

SPECIAL TREATMENT FOR FINANCIAL SERVICES INSTITUTIONS IN SPECIFIC REGIONS AND SECTORS IN INDONESIA IMPACTED BY A DISASTER

This summary intends to provide information for relevant stakeholders. It is not an official translation of the OJK Regulation. All information refers to OJK Regulation (POJK) Number 19/2022. The information contained in this summary cannot be used for legal purposes. In the event of inconsistencies between this document and the POJK, refer to the POJK as the primary reference.

A. Background

OJK provides special treatment for financial services institutions and industry players in specific regions and/or sectors in Indonesia impacted by a Disaster. This is in light of the latest situation in Indonesia, which has been struck by Disasters triggered by natural and non-natural conditions, causing disruptions to industry players in the financial services sector and/or impacting local economic conditions, among others. The specific regions and/or sectors in Indonesia impacted by a Disaster and the timeframe of the special treatment will be determined by OJK.

B. Provisions

General Provisions

1. Financial Services Institutions, hereinafter abbreviated to FSI, are institutions implementing activities in the banking, capital market, financing institution, and other Financial Services Institution sectors.
2. The Banking Industry, hereinafter referred to as Banks, includes everything relating to banks, including the institutions, business activities as well as procedures and processes when carrying out business activities.
3. Conventional Commercial Banks, hereinafter abbreviated to BUK (*Bank Umum Konvensional*), are commercial banks that implement business activities conventionally, including the branch offices of foreign banks.
4. Islamic Commercial Banks, hereinafter abbreviated to BUS (*Bank Umum Syariah*), are commercial banks that implement business activities based on sharia principles.
5. Islamic Business Units, hereinafter abbreviated to UUS (*Unit Usaha Syariah*), are work units of a BUK head office that function as the parent office of a branch or unit implementing business activities based on sharia principles.
6. Rural Banks, hereinafter abbreviated to BPR (*Bank Perkreditan Rakyat*), are conventional banks that do not provide payment transferring services in their business activities.
7. Islamic Rural Banks, hereinafter abbreviated to BPRS (*Bank Pembiayaan Rakyat Syariah*), are Islamic banks that do not provide payment transferring services in their business activities.
8. The Capital Market is an activity relating to public offerings and securities trading, public companies relating to the securities issued, as well as institutions and professions related to securities.
9. Non-Bank Financial Services Institutions, hereinafter abbreviated to LJKNB (*Lembaga Jasa Keuangan Nonbank*), are institutions implementing activity in the financing institution and other Financial Services Institution sectors.
10. A Disaster is an event or series of events that threaten and disrupt lives and livelihoods caused by natural and/or non-natural factors as well as man-made factors, resulting in human casualties, environmental damage, loss of property, psychological impacts, disruptions to industry players in the financial services sector, and/or affecting local economic conditions.

11. OJK provides special treatment for FSI and industry players in:
 - a. specific regions; and/or
 - b. specific sectors,in Indonesia impacted by a disaster.
12. Special treatment, as referred to in Point 11, can be provided to:
 - a. Banks;
 - b. Capital market industry; and
 - c. LJKNB.
13. The provision of other funds is the issuance of guarantees and the opening of letters of credit.
14. Borrowers in specific regions and/or sectors in Indonesia affected by a Disaster are borrowers experiencing difficulties fulfilling their repayment obligations to a Bank because the borrower or borrower's business is located in a specific region and/or sector impacted by a Disaster.

Determination of Specific Regions and/or Sectors in Indonesia Impacted by a Disaster and the Timeframe of Special Treatment

15. OJK determines the specific regions and/or sectors in Indonesia impacted by a Disaster and the timeframe of the special treatment.
16. Determining special treatment by OJK considers the following aspects:
 - a. the extent of the area impacted by the Disaster;
 - b. the number of victims;
 - c. total material losses;
 - d. the number of borrowers estimated to be impacted by the Disaster;
 - e. percentage of total credit or financing disbursed to borrowers impacted by the Disaster against total credit or financing in the specific regions and/or sectors impacted by the Disaster;
 - f. percentage of total credit or financing up to Rp10,000,000,000.00 (ten billion rupiahs) against total credit or financing in the specific regions and/or sectors impacted by the Disaster; and/or
 - g. other aspects that need to be considered according to OJK.

