

PRESS RELEASE

**FINANCIAL SERVICES SECTOR REMAINS RESILIENT AND CONTRIBUTIVE IN
SUPPORTING NATIONAL ECONOMIC GROWTH**

Jakarta, 2 April 2024. The Indonesia Financial Services Authority (OJK) Board of Commissioners' monthly meeting on 27 March 2024 assessed that the national financial services sector remains stable with intermediation performance still contributing positively, supported by adequate liquidity and a strong capital level.

OJK assessed that currently, global economic and financial market conditions were quite conducive, generally better than expectations. However, global geopolitical developments still need to be monitored closely as tensions in the Middle East and Ukraine escalate.

The US economic performance was recorded as solid and above expectations, as such inflation still tends to remain sticky. The Fed at the March 2024 FOMC Meeting revised the US economic growth upwards quite significantly along with a rise in inflation estimates. However, the Fed continues to maintain its plan to reduce the FFR by 75bps in 2024. Liquidity in the market is also expected to be better in line with the Fed's plan to reduce the rate of quantitative tightening. The Fed's accommodative policy was also followed by the European Central Bank (ECB) and Bank of England (BOE) which indicated that they would lower interest rates in 2024 with the market estimating that the ECB would reduce interest rates by 125 bps and the BOE by 75 bps. Normalization steps were also adopted by the Bank of Japan (BOJ), which left the era of negative interest rates, by raising interest rates by 10 bps, the first in the last 8 years. In China, the release of several economic performance indicators such as retail sales, import expansions, and inflation rates were above market expectations with fiscal and monetary policies remaining accommodative.

On the domestic side, inflation experienced a rise along with an increase in food prices, however, core inflation remained stable, stopping the downward trend since the end of 2022. This is expected to be an indication of demand recovery in the future. Initial indications of recovery in domestic consumption can also be seen from a

significant increase in imports of consumer goods in February 2024. The performance of the manufacturing sector is also recorded as continuing to improve. However, it is necessary to continue to monitor the downward trend of the trade balance surplus as export contraction continues and import needs rise.

Developments in the Capital Market and Carbon Exchange

The domestic stock market up to 28 March 2024 continued a strengthening trend, the Jakarta Composite Index (JCI) strengthened by 0.22 percent ytd to the level of 7,288.81, and the market capitalization value came to IDR11,692 trillion or an increase of 0.15 percent ytd, and recorded a net buy of IDR26.28 trillion ytd. Strengthening occurred, among others, in the raw materials sector and primary consumer goods sector. On the transaction liquidity side, the average stock market transaction value was recorded at IDR 10.98 trillion ytd.

In the bond market, the bond market's Indonesia Composite Bond Index (ICBI) strengthened by 1.14 percent ytd to the level of 378.88. SBN yields generally increased by an average of 8.92 bps across all tenors with non-resident investors recorded a net sell of IDR 31.35 trillion ytd. On the corporate bond market side, nonresident investors also recorded a net sell of IDR 1.41 trillion ytd.

In the mutual fund industry, Asset Under Management (AUM) value of investment management as of 27 March 2024 recorded at IDR818.17 trillion (down by 0.80 percent ytd), with the Net Asset Value (NAV) of mutual funds recorded at IDR 488.73 trillion or a decline of 2.54 percent ytd and recorded a net redemption of IDR 29.95 trillion in March 2024.

Fundraising's interests in the capital market were also still visible, where Public Offerings value was recorded at IDR 48.04 trillion, with 15 new issuers recorded as of 28 March 2024. Meanwhile, there are still 123 Public Offerings in the pipeline with an estimated indicative value of IDR 59.68 trillion.

Meanwhile, in fundraising through Securities Crowdfunding (SCF), which is an alternative funding source for SMEs, since the implementation of the SCF provisions until 28 March 2024, there have been 17 operators that have obtained licenses from

OJK with 517 issuers, 170,923 investors, and the total funds raised amounting to IDR 1.09 trillion.

On the Carbon Exchange side, since its launch on 26 September 2023 to 28 March 2024, 53 registered users have received licenses with a total volume of 571,956 tCO₂e and an accumulated value of IDR 35.30 billion, comprising a transaction value of respectively 27.89 percent in the Regular Market, 19.76 percent in the Negotiation Market and 52.35 percent in the Auction Market. In the future, the potential for the Carbon Exchange is still very large considering that there are 3,546 registrants were registered in the National Registry System for Climate Change Control and the high potential of carbon units offered.

Regarding law enforcement in the Capital Market sector:

1. In March 2024, OJK has imposed:

- a. Administrative Sanctions in the form of monetary fines amounting to IDR 1,990,000,000 and/or Written Orders to 5 Investment Managers, 1 Issuer, as well as 1 Director and 4 other parties that have committed violations; and
- b. Administrative Sanctions in the form of monetary fines amounting to IDR 3,315,000,000 to 11 parties and Written Orders to 3 parties for 2 cases of violations in the Capital Market sector, with the following details:
 - 1) Administrative Sanctions in the form of monetary fines amounting to IDR 1,215,000,000 to 8 Individuals/Parties as Directors of Securities Companies and 2 Securities Companies, as well as 3 Written Orders to 3 Individuals as Securities Brokerage Representatives regarding violations of Article 32 paragraph (1) of the Capital Market Law, violations of the Internal Controls of Securities Companies carrying out business activities as securities brokers, violations of oversight over representatives and employees of securities companies, and violations on licensing by securities companies carrying out business activities as underwriters and securities brokers in cases of investment portfolio management activities without the approvals of the Investment Managers from OJK.
 - 2) Administrative sanctions in the form of a monetary fine amounting to IDR 2,100,000,000 to 1 individual for violation against Article 90 of the Capital Market Law in cases related to corporate bond transactions.

