



INDONESIA  
DEPOSIT  
INSURANCE  
CORPORATION

# IDIC

# GLOBAL UPDATES

**VOL.3/2023**



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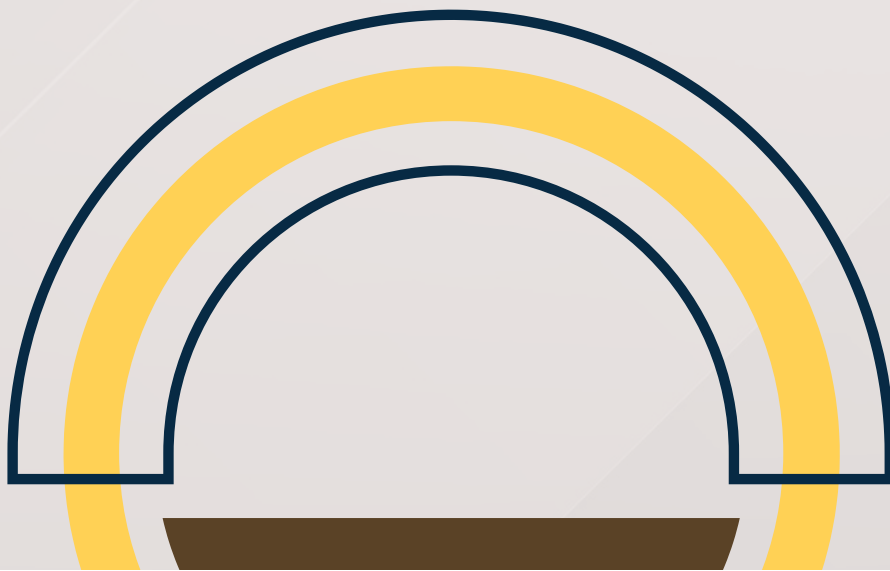
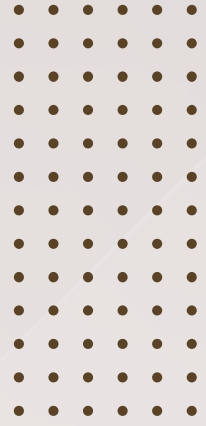
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# IDIC UPDATES



# KEY FINANCIAL HIGHLIGHTS

## A. BANKING GROWTH AND STABILITY

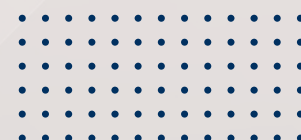
As of August 2023, the Indonesian banking sector sustained a positive growth trajectory. Referring to Table 1, the majority of financial performance metrics exhibited healthy progress in the year up to August 2023, with significant increases in profitability (19.22%), expanded credit disbursement (9.06%), and a rise in Tier 1 capital (9.74%). Concurrently, third-party funds and assets experienced notable growth, surpassing 6%.

**Table 1: Indicators of Banking Industry (Trillion IDR)**

Indicator	Aug-22	Jul-23	Aug-23	YoY	MtM
Asset	10.376	10.996	11.031	● 6,32%	● 0,32%
Credit	6.179	6.686	6.739	● 9,06%	● 0,81%
Third Parties Fund	7.608	8.064	8.083	● 6,24%	● 0,23%
Tier 1	1.515	1.648	1.663	● 9,74%	● 0,90%
Profit/Loss	135	141	161	● 19,22%	● 13,88%

Note:  
 YoY : Year-on-Year growth      ● : Favorable  
 MtM : Month-to-Month growth    ● : Unfavorable

In line with its overall performance, most financial ratios also exhibited annual improvements. The loan to deposit ratio (LDR) increased by 2.16%, and the capital adequacy ratio (CAR) showed a substantial 229 basis points growth, while other indicators generally displayed positive annual growth. Although banking efficiency (measured by OC/OR) saw a slight annual decrease, it did improve when compared to the previous month.

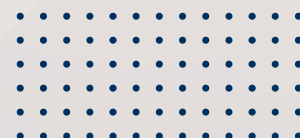




**Table 2: Financial Ratio of Banking Industry**

Ratio	Aug-22	Jul-23	Aug-23	YoY	MtM
CAR	25,07%	27,46%	<b>27,36%</b>	● 229bps	● -10bps
Asset Quality	2,16%	1,92%	<b>1,91%</b>	● -24bps	● -0bps
Gross NPL	2,88%	2,51%	<b>2,50%</b>	● -38bps	● -1bps
ROA	2,47%	2,76%	<b>2,75%</b>	● 27bps	● -1bps
OC/OR	76,91%	77,95%	<b>77,58%</b>	● 68bps	● -37bps
NIM	4,69%	4,80%	<b>4,82%</b>	● 12bps	● 2bps
LDR	81,22%	82,90%	<b>83,38%</b>	● 216bps	● 48bps

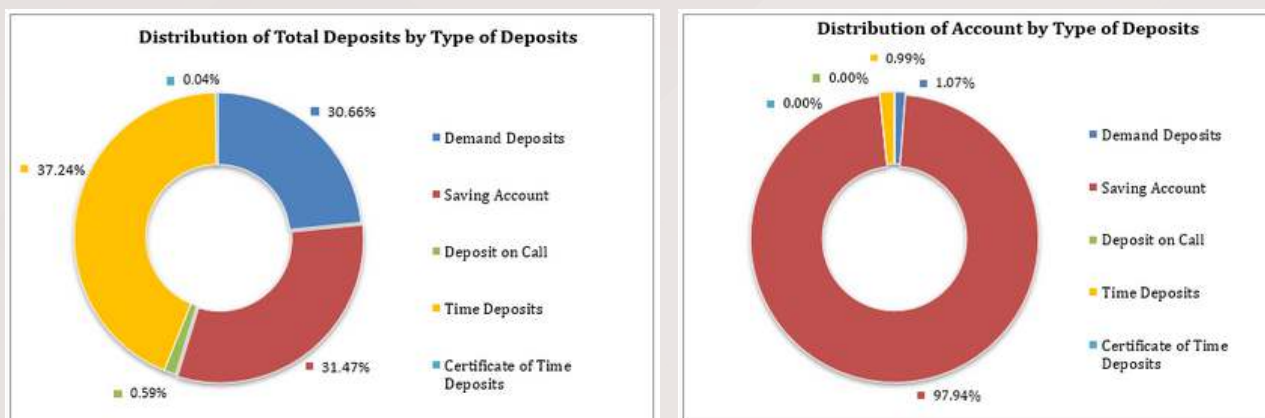
**Note:**  
 YoY : Year-on-Year growth      ● : Favorable  
 MtM : Month-to-Month growth      ● : Unfavorable



# DEPOSIT INSURANCE UPDATES

By September 2023, savings accounts continued to rise, increasing from 97.92% in August 2022 to 97.94%. Time deposits came in second at nearly 1%. In the context of overall deposits in nominal, time deposits held the largest share at 37.24%, followed by savings accounts at 31.47%, and demand deposits in third place at 30.66%. For further information, please refer to Figure 1.

