INDONESIA DEPOSIT INSURANCE CORPORATION

GLOBAL UPDATES

Volume 03 of 2022

Contents

INDONESIA DEPOSIT INSURANCE CORPORATION

IDIC Updates

Third Quarter 2022

Content

Key Financial Highlights

Banking Growth and Stability

As of September 2022, Indonesian banking industry continued its positive performance in terms of financial performances. Banking assets grew 7.55% YoY, with credit assets increased 11.0%. Tier 1 capital rose 6.56% YoY, while profits flourished with promising figure at 48.4% YoY, with third-parties fund increased 6.8% YoY.

Table 1: Indicators of Banking Industry (Trillion IDR)

Indicator	Sep-21	Aug-22	Sep-22	YoY	MtM
Asset	9.734	10.376	10.468	7,55%	0,89%
Credit	5.653	6.179	6.275	11%	1,54%
Third Parties Fund	7.162	7.608	7.647	6,77%	0,51%
Tier 1	1.431	1.515	1.525	6,56%	0,64%
Profit/Loss	104	135	154	48,44%	11,60%

Banking financial ratio were mixed in September 2022 annually. Table 2 shows CAR dropped 42bps YoY to 24.72%. Return on Assets (ROA) are relatively improving with 2.51%. Banking efficiency (OC/OR: Operating Cost/Operating Revenues) also significantly improved YoY. In the meantime, the industry's Gross NPL were also got better.

Table 2: Financial Ratio of Banking Industry

Ratio	Sep-21	Aug-22	Sep-22	YoY	MtM
CAR	25,14%	24,82%	24,72%	● -42bps	● -10bps
Asset Quality	2,04%	2,16%	2,09%	● 6bps	● -6bps
Gross NPL	3,19%	2,84%	2,75%	● -43bps	● -9bps
ROA	1,94%	2,48%	2,51%	● 57bps	● 3bps
OC/OR	83,61%	76,91%	77,41%	● -621bps	● 50bps
NIM	4,48%	4,69%	4,74%	● 26bps	● 4bps
LDR	79,69%	82,02%	82,87%	● 319ps	● 85bps

Note : YoY : Year-on-Year growth
MtM : Month-to-Month growth

● : Favourable
● : Unfavourable

Deposit Insurance Updates

As of September 2022, total deposits in Indonesian banking industry are still dominated by savings deposit (97.91%). However in terms of market shares, time deposits has the largest portion with 36.81% although the number of account was relatively small (1.00%). In the meantime, savings deposits had the second largest nominal (32.83%) and demand deposits, mainly for transactional purpose, has 29.74% shares of total deposits, with total number of accounts of only 1.09%. Further details can be seen on Table 3, where there were a slight decrease on number of accounts (-0.14%) and while nominal were slightly increased (0.43%) on monthly basis.

Figure 1: Distribution of Deposits in Banking Industry

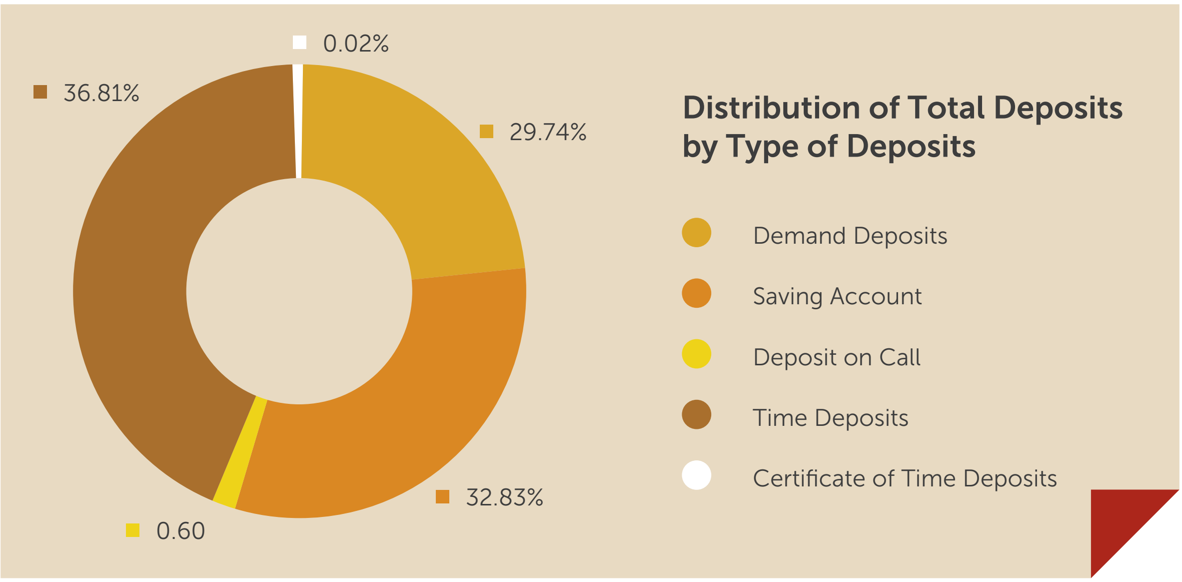


Figure 2: Distribution of Deposits in Banking Industry

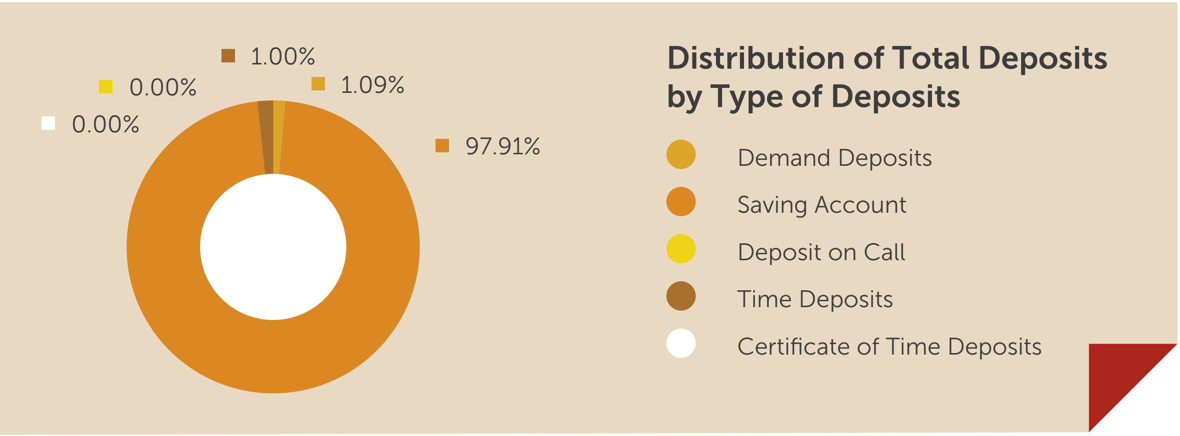


Table 3: Distribution of Deposits Based on Type of Deposits

Total Deposits and Number of Accounts by Type of Deposits (Nominal in Million USD)

Type of Deposits	Aug-22				Sep-22				∆ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	∆ Account	%	∆ Nominal	%
Demand Deposits	5.366.197	1,08%	148,972	29,56%	5.399.845	1,09%	150,552	29,74%	33.648	0,63%	1,580	1,06%
Saving Account	485.052.654	97,92%	165,449	32,82%	484.376.200	97,91%	166,177	32,83%	-676.454	-0,14%	0,728	0,44%
Deposit on Call	7.533	0,00%	3,724	0,74%	8.431	0,00%	3,047	0,60%	898	11,92%	-0,678	-18,20%
Time Deposits	4.954.428	1,00%	185,688	36,84%	4.926.470	1,00%	186,319	36,81%	-27.958	-0,56%	0,631	0,34%
Certificate of Time Deposits	158	0,00%	0,204	0,04%	157	0,00%	0,116	0,02%	-1	-0,63%	-0,088	-43,05%
Total	495.380.970	100,00%	504,038	100,00%	494.711.103	100,00%	506,211	100,00%	-669.867	-0,14%	2,173	0,43%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Most of the deposits belong to either individuals or corporations (third-party funds). There only 1.3% from the total deposits are interbank deposits (Table 4). Conventional banks hold 92.54% of total deposit accounts, while Islamic banks held the rest (Table 5).

