

PRESS RELEASE

OJK URGES SCHOLARS TO DEVELOP ISLAMIC FINANCE INDUSTRY

Agency Holds Islamic Economics and Finance Research Forum (FREKS) XVI at Sebelas Maret University, 12 – 14 September

Surakarta, September 12, 2017. The Financial Services Authority (OJK) emphasized the importance of support from research and scholars' involvement in developing the Islamic finance industry amid the increasingly competitive climate within financial services industries. Support from quality research is essential in order to see the Islamic finance industry achieve faster and sustainable growth and have competitive edge, so it can play a bigger role and give more optimum contribution to the national economy.

Thus, the OJK in collaboration with the Islamic Economic Experts Association (IAEI) and Sebelas Maret University (UNS) initiated the Islamic Economics and Finance Research Forum (FREKS) XVI. The Forum took place from September 12 to 14, 2017, at Sebelas Maret University Campus, Surakarta, on the theme of "Towards New Paradigm of Indonesian Islamic Finance Industry's Development: Strengthening Government's Role."

"To accelerate the Islamic finance industry's development, we cannot only rely on its organic growth, but in this case, we need the government to take an even larger role," OJK Chairman of Board of Commissioners Wimboh Santoso said in his welcome speech for the event, at UNS Surakarta Campus, on Tuesday (Sep. 12).

He saw that the national Islamic finance industry had so much potential to enjoy sustainable growth and in turn, make its role more notable in supporting the Indonesian economy, especially in raising general public welfare.

The OJK, together with various parties—including the government and the financial services industry, has and will always make efforts to improve literacy on Islamic finance, complete with launching a range of financial inclusion initiatives and promoting friendlier product innovations. These efforts are expected to further expand the national Islamic finance industry's market share.

For one of the FREKS XVI activities, the OJK cooperated with the Supreme Court to hold a workshop on Technical Guidance for Religious Courts about Islamic Banking. The workshop took place from September 11 to 13, 2017, in Surakarta.

The activity was part of the OJK's efforts to upgrade the quality and competence of human resources working in religious courts in relation to Islamic economics and banking. The workshop was attended by approximately 70 (seventy) participants, including judges of religious high courts and religious courts, registrars of religious high courts and religious courts, both from Surakarta areas and other cities in Central Java, the Special Region of Yogyakarta, and East Java.

In terms of its development, as of June 2017, the Islamic banking sector had had 13 Islamic banks (BUS), 21 Islamic business units (UUS) and 167 Islamic rural banks (BPRS). The sector's average growth of assets (yoy) has reached 25.02 percent in the

last five years. With total assets around IDR 387.87 trillion, the Islamic banking industry managed close to 23.9 million accounts of public funds, through a network of more or less 2,600 offices across Indonesia. The Islamic banking's total assets represented 5.42 percent of the country's overall banking assets.

In the Islamic capital market sector, according to data as of June 2017, there were 355 stocks that had been entered into the Islamic securities list (DES); they made up 59.65 percent of all companies listed in the capital market. The current outstanding value of all 65 corporate sukuk stood at IDR 14.66 trillion, which was equal to 4.37 percent of all corporate sukuk and bonds' outstanding value. Further, the data recorded 151 Islamic mutual funds with total net asset value (NAV) of IDR 18.91 trillion, which represented 26.83 percent of all mutual funds' total NAV.

In the Islamic non-bank financial industry, there were 130 companies that ran their operation based on Islamic principles, which included 58 Islamic insurance or Islamic reinsurance companies, 66 Islamic financing institutions, and six Islamic credit guarantee companies. Out of these 130 companies, only 12 insurance companies, 26 Islamic financing institutions, and two credit guarantee companies, that have run fully-fledged operation based on Islamic principles. By end of June 2017, the Islamic non-bank financial industry had managed a total of IDR 97.61 trillion in assets, with IDR 37.37 trillion came from the Islamic insurance and reinsurance sectors, IDR 59.40 trillion from the Islamic financing sector, and IDR 831.78 billion from the Islamic credit guarantee sector.

Activities held during the FREKS XVI were also attended by National Development Planning Minister/National Development Planning Agency chief Bambang Brodjonegoro, in his capacity as IAEI Chairman, and Central Java Governor Ganjar Pranowo.

Agenda for the FREKS XVI consisted of several items, as follows:

- 1) Panel Sessions: Lectures by Prominent Scholars on Islamic Finance, presented by Dr, Drs., Anggito Abimanyu, MSc, Executive Board Member of the Haj Fund Management Agency (BPKH) and Professor Dr Bambang Setiaji, East Kalimantan Muhammadiyah University Rector;
- 2) Coordination Forum, to be attended by representatives from universities that offer Islamic Economics and Finance study programs/departments;
- 3) Presentations by Call for Papers finalists; and
- 4) Seminar, hosted by the Islamic Economics Studies Friendship Forum (FoSSEI).

The FREKS XVI was preceded by a Call for Papers competition. Upon its conclusion, the competition had received 205 papers, and its winners would be announced on Wednesday, September 13, 2017.

For more information:

Anto Prabowo, Department Head of Board of Commissioners Secretariat, Public Relations and International Affairs, and Caretaker Deputy Commissioner of Strategic Management and Logistics

Tel: +62 21 2960 0000 E-mail: anto.prabowo@ojk.go.id www.ojk.go.id