**Figure 1: Distribution of Deposits in Banking Industry**

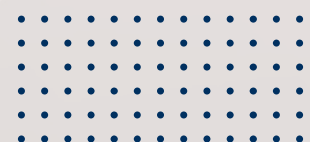


**Table 3: Distribution of Deposits Based on Type of Deposits**

Type of Deposits	Total Deposits and Number of Accounts by Type of Deposits (Nominal in Million USD)											
	August 2023				September 2023				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Demand Deposits	5,762,668	1.09%	157,539	30.02%	5,705,212	1.07%	162,371	30.66%	-57,456	-1.00%	4,833	3.07%
Saving Account	520,017,365	97.92%	167,016	31.83%	524,107,914	97.94%	166,653	31.47%	-4,090,549	0.79%	-0,363	-0.22%
Deposit on Call	12,571	0.00%	3,479	0.66%	10,873	0.00%	3,150	0.59%	-1,698	-13.51%	-0,330	-9.48%
Time Deposits	5,273,437	0.99%	196,561	37.46%	5,295,400	0.99%	197,243	37.24%	21,963	0.42%	0,682	0.35%
Certificate of Time Deposits	446	0.00%	0,174	0.03%	533	0.00%	0,221	0.04%	87	19.51%	0,047	27.19%
<b>Total</b>	<b>531,066,487</b>	<b>100,00%</b>	<b>524,770</b>	<b>100,00%</b>	<b>535,119,932</b>	<b>100,00%</b>	<b>529,639</b>	<b>100,00%</b>	<b>4,053,445</b>	<b>0,76%</b>	<b>4,869</b>	<b>0,93%</b>

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

The majority of deposits were held by either individuals or corporations (third-party funds). Interbank deposits accounted for a mere 0.95% of the total nominal deposits (as shown in Table 4). Conventional banks had 92.37% of the total nominal deposits, with Islamic banks holding the remainder (as detailed in 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)												
Ownership of Deposits	August 2023				September 2023				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Third Party-Fund (DPLK)	531.038.639	99,99%	520.011	99,09%	535.091.807	99,99%	524.599	99,05%	4.053.168	0,76%	4.588	0,88%
Funds From Other Bank	27.848	0,01%	4.759	0,91%	28.125	0,01%	5.039	0,95%	277	0,99%	0.280	5,89%
<b>Total</b>	<b>531.066.487</b>	<b>100,00%</b>	<b>524.770</b>	<b>100,00%</b>	<b>535.119.932</b>	<b>100,00%</b>	<b>529.639</b>	<b>100,00%</b>	<b>4.053.445</b>	<b>0,76%</b>	<b>4.869</b>	<b>0,93%</b>

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 Business Banks	August 2023				September 2023				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Conventional	475.893.252	89,61%	484.581	92,34%	479.469.339	89,60%	489.228	92,37%	3.576.087	0,75%	4.647	0,96%
Islamic	55.173.235	10,39%	40.189	7,66%	55.650.593	10,40%	40.411	7,63%	477.358	0,87%	0.222	0,55%
<b>Total</b>	<b>531.066.487</b>	<b>100,00%</b>	<b>524.770</b>	<b>100,00%</b>	<b>535.119.932</b>	<b>100,00%</b>	<b>529.639</b>	<b>100,00%</b>	<b>4.053.445</b>	<b>0,76%</b>	<b>4.869</b>	<b>0,93%</b>

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

The majority of deposit accounts (98.76%) had balances individually below IDR 100 million (USD 6,457\*), making up 12.26% of the total deposits. Conversely, accounts with individual balances exceeding IDR 5 billion (USD 322,851) constituted only a minuscule 0.02% of the total number of accounts but contributed significantly, representing 52.80% of the total deposits (as shown in Table 6).

Note: (\*)BI JISDOR 29 Sept 2023 = IDR15.487/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)	August 2023				September 2023				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
N ≤ 100 Mio	524.399.669	98,74%	65.055	12,40%	528.483.073	98,76%	64.916	12,26%	4.083.404	0,78%	-0.139	-0,21%
100 Mio < N ≤ 200 Mio	3.005.365	0,57%	27.296	5,20%	2.992.062	0,56%	27.171	5,13%	-13.303	-0,44%	-0.125	-0,46%
200 Mio < N ≤ 500 Mio	2.155.959	0,41%	44.582	8,50%	2.144.611	0,40%	44.327	8,37%	-11.348	-0,53%	-0.255	-0,57%
500 Mio < N ≤ 1 Bio	802.534	0,15%	37.423	7,13%	796.220	0,15%	37.136	7,01%	-6.314	-0,79%	-0.287	-0,77%
1 Bio < N ≤ 2 Bio	358.867	0,07%	32.926	6,27%	358.076	0,07%	32.864	6,21%	-791	-0,22%	-0.062	-0,19%
2 Bio < N ≤ 5 Bio	211.712	0,04%	43.436	8,28%	212.470	0,04%	43.568	8,23%	758	0,36%	0.132	0,30%
N > 5 Bio	132.381	0,02%	274.052	52,22%	133.420	0,02%	279.657	52,80%	1.039	0,78%	5.605	2,05%
<b>Total</b>	<b>531.066.487</b>	<b>100,00%</b>	<b>524.770</b>	<b>100,00%</b>	<b>535.119.932</b>	<b>100,00%</b>	<b>529.639</b>	<b>100,00%</b>	<b>4.053.445</b>	<b>0,76%</b>	<b>4.869</b>	<b>0,93%</b>

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



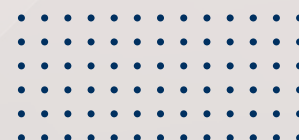
IDIC's deposit insurance program, with a maximum coverage of IDR 2 billion (USD 127,141), fully protects 99.94% of the accounts and 0.06% of the accounts exceed this coverage limit (as indicated in Table 7). In regard to the total deposit amounts, roughly 39.97% of these deposits are fully insured, 8.43% have partial insurance coverage up to IDR 2 billion, and 52.59% are not covered by insurance (as shown in Table 8).

