New OJK (Otoritas Jasa Keuangan) & Banking Regulations

The summary of new OJK and banking regulations
The following is a list of the new OJK and banking regulations. All regulations are available in Indonesian.

The soft copy of the regulations can be accessed by clicking on the regulation number shown in blue.

New OJK regulations
1. Regulation : 19/POJK.03/2017 (Click here 19/POJK.03/2017)
   Dated : 8 May 2017
   Regarding : Penetapan status dan tindak lanjut pengawasan bank perkreditan rakyat dan bank pembiayaan rakyat syariah
   (Determination of status and follow-up on oversight of smallholder credit banks (BPR) and sharia smallholder financing banks (BPRS))
Summary
This regulation clarifies that when a BPR or BPRS is under special supervision, increased oversight actions are needed, emphasizing the efforts to increase capital to fulfil the solvency and liquidity levels in accordance with the specified criteria to support business survival. In practice, a BPR or BPRS may be designated as being under special oversight without going through an intensive determination in the event that its solvency and/or liquidity level, whether under normal oversight or intensive oversight, experiences a drastic decline, including if caused by fraud.

This regulation, which consists of 52 articles, generally discusses the following matters:
- BPR and BPRS that are under intensive oversight if deemed to face potential difficulty that could endanger business survival
- BPR and BPRS that are under special oversight
- BPR and BPRS that cannot be restored to good health and are transferred to the savings guarantee institution
- Reporting that is submitted to OJK by BPR and BPRS that are under oversight, in the form of daily and weekly balance sheet reports.

2. Regulation : 18/POJK.03/2017 ([Click here 18/POJK.03/2017])
   Dated : 26 April 2017
   Regarding : Pelaporan dan permintaan informasi debitur melalui sistem layanan informasi keuangan
   (Reporting of and requests for borrower information through the financial information service system)

Summary
The content of this regulation clarifies that based on the laws and regulations, the OJK is given the authority to regulate and develop the operation of information systems between banks, which can be expanded to include other institutions in the financial sector. Therefore, in order to carry out its duties and functions, OJK views that it is necessary to develop a new system to support access to credit information through the Financial Information Service System (SLIK).

Generally the content of this regulation discusses several matters, as follows:
- Parties that must be reporters, such as commercial banks, BPR, BPRS, financing institutions that provide fund provision facilities, and other financial service institutions
- Borrower reports and corrected borrower reports that reporters must submit to OJK
- Periods for submission of borrower reports and corrected borrower reports
- Submission of borrower reports and corrected borrower reports
- Updating of data in borrower reports
- Openness to borrowers of borrower information
- Policies and procedures for reporting, requests for borrower information, and settlement of complaints over borrower information
- Oversight conducted by OJK, directly or indirectly

3. Regulation : 17/POJK.05/2017 ([Click here 17/POJK.05/2017])
   Dated : 17 April 2017
   Regarding : Prosedur dan tatacara pengenaan sanksi administratif di bidang perasuransian dan pemblokiran kekayaan perusahaan asuransi, perusahaan asuransi syariah, perusahaan reasuransi, dan perusahaan reasuransi syariah
(Procedure for imposition of administrative penalties in the field of insurance and
blocking of the assets of insurance companies, sharia insurance companies,
reinsurance companies, and sharia reinsurance companies)

Summary
This OJK regulation is issued in order to strengthen the insurance industry, as the Insurance
Law stipulates administrative penalties as a consequence of violations of the Law and its
implementation regulations. It is also clarified in this regulation that the scope of substance of
this OJK regulation includes the procedure for imposition of administrative penalties in the field
of insurance and the procedure for blocking of assets and revocation of blocking.

