

PRESS RELEASE NO. SP-18/DKNS/OJK/7/2014

PRESS RELEASE NO. PRESS-11/SEKL/2014

**JOINT PRESS RELEASE**  
**MEMORANDUM OF UNDERSTANDING**  
**BETWEEN FINANCIAL SERVICES AUTHORITY (OJK) AND**  
**DEPOSIT INSURANCE CORPORATION (LPS)**

**“Coordination and Cooperation in the Framework of Interconnection  
between OJK`s and LPS` Implementation of Functions and Duties”**

---

**(Jakarta, July 18, 2014).** Financial Services Authority (OJK) and Deposit Insurance Corporation (LPS) has made an agreement on coordination and cooperation in the framework of interconnection between OJK`s and LPS` implementation of functions and duties. The signing of memorandum of understanding (MoU) was conducted by Chairman of OJK Board of Commissioners Muliaman D. Hadad and Chairman of LPS Board of Commissioners C. Heru Budiargo in Jakarta on Friday (July 18).

The MoU was initiated on the background of the transferring of function, duty and authority over banking supervision from Bank Indonesia to OJK, which requires cooperation and coordination between OJK and LPS in order to expedite the implementation of their respective duties according to the mandate of Law Number 21 of 2011 on OJK and Law Number 24 of 2004 on LPS. The cooperation is intended to improve coordination between OJK and LPS in managing their respective functions, duties and authorities to maintain the stability of Indonesia`s financial system.

Current development of banking performance looks reasonably well, indicated by capital adequacy ratio (CAR) that remained high at 19.8% and a low non-performing loan (NPL) ratio at 1.9% in average. In order to keep improving banking performance, this must be supported by improvement in the harmonious and integrated regulation of financial services sector. OJK continually strengthens banking structure through integrated risk management, integrated good corporate governance, and adequate capitalization for financial conglomeration.

Efforts to strengthen banking industry also depend on public trust. One of the ways to leverage public trust from depositor customers is by providing limited insurance system, and that is LPS` function. In order to keep the society`s level of trust towards banking industry, cooperation and coordination between OJK and LPS is required, particularly in handling banks that have problems. The handling requires a close coordination, mainly in necessary joint investigation. This MoU is required in order to expedite the implementation of OJK`s and LPS` duties, so as to create a synergized cooperation and coordination.

Directorate of Communications

Sumitro Djojohadikusumo Building, Jalan Lapangan Banteng Timur No. 2-4 Jakarta 10710  
Phone: +62 21 3858001 (hunting); Facsimile: +62 21 3858321 (hunting); Website: [www.ojk.go.id](http://www.ojk.go.id)

The MoU contains primary subjects related to effectiveness:

- a. Implementation of deposit insurance and supervision over banks;
- b. Coordination in follow-up measures regarding result of analysis and supervision over banks;
- c. Coordination regarding banks in intensive supervision and banks in special supervision;
- d. Coordination in settlement and handling of failed banks;
- e. Coordination in follow-up measures regarding settlement of banks whose business licenses had been revoked;
- f. Stipulation of proper interest rate in the framework of insurance claim payment; and
- g. Handling of other duties implementation, including data and information confidentiality.

OJK and LPS have significant roles in financial system safety net, therefore cooperation and coordination between OJK and LPS, particularly in banking supervision, need to be carried out comprehensively and with synergy, so that each institution can execute their duties effectively.

\*\*\*

For more information:

- **Lucky F.A Hadibrata**, Deputy Commissioner IB for Strategic Management, OJK  
Phone: 021-3858001, Email: [lucky.fathul@ojk.go.id](mailto:lucky.fathul@ojk.go.id)/[www.ojk.go.id](http://www.ojk.go.id)
- **Samsu Adi Nugroho**, Secretary of LPS  
Phone: 021-5151000, Email: [adi\\_noegi@lps.go.id](mailto:adi_noegi@lps.go.id)/[Humas@lps.go.id](mailto:Humas@lps.go.id)

Directorate of Communications

Sumitro Djohadikusumo Building, Jalan Lapangan Banteng Timur No. 2-4 Jakarta 10710  
Phone: +62 21 3858001 (hunting); Facsimile: +62 21 3858321 (hunting); Website: [www.ojk.go.id](http://www.ojk.go.id)