

## **The October 2024 Monthly Board of Commissioners Meeting**

### **Financial Services Sector Stability Maintained Amid Increasing Geopolitical Risks**

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Jakarta, 1 November 2024. The Monthly Board of Commissioners Meeting of the Indonesia Financial Services Authority (OJK) on 30 October 2024 assessed that the stability of the financial services sector remains sound amid rising geopolitical risks and weakened global economic activity.

Slowing growth in several major countries and geopolitical uncertainties have become the main challenges for the recent global economy. The U.S. economy showed better-than-expected progress due to a strong labor market and improved domestic demand. In Europe, economic activity is improving, as indicated by rising retail sales, although the manufacturing sector remains under pressure.

Meanwhile, China's economic growth slowdown in Q3 2024 continues, both on the demand and supply sides. This has prompted the Chinese government and its central bank to continue issuing stimulus measures to boost the real sector and ease monetary policy.

Rising global geopolitical risks also pose challenges to future economic prospects, particularly with the escalation of conflict in the Middle East and political dynamics in the U.S. ahead of the Presidential Election in November 2024. Instability in the Middle East has caused the price of safe-haven commodities, such as gold, to rise.

These developments have led to increased risk premiums and rising global yields. Consequently, this has prompted capital outflows from emerging markets, including Indonesia, weakening financial markets in many emerging economies.

Overall, economic performance remains stable despite the weak global economic environment. Core inflation remains controlled, and the trade balance has remained a surplus since May 2020. However, attention should be given to the Manufacturing Purchasing Managers' Index (PMI), which remains in the contraction zone, and the relatively slow recovery in purchasing power.

### **Developments in the Capital Market, Financial Derivative, and Carbon Exchange Sector (PMDK)**

In October 2024, the domestic stock market strengthened by 1.05 percent month-to-date (mtd) as of 29 October 2024, reaching a level of 7,606.60 (year-to-date, ytd: up 4.59 percent). Market capitalization stood at IDR12,719 trillion, 1.33 percent mtd (ytd increase of 9.02 percent). Meanwhile, non-residents recorded a net sell of IDR9.50 trillion mtd (ytd: net buy of IDR40.14 trillion).

Month-to-date, gains were seen across nearly all sectors, with the most significant increases in the property & real estate and technology sectors. In terms of trading liquidity, the average daily transaction value in the stock market reached IDR12.89 trillion ytd.

In the bond market, the Indonesia Composite Bond Index (ICBI) weakened by 1.10 percent mtd (up 4.62 percent ytd), reaching 391.90, with the average government bond (SBN) yield rising by 26.06 basis points mtd (ytd increase of 19.08 basis points).

Non-residents recorded a net buy of IDR14.95 trillion mtd (ytd: net buy of IDR43.48 trillion) as of 29 October 2024. For corporate bonds, non-resident investors registered a net sell of IDR0.10 trillion mtd (ytd: net sell of IDR2.66 trillion).

In the investment management industry, the Asset Under Management (AUM) reached IDR855.89 trillion (up 1.52 percent mtd or 3.78 percent ytd) as of 29 October 2024. The Net Asset Value (NAV) of mutual funds recorded an increase of 0.84 percent mtd (ytd: up 0.52 percent) to IDR504.06 trillion, with a net subscription of IDR7.54 trillion mtd (ytd: net redemption of IDR5.26 trillion).

Fundraising activities in the capital market remain positive, with Public Offering values reaching IDR159.19 trillion, of which 30 new issuers raised IDR4.66 trillion. Furthermore, 129 Public Offering pipelines have an estimated indicative value of IDR43.32 trillion.

In terms of fundraising through Securities Crowdfunding (SCF), from the implementation of the SCF regulations to 25 October 2024, there have been 17 SCF providers licensed by OJK, with 650 securities issuances, 166,515 investors, and a total fundraiser of IDR1.26 trillion administered by the Indonesia Central Securities Depository (KSEI).

From its launch on 26 September 2023 to 29 October 2024, the Carbon Exchange had 90 licensed service users, with a total volume of 614,454 tCO<sub>2</sub>e and an accumulated transaction value of IDR37.09 billion. The transaction value was divided into 26.73 percent in the Regular Market, 23.16 percent in the Negotiated Market, 49.82 percent in the Auction Market, and 0.29 percent in the Marketplace. Looking forward, the potential of the Carbon Exchange remains significant, considering there are 4,041 registrants in the National Climate Change Control Registry System (SRN PPI), and the high potential of carbon units available for trading.

Regarding regulations enforcement in the Capital Market sector:

1. From 25 September 2024 to October 2024, OJK imposed administrative sanctions in the form of fines totaling IDR2.7 billion. These include IDR2.3 billion for two entities due to violations of Article 107 of the Capital Market Law and breaches related to Affiliate Transactions and Conflicts of Interest in issuer cases involving asset-backed transactions and lending. Administrative fines of IDR400 Million were also imposed on two Investment Managers for transaction and governance regulations violations.
2. Thus, throughout 2024, OJK has imposed Administrative Sanctions in the Capital Market sector in the form of fines totaling IDR65.96 billion, issued 17 Written Orders, revoked two Investment Managers Licenses and one Individual License, and issued nine Written Warnings. Additionally, administrative fines amounting to IDR54.06 billion have been imposed on 659 financial services players in the Capital Market, 101 written warnings for late report submissions, and two written warnings for non-reporting-related violations.

