

Press Release

OJK Builds Cooperation with China Banking Regulatory Commission

Jakarta, June 4, 2015: Financial Services Authority (OJK) has made on Thursday a cooperation agreement with China's banking industry regulator and supervisor, the China Banking Regulatory Commission (CBRC).

OJK Board of Commissioners Muliaman D. Hadad and Vice Chairman of CBRC Zhou Mubing signed the memorandum of understanding (MoU) in OJK office at Menara Merdeka, Jakarta, on Thursday (June 4, 2015).

The MoU covers exchange of information and improving supervision capacity at both authorities. Implementation of this MoU is expected to support business expansion of Indonesia's banking industry in China within the near future.

On the other side, China's banking industry has already operated in Indonesia. Therefore, in effort to do consolidated supervision, information is required regarding performance of branch offices or foreign subsidiaries, so as to measure bank's performance and risk profile comprehensively.

Chairman of OJK Board of Commissioners Muliaman D. Hadad said in his speech that the cooperation between OJK and CBRC is expected to improve capacity and skills of both authorities in supervising and regulating financial services industry.

Muliaman also encouraged all practitioners of financial services industry in Indonesia to support growth in all sectors of national economy, especially in small and medium enterprises.

Apart from that, financial services industry in Indonesia must also support financial inclusion initiative through expansion of consumer base, including medium to low-income society, and at the same time support market conduct implementation in effort to promote consumer protection effectively.

Thereby, hopefully financial services sector development will to grow healthily, sustainably and able to contribute more to the effort of improving national economy and social prosperity.

The agreed main objectives of the MoU between OJK and CBRC are:

1. Making sure that activities of branch offices, subsidiaries and representative offices of financial institutions performing cross-border operations carry out activities in accordance with prudential principle;
2. Making sure that supervision over financial institutions covers cross-border financial institutions in a consolidated manner, and that each parties puts effort into helping each other to implement supervision;

3. Making sure that head office and main financial institution carries out adequate and effective control over financial activities and consumer protection programs at branch offices, subsidiaries and representative offices performing cross-border operations;
4. Making sure that supports are provided by both authorities during process of giving license to financial institutions performing cross-border operations; and
5. Making sure that market conduct supervision can be implemented accurately.

As for scope of cooperation of the MoU, it covers the following subjects:

1. Exchange of information related to financial institutions performing cross-border operations, including in licensing process and supervision;
2. Notification about on-site examination plan on financial institutions located in other authority's jurisdiction mentioned in the MoU, and inter-authority cooperation during on-site examination process;
3. Periodic meetings on issues related to supervision and financial institutions performing cross-border operations;
4. Other important issues, including crisis management;
5. Assistance in cross-border investigation;
6. Procurement of technical assistance and human resources competency development; and
7. Market conduct implementation and consumer protection.

For more information:

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