

PRESS RELEASE

COOPERATION BETWEEN OJK AND IDB TO STRENGTHEN SHARIA FINANCE AND MICROFINANCE SECTORS

(Jakarta, April 15th, 2014) - The Financial Services Authority (OJK) will strengthen the continuance of partnership program with the Islamic Development Bank (IDB) Group, particularly in the Sharia finance and microfinance sectors, pursuant to what is contained in the Member Country Partnership Strategy (MCPS) for Indonesia in 2011-2014 in which IDB has given its commitment to provide finance and technical supports for Indonesian government.

That was resulted in a meeting between Chairman of OJK Board of Commissioners Muliaman D. Hadad and President of IDB Group Dr. Ahmad Mohamed Ali in Jeddah, Saudi Arabia, on Sunday, April 13th, 2014.

The development of Sharia or Islamic finance is one of the main pillars of cooperation between Indonesian government and IDB, in accordance with MCPS framework launched in 2010.

The development of Sharia finance sector in Indonesia will continually be improved in line with the fast growing Sharia financial industry and its undeveloped vast market potentials.

Sharia finance development strategy needs to be formulated and implemented in an integrated manner within banking, capital market, non-bank financial industry and Sharia microfinance sectors. OJK will conduct reviews on blueprint or master plan of Sharia banking development, which functions as Bank Indonesia's framework for Sharia banking development strategy.

"The development of Sharia financial services has become one of OJK's upcoming main priorities. Therefore, more advanced architecture of Sharia finance in Indonesia that integrates the sectors of banking, capital market, non-bank and Sharia microfinance institutions has become something urgent. With such framework, OJK and IDB have the programs and capabilities to help arranging the blueprint," Muliaman D. Hadad said.

In a bid to develop Sharia financial services sector in Indonesia, OJK sees three challenges that require responses from the financial services sector, namely: capability to open wider access to Sharia financial services, capability to cater the potential increase of middle class in Indonesia, and capability to improve Sharia finance's real contribution to the needs of Indonesia's economy actually.

President of IDB emphasized that, "IDB is committed to proactively assist Indonesia in Islamic finance development, among others in the form of support for medium-term vision development

through system architecture, support for products and services development, and facilitation for Indonesia's capacity through implementation of best practices.”

During the meeting the President of IDB Group, Muliaman D. Hadad also delivered a lecture themed “Managing Indonesia's Financial Sector: A New Era” in front of researchers at IDB's Islamic Research and Training Institute IDB (IRTI-IDB)

Director of International Department

Triyono