## **Developments in the Banking Sector (PBKN)**

Banking intermediation performance showed positive growth with a maintained risk profile. As of September 2024, credit growth continued its double-digit pace, reaching 10.85 percent year-over-year (yoy) (August 2024: 11.40 percent), totaling IDR7,579.25 trillion.

By type of use, Investment Loans booked the highest growth at 12.26 percent, followed by Consumer Loans at 10.88 percent and Working Capital Loans at 10.01 percent. State-owned banks were the main driver of credit growth, showing a year-over-year increase of 12.80 percent. Corporate loans grew by 15.43 percent by the debtor category, while MSME loans also saw growth at 5.04 percent.

Meanwhile, Third-Party Funds (DPK) in the banking sector grew by 7.04 percent yoy (August 2024: 7.01 percent yoy), reaching IDR8,720.78 Trillion, with current accounts, savings, and deposits growing by 9.38 percent, 7.30 percent, and 4.95 percent yoy, respectively.

In terms of liquidity, in September 2024 remained adequate, with the Liquid Assets/Non-Core Deposit (AL/NCD) ratio and Liquid Assets/Third-Party Funds (AL/DPK) ratio at 112.66 percent (August 2024: 112.92 percent) and 25.40 percent (August 2024: 25.37 percent), both above the respective thresholds of 50 percent and 10 percent. The Liquidity Coverage Ratio (LCR) was 222.64 percent, and the Net Stable Funding Ratio (NSFR) was 129.50 percent, indicating strong short-term liquidity resilience and solid long-term funding stability in the banking industry.

Credit quality remained stable, with a gross NPL ratio of 2.21 percent (August 2024: 2.26 percent) and a net NPL ratio of 0.78 percent (August 2024: 0.78 percent). Loan at Risk (LaR) also showed a downward trend, reaching 10.11 percent (August 2024: 10.17 percent) and approaching pre-pandemic levels of 9.93 percent in December 2019.

Overall, banking profitability (ROA) increased to 2.73 percent (August 2024: 2.69 percent), reflecting the continued resilience and stability of the banking sector. Bank solvency also remained robust, with the Capital Adequacy Ratio (CAR) at a high level of 26.85 percent (August 2024: 26.69 percent), providing a strong risk mitigation buffer amid global uncertainties.

The proportion of buy now, pay later (BNPL) credit products in the banking sector stood at 0.26 percent but continued to record high growth. As of September 2024, the BNPL outstanding credit balance grew by 46.42 percent yoy (August 2024: 40.68 percent), reaching IDR19.81 trillion, with a total of 19.82 million accounts (August 2024: 18.95 million).

In an effort to combat online gambling, which has wide-ranging impacts on the economy and financial sector, OJK has requested banks to block over 8,000 accounts identified by the Ministry of Communications and Digital Affairs (formerly Ministry of Communications and Informatics) and to close accounts associated with the same Customer Identification File (CIF).

## **Developments in the Insurance, Surety, and Pension Fund Sector (PPDP)**

In the PPDP sector, the insurance industry's assets in September 2024 reached IDR1,142.50 trillion, an increase of 2.46 percent year-over-year (yoy) from IDR1,115.02 trillion the previous year. Commercial insurance assets totaled IDR922.48 trillion, up 3.81 percent yoy. Premium revenue for commercial insurance reached IDR245.42 trillion, a 5.77 percent yoy increase, consisting of life insurance premiums growing by 2.73 percent yoy to IDR135.64 trillion and general and reinsurance premiums growing by 9.78 percent yoy to IDR109.78 trillion.

Overall, commercial insurance industry capitalization remains solid, with the aggregate Risk-Based Capital (RBC) of the life and general insurance industries at 458.31 percent and 329.89 percent, respectively, both above the 120 percent threshold.

For non-commercial insurance, the Social Security Agency for Health (BPJS Kesehatan) and Social Security Agency for Employment (BPJS Ketenagakerjaan), as well as insurance programs for Indonesia Civil Servants (ASN), Indonesia National Armed Forces (TNI), and Indonesia National Police Forces (POLRI) programs related to workplace accident insurance and death insurance, total assets reached IDR220.02 Trillion, a decrease of 2.80 percent yoy.

In the pension fund industry, total pension fund assets as of September 2024 grew by 10.10 percent yoy to IDR1,500.06 trillion, up from IDR1,362.44 trillion in September 2023. Voluntary pension program assets grew by 5.60 percent yoy to IDR380.80 trillion.

For mandatory pension programs, which include the old-age and retirement insurance programs under BPJS Ketenagakerjaan, and the old-age savings and pension accumulation programs for ASN, TNI, and POLRI, total assets reached IDR1,119.26 trillion, an 11.72 percent yoy growth.

In the guarantee companies sector, asset values grew by 3.65 percent yoy, reaching IDR47.58 trillion in September 2024, compared to IDR45.91 trillion in September 2023.

