



New Financial Services Authority (OJK) & Banking Regulations

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.

The New Financial Services Authority (OJK) Regulations

1. Regulation: 57/POJK.04/2017 ([click here 57/POJK.04/2017](#))
Date : 14 September 2017
Subject : Penerapan tata kelola perusahaan efek yang melakukan kegiatan usaha sebagai penjamin emisi efek dan perantara pedagang efek (Application of governance in securities companies that conduct activities as securities underwriters and securities broker/traders)

Summary

The OJK has issued this regulation as an effort to increase the application of governance of securities companies and considering the development of application of governance, both in the capital market industry, the financial services industry more broadly, and corporate governance in financial conglomerates. Hence, regulation is needed concerning the application of governance of securities companies, which is already stipulated in several existing

regulations and in the best practices of corporate governance that are needed, which can be implemented for securities companies, particularly in this case securities underwriters and securities broker/traders.

This regulation, which consists of 65 articles, broadly discusses the following matters:

- Discusses the commitment of shareholders and GMS, whereby they are also obliged to fulfil the requirements of integrity and financial soundness. Shareholders are also prohibited to intervene in the implementation of business activities and/or operations of securities companies.
- Discusses the board of directors and board of commissioners, such as execution of their duties and responsibilities, and prohibitions addressed to the board of directors and board of commissioners such as misuse of authority and gaining personal advantage from the activities of securities companies
- Business ethics, relating to the behaviour of securities companies in carrying out their business activities, the securities company code of ethics, and guidelines for the board of directors or board of commissioners
- Securities companies must implement internal controls, by establishing risk management and compliance and internal audit functions.
- Business plans. A securities company must have a realistic, measurable, and sustainable business plan

2. Regulation: 53/SEOJK.05/2017 ([click here 53/SEOJK.05/2017](#))

Date : 28 September 2017

Subject : Penyelenggaraan usaha perusahaan pergadaian yang menyelenggarakan kegiatan usaha berdasarkan prinsip syariah (Business administration of pawnshop companies that conduct business activities based on sharia principles)

Summary

The background to the issuance of this circular is to carry out the mandate of OJK Regulation number 31/POJK.05/2016 concerning pawnshop businesses, such that it is necessary to stipulate implementation provisions regarding the business administration of pawnshop companies that conduct business activities based on sharia principles, in the form of an OJK Circular. The general provisions of this OJK Circular also explain about the definitions of pawnshop business and sharia pawning, pawn certificates, the meaning of sharia principles etc.

In addition, the content of this circular explains several matters, among others:

- Use of *akad* (agreements) in carrying out sharia pawnshop business activities
- Other activities not related to sharia pawnshop businesses which provide fee-based income
- Other business activities of a company with OJK approval, which are performed in the context of government assignment, development of products of sharia pawnshop businesses, cooperation in the context of obtaining business
- Requirements for requesting approval for other business activities of a company
- Granting of approval for other business activities of a company, which is given by OJK
- Procedure for submission of request for approval for other business activities, reports on implementation of other business activities, etc.

3. Regulation: 52/SEOJK.05/2017 ([click here 52/SEOJK.05/2017](#))

Date : 28 September 2017

Subject : Penyelenggaraan usaha perusahaan pergadaian yang menyelenggarakan kegiatan usaha secara konvensional (Business administration of pawnshop companies that conduct conventional business activities)

Summary

The background to the issuance of this circular is to carry out the mandate of OJK Regulation number 31/POJK.05/2016 concerning pawnshop businesses, such that it is necessary to stipulate the implementation provisions regarding business administration of conventional pawnshop companies in the form of an OJK Circular. The general provisions of this OJK Circular also explain the definition of pawnshop businesses and conventional pawnshop businesses, pawn certificates, definition of loans and loan collateral, etc.

In addition, the content of this circular also explain several matters, among others:

- Other activities not related to conventional pawnshop businesses that provide fee-based income
- Other business activities of a company with OJK approval, which are performed in the context of government assignment, developing the products of conventional pawnshop businesses, cooperation in the context of obtaining business
- Requests for approval for other business activities of a company, which are submitted to OJK and contain information such as (i) the other business activities that will be conducted (ii) draft of the agreement that will be used (iii) rights and obligations of the parties (iv) analysis of the prospects of the other business activities to be conducted (v) mitigation of the risks of the other business activities to be conducted
- Operation of the other business activities of the company after obtaining OJK approval
- Procedure for submission of request for approval for other business activities, reports on implementation of other business activities, etc.