2. Furthermore, during 2024, OJK has imposed administrative sanctions resulting from examinations of cases in the Capital Market on 45 parties, consisting of administrative sanctions in the form of monetary fines amounting to IDR17,275,000,000, 13 written orders, 1 individual license suspension, and 1 individual license revocation, 25 written warnings and administrative sanctions in the form of monetary fines for late submissions amounting to IDR15,742,480,000 to 179 financial services actors in the Capital Market and 25 written warnings for late report submissions, as well as 2 administrative sanctions in the form of written warnings for reasons other than lateness.

Developments in the Banking Sector

In line with improving global economic performance amidst fragmented global geopolitical conditions, the Indonesian banking industry performance as of February 2024 remained resilient and stable, supported by levels of ROA profitability of 2.52 percent (January 2024: 2.71 percent) and NIM of 4.49 percent (January 2024: 4.54 percent). High banking capital (CAR) of 27.72 percent (January 2024: 27.52 percent), provides a solid risk mitigation cushion amidst conditions of global uncertainty.

In February 2024, intermediation performance, mtm credit experienced a rise of IDR36.96 trillion or grew by 0.52 percent mtm. Meanwhile, on an annual basis, credit again recorded double-digit growth of 11.28 percent (yoy) to IDR7,095 trillion.

This growth was mainly driven by Working Capital Credit which grew by 12.04 percent yoy, while in terms of bank ownership, State-Owned Banks constituted the main driver of credit growth, namely growing by 13.62 percent yoy.

In line with credit growth, Third Party Funds (TPF) also experienced positive growth, both on a monthly and annual basis. In February 2024, TPF recorded a growth of 0.30 percent mtm or a rise of 5.66 percent yoy (January 2024: 5.80 percent yoy) or grew to IDR 8,441 trillion, with demand deposits constituting the largest contributor to growth, namely 7.33 percent yoy.

The banking industry's liquidity in February 2024 was adequate with the ratios of Liquid Assets/Non-Core Deposits (LA/NCD) and Liquid Assets/Third Party Funds (LA/TPF) respectively at 121.98 percent (January 2024: 123.42 percent) and 27.41

percent (January 2024: 27.79 percent), or far above the respective thresholds of 50 percent and 10 percent.

Meanwhile, credit quality remains maintained with a banking net NPL ratio of 0.82 percent (January 2024: 0.79 percent) and a gross NPL ratio of 2.35 percent (January 2024: 2.35 percent). As the national economy grows, the amount of Covid-19 credit restructurings continues its downward trend to IDR 242.80 trillion (January 2024: IDR 251.21 trillion) or a drop of IDR 8.41 trillion, with the number of customers recorded dropped to 943 thousand customers (January 2024: 977 thousand customers).

Going forward, it is still necessary to pay attention to banking risks, especially market risk and its impact on liquidity risk related to global interest rate sentiment which remains high, as well as the potential for rising credit risk after the end of the credit restructuring relaxation period related to Covid-19 at the end of March 2024. For this reason, banks are encouraged to enhance their resilience by strengthening capital and maintaining adequate coverage of Impairment Losses Reserve, as well as regularly conducting stress tests to measure the ability of their capitals to absorb potential risks.

In regard to the enforcement of law and consumer protection in the banking sector, in March 2024 OJK revoked the business license of PT BPR Aceh Utara.

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

In the PPDP sector, the insurance industry assets in February 2024 reached IDR1,130.05 trillion or rose by 2.08 percent yoy from the same position in the previous year, namely IDR 1,106.97 trillion. On the commercial insurance side, total assets reached IDR909.77 trillion or a rise of 2.47 percent yoy. Meanwhile, commercial insurance performance in the form of accumulated premium income in February 2024 reached IDR 60.84 trillion, or a rise of 10.88 percent yoy, comprising life insurance premiums which grew by 1.45 percent yoy as of February 2024 with a value of IDR 30.77 trillion, and general insurance and reinsurance premiums grew 22.53 percent yoy with a value of IDR 30.07 trillion.

In general, capital in the commercial insurance industry remains solid, with the life insurance and general insurance industries recording Risk-Based Capital (RBC) at 452.24 percent and 339.94 percent respectively, well above the threshold of 120 percent.

On the side of non-commercial insurance, the total assets of BPJS (Indonesia Social Security Administrator for Health) and BPJS Ketenagakerjaan (Indonesia Social Security Administrator for Employment) as well as insurance programs of civil servants, members of the armed forces, and members of the national police related to work accident insurance and life insurance programs, the total assets was recorded at IDR 220.27 trillion or still growing at 0.53 percent yoy.

On the pension fund industry side, the total assets as of February 2024 grew by 10.88 percent yoy with a value of IDR 1,427.01 trillion, a rise from the position in February 2023 of IDR 1,288.93 trillion. In terms of voluntary pension funds, the total assets recorded a growth of 7.03 percent yoy with a value reaching IDR 372.34 trillion. In terms of the mandatory pension program, which comprises the old age security and pension security programs of BPJS Ketenagakerjaan, as well as the old age savings program and accumulation of pension contributions of civil servants, members of the armed forces and members of the national police, the total assets reached IDR1,054.67 trillion or grew by 12.07 percent yoy.

