

## **Development and Strengthening of the Financial Services Sector for a Stable and Resilient Financial Services Sector (Monthly Meeting of the Board of Commissioners)**

Jakarta, 7 January 2025. The monthly meeting of the Board of Commissioners of Indonesia Financial Services Authority (OJK), held on 2 January 2025, assessed that the stability of the financial services sector remains solid despite the dynamics of the global and domestic economy.

Recent developments in the global economy indicate limited recovery with released data from most countries falling below expectations while inflation remains persistent. This has prompted a more neutral stance from global central banks moving forward, although most central banks have lowered policy interest rates in the last two months.

The U.S. economy and employment grows solidly while inflation remains sticky. The Fed cut the benchmark interest rate by 25 basis points at the December FOMC meeting but still signalled a "high for longer" stance, with an indicative reduction in the Fed Fund Rate (FFR) in 2025 of only 50 basis points (previously a decrease of 75 basis points with market expectations of 75-100 basis points). The market is also closely monitoring President Trump's policies, contributing to increased volatility in financial markets.

In China, the supply side begins to reflect recovery, although there remain no signs of improvement on the demand side. The Consumer Price Index (CPI) continues to show disinflation while exports contract. Meanwhile, the Manufacturing PMI is recorded in the expansion zone.

Domestically, the economy's performance remains stable. The headline inflation rate (CPI) has decreased to 1.55 percent year-on-year while core inflation has risen to 2.26 percent year-on-year. The trade balance surplus continues and the Manufacturing PMI continues to improve.

## **Developments in Capital Market, Financial Derivatives, and Carbon Market (PMDK) Sector**

Amid sentiments regarding the global economy, the domestic stock market in 2024 closed by 0.48 percent (mtd) as of 30 December 2024, to 7,079.91 (down 2.65 percent ytd). Market capitalization was recorded at IDR12,336 trillion, an increase of 2.79 percent mtd (up 5.74 percent ytd). Meanwhile, non-residents recorded a net sell of IDR5.03 trillion mtd (ytd: net buy of IDR16.53 trillion).

Sectoral index performance declined across almost all sectors, with the largest declines in the transportation and logistics and financial sectors. In terms of transaction liquidity, the average daily transaction value in the stock market was recorded at IDR12.85 trillion ytd.

In the bond market, the ICBI bond market index fell by 0.12 percent mtd (up 4.82 percent ytd) to a level of 392.66, with the average yield on government bonds (SBN) rising by 12.42 basis points mtd (ytd: up 38.76 basis points) by the end of December 2024. Non-resident investors recorded a net buy of IDR4.15 trillion mtd (ytd: net buy of IDR34.59 trillion). For the corporate bond market, non-resident investors recorded a net sell of IDR2.91 trillion mtd (ytd: net sell of IDR5.53 trillion).

In the investment management industry, the value of Assets Under Management (AUM) was recorded at IDR839.39 trillion (down 0.55 percent mtd or up 1.78 percent ytd) as of 30 December 2024, with a Net Asset Value (NAV) of mutual funds recorded at IDR496.84 trillion, an increase of 0.48 percent mtd (ytd: down 0.92 percent) as of 30 December 2024, and a net subscription of IDR5.05 trillion mtd (ytd: net redemption of IDR 1.82 trillion).

Fundraising in the capital market remains on a positive trend, with the total value of Public Offerings reaching IDR259.24 trillion, including fundraising from 43 new issuers that conducted fundraising and public offerings amounting to IDR17.28 trillion through Stock IPOs and EBUS issuance. Meanwhile, there are 115 Public Offerings in the pipeline with an estimated indicative value of IDR32.58 trillion.

From the initial implementation of SCF regulations to 30 December 2024, 18 organizers have received licenses from OJK for fundraising through securities crowdfunding (SCF) with 713 securities issuance from 450 issuers and 173,036 investors, and a total of IDR1.36 trillion raised and administered through SCF at KSEI.

From its launch on 26 September 2023 to 30 December 2024, the Carbon Exchange have had 100 service users obtaining licenses. The total volume was 908,018 tCO<sub>2</sub>e, and the accumulated IDR was 50.64 billion. Transaction values were 19.80 percent in the Regular Market, 43.41 percent in the Negotiated Market, 36.49 percent in the Auction Market, and 0.30 percent in the Marketplace.

Looking ahead, the potential of the Carbon Exchange remains very large, considering there are 4,118 registrants recorded at the National Registry System for Climate Change Control (SRN PPI) and the great potential of carbon units to be offered.

Regarding regulations enforcement in the Capital Market sector:

1. In December 2024 OJK imposed administrative sanctions in the form of fines on seven issuers, eight directors of issuers, three commissioners of issuers, two appraisers, and two public accountants totalling IDR3.33 billion.
2. OJK has imposed administrative sanctions in the form of fines totalling IDR14 billion, which consists of an administrative fine of IDR13.4 million on 19 parties related to violations of Articles 91 and 92 of the Capital Market Law and an administrative fine of IDR600 million on 12 securities companies for failing to conduct sufficient identification to determine the profile of prospective clients regarding the existence or non-existence of beneficial owners in the documents for opening Individual Securities Accounts (FPRE) related to stock trading.

3. Throughout 2024 OJK has imposed administrative sanctions following examinations of cases in the Capital Market on 144 parties, consisting of administrative sanctions in the form of fines totalling IDR83.32 billion, 21 written orders, two revocations of investment manager licenses, one revocation of an individual license, one license suspension, and ten written warnings. Additionally, administrative sanctions in the form of fines for delays amounting to IDR 62.81 billion were imposed on 696 financial service providers in the Capital Market, along with 130 written warnings for delays in report submissions and five administrative sanctions in the form of written warnings for reasons other than delays.

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

The performance of banking intermediation has shown positive growth with a maintained risk profile. In November 2024, credit growth continued to exhibit double-digit growth of 10.79 percent (yoy) (October 2024: 10.92 percent), reaching IDR7,717 trillion. Based on the type of use, Investment Credit grew the most at 13.77 percent, followed by Consumption Credit at 10.94 percent, while Working Capital Credit grew at 8.92 percent. In terms of bank ownership, state-owned banks (BUMN) were the main drivers of credit growth at 12.41 percent yoy. By debtor category, corporate credit grew by 16.19 percent, while MSME credit also continued to grow at 4.02 percent.

Further, Third-Party Funds (DPK) in banking recorded a growth of 7.54 percent yoy (October 2024: 6.74 percent yoy), reaching IDR8,835.9 trillion. Demand deposits, savings, and time deposits grew by 10.97 percent, 6.55 percent, and 5.57 percent yoy, respectively.

