

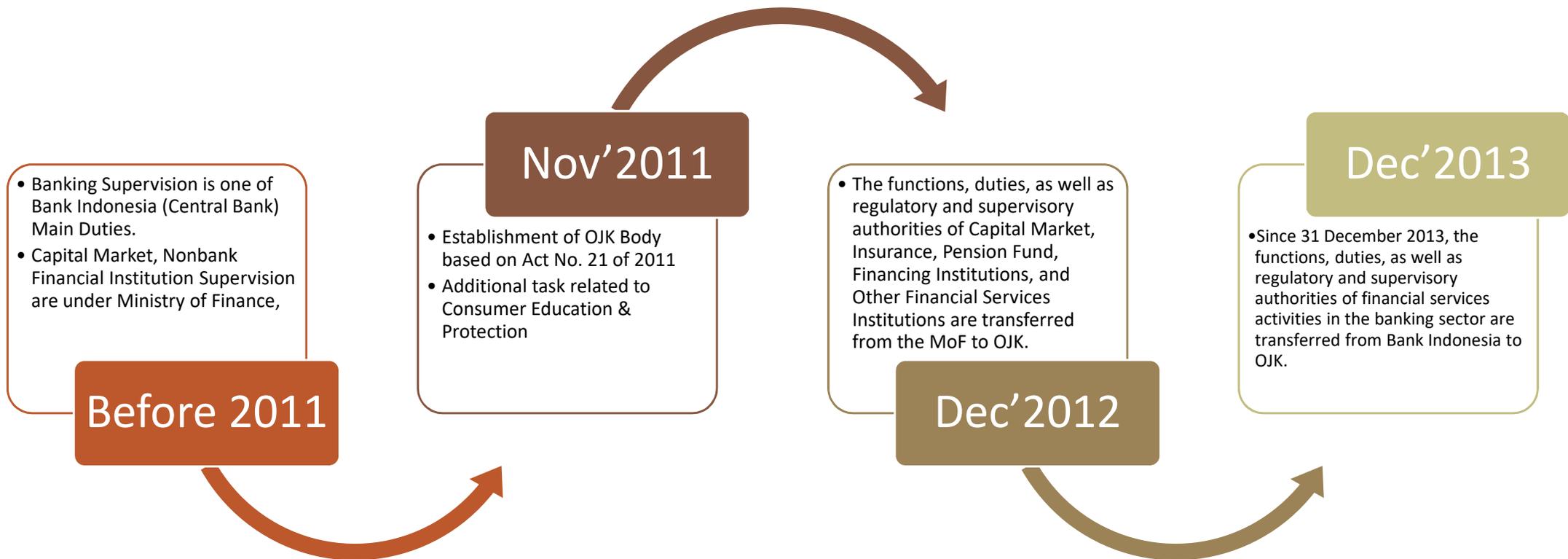


Introductory
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Otoritas Jasa Keuangan



Otoritas Jasa Keuangan (OJK)

OJK's History



Objectives, Function & Duties

Objectives

- Implemented in an organized, fair, transparent and accountable manner;
- Able to realize the financial system that grows in a sustainable and stable manner; and
- Capable of protecting the interests of consumers and the society.

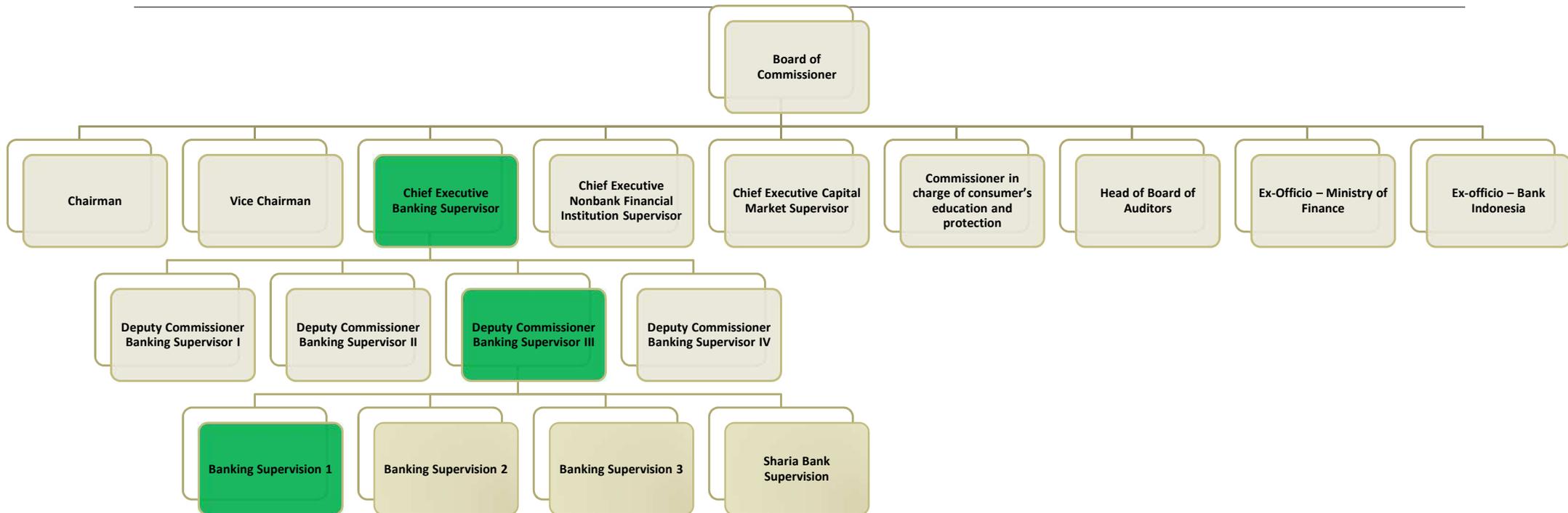
Function

- The main function of OJK is to promote and organize a system of regulations and supervisions that is integrated into the overall activities in the financial services sector.

