

**Press Release: Monthly Board of Commissioners Meeting
A Resilient Financial Services Sector to Support National Economic Growth**

Jakarta, 13 December 2024. The Monthly Board of Commissioners Meeting of Indonesia Financial Services Authority (OJK), held on 28 November 2024, assessed that the stability of the financial services sector remains solid amid escalating global geopolitical risks.

President Trump's and the Republican Party's election victory in the United States is expected to heighten trade war tensions. Additionally, geopolitical instability in several key Asian countries, Europe, the Middle East, and Ukraine has exacerbated geopolitical risks.

Amid these developments, the global economy's performance generally exceeds expectations in most major countries. In the U.S., labor market indicators and domestic demand have strengthened, contributing to increased inflationary pressures. In China, the production sector has improved despite continued demand pressures. Similarly, European economic indicators also show signs of improvement.

These developments are prompting global central banks to be more cautious in loosening monetary policies, increasing expectations for terminal rates on policy interest rates. Investors tend to withdraw their funds from emerging markets, thus weakening the emerging market equities, bonds, and exchange rates.

Domestically, economic performance remains stable. Indonesia's economic growth in the third quarter was recorded at 4.95 percent year-on-year (YoY), with cumulative growth from the first to the third quarter of 2024 at 5.03 percent. This suggests that overall growth for 2024 can be maintained above 5.0 percent.

Indonesia's Balance of Payments recorded a surplus in the third quarter, indicating sustained external resilience. Inflation remains stable, in line with the continued control of food inflation. However, developments in the Manufacturing PMI must be closely monitored, as it remains in the contraction zone and continues to exhibit weak demand indicators such as retail sales, motor vehicle sales, and the Consumer Confidence Index.

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

In November 2024, the domestic stock market weakened by 6.07 percent month-to-date (mtd) as of 29 November 2024, to 7,114.27 (year-to-date/ytd: down 2.18 percent). Market capitalization stood at IDR12,000 trillion, down 5.48 percent mtd (ytd: up 2.87 percent). Meanwhile, non-resident investors recorded a net sell of IDR16.81 trillion mtd (ytd: net buy of IDR21.56 trillion).

On a month-to-date basis, the weakening occurred in almost all sectors, with the largest decline in the basic materials and property & real estate sectors. On the liquidity side of transactions, the average daily transaction value in the stock market is recorded at IDR12.78 trillion ytd.

In the bond market, the Indonesia Composite Bond Index (ICBI) rose by 0.15 percent mtd (up 4.95 percent ytd) to 393.14. Average Government Bond (SBN) yields increased by 8.41 basis points mtd (ytd: up 26.34 bps) as of 29 November 2024. Non-resident investors posted a net sell of IDR13.07 trillion mtd (ytd: net buy of IDR30.44 trillion) as of the same period. In corporate bonds, non-resident investors recorded a net buy of IDR0.22 trillion mtd (ytd: net sell of IDR2.45 trillion).

In the investment management industry, Assets Under Management (AUM) totalled IDR844.04 trillion as of 29 November 2024 (down 0.95 percent mtd, up 2.34 percent ytd). The Net Asset Value (NAV) of mutual funds was recorded at IDR494.45 trillion, down 1.17 percent mtd (ytd: down 1.40 percent), with a net subscription of IDR3.0 trillion mtd (ytd: net redemption of IDR6.87 trillion).

Fundraising activities in the capital market remained solid, with the value of Public Offerings reaching IDR219.45 trillion, including fundraising from 34 new issuers raising funds through IPOs, issuance of debt securities, and shareholder public offerings, totalling IDR51.20 trillion. Additionally, there are 133 Public Offering pipelines with an indicative value of IDR58.34 trillion.

For fundraising through Securities Crowdfunding (SCF), from the implementation of the SCF regulations to 29 November 2024, 18 organizers had obtained OJK licenses, facilitating 694 securities issuances, 170,450 investors, and IDR1.33 trillion in SCF funds administered in the Central Securities Depository (KSEI).

On the Carbon Exchange, from its launch on 26 September 2023 until 29 November 2024, 94 service users have been licensed. The total trading volume is 906,440 tCO₂e, and the accumulated value is IDR50.55 billion. Transaction value details are 19.83 percent in the Regular Market, 43.39 percent in the Negotiation Market, 36.56 percent in the Auction Market, and 0.22 percent in the Marketplace.

Looking ahead, the potential of the Carbon Exchange is still very large considering there are 4,089 registrants recorded in the National Registry System for Climate Change Control (SRN PPI) and the high potential of carbon units that can be offered.

Regarding regulations enforcement in the Capital Market sector:

1. In November 2024, OJK imposed administrative sanctions, including fines for delayed reporting to OJK, amounting to IDR3.9 billion across 109 entities and 15 Written Warnings.
2. Throughout 2024, OJK imposed administrative sanctions in the Capital Market, including IDR65.98 billion in fines across 95 entities, 17 Written Orders, two Investment Manager License Revocations, one Individual License Revocation, and nine Written Warnings. Additionally, OJK imposed fines of

IDR58.18 billion for reporting delays on 737 capital market participants, 117 Written Warnings for delays, and two Written Warnings for other violations.

Developments in the Banking Sector (PBKN)

Banking intermediation performance showed positive growth with maintained risk profiles. As of October 2024, credit growth continued its double-digit trend at 10.92 percent year-on-year (YoY) (September 2024: 10.85 percent), reaching IDR7,656.90 trillion.

