

PRESS RELEASE
**OJK SIGNS BILATERAL AGREEMENT WITH MALAYSIAN
CENTRAL BANK UNDER ASEAN BANKING INTEGRATION
FRAMEWORK**

Jakarta, 1 August 2016. The Financial Services Authority has established a bilateral cooperation with the Malaysian Central Bank as part of the Asean Banking Integration Framework (ABIF) implementation.

Chairman of OJK's Board of Commissioners Muliaman D. Hadad and Malaysian Central Bank (BNM) Governor Datuk Muhammad bin Ibrahim, signed the Bilateral Agreement before the President of the Republic of Indonesia Joko Widodo and the Prime Minister of Malaysia Najib Razak on Monday, during the 11th Meeting of the Annual Consultation between Indonesia and Malaysia at the Merdeka Palace, Jakarta.

The bilateral agreement seeks to reduce disparity between both countries in market access and banking activities through the presence of banks that satisfy specific requirements (*Qualified ASEAN Bank/QAB*) in respective jurisdictions, based on an equal reciprocity principle.

The scope of the agreement covers the regulations on market access and banking activities related to the process that banks have to comply with when applying for QAB permits, as follows:

1. Malaysia will allow the establishment of three Indonesian banking institutions within its territory,
2. Indonesia will allow the establishment of three Malaysian banking institutions within its territory, which include the ones already in operation in Indonesia.
3. The agreement also deals with requirements on branch office openings and ATM installations, QAB access to electronic payment systems, types of business activities in the banks, capitalization and customer funds insurance.

Muliaman D. Hadad in his welcome speech said that the bilateral agreement represented a follow-up to the Heads of Agreement (HoA) signed by BNM, the Indonesian Central Bank, and OJK under ABIF on 31 December 2014, which later became part of both countries' commitments to the Sixth Package of Protocols for the ASEAN Framework Agreement on Services-Financial Services Liberalisation (AFAS-FSL) and ratification process for the Sixth Protocol was currently underway in Indonesia.

"The bilateral agreement signifies a strategic step intended in particular to develop the role of local banking sectors in ASEAN countries, in accordance with the spirit

promoted by ABIF. The agreement offers opportunities to companies in financial services industry, especially banks, to expand their business in Malaysia,” he said.

OJK continuously fosters financial services sector towards sound and sustainable growth and greater contribution to a stronger national economy and better public welfare.

For more information, please contact:

Triyono

Advisor at Strategic Support Group for Board of Commissioners,
International Cooperation and Institutional Relationship Division

Phone 021 296 00000, Email: triyono@ojk.go.id

www.ojk.go.id