

Jurisdiction: Indonesia

2018 IMN Survey of National/Regional Progress in the Implementation of G20/FSB Recommendations

Contact information

- I. Hedge funds
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List of abbreviations used

Sources of recommendations

List of contact persons from the FSB and standard-setting bodies

National authorities from FSB member jurisdictions should complete the survey and submit it to the FSB Secretariat (imn@fsb.org) by **Friday, 8 June 2018** (*representing the most recent status at that time*). The Secretariat is available to answer any questions or clarifications that may be needed on the survey. Please also provide your contact details for the person(s) completing the survey and an index of abbreviations used in the response.

National authorities are expected to submit the information to the FSB Secretariat using the Adobe Acrobat version of the survey. The Microsoft Word version of the survey is also being circulated to facilitate the preparation/collection of survey responses by relevant authorities within each jurisdiction.

Jurisdictions that previously reported implementation as completed in a particular recommendation are only required to include information about main developments since last year's survey and future plans (if applicable) ("Update and next steps" table). New reforms to enhance the existing framework in that area should be described, but should not lead to a downgrade from implementation completed to ongoing. Jurisdictions that do not report implementation as completed are required to include full information both in the "Progress to date" and "Update and next steps" tables.

As with previous IMN surveys, the contents of this survey for each national jurisdiction will be published on the FSB's website at around the time of the 2018 G20 Summit in Buenos Aires. The FSB Secretariat will contact member jurisdictions ahead of the Summit to check for any updates or amendments to submitted responses before they are published.

I. Hedge funds

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1. Registration, appropriate disclosures and oversight of hedge funds

G20/FSB Recommendations

We also firmly recommitted to work in an internationally consistent and non-discriminatory manner to strengthen regulation and supervision on hedge funds.
(Seoul)

Hedge funds or their managers will be registered and will be required to disclose appropriate information on an ongoing basis to supervisors or regulators, including on their leverage, necessary for assessment of the systemic risks they pose individually or collectively. Where appropriate registration should be subject to a minimum size. They will be subject to oversight to ensure that they have adequate risk management.
(London)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

I. Hedge funds

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2. Establishment of international information sharing framework

G20/FSB Recommendations

We ask the FSB to develop mechanisms for cooperation and information sharing between relevant authorities in order to ensure effective oversight is maintained when a fund is located in a different jurisdiction from the manager. We will, cooperating through the FSB, develop measures that implement these principles by the end of 2009. (London)

Remarks

Jurisdictions should indicate the progress made in implementing recommendation 6 in IOSCO's [Report on Hedge Fund Oversight \(Jun 2009\)](#) on sharing information to facilitate the oversight of globally active fund managers.

In addition, jurisdictions should state whether they are:

- Signatory to the IOSCO MMoU in relation to cooperation in enforcement
- Signatory to bilateral agreements for supervisory cooperation that cover hedge funds and are aligned to the 2010 IOSCO [Principles Regarding Cross-border Supervisory Cooperation](#).

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO Objectives and Principles of Securities Regulation, and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date
<p> <input checked="" type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input type="radio"/> Implementation completed as of <input type="text"/> </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; padding: 10px; min-height: 200px;"> <p>This recommendation is not applicable for Indonesia because currently there is no hedge funds managed in Indonesia. For sharing information, OJK became the signatory of the IOSCO MMoU on cooperation and exchange of information among securities regulators, effectively started in January 2014. In addition, the OJK also has several bilateral MoUs with foreign counterparts that have been carried over from Indonesia Capital Market and Financial Institution Supervisory Agency (or recognized as Bapepam-LK, former supervisory and regulatory authority of capital market and Non-Banking Financial Institutions (NBFIs)) before its authorities was transferred to OJK on December 31st, 2012.</p> </div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/> </p>

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2. Establishment of international information sharing framework

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>

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2. Establishment of international information sharing framework

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #d3d3d3; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #d3d3d3; height: 150px; width: 100%;"></div>

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3. Enhancing counterparty risk management

G20/FSB Recommendations

Supervisors should require that institutions which have hedge funds as their counterparties have effective risk management, including mechanisms to monitor the funds' leverage and set limits for single counterparty exposures. (London)

Supervisors will strengthen their existing guidance on the management of exposures to leveraged counterparties. (Rec. II.17, FSF 2008)

Remarks

Jurisdictions should indicate specific policy measures taken for enhancing counterparty risk management and strengthening their existing guidance on the management of exposure to leveraged counterparties.

In particular, jurisdictions should indicate whether they have implemented recommendation 3 of the IOSCO [Report on Hedge Fund Oversight \(Jun 2009\)](#).

In their responses, jurisdictions should not provide information on the portion of this recommendation that pertains to Basel III capital requirements for counterparty risk, since it is [monitored separately](#) by the BCBS.

Jurisdictions can also refer to Principle 28 of the 2017 IOSCO [Objectives and Principles of Securities Regulation](#), and take into account the outcomes of any recent FSAP/ROSC assessment against those Principles.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of 16/03/2016 </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%; margin-top: 10px;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="radio"/> Draft published as of <input type="radio"/> Final rule or legislation approved and will come into force on <input type="radio"/> Final rule (for part of the reform) in force since </p>

I. Hedge funds

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3. Enhancing counterparty risk management

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>However, in the context of enhancing counterparty risk management in general, a regulation concerning limits for single counterparty exposures has been effectively implemented for banks. The regulation governs the maximum limit related with the provision of funds to individuals, groups of borrowers and related parties with banks. The purpose of the limits is to avoid a bank’s failures as a result of concentration in the provision of funds. The regulation itself seeks to address:</p> <ul style="list-style-type: none"> (i) The concentration of banks’ fund to a single borrower or a group of borrowers (this is one of the causes of bank failures) (ii) The provision of funds with increasingly complex risk structures (as a result of innovations in the banking area). <p>Furthermore, OJK has issued OJK Regulation No. 18/POJK.03/2016 on Implementation of Risk Management in Commercial Banks (OJK Reg on Risk Management). The regulation has captured elements that should be considered by banks for their interactions with counterparties, including counterparty risk e.g. transactions affected by movements of fair value or market value basis. In addition, through another regulation, banks are prohibited to conduct transactions with counterparties where the transaction has no underlying or the transaction is conducted for speculation purposes. There are also limitations of the transactions’ underlying, i.e. the underlying must not in the forms of equity and commodity.</p> <p>With regards to derivative transactions, OJK has issued OJK Circular Letter No. 42/SEOJK.03/2016 on Guidelines for the Calculation of Risk-Weighted Assets for Credit Risk by Using Standardized Approach. Furthermore, OJK has issued a consultative paper of Standardised Approach Counterparty Credit Risk (SA-CCR) which provides the limited types of asset classes of derivative transactions that can be transacted by bank. Furthermore, in 2016 OJK has also issued a consultative paper of Standardised Approach Counterparty Credit Risk (SA-CCR). The consultative paper was issued to improve the framework of Counterparty-Credit Risk in Indonesia in line with the framework of the SA-CCR.</p> <p>In the capital market sector, currently, there is no registered fund that has the characteristic of a hedge fund managed locally in Indonesia.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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3. Enhancing counterparty risk management

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-Nomor-18.POJK.03.2016/SAL%20-%20POJK%20Manajemen%20Risiko%20.pdf http://www.ojk.go.id/id/kanal/perbankan/regulasi/surat-edaran-ojk/Pages/SEOJK-tentang-Pedoman-Perhitungan-Aset-Tertimbang-Menurut-Resiko-Untuk-Resiko-Kredit-Dengan-Menggunakan-Pendekatan-Standar.aspx http://www.ojk.go.id/id/kanal/perbankan/implementasi-basel/Documents/Pages/Consultative-Papers/Consultative%20Paper%20SA-CCR.pdf</p>

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4. Strengthening of regulatory and capital framework for monolines

G20/FSB Recommendations

Insurance supervisors should strengthen the regulatory and capital framework for monoline insurers in relation to structured credit. (Rec II.8, FSF 2008)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2016 IMN survey. Given this, the reporting of progress with respect to this recommendation will take place every 2-3 years henceforth (i.e. in 2019 or 2020).

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5. Strengthening of supervisory requirements or best practices for investment in structured products

G20/FSB Recommendations

Regulators of institutional investors should strengthen the requirements or best practices for firms' processes for investment in structured products. (Rec II.18, FSF 2008)

Remarks

Jurisdictions should indicate the due diligence policies, procedures and practices applicable for investment managers when investing in structured finance instruments and other policy measures taken for strengthening best practices for investment in structured finance products.

Jurisdictions may reference IOSCO's report on [Good Practices in Relation to Investment Managers' Due Diligence When Investing in Structured Finance Instruments \(Jul 2009\)](#).

Jurisdictions may also refer to the Joint Forum report on [Credit Risk Transfer-Developments from 2005-2007 \(Jul 2008\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 01/01/2016

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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5. Strengthening of supervisory requirements or best practices for investment in structured products									

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>To strengthen best practices for investment managers when investing in structured finance instruments, OJK has issued Regulation No. 23/POJK.04/2016 (effective on June 19, 2016) concerning Investment Fund in the Form of Collective Investment Contract. Under this regulation, Investment Managers are required to determine the mutual funds of securities portfolio. Investment managers are also prohibited from engaging in activities that may cause KIK Mutual funds, inter alia, to invest in securities traded on foreign stock exchanges where their information cannot be accessed from Indonesia through mass media or the internet, as well as to invest in equity securities issued by a publicly listed company on the Indonesian stock exchange which has more than 5% of the paid in capital. In addition, Bapepam Rule No. IV.B.1 prohibits hedging transaction on the purchase of securities traded in a foreign stock exchange which is greater than the value of securities purchased.</p> <p>Furthermore, OJK Regulation Number 48/POJK.04/2015 (effective on December 29, 2015) jo. Bapepam Rule No. IV.C.4 concerning Guidelines for the Management of Protected, Guaranteed, and Index Fund stipulates that an investment manager may invest in derivative securities without any obligation to own the securities that become the underlying asset of such derivative, provided that the basis for protection value is investment in debt securities. This regulation also stipulates that when an investment manager invests in derivatives securities, the investment manager must provide additional disclosure information concerning such investments and explains the criteria used for selecting the securities to investors.</p> <p>For the purpose of improving best practices for investment in structured products, banks are only allowed to invest in structured products that meet the requirements on the foreign exchange and interest rate derivatives transactions. In addition, before investing in certain products, banks are also required to consider requirements on assets quality regulation. The asset quality regulation governs that if a bank invests in derivative products/structured products, the bank should provide information to supervisors regarding underlying of the product, rating, issuer, etc. Such information would assist supervisors to determine and categorize risk of the product.</p> <p>Furthermore, if a bank plans to issue structured products, they have to follow OJK Regulation No. 7/POJK.03/2016 concerning Prudential Principles in the Implementation of Structured Products Activities for Commercial Banks as lastly amended by OJK Regulation No 6/POJK.03/2018 which requires the bank to understand the nature and risks of the products. The bank will also be required to, among others, formulate/setup a business plan, perform risk management in an effective manner, determine the classification of customers, disclose product information, and submit a report to the supervisors. These requirements shall be supported by a timely, informative, and accurate management information system. Under this regulation, only banks which are BUKU 3 and BUKU 4 can issue structured products within the scope of treasury activities after obtaining approval from OJK. Moreover, if the bank failed to meet the requirements, the bank will be subject to the following sanctions:</p> <ul style="list-style-type: none"> • administrative warning/reprimand: 	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

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5. Strengthening of supervisory requirements or best practices for investment in structured products

Update and next steps

Highlight main developments since last year's survey

In April 2018, OJK has issued OJK Regulation No 6/POJK.03/2018 which revised OJK Regulation No. 7/POJK.03/2016 on Prudential Principles in the Implementation of Structured Products Activities for Commercial Banks. The new regulation has revised several provisions concerning prudential measures by banks in selling structured products. Under the new regulation, the requirement to provide the 10% cash collateral of a notional value of the transaction is exempted for Certain Customers and Certain Structured Product Transactions. The Certain Customers include banks, Government of Indonesia, Bank Indonesia or foreign bank centrals, as well as development banks or multilateral development agency. The new revision is aimed to boost structured products transactions in Indonesia.

