

PRESS RELEASE

**THE FINANCIAL SERVICES SECTOR REMAINED RESILIENT
AMIDST CONTINUING DIVERGENCE IN GLOBAL ECONOMIC RECOVERY**

Jakarta, 3 August 2023. The Indonesian Financial Services Authority (OJK) Board of Commissioners' monthly meeting on 26 July 2023 assessed that the stability of the national financial services sector was maintained and remained resilient, supported by solid capital and adequate liquidity.

Global economic developments continued to demonstrate a divergence of recovery, with the US economy growing far better than expected, i.e., 2.4 percent growth in Q2-2023, compared to the Fed's projection of 1.0 percent for 2023, and with a declining inflation rate. The economic momentum for China and Europe currently tends to weaken, as signs of deflationary pressures in China were growing while the inflationary pressures in Europe remained persistently high. However, overall global economic performance exceeded the initial estimates. The IMF increased its projection for global economic growth in 2023 to 2.7 percent (April 2023 projection: 2.6 percent).

The market expected that the cycle of increased policy interest rates in the US would come closer to an end when the Fed raised the FFR by 25 bps at the FOMC Meeting in July 2023. This has prompted global financial markets to become stronger, including the stock market, bond market, and exchange rate market, which was followed by the start of inflows to a majority of emerging financial markets

Domestically, the national economic performance was positive, primarily in the business sector, as seen by an increase in the trade balance surplus, a rebound in the Purchasing Managers' Index (PMI) of the manufacturing sector in July 2023 to 53.3 (June 2023: 52.5), and an increase in industrial capacity utilities. Nevertheless, the potential for increased performance in the household sector and on the demand side in general needs to be boosted, as indicated by the continued downward trend in core inflation, moderation in retail sales, and consumer optimism.

Developments in the Capital Market

In line with the strengthening of the global financial markets, the Indonesian stock market as of 31 July 2023 also grew by 4.05 percent mtd to 6,931.36 (June 2023: grew by 0.43 percent mtd to 6,661.88), with non-resident investors posting an inflow of IDR2.72 trillion mtd (June 2023: an outflow of IDR4.38 trillion mtd). The increase in the Jakarta Composite Index (JCI) in July 2023 was largely contributed by shares in the energy sector and the basic material sector. On a year-to-date basis, the JCI increased by 1.18 percent as non-resident investors posted a net buy of IDR18.92 trillion (June 2023: a net buy of IDR16.21 trillion ytd). In terms of transaction liquidity, the average stock market transaction value in July 2023 was moderated to IDR9.66 trillion mtd and IDR10.24 trillion ytd (June 2023: IDR9.64 trillion mtd) and was generally below the average value of daily transactions in 2022 of IDR14.71 trillion.

On the bond market, the Indonesian Composite Bond Index (ICBI) was up 0.56 percent mtd and 7.07 percent ytd to 369.17 (June 2023: up 0.96 percent mtd and 6.48 percent ytd). On the corporate bond market, non-resident investors posted an outflow of IDR269.79 billion mtd and an outflow of IDR880.16 billion on a year-to-date basis (ytd).

The Government Securities Market (SBN) continued its positive trend and recorded non-resident investors inflows. In July 2023, non-resident investors posted an inflow of IDR8.30 trillion mtd (June 2023: an inflow of IDR17.53 trillion mtd), driving down the average yield on SBN by 1.09 bps mtd across all tenors. On a year-to-date basis, SBN yield was down by an average of 53.80 bps across all tenors, with non-resident investors posting a net buy of IDR93.00 trillion ytd.

In the mutual fund industry, the Net Asset Value (NAV) of mutual funds as of 31 July 2023 was recorded at IDR516.67 trillion or up 1.69 percent (mtd) as mutual fund investors posted a net subscription of IDR4.21 trillion (mtd). On a year-to-date basis, the NAV increased by 2.34 percent and recorded a net subscription of IDR1.79 trillion.

Fundraising through the capital market as of 31 July reached IDR162.09 trillion, with 57 new issuers. The value of shares issued in the IPOs within that period was higher than the total value reached in 2022, making it the largest in Southeast Asia and the 4th largest globally in the first semester of 2023. As many as 101 Public Offerings were in the pipeline, with an estimated value of IDR72.85 trillion, with 66 IPOs by new issuers.

