



INTRODUCTION TO INDONESIA FINANCIAL SERVICES AUTHORITY (OJK)

Japan, October 2018

Outline

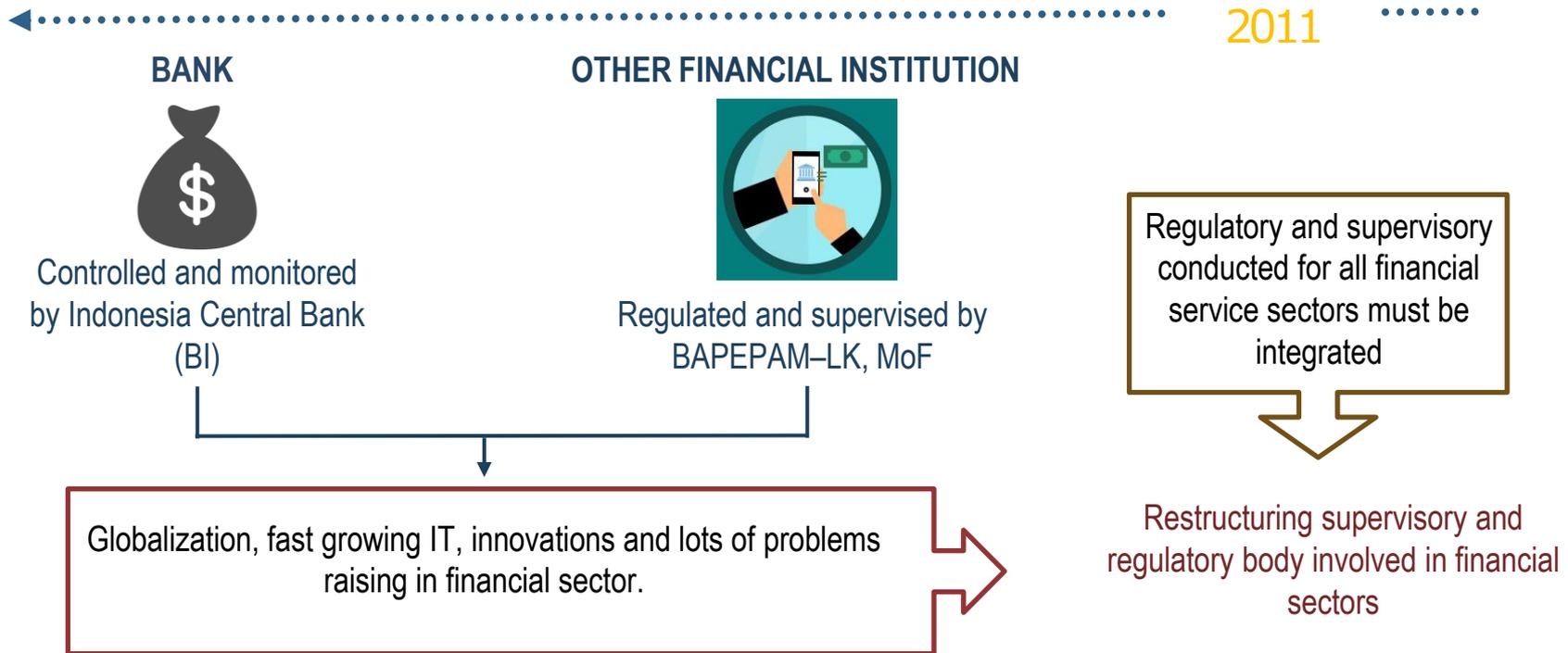
Indonesia Financial Services
Authority (OJK)

Non-Bank Financial Institutions
(NBFI)

NBFI -
Insurance

Indonesia Financial Services Authority (OJK)

Background of OJK (1/2)



Indonesia Financial Services Authority (OJK)

Background of OJK (2/2)

After 2011

- ✓ Act No. 21 of 2011 gives a legal basis for the establishment of OJK body.
- ✓ OJK is independent institution and not part of Government agency.
- ✓ Independence of OJK is implemented in its structure.
- ✓ OJK is head up by commissioners consist of 9 persons in collective and collegial manners.
- ✓ Each chairman has its definite time period of leadership.

