

PRESS RELEASE

OJK ISSUES REGULATION ON ALTERNATIVE CREDIT RATING

Jakarta, January 21, 2025. Indonesia Financial Services Authority (“OJK”) issued OJK Regulation Number 29 of 2024 (POJK 29/2024) on Alternative Credit Rating (“PKA”) to encourage innovations within financial services sector.

This strategic measure is a part of OJK’s commitment to stimulate PKA business model growth or Innovative Credit Scoring (ICS) as the new business model in the digital finance ecosystem.

The regulation responds to the rapid information technology development, which opens efficiency opportunity in various business processes in the financial services sector.

The technological solution offered by PKA (credit score in addition to credit history) is expected to increase financial inclusion and expand financial access, particularly to MSMEs.

OJK is committed to continuously supporting innovations in the PKA sector while ensuring data security standards implementation and consumer protection. Licensed PKA monitored by OJK are expected to optimize credit services in the financial sector and to maintain good governance principles.

As a financial sector technology innovation (FSTI), PKA offers propriety, condition, and consumer profile assessments through telecommunication data, utility, and e-commerce.

PKA diversifies the financial services sector, particularly in the credit provision services. PKA implementation may assist in credit worthiness assessment for unbanked or underbanked individuals and groups, including MSME actors.

Moreover, PKA can be utilized by all communities, namely financial services business actors, credit information management institutions, consumers, and other parties.

POJK 29/2024 issuance follows up the mandate of Law Number 4 of 2023 on Financial Sector Development and Strengthening (“P2SK Law”) to regulate and supervise activities in the FSTI sector and digital financial assets, including crypto assets. Based on Article 213 of P2SK Law, one of the FSTI scopes are as the market auxiliary, including ICS or PKA.

The POJK stipulates PKA principles and scopes, institution, governance, PKA implementation, supervision, business activities and license revocation, and other compliance aspects.

The regulation is expected to provide legal certainties to PKA activities implementation, to ensure balance, to promote progressive innovation as well as consumer data protection.

OJK held dissemination on the POJK 29/2024 issuance at OJK Office Sumitro Djojohadikusumo Building on Tuesday for Indonesian Fintech Association (AFTECH), Indonesian Sharia Fintech Association (AFSI), registered ICS Operators, Indonesia Fintech Lending Association (AFPI), Association of Indonesia Financing Companies (APPI), National Banking Association (“Perbanas”), as well as ICS Operator candidates currently applying for registration.

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