



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: [24/POJK.05/2019](#)
Date : 19 September 2019
Regarding : Rencana bisnis lembaga jasa keuangan non-bank
(*Business plan of non-bank financial service institutions*)

Summary:

This regulation is created with the aim of making the reporting standard of the Non-Bank Financial Service Institutions (*Lembaga Jasa Keuangan Non-Bank/LJKNB*) business plan to Financial Services Authority (Otoritas Jasa Keuangan/OJK) to be more integrated, encouraging, and directing the operational activities of LJKNB in accordance with its vision and mission and harmonizing the regulation of business plan reports with banking sector and capital market. This regulation regulates several important matters as follows; the LJKNB that is regulated in this regulation includes institutions that carry out activities in the insurance sector, pension funds, financial institutions, and other financial service institutions, and LJKNB is also required to prepare a realistic business plan. The business plan must be prepared by

the directors and approved by the board of commissioners. Directors must implement business plans effectively and the board of commissioners must supervise the implementation of the business plan. LJKNB is required to submit a business plan to OJK no later than 30 November before the year of the business plan starts. The Financial Services Authority has the authority to ask LJKNB to make adjustments to business plans submitted by LJKNB. LJKNB can only make changes to business plans in certain matters. LJKNB is required to submit reports on the realization and supervision of business plans on a semi-annual basis to the Financial Services Authority. Submitting a business plan, adjusting business plans, changing business plans, business plan realization reports, and business plan supervision reports must be submitted by LJKNB to Financial Services Authority via online through Financial Services Authority data communication network system, and there is also the mechanism regarding the imposition of sanctions for LJKNB if they violate the provisions in this Financial Services Authority Regulation regarding Business Plan of Non-Bank Financial Service Institutions.

2. Regulation: [23/POJK.01/2019](#)

Date : 18 September 2019

Regarding : Perubahan atas Peraturan Otoritas Jasa Keuangan nomor 12/POJK.01/2017 tentang penerapan program anti pencucian uang dan pencegahan pendanaan terorisme di sektor jasa keuangan
(*Amendment of Financial Services Authority Regulation number 12/POJK.04/2017 concerning the implementation of anti-money laundering and terrorism financing prevention program in the financial services sector*)

Summary:

As a form of implementation of the United Nations Security Council Resolutions on the prevention of the Proliferation of Weapons of Mass Destruction, Indonesia has issued a Joint Regulation of the Minister of Foreign Affairs of the Republic of Indonesia, the Chief of the Indonesian National Police, the Head of the Financial Transaction Reports and Analysis Center, and the Head of the Nuclear Power Supervisory Agency on Inclusion Identity of Person or Corporations in the List of Funding for the Proliferation of Weapons of Mass Destruction, to maintain world security and peace which is the national goal of Republic of Indonesia. Following up on the above, Financial Services Authority (*Otoritas Jasa Keuangan/OJK*) deems it as necessary to add new provisions regarding the obligation for Financial Service Providers (*Penyedia Jasa Keuangan/PJK*) to take several follow-up steps on the list of funding for the Proliferation of Weapons of Mass Destruction, including data maintenance, identification and checking of identity suitability, and immediate Blocking. In addition, to support the law enforcement process, specifically related to requests for data and information from Financial Service Providers, arrangements need to be improved to prioritize the acceleration process of delivering data and information to law enforcement authorities. Furthermore, for risk mitigation in fund transfer activities, it is necessary to improve regulations with provisions that can confirm the existence of verification activities by the Receiving Bank, especially for identities that have not been verified before, and administration of documents in Funds Transfer activities.

3. Regulation: [22/POJK.04/2019](#)

Date : 12 September 2019

Regarding : Transaksi efek
(*Securities transactions*)

Summary:

In order to increase protection of investors' interest and players in capital market and increase supervision of securities transactions by the Financial Services Authority, it is necessary to make adjustments to regulations concerning securities transactions. This regulation regulates

several important matters as follows. Stock Exchange can specify more than one type of market in Exchange Transaction that is managed and supervised by Stock Exchange. Transactions outside the Exchange which are carried out by direct negotiation and not through a binding off-exchange trading organizer at the time of allotment, agreement of the Parties, approval of the Parties, or at a time determined by a judicial body or statutory regulation. Securities Transactions by Securities Brokers for the benefit of their Customers can be done by Securities Brokers carrying out the Client's Securities Transaction order and bringing it together with the Client's counterparty order or being the counterparty of the Client's transaction or being a counterparty to another Party's transaction of the Customer's order. Lastly, this provision also regulates administrative sanctions.

4. Regulation: [21/POJK.03/2019](#)

Date : 11 September 2019

Regarding : Penggabungan, peleburan, dan pengambilalihan bank perkreditan rakyat dan bank pembiayaan rakyat syariah
(*Merger, consolidation, and acquisition of rural banks and sharia rural banks*)

Summary:

This regulation is a provision that forms the basic mechanism and procedure for the merger, consolidation and acquisition that can be carried out by Rural Banks (*Bank Perkreditan Rakyat/BPR*) or (*Sharia Rural Banks/BPRS*). This regulation regulates several important matters as follows. Merger, consolidation and acquisition of BPR or BPRS can be done by the initiative of BPR or BPRS or OJK orders, while still having to obtain permission from OJK. Merger or consolidation can be done between BPR and BPR, BPR with BPRS, or BPRS with BPRS. A BPR may only conduct a merger or consolidation with a BPRS if the BPR resulting from the merger or consolidation becomes a BPRS. There are also provisions regarding the mechanism in implementing merger or consolidation, several criteria for the share ownership in order to consolidate BPR/S that will result in the transfer of control and the acquisition implementation mechanism. OJK can also order BPR/S to perform merger, consolidation, or acquisition for BPR/S based on certain criteria. Lastly, OJK can establish policies for BPR/S to encourage the implementation of mergers or consolidations.