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

- <http://www.ojk.go.id/en/kanal/pasar-modal/regulasi/klasifikasi-bapepam/reksa-dana/Default.aspx>
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/pojk-prinsip-kehati-hatian-dalam-melaksanakan-kegiatan-structured-product-bagi-bank-umum/SALINAN-POJK%20.7%20Structured%20Product.pdf>
- <https://www.ojk.go.id/id/regulasi/Documents/Pages/Perubahan-POJK-7-POJK.03-2016-tentang-Prinsip-Kehati-Hatian-dalam-Melaksanakan-Kegiatan-Structured-Product-bagi-Bank-Umum/POJK%206-2018.pdf>

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6. Enhanced disclosure of securitised products

G20/FSB Recommendations

Securities market regulators should work with market participants to expand information on securitised products and their underlying assets. (Rec. III.10-III.13, FSF 2008)

Remarks

Jurisdictions should indicate the policy measures and other initiatives taken in relation to enhancing disclosure of securitised products, including working with industry and other authorities to continue to standardise disclosure templates and considering measures to improve the type of information that investors receive.

See, for reference, IOSCO’s [Report on Principles for Ongoing Disclosure for Asset-Backed Securities \(Nov 2012\)](#), [Disclosure Principles for Public Offerings and Listings of Asset-Backed Securities \(Apr 2010\)](#) and [report on Global Developments in Securitisation Regulations \(November 2012\)](#), in particular recommendations 4 and 5.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 05/14/2008 and 11/14/2008

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

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6. Enhanced disclosure of securitised products

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>To ensure that investors receive adequate information on securities products and their underlying assets, OJK has issued Regulation No. 65/POJK.04/2017 on Issuance and Reporting of Asset-Backed Securities in the form of Collective Investment Contract. This regulation requires Investment Manager to inter alia:</p> <ul style="list-style-type: none"> • Provide a Prospectus which contains detailed information and material facts on Asset-Backed Securities (ABS); • Submit Registration Statement for a Public Offering of ABS to OJK; • Submit monthly reports to investors of their investment which include, inter alia, financial statement of the Asset-Backed Securities, material information related to portfolio composition of Collective Investment Contract – ABS (CIC-ABS), and number of ABS owned by the investor; and • Submit monthly report to and financial statements to OJK. Such monthly report include, among other things, general information on CIC-ABS, information on invoice, information on CIC-ABS income. <p>In addition, OJK has also issued Regulation No. 23/POJK.04/2014 regarding Guidelines on Issuance and Reporting of Asset Backed Securities in the form of Participation Unit for Secondary Housing Financing (started effectively on November 19, 2014) which requires:</p> <ul style="list-style-type: none"> • Issuer to submit a monthly report to OJK regarding their activities on ABS. • Custodian to provide report to Unit Holders. <p>In the process of issuing these regulations (and any other OJK Regulations in general), OJK required to conduct public consultation where OJK received inputs from any related parties such as affected business/industries and other government agencies. In addition, execution and implementation of Corporate Governance Framework on Insurance Companies is regulated in the OJK Regulation No 73/POJK.05/2016. Under Article 81, Insurance companies which listed as public company are also subjected to the laws and regulations of capital market. Furthermore, in most of NBF1 regulations, there is a clause that suggests publicly listed financial institutions are required to comply with capital market regulations.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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6. Enhanced disclosure of securitised products									

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Highlight main developments since last year's survey</p> <p>In December 2017, OJK has issued OJK Regulation No. 65/POJK.04/2017 on Issuance and Reporting of ABS Securities in the form of Collective Investment Contract (OJK Reg No. 65 of 2017). The issuance of this regulation provides a more comprehensive and unified regulation/guidelines on Collective Investment Contract-ABS. Prior to the issuance of this regulation, issuance and reporting requirements of ABS are regulated in separate regulations, namely:</p> <p>Bapepam Rule Number VI.A.2 concerning Custodian Bank's Function Related to Asset Backed Securities;</p> <p>Bapepam Rule Number IX.C.9 concerning Registration Statement For a Public Offering Of Asset Backed Securities;</p> <p>Bapepam Rule Number IX.C.10 concerning Guidelines for the Form and Contents of a Prospectus For Asset Backed Securities;</p> <p>Bapepam Rule Number IX.K.1 concerning Guidelines for Collective Investment Contract-ABS;</p> <p>Bapepam Rule Number V.G.5 concerning Investment Manager Functions on Asset Backed Securities; and</p> <p>OJK Regulation Number 15/POJK.04/2014 concerning Monthly Report of Collective Investment Contract of Asset Backed Securities (OJK Reg 15/2014).</p> <p>Through the issuance of the OJK Reg No. 65 of 2017, the regulations stated above are repealed and declared null and void.</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links	
Web-links to relevant documents	<p>http://www.ojk.go.id/Files/regulation/capital-market/bap-rules/sc-scr-etc/5/VG5.pdf</p> <p>http://www.ojk.go.id/en/kanal/pasar-modal/regulasi/klasifikasi-bapepam/emiten-dan-perusahaan-publik/Pages/content-of-a-registration-statement-and-a-public-offering.aspx</p> <p>http://www.ojk.go.id/Files/regulation/capital-market/bap-rules/is-pc/1/IXC10.pdf</p> <p>http://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/POJK23PedomanPenerbitandanPealporanEBA_1417049142.pdf</p> <p>https://www.ojk.go.id/id/regulasi/Documents/Pages/Pedoman-Penerbitan-dan-Pelaporan-Efek-Beragun-Aset-Berbentuk-Kontrak-Investasi-Kolektif/SAL%20POJK%2065%20-%20EBA.pdf</p>

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7. Consistent, consolidated supervision and regulation of SIFIs

G20/FSB Recommendations

All firms whose failure could pose a risk to financial stability must be subject to consistent, consolidated supervision and regulation with high standards. (Pittsburgh)

Remarks

Jurisdictions should indicate: (1) whether they have identified domestic SIFIs and, if so, in which sectors (banks, insurers, other etc.); (2) whether the names of the identified SIFIs have been publicly disclosed; and (3) the types of policy measures taken for implementing consistent, consolidated supervision and regulation of the identified SIFIs.

Jurisdictions should not provide details on policy measures that pertain to higher loss absorbency requirements for G/D-SIFIs, since these are monitored separately by the BCBS.

See, for reference, the following documents:

BCBS

- [Framework for G-SIFIs \(Jul 2013\)](#)
- [Framework for D-SIFIs \(Oct 2012\)](#)

IAIS

- [Global Systemically Important Insurers: Policy Measures \(Jul 2013\) and revised assessment methodology \(updated in June 2016\)](#)
- [IAIS SRMP guidance - FINAL \(Dec 2013\)](#)
- [Guidance on Liquidity management and planning \(Oct 2014\)](#)

FSB

- [Framework for addressing SIFIs \(Nov 2011\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

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 Final rule (for part of the reform) in force since

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7. Consistent, consolidated supervision and regulation of SIFIs

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Currently, the existence of domestic SIFIs in Indonesia is limited only on banking sector. Although routine assessment is being performed to determine which banks qualifies as SIFIs, however, the names of the identified banks are not disclosed to the public. In addition, for banks that are considered posing systemic impacts, Indonesian authorities, OJK (as a micro-prudential supervisory authority) and Bank Indonesia (as a macro-prudential authority), have applied more intensive supervision towards large banks that are considered as systemically important in Indonesia. The authorities also have specific measures and tools in place to deal with the possible failures of these banks since the Indonesian authorities differentiate resolution measures applied for systemic and non-systemic banks. Regulation on D-SIB framework and application of capital surcharge requirements as stipulated in the Basel III capital regulation was issued at the end of 2015 under OJK Regulation Number 46/POJK.03/2015 as lastly amended by OJK Regulation No. 2/POJK.03/2018. The determination of D-SIB and imposition of its capital surcharge have started effectively since the beginning of 2016. In a financial conglomerate where there is D-SIB as the lead entity (coordinator), such bank is also under the supervision of Department of Integrated Supervision.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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7. Consistent, consolidated supervision and regulation of SIFIs

Update and next steps

Highlight main developments since last year's survey

In March 2018, OJK has issued OJK Regulation No. 2/POJK.03/2018 which repeals and declares null and void OJK Regulation No. 46/POJK.03/2015 on Systematically Important Bank and Capital Surcharge. The new regulation provides that a bank that is designated as Systemic Bank shall form a Capital Surcharge. A bank can be classified as a Systemic Bank based on methodology which consists of several indicators:

- (a) size of the banks;
- (b) complexity of the business; and
- (c) Interconnectedness with financial system.

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

<http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-46-PENETAPAN-SIB-CAPITAL-SURCHARGE/SALINAN-POJK%20D-SIB%20F.pdf>
<http://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/Pages/Peraturan-Otoritas-Jasa-Keuangan-Nomor-26-POJK-03-2015-/poj-kewajiban-penyediaan-modal-minimum-terintegrasi-bagi-konglomerasi-keuangan.pdf>

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8. Establishing supervisory colleges and conducting risk assessments

G20/FSB Recommendations

To establish the remaining supervisory colleges for significant cross-border firms by June 2009. (London)

We agreed to conduct rigorous risk assessment on these firms [G-SIFIs] through international supervisory colleges. (Seoul)

Implementation of this recommendation was reported to be completed by all FSB jurisdictions in the 2017 IMN survey. The BCBS and IAIS will be monitoring implementation progress in this area with respect to banks and insurers respectively.

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9. Supervisory exchange of information and coordination

G20/FSB Recommendations

To quicken supervisory responsiveness to developments that have a common effect across a number of institutions, supervisory exchange of information and coordination in the development of best practice benchmarks should be improved at both national and international levels. (Rec V.7 , FSF 2008)

Enhance the effectiveness of core supervisory colleges. (FSB 2012)

Remarks

Jurisdictions should include any feedback received from recent FSAPs/ROSC assessments on the [September 2012](#) BCP 3 (Cooperation and collaboration) and BCP 14 (Home-host relationships). Jurisdictions should also indicate any steps taken since the last assessment in this area, particularly in response to relevant FSAP/ROSC recommendations.

Jurisdictions should describe any recent or planned regulatory, supervisory or legislative changes that contribute to the sharing of supervisory information (e.g. within supervisory colleges or via bilateral or multilateral MoUs).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

I	II	III. Enhancing supervision	IV	V	VI	VII	VIII	IX	X
9. Supervisory exchange of information and coordination									

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input type="checkbox"/> Primary / Secondary legislation <input type="checkbox"/> Regulation / Guidelines <input checked="" type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Based on the 2017 FSAP report, OJK has been graded “implemented” for establishing regular contacts with domestic and foreign supervisors to strengthen consolidated supervision and home-host cooperation relating information exchange relationships. In addition, OJK is recommended to improve cooperation between BI and the LPS as the current status is graded “partially implemented”.</p> <p>In line with BCP 3, OJK as member of the Financial System Stability Committee (KSSK) has maintained regular contacts with other members of KSSK namely Ministry of Finance, Bank Indonesia, and the Deposit Insurance Corporation (LPS). The forum was established through the issuance of Law No. 9 of 2016 on Prevention and Mitigation of Financial System Crisis (Law on Prevention and Mitigation of Financial System Crisis). In addition, OJK has also entered into a number of bilateral MoUs with other relevant national agencies as well as foreign supervisory agencies. Among others, MoUs between OJK and other national agencies include bilateral MoUs between OJK and BI, OJK and Indonesian Financial Transaction Reports and Analysis Center (INTRAC/PPATK), OJK and the Directorate General of Tax, OJK and the Attorney General, National Police, etc. MoU between OJK and Indonesia Deposit Insurance Corporation has also been signed in July 2014. Furthermore, in 2016, OJK has entered an MOU with Indonesian Corruption Eradication Commission/KPK as well as with Badan Pusat Statistik (Statistics Central Agency).</p> <p>At the international level, in line with BCP 13, OJK has also entered into MoUs with several foreign supervisory authorities on supervisory exchange of information and coordination. In 2015 OJK has signed several MOUs with foreign financial services authorities namely Japan Financial Services Agency, Dubai Financial Services Agency, Korea Financial Services Commission, Korea Financial Supervisory Service, and China Banking Regulatory Commission. Further in 2016, OJK has also entered into MoU with other foreign supervisory authorities namely Timor Leste Central Bank, Bank of Thailand, and Bank Negara Malaysia. The scope of the cooperation comprises, among other things, the sharing of supervisory information, licensing, on-going supervision and on-site examinations.</p> <p>OJK is also the signatory of the IOSCO MMoU on cooperation and exchange of information among securities regulators which effectively started in January 2014. In addition, OJK also has entered into several bilateral MoUs with foreign counterparts that have been carried over since the era of Indonesia Capital Market and Financial Institution Supervisory Agency, recognized as Bapepam-LK (a former authority of capital market and Non-Banking Financial Institutions (NBFIs) before OJK effectively takes over the authority to supervise and regulate capital market and NBFIs on December 31st, 2012). Although Indonesia is not a home jurisdiction of significant cross-border financial institutions, Indonesia is a host jurisdiction of G-SIB. Until now, Indonesia regularly conducts supervisory colleges with other countries.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

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9. Supervisory exchange of information and coordination

Update and next steps

Highlight main developments since last year's survey

OJK and the Indonesia Deposit Insurance Corporation (LPS) is currently in the process of renewing the MoU between the two authorities.