Duties

- OJK performs its regulatory and supervisory duties over financial services activities in banking, capital markets, and non-bank financial industries sectors.

Organization Structure



Financial Service Industries

According to OJK duties, there are 3 (three) compartments under OJK's surveillance based on financial service industries



The Role of Bank Supervisor



As Bank Supervisor

Function

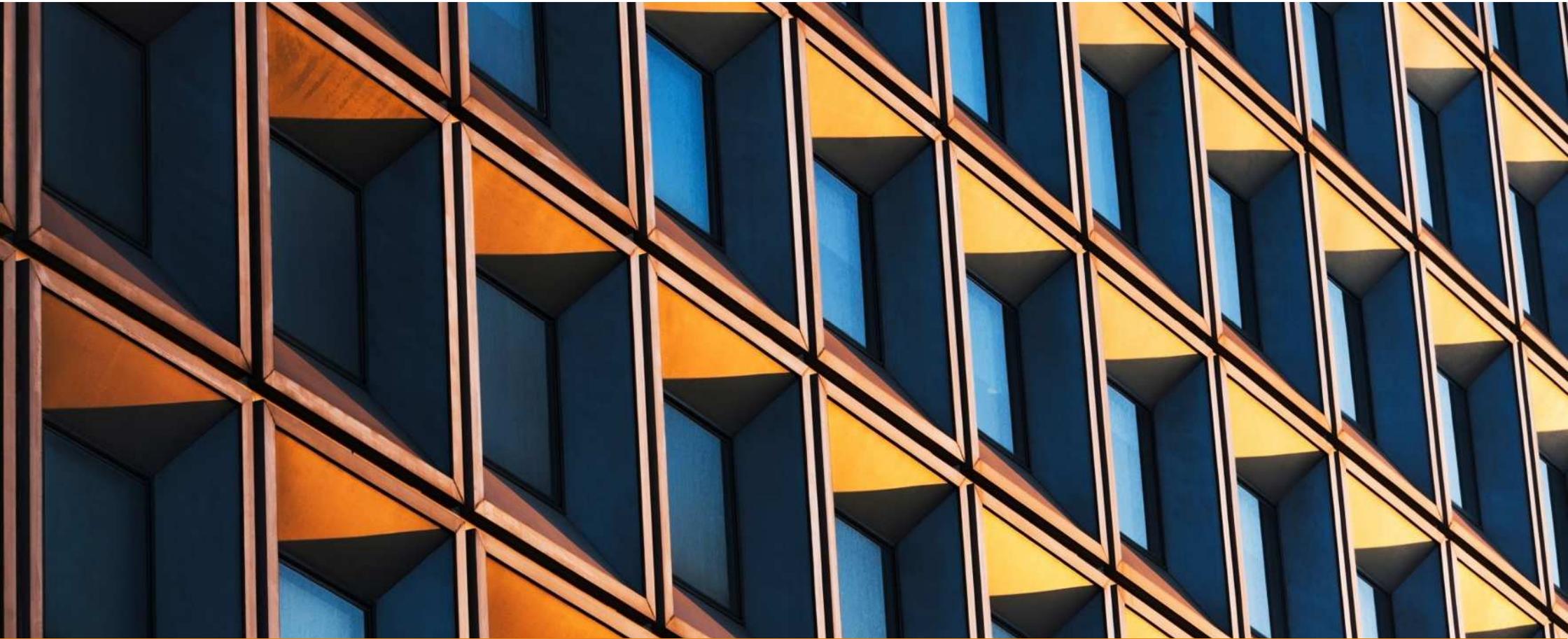
- Supervising one of biggest commercial banks in Indonesia with asset more than IDR 1.100 trillion.

Responsibility

- Implementing Risk Based Supervision to the Bank according to internal and external policies