For guarantee companies, asset value grew 15.50 percent yoy with a value reaching IDR 46.73 trillion in February 2024, while the asset position in February 2023 was at IDR 40.46 trillion.

In regard to the enforcement of law and consumer protection in the PPDP sector, in March 2024, the PPDP Supervision sector imposed administrative sanctions on financial services institutions in the PPDP sector totaling 89 sanctions, comprising 56 warning/reprimanding sanctions and 32 monetary fines which could be succeeded by warning/reprimanding sanctions.

In line with efforts to develop the PPDP sector, OJK also continues various efforts to boost the resolution of problems at Financial Services Institutions through special supervision of 7 insurance companies with the aim of ensuring that the companies

are able to improve their financial conditions for the benefit of policyholders. OJK also carries out special supervision over several pension funds.

Developments in Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Services Institutions (PVML) Sector

In the PVML sector, the growth of financing receivables remained high, although it moderated again to 11.73 percent yoy in February 2024 (January 2024: 13.07 percent yoy) to IDR 478.69 trillion, with growth supported by the growths of working capital and multipurpose financings, by 17.97 percent and 13.43 percent yoy respectively.

The risk profile of the Financing Companies is maintained with a net Non-Performing Financing (NPF) ratio recorded at 0.72 percent (January 2024: 0.69 percent) and a gross NPF ratio of 2.55 percent (January 2024: 2.50 percent). FC's gearing ratio fell by 2.22 times (January 2024: 2.24 times), far below the maximum limit of 10 times.

The growth of venture capital financing in February 2024 contracted by 9.35 percent yoy (January 2024: -8.50 percent yoy), with the financing value recorded at IDR 16.49 trillion (January 2024: IDR 16.40 trillion).

In terms of fintech peer-to-peer (P2P) lending, the growth in outstanding financing in February 2024 continued to rise to 21.98 percent yoy (January 2024: 18.40 percent yoy), with a nominal value of IDR 61.10 trillion. The aggregate risk level of bad credit (TWP90/Loans past due 90 days after the due date) was maintained at 2.95 percent (January 2024: 2.95 percent).

In regard to the enforcement of laws in the PVML sector:

1. As of March 2024, there are 5 out of 147 financing companies (PP) that have not met the minimum equity requirement. Meanwhile, there are still 8 out of 101 P2P Lending Companies that have not met the minimum equity requirement of IDR 2.5 billion. OJK continues to take the necessary steps regarding the progress of the action plans to meet the minimum equity requirement in the form of capital injections from shareholders and from credible strategic local/foreign investors, as well as the relinquishment of business licenses.

2. OJK supports the effort to resolve problem financing issues at the Indonesian Export Financing Institution (LPEI) through legal channels. This effort constitutes a strategic step to resolve the problem financing of debtors that are uncooperative in meeting their obligations to the LPEI. In accordance with the mandate of the Financial Sector Development and Strengthening Law, OJK will also continue offsite supervision and direct (on-site) examination of the LPEI, including paying close attention to the resolution of problem financing and developments in the LPEI 's performance.
3. In order to enforce the compliance and integrity of the industries within the PVML Sector, during March 2024, OJK has imposed administrative sanctions on 20 financing companies, 6 venture capital companies, and 10 P2P lending providers for violations against the applicable OJK's regulations, as well as the results of supervision and/or follow-ups of direct examinations. These administrative sanctions comprise 16 monetary fines, 41 written warning sanctions, and 2 sanctions in the form of limitation on business activities as a follow-up to previous written warning sanctions that have not been resolved by business actors. OJK hopes that efforts to enforce compliance and imposition of sanctions can encourage industry players in the PVML sector to improve aspects of good governance, prudence, and compliance with applicable provisions so that in the end they can perform better and give optimal contributions.

Developments in the Technology Innovation of the Financial Sector (ITSK), Digital Assets, and Crypto Assets (IAKD)

1. In regard to the implementation of OJK's Regulatory Sandbox, the following developments can be conveyed:
 - a. Since the issuance of OJK Regulation (POJK) Number 13 of 2018 concerning Digital Financial Innovation in the Financial Services Sector, there have been 458 applications submitted by the ITSK providers to become OJK's Regulatory Sandbox participants. Based on these requests, OJK has issued the registered status as Regulatory Sandbox participants to 155 ITSK providers.
 - b. Since the issuance of OJK Regulation (POJK) Number 13 of 2018 until August 2023, as many as 8 providers in 5 business model clusters have been awarded Regulatory Sandbox results, namely Online Gold Depository (1 provider), Social Network and Robo

Advisor (1 provider), Project Financing (4 providers), Blockchain Based (1 provider), and Insurance broker marketplace (1 provider).

c. Furthermore, since the Innovation in the Financial Sector Technology (ITSK) and Innovation in Digital Financial Assets and Crypto Assets (IAKD) Sector became effective in August 2023, OJK has carried out a program to accelerate the evaluation and determination of Regulatory Sandbox results for 108 ITSK providers that are still in OJK's Regulatory Sandbox, with the following progress:

