

PRESS RELEASE

OJK SETS 10 MASTER POLICIES FOR 2017 – 2022 PERIOD

Jakarta, October 9, 2017. The Financial Services Authority (OJK) has set ten master policies to be its principal steps in accordance with the 2017 – 2022 destination statement issued by its Board of Commissioners.

Chairman of OJK's Board of Commissioners Wimboh Santoso gave the explanation when opening the 2018 OJK Strategic Working Meeting on the theme of "Towards a Credible OJK that Plays Instrumental Role in Fair Development," on Monday, at OJK Office, Bank Indonesia Building Complex, Jakarta.

Wimboh said that the Authority's 2017 – 2022 destination statement was "transforming the OJK into an independent and credible supervisory agency of the financial services sector, in order to create a resilient financial services sector that enjoys sustainable growth, and ensuring that the OJK can protect consumers and the public and facilitate equal welfare for all, through the financial services sector's policies."

To achieve the destination statement, the OJK has drawn up four Strategic Goals as follows:

- a. Making the OJK an independent and credible supervisory agency, supported by reliable internal capacity;
- b. Creating a resilient, stable, competitive and financial services sector (SJK) that produces sustainable growth;
- c. Creating a financial services sector that contributes to welfare equality; and
- d. Providing reliable consumer protection, in order to promote financial inclusion.

Wimboh shared that the OJK had noted the challenges that confronted them, which they intended to address, and these include:

- a. limited financing sources for infrastructure development in various areas;
- b. the size and competitiveness of Indonesia's financial services sector are still less than those of its regional and international counterparts;
- c. financial technology development, which the OJK needs to handle with appropriate policies;
- d. the low and unequal public financial inclusion in various areas, which has made it difficult for the population to enjoy welfare equality; and
- e. the rampant illegal investment offers that have made the public suffer financial losses.

To deal with those challenges, the OJK has set ten policy directions as follows:

1. Developing and conducting IT-based supervision of the financial services sector.

The OJK will implement IT-based supervision and develop its information system to support its supervision, both single-based and integrated ones.

2. Reinforcing regulation, licensing and integrated supervision of financial conglomerates

Regulation, licensing and integrated supervision of financial conglomerates should be able to shape them into resilient and sound conglomerates that generate optimal contribution to efforts towards economic growth and financial system stability.

3. Implementing international prudential standards that fit best for national interests.

The phrase ‘fit best’ above means that not every jurisdiction has the same national interests. Each has different characters. Therefore, the OJK will apply international prudential standards, but will certainly adapt them to the characters of Indonesia financial services sector and the country’s national interests.

4. Reforming the non-bank financial industry (IKNB) into a stronger and competitive one

This refers to reforming the regulation, licensing, supervision, and exit policies of the IKNB and consolidating the number of companies in the industry to increase their competitiveness.

5. Increasing efficiency in the financial services industry, to transform the industry into a competitive one

Greater efficiency in the financial services industry will support efforts to improve competitiveness and lower credit interest.

6. Revitalizing the capital market to promote long-term development financing

- The OJK will foster growth in demand, supply, number of intermediaries and infrastructure;
- The OJK will foster development of capital market and derivative instruments in a regulated market, backed up by reliable transaction and settlement infrastructure;
- The OJK will develop derivatives market.

7. Optimizing financial technology roles by means of proper regulation, licensing and supervision

- Strengthening regulation and supervision of Fintech development in Indonesia, to ensure that the country can benefit from the industry’s presence and control the risks as well—no blank spots in regulation and supervision and no regulatory arbitrage;
- Establishing a National Financial Technology Center.

8. Reducing disparity by providing financial access

- Making sure that Regional Financial Access Acceleration Teams (TPAKD) play effective roles;
- Utilizing information and communication technologies in providing financing to the public and micro and small businesses in various areas, including 3T (the frontier, outermost and remote) regions.

9. Increasing consumer education and protection activities’ effectiveness

- financial education for local communities should be provided with better-defined directions;
- optimizing the Investment Alert Task Force’s roles in local areas to prevent the local population from being lured into taking the increasingly rampant illegal investment offers.

10. Promoting Islamic finance’s increased contribution in providing funding sources for development

- Consolidating Islamic financial institutions to raise their capacity;

- Increasing Islamic financing's contribution to funding the government's priority sectors;
- Raising public awareness on Islamic financial products;

To carry out these critical tasks, deal with different challenges, and meet public and stakeholders' expectations, the OJK itself needs to become a strong and solid organization.

"Thus, we need to restructure internal management aspects in order to take decisions faster, have the organization work more effectively and efficiently, and be equipped with working and IT infrastructure that can keep up with demands put on the OJK in the future," Wimboh said.

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