OJK in its activities holds the principles :

1. Independency: OJK must independent in its activity without any interference from the Government and other parties.
2. Rule of law: all its activities are based on the regulations.
3. Public interest: mainly for customer and public interest.
4. Transparent: open to any ideas to obtain information which is true, honest and non discriminative, with appropriate treatment to human rights and classified Government data.
5. Professionalism: its daily activities encompass works with high professionalism and code of ethics.
6. Integrity: high integrity in each regulation and decisions made, anti corruption.
7. Accountable: focusing on public interest, all the decisions made are answerable to the public.

Objectives and Function of OJK



Encourage the financial services sector to be held on a regular basis, fair, transparent, and accountable.



Realizing the financial system to grow in a sustainable and stable.



To organize an integrated system of regulation and supervision of all activities within the financial services sector.



Protecting the interest of consumers and society.



Regulation and supervision of the activities of financial services in the banking sector, capital market, insurance, pension funds, financial institutions, and other financial services institutions.

Duties of OJK (1/2)

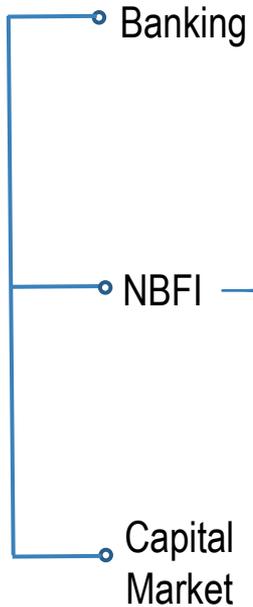


OJK regulates and supervises the financial service sector:



Article 6 Act 21/2011

Duties of OJK (2/2)



Insurance

- Life insurance
- General Insurance
- Reinsurance
- Insurance Brokerage, Reinsurance Brokerage, and Insurance Loss Adjuster

Pension Fund

- Employer Pension Funds
- Pension Fund Financial Institutions

Financing Institutions

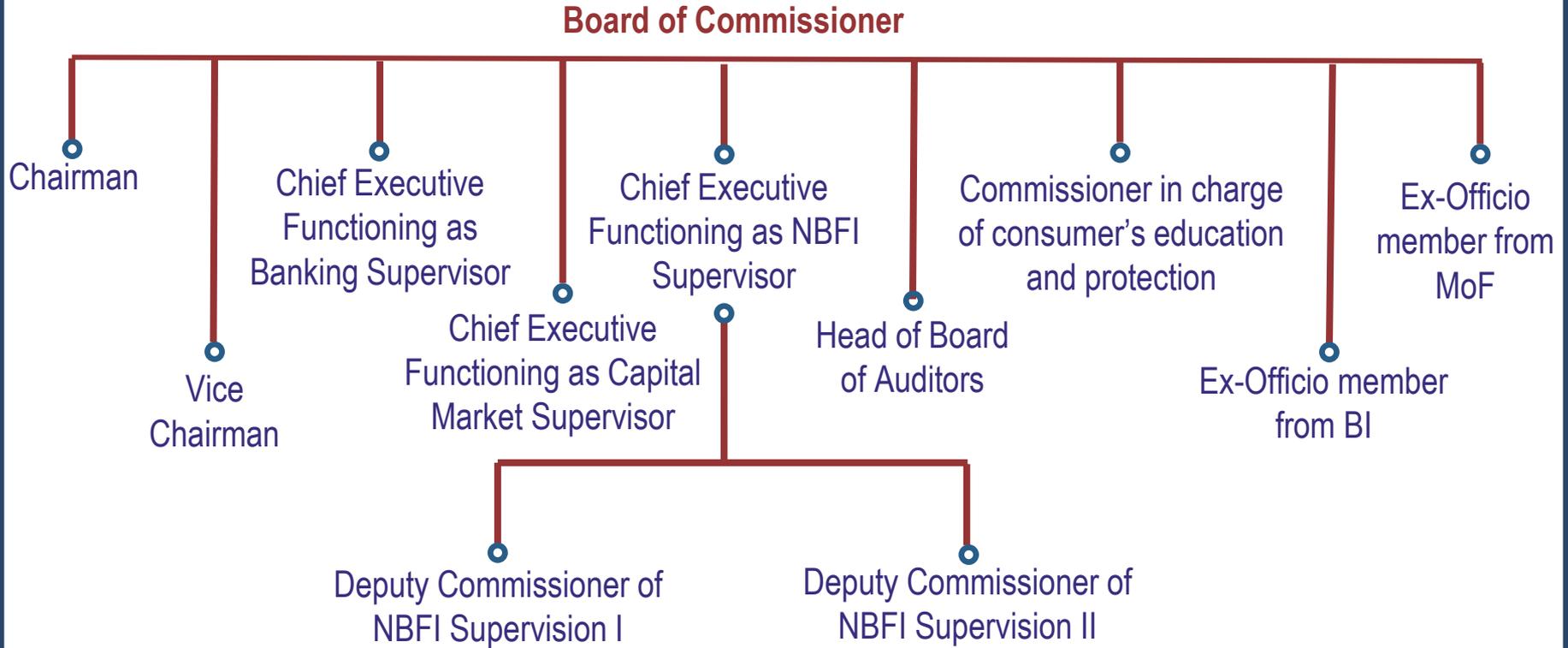
- Financing Company
- Venture Capital Company
- Infrastructure Financing Company