4. Regulation: 51/SEOJK.05/2017 ([click here 51/SEOJK.05/2017](#))

Date : 28 September 2017

Subject : Pendaftaran, perizinan usaha, dan kelembagaan perusahaan pergadaian (Registration, business licensing, and institutional aspects of pawnshop companies)

Summary

This OJK Circular is issued in connection with the implementation of registration of operators of pawnshop businesses and the procedures for submission of requests for approval and other reports, as well as to implement the provisions of article 9 paragraph (9) and article 12 paragraph (2) OJK Regulation number 31/POJK.05/2016 concerning pawnshop businesses, such that it is necessary to stipulate regarding registration, business licensing, and institutional aspects of pawnshop companies in the form of an OJK Circular.

This circular explains regarding registration of pawnshop businesses operators, business permits for private pawnshop companies, approval, and reporting of pawnshop companies. The explanation is as follows:

- Request for registration of pawnshop business operators and business permits for private pawnshop companies shall be submitted to OJK using the format specified by OJK
- A private pawnshop company that plans to open a service unit must have a place for storage of pledged goods, and not in imposition of penalties by OJK
- Regarding requests for registration of operators of pawnshop businesses: The types of request include request for approval to operate part of the business activities based on sharia principles, and request for approval for dissolution or change of business activities.

- OJK shall grant approval for requests for registration by pawnshop business operators based on examination of completeness and appropriateness of documents, feasibility analysis of the work plan for the first 1 year, audit of capital, etc.

5. Regulation: 50/SEOJK.03/2017 ([click here 50/SEOJK.03/2017](#))

Date : 27 September 2017

Subject : Pelaporan dan permintaan informasi debitur melalui sistem layanan informasi keuangan (Reporting and requests for information on debtors through the financial informations service system)

Summary

The issuance of this circular is related to OJK Regulation number 18/POJK.03/2017 concerning reporting and requests for information on debtors through the financial information service system, such that it is necessary to stipulate implementation regarding reporting and requests for information on debtors through the financial information service system in the form of an OJK Circular.

Several matters are discussed in this circular, among others:

- The banks that act as reporters, which consist of conventional commercial banks, sharia commercial banks, sharia business units, smallholder credit banks, sharia smallholder financing banks, financial service institutions, etc.
- Procedure for acting as reporter
- Debtor reports, which include information on debtors, facilities of provision of funds, both in rupiah and in foreign currency, collateral, debtors' finances, etc.
- Oversight of the financial information service system (SLIK) performed by OJK and reporters, both directly and indirectly
- Procedure for payment of administrative penalties in the form of fine, etc.

6. Regulation: 49/SEOJK.03/2017 ([click here 49/SEOJK.03/2017](#))

Date : 18 September 2017

Subject : Tata cara penerbitan sertifikat deposito syariah (Procedures for issuance of sharia certificates of deposit)

Summary

OJK has issued this circular in connection with the enactment of OJK Regulation number 10/POJK.03/2015, such that it is necessary to stipulate implementation regarding the procedure for issuance of certificates of deposit based on sharia principles in the form of an OJK Circular. In the general provisions section, this circular explains the definition of certificates of deposit, their form, and the requirements and characteristics of sharia certificates of deposit.

Other matters clarified in this circular include:

- For sharia certificates of deposit, the bank acts as the fund manager and the customer acts as the owner of the funds
- Characteristics of sharia certificates of deposit, among others: the bank may establish targets for customers, i.e. individual and/or non-individual. Non-individual customers may be in the form of sharia financial institutions, conventional financial institutions, or other institutions.

