



THE FINANCIAL SERVICES AUTHORITY
OF
THE REPUBLIC OF INDONESIA

THE REGULATION OF THE FINANCIAL SERVICES AUTHORITY
NUMBER 77/POJK.01/2016
REGARDING
INFORMATION TECHNOLOGY-BASED BORROWING-LENDING SERVICES

WITH THE BLESSINGS OF GOD ALMIGHTY

THE BOARD OF COMMISSIONERS OF THE FINANCIAL SERVICES AUTHORITY,

- Considering : a. that information technology has been utilized for the improving the financial industry that can boost a growth of alternative financing for the society;
- b. for the purpose of supporting the growth of information technology-based financial services institution so that it will be able to contribute to the nation's economy;
- c. based on the above considerations in letters a and b, it is necessary to stipulate a Regulation of the Financial Services Authority regarding Information Technology-Based Borrowing-Lending Services.
- Taking into account : The Law Number 21 of 2011 on the Financial Services Authority (the State Gazette of the Republic of Indonesia Number 111 of 2011, Supplement to the State Gazette of the Republic of Indonesia Number 5253);

HAS DECIDED:

- To stipulate : REGULATION OF THE FINANCIAL SERVICES AUTHORITY REGARDING INFORMATION TECHNOLOGY-BASED BORROWING-LENDING SERVICES

CHAPTER I
GENERAL PROVISIONS

Article 1

In this Financial Services Authority Regulation, the following terms shall

have the following meanings:

1. The Financial Services Authority hereinafter is abbreviated as OJK is an independent institution having the regulatory, supervisory, examination and investigation functions, duties and authorities as meant in the Law Number 21 of 2011 regarding the Financial Services Authority.
2. Other Financial Services Institutions are pawnshops, guarantee institutions, Indonesian export financing institutions, housing secondary financing companies, and institutions conducting management of mandatory public funds, which includes the social security, pension and welfare programs administrator, as meant in the laws and regulations regarding pawnshops, guarantee, Indonesian export financing institutions, housing secondary financing companies and institutions conducting management of mandatory public funds, and other financial services institutions stated to be supervised by OJK in accordance with the laws and regulations.
3. Information Technology-Based Borrowing-Lending Services is an administration of financial services that brings together lenders and borrowers for the purpose of entering into the loan agreement in the Rupiah currency, directly through an electronic system by using Internet network.
4. Electronic System is a set of electronic equipment and procedures that functions to prepare, gather, process, analyse, store, display, publicize, transmit, and/or disseminate electronic information in the field of financial services.
5. Information Technology is a technique to gather, prepare, store, process, publicize, analyse and/or disseminate information in the field of the financial services.
6. Administrator of the Information Technology-Based Borrowing-Lending Services hereinafter shall be referred to as the Administrator is an Indonesian legal entity that provides, manages and operates Information Technology-Based Borrowing-Lending Services.
7. Borrower is a person and/or a legal entity indebted under an agreement of the Information Technology-Based Borrowing-Lending Services.
8. Lender is a person, legal entity and/or business entity entitled to receivables under an agreement of the Information Technology-Based Borrowing-Lending Services.
9. User of the Information Technology-Based Borrowing-Lending Services hereinafter shall be referred to as the User are the Lender and the Borrower using the Information Technology-Based

- Borrowing-Lending Services.
10. Board of Directors:
 - a. for the Administrator having a form of a limited-liability company is a board of directors as meant in the Law Number 40 of 2007 regarding Limited-Liability Company; or
 - b. for the Administrator having a form of a cooperatives is a management as meant in the Law Number 25 of 1992 regarding Cooperatives.
 11. Commissioner:
 - a. for the Administrator having a form of a limited-liability company is a commissioner as meant in the Law Number 40 of 2007 regarding Limited-Liability Company; or
 - b. for the Administrator having a form of a cooperatives is a supervisor as meant in the Law Number 25 of 1992 regarding Cooperatives.
 12. Electronic Document is any electronic information produced, forwarded, sent, received or stored in analogue, digital, electromagnetic, optical forms or the like, that may be seen, displayed and/or heard through a computer or an Electronic System including but not limited to writings, sounds, drawings, design maps, photos or the like, letters, signs, numbers, access codes, symbols or perforations that has a meaning or may be understood by persons who are capable to understand it as meant in the Law Number 11 of 2008 regarding Electronic Information and Transactions.
 13. Electronic Certificate is an electronic certificate that contains an electronic signature and identity that identifies the status of the legal subject of the parties to an electronic transaction issued by an electronic certification administrator as meant in the Law Number 11 of 2008 regarding Electronic Information and Transactions.
 14. Electronic Certification Administrator is a legal entity that functions as a party that provides and audits the Electronic Certificate registered with OJK.
 15. Electronic Signature is a signature that comprises electronic information affixed to, associated with or related to any other electronic information used as a tool for verification and authentication as meant in the Law Number 11 of 2008 regarding Electronic Information and Transactions.