As of 31 July 2023, in the fundraising through Securities Crowdfunding (SCF) as alternative funding for SMEs, there were 16 licensed operators, with 429 Issuers, 156,916 investors, and a total amount of IDR910 billion raised funds.

In regard to the enforcement of laws in the capital market sector:

1. As of July 2023, OJK has imposed administrative sanctions against 28 (twenty-eight) Entities, in the form of monetary fines of IDR12,953,000,000.00 (twelve billion nine hundred and fifty-three million rupiah), 1 (one) revocation of a permit, 4 (four) written orders, and 13 (thirteen) written warnings, all of which were related to investigated cases in the capital market, as well as an administrative sanction in the form of monetary fines of IDR11,101,920,000.00 (eleven billion one hundred and one million nine hundred twenty thousand rupiah) against 155 (one hundred and fifty-five) financial institutions in the capital market due to late submissions.
2. OJK imposed administrative sanctions in the form of monetary fines against 2 Financial Institutions related to the case of Marketing and/or Sales of Medium-Term Notes (MTN) of PT Perum Perumnas (Persero), as the securities were marketed and sold to more than 50 Entities without submitting a Statement of Registration to OJK and without any Effective Statement from OJK.

Developments in the Banking Sector

Amidst weakened global demand, the Indonesian banking sector remained resilient with a maintained intermediation function, supported by adequate capital.

In June 2023, banking loans grew by 7.76 percent yoy (May 2023: 9.39 percent) to IDR6,656 trillion, with the highest growth in investment credit of 9.60 percent yoy. By

credit ownership, State-Owned Banks marked the highest credit growth of 8.30 percent yoy.

On an annual basis, Third-Party Funds or Total Deposits (DPK) in June 2023 grew by 5.79 percent yoy (May 2023: 6.55 percent yoy) or stood at IDR8,042 trillion, with the lowest growth in Savings at 2.97 percent yoy.

OJK supported the banking industry to maintain its positive intermediation performance while maintaining a balance between increased financing and preserved liquidity. Banking liquidity in June 2023 was adequate, and liquidity ratios were maintained. The ratios of Liquid Assets/Non-Core Deposits (LA/NCD) and Liquid Assets/Third-Party Funds or Total Deposits (LA/TPF) declined to 119.05 percent (May 2023: 123.27 percent) and 26.73 percent (May 2023: 27.52 percent), respectively, yet continued to be well above the regulatory thresholds of 50 percent and 10 percent, respectively.

Credit quality was maintained, with banking ratios of net NPL remaining stable at 0.77 percent (May 2023: 0.77 percent) and gross NPL down to 2.44 percent (May 2023: 2.52 percent). Meanwhile, continued recovery in the real sector led to a decrease in loan restructuring related to Covid-19 of IDR11.03 trillion to IDR361.04 trillion (May 2023: IDR372.07 trillion). The number of debtors was down by 70,000 to 1.57 million debtors (May 2023: 1.64 million debtors). The proportion of Covid-19-related targeted loan restructuring (i.e., targeted towards particular segments, sectors, industries, and regions that require an additional 1-year term for loan/financing restructuring until 31 March 2024) reached 45.2 percent of the total Covid-19-related loan restructuring, or equal to IDR163.3 trillion.

Meanwhile, the market risk was relatively low, as the Net Open Position (NOP) was stable at a low level of 1.50 percent (May 2023: 1.57 percent), far below the 20 percent threshold. Further, risks pertaining to interest rates were also sloping down as the yields on Government Securities (SBN) were also sloping down due to a rather limited chance for the Fed Fund Rate (FFR) increase in the US.

In anticipation of potential risks in the future, the banking industry is considered to be resilient with a Capital Adequacy Ratio (CAR) of 25.41 percent.