By type of use, Investment Credit recorded the highest growth at 13.63 percent, followed by Consumer Credit at 11.01 percent and Working Capital Credit at 9.25 percent. By bank ownership, state-owned banks drove credit growth with an increase of 12.64 percent YoY. In terms of debtor categories, corporate loans grew by 16.08 percent, while MSME loans also maintained growth at 4.76 percent.

Meanwhile, Third-Party Funds (DPK) in the banking sector grew by 6.74 percent YoY (September 2024: 7.04 percent YoY), amounting to IDR8,751.16 trillion, with demand deposits, savings, and time deposits grew by 6.72 percent, 7.43 percent, and 6.18 percent YoY, respectively.

Liquidity in the banking industry as of October 2024 remained adequate, with the Liquidity Assets to Non-Core Deposit (AL/NCD) ratio and Liquidity Assets to Third-Party Funds (AL/DPK) ratio at 113.64 percent (September 2024: 112.66 percent) and 25.58 percent (September 2024: 25.40 percent), respectively, remaining above the thresholds of 50 percent and 10 percent. The Liquidity Coverage Ratio (LCR) stood at 222.70 percent. The Net Stable Funding Ratio (NSFR) reached 129.50 percent, indicating solid short-term liquidity resilience and long-term funding stability in the banking industry.

Credit quality remained stable with the gross NPL ratio at 2.20 percent (September 2024: 2.21 percent) and net NPL at 0.77 percent (September 2024: 0.78 percent). The loan-at-risk (LaR) ratio showed a downward trend, reaching 9.94 percent (September 2024: 10.11 percent) and approaching the pre-pandemic 9.93 percent in December 2019

Overall, banking profitability levels, reflected in ROA, remained steady at 2.73 percent (September 2024: 2.73 percent), demonstrating resilience and stability in the banking industry.

Banking sector resilience also remained strong, as indicated by a high and increasing capital adequacy ratio (CAR) of 27.07 percent (September 2024: 26.84 percent), providing a robust risk mitigation buffer amidst global uncertainty.

In the "Buy Now Pay Later" (BNPL) credit products segment, its share in the banking sector was 0.28 percent but continued to grow significantly. As of October 2024, outstanding BNPL credit grew by 47.92 percent YoY (September 2024: 46.42

percent), reaching IDR21.25 trillion, with 23.27 million accounts (September 2024: 19.82 million).

In efforts to combat online gambling, which has broad economic and financial sector implications, the Financial Services Authority (OJK) continues to coordinate with other regulatory bodies (LPPs) and law enforcement agencies, as OJK is part of the Online Gambling Eradication Task Force established under Presidential Decree No. 21 of 2024, dated 14 June 2024.

Given the growing challenges and increasingly diverse activities involved, all stakeholders must jointly enhance the effectiveness of handling online gambling.

OJK has blocked approximately 8,000 accounts based on data submitted by the Ministry of Communications and Digital Affairs. Additionally, OJK has developed reports requesting banks close accounts that match National Identity Numbers and conduct Enhanced Due Diligence (EDD).

OJK has also instructed banks to be more vigilant about using dormant accounts, including those originating from inactive government assistance programs, to prevent their misuse for criminal activities.

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

In the PPDP sector, the insurance industry's total assets as of October 2024 reached IDR1,133.58 trillion, growing by 2.98 percent YoY compared to the same period in the previous year, IDR1,100.73 trillion.

In the commercial insurance segment, total assets amounted to IDR914.03 trillion, growing by 4.31 percent YoY. The commercial insurance performance, as reflected in accumulated premium income, reached IDR271.63 trillion, increasing by 2.80 percent YoY. This included life insurance premiums growing by 2.74 percent YoY to IDR150.53 trillion and general insurance and reinsurance premiums growing by 2.87 percent YoY to IDR121.10 trillion.

Overall, the commercial insurance industry's capital adequacy remained solid, with the life insurance and general insurance/reinsurance sectors reporting aggregate Risk-Based Capital (RBC) of 436.70 percent and 316.85 percent, respectively, well 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, total assets reached to IDR219.55 trillion, contracting by 2.20 percent yoy

In the pension fund industry, total assets as of October 2024 grew by 10.35 percent YoY to IDR1,500.18 trillion, up from IDR1,359.52 trillion in October 2023. For voluntary pension programs, total assets grew by 5.82 percent YoY, reaching IDR379.50 trillion.

Total assets for mandatory pension programs, including old-age security and pension funds from BPJS Employment, as well as old-age savings and pension contribution accumulation for Indonesia Civil Servants (ASN), Indonesia National Armed Forces (TNI), and Indonesia National Police Forces (POLRI), reached IDR1,120.68 trillion, growing by 11.97 percent year over year.

In the guarantee company sector, total assets contracted by 0.47 percent YoY to IDR46.54 trillion as of October 2024, compared to IDR46.77 trillion in October 2023.