Table 4: Distribution of Deposits Based on Ownership of Deposit

Total Deposits and Number of Accounts by Ownership of Deposits (Nominal in Million USD)

Type of Deposits	Aug-22				Sep-22				∆ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	∆ Account	%	∆ Nominal	%
Third Party-Fund (DPLK)	495.353.783	99,99%	498,443	98,89%	494.683.865	99,99%	501,255	98,70%	-669.918	-0,14%	2,811	0,56%
Funds From Other Bank	27.187	0,01%	5,595	1,11%	27.238	0,01%	6,619	1,30%	51	0,19%	1,024	18,31%
Total	495.380.970	100,00%	504,038	100,00%	494.711.103	100,00%	507,874	100,00%	-669.867	-0,14%	3,836	0,76%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Table 5: Distribution of Deposits Based on Type of Bank

Total Deposits and Number of Accounts by Type of Business Banks (Nominal in Million USD)

Type of Deposits	Aug-22				Sep-22				∆ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	∆ Account	%	∆ Nominal	%
Conventional	446.201.425	90,07%	465,726	92,40%	444.784.063	89,91%	468,459	92,54%	-1.417.362	-0,32%	2,733	0,59%
Islamic	49.179.545	9,93%	38,312	7,60%	49.927.040	10,09%	37,753	7,46%	747.495	1,52%	-0,559	-1,46%
Total	495.380.970	100,00%	504,038	100,00%	494.711.103	100,00%	506,211	100,00%	-669.867	-0,14%	2,173	0,43%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Most of deposits accounts (98.67%) were individually less than IDR100 million (USD6,567*), which account for 12.65% of total deposits. In contrast, deposits accounts that were individually more than IDR5 billion (USD328,364) represented only 0.03% of the total number of accounts, but contributed to 52.12% of total deposits (Table 6).

Note: (*)Exchange rate end of period= IDR15.227/USD

Table 6: Distribution of Deposits Based on Tiering of Nominal (in IDR)

Total Deposits by Tiering of Nominal (Nominal in Million USD)

Deposit Tiering (IDR)	Aug-22				Sep-22				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
N ≤ 100 Mio	488.952.980	98,70%	63,704	12,64%	488.316.214	98,71%	64,027	12,65%	-636.766	-0,13%	0,324	0,51%
100 Mio < N ≤ 200 Mio	2.936.120	0,59%	26,990	5,35%	2.926.226	0,59%	26,907	5,32%	-9.894	-0,34%	-0,083	-0,31%
200 Mio < N ≤ 500 Mio	2.049.241	0,41%	42,796	8,49%	2.035.033	0,41%	42,503	8,40%	-14.208	-0,69%	-0,292	-0,68%
500 Mio < N ≤ 1 Bio	774.272	0,16%	36,471	7,24%	766.298	0,15%	36,098	7,13%	-7.974	-1,03%	-0,373	-1,02%
1 Bio < N ≤ 2 Bio	343.400	0,07%	31,775	6,30%	341.566	0,07%	31,621	6,25%	-1.834	-0,53%	-0,153	-0,48%
2 Bio < N ≤ 5 Bio	199.697	0,04%	41,274	8,19%	199.101	0,04%	41,221	8,14%	-596	-0,30%	-0,053	-0,13%
N > 5 Bio	125.260	0,03%	261,029	51,79%	126.665	0,03%	263,834	52,12%	1.405	1,12%	2,804	1,07%
Total	**495.380.970**	**100,00%**	**504,038**	**100,00%**	**494.711.103**	**100,00%**	**506,211**	**100,00%**	**-669.867**	**-0,14%**	**2,173**	**0,43%**

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

With the maximum deposit insurance coverage of IDR2 billion (USD131,345), the IDIC's insurance program covers 99.93% number of accounts fully and 0.07% number of accounts partially up to IDR2 billion (Table 7).

In terms of the nominal amount of deposits, about 39.74% of total deposits are fully insured, while 8.45% are partially insured up to IDR2 billion (Table 8).

Table 7: Distribution of Insured Deposit Based on Accounts

Distribution of Account by Insured Accounts September 2022

Item	Deposit Tiering (IDR)	Number of Accounts	%
Account for Fully Insured Deposits	≤ 2 Billion	494.385.337	99,93%
Account for Partially Insured Deposits	> 2 Billion	325.766	0,07%
Total Account		**494.711.103**	**100,00%**

Table 8: Distribution of Deposit Based on Nominal

Distribution of Deposits by Insured Deposits Billion IDR - September 2022

Item	Deposit Tiering (IDR)	Number of Accounts	%
Fully Insured Deposits	≤ 2 Billion	3.063.010	39,74%
Partially Insured Deposits	> 2 Billion	651.532	8,45%
Subtotal - Insured Deposits		**3.714.542**	**48,19%**
Uninsured Deposits	> 2 Billion	3.993.540	51,81%
Subtotal - Uninsured Deposits		**3.993.540**	**100,00%**
Total Account		**7.708.082**	

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

IDIC Activities

Third Quarter 2022

Content

Participation in Financial Stability Institute (FSI) Crisis Simulation Exercise (CSE) – Asia Pacific (APAC) Simulation

6-8 July 2022

In respect to the commitment made by IDIC alongside Bank Indonesia (BI) and the Financial Services Authority (OJK) to participate the simulation exercise organized by the Financial Stability Institute-Bank for International Settlements (FSI-BIS), the simulation exercise took place for two days from 6-8th July 2022. An experienced consultant from the Oliver Wyman, Oliver Wuensch, was appointed for this simulation.

A total of six countries participated in said simulation, namely from Hong Kong, Malaysia, Philippines, Singapore, Thailand, and Indonesia. Leading participants from Indonesia were Mr. Bambang Pramasudi, Director of the Financial System Surveillance from BI; Mr. Anung Herlianto, Head of Banking Research and Regulation from OJK; and Mr. Suwandi, Executive Director of Claim and Bank Resolution Directorate from IDIC.

Following the simulation, several points that are essential to be taken note and could be further explored by IDIC, BI and OJK are as such:

a. Provisions regarding cross-border bank resolutions, including the application of centralized resolutions (single point of entry);

b. Implementation of the Open Bank Bail in mechanism through the execution of the LAC distribution from the Intra Group;

c. Application of Resolution Plan and resolvability test; and

d. Arrangements at the KSSK level regarding communication strategies to the public when the Systemic Bank experiences problems.

IDIC and Kompas Gramedia (KG Media) Held a Creative Video ("Creavid") Competition to Support Creative Industries in Indonesia

11 August 2022

Supporting the enthusiasm of creative industry players in Indonesia, the Indonesia Deposit Insurance Corporation and Kompas Gramedia (KG Media) held a creative video competition titled Creavid Competition with a total prize of IDR 100 million and have stirred young participants all across Indonesia. Only within a month, IDIC has received over 400 creative videos from participants.

The theme of this competition is "Increasing Financial Literacy to Support the Indonesian Economy in the Context of Post-Covid-19 Pandemic Recovery". The judges who assessed the work of the LPS CreaVid Competition participants were Yuki Kato as a representative of artists and actresses, Dimas Yuliharto as LPS Secretary and Alexander Wibisono as Deputy GM News and Current Affairs KompasTV.

Yuki Kato uttered that through the creations of the millennial generation, it is expected that the public can understand more about financial investments to avoid getting easily deceived by various fraudulent investments. Apart from being able to channel ideas, she believes that young people also gain knowledge and insight and know more about the functions and roles of IDIC.

According to LPS Institution Secretary Dimas Yuliharto, this activity aims to be a forum for the public to obtain information about financial literacy in light and educative packaging. This activity is also a form of LPS' appreciation for supporting the enthusiasm of young creative industry players who are interested in making videos.

"IDIC is trying to increase financial literacy through the Creavid Competition. We hope that with this activity financial literacy will increase. In addition, we hope that the creativity of the younger generation will increase. We also hope that in the future young people will not be trapped in fraudulent investments." he explained.

The purpose of establishing this forum is to encourage financial literacy, increase the retail investor base, and develop Indonesia's financial sector.

IDIC Wins Three Awards at the 2022 Human Capital Award Event

1 September 2022

With IDIC's earnest commitment to strengthening and developing human resources, IDIC won three Awards at the 2022 Human Capital Award Event, namely 1st The Best Human Capital in the Government Company category, 3rd Winner 2022 in the Overall Industries category and The Best Human Capital Director 2022.

"Our appreciation goes to all parties who have appreciated our efforts to improve and strengthen human resources in IDIC. This strengthening cannot be separated from the strong support from the Board of Commissioners and all IDIC employees. Hopefully this will be an impetus for us to continue to improve and strengthen human resources in our institution," said Executive Director of Human Resources and Administration of IDIC Didi Prakoso.

IDIC Celebrates its 17th Year Anniversary

22 September 2022

IDIC Chairman, Purbaya Yudhi Sadewa, stated that 17 years old is a fairly mature age for a financial institution entity and it is aspired that IDIC can be stronger, more agile, wiser, and more confident.

“IDIC has gone through a long journey and has gained a lot of experience. From what was originally a small organization to its current evolution, and will continue to grow, in line with the spirit that we promote, namely One Goal, Growing Together," he said in his remarks at the IDIC 17th Anniversary celebration, held in Jakarta, Thursday (22/09/2022).

On this occasion, Chairman Purbaya also explained that one of the gifts for IDIC’s 17th birthday was the period leading up to the enactment of the Financial Sector Development and Strengthening Law (P2SK). With this new regulation, IDIC will assume a new mandate.

"This mandate creates pride because it has been trusted that later in the IDIC organizational structure, the organization will grow, the leadership will strengthen, the work units will expand and the human resources (HR) will also increase. Indeed, the dynamics will also amplify and this is what we have to anticipate and prepare for together, both institutionally and individually. I am sure that we are all capable of carrying it out,” he explained.

