

To

Board of Directors/Management of Financial Services Businesses  
conducting conventional business and/or sharia-compliant business

at the respective addresses

CIRCULAR LETTER  
OF THE FINANCIAL SERVICES AUTHORITY  
NUMBER 1/SEOJK.07/2014

PROVISION OF EDUCATION TO CONSUMERS AND/OR THE PUBLIC FOR  
IMPROVING FINANCIAL LITERACY

In reference to Regulation of the Financial Services Authority Number 01/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, it is necessary to enact regulatory provisions concerning provision of Education to Consumers and/or the public in order to improve financial literacy in a Circular Letter of the Financial Services Authority as follows:

I. GENERAL PROVISIONS

In this Circular Letter of the Financial Services Authority:

1. "Education" means enhancement of a person's knowledge and capacity applying practical techniques for learning or instruction with the objective of keeping facts or actual conditions in mind, by encouraging self-direction and actively providing new information or ideas.
2. "Financial Literacy" is the ability to understand knowledge and skills for managing financial resources to achieve prosperity.
3. "Financial Services Business," hereafter abbreviated as FSB, means Commercial Bank, Rural Bank, Securities Company, Investment Advisor, Custodian Bank, Pension Fund, Insurance Company, Reinsurance Company, Finance Institution, Pawn Brokerage Company and Underwriting Company, whether conducting conventional or sharia-compliant business.
4. "Business Plan" means a written document outlining the short-term plan

(one year)...

(one year) for the business activities of the FSB, including the plan for enhancing business performance, and a strategy for bringing this plan to fruition in accordance with the determined targets and time-frame without sacrificing compliance with prudential regulations and implementation of risk management.

5. Board of Directors:

- a. for an FSB incorporated as a Limited Liability Company means the board of directors as referred to in the law concerning limited liability companies;
- b. for an FSB incorporated as a Regional Government Enterprise means the board of directors as referred to in the law concerning regional government enterprises;
- c. for an FSB incorporated as a Cooperative means management board as referred to in the law concerning cooperatives; and
- d. for an FSB incorporated as a Pension Fund means management board as referred to in the law concerning pension funds;
- e. for a branch office of a foreign bank means the manager of the branch office of the foreign bank.

6. "Consumers" means parties placing their funds and/or availing the services available at Financial Service Institutions, including but not limited to Banking customers, Capital Market investors, Insurance policyholders and Pension Fund members, pursuant to the laws and regulations in the financial services sector.

## II. SCOPE OF EDUCATION PLAN

1. FSBs shall provide Education to Consumers and/or the public within the framework of improving financial literacy.
2. The plan for provision as referred to under number 1 shall be set forth in an annual programme reported to the Financial Services Authority.
3. The Education Plan shall cover at least the following:
  - a. adoption of an Education work programme appropriate to objectives, strategy and policy of the FSB;
  - b. evaluation of the Education plan implemented in previous periods;
  - c. budgeting of costs and assumptions used in preparing the Education plan.
4. Adoption of the Education work programme as referred to under number 3 letter a shall be guided by the programme for implementation of the Indonesia National Strategy for Financial Literacy, to be prepared jointly by the Education and Consumer Protection Division of the Financial Services Authority and the FSB on an annual basis.

5. Evaluation...

5. Evaluation of the education plan implemented in previous periods as referred to under number 3 letter b shall set forth at least the following:
  - a. comparison of past Education plans with outcomes for each year;
  - b. achievement of the established objectives and matters that have not been achieved (if any), including explanations of this;
  - c. implementation of the prescribed strategy and policy; and
  - d. obstacles encountered and problem-solving measures undertaken.
6. The assumptions used in preparing the FSB Education plan as referred to under number 3 letter c shall present at least:
  - a. macro assumptions including but not limited to average business growth in each sector and level of Financial Literacy in relevant sector; and
  - b. micro assumptions covering internally driven factors influencing the operations of the FSB, including cost allocations and execution of Corporate Social Responsibility (CSR).

### III. IMPLEMENTATION OF EDUCATION

1. Implementation of Education shall be based on the following principles:

- a. Inclusive

Inclusive is defined as Financial Literacy that must encompass people from all sections of society.