Developments in the NBFI Sector

In the NBFI sector, the accumulated premium income in the insurance sector from January to June 2023 reached IDR150.08 trillion, or contracted by 4.74 percent compared to the same period in the previous year (June 2022: 0.96 percent). The growth of accumulated premiums in life insurance continued its downward trend of 9.94 percent yoy valued at IDR86,02 trillion as of June 2023, driven by the normalization of premiums in investment-linked insurance products (PAYDI). On the other hand, the accumulated premiums of general insurance grew positively by 4.02 percent yoy (June 2022: 18.54 percent), to IDR64.06 trillion.

Outstanding receivables grew significantly by 16.37 percent yoy in June 2023 (May 2023: 16.38 percent) to IDR444.52 trillion, supported by financing for working capital and investment that grew by 32.52 percent yoy and 17.57 percent yoy, respectively. The risk profile of Financing Companies was maintained, and the non-performing

financing (NPF) ratio was at 2.67 percent (May 2023: 2.63 percent). The pension fund sector saw asset growth of 7.22 percent yoy with a total asset value of IDR358.66 trillion.

The growth of outstanding financing in fintech peer-to-peer (P2P) lending in June 2023 slowed down to 18.86 percent yoy (May 2023: 28.11 percent), with a value of IDR52.70 trillion. The aggregated credit risk (TWP90/Loan Repayment Success within 90 days after the maturity date) was down to 3.29 percent (May 2023: 3.36 percent).

In general, capital in the NBFIs sector was maintained, as the life insurance and general insurance industries each recorded Risk-Based Capital (RBC) of 467.85 percent and 314.08 percent (May 2023: 462.80 percent and 307.07 percent), respectively, well above their thresholds of 120 percent. The gearing ratio of financing companies was 2.27 times (May 2023: 2.20 times), far below the maximum limit of 10 times.

Regarding the enforcement of regulations in the NBFIs sector:

1. OJK revoked the business license of PT Bentara Sinergies Multifinance, a financing company, on 5 July 2023 because the company remained under the special supervision status by the end of the special supervision period, hence, OJK determined that PT Bentara Sinergies Multifinance could not be revitalized. The company was required to settle rights and obligations in accordance with the applicable laws and regulations, among others:
 - Settle the rights and obligations of debtors, creditors, and/or funders who have interests in the company;
 - Provide clear information to debtors, creditors, and/or funders who have interests in the company regarding the mechanisms for settling rights and obligations;
 - Establish internally within the company, a center for information and customer complaints.
2. OJK revoked the Suspension of Business Activities sanction against PT Topas Multi Finance, a financing company, on 7 July 2023 as the company has complied with the provisions under Article 2 Paragraph (1) of OJK Regulation (POJK) No. 4/POJK.05/2013 on the Fit and Proper Test for Main Parties in the Insurance Companies, Pension Funds, Financing Companies, and Underwriting Companies as amended by OJK Regulation (POJK) No. 27/POJK.03/2016 on the Fit and Proper Test for Main Parties of Financial Institutions which stipulates that *“The Prospective Main Parties must obtain approval from OJK before performing any activities, duties, and functions as the Principal Party.”*
3. Regarding the obligation for fintech P2P lending companies to meet the minimum equity requirement of IDR2.5 billion, which took effect on 4 July 2023, as many as 26 fintech P2P lending companies had yet to meet this requirement as of June 2023.

OJK has required those companies to submit their action plans to meet the minimum equity requirement, and that monitoring will be carried out on an ongoing basis. Some of the companies are currently in the process of seeking approval for changes in capital to meet the requirement.

Fintech P2P lending companies that have submitted their improvement plans but have yet to submit their application for additional capital are required to submit such applications by 4 October 2023.

Fintech P2P lending companies that have held their license for 3 years since the date of issuance of their business license from OJK and have not met the minimum equity requirement are expected to immediately find a strategic partner(s) to meet the requirement.

Fintech P2P lending companies that fail to meet the minimum equity requirement by the deadline as specified in OJK Regulation (POJK) No. 10/POJK.05/2022 will be subjected to supervisory measures in accordance with the regulations.

4. Regarding the minimum equity requirement for Financing Companies as stipulated in OJK Regulation (POJK) No. 35/POJK.05/2018, as many as 8 Financing Companies have yet to meet the requirement.