Main Task

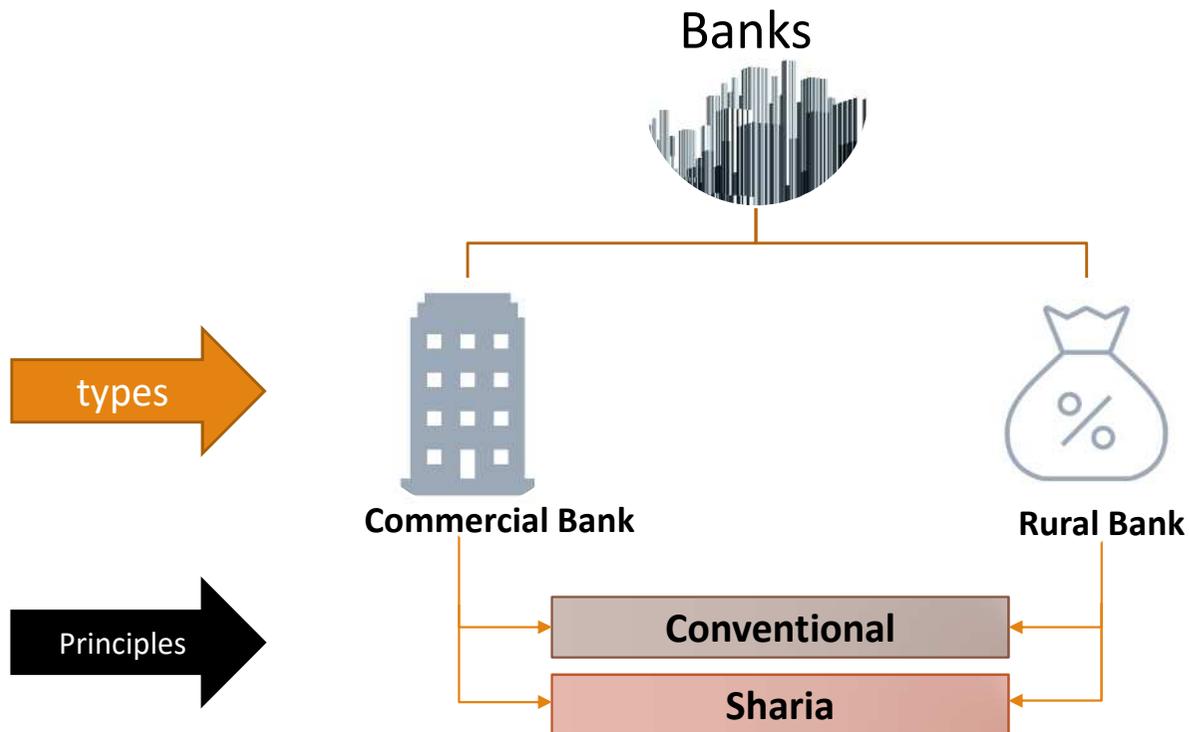
- Analyzing reports that banks submitted both routine and non routine to assess bank condition and giving recommendation to the decision maker.
- Proposing supervisory action needed to make sure the safe and soundness of the Bank.



Banking Overview in Indonesia

Banking

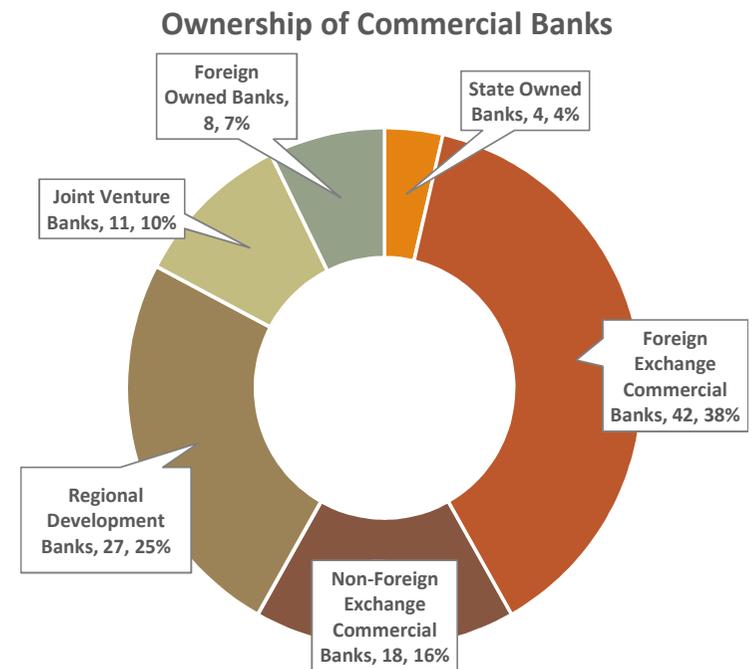
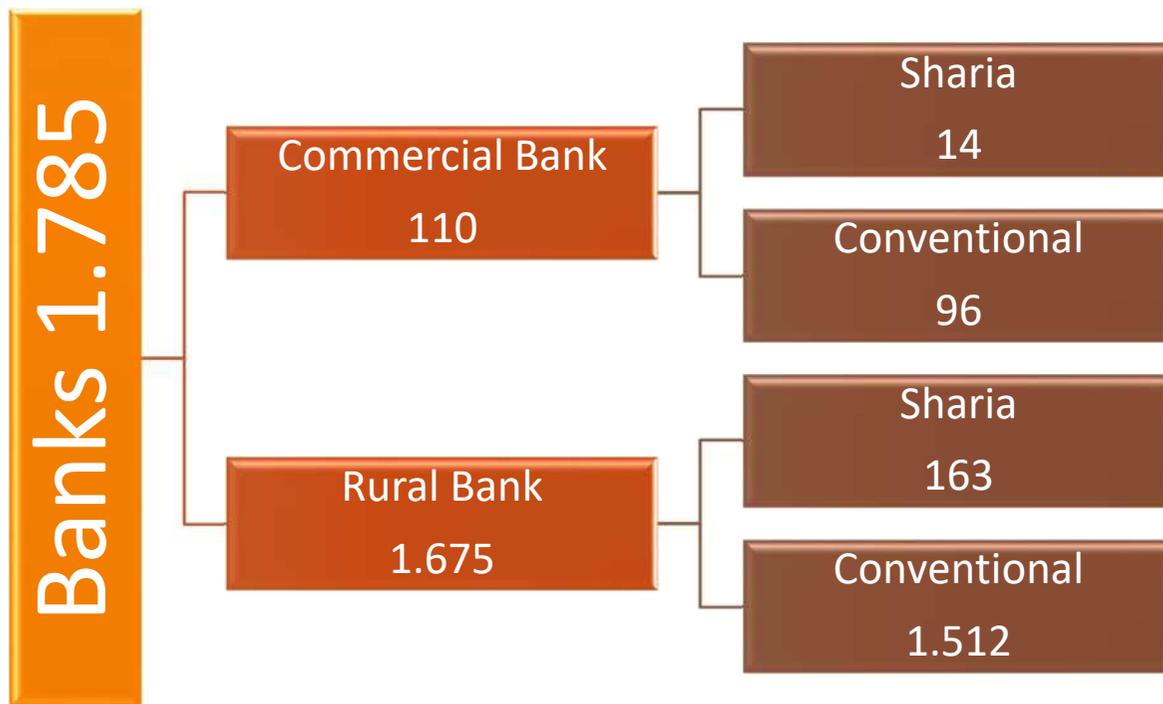
Based On Banking Act, there are two types of Bank which legally Operates in Indonesia