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

1. To meet the first-phase equity increase requirement by 2026, as stipulated in POJK 23 of 2023 concerning Licensing and Institutional Frameworks for Insurance, Sharia Insurance, Reinsurance, and Sharia Reinsurance Companies, as of September 2024, 101 out of 146 insurance and reinsurance companies had met the minimum equity requirement for 2026.
2. Regarding the obligation for all insurance companies to employ actuaries, as of 25 November 2024, 10 companies had not yet employed actuaries or submitted candidates for fit-and-proper assessments. OJK continues to monitor supervisory actions for companies not meeting this requirement, including escalating warning sanctions and requesting action plans to comply with actuary requirements. OJK also maintains coordination with the Indonesian Actuary Association to ensure the availability of certified actuaries.
3. As of 25 November 2024, OJK had imposed administrative sanctions on 45 financial service institutions in the PPDP sector, including 40 warnings and five fines, which may be accompanied by further sanctions.
4. OJK continues efforts to resolve issues in financial institutions by supervising eight insurance and reinsurance companies to improve their financial conditions for the benefit of policyholders. Additionally, 14 pension funds were under special supervision, reduced by one pension fund from September 2024 due to approved liquidation.

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

In the PVML sector, the financing receivables of Financing Companies (FCs) grew by 8.37% yoy in October 2024 (September 2024: 9.39% yoy) to IDR501.89 trillion, driven by an 8.19% yoy increase in investment financing. The risk profile of Financing Companies (FCs) remained stable, with a gross Non-Performing Financing (NPF) ratio of 2.60% (September 2024: 2.62%) and a net NPF of 0.77% (September 2024: 0.81%). The FC gearing ratio decreased to 2.34x (September 2024: 2.33x), remaining well below the maximum limit of 10 times.

Venture capital financing growth contracted by 5.60% yoy in October 2024 (September 2024: -8.10% yoy), with a financing value of IDR16.32 trillion (September 2024: IDR16.25 trillion).

In the fintech peer-to-peer (P2P) lending industry, outstanding financing grew by 29.23% yoy in October 2024 (September 2024: 33.73% yoy) to IDR75.02 trillion. The aggregate credit risk level (TWP90) remained stable at 2.37% (September 2024: 2.38%).

For Buy Now Pay Later (BNPL) financing by Financing Companies (FCs), financing growth increased by 63.89% yoy (September 2024: 103.40% yoy) to IDR8.41 trillion, with a gross NPF of 2.76% (September 2024: 2.60%).

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

1. OJK strictly supervised PT Lunaria Annua Teknologi (KoinP2P) following reports of KoinP2P delaying payments (standstill) to specific lenders, including close monitoring of progress and fulfillment of commitments by KoinP2P's Management and Controlling Shareholders and remedial actions.
2. Regarding the legal process of alleged financial crimes by the former CEO of PT Investree Radika Jaya (Investree), Adrian Asharyanto alias Adrian Gunadi has been named a suspect and is on the wanted list. OJK works with law enforcement in accordance with legal provisions.
3. Fulfillment with Minimum Equity Requirements:
 - a. As of October 2024, five out of 147 FCs had not met the minimum equity requirement of IDR100 billion.
 - b. Ten out of 97 P2P lending providers had not met the minimum equity requirement IDR7.5 billion, with five applying for additional capital. OJK is taking necessary actions, predicated on a progress action plan, such as capital injection by shareholders or credible local/foreign strategic investors, including license revocation, to ensure compliance.
4. To enforce compliance and integrity in the PVML sector, in November 2024, OJK imposed administrative sanctions on four Financing Companies, three Venture Capital Companies, and 11 P2P lending providers for violations of applicable POJK regulations and supervision findings. Sanctions included 10 fines and 24 written warnings. OJK encourages better governance, prudence, and compliance within the PVML sector to enhance performance and contribution.

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

1. Implementation of the Regulatory Sandbox:
 - a. From February 2024, when POJK 3/2024 was issued, until November 2024, OJK received 123 requests for information from prospective Sandbox participants. Of these, 61 parties submitted consultation request forms, and 59 of them had consultations.
 - b. During the same period, OJK also received 11 applications from ITSK organizers to participate in the OJK Sandbox. Four ITSK organizers with Digital Financial Assets and Crypto Assets (DFA-CA) business models have been approved as Sandbox participants. In addition, three applications are

becoming Sandbox participants, two from DFA-CA and one from Market Supporters.

2. Registration of ITSK Organizers:

- a. Since the issuance of POJK 3/2024 until November 2024, 44 ITSK organizers have applied for registration with OJK, ten of which have been designated as registered ITSK organizers, consisting of four Alternative Credit Rating (PKA) providers and six Financial Aggregator Service Providers (PAJK).
 - b. Currently, OJK is processing 31 registration applications, consisting of:
 - o nine prospective ITSK organizers with PKA type; and
 - o 22 prospective ITSK organizers with PAJK type.
3. According to the October 2024 report from registered ITSK organizers with OJK, the ITSK organizers had successfully established 290 partnerships with Financial Services Institutions (LJK), such as banks, financing companies, insurance companies, securities firms, P2P lending, microfinance institutions, pawnshops, IT service providers, and data source providers.
4. In addition, during the same period, the ITSK organizers completed transactions approved by their partners worth IDR448.40 billion and successfully attracted 249,759 users spread across almost all regions of Indonesia.
5. Regarding the development of crypto asset activities in Indonesia, as of October 2024, the total number of investors has shown an increasing trend, reaching 21.63 million (September 2024: 21.27 million). During the same period, the value of crypto asset transactions increased by 43.87 percent to IDR48.44 trillion (September: IDR33.67 trillion), in line with global dynamics and Trump's election as president, which led crypto asset investors to adopt a bullish stance. The domestic crypto asset transaction value has significantly increase throughout 2024 (until October 2024), reaching IDR475.13 trillion or a 352.89 percent year-on-year increase.
6. OJK has carried out a series of initiatives to prepare for the transition of the regulation and supervision of Digital Financial Assets and Crypto Assets, including:
- a. Coordinating with Bappebti to prepare a Memorandum of Understanding (MoU), forming a transition team, and agreeing on the content to be included in the Handover Minutes (BAST) regarding the transition of duties;
 - b. Drafting regulatory instruments (POJK) and its implementing regulations (SEOJK) related to the trading of Digital Financial Assets, including Crypto Assets;
 - c. Preparing a guidebook as a reference in the process of transitioning the regulation and supervision of Digital Financial Assets and Crypto Assets;
 - d. Developing supervision guidelines to be applied by OJK supervisors for the Digital Financial Assets and Crypto Assets industries;
 - e. Preparing information system infrastructure and Standard Operating Procedures (SOP) to support licensing, reporting, and supervision of Digital Financial Assets and Crypto Assets;