**Table 7: Distribution of Insured Deposit Based on Accounts**

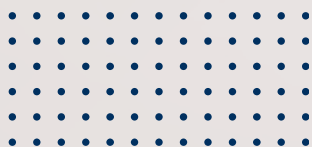
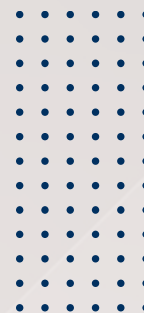
Distribution of Account by Insured Accounts September 2023			
Item	Deposit Tiering (IDR)	Number of Accounts	%
Account for Fully Insured Deposits	≤ 2 Billion	534.774.042	99,94%
Account for Partially Insured Deposits	> 2 Billion	345.890	0,06%
<b>Total Account</b>		<b>535.119.932</b>	<b>100,00%</b>

**Table 8: Distribution of Deposit Based on Nominal**

Distribution of Deposits by Insured Deposits Billion IDR September 2023			
Item	Deposit Tiering (IDR)	Nominal Amount	%
Fully Insured Deposits	≤ 2 Billion	3.197.000	38,97%
Partially Insured Deposits	> 2 Billion	691.780	8,43%
<b>Subtotal - Insured Deposits</b>		<b>3.888.780</b>	<b>47,41%</b>
Uninsured Deposit	> 2 Billion	4.314.421	52,59%
<b>Subtotal - Uninsured Deposit</b>		<b>4.314.421</b>	<b>100,00%</b>
<b>Total Account</b>		<b>8.203.201</b>	







# IDIC ACTIVITIES

## SUCCESSFUL INAUGURAL IDIC HALF MARATHON, OPTIMISTIC TO BE AN ANNUAL EVENT

2 July 2023



IDIC-Jakarta. The international-scale athletic event hosted by the Indonesia Deposit Insurance Corporation (IDIC), the Monas Half Marathon, is considered a successful inaugural occasion. This can be seen in the tremendous enthusiasm of the public to participate in all the activities of the IDIC Monas Half Marathon, where nearly 7,000 participants from various regions, including foreigners, took part in the "Run The City" fun run event held on July 1, 2023, with the peak of the event happening today at the IDIC Monas Half Marathon.

"The IDIC Monas Half Marathon event can become a continuous and internationally standardized marathon event in the city of Jakarta. Furthermore, it is hoped that the IDIC Monas Half Marathon can serve as a competitive arena and a platform for the development of the potential of national athletes in the future," stated IDIC Commissioner Chairman Purbaya Yudhi Sadewa in Jakarta on Sunday, July 2, 2023.

Minister of Youth and Sports, Dito Ariotedjo, who also attended the event, commended IDIC for choosing sports as a means to interact with the community. He emphasized the significance of this choice, as sports are inherently multi-sectoral and have a broad social reach. He expressed that it is the right choice to ensure that those who are passionate about sports can also receive education about the importance of deposit insurance.

"Hopefully, IDIC will not stop at just the Half Marathon; the outreach and education can extend to other sports as well. Once again, the highest appreciation for IDIC's decision to use sports as their means of outreach," he stated.



Furthermore, the Chairman of the Indonesian Athletics Federation (PB PASI), Luhut Binsar Pandjaitan, also commended IDIC's efforts, which he deemed a successful endeavor in organizing an internationally standardized running event. He also expressed his support for the advancement of athletics, as there are now many marathon competitions in various locations like Bali and Borobudur. He believes that when any endeavor is well-organized, the results will be equally good.



The IDIC Monas Half Marathon, with the theme "Restart for Change," began at 5:00 AM WIB, starting from Monas and finishing at Gelora Bung Karno. Around 4,200 runners, including 80 international runners from various countries, participated in the event with the opportunity to win a total prize pool of up to Rp992 million.

## **IDX JAZZ CARAVAN IDIC 2023: SOCIALIZING ROLES AND FUNCTIONS WHILE BOOSTING THE COMMUNITY ECONOMY**

7 July 2023



On Friday, July 7, 2023, the Indonesia Deposit Insurance Corporation (IDIC) organized the IDX Channel Jazz Caravan IDIC 2023 music event at Lot 8 SCBD, South Jakarta. The event aimed to further introduce the role and function of IDIC while simultaneously revitalizing the community's economy. It was inaugurated by IDIC's Chief Executive, Lana Soelistianingsih, and Indah Kurnia, the Founder of Surabaya Pahlawan Jazz and a Member of the XI Commission of the Indonesian House of Representatives.

Lana Soelistianingsih, then Chief Executive of IDIC now Vice Chairman of IDIC, emphasized that this event was also a manifestation of IDIC's efforts to boost the community's economy, particularly within the creative industry sector. She stated, 'Through music, we hope to use this as a means to socialize with the public and contribute to the community's economic revival. It's essential for people to understand IDIC's role and function,' she said during the event's opening.

In agreement with this sentiment, Indah Kurnia, a Member of the Indonesian House of Representatives' XI Commission, appreciated the event and mentioned that music is indeed a suitable medium for advancing the community's economic progress while engaging with the public. She stated, 'Reviving the economy and music and entertainment are inseparable. This is the most effective means to enhance literacy through music.'

The audience showed great enthusiasm as they enjoyed the elegant and entertaining jazz performance by Surabaya Caravan Jazz. Furthermore, the event featured two well-known Indonesian jazz musicians, Barry Likumahua and Ivan Saba, who collaborated with Surabaya Caravan Jazz.

The event also included participation from Micro, Small, and Medium Enterprises (MSMEs), such as culinary delights, food trucks, and various attractive prizes for the attending guests. The IDX Channel Jazz Caravan IDIC 2023 was open to the public, free of charge, without entrance tickets.

## **IDIC ANNOUNCES NEW ORGANIZATIONAL STRUCTURE TO FULFILL THE MANDATE OF FINANCIAL SECTOR OMNIBUS LAW (FSOL)**

12 July 2023

DIC-Jakarta, July 12, 2023. The Indonesia Deposit Insurance Corporation (IDIC) has made changes to its organizational structure as a means of implementing the new mandate outlined in Law Number 4 of 2023 on the Financial Sector Omnibus Law (FSOL).

"We welcome the various regulatory changes, including the new mandate granted to us. The restructuring of our organization is a collective commitment to prepare ourselves as effectively as possible to fulfill this new responsibility," stated Purbaya Yudhi Sadewa, Chairman of the IDIC Board of Commissioners, during an internal IDIC awareness event about the organizational restructuring held on Monday, July 10, 2023.