OJK has taken supervisory action by monitoring the implementation of corporate actions against their previously submitted action plans as approved by OJK, while enforcement actions have been taken against Financing Companies that have not met the minimum equity requirement by the agreed timeline.

Developments in Consumer Protection and Education

OJK continues to support consumer protection and stronger financial literacy and inclusion through massive education programs delivered in-person and virtually through the Learning Management System (LMS) and social media. Adequate public financial literacy and inclusion are forms of early prevention that are related to protecting consumers in the financial services sector. Going forward, OJK is committed to implementing an integrated strategy between financial literacy and inclusion programs, consumer protection, and market conduct supervision in Indonesia.

As of 31 July 2023, OJK had rolled out 1,275 financial education activities, participated by 329,525 individuals nationwide. *Sikapi Uangmu*, a digital communication media providing information on financial education to the public through a mini-site and application, has published 249 contents related to financial education, reaching 1,217,485 viewers. In addition, the number of users of OJK's Learning Management System (LMSKU) reached 22,392 users who accessed the modules 23,650 times, and 18,233 certificates of module completion were issued.

OJK's work in financial literacy and inclusion is also strategically supported by, among others, line Ministries/Agencies, Financial Services Providers, academics, and other stakeholders, including through the Regional Financial Access Acceleration Teams (TPAKDs). As of 31 July 2023, 495 TPAKDs were established in 34 provinces and 461 districts/municipalities (89.69 percent of the total number of districts/municipalities in Indonesia).

OJK also supports the expansion of basic access to finance for young people, students, and university students by organizing *Hari Indonesia Menabung* (Savings Day) every 20th of August, creating momentum to promote awareness among young people and

students and their adoption of various programs aimed at better access to savings products, among others:

- a. One Account One Student (KEJAR) Program, consisting of Students' Savings (SimPel) and Kids Savings (Tabungan Anak). As of 30 June 2023, the amount of savings under the KEJAR program reached IDR29.13 trillion from 52.73 million student accounts (83.24% of the student segment). As many as 430 banks participated in the program.
- b. Youth and University Students' Savings (SiMuda) Program. As of 30 June 2023, the program had been accessed by 921,031 customers with a total savings deposit of IDR3.93 trillion.

Further, in terms of consumer protection, from January to 31 July 2023, OJK received 169,601 inquiries, including 12,175 complaints, 36 complaints indicative of violations, and 1,187 disputes that were lodged with LAPS SJK, the Alternative Dispute Resolution Agency for the Financial Services Sector. Of these complaints, as many as 5,656 were related to the banking sector, 2,913 were related to financial technology, 2,379 were related to financing companies, 1,008 were related to the insurance industry, and the rest were inquiries related to the capital market sector and other NBFIs.

Regarding complaints that were lodged through the Consumer Protection Portal Application (APPK), OJK continued to encourage the resolution of such complaints, both those that were indicative of disputes and those that were indicative of violations. In this case, 9,956 complaints (81.77 percent) were resolved through the Internal Dispute Resolution of the corresponding Financial Services Providers, and as many as 2,219 complaints (18.23 percent) are currently being resolved.

In eradicating illegal online loans and illegal investments, OJK and all members of the Taskforce for the Eradication of Illegal Activities (Investment Alert Taskforce or SWI) from 12 Ministries/Agencies enhanced their coordination in addressing this issue. Between 2017 and 31 July 2023, the Taskforce stopped the operations of 6,894 illegal entities, consisting of 1,193 illegal investment entities, 5,450 illegal online lending entities, and 251 illegal pawn-broking entities.

Policy Direction

OJK takes measured policy actions to ensure that financial sector stability is maintained and the financial services sector continues to serve as a positive catalyst for national economic growth. In this regard, the following policy measures were taken:

A. Policies to Maintain Financial System Stability

1. OJK will closely monitor the process of Business Plans adjustments among Financial Institutions (FIs) that put forward a balance between optimizing potential growth and maintaining the FI's risk profile.
2. OJK supports the implementation of Government Regulation (PP) No. 36 of 2023 on Export Proceeds from Natural Resources Business Operations, Management, and/or Processing (DHE SDA) for the purpose of increasing the country's foreign exchange reserves. To ensure that exporters, as bank debtors, have smooth business processes, OJK offers an incentive as mandated in Article 10 Paragraph

(3) letter b of the Government Regulation, i.e., the funds from natural resources export proceeds that are placed by exporters in special bank accounts can be used as cash collateral in accordance with the regulation on commercial bank asset quality.

