

# Updates on Banking, Insurance and Financial Technology

September 2017

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# Updates on Banking Regulations

## Bridge Banks

- OJK Regulation No. 16/POJK.03/2017 on Bridge Banks (“POJK 16”)
- Allows the establishment of bridge banks as “intermediary” banks to administer the good quality assets of troubled banks.

## Outsourcing of Services

- OJK Regulation No. 9/POJK.03/2016 on Prudent Principles for Banks that Outsource Services to Other Parties. (“POJK 9”)
- Banks may outsource ancillary activities to third-parties.

## Single Ownership

- OJK Circular Letter No. 44/SEOJK.03/2017 on Single Ownership in Indonesian Banks (“SEOJK 44”)
- Determines way for one party to control more than one bank.

# Updates on Banking Regulations

## Bridge Banks

- POJK 16 regulates the establishment of a Bridge Bank, a bank established specifically to manage the “good quality assets” of troubled banks.
- The Bridge Bank is an intermediary bank, holding the assets of troubled banks before being transferred to third-parties

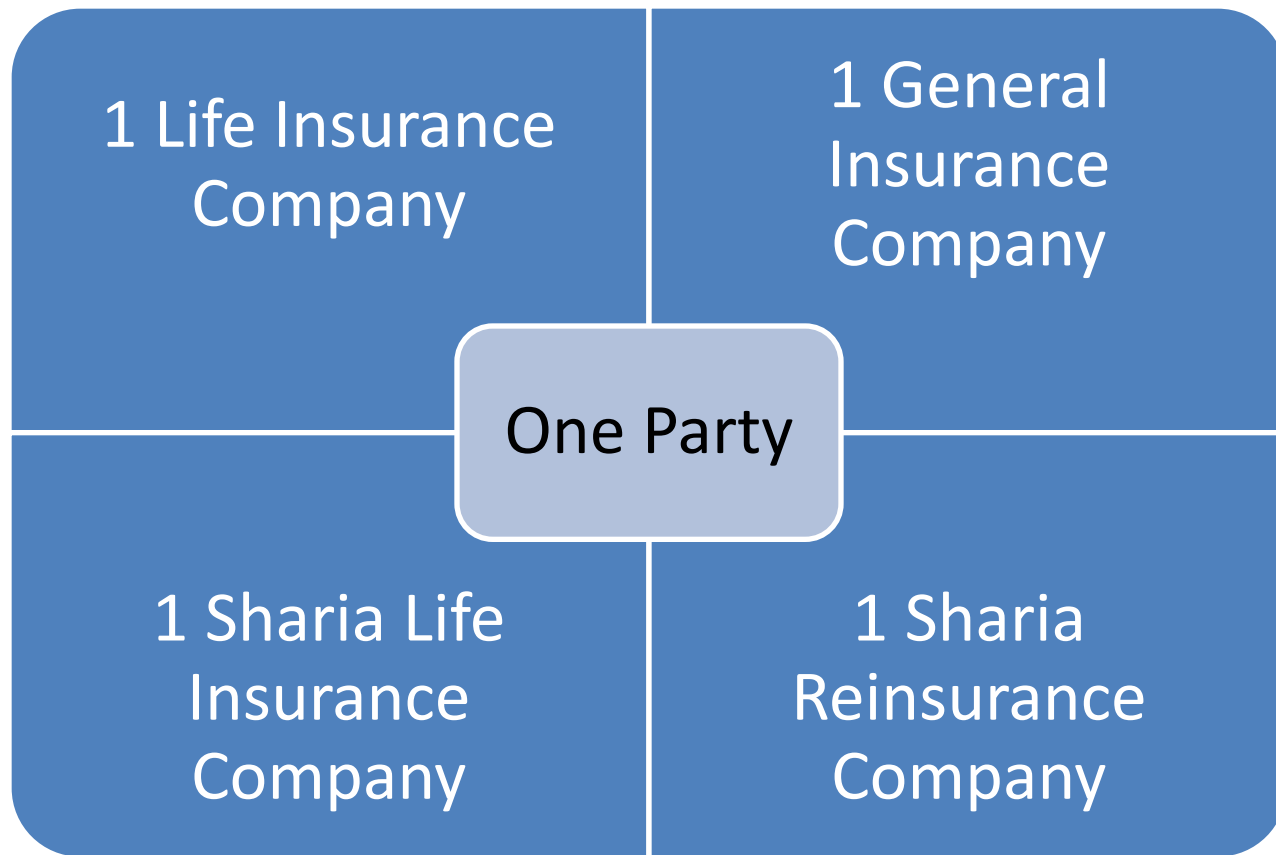
## Outsourcing of Services

- POJK 9 allows banks to delegate activities which fall under either the business-activities classification or the supporting-business-activities classification to third parties, provided that such activities are classified as auxiliary activities.

## Single Ownership

- SEOJK 44 provides three methods for a shareholders wishing to control more than one banks in Indonesia, namely by way of merger and consolidation, establishment of a Holding Company, and creation of a Holding Function.

# Updates on Insurance – Single Presence Policy



*\*The above is based on OJK Regulation No. 67/POJK.05/2016*

## Updates on Insurance – Other Noteworthy Provisions

### Capital Requirement

Minimum capital increase to IDR 150 billion for insurance companies and IDR 300 billion for reinsurance companies

### Mandatory Certification

Certification requirement for BOD, BOC and executive officers

### Outsourcing

Outsourcing of auxiliary activities is now allowed

### Foreign Employees

Foreign employees restricted to experts

# Updates on Financial Technology – P2P Lending

Foreign ownership of shares in P2P lending provider companies is capped at 85%

P2P Lending companies must have a minimum capital of IDR 2,5 billion

**OJK Reg No.  
77/POJK.01/2016  
regarding IT Based  
Lending Services  
("POJK 77")**

The maximum loan amount is IDR 2 billion