The banking industry's liquidity remained sufficient in November 2024, with Liquid Assets/Non-Core Deposits (AL/NCD) and Liquid Assets/Third-Party Funds (AL/DPK) ratios at 112.94 percent (October 2024: 113.64 percent) and 25.57 percent (October 2024: 25.58 percent), respectively, both above the thresholds of 50 percent and 10 percent. The Liquidity Coverage Ratio (LCR) stood at 213.07 percent.

Meanwhile, credit quality remained stable, with a gross NPL ratio of 2.19 percent (October 2024: 2.20 percent) and a net NPL ratio of 0.75 percent (October 2024: 0.77 percent). Loan at Risk (LaR) ratio also decreased to 9.82 percent (October 2024: 9.94 percent). This ratio is lower than pre-pandemic levels, which was 9.93 percent in December 2019.

Overall, the profitability level of banks (ROA) was 2.69 percent (October 2024: 2.73 percent), indicating that the banking industry remains resilient and stable. The banking sector's resilience is also reflected in the capital adequacy ratio (CAR), which is at a high level of 26.92 percent (October 2024: 27.02 percent). However, it has slightly decreased due to the Risk-Weighted Assets (ATMR) growth aligning with credit growth. Solid banking capital serves as a strong risk mitigation buffer amid global uncertainty.

The portion of the buy now pay later (BNPL) credit product in banking was recorded at 0.28 percent, but it continued to show a high annual growth. As of November 2024, the outstanding BNPL credit balance grew by 42.68 percent yoy (October 2024: 47.92 percent) to IDR21.77 trillion, with the number of accounts reaching 24.51 million (October 2024: 23.27 million).

To combat online gambling, which has widespread impacts on the economy and the financial sector, OJK had ordered banks to block approximately 8,500 accounts (previously around 8,000 accounts) based on data provided by the Ministry of Communication and Digital Affairs. Furthermore, OJK ordered banks to close accounts based on Citizenship Identity Numbers data and to conduct Enhanced Due Diligence (EDD). OJK has also discussed and shared information with banks regarding efforts to strengthen parameters that banks can use to detect accounts suspected of online gambling and continue to enhance supervision toward the use of dormant accounts.

Additionally, in the enforcement of regulations, during December 2024, OJK revoked the business licenses of PT Bank Perkreditan Rakyat Duta Niaga in West Kalimantan Province effective on 5 December 2024, PT Bank Perkreditan Rakyat (BPR) Pakan Rabaa Solok Selatan in West Sumatra Province effective on 11 December 2024, PT Bank Perkreditan Rakyat Kencana in West Java Province effective on 16 December 2024, and PT Bank Perkreditan Rakyat Arfak Indonesia in West Papua Province effective on 17 December 2024.

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

In the PPDP sector, the insurance industry's assets in November 2024 reached IDR1,126.93 trillion, an increase of 2.20 percent year-on-year (yoy) from the same position last year, IDR1,102.72 trillion. From the perspective of commercial insurance, total assets reached IDR903.58 trillion, an increase of 2.71 percent yoy. The performance of commercial insurance in terms of accumulated premium income for November 2024 reached IDR296.65 trillion, or a rise of 2.22 percent yoy, consisting of life insurance premiums growing by 2.64 percent yoy to IDR165.13 trillion and general insurance and reinsurance premiums growing by 1.70 percent yoy to IDR131.52 trillion.

Overall, the capitalization of the commercial insurance industry remains solid, with the life insurance and general insurance and reinsurance sectors reporting Risk-Based Capital (RBC) ratios of 442.78 percent and 321.62 percent, respectively (above the threshold of 120 percent). For non-commercial insurance, which consists of BPJS Kesehatan (Social Security Agency for Health) and BPJS Ketenagakerjaan (Social Security Agency for Employment) as well as insurance programs for ASN (Indonesia National Civil Servants), TNI (Indonesia National Armed Force), and POLRI (Indonesia National Police Force) related to work accident and death benefits, total assets were recorded at IDR223.35 trillion, growing by 0.15 percent yoy.

In the pension fund industry, total assets as of November 2024 grew by 9.10 percent yoy, reaching IDR 1,501.25 trillion. For voluntary pension programs, total assets

grew by 4.50 percent yoy, amounting to IDR 379.36 trillion. For mandatory pension programs, which consist of old-age benefits and pension guarantees from BPJS Ketenagakerjaan, as well as old-age savings and accumulated pension contributions from ASN, TNI, and POLRI, total assets reached IDR1,121.88 trillion, growing by 10.74 percent yoy.

In the guarantee company sector, as of November 2024, asset values contracted by 0.73 percent yoy to IDR46.68 trillion.

To enforce regulations and protect consumers in the PPDP sector, OJK has taken the following measures:

1. Monitoring compliance with the obligation to increase equity in the first phase by 2026 in accordance with POJK Number 23 of 2023 concerning Business Licensing and Institutional Regulations for Insurance Companies, Sharia Insurance Companies, Reinsurance Companies, and Sharia Reinsurance Companies. Based on monthly reports as of November 2024, 103 insurance and out of 146 have met the minimum equity requirement for 2026.
2. Regarding the obligation for all insurance companies to have actuaries, as of 24 December 2024, nine companies still do not have a company actuary or have not submitted candidates for capability and suitability assessment. OJK continues to monitor the implementation of supervisory actions in accordance with regulations for companies that have not met these requirements, such as increasing sanctions and requesting action plans regarding the company's fulfilment of actuary requirements. Additionally, OJK continues to coordinate with the Indonesian Actuarial Association as the issuing body of actuarial certifications from the perspective of the supply of actuarial experts.
3. From 1 to 24 December 2024, OJK imposed 66 administrative sanctions on financial service institutions in the PPDP sector, including 54 warning/reprimand sanctions and 12 fines that may be followed by warning/reprimand sanctions.
4. OJK continues to encourage the problem resolution in the Financial Service Institutions through special supervision of eight insurance and reinsurance companies, aiming for these companies to improve their financial conditions for the benefit of policyholders. Additionally, there are also 14 pension funds under special supervision.

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

In the PVML sector, financing receivables from Financing Companies (PP) grew by 7.27 percent year-on-year (yoy) in November 2024 (October 2024: 8.37 percent yoy) to IDR501.37 trillion, supported by an increase in investment financing of 9.41 percent yoy.

The risk profile of Financing Companies (PP) remains stable. The gross Non-Performing Financing (NPF) ratio was 2.71 percent (October 2024: 2.60 percent), and

the net NPF was 0.81 percent (October 2024: 0.77 percent). The gearing ratio of PP decreased to 2.30 times (October 2024: 2.34 times) and is below the maximum limit of 10 times.

