

To

Board of Directors/Management of Financial Services Businesses, at their respective addresses.

CIRCULAR LETTER
OF THE FINANCIAL SERVICES AUTHORITY
NUMBER 13/SEOJK.07/2014

CONCERNING
STANDARD AGREEMENTS

In reference to the entry into force of Regulation of the Financial Services Authority Number 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector (State Gazette of the Republic of Indonesia Number 118 of 2013, Supplement to the State Gazette of the Republic of Indonesia Number 5431), it is necessary to enact

Provisions concerning implementing directives for bringing clauses in Standard Agreements into conformity with Article 21 and Article 22 in a Circular Letter of the Financial Services Authority as follows:

I. GENERAL PROVISIONS

In this Circular Letter of the Financial Services Authority:

1. "Standard Agreement" means written agreement established unilaterally by the FSB, containing standard clauses about the content, form or means of execution and is used to offer products and/or services to Consumers on a mass scale.
2. "Financial Services Business," hereafter abbreviated as FSB, means Commercial Bank, Rural Bank, Securities Company, Investment Advisor, Custodian Bank, Pension Fund, Insurance Company, Reinsurance Company, Finance Institution, Pawn Brokerage Company and Underwriting Company, whether conducting conventional business or sharia-compliant business.
3. "Consumers" means parties placing their funds and/or availing the services available at FSBs, including but not limited to Banking customers, Capital Market investors, Insurance policyholders and Pension Fund members, pursuant to the laws and regulations in the financial services sector.

II. CLAUSES...

II. CLAUSES IN STANDARD AGREEMENTS

1. FSBs shall uphold equitable treatment, non-partiality and fairness in drawing up agreements with Consumers.
2. In the event that an FSB designs, drafts, adopts and offers a Standard Agreement, the FSB shall base it on the provisions referred to under number 1.
3. The following clauses in Standard Agreements are prohibited:
 - a. Exoneration/exception clause with wording that expands the rights and/or diminishes the obligations of obligations of the FSB or diminishes the rights and/or expands the obligations of the Consumer.
 - b. Abuse of circumstances, namely a condition in the Standard Agreement that shows indications of abuse of circumstances. For example, this condition may arise by taking advantage of a Consumer in difficulty because of particular circumstances or in an emergency, when the FSB deliberately or inadvertently fails to explain the benefits, costs and risks of a product and/or service being offered.
4. Prohibited Standard Agreements are agreements that contain any of the following:
 - a. stating any transfer of responsibility or obligation from the FSB to the Consumer;
 - b. stating that the FSB is entitled to refuse to refund monies paid by the Consumer for the purchased product and/or service;
 - c. stating that powers are assigned by the Consumer to the FSB, whether directly or indirectly, to take all unilateral actions towards goods pledged as collateral by the Consumer, unless such unilateral actions are taken pursuant to laws and regulations;
 - d. placing the burden of proof on Consumers when the FSB asserts that loss of use of a product and/or service purchased by the Consumer does not constitute the responsibility of the FSB;
 - e. assigning rights to the FSB to diminish the use of the product and/or service or diminish the assets of the Consumer comprising the object of the agreement for the product or service;
 - f. declaring that the Consumer shall be subject to new regulations, addenda, extensions and/or amendments made unilaterally by the FSB during the time that the consumer makes use of the purchased product and/or service; and/or
 - g. stating that the Consumer has assigned powers to the FSB to place an encumbrance by means of mortgage, pledge or guarantee for a product and/or services purchased by the Consumer with instalment payments.

III. FORMAT OF STANDARD AGREEMENTS

1. Standard Agreements setting forth Consumer rights and obligations and requirements legally binding on the Consumer shall use lettering, script,

symbols,...

symbols, diagrams, marks, terms, legible phrases and/or simple sentences in the Indonesian language that are easily understood by Consumers.

2. If a Consumer discovers any unclarity, the FSB shall provide explanations for any terms, phrases, sentences and/or symbols, diagrams and marks not understood by the Consumer, whether in writing in the Standard Agreement, or verbally before the Standard Agreement is signed.
3. In the event that a Standard Agreement uses terms, phrases and/or sentences of a language other than the Indonesian language, the terms, phrases and/or sentences of the other language must accompanied by terms, phrases and/or sentences placed alongside in the Indonesian language.
4. Standard Agreements must include the following declaration:
"THIS AGREEMENT IS MADE IN COMPLIANCE WITH LAWS AND REGULATIONS, INCLUDING THE REGULATIONS OF THE FINANCIAL SERVICES AUTHORITY."
5. Aside from the printed form, a Standard Agreement may comprise a digital or electronic document or what is referred to as e-contract to be offered by the FSB over electronic media.
6. In the case of a Standard Agreement in printed form, the following shall apply:
 - a. the FSB shall ensure that the Consumer has agreed in writing,
 - b. among others, by affixing a signature to the Standard Agreement or other document constituting an integral part of the Standard Agreement that declares the agreement of the Consumer.
 - c. the FSB may reproduce this to the extent necessary for transactions to achieve their objectives of speed, effectiveness, efficiency and repeated actions and to provide legal certainty.
 - d. the FSB shall allow the Consumer sufficient time to read and understand the Standard Agreement before signing or before the Standard Agreement becomes effective.
 - e. the FSB shall comply with the provisions of laws and regulations in force, including but not limited to the laws governing electronic information and transactions

IV. MISCELLANEOUS PROVISIONS

1. In the event that upon the entry into force of this Circular Letter of the Financial Services Authority, an FSB amends clauses in a Standard Agreement as stipulated in Article 54 of Regulation of the Financial Services Authority Number 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, the FSB must inform Consumers.
2. In the event that upon the entry into force of this Circular Letter of the Financial Services Authority, an FSB has not completed the work of bringing itself into compliance with Article 54 of Regulation of the Financial Services Authority

Number 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, the FSB shall prepare an action plan to be approved by the relevant Supervisory Division for the individual FSB.

V. CONCLUDING PROVISIONS

This Circular Letter of the Financial Services Authority shall enter into force on the date of enactment.

For the public to be informed, it is ordered that this Circular Letter of the Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated 20 August 2014

MEMBER OF THE BOARD OF
COMMISSIONERS FOR EDUCATION AND
CONSUMER PROTECTION

(signed)

KUSUMANINGTUTI S. SOETIONO