Other Financial Institutions

- Guarantee Company
- Secondary Mortgage Facility
- Indonesian Export Financing Company
- National Social and Security Institutions
- Microfinance Institutions
- Pawnshop

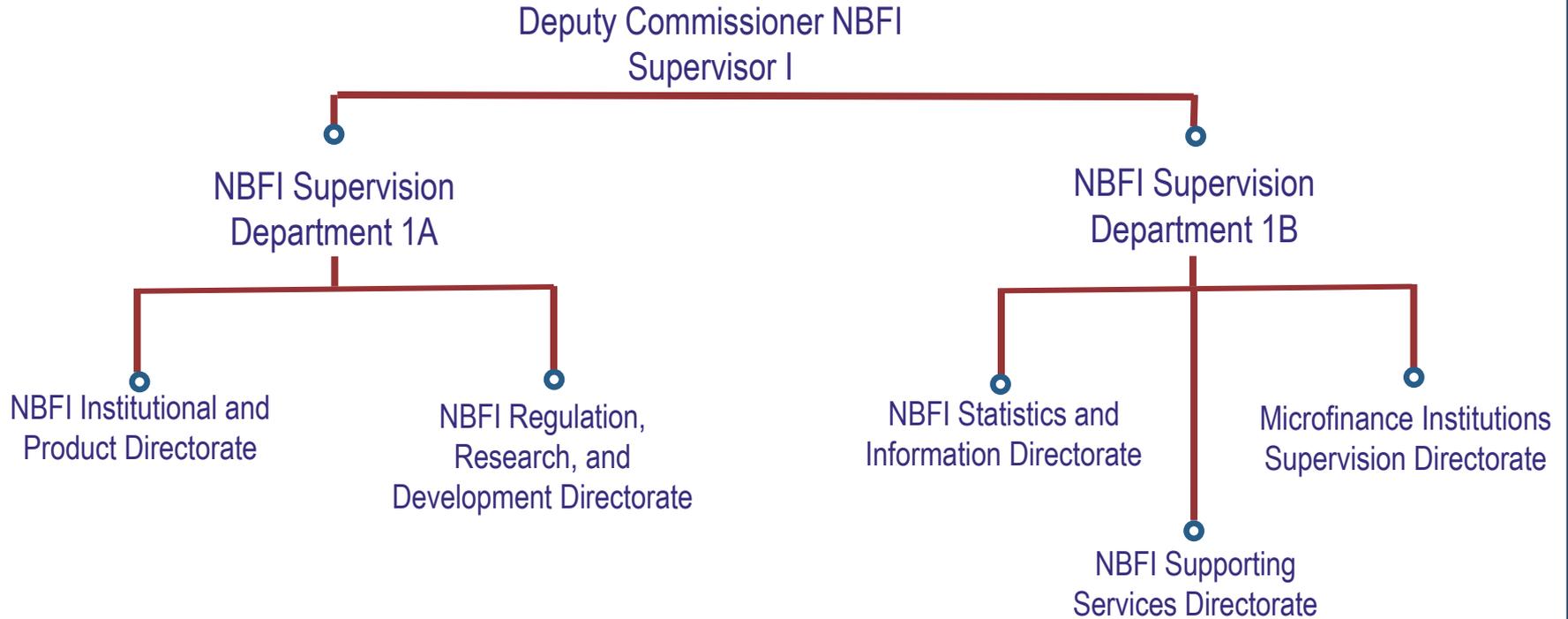
Indonesia Financial Services Authority (OJK)

