

BLP NEWSLETTER

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As we approach the end of the year, we bring you key regulatory updates that will shape the financial, investment, and environmental sectors in 2025. From new requirements for bank reporting and credit interest rate transparency to initiatives for sustainable mining practices and investment in the Capital City of Nusantara (IKN), these changes reflect a focus on strengthening governance, transparency, and economic growth.

For those celebrating, we wish you a joyful Christmas, and to all, a happy and prosperous New Year. May the coming year bring continued success and new opportunities.

Warm Wishes

The BLP Team

Basic Credit Interest Rate Transparency for Banks: New Regulations

by Annisa Ayu A

The Financial Services Authority (OJK), under the mandate of Law No. 7 of 1992*, has issued a new regulation** requiring conventional general banks, including foreign bank branches in Indonesia (Banks), to ensure transparency in setting interest rates. The regulation, effective 12 August 2024, requires transparency in disclosing the components of the basic credit interest rate (SBDK), including the cost of funds, overhead costs, and profit margin.

Under this regulation, Banks must prepare the following two types of credit interest rate reports.

1. Publication Report:

- The Publication Report should include details such as cost of funds, overhead costs, profit margin, and SBDK.
- This report must be available to the public via the bank's website, physical offices, and digital or electronic media (if available).
- This report must be updated whenever changes occur.
- Banks must keep these reports for at least five years or progressively build records to meet full compliance by October 2029.

2. Details Report:

- The Details Report should include details such as cost of funds, overhead costs, profit margin, SBDK, risk premium estimation, credit interest credit (SBK) and weighted average of SBK realization.
- Banks must submit this report to OJK through its reporting system or offline if the system is unavailable.
- Updates must be submitted monthly.

The obligation to submit these reports begins with data from October 2024. Banks that fail to comply may face administrative sanctions, ranging from written warnings to fines of up to IDR 15 billion.

Banks are advised to prepare for these requirements, as timely compliance will help avoid penalties and build customer trust through improved transparency.

*Law No. 7 of 1992 on Banking, as last amended by Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector.

**Financial Services Authority Regulation No. 13 of 2024 on Transparency and Publication of Basic Credit Interest Rates for Conventional Commercial Banks.



Investment in the Capital City of Nusantara: New Regulations

by Shafa Femalea Sekar Nuswantari

In August 2024, the Indonesian Government issued New Regulations*, updating regulations on business licensing, ease of doing business, and investment incentives for businesses in the Capital City of Nusantara (IKN). The objective is to boost investment and accelerate IKN's development as a key national project.



The New Regulations outline several key updates, including relating to land rights, environmental approvals, investment incentives, ease of doing business, and employment of expatriates.

Under the New Regulations, the Government simplifies land rights issuance by reducing the process to a single stage. Land rights can initially be granted for up to 95 years, and extended for a maximum of another 95 years, depending on the type of land rights. The New Regulations also states that obtaining environmental approval for projects will depend on either an environmental feasibility decision or a commitment to oversight, based on business license requirements.**

To support investment and ease of doing business in IKN, the Government will provide fiscal and non-fiscal incentives, including tax and customs benefits, land provision, housing support, and support with infrastructure development. The New Regulations require businesses hiring expatriate workers to appoint and train local workers as companions, and ensure the repatriation of foreign workers when their contracts end.

*Government Regulation No. 29 of 2024 regarding the Amendment to Government Regulation No. 12 of 2023 regarding the Issuance of Business Licenses, Ease of Doing Business, and Investment Facilities for Business Actors within IKN.

**Business license environmental requirements include Environmental Impact Analysis (AMDAL), Environmental Management and Monitoring Efforts (UKL-UPL), and Statement of Environmental Management and Monitoring Capability (SPPL).

Financial Reporting for Banks: New Regulations

by Mohammad Faiq Abiyyan

On 9 October 2024, the Financial Services Authority issued New Regulation* on financial reporting procedures for banks. The New Regulations aim to strengthen governance and internal controls in banks' financial reporting processes.

The primary objective of the New Regulation is to ensure that banks' financial reporting is accurate, transparent, and free from fraud or manipulation. Under the New Regulation, commercial banks must establish a department to prevent fraud and manipulation in relation to their financial reporting by 9 April 2025. Rural banks are subject to specific provisions based on their core capital size. Banks do not need to establish a completely separate department, the function can be integrated with other departments, such as risk management, compliance or anti-fraud.

Non-compliance with these provisions will result in administrative sanctions. Banks may receive written warnings, and commercial banks can face fines of up to Rp 50 billion, while rural banks may be fined up to Rp 100 million.

*Financial Service Authority Regulation Number 15 of 2024 on the Integrity of Bank Financial Reporting.

Deposit Insurance for Banks: New Regulations

by Valya Hermayrani

The Indonesia Deposit Insurance Corporation (*Lembaga Penjamin Simpanan* or **LPS**) has issued New Regulations on reporting requirements for banks' deposit insurance.* These aim to improve bank reporting, efficiency and compliance, enhance data management, and strengthen Indonesia's deposit guarantee system.