Venture capital financing growth contracted by 7.46 percent yoy in November 2024 (October 2024: -5.60 percent yoy), with recorded financing valued at IDR16.09 trillion (October 2024: IDR16.32 trillion).

In the peer-to-peer (P2P) lending fintech industry, outstanding financing in November 2024 grew by 27.32 percent yoy (October 2024: 29.23 percent yoy), with a nominal value of IDR75.60 trillion. The aggregate non-performing loan rate (TWP90) remained stable at 2.52 percent (October 2024: 2.37 percent).

For Buy Now Pay Later (BNPL) financing by PP, financing growth increased by 61.90 percent yoy (October 2024: 63.89 percent yoy) to IDR8.59 trillion, with a gross NPF of 2.92 percent (October 2024: 2.76 percent).

Meanwhile, regarding the regulations enforcement in the PVML sector:

1. OJK revoked the business license of PT Sarana Sultra Ventura (PT SSV, Kendari City, Southeast Sulawesi Province) effective on 10 December 2024 due to its failure to meet the minimum equity requirements until the expiration of the Suspension of Business Activity Sanction.
2. Regarding compliance with minimum equity requirements for PP and P2P Lending:
  - a. Currently, six PP out of 146 have not met the minimum equity requirement of IDR100 billion; and
  - b. Eleven out of 97 P2P Lending providers have not met the minimum equity requirement IDR7.5 billion. Of these eleven P2P Lending providers, five are in the process of having their applications analyzed for increased paid-in capital.

OJK continues to take necessary steps based on the follow-up action plan to meet the minimum equity obligations, including capital injections from shareholders and credible local/foreign strategic investors, as well as the reinstatement of business licenses.

3. To enforce regulations and maintain the integrity of the PVML sector, during December 2024, OJK imposed administrative sanctions on 14 PP, eight Venture Capital Companies, and 27 P2P Lending providers for violations of applicable POJK regulations, as well as results from supervision and/or follow-up examinations. The imposition of administrative sanctions consisted of 21 fines and 84 written warnings. OJK hopes these compliance enforcement efforts and sanctions will encourage industry players in the PVML sector to improve good governance, prudential principles, and compliance with applicable regulations, ultimately leading to better performance and optimal contributions.

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

1. Implementation of the Regulatory Sandbox:
  - a. Since issuing POJK 3/2024 in February 2024 until December 2024, OJK has received 132 consultation requests from prospective Sandbox participants. Of this number, 64 parties have submitted consultation request forms, and 61 have undergone consultations.
  - b. During the same period, OJK received 11 applications from ITSK organizers to participate in OJK Sandbox. Five ITSK organizers with a business model of Digital Financial Assets – Crypto Assets (AKD-AK), consisting of four organizers and one organizer from Market Support, were declared as Sandbox participants. Additionally, two applications in the pipeline are currently being processed to become Sandbox participants, all of which come from the AKD-AK business model.
2. Registration of ITSK Organizers:
  - a. Since the issuance of POJK 3/2024 until December 2024, there have been 46 ITSK organizers that submitted registration applications to OJK, 14 of which have been designated as registered ITSK organizers, consisting of five Alternative Credit Rating Agencies (PKA) and nine Financial Services Aggregators (PAJK).
  - b. Furthermore, OJK is currently processing 27 registration applications with the following details:
    - Seven prospective ITSK organizers of the PKA type; and
    - 20 prospective ITSK organizers of the PAJK type.
3. According to the report as of November 2024, registered ITSK organizers at OJK have successfully established 1,217 partnerships with Financial Services Institutions (LJK) such as banks, financing companies, insurance companies, securities firms, P2P Lending, microfinance institutions, pawnshops, information technology service providers, and data source providers.
4. In addition, during the same period, the ITSK organizers completed transactions approved by partners amounting to IDR1,864.12 billion and successfully attracted 441,892 users spread across almost all regions of Indonesia.
5. In connection with the development of crypto asset activities in Indonesia, as of November 2024, the number of investors is on an upward trend, reaching 22.11 million (October 2024: 21.63 million). During the same period, the value of crypto asset transactions increased 68 percent to IDR81.41 trillion (October: IDR48.44 trillion). This surge is driven by bullish sentiment among active investors, now reaching 1.3 million investors, developments in global regulations, and increased utility of cryptocurrencies such as Bitcoin, further

strengthening the crypto market's appeal. Until November 2024, the value of crypto asset transactions in Indonesia reached IDR556.53 trillion, an increase of 376 percent year-on-year.

6. To fulfil OJK's commitment to prepare for the transition of regulatory and supervisory duties for Digital Financial Assets and Crypto Assets from Indonesia Commodity Futures Trading Regulatory Agency (Bappebti) to OJK, OJK is implementing a series of initiatives, including coordinating with Bappebti, drafting POJK and SEOJK related to the trading of Crypto Assets, preparing information system infrastructure, compiling transition guidebooks and supervisory guidelines, as well as coordinating with all relevant stakeholders, including the Attorney General's Office of the Republic of Indonesia and the Indonesia Financial Transaction Reports and Analysis Center (PPATK) to strengthen supervision of Digital Financial Assets and Crypto Assets.
7. During December 2024, OJK conducted activities to enhance literacy and inclusion as well as the development of digital financial innovation, namely:
  - a. OJK, together with the Indonesian Fintech Association (AFTECH), the Indonesian Sharia Fintech Association (AFSI), the Indonesian Peer-to-Peer Lending Association (AFPI), and industry players, held the National Fintech Month (BFN) 2024 and the Indonesia Fintech Summit & Expo (IFSE) 2024 from November 11 to December 12, 2024. The event was held to introduce the development of digital financial technology and to increase understanding of the advantages and risks of the fintech industry. During the BFN & IFSE 2024, more than 6.4 million active participants watched and followed the series of BFN 2024 activities, which included more than 130 socialization and education activities on the use of digital finance involving over 230 national and international speakers. This event also offered more than 110 job vacancies for various positions in fintech companies.
  - b. OJK collaborates with Bank Indonesia through the Working Group Forum of the Council (KKD) 3 on ITSK, which was established to discuss important issues related to Financial Sector Technology Innovation (ITSK), including developing innovations in the implementation of the Sandbox and the development of the OJK.