Whereas in the NBFIs sector, funds from export proceeds can be kept in any non-tradable/non-transferable instrument at the Indonesian Export-Import Bank (LPEI). OJK has also made some adjustments to LPEI's monthly report template to include funds from export proceeds received by LPEI, as this will be the basis for the Government in enforcing the regulation for exporters.

3. OJK will issue a regulation dealing with significantly fluctuating conditions in the capital market, allowing discretionary responses to be taken at any time when significant fluctuations occur. The parameters for taking such discretions and alternative discretions shall be comprehensive, including disaster and non-disaster, and include other regulatory provisions and policies in dealing with significantly fluctuating market conditions that have been issued previously, with broad policy alternatives.
4. OJK monitors and will further review the developments in insurance claim ratios and the normalization of life insurance premiums, particularly in investment-linked insurance products (PAYDI). In this regard, OJK has asked insurance companies to take the necessary measures, including maintaining the level of technical reserves at an adequate level and preparing the monthly cash flow projection for the next year period.

B. Policies to Strengthen the Financial Services Sector and Market Infrastructure

1. As part of the follow-up actions to fulfill the mandate of the Act on the Development and Strengthening of the Financial Sector (UU P2SK) and in consultation with the National Parliament (DPR):
 - a. OJK has issued a number of OJK Regulations (POJKs) that further regulate the spin-off of Sharia Business Units (UUS) for banks, insurance and reinsurance companies, and underwriting companies, as follows:
 - ✓ OJK Regulation (POJK) No. 12 of 2023 on Sharia Business Units (UUS) dated 12 July 2023 which governs the spin-off of Sharia Business Units and the strengthening of such units in banks, including their capital (business operation funds), the responsibility of all members of the Board of Directors and Board of Commissioners of the parent Conventional Commercial Bank (BUK) to develop their Sharia Business Units, the shared use of resources between the parent Conventional Commercial Bank and its Sharia Business Unit, and the requirement to prepare an action plan for strengthening the Sharia Business Units to be included in the parent Conventional Commercial Bank's corporate plan.
 - ✓ OJK Regulation (POJK) No. 11 of 2023 on the Spin-Off of Sharia Business Units in Insurance and Reinsurance Companies, which further strengthens the regulation and supervision of the insurance industry. Insurance and Reinsurance Companies must spin off their Sharia Unit

if the Unit has met the requirements, such as that the total value of *tabarru'* funds and investment funds of Sharia Unit members have reached at least 50 percent of the total value of the insurance funds, the *tabarru'* funds and the investment funds of members in the parent company, as well as the minimum equity of the Sharia Unit, have reached at least IDR100 billion for Sharia Unit in Insurance Companies and IDR200 billion for Sharia Unit in Reinsurance Companies.

- ✓ OJK Regulation (POJK) No. 10 of 2023 on the Spin-Off of Sharia Business Units in Underwriting Companies, which requires underwriting companies that have Sharia Business Unit to spin-off the Unit upon meeting a number of OJK requirements regarding the Sharia Business Unit's total asset value (if the Unit's asset value has reached at least 50 percent of the total asset value of the parent Underwriting Company) and the Sharia Business Unit's minimum equity (IDR25 billion for district level, IDR50 billion for provincial level, and IDR100 billion for national level). It is expected that there will be no more Sharia Business Units in the underwriting industry after 31 December 2031.
- b. OJK has issued OJK Regulation (POJK) No. 14 of 2023 on Carbon Trading through the Carbon Exchange, which governs the requirements, licensing, procedures, and administration of carbon trading through the Indonesian Carbon Exchange. In addition, OJK and the Ministry of Environment and Forestry (KLHK) have signed a Memorandum of Understanding (MoU) on the agreement to expand cooperation and coordination between the two institutions in performing their respective duties and functions in sustainable finance, specifically on Carbon Pricing (NEK). The MoU serves as the legal basis for exchanging and using carbon trading data through the National Registry System on Climate Change Control (SRN-PPI) to ensure compliance with the applicable standards and procedures.