Planned actions (if any) and expected commencement date

(Empty area for planned actions and expected commencement date)

Relevant web-links

Web-links to relevant documents

http://www.kemendagri.go.id/media/documents/2016/05/11/u/uu_nomor_9_tahun__2016.pdf

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10. Strengthening resources and effective supervision

G20/FSB Recommendations

We agreed that supervisors should have strong and unambiguous mandates, sufficient independence to act, appropriate resources, and a full suite of tools and powers to proactively identify and address risks, including regular stress testing and early intervention. (Seoul)

Supervisors should see that they have the requisite resources and expertise to oversee the risks associated with financial innovation and to ensure that firms they supervise have the capacity to understand and manage the risks. (FSF 2008)

Supervisory authorities should continually re-assess their resource needs; for example, interacting with and assessing Boards require particular skills, experience and adequate level of seniority. (Rec. 3, FSB 2012)

Remarks

Jurisdictions should indicate any steps taken on recommendations 1, 2, 3, 4 and 7 (i.e. supervisory strategy, engagement with banks, improvements in banks' IT and MIS, data requests, and talent management strategy respectively) in the FSB [thematic peer review report on supervisory frameworks and approaches to SIBs \(May 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
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10. Strengthening resources and effective supervision

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>In line with Recommendation 1-Supervision Strategy, OJK has issued Regulation No. 8/POJK.03/2016 on the Implementation of Risk Management for Commercial Banks. This Regulation stipulates risk-based supervision as a supervision strategy. Risk-based Rating Tools which as a Risk-Based Supervision technique is set to assess the banks condition on 4 (four) aspects: (i) Risk Profile, (ii) Good Corporate Governance (GCG), (iii) Rent-ability, and (iv) capital. In conducting an assessment of bank Risk Profile, OJK assess the quality of Risk Management implementation taking into consideration 4 (four) interrelated aspects, which are: (i) Risk Governance; (ii) Risk Management Framework; (iii) Risk Management process, human resources, and management information systems; and (iv) Risk Control Systems to cover Credit Risk, Market Risk, Liquidity Risk, Operational Risk, Legal Risk, Strategic Risk, Compliance Risk and Reputation Risk. Assessment of 4 implementation aspects of Risk Management includes:</p> <p>A. “Risk Governance” which includes the evaluation of: (i) decision process to determine level risk appetite and risk tolerance; and (ii) the adequacy level of active supervision by the Board of Commissioners and Board of Directors, including the implementation of its authorities and responsibilities.</p> <p>B. “Risk Management Framework” which includes the evaluation of: (i) Risk Management strategy, which is in line with the level of risk appetite and risk tolerance; (ii) the adequacy level of organization support to implement effective risk management, including the clarity of authority and responsibility; and (iii) the adequacy level of policies, procedures and limits.</p> <p>C. “Risk Management Process, Human Resource and Management Information Systems” which includes the evaluation of: (i) the process of identification, measurement, monitoring, and risk controlling; (ii) the adequacy level of management information systems risk; and (iii) the adequacy level of the quantity and quality of human resources in supporting effective risk management process.</p> <p>D. “Risk Control Systems” which includes evaluation of: (i) the adequacy level of the Internal Control System and (ii) the adequacy level of the independent review Bank, either by the Risk Management Unit or by the Internal Audit Unit. Based on the assessment the aforementioned aspects, OJK supervisors monitor the risks associated with banks and financial innovation to ensure that the bank has the capacity to understand and manage the risks. Bank supervisors also periodically review banks condition and performance through the mechanism of Risk Based Bank Rating assessment every semester based on bank report, and other information obtained by supervisors through the examination as well as prudential meetings with the BOC, BOD and/or senior officer.</p> <p>Furthermore, as a part of supervisory strategy, OJK has issued Regulation Number 77/POJK.01/2016 concerning Fintech Peer-to-Peer Lending which adopts a regulatory sandbox approach. Such regulation was issued to protect the interest of consumers, as well as providing room for Indonesia’s fintech industry to grow and help foster economic growth. The fintech P2P lenders are expected to extend financing to the domestic businesses, especially SMEs and start-ups. The scopes of the regulation include registration, licensing, loan limit, risk management, and data security, among others.</p> <p>In line with Recommendation 2-Engagement with Banks. OJK always ensures to intensely engage with banks at board level and senior management. For</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

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10. Strengthening resources and effective supervision										

Update and next steps

Highlight main developments since last year's survey

OJK is currently in the process of drafting a Regulation on Implementation of Digital Finance Innovation in Financial Services Sector. This regulation provides risk identification mechanisms for services and products of digital finance which are performed through the Regulatory Sandbox approach. Under this regulation, OJK will also monitor the implementation of Digital Finance Innovations registered in OJK. Such monitoring include, among other things, applying risk management and prudential principle, protecting consumers' interests in accordance with OJK Regulation, educating and introducing the risks to consumers, and maintaining confidentiality of consumers' data/information.

OJK has also established Fintech Advisory Forum which consists of OJK and a number of related Ministries and Agencies to better facilitate fintech related inter-ministerial and agency coordination run effectively and smoothly, therefore the Forum will enable OJK and other related Ministries and Agencies to conduct better supervision of fintech industry. Furthermore, OJK will also establish a Fintech Innovation Hub which serves as a development centre and national fintech one stop contact which supports the digital finance ecosystem.

As the regulator of payment system, Bank Indonesia has issued payment system regulations in order to ensure that payment system performance is safe, smooth, efficient, and reliable. The regulations are:

BI Regulation No.19/7/PBI/2017 on carrying paper banknotes into and outside of Indonesian Customs Area, paper banknotes outside and into Indonesian customs area in the minimum amount equal to Rp1,000,000,000 (one billion rupiah) may only be carried by permitted bodies, which have obtained permits and approval of Bank Indonesia.

BI Regulation No.19/10/PBI/2017 on Application of Anti-Money Laundering and Counter-Terrorism Financing (AML-CFT) for Non-Bank Payment System Service Providers and Money Changers, the regulation is improved in order to respond to different challenges in supporting AML-CFT, which emerges among others from the advancements in information system technology. +

Planned actions (if any) and expected commencement date

Since BI Regulation on Financial Technology issued on November 30, 2017, 30 Financial Technology Operator have been registered and one is currently tested in regulatory sandbox. Furthermore, another 3 Financial Technology Operator are nominated for future regulatory sandbox.

Relevant web-links

Web-links to relevant documents

- http://www.bi.go.id/id/peraturan/perbankan/Documents/828aa23594154a89aeabab7dc3103805pbi_130112.pdf
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/pojk-tentang-penilaian-tingkat-kesehatan-bank-umum/SALINAN-POJK%204%20Penilaian.pdf>
- http://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/POJK_1404381860.pdf
- <http://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/Pages/POJK-Nomor-77-POJK.01-2016/SAL%20-%20POJK%20Fintech.pdf>
- Initiatives in payment system: http://www.bi.go.id/id/ruang-media/siaran-pers/Pages/sp_187316.aspx

11. Establishing regulatory framework for macro-prudential oversight

G20/FSB Recommendations

Amend our regulatory systems to ensure authorities are able to identify and take account of macro-prudential risks across the financial system including in the case of regulated banks, shadow banks and private pools of capital to limit the build up of systemic risk. (London)

Ensure that national regulators possess the powers for gathering relevant information on all material financial institutions, markets and instruments in order to assess the potential for failure or severe stress to contribute to systemic risk. This will be done in close coordination at international level in order to achieve as much consistency as possible across jurisdictions. (London)

Remarks

Please describe major changes in the institutional arrangements for macroprudential policy (structures, mandates, powers, reporting etc.) that have taken place in your jurisdiction since the global financial crisis.

Please indicate whether an assessment has been conducted with respect to the adequacy of powers to collect and share relevant information among national authorities on financial institutions, markets and instruments to assess the potential for systemic risk. If so, please describe identified gaps in the powers to collect information, and whether any follow-up actions have been taken.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

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I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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11. Establishing regulatory framework for macro-prudential oversight

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Following the transfer of banking supervisory functions to OJK on 31 December 2013, BI assumes the responsibility as the macroprudential authority to conduct macroprudential surveillance and to issue macro prudential regulations. The mandate and powers are stipulated in the OJK Law. Following the enactment of Law No. 9 Year 2006 concerning Prevention and Resolution of Financial System Crisis (PPKSK Law) on 15 April 2016, the Financial System Stability Committee (KSSK) was established to replace the former forum (FKSSK). The members of the KSSK high-level forum are the Chairs of financial sector authorities, which consist of Minister of Finance, Governor of Central Bank, Chair of Indonesian FSA (OJK) and Chair of Indonesian Deposit Insurance Corporation (IDIC). The mandate of this financial system stability forum is improved according to this Law, not only to conduct coordination in undertaking surveillance and maintaining financial system stability, but also to mitigate financial system crisis and to handle systemic bank problems during normal and crisis conditions. In general, the enactment of the PPKSK Law has strengthened the functions and authorities of the financial stability institutions in safeguarding financial system stability which helps to improve the effectiveness of macroprudential policies. In term of microprudential surveillance, with regard to the power to collect data/information the OJK Law provides OJK with the authority to require banks, NBFIs, and capital market to report information and data, both in regular and in ad-hoc basis. The data/information can be shared with relevant authorities, including BI. Information sharing between BI and OJK will be conducted in accordance with a protocol mechanism under MoU between BI and OJK. As a macroprudential authority, BI has continuously utilised the information and data to assess the potential failure or severe stress of financial institutions that will contribute to systemic risk in conducting macroprudential surveillance.</p> <p>KSSK convene meetings periodically (quarterly) or at any time upon request from a KSSK member. During the meeting, each respective member shall provide inputs/recommendations and exchange data/information based on their crisis management protocols and surveillance reports. Financial stability conditions are evaluated and if necessary, members shall conclude on an appropriate coordinated measure to prevent financial crisis. Decision making is based on deliberation for consensus, and when conclusions cannot be reached, it will be based on majority vote. In this case, each member has a voting right, except the chairman of LPS, who only has the right to express opinion. Conclusions made in the meeting are communicated to the public right after the meeting ends.</p> <p>KSSK conducts annual crisis simulation in order to improve the crisis preparedness as well as strengthen a solid coordination among the KSSK members. This simulation conducted in Full Dress simulations which involve Leaders of 4 Institutions (BI, MoF, FSA and IDIC), And also attended by observers from IMF, World Bank, and AIPEG.</p> <p>Crisis simulation in 2016 focused mainly on these subjects:</p> <ul style="list-style-type: none"> Examined the effectiveness and reliability of KSSK Crisis Management Protocol (CMP) and CMP of each institution Examined the coordination among KSSK members and effectiveness of KSSK decision making process. <p>Crisis simulation in 2017 focused mainly on these subjects:</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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11. Establishing regulatory framework for macro-prudential oversight