1. A total of 44 providers within 9 business model clusters have been given Regulatory Sandbox result statuses, namely Innovative Credit Scoring (17 providers), Regtech E-Sign (5 providers), E-KYC (6 providers), Regtech PEP (1 provider), Insurance Hub (1 provider), InsurTech (3 providers), Online Distress Solution (1 provider), Transaction Authentication (8 providers), and Tax & Accounting (2 providers).
 2. There are 11 providers registered statuses that have been canceled as a follow-up to the results of monitoring and evaluation carried out by OJK and 1 provider has had its registered status relinquished.
 3. Thus, as of March 2024, 52 ITSK Providers are still registered in OJK Regulatory Sandbox, that were divided into 5 business model clusters, namely Aggregator, Financing Agent, Funding Agent, Financial Planner, and Wealth Tech.
- d. In March 2024, OJK has set Regulatory Sandbox statuses for ITSK providers in 3 business model clusters, namely:
- **Transaction Authentication** business model cluster, with **recommended** statuses for 8 ITSK providers.
Providers of the Transaction Authentication business model present innovations that provide benefits in terms of integrating identification and verification services on customers through alternative data (other than Dukcapil's Digital Population Identity data). Furthermore, ITSK providers in this business model cluster are designated with recommended statuses without the obligation to register at or obtain business licenses from OJK.
 - **Tax & Accounting** business model cluster, with **recommended** statuses for 2 ITSK providers.

Providers of the Tax and Accounting business model present innovations that provide benefits for users, especially MSME business actors in Indonesia, in terms of easy and efficient management of finances and bookkeeping. Furthermore, ITSK providers in this business model cluster are designated with recommended statuses without the obligation to register at or obtain business licenses from OJK.

- **Online Distress Solution** business model cluster, with a **recommended** status for 1 ITSK provider.

Providers of the Online Distress Solution business model cluster present innovations that provide benefits for debtors in the context of debt management and enhancement of financial literacy. This business model also provides benefits for Financial Services Institutions in reducing the number of Non-Performing Loans. The ITSK provider within this business model cluster is designated with a recommended status without the obligation to register at or obtain a business license from OJK.

- e. OJK will continue to accelerate the evaluation and issuance of recommendations for the Regulatory Sandbox processes, especially in relation to clusters that have similar business model characteristics and activities such as Aggregator, Financing Agent, Funding Agent, Financial Planner, and Wealth Tech.
 - f. Currently there were 16 ITSK providers that have submitted applications to become OJK Regulatory Sandbox participants. OJK is currently carrying out the process of document verification and completeness check, as well as evaluation of the business model innovations proposed by the 16 ITSK providers mentioned.
2. In regard to Digital Financial Asset activities including Crypto Assets in Indonesia, the following developments can be conveyed:
 - a. The number of domestic crypto asset investors and transactions are on an upward trend and currently, Indonesia is ranked seventh as the country with the largest number of crypto asset investors in the world. As of February 2024, the total number of crypto asset investors reached 19.18 million investors or experienced a rise of 351 thousand investors compared to the previous month (January 2024: 18.83 million investors). Meanwhile, the total value of crypto asset transactions in the same period was recorded at IDR 33.69 trillion or

experienced a significant increase compared to the previous month (January 2024: IDR 21.57 trillion). The total accumulated value of crypto asset transactions throughout 2024 was recorded at IDR 55.26 trillion.

- b. OJK continues to promote the enhancement of digital financial literacy and inclusion, strengthening of sustainable digital financial ecosystems, as well as ethical and responsible business practices, especially in relation to the application of Artificial Intelligence. OJK collaborates with relevant Ministries and Institutions, as well as associations in the ITSK sector to optimize technological innovation in supporting the financial sector so that the sector can give optimal contributions to the national economic growth.

Developments in Supervision of Financial Services Business Actor Conduct, Education and Consumer Protection (PEPK)

From 1 January to 28 March 2024, OJK has carried out 336 financial education activities reaching 47,829 participants nationally. *Sikapi Uangmu*, is a digital communication media channel specifically providing content related to financial education for the public in the forms of a minisite and application. It has published 111 financial education contents, with a total number of 431,042 viewers from January to March 2024. In addition, there have been 45,466 users of OJK's Financial Education Learning Management System (LMSKU), who have accessed the module 54,128 times, and the issuance of 41,853 module completion certificates.

Throughout March 2024, in commemoration of International Women's Day, World Consumer Rights Day, and Global Money Week 2024 with the theme "Effective ways to protect consumers, especially young people, from financial scams and frauds" on 18 March 2024 at the OECD Conference Centre, Paris, OJK has organized financial literacy and education activities as part of consumer protection both through publications on social media and through direct activities.

These financial literacy efforts were complemented by the strengthening of the financial inclusion program which were supported by various parties, including through synergy within the Regional Financial Access Acceleration Teams (TPAKD) which involves Ministries/Institutions, Financial Services Business Actors (PUJK), academics and other stakeholders. As of 28 March 2024, 516 TPAKD have been established in 34 provinces (89.47 percent of provinces in Indonesia) and 482

regencies/municipalities (93.77 percent of regencies/municipalities in Indonesia). Overall, the record shows that 93.48 percent of TPAKD have been established at the provincial/regency/municipality levels. In addition, 4 sessions of training and facilitation activities for MSMEs have been carried out in the context of the National Movement for Proud to be Made in Indonesia/Proud to Travel in Indonesia (Gernas BBI/BBWI) which were attended by 1,373 MSMEs from 17 Regencies/Municipalities in South Sumatra Province.