Also attending the celebration of the IDIC 17th Anniversary were Member of the Board of Commissioners concurrently Chief Executive of IDIC Lana Soelistianingsih, Member of the Board of Commissioners of IDIC Didik Madiyono and Member of the Board of Commissioners ex-officio OJK Dian Ediana Rae and all IDIC employees.

Bilateral Meeting with Malaysia Deposit Insurance Corporation (MDIC) on "Insurance Guarantee Scheme"

22 September 2022

As it might have been well-established, IDIC is working its way up towards the Risk Minimizer mandate and exercising the Insurance Guarantee Scheme. In this sense, IDIC have reached out to Malaysia Deposit Insurance Corporation (MDIC) that has acquired the right set of skills and expertise, to discuss on the scheme and technicalities of providing guarantee to insurance policyholders.

Several correspondences took place before concluded with a bilateral meeting with MDIC on the 22nd September 2022 to discuss further on the matter. Leading the meeting from IDIC was Director of Research Group, Mr. Herman Saheruddin and from MDIC was Mr. Mark Lee Kian Meng, Head of International and Research.

During the session, MDIC explained about their insurance guarantee scheme and resolution of insurance companies, as well as the transfer of business (TOB) scheme. According to MDIC, the merger and acquisition approach is considered favourable for resolution process as it prioritises on finding a private sector solution for the failing insurance company, but in the event, this cannot be implemented due to a lack of interested buyers for instance, the MDIC would opt to pursue a full transfer of business (assisted M&A) or partial transfer of business. Parts of the failed insurer that is not transferred will be handled via liquidation or reimbursement by portfolio run-off when the liabilities come due (during run-off the existing portfolio will still be available for transfer). In deciding the resolution scheme, the MDIC will consider the options based on three main factors: availability of interested parties, suitability of business acquirer, and sale price.

Sharing Session by Korea Deposit Insurance Corporation (KDIC) on the "Overview of Human Resource Development in KDIC"

23 September 2022

On September 23, 2022 in Jakarta, IDIC hosted a sharing session that was delivered by Mr. Taekdong Kim, Financial Attaché from the Mission of the Republic of Korea to ASEAN whom was seconded from the Korea Deposit Insurance Corporation (KDIC). Attending this sharing session were fellow colleagues from the IDIC Learning Centre (LC) Group, which was led by the Group Director of IDIC Learning Centre, Mr. Bambang S. Hidayat.

Mr. Kim shared an overview of the Human Resource Development in KDIC, including the certification program in KDIC, the learning journey of individual employees, flagship programs and internal trainer provided in KDIC. Further to this session, IDIC wishes to learn more from KDIC through secondment program, training or study visit, including on Insurance Guarantee Scheme.

INDONESIA DEPOSIT INSURANCE CORPORATION

IDIC Research Fair

Third Quarter 2022

IDIC Research Fair 2022

IDIC held IDIC Research Fair on Thursday, October 27, 2022 as a forum for research disseminating results from research contestants.

The theme for this competition is "Encouraging a Resilient Economic Recovery Amid Challenges and Uncertainty" The deadline for submitting research papers was October 5, 2022.

In addition, several sub-themes are given, including:

a. General Subtheme

b. Special Subtheme

a. General Subtheme

1. Strategy to Improve Community Literacy and Deposit Insurance Program by IDIC.
2. Challenges and Opportunities for Digital Banking and their implications for the Deposit Guarantee and/or Bank Resolution Program by IDIC.
3. Exit Policy Strategy in Mitigating the Scoring Effect of the Covid-19 Pandemic on the National Economy.
4. Development of the National Financial Services Sector with Environmental, Social, and Governance (ESG) Insights for Sustainable Development; The Landscape of the Financial Services Sector Post the Covid-19 Pandemic; and/or;
5. Other relevant Special Topics related to IDIC functions and duties.

b. Special Subtheme

Deposit Insurance Program; Bank Resolution; Banking Restructuring Program; Financial System Stability; Behavior of Depositors and/or Banks; Financial Intermediation; Syariah banking; Bank Consolidation (Merger/Acquisition); and/or other relevant general topics related to IDIC functions and Duties. More information about registration https://cfr.lps.go.id

INDONESIA DEPOSIT INSURANCE CORPORATION

The winners of LPS Call Research 2022 will get prizes with the following details:

Special Subtheme	
1st Winner	IDR 45,000.000
2nd Runner Up	IDR 35,000.000
3rd Runner Up	IDR 25, 000.000

General	
1st Winner	IDR 35.000.000
2nd Runner Up	IDR 25.000.000
3rd Runner Up	IDR 15.000.000

Top 10 Research Papers @IDR 2,500,000.00

BCBS Updates

Third Quarter 2022

Content

BCBS issued various publications in Third Quarter 2022.
List of publications during this period are as follows:

Table 1: BCBS Publication

Dates	Type of Publication	Titles
07 July 2022	Other	High-level considerations on proportionality
12 July 2022	Implementation reports	Regulatory Consistency Assessment Programme (RCAP): Assessment of Basel Committee's Net Stable Funding Ratio standard - European Union
05 Aug 2022	Newsletter	Newsletter on credit risk: real estate and leveraged lending
29 Sep 2022	Implementation reports	Regulatory Consistency Assessment Programme (RCAP) – Handbook for Jurisdictional Assessments
29 Sep 2022	Implementation reports	Regulatory Consistency Assessment Programme (RCAP): Assessment of Basel Committee's Net Stable Funding Ratio standard – Japan
30 Sep 2022	Quantitative Impact Study	Basel III Monitoring Report

High-level considerations on proportionality

07 July 2022

The Basel Committee on Banking Supervision has published high-level considerations on proportionality. The publication aims to provide practical support to supervisory authorities seeking to implement proportionality in their domestic regulatory and supervisory frameworks, in a way that does not undermine financial stability or the safety of financial institutions.

Source: BIS website
https://www.bis.org/bcbs/publ/d534.htm

Regulatory Consistency Assessment Programme (RCAP): Assessment of Basel Committee's Net Stable Funding Ratio standard - European Union

12 July 2022

Through its Regulatory Consistency Assessment Programme (RCAP), the Basel Committee monitors the timely adoption of regulations by its members, assesses the regulations' consistency with the Basel framework and examines the consistency of banks' calculation of the prudential ratios across jurisdictions. The RCAP also helps member jurisdictions to identify and assess the materiality of any deviations from the Basel framework.

This report describes the Committee's assessment of the implementation of the Basel Committee's Net Stable Funding Ratio (NSFR) standard in the European Union (EU). The EU's NSFR regulations have been assessed as largely compliant.

Source: BIS website
https://www.bis.org/bcbs/publ/d535.htm

BIS

Newsletter on credit risk: real estate and leveraged lending

05 August 2022

The Committee issues this newsletter to provide greater detail on its internal discussions regarding credit risk issues. The Committee believes the information provided may be useful for both supervisors and banks in their day-to-day activities. This document is for informational purposes only and does not constitute new supervisory guidance or expectations.

- The Covid-19 pandemic and the recent inflation have heightened credit risk concerns, with the Committee focusing on risks in real estate and leveraged loan markets.
- It is important for banks to maintain prudent risk management practices on real estate and leveraged loans, as supervisors have observed higher risk lending and deficient practices in some areas.
- Supervisory authorities have responded to increased risks through heightened supervision, deep-dive reviews and the use of certain macroprudential tools, and will continue to use a combination of supervisory activities to ensure the effective management of credit risk by banks.

Credit risk continues to be a key area of focus for the Basel Committee on Banking Supervision, following the onset of the Covid-19 pandemic and more recent inflationary pressures. The Committee had previously highlighted specific credit risk topics that it intended to focus on in greater detail during 2022, including particular asset classes that are generating supervisory concerns in specific regions.

The Committee recently held supervisory workshops with private sector participants and bank supervisors on real estate and leveraged loan markets. The workshops focused on risks and vulnerabilities, and supervisory perspectives and practices across various jurisdictions.

The workshops highlighted that:

a. The Covid-19 pandemic has exacerbated credit risk. Many jurisdictions have seen an increase in house prices and household and corporate indebtedness. Structural transformations in terms of how individuals work and consume products have also impacted businesses and demand for certain types of residential and commercial real estate.

b. Both real estate and leveraged loans are vulnerable to higher inflation and interest rates, which are likely to impede debt servicing capacity and may also reduce broader consumption and spending.

c. Banks' risk management practices in financing real estate and leveraged loans are generally considered adequate, but there is significant diversity both across and within jurisdictions, and banks should be alert to evolving risks. For leveraged loans, supervisors have observed weaker structures and deficiencies regarding banks' management of risks associated with the underwriting pipeline, stress metrics, loss-given-default estimates and risk appetite frameworks.

d. Supervisory authorities have responded to increased risks through heightened supervision, deep-dive reviews, and the use of certain macroprudential tools, and will continue to use a combination of supervisory activities to ensure the effective management of credit risk by banks.

