

COPY OF  
FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 46 /POJK.03/2015  
CONCERNING  
DETERMINATION OF SYSTEMICALLY IMPORTANT BANKS  
AND CAPITAL SURCHARGES

WITH THE BLESSINGS OF GOD ALMIGHTY

BOARD OF COMMISSIONERS OF  
FINANCIAL SERVICES AUTHORITY,

- Considering:
- a. whereas to identify banks that have significant impacts on the domestic financial system, it is necessary to have a methodology for determining systemically important banks by referring to prevailing international standard;
  - b. whereas risks originating from systemically important banks need to be mitigated through determination of capital surcharges based on levels of systemic impacts the banks have on the domestic financial system;
  - c. whereas based on considerations referred to in letter a and letter b, it is deemed necessary to enact a Financial Services Authority Regulation concerning Determination of Systemically Important Banks and Capital Surcharges;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472) as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);
  2. Act Number 21 of 2008 concerning Sharia Banking (State Gazette

- of the Republic of Indonesia Number 94 of 2008, Supplement to the State Gazette of the Republic of Indonesia Number 4867);
3. Act Number 21 of 2011 concerning Financial Services Authority (State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5253);

HAS DECREED:

To enact:           **FINANCIAL SERVICES AUTHORITY REGULATION CONCERNING  
DETERMINATION OF SYSTEMICALLY IMPORTANT BANKS  
AND CAPITAL SURCHARGES**

**CHAPTER I  
GENERAL PROVISIONS**

**Article 1**

The terminologies used in this Financial Services Authority Regulation have the following meanings:

1. Bank is a Commercial Bank as referred to in Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998, and Sharia Commercial Bank as referred to in Act Number 21 of 2008 concerning Sharia Banking.
2. Systematically Important Bank, hereinafter shall be referred to as SIB, is any Bank, which is due to the sizes of its assets, capital, and liabilities, width of network or complexity of transactions on banking services as well as interconnectedness with other financial sectors, may cause failures on the side of part or all of other banks or financial service sector, both operational wise as well as financial wise, if the Bank experiences disruptions or failures.
3. Capital Surcharge for SIB is an additional capital, which function is for reducing the negative impact on the financial system stability and the economy if a failure on the part of the SIB occurs through a step up in the Bank's capacity to absorb losses.

**Article 2**

- (1) Financial Services Authority determines SIBs and Capital Surcharges for SIBs.

- (2) In determining SIBs and Capital Surcharges for SIBs as referred to in paragraph (1), Financial Services Authority undertakes coordination with Bank Indonesia.
- (3) Determination of SIBs and Capital Surcharges for SIBs as referred to in paragraph (1) shall be performed every semester each year in:
  - a. the month of March by using data of the position of December of the previous year; and
  - b. the month of September by using data of the position of June.

#### Article 3

Banks that are determined to be SIBs are obliged to establish Capital Surcharges for SIBs.

#### Article 4

- (1) Determination of SIBs is performed by using certain methodology based on certain indicators.
- (2) Financial Services Authority reviews the methodology for determining SIBs at least 1 (one) time every 3 (three) years.

### CHAPTER II

#### INDICATORS OF SYSTEMICALLY IMPORTANT BANK (SIBs)

#### Article 5

Indicators used in the methodology for determining SIBs as referred to in Article 4 paragraph (1) comprise:

- a. Bank size;
- b. Interconnectedness with the financial system; and
- c. complexity of business activities.

#### Article 6

Bank size indicator as referred to in Article 5 letter a is measured from a sub-indicator, namely Bank total exposure.

#### Article 7

Indicator of interconnectedness with the financial system as referred to in Article 5 letter b comprises of the following sub-indicators:

- a. financial assets in the forms of receivables from or placements at financial service institutions (intra financial system assets);
- b. financial liabilities to financial service institutions (intra financial system liabilities);
- c. securities issued by the Bank (securities outstanding).

#### Article 8

Indicator of the complexity of business activities as referred to in Article 5 letter c comprises of the following sub-indicators:

- a. over the counter notional values of spots and derivatives;
- b. securities classified as being available for sale and traded, however, these do not include securities that are used as high quality liquid assets in the calculation of liquidity coverage ratio;
- c. specific domestic indicators set by Financial Services Authority; and
- d. substitutability of the Bank's roles in the payment system and custodian activities.