As an effort to enhance financial literacy and inclusion as well as to strengthen consumer protection, OJK is actively participating in international forums at the joint meeting of the G20/OECD Task Force on Financial Consumer Protection and Financial Consumer Protection Organization (FinCoNet) in Paris on 19 – 20 March 2024 as well as the International Organization of Securities Commissions (IOSCO) Committee 8 (C8) meeting in Madrid on 21 – 22 March 2024. At these meetings, various policies and developments related to consumers from various countries were discussed, including those related to financial well-being, consumer vulnerability, sustainable finance, consumer credit, Buy Now Pay Later, crypto assets, influencers, frauds, and scams.

Throughout 2023 and the first quarter of 2024 (up to March 22nd), OJK received 413,414 service requests via the Consumer Protection Portal Application (APPK). This included 29,623 complaints. Breaking down the complaints by sector, 13,219 came from the banking sector, 8,075 came from the financial technology industry, 5,915 came from the financing company industry, 1,928 came from the insurance industry, while the rest constituted services in the capital market sector and the Non-Bank Financial Industry (IKNB).

OJK and the Task Force for the Eradication of Illegal Financial Activities (Satgas PASTI) continue their collaboration to address illegal investments and online loans. From 1 January 2023 to 28 March 2024, they have successfully shut down 2,601 illegal entities, including 42 illegal investments and 2,559 illegal online loans. As of 28 March 2024, 5,249 complaints related to illegal entities were received, including 4,985 complaints related to illegal lending and 264 complaints related to illegal investments, with the development of the number of illegal entities that have been closed/blocked as follows:

Entity	Year							
	2017 - 2018	2019	2020	2021	2022	2023	Up to 28 Mar 2024	Total
Illegal Investments	185	442	347	98	106	40	2	1.220
Illegal Online Loans	404	1.493	1.026	811	698	2.248	311	6.991
Illegal Pawning	0	68	75	17	91	0	0	251
Total	589	2.003	1.448	926	895	2.288	313	8.462

In terms of the law enforcement of consumer protection provisions, in the period of 1 January up to 28 March 2024, OJK has imposed sanctions in the form of 29 Written Warnings to 29 PUJK, Written Orders to 3 PUJK; and 10 monetary fines to 10 PUJK. In addition, from January to 28 March 2024, there were 50 PUJK that have awarded consumer compensation on 172 complaints with a total value of IDR 63,005,792,098.

In terms of the supervision of PUJK conduct (market conduct) as mandated in the Financial Sector Development and Strengthening Law, three PUJK were found to have violated OJK regulations concerning consumer and public protection in the financial services sector. The violations involved advertising and consumer protection codes of ethics during debt collection. In this regard, OJK has imposed:

1. Administrative Sanction in the form of a written warning on 1 Commercial Bank for violation against the provisions related to advertising;
2. Administrative sanction in the form of monetary fine on 1 Commercial Bank for violation against the provisions related to advertising;
3. Administrative Sanction in the form of a written warning to 1 financing company for violation against the provisions related to the consumer protection code of ethics in carrying out collections.

In addition to the administrative sanctions referred to above, OJK has also issued orders that should be complied with by the three PUJK. OJK has also imposed Administrative Sanctions in the form of Monetary Fines for late submissions of self-assessment reports on 142 PUJK and Written Warnings for late submissions of reports on 4 PUJK.

OJK's Policy Direction

OJK is committed to maintaining financial system stability and promoting the financial sector's role in national economic growth. The following is an overview of its key policy areas:

A. Maintaining Financial System Stability

1. As economic activity improves and the need for pandemic-related credit restructuring declines, OJK has ended the relaxation policy for the banking sector on 31 March 2024. This decision considers the adequate level of reserves established by financial institutions and is not expected to significantly impact stability.
2. OJK will issue an amendment to OJK Regulation regarding the Determination of Commercial Bank Supervision Status and Problem Handling aimed at supporting the realization of the strengthening of Bank supervision and problem handling through policy responses that are relevant, timely and of the right substance to step up national banking competitiveness and maintain financial system stability. This draft of OJK Regulation is prepared by aligning and adjusting provisions related to the strengthening of bank supervision, supervisory follow-up, bank problem handling, as well as by stepping up coordination between institutions to realize financial system stability. These policy responses are carried out by aligning several OJK Regulations related to financial system stability in a systematic and comprehensive manner into one OJK Regulation with a focus on supporting financial system stability, especially in the banking sector. Formulation of this OJK Regulation is also carried out to establish a strong foundation for supporting sustainable financial sector growth, in line with the dynamics of the banking industry which continue to develop as mandated by the Financial Sector Development and Strengthening Law.

B. Strengthening Financial Services Sector and Market Infrastructure

1. Due to national holidays and collective leave days, OJK has adjusted reporting deadlines for various financial service industries. In regard to the banking industry, the submission deadline for the final report is 18-19 April 2024,

according to the type and period of the report. In regard to the Insurance, Guarantee and Pension Fund (PPDP) industry, the submission deadline for the monthly report and the monthly report summary has been extended until April 19 2024, and for the Financing Institutions, Venture Capital Companies, Microfinance Institutions, and Other Financial Services Institutions (PVML) industry, the monthly report, Financial Information Services System debtor report, and several other reports can be submitted by April 19 2024. The details of the relaxation in report submissions referred to have been informed by letters to the banking, PPDP, and PVML industries.

