

## Indonesia's Financial Services Authority Issues Its First FinTech Regulations

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Indonesia's financial services authority (OJK) has issued its first regulations relating to FinTech. The regulations lay out minimum capital requirements, interest rate provision and education and consumer protection rules.

Every Indonesian FinTech P2P lending firm must now register and secure a business licence from the authority. A company must have Indonesian Rupiah 1 billion (\$75,000) in capital to register, and a further Indonesian Rupiah 2.5 billion (\$188,000) to apply for a business licence. These figures are approximately half those that had been proposed in previously issued draft regulations. Foreign ownership is limited to 85%.

No maximum interest rate has been set, which again contradicts previous drafts of the regulations which set a cap of seven times Bank Indonesia's seven-day reverse purchase rate per annum.

Muliaman Hadad, chair of OJK, told the Jakarta Post that the regulation was only an initial step in the authorities' efforts to regulate and supervise the business. "What's important is they get onto our radar because we don't want to regulate the prudential aspects hastily. We want to provide [business] transparency guidelines first," Hadad said. The OJK also has implemented a regulatory sandbox for firms to test services for consumers.

Bank Indonesia set up a dedicated office and regulatory sandbox in November 2016 to help FinTech developers. It will also provide services to help developers to understand Indonesia's regulatory policies on FinTech, gather and disseminate information on developments, and hold regular meetings with authorities and international bodies interested in the use of technology in finance, Bank Indonesia said.

For a full text (in Indonesian) of the regulations, please click [here](#).

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