

PRESS RELEASE

OJK TO INCREASE PROTECTION FOR CONSUMERS IN PALEMBANG

Financial Authority Services, Palembang, July 21, 2016, The Financial Services Authority (OJK) held Dissemination of Its Regulations on Implementation of Education and Consumer Complaint Services by Financial Services Institutions, in Applying Regulations on Consumer Protection.

A survey that the OJK conducted in 20 provinces across Indonesia in 2013 indicated that the national financial literacy rate stood at around 21.84%, whereas the utilization rate of the financial sector's products and services reached approximately 59.74%. The data showed that Indonesians had yet to understand their rights and obligations.

In the South Sumatera Province, the local population achieved a financial literacy rate of 23.25%, and gained its highest literacy rate—also at 23.25%—concerning the banking sector. The Province recorded a financial utilization rate of 66.75% and scored its highest financial utilization rate—at 64.75%— in the banking sector, too. These figures were considered very low even though many members of the population had used financial products and/or services. In addition, the population's higher utilization rates compared to its financial literacy rates in the same sector showed a lack of understanding in relation to financial products and/or services available to the public, even though the local people have been using such products and/or services offered by financial services institutions.

Therefore, the OJK together with financial service businesses, are obliged to boost the public's financial literacy by carrying out financial education activities in accordance with the implementing regulation of Financial Services Authority Regulation No. 1/POJK.07/2013 concerning Consumer Protection in the Financial Services Sector, namely Financial Services Authority Circular Letter No. 1/SEOJK.07/2014 on Financial Literacy Education for Consumers and/or the Public.

The lack of literacy has made the public not fully comprehend its rights and obligations, or the benefits, risks, and fees of the financial products and/or services that it has been using. As a result, the OJK still receives complaints from consumers through its Financial Customer Care (FCC) services.

The OJK's FCC in the Southern Part of Sumatera (the OJK's KR7 Working Area) had received 136 calls that sought information, 5 inquiries, and 35 complaints as of July 1, 2016. Hence, all financial service businesses are expected to have fully-functioning customer services and complaint settlement mechanisms, in accordance with Circular Letter No. 2/SEOJK.07/2014 on Services and Settlement of Complaints from Consumers of Financial Service Businesses, so complaints may first be settled by internal mechanisms before they are handed over to the OJK or the Alternative Dispute Resolution Institution (LAPS).

At the initial stage, the Dissemination of Financial Services Authority Regulations is expected to give an idea on how the consumer protection regulations are applied. In addition, financial service businesses should help make consumers and/or the public understand about the financial services sector, by holding financial education events aimed at increasing the public's financial literacy rate. Later, financial service businesses are expected to have better comprehension on the roles of the unit/function that deals with customer services and complaint settlements.

For more information:

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