

BLP NEWSLETTER

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In this edition, we highlight recent key regulatory updates in Indonesia. This month, there has been significant new developments in the financial sector, with Bank Indonesia active in introducing new regulations – including consumer protection measures and regulations to facilitate short-term liquidity loans for conventional banks. Meanwhile, regulations streamlining Sharia business units in conventional banks aim to boost trust and competition. Additionally, industry contributions to the Bank Restructuring Programme have been mandated through new regulations. In other sectors, eligible mining licence holders gain export privileges under new guidelines. In the tech sector, President Joko Widodo introduces Indonesia's ground breaking cyber security strategy. Stay informed with our concise roundup of Indonesia's evolving regulatory landscape.

Sharia Finance: Enhancing Competition and Confidence

by Annisa Ayu A

The Indonesian Financial Services Authority issued new regulations to consolidate and streamline Sharia business units within conventional commercial banks.* The new regulations came into force on 12 July 2023. The new regulations cover all aspects of Sharia business units,

including establishing units, licencing, capital, management, business development, and circumstances in which a bank can request the revocation of their Sharia business unit licence.

With the standardisation and regulation of Sharia business units, the Financial Services Authority intends to foster consumer confidence in Sharia finance and stimulate competition across Indonesia's Sharia financial sector.

*Financial Services Authority Regulation of the Republic of Indonesia No. 12 of 2023 concerning Sharia Business Unit.

Bank Indonesia: Short Term Liquidity for Banks

by Valya Hermayrani



Bank Indonesia has recently issued new regulations to assist conventional commercial banks in obtaining a short-term liquidity loans from Bank Indonesia.* The regulations set out eligibility criteria, which relate to solvency, cashflow and adequacy of collateral. The regulations state that the maximum period for each loan is 90 days, which includes two permitted extensions. Each loan is accompanied by a set of obligations and conditions, including reporting requirements. Failure to comply may result in sanctions.

*Regulation No. 4 of 2023 on Short-Term Liquidity Loans for Conventional Commercial Banks.

Refining and Exporting Metallic Minerals: New Opportunities

by Jayalaksana Purnama

The Minister for Energy and Mineral Resources has issued new regulations providing new opportunities for certain participants involved in the construction of metallic mineral refineries.* The new regulations provide for certain mining licence holders, that are currently involved in the construction of refineries, the right to export the refined output of those refineries until 31 May 2024. In order to be eligible, licence holders must fulfill certain criteria, including having completed half of the overall refinery construction by the end of January 2023.

Prior to exportation under this right, licence holders must obtain a temporary recommendation from the Director General of Minerals and Coal.

*Regulation of the Minister of Energy and Mineral Resources of the Republic of Indonesia Number 7 of 2023 on the Continuation of Construction of Domestic Refinery Facilities for Metal Mineral

Unveiling Indonesia's Cyber Security Strategy

by Kumalasari Retnopati

In July this year, President Joko Widodo introduced new regulations enacting Indonesia's cyber security strategy.*

The new Regulations set out Indonesia's strategic roadmap to strengthen the country's cyber resilience. The strategy places significant emphasis on education and training, for both the government workforce and the public; promoting cyber literacy and best practice. Alongside this, the Regulation outlines specific protocols for identifying, reporting, and mitigating cyber crises, accompanied by significant investments in state-of-the-art cybersecurity infrastructure.

With the world witnessing an escalating wave of cyber-attacks, the implementation of the Regulations places the nation at the forefront of the ongoing global struggle against cybercrime and digital disruption.

*Presidential Regulation (PERPRES) No. 47 of 2023 concerning National Cybersecurity Strategy and Cyber Crisis Management.

Financial Services: New Consumer Protection Regulations

by Faudzan Eka Putra

Bank Indonesia has issued new consumer protection regulations for the financial services sector.* The new regulations protect consumers of institutions regulated and supervised by Bank Indonesia.** The consumer protection obligations are broadly related to fairness, equality of treatment and access, as well as transparency. There are also obligations relating to data protection, data security, privacy and confidentiality. Penalties for violation range from warnings to the revocation of an institution's business licence.

For further consumer protection, the new regulations require certain organisations to become members of the financial sector's alternative dispute resolution body – ensuring that consumers have an independent arbiter for any disputes.

*Regulation of Bank Indonesia Number 3 of 2023 On Bank Indonesia Consumer Protection

**Article 2 of Regulation of Bank Indonesia Number 3 of 2023 On Bank Indonesia Consumer Protection

Bank Restructuring Program: Compulsory Contribution

by Luisa Srihandayani

To strengthen Indonesia's financial sector, the Indonesian Government established the Bank Restructuring Programme (the **Programme**). The Programme aims to enhance the stability and efficiency of Indonesia's banking sector through strategic reforms and regulatory adjustments.

On 23 June 2023, the Government introduced new regulations to govern financial institutions' contribution to the Programme.* The new regulations require that from 1 January 2025, all banks operating in Indonesia must pay premium toward the operation of the Programme. Each bank's contribution is calculated based on certain criteria, including asset value and risk profile. Failure to pay the contribution can result in administrative sanctions.

*The Government of the Republic of Indonesia Regulation Number 34 Year 2023 concerning Premium Amount for the Funding of Bank Restructuring Program.

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