In regard to the regulations enforcement and consumer protection in the PPDP sector, OJK has undertaken the following steps:

1. As part of ensuring all insurance companies have actuaries, as of 28 October 2024, nine companies still do not have an actuary or a proposed candidate for the fit and proper test. OJK continues to monitor and take supervisory actions according to regulations for companies not in compliance, such as escalating previous warnings and requiring action plans to fulfill actuarial requirements. Additionally, OJK is coordinating with the Society of Actuaries Indonesia to address the supply of certified actuaries.
2. Regarding the requirement for meeting the first phase of minimum equity compliance by 2026, as per OJK Regulation Number 23 of 2023 concerning Insurance Business Licensing and Institutional Requirements, 101 out of 145 insurance and reinsurance companies met this requirement as of August 2024.

3. As of 28 October 2024, OJK imposed 43 administrative sanctions on financial institutions in the PPDP sector, consisting of 37 warnings and six fines, which may also be followed by additional warnings.
4. OJK continues efforts to resolve issues within Financial Institutions by implementing special oversight on 14 pension funds and eight insurance and reinsurance companies to improve their financial conditions in the interest of policyholders.

### **Developments in the Financing, Venture Capital, Microfinance, and Other Financial Institution Sector (PVML)**

In the PVML sector, receivables from Financing Companies (PP) grew by 9.39 percent year-over-year (yoy) in September 2024 (August 2024: 10.18 percent yoy), reaching IDR501.78 trillion. This was supported by investment financing which increased by 9.76 percent yoy.

The risk profile of Financing Companies (PP) remains stable, with the gross Non-Performing Financing (NPF) ratio recorded at 2.62 percent (August 2024: 2.66 percent) and net NPF at 0.81 percent (August 2024: 0.83 percent). The PP gearing ratio declined to 2.33 times (August 2024: 2.34 times), below the maximum limit of 10 times.

Venture capital financing contracted by 8.10 percent yoy in September 2024 (August 2024: -9.03 percent yoy), with a financing value of IDR16.25 trillion (August 2024: IDR16.19 trillion).

In the fintech peer-to-peer (P2P) lending industry, outstanding financing grew by 33.73 percent yoy in September 2024 (August 2024: 35.62 percent yoy), amounting to IDR74.48 trillion. The aggregate level of non-performing financing (TWP90) remains stable at 2.38 percent (August 2024: 2.38 percent).

For the Buy Now Pay Later (BNPL) by PP, financing growth increased by 103.40 percent yoy (August 2024: 89.20 percent yoy), reaching IDR8.24 trillion, with a gross NPF of 2.60 percent (August 2024: 2.52 percent).

Meanwhile, regarding the enforcement of the regulations in the PVML sector:

1. OJK revoked the business licenses for:
  - a. PT Investree Radika Jaya (Investree) due to non-compliance with minimum equity requirements and other violations under OJK Regulation Number 10/POJK.05/2022 concerning Information Technology-Based Joint Funding Services (LPBBTI), as well as declining performance that disrupted operations and services to the public.
  - b. PT Rindang Sejahtera Finance (RSF) due to the company's inability to improve its soundness level and meet the requirements.
2. Fulfillment with Minimum Equity Requirements:
  - a. As of September 2024, six PPs out of 147 have not met the minimum equity requirement of IDR100 billion
  - b. As of October 2024, 14 out of 97 P2P Lending Providers have not met the minimum equity requirement of IDR7.5 billion. Of these, five are in the process of analyzing requests for an increase in paid-up capital.



OJK continues to take necessary steps based on the progress of the action plan to meet the minimum equity requirements through capital injections from shareholders or credible local/foreign strategic investors, including business licenses revocation.

3. In enforcing compliance and integrity within the PVML sector, in October 2024, OJK imposed administrative sanctions on 16 Financing Companies, four Venture Capital Companies, and 19 P2P Lending Providers for violations of OJK Regulations, and findings from supervision and/or follow-up inspections. The administrative sanctions included 12 fines and 50 written warnings. OJK expects these enforcement and sanctions measurements to encourage PVML sector players to improve governance, prudence, and compliance, allowing for better performance and optimal contributions.

## **Developments in the Financial Sector Technological Innovation (ITSK), Digital Financial Asset and Crypto Asset Sector (IAKD)**

### **1. Implementation of the Regulatory Sandbox:**

- Since the issuance of POJK No. 3/2024 until October 2024, OJK has received 121 consultation requests from prospective Sandbox participants. Of these, 61 parties have submitted consultation forms, 54 have completed consultations and six are still in queue.
- Currently, two ITSK (Financial Sector Technology Innovation) organizers with AKD-AK (Credit Scoring - Alternative Data) business models have been accepted as Sandbox participants. Additionally, four pending applications to enter the Sandbox are in the pipeline: three from AKD-AK and one from Market Support.

### **2. Registration of ITSK Organizers:**

- Since the issuance of POJK No. 3/2024 up to October 2024, six ITSK organizers have registered with OJK, comprising two Alternative Credit Scorers (PKA) and four Information Aggregators of Financial Products and Services.
- Additionally, OJK is processing 34 registration applications, including:
  - 10 prospective ITSK PKA organizers, and
  - 24 prospective ITSK organizers of Financial Products and Services Information Aggregation.

### **3. Partnerships:**

- As of September 2024, four registered ITSK organizers with OJK have formed 44 partnerships with financial institutions, such as banks, financing companies, insurance firms, securities companies, P2P lending platforms, microfinance institutions, pawnshops, IT service providers, and data source providers.