Major differences between commercial bank and rural bank is the direct accessibility to the payment system and the limitation of operation area

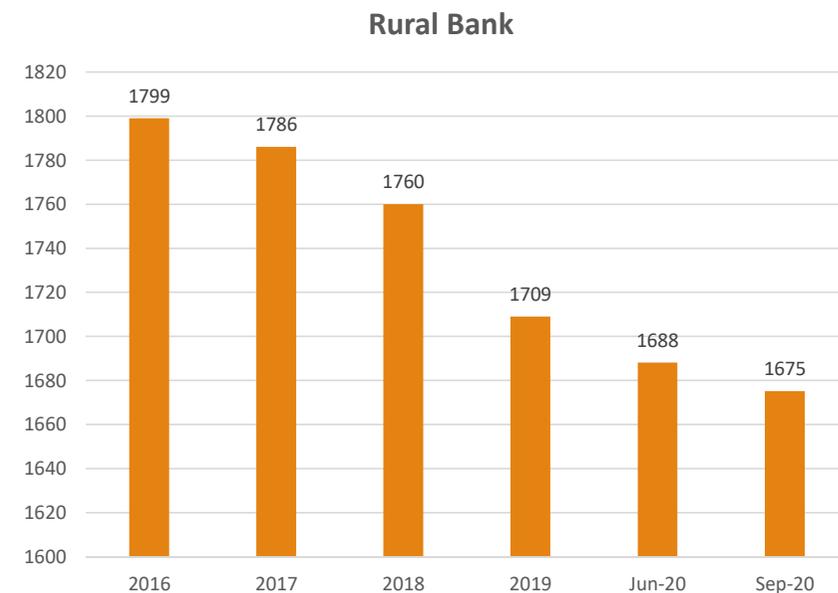
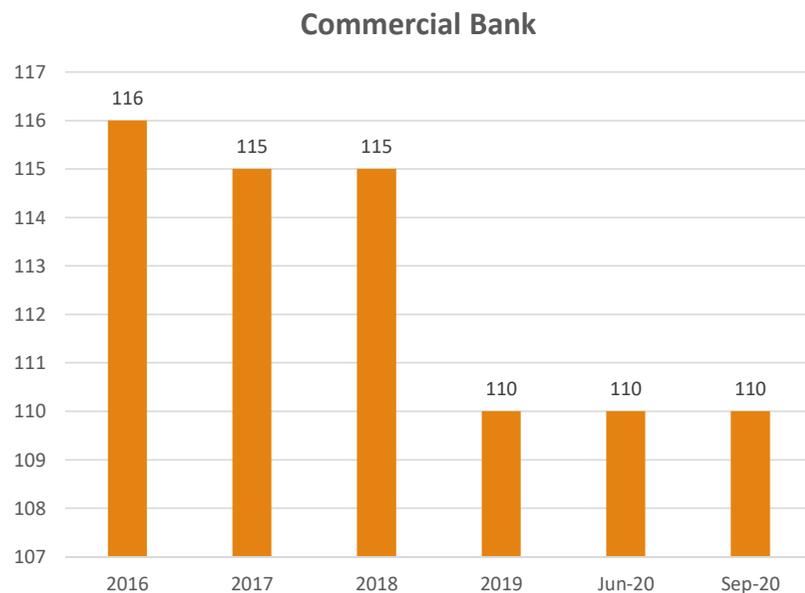
Sharia Principles are rules of agreement based on Islamic Law between Bank and other party for depositing fund and/or financing business activities, or other activities which is stated as in accordance to Sharia Principles.