In line with the FSOL provisions, IDIC has restructured its organization to carry out the new mandate set forth in FSOL, including the specialization of Commissioners. The organizational restructuring took effect on July 11, 2023.







In order to enhance public services, IDIC is planning to establish Regional Representative Offices (RROs) in several regions. Some of the targeted RROs set to operate next year include the RRO in East Java, located in Surabaya, the RRO in North Sumatra, located in Medan, and the RRO in South Sulawesi, located in Makassar.

The presence of IDIC in these cities is expected to support the dissemination and education regarding the role and functions of IDIC, ultimately enhancing customer trust in the banking and insurance industry.

## PIDM AND IDIC STRENGTHEN CROSS BORDER-TIES WITH NEW MOU

*CONTINUING MUTUAL PARTNERSHIPS SINCE 2018*

13 July 2023



The latest agreement builds upon the previous MoU signed in 2018 and emphasises the commitment of PIDM and IDIC to fostering meaningful cooperation to protect financial consumers and as resolution authorities in their respective countries.

“Our continued commitment through this MoU sets the stage for an even stronger partnership. By mutually exchanging best practices and insights, PIDM and IDIC are well-positioned to navigate emerging challenges and promote the resilience of our respective financial sectors, ultimately benefiting financial consumers,” said Rafiz Azuan Abdullah, Chief Executive Officer of PIDM.

“As we envision the future, we are enthusiastic about progressing our collaborative endeavours and strengthening our partnership. I am delighted for the signing of a MoU between IDIC and PIDM. This MoU will cement our dedication to cooperation and establish a framework for expanded collaboration in areas of shared interest,” added Purbaya Yudhi Sadewa, Chairman of IDIC.

The PIDM-IDIC MoU signing ceremony took place in Kuala Lumpur. This ceremony was held together with a bilateral meeting and a series of technical discussions on Resolution Plan, Cybersecurity and Insurance Guarantee Scheme between both parties afterwards.

PIDM and IDIC remain dedicated to maintaining strong cross-border ties, ensuring the continued stability and resilience of their financial systems.

## **SHARING SESSION ON THE PERSPECTIVE OF ESISUISSE ON CREDIT SUISSE FAILURE**

26 July 2023

On the 26th July 2023, Mr. Lucas Metzger, Chief Operating Officer (COO) of esisuisse, has graced IDIC with his presence as a speaker to share perspective of esisuisse on Credit Suisse failure in early 2023. Opening this sharing session were Ms Lana Soelistianingsih, Vice Chairman from IDIC, and Mr. Gregor Frey, Chief Executive Officer (CEO) from esisuisse. Mr. Ramadhian Moetomo, Director of International Affairs Group have moderated this session.





Through this sharing session, Mr. Metzger have shared on the root cause of this failure, the overall timeline from the delay of publication of annual report 2022 by Credit Suisse on 9th March 2023 to government intervention in late June 2023, as well as the viewpoint of esisuisse in the midst of this failure. Further discussion took place on emergency liquidity assistance (ELA) received by the Credit Suisse, the legal aspects within this case, and potential merger. It can be concluded that this is a high-profile case topped with flawed risk management within.

## **IDIC BILATERAL MEETING WITH ISLAMIC DEVELOPMENT BANK**

13 & 18 August 2023

On 13th August, 2023, IDIC and IsDB were scheduled to hold a courtesy meeting between the Board Members and representatives of the Islamic Development Bank (IsDB), specifically with Dr. Zamir Iqbal, Vice President (Finance) and Chief Financial Officer of IsDB. The purpose of this meeting was to exchange experiences, strategies, and insights to effectively fulfill the respective responsibilities of both institutions. During the meeting, several discussion points were covered, including IsDB's policies in managing liquid assets, particularly investments in financial instruments like Sukuk. They also discussed IsDB's technical assistance programs, which may potentially lead to future cooperation between IsDB and IDIC.

The meeting continued with IsDB's Head of Funding, Mr. Zakky Bantan, and the technical team from IDIC in Jakarta during a lunch meeting on August 18, 2023. The discussion revolved around IsDB's investments and the potential for future investments and fundraising in the Indonesian market.

## **IDIC PARTICIPATED AS A SPEAKER IN IADI AFRICA REGIONAL COMMITTEE ANNUAL GENERAL MEETING AND CONFERENCE ON PROTECTING DEPOSITORS FROM CRISIS TO PAYOUT**

21-24 August 2023

On the previous IADI Africa Regional Committee (ARC) Annual General Meeting and Conference on Protecting Depositors from Crisis to Payout, IDIC was invited as one of the speakers for the conference which have taken place in Dakar, Senegal on 21-24 August 2023. Mr. Suhardiono, Director of Operations Control Group, whom previously headed the Claim Reimbursement Group, have given insights on the methodology of IDIC in claim reimbursements for depositors of banks whose business license have been revoked.

## **IDIC BILATERAL MEETING WITH KOREA DEPOSIT INSURANCE CORPORATION (KDIC)**

6 September 2023

IDIC Chairman, Purbaya Yudhi Sadewa, together with Ms Lana Soelistianingsih, Vice Chairman, and Mr Didik Madiyono, Board of Commissioners' Member Deposit Guarantee Programs and Bank Resolution, had a friendly exchange with Chairman of Korea Deposit Insurance Corporation (KDIC), Mr Jaehoon Yoo, Mr. Donghoon Jang, Director, Head of Officer of International Cooperation and Mr Sungbae Park, Assistant Manager, Office of International Cooperation, KDIC in a bilateral meeting on 6 September 2023 in Jakarta, Indonesia.



In conjunction with the Bloomberg CEO Forum that was hosted by IDIC in Fairmont Hotel Jakarta, this meeting was initiated to propel the mutual Secondment Program between KDIC and IDIC that is within the pipeline this upcoming November 2023. This Secondment Program aims to enhance reciprocal expertise and experiences in insurance guarantee scheme, deposit insurance system, and bank resolutions in each jurisdiction.



## POSITIVE CONTRIBUTION TO NATIONAL DEVELOPMENT AND ASEAN: IDIC HOSTS BLOOMBERG CEO FORUM 2023

6 September 2023



Jakarta, IDIC - The Indonesia Deposit Insurance Corporation (IDIC) once again organized the Bloomberg CEO Forum 2023, bringing together prominent figures and investors from around the world. The event was held amidst the ASEAN Summits 2023 activities in Jakarta on Wednesday, September 6, 2023. The Bloomberg CEO Forum 2023 serves as a platform that convenes government officials, both global and national CEOs, investors, philanthropists, and other prominent figures to address crucial issues, including ASEAN's potential to become one of the world's economic powerhouses.