Organization Structure (1/3)



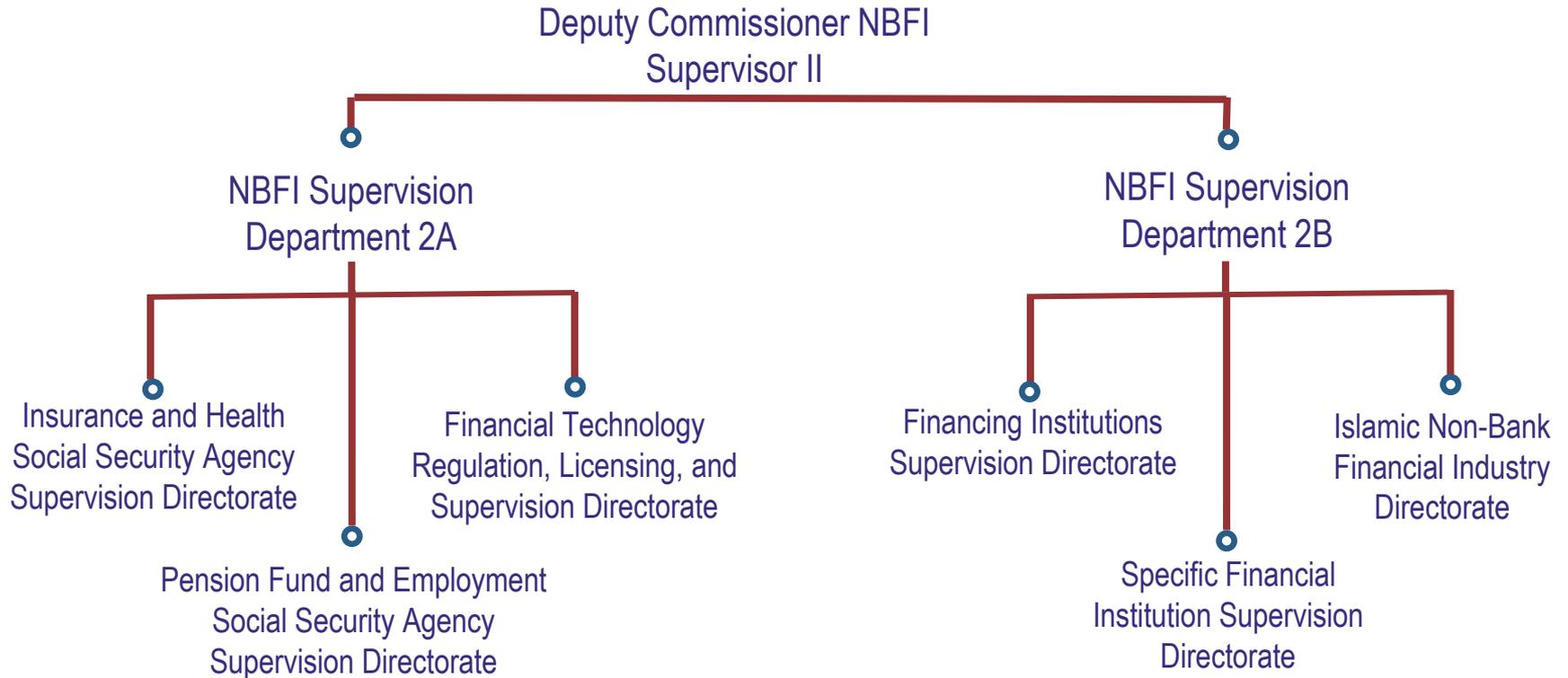
Indonesia Financial Services Authority (OJK)

