



Thursday, 26th March 2020

**INFORMATION****The New Financial Services Authority (OJK) Regulation No. 11/POJK.03/2020**

We would like to share the information of the new regulation from the Financial Services Authority (OJK) Regulation No. 11/POJK.03/2020 on the National Economic Stimulus as a Counter-cyclical Policy on the Impact of the spread of Covid-19 provides a stimulus to the financial industry sector.

The development of coronavirus disease COVID-19) has a direct and / or indirect impact on the performance and capacity of debtors including micro, small and medium business (SMEs) debtors, thus potentially disrupting banking performance and financial system stability that can affect economic growth. Therefore, to encourage the optimization of the banking intermediary function, maintain financial system stability, and support economic growth, an economic stimulus policy is needed as a countercyclical impact of the spread of COVID-19.

The main points of the Financial Services Authority (OJK) Regulation on Impact Stimulus COVID-19 are:

- a. This regulation applies to Commercial Banks, Sharia Commercial Banks, Sharia Business Units, Financing Banks and Sharia Financing Banks.
- b. Banks can implement policies that support economic growth stimulus for debtors affected by the spread of COVID-19, including SMEs debtors, while still observing the precautionary principle.
- c. Debtors affected by the spread of COVID-19, including SMEs debtors, are debtors who have difficulties fulfilling obligations to the Bank because debtors or business debtors are directly or indirectly affected by the spread of COVID-19 in the economic sectors including tourism, transportation, hospitality, trade, processing, agriculture and mining.
- d. The intended stimulus policy consists of:
  1. Assessment of the quality of credit / financing / provision of other funds based only on the accuracy of payments of principal and / or interest for credit / financing / provision of other funds with a ceiling of up to IDR 10 billion; and
  2. Improving the quality of credit / financing becomes smooth after being restructured during the validity period of the regulation. The terms of this restructuring can be applied by the Bank regardless of the credit / financing ceiling limit or type of debtor.
- e. The method of credit / financing restructuring is carried out as stipulated in the regulation regarding the assessment of asset quality, including by:
  - 1) Decrease of the interest rates;
  - 2) Extension of the term;
  - 3) Reduction of principal arrears;
  - 4) Reduction of interest arrears;
  - 5) Addition of credit / financing facilities
  - 6) Conversion of credit / financing to Temporary Equity Participation
- f. Banks can provide credit / financing / provision of other new funds to debtors who have received special treatment in accordance with this regulation by determining the quality of credit / financing / provision of other funds carried out separately from the quality of credit / financing / provision of other previous funds.
- g. The Bank submits periodic reports on the application of this regulation for Supervisor monitoring since the data position at the end of April 2020.
- h. This provision applies from the enactment until March 31, 2021.

The Financial Services Authority (OJK) Board of Commissioners Chairman Wimboh Santoro said the agency loosen the provision for credit payment obligations, not only in the banking sector but also to multi finance companies. The stimulus has been in effect from March 13, 2020.

Kindly find attached the copy of Regulation No.11/POJK.03/2020 in Bahasa version and the Pres conference of the second stimulus in handling the effects of the spread of Covid-19 by Coordinating Ministry for Economic Affairs for your reference.

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