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

From 1 January to 31 December 2024, OJK conducted 5,443 financial education activities, reaching 7,306,532 participants across Indonesia. National financial literacy and inclusion digital platform Sikapi Uangmu, a communication channel for financial education content to the public through a minisite and application, has published 433 educational contents, totalling 1,754,287 viewers. Additionally, there are 79,376 users of OJK Financial Education Learning Management System



(LMSKU), with 102,901 module accesses and the issuance of 82,253 module completion certificates.

These efforts are supported by strengthening financial inclusion programs through collaboration with the Regional Financial Access Acceleration Team (TPAKD). OJK, together with the Ministry of Home Affairs and relevant stakeholders, has successfully encouraged the establishment of TPAKD throughout Indonesia. In 2024, the last TPAKD was officially established in the Papua region, thus TPAKD has been formed in all provinces (38 Provinces) and Districts/Cities (514 Districts/Cities) in Indonesia.

OJK also conducts massive and equitable activities for the development and strengthening of financial literacy and education, including:

1. In commemoration of National Disability Day, OJK, in collaboration with the National Disability Commission and a national women-led impact platform focusing on education and disability empowerment (KONEKIN), held the Inclusion Festival 2024 with the theme “Equal and Empowered Towards Golden Indonesia 2045.” This series of activities included financial literacy activities and material training through 3 (three) Public Discussions and 10 (ten) Learning Classes attended by a total of 1,777 participants in a hybrid format.
2. In commemoration of Mother's Day, the OJK, in collaboration with Indonesia Women's Congress (Kowani), organized a financial education event with the theme “Financially Smart Mothers, Financially Prosperous Families” in Jakarta, attended by the Minister of Women's Empowerment and Child Protection (PPPA) and the Chair of Commission X of the Indonesian House of Representatives, with 500 participants attending in person and 1,304 participants online. This event also included the inauguration of Kowani Financial Literacy Ambassadors who will educate the public, especially women and housewives, to create a financially literate society.
3. OJK held the 2024 Mass Media Appreciation event with the theme “Collaboration of the Financial Sector for a Prosperous Indonesia.” This event is a form of appreciation for the contribution of mass media in conveying OJK programs and policies to the public. OJK awarded 13 national and regional mass media outlets for their contributions to supporting every OJK activity.

To ensure compliance of Financial Services Business Actors (PUJK) with applicable regulations and to enhance consumer protection, OJK actively enforces provisions regarding the market conduct of PUJK and consumer protection. Additionally, from 1 January to 30 November 2024, OJK has implemented enforcement of provisions related to market conduct supervision and consumer protection, including:

1. In relation to the obligation to submit self-assessment reports for consumer protection as regulated in POJK Number 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector, until December 2024:

- a. For the self-assessment reporting in 2024, out of a total of 2,719 PUJK required to report, 2,619 PUJK submitted their reports on time (96.32 percent), 65 PUJK (2.39 percent) submitted their reports late, and 35 PUJK (1.29 percent) were declared as not submitting.
  - b. In enforcing the provisions regarding the obligation to submit self-assessment reports in 2024 by PUJK, OJK has imposed administrative sanctions for late reporting on 100 PUJK, namely: Administrative Sanctions for late reporting to 65 PUJK and administrative sanctions for not submitting reports to 35 PUJK, with details that 15 PUJK received administrative sanctions in the form of Written Warnings and 85 PUJK received administrative sanctions in the form of fines. PUJK that did not submit reports are still required to submit self-assessment reports.
2. In relation to the obligation to submit reports related to financial literacy and inclusion activities regulated in POJK 3/POJK.07/2023, which has been partially revoked and regulated in POJK 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector, OJK has enforced provisions by imposing administrative sanctions for late reporting. Until December 2024, OJK has imposed a total of 290 administrative sanctions for late reporting, namely: 260 Administrative Sanctions in the form of Fines and 30 Administrative Sanctions in the form of Written Warnings.
  3. Based on the results of market conduct supervision, both conducted directly and indirectly, until 24 December 2024, OJK has imposed a total of seven Administrative Sanctions in the form of Fines and 26 Administrative Sanctions in the form of Written Warnings for violations of consumer protection provisions in providing information in advertisements, marketing procedures for products/services, and billing procedures to consumers.
  4. To enforce consumer protection provisions, OJK has imposed the following sanctions:
    - a. From 1 January to 31 December 2024: 293 Written Warnings to 188 PUJK; 20 Orders to 18 PUJK; and 87 Fines to 81 PUJK.
    - b. Additionally, from 1 January to 31 December 2024, 217 PUJK compensated consumers for 1,526 complaints with a total loss of IDR212.17 billion.

From consumer services until 19 December 2024, OJK has received 410,448 service requests through the Consumer Protection Portal Application (APPK), including 33,319 complaints. Of these complaints, 12,776 originated from the banking sector, 11,948 from the financial technology industry, 6,958 from financing companies, 1,393 from insurance companies, and the remainder related to the capital market sector and other non-bank financial industries.

In efforts to eradicate illegal financial activities, from 1 January to 31 December 2024, OJK has received 16,231 complaints related to illegal entities. Of this total, 15,162 complaints were regarding illegal online loans and 1,069 complaints related

to illegal investments. The number of illegal entities that have been stopped/blocked is as follows:

Entity	Year							Total
	2017 - 2018	2019	2020	2021	2022	2023	Jan - Dec 2024	
Illegal Investments	185	442	347	98	106	40	310	1.528
Illegal Online Loans	404	1.493	1.026	811	698	2.248	2.930	9.610
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>3.240</b>	<b>11.389</b>

To enforce consumer protection provisions, through the Task Force for Eradicating Illegal Financial Activities (Satgas PASTI) from January to 31 December 2024, OJK has:

- a. Discovered and closed 2,930 illegal online loan entities and 310 illegal investment offers on various websites and applications that have the potential to harm the public.
- b. Received information on 228 bank accounts or virtual accounts reported in connection with illegal financial activities that have been requested for blocking through the banking supervisory unit to instruct the relevant banks to carry out the blocking. Satgas PASTI also identified contact numbers of debt collectors for illegal online loans and has submitted requests to block 1,692 contact numbers to the Ministry of Communication and Digital of the Republic of Indonesia.

OJK, together with members of Satgas PASTI supported by banking and payment system industry associations, has conducted a soft launch of the Indonesia Anti-Scam Centre (IASC) or Financial Transaction Fraud Handling Center on Friday, 22 November 2024. As of 31 December 2024, IASC has received 18,614 reports consisting of 14,624 reports submitted by victims through Financial Sector Business Actors (banks and payment system providers) which were then followed up through IASC, while 3,990 reports were directly reported by victims into the IASC system. These reports involve 101 business actors with 29,619 accounts related to fraud, of which 8,252 accounts have been blocked. IASC will continue to enhance its capacity to expedite the handling of fraud cases in the financial sector.