The Committee will continue to monitor banks' risk management practices and exposures to real estate and leveraged loans/collateralised loan obligations.

Source: BIS website
https://www.bis.org/publ/bcbs_nl29.htm

Regulatory Consistency Assessment Programme (RCAP) – Handbook for Jurisdictional Assessments

29 September 2022

The Handbook for jurisdictional assessments describes the methodology used by the Basel Committee to assess the completeness and consistency of domestic prudential regulations with the Basel framework. These assessments are conducted as part of the Committee's Regulatory Consistency Assessment Programme (RCAP). The Handbook is designed to be a flexible compendium, with its guidance and principles being revised or elaborated further as the RCAP evolves.

This updated version of the Handbook reflects the outcome of the strategic review by the Committee of its RCAP and aims to enhance the effectiveness and efficiency of the programme.

The Basel Committee also publishes the RCAP questionnaires used by jurisdictions to conduct a self-assessment against the Basel standards. Both the RCAP questionnaires and the Handbook can be used by jurisdictions wishing to conduct their own implementation reviews, as well as for training purposes.

Source: BIS website
https://www.bis.org/bcbs/publ/d540.htm

Regulatory Consistency Assessment Programme (RCAP): Assessment of Basel Committee's Net Stable Funding Ratio standard – Japan

29 September 2022

Through its Regulatory Consistency Assessment Programme (RCAP), the Basel Committee monitors the timely adoption of regulations by its members, assesses the regulations' consistency with the Basel framework and examines the consistency of banks' calculation of the prudential ratios across jurisdictions. The RCAP also helps member jurisdictions to identify and assess the materiality of any deviations from the Basel framework.

This report describes the Committee's assessment of the implementation of the Basel Committee's Net Stable Funding Ratio (NSFR) standard in Japan. The NSFR regulations in Japan have been assessed as compliant.

Source: BIS website
https://www.bis.org/bcbs/publ/d538.htm

Newsletter

Basel III Monitoring Report

30 September 2022

The report sets out the impact of the Basel III framework, including the December 2017 finalization of the Basel III reforms and the January 2019 finalization of the market risk framework.

Dashboards now provide an interactive visualization of the results for market, operational, counterparty credit and credit valuation adjustment risks. These and all other Basel III monitoring dashboards are compiled on a new dashboards page.

The monitoring report includes special features on banks' exposures to crypto assets, and on capital buffers and total CET1 requirements.

Source: BIS website
https://www.bis.org/publ/bcbs_nl28.htm

FSB FINANCIAL STABILITY BOARD

FSB Updates

Third Quarter 2022

Content

FSB FINANCIAL STABILITY BOARD

Developing the Implementation Approach for the Cross-Border Payments Targets

6 July 2022

A foundational step in the G20 roadmap for Enhancing Cross-border Payments was the setting of quantitative global targets that directly relate to the challenges faced by cross-border payments: cost, speed, transparency and access.

The targets define the Roadmap's ambition and create accountability. However, measuring progress toward these targets will not be straightforward because no comprehensive data sources currently exist. Consequently, the FSB established a Targets Data Group (TDG), comprising experts from FSB member organisations, to develop specific proposals for Key Performance Indicators (KPIs) and to identify existing and potential sources of data for calculating those KPIs, to monitor progress toward the targets.

This report shares the preliminary observations of the TDG as it works to develop specific proposals for measuring progress toward each of the targets, including which breakdowns (e.g., by region or by payment type) could complement the global-level measurements. It also shares the TDG's preliminary recommendations on the types of organisations that would be best suited for sourcing the data to finalise the approach to be taken forward.

The FSB invites feedback from the public on the preliminary proposals in this report. In particular, feedback is appreciated on the following questions.

1. Has the FSB identified appropriate potential sources of data for efficiently monitoring progress toward the Roadmap's targets? What, if any, additional or alternative public or private data sources should the FSB also consider and for what KPIs?

2. Has the FSB defined the KPIs appropriately, such that they are closely and meaningfully tied to the relevant target? What, if any, additional considerations should inform the calculation of the KPIs so that they provide sufficiently representative measurements of progress toward the targets without being overly burdensome?

3. The FSB is evaluating the use of proxies for monitoring progress toward some of the targets. Are the proxies proposed appropriate? What, if any, additional or alternative proxies should the FSB consider that are sufficiently representative and simplify monitoring?

Source: FSB website
https://www.fsb.org/2022/07/developing-the-implementation-approach-for-the-cross-border-payments-targets/

FSB FINANCIAL STABILITY BOARD

Options to Improve Adoption of The LEI, in Particular for Use in Cross-border Payments

7 July 2022

Poor data quality, fragmentation in data sources and limited standardisation of data exchange cause complexity when processing cross-border payments, which increases their cost, limits speed and impacts transparency.

The G20 roadmap to enhance cross-border payments has launched several initiatives to reduce frictions in data processes by promoting the use of common message formats, data exchange protocols, conversion and mapping approaches from legacy formats and standardised data, among others. To address data handling issues and improve compliance processes, it also aims to examine the scope for a global unique identifier that links to account information in payment transactions (Building Block 16 of the roadmap, BB16). This could facilitate straight-through processing, reducing costs and increasing speed in transactions, and could assist market participants in meeting Know-Your-Customer (KYC) requirements.

This report explores options to improve the adoption of the LEI (Action 2 of BB16, see table below). The report takes account of the 2019 FSB *Thematic Review on Implementation of the Legal Entity Identifier* and will also inform future FSB follow-up work on the recommendations set out in the peer review. Based on the input gathered from national authorities, the LEI Regulatory Oversight Committee (ROC), the Global Legal Identifier Foundation (GLEIF), market participants and other stakeholders, the report sets out recommendations and options for improving the adoption of the LEI in cross-border payments to assist in achieving the goals of the G20 roadmap. The recommendations are addressed to FSB member jurisdictions, the FSB itself, ROC and GLEIF, relevant standard-setting bodies (e,g. the Committee on Payments and Market Infrastructures (CPMI), the International Organization of Securities Commissions (IOSCO), the Basel Committee on Banking Supervision (BCBS), and the Financial Action Task Force (FATF)) and international organisations (IMF, World Bank).

Achieving these goals will depend on promoting uptake of the LEI among non-financial corporates as well as financial institutions.

The FSB will review progress in implementing these recommendations and publish a progress report by end-2024, together with a review of progress in implementing the recommendations of the LEI peer review.

Source: FSB website
https://www.fsb.org/2022/07/options-to-improve-adoption-of-the-lei-in-particular-for-use-in-cross-border-payments/

FSB FINANCIAL STABILITY BOARD

FSB Statement on International Regulation and Supervision of Crypto-asset Activities

11 July 2022

Crypto-assets and markets must be subject to effective regulation and oversight commensurate to the risks they pose, both at the domestic and international level.

In February 2022, the FSB published a risk assessment on crypto-assets, which outlined its concerns over the rapid growth in crypto-assets. The recent turmoil in crypto-asset markets highlights their intrinsic volatility, structural vulnerabilities and increasing interconnectedness with the traditional financial system. In addition to imposing potentially large losses on investors and threatening market confidence arising from crystallisation of conduct risks, the failure of a market player can also quickly transmit risks to other parts of the crypto-asset ecosystem. It may have spill-over effects on important parts of traditional finance such as short-term funding markets. An effective regulatory framework must ensure that crypto-asset activities posing risks similar to traditional financial activities are subject to the same regulatory outcomes, while taking account of novel features of crypto-assets and harnessing their benefits.

The statement notes that crypto-assets and markets must be subject to effective regulation and oversight commensurate to the risks they pose, both at the domestic and international level. It calls for adherence by so-called stablecoins and crypto-assets to relevant existing requirements where regulations apply to address the risks these assets pose. It also calls for crypto-asset service providers to ensure compliance with existing legal obligations in the jurisdictions in which they operate at all times.

This statement outlines the work the FSB is taking forward, in collaboration with standard-setting bodies, including the Financial Action Task Force, on the regulation and supervision of 'unbacked' crypto-assets and 'stablecoins', as well as on analysing the financial stability implications of Decentralised Finance. This work should provide a solid basis for a consistent and comprehensive regulation of crypto assets.

Source: FSB website
https://www.fsb.org/2022/07/fsb-statement-on-international-regulation-and-supervision-of-crypto-asset-activities/

FINANCIAL STABILITY BOARD

FSB Chair's letter to G20 Finance Ministers and Central Bank Governors: July 2022

13 July 2022

The G20 is meeting at a time of growing financial stability challenges.

The letter flags that the combination of lower growth, rising inflation and tighter global financial conditions may crystallise pre-existing vulnerabilities in the global financial system or give rise to new ones. In particular: rising indebtedness across sovereigns, non-financial corporates and households; liquidity mismatches in non-bank financial intermediation; and tightening financial conditions affecting Emerging Market and Developing Economies (EMDEs). The letter stresses that with the exit from COVID-19 well underway, it is important to rebuild macroprudential policy space whenever national conditions allow.