Banking Overview - Banks in Indonesia



Data as of September 2020

Banking Overview – Trend Number of Banks in Indonesia

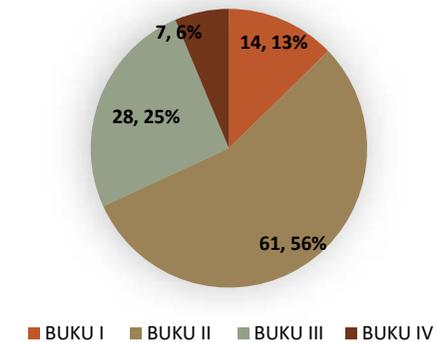


The decreasing number of banks from 2016 till now are due to merger, acquisition and consolidation among some banks, self liquidations and enforcement liquidation by law due to some critical problems related to safe and soundness the bank itself.

Commercial Bank Classification

OJK has regulate the business activities of a bank based on their capital into 4 (four) following categories :

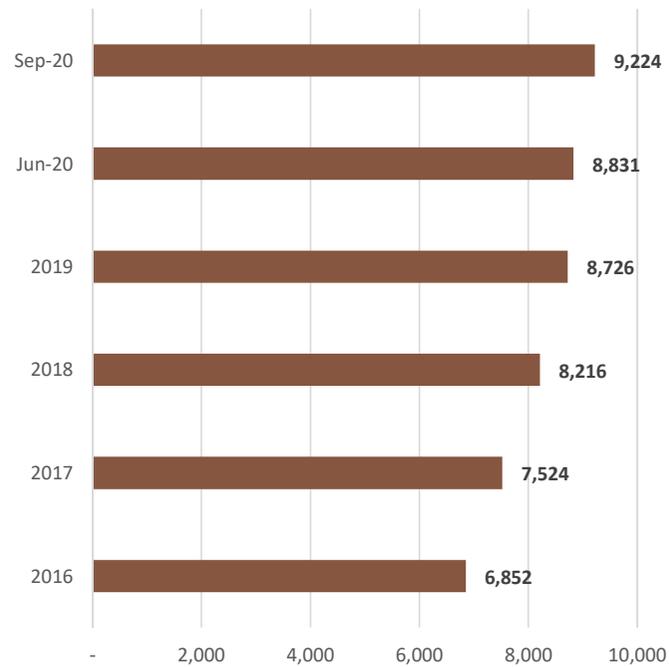
BUKU I	• Core Capital Up to IDR 1 Trillion
BUKU II	• Core Capital IDR 1 to 5 Trillions
BUKU III	• Core Capital IDR 5 to 30 Trillions
BUKU IV	• Core Capital more than IDR 30 Trillions



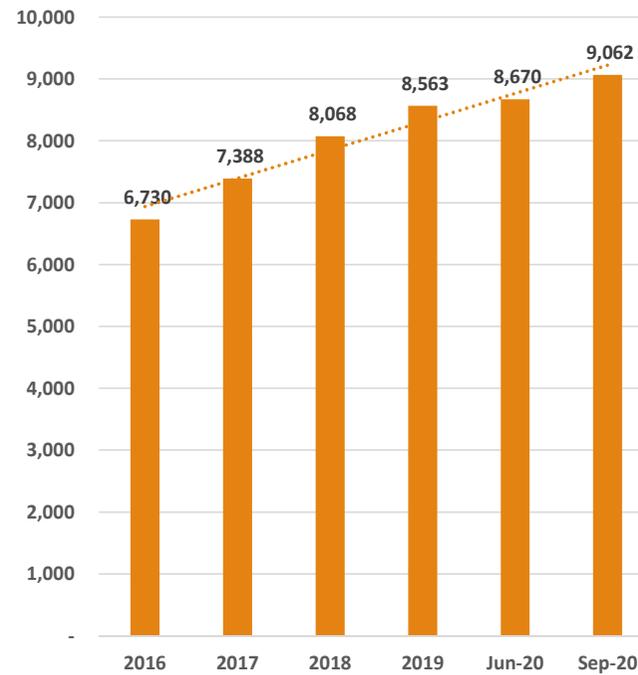
The categories define the bank activities and operations includes range of products offer, area limitation of branches location, percentage of direct investment in subsidiaries and etc. The more capital they provided, the more comprehensive activities they allowed.