The New Regulations consolidate and replace previous rules, unifying reporting requirements for commercial banks, rural banks (BPR), and sharia rural banks (BPRS) into a single framework.

Under the previous regulations, the reporting obligations for rural and sharia banks were limited to the submission of annual financial statements. The New Regulations expand reporting requirements to include annual financial statements, single customer view reports, compliance self-assessments, resolution plans, and updates on key data, among other reports.

Report submission deadlines are set out in LPS regulations, however, the first self-assessment report is due by 30 June 2025, then every two years thereafter.

The New Regulations impose fines of up to Rp30 million per day for late report submissions, depending on the type of bank.

*Regulation of the Deposit Insurance Corporation Number 3 of 2024 on Report of Banks Participating In The Deposit Insurance

Smart Contracts in Foreign Exchange Transactions

by Faudzan Eka Putra

Bank Indonesia has issued New Regulations* on foreign exchange transactions, introducing key updates, including the use of smart contracts for derivative transactions. Operating on a digital platform, these smart contracts ensure the terms of the transaction are executed automatically when predefined conditions are met. These contracts, along with their stored or printed versions, are recognised as valid legal evidence.

The New Regulations unifies rules governing the foreign exchange market and Domestic Non-Deliverable Forward transactions into a single framework. It preserves the key provisions from earlier regulations** that apply to these transactions.

The New Regulations require commercial banks using smart contracts to uphold governance, prudential principles, and risk management while ensuring secure, reliable, and cyber-resilient information systems. Banks must also protect data confidentiality, grant Bank Indonesia access to relevant information, and comply with any additional requirements set by the regulator.

In most circumstances, banks are required to consult with Bank Indonesia before using smart contracts. This consultation can be initiated by submitting a digital request letter via email.

*Regulation of the Members of the Board of Governors No. 11 of 2024 on Foreign Exchange Market Transactions.

**Regulation of the Members of the Board of Governors No. 10 of 2022 on the Implementation of Transactions in the Foreign Exchange Market and Regulation of the Members of the Board of Governors No. 11 of 2022 on Domestic Non-Deliverable Forward Transactions.

Further Clarity on Excise Exemptions

by Kumalasari Retnopati

The Minister of Finance issued New Regulations on excise exemptions.* Effective 18 October 2024, the New Regulations simplify processes, enhance services, and offer greater legal certainty for businesses dealing with excisable goods – ensuring that businesses stay within reasonable limits of their approved excise exemptions. Failure to comply may result in penalties or the loss of exemption privileges.

Exemptions and applications approved under the previous regulations will remain valid until they expire. The full implementation of the new provisions, including the issuance of updated User Identification Numbers (NPPP) and the determination of eligible excisable goods, will be finalised by 2025.

While compliance with the New Regulations is mandatory, it also offers the potential for significant cost-savings and more efficient excise operations.

*Regulation of The Minister of Finance of The Republic of Indonesia Number 82 of 2024 on Procedures for Excise Exemption, replacing Regulation of The Minister of Finance of The Republic of Indonesia Number 109/PMK.04/2010 of 2010 on Procedures for Excise Exemption.

Accelerating Environmental Restoration in Coal Mining Sector

by Luisa Srihandayani



Image source: <https://pixabay.com/photos/bulldozer-coal-mine-2430036/>

On 5 August 2024, the President of the Republic of Indonesia issued New Regulations* emphasising the government's commitment to accelerating the reclamation of land degraded by mining activities, with a focus on improving land restoration in the mineral and coal sectors.

The New Regulations require mining permit holders (Permit Holders) to fast-track the development of nursery facilities. This obligation applies to those holding mining licenses that include Environmental Impact Assessments (AMDAL).

By February 2025, all Permit Holders must submit a self-assessment report to the Minister of Energy and Mineral Resources (MEMR) or the governor, detailing the condition of existing nursery facilities and plans for their development. Once approved, Permit Holders must complete nursery development by 31 December 2025, and report progress regularly through their Work Plans and Budget to ensure compliance and transparency.

Failure to comply with these obligations will result in administrative sanctions.

The New Regulations are a bold step towards balancing economic growth with environmental responsibility. By fostering land regeneration, and nurturing biodiversity through robust nursery facilities, Indonesia is advancing sustainable practices in the mining industry.

*Presidential Regulation No. 77 of 2024 concerning Acceleration of the Development and Management of Nursery Facilities in Mineral and Coal Mining Activities.

CONTACT US

The AXA Tower - Kuningan City, 28th Floor
Jl. Prof Dr. Satrio Kav.18, Kuningan - Setiabudi
Jakarta 12940, Indonesia
t : +6221-3048 0718
f : +6221-3048 0715
e : budiarto@blp.co.id

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