

PRESS RELEASE
NON-BANK FINANCIAL INDUSTRY PERFORMANCE IN 2014
GROWS POSITIVELY

Jakarta, January 7, 2015. Financial Services Authority (OJK) evaluated that non-bank financial industry development during 2014 was positive amidst deceleration of national economic growth. Total asset of non-bank financial industry as of November 2014 increased by around 12.84% when compared to December 2013 position, reaching Rp 1,514.6 trillion. The majority of non-bank financial industry asset was held by insurance industry at Rp 772.7 trillion, followed by finance companies at Rp 435.9 trillion, pension fund at Rp 186.1 trillion, financial services institutions at Rp 114.9 trillion and supporting services industry at Rp 4.9 trillion.

As of November 2014, premium growth in insurance industry was at 40.9% or Rp 237.7 trillion, an increase compared to the growth in 2013 which was at 9%. The highest premium growth was in social insurance at 566.4% or Rp 63.2 trillion. Meanwhile, premium growth in life insurance was at Rp 115.6 trillion, general insurance at Rp 43.8 trillion and reinsurance at Rp 5.4 trillion. Insurance claim also increased by 40% or Rp 145.9 trillion.

Insurance density (ratio of gross premium/total population) and insurance penetration (ratio of gross premium/GDP) also showed positive values. Life insurance density was at 1.26 percent, an increase when compared to the value in November 2013 at 1.17 percent. General insurance density as of November 2014 was at Rp 174,090, a decrease when compared to the value in November 2013 at Rp 175,000. General insurance penetration was at a stagnant 0.48 percent when compared to the penetration in 2013. Commercial insurance density as of November 2014 was at Rp 633,070, an increase when compared to that of November 2013, which was Rp 601,530. Commercial insurance penetration was at 1.74 percent, an increased compared to last year's penetration at 1.65 percent.

Moreover, credit growth of finance companies as of November 2014 increased when compared to last year's figure. Credit growth of finance companies was at Rp 364.1 billion, leasing at Rp 111.1 billion, factoring at Rp 9.08 billion, and consumer financing at Rp 243.9 billion.

In order to support non-bank financial industry growth, OJK has in 2014 issued regulations in the field of non-bank financial industry, specifically 14 OJK regulations, 3 OJK Board of Commissioners regulations, 6 OJK circular letter, and 4 OJK Board of Commissioners circular letters.

As for 2015, OJK has some priority programs for insurance, among others are formulating OJK regulations in insurance field, formulating preparation programs for implementing ASEAN Economic Community in 2015, revision of Finance Minister Regulation Number 53 of 2012 on financial soundness of insurance and reinsurance companies, reinsurance treaty regulation and insurance premium tariff.

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For pension fund, OJK will formulate draft of pension fund law with government and House of Representatives and draft of OJK regulation on pension fund management. In effort to drive reinforcement of venture capital industry, OJK will formulate OJK regulation on venture capital.

Additionally, pursuant to the mandate or Law Number 1 of 2013 on microfinance institutions (MFIs), OJK will conduct supervision over MFIs. OJK will organize MFIs that are not yet managed as legal entity. Therefore, some of OJK's programs include consolidating MFIs into legal entity, training, fostering and basic level supervision for employees of regional apparatus working unit (SKPD) at regency/city government as MFI supervisor, appointing other party as MFI supervisor if regency/city government is not yet prepared.

Meanwhile, Sharia non-bank financial industry's market share currently occupied a mere 3.9% of total non-bank financial industry's market share. As for Sharia financial services system, Sharia non-bank financial industry only reached 8.8%. Therefore, OJK will perform development and cooperation in order to develop Sharia non-bank financial industry. Moreover, OJK will develop micro insurance and Sharia micro insurance in a bid to improve society's access to products and services of non-bank financial industry.

Especially for non-bank financial industry licensing, OJK will perfect the process of licensing business in non-bank financial industry, accelerate licensing process, and conduct fit and proper test for companies in non-bank financial industry.

Some of work programs that are being prepared are integrated business licensing, promoting branchless banking in non-bank financial industry, and preparing `one day service` program for certain licensing in non-bank financial industry, such as opening offices other than branch office.

For acceleration in licensing process, it will be shortened from the 30 days to 15 days, starting from the day the proposal document is completed. Whereas acceleration in stipulation of decision letter for fit and proper test, it will be cut from the average 30 days to 15 days.

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