

PRESS RELEASE

OJK LAUNCHES BALI CENTER FOR SUSTAINABLE FINANCE TO SUPPORT SUSTAINABLE DEVELOPMENT PROGRAM

Bali, July 12, 2017 — The Financial Services Authority (OJK) in cooperation with Bali's Udayana University launched the Bali Center for Sustainable Finance (BCSF), which marks both institutions' efforts to provide integrated information about Sustainable Finance for stakeholders, towards successful implementation of the Sustainable Finance program in Indonesia.

The Center was launched at Udayana University campus and the launching was followed by a national seminar on Sustainable Finance titled "Sustainable Finance as Key Instrument to Achieving SDGs". The seminar preceded the official conclusion of a pilot project called "the First Movers on Sustainable Banking," and dissemination of information about an OJK regulation concerning Sustainable Finance.

This activity manifested the implementation of Sustainable Finance Roadmap 2015 – 2019—which the OJK introduced in December 2014—and reflected the Authority's support to the government in relation to the sustainable development program.

Muliaman D Hadad, OJK Chairman of the Board of Commissioners, in his opening remarks explained that the establishment of the information center demonstrated the financial services sector's full support to efforts towards sustainable economic growth, through alignment of economic, social, and environmental interests.

The center's inception was also backed up by the Directorate General of Higher Education of the Research and Technology and Higher Education Ministry, and the Environment and Forestry Ministry (KLHK)

Bali's Udayana University was chosen as the Center for Sustainable Finance since Bali is an Indonesian tourism area whose social and environmental conditions are conducive to Sustainable Finance development. Plus, the local government and other stakeholders fully backed the initiative to found the center.

The BCSF was set up for attaining the following goals:

1. to provide a study and learning center for everyone, including financial services industry players, policymakers, business players in both the financial services and real sectors, and the general public, who wish to conduct studies/research/learn about Sustainable Finance;
2. to offer a place where experts from various fields—such as economics, business, finance, environment, energy, infrastructure—and practitioners of financial services sector can gather to discuss and share information about challenges and obstacles in implementing Sustainable Finance;
3. to build a network that encompass all stakeholders of the Sustainable Finance program; and to complete a pilot project that helps academic research results reach industry players and the financial services sector.

Muliaman expected the BCSF to spur more scientific publications on Sustainable Finance, given that research concerning the particular subject has been few and far between. Of course, support from the Directorate General of Higher Education of the Research and Technology and Higher Education Ministry is essential, to assist future national and international scientific publications.

Soon, the OJK will issue a regulation on Application of Sustainable Finance for Financial Services Companies, Issuers and Public Companies towards the Sustainable Finance Roadmap Implementation. The OJK Regulation was designed to achieve the following objectives:

1. to provide the funding sources needed for achieving sustainable development goals and ensure adequate financing for efforts to address climate change concerns;
2. to make financial services companies, issuers and public companies more resilient and competitive through better social and environmental risk management (this objective can be achieved by developing financial products and/or services based on sustainable finance principles, in order to generate positive contribution to the financial system stability);
3. to narrow social gap, reduce and prevent environmental damage, preserve biodiversity, and encourage efficient energy and natural resources use; and
4. to develop financial products and/or services based on sustainable finance principles.

The OJK regulation on Sustainable Finance will be applied gradually to each financial services company, issuer or public company, by taking into account their different characters and sophisticated business nature. In addition, the OJK will also assess the readiness of each financial services company, issuer or public company, to implement the regulation.

Moreover, the OJK has carried out several activities to support the Sustainable Finance Roadmap implementation, including an awareness raising program targeted at financial services companies. Under such program, a number of training was run, such as 22 classes of basic environmental analysis training (TAL), two classes of advanced environmental analysis training, and three classes of training of trainers (ToT).

As many as 810 employees from financial services companies have participated in those training and acquired understanding about social and environmental risk management and eco-friendly business sectors.

Further, the OJK has produced guides on the Sustainable Finance program for financial services companies. They were written in collaboration with relevant experts and institutions, such as the USAID, IFC, UNIDO, GIZ and WWF.

Then since November 2015, the OJK had carried out a pilot project called “The First Movers on Sustainable Banking.” Eight banks (Bank Mandiri, BRI, BNI, BCA, Bank Artha Graha, Bank Jabar Banten—a regional development bank, Bank Muamalat, and BRI Syariah) committed themselves to the project and employed the sustainability principle, especially when applying social and environmental risk management to their business process.

The pilot project had been accomplished within 18 months as scheduled. Thus, together with today’s launching, the OJK officially closed the project.

Following the end of the First Movers on Sustainable Banking project, the OJK will start another one for the second movers by involving not only banks, but instead, all financial services companies.

For more information:

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