

PRESS RELEASE

FINANCIAL SERVICES AUTHORITY (OJK) FORMS COMMITTEE FOR SHARIA FINANCIAL SERVICES DEVELOPMENT (KPJKS) TO CREATE SYNERGY AND ACCELERATE GROWTH IN SHARIA FINANCIAL SERVICES

The Financial Services Authority (OJK) continuously stimulates acceleration and quality of development in Sharia financial services industry so that the industry is able to contribute more maximally to national economy.

Jakarta, August 10, 2014. National Sharia financial services industry as a new growing industry needs support from relating authority and stakeholders. The support is highly required for development and completion of regulations and effective supervision system, complete financial infrastructures and various educational programs, market development and comprehensive consumer protection.

In line with the subject and pursuant to the authority mandated by Law No. 21 of 2011 on OJK, OJK Board of Commissioners has stipulated OJK Board of Commissioners Regulation on establishment of Committee for Sharia Financial Services Development (KPJKS). KPJKS is formed in order to cater the need of effective coordination and synergy, both of external and internal as well as inter-institution and inter-sector.

Coordination and synergy between OJK and other policy-making institutions is expected to be soundly created among relating institutions functioning as member elements in KPJKS. Inter-compartment internal coordination within OJK in development of Sharia financial services sector, which comprises banking, Sharia non-bank financial services and Sharia capital market, is also hoped to be carried out in a synergic and integrated way.

KPJKS has a main function to give inputs as well as strategic and operational policy recommendation in the field of Sharia financial services development to OJK and relating government and non-government institutions. KPJKS has 24 members from OJK's internal and external officials, headed by OJK Board of Commissioners. Members of KPJKS from OJK's internal officials are Chairman and Deputy Chairman of OJK Board of Commissioners, three chief executives in charge of banking supervision, non-bank financial industry and capital market, and member of OJK Board of Commissioners in charges of education and consumer protection.

Members of KPJKS from OJK's external officials are 8 (eight) persons comprising ex-officio representative members from government and non-government institutions in the level of first echelon, namely from Finance Ministry, Religious Affairs Ministry, Law and Human Rights Ministry, Bank Indonesia, Indonesian Ulema Council (MUI), Muhammadiyah Central Leadership, Nahdatul Ulama (NU) Executive Council, and Association of Indonesian Accountants (IAI); also 9 (nine) prominent figures, clerics and academic experts who represent elements of society from various educational and professional backgrounds.

This OJK-formed committee consists of national figures as ex-officio institutional representatives, namely: Din Sjamsuddin (General Chairman of MUI and Muhammadiyah), Said Aqil Siradj (General Chairman of NU's Tanfidziyah Daily Operational Management), Nasaruddin Umar (Deputy Religious Affairs Minister), Mualimin (Director General of Law at Law and Human Rights Ministry), Andin Hadiyanto (Head of Fiscal Policy Office at Finance Ministry), Halim Alamsyah (Bank Indonesia Deputy Governor), KH. Maruf Amin (Chairman of Executive Management of MUI's National Sharia Board), M. Jusuf Wibisana (Chairman of IAI's Board of Accounting Standard for Sharia Finance), and a number of individual figures in the fields of economics and Sharia, namely Hendri Saparini, Muhammad Syafii Antonio, Komaruddin Hidayat, and others.

In his speech during inauguration event and KPJKS initial meeting held on Monday, August 10, 2014, in Jakarta, Chairman of OJK Board of Commissioners Muliaman D. Hadad emphasized again about OJK's commitment and strategic direction in accelerating the development of national Sharia financial services industry, and improving tenacity and competitiveness of Sharia financial services industry. Muliaman explained that OJK is now intensively formulating a master plan for developing Sharia financial services sector, which will function as a roadmap and development strategy in the future; accelerating the completion of various regulations and effective supervision system for Sharia financial services industry; stimulating development of infrastructures and supporting services; and continually carrying out educational programs to improve comprehension and literacy among society regarding Sharia financial services.

"We are aware that in order to grow and develop Sharia financial services into business that has competitiveness, tenacity and ability to contribute optimally to national economy, it requires coordination and effective cooperation among a range of government and non-government institutions," Muliaman explained.

Furthermore, Muliaman elaborated that Sharia financial services industry, which currently occupies a mere 5% to 8% of market share, has a relatively considerable space for growing. This is supported with the fact that low-income society without access to formal financial services remains large, the increasing number of middle-class society with relatively big income and the need of investment instruments and various financial services, and the remaining high necessity for finance in various business sectors, including finance for major scale projects that Sharia financial services industry should work on.

For those reasons, OJK continually put efforts into creating conducive environment for the growth of Sharia financial services industry. Therefore, OJK periodically conducts review and analysis on market condition and business activities of Sharia financial institutions in order to be able to stipulate effective policy and regulations that support the development of Sharia financial services sector.

Recent development in Sharia finance shows that Sharia banking total assets as of May 2014 was at Rp 250.55 trillion, Sharia insurance assets as of May 2014 was at Rp 19.26 trillion, Sharia finance assets as of June 2014 was at Rp 23.49 trillion, Sharia stocks as of July reached Rp 2,955.79 trillion,

corporate sukuk (Islamic bonds) as of July 2014 was at Rp 6.96 trillion, Sharia mutual fund as of July reached Rp 9.51 trillion, and Sukuk Negara (State Sharia Securities) as of July 2014 reached Rp 179.10 trillion.

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