than 31 December 2022.
- c. KUB Formation.
- d. Fulfilment of Minimum Core Capital for banks in the consolidation scheme and banks owned by regional governments.
- e. Other Provisions.

2. Regulation : [11/POJK.03/2020](#)
- Date : 16 March 2020
- Title : Stimulus perekonomian nasional sebagai kebijakan countercyclical dampak
(Indonesian) penyebaran coronavirus disease 2019.
- Title (English) : National economic stimulus as a countercyclical policy on the impact of the spread
of coronavirus disease 2019.

Summary

In order to encourage the optimization of banking performance, particularly the intermediation function, maintaining financial system stability, and supporting economic growth, economic stimulus policies need to be taken as a countercyclical policy on the impact of the spread of coronavirus disease 2019 (COVID-19).

This regulation regulates several important matters as follows:

- a. This POJK applies to BUK, BUS, UUS, BPR and BPRS.

b. Banks can implement policies that support the stimulus of economic growth for debtors affected by the spread of COVID-19 including UMKM debtors, with due regard to the prudential principle.

d. The intended stimulus policy consists of:

1) Assessment of credit quality/financing/provision of other funds only based on the accuracy of principal payment and/or interest for credit/financing/other fund provision with a ceiling of up to Rp. 10 billion; and

2) Improving the quality of credit/financing becomes smooth after being restructured during the validity period of POJK. This restructuring provisions can be applied by the Bank regardless of the credit/financing ceiling limit or type of debtor.

e. The method of credit financing restructuring is carried out as stipulated in OJK regulations regarding asset quality assessment.

g. The bank submits regular reports on the implementation of this POJK for monitoring Supervisor since the position of the data end of April 2020.

h. This provision applies from the promulgation until March 31, 2021.

3. Regulation : [3/SEOJK.04/2020](#)

Date : 9 March 2020

Title (Indonesian) : Kondisi lain sebagai kondisi pasar yang berfluktuasi secara signifikan dalam pelaksanaan pembelian kembali saham yang dikeluarkan oleh emiten atau perusahaan publik.

Title (English) : Other conditions as significantly fluctuating market condition in the implementation of buyback of shares issued by issuers and public companies.

Summary

In order to provide economic stimulus and reduce market impacts that fluctuate significantly because trade and economic conditions were experiencing a slowdown and pressure both regionally and nationally, partly due to the COVID-19 outbreak, it was necessary for the Issuer or Public Company to carry out corporate actions to buy back shares without violating the provisions of the applicable laws and regulations.

This regulation regulates several important matters as follows:

a. Issuers or Public Companies whose shares are listed on the Stock Exchange can buy back their shares based on the procedures stipulated in POJK Number 2/POJK.04/ 2013.

b. For Issuers or Public Companies that will buy or are currently doing buy back shares or have controlled their shares due to a treasury purchase, the total buy back is based on the two regulations at a maximum of 20% (twenty percent) of paid-up capital, with the least provisions of outstanding shares are 7.5% (seven point five percent) of paid up capital.

4. Regulation : [2/SEOJK.04/2020](#)
- Date : 19 February 2020
- Title (Indonesian) : Penilaian kemampuan dan kepatutan bagi calon pihak utama manajer investasi dan penasihat investasi.
- Title (English) : Fit and proper test for prospective main parties of investment manager and investment advisor.

Summary

This regulation is the implementing regulation of the Financial Services Authority Regulation Number 27/POJK.03/2016 concerning the Assessment of Capability and Compliance for the Main Parties of Financial Services Institutions.

This regulation regulates several important matters as follows:

1. Parties required to take part in an assessment of their ability and appropriateness
2. Factors assessed in the assessment of capability and appropriateness
3. Request of Investment Manager or Investment Advisor to obtain approval for the prospective PSP
4. Request of Investment Manager or Investment Advisor to obtain approval for prospective members of the Board of Directors and prospective members of the Board of Commissioners.

