

## **INDONESIA**

The Indonesian banking sector represents almost 80% of the financial system's total assets. OTC derivatives transactions that can be conducted by Indonesian banks have been limited to only interest rate and foreign exchange derivatives and the banks are limited to those that meet a requirement concerning core capital level. These restrictions, combined with the less developed money market and capital market, have resulted to a relatively small percentage of derivatives transactions turnover compared to those of global market. Considering these circumstances, for the time being, cross-border issues in the context of OTC derivatives markets regulatory regimes are yet to be relevant for Indonesia. Cross-border issues arising from the implementation of the OTC derivatives recommendations will remain be monitored and considered within the discussion of the Indonesian authorities.