Update and next steps

Update and next steps	Planned actions (if any) and expected commencement date
<p>Highlight main developments since last year’s survey</p> <p>The regulatory framework for macroprudential oversight has not changed since last year’s survey. Authorities have since enacted and/or revised regulations to exercise its mandate according to the PPKSK Law.</p> <p>Bank Indonesia has established several regulations and MOUs in response to the issuance of the PPKSK Law, aiming at providing legal foundation for establishment of internal crisis management protocol framework, guiding the operationalization of purchasing government securities owned by LPS, supporting the LPS following activation of Bank Restructuring Program, strengthening internal macroprudential policy framework, determining systemic banks, and guiding the operationalization of short term liquidity loan as mandated by PPKSK Law.</p> <p>Several bilateral coordination arrangements in a form of MOUs have also taken place between KSSK member authorities to facilitate data sharing and supervisory collaboration. For example, a new MoU between BI and LPS was established in 2017, which covers: (i) The resolution of a non-systemic failed-banks in the case of license’s revocation (ii) Liquidity funding support of banks’ solvability problem in form of selling the Securities owned by LPS to BI (iii) Data/information exchange (iv) Officer competency development program (v) Research, study and/or joint survey (vi) Socialization and/or joint education and/or (vii) Employee attachment program. Regular bilateral meeting also conducted, especially with OJK to address the cross regulatory issues, stance on current strategic issues such as cryptocurrency and e-commerce. BI Ex-Officio on the Board of Commissioners either in OJK and LPS attend BoC meeting regularly in order to communicate BI policy in monetary, payment system and macroprudential policy, as well as to maintain the coordination on the higher level.</p> <p>Other bilateral arrangement between BI-OJK-LPS including the join benchmarking to other authorities such as Canada that cover specific topic i.e reporting integration.</p> <p>Moreover, KSSK Secretariat has been established to provide assistance for KSSK members in conducting a more thorough +</p>	<p>Planned actions (if any) and expected commencement date</p>

Relevant web-links

Relevant web-links
<p>Web-links to relevant documents</p> <p>http://www.kemenkeu.go.id/en/Peraturan/law-republic-indonesia-number-9-2016</p> <p>http://www.ojk.go.id/en/regulasi/otoritas-jasa-keuangan/undang-undang/Documents/Pages/law-no-21-of-year-2011-on-financial-services-authority/Full%20Version-Unofficial%20Translation%20of%20The%20FSA%20Law.pdf</p> <p>http://www.bi.go.id/id/peraturan/ssk/Pages/PBI_161114.aspx</p>

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

G20/FSB Recommendations

Authorities should use quantitative indicators and/or constraints on leverage and margins as macro-prudential tools for supervisory purposes. Authorities should use quantitative indicators of leverage as guides for policy, both at the institution-specific and at the macro-prudential (system-wide) level. (Rec. 3.1, FSF 2009)

We are developing macro-prudential policy frameworks and tools to limit the build-up of risks in the financial sector, building on the ongoing work of the FSB-BIS-IMF on this subject. (Cannes)

Authorities should monitor substantial changes in asset prices and their implications for the macro economy and the financial system. (Washington)

Remarks

Please describe at a high level (including by making reference to financial stability or other reports, where available) the types of methodologies, indicators and tools used to assess systemic risks.

Please indicate the use of tools for macroprudential purposes over the past year, including: the objective for their use; the process to select, calibrate and apply them; and the approaches used to assess their effectiveness.

See, for reference, the following documents:

- FSB-IMF-BIS progress report to the G20 on [Macroprudential policy tools and frameworks \(Oct 2011\)](#)
- CGFS report on [Operationalising the selection and application of macroprudential instruments \(Dec 2012\)](#)
- IMF staff papers on [Macroprudential policy, an organizing framework \(Mar 2011\)](#), [Key Aspects of Macroprudential policy \(Jun 2013\)](#), and [Staff Guidance on Macroprudential Policy \(Dec 2014\)](#)
- IMF-FSB-BIS paper on [Elements of Effective Macroprudential Policies: Lessons from International Experience \(Aug 2016\)](#)
- CGFS report on [Experiences with the ex ante appraisal of macroprudential instruments \(Jul 2016\)](#)
- CGFS report on [Objective-setting and communication of macroprudential policies \(Nov 2016\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

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Draft in preparation, expected publication by
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I II III IV. Building and implementing macroprudential frameworks and tools V VI VII VIII IX X

12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Bank Indonesia has established a framework for monitoring systemic risk as part of its macro prudential framework. In identifying systemic risks, BI monitors risk indicators, events, and/or behaviours that may present potential risks in the financial system. The monitoring process aims to detect and provide signals of imbalances and vulnerabilities that may pose systemic impacts. BI considers various indicators both endogenous and exogenous indicators. For endogenous indicators BI consider various indicators within financial markets, financial institutions, and payment system. For exogenous indicators, BI will consider domestic macroeconomic indicators, real sector, global, and event risks.</p> <p>The formulation of macroprudential policy is initiated by the identification of a balanced set of prioritized risk through internal assessment, survey, and focus group discussions. BI monitor the build-up of risks through regular assessment of the financial system using specific tools and methodology including stress testing. Following the identification of gaps, research is conducted to formulate the relevant policy response. To ensure harmony with other policies (monetary and payment system), the assessment and policy recommendation is regularly communicated in a joint monetary, financial system, and payment system committee meeting before the Board of Governor Meeting. To support assessment and surveillance of systemic risks, BI conducts on-site examinations together with OJK as the micro prudential authority (focusing more on Individual Bank Performance and compliance). If needed, BI may also conduct a thematic on-site examination to ensure bank compliance on Bank Indonesia Regulation such as LTV, FX Regulation, etc</p> <p>Bank Indonesia has implemented a broad range of macroprudential instruments including capital-related tools such as Counter Cyclical Capital Buffer as well as asset-side tools and liquidity-related tools. Asset-side tools include certain loan restrictions, such as LTV caps and to boost credit have put in place incentives and disincentives in the form of reserve requirements linked to loan to funding ratios that is now enhanced into a Macroprudential Intermediation Ratio (MIR). Bank Indonesia has also issued Macroprudential Liquidity Buffer (MLB) as a liquidity-related tool with a purpose to mitigate systemic liquidity risk.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I	II	III	IV. Building and implementing macroprudential frameworks and tools	V	VI	VII	VIII	IX	X
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12. Enhancing system-wide monitoring and the use of macro-prudential instruments

Update and next steps

Highlight main developments since last year's survey

Since 2016, BI has issued new macroprudential policies in response to the need for further countercyclical measures, to support banking intermediation and incentivise the demand side of the economy, while also maintaining prudential principles and consumer protection. Following a further LTV relaxation, 0% CCB, and adjustments to the RR-LFR ceiling in 2016, BI has introduced Macroprudential Intermediation Ratio (MIR) and Macroprudential Liquidity Buffer (MLB) that are enhancements to the 'RR-LFR' and the 'secondary reserve requirement'. Macroprudential Intermediation Ratio (MIR) allow corporate securities (MTN, FRN, bonds except subordinated bonds) to be included in the Fund to Financing Ratio (FFR). This provide banks alternative means to increase loan provision by purchasing corporate securities. MIR is applicable to both conventional and sharia banks and aims to manage pro-cyclical behavior that can potentially disrupt intermediation function in the financial system. The MLB is a conversion of the secondary reserve requirement policy that was applied only for conventional commercial banks. MLB now applies to sharia commercial banks as well. In short, MLB require banks to maintain their ownership of certain type of securities at 4% of rupiah deposits. This policy is intended to support banks' liquidity management and provide flexibility in a tight market liquidity condition. The policy allows a certain percentage of the buffer (currently is set at the amount of 2% of the deposit) to be used as collateral in repurchase agreement (Repo) to Bank Indonesia under certain conditions to fulfil banks' liquidity needs. Both of these macroprudential instruments have countercyclical qualities that is subject to adjustments in line with the economic and financial cycle.

Planned actions (if any) and expected commencement date

Relevant web-links

Web-links to relevant documents

- http://www.bi.go.id/id/peraturan/ssk/Pages/PBI_181616.aspx
- http://www.bi.go.id/id/peraturan/ssk/Pages/pbi_181416.aspx
- <http://www.bi.go.id/id/perbankan/Countercyclical-Buffer/Data-CCB/Contents/Default.aspx>
- https://www.bi.go.id/id/peraturan/ssk/Pages/PBI_200418.aspx

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

G20/FSB Recommendations

All CRAs whose ratings are used for regulatory purposes should be subject to a regulatory oversight regime that includes registration. The regulatory oversight regime should be established by end 2009 and should be consistent with the IOSCO Code of Conduct Fundamentals. (London)

National authorities will enforce compliance and require changes to a rating agency’s practices and procedures for managing conflicts of interest and assuring the transparency and quality of the rating process.

CRAs should differentiate ratings for structured products and provide full disclosure of their ratings track record and the information and assumptions that underpin the ratings process.

The oversight framework should be consistent across jurisdictions with appropriate sharing of information between national authorities, including through IOSCO. (London)

Regulators should work together towards appropriate, globally compatible solutions (to conflicting compliance obligations for CRAs) as early as possible in 2010. (FSB 2009)

We encourage further steps to enhance transparency and competition among credit rating agencies. (St Petersburg)

Remarks

Jurisdictions should indicate the policy measures undertaken for enhancing regulation and supervision of CRAs including registration, oversight and sharing of information between national authorities. They should also indicate their consistency with the following IOSCO document:

- [Code of Conduct Fundamentals for Credit Rating Agencies \(Mar 2015\)](#) (including on governance, training and risk management)

Jurisdictions may also refer to the following IOSCO documents:

- Principle 22 of [Principles and Objectives of Securities Regulation \(Jun 2010\)](#) which calls for registration and oversight programs for CRAs
- [Statement of Principles Regarding the Activities of Credit Rating Agencies \(Sep 2003\)](#)
- [Final Report on Supervisory Colleges for Credit Rating Agencies \(Jul 2013\)](#)

Jurisdictions should take into account the outcomes of any recent FSAP/ROSC assessment against those principles.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 11/01/2017

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
 Draft published as of [redacted]
 Final rule or legislation approved and will come into force on [redacted]
 Final rule (for part of the reform) in force since [redacted]

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

13. Enhancing regulation and supervision of CRAs

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>In Indonesia, banks are only permitted to use the services of Credit Rating Agency (CRA) that meet requirements governed by a regulation concerning recognition of Credit Rating Agency (CRA) whose rating is used for prudential regulation purposes (such as regarding asset quality, market risk, and credit risk assessment). Monitoring will be conducted by the Indonesia banking authority to ensure that the CRA meets eligibility criteria.</p> <p>For capital market, based on Law Number 8 Year 1995 concerning Capital Market, Bapepam (former authority before Bapepam-LK) has the authority and responsibility to guide, regulate, and conduct day-to-day supervision of the Capital Market, including credit rating agencies engaged in Indonesian Capital Market activities. Bapepam-LK (currently, OJK) have issued six regulations on CRAs including a regulation concerning licensing on Credit Rating Agencies in June 22, 2009 to meet the IOSCO Code of Conduct Fundamentals.</p> <p>The aforementioned regulations on CRAs, excluding regulation concerning licensing on Credit Rating Agencies, have been revised by OJK Regulations and still sufficient to regulate CRAs and in line with IOSCO Code of Conduct Fundamentals for Credit Rating Agencies. Bapepam-LK, now OJK, has conducted oversight of CRAs through on-site and off-site supervision since 2010. In addition, for NBFi Industry, since January 11th 2017, Under article 47 (2), SMES rating company is obligated to be registered in OJK based on OJK Regulation No 2/POJK.05/2017 regarding Business Conduct of Guarantee Company.</p> <p>In order to further enhance the evaluation of Credit Rating Agencies, OJK has issued Circular Letter No. 37/SEOJK.03/2016 on Rating Agencies and Ratings Acknowledged by Financial Services Authority (OJK). With this Circular Letter, OJK's general principle in performing assessment of CRAs are:</p> <ol style="list-style-type: none"> 1. The assessment will not hamper the growth of CRAs industry, able to stimulate a positive competition within the industry, and promote the creation of market discipline; 2. The assessment is aimed to help ensure reliable rating from CRAs; and 3. The assessment is performed according internationally recognized standard and practices to support consistency among other regulators and authorities, specifically in assessing and recognizing regional and international scale CRAs. <p>Therefore, the circular letter govern CRAs by requiring them to satisfy all the criteria as determined by OJK to be acknowledged. Criteria such as being capable, transparent and objective in their ratings, as well as be independent from any interventions. OJK updates the list of the rating agencies, if needed, based on the evaluation result, the fulfilment of the criteria mentioned above, and public disclosure.</p> <p>As the result, currently there are 5 (five) CRAs recognized by OJK. They are:</p> <ol style="list-style-type: none"> 1. Fitch Ratings; 2. Moody's Investor Service; 3. Standard and Poor's; 	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #cccccc; height: 150px; width: 100%;"></div>

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)	VI	VII	VIII	IX	X
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13. Enhancing regulation and supervision of CRAs

Update and next steps

Highlight main developments since last year's survey

There are no main developments on the enhancement and supervision of CRAs since last year's survey.