2. OJK has issued an internal stipulation regarding Supervision Guidelines for Banks as Rural Business Credit (Kredit Usaha Rakyat/KUR) Providers. This stipulation has been prepared to synergize with the Regulation of the Coordinating Minister for Economic Affairs Number 1 of 2022 concerning Guidelines for the Implementation of Rural Business Credit as amended by the Coordinating Minister for Economic Affairs Regulation Number 1 of 2023 with the main provisions relating to the flow and mechanism for the application to become a Rural Business Credit provider as well as the criteria for sound and good performance requirements for Commercial Banks as well as Rural Banks (BPR) and Sharia Rural Financing Banks (BPRS).
3. A new OJK regulation is being drafted to improve upon existing regulations regarding prime lending rates. OJK will issue OJK Regulation concerning Transparency and Publication of Prime Credit Interest Rate for Conventional Commercial Banks. This draft of OJK Regulation is prepared to enhance the previous stipulation, namely OJK Regulation Number 73/POJK.03/2019 and OJK Circular Letter Number 9/SEOJK.03/2020, with the main provisions setting a standardized method of calculating prime lending rate, which establishes the prime lending rate to be a tool in transmitting monetary policy to the real sector, as well as strengthens the governance aspect of prime lending rate to promote sound competition in the banking industry and maintain financial system stability.
4. OJK is finalizing a draft of OJK Regulation concerning Antifraud Strategy for Financial Services Institutions (FSIs). This draft of OJK regulation is prepared in order to implement the anti-fraud strategy for all FSIs by enhancing the previous stipulations (OJK Regulation Number 39/POJK.03/2019 concerning

Implementation of Anti-Fraud Strategy for Commercial Banks, Chapter XII of OJK Regulation Number 35/POJK.05/2018 concerning the Operation of Financing Company Business and article 72 of OJK Regulation Number 69/POJK.05/2016 concerning the Operations of Insurance Company, Sharia Insurance Company, Reinsurance Company and Sharia Reinsurance Company Businesses), with the inclusion of stipulations regarding types of fraud, pillars and criteria, policies covering internal parties, consumers, and external parties, as well as procedures concerning reports that must be submitted by FSIs and guidelines for the FSIs.

5. OJK is finalizing a draft of OJK Regulation concerning BPR and BPRS (Institutional Thematic) which is a refinement of OJK Regulation Number 21/POJK.03/2019 concerning Mergers, Consolidations and Takeovers of BPR and BPRS, OJK Regulation Number 62/POJK.03/2020 concerning BPR and OJK Regulation Number 26 of 2022 concerning BPRS. This draft of OJK Regulation is prepared to rearrange the BPR and BPRS industry from the institutional aspect and is expected to strengthen the structure, and enhance competitiveness and capital as mandated by the Financial Sector Development and Strengthening Law, with the main provisions that include:
 - a. BPR and BPRS are allowed to gain access to additional capital and funding through securities public offerings on the capital market.
 - b. Acceleration of consolidation and strengthening of the capital of BPR and BPRS through Consolidations or Mergers, especially group BPR and BPRS with a Single Presence Policy (SPP) approach.
6. OJK will launch a Roadmap for BPR and BPRS Strengthening and Development 2024-2027 (Roadmap for RP2B 2024-2027) as a policy basis for the strengthening and development of the BPR and BPRS industry, as well as a response to the challenges facing the BPR and BPRS industry. The Roadmap for RP2B 2024-2027, which is being prepared in line with the provisions concerning BPR in the Financial Sector Development and Strengthening Law and the policy focus set out in OJK Roadmap 2022-2027 (Banking Supervision Field), includes, among other things, strengthening and consolidation of BPR and BPRS, strengthening of governance, efficiency and development of human resources as well as enhancement of supervision methodology. The Roadmap for RP2B 2024-2027 will include the future vision

of the BPR and BPRS industry, namely to become "banks with integrity, that are resilient and bring contributions in providing financial access to the Micro, Small Enterprises (MSEs) and communities in their regions", which will then be realized through the four main pillars of the Roadmap for RP2B 2024-2027, as well as an action plan and the resulting initiatives.

7. OJK has issued OJK Regulation Number 4 of 2024 concerning Report on Ownership or Any Changes in Ownership of Public Company Shares and Report on Activities to Pledge Public Company Shares. This OJK Regulation has been formulated to align the provisions as mandated in the Financial Sector Development and Strengthening Law and aims to enhance the quality of information disclosure by certain shareholders and supervision carried out on share ownership reports, to adapt the provisions to international standards and best practices applied in other countries, as well as to expand the coverage of the stipulations to cover other types of transactions carried out by Public Company shareholders, such as share pledging activities.
8. OJK is finalizing the draft of OJK Regulation concerning the Financing of Securities Transactions by Securities Companies for Customers and Short Selling Transactions by Securities Companies. This draft of OJK Regulation is prepared to enhance the previous provisions (OJK Regulation Number 55/POJK.04/2022) as well as to adapt to international practices regarding the financing of margin and/or short selling transactions including in relation to minimum order prices for short selling and publication of financing transactions as well as the need to strengthen governance and prudence in financing activities of customer transactions, such as maximum financing limits per customer/customer group, strengthening of licensing for Securities Companies that carry out short selling activities for their own interests, as well as prohibition on Securities Companies from using customer funds to finance Securities transactions.
9. OJK is currently preparing a Roadmap for Pension Fund Development and Strengthening 2024-2028. This roadmap is a work commitment on both OJK's and the industry's sides with a focus on the strengthening and development of the pension fund industry from various aspects, which include governance, risk management, financial soundness, human resource competence,

digitalization, including synergy and harmonization with the national pension system.