### **OJK Policy Direction**

To maintain the stability of the financial services sector and enhance the role of the financial services sector in national economic growth, OJK takes the following policy measures:

#### **A. Policy to Maintain Financial System Stability**

With the increasing volatility of financial markets and global trade caused by the "Trump Effect," the slowing decline of global interest rates, weakening global economic indicators, and the still high geopolitical risks, OJK continues to monitor the latest developments and requests Financial Services Institutions (LJK) to regularly monitor these risk factors to assess the ability of LJK to absorb potential risks that may arise.

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

1. OJK has established and/or issued several regulations, as follows:
  - a. OJK Regulation (POJK) Number 28 of 2024 concerning the Management of Information on the Track Record of Actors through the Information System of Actors in the Financial Services Sector (POJK SIPELAKU), which regulates the utilization and governance of SIPELAKU and contains data and information on the track records of fraud actors in SJK. Access to data and information on the track records of actors through SIPELAKU is expected to minimize the risk of losses in the financial services industry due to fraud incidents.
  - b. POJK Number 26 of 2024 concerning the Expansion of Banking Business Activities is a follow-up to the mandate of the Financial Sector Development and Strengthening Law (P2SK Law). This POJK regulates, among others, the adjustment of the scope of Subsidiaries (investee) of Commercial Banks to align with P2SK Law, capital participation by Rural Banks (BPR) or Sharia Rural Banks (BPR Syariah), the transfer of receivables by Commercial Banks as well as BPR or BPR Syariah, guarantees by Commercial Banks, the use of Electronic Signatures (TTE) and electronic agreements by Commercial Banks, the organization of Foreign Exchange Trading Business Activities (KUPVA) by Banks, and Sharia banking products.
  - c. POJK Number 30 of 2024 concerning Financial Conglomerates and Parent Companies of Financial Conglomerates is a follow-up to P2SK Law and the need for alignment with best practices and current conditions, including Joint Forum Principles for the Supervision of Financial Conglomerates and benchmark regulations from other countries. This POJK regulates, among other things, the criteria for Financial Conglomerates that are required to establish a Parent Company of Financial Conglomerates (PIKK), requirements for establishment, ownership and capital, as well as business activities of PIKK, assessment of capability and suitability, reassessment for key parties of PIKK, and reporting obligations of PIKK.
  - d. POJK Number 31 of 2024 concerning Written Orders is an amendment to the provisions of written orders in connection with the issuance of P2SK Law by adding provisions that further regulate the authority of OJK in issuing written orders to LJK to carry out mergers, consolidations, acquisitions, integrations, and/or conversions (P3IK) and aligning provisions related to market conduct supervision in "the issuance of orders or specific actions." This POJK revokes three existing POJKs related to written orders.
  - e. POJK Number 44 of 2024 concerning Bank Secrecy is an amendment to the provisions of bank secrecy in connection with the issuance of P2SK

Law, regulates the need for exceptions to Bank Secrecy, including for judicial purposes; the interests of other agencies for the purpose of state administration at the central level and public interest in accordance with the duties and authorities under the law; as well as the implementation of intergovernmental cooperation agreements that have been signed reciprocally. This POJK also regulates the general mechanism for the disclosure of Bank Secrecy, whether through permission or coordination with OJK or without OJK's permission (directly to the bank). This POJK revokes PBI Number 2/19/PBI/2000 concerning the Requirements and Procedures for Issuing Orders or Written Permits to Open Bank Secrecy.

- f. POJK Number 18 of 2024 concerning Liquidity Providers as an effort to enhance the depth of the financial market and increase the liquidity of securities traded through capital market organizers. This POJK regulates, among others, the existence of Liquidity Providers as parties that have received approval from Capital Market Organizers to trade Securities and have the obligation to quote certain Securities as determined by the Capital Market Organizer to support the creation of liquidity in the trading of those Securities. This POJK stipulates that parties that can conduct activities as Liquidity Providers include Securities Brokers and other parties approved by OJK.
- g. POJK Number 32 of 2024 concerning the Development and Strengthening of Transactions and Securities Institutions, as a derivative of P2SK Law, with several substantive regulations related to the provision of other services by Self-Regulatory Organizations (SRO), the expansion of guarantees for the settlement of Securities Transactions, and the use of guarantee funds by Clearing and Guarantee Institutions, EBUS trading by LPS, as well as conditions of distress that endanger the continuity of SRO and Securities Companies.
- h. POJK Number 33 of 2024 concerning the Development and Strengthening of Investment Management in the Capital Market, as a derivative of P2SK Law, with several substantive regulations related to the requirements for Mutual Fund activities to receive and/or provide loans, requirements for Mutual Funds to purchase shares of Mutual Funds in the form of Corporations and/or Participation Units of Mutual Funds in the form of other Collective Investment Contracts, as well as investment limits for Mutual Funds. It is expected that the expansion of Mutual Fund activities will provide space for Mutual Funds to grow and develop.
- i. POJK Number 45 of 2024 concerning the Development and Strengthening of Issuers and Public Companies, as a derivative of P2SK Law, with substantive regulations including the effective period of registration statements, confirmation of changes in the number and price of Securities offerings, the minimum period related to the initial offering (bookbuilding), requirements and timeframes for changing the

status of Public Companies to private companies as a result of delisting, voluntary changes in the status of Public Companies to private companies, the timeframe for disclosing material information or facts, and the position of public shareholders in the liquidation of issuers or public companies.

- j. POJK Number 34 of 2024 concerning the Development of the Quality of Human Resources in Insurance, Guarantee, and Pension Funds regulates the management of human resources and the development of the quality of human resources in PPDP, including the obligation to provide and realize annual education and training programs for human resources of at least 3.5 percent of the total realization of employee expenses, Directors, Board of Commissioners, and Sharia Supervisory Board from the previous year. The PPDP industry is also required to have a system and procedures for the continuous development of human resource quality to monitor the realization of human resource quality development, and must have human resources that meet competencies evidenced by Work Competency Certification (SKK) or other competency certifications approved by OJK in the field of PPDP.
- k. POJK Number 35 of 2024 concerning Licensing and Institutional Pension Funds regulates, among other things, the requirements for the establishment of pension funds, minimum content of Pension Fund Regulations (PDP) for Employer Pension Funds (DPPK) that administer two programs, the content of written statements from founders and co-founders, investment governance and investment committees, as well as provisions for the dissolution and liquidation of pension funds.
- l. POJK Number 36 of 2024 concerning Amendments to POJK 69/2016 regarding the Implementation of Insurance and Reinsurance Business regulates the expansion of the scope of business, behavior of insurance agents, claims handling, application of sharia principles, and mechanisms for transferring insurance portfolios. This POJK includes new provisions related to technological developments, specifically regarding the implementation of Digital Insurance Services (LAD).
- m. POJK Number 37 of 2024 concerning Amendments to POJK 17/2017 regarding Procedures and Methods for Imposing Administrative Sanctions in the Insurance Sector regulates, among other things, the addition of types of administrative sanctions in the form of a decrease in health levels, changes in the duration of administrative sanctions for insurance and reinsurance companies from being limitative to flexible based on OJK's considerations and assessments, changes in the procedures and methods for imposing administrative sanctions for insurance and reinsurance companies from being gradual to non-gradual and based on the category of violations.
- n. POJK Number 38 of 2024 concerning Amendments to POJK 28/2015 regarding the Dissolution, Liquidation, and Bankruptcy of Insurance and