Planned actions (if any) and expected commencement date

(Empty area for planned actions and expected commencement date)

Relevant web-links

Web-links to relevant documents

- <http://www.ojk.go.id/en/kanal/pasar-modal/regulasi/undang-undang/Default.aspx>
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/surat-edaran-ojk/Pages/SEOJK-Lembaga-Pemeringkat-dan-Peringkat-yang-Diakui-Otoritas-Jasa-Kuangan.aspx>
- <https://www.ojk.go.id/id/kanal/perbankan/regulasi/surat-edaran-ojk/Documents/SEOJK%20Lembaga%20Pemeringkat.pdf>

I II III IV V. Improving oversight of credit rating agencies (CRAs) VI VII VIII IX X

14. Reducing the reliance on ratings

G20/FSB Recommendations

We also endorsed the FSB’s principles on reducing reliance on external credit ratings. Standard setters, market participants, supervisors and central banks should not rely mechanistically on external credit ratings. (Seoul)

Authorities should check that the roles that they have assigned to ratings in regulations and supervisory rules are consistent with the objectives of having investors make independent judgment of risks and perform their own due diligence, and that they do not induce uncritical reliance on credit ratings as a substitute for that independent evaluation. (Rec IV. 8, FSF 2008)

We reaffirm our commitment to reduce authorities’ and financial institutions’ reliance on external credit ratings, and call on standard setters, market participants, supervisors and central banks to implement the agreed FSB principles and end practices that rely mechanistically on these ratings. (Cannes)

We call for accelerated progress by national authorities and standard setting bodies in ending the mechanistic reliance on credit ratings and encourage steps that would enhance transparency of and competition among credit rating agencies. (Los Cabos)

We call on national authorities and standard setting bodies to accelerate progress in reducing reliance on credit rating agencies, in accordance with the FSB roadmap. (St Petersburg)

Remarks

Jurisdictions should indicate the steps they are taking to address the recommendations of the [May 2014 FSB thematic peer review report on the implementation of the FSB Principles for Reducing Reliance on Credit Ratings](#), including by implementing their [agreed action plans](#). Any revised action plans should be sent to the FSB Secretariat so that it can be posted on the FSB website.

Jurisdictions may refer to the following documents:

- FSB [Principles for Reducing Reliance on CRA Ratings \(Oct 2010\)](#)
- FSB [Roadmap for Reducing Reliance on CRA Ratings \(Nov 2012\)](#)
- BCBS [Basel III: Finalising post-crisis reforms \(Dec 2017\)](#)
- IAIS [ICP guidance](#) 16.9 and 17.8.25
- IOSCO [Good Practices on Reducing Reliance on CRAs in Asset Management \(Jun 2015\)](#)
- IOSCO [Sound Practices at Large Intermediaries Relating to the Assessment of Creditworthiness and the Use of External Credit Ratings \(Dec 2015\)](#).

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of 22.12.2012 and 19.1.14

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by [redacted]
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 Final rule (for part of the reform) in force since [redacted]

I	II	III	IV	V. Improving oversight of credit rating agencies (CRAs)					VI	VII	VIII	IX	X
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14. Reducing the reliance on ratings

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>To reduce the authorities' and financial institutions' reliance on CRA ratings, OJK has issued OJK Regulation No. 24/POJK.04/2014 regarding Guidelines for the Functions of Investment Managers (effective 19 November 2014) which amended Bapepam-LK (OJK) Rule No. V.D.11 which stipulates that investment managers shall have Investment committee and Investment management team, and investment and research functions responsible for: - making best investment decision; - maintaining record and/or working papers for investment decision making; - performing periodic analysis on the performance of investment products; - ensuring investment decision in line with investment strategy and policy as stipulated in investment agreement and as decided by investment committee; - ensuring that each investment decision is made based upon rational consideration and supported by adequate research; and - implementing prudential principles and risk management related to arising investment risks. This regulation ensures that investment managers do not solely depend on ratings by CRAs, but instead making their reliable judgment from the results of their own research. For NBF1, CRA will be utilized as one of the references for the purpose of valuation on investment instruments for financial statements. Moreover, CRA will be utilized for the purpose of foreign reinsurance selection. (Indonesia insurance company could choose to put their risk in foreign insurance company which has minimum rating of BBB).</p> <p>In addition, considering that most of the credit exposures are unrated, several safeguards that have been required by the existing regulation (such as minimum requirements to CRA to be recognized by the Indonesian authority as eligible CRAs for regulatory purposes) and the supervisory approach to assess the adequacy of the banks' own credit assessment processes are currently sufficient to address concern on our existing regulations with regard to external CRA ratings. For reserve management purposes, CRA rating is used as an input along with other parameters. With regard to the reference to CRA rating to determine eligibility of non-government securities as collateral, BI has required that the non-government securities should also be actively traded in a liquid market. To this date, the majority of securities held by our banks are securities issued by the Government of Indonesia and BI.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV

V. Improving oversight of credit rating agencies (CRAs)

VI VII VIII IX X

14. Reducing the reliance on ratings

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 400px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Pages/peraturan-otoritas-jasa-keuangan-tentang-pedoman-pelaksanaan-fungsi-fungsi-manajer-investasi.aspx</p> <div style="background-color: #cccccc; height: 100px; width: 100%;"></div>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

G20/FSB Recommendations

Regulators, supervisors, and accounting standard setters, as appropriate, should work with each other and the private sector on an ongoing basis to ensure consistent application and enforcement of high-quality accounting standards. (Washington)

Remarks

Jurisdictions should indicate the accounting standards that they follow and whether (and on what basis) they are of a high and internationally acceptable quality (e.g. equivalent to IFRSs as published by the IASB), and provide accurate and relevant information on financial position and performance. They should also explain the system they have for enforcement of consistent application of those standards.

Jurisdictions may want to refer to their jurisdictional profile prepared by the IFRS Foundation, which can be accessed at: <http://www.ifrs.org/Use-around-the-world/Pages/Analysis-of-the-G20-IFRS-profiles.aspx>.

As part of their response on this recommendation, jurisdictions should indicate the policy measures taken for appropriate application of fair value recognition, measurement and disclosure.

In addition, jurisdictions should set out any steps they intend to take (if appropriate) to foster transparent and consistent implementation of the new accounting requirements for the measurement of expected credit losses on financial assets that are being introduced by the IASB and FASB.

See, for reference, the following BCBS documents:

- [Supervisory guidance for assessing banks' financial instrument fair value practices \(Apr 2009\)](#)
- [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#)
- [Regulatory treatment of accounting provisions - interim approach and transitional arrangements \(March 2017\)](#)

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification

If “Implementation ongoing” has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
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I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Indonesia authority has adopted a plan to converge the Indonesian Generally Accepted Accounting Principles with IFRS in December 2008. The first phase of the convergence program, which was to align Indonesian accounting standards (PSAK) to IFRS as of 1 January 2009, was largely achieved in 2012. The second phase was intended to reduce the lag in adoption of IFRS to one year, resulted in the convergence of PSAK with IFRS (as they stood on 1 January 2014) as of 1 January 2015. The implementation of Indonesia Accounting standard is aligned with on IFRS that has effectively established in 2015 (with 1 (one) year lag). Although the compliance of Indonesian banks to IFRSs, i.e. by the adoption of PSAKs, will be assessed by their external auditors, the banking authority also enforces the implementation of the Indonesian accounting standards. For example, under the regulation on the Transparency and Publication of Commercial Banks' Report, sanctions will be imposed to banks if the Quarterly Published Financial Report and Annual Report of the Banks do not conform to the financial accounting standards. Regulations for banks that are related with the implementation of PSAKs are continuously being revised in order to align the regulations' requirements with the PSAKs requirements. The issuance of the regulation on the Transparency and Publication of Commercial Banks' Report in March 2015 is also intended to align the regulation's requirements with the adjustment on financial reporting required under PSAK 1 which has been aligned with IFRS. The regulation has been effectively implemented starting on 1 April 2015.</p> <p>In addition, "Pedoman Akuntansi Perbankan Indonesia"/ PAPI has also been established in order to support banking industry in implementing Indonesia Standard Accounting (PSAK). Moreover, in September 2016, the financial Accounting Standards board, Indonesian Institute of Accountants has released Exposures draft on Financial Standards Statement 71 on Financial Instruments which adopted the IFRS 9 on Financial Instruments. Considering all inputs and comments from stakeholders on accounting issues related to financial instruments including the effective date of application, DSAK-IAI decided to extend the first implementation date of PSAK 71 into January 1st, 2020 with earlier application is permitted.</p> <p>Furthermore, OJK and Institute of Indonesia Chartered Accountants will work together in other to introduce this SAK to SMEs. Regarding to assess bank's financial instrument using fair value practices, OJK already issued regulation that covers financial instrument, e.g. repo transaction and calculation of Disclosed Reserve emanating from income/losses during the current period.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI. Enhancing and aligning accounting standards VII VIII IX X

15. Consistent application of high-quality accounting standards

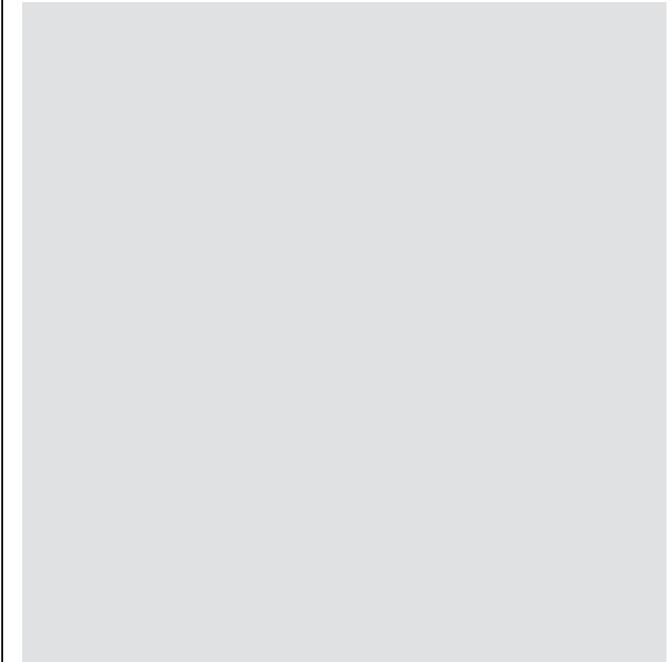
Update and next steps

Highlight main developments since last year's survey

As a response to the revision of IAS 1, IAS 16 and IAS 38, the Board of Indonesia Accounting Standard (DSAK) has revised PSAK 16 regarding Fixed Asset, which effectively implemented since 1 January 2018. Meanwhile PSAK 19 regarding intangible asset is still under revision process. Under article 62 (2) OJK Regulation No 2/POJK.05/2017 regarding Business Conduct of Guarantee Company, accounting standard for guarantee company will be amended in Circular Letter of OJK. Board of Indonesia Accounting Standard (DSAK) has issued SAK for Small and Medium Enterprises (SMEs), which effectively implemented since January 1st 2018. The standard will be applied in NBFi industry.

Extension of first implementation date of PSAK 71 (adoption of IFRS 9 on Financial Instruments) into January 1st, 2020 with earlier application is permitted.

