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JOINT PRESS RELEASE
MEMORANDUM OF UNDERSTANDING
BETWEEN FINANCIAL SERVICES AUTHORITY, HOME AFFAIRS MINISTRY, AND
COOPERATIVES AND SMALL AND MEDIUM ENTERPRISES MINISTRY
REGARDING COORDINATION TO IMPLEMENT LAW NUMBER 1/2013 ON
MICROFINANCE INSTITUTIONS

Jakarta, July 11, 2014. Financial Services Authority (OJK) signed memorandum of understanding (MoU) with Home Affairs Ministry and Cooperatives and Small and Medium Enterprises Ministry regarding coordination to implement Law Number 1 of 2003 on microfinance institutions (Microfinance Institutions Law).

The MoU was signed by Chairman of OJK Board of Commissioners Muliaman D. Hadad, Home Affairs Minister Gamawan Fauzi, and Cooperation and Medium Enterprises Minister Sjarifuddin Hasan at OJK's office in Bank Indonesia office complex in Jakarta on July 11, 2014.

This MoU is an implementation of the mandate stipulated in article 28 of Microfinance Institutions Law, which emphasizes that:

1. Advancement, regulation and supervision over microfinance institutions are carried out by OJK;
2. In carrying out advancement referred in clause (1), OJK conducts coordination with ministry that administers cooperatives and Home Affairs Ministry;
3. Advancement and supervision referred in clause (1) are delegated to regional and city administrations;
4. In case regional and city administrations are not ready yet, OJK can delegate advancement and supervision over microfinance institutions to other appointed parties.

Additionally, the MoU is also intended to expedite the implementation of inventorying microfinance institutions that do not have legal entity yet, as stipulated in article 40 of Microfinance Institutions Law, which emphasizes that OJK, ministry that administers cooperatives and Home Affairs Ministry must take inventory of microfinance institutions that do not have legal entity.

The scope of the MoU is coordination related to implementation of Microfinance Institutions Law, which encompasses:

- a. Socialization of Law Number 1 of 2013 on microfinance institutions;
- b. Taking inventory of microfinance institutions that do not have legal entity yet;
- c. Formulating regulation to implement law on microfinance institutions;

- d. Data collecting and improving the capacity of human resources in regional administrations that are delegated to carry out advancement and supervision over microfinance institutions;
- e. Facilitating the appointing of Regional Apparatus Working Units (SKPD) as administrators and supervisors of microfinance institutions by regents/mayors.
- f. Implementation of advancement and supervision over microfinance institutions; and
- g. Use of data and information.

In order to improve the capacity of human resources, OJK will arrange trainings for officers in provincial governments who will be assigned to carry out advancement and supervision over microfinance institutions.

As for preparation of the advancement and supervision over microfinance institutions by regional/city administrations, OJK has built coordination with several provincial governments.

For more information:

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