- f. Engaging in dialogues and socializations with the industry and associations within the Digital Financial Assets and Crypto Assets ecosystem; and
- g. Coordinating with the Deputy Attorney General for General Crimes (Jampidum) of the Indonesia Attorney General's Office and Indonesia Financial Transaction Reports and Analysis Center (PPATK) to strengthen the supervisory aspect of Digital Financial Assets and Crypto Assets.

OJK is committed to preparing for this transition process in the best possible way so that the transfer of regulation and supervision of Digital Financial Assets and Crypto Assets can proceed swiftly.

- 7. During November 2024, OJK continued to conduct activities to improve literacy, inclusion, and the development of digital financial innovations, including:
 - a. OJK, in collaboration with the Indonesia Fintech Association (AFTECH), the Indonesia Sharia Fintech Association (AFSI), and the Indonesia Fintech Funding Association (AFPI), organized the 6th Indonesia Fintech Summit & Expo (IFSE) 2024 as part of National Fintech Month (BFN). IFSE 2024 served as a platform for industry players, regulators, and stakeholders to discuss and share knowledge about the latest developments in the fintech sector. In 2024, IFSE featured over 60 speakers, including 22 international speakers, who participated in 25 conference sessions. In addition, IFSE showcased over 50 fintech company booths, 16 educational activities, and three bilateral meetings with the Monetary Authority of Singapore (MAS), the Securities & Futures Commission of Hong Kong (HK SFC), and the Organisation for Economic Co-operation and Development (OECD).
 - b. OJK conducted digital financial literacy activities for MSMEs in Singkawang to improve their understanding of the use of the Technology Innovation Sector in the Financial Sector (ITSK).
 - c. Inaugurating a learning center for disability empowerment in West Kalimantan province in collaboration with the Parapreneur Indonesia Bahagia Foundation and the National Paralympic Committee of Indonesia (NPCI) West Kalimantan.

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

From 1 January to 30 November 2024, OJK conducted 4,739 financial education activities, reaching 6,227,137 participants across Indonesia. The national financial literacy digital platform (*Sikapi Uangmu*), which serves as a communication channel for financial education content to the public through minisite and apps, has published 397 educational contents, with a total of 1,512,124 viewers. In addition, there are 73,905 users of OJK's Financial Education Learning Management System (LMSKU), with 100,217 module accesses and 79,725 certificates of module completion issued.

These financial literacy 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 promoted the establishment of fully operational TPAKDs across all regions in Indonesia. On November 19, 2024, the last TPAKD was inaugurated in Papua, marking the formation of TPAKDs in all provinces (38 provinces) and regencies/cities (514 regencies/cities) in Indonesia.

OJK has also carried out various initiatives to develop and strengthen financial literacy and education comprehensively, including:

1. Financial Inclusion Month (BIK) was held throughout October 2024, with a total of 9,509,528 financial service product/service accesses, marking a 19.82% increase from BIK 2023. During the BIK 2024 period, 6,137 activities were conducted, representing an increase of 3,286 activities compared to BIK 2023. There were a total of 6,478,027 participants, an increase of 4,636,670 participants compared to BIK 2023. Of these activities, OJK regional offices conducted 661 activities in collaboration with relevant stakeholders.
2. Three hundred seventy-four participants attended a financial education webinar titled "Smart Finance for a Great and Prosperous Family." The participants were administrators and members of the *Dharma Wanita Persatuan* (DWP) Center, DWP National Counter Terrorism Agency (BNPT), DWP Central Government Agencies, and BNPT employees.
3. OJK, in collaboration with the Indonesia Ministry of Finance, Bank Indonesia, and the Indonesia Deposit Insurance Corporation (IDIC) within the Indonesia Financial Development Financing Coordination Forum (FK-PPPK), jointly organized the "Leading Indonesian Financial Literacy (LIKE IT)" program, with the Grand Ceremony LIKE IT Series #3 in 2024, carrying the theme "Youth Generation Towards a Bright Future by Investing in Financial Markets." Additionally, OJK hosted a financial education talk show with the theme "Boost Investment for Youth through Mutual Funds and ETFs," attended by 140 participants.