This regulation, which consists of 27 articles, explains several matters as follows:
• Types of administrative penalties in the field of insurance, in the form of written warning,
  restriction of business activities, prohibition on marketing insurance products, revocation of
  business license, etc.
• Procedure for imposition of administrative penalties
• Administrative penalties in the form of administrative fine
• Procedure for submission of objection to administrative penalty
• Procedure for termination and revocation of administrative penalties
• Procedure for blocking the assets of insurance companies, sharia insurance companies,
  reinsurance companies, and sharia reinsurance companies

4. Regulation : 20/SEOJK.04/2017 (Click here 20/SEOJK.04/2017)
   Dated : 23 May 2017
   Regarding : Penyelenggaraan program pendidikan berkelanjutan bagi anggota direksi dan
   anggota dewan komisaris perusahaan efek yang melakukan kegiatan usaha
   sebagai penjamin emisi efek dan/atau perantara pedagang efek
   (Operation of continuing education programs for members of Board of Directors
   and members of Board of Commissioners of securities companies that carry on
   business activities as securities underwriters and/or securities broker/traders)

Summary
This circular is issued in connection with the provision of article 73 paragraph (5) of OJK
Regulation number 20/POJK.04/2016, such that it is necessary to stipulate provisions
concerning the operation of continuing education programs for members of Board of Directors
and members of Board of Commissioners of securities companies that carry on business
activities as securities underwriters and/or securities broker/traders in the form of an OJK
Circular. The main points discussed in this Circular include:

• Parties that are operators of continuing education programs and have received recognition
  from OJK
• Methods of operating continuing education programs, which may be done face to face in the
  form of training, workshops, and seminars and may also be done through non-face-to-face
  methods through electronic media, such as web-based seminar
• Obligations of participants of continuing education program, whereby participants are obliged
  to submit a report to OJK no later than 30 days after the participant receives the certificate
  or charter of proof of participation in the education program
• Audit of operation of continuing education programs, which is under the authority of OJK.
New banking regulations

1. Regulation : 19/7/PBI/2017 (Click here 19/7/PBI/2017)
   Dated    : 3 May 2017
   Regarding: Pembawaan uang kertas asing ke dalam dan keluar daerah pabean Indonesia
              (Carrying foreign paper currency into and out of the Indonesian customs
territory)

Summary
The background to the issuance of this Bank Indonesia Regulation (PBI) is the trend of an
increasing volume of domestic transactions of foreign paper currency (UKA) and the high rate of
carrying UKA across borders, which is not yet balanced by availability of sufficient data and
information for the monetary authority, especially concerning the underlying transactions for
brining UKA into and out of the customs territory. Given this situation, Bank Indonesia feels it is
necessary to regulate the traffic of UKA in order to minimize activities of transport of UKA that
could potentially disturb the stability of the value of the rupiah. Through this regulation it is also
hoped that Bank Indonesia can properly monitor the domestic supply of and need for UKA.

The objectives of the issuance of this regulation are as follows:
• To support the effectiveness of monetary policies in order to minimize speculation that could
  have a psychological effect on the market and trigger volatility in the Rupiah exchange rate.
• To obtain information regarding the underlying motive, quantity, and frequency of
  transactions of transporting UKA.
• To support the effectiveness of the Law on use of Rupiah Currency within the Unitary State of
  the Republic of Indonesia.
• To support Bank Indonesia policies in the Payment System (cashless society).
2. Regulation : 19/6/PBI/2017 *(Click here 19/6/PBI/2017)*  
**Dated**  : 12 April 2017  
**Regarding**  : Perubahan kelima atas peraturan Bank Indonesia nomor 15/15/PBI/2013 tentang giro wajib minimum bank umum dalam rupiah dan valuta asing bagi bank umum konvensional  
(Fifth amendment of Bank Indonesia Regulation number 15/15/PBI/2013 concerning statutory reserve of commercial banks in rupiah and foreign currency for conventional commercial banks)

**Summary**  
Bank Indonesia has issued this regulation as in order to improve the effectiveness of transmission of monetary policies, steps are needed to strengthen the operational framework of monetary policy and strengthen the management of banks’ liquidity through a revised calculation of fulfilment of statutory reserve. This revised calculation is aimed at providing flexibility, enhancing the efficiency of management of bank’s liquidity, and reducing interest rate volatility. In order to achieve these objectives, regulation is needed on fulfilment of part of the primary statutory reserve in a pro-rated way.