Special Treatment for Banks

General

17. Banks include BUK, BUS, UUS, BPR, and BPRS.
18. Banks can apply special treatment to borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster.
19. Special treatment, as referred to in Point 18, includes:
 - a. policies to assess asset quality; and
 - b. credit or financing restructuring policy.
20. Banks, when applying the special treatment referred to in Point 18, must continue to implement risk management and prudential principles in accordance with the POJK concerning the implementation of bank risk management.

Assessing Asset Quality

21. Assessing asset quality in the form of:
 - a. loans at BUK;

- b. loans at BPR;
 - c. financing at BUS or UUS;
 - d. financing at BPRS; and/or
 - e. provision of other funds at BUK, BUS, or UUS
- for borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster up to a maximum ceiling of Rp10,000,000,000.00 (ten billion rupiahs) can be based on the promptness of payment of principal and/or interest or margin/profit sharing/ujrah (fee);
22. Asset quality, as referred to in Point 21, is assessed in accordance with the POJK concerning the assessment of asset quality.
23. Ceiling of:
- a. loans at BUK;
 - b. loans at BPR;
 - c. financing at BUS or UUS;
 - d. financing at BPRS; and/or
 - e. provision of other funds at BUK, BUS, or UUS
- as referred to in Point 21 is applicable to 1 (one) borrower or 1 (one) project or business.

Loan or Financing Restructuring

24. The quality of a restructured loan or financing can be determined as current from the date of restructuring. Restructuring is applicable to all loans or financing disbursed to borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster without ceiling restrictions.
25. Loans or financing disbursed before or after a borrower is impacted by a Disaster can be restructured.
26. Restructured loans at BPR or financing at BPRS are exempt from applying accounting rules for restructured loans or financing in accordance with financial accounting standards and accounting guidelines for BPR or BPRS, including the treatment of losses arising from the loan of financing restructuring.
27. Banks can adjust the approval mechanism for loan or financing restructuring in accordance with prudential principles.
28. Banks report restructured loans or financing in the financial information services system with a loan or financing code in the form of “restructured loan or financing in terms of stimulus policy”.
29. The provisions referred to in Points 24 to 28 are applicable to loans or financing fulfilling the following requirements:
- a. disbursed to borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster; and
 - b. restructured after a borrower is impacted by a Disaster.

Disbursing New Funds

30. Banks can disburse new loans or financing and/or other funds to borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster.

31. The quality of new loans or financing and/or other funds, as referred to in Point 30, is assessed independently of previously disbursed loans or financing and/or other funds.
32. The quality of new loans or financing and/or other funds, as referred to in Point 30:
 - a. for new loans or financing and/or other funds up to a maximum of Rp10,000,000,000.00 (ten billion rupiahs), the quality of the loan or financing is assessed as referred to in Point 21; or
 - b. for new loans or financing and/or other funds exceeding Rp10,000,000,000.00 (ten billion rupiahs), the quality of the loan or financing is assessed in accordance with the POJK concerning the assessment of asset quality.

Special Treatment for Capital Market Industry

33. OJK is authorized to formulate policies in the Capital Market sector that intend to reduce pressure, maintain Capital Market stability, and provide relief to industry players in specific regions and/or sectors in Indonesia impacted by a Disaster.
34. Further provisions concerning the implementation of OJK authority in the form of policies to reduce pressure and maintain Capital Market stability as well as provide relief to industry players in specific regions and/or sectors in Indonesia impacted by a Disaster are determined by OJK.

