

PRESS RELEASE

OJK ENHANCES REGIONAL COOPERATION BY SIGNING LETTER OF INTENT WITH BANK OF THAILAND (BOT)

Financial Services Authority, Bangkok, March 31, 2016: Financial Services Authority (OJK) enhanced regional cooperation through signing of Letter of Intent (LoI) with Bank of Thailand (BoT) on both institutions' agreement on the preparation of bilateral agreement as an implementation of ASEAN Integration Framework (ABIF) between Indonesia and Thailand.

The LoI was signed by Chairman of OJK Board of Commissioners Muliaman D. Hadad and BoT Governor Veerathai Santiprabhob in Bangkok, Thailand, Thursday (March 31, 2016).

Muliaman said the cooperation is made not only to pave ways for Indonesia's financial services industry to develop businesses in Thailand by opening banking institutions in both jurisdictions, but also to improve trading relations between the two jurisdictions.

The bilateral agreement is a part of ABIF implementation process, in which two ASEAN member countries will make negotiations, based on principle of reciprocity, related to establishment of Qualified ASEAN Banks (QABs), access to markets and provided operational flexibility.

ABIF implementation will refer to principles that have been agreed by banking supervision authorities of all ASEAN member countries, that is ABIF Guidelines. The principles include orientation on output, progressive in accordance with each member country's preparedness, inclusive and transparent.

One of ABIF main features is flexibility for QABs to gain market access and flexibility in their operations from host authority based on principle of reciprocity. Moreover, banks with QAB status can enjoy the same treatment as local banks in the jurisdiction of the host authority.

"Business potential in Thailand is huge since Indonesia is Thailand's third biggest trading partner. We urge Indonesian financial services industry players to expand their businesses in Thailand in an effort to support trade between Indonesia and Thailand," said Muliaman.

According to Muliaman, OJK supports banking institutions to expand their business in Thailand by formulating the bilateral agreement. Following the formulation of the bilateral agreement, OJK and the BoT will soon sign a Memorandum of Understanding (MoU) on cross border supervision.

The MoU with BoT is a part of implementation of Law No. 21 of 2011 on OJK, which gives a mandate to make cooperation with financial services authorities in other countries, international organizations and other international institutions, among others in institutional capacity building, exchange of information in the fields of regulation and supervision over financial services institutions by emphasizing on the principles of reciprocity and fairness.

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