Banking Overview – Asset

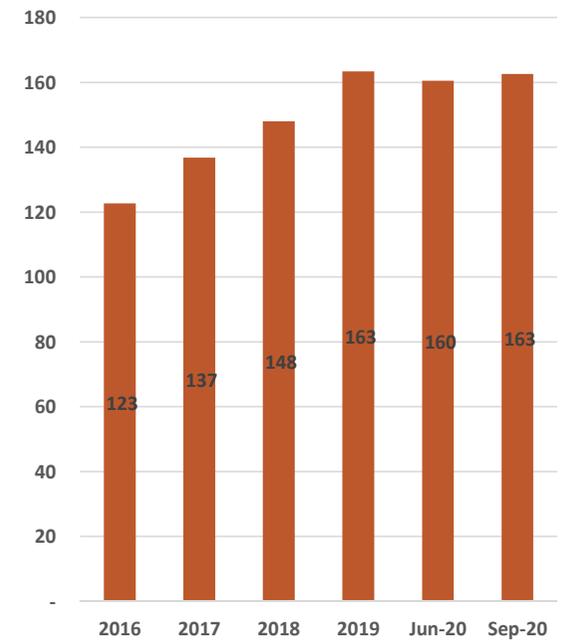
Banking Asset in IDR Trillion



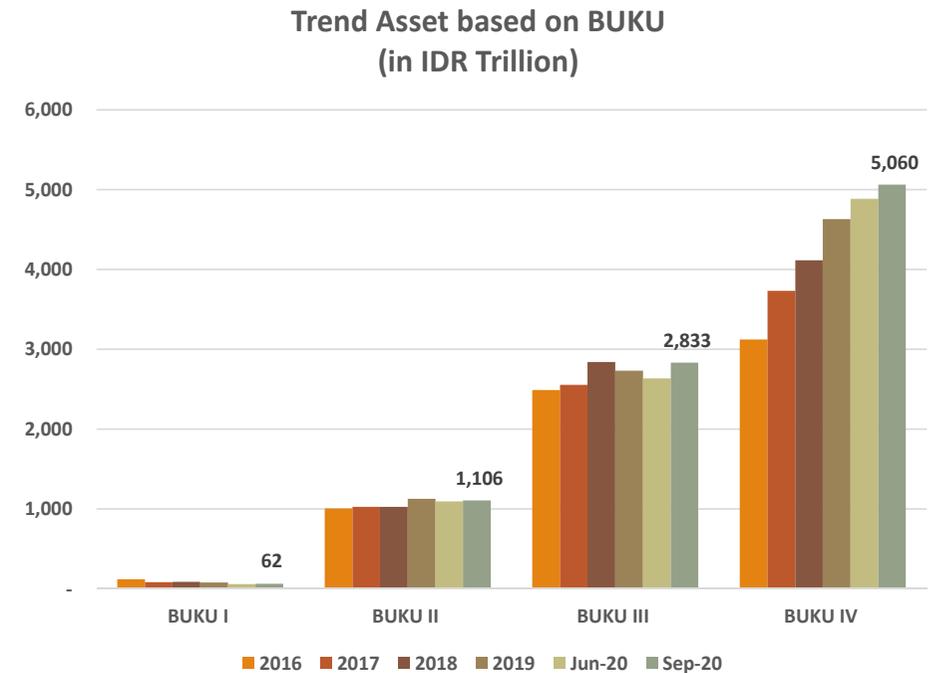
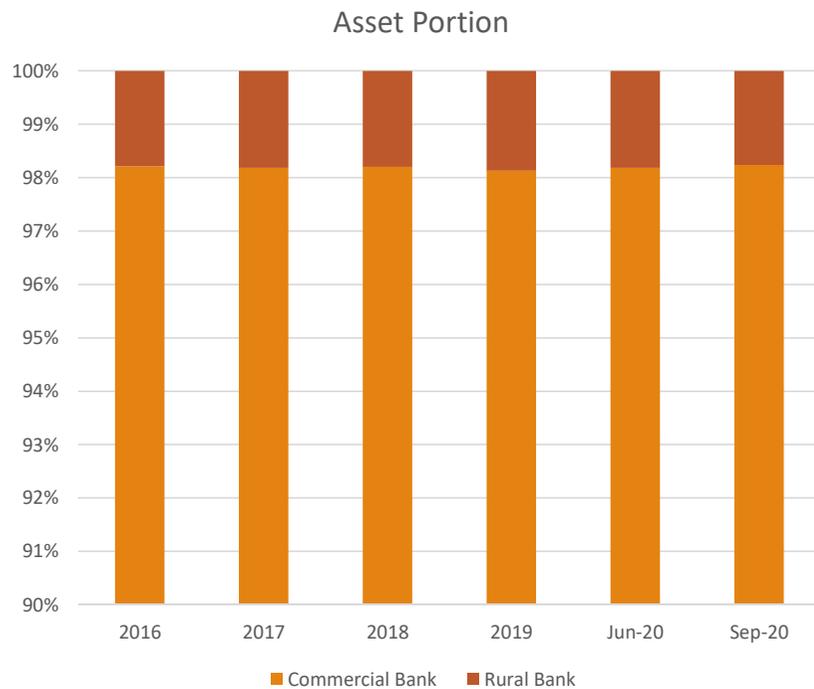
Commercial Bank Asset in IDR Trillion