To ensure compliance with applicable regulations by Financial Services Business Actors (PUJK) and improve consumer protection, OJK has been actively enforcing market conduct regulations and consumer protection. Moreover, from January 1 to 30 November 2024, OJK has implemented enforcement measures for market conduct supervision and consumer protection, as follows:

1. Regarding the obligation to submit self-assessment reports for consumer protection as regulated in POJK Number 22 of 2023 on Consumer and Public Protection in the Financial Services Sector, as of 30 November 2024:
 - a. Of the 2,719 PUJK who were required to submit reports for the 2024 self-assessment, 2,619 (96.32%) were on time, 65 (2.39%) were late, and 35 (1.29%) had not yet submitted.
 - b. In enforcing the self-assessment reporting obligation for 2024, OJK imposed administrative sanctions for delayed reporting on 100 PUJK, consisting of administrative sanctions for late reporting to 65 PUJK, and sanctions for non-submission of reports to 35 PUJK, with details of 15 PUJK receiving written warnings, and 85 PUJK receiving fines. PUJKs

that did not submit reports are still required to submit their self-assessment reports.

2. Based on market conduct supervision, both direct and indirect, OJK has imposed administrative sanctions, including fines on 6 PUJK and written warnings to 13 PUJK. These sanctions were imposed for violations of consumer protection regulations, particularly regarding providing information in advertisements, marketing practices, and debt collection procedures and behavior toward consumers.
3. In enforcing consumer protection provisions, OJK has imposed the following sanctions:
 - a. From 1 January to 30 November 2024: 284 written warnings to 184 PUJK; 16 orders to 14 PUJK; and 62 fines to 58 PUJK.
 - b. Additionally, up to 30 November 2024, there were 216 PUJKs that compensated consumers for 1,515 complaints, with a total loss amounting to IDR205.57 billion.

From a consumer services perspective, by 30 November 2024, OJK had received 380,943 service requests through the Consumer Protection Portal Application (APPK), including 31,099 complaints. Of these complaints, 11,901 were from the banking sector, 10,961 from the financial technology industry, 6,496 from financing companies, and 1,322 from insurance companies, with the remainder relating to the capital market sector and other non-bank financial industries.

To eradicate illegal financial activities, from 1 January to 30 November 2024, OJK received 15,350 complaints related to illegal entities. Of these, 14,364 complaints were about illegal online loans, and 986 were related to illegal investments.

To enforce consumer protection provisions, through the Task Force for Eradicating Illegal Financial Activities (Satgas PASTI), during the period from January to 30 November 2024, OJK has:

- a. Identified and stopped 2,930 illegal online loan entities and 310 illegal investment offers on various websites and apps that could harm the public.
- b. Received information about 228 bank accounts or virtual accounts reported for illegal financial activities and requested relevant banks to block them through instructions from the banking supervisory working unit. The Task Force also identified contact numbers for debt collectors of illegal online loans and submitted blocking requests for 1,447 contact numbers to the Ministry of Communication and Digital Affairs of the Republic of Indonesia.

OJK Policy Direction

In order to maintain the stability of the financial services sector and enhance the role of the financial services sector in national economic growth, OJK has taken the following policy steps:

A. Policy to Maintain Financial System Stability

Amid ongoing high geopolitical tensions and the potential impact of the Trump administration's protectionist trade policy plans, OJK continues to monitor

the latest developments and their impact on the domestic financial services sector and conducts forward-looking assessments of its performance. Financial services institutions are expected to remain vigilant against potential future risks and have adequate risk mitigation measures in place.

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

1. OJK has issued several regulations, as follows:

- a. Regulations to strengthen banking liquidity by setting short-term liquidity ratios that are comparable and reliable for all Commercial Banks (including KBMI Group 1 – Non-Foreign Core Capital Banks) and in line with international standards (Basel), which include:
 1. OJK Regulation (POJK) Number 19 of 2024 concerning Amendments to POJK Number 42/POJK.03/2015 concerning the Obligation to Fulfil the Liquidity Coverage Ratio (LCR) for Commercial Banks, which regulates among others: (a) the obligation to calculate and report LCR; (b) adjustments to Basel standards such as the addition of High Quality Liquid Asset (HQLA) components; and (c) the regulatory framework for Internal Liquidity Adequacy Assessment Process (ILAAP).
 2. POJK Number 20 of 2024 concerning Amendments to POJK Number 50/POJK.03/2017 concerning the Obligation to Fulfil the Net Stable Funding Ratio (NSFR) for Commercial Banks, which regulates among others: (a) the obligation to calculate and report NSFR; and (b) adjustments to the coverage of the Allowance for Impairment Losses (CKPN) in the calculation of Required Stable Funding (RSF).
- b. POJK Number 21 of 2024 concerning Periodic Reports for Pension Funds, is designed to increase the financial transparency of Pension Funds to participants by improving the reporting mechanism and administrative sanctions applied.
- c. POJK Number 22 of 2024 concerning Periodic Reports for Insurance Companies aims to enhance financial transparency for stakeholders. In addition to refining the reporting mechanism and administrative sanctions, this regulation also addresses the disclosure procedures for specific reports and analyzing periodic reports to third parties.
- d. OJK Circular Letter (SEOJK) Number 14/SEOJK.05/2024 concerning Approval and Reporting of Insurance Products, in line with POJK Number 8 of 2024 on Insurance Products and Insurance Product Marketing Channels. This regulation will guide insurance businesses in submitting approval requests or reporting on insurance products, including the procedures, forms, and formats for approval requests, reporting, and discontinuation of insurance products.
- e. POJK Number 17 of 2024 concerning the Implementation of Bullion Business Activities, issued as a follow-up to the P2SK Law to provide guidance for Financial Services Institutions (LJK) in carrying out Bullion Business Activities, including the scope of activities, requirements for LJK conducting the business, licensing mechanisms, implementation phases,

the application of prudence principles, and anti-money laundering and counter-terrorism financing programs.