Reinsurance regulates the postponement of Debt Payment Obligations as mandated by P2SK Law, as well as the refinement of provisions regarding the affirmation of norms in the membership of the Liquidation Team, the use of guarantee funds in the implementation of Liquidation, the conduct of audits on the final liquidation balance, and the affirmation of shareholder responsibilities in the implementation of liquidation.

- o. POJK Number 39 of 2024 concerning Pawnbroking, which regulates, among other things, the obligation to have controlling shareholders, capital increases, the requirement to have certified appraisers, the assessment of the quality of loan receivables and the maximum limit for loan provision, as well as the effective implementation of risk management.
- p. POJK Number 40 of 2024 concerning Technology-Based Peer-to-Peer Lending Services, which regulates, among other things, health levels, strengthening risk management and governance, provisions for sharia business units, and strengthening provisions regarding credit scoring obligations.
- q. POJK Number 41 of 2024 concerning Microfinance Institutions, which regulates, among other things, the classification of the scale of microfinance institutions into small, medium, or large scales with specific criteria, the assessment of loan quality and loan loss provisions, as well as the regulation of the health level of microfinance institutions with certain aspects.
- r. POJK Number 42 of 2024 concerning the Implementation of Risk Management for PVML, which regulates, among other things, Active Supervision of the Board of Directors, Board of Commissioners, Sharia Supervisory Board, and Managers, Internal Control Systems, as well as the Organization and Functions of Risk Management.
- s. POJK Number 43 of 2024 concerning the Development of the Quality of Human Resources in PVML, which regulates, among other things, the sustainable development of human resource quality, the provision of funds for educational and training obligations, and work competency certification in the field of PVML.
- t. POJK Number 46 of 2024 concerning the Development and Strengthening of Financing Companies, Infrastructure Financing Companies, and Venture Capital Companies, which regulates, among other things, the sustainable development of human resource quality, the provision of funds for educational and training obligations, and work competency certification in the field of PVML.
- u. POJK Number 47 of 2024 concerning Cooperatives in the Financial Services Sector (KSJK), which regulates, among other things, the scope and capitalization, business licensing for cooperatives that choose to become LJK, and the announcement obligations for KSJK.

- v. POJK Number 48 of 2024 concerning Good Governance for PVML, which regulates, among other things, the implementation of duties and responsibilities of the Board of Directors, Board of Commissioners, and Sharia Supervisory Board, the completeness and execution of tasks of committees and work units that perform internal control functions, as well as the handling of conflicts of interest.
- w. POJK Number 49 of 2024 concerning Supervision, Determination of Supervision Status, and Follow-Up of PVML Supervision, which regulates, among other things, the procedures for supervision, determination of supervision status, and integrated follow-up of PVML supervision.
- x. To transition the regulatory and supervisory duties of Crypto Assets and as part of efforts to strengthen the digital financial ecosystem in Indonesia, OJK has issued three regulations, as follows:
  - 1) POJK Number 27 of 2024 concerning the Implementation of Digital Financial Asset and Crypto Asset Trading, which was issued on 12 December 2024; and
  - 2) SEOJK Number 20 of 2024 concerning the Reporting and Supervision Mechanism for Digital Financial Assets and Crypto Assets, which was issued on 19 December 2024.

The issuance of these two regulations related to crypto asset trading, taking effect on 10 January 2025, is part of OJK's strategic step in preparing the necessary regulations related to the transition of regulatory and supervisory duties for Digital Financial Assets and Crypto Assets.

This regulation is designed to serve as a strong foundation for the regulation and supervision of digital financial asset trading, prioritizing aspects of good governance, transparency, consumer protection, and integrated risk management.

These provisions regulate various technical and operational aspects that will serve as guidelines for industry players, while also providing a clear legal framework to support the development of a healthy and sustainable Digital Financial Asset ecosystem.

- 3) POJK Number 29 of 2024 concerning Alternative Credit Rating Agencies (PKA), which aims to provide a legal basis for the implementation of technology-based alternative credit rating while promoting broader financial inclusion, especially for communities that are not served by formal financial institutions.
- y. SEOJK Number 18/SEOJK.08/2024 concerning Self-Assessment of Compliance with Consumer and Community Protection Provisions in the Financial Services Sector on 10 December 2024. This SEOJK is prepared as a guideline and implementation instruction for self-assessment of



compliance with consumer and community protection provisions in the financial services sector for PUJK to fulfill the mandate of POJK 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector.

2. OJK is currently drafting several regulatory proposals as follows:
  - a. Draft of OJK Regulation (RPOJK) for Supporting Professions in the Financial Services Sector, which regulates, among other things, the registration obligations for Supporting Professions that will conduct activities in SJK, the requirements, procedures for registration applications, and the submission of reports for Supporting Professions utilizing reporting systems/applications, as well as the synergy to strengthen the coordination of supervision of Supporting Professions with ministries, agencies, and/or authorities overseeing Supporting Professions.
  - b. RPOJK for Financial Services Aggregators (PAJK), which regulates the governance and implementation of aggregator services that have been established as an innovative business model in OJK's Sandbox.
3. OJK has designed the Integrated Reporting Architecture (IRA) as a strategic initiative aimed at simplifying the reporting process, enhancing transparency, and strengthening regulatory compliance. Through IRA, the currently dispersed reporting systems will be consolidated into only four main integrated systems via a Single Reporting Gateway, making it easier for all reporting entities to access. IRA will be developed and operated gradually starting in 2025, with strengthened core functions such as an integrated reporting portal, automatic data validation through metadata management, and more proactive notification of reporting obligations. This transformation aims to create significant efficiencies for both regulators and reporting entities to support more accurate data-driven decision-making.
4. In order to strengthen the implementation of integrated supervision in the financial services sector by OJK, as emphasized in P2SK Law, OJK is developing the Integrated Supervision Architecture for 2025-2028 as a foundational framework for the strategic policy direction of integrated supervision aligned with OJK's vision and mission, which includes plans and efforts by OJK to implement integrated supervision, both related to the supervision of Financial Conglomerates and cross-cutting issues, including the harmonization of provisions and the coordination mechanisms that need to be carried out.
5. In order to strengthen the implementation of integrated supervision in the financial services sector by OJK, as emphasized in P2SK Law, OJK is developing the Integrated Supervision Architecture for 2025-2028 as a foundational framework for the strategic policy direction of integrated supervision aligned with OJK's vision and mission, which includes plans and efforts by OJK to implement integrated supervision, both related to the

supervision of Financial Conglomerates and cross-cutting issues, including the harmonization of provisions and the coordination mechanisms that need to be carried out.