### **4. Crypto Asset Activity:**

- As of September 2024, the number of crypto investors in Indonesia continues to trend upward, reaching 21.27 million (August 2024: 20.9 million). However, the transaction value for crypto assets has slowed by -31.17 percent to IDR33.67 trillion (month-to-month), reflecting global dynamics that have reduced crypto transactions. Nonetheless, domestic crypto transaction value

has shown significant growth in 2024, totaling IDR426.69 trillion, a 351.97 percent increase yoy.

#### **5. Coordination and Synergy for Crypto Asset Regulation and Supervision Transition:**

- OJK has carried out close coordination and synergy to prepare for the transition of regulatory and supervisory duties for crypto assets, including:
  - Signing a Cooperation Agreement with the Deputy Attorney General for General Crimes (Jampidum) of the Attorney General's Office of Indonesia, focusing on managing crypto assets as evidence.
  - Holding a Focus Group Discussion with the Financial Transaction Reports and Analysis Center (PPATK) on strategies to prevent and combat money laundering in the Crypto-Based Financial Innovations (IAKD) industry.

#### **6. Digital Financial Literacy Initiatives:**

- OJK has conducted:
  - Financial education through public lectures on 27 September 2024, at Bengkulu University and 22 October 2024, at UIN K.H. Abdurrahman Wahid Pekalongan.
  - Financial education and Digination "Digital Financial Literacy" events on 12 October 2024, in Palembang and 18 October 2024, in Makassar. These events are part of Digination 2024 to introduce financial sector technology innovations to the public, particularly young people, encouraging their active participation in developing tech-based financial solutions.

Additionally, to enhance digital financial literacy and innovation, OJK has launched initiatives to improve digital skills for the public, including developing and promoting digital financial literacy modules, supporting efforts to increase technological innovations in the financial sector, and providing consultation services for developing the IAKD industry.

### **Developments in the Market Conduct Supervision, Consumer Education and Protection (PEPK)**

To ensure compliance by Financial Services Business Actors (PUJK) with applicable regulations and to enhance consumer protection, OJK has been actively enforcing PUJK market conduct supervision and consumer protection regulations. From 1 January 2024 to 28 October 2024, OJK has implemented enforcement measures in market conduct supervision and consumer protection, as follows:

#### **1. Self-Assessment Reporting Obligations:**

- According to POJK No. 6/POJK.07/2022 and No. 22/2023 concerning Consumer and Public Protection in the Financial Services Sector, by 28 October 2024:
  - For the 2024 Self-Assessment Report, of the 2,719 PUJK required to submit reports, 2,620 PUJK (96.36%) submitted on time, 60 PUJK (2.21%) were late, and 39 PUJK (1.43%) have yet to submit their reports. No sanctions have been imposed for the 2024 reports, as the submission deadline was the end of October 2024.

- For the 2023 Self-Assessment Report, OJK imposed administrative sanctions on 71 PUJK for delayed reporting: 55 PUJK received administrative fines, and 16 PUJK received written warnings.

## 2. Consumer Protection Violations:

- Based on OJK's direct and indirect supervision, by 28 October 2024, OJK issued administrative fines to six PUJK for violations of consumer protection provisions, specifically regarding information provided in advertising and product/service marketing methods.
- Additionally, OJK issued written warnings to 13 PUJK in the banking, financing, pawnshop, and financial technology sectors for violating of consumer protection provisions in advertising information and collection methods. OJK ordered corrective actions to prevent recurring violations, including improving PUJK's internal regulations through direct/indirect supervision to ensure compliance with consumer and public protection standards.

## 3. Enforcement of Consumer Protection Regulations:

- From 1 January to 28 October 2024, OJK imposed administrative sanctions in the form of:
  - 238 Written Warnings to 165 PUJK;
  - Six Written Orders to six PUJK; and
  - 47 Fines to 47 PUJK.
- Additionally, up to 28 October 2024, a total of 202 PUJK compensated consumers for losses linked to 1,348 complaints, totaling IDR193.29 billion.

In terms of consumer service, OJK received 332,590 service requests via the Consumer Protection Portal Application (APPK) by 28 October 2024, which included 26,881 complaints. Of these complaints, 9,412 were related to the banking sector, 10,215 to the financial technology industry, 5,731 to financing companies, 1,162 to insurance companies, and the remainder to the capital market and other non-bank financial industries.

Combating illegal financial activities, from 1 January to 28 October 2024, OJK received 13,860 complaints related to illegal entities, including 13,020 complaints regarding illegal online loans and 840 complaints related to illegal investments. The number of illegal entities that have been terminated/blocked is as follows:

Entity	Year							Total
	2017 - 2018	2019	2017 - 2018	2021	2017 - 2018	2023	2017 - 2018	
Illegal Investments	185	442	347	98	106	40	242	1.460
Illegal Online Loans	404	1.493	1.026	811	698	2.248	2.500	9.180
Illegal Pawnshops	0	68	75	17	91	0	0	251
<b>Total</b>	<b>589</b>	<b>2.003</b>	<b>1.448</b>	<b>926</b>	<b>895</b>	<b>2.288</b>	<b>2.742</b>	<b>10.891</b>



Regarding the enforcement of consumer protection regulations, through the Task Force for the Eradication of Illegal Financial Activities (Satgas PASTI), OJK has taken the following actions from January to 28 October 2024:

- a. Identified and closed down 2,500 illegal online lending entities and 242 illegal investment offers on various websites and applications that posed potential risks to the public.
- b. Received information on 228 bank accounts or virtual accounts reported in connection with illegal financial activities. Consequently, OJK has requested the relevant banks to block these accounts through the banking supervisory unit.