The letter outlines risks from commodity markets and notes that the FSB is analysing financial issues in commodity markets and closely monitoring the possible spillovers from commodities markets into the broader global financial system, as part of its ongoing surveillance.

The letter provides an overview of two areas of the FSB's work for which documents have been submitted to the G20: addressing scarring and exit strategies from COVID-19; and progress under the FSB's climate roadmap. The letter also provides an update on the FSB's work on crypto-assets, following the issuance of a public statement on this topic.

Source: FSB website
https://www.fsb.org/2022/07/fsb-chairs-letter-to-g20-finance-ministers-and-central-bank-governors-july-2022/

FSB Roadmap for Addressing Financial Risks from Climate Change: 2022 progress report

14 July 2022

One year after the G20 endorsed the FSB Roadmap to address climate-related financial risks, policy action to address such risks is more urgent than ever.

The increased frequency and intensity of extreme weather and climate-related events, and the intense debate about current and future energy policies in many jurisdictions, highlights that financial risks related to climate change, including transition risks, are not just a long-term issue or tail event.

Effective action continues to rest on strong international coordination. The G20 has asked the FSB to deliver in July 2022 the first of its annual progress reports on the Roadmap. The report summaries the encouraging progress across all four blocks of the Roadmap:

- Firm-level disclosures
- Data
- Vulnerabilities analysis
- Regulatory and supervisory practices and tools

This progress report has been prepared in consultation with standard-setting bodies and other relevant international bodies. The report also serves as input into broader international policy considerations, such as at the G20, G7 and UN, as well as to the work under the G20 Sustainable Finance Working Group (SFWG) roadmap on sustainable finance.

Source: FSB website
https://www.fsb.org/2022/07/fsb-roadmap-for-addressing-financial-risks-from-climate-change-2022-progress-report/

FSB FINANCIAL STABILITY BOARD

Public responses to the call for feedback on further work on Central Counterparty Financial Resources

11 August 2022

On 10 March 2022, the FSB, the Committee on Payments and Market Infrastructures (CPMI) of the Bank for International Settlements, and the International Organization of Securities Commissions (IOSCO) published a report analysing existing financial resources and tools for central counterparty (CCP) recovery and resolution.

Interested parties were invited to provide views by 29 April 2022 as input in the further work on the sufficiency of the existing toolkit for CCP resolution, in particular on non-default loss scenarios, and the need for, and costs and benefits (including effectiveness and impact on incentives) of potential alternative financial resources and tools for CCP resolution.

Source: FSB website
https://www.fsb.org/2022/08/public-responses-to-the-call-for-feedback-on-further-work-on-central-counterparty-financial-resources/

FSB Annual Financial Report: 2021-22

17 August 2022

This report contains the audited financial statements of the FSB, for the 12-month period from 1 April 2021 to 31 March 2022. It also provides details on the FSB governance arrangements and its transparency and accountability mechanisms.

A detailed explanation of the activities undertaken to implement the mandate and tasks of the FSB is provided in the FSB's Annual Report, which is a separate report that will be published in November.

Source: FSB website
https://www.fsb.org/2022/08/fsb-annual-financial-report-2021-22/

IADI UPDATES

Third Quarter 2022

Content

IADI Survey Brief No. 3 – "COVID-19 and Deposit Insurer Fund Sizes"

01 July 2022

A foundational step in the G20 roadmap for Enhancing Cross-border Payments was the setting of quantitative global targets that directly relate to the challenges faced by cross-border payments: cost, speed, transparency and access.

This Survey Brief investigates whether deposit insurers with particularly high deposit inflow during the pandemic tended to see their relative fund size decrease.

The Survey Brief is available on the Survey Briefs section of the IADI public website.

Source: IADI Website
https://www.iadi.org/en/news/iadi-survey-brief-no-3-covid-19-and-deposit-insurer-fund-sizes/

International Association of Deposit Insurers

IADI Sponsored Paper No. 2 - "ECB Significant-Bank Risk Profile and COVID-19 Crisis Containment: What Approach in the Transitioning Phase?"

13 July 2022

This paper investigates the impact of COVID-19 related public support measures on banks and states in the European Banking Union and suggest a transition phase as public support measures come to an end.

The paper is now available to Members via the Other Papers section of IADI's website or directly via this link (login required).

Source: IADI Website
https://www.iadi.org/en/news/fsi-insights-no-45-counting-the-cost-of-payout-constraints-for-deposit-insurers-in-funding-bank-failure-management/

FSI Insights No 45: Counting the cost of payout: constraints for deposit insurers in funding bank failure management

13 July 2022

In a joint paper, Ruth Walters and Rastko Vrbaski (both FSI), Nicola Costa (SRB) and Bert Van Roosebeke (IADI Research Unit) discuss how support by deposit insurers to bank failure management is subject to different types of quantitative constraints, which vary across jurisdictions.

The paper is now available via the BIS website.

Source: IADI Website
https://www.iadi.org/en/news/fsi-insights-no-45-counting-the-cost-of-payout-constraints-for-deposit-insurers-in-funding-bank-failure-management/

IADI Fintech Brief No. 8 – Introductory Brief (Part II): Opportunities for Deposit Insurers (DepTech)

18 July 2022

This Fintech Brief introduces the term "DepTech", or Deposit Insurer Technology, and defines it as the adoption of new technologies to improve deposit insurer operations. It also investigates some of the opportunities fintech presents to deposit insurers.

Source: IADI Website
https://www.iadi.org/en/news/iadi-fintech-brief-no-8-introductory-brief-part-ii-opportunities-for-deposit-insurers-deptech/

IADI Fintech Brief No. 9 – E-Money in Ghana: A Case Study

15 August 2022

This Fintech Brief provides a description of the key features of e-money in the Ghanaian context. It discusses the factors influencing the protection of e-money wallets and the float kept with commercial banks. It presents options to be considered for the possible protection of these wallets in case of bank liquidation.

The IADI Fintech Brief is now publicly available via the dedicated Fintech section of IADI's website or directly via this link. Any queries may be directed to the IADI Secretariat Research Unit (research@iadi.org).

Source: IADI Website
https://www.iadi.org/en/news/iadi-fintech-brief-no-9-e-money-in-ghana-a-case-study/

IADI Policy Brief No. 6 – "How Inflation Impacts Deposit Insurance: Real Coverage and Coverage Ratio"

29 August 2022

This Policy Brief considers how inflation may impact on two key concepts of deposit insurance: coverage levels and coverage ratios.

The IADI Policy Brief is now publicly available via the dedicated Policy Briefs section of IADI's website or directly via this link. Any queries may be directed to the IADI Secretariat Research Unit (research@iadi.org).

Source: IADI Website
https://www.iadi.org/en/news/iadi-policy-brief-no-6-how-inflation-impacts-deposit-insurance-real-coverage-and-coverage-ratio/

The International Association of Deposit Insurers Held its 20th Anniversary International Conference

13 September 2022

The International Association of Deposit Insurers (IADI) held its 20th Anniversary International Conference on 6 - 7 September 2022 in hybrid format, in Basel, Switzerland, titled "Enhancing deposit insurance and promoting financial stability around the world: building on the past, preparing for the future…" with 260 participants from more than 75 institutions worldwide attending the event. (Press Release)

Source: IADI Website
https://www.iadi.org/en/news/the-international-association-of-deposit-insurers-held-its-20th-anniversary-international-conference/

IADI Podcast Episode 5: Resolution of State-Owned Banks

15 September 2022

The International Association of Deposit Insurers (IADI) held its 20th Anniversary International Conference on 6 - 7 September 2022 in hybrid format, in Basel, Switzerland, titled "Enhancing deposit insurance and promoting financial stability around the world: building on the past, preparing for the future..." with 260 participants from more than 75 institutions worldwide attending the event. (Press Release)

Source: IADI Website
https://www.iadi.org/en/news/iadi-podcast-episode-5-resolution-of-state-owned-banks/

IADI Fintech Brief No. 11 – Islamic Fintech: Nascent and on the Rise

21 September 2022

This paper by Mohamad Hud Saleh Huddin, Mark Lee and Mohd Sobri Mansor (all from Perbadanan Insurans Deposit Malaysia) provides an overview of the global state of play of Islamic Fintech, and explores Malaysia's experience in the regulation and development of Islamic fintech. It also highlights potential uses of Islamic fintech for deposit insurance and bank resolution.

The IADI Fintech Brief is now available to Members for commenting via the dedicated Fintech section of IADI's website or directly via this link (login required). Comments by Members are welcome by 19 October 2022 and can be directed to the IADI Secretariat Research Unit (research@iadi.org).