CHAPTER II

ADMINISTRATOR OF INFORMATION TECHNOLOGY-BASED BORROWING-LENDING SERVICES

First Part
Forms of Legal Entity, Ownership and Capital

Article 2

- (1) Administrator is called as Other Financial Services Institution.
- (2) Legal form of the Administrator shall be:
 - a. a limited-liability company; or
 - b. a cooperatives

Article 3

- (1) The Administrator having the form of a limited-liability company as meant in the Article 2 paragraph (2) letter a, may be incorporated and owned by:
 - a. Indonesian citizen and/or Indonesian legal entity; and/or
 - b. foreign citizen and/or foreign legal entity.
- (2) The ownership of shares of the Administrator by foreign citizen and/or foreign legal entity as meant in the paragraph (1) letter b, whether directly or indirectly, with a maximum of 85% (eighty five per cent).

Article 4

- (1) The Administrator having the form of a limited-liability company must have a paid-up capital of at least IDR 1,000,000,000.00 (one billion Rupiah) at the time of registration.
- (2) The Administrator having the form of a cooperative must have its own capital of at least IDR 1,000,000,000.00 (one billion Rupiah) at the time of registration.
- (3) The Administrator must have a paid-up capital as meant in the paragraph (1) or own capital as meant in the paragraph (2) of at least IDR 2,500,000,000.00 (two billion five hundred million Rupiah) when submitting an application for a license.

Second Part
Business Activities

Article 5

- (1) The Administrator shall provide, manage and operate Information Technology-Based Borrowing-Lending Services from the Lender to

- the Borrower which fund is sourced from the Lender.
- (2) The Administrator may cooperate with an administrator of information technology- based financial services in accordance with the provisions of the laws and regulations.

Third Part Granting Limit of the Loan Funds

Article 6

- (1) The Administrator must obey the requirements of maximum amount limit of loan granted to each Borrower.
- (2) The maximum limit of the loan amount as meant in the paragraph (1) is determined in the amount of IDR 2,000,000,000.00 (two billion Rupiah).
- (3) OJK may conduct re-evaluation on the maximum amount limit of loan as meant in the paragraph (2).

Fourth Part Registration and Licensing

Article 7

The Administrator must submit an application for registration and licensing to OJK.

Sub-Part 1 Registration

Article 8

- (1) The Administrator that intends to provide Information Technology-Based Borrowing-Lending Services submits an application for registration with OJK.
- (2) The Administrator that has been providing Information Technology-Based Borrowing-Lending Services before the promulgation of this OJK regulation must submit an application for registration with OJK not later than 6 (six) months after the effective date of this OJK regulation.
- (3) An application for registration by the Administrator as meant in the paragraph (1) and paragraph (2), shall be submitted by the Board of Directors to the Chief Executive of the Supervisor of Insurance, Pension Fund, Financing Institutions and other Financial Services Institutions, using Form 1 as set out in the Attachment, which is an

inseparable part of this OJK Regulation, and it is attached with the documents which shall, at least, include:

- a. the deed of establishment of the legal entity including its articles of association and its amendments (if any) that has been ratified/approved by the relevant authorities or has been duly notified to the relevant authorities in accordance with the provisions of the laws and regulations;
 - b. evidence of self-identification and resume along with the latest colour photo of 4x6 cm of:
 1. the shareholders that own at least 20% (twenty per cent) of the shares;
 2. the members of the Board of Directors; and
 3. the members of the Board of Commissioners;
 - c. photocopy of the entity's taxpayer registration number;
 - d. the Administrator's certificate of domicile from the relevant institutions;