#### Article 9

- (1) Each SIB indicator as referred to Article 5 is set to be of equal weight.
- (2) Each sub-indicator as referred to in Article 6, Article 7, and Article 8 is set to be of equal weight.

### CHAPTER III

#### METHODOLOGY FOR DETERMINING SYSTEMICALLY IMPORTANT BANKS (SIBs)

#### Article 10

Financial Services Authority determines SIBs based on systemic importance scores.

#### Article 11

The systemic importance score of each Bank is calculated by:

- a. calculating the value of each sub-indicator in basis point, by calculating the proportion of the value of each sub-indicator against banking industry aggregate value;
- b. calculating the weighted value of each sub-indicator, by multiplying the value of each sub-indicator as referred to in letter a with the weight of the sub-indicator;
- c. calculating the value of each indicator, by adding up the weighted value of each sub-indicator as referred to in letter b;

- d. calculating the weighted value of each indicator, by multiplying the value of each indicator as referred to in letter c with the weight of the indicator; and
- e. calculating the value of the systemic importance score, by adding up the weighted value of each indicator as referred to in letter d.

## CHAPTER IV

### CAPITAL SURCHARGES FOR SYSTEMICALLY IMPORTANT BANKS (SIBs)

#### Article 12

- (1) Financial Services Authority determines Capital Surcharges for SIBs in 5 (five) buckets.
- (2) The amount of Capital Surcharge for SIBs in each bucket is set as follows:
  - a. 1% (one percent) of Risk-Based Weighted Assets (RBWA) for SIBs that are categorized into bucket 1;
  - b. 1.5% (one point five percent) of RBWA for SIBs that are categorized into bucket 2;
  - c. 2% (two percent) of RBWA for SIBs that are categorized into bucket 3;
  - d. 2.5% (two point five percent) of RBWA for SIBs that are categorized into bucket 4;
  - e. 3.5% (three point five percent) of RBWA for SIBs that are categorized into bucket 5;
- (3) Capital Surcharges for SIBs as referred to in paragraph (2) should be met by using the component of Common Equity Tier 1.
- (4) Financial Services Authority has the authority to review and adjust the amounts and timelines for the fulfilment of Capital Surcharges for SIBs, by taking into consideration the conditions of the economy and financial system stability.

#### Article 13

Based on determination of Capital Surcharges for SIBs in the 5 (five) buckets as referred to in Article 12 paragraph (1), for the first time, Financial Services Authority shall determine Surcharges for SIBs in 4 (four) buckets, namely bucket 1, bucket 2, bucket 3, and bucket 4.

#### Article 14

- (1) In the event there are Banks that have extremely high systemic importance scores so that they are categorized into the highest bucket, Financial Services Authority shall determine:
  - a. for the purpose of categorizing SIBs, to add 1 (one) more bucket above the highest bucket; and
  - b. there shall be no SIBs categorized into the new highest bucket as referred to in letter a.
- (2) Every addition of 1 (one) bucket as referred to in paragraph (1), the amount of Capital Surcharge for SIBs as referred to in Article 12 paragraph (2) shall be set to rise by 1% (one percent) of the RBWA.

#### Article 15

The establishment of Capital Surcharges for SIBs as referred to in Article 12 paragraph (2) should be met in stages:

1. for SIBs that are categorized into bucket 1, in the following amounts:
  - a. 0.25% (zero point twenty five percent) of RBWA since 1 January 2016;
  - b. 0.5% (zero point five percent) of RBWA since 1 January 2017;
  - c. 0.75% (zero point seventy five percent) of RBWA since 1 January 2018;
  - d. 1% (one percent) of RBWA since 1 January 2019;
2. for SIBs that are categorized into bucket 2 in the following amounts:
  - a. 0.375% (zero point three hundred seventy five percent) of RBWA since 1 January 2016;
  - b. 0.75% (zero point seventy five percent) of RBWA since 1 January 2017;
  - c. 1.125% (one point one hundred twenty five percent) of RBWA since 1 January 2018;
  - d. 1.5% (one point five percent) of RBWA since 1 January 2019;
3. for SIBs that are categorized into bucket 3 in the following amounts:
  - a. 0.5% (zero point five percent) of RBWA since 1 January 2016;
  - b. 1% (one percent) of RBWA since 1 January 2017;
  - c. 1.5% (one point five percent) of RBWA since 1 January 2018;
  - d. 2% (two percent) of RBWA since 1 January 2019;
4. for SIBs that are categorized into bucket 4 in the following amounts:
  - a. 0.625% (zero point six hundred twenty five percent) of RBWA since 1 January 2016;