Source: IADI Website
https://www.iadi.org/en/news/iadi-fintech-brief-no-11-islamic-fintech-nascent-and-on-the-rise/

IADI Policy Brief No. 7 - How Deposit Insurers Account for Inflation: Practices and Existing Guidance

27 September 2022

This paper by Bert Van Roosebeke and Ryan Defina (IADI Secretariat Research Unit) offers an overview on how inflation is taken into consideration by international standards and procedures relevant to deposit insurers. It sets out how standards guide deposit insurers in incorporating inflation in their activities. Drawing upon empirical evidence, the authors look at how inflation impacts on coverage review and change processes applied by deposit insurers. The paper also distinguishes between a set of decision-making arrangements by deposit insurers in dealing with inflation.

The IADI Policy Brief is now available to Members for commenting via the dedicated Policy Briefs section of IADI's website or directly via this link (login required). Comments by Members are welcome by 25 October 2022 and can be directed to the IADI Secretariat Research Unit (research@iadi.org).

Source: IADI Website
https://www.iadi.org/en/news/iadi-fintech-brief-no-11-islamic-fintech-nascent-and-on-the-rise/

ISLAMIC FINANCIAL SERVICES BOARD

IFSB Updates

Third Quarter 2022

Content

The IFSB Disseminates PSIFIs Data for 2022Q1 on Islamic Banking Systems in Member Countries

29 July 2022

The Islamic Financial Services Board (IFSB) is pleased to announce the dissemination of country-level Prudential and Structural Islamic Financial Indicators (PSIFIs) data on the Islamic banking sector up to Q1 of 2022 from IFSB member jurisdictions. This 23rd dissemination of PSIFIs data makes available, quarterly data from 2013Q4 to 2022Q1

This PSIFIs project currently compiles data on the Islamic banking sector from 26 jurisdictions which include Afghanistan, Bahrain, Bangladesh, Brunei Darussalam, Egypt, Indonesia, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Libya, Malaysia, Morocco, Nigeria, Oman, Pakistan, Palestine, Qatar, Saudi Arabia, Sudan, Turkey, United Arab Emirates, and the United Kingdom, representing largely the Middle-East, Asia and Africa regions and countries having well-developed and developing Islamic finance industry.

The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta stated "The latest dissemination of the PSIFIs data will add to the useability and stability of the database for Islamic banking sector which has already achieved a reasonable maturity with its coverage of more than 95 percent of the global Islamic banking industry. I trust the database will serve as a primary source of credible and quality data for all our stakeholders in meeting their various data requirements and assessment of the Islamic finance stability." He further added, "Along with the

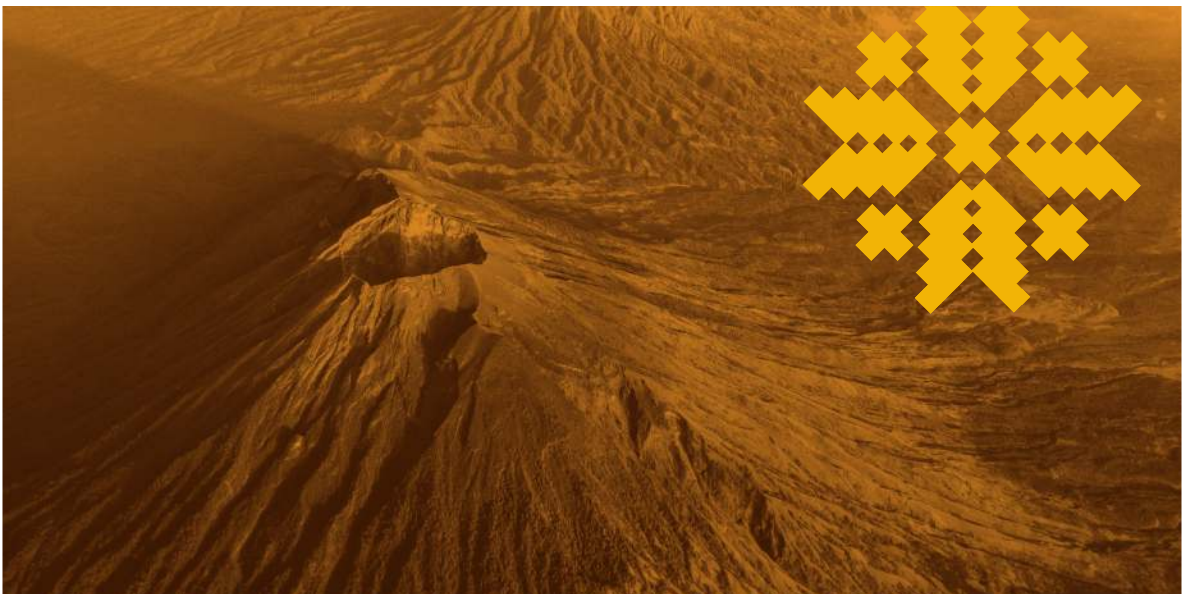
Islamic banking database, we have been working relentlessly to develop similar databases on takāful and Islamic capital markets sectors, which commenced under the current Phase V of the PSIFIs project with the objective of establishing a comprehensive Islamic finance database." In this regard, he expressed his profound gratitude to the Task Force members as well as other supporting parties for their continued support and cooperation towards achieving this objective.

The PSIFIs data on the Islamic banking sector provides sectoral country-level data covering full-fledged Islamic banks and Islamic windows of conventional banks in the respective jurisdictions. The database contains a number of prudential and soundness indicators, including capital adequacy, asset quality, earnings, leverage, liquidity, and sensitivity to risks. It also provides additional prudential indicators that facilitate analysis of the concentration of banks' exposures, as well as a set of structural indicators that captures the overall size and structure of the Islamic banking sector. Internally, the database is used to draft the IFSB Stability Report, working papers, discussion notes, etc. and externally, it can support banking research, market and industry assessment, market sentiment and even industry estimation.

In addition to the 26 regulatory and supervisory authorities (RSAs) from the Islamic banking sector, 9 RSAs from the takāful sector and 7 RSAs from the Islamic capital market (ICM) sector have been contributing significantly to the PSIFIs project for their respective sectors.

Mentionable that the IFSB completed the 2nd dissemination of takāful data in August 2021 while the inaugural dissemination for the ICM sector was completed in September 2021. With the roll-out of this first set of ICM sector data, the PSIFIs database has extended its coverage to all three major segments of the Islamic financial services industry (IFSI). Alongside, the IFSB continues its initiatives to include more RSAs from its member jurisdictions to expand the reach of takāful and ICM sector databases to the level parallel to the Islamic banking database. As part of regular activities, the IFSB Secretariat has been regularly conducting capacity-building workshops/meetings with the country representatives of the Task Force, focusing on enhancing clarity and consistency of compilation and reporting of indicators across jurisdictions as well as discussing the contemporary regulatory developments having implications for the PSIFIs. As such, it intends to enhance the quality, quantity, and reliability of the data and information available through the PSIFIs database.

Source: IFSB website
https://www.ifsb.org/preess_full.php?id=609&submit=more



The IFSB issued the Tenth Edition of its Annual Flagship Publication: The Islamic Financial Services Industry (IFSI) Stability Report 2022

19 August 2022

The Islamic Financial Services Board (IFSB) officially launched the Islamic Financial Services Industry (IFSI) Stability Report 2022. The IFSI Report 2022 was launched by the Deputy Governor of Central Bank of Nigeria (CBN) H.E. Dr Kingsley Obiora on behalf of the CBN Governor and Deputy Chairman of the IFSB Council 2022 – H.E. Godwin Emefiele, the Vice President Operations - IsDB, Dr Mansur Muhtar, the Chairman of Jaiz Bank PLC - Umar Mutallab and the Managing Director/CEO of Jaiz Bank PLC - Hassan Usman at Abuja International Conference Centre on 15 August 2022 and it was attended by over 950 participants including ministers, state governors, international dignitaries, Shari'ah Scholars, and other global industry stakeholders.

Since its maiden edition in 2013 and now entering into its 10th year of publication, the report has over the years become a benchmark publication for the IFSB and numerous other stakeholders for tracking the growth, development, and stability assessment of the Islamic financial services industry.

The IFSB Secretary-General, Dr. Bello Lawal Danbatta stated that "the IFSI Stability Report 2022 takes place at a time when the global financial system is gradually recovering from the impact of the COVID-19 pandemic despite the emergence of new mutations of the virus. In addition, new financial stability risks have also arisen from events such as the Russia–Ukraine conflict which has intensified pre-existing inflation concerns due to soaring oil and commodity prices, and disruptions in global supply chains." He stated further that "notwithstanding, the *total worth of the IFSI had increased to an estimated USD 3.06 trillion in 2021 and that, the IFSI sustained its growth momentum recording a growth rate of 11.3% year-on-year (y-o-y) based on significant improvement across the three segments of the IFSI, especially in Islamic banking and the Islamic Capital Market."*

Key highlights of the IFSI Report 2022 include:

- The Islamic banking segment retained its dominance and accounted for 68.7 % of the global IFSI assets in 2021. The segment registered a y-o-y growth of 6.5% in assets, 8.1% in financing, and 7.3% in deposits in 2021. The number of systemically important jurisdictions also increased to 15.
- The ICM sector as at end of 2021 accounted for 30.5% of the global IFSI assets on the back of a positive performance due to the sovereign and multilateral ṣukūk issuances in key Islamic finance markets to support fiscal financing and eco-friendly environment projects.
- Islamic funds also recorded a moderate growth of 6.0% in terms of the total value of Assets under Management (AuM), while the Islamic equity indices experienced similar movements to the conventional market, but again outperformed their conventional counterparts in 2021.
- The share of the global takāful industry in the global IFSI declined marginally to 0.8%. However, global takāful contributions grew by 4.8% (y-o-y and in nominal terms) in 2020, with a 10-year (2011–20) compound average growth rate of 4.7%.
- Notwithstanding the potential downside risks and the lower global economic growth projection, the global IFSI is expected to remain resilient. This is based on the limited direct exposure of many Islamic finance jurisdictions to the impact of the Russia–Ukraine conflict, gradual recovery, and reopening of economies, an accelerated digital transformation process, and the improved financial soundness and resilience performance recorded in 2021.