Rural Bank Asset in IDR Trillion

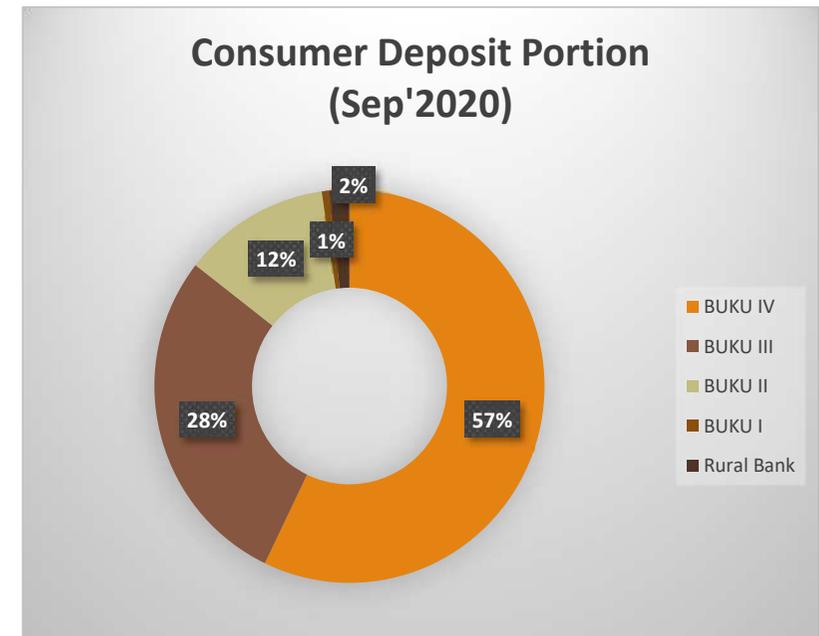
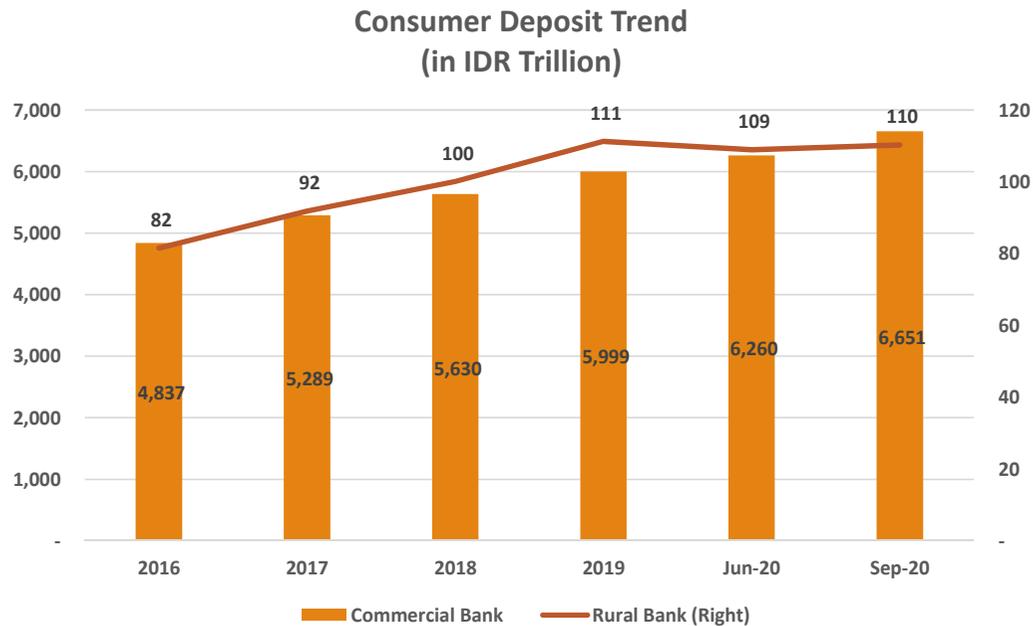


Banking Overview – Asset



Banking Assets in Indonesia dominated by Commercial Banks (98%). For commercial banks only, the BUKU IV Banks which consist of 7 (seven) banks took over more than 50% of total banking asset in Indonesia.

