

PRESS RELEASE**OJK ENHANCES REGIONAL DEVELOPMENT BANKS' ROLE IN NATIONAL GROWTH**

Jakarta, August 25, 2025. Chief Executive of Banking Supervision of Indonesia Financial Services Authority (OJK) Dian Ediana Rae reaffirmed OJK's commitment in strengthening Regional Development Banks (BPD)'s intermediary and regional economy driver functions as the pillar in national economic development in the regions. OJK encouraged BPD to transform to compete in the increasingly information technology-reliant banking sector.

Dian reaffirmed the commitment during the Discussion of Challenges and Developments in the Roadmap for BPD 2024-2027, held by the Regional Banking Association (ASBANDA) in Yogyakarta on Thursday (21/8).

In this forum, 27 BPD in service to 38 Indonesia provinces discussed BPD development and transformation strategies to becoming healthy and resilient banks that prioritized consumer protection.

Dian viewed that BPD's performance was solid, achieving average assets growth of 7.29 percent. BPD's credit grew by 6.82 percent, nearing the achievement of conventional commercial banks.

BPD also recorded 7.30 percent growth in Third Party Funds (DPK), which reflected the community's interest in BPD as a credible and trustworthy financial institutions in the regions. The credit quality and capital level were also deemed as adequate. Despite structural limitations, BPD's intermediary performance and resilience were both relatively well-maintained.

"Even with structural limitations, BPD proved its ability to maintain intermediary function performance and banking resilience well. Its strategic role as the regional government's partner made BPD as a development and financial inclusion propeller in every part of the nation," Dian said.

OJK encourages BPD to collaborate and establish Joint Business Group (KUB). KUB implementation is expected to enhance BPD's resilience and competitiveness through synergism between the KUB parent and members.

With proximity to the people, BPD may strengthen the regional economy structure and support national competitiveness. Regional/City-Owned People's BPR consolidations in the regions are also expected for BPD strengthening.

The collaboration between BPD and BPR is expected to increase banking contribution to micro-level credit distribution and improve governance quality in BPR.

"BPD transformation is no longer an option, but a requirement. With supports from stakeholders and through collaborations and innovations, Board of Commissioners as well as Board of Directors, BPD should be able to transform itself as a Regional Champion to strengthen the regional economy and national competitiveness," Dian stated.

The ever-moving current development demands dynamism from BPD in facing various challenges and opportunities in the digital and global era. BPD transformation became even more relevant and urgent to improve competitiveness and announce its existence amid the competitive banking industry.

With the refined policy directions in the Roadmap for BPD Strengthening 2024-2027, launched on October 14, 2024, BPD is expected to transform continuously in accordance with the direction through the following four pillars:

1. BPD structure and excellence enhancement, such as through consolidation, capital, governance, risk management, human capital, efficiency, and product innovations.
2. Acceleration of digital transformation through optimum information technology uses and digital resilience enhancement.
3. Roles strengthening in the regional and national economy, through collaborations with regional government, sharia banking strengthening, support to MSME, and financial education and inclusion.
4. Enhancement of BPD licensing, regulation, and supervision for faster, more integrous, and competitive regional banks.

To support digital transformation in the banking sector, Dian also emphasized BPD Shareholders and Management Officials' concern to invest in infrastructure and IT resources, particularly in cyber security and resilience.

Through the Digital Resilience Guideline, OJK has provided the framework for banks to improve their overall cyber security and business resilience for adaptable, enduring, and operable banks amid disruptions and sudden changes in the business world.

OJK has also released the Guideline of Artificial Intelligence (AI) for Banking in Indonesia to ensure responsible, safe, transparent AI usage that supports the continuance of the financial industry.

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