10. OJK is currently preparing provisions regarding Pension Fund Investment Assessment in order to align to the provisions of OJK Regulation Number 27 of 2023 concerning the Operation of Pension Fund Business promulgated on 27 December 2023, which includes, among other things, additional types of investment for Pension Funds in the forms of regional infrastructure investment funds and bonds.
11. In relation to the integration of insurance industry data, implementation of policy guarantee program, provision of national insurance information, preparation of insurance rates, implementation of Statement of Financial Accounting Standards 117, as well as checks and balances for policy holders themselves, a National Insurance Policy Database will be established. Currently, information on policyholder data is still limited to 2 general insurance business lines, namely motor vehicle insurance and property insurance. With the availability of the National Insurance Policy database, OJK can analyze insurance data in a more granular manner so that it can strengthen supervision, research development and decision making. Meanwhile, externally, this database is expected to be able to identify policy participant frauds, promote the development of more reliable company systems, business segmentation, and increase research within business and academic circles.
12. OJK has launched the Roadmap for Financing Company Development and Strengthening for the 2024-2028 period on 5 March 2024 as an effort to create a Financing Company industry that is sound, robust, has integrity and is adaptive to technological developments and contributes to sustainable economic growth. The Roadmap for Financing Company Development and Strengthening for the 2024-2028 period is supported by four pillars of development and strengthening principles, namely: (1) Strengthening resilience and competitiveness; (2) Development of elements in the ecosystem; (3) Acceleration of digital transformation; and (4) Strengthening of Regulations, Supervision and Licensing. Implementation of the development and strengthening of the Financing Company industry is carried out in three phases in the period of 2024-2028, starting with the foundation strengthening

phase (2024-2025), continued with the consolidation and momentum creating phase (2026-2027), and finalized by the alignment and growth phase (2028).

13. OJK's commitment to eradicating illegal financial activities continues to step up, among other things, through the drafting of the stipulation concerning business activities without licenses in the financial sector (draft of OJK Regulation on Task Force) as a follow-up to Article 247 of the Financial Sector Development and Strengthening Law. The draft of OJK Regulation on Task Force will be the basis for strengthening the implementation of the tasks and authority of the Task Force for the Eradication of Illegal Financial Activities (Task Force for EIFA) which consists of 16 ministries/institutions. With this arrangement, the prevention and handling of illegal financial activities in the future will be more optimal and effective.

C. Development and Strengthening of Sharia Financial Services Sector

1. In line with the Pillar of the Strengthening of Sharia Banking Characteristics in the Roadmap for Indonesian Sharia Banking Development and Strengthening for 2023-2027, OJK has prepared Guidelines for Musyarakah Financing Product and Guidelines for BPRS Collaboration with Sharia IT Based Co-Funding Services (Fintech P2P Financing) Providers. The Guidelines for Musyarakah Financing Product will be a guide for sharia banking industry players in Indonesia in implementing musyarakah financing deeds at Sharia Commercial Banks, Sharia Business Units and BPRS. Meanwhile, the Guidelines for Cooperation between BPRS and sharia IT Based Co-Funding Services will serve as a guide for implementing cooperation between BPRS and Fintech P2P Financing Providers while still prioritizing the characteristics of sharia banking and prudential aspects. It is hoped that the guidelines will provide a common view concerning any transaction for sharia banking industry players and sharia bank supervisors as well as serve as a means of education for the public.
2. As a follow-up to OJK Regulation Number 11 of 2023, OJK will prepare more detailed guidelines regarding the Sharia Unit Insurance spin-off process through the preparation of a draft of OJK Circular Letter regarding Sharia Unit Separation. The draft of OJK Circular Letter will regulate the stages that must be carried out by any sharia unit in carrying out the spin-off process, including

announcements and notifications to policy holders and participants in the plan to implement the spin-off carried out by the sharia unit. This arrangement aims to ensure that the spin-off process can be carried out with good governance while still maintaining consumer protection.

3. OJK continues to step up collaboration and synergy with various parties to promote sharia financial literacy and inclusion by optimizing the momentum of Ramadan 2024 or 1445 Hijriah through the 2024 Sharia Finance Ramadan Celebration (GERAK Syariah) program which constitutes a national campaign on sharia finance during the month of Ramadan and consists of various educational activities, inclusion, competitions and social activities, with a total of 746 planned activities throughout the regions in Indonesia. In the context of a massive and evenly disseminated sharia finance campaign, OJK is orchestrating a sharia inclusion literacy program through Sharia Finance Ramadan Celebration (GERAK Syariah) simultaneously in 35 OJK offices throughout Indonesia, by collaborating with associations and Sharia Financial Services Business Actors and stakeholders in their working regions, including the Sharia Economic and Finance Regional Committees.