Organization Structure (2/3)



Indonesia Financial Services Authority (OJK)

Organization Structure (3/3)



Chief Executive Functioning as NBF1 Supervisor



Function

Implementing integrated regulatory and supervisory system of NBF1 sector towards all activities in financial services

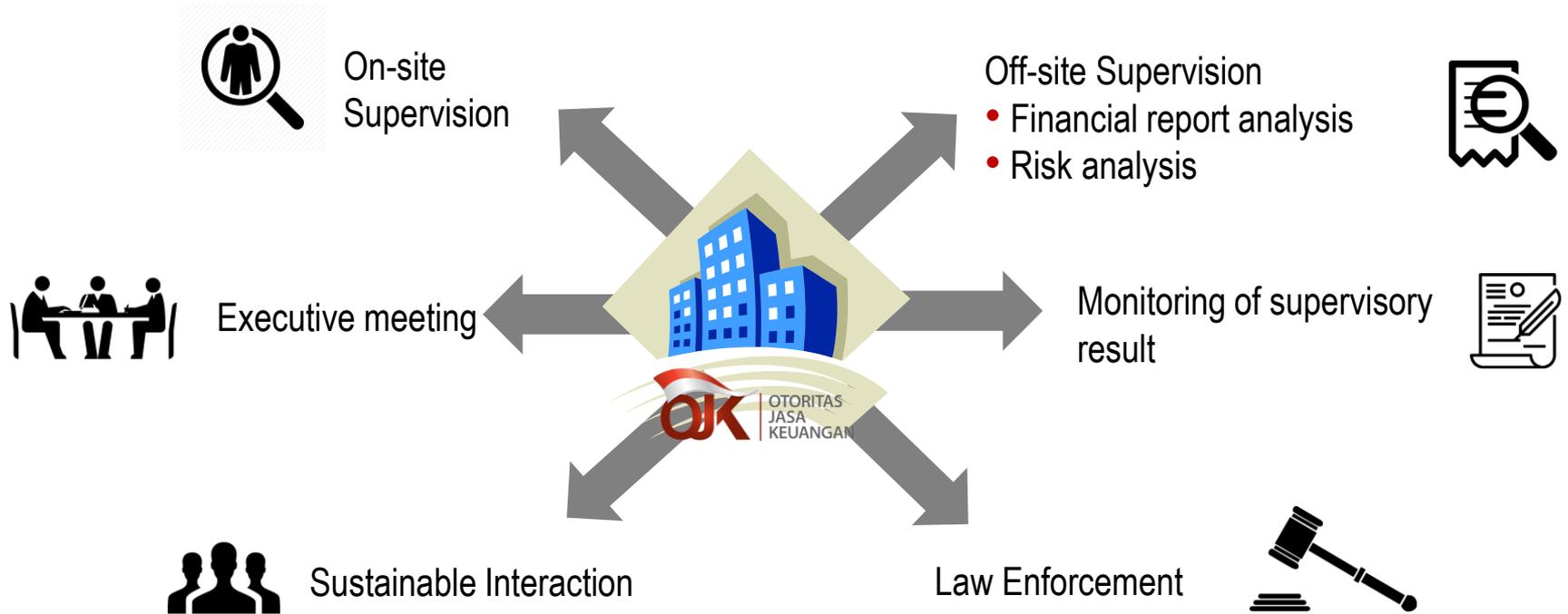


Duties

- ✓ Arrange regulations in NBF1
- ✓ Implement the NBF1 crisis management protocol
- ✓ Enforcing regulations in NBF1
- ✓ Conducting guidance and supervision on the party obtaining business license, approval, registration from OJK and other parties engaged in NBF1
- ✓ Prepare policy formulation in NBF1
- ✓ Implementing policies in NBF1 in accordance with the provisions of legislation
- ✓ Formulate standards, norms, guidance criteria and procedures in NBF1
- ✓ Provide technical guidance and evaluation in NBF1
- ✓ Implement analysis, development, and supervision of Sharia NBF1
- ✓ Carry out other duties granted by the Board of Commissioners.

Indonesia Financial Services Authority (OJK)