2. OJK is drafting several regulatory proposals as follows:

- a. Draft of OJK Regulation (RPOJK) concerning Reporting and Financial Transparency for Rural Banks (BPR) and Sharia Rural Banks (BPRS) to support simplification and digitization of reports currently still submitted offline. This RPOJK will serve as the legal basis for preparing and submitting all periodic and incidental reports by BPRs and BPRSs through the OJK reporting system to improve supervision and simplify documentation, monitoring, and data processing.
- b. RPOJK concerning the Expansion of Banking Activities, as mandated by the P2SK Law, to adjust and harmonize with recent developments and fulfill the expectations of the banking industry. This RPOJK covers both conventional and Islamic commercial banks and BPRs, including provisions for capital participation, receivable transfers, guarantees by commercial banks, foreign exchange activities by banks, and the use of electronic signatures and electronic agreements in the provision of banking products.
- c. RPOJK concerning Financial Conglomerates and the Parent Company of Financial Conglomerates, following the P2SK Law and in alignment with best practices and current conditions such as the Joint Forum Principles for the Supervision of Financial Conglomerates. This RPOJK covers the formation of a Parent Company for Financial Conglomerates (PIKK), the business activities of the PIKK, the duties and responsibilities of the PIKK, and the obligation to meet requirements for evaluating the capability and suitability of PIKK management.
- d. RPOJK concerning the Dematerialization of Equity Securities and the Management of Unclaimed Assets in the Capital Market. This RPOJK aims to centralize the recording and storage of Equity Securities (EBE), provide a legal basis for issuing and converting securities into scripless form, and regulate the management of unclaimed assets in the Capital Market.
- e. RPOJK concerning the Development and Strengthening of Microfinance Institutions (LKM), which includes provisions on classifying the scale of LKM businesses into small, medium, or large categories, loan quality assessment and provisioning for loan write-offs, and the regulation of LKM soundness level based on specific criteria.
- f. RPOJK concerning the Development of Human Resources (HR) in PVML covers sustainable HR quality development, providing educational and training funds, and certifying work competencies in the PVML field.
- g. RPOJK concerning the Implementation of Digital Financial Assets and Crypto Assets Trading, RPOJK concerning Alternative Credit Rating/PKA, RPOJK concerning Financial Services Aggregation Providers/PAJK, and SEOJK concerning Reporting and Supervision Mechanisms for Digital Financial Assets and Crypto Assets.
- h. Draft of OJK Circular Letter (RSEOJK) concerning the Self-Assessment of Compliance with Consumer Protection and Public Welfare Provisions in

the Financial Services Sector, as a follow-up to POJK Number 22 of 2023 concerning Consumer and Public Protection in the Financial Services Sector.

3. OJK and the Financial Supervisory Service (FSS) of Korea are reinforcing their commitment to continuing and strengthening bilateral cooperation, particularly in coordinating supervision in the financial services sector. Cross-border supervisory cooperation for Financial Services Institutions (LJK) and potential future collaborations are continuously strengthened.
4. OJK has been selected as a member of the Executive Committee of the International Organisation of Pension Supervisors (IOPS) for the 2025-2026 period, announced at the IOPS Annual General Meeting (AGM) in Bali, following a nomination and voting process by IOPS members. OJK's selection marks Indonesia's commitment to being more active in shaping global pension fund policies that are inclusive and sustainable. This momentum will allow OJK to learn from international best practices and contribute innovative solutions to global challenges. OJK's involvement in the IOPS Executive Committee will enhance national pension fund supervisory capacity and create opportunities to contribute to developing progressive and relevant global policies.
5. OJK has launched the 2024-2028 Roadmap for the Development and Strengthening of Microfinance Institutions (LKM) as an effort to continuously strengthen micro-financing and the community economy and serve as a guide for all LKM stakeholders on the vision and direction for LKM development and strengthening in the next five years. This LKM Roadmap is supported by four key pillars of development and strengthening: 1) Governance, risk management, and institutional frameworks; 2) Empowerment, consumer education, and financial literacy; 3) Development and strengthening of ecosystem elements; and 4) Strengthening of regulation, supervision, and licensing.
6. OJK is enhancing regulatory and supervisory cooperation on Digital Financial Assets, including Crypto Assets. In line with its supervisory duties, in January 2025, OJK will conduct industry benchmarking for digital financial assets against Japan's Financial Services Agency (Japan FSA), the authority for digital financial assets in Japan.
7. On 22 November 2024, OJK, together with members of the Task Force for the Eradication of Illegal Financial Activities (Satgas PASTI), supported by banking and payment system industry associations, held the soft launch of the Indonesia Anti-Scam Centre (IASC). IASC will continue to enhance its capacity to expedite fraud handling the handling of fraud in the financial sector.
8. OJK and the Organization for Economic Co-operation and Development/International Network on Financial Education (OECD/INFE) have agreed to enhance their partnership and collaboration to advance global financial education initiatives and support the G20/OECD High-Level Principles on Financial Consumer Protection, which was agreed upon during the OECD/INFE Meeting and Conference themed "Empowering Consumers Through Financial Education."