In addition to blocking bank accounts or virtual accounts, Satgas PASTI identified contact numbers associated with debt collectors for illegal online loans that were reported for making threats, intimidation, or other unlawful actions. Following this, Satgas PASTI requested the Ministry of Communication and Digital of the Republic of Indonesia to block 995 contact numbers.

From 1 January to 28 October 2024, OJK conducted 4,393 financial education activities, reaching 5,795,083 participants across Indonesia. Sikapi Uangmu digital platform, which serves as a dedicated channel for financial education content through a minisite and application, published 345 educational contents with a total of 1,388,565 views. Additionally, there are 69,701 users of OJK's Financial Education Learning Management System (LMSKU), with 96,342 module accesses and 77,154 module completion certificates issued.

Such financial literacy enhancement measures are supported by strengthening financial inclusion programs through collaboration within the Regional Financial Access Acceleration Team (TPAKD), involving Ministries/Agencies, PUJK, academia, and other stakeholders. By October 2024, 541 TPAKDs had been established across 37 provinces and 504 districts/cities, covering 98.01% of provinces and districts/cities in Indonesia.

OJK has also developed and strengthened financial literacy and education programs broadly and fairly, including:

1. Discussions with Associations and PUJK Campaign Managers, consisting of Regional Development Banks and several PUJKs, to coordinate the implementation, monitoring, and evaluation of national financial literacy and inclusion program (GENCARKAN). OJK and all Associations and Campaign Managers are committed to implementing GENCARKAN's financial literacy and inclusion program on a massive, broad, synergistic, targeted, measurable, and sustainable basis.
2. Indonesia Leading Financial Literacy Activities (LIKE IT), a collaboration with the Ministry of Finance, Bank Indonesia, and the Deposit Insurance Corporation through the Financial Market Development Financing Coordination Forum (FK-PPPK), aims to raise public awareness of financial literacy and promote a culture of investment.
3. Financial education activities for Indonesian Air Force (TNI AU) personnel at the Atang Sendjaja Air Base, Bogor, West Java, to enhance financial literacy and awareness against illegal investments and illegal online loans.

4. "Capital Market Goes to Office," in collaboration with the Indonesian National Police Education and Training Institute (Lemdiklat Polri), was attended by police personnel and representatives from the State Police School (SPN) across Indonesia. It aimed to increase financial literacy, particularly in the Capital Market sector.
5. The implementation of the 2024 Financial Inclusion Month (BIK) as part of the GENCARKAN program initiated by OJK with the National Financial Inclusion Council (DNKI) is to improve financial literacy and inclusion across Indonesia massively and fairly.

As part of BIK activities, the Financial Expo (FinExpo) 2024 was held in Balikpapan. It featured 68 exhibitors, including 42 Conventional PUJK, 11 Sharia PUJK, and 15 Regulators, MSMEs, and related institutions. The event was attended by 48,978 visitors from various segments of the Balikpapan community, with total transactions amounting to IDR5.45 billion. BIK activities were also carried out nationwide by OJK regional offices in collaboration with relevant stakeholders.

## **OJK Policy Directions**

To maintain the financial services sector stability and to enhance its role in supporting national economic growth, OJK has implemented the following policy measures:

### **A. Policy for Maintaining Financial System Stability**

In response to expected global economic stagnation, continued geopolitical tensions in the Middle East, and the economic slowdown in China, OJK continues to closely monitor current developments and their impact on the domestic financial services sector. OJK conducts forward-looking assessments of the sector's performance. Financial institutions are requested to remain vigilant regarding potential risks and take necessary mitigation measures.

### **B. Policy for Development and Strengthening of the Financial Services Sector (FSS) and Market Infrastructure**

1. OJK requested banks and the PVML industry to expand MSME financing access while adhering to prudential principles, governance, and risk management. This includes devising strategies to enhance the quantity and quality of MSME credit distribution by broadening funding sources and utilizing information technology.
2. OJK launched the 2024-2027 Roadmap for Strengthening Regional Development Banks (BPD) to guide all stakeholders to create resilient, contributive, and competitive BPDs. The roadmap focuses on four main pillars: (1) Strengthening BPD structure and competitive advantages, (2) Accelerating BPD digital transformation, (3) Enhancing BPD roles in regional and national economies, and (4) Strengthening BPD licensing, regulation, and supervision.
3. OJK joined the Global Asia Insurance Partnership (GAIP) to strengthen the Asian insurance industry ecosystem by expanding international cooperation

to address global challenges. OJK aims to develop policies and adopt best practices to reduce protection gaps, thereby improving access to inclusive and relevant insurance products for Indonesian citizens and strengthening financial resilience and social protection. GAIP's focus in Asia includes five key areas: natural catastrophe, mortality, cyber, health, and retirement savings. OJK actively participates in GAIP initiatives such as the Living Lab (focused on research and analysis of current issues), the Policy Think Tank (providing a primary platform for regulators, industry, and academics), and Talent Development (supporting talent development in the insurance sector).