Special Treatment for LJKNB

35. LJKNB include:
 - a. financing institutions, consisting of:
 - 1) finance companies;
 - 2) Islamic finance companies;
 - 3) venture capital companies;
 - 4) Islamic venture capital companies; and
 - 5) infrastructure financing companies,in accordance with prevailing laws and regulations concerning financing institutions; and
 - b. other financial services institutions, consisting of:
 - 1) Indonesia Eximbank in accordance with prevailing laws and regulations concerning Indonesia Eximbank;
 - 2) finance companies for a secondary home in accordance with prevailing laws and regulations concerning finance companies for a secondary home;
 - 3) microfinance institutions in accordance with prevailing laws and regulations concerning microfinance institutions;
 - 4) PT Permodalan Nasional Madani in accordance with prevailing laws and regulations concerning PT Permodalan Nasional Madani; and
 - 5) providers of FinTech Peer-to-Peer Lending Services (LPBBTI) in accordance with prevailing laws and regulations concerning LPBBTI.
36. Provisions concerning the application of special treatment for borrowers in specific regions and/or sectors in Indonesia impacted by a Disaster, assessing asset

- quality, restructuring loans or financing, and disbursing new funds, as referred to in Points 17 to 32, are based on mutatis mutandis for LJKNB.
37. The provisions referred to in Point 36 are not applicable to LPBBTI.
 38. LPBBTI providers must first facilitate applications for restructuring submitted by a borrower impacted by a Disaster to the lender.
 39. Restructuring in Fintech P2PL is applied upon approval from the lender.
 40. LPBBTI providers document the applications for restructuring referred to in Point 38 and the approvals referred to in Point 39.

Closing Provisions

41. When this POJK comes into effect, the provisions contained:
 - a. POJK Number 35/POJK.05/2015 concerning the Business Activities of Venture Capital Companies;
 - b. POJK Number 4/POJK.05/2018 concerning Finance Companies for Secondary Homes;
 - c. POJK Number 33/POJK.03/2018 concerning the Quality of Productive Assets and the Allowance for Earning Asset Losses (PPAP) at Rural Banks;
 - d. POJK Number 35/POJK.05/2018 concerning the Business Activities of Finance Companies;
 - e. POJK Number 10/POJK.05/2019 concerning the Business Activities of Islamic Finance Companies and the Islamic Business Units of Finance Companies;
 - f. POJK Number 16/POJK.05/2019 concerning the Supervision of PT Permodalan Nasional Madani;
 - g. POJK Number 29/POJK.03/2019 concerning the Quality of Productive Assets and the Allowance for Earning Asset Losses (PPAP) at Islamic Rural Banks;
 - h. POJK Number 40/POJK.03/2019 concerning the Assessment of Commercial Bank Asset Quality;
 - i. POJK Number 46/POJK.05/2020 concerning Infrastructure Financing Companies;
 - j. POJK Number 19/POJK.05/2021 concerning the Business Activities of Microfinance Institutions;
 - k. POJK Number 2/POJK.03/2022 concerning the Assessment of Islamic Commercial Bank and Islamic Business Unit Asset Quality;
 - l. POJK Number 9/POJK.05/2022 concerning the Supervision of Indonesia Eximbank;
 - m. POJK Number 10/POJK.05/2022 concerning FinTech Peer-to-Peer Lending Services;still remain effective providing they are not contrary to the provisions in this POJK.
42. When this POJK comes into effect:
 - a. POJK Number 45/POJK.03/2017 concerning the Special Treatment of Loans or Financing for Specific Regions in Indonesia Impacted by a Disaster; and
 - b. Bank Indonesia Regulation (PBI) Number 10/39/PBI/2008 concerning the Implementation Guidelines for Special Treatment of Bank Issues after the National Disasters in Nanggroe Aceh Darussalam and Nias Islands, North Sumatra,shall be revoked and are no longer in effect.

43. With the enforcement of this POJK, the Decree of the OJK Board of Commissioners concerning the designation of areas requiring special treatment of bank loans or financing or the provisions for banks that previously referred to the provisions referred to in Point 42, Letter a, shall remain effective until the end of the effective period of the Decree of the OJK Board of Commissioners.
44. This Financial Services Authority Regulation shall come into effect on the date of promulgation, namely 28th October 2022.