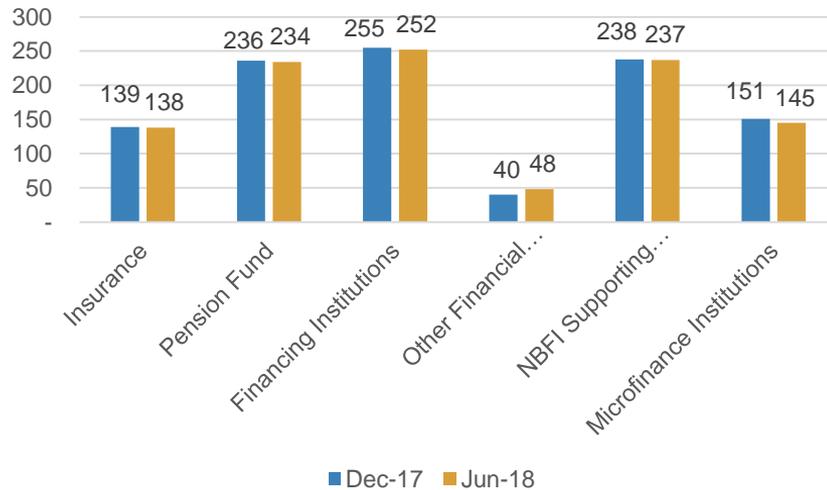
NBFI Supervisory Activity by OJK



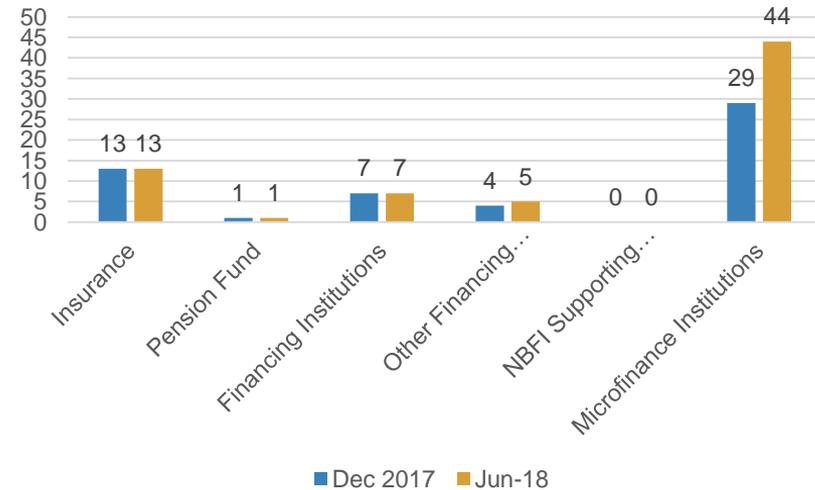
Non-Bank Financial Institutions

NBFI Total Entity

Conventional NBFI



Sharia NBFI



NBFI Total Asset

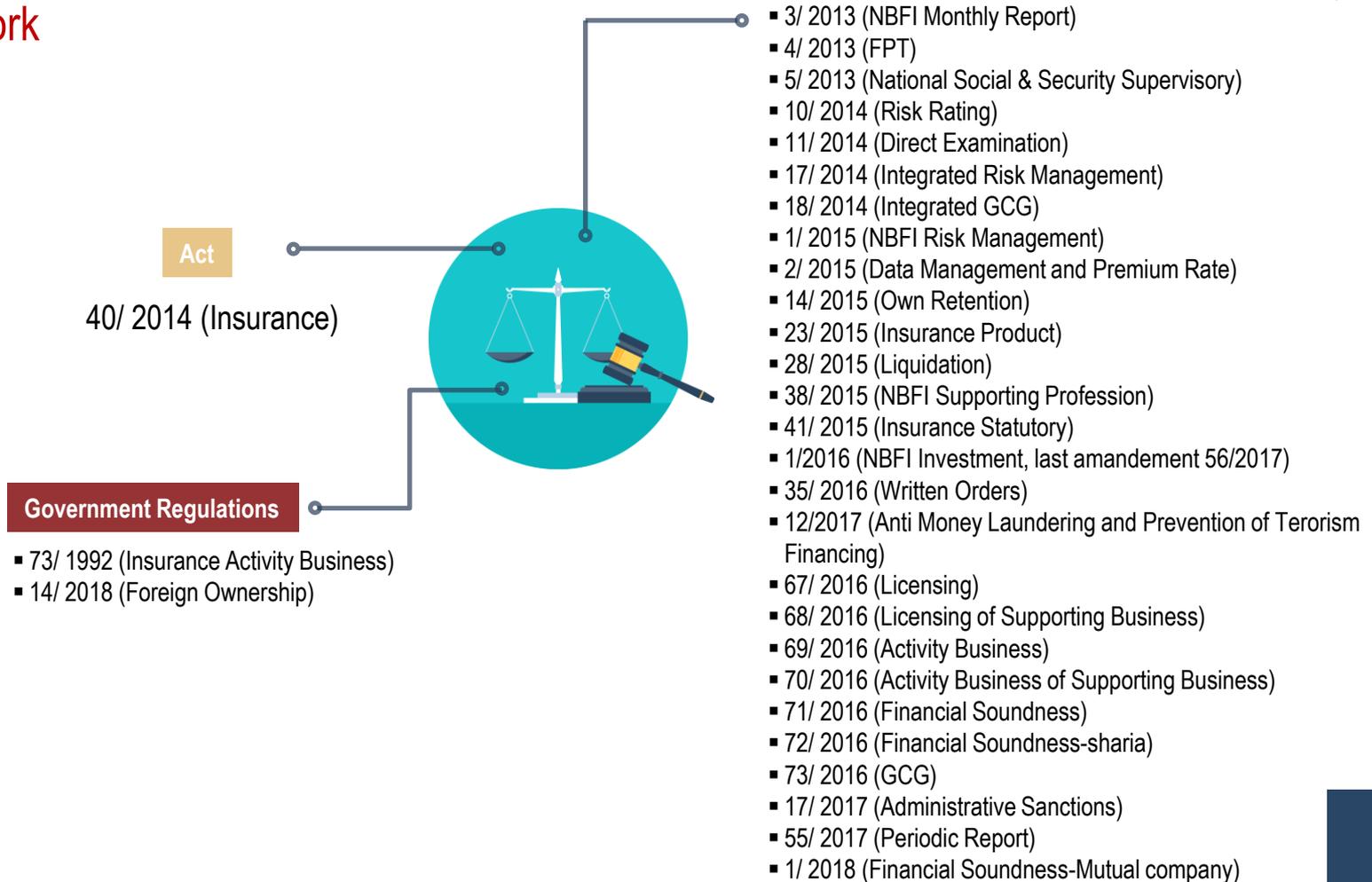
Conventional NBFI

Sharia NBFI

No.	Industry	Dec-2017*	June-2018*	Dec-2017*	June-2018*
1.	Insurance	1.132,60	1150,10	40,52	41,85
2.	Pension Fund	260,96	260,71	1,30	2,98
3.	Financial Institutions	522,51	548,33	34,48	29,51
4.	Other Financial Institutions	184,91	195,28	22,74	23,85
5.	NBFI Supporting Service	8,26	8,05	-	-
6.	Microfinance Institutions	0,31	0,34	0,10	0,16
	Total Assets	2.109,56	2.162,82	99,13	98,34

NBFI – Insurance Industry

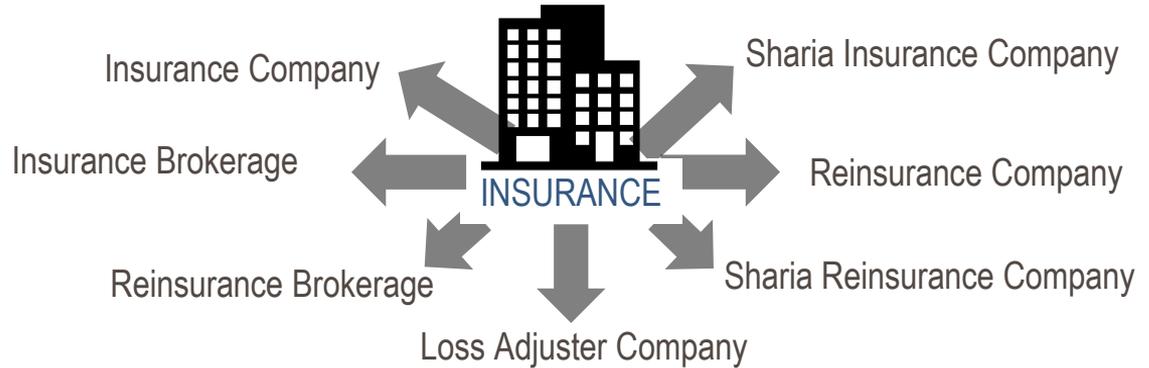
Legal Framework