4. OJK has issued several regulations:
  - a. **OJK Circular Letter (SEOJK) No. 11/SEOJK.01/2024** concerning Debtor Information Reporting through Financial Information Services System (SLIK) related to the addition of SLIK Mandatory Reporters, including insurance companies, sharia insurance companies, and fintech P2P lending providers. This SEOJK aims to enhance SLIK's ability to provide more comprehensive and accurate debtor information.
  - b. **SEOJK No. 9/SEOJK.05/2024** concerning Subrogation Receivable Quality Assessment, Guarantee Activities, and Suretyship (SEOJK Subrogation). This SEOJK provides reporting guidelines in SLIK for insurance and guarantee companies designated as SLIK reporters.
  - c. **POJK No. 15 of 2024** concerning Bank Financial Reporting Integrity emphasizes the importance of integrity from bank stakeholders (employees, management, and controlling shareholders) in preparing financial statements. The POJK specifies the responsibilities of directors and commissioners, affiliated parties' obligations, and administrative sanctions for violations.
  - d. **SEOJK No. 10/SEOJK.05/2024** concerning Sharia Unit Spin-Off Mechanisms for Insurance and Reinsurance Companies. This SEOJK provides guidelines for insurance and reinsurance businesses conducting sharia unit spin-offs in accordance with POJK No. 11 of 2023 concerning Sharia Unit Spin-Off for Insurance and Reinsurance Companies.
  - e. **POJK No. 16 of 2024** concerning PT Sarana Multi Infrastruktur (Persero)/PT SMI Supervision establishes a legal basis for OJK's supervisory framework, covering direct and indirect supervision, health rating assessments, supervisory status determination, and anti-money laundering/anti-terrorism measures.
  - f. **POJK No. 14 of 2024** concerning Task Forces for Unlicensed Financial Business Activities (POJK Task Forces) is a follow-up to the mandated provisions under Article 247 of the Financial Sector Development and Supervision Law. It enhances collaboration to combat illegal investment through the Illegal Financial Activities Eradication Task Force (Satgas PASTI), with OJK as coordinator.
  - g. **SEOJK No. 13/SEOJK.08/2024** concerning Financial Literacy and Inclusion Planning and Reporting Guidelines. It provides a framework for financial services businesses to plan and report literacy and inclusion activities.
  - h. **SEOJK No. 14/SEOJK.05/2024** concerning Insurance Product Approval and Reporting. This SEOJK provides guidance for insurance and Sharia insurance businesses in accordance with POJK No. 8 of 2024 concerning Insurance Product and Insurance Products Market Channel.
5. OJK (Indonesia's Financial Services Authority) is currently drafting several regulations or standards, as follows:

- a. **Draft of OJK Regulation (RPOJK) concerning the Management of Track Record Information of Perpetrators through the Perpetrator Information System in the Financial Services Sector (RPOJK SIPELAKU):** This regulation addresses the management and utilization of SIPELAKU, which contains data and information on the track record of fraud perpetrators in the Financial Services Sector. By providing access to this data and information through SIPELAKU, it is expected to minimize the risk of financial loss in the financial services industry due to fraud.
- b. **RPOJK concerning Written Orders:** This is an amendment to the provisions related to written orders, in line with the issuance of the Financial Sector Development and Strengthening Law (UU P2SK), which mandates OJK to further regulate its authority in issuing written orders to Financial Service Institutions (LJK) for mergers, consolidations, acquisitions, integrations, and/or conversions (P3IK) within OJK regulations. The issuance of this RPOJK is expected to strengthen supervisory functions over the financial services sector, both prudential supervision and market conduct supervision, to ensure all activities within the sector are conducted in an orderly, fair, transparent, and accountable manner.
- c. **RPOJK concerning Banking Business Activities:** Applicable to both commercial banks and Rural Bank and Sharia Rural Bank (BPR/S). This RPOJK is a follow-up to the UU P2SK and addresses adjustments and harmonization with current developments, including regulations on capital participation activities, transfer of receivables, guarantee services by commercial banks, foreign exchange business activities by banks, as well as the use of electronic signatures and electronic agreements in bank product implementation.
- d. **RPOJK concerning the Development and Strengthening of Securities Transactions and Institutions:** As a derivative of the UU P2SK, this regulation includes provisions regarding the provision of other services by Self-Regulatory Organizations (SROs), expansion of transaction settlement guarantees, and the use of guarantee funds by Clearing and Settlement Institutions, EBUS (Electronic Bond Trading System) LPS, as well as conditions that jeopardize the sustainability of SROs and Securities Companies.
- e. **RPOJK concerning the Development and Strengthening of Issuers and Public Companies:** This regulation covers the acceleration of the effective period of registration statements, obligations for listing and registering shares for parties conducting public offerings, changes in the status of public companies to private companies as a result of delisting from the stock exchange and voluntary status changes, deadlines for submitting reports to OJK and disclosing material events to the public, and criteria for public shareholders entitled to priority over non-public shareholders in the liquidation of Issuers and Public Companies.
- f. **Several Regulations in the Investment Management sub-sector:** These include RPOJK concerning the Development and Strengthening of Investment Management, RPOJK on Risk Management Implementation and Assessment of Soundness Level for Investment Managers, and RPOJK on the Assessment of Mutual Fund and Investment Manager.

