

PRESS RELEASE

CALL FOR PAPERS ON NON-BANK FINANCIAL INDUSTRY “REINFORCING NON-BANK FINANCIAL INDUSTRY BY QUALITY REGULATIONS AND INNOVATIVE FINANCIAL PRODUCTS AND SERVICES”

Financial Services Authority, Jakarta, May 2, 2016: The Financial Services Authority (OJK) once again held Call for Papers on the Non-Bank Financial Industry (IKNB) following positive responses and appreciation that it received from practitioners, scholars, and the general public, for last year’s competition. In the previous year, the event’s theme was only related to the insurance and pension fund sectors. For 2016, the Call for Papers topic does not only concern about the two sectors, but it covers the whole IKNB. The general theme of the 2016 IKNB essay competition is “Reinforcing the Non-Bank Financial Industry through Quality Regulations and Innovative Financial Products and Services.”

OJK statistics showed that IKNB assets still enjoyed growth despite economic slowdown in 2015. Compared with the same period in 2014, IKNB assets rose to a total of IDR 1,531.67 trillion, up 8.67 percent from its position in December 2014. Among non-banking institutions, insurance companies still had the biggest assets by recording total assets of IDR 596.62 trillion in December 2015, soaring 5.53 percent year-on-year (yoy) from IDR 565.33 trillion. Next, financing companies made up the second biggest sector of the IKNB with total assets amounted to IDR 473.42 trillion as of December 2015, growing by 6.69 percent yoy from IDR 443.74 trillion. These figures showed that the IKNB has potentials to grow and develop, in line with the public’s higher literacy on the industry’s financial products and services.

The Call for Papers competition is expected to be a platform for innovative ways to attract the general public to participate in accelerating IKNB’s development, so at the end the industry would contribute more to the national economic development.

Further, as part of the efforts to achieve higher national economic growth, the Government has planned for infrastructure development, capacity building for MSMEs, including startup companies, and food security. In order to promote the government’s strategic programs, the OJK has designed a number of IKNB strategic programs, including: the Rice Farmer (Agricultural) Insurance, the Beef Cattle Insurance, the Fishermen’s Food Security Working Group, the Insurance for Ship Hull Removal, Revitalization of Venture Capital Companies and encouraging the Indonesian Export Financing Agency (LPEI) to participate in raising financing, especially for creative industries and MSMEs. In order to ensure the achievement of these programs’ objectives, IKNB industry players and stakeholders need to be involved in them. The OJK encourages insurance companies, pension funds, financing and guarantee institutions to take active participation by launching the financial products and services that support those government programs.

Quality regulation is important for strengthening the IKNB. One of such measures is adopting regulations that consider commercial aspects, give legal assurance to industry players in operating their businesses and guarantee consumer protection. The OJK always makes efforts to issue regulations that ensure that the financial services sector's activities are carried out in an organized, fair, transparent and accountable manner, in order to create a non-bank financial industry that enjoys sustainable and steady growth. However, the agency still needs input or responses from all IKNB stakeholders on the regulations it has issued and other aspects not yet regulated.

To celebrate the National Education Day, from today (May 2, 2016) to September 9, 2016, the general public, practitioners, researchers, lecturers, and university students, can submit their papers to the OJK. The Call for Papers judges came from academic, practitioner, and bureaucracy circles. The judges will assess the submitted papers based on their originality, innovativeness, clarity, and use and applicability.

For more information:

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