

PRESS RELEASE
OJK SUPPORTS DIASPORA BOND ISSUANCE

Jakarta, October 17, 2016 — The Financial Services Authority (OJK) saw that there was huge potential in remittances from Indonesian diaspora and those remittances could be used to fund the country's development when invested in Diaspora Sukuk (Islamic bonds).

“Diaspora Sukuk represents active contribution to state development. Other than offering investment opportunities to the Diaspora, in particular, we would like to tap into their senses of nationalism and patriotism,” OJK Deputy Chairman Rahmat Waluyanto said when opening a focus group discussion (FGD) on the theme of “Exploring Diaspora Sukuk’s Potentials for National Development” on Monday in Jakarta.

He said that such type of bond was one of the efforts to promote Sukuk development in the financial services industry towards Indonesia's economic growth.

Rahmat also stated that it was necessary to support Diaspora Sukuk with good governance in both public and private sectors in order to raise Indonesian migrant workers' trust in the bonds, so they would be confident that their funds were invested in a safe instrument, which would also be used to expand their home country's economic development.

He revealed that Indonesia migrant workers (PMI) had a significant amount of funds for supporting Indonesia's economic development. Data from the Agency for the Placement and Protection of Indonesian Migrant Workers (BNP2TKI) showed that in 2014, there were 6.5 million PMI working in 142 countries worldwide.

The Indonesian Central Bank recorded that in 2014, PMI sent remittances for a total amount of US\$ 8,345,070,344, or equivalent to IDR 105.9 trillion, with assumed foreign exchange rate of IDR 12,700 per U.S. dollar.

Besides Indonesian migrant workers, other Indonesian diaspora also has enormous potential to support their native country's economic development. The Diaspora dispersed in various countries includes Indonesian citizens (WNI) who live abroad (including Indonesia migrant workers), foreigners who were previously WNI or who are of Indonesian descent, and foreigners who have ties with Indonesia even though they are not of Indonesian descent.

The ties that Indonesian diaspora have with their native country serve as a factor that can motivate them to participate in the development by investing in Indonesia.

Djoko Waluyo, Global Indonesian Diaspora Network (IDN) Vice President, American Chapter, said that most of the Diaspora community members retained a strong sense of nationalism and were keen to contribute to their motherland, in addition to seeking for investments that could provide assurance for their retirement. However, in general the Diaspora community had yet to understand about the available investment alternatives or how to start investing in Indonesia.

“The OJK is expected to know more about the Diaspora community’s potential and make collective efforts to develop it in relation to national development, by conducting more educational and dissemination programs for various Indonesian Diaspora communities,” he said.

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