"Through the organization of the Bloomberg CEO Forum 2023, we hope to facilitate more intensive and productive dialogues among participants, leading to the emergence of concrete initiatives addressing the various issues discussed today. Ultimately, these efforts can make a positive contribution to national and ASEAN development," stated a spokesperson during a press conference held as part of the event.

This edition of the Bloomberg CEO Forum demonstrates IDIC's support for Indonesia's presidency in the 2023 ASEAN Summits in Jakarta. Several themes discussed today are a continuation of those from the 2022 Bloomberg CEO Forum, especially those related to environmental issues, sustainable development, and technology.

"To realize the ASEAN vision, several aspects need strengthening, including infrastructure development and the adoption of innovation and technology across various sectors. Additionally, Indonesia must consider environmental aspects in its development and continually maintain financial system stability," added the spokesperson.

Concerning environmental aspects of development, the issue of green energy and energy transition remains a focus for the government and IDIC. IDIC aims to shine a spotlight on Indonesia to ensure that the discussions today result in practical solutions supporting not only ASEAN's development but also Indonesia's national development. Furthermore, through this forum, IDIC seeks broader recognition, not just in Indonesia but also on the international stage, aligning with its vision of becoming a leading, trusted, and recognized institution at the national and international levels in safeguarding depositors and executing bank resolutions to promote and maintain financial system stability.

### **Implementation of FSOL**

Furthermore, in terms of the implementation of the Financial System Strengthening and Development Law (FSOL), it was emphasized that IDIC is taking this mandate seriously.

"We take this mandate seriously; last week, we appointed an Executive Director for insurance policy guarantees. I personally monitor this on a weekly basis. There are also many legal preparations, and we continue to coordinate with the legislature," mentioned the spokesperson.

Simultaneously, IDIC's Deputy Commissioner Lana Soelistianingsih affirmed IDIC's commitment to continually improve services to the public by establishing Representative Offices (Kantor Perwakilan - Kanwil) in several regions in 2024. IDIC aims to have several Kanwil offices operating, including Kanwil North Sumatra in Medan, Kanwil East Java in Surabaya, and Kanwil South Sulawesi in Makassar.

IDIC Commissioner for Deposit Insurance and Bank Resolution Didik Madiyono, who was also present at the event, added,

"The presence of IDIC in these cities is expected to enhance public awareness of IDIC and its role in maintaining the stability of the financial system. This is hoped to strengthen depositor trust in the banking and insurance industries".

## **IDIC PARTICIPATED AS A SPEAKER AT THE FIRST INSURANCE FORUM ALMATY (FIFA)**

7 September 2023

Mr Herman Saheruddin, Director of IDIC Research Group had the pleasure to participate virtually as a speaker in Roundtable 2 of the First Insurance Forum Almaty (FIFA) on 7 September 2023. As IDIC has been granted a new mandate under the recently enacted financial sector omnibus law in early 2023 which entails the administration of a policyholder protection scheme (PPS) for both life and non-life insurers, Mr Saheruddin shed a light on the overview of this new mandate.

He explained the scope and mechanism of the PPS as mandated, IDIC's transition period towards its full implementation in 2028, as well as the probability of failed insurance company considering the increasing trend of Insurance Industry in Indonesia.



## **IDIC FACILITATES THE DEVELOPMENT OF MODERN TECHNOLOGY INDONESIAN BATIK**

19 September 2023

IDIC-Sukabumi. The Indonesia Deposit Insurance Corporation (IDIC), through its Social and Community Activities program 'IDIC Cares for the Nation,' continues to support Micro, Small, and Medium Enterprises (MSMEs) in the Batik industry while constantly advancing Batik as one of Indonesia's cultural heritages recognized worldwide, with artistic and practical value.

Recently, IDIC Cares for the Nation partnered with Batik Fractal Indonesia, an institution specializing in the development of the Batik software, with the support of the Sukabumi Municipal Government. The community and social activities conducted involved the development of MSME Batik businesses in the Sukabumi City and its surrounding areas. The training provided included the establishment of a Batik Training Center, which would offer training in jBatik Fractal applications, technical skills improvement in design and production, as well as other supporting soft skills.

"We at IDIC are very committed to promoting the development of Fractal Batik in Indonesia, especially through this initiative aimed at supporting the growth of MSME Batik businesses. Why Sukabumi? It is to harness the potential of Sukabumi Batik as a Batik destination, similar to other areas like Cirebon, Pekalongan, and Yogyakarta," said IDIC's Chairman of the Board of Commissioners, Purbaya Yudhi Sadewa, in Sukabumi on Tuesday, September 19, 2023.

Furthermore, he noted that with the easier access to Sukabumi from surrounding areas thanks to the Bogor, Ciawi, and Sukabumi Toll Road (Bocimi), combined with the increasing flow of tourists to Sukabumi and its neighboring attractions like Ujung Genteng and the Geopark, there is an opportunity for Sukabumi Batik to flourish," added Purbaya.



Batik is a computer software utilizing Fractal technology to create Batik patterns and other designs. Fractal Batik involves the incorporation of mathematical formulas into modern science, resulting in diverse Batik designs. The diversity can be observed in the graphics, colors, and the repetition of motifs. It can be said that Fractal Batik is a combination of four elements: art, culture, science, and technology. UNESCO has recognized Fractal Batik, awarding the People Pixel Project the Award of Excellence in October 2008. This acknowledgment signifies that the product meets the highest international quality standards and holds significant potential in the global market.

The IDIC Fractal Batik Training Program will run for three months, starting from September 20, 2023, to December 15, 2023, taking place at the Sukabumi Creative Hub. It will be attended by 30 MSMEs, selected and curated from nearly 50 applicants. The training program will be conducted continuously from September 2023 to 2025.

## LPS PRESENTS THE JOURNEY TO LPS RESEARCH FAIR 2023 WEBINAR

21 September 2023

The Journey to LPS Research Fair 2023 serves as a pre-event to the LPS Research Fair, offering a series of seminars designed to provide valuable insights into topics related to the economy, the financial sector, banking, and various other pertinent subjects. This pre-event is an integral component of the LPS Research Fair 2023 and is scheduled for October 11, 2023, encompassing two segments: Journey to LPS Research Fair-1 and Journey to LPS Research Fair-2.