This Bank Indonesia Regulation discusses the Statutory reserve (GWM). GWM is the minimum quantity of funds that must be maintained by a bank, the amount of which is set by Bank Indonesia as a certain percentage of third-party funds (DPK). The obligation to fulfil GWM in rupiah as mentioned is as follows:
- Primary GWM at an average of 6.5% (six point five percent) of the DPK in rupiah during a certain reporting period that is fulfilled;
- Daily Secondary GWM at 4% (four percent) of the DPK in rupiah; and
- Daily statutory reserve of Loan to Funding Ratio (GWM LFR) equal to the result of calculation between the lower disincentive parameter or upper disincentive parameter against the difference between bank LFR and target LFR, with attention to the difference between the bank’s Minimum Capital Adequacy Ratio (CAR) and the incentive CAR.

3. Regulation : 19/5/PBI/2017 *(Click here 19/5/PBI/2017)*  
**Dated**  : 12 April 2017  
**Regarding**  : Sertifikat tresuri dan penerapan kode etik pasar  
(Treasury certificates and application of market code of ethics)

**Summary**  
This Bank Indonesia Regulation (PBI) is issued because in order to achieve and maintain a stable value for the rupiah, Bank Indonesia sets and implements monetary policy, macroprudential policy, payment system and management of rupiah, which needs to be supported among other matters by an effective, efficient, and healthy financial market. To create such a financial market, especially the money market and the foreign currency market together with those for their derivatives which is effective, efficient, and healthy, efforts are needed to develop the financial market. Development of a developing financial market must be balanced with efforts to enhance the credibility of the financial market through increased competence and integrity of market players by applying an obligation for treasury certification and a market code of ethics. Through this PBI, Bank Indonesia intends to improve the integrity and standardization of competency of directors and employees of market players who are responsible for and carry out treasury activities.
The regulatory material contained in this regulation is as follows:

- Scope
- Market code of ethics
- Association membership
- Treasury certificates
- Maintenance of competency
- Professional certification institutions
- Reporting and oversight
- Penalties
- Transitional provisions
- Closing provisions

4. Regulation : 19/5/PADG/2017 *(Click here 19/5/PADG/2017)*
Dated : 28 April 2017
Regarding : Pelaksanaan sertifikasi tresuri dan penerapan kode etik pasar
(Implementation of treasury certification and application of market code of ethics)

**Summary**
The background to the issuance of this regulation is that to strengthen the credibility of the financial market, it is necessary to enhance the competency and integrity of market players through application of an obligation for treasury certification and a market code of ethics. The operation of treasury certification shall be done by a professional certification institution recognized by Bank Indonesia. The application of the market code of ethics shall be done by the market players based on guidelines issued by the professional association, and/or financial service industry association/ committee.

The internal procedure of a market player concerning application of the market code of shall contain at least the following:

- Activities to understand the market code of ethics;
- Application of the market code of ethics;
- Control of application of the market code of ethics; and
- Procedure for resolution of problems in application of the market code of ethics.

5. Regulation : 19/4/PADG/2017 *(Click here 19/4/PADG/2017)*
Dated : 12 April 2017
Regarding : Giro wajib minimum bank umum dalam rupiah dan valuta asing bagi bank umum konvensional
(Statutory reserve of commercial banks in rupiah and foreign currency for conventional commercial banks)

**Summary**
Bank Indonesia has issued this Circular because in order to improve the efficiency of transmission of monetary policy, changes are made in the policy for calculation of Statutory reserve (GWM). This change in calculation is intended to provide flexibility, increase the efficiency of management of bank liquidity, and reduce interest rate volatility. To achieve these objectives, regulation is needed on fulfilment of the primary statutory reserve on average as well as other adjustments relating to statutory reserve.
In this regulation, various matters are adjusted, i.e.:

- General Provisions
- Procedure for calculation of primary GWM
- Procedure for calculation of secondary GWM
- Procedure for calculation of statutory reserve for Loan to Funding (GWM LFR).
- Procedure for calculation of GWM in foreign currency.
- Fulfilment of GWM for banks that perform merger or consolidation, banks that change their business activities to become sharia commercial banks, and newly established banks that carry on business activities in foreign currency.
- Fulfilment of GWM for banks that receive short-term liquidity loans.
- Reporting.
- Imposition of penalties.
- Samples of calculation of GWM.
- Correspondence regarding GWM.
- Closing provisions.

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