

INTRODUCTORY PRESENTATION



**ESTABLISHMENT
OF
OTORITAS JASA KEUANGAN/OJK
(FINANCIAL SERVICES AUTHORITY
GOVERNMENT OF INDONESIA)**

- Banking Act No.10 year 1998
- Bank Indonesia (Central Bank of Indonesia) Act No.3 year 2004
- OJK Act No.21 year 2011

PREVIOUSLY

- Banking sector under supervision of Bank Indonesia
- Capital market and non-bank financial industry (insurance, pension fund, pawnshops, multi finance company) under supervision of Ministry of Finance and Capital Market Supervisory Agency and Financial Institution.

PRESENT

Main objectives of OJK:

- Regulate financial industry
- Supervise financial industry
- Protect customer of financial industry .

Regulations related to Banking Industry:

- Banking Act
- Taxes Act and its derivatives
- Labor Act
- Bank Indonesia and OJK regulations
- Financial Statement standard

Types of bank in Indonesia:

1. Commercial Bank
2. Rural Bank

THE DIFFERENCES

	Commercial Bank	Rural Bank
Ownership	<ol style="list-style-type: none">1. Government2. Citizen or company own by citizen of Indonesia3. Foreign (individual or company)	<ol style="list-style-type: none">1. Government2. Citizen or company own by citizen of Indonesia
Office network (area of operation)	Indonesia and foreign country	One province
Number of branches	Almost unlimited	Limited

THE DIFFERENCES

Activity	Commercial Bank	Rural Bank
Source of funds	<ol style="list-style-type: none">1. Third party Funds (Rupiah and Foreign Exchange):<ul style="list-style-type: none">• saving,• demand deposit,• time deposit,2. Liabilities to Bank Indonesia3. Interbank Liabilities4. Issued Securities5. Loans received (Rupiah and Foreign Exchange)6. Spot and Derivatives Liabilities7. Other Liabilities8. Margin Deposits	<ol style="list-style-type: none">1. Third party Funds (Rupiah) :<ul style="list-style-type: none">• Saving,• time deposit,

THE DIFFERENCES

Activity	Commercial Bank	Rural Bank
Distribution of funds	<ol style="list-style-type: none">1. Credit (Rupiah and Foreign Exchange),2. Placement to Bank Indonesia,3. Interbank placement (saving, demand deposit and time deposit),4. Securities,5. Equity investment6. Impairment in Financial Assets7. Spot and Derivatives Claims8. Other Claims	<ol style="list-style-type: none">1. Credit (Rupiah),<ul style="list-style-type: none">• Placement to Bank Indonesia,• interbank placement (saving, demand deposit and time deposit)

Bank Industries Operation (Billion Rp):

Indicator	2015 (Dec)	2016 (Dec)	2017 (Dec)	2018 (April)
Total Banks				
- Commercial Banks	118	116	115	115
- Rural Banks	1.636	1.633	1.619	1.609
Total Bank Offices				
- Commercial Banks	32.949	32.730	32.285	32.022
- Rural Banks	5.982	6.075	6.192	6.191
Total Assets				
- Commercial Banks	6.095.908	6.729.799	7.387.634	7.456.300
- Rural Banks	101.713	113.501	125.945	127.877
Distribution of Funds				
- Commercial Banks	5.952.279	6.570.903	7.177.549	7.254.367
- Rural Banks	98.604	109.389	121.296	123.099
Source of Funds				
- Commercial Banks	4.909.707	5.399.210	5.921.039	5.993.165
- Rural Banks	84.728	93.622	103.874	105.647

Banks Performance:

Indicator	2017 (Dec)	2018 (April)
Capital Adequacy Ratio		
- Commercial Banks	23,18%	22,25%
- Rural Banks	22,95%	23,41%
Return on Assets Ratio		
- Commercial Banks	2,45%	2,40%
- Rural Banks	2,55%	2,59
Operating Expense/Operating Income		
- Commercial Banks	78,64%	79,59%
- Rural Banks	80,50%	81,07%
Net Interest Margin		
- Commercial Banks	5,32%	5,07%
- Rural Banks	11,19%	11,21%
Loan to Deposits Ratio		
- Commercial Banks	90,04%	90,43%
- Rural Banks	75,36%	76,40%

Risk Based Bank Supervision Cycle:



Quality assurance through Panel Forum

About Indonesia:

1. Capital city : Jakarta
2. 16.056 islands (5 big islands)
3. 35 provinces
4. Population : more than 265 million
5. Tropical country, a lot of active volcanoes, high precipitation



Thank You!