We are delighted to introduce a selection of distinguished speakers who will be contributing to these two webinars:

1. Irwan Trinugroho, the Acting Vice Rector of Sebelas Maret University, on September 14, 2023 will present on the topic of "Implications of the Financial Sector Development and Strengthening Law for the Financial Industry."
2. Andhyta F. Utami, the Founder and CEO of Think of Policy, on September 21, 2023 will deliver a presentation focused on "The Role of the Green Economy in Driving Inclusive and Sustainable Economic Development."



**LPS** LEMBAGA PENJAMIN SIMPAPAN

**JOURNEY TO LPS RESEARCH FAIR #1**

**SPEAKER**

**PROF. IRWAN TRINUGROHO**  
Pir Wakil Rektor  
Universitas Sebelas Maret

"IMPLIKASI UNDANG-UNDANG PENGEMBANGAN DAN Penguatan SEKTOR KEUANGAN TERHADAP INDUSTRI KEUANGAN"

**FREE ENTRY**  
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Zoom

**YouTube Live**  
LPS\_IDIC Official

**Kamis, 14 September 2023**  
09.00 - 11.00 WIB

Link Pendaftaran:  
[www.lpsresearchfair2023.com](http://www.lpsresearchfair2023.com)

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**LPS** LEMBAGA PENJAMIN SIMPAPAN

**JOURNEY TO LPS RESEARCH FAIR #2**

**SPEAKER**

**ANDHYTA F. UTAMI**  
Founder and CEO of Think Policy

"PERAN EKONOMI HIJAU DALAM MENDORONG TERCIPTANYA PEMBANGUNAN EKONOMI YANG INKLUSIF DAN BERKELANJUTAN"

**FREE ENTRY**  
DOORPRIZE

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In Journey to LPS Research Fair segments 1 and 2, the opening remarks given by Mr. Ridwan Nasution, serving as the Executive Director of Strategic Management and Policy Formulation at the Deposit Insurance Corporation. To conclude the webinars, closing remarks delivered by Herman Saheruddin, LPS Director of the Research Group.

## PRESIDENT JOKOWI'S APPRECIATION ON THE 18TH ANNIVERSARY OF IDIC

22 September 2023



IDIC - Jakarta. The Indonesia Deposit Insurance Corporation (IDIC) has reached its 18th year. Throughout its journey from its inception to the present day, IDIC has steadily grown, advanced, and remained active in preserving the stability of the banking system within its authority. In his congratulatory message to IDIC on its birthday, President of the Republic of Indonesia, Joko Widodo, expressed his hope that IDIC will continue to strengthen the financial sector and maintain the trust of the public in the financial industry.

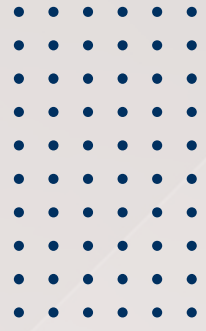
"I wish to extend my congratulations on the 18th anniversary. May IDIC continue to fortify the financial sector and enhance public trust in the financial industry," President Jokowi conveyed through an official video broadcast.

On January 12, 2023, President Jokowi officially signed the Financial Sector Omnibus Law (FSOL). In alignment with the enactment of FSOL, IDIC has also restructured its organizational framework to fulfill the new mandates set forth in FSOL, including changes related to the composition of the Board of Commissioners. The organizational restructuring took effect on July 11, 2023.

This change in organizational structure is a demonstration of IDIC's commitment to prepare itself comprehensively to carry out the new responsibilities entrusted to it. FSOL introduces several positive changes for IDIC, such as strengthening its institutional capacity and extending IDIC's authority, including the early intervention function in addressing banks and a new mandate to ensure insurance policies.

By embracing these new mandates as outlined in FSOL, it is hoped that IDIC will evolve into a professional, credible, accountable institution that brings significant benefits to the people of Indonesia.





# BCBS UPDATES

# FSB UPDATES

# IFSB UPDATES



# BCBS UPDATES

## NEWSLETTER ON CREDIT RISK ISSUES

4 July 2023

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.

- Ongoing economic uncertainty continues to pose challenges for banks when assessing the credit quality of borrowers and vulnerable sectors.
  - Sound provisioning practices enable banks identify any deterioration in credit risk in a consistent and timely way, thus forming an integral part of credit risk management.
- 
- Supervisors continue to observe a range of practices on internal ratings-based (IRB) models and provisioning across banks and have taken supervisory action, including thematic deep dives, onsite investigations, issuing guidance and bank-specific actions.
  - The Committee intends to continue monitoring bank practices in assessing credit risk and setting provisions, as the global economy continues to evolve.

Sources:

[https://www.bis.org/publ/bcbs\\_nl32.htm](https://www.bis.org/publ/bcbs_nl32.htm)



## **CORE PRINCIPLES FOR EFFECTIVE BANKING SUPERVISION**

6 JULY 2023

The Basel Committee on Banking Supervision has issued a public consultation on revisions to the Core principles for effective banking supervision ("Core Principles").

The Core Principles are the de facto minimum standards for the sound prudential regulation and supervision of banks and banking systems. They are universally applicable and accommodate a range of banking systems and a broad spectrum of banks. The Core Principles are used by supervisors to assess the effectiveness of their regulatory and supervisory frameworks. They are also used by the International Monetary Fund (IMF) and World Bank as part of the Financial Sector Assessment Program (FSAP) to evaluate the effectiveness of countries' banking supervisory systems and practices.

Originally issued by the Committee in 1997, the Core Principles were last substantively updated in 2012. The Committee commenced a review of the Core Principles in April 2022, with the objective of reflecting supervisory and regulatory developments, structural changes affecting the banking system, and lessons learnt from FSAPs since the last update.

Changes are proposed to both the structure and contents of the Core Principles standard. The proposed amendments have been informed by several thematic topics reflecting regulatory and supervisory developments in: (i) financial risks; (ii) operational resilience; (iii) systemic risk and macroprudential aspects of supervision; (iv) new risks, including climate-related financial risks and the digitalisation of finance; (v) non-bank financial intermediation; and (vi) risk management practices.

The proposals were developed by a Task Force comprised of both Committee and non-Committee member jurisdictions, as well as the IMF and World Bank.





Supervisors continue to observe a range of practices on internal ratings-based (IRB) models and provisioning across banks and have taken supervisory action, including thematic deep dives, onsite investigations, issuing guidance and bank-specific actions.

The Committee intends to continue monitoring bank practices in assessing credit risk and setting provisions, as the global economy continues to evolve.