6. Regarding the implementation of the Financial Accounting Standards for Private Entities in 2025 and considering POJK Number 1 of 2024 concerning the Quality of BPR Assets, if BPR encounters difficulties in its implementation due to insufficient data and system readiness to calculate Reserves for Impairment Losses (CKPN) and meet certain conditions, it may submit a request to the local Financial Services Authority Office no later than 10 January 2025, along with supporting documents, for the use of peer group data in calculating CKPN for a maximum of 2 years, namely 2025 and 2026.
7. In preparation for the implementation of the Indonesian Financial Accounting Standards (PSAK) 117 effective 1 January 2025, a High-Level Meeting of the Steering Committee for the Implementation of PSAK 117 (PSAK 117 regarding Insurance Contracts) was held on 20 December 2024, with outputs including:
  - a. POJK Number 22 of 2024 concerning Periodic Insurance Reports has accommodated the obligation to submit quarterly financial reports for PSAK 117 during 2025 from Insurance Companies and Reinsurance Companies to OJK. Specifically for 2025, the quarterly PSAK 117 reports must be submitted no later than 45 days. Additionally, SEOJK Number 23/SEOJK.05/2024 was issued on 24 December 2024, which regulates the format and structure of periodic reports that are currently still in the process of drafting copies and will be socialized soon.
  - b. More than 95 percent of Insurance and Reinsurance Companies have submitted parallel run reports for PSAK 117 Insurance Contracts for the first, second, and third quarters of 2024. The submission of these parallel run reports indicates a sufficient level of readiness of Insurance and Reinsurance Companies to implement PSAK 117 in 2025.
  - c. For sui-generis institutions, the government will make adjustments to Government Regulations and Minister of Finance Regulations to accommodate the implementation of modified PSAK 117. Furthermore, the preparation and establishment of accounting standards for social security administration will be carried out by DSAK IAI in accordance with international best practices.
  - d. It is expected that there will soon be regulatory adjustments regarding the Tax Payable Notification Letter (SPT) that accommodate the implementation of PSAK 117 by the relevant ministries. OJK will publish an insurance accounting guide, including a technical guide for SPT conversion, no later than the third quarter of 2025.
8. To strengthen the regulation and supervision of the insurance industry, OJK is enhancing cooperation among regional and global authorities by

participating in the ASEAN Insurance Regulator's Meeting (AIRM) in November and the Annual General Meeting of The International Association of Insurance Supervisors (IAIS) in December. As a member of IAIS, OJK can play a role in the formulation of international principles related to insurance regulation and supervision, participate in development programs organized by IAIS, and build cooperation with insurance supervisors from other countries involved in IAIS programs, considering that IAIS currently has members from over 200 jurisdictions worldwide.

9. To continue promoting the growth of the financial services industry as well as consumer and community protection through the strengthening of regulations, particularly related to Peer-to-Peer Lending Services or Online Loans (Pindar) and Buy Now Pay Later (BNPL) for Financing Companies, OJK has issued the following policies:

Term	Max. Daily Return (%)		
	Consumer	Commercial	
		Micro and Ultra Micro	Small and Medium
≤ 6 months	0.3	0.275	0.1
> 6 months	0.2	0.1	0.1

a. Economic Benefit Limitations for Peer-to-Peer Lending

Adjustments have been made to the maximum limit of economic benefits for peer-to-peer lending, considering that there is room for evaluation and adjustments in SEOJK Number 19/SEOJK.05/2023 concerning the Implementation of Technology-Based Peer-to-Peer Lending Services, as well as taking into account the economic conditions that still require financing distribution, including from the peer-to-peer lending sector, and the conditions of the peer-to-peer lending industry that still require strong funding support from Lenders. Effective from 1 January 2025, the maximum limit of economic benefits for peer-to-peer lending per day is adjusted as follows:

b. Age Limits for Lenders and Borrowers and Minimum Income for Borrowers in peer-to-peer lending

OJK is strengthening regulations regarding peer-to-peer lending, which includes, among other things, the minimum age limit for Lenders and Borrowers being 18 years or married, and the minimum income for peer-to-peer lending Borrowers being IDR 3 million per month. These provisions will take effect for the acquisition of new Lenders and Borrowers, and/or extensions, no later than 1 January 2027. This policy aims to improve the quality of funding, create a healthy, efficient, and sustainable industry ecosystem, protect consumers/communities, and minimize potential legal and reputational risks for peer-to-peer lending industry players.

c. Strengthening Regulations for BNPL

OJK is also strengthening regulations related to BNPL for Financing Companies to reinforce the Buy Now Pay Later (BNPL) scheme for Financing Companies (PP BNPL), which includes that BNPL financing is only provided to customers/debtors who are at least 18 years old or married and have a minimum income of IDR 3 million per month. These provisions will take effect for the acquisition of new customers/debtors, and/or extensions of BNPL financing, no later than 1 January 2027. This policy aims to enhance consumer and community protection to anticipate the potential occurrence of debt traps for BNPL users who do not have sufficient financial literacy in using financial products and services.

10. OJK launched Financial Service Access Guidelines for Empowered Disabilities (SETARA) as an effort to promote increased financial inclusion for the community, especially for persons with disabilities. SETARA guidelines serve as a reference for Financial Sector Business Actors (PUSK) in implementing the mandate of POJK 22 of 2023 concerning Consumer and Community Protection in the Financial Services Sector to ensure equal access for potential consumers/customers with disabilities.
11. OJK has once again achieved the status of a Public Agency with the category of Informative at the National Level among State Institutions and Non-Ministerial Government Institutions (LN-LPNK) in 2024. This award demonstrates OJK's commitment to promoting information transparency to the public, particularly in providing information and handling complaints at both the central and regional levels. OJK successfully ranked among the top 10 best institutions in the LN-LPNK category and has maintained its status as an Informative Public Agency since 2023.