9. To strengthen the financial sector and collaborative cooperation, OJK and the South Korean Financial Supervisory Service (FSS) held the OJK-FSS Joint Staff Workshop on “Combating Financial Fraud” on November 4, 2024. This event is expected to produce policy recommendations and a deeper understanding of best practices in combating financial fraud in the financial sector. On 5 November 2024, OJK held High-Level Meetings with FSS Korea on “Financial Fraud and Financial Literacy” and with IFEC Hong Kong on “Updates on Financial Literacy Programs.” OJK also met with the Credit Counselling and Management Agency (AKPK) of Malaysia, part of Bank Negara Malaysia, on “Financial Education and Financial Well-Being” on 6 November 2024, at the OJK Bali Provincial Office.
10. In the context of monitoring and evaluating the implementation of the One Account, One Student Program (KEJAR), a KEJAR Coordination Meeting was held in Indonesia's Central and Eastern regions on 14 November 2024, at the East Java Province OJK Office. This event was attended by 120 participants from representatives of the Provincial Government, Provincial Education Office, Regional Office of the Provincial Ministry of Religion, Banking, Associations, related Ministries, as well as the OJK Office in the Eastern and Central Regions. The material presented included the KEJAR Implementation Strategy in the Regions and the Sharing Session for TPAKD Award Winners by the regional government of West Kalimantan Province and the regional government of Denpasar City.
11. As part of fulfilling the mandate of the UUP2SK and in order to improve the quality and competence of human resources in the financial services sector, particularly regarding financial literacy and inclusion, market conduct supervision of Financial Service Providers (PUJK), and the handling of consumer complaints for consumer and public protection, the National Work Competency Standards of Indonesia (SKKNI) for the PEPK Sector were issued in the Decree of the Minister of Manpower of the Republic of Indonesia Number 274 of 2024, dated 30 September 2024, and the Indonesian National Qualifications Framework (KKNI) for the PEPK Sector was issued based on the Decree of the OJK Board of Commissioners Member Number KEP-71/D.02/2024, dated 8 November 2024. The issuance of these work competency standards is expected to support the improvement of compliance with the fulfilment of PUJK regarding Consumer Protection, which will ultimately benefit all relevant parties. OJK coordinated the preparation of these SKKNIs with stakeholders, including practitioners and experts from industry or professional associations, Professional Certification Bodies (LSP), training institutions, and academics. Furthermore, in line with technological developments, regulations, and market demands, these work competency standards will continue to be improved.

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

In the Islamic financial industry, the Sharia stock index (ISSI) strengthened by 2.26 percent year-to-date (YTD). Meanwhile, the intermediation performance of

Islamic Financial Services (SJK Syariah) still showed positive growth year-on-year (YoY), with Islamic banking financing growing by 11.94 percent, Islamic insurance contribution increasing by 7.25 percent, and Islamic financing receivables growing by 17.24 percent.

In efforts to develop and strengthen Islamic Financial Services (SJK Syariah):

1. OJK continues to push for the strengthening of the characteristics of Islamic banking through the enhancement of the Sharia Governance Framework, as well as the strengthening of the regulation, licensing, and supervision of Islamic Banking through regulations oriented towards resilience, competitiveness, and socio-economic impact while considering best practices and/or international standards. To support this, OJK has issued:
 - a. POJK Number 24 of 2024 concerning the Asset Quality of Islamic Rural Banks (POJK Kualitas Aset BPRS). This POJK was drafted in response to several amendments to the P2SK Law relating to the business activities of BPRS, including the ability to purchase securities, regulations on the timeframe for the disbursement of AYDA, and debt transfers, as well as the strengthening of the role of the Sharia Supervisory Board (DPS) in financing policies. Additionally, several alignments with regulations in POJK concerning the Asset Quality of Rural Banks (BPR) were made, such as implementing the one-obligor concept in asset quality assessment.
 - b. POJK Number 25 of 2024 concerning the Implementation of Sharia Governance for Islamic Rural Banks (POJK Tata Kelola Syariah BPRS), as mandated by the P2SK Law, regulates, among others, the position of the Sharia Supervisory Board (DPS), requiring adjustments to several roles and functions, particularly in strengthening Sharia governance in BPRS, in alignment with the work programs of the Indonesian Sharia Banking Development and Strengthening Roadmap (RP3SI) 2023-2027 and the Rural Bank Industry Development and Strengthening Roadmap (RP2B) 2024-2027. General governance regulations for Islamic Rural Banks have been outlined in POJK Number 9 of 2024 concerning the Implementation of Governance for Rural Banks (BPR) and Islamic Rural Banks (BPRS), while governance related to Sharia aspects is regulated in this POJK.
 - c. SEOJK Number 15/SEOJK.03/2024 concerning the Implementation of Sharia Governance for Sharia Commercial Banks and Sharia Business Units (SEOJK Tata Kelola Syariah BUS UUS), which aims to regulate the implementation of POJK Sharia Governance for BUS UUS, particularly concerning the duties and responsibilities of the Sharia Supervisory Board (DPS), the Sharia compliance function, the Sharia risk management function, the Sharia internal audit function, and external review. Further, the regulations related to reports and self-assessment of Sharia governance will be aligned with laws about reports and self-assessments of general governance as part of implementing the POJK concerning the Governance of Commercial Banks.
 - d. SEOJK Number 17/SEOJK.03/2024 concerning Reporting Through the OJK Reporting System and Financial Transparency for BPRS (SEOJK Pelaporan dan TTK BPRS), which is the implementation regulation of POJK Number 23 of 2024 on Reporting Through the OJK Reporting

System and Financial Transparency for BPR and BPRS. This SEOJK regulates the guidelines for preparing and submitting reports for Sharia Rural Banks and the announcement of Annual Reports and Financial Publication Reports for BPRS.