- Procedure for request for approval for issuance of sharia certificates of deposit in the form of paper documents
- Evidence of issuance of sharia certificates of deposit
- Application of the anti-money laundering and prevention of funding of terrorism program
- Application of risk management, which refers to the OJK Regulation regarding application of risk management for sharia commercial banks and sharia business units
- Customer protection, which refers to the principles of consumer protection in accordance with OJK Regulations
- Reporting of transactions of sharia certificates of deposit, which refers to the provisions of the laws and regulations regarding monthly reports on monetary stability and finances of sharia commercial banks and sharia business units

7. Regulation: 48/SEOJK.03/2017 ([click here 48/SEOJK.03/2017](#))

Date : 15 September 2017

Subject : Pedoman perhitungan tagihan bersih transaksi derivatif dalam perhitungan aset tertimbang menurut risiko untuk risiko kredit dengan menggunakan pendekatan standar (Guidelines for calculation of net invoices for derivative transactins in calculation of risk-weighted assets for credit risk using a standard approach)

Summary

The issuance of this OJK Circular relates to the OJK Regulation concerning capital adequacy requirements for commercial banks, such that it is necessary to stipulate implementation provisions regarding guidelines for calculation of net receivables of derivative transactions in calculating risk-weighted assets for credit risk using a standard approach in the form of an OJK Circular.

Several matters are discussed in this OJK Circular, including the following:

- Calculation of Risk-Weighted Assets (ATMR) credit risk – standard approach for credit risk due to counterparty’s default in derivative transactions
- Scope of derivative transactions taken into account in the calculation of ATMR credit risk – standard approach for credit risk due to counterparty’s default includes among others Over The Counter (OTC) derivative transactions, derivate transactions through the exchange, and long settlement transactions.
- Reports submitted by banks, i.e. report on net receivables and ATMR credit risk- standard approach for derivative transactions for banks individually, which are submitted each month for the position as at the end of the month
- Reports on calculation of net receivables and ATMR credit risk – standard approach for derivative transactions for banks on consolidated basis, which are submitted each quarter for the position as at the end of March, June, September, and December, for banks that have subsidiaries

The New Banking Regulations

1. Regulation: 19/11/PBI/2017 ([click here 19/11/PBI/2017](#))

Date : 6 October 2017

Subject : Penyelesaian transaksi perdagangan bilateral menggunakan mata uang lokal (local currency settlement) melalui bank (Settlement of bilateral trade transctions using local currency (local currency settlement))

Summary

The purpose of the issuance of this regulation is the continuing strong dominance of USD in the domestic financial market, as reflected in the use of currencies in Indonesia's bilateral trade transactions with other countries, which is still dominated by USD. This strong dependence on USD could potentially lead to vulnerability of the Indonesian economy to shocks of global origin. In order to mitigate this risk, it is considered necessary to encourage efforts to reduce dependence on the use of USD in the settlement of bilateral trade transactions. One alternative is the use of local currency for settlement of bilateral trade transactions between Indonesia and countries in the region (Local Currency Settlement – LCS). Hence, the purpose of the issuance of this PBI is to stipulate the implementation of a local currency settlement (LCS) mechanism which is conducted by designated banks to conduct certain activities and transactions in the framework of LCS.

It is explained in this BI regulation that AACD banks (Appointed Cross Currency Dealer Bank) may conduct financial transactions including:

- Opening of rupiah SNA and partner SNA
- Opening of partner Sub-SNA;
- Transactions in rupiah or in foreign currency against a partner state currency;
- Trade financing;
- Management of balances of SNA and of Sub-SNA; and
- Fund transfers.

2. Regulation: 19/10/PADG/2017 ([click here 19/10/PADG/2017](#))

Date : 20 September 2017

Subject : Gerbang Pembayaran Nasional (National Payment Gateway)

Summary

The purpose of the issuance of this regulation is to achieve a national payment system that is smooth, safe, efficient and reliable in building resilience, development and increasing competitiveness. Interconnection and interoperability in the GPN (NPG) will be a catalyst to accelerate non-cash transactions in Indonesia. Implementation of the GPN (NPG) consists of standard functions, switching, and services built through a set of rules and mechanisms (arrangements) to integrate various payment instruments and channels nationally.

These functions will be carried out by the GPN (NPG) operator working in synergy with the parties that are linked in the GPN (NPG) so as to achieve interconnection and interoperability in the national payment ecosystem. The GPN (NPG) arranges and optimizes the existing infrastructure, arranges the institutional structures and functions so as to create a national payment system mechanism that can process all domestic payment transactions in an interconnected and interoperable way.

Revocation of registered status.

Penalties.

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