

PRESS RELEASE

OJK TO SOON ISSUE REGULATION ON ACCOUNT OPENING FOR FOREIGN CITIZENS

Jakarta, September 10, 2015. Financial Services Authority (OJK) will soon issue a regulation on simplification of foreign exchange account owned by foreign citizens.

Until today, account opening for foreign citizens requires many documents besides passport, such as Temporary Stay Permit (KITAS) and other supporting documents for customer due diligence (CDD) procedures. Such easiness in the future regulation is expected to encourage tourists, especially those of frequent flyer members, to open foreign exchange accounts in local banks.

The policy is also intended to bring in foreign exchange funds from tourist to Indonesia's banking system in order to increase supply of foreign exchange through foreign exchange deposits in banks. Additionally, this easiness is expected to boost foreign citizens' interest in investing and/or travelling in Indonesia.

"This policy is in accordance with and will support government and Bank Indonesia policies. We will issue the regulation very soon. We have got permission from the Financial Transaction Reports and Analysis Centre (PPATK) to simplify the process of opening accounts for foreign citizens," Chairman of OJK Board of Commissioners Muliaman D. Hadad said.

Provisions on simplification of requirements that will be issued are as following:

1. Foreign citizen's account with limited balance of between USD 2,000 - 50,000.
 - Opening an account in CDD measures only requires passport as identity card.
 - Minimum initial deposit is USD 2,000 and maximum balance is USD 50,000.
 - Higher charge is applied to balance under USD 10,000
2. Foreign citizen's account with unlimited balance.
 - Opening an account in CDD measures requires passport and 1 (one) certain additional document (for instances: reference letter from associated bank in foreign citizen's country of origin, certificate of local residency, spouse's identity, copy of residence contract, or credit/debit card).
 - Balance is above USD 50,000.
3. Foreign citizen's account with particular large amount of balance.
 - Opening an account in CDD measures requires passport and 1 (one) certain additional document (for instances: reference letter from associated bank in foreign citizen's country of origin, certificate of local residency, spouse's identity, copy of residence contract, or credit/debit card).
 - Balance is above USD 100,000,000.
 - Tax rate for deposit interest is lower than tax rate in general and is applied progressively (higher amount of balance gets lower tax rate).
 - This kind of account opening is prioritized to be performed only by certain banks that have fulfilled requirements for risk management and prudential banking.

Aside from this regulation, in order to support government policy, OJK within the near future will also issue a regulation that simplifies requirements for banks to perform trust functions. This regulation will be issued to increase supply of foreign exchange and to improve contribution and competitiveness of domestic banking industry, as well as to drive domestic financial deepening.

Trust functions include, among others, activities as: paying agent, conventional investment agent and/or Sharia investment agent, and conventional borrowing agent and/or Sharia borrowing agent.

A trustee can be a bank or branch office of a bank located in foreign countries.

“Basically, banks will be given easier requirements to operate trustee business. This is important to increase supply of foreign exchange,” Muliaman said.

Previously, in effort to boost the weakening national economic growth, OJK has issued several regulations in the fields of banking and non-bank financial industry, which are expected to function as economic stimulus from finance sector.

In banking field, OJK has issued two regulations intended to withhold the decrease of credit quality that is possible to bring impacts on banking performance, both of conventional and Sharia banking, by keep complying with prudential principle.

The two regulations are OJK Regulation Number 11/POJK.03/2015 on prudential principle in the framework of national economic stimulus for conventional banks, and OJK Regulation Number 12/POJK.03/2015 on prudential principle in the framework of national economic stimulus for Sharia banks and Sharia business units.

Additionally, in non-bank financial industry field, OJK has also issued new regulations that give stimulus for insurance companies and pension funds in effort to reduce the impacts of the weakening financial condition globally.

These policies are expected to be able to boost national financial market’s stability and to support national economic growth. The three issued regulations are:

1. OJK Circular Letter Number 24 of 2015 on evaluation of bond investment and adjustment of minimum risk-based capital for insurance and reinsurance companies;
2. OJK Circular Letter Number 25 of 2015 on evaluation of Sharia bond investment and calculation of funds to anticipate risk of failure in managing wealth and/or responsibilities of Sharia insurance and reinsurance companies; and
3. OJK Circular Letter Number 26 of 2015 on evaluation of securities investment for pension funds.

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