- b. Systematic and measured

Systematic and measured is defined as Financial Literacy presented in a programmed, easily understandable and simple form, the achievement of which is measurable.

- c. Ease of access

Ease of access is defined as financial services and information that is distributed throughout the territory of Indonesia and is easily accessible.

- d. Collaboration

Collaboration is defined as involving all stakeholders in a common endeavour in implementing Financial Literacy.

Provision of Education conducted in a systematic and measured manner as referred to in under number 1 letter b is defined as planned Education activities with impact that can be measured from the activities that are carried out. Impact of activities is measurable, for example by conducting a comprehension survey of the delivery of Education already performed.

2. Ease of access to the material and content of the Education provided by the

FSB as...

FSB as referred to under number 1 letter c comprises the use of Education facilities capable of reaching the general public, for example, the provision of Education information and simulations of benefits and cost calculations that can be accessed via a website or printed material available at each branch office of the FSB.

3. Provision of Education to Consumers and/or the public shall be adjusted to the capacity of the FSB. An Education plan may be conducted on a stand-alone basis or in collaboration as referred to under number 1 letter d.
4. Provision of Education does not extend to marketing of financial products and/or services offered by the FSB. Education shall focus on providing information on the basic features of financial products and/or services, including provision of knowledge and skills pertaining to benefits, costs and risks.
5. Charity activities involving the provision of social aid may constitute provision of Education if the activity is conducted on a continuing basis and is monitored regularly.

#### IV. DESIGN, SUBMISSION AND AMENDMENT OF EDUCATION PLAN

1. Submission of an Education plan shall be combined with submission of the FSB Business Plan.
2. If the FSB does not have a Business Plan, the Education plan may be submitted separately.
3. The Board of Directors shall submit the Education plan to the Financial Services Authority, attn. Supervisory Division, with a copy to the Education and Consumer Protection Division, no later than 30 November before the beginning of the Business Plan year.
4. The Financial Services Authority may ask the FSB to make amendments to the submitted Education Plan if the Education plan does not comply with the provisions of this Circular Letter of the Financial Services Authority.
5. Amendments to the Education plan as referred to under number 4 shall be submitted no later than 15 (fifteen) working days after the date of the letter from the Financial Services Authority.
6. An FSB may amend an Education plan only once during each reporting period, no later than the end of June in the current year.
7. Amendment to the Education plan as referred to under number 6 may be made separately from amendment to the Business Plan.
8. Amendment to the Education plan shall be submitted no later than 30 (thirty) working days before implementation of the amendment to the Education plan.

## V. REPORTING OF EDUCATION PROVISION

1. The Board of Directors shall submit a report on provision of Education to the Financial Services Authority no later than the 30th day of January of the following year.
2. Reports shall be submitted to the Education and Consumer Protection Division of the Financial Services Authority with a copy to the appropriate Supervisory Division for the particular industry.
3. Reports on provision of Education shall present at least the following;
  - a. Targets;
  - b. Financial Literacy Programme;
  - c. Objectives;
  - d. Nature of activity;
  - e. Frequency; and
  - f. City.
4. Reports on provision of Education and the filling in of reports for provision of Education shall conform to the format in the Annex comprising an integral part of this Circular Letter of the Financial Services Authority.

## VI. TRANSITIONAL PROVISIONS

FSBs are required to submit their Education plans for the first time no later than 31 August 2014, encompassing the implementation of Education activities from 1 January 2014 until 31 December 2014.

## VII. CONCLUDING PROVISIONS

The provisions in this Circular Letter of the Financial Services Authority shall enter into force on 6 August 2014.

For the public to be informed, it is ordered that this Circular Letter of the Financial Services Authority be promulgated in the State Gazette of the Republic of Indonesia.

Enacted in Jakarta

Dated 14 February 2014

MEMBER OF THE BOARD OF  
COMMISSIONERS FOR EDUCATION AND  
CONSUMER PROTECTION

(signed)

KUSUMANINGTUTI S. SOETIONO