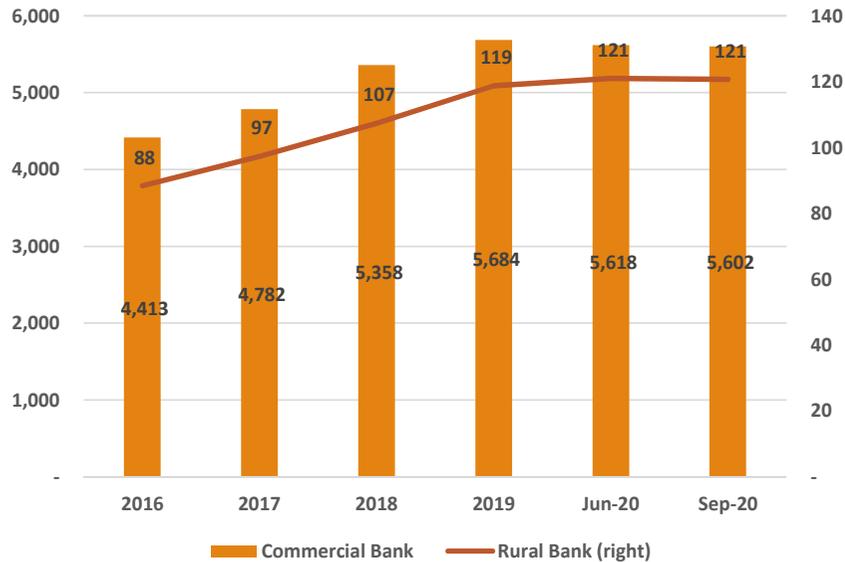
Banking Overview – Consumer Deposit



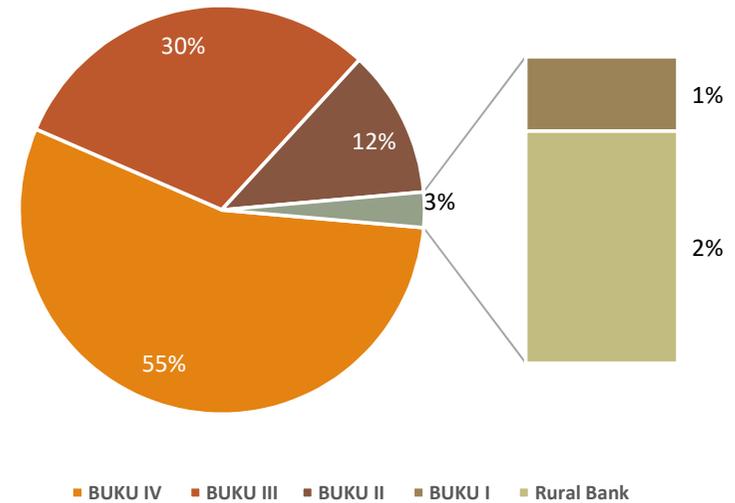
Consumer Deposits consist of Demand Deposit, Saving accounts and Time Deposits. Consumer deposits are dominated by BUKU IV and BUKU III which took over 85% of total consumer deposits which earned by banking industry.

Banking Overview – Loans

Trend Loans distribute by Bank
(in IDR Trillion)



Loans Portion by Bank



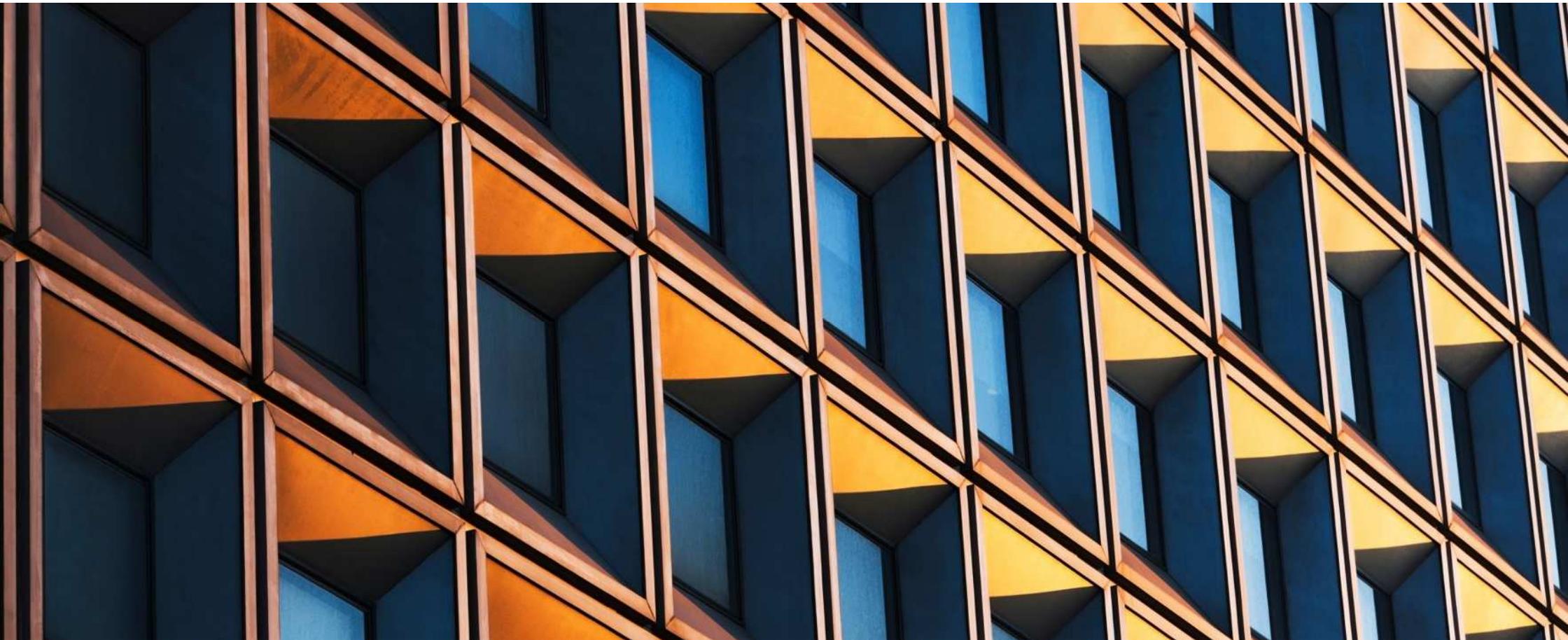
As well as consumer deposit, Loan disbursed are dominated by BUKU III & IV which took over 85% of total loan existing.

Banking Overview – NPL & ROA

As a result of current conditions, the bank performances hit by pandemic COVID-19 that reflect on the loan quality that raising the NPL Ratio and lowering the ROA

NPL VS ROA





Current Issues

Current Issues

COVID-19 Pandemic Effect to Bank's Performance

- The COVID-19 global pandemic has taken a toll on the Indonesian economy, underlining the need for financial institutions to have adequate liquidity in the face of uncertain times. Since the economic has not recover yet, the failure of bank's liquidity is still a threat to be fixed especially for the small and mid size banks.

Continuity Of Regulations Related To Loan Restructuring

- OJK has set out a regulation as a responses to current condition by giving easing the bank to restructuring their loans, other still can define those loan as performing until March 2021. The issue is by the end of March the banks should treat the loan qualities based on former regulation, so the number of non-performing loan potentially will be increased significantly

Thank You

