



Financial Services Authority (OJK) & Banking Regulations Update

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 : [20/POJK.04/2021](#)
Date : 21 September 2021
Title (Indonesian) : Penyusunan Laporan Keuangan Perusahaan Efek
Title (English) : Preparation of Securities Company Financial Report

Summary

In presenting high-quality financial report of securities companies, it is necessary to improve the quality of transparency, accountability, uniformity of preparation, and comparability of financial report of securities companies that apply the principle where the economic substance surpass the form. Applicable accounting standards and guidelines need to be continuously refined in line with the development of capital market transactions and products as well as harmonization with international accounting standards. This regulation exists to accommodate this need for which it regulates several provisions, namely, the financial report of Securities Companies, both single entity financial report and consolidated financial report, for the purpose of submission to the public and to the Financial Services Authority (OJK), must be prepared based on Financial Accounting Standards (SAK) and Securities Companies which are issuers or public companies in the preparation of financial report, in which they are required to comply with this Financial Services Authority (POJK) Regulation. Securities Companies are required to consolidate the financial report of other entities in the consolidated financial report, in the event that the Securities Company has control over other entities. The parties responsible for the preparation of the financial report of the Securities Company is the Management of the Securities Company. Securities Companies are required to prepare financial report based on the Guidelines for Accounting Treatment of Securities Companies as regulated in the Circular Letter of the Financial Services Authority (SEOJK). If there are things not regulated in the SEOJK, then they must follow SAK. In the event that there is a change in the new SAK and/or SAK after the enactment of the SEOJK, the accounting treatment of the Securities Company must follow the provisions of the latest SAK, as long as it is not stated otherwise by the OJK. This POJK applies to the preparation of the financial report of Securities Companies for the financial year period starting on or after 1 January 2022. Securities Companies may apply this POJK provision earlier and if a Securities Company does so, they must disclose the earlier application in the notes of the financial report. The Transitional Provisions regulate the preparation of the financial statements of Securities Companies for the financial reporting period before 1 January 2022 referring to the latest SAK.

2. Regulation : [19/POJK.05/2021](#)
Date : 14 September 2021
Title (Indonesian) : Penyelenggaraan Usaha Lembaga Keuangan Mikro
Title (English) : Implementation of Microfinance Institutions' Business

Summary

Regulation on the Implementation of Microfinance Institutions' Business (LKM) needs to be adjusted in order to provide greater access for the public to sources on financing and provide certainty for the sustainability of Microfinance Institutions' Business activities and also to encourage the development of the soundness and accountability of microfinance institutions, the regulation governs several provisions as follows. Business activities that contain arrangements related to lending or financing and managing deposits. LKM funding sources can come from equity, deposits, loans and/or grants. Contracts used in business activities and sources of funding based on sharia principles include applications for approval of other contracts to the Financial Services Authority by attaching a fatwa to the National Sharia Council of the Indonesian Ulema Council. LKM

soundness and equity, which includes LKM soundness which includes liquidity ratio and solvency ratio and LKM equity which must be maintained at least 75% of paid-in capital for LKM in the form of limited liability companies or principal deposit, mandatory deposit, and grants for LKM in the form of a cooperative legal entity. Placement of excess funds which includes arrangements for placement of funds for LKM and LKM conducting business activities based on Sharia principles. Procedures for obtaining information about depositors and deposits at the LKM which includes arrangements regarding the obligation to keep confidential information about depositors and deposits and the exceptions. Financial report which includes arrangements for LKM to compile financial report in accordance with applicable accounting standards and submit them to the Financial Services Authority on a regular basis every 4 (four) months and every year. Prohibition that includes the substance of prohibitions for LKM in carrying out business activities. Procedures for restructuring LKM which include arrangements in the event that LKM experience liquidity and solvency difficulties that jeopardize the LKM's business continuity. Enforcement of compliance, including articles which if violated by the LKM will receive notification and administrative sanctions.

3. Regulation : [24/SEOJK.03/2021](#)

Date : 7 October 2021

Title (Indonesian) : Perhitungan Aset Tertimbang Menurut Risiko Untuk Risiko Kredit Dengan Menggunakan Pendekatan Standar Bagi Bank Umum

Title (English) : Calculation of Risk Weighted Assets for Credit Risk Using the Standard Approach for Commercial Banks

Summary

In connection with the revision of the minimum capital compliance standard for credit risk as stipulated in the Basel III standard: Finalizing post-crisis reforms (Basel III Reforms) issued by the Basel Committee on Banking Supervision (BCBS) which is a response to the global financial crisis, it is necessary to have a standard which can be the basis for regulation to create banking system resilience in supporting the economy, then the provisions regarding this need to be adjusted. This regulation regulates several provisions, namely, the procedure for calculating the RWA (Risk Weighted Assets) for Credit Risk using a standard approach, which includes the calculation of net receivables, determination of risk weights according to portfolio category, as well as recognition of credit risk mitigation techniques. There are changes in order to improve capital resilience and sensitivity to risk as reflected in the following, risk weights are more granular and are divided into more buckets, there is a more diverse classification of portfolio categories, and there is a need for due diligence on counterparties to ensure understanding of the profile risks and characteristics of the counterparty and have been subjected to an appropriate risk weighting (not only dependent on external ratings). In addition, Banks must submit to OJK and publish their reports.

New Banking Regulation

1. Regulation : [23/24/PADG/2021](#)
Date : 7 October 2021
Title (Indonesian) : Kepesertaan dalam Penyelenggaraan Transfer Dana, Kliring Berjadwal, Transaksi, Penatausahaan Surat Berharga, dan Setelmen Dana Seketika
Title (English) : Participation in the Implementation of Fund Transfer, Scheduled Clearing, Transactions, Securities Administration, and Instant Fund Settlement

Summary

This regulation is issued by Bank Indonesia to support the improvement of membership services by developing a support system for participation services in the implementation of electronic and centralized payment system infrastructure and financial systems. This regulation regulates several provisions, namely, participation in the operation of the payment system and financial market infrastructure operated by Bank Indonesia, which consists of the Bank Indonesia National Clearing System, the Bank Indonesia System-Electronic Trading Platform, Bank Indonesia-Scripless Securities Settlement System, and the Bank Indonesia-Real Time Gross Settlement System. These provisions include matters such as the principles and requirements for becoming a participant, procedures for becoming a participant, changes to membership data and membership status along with the changes.



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