The IFSI Stability Report 2022 is available for download from the IFSB website, www.ifsb.org.

Source: IFSB website
https://www.ifsb.org/preess_full.php?id=612&submit=more

ISLAMIC FINANCIAL SERVICES BOARD

IFSB Visits Tanzania, Heeding to the Call of Growing Islamic Finance Interest in Africa

22 August 2022

Secretary-General of the Islamic Financial Services Board (IFSB) - Dr. Bello Lawal Danbatta visited Tanzania early August as part of IFSB's strategic plan to enhance global visibility and impact of the IFSB.

Echoing to the growing Islamic finance interest in Tanzania, the 2-day visit laid down avenues for IFSB to discuss potential collaborations with several notable key government agencies. Dr. Bello met with Mr. Othman Masoud Othman, First Vice President of Zanzibar, Dr. Saada Mikuya Salum - Minister of State of the President's Office Finance and Planning, Ms Sauda Msemo – Deputy Governor Bank of Tanzania, Mr. Nicodemus D. Mkama - the Chief Executive Officer of Capital Markets & Securities Authority, Dr. Muhsin Salim Masoud – Managing Director of the People's Bank of Zanzibar Limited, Prof. Mohammed H. Khalfan – Vice Chairman of Centre for Islamic Finance, Compliance and Advice (CIFCA) and Assoc. Prof. Nsubuga Haroonah – the Deputy Vice Chancellor Academic of Zanzibar University.

The trip yielded positive outcome, when the IFSB and CIFCA crystallised the promise of a strategic collaboration through the signing of a Memorandum of Understanding (MoU). The MoU aims to establish and implement a non-exclusive framework for the cooperation between both entities for contribution to economic development and financial inclusiveness, thus further solidifying and strengthening the global Islamic Financial Services Industry (IFSI) in the East African block of the continent. The MoU was signed, between Dr. Bello Lawal Danbatta – Secretary General of the IFSB and Prof. Mohammed H. Khalfan – Vice Chairman of CIFCA on 5 August 2022.

The scope of cooperation will focus on a number of specific areas that best fit respective organisations' mandates and strategies. These will include, but are not limited to enhancing outreach to member organisations through joint-hosting of conferences/seminars, enhancing capacity building of market players through joint-organising of training programmes/workshops, sharing of technical expertise to foster more effective efforts to facilitate implementations, among other things.

The IFSB currently has 45 member organisations in Africa spanning across 24 jurisdictions in the continent, which includes Bank of Tanzania.

Source: IFSB website
https://www.ifsb.org/preess_full.php?id=612&submit=more

Islamic Finance Leaders Convene at the 4th IFSB Innovation Forum in Doha – Advancing the Sustainability Agenda

14 September 2022

The 4th IFSB Innovation Forum, organised by the Qatar Financial Centre (QFC) and the Islamic Financial Services Board (IFSB), and patronised by Qatar Central Bank (QCB), concluded today in the presence of key stakeholders from the global Islamic finance community.

During the event, the organisers reinforced their commitment to sustainable solutions for the Islamic finance industry, as part of a shared responsibility towards the global climate goals and the human development pillar enshrined in Qatar National Vision 2030.

In his keynote address, H.E. Sheikh Bandar bin Mohammed bin Saoud Al-Thani, Governor, QCB, noted: "A primary objective of Qatar Central Bank is to develop a regulatory framework that promotes growth and innovation within the financial industry." H.E. concluded: "To make progress, the world needs more than words, resolutions and recommendations; it needs real action on the ground."

Highlighting the importance of sustainable finance and its dominating impact on the financial services landscape, Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC, addressed the Forum: "Much can be done to scale sustainable finance and Environmental, Social and Governance (ESG) and to enhance financial inclusiveness. Embracing innovation, technological advances and sustainable financing instruments alike can provide untapped market access to Islamic finance, while working on policies and regulations remains a main building block to take the industry to the next level of growth."

Under the National Environment and Climate Change Strategy 2021 and the Qatar National Climate Change Action Plan 2030, which details over 35 mitigations and 300 adaptation measures, the QFC implements far-reaching financial innovation policies to achieve harmony between economic growth and environmental protection. The QFC formally launched its sustainable Sukuk and Bonds Framework earlier this year to contribute to the potential growth of the sector and to bolster the country's long-term sustainability goals.

Similarly, since 2002, the international standards-setting body IFSB promotes the development of a prudent and transparent Islamic financial services industry by recommending new or adapting existing international standards consistent with Shari'ah principles.

Dr Bello Lawal Danbatta, Secretary-General, IFSB, said: "As sustainable finance continues to permeate through Islamic Finance Industry and brings about a wave of transformation and innovation, we perceive that the bigger challenge lays in the requirement of a demanding regulatory architecture. We are thrilled to embrace the challenge and the IFSB is certainly well positioned to bridge the gap in shaping up regulatory prerequisites. Innovation Forum such as this is precisely paramount to catalyze innovative sustainable finance developments solutions and should be benefited to create a symbiotic relationship, involving all players of the industry towards a firm regulatory framework and mature sustainable finance ecosystem."

As drivers of sustainable Islamic finance practices, the organisers brought the 4th IFSB Innovation Forum to Doha to offer market players in the Islamic Financial Services Industry (IFSI) a platform to discuss latest developments in sustainable finance, Fintech and banking governance across three high-level panels.

Moderated by Mr. Henk Hoogendoorn, Chief of Financial Sector Office (FSO), QFC, the Fintech Session analysed the future of Fintech and its role in the wider ESG ecosystem.

The panel also presented findings from a global survey on industry-leading insights on the Islamic Fintech landscape. Mr. Hoogendoorn commented: "According to the Global Islamic Fintech Survey 2022, supported by the Qatar Financial Centre, Qatar ranks in the top ten Islamic Fintech leaders. The report points to great opportunities for this emerging sector and its contribution to financial inclusion and sustainable banking."

"We are delighted to see the Islamic finance community come together and jointly develop the next phase of development to drive paradigm-shifting innovation and implement solutions that combine financial gains in industries such as Fintech with ESG ideals. The next years and decades will be crucial for the implementation of sustainable banking structures," he added.

The ESG Session on innovation in sustainable and green digital technologies in the IFSI discussed new developments and solutions in the sector, identifying an upwards trend in global demand for environmentally-friendly investments as well as rising interest in green and sustainable finance.

The final session on regulatory considerations tackled ways in which innovation can be facilitated to integrate climate-financing, ESG and UN Sustainable Development Goals (SDGs) into the development of the financial services industry. As a key takeaway, the session highlighted the importance of developing local taxonomies to ensure alignment between nationally determined goals, strategies and desired impact, through inclusive collaborations and development of reliable talents.

The IFSB Innovation Forum is an effort by the IFSB to convene key stakeholders in the international Islamic finance community to focus on the promotion and development of innovative finance solutions vital to creating a competitive edge for the IFSI. It was launched in Jakarta, Indonesia in 2019, and held in Kuala Lumpur, Malaysia in 2020 and Jeddah, Saudi Arabia in 2021, before coming to Doha, Qatar.

Together with the IFSB, QFC's vocal effort to translate global climate and environmental ambitions into actionable goals for the Islamic finance industry comes as part of its ongoing work with industry and banking partners to provide cutting-edge sustainable financing solutions that support Qatar on its path towards economic diversification, taking it one step closer to the fulfilment of the SDGs.

Source: IFSB website
https://www.ifsb.org/preess_full.php?id=613&submit=more

The IFSB Disseminates PSIFIs Data for 2021Q1-Q4 for Takāful and Islamic Capital Market Sectors in Member Countries

30 September 2022

The Islamic Financial Services Board (IFSB) is pleased to announce the dissemination of country-level Prudential and Structural Islamic Financial Indicators (PSIFIs) data on both the takāful and Islamic capital markets (ICM) sectors from Q1 to Q4 of 2021 from IFSB member jurisdictions. This marks the 3rd and 2nd disseminations of PSIFIs data on takāful and ICM sectors respectively, making available quarterly data from 2019Q1 to 2021Q4 for both sectors.