The carbon trading infrastructure and regulatory framework are an integral part of the process to prepare for the operations of the Carbon Exchange this year.

2. OJK has issued OJK Regulation (POJK) No. 9 of 2023 on The Use of Public Accountants and Public Accounting Firms in Financial Services Activities, which took effect on 11 July 2023, to further strengthen the integrity of financial statements in the financial services industry by enhancing the role of management and public accountants. This OJK Regulation is an amended version of the previous OJK Regulation No. 13/POJK.03/2017.

The regulatory provisions in this new OJK Regulation include:

- harmonized provisions regarding restrictions on the use of services from public accountants (rotation requirement) in audit engagements in line with the Professional Code of Ethics of Public Accountants and laws and regulations on the practice of public accountancy;
- enhanced coordination with the Ministry of Finance's Centre for Supervision and Development of Finance Professionals (P2PK) to manage the

- administration of activities of public accountants (AP) and public accounting firms (KAP);
- exchange of data to support supervision of public accountants (AP) and public accounting firms (KAP); and
 - collaboration between public accounting firms and internationally-affiliated firms that is expected to help strengthen the quality control and competence of public accountants (AP) and public accounting firms (KAP).
3. OJK is currently revising the regulation on the administration of Products of Sharia Rural Banks (BPRS) to help establish Sharia Rural Banks that are highly competitive and contribute significantly to the national economy, as well as alignment with the laws and regulations to support the development of Sharia Rural Banks' products by taking into account capital adequacy, effective risk management, and the principle of prudence.
 4. OJK is focused on enforcing the requirement for insurance and reinsurance companies to have an appointed (in-house) actuary as mandated by the Law on Insurance and OJK Regulation. As of mid-July 2023, as many as 40 insurance companies have yet to have their appointed (in-house) actuary, and 11 of them have applied for a fit and proper test for their candidates to fill the position.

OJK also supports stronger supervision of supporting professionals in the financial services sector, including Actuarial Consultants, as part of OJK's aims to create a more comprehensive supervisory system in the financial services sector.

From the supply side, OJK encourages the Indonesian Society of Actuaries (PAI) to take an active role in supporting the availability of qualified actuarial experts, including organizing certification exams and delivering continuing professional development training courses on a more regular basis. In addition, OJK also expects PAI to take part in ensuring that the certified actuary nominated to fill the position of appointed actuary in insurance and reinsurance companies has understood the duties and functions of an appointed actuary as stipulated in the relevant laws and regulations.

5. OJK engages with the World Bank in the self-assessment of International Organization of Pension Supervisors (IOPS) principles of private pension supervision as a benchmarking exercise to improve the quality of regulation and supervision of pension funds to be in line with international standards and best practices.

C. OJK Governance Strengthening

1. Preparing OJK's resilience in facing potential disasters through a series of business continuity management, including, among others, improved guidelines, strengthened competence, and disaster simulation, to provide assurance to the stakeholders regarding OJK's resilience in its business processes and duty performance.
2. Coordinating with the government in the Inter-Ministerial Committee (PAK) and other stakeholders, among others, the Institute of Indonesian Chartered

Accountants' Financial Accounting Standards Board (DSAK IAI), in preparing the Draft Government Regulation (RPP) on Fees in the Financial Services Sector and OJK's Work and Budget Plan as a follow-up to the Act No. 4 of 2023 on the Development and Strengthening of the Financial Sector (UU P2SK).

3. Developing and strengthening special audit functions in implementing anti-fraud management and upholding OJK's internal integrity in line with standards and best practices. OJK also collaborates with the Indonesian Supreme Audit Institution (BPK RI), Ministry of Finance, Central Bank (Bank Indonesia), and Governance, Risk, and Compliance (GRC) practitioners to support OJK's transformation.
4. Strengthening risk management and internal control by periodically evaluating OJK's risk profile, improving competence, and optimizing the function of Risk & Quality Officers (RQOs) at OJK, as well as coordinating the plan to develop RQOs at OJK Offices in line with organizational transformation.
5. Strengthening competence in special audit and investigation functions, both in the supervision of the financial services sector and internally within OJK.