- b. 1.25% (one point twenty five percent) of RBWA since 1 January 2017;
- c. 1.875% (one point eight hundred seventy five percent) of RBWA since 1 January 2018;
- d. 2.5% (two point five percent) of RBWA since 1 January 2019;

## CHAPTER V SANCTIONS

### Article 16;

Any Bank determined to be an SIB, which does not meet the requirement to provide Capital Surcharge for SIB, shall be imposed with the sanctions as stipulated in the regulation concerning capital adequacy requirement for conventional commercial banks or sharia commercial banks.

## CHAPTER VI OTHER PROVISIONS

### Article 17

For the first time, determination of SIBs and Capital Surcharges for SIBs shall be performed in the month of January 2016 by using data of June 2015 position.

## CHAPTER VII CONCLUDING PROVISIONS

### Article 18

This Financial Services Authority Regulation shall come into effect on the date of enactment.

For public information, orders this Financial Services Authority Regulation be published in the State Gazette of the Republic of Indonesia.

Ratified in Jakarta

On 23 December 2015

CHAIRMAN OF BOARD OF COMMISSIONERS  
OF FINANCIAL SERVICES AUTHORITY,

signed

MULIAMAN D. HADAD

Enacted in Jakarta

On 28 December 2015

MINISTER OF LAW AND HUMAN RIGHT

REPUBLIC OF INDONESIA

signed

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 372 OF 2015

Copy is in accordance with the original

Legal Director I

Legal Department

signed

Sudarmaji



ELUCIDATION  
TO  
FINANCIAL SERVICES AUTHORITY REGULATION  
NUMBER 46 /POJK.03/2015  
CONCERNING  
DETERMINATION OF SYSTEMICALLY IMPORTANT BANKS  
AND CAPITAL SURCHARGES

I. GENERAL REVIEW

Determination of SIBs in the domestic financial market aims at identifying Banks that have significant impacts in the domestic financial system. As such, it is necessary to have a methodology for performing assessment on the domestic systemic level of a Bank, which reflects the adverse effect that has the potential to occur if the SIB experiences failures.

The risks originating from SIBs are mitigated through determination of Capital Surcharges for SIBs based on the respective Banks' systemic impact levels in the domestic financial system. Determination of Capital Surcharges for SIBs constitutes part of the supervisory action taken in normal condition.

With regard the matters mentioned above, it is necessary to have a stipulation concerning Determination of Systemically Important Banks and Capital Surcharges.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Paragraph (1)

“Capital Surcharges for SIBs” are Capital Surcharges for Domestic Systemically Important Banks in accordance with Financial Services Authority Regulation that governs capital adequacy requirement for conventional commercial banks or sharia commercial banks.

A Domestic Systemically Important Bank is a Bank in Indonesia determined to be an SIB.

Paragraph (2)

Coordination between Financial Services Authority and Bank Indonesia shall be undertaken through the coordination mechanism.

Paragraph (3)

Financial Services Authority shall give written notifications to Banks that are determined to be SIBs and the amounts of the Capital Surcharges for SIBs.

Article 3

Determination of Banks as SIBs does not include branch offices of banks domiciling abroad.

Article 4

Paragraph (1)

“Certain methodology” means a methodology used that is in accordance with the international standard for determining SIBs.

Paragraph (2)

Self-explanatory.

Article 5

Self-explanatory.

Article 6

“Total Bank exposure” means the sum of exposure at the balance sheet, exposure at the off-balance sheet accounts, and potential future exposure from derivative transactions.

“Exposure at the balance sheet” means total assets after having been deducted by inter-office accounts.

“Exposure at off-balance sheet accounts” means total commitment and contingent liabilities.

Calculation of potential future exposure from derivative transactions refers to the regulation concerning calculation of risk-based weighted assets for credit risk by using the standard approach.

Derivative transactions at Sharia Commercial Banks are sharia hedging transactions that refer to the regulation concerning calculation of risk-based weighted assets for credit risk by using the standard approach for sharia commercial banks.

Article 7

Self-explanatory.

Article 8

Letter a

In the case of Sharia Commercial Banks, “over the counter notional value of derivative” is over the counter notional value of sharia hedging that refers to the regulation concerning calculation of risk-based weighted assets for credit risk by using the standard approach for sharia commercial banks.