- g. **RPOJK concerning Risk Management Implementation for Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Service Institutions (PVML):** This is a follow-up to UU P2SK and a revision on POJK Number 44/POJK.05/2020 concerning risk management for non-bank financial institutions to strengthen risk management in the PVML sector.
- h. **RPOJK concerning Supervision, Supervision Status, and Follow-up Supervision of PVML:** This regulation refines the provisions regarding supervision, supervision status, and follow-up supervision for all financial service institutions in the PVML sector, including procedures for supervision, determination of supervision status, and integrated follow-up supervision for PVML.
- i. **RPOJK concerning Good Governance for PVML:** This regulation includes provisions on the duties and responsibilities of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board, as well as the establishment and functioning of committees and work units responsible for internal control, and handling conflicts of interest.
- j. **RPOJK concerning Alternative Credit Scoring (PKA):** This regulation is a follow-up to the results of the Regulatory Sandbox, which established the Alternative Credit Scoring business model to be regulated and supervised by OJK. This RPOJK will govern the operation of PKA business activities related to principles and scope, business licensing requirements, institutional governance, PKA operations, supervision, and other related aspects.
- k. **RPOJK concerning Financial Services Aggregation Providers (PAJK):** This regulation is a follow-up to the results of the Regulatory Sandbox, which established the business model for Financial Services Aggregation Providers to be regulated and supervised by OJK. This RPOJK will regulate, among other things, the capital, institutional framework, licensing procedures for PAJK, and consumer data protection oversight.
- l. **RPOJK concerning Digital Financial Asset Trading, including Crypto Assets:** This regulation is being developed to prepare for the transfer of regulatory and supervisory duties over crypto assets from Indonesia Commodity Futures Trading Regulatory Agency (Bappebti) to OJK.
- m. **Draft of OJK Circular Letter (RSEOJK) concerning the Supervision and Reporting Mechanism for Digital Financial Asset Trading, including Crypto Assets:** This will be an implementing regulation under the RPOJK on Digital Financial Asset Trading, including Crypto Assets.
- n. **RSEOJK concerning Self-Assessment Reports:** As a follow-up to POJK Number 22 of 2023 on Consumer and Public Protection in the Financial Services Sector, this RSEOJK serves as a guideline for financial service providers (PUJK) to conduct self-assessments on compliance with consumer and public protection regulations, including preparing and submitting reports on self-assessment results in a specified format.
- o. **OJK in collaboration with the Drafting and Verification Team, comprising SJK Associations, Practitioners, Academics, and representatives from the Professional Certification Institution (LSP),** has been drafting the Indonesian National Work Competency Standards (SKKNI) for the Financial Service Business Actor Conduct



(PEPK) since early 2024. The SKKNI has been approved by the Minister of Manpower and is being implemented alongside the drafting of the Indonesian National Qualification Framework (KKNi) for PEPK. The drafting of KKNi PEPK has reached the National Convention stage as of 17 October 2024 and will subsequently be ratified.

C. Development and Strengthening of the Islamic Financial Services Sector (SJK Syariah)

In the Islamic financial industry, the Islamic Stock Index (ISSI) has continued to strengthen, achieving an 8.71 percent year-to-date growth. Additionally, the performance of Islamic financial intermediation has shown positive year-over-year growth, with Islamic banking financing growing by 11.40 percent, Islamic insurance contributions increasing by 13.17 percent, and Islamic financing receivables up by 20.89 percent.

To support the development and strengthening of the Islamic Financial Services Sector (SJK Syariah):

1. **At the 2024 Annual Islamic Banking Meeting in Banda Aceh**, OJK outlined five focus areas for developing Islamic banking over 2024-2025: consolidation of Islamic banks, establishment of the Islamic Finance Development Committee (KPKS), development of product guidelines and uniqueness, strengthening the role of Islamic banking in the Islamic economic ecosystem, and enhancing the role of Islamic banks in MSME development.
2. **Enhancing the competitiveness of Islamic banking products**, OJK introduced three new guidelines: (a) Guidelines for Mudarabah Financing Products; (b) Guidelines for Implementing Shariah Restricted Investment Account (SRIA) with *Mudharabah Muqayyadah* Contract; and (c) Guidelines for Implementing Cash Waqf Linked Deposit (CWLD).
3. **Spin-off Sharia Units in Insurance and Reinsurance Companies in accordance with Article 9 of POJK 11 of 2023**, 41 insurance/reinsurance companies submitted their Islamic Unit Separation Work Plans (RKPUS) in December 2023. As of 28 October 2024, progress includes:
  - o One Islamic life insurance unit has obtained an Islamic life insurance license and is now in the process of transferring its portfolio to the new Islamic life insurance company.
  - o One Islamic general insurance unit has transferred its portfolio to an existing Islamic insurance company and is currently in the process of returning its Islamic unit license.
4. **Strengthening strategic alliances within Islamic finance ecosystem**, OJK, in collaboration with the National Sharia Council of the Indonesian Ulema Council (DSN-MUI), held the 2024 *Ijtima' Sanawi* (Annual Meeting) for Sharia Supervisory Boards (DPS) in Jakarta. This event, attended by 317 DPS members from the Islamic finance industry across Indonesia, included educational and sharing sessions on policy and regulatory developments in Islamic finance to enrich knowledge and improve human resources, particularly DPS members in the financial services sector.
5. **Enhancing the role of Islamic Financial Institutions (LJK Syariah) within Islamic economy**, OJK organized a sharia insurance finance synergy event in collaboration with industry players and academia in Bandar Lampung. Additionally, a training program on Islamic PPDP (Sharia Product

Development and Supervision) was conducted for students from various universities in Bandar Lampung.

6. **Conducting the 2024 Syariah Financial Fair (SYAFIF)** as part of the Financial Inclusion Month (BIK) 2024 launch in Balikpapan, OJK, in collaboration with 13 Islamic Financial Service Providers (PUJKS), showcased Islamic financial products and services. This year, SYAFIF also included Sharia businesses supported by PUJKS and the National Zakat Agency (BAZNAS) to bolster the halal ecosystem. During the event, SYAFIF 2024 recorded transactions of Islamic financial products and services totaling IDR1.82 billion.
7. **Increasing Islamic financial literacy and inclusion within the traditional Islamic boarding school (*pesantren*) ecosystem**, OJK held the Islamic Financial Inclusive *Pesantren* Ecosystem (EPIKS) event in October 2024 in DKI Jakarta and Central Kalimantan as part of BIK and to commemorate National *Santri* Day 2024. The EPIKS program launch in DKI Jakarta included opening Islamic financial access and providing financing for MSMEs around *pesantren*, totaling IDR1.36 billion.

Meanwhile, the EPIKS event in Central Kalimantan involved opening Islamic financial access for students and teachers at Al-Wafa and Hidayatullah Islamic boarding schools in Central Kalimantan, along with Islamic finance education sessions for students, with a total of 1,420 students in DKI Jakarta and 1,000 students in Central Kalimantan participating. Additionally, the first EPIKS launch in NTB took place at Raudhatul Azhar Masbagik Islamic boarding school, East Lombok Regency.

#### **D. Strengthening OJK Governance**

1. OJK continues to promote a culture of integrity and zero tolerance for fraud by holding integrity-building events for OJK employees and their families in Central Java and Yogyakarta, hosted in Yogyakarta. OJK also emphasizes the importance of integrity enforcement to all employees of partner companies working with OJK to support OJK's duties and functions as the financial services authority. This event is part of OJK's Governance Roadshow series, which includes forums where OJK discusses governance with stakeholders, demonstrating a commitment to building a collective culture of integrity and zero tolerance for fraud.
2. **Collaboration with Stakeholders to Enhance Governance and Integrity in Financial Services Sector (SJK) Continues Through Several Initiatives:**
  - **At the 8th International Conference for Economics and Business in Surabaya**, OJK encouraged active stakeholder participation in managing sustainability risks in Indonesia. This includes supporting energy transition through the Indonesian Sustainable Finance Taxonomy, promoting policies for Electric Vehicles (EV), and aligning IFRS S1 and S2 with financial reporting policies for financial institutions.
  - **At the International Conference on Financial Criminology in Jakarta**, OJK reinforced its commitment to integrity and invited stakeholders, especially anti-fraud professionals, to prevent fraud in the financial services sector. This was highlighted through strengthening anti-fraud

regulations, governance, anti-money laundering, counter-terrorist financing (APU-PPT), and utilizing technology and data analytics in supervision to enhance fraud prevention, detection, and reporting.

- **During the IAI Visit to OJK**, a forum for communication between OJK and professional associations in the financial services sector, OJK underscored the critical role of accountants in maintaining governance within the SJK. Accountants are encouraged to serve as strategic advisors to foster transparency and accountability in financial services institutions, positioning themselves as part of the three-lines model to create a healthy, integrated, and sustainable SJK ecosystem, while dynamically anticipating emerging risks.
- **Strengthening the GRC (Governance, Risk, and Compliance) Development Program** through benchmarking for updates and improvements to OJK's Business Continuity Management (BCM) provisions. This involves studies with Bank Indonesia, the Indonesia Stock Exchange, and Bank Central Asia, and also on Combined Assurance with Telkom Indonesia and Bank Mandiri. The development of GRC provisions is supported by academic studies focusing on Regulatory Impact Analysis, incorporating best practices and the latest international GRC standards.

OJK is committed to enhancing governance and integrity for employees, partners, and all stakeholders, supporting the establishment of a competitive financial services sector ecosystem that plays an optimal role in safeguarding financial system stability. OJK also extends its support to the newly appointed Members of the Audit Board of Indonesia (BPK) to foster collaboration in improving governance within OJK and the financial services sector.

### E. Enforcement of Regulations in SJK and Developments in the Investigation

In carrying out its investigative functions, as of 30 October 2024, OJK Investigators have completed a total of 131 cases, including 105 PBKN cases, five PMDK cases, 20 PPDP cases, and one PVML case. Of these, 117 cases have reached court decisions, with 108 cases having final and binding verdicts (*in kracht*) and nine cases are still in the appeal process.

No	Stage	PBKN	PMDK	PPDP	PVML	Total
<b>Cases</b>						
1	Review Process	9	9	3	3	24
2	Pre-Investigation	1	3	1	2	7
3	Investigation	10	0	1	1	12
4	Casefile Preparation	3	0	0	0	3
5	P-21 (Casefile Completed)	105	5	20	1	131
<b>Court Process</b>						
1	Final and Binding Decision (In Kracht)	86	5	16	1	108
2	Appeal with the appellate court	0	0	0	0	0
3	Cassation with the Supreme Court	6	0	3	0	9

With these regulations enforcement and integrity enhancement policies and measures, OJK is confident that the financial services sector will remain stable and contribute optimally to the national economy.