During the event, the organisers reinforced their commitment to sustainable solutions for the Islamic finance industry, as part of a shared responsibility towards the global climate goals and the human development pillar enshrined in Qatar National Vision 2030.

In his keynote address, H.E. Sheikh Bandar bin Mohammed bin Saoud Al-Thani, Governor, QCB, noted: "A primary objective of Qatar Central Bank is to develop a regulatory framework that promotes growth and innovation within the financial industry." H.E. concluded: "To make progress, the world needs more than words, resolutions and recommendations; it needs real action on the ground."

Highlighting the importance of sustainable finance and its dominating impact on the financial services landscape, Yousuf Mohamed Al-Jaida, Chief Executive Officer, QFC, addressed the Forum: "Much can be done to scale sustainable finance and Environmental, Social and Governance (ESG) and to enhance financial inclusiveness. Embracing innovation, technological advances and sustainable financing instruments alike can provide untapped market access to Islamic finance, while working on policies and regulations remains a main building block to take the industry to the next level of growth."

This PSIFIs project currently compiles data on the takāful and ICM sectors from nine and seven jurisdictions, respectively. The jurisdictions include Bahrain, Brunei Darussalam, Indonesia, Jordan, Kenya, Malaysia, Nigeria, Qatar, Saudi Arabia, Turkey and the United Arab Emirates which are amongst the dominant market players in the respective sectors globally.

The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta, stated, "The PSIFIs database, which was expanded to incorporate the takāful and ICM sectors under the current Phase V of the project, achieved another milestone with the roll-out of this dissemination. The database now covers several major jurisdictions in both sectors, which represent around 70% of global takāful industry by gross contributions and around 60% of global corporate sukuk issuance by jurisdiction of the originator."

He added, "The IFSB would continue its efforts to extend the coverage, while strengthening the quantity and quality of the PSIFIs database, particularly for these two new PSIFIs sectors, in its aspiration to become a leading organization in providing latest information, cutting edge research and analysis of the Islamic Financial Services Industry (IFSI)." In this regard, he greatly appreciated the continued support and commitment of the Task Force members, as well as contributing parties over the years and solicited the same for future endeavours in carrying over the database project from strength to strength.

Under the takāful database, the sectoral country-level data provides a number of prudential indicators covering family and general takāful, including capital adequacy, asset quality, management soundness, earnings and profitability, liquidity, as well as retakāful and actuarial indicators. It also provides some additional prudential indicators, as well as a set of structural indicators that provide information on the overall size and other sector-level balance sheet aspects of the takāful sector. In terms of ICM sector, the sectoral country-level data provides a number of prudential indicators covering three main areas of ICM that include ṣūkuk, Sharīʿah-compliant equities and Islamic funds.

The PSIFIs Task Force (TF) on takāful and ICM sectors has contributed substantially in facilitating the collection and compilation of takāful and ICM data. Moreover, 26 regulatory and supervisory authorities (RSAs) from the Islamic banking sector have been working on the project to compile PSIFIs database for the respective sector, as well as to provide valuable insights for the development of the takāful and ICM sectors. As part of regular activities, the IFSB Secretariat has been regularly conducting capacity-building workshops/TF meetings with the country representatives of the TF, focusing on enhancing clarity and consistency of compilation and reporting of indicators across jurisdictions, as well as discussing the contemporary regulatory developments having implications for the PSIFIs. As such, it intends to enhance the quality, quantity, and reliability of the data and information available through the PSIFIs database.

The PSIFIs Database (full set of data with metadata) is available on the PSIFIs portal at the IFSB website https://psifi.ifsb.org

Source: IFSB website
https://www.ifsb.org/preess_full.php?id=613&submit=more

Our Team

Editor:

- Ramadhian Moetomo

Contributors:

- Herman Saheruddin, PhD
- Haydin Haritzon
- Trisnani Dewi
- Ade Evelina
- Hatman Bintang
- Amirah Laras Ulinnuha
- Nurul Adrisa
- Aldila Hapsari

Please feel free to direct any questions, feedback, or input to:

E-mail: ghin@lps.go.id

IDIC International Affairs Group

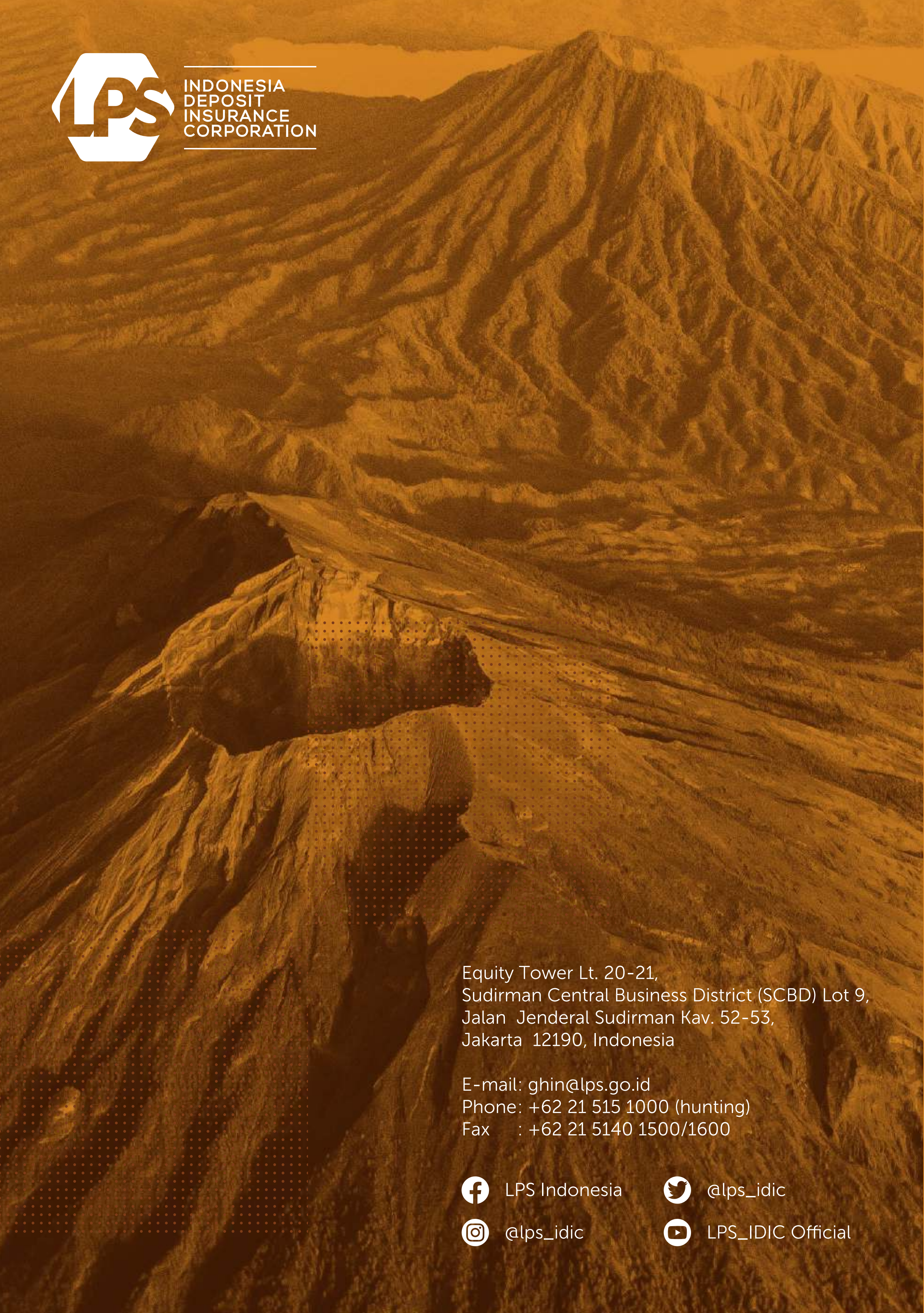
Equity Tower Lt. 20-21,
Sudirman Central Business District (SCBD) Lot 9,
Jalan Jenderal Sudirman Kav. 52-53,
Jakarta 12190, Indonesia

Visual Concept

The visual style applied to this project is a combination of decorative styles and photos.

In terms of modern style, choosing a solid color gives a clean and modern impression, this idea represents the issue and concept of the event at the G20.

In terms of decorative style, the application of batik motifs and modular forms can represent Indonesia as the host of the G20. The photos used use photos from Mount Agung and Mount Abang which represent the spirit of Indonesia recovering after the pandemic.



INDONESIA DEPOSIT INSURANCE CORPORATION

Equity Tower Lt. 20-21,
Sudirman Central Business District (SCBD) Lot 9,
Jalan Jenderal Sudirman Kav. 52-53,
Jakarta 12190, Indonesia

E-mail: ghin@lps.go.id
Phone: +62 21 515 1000 (hunting)
Fax : +62 21 5140 1500/1600

LPS Indonesia
@lps_idic
@lps_idic
LPS_IDIC Official