

PRESS RELEASE

STRENGTHENING THE BANKING SUPERVISION: OJK IS SET TO SUPPORT THE NEW VERSION OF BASEL CORE PRINCIPLES

Jakarta, May 8, 2024. Indonesia Financial Services Authority (OJK) continues to strengthen banking supervision through supporting and adjusting supervision policies in accordance with the global banking policies based on Basel Committee on Banking Supervision (BCBS).

Chief Executive of Banking Supervision Dian Ediana Rae conveyed this message as a response to the established new version of Basel Core Principles (BCP) for Effective Banking Supervision, an update from the previous version in 2012.

The new version of BCP was launched in the Basel Committee on Banking Supervision (BCBS) and International Conference of Banking Supervisors (ICBS) meetings on April 23 – 25, 2024, held in Basel, Swiss. The meetings coincided with the 50th anniversary of BCBS.

The latest BCP includes several new and emerging risks that has not been established in the previous versions of BCP, namely climate risk and digital risks, as well as risk management practices, operational resilience, and macroprudential supervision aspects.

Responding to the launching of the latest BCP, Dian highlighted the importance of banking sector supervision practices and policies in Indonesia, which aligns with the most recent international standard. These will improve banking sector endurance in facing various future policies dynamics, including in climate risk and digital risk management.

“OJK has implemented and prepared support for the BCBS policies direction in the future regarding climate and digital risks,” said Dian.

Dian mentioned that OJK has established Climate Risk Management & Scenario Analysis (CRMS) guidelines in March 2024, and that it will be gradually implemented in all banking industry.

To strengthen the protection against risks from digitization, OJK established POJK Number 11/POJK.03/2022 on Information Technology Implementation by Common Banks and its technical rules, SEOJK Number 24/SEOJK.03/2023 on Digital Maturity Level Assessment of Common Banks and SEOJK Number 29/SEOJK.03/2022 on Cyber Protection and Security for Common Banks.

As explained by Dian, banking in Indonesia should consider the latest global macroeconomy occurrences, such as the high interest rate as well as the escalating global geopolitical tension in the Middle East and Ukraine.

ICBS was attended by more than 220 representatives of central banks and banking supervision authorities from more than 90 jurisdictions. This year’s ICBS reviewed the achievements throughout the last 50 years and how the banking industry and supervision authority need to prepare to face new and emerging risks in the future.

OJK's attendance in the BCBS and ICBS meetings showcased OJK's commitment to be actively and continuously involved in the discussion with fellow banking supervision authorities from other nations to respond various global economy and banking policies and global banking prudential standards implementation. OJK also ensured that the standard implemented takes into account the domestic banking sector condition.

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