5. Regulation: [18/SEOJK.03/2019](#)

Date : 2 October 2019

Regarding : Laporan bulanan bank pembiayaan rakyat syariah
(*Monthly report of sharia rural banks*)

Summary:

This regulation is a provision to implement the Financial Services Authority Regulation Number 13/POJK.03/019 which aims to provide guidance for Sharia Rural Banks (*Bank Pembiayaan Rakyat Syariah/BPRS*) in preparing Sharia Rural Banks Monthly Report through Financial Services Authority reporting system. This regulation covers several important matters as follows; data and information contained in BPRS monthly report, format and procedure in preparing BPRS Monthly Report. There are also procedures to operate application in preparing and submitting BPRS Monthly Report, deadline for submission of BPRS monthly report to Financial Services Authority (*Otoritas Jasa Keuangan/OJK*), and provisions for sanctions against violations on BPRS monthly report. Lastly, there are also provisions regarding transitional provisions.

6. Regulation: [17/SEOJK.05/2019](#)
Date : 17 September 2019
Regarding : Sertifikasi keahlian di bidang manajemen risiko dan sertifikasi kualifikasi ahli di bidang penjaminan atau penjaminan syariah pada lembaga penjamin
(*Certification of expertise in the field of risk management and certification of professional qualification in the field of sharia insurance in insurance agency*)

Summary:

In connection with the mandate of Article 36 paragraph (2) and Article 37 paragraph (3) of the Financial Services Authority Regulation Number 1/POJK.05/2017, it is necessary to regulate the certification of expertise in the field of risk management and certification of professional qualifications in the field of insurance or sharia insurance in insurance agency. This regulation addresses several important matters as follows; certification of risk management expertise of the insurance agency, explains the types of modules that are divided into 4 (four) modules. Risk management expertise certificate; explains the ownership of risk management certificate for each level of directors and commissioners based on the scope of the operational area of the guarantor. The organizer of risk management expertise certification; explains that professional certification agency that can carry out certification activities are those that have been licensed by the National Professional Certification Board (*Badan Nasional Sertifikasi Profesi/BNSP*) and registered in Financial Services Authority (*Otoritas Jasa Keuangan/OJK*). Certification of professional qualification in insurance and sharia insurance; explains the competency for professionals in insurance and sharia insurance including the business competency of insurance and sharia insurance process. Certificate of professional qualification in insurance or sharia insurance for insurance professionals; explains the ownership of the professional qualification in insurance certificate. The organizer of certification of professional qualification in insurance and sharia insurance, explains that professional certification agency that can carry out certification activities are those who have obtained a license from the BNSP and are registered in OJK. Maintenance program; describes the periodic maintenance and types of maintenance that can be done. Reporting; explains the company's procedures for submitting reports to OJK. Lastly, there is the date of when this Financial Services Authority Circular comes into force.

New Banking Regulation

1. Regulation: [21/11/PBI/2019](#)
Date : 2 October 2019
Regarding : Penyelenggaraan central counterparty transaksi derivatif suku bunga dan nilai tukar over-the-counter
(*Implementation of central counterparty for the derivative transactions of over-the-counter interest rate and exchange rate*)

Summary:

This Bank Indonesia Regulation includes requirements that must be met for institutions acting as central counterparty (CCP) for over-the-counter (OTC) derivative transactions of interest rate and exchange rate that are in line and fulfil internationally applicable standard as reflected in the Principles for Financial Market Infrastructure (PFMI) issued by IOSCO for CCP institutions, licensing process that must be taken, and the framework of Bank Indonesia supervision of the CCP institutions concerned. This regulation addresses several important matters as follows; discussion of the CCP SBNT function, requirements for CCP SBNT operator, procedure for CCP SBNT licensing, principal approval, business permit, duties, authorities and obligations of CCP SBNT. In the event that the CCP SBNT provides other services beyond SBNT

derivative transactions, the CCP SBNT is required to meet several criteria. The CCP SBNT is required to interconnect with financial market infrastructure, transaction operators and/or other infrastructures upon request. The CCP SBNT is required to create a rule book that applies to members and submit it to Bank Indonesia. This regulation also covers CCP SBNT membership, initial margin and variation margin. Bank Indonesia determines the types and criteria for SBNT derivative transactions that must be cleared through CCP SBNT. Regarding reports, CCP SBNT are required to submit reports to Bank Indonesia, namely Periodic Report and Incident Report. Bank Indonesia also conducts direct and indirect supervision of CCP SBNT. Lastly, sanctions for the violations to this regulation are carried out in stages starting from written warning, temporary suspension, then, revocation of the permit.

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