Planned actions (if any) and expected commencement date



Relevant web-links

Web-links to relevant documents

- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-Nomor-42-Kewajiban-Pemenuhan-Rasio-Kecukupan-Likuiditas-Bagi-Bank-Umum/SALINAN-POJK%20LCR%20.pdf>
- <http://www.ojk.go.id/en/kanal/pasar-modal/regulasi/peraturan-ojk/Documents/Pages/OJK-Regulation-Concerning-Guideline-of-Repurchase-Agreement-Transaction-for-Financial-Services-Institution/2.%20POJK%20Pedoman%20Transaksi%20Repo.pdf>
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/pojk11-kewajiban-penyediaan-modal-minimum-bank-umum/SALINAN-POJK.11%20Konversi%20KPM%20FINALE.pdf>



16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

G20/FSB Recommendations

Regulators should develop enhanced guidance to strengthen banks' risk management practices, in line with international best practices, and should encourage financial firms to re-examine their internal controls and implement strengthened policies for sound risk management. (Washington)

National supervisors should closely check banks' implementation of the updated guidance on the management and supervision of liquidity as part of their regular supervision. If banks' implementation of the guidance is inadequate, supervisors will take more prescriptive action to improve practices. (Rec. II.10, FSF 2008)

Regulators and supervisors in emerging markets will enhance their supervision of banks' operation in foreign currency funding markets. (FSB 2009)

We commit to conduct robust, transparent stress tests as needed. (Pittsburgh)

Remarks

Jurisdictions should indicate the measures taken in the following areas:

- guidance to strengthen banks' risk management practices, including BCBS good practice documents ([Corporate governance principles for banks](#), [External audit of banks](#), and the [Internal audit function in banks](#));
- measures to monitor and ensure banks' implementation of the BCBS [Principles for Sound Liquidity Risk Management and Supervision \(Sep 2008\)](#);
- measures to supervise banks' operations in foreign currency funding markets;¹ and
- extent to which they undertake stress tests and publish their results.

Jurisdictions should not provide any updates on the implementation of Basel III liquidity requirements (and other recent standards such as capital requirements for CCPs), since these are [monitored separately by the BCBS](#).

¹ Only the emerging market jurisdictions that are members of the FSB should respond to this specific recommendation.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
 Final rule (for part of the reform) in force since

16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>To strengthen banks' risk management practices, including Internal audit function in banks, OJK has issued OJK Circular Letter No. 13 /SEOJK.03/2017 on Implementation of Good Governance for Commercial Banks. This regulation provides that Banks are required to conduct regular self-assessment which shall consist of at least 11 factors of assessment of good governance implementation including implementation of internal audit function. Furthermore, the prevailing regulations related to good corporate governance for banking sector have met most expectations of sound risk governance.</p> <p>In addition, a regulation concerning risk management (OJK Regulation No. 18/POJK.03/2016) requires banks to improve and maintain bank's risk management including information systems and internal controls with respect to credit, market, liquidity, operational, legal, reputational, and other risks. The regulation also requires banks to have written policies, procedures, and limit to address such risks. An integrated risk management is also required for banks that own subsidiaries and sister companies in financial sector.</p> <p>Under the regulation on risk management, banks are required to conduct stress testing on themselves. Indonesian authorities (in this case OJK, BI and Ministry of Finance) are also conducting join stress testing regularly on Indonesia economy which encompasses financial services sector. OJK itself routinely perform stress tests independently at least twice a year. However, the result of the stress testing is not disclosed to public.</p> <p>Regarding banks operation on foreign currency funding, OJK has taken measures to supervise the operations by firstly measure banks ability based on their core capital. Therefore, only Buku 2 banks and above is allowed to conduct foreign currency transaction. Moreover, OJK also monitor banks liquidity ratio closely to measure the stability and term of fund placement. Meanwhile, the assessment on risks that might originates from exchange rate is monitored through area market risk.</p> <p>Furthermore, the issuance of OJK Regulation on Integrated Risk Management for Financial Conglomerates and OJK Regulation on Integrated Governance for Financial Conglomerates has further strengthened the expectation of banks' risk governance practices. The OJK Regulation on Integrated Risk Management for Financial Conglomerates has been effectively implemented in November 2014. Whereas the OJK Regulation on Integrated Governance for Financial Conglomerates has been effectively implemented in November 2014. The first report for both regulations was based on June 2015 data.</p> <p>Furthermore, with regard to liquidity risk, OJK has issued Regulation No.42/POJK.03/2015 regarding Liquidity Coverage Ratio. Strengthening risk management in the NBFIs sector done by changing the supervisory approach. Previous approach mainly oriented towards compliance with laws and regulations or compliance-based supervision, are now evolving to the application of risk-based supervision that is oriented to level of risk. In January 2015, OJK has issued other relevant regulations pertaining to risk management, which are: 1. OJK Regulation No.1/POJK.05/2015 on Risk Management for NBFIs; 2. Circular Letter of OJK No. 10/SEOJK.05/2016 on Guidelines on Risk Management Implementation and Self-Assessment Report of the Risk Management Implementation for NBFIs. In addition, with regard to maintaining bank's stable funding, OJK has issued OJK Regulation No 50/POJK.03/2017 on Net Stable Funding Ratio Obligation for</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

I II III IV V VI VII. Enhancing risk management VIII IX X

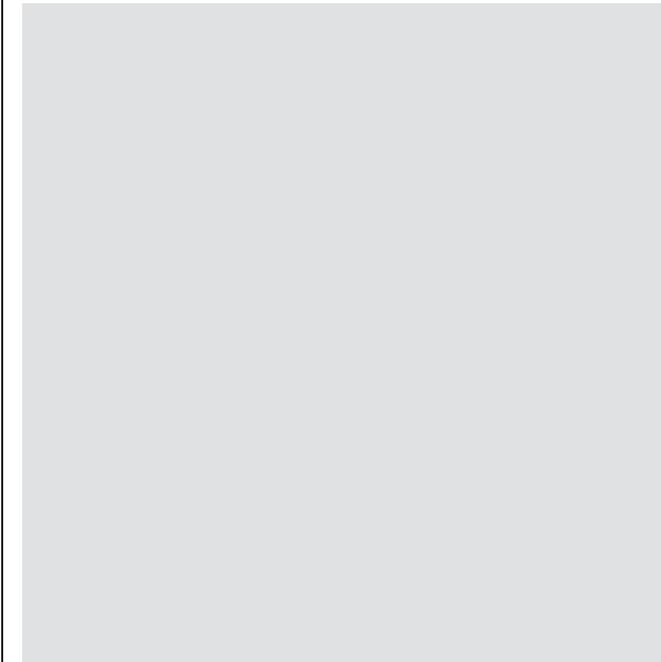
16. Enhancing guidance to strengthen banks' risk management practices, including on liquidity and foreign currency funding risks

Update and next steps

Highlight main developments since last year's survey

In July 2017, OJK has issued Regulation No 50/POJK.03/2017 on Net Stable Funding Ratio Obligation for Commercial Banks. This regulation aims to maintain banks' stable funding profile based on their asset composition and off-balance sheet activities based on international standards. Under this regulation, banks are required to maintain stable funding calculated using Net Stable Funding Ratio which the minimum is set to be 100%.

Planned actions (if any) and expected commencement date



Relevant web-links

Web-links to relevant documents

- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/pages/POJK-Nomor-42-kewajiban-Pemenuhan-Rasio-Kecukupan-Likuiditas-Bagi-Bank-umum/SALINAN-POJK%20LCR%20.pdf>
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-Nomor-18.POJK.03.2016/SAL%20-%20POJK%20Manajemen%20Risiko%20.pdf>
- http://www.ojk.go.id/Files/201411/BUKUPAKET2POJKmanajemenRisikoFINALCETAKTK_1416404553.pdf
- <http://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-Nomor-13-POJK-03-2015-Penerapan-Manajemen-Risiko-BPR/peraturan-otoritas-jasa-keuangan-nomor-13-pojk-13-2015-tentang-penerapan-manajemen-risiko-bpr.pdf>

17. Enhanced risk disclosures by financial institutions

G20/FSB Recommendations

Financial institutions should provide enhanced risk disclosures in their reporting and disclose all losses on an ongoing basis, consistent with international best practice, as appropriate. (Washington)

We encourage further efforts by the public and private sector to enhance financial institutions' disclosures of the risks they face, including the ongoing work of the Enhanced Disclosure Task Force. (St. Petersburg)

Remarks

Jurisdictions should indicate the status of implementation of the disclosures requirements of IFRSs (in particular IFRS 7 and 13) or equivalent. Jurisdictions may also use as reference the recommendations of the October 2012 report by the Enhanced Disclosure Task Force on [Enhancing the Risk Disclosures of Banks](#) and [Implementation Progress Report by the EDTF \(Dec 2015\)](#), and set out any steps they have taken to foster adoption of the EDTF Principles and Recommendations.

In addition, in light of the new IASB and FASB accounting requirements for expected credit loss recognition, jurisdictions should set out any steps they intend to take (if appropriate) to foster disclosures needed to fairly depict a bank's exposure to credit risk, including its expected credit loss estimates, and to provide relevant information on a bank's underwriting practices. Jurisdictions may use as reference the recommendations in the report by the Enhanced Disclosure Task Force on the [Impact of Expected Credit Loss Approaches on Bank Risk Disclosures \(Nov 2015\)](#), as well as the recommendations in Principle 8 of the BCBS [Guidance on credit risk and accounting for expected credit losses \(Dec 2015\)](#).

In their responses, jurisdictions should not provide information on the implementation of Basel III Pillar 3 requirements, since this is [monitored separately](#) by the BCBS.

Progress to date

Not applicable
 Applicable but no action envisaged at the moment
 Implementation ongoing
 Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

Draft in preparation, expected publication by
 Draft published as of
 Final rule or legislation approved and will come into force on
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17. Enhanced risk disclosures by financial institutions

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Indonesia has adopted the IFRS 7 requirements through the application of an Indonesia Accounting Standard (PSAK 60) since 2010. Indonesian banks have been required to comply with the PSAK 60's disclosure requirements. Following several annual improvements made by the IASB on IFRS 7, the Board of Indonesia Accounting Standard (DSAK) has also issued several revisions on PSAK 60. The latest version is implemented effectively on 1 January 2015. IFRS 13 has also been adopted through PSAK 68 and implemented on 1 January 2015. For banking industry, Pillar 3 disclosure requirements have also been effectively implemented in Indonesia. The Pillar 3 disclosure has been revised in 2015 to accommodate capital disclosure requirements under Basel III. The revised regulation was issued on 31 March 2015. The regulation governs that banks are required to disclose and publish Basel III capital in the banks' website on a quarterly basis. The regulation came into force for December 2015 data.</p> <p>OJK has issued OJK Regulation No. 6/POJK.03/2015 on Transparency and Publication of Bank's Report (POJK 6/2015). The Regulation stipulates, inter alia, the disclosure of capital and risk management practices implemented by banks which at least include the description of type of risks, potential loss, and risk mitigation. Under this regulation, banks are required to provide annual, monthly, and quarterly publication report to public and OJK that contains information on risk management practice applied by banks which include information on risk mitigation and potential loss. Furthermore, banks that are part of financial groups and/or having subsidiaries are also required to submit such report. OJK Circular Letter No. 43/SEOJK.03/2016 was later issued as a complementing regulation of the POJK 6/2015. These requirements to disclose types of risks and risk exposures stated in these regulations are in line with Basel II: International Convergence of Capital Measurement and Capital Standard: a Revised Framework (Basel II) dan Basel III: A Global Regulatory Framework for More Resilient Banks and Banking Systems (Basel III). In addition, OJK has issued Regulation No. 18/POJK.03/2016 on Implementation of Risk Management for Commercial Banks which stipulates that banks are required to disclose Risk Management in annual publication report. Such disclosure shall at least cover the performance of Risk Management. Disclosure requirements of financial instruments by securities companies has been required by Bapepam-LK Rule Number V.D.5 concerning Maintaining and Reporting on Adjusted Net Working Capital (effectively started in 28 December 2010), which amended the prior regulation dated 8 Mei 2003 with more disclosure requirements. Furthermore, this regulation requires that in calculating ANWC, securities companies shall disclose all their assets and liabilities as well as their risk measurements to assets and their activities/liabilities. In addition, the sufficiency of the adjusted net working capital is a requirement that shall be complied by securities companies in daily basis to enable them to have financial capability to support trading activities in the stock exchange.</p> <p>Disclosure requirements of financial instruments have been implemented since 2012 for NBFIs (insurance industry). The financial reporting for insurance industry are required to be prepared in accordance with Indonesia Accounting Standard (SAK) and Statutory Accounting Principles (SAP) to assess valuation of insurers' assets and liabilities. The insurance companies are required to disclose all of their assets and to measure the risks associated to their assets to meet the required solvency ratio. Moreover, NBFIs are required to conduct risk assessments (such as regarding board risk, governance risk, strategy risk, asset and liability risk. +</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