D. Innovation in the Financial Sector Technology (ITSK) and Innovation in Digital Financial Assets and Crypto Assets (IAKD)

OJK is establishing a regulatory framework for the Innovation in the Financial Sector Technology (ITSK), including crypto assets. This framework aims to deepen the financial market, promote national economic growth, and maintain financial stability. Policy Directions for the IAKD Sector include:

1. OJK will accept and carry out the registration process for ITSK Providers from the Innovative Credit Scoring (ICS) business model cluster which has been set to be regulated and supervised by OJK, as a follow-up to the implementation of OJK Regulation Number 3 of 2024 concerning the Implementation of Innovation in the Financial Sector Technology (ITSK).
2. OJK will issue an OJK Regulation regarding Alternative Credit Rating Agencies which regulates and supervises activities related to alternative credit rating agencies. The arrangements that will be drawn up with a focus on stepping up the role of alternative credit rating agencies in increasing public and MSME sector access to formal finance, especially through the use of non-financial

data in assessing the creditworthiness of potential underbanked and unbanked customers.

3. OJK will issue an OJK Regulation regarding Digital Financial Assets including Crypto Assets as a follow-up to the transfer of the authority to regulate and supervise digital financial assets including crypto assets from Bappebti (CoFTRA/Commodity Futures Trading Regulatory Agency) to OJK. The draft of OJK Regulation is prepared to ensure operational sustainability in the crypto asset market after the transition from CoFTRA to OJK by remaining focused on upholding market integrity, consumer protection, risk mitigation, and maintaining financial stability, developing digital financial assets including crypto assets as a new asset class in the financial sector.
4. OJK is currently formulating policies regarding the application of Artificial Intelligence in the financial sector, including the ITSK sector. OJK collaborates with Ministries/Institutions and associations in the ITSK sector concerning the application of Artificial Intelligence (AI) and Generative AI to optimize innovation in the financial sector ecosystem.

E. Strengthening of OJK's Governance

1. OJK maintains a strong commitment to good governance and risk management. It has received consecutive awards from the Corruption Eradication Commission (KPK) for its anti-corruption efforts and achieved 100% compliance in submitting State Official Asset Reports (LHKPN) for March 2024. Additionally, OJK plans to finalize the implementation of the Anti-Bribery Management System (SMAP) across all its task forces in 2024.
2. OJK also continues to be committed to providing the State Official Asset Report (Laporan Harta Kekayaan Penyelenggara Negara/LHKPN) to the Corruption Eradication Commission, by maintaining 100 percent compliance in line with the target time in March 2024. In addition, OJK also plans to finalize the implementation of the Anti-Bribery Management System (Sistem Manajemen Anti Penyuapan/SMAP) in all taskforces in 2024.
3. OJK continues to encourage collaboration and promote synergy among all stakeholders in order to strengthen a sound financial sector ecosystem and to give optimal added value for all stakeholders while still maintaining the

principles of good governance, integrity and focusing on sustainability aspects, including through:

- a. OJK promotes the strengthening of the role of the risk management profession in the 2024 Financial Services Sector's Risk Management Profession Kick-Off Meeting held by the Indonesia Risk Management Professional Association (IRMAPA) aimed at promoting the strengthening of the integrity and competence of the risk management profession in the financial services industry, which is important in efforts to enhance the quality of risk prevention.
 - b. OJK has held a forum for the strengthening of the GRC (Governance, Risk Management, and Compliance) function in collaboration with the IAI/Ikatan Akuntan Indonesia (Indonesian Accountants Association) to improve the quality, capability, and development of best practice accounting standards in the Financial Services Sector. In addition, in order to strengthen the Financial Services Sector's financial reporting ecosystem, OJK and IAI will deepen the strengthening of the scope in the context of updating the Memorandum of Understanding between OJK and IAI.
4. As part of a series of OJK Governance Roadshow's activities, OJK has also held a Governance Insight Forum in Jakarta involving Bank Indonesia, the Ministry of Finance, the Corruption Eradication Commission (KPK), and the Deposit Insurance Corporation (LPS) for discussing best practices in upholding integrity that can be applied in each organization, especially in following up on the recommendations of the Integrity Assessment Survey held by the Corruption Eradication Committee every year. OJK invited all agencies, both from the Financial Services Sector, the government and related agencies, to collaborate well in the strengthening of governance practices in Indonesia, where especially in the case of the Financial Services Sector is achieved through the implementation of the 3 lines model and anti-fraud strategy, so that the risk of corruption is maintained in very low level and an anti-fraud culture at Financial Services Sector is fostered.

F. Development of Investigations

In carrying out the investigative function, up to 29 March 2024, OJK's investigators have completed a total of 119 cases, consisting of 94 banking cases, 5 capital markets cases, and 20 NBFIs cases. Furthermore, the number of cases that have received decisions by the court is 105 cases, of which 99 cases have received final and binding decisions and 6 cases are still in appeal stage.

No	Stage	Banking	Capital Market	NBFI	Total
		Cases	Cases	Cases	Cases
Cases					
1	Review Process	8	11	7	26
2	Pre-Investigation	3	4	1	8
3	Investigation	5	0	1	6
4	Casefile Preparation	4	0	0	4
5	P-21 (Casefile completed)	94	5	20	119
Court Processes					
1	Final and binding decision	78	5	16	99
2	Appeal with the appellate court	0	0	0	0
3	Appeal with the Supreme Court	2	0	4	6

By implementing law enforcement policies and measures, and continuing to synergize with the Government, Bank Indonesia, the Deposit Insurance Corporation (LPS), and the financial industry as well as business associations in the real sector, OJK is optimistic that the financial system stability can be maintained.