

PRESS RELEASE

OJK ENCOURAGES BANKS TO OPTIMIZE DIGITAL SERVICES

Jakarta, March 17, 2016. Financial Services Authority (OJK) encouraged banking industry to optimize applying digital banking suited to society's needs as it is believed to be able to enhance efficiency in banking operation.

“Optimum utilization of technology is believed be able to enhance efficiency in banking industry, which will eventually decrease interest rate,” said Chief Executive for Banking Supervision Nelson Tampubolon at the opening of OJK Discussion on digital banking in Jakarta, Thursday (March 17, 2016).

According to him, optimization of digital banking is in line with President Jokowi's policy to promote digital economy, therefore banking industry in Indonesia must be able to support and anticipate the policy direction.

Development in digital banking services faces several challenges that include changing the mindset of industry and society so that people can utilize digital technology optimally, relatively large investment value in information technology, managing relationship between banking industry and telecommunication, information security and synchronizing regulations made by regulators.

In order to response to those challenges, OJK has formed Digital Banking Taskforce to conduct studies on digital banking and then give recommendation about guideline on implementation of digital banking by banking industry in Indonesia.

In relation to that matter, the taskforce has gone through a series of discussions with various stakeholders, among others: banking industry, Communications and Information Ministry, Directorate General of Population and Civil Registration Agency (Dukcapil) of Home Affairs Ministry, Financial Transaction Reports and Analysis Center (PPATK), National Police's Criminal Investigation Corps (Bareskrim Polri), National Defense Council (Wantannas), Indonesian Telecommunications Regulatory Body (BRTI), National Cyber Information Security and Resilience Desk (DK2ICN) of Coordinating Political, Legal and Security Affairs Minister (Kemenkopolhukam), representatives of telecommunication companies and information security experts.

Based on the discussions, national banking industry and telecommunication providers have provided and will offer a number of digital technology-based services so that banking transaction will become more efficient, easier and simple.

OJK also considered some matters that require attention in effort to develop digital banking services, namely:

- a. The importance for banking industry to use a single identity card (for instance, electronic identity card or e-KTP) for customer database.
- b. In the event banks enter digital banking business, banking industry must prepare information technology infrastructure and other infrastructures that are reliable, implement good risk management and run a business model that is suited to customers' needs.
- c. Standardization and improvement of discipline in the implementation of telecommunication standard operating procedure (SOP) are required in order to support digital banking services, especially when a customer changes his/her SIM card.
- d. Security improvement. Applying digital banking opens more opportunities for cyber crime perpetrators. Thereby, one of security solutions is through required digital certificate issued by certificate authority and applying proper security standard for partnering banks in accordance with their risk appetite.
- e. OJK will conduct adjustment in a number of regulations, among others are the regulations on obligatory face-to-face encounter when a customer opens a bank account, by keep referring to basic principles of identification, verification and monitoring over the customer's financial transactions.

OJK as the authority that supervises financial services industry has always been guiding digital banking development and maintaining the balance between society's needs and banking products/activities that are now getting more complex by keep taking into account the prudential principle, implementation of reliable risk management in the framework of micro supervision over each bank, and protection over the interests of customers and society.

For more information:

- Agus Edy Siregar, Advisor at the level of Deputy Commissioner, Financial Services Authority. Email agus.siregar@ojk.go.id. www. ojk.go.id. Phone: 021- 29600000.