5. Regulation : [1/SEOJK.04/2020](#)
- Date : 17 February 2020
- Title (Indonesian) : Tata cara penyampaian surat atau bukti konfirmasi dan laporan berkala reksa dana secara elektronik melalui sistem pengelolaan investasi terpadu.
- Title (English) : Procedures for the submission of letter or confirmation evidence and mutual fund periodic reports electronically through integrated investment management system.

Summary

In the context of carrying out the mandate of the provisions in Article 20 paragraph (4) of the Financial Services Authority Regulation No. 28 / POJK.04 / 2016, it is necessary to stipulate provisions regarding the procedure for delivering letters or proof of confirmation and periodic reports of an Investment Fund through an Integrated Investment Management System.

This regulation regulates several important matters as follows:

1. Submission of S-INVEST users who act as Mutual Fund Custodian Banks.
2. The S-INVEST Provider provides data and information form formats relating to letters or proof of confirmation of stock transactions or Investment Fund Participation Units and regular Mutual Fund reports.
3. S-INVEST Users who act as Investment Managers and/or S-INVEST Users who act as Mutual Securities Selling Agents.
4. In the event that there are differences in data and information relating to the contents in a letter or proof of confirmation of a stock transaction or Mutual Fund participation unit and Mutual Fund periodic reports

in the AKSes facility and Custodian Bank records, data and information held by the S-INVEST User acting as the Custodian Bank becomes the main reference.

5. S-INVEST users who act as Custodian Banks conduct trial submission of letters or proof of confirmation and periodic reports of Investment Funds through S-INVEST within 12 (twelve) months after the stipulation of this Financial Services Authority Circular Letter.

New Banking Regulation

1. Regulation : [22/2/PBI/2020](#)
Date : 19 March 2020
Title (Indonesian) : Perubahan kedua atas Peraturan Bank Indonesia nomor 20/10/PBI/2018 tentang Transaksi Domestic Non-Deliverable Forward.
Title (English) : Second amendment of regulation of Bank Indonesia number 20/10/PBI/2018 concerning Domestic Non-Deliverable Forward Transactions.

Summary

In order to encourage hedging activities through domestic non-deliverable forward transactions, more varied types of underlying transactions are needed to provide market players with the flexibility to conduct transactions while still observing the prudential principle.

This regulation adds DNDF transaction underlying types to be as follows:

- a. domestic and international trade in goods and services;
- b. investments in the form of direct investment, portfolio investment, loans, capital, and other investments at home and abroad;
- c. credit granting or financing of the Bank in foreign exchange for trading and investment activities, specifically for transactions between the Bank and the Customer; and/or ownership of rupiah accounts by Foreign Parties.

2. Regulation : [22/2/PADG/2020](#)
- Date : 13 March 2020
- Title (Indonesian) : Perubahan keempat atas Peraturan Anggota Dewan Gubernur nomor 20/10/PADG/2018 tentang giro wajib minimum dalam rupiah dan valuta asing bagi bank umum konvensional, bank umum syariah, dan unit usaha syariah.
- Title (English) : Fourth amendment of regulation of the board of governors number 20/10/PADG/2018 concerning statutory reserve in rupiah and foreign currency for conventional commercial banks, sharia commercial banks, and sharia business units.

Summary

In order to maintain macroeconomic and financial system stability and encourage the momentum of domestic economic growth in the midst of a slowing global economy, it is necessary to adjust the fulfilment of the minimum statutory reserves in foreign exchange for conventional commercial banks.

This regulation changes the reduction in Statutory Reserves in foreign currencies for BUK, which was originally 8% to 4%, by fulfilling:

- i. The daily portion of the statutory reserve requirement was initially at 6% to 2%.
- ii. The average statutory reserve requirement remains 2%.

Other provisions, including procedures for meeting the statutory reserve requirements and sanctions, have not changed. To complete the explanation of the changes in this regulation, the example calculation of the fulfilment of the reserve requirement has also been adjusted following the change in the amount of the reserve requirement above.

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