Insurance Act 40/2014 (1/2)



Act 40/2014
(INSURANCE)



Insurance Act 40/2014 (2/2)



Further provisions
in the form of OJK
Regulation

- ✓ Business Licensing and Institutions of Insurance, Sharia Insurance, Reinsurance, and Sharia Reinsurance Company
- ✓ Business Licensing and Institution of Insurance Brokerage, Reinsurance Broker, and Insurance Loss Adjuster Company
- ✓ Financial Soundness of Insurance and Reinsurance Company
- ✓ Financial Soundness of Sharia Insurance and Sharia Reinsurance Company
- ✓ Business of Insurance, Sharia Insurance, Reinsurance, and Sharia Reinsurance Company
- ✓ Business of Insurance Brokerage, Reinsurance Brokerage, and Insurance Loss Adjuster Company
- ✓ Requirements and Procedures of Service Provider for Insurance Companies
- ✓ Procedures for Determining Statutory Administrator of Financial Service Institutions
- ✓ Winding up, Liquidation and Bankruptcy of Insurance, Sharia Insurance, Reinsurance and Sharia Reinsurance Company
- ✓ Principles of Knowing Customers
- ✓ Fit and Proper Assessment
- ✓ Good Corporate Governance of Insurance Company
- ✓ Examination
- ✓ Mediation Institution
- ✓ Procedures and Requirement for Imposing Administrative Sanctions and Blocking the Wealth of Insurance, Sharia Insurance, Reinsurance and Sharia Reinsurance Company
- ✓ Implementation of Mandatory Insurance Program
- ✓ Insurance Business in the Form of Cooperatives and Mutual

**OTORITAS JASA
KEUANGAN**

Wisma Mulia 2
Jl. Gatot Subroto No. 42
Jakarta, Indonesia