D. Policies for financial literacy and inclusion as well as stronger consumer protection

1. Expanding the adoption of the Generic Model of Inclusive Financial Ecosystem (GM EKI) in the Rural Areas under the coordination of the Regional Financial Access Acceleration Teams (TPAKDs) to support the government in developing and empowering villages in an integrated manner by improving financial literacy and inclusion in the rural areas.
2. Strengthening cooperation with the Ministry of Foreign Affairs, Ministry of Social Affairs, and the Indonesian Migrant Workers' Protection Agency (BP2MI) to increase financial literacy and inclusion of Indonesian Migrant Workers (PMI) and other vulnerable segments of society, including to help them avoid any fraud and crime in the financial sector as well as Human Trafficking, among others, through direct education to the Indonesian Migrant Workers in collaboration with the Representative Offices of the Republic of Indonesia in the workers' placement areas, collaboration to increase the capacity of diplomats through Training of Trainers, and education to other vulnerable communities.
3. Expediting the finalization of technical regulations on the Alternative Dispute Resolution Agency for the Financial Services Sector (LAPS SJK) as an implementing regulation of OJK Regulation (POJK) No. 6 of 2020 on LAPS SJK, i.e., OJK Circular (SEOJK) on the Interview Procedures in Fit and Proper Test of Candidates for LAPS SJK Management and Supervisors, to support effective implementation of Article 245 and 246 of the Act on the Development and Strengthening of the Financial Sector (UU P2SK) for the benefit of customers in the financial services sector.
4. Optimizing the performance of the Taskforce for Eradicating Illegal Financial Activities (SWI/The Investment Alert Taskforce) by increasing coordination with the relevant Ministries/Agencies, in both preventive and repressive actions. Among others, the Task Force intensively and regularly coordinates with the

Ministry of Communication and Informatics to suppress the circulation of information via online means (links, websites) and applications offering illegal online lending and illegal investments, as this is the responsibility of the Electronic System Operators (PSE). This is intended to minimize access and prevent people from taking illegal online loans and making illegal investments. The collaboration complements the enhanced synergy and collaboration between OJK and the Ministry, i.e., optimizing the use of telecommunication and informatics network infrastructure to massively increase financial literacy.

5. Strengthening the monitoring of Financial Institutions (FIs) to meet their obligation to conduct a Self-Assessment on Compliance with the Regulatory Provisions regarding Public and Consumer Protection in the Financial Services Sector as regulated in Article 43 of OJK Regulation (POJK) No. 6/POJK.07/2022, with the report to be submitted no later than 30 September of the current year.

Based on the data from the 2022 Self-Assessment Reports, the level of compliance among FIs reached 98.32 percent. OJK is currently checking the validity of those self-assessment reports. The interim results indicate the following common findings:

- a. FIs did not fully complete the 2022 Self-Assessment in accordance with the real policies and/or operational procedures that prevail in their institutions.
- b. FIs have yet to fully implement the provisions in the OJK Regulation on Public and Consumer Protection in the Financial Services Sector and its corresponding implementing regulations.

Going forward, a stronger monitoring regime is expected to drive the FIs' compliance in submitting their Self-Assessment Reports to reach 100 percent, including ensuring that the 2023 Self-Assessment is completed in conformity with the real existing policies and/or operational procedures and their implementation.

E. Policies for Handling FIs Under Special Mention

Under its investigative function, between 2014 and 28 July 2023, OJK Investigators completed investigations in 108 cases, consisting of 83 cases in the banking sector, 5 cases in the capital market sector, and 20 cases in the NBFIs sector. The number of cases that were brought to the court was 89, i.e., 71 cases decided with a final and binding decision (*in kracht*), 2 cases on appeal with the appellate court, and 16 cases on appeal with the Supreme Court.

With all of the law enforcement and strengthening measures, OJK is optimistic that financial system stability can be maintained, particularly in anticipation of increased external risks, and that the national economic recovery post-pandemic can improve even further.