I II III IV V VI VII. Enhancing risk management VIII IX X

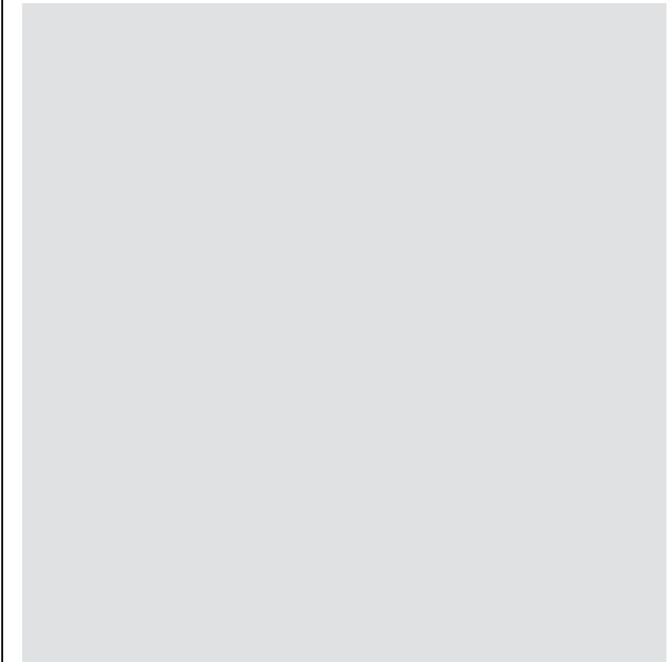
17. Enhanced risk disclosures by financial institutions

Update and next steps

Highlight main developments since last year's survey

In October 2017, OJK has issued Consultative Paper for Revised Pillar 3 Disclosure Requirements. The Consultative Paper was issued in order to receive feedbacks from all parties regarding the implementation of the revision in Indonesia.

Planned actions (if any) and expected commencement date



Relevant web-links

Web-links to relevant documents

- <http://www.ojk.go.id/id/kanal/pasar-modal/regulasi/klasifikasi-bapepam/perusahaan-efek/Pages/klasifikasi-bapepam-perusahaan-efek.aspx>
- http://www.ojk.go.id/Files/201506/SEOJK11TransparansidanPublikasiLaporanbankUmumKonvensional_1435584655.pdf
- http://www.ojk.go.id/Files/201506/LampiranSEOJK11_1435584655.pdf
- <https://www.ojk.go.id/id/regulasi/otoritas-jasa-keuangan/peraturan-ojk/Documents/Pages/Peraturan-OJK-tentang-Transparansi-dan-Publikasi-Laporan-Bank/POJK%206%2020Transparansi%20dan%20Publikasi%20Laporan%20Bank.pdf>
- <https://www.ojk.go.id/id/kanal/perbankan/regulasi/peraturan-ojk/Documents/Pages/POJK-Nomor-18.POJK.03.2016/SAL%20-%20POJK%20Manajemen%20Risiko%20.pdf>

18. Strengthening of national deposit insurance arrangements

G20/FSB Recommendations

National deposit insurance arrangements should be reviewed against the agreed international principles, and authorities should strengthen arrangements where needed. (Rec. VI.9, FSF 2008)

Remarks

Jurisdictions that have not yet adopted an explicit national deposit insurance system should describe their plans to introduce such a system.

All other jurisdictions should describe any significant design changes in their national deposit insurance system since the issuance of the revised IADI [Core Principles for Effective Deposit Insurance Systems](#) (November 2014).

In addition, jurisdictions should indicate if they have carried out a self-assessment of compliance (based on IADI’s 2016 [Handbook](#)) with the revised Core Principles:

- If so, jurisdictions should highlight the main gaps identified and the steps proposed to address these gaps;
- If not, jurisdictions should indicate any plans to undertake a self-assessment exercise.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="April 2016"/> </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #cccccc; height: 200px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/> </p>

18. Strengthening of national deposit insurance arrangements

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>The Law No. 24 Year 2004 provides legal basis on establishment of IDIC. In 2014, IDIC conducted self-assessment on application of IADI Core Principles on Deposit Insurance System.</p> <p>The Law No. 9 Year 2016 concerning Prevention and Resolution of Financial System Crisis (PPKSK) has been enacted on April, 15 2016 to improve current domestic resolution regime. The Law stipulates that the scope of financial system crisis prevention and resolution of Financial System consists of: (i) coordination of monitoring and maintaining financial system stability, (ii) financial system crisis management and (iii) resolution of systemic bank, both in normal and crisis conditions. The PPKSK Law has broadened the role of LPS as a member of the Financial System Committee and as the Indonesian resolution authority and provide the LPS with new resolution tools, including early intervention, purchase and assumption, bail-in mechanism, bridge bank, and new funding source for resolution. The PPKSK Law enhances adoption of IADI CP in LPS. Many improvements have been made, especially related to funding, legal protection, and resolution.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>

18. Strengthening of national deposit insurance arrangements

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>The PPKSK law mandated a new resolution funding mechanism for crisis resolution that is collected from the banking industry by the LPS, apart from the existing deposit insurance premium. LPS is in the process of developing detail regulation on bank resolution, for both systemic and non systemic bank. In addition, government has issued Government Regulation to ensure that LPS has sufficient back up funding and liquidity facilities, supporting LPS of its responsibilities including during crisis situation, namely: (i) Government Regulation Number 49 Year 2017 on Surplus, Liquidity and LPS's Borrowing to the Government which enables LPS to borrow from Government in the event of a shortfall of funding needed for resolution in normal time; (ii) Government Regulation Number 21 Year 2018 to facilitate bail in mechanism under activation and following conclusion of Banking Restructuring Program (BRP).</p>	<p>Planned actions (if any) and expected commencement date</p> <p>LPS has sent informal request to IADI for compliance assessment on application of CP. The assessment is targeted to be conducted in 2019.</p>

Relevant web-links	
<p>Web-links to relevant documents</p>	<p>http://www.kemenkeu.go.id/en/Peraturan/law-republic-indonesia-number-9-2016 https://peraturan.bpk.go.id/Home/Details/64709 https://peraturan.bpk.go.id/Home/Details/81177/pp-no-21-tahun-2018</p>

19. Enhancing market integrity and efficiency

G20/FSB Recommendations

We must ensure that markets serve efficient allocation of investments and savings in our economies and do not pose risks to financial stability. To this end, we commit to implement initial recommendations by IOSCO on market integrity and efficiency, including measures to address the risks posed by high frequency trading and dark liquidity, and call for further work by mid-2012. (Cannes)

Remarks

Jurisdictions should indicate whether high frequency trading and dark pools exist in their national markets.

Jurisdictions should indicate the progress made in implementing the recommendations:

- in relation to dark liquidity, as set out in the IOSCO [Report on Principles for Dark Liquidity \(May 2011\)](#).
- on the impact of technological change in the IOSCO [Report on Regulatory Issues Raised by the Impact of Technological Changes on Market Integrity and Efficiency \(Oct 2011\)](#).
- on market structure made in the IOSCO Report on [Regulatory issues raised by changes in market structure \(Dec 2013\)](#).

Progress to date

- Not applicable**
- Applicable but no action envisaged at the moment**
- Implementation ongoing**
- Implementation completed as of** [redacted]

If “**Not applicable**” or “**Applicable but no action envisaged...**” has been selected, please provide a brief justification

This recommendation is not applicable, since high frequency trading (HFT) has not been practiced yet in Indonesia. OJK will consider regulating measures to address the risks posed by HFT before allowing the use of HFT. Furthermore, based on Indonesia Capital Market Law, a party that offers buying and selling in the capital market is a Stock Exchange. Alternative trading system such as Dark Pool is not permitted in Indonesia.

If “**Implementation ongoing**” has been selected, please specify

- Draft in preparation, expected publication by [redacted]
- Draft published as of [redacted]
- Final rule or legislation approved and will come into force on [redacted]
- Final rule (for part of the reform) in force since [redacted]

19. Enhancing market integrity and efficiency

Progress to date	
<p>Issue is being addressed through</p> <p><input type="checkbox"/> Primary / Secondary legislation</p> <p><input type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <div style="background-color: #e0e0e0; height: 400px; width: 100%;"></div>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p> <div style="background-color: #e0e0e0; height: 200px; width: 100%;"></div>

19. Enhancing market integrity and efficiency

Update and next steps	
<p>Highlight main developments since last year's survey</p> <div style="background-color: #cccccc; height: 300px; width: 100%;"></div>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #cccccc; height: 300px; width: 100%;"></div>

Relevant web-links	
<p>Web-links to relevant documents</p>	<div style="background-color: #cccccc; height: 100%; width: 100%;"></div>

20. Regulation and supervision of commodity markets

G20/FSB Recommendations

We need to ensure enhanced market transparency, both on cash and financial commodity markets, including OTC, and achieve appropriate regulation and supervision of participants in these markets. Market regulators and authorities should be granted effective intervention powers to address disorderly markets and prevent market abuses. In particular, market regulators should have, and use formal position management powers, including the power to set ex-ante position limits, particularly in the delivery month where appropriate, among other powers of intervention. We call on IOSCO to report on the implementation of its recommendations by the end of 2012. (Cannes)

We also call on Finance ministers to monitor on a regular basis the proper implementation of IOSCO's principles for the regulation and supervision on commodity derivatives markets and encourage broader publishing and unrestricted access to aggregated open interest data. (St. Petersburg)

Remarks

Jurisdictions should indicate whether commodity markets of any type exist in their national markets.

Jurisdictions should indicate the policy measures taken to implement the principles found in IOSCO's report on [Principles for the Regulation and Supervision of Commodity Derivatives Markets \(Sep 2011\)](#).

Jurisdictions, in responding to this recommendation, may also make use of the responses contained in the [update to the survey](#) published by IOSCO in September 2014 on the principles for the regulation and supervision of commodity derivatives markets.

Progress to date

- Not applicable
- Applicable but no action envisaged at the moment
- Implementation ongoing
- Implementation completed as of

If "Not applicable" or "Applicable but no action envisaged..." has been selected, please provide a brief justification

If "Implementation ongoing" has been selected, please specify

- Draft in preparation, expected publication by
- Draft published as of
- Final rule or legislation approved and will come into force on
- Final rule (for part of the reform) in force since

20. Regulation and supervision of commodity markets

Progress to date	
<p>Issue is being addressed through</p> <ul style="list-style-type: none"> <input checked="" type="checkbox"/> Primary / Secondary legislation <input checked="" type="checkbox"/> Regulation / Guidelines <input type="checkbox"/> Other actions (such as supervisory actions) <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>Commodity derivatives market in Indonesia is governed by the Indonesia’s Commodity Futures Trading Regulatory Agency (CoFTRA). The primary legislation is Law No. 32 of 1997 which was amended by Law No. 10 of 2011. Several related regulations/guidelines (Government regulations, Presidential Decree, Head of CoFTRA’s Decree) have been issued to support the regulation and supervision of the commodity derivatives market in Indonesia. The regulations have adopted the IOSCO principles such as the design of physical commodity derivatives contract, surveillance of commodity derivative markets, disorderly markets, enforcement and information sharing, and enhancing price discovery and transparency.</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

20. Regulation and supervision of commodity markets

Update and next steps

Highlight main developments since last year's survey

To enhance the effectiveness of SPA-OTC supervision in an integrated, electronic, and on-line manner, CoFTRA has launched the Sole Transaction Monitoring System of SPA. This system is able to suppress errors, improve data control, provide access updates, and provide relevant supervisory information needed by CoFTRA to conduct its surveillance.

Planned actions (if any) and expected commencement date

(This area is currently blank for planned actions.)