Sources:

<https://www.bis.org/bcbs/publ/d551.htm>

## **BASEL III MONITORING REPORT**

26 September 2023

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

### **Highlights of the Basel III monitoring exercise as of 31 December 2022**

- After their downturn at end-June 2022, initial Basel III capital ratios increase and rise above pre-pandemic levels
- Liquidity Coverage Ratio declines but remains above pre-pandemic levels

The report looks at the dynamics of CCPs' margin models, the use of discretion and its effect on margin procyclicality, and the other ways CCPs adapted their risk management during this period. It also investigates market participants' preparedness to meet margin calls during these stress events based on the level of transparency and predictability of these margin practices.



It complements the BCBS-CPMI-IOSCO report Review of margining practices published in September 2022, which analysed the effects of market volatility during the Covid-19 period on margin demands and the associated impact on market participants.

The findings in this report will inform the international policy work set out in the BCBS-CPMI-IOSCO report Review of margining practices, aimed at evaluating the responsiveness of initial margin models and enhancing the transparency of margin requirements in centrally cleared markets. The analysis contributes to the Financial Stability Board's (FSB) work to enhance the resilience of the non-bank financial intermediation and complements the FSB's report The Financial Stability Aspects of Commodities Markets with a specific focus on CCP-related dynamics.

Sources:

<https://www.bis.org/bcbs/publ/d554.pdf>

# FSB UPDATES

## FSB GLOBAL REGULATORY FRAMEWORK FOR CRYPTO-ASSET ACTIVITIES

17 July 2023

The FSB is finalising its global regulatory framework for crypto-asset activities to promote the comprehensiveness and international consistency of regulatory and supervisory approaches.

The framework is based on the principle of ‘same activity, same risk, same regulation’ and provides a strong basis for ensuring that crypto-asset activities and so-called stablecoins are subject to consistent and comprehensive regulation, commensurate to the risks they pose, while supporting responsible innovations potentially brought by the technological change.

It consists of two distinct sets of recommendations:

- High-level recommendations for the regulation, supervision and oversight of crypto-asset activities and markets;
- Revised high-level recommendations for the regulation, supervision, and oversight of “global stablecoin” arrangements.

The recommendations focus on addressing risks to financial stability, and they do not comprehensively cover all specific risk categories related to crypto-asset activities.



After a decade of preparation, the LIBOR transition has entered its final stage. The end of June 2023 marked the final major milestone in the LIBOR transition with the end of the remaining USD LIBOR panel. Only three of the US dollar LIBOR settings will continue in a synthetic form after June 2023 and are intended to cease at end-September 2024. In addition, reform of other interest rate benchmarks and related transition efforts have either been completed or near their planned, final conclusion.

This monumental undertaking has seen an unprecedented shift in wholesale markets and has required the sustained coordination and dedication of regulators, industry bodies and market participants, and will lead to a more stable financial system. To maintain financial stability, it is important that markets remain anchored in robust benchmarks (for example risk-free or nearly risk-free rates) going forward.

Sources:

<https://www.fsb.org/2023/07/final-reflections-on-the-libor-transition/>

## **EVALUATION ON EFFECTS OF G20 REFORMS ON SECURITISATION: SUMMARY TERMS OF REFERENCE**

30 Agustus 2023

This Summary Terms of Reference provides details about the objectives, scope and process of the FSB's evaluation of securitisation reforms.

The evaluation aims to:

- Assess the extent to which the G20 reforms on securitisation implemented to date have achieved their financial stability objectives. Specifically, the evaluation will assess whether the reforms have addressed misaligned incentives that weakened lending standards in the credit origination process, as well as opaque and complex structures that prevented proper due diligence and led to the mispricing of risks by investors.

- Examine broader effects (positive or negative) of the reforms on the functioning and structure of the securitisation markets and the implications for financing to the real economy. This type of analysis will help identify any material unintended consequences that may have to be addressed, without compromising on the objectives of the reforms.

As part of its evaluation, the FSB will incorporate feedback from stakeholders into a note with preliminary findings, which will be issued for public consultation in early 2024. The final evaluation report will be published around mid-2024.

Sources:

<https://www.fsb.org/wp-content/uploads/P300823-1.pdf>

## **IMF-FSB SYNTHESIS PAPER: POLICIES FOR CRYPTO-ASSETS**

7 September 2023

The International Monetary Fund (IMF) and the Financial Stability Board (FSB) have advanced policy and regulatory recommendations to identify and respond to macroeconomic and financial stability risks associated with crypto-assets.

Crypto-assets have been in existence for more than a decade and have displayed significant volatility. Alongside their volatility, crypto-asset activities have also grown in complexity. So far, direct connections between crypto-assets and systemically important financial institutions, core financial markets, and market infrastructures have been limited. Nevertheless, they have the potential to emerge as a source of systemic risk in specific jurisdictions if they gain traction for payments or retail investments. The IMF has outlined key elements of an appropriate policy response including macroeconomic, legal and financial integrity considerations and implications for monetary and fiscal policies. In parallel, the FSB and standard-setting bodies (SSBs) have published regulatory and supervisory recommendations and standards to address financial stability, financial integrity, market integrity, investor protection, prudential and other risks derived from crypto-assets.

At the request of the Indian G20 Presidency, the IMF and the FSB have developed this paper to synthesise the IMF's and the FSB's (alongside SSBs') policy recommendations and standards. The collective recommendations provide comprehensive guidance to help authorities address the macroeconomic and financial stability risks posed by crypto-asset activities and markets, including those associated with stablecoins and those conducted through so-called decentralised finance (DeFi).

This paper describes how the policy and regulatory frameworks developed by the IMF and the FSB (alongside SSBs) fit together and interact with each other, but it does not establish new policies, recommendations or expectations for relevant member authorities.

The paper looks at the key risks to macroeconomic stability, financial stability, and other areas (such as legal, financial integrity and market integrity related risks), posed by crypto-asset activities. It then presents policy responses to these risks in the areas of:

- macro-financial policies;
- financial stability regulation; and
- other policies and regulation.

The paper concludes with an implementation roadmap. The roadmap includes planned and ongoing work related to the implementation of crypto-asset policy frameworks, which taken together seek to: build institutional capacity beyond G20 jurisdictions; enhance global coordination, cooperation, and information sharing; and address data gaps necessary to understand the rapidly changing crypto-asset ecosystem.

Sources:

<https://www.fsb.org/wp-content/uploads/R070923-1.pdf>



# IFSB UPDATES

## IFSB 20TH ANNIVERSARY SYMPOSIUM: CELEBRATING TWO DECADES OF ADVANCING ISLAMIC FINANCE

16 August 2023

The Islamic Financial Services Board (IFSB) has successfully organised its much-anticipated "IFSB 20th Anniversary Symposium," held at the prestigious Fairmont Hotel in Riyadh. Hosted by the Saudi Central Bank (SAMA), this landmark event brought together prominent current and former IFSB members and secretaries-general to reflect on the past, celebrate the present, and envision the future of the IFSB.