Obligation to set up escrow accounts for the payment and repayment of the loan

# National Payment Gateway

- ❑ Under newly issued Bank Indonesia (BI) Regulation No. 19/8/PBI/2017 regarding National Payment Gateway, domestic electronic transactions will now involve three key institutions, namely Standardization Institution, Switching Institution, and Services Institution.
- ❑ Institutions that previously performed Switching services, must now officially obtain approval from BI to become a Switching Institution, subject to further specific requirements such as having a minimum paid-up capital of IDR 50 billion and at least 80% of the shares must be owned by an Indonesian national or entity.
- ❑ The NPG institutions will be subject to branding, pricing schemes, and service feature requirements that are yet to be regulated by BI.

# Elected OJK Commissioners

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- ❑ **Chairman of OJK Board of Commissioners:**  
Wimboh Santoso
  - ❑ **Vice Chairman of OJK Board of Commissioners functioning as Head of Ethics Committee:**  
Nurhaida
  - ❑ **Chief Executive functioning as Banking Supervisor:**  
Heru Kristiyana
  - ❑ **Chief Executive functioning as Capital Market Supervisor:**  
Hoesen
  - ❑ **Chief Executive functioning as Non-Bank Financial Institutions Supervisor:**  
Riswinandi
  - ❑ **OJK Commissioner functioning as Head of Board of Auditors:**  
Ahmad Hidayat
  - ❑ **OJK Commissioner in charge of Consumer Education and Protection:**  
Tirta Segara
  - ❑ **Deputy Minister of Finance, Ex-officio Member of OJK Board of Commissioners from Ministry of Finance:**  
Mardiasmo
  - ❑ **Senior Deputy Governor, Ex-officio Member of OJK Board of Commissioners from Bank Indonesia:**  
Mirza Adityaswara
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# Expected Direction of OJK Regulations

## OJK to Push Growth in FinTech Industry

- The issuance of POJK 77 foreshadows regulation on other sectors of financial technology
- <http://www.ojk.go.id/id/berita-dan-kegiatan/info-terkini/Pages/OJK-Keluarkan-Aturan-Baru-Terkait-Fintech.aspx>

## OJK to Accelerate Fulfilment of National Banking Architecture

- The issuance of SEOJK 44 accelerates the fulfilment of the Indonesian Banking Architecture Plan, to reduce the number of banks
- <http://www.ojk.go.id/id/kanal/perbankan/a-rsitektur-perbankan-indonesia/Pages/Struktur-Perbankan.aspx>



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