Relevant web-links

Web-links to relevant documents

[https://bappebti.go.id/media/docs/law_decision_2015-09-09_13-50-28_merged\(2\).pdf](https://bappebti.go.id/media/docs/law_decision_2015-09-09_13-50-28_merged(2).pdf)
http://bappebti.go.id/siaran_pers/detail/4847

21. Reform of financial benchmarks

G20/FSB Recommendations

We support the establishment of the FSB's Official Sector Steering Group to coordinate work on the necessary reforms of financial benchmarks. We endorse IOSCO's Principles for Financial Benchmarks and look forward to reform as necessary of the benchmarks used internationally in the banking industry and financial markets, consistent with the IOSCO Principles. (St. Petersburg)

Collection of information on this recommendation will continue to be deferred given the forthcoming FSB progress report on implementation of FSB recommendations in this area, and ongoing IOSCO work to review the implementation of the IOSCO Principles for Financial Benchmarks.

22. Enhancing financial consumer protection

G20/FSB Recommendations

We agree that integration of financial consumer protection policies into regulatory and supervisory frameworks contributes to strengthening financial stability, endorse the FSB report on consumer finance protection and the high level principles on financial consumer protection prepared by the OECD together with the FSB. We will pursue the full application of these principles in our jurisdictions. (Cannes)

Remarks

Jurisdictions should describe progress toward implementation of the OECD’s [G-20 high-level principles on financial consumer protection \(Oct 2011\)](#).

Jurisdictions may also refer to OECD’s [September 2013 and September 2014 reports](#) on effective approaches to support the implementation of the High-level Principles. The effective approaches are of interest across all financial services sectors – banking and credit; securities; insurance and pensions – and consideration should be given to their cross-sectoral character when considering implementation.

Jurisdictions should, where necessary, indicate any changes or additions that have been introduced as a way to support the implementation of the High-level Principles, to address particular national terminology, situations or determinations.

Progress to date
<p> <input type="radio"/> Not applicable <input type="radio"/> Applicable but no action envisaged at the moment <input type="radio"/> Implementation ongoing <input checked="" type="radio"/> Implementation completed as of <input type="text" value="2017"/> </p> <p>If “Not applicable” or “Applicable but no action envisaged...” has been selected, please provide a brief justification</p> <div style="background-color: #e0e0e0; height: 300px; width: 100%;"></div> <p>If “Implementation ongoing” has been selected, please specify</p> <p> <input type="radio"/> Draft in preparation, expected publication by <input type="text"/> <input type="radio"/> Draft published as of <input type="text"/> <input type="radio"/> Final rule or legislation approved and will come into force on <input type="text"/> <input type="radio"/> Final rule (for part of the reform) in force since <input type="text"/> </p>

22. Enhancing financial consumer protection

Progress to date	
<p>Issue is being addressed through</p> <p><input checked="" type="checkbox"/> Primary / Secondary legislation</p> <p><input checked="" type="checkbox"/> Regulation / Guidelines</p> <p><input type="checkbox"/> Other actions (such as supervisory actions)</p> <p>Short description of the content of the legislation/regulation/guideline/other actions</p> <p>According to the OJK Law, OJK is mandated to protect the interests of financial institutions' consumers. For banking industry, several regulations have also addressed consumer protection issues such as regulations concerning mediation, complaint handling, product transparency and customers' data and privacy. In principles, all requirements on consumer protection, governed by the prevailing laws and regulations, have been in line with G-20 high-level principles on financial consumer protection. Following this mandate, in 2013 OJK issued a regulation concerning consumer protection in the financial services sector (POJK Number: 1/POJK.07/2013). This regulation is aimed at creating a reliable consumer protection system, improving consumer empowerment, and developing awareness among financial services practitioners so as to be able to elevate public's trust in financial services sector.</p> <p>In November 2013, OJK officially launched the Indonesian National Strategy for Financial Literacy. This is one of the efforts that have been done by OJK in order to enhance society's literacy that may bring positive impact to efforts of improving the utilization of financial products and services. On principle of handling complaints and redress, in January 2014 OJK issued a regulation concerning Alternative Dispute Resolutions Institution in The Financial Services Sector (POJK Number: 1/POJK.07/2014). This regulation governs the function and the establishment of independent institutions which are appointed by OJK to solve any dispute that has occurred between consumers and Financial Services Business through alternative dispute settlement.</p> <p>Furthermore OJK has also issued a number of circular letters as a follow up to consumer protection regulation issuance in 2013. These circular letters aimed to assess the industry compliance to fulfil principles on:</p> <ol style="list-style-type: none"> 1. Education to Consumers and/or The Public for Improving Financial Literacy (OJK Circular No.1/SEOJK.07/2014); 2. Handling and Resolutions of Consumer Complaints at Financial Services Business (OJK Circular Number 2/SEOJK.07/2014); 3. Information for Marketing of Financial Products and/or Services (OJK Circular No.12/SEOJK.07/2014); 4. Standard Agreements (OJK Circular No.13/SEOJK.07/2014); and 5. Secrecy and Security of Consumer Personal Data and/or Information (OJK Circular Number 14/SEOJK.07/2014). <p>Following the issuance of POJK Number: 1/POJK.07/2014, OJK issued Circular Letter No. 7/SEOJK.07/2015 concerning Guidelines for Assessment of Alternative Dispute Resolution Institutions in the Financial Services Sector.</p> <p>Bank Indonesia (BI) has also issued BI Regulation No.16/1/PBI/2014 on Consumer Protection in Payment System Service to promote consumer protection in the area of payment systems.</p> <p>In 2016, OJK issued Regulation No. 76/POJK.07/2016 Concerning the Improvement of Financial Literacy and Inclusion in Financial Services Sector for Consumer and/or the Public. This regulation is aimed to increase the level of financial literacy and inclusion of Indonesian public by requiring financial services business to conducting literacy and inclusion program every year. OJK later issued Circular Letter No. 30/SEOJK.07/2017 as a complementing regulation of the OJK</p>	<p>If this recommendation has not yet been fully implemented, please provide reasons for delayed implementation</p>

22. Enhancing financial consumer protection

Update and next steps	
<p>Highlight main developments since last year's survey</p> <p>Following the issuance of OJK Regulation Number: 76/POJK.07/2016 on the Improvement of Financial Literacy and Inclusion in Financial Services Sector for Consumer and/or the Public (POJK 76/2016), OJK has issued Circular Letter No. 30/SEOJK.07/2017 on the Implementation of Activities Aimed to Increase Financial Literacy in Financial Services Sector which serves as the implementing regulation which serves as the implementing regulation of the POJK 76/2017</p> <p>In May, 18th 2017, OJK has issued the Financial Consumer Protection Strategy 2013-2027. This strategy aims to promote fair treatment principles for consumers in order to increase consumer's level of confidence and trust in financial services. The strategy has four main pillars of consumer protection, namely: (1) infrastructure; (2) regulation; (3) market conduct supervision; and (4) consumer education.</p> <p>Bank Indonesia (BI) has continued to promote consumer protection in the area of payment systems and digital economy through enforcing sound and safe consumer protection standards to create a healthy financial technology industry to support the national economy. In this case, BI regulates and supervises Payment System Service Providers. Several regulations that BI has issued to promote consumer protection include:</p> <p>BI Regulation No.19/12/PBI/2017 on Financial Technology, the regulation aims to regulate the implementation of financial technology to foster innovation, ensure consumer protection, and manage risk in order to maintain monetary and financial system stability, as well as an efficient, safe and reliable payment system.</p> <p>BI Regulation No.20/6/PBI/2018 on Electronic Money, Bank Indonesia strengthens electronic money implementation through institutional aspects such as capital, share ownership (at least 51% must be domestic), consumer protection aspects through restructuring cost and accountable floating fund management, as well as security and acceptance aspects through the obligation to improve transaction security standards and domestic transaction processing.</p>	<p>Planned actions (if any) and expected commencement date</p> <div style="background-color: #e0e0e0; height: 150px; width: 100%;"></div>
Relevant web-links	
<p>Web-links to relevant documents</p>	<p>English version (unofficial) - POJK Number: 1/POJK.07/2013: http://www.ojk.go.id/en/kanal/edukasi-dan-perlindungan-konsumen/regulasi/peraturan-ojk/Pages/OJK-Regulation-Concerning-Consumer-Protection-in-Financial-Services-Sector.aspx English Version (unofficial) - Circular Letters: 1. OJK Circular Number 1/SEOJK.07/2014 http://www.ojk.go.id/en/kanal/edukasi-dan-perlindungan-konsumen/regulasi/ojk-circular-letter/Pages/Surat-Edaran-Otoritas-Jasa-Keuangan-Nomor-1SEOJK072014.aspx 2. OJK Circular Number 2/SEOJK.07/2014 http://www.ojk.go.id/en/kanal/edukasi-dan-perlindungan-konsumen/regulasi/ojk-circular-letter/Pages/Surat-Edaran-Otoritas-Jasa-Keuangan-Nomor-2SEOJK072014.aspx 3.</p>

I	II	III	IV	V	VI	VII	VIII	IX	X
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List of abbreviations used

AIEPEG: Australia Indonesia Partnership for Economic Governance
 Bapepam: Badan Pengawas Pasar Modal dan Lembaga Keuangan (Indonesia Capital Market and Financial Institution Supervisory Agency)
 BI : Bank Indonesia
 COFTRA : Commodity Futures Trading Act
 DSAK: Dewan Standar Akuntansi Keuangan (Indonesia Accounting Standard)
 DLAC: OJK Departemen Learning dan Assesment Centre
 FFR: Fund to Financing Ratio
 FKSSK: Forum Koordinasi Stabilitas Sistem Keuangan (Financial System Stability Coordination Forum)
 IDIC: Indonesian Deposit Insurance Corporation
 INTRAC/PPATK: Pusat Pelaporan dan Analisis Transaksi Keuangan (Indonesian Financial Transaction Reports and Analysis Center)
 KIK Mutual funds: Kontrak Investasi Kolektif (Collective Investment Contract – Mutual Fund)
 KPK: Komisi Pemberantasan Korupsi (Indonesian Corruption Eradication Commission)
 KSSK: Komite Stabilitas Sistem Keuangan (Financial System Stability Committee)
 LPS : Lembaga Penjamin Simpanan (Indonesia Deposit Insurance Corporation)
 MIR: Macroprudential Intermediation Ratio
 MLB: Macroprudential Liquidity Buffer
 MoF: Ministry of Finance
 NPG: National Payment Getaway
 OJK : Otoritas Jasa Keuangan (Indonesia Financial Services Agency)
 PAPI: Pedoman Akuntansi Perbankan Indonesia (Indonesian Bank Accounting Standards)
 PLJP: Pinjaman Likuiditas Jangka Pendek (Short Term Liquidity Loan)
 PSAK: Pedoman Standar Akuntansi Keuangan (Indonesian Accounting Standards)
 PPKSK Law: Undang-Undang Pencegahan dan Penanganan Krisis Sistem Keuangan (Prevention and Resolution of Financial System Crisis Law)

Sources of recommendations

- [Hamburg: G20 Leaders' Communique \(7-8 July 2017\)](#)
- [Hangzhou: G20 Leaders' Communique \(4-5 September 2016\)](#)
- [Antalya: G20 Leaders' Communique \(15-16 November 2015\)](#)
- [Brisbane: G20 Leaders' Communique \(15-16 November 2014\)](#)
- [St Petersburg: The G20 Leaders' Declaration \(5-6 September 2013\)](#)
- [Los Cabos: The G20 Leaders' Declaration \(18-19 June 2012\)](#)
- [Cannes: The Cannes Summit Final Declaration \(3-4 November 2011\)](#)
- [Seoul: The Seoul Summit Document \(11-12 November 2010\)](#)
- [Toronto: The G-20 Toronto Summit Declaration \(26-27 June 2010\)](#)
- [Pittsburgh: Leaders' Statement at the Pittsburgh Summit \(25 September 2009\)](#)
- [London: The London Summit Declaration on Strengthening the Financial System \(2 April 2009\)](#)
- [Washington: The Washington Summit Action Plan to Implement Principles for Reform \(15 November 2008\)](#)
- [FSF 2008: The FSF Report on Enhancing Market and Institutional Resilience \(7 April 2008\)](#)
- [FSF 2009: The FSF Report on Addressing Procyclicality in the Financial System \(2 April 2009\)](#)
- [FSB 2009: The FSB Report on Improving Financial Regulation \(25 September 2009\)](#)
- [FSB 2012: The FSB Report on Increasing the Intensity and Effectiveness of SIFI Supervision \(1 November 2012\)](#)