

PRESS RELEASE
**OJK ARRANGES DISCUSSION ABOUT STRATEGY AND
HANDLING OF IT-BASED BANKING CRIME**

(Jakarta, May 13th, 2014). Financial Services Authority (OJK) this Tuesday held in Jakarta a focus group discussion themed IT-Based Banking Crime: Strategy and Handling. The discussion presented Chairman of OJK Board of Commissioners Muliaman D. Hadad, National Police Chief Gen. (Pol) Sutarman, and a number of speakers from banking practitioners and the National Police`s Criminal Investigation Division (Bareskrim).

Muliaman during the event explained about the process of globalization, rapid development in financial sector, and the increasingly developing information technology (IT), all of which has created a very complex, dynamic financial system that interconnects one financial subsector with another.

Apart from that, interrelation between financial services institutions in various subsectors due to ownership or control has added more complexity and interaction between financial institutions in the financial system, and this requires information technology.

However, the use of information technology in banking industry will definitely be followed by potential risks in operational matters, which will probably give birth to derivative risks.

“If this is not immediately addressed, the condition will be really unfavorable when banking industry is preparing to welcome the ASEAN Economic Community,” Muliaman said.

Besides, this impact on operational risks can also influence judgments from international independent parties who have the authority to conduct assessment on supervising and regulating process, and the quality of banking industry.

Therefore, banking industry must empower itself with a range of infrastructures that can minimize potential risks of IT-based crime or cyber crime. Among others are qualified human resources, credible controlling system, sustainable review on information technology implementation, as well as updating and sharing about fraud, crime, and misuse in the cyber world.

Banking industry must also improve its sense regarding the interests of customers, who have given their trust to the industry. Therefore, monitoring on the quality of system, mechanism, regulations, and working infrastructures associated with information technology in banking operations is an unquestionable obligation. Cyber crime knows no time, space, nor amount. It can also happen in many kinds of modus that nobody ever thought before.

Muliaman explained, based on the 2013 **State of the Internet** report, Indonesia ranked second among top five originating countries for cyber crime. Around 36.6 million of cyber attacks happened in Indonesia within the last three years.

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On the contrary, the 2013 **Security Threat** report described clearly that Indonesia is considered number one in the list of riskiest countries to experience cyber attacks. These statistics show that bank managements must not ignore the threats, which can arrive anytime and in unexpected forms.

OJK and related institutions, including the National Police, continually collaborate to formulate a sustainable strategy and handling against IT-based crime on the cyber world. Prudential regulations are continually enhanced as well so as to be in line with the complexity of financial system and banking industry. Development in other related regulations issued by authoritative institutions such as Ministry of Communications and Information and others i.e. associations having competency in information technology, will also become a part of efforts of all parties in reducing the potential risks of cyber crime.

Banking industry is now demanded ever more to improve its quality in risks management and education for customers, which should be carried out transparently and immediately. OJK will also constantly promote programs of education and consumer protection in financial services sector in order to minimize unexpected incidents as well as to build a more credible and sound financial services sector, both for short and long term interests.

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