

PRESS RELEASE

OJK TO SOON ADOPT INTERNATIONAL STANDARD ON RISK MANAGEMENT FOR SHARIA INSURANCE

Jakarta, March 27th, 2014. Chairman of Board of Commissioners of the Financial Services Authority (OJK) Muliaman D. Hadad said that the development of supervision over Sharia financial industry will soon refer to international regulations, including the implementation of risk management for Sharia insurance (takaful).

Muliaman addressed the statement during the Islamic Financial Services Board (IFSB) meeting in Bandar Seri Begawan, Brunei Darussalam, on March 25th-27th, 2014. This time OJK attended the meeting as a full member of IFSB.

Muliaman explained that the IFSB meeting has stipulated several prudential standards in the fields of banking, capital market and insurance. Therefore, despite that insurance industry in Indonesia is relatively small, the industry's growth potential is very large.

"This is the right moment to develop the supervision over Sharia financial industry that refers to international regulations, including those related to implementation of risk management for Sharia insurance," Muliaman said.

According to Muliaman, the increasing number of middle class population in Indonesia has generated demand for financial products such as insurance products, including Sharia insurance products that grow very rapidly.

"Implementation of risk management for Sharia insurance is intended so as the rapidly growing Sharia insurance industry can develop sustainably and soundly. It's also a preparation effort so that our Sharia financial industry will be ready for regional economic integration of ASEAN Economic Community (AEC) in 2015," he said.

Muliaman further explained that OJK's attendance in the 24th Meeting of the IFSB Council in Brunei Darussalam would be a good opportunity for OJK to reinforce the control over implementation of international best practices in risk management for Sharia insurance.

OJK expected Sharia insurance industry to continuously strengthen the implementation of risk management, both in solo-based and consolidated-based. Thereby, it will increase the quality of integrated supervision, which will be tried in 2014 on conglomerates having subsidiaries not only in banking industry but also insurance companies.

Directorate of Communications and International Relation