The symposium, themed "IFSB: Past, Present, and the Future," commemorated two decades of exceptional achievements and contributions to the Islamic financial services industry (IFSI).

It has served as an unparalleled platform for insightful discussions, fostering collaboration and innovation among professionals from the financial services industry across Saudi Arabia and the GCC.

H.E. Ayman Al Sayari, Governor of the Saudi Central Bank and Chairman of the IFSB Council 2023, delivered the welcoming remarks, highlighting the significance of the event and the pivotal role of the IFSB in advancing the Islamic finance landscape. Dr. Bello Lawal Danbatta, Secretary-General of the IFSB, delivered the opening remarks, setting the stage for the symposium's enlightening discussions on the IFSB's remarkable journey and future aspirations.

This symposium lasted the entire afternoon with three different sessions, covering the IFSB timeline of the past, present and the future. Mr. Jaseem Ahmed, former Secretary-General of IFSB moderated the “Session I: Vision of the Founding Members” where it featured panellists such as H.E. Hamad Al-Sayari, former Governor of SAMA and H.E. Dr. Ishrat Husain, former Governor of the State Bank of Pakistan. This session brought the audience into the visionary minds of the IFSB's founding members, reflecting on their strategic foresight in creating the IFSB.

Session 1 discussed the industry's concerns that led to the establishment of the IFSB, the initial vision and objectives envisioned by the founding members, the progress made in achieving the critical goals set at its inception, and how the industry and the IFSB's role have evolved over the past 20 years. The outcome of this session has provided a basis for reflecting on the IFSB's progress, aligning it with its original vision and mission.

“Session II: Achievements and Lessons from the Past 20 Years” followed shortly after and it highlighted the significant accomplishments of the IFSB and the lessons drawn from two decades of operational excellence. The session assessed the adequacy and relevance of IFSB standards and publications in ensuring the stability, resilience, and soundness of the IFSI. Additionally, it also focused on the global prominence and recognition of the IFSB's work, its international cooperation with regulatory and standard-setting bodies, performance in terms of sectoral reach and membership composition, responsiveness to innovation, and the establishment and usefulness of IFSB prudential and structural Islamic financial indicators.

The session offered a comprehensive stock-taking of the IFSB's journey, setting the tone for future reforms in line with the dynamics of the global financial ecosystem.

Session 2 boasts panellists such as H.E. Rasheed M. Al Maraj, Governor of Central Bank of Bahrain, H.E. Jameel Ahmed, Governor of State Bank of Pakistan, H.E. Juda Agung, Deputy Governor of Bank Indonesia, Mr. Lamido Yuguda, Director General of Securities Commission Nigeria, and moderated by Dr. Shahin Shayan, Global Investment and Risk Management Advisor.

In the forward-looking “Session III: Looking to the Future”, the strategic roles and outlook of the IFSB were discussed, considering its structural and functional transformations in response to an integrated, innovative, and evolving IFSI. Key topics included potential changes to the IFSB's agenda, increasing the focus on policy support, technical assistance, and implementation of existing standards, broadening the coverage to Islamic NBFIs, and strengthening mainstream segments.

Additionally, the session explored the initiatives to expand membership composition and structure, along with the IFSB's enhanced role in promoting the development, soundness, resilience, and stability of member countries' IFSI. The outcome has certainly charted the objectives, strategic intent, and future outlook for the IFSB.

This third session featured panellists namely H.E. Dr. Feras Abed Al-Rahim Hamdan Milhem, Governor, Palestine Monetary Authority, H.E. Dr. Zamir Iqbal, Vice President/CFO of Islamic Development Bank, Mr. Arup Chatterjee, Principal Financial Sector Specialist for Sectors Group of the Asian Development Bank, Mr. Marc Farag, Member of the Secretariat of the Basel Committee for Banking Supervision and moderated by Dr. Bello Lawal Danbatta, Secretary-General of IFSB.

IFSB's 20th Anniversary Symposium is a significant milestone, embracing the IFSB's legacy and reaffirming its commitment to reshaping the future of Islamic finance on a global scale.

Source:

[https://www.ifsb.org/preess\\_full.php?id=638&submit=more](https://www.ifsb.org/preess_full.php?id=638&submit=more)



## **The IFSB Council Adopts Technical Note 5 (TN-5) on Sharī'ah-compliant Liquidity Risk Management Tools**

16 August 2023

The Council of the Islamic Financial Services Board (IFSB) has adopted a new Technical Note during its 42nd Meeting held on 16 August 2023 hosted by the Saudi Central Bank (SAMA) as the Chairman of the IFSB Council 2023.

The IFSB Council adopted the new Technical Note (TN-5). The aim of TN-5 on Sharī'ah-compliant Liquidity Risk Management Tools is to provide guidance on the Sharī'ah-compliant liquidity risk management tools available to Institutions offering Islamic Financial Services (IIFS) and operationalisation of the instruments, bearing in mind practical reality and compliance with the tenets of Sharī'ah rules and principles. Managing liquidity risk can be especially challenging for Islamic banks because they are not able to hold interest-bearing deposits with other financial institutions or interest-bearing high-quality liquid assets (HQLA) and cannot borrow through the conventional interbank market.

They also cannot utilise interest-based central bank lending and deposit facilities. To address these challenges, the new TN provides guidance on various Sharī'ah-compliant liquidity risk management tools that may be used by IIFS to manage liquidity risk on either side of the balance sheet.

The main objectives of the TN are to:

- Enumerate liquidity risk management tools and examine their Sharī'ah compliance and assess their regulatory and supervisory implications;
- Assess the needs of the IIFS and provide recommendations in dealing with liquidity risk management issues;
- Propose illustrative versions of Sharī'ah-compliant tools to be used for liquidity risk management purposes; and
- Provide technical guidance on the modus operandi of the Sharī'ah-compliant liquidity risk management tools.

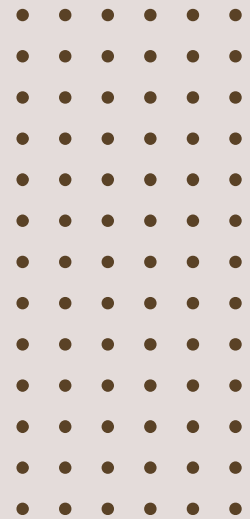
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