3. In relation to fulfilling Article 9 of POJK 11 of 2023 concerning the Separation of Sharia Units in Insurance and Reinsurance Companies, 41 insurance/reinsurance companies have submitted their Sharia Unit Separation Work Plans (RKPUS). As of 25 November 2024, the progress of RKPUS that has been implemented is as follows:
 - a. One Sharia unit of a life insurance company has obtained a license for Islamic life insurance and is currently in the process of transferring the portfolio from the Sharia unit to the new Islamic life insurance company;
 - b. One Sharia unit of a general insurance company has transferred the portfolio to an existing Islamic insurance company.
3. Efforts to develop and strengthen SJK Syariah continue, including:
 - a. In strengthening strategic alliances to develop Sharia financial literacy and inclusion, OJK collaborated with Bank Indonesia to organize the Indonesia Sharia Economic Festival (ISEF) 2024 from October 30 to 3 November 2024, which was open to the public. During the event, education was provided on "Pentahelix Synergy for Sharia Financial Literacy and Inclusion to Achieve Indonesia's Golden Vision 2045," attended by young figures in the Sharia economy and finance sector, as well as a talk show on "Smart Consumers of Digital Sharia Finance: Halal, Safe, and Prosperous," attended by members of the Taklim Assembly and the general public.
 - b. In relation to the routine agenda of the Sharia Financial Literacy and Inclusion Working Group (POKJA LIKS), OJK held the Second Semester 2024 POKJA LIKS meeting on 15 November 2024, following the first meeting held on 24 June 2024. This meeting discussed implementing Sharia Financial Literacy and Inclusion activities in 2024 and preparing recommendations for the development of LIKS for the following year.

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. Organizing Integrity Talks to increase engagement on the importance of integrity enforcement and preventing conflicts of interest in performing duties.
 - b. Continuing to encourage and invite all stakeholders to actively participate in the sustainable strengthening of governance in SJK through various strategic programs, including enhancing anti-fraud strategies, strengthening supervision using data analytics technology,

- and exploring the use of generative AI for assurance processes, as emphasized in the OJK Mengajar event in Malang.
- c. OJK also emphasizing the role of sustainable corporate governance as an essential element in facing climate change challenges, during the Entrepreneur of the Year™ 2024 event, organized by an international public accounting firm.
 - d. Reinforcing the commitment to further increase public trust in digital governance, particularly in the SJK IT Governance, Risk Management, Assurance & Cybersecurity Summit (GRACS) 2024, through strengthened OJK regulations on the implementation of information technology and risk management in SJK, as well as the strengthening of data analytics and AI implementations that prioritize security, reliability, accountability, inclusiveness, ethics, and responsibility in mitigating related risks (such as misinformation and cyber risks).
 - e. Reinforcing the commitment to optimize the use of information technology to strengthen GRC and OJK supervision in the Professional Recognition Program (PRP) Qualified Government Internal Auditor (QGIA) through the use of data analytics in assurance processes with the application of Continuous Audit Continuous Monitoring (CACM) within OJK and leveraging supervisory technology (Suptech) in OJK supervision through various tools. OJK will continue strengthening its governance and integrity for its employees, partners, and all OJK stakeholders.
2. As the peak of the 2024 OJK governance strengthening forum, OJK again organized the Risk and Governance Summit 2024 in Jakarta on 26 November 2024 as a forum for collaboration and coordination between OJK and all stakeholders in strengthening the GRC ecosystem to support national development, especially to realize the grand vision of "Golden Indonesia 2045." During the event, OJK emphasized its commitment to support Indonesia's Golden Vision 2045 and the Government's initiatives through various strategic programs, including encouraging SJK funding for green initiatives and building resilient and secure digital infrastructure for SJK to face cybersecurity threats.
 3. As part of evaluating the effectiveness of anti-corruption and integrity enforcement efforts, OJK participated in the Integrity Assessment Survey (SPI) organized by the Corruption Eradication Commission (KPK) annually, including in 2024, which has entered the questionnaire filling stage until the end of November 2024. In this regard, we express our gratitude and appreciation for the participation of all OJK stakeholders selected as respondents by KPK and for filling out the SPI OJK questionnaire objectively, resulting in the SPI OJK response rate meeting the target.

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

As of 30 November 2024, OJK investigators had completed 131 cases in carrying out their investigative function, including 105 PBKN cases, five PMDK cases, 20 PPDP cases, and one PVML case.

Furthermore, the number of cases that have been decided by the court amounted to 117 cases, of which 109 have become final and binding (inkracht) and eight cases are still under cassation.

With various policies implemented by OJK, along with regulation enforcement and integrity improvement steps, OJK is confident that the financial services sector will remain stable and contribute optimally to the national economy.