Letter b

Self-explanatory.

Letter c

Specific domestic indicators mean among others:

1. outstanding value of bank guarantees;
2. outstanding value of irrevocable Letters of Credit;
3. portfolio value of State Securities and/or State Sharia Securities owned;
4. number of third-party fund accounts;
5. number credit accounts; and
6. number of branch offices in the country as well as abroad.

Letter d

Self-explanatory.

Article 9

Paragraph (1)

The indicator used in the methodology for determining SIBs comprises 3 (three) sub-indicators and as such each indicator has the weight of (100/3)%.

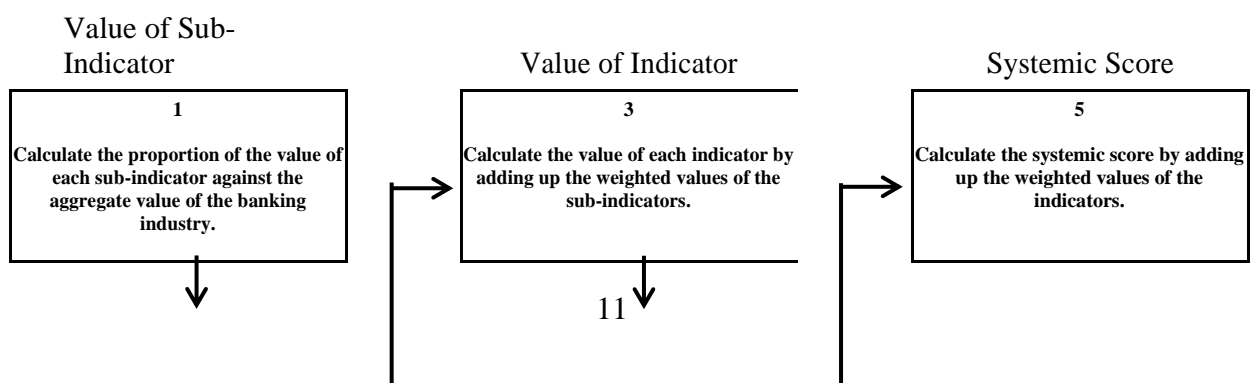
Paragraph (2)

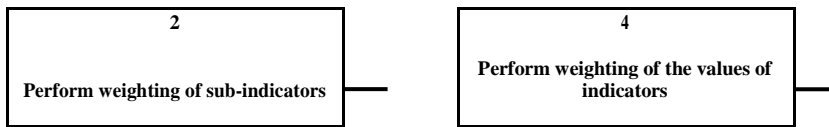
For example, the interconnectedness with the financial system indicator comprises 3 (three) sub-indicators and as such each sub-indicator of interconnectedness with the financial system has the weight of (100/3)%.

Article 10

The systemic importance score of each Bank is the value that reflects the systemic level of the Bank.

Article 11





## Article 12

### Paragraph (1)

Self-explanatory.

### Paragraph (2)

Self-explanatory.

### Paragraph (3)

“Common Equity Tier 1” means Common Equity Tier 1 as referred to in the Financial Services Authority regulation concerning capital adequacy requirement for conventional commercial banks or for sharia commercial banks.

### Paragraph (4)

The considerations for undertaking review and making adjustments to the amounts and timelines for fulfilment of Capital Surcharges for SIBs shall be based among others on economic growth, credit growth, and/or the banking industry performance.

## Article 13

Bucket 5 Capital Surcharge for SIBs shall not be filled out or shall be left empty because bucket 5 represents the bucket for Banks that have extremely high systemic importance scores.

## Article 14

### Paragraph (1)

Capital Surcharge for bucket 5 and onwards shall be a disincentive for Banks that have extremely high systemic importance scores and as such it encourages the Banks to lower their systemic risks.

For example, in the case there is a Bank that has an extremely high systemic importance score that makes it be categorized in bucket 5, Financial Services Authority shall decide:

- a. to add another SIB categorization, namely bucket 6; and
- b. there won't be any SIB categorized in bucket 6.

### Paragraph (2)

For example, if the amount of Capital Surcharge for bucket 5 is 3.5% (three point five percent), the Capital Surcharge for bucket 6 is then set at 4.5% (four point five percent) of RBWA.

Article 15

Self-explanatory.

Article 16

Self-explanatory.

Article 17

Self-explanatory.

Article 18

Self-explanatory.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA  
NUMBER 5812