### **C. Development and Strengthening of Sharia Financial Services Sector**

In the Islamic financial industry, the Sharia stock index (ISSI) continued to strengthen by 1.41 percent year-to-date. Meanwhile, the intermediation performance of Sharia Financial Services Sector (SJK) still showed positive year-on-year growth, with Sharia banking financing growing by 11.26 percent, contributions from Sharia insurance growing by 8.42 percent, and Sharia financing receivables growing by 11.90 percent.

To monitor compliance with Article 9 of POJK 11 of 2023 concerning the Separation of Sharia Units of Insurance and Reinsurance Companies, there are 41 insurance/reinsurance companies that have submitted their Sharia Unit Separation Work Plans (RKPUS). The progress of the RKPUS that has been implemented as of 24 December 2024 is as follows:

- a. One Sharia unit of a life insurance company has obtained a license for Sharia life insurance and is currently in the process of transferring the portfolio from the Sharia unit to the new Sharia life insurance company;
- b. One Sharia unit of a general insurance company has completed the transfer of the portfolio to an existing Sharia insurance company.

Efforts to develop and strengthen the Sharia Financial Services Sector (SJK) are also ongoing, including:

- a. To strengthen collaboration and strategic alliances with stakeholders, particularly Financial Services Business Actors and Sharia Associations, OJK held a discussion at the Forum for Communication on Sharia Financial Literacy and Inclusion on 12–13 December 2024 in Jakarta, attended by leaders and representatives of PUJK and Sharia Associations. During this event, OJK presented a strategic program plan to enhance Sharia financial literacy and inclusion, followed by discussions on potential collaborations for 2025. The National Committee for Sharia Economy and Finance (KNEKS) was also present to provide insights on the synergy for expanding access to Sharia finance in the Sharia ecosystem.
- b. In commemoration of International Day of Persons with Disabilities, OJK collaborated with the Indonesian Physical Disability Association (PPDFI) to conduct financial education activities for persons with disabilities. The activities were held in the cities of Bandung and Jayapura as a manifestation of OJK's commitment to enhancing Sharia financial literacy among persons with disabilities, who are one of the priority target groups for OJK's financial education activities.

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

1. OJK continues to enhance collaboration with all stakeholders to strengthen governance and integrity in the financial services sector (SJK) on a sustainable basis, including:
  - a. OJK reaffirms its commitment as a regulator to strengthening the prevention and eradication of corruption to maintain integrity in the financial services sector during the International Anti-Corruption Day (Hakordia) 2024 event, which carries the theme "Reinforce Commitment to Eradicate Corruption for an Advanced Indonesia." OJK also collaborates with the Corruption Eradication Commission (KPK) to prevent criminal acts of corruption in the financial services sector through various ongoing cooperative measures, as well as implementing a gratification control program for OJK employees and their families that prohibits the acceptance of gratifications considered bribes from any party.
  - b. At the 67th anniversary event of the Indonesian Institute of Accountants (IAI), OJK emphasized the importance of the role of supporting professions in the financial services sector, including accountants, in the implementation of integrated Governance, Risk Management, and Compliance (GRC) while prioritizing technology by considering future risk developments and lessons learned from various past issues in financial services institutions that harmed the public and caused the going concern of these institutions.

2. To ensure the implementation of the highest standards in maintaining and strengthening integrity and governance, OJK implements various efforts and strategies:
  - a. Maintaining ISO 37001 Anti-Bribery Management System (SMAP) certification and expanding its scope of application to all work units in OJK, both at the Head Office and Regional Offices (OJK Offices) without any findings of non-conformity, whether major or minor.
  - b. Maintaining ISO 9001 Quality Control Standards certification for the implementation of internal audits, risk management, quality control, and enforcement of OJK's internal integrity as a commitment to ensure the quality of OJK's governance implementation.
  - c. Achieving an Internal Audit Capability Model (IACM) score of 92.68 (managed level), an increase from 91.46. This increase indicates that the internal audit function at OJK has been implemented and strengthened continuously to ensure the effectiveness of OJK's main duties and functions.
  - d. Improving internal regulations related to gratification control at OJK in accordance with best practices and KPK regulations to ensure the enforcement of a zero-tolerance principle against fraud, including corruption, is effectively carried out to minimize the risk of gratification at OJK.
  - e. Additionally, in 2024, OJK has also implemented early adoption of Global Internal Audit Standards (GIAS), which is the latest international internal audit framework issued by the Institute of Internal Auditors (IIA) as a global professional organization for internal auditors, with several main focuses, including strengthening the internal audit function that emphasizes quality and simplification, and becoming the best partner for the Board of Commissioners and all OJK Work Units through the provision of effective assurance and advisory services so that OJK's internal audit function can enable the strengthening of OJK's main functions in regulating, supervising, and protecting the Financial Services Sector. OJK has consistently referred to the best internal audit practice standards, with the maturity of the internal audit function assessed periodically by independent assessors to ensure compliance, quality, and effectiveness.

#### **E. Enforcement of Regulations in the Financial Services Sector and Developments in the Investigation**

1. OJK strengthens efforts to enforce provisions in the financial services sector by imposing administrative sanctions and/or Written Orders against violators of regulations. Throughout 2024, OJK has imposed at least 5,053 administrative sanctions against violators of regulations in the financial services sector (2023: 4,382 administrative sanctions). It is hoped that these

enforcement actions will enhance public trust and the integrity of the financial services sector sustainably.

2. As of 31 December 2024, OJK investigators had completed 139 cases in the execution of investigative functions, including 113 PBKN cases, five PMDK cases, 20 PPDP cases, and one PVML case.

Furthermore, the number of cases that have been decided by the court amounts to 121 cases, of which 110 cases have permanent legal force (in kracht), two cases are in the appeal stage, and nine cases are still in the cassation stage.

No	Stage	PBKN	PMDK	PPDP	PVML	Total
<b>Cases</b>						
1	Review Process	11	11	2	4	28
2	Pre-Investigation	3	1	2	2	8
3	Investigation	0	0	0	1	1
4	Casefile Preparation	5	0	0	0	5
5	P-21 (Casefile Completed)	113	5	20	1	139
<b>Court Process</b>						
1	Final and Binding Decision (In Kracht)	87	5	17	1	110
2	Appeal with the appellate court	2	0	0	0	2
3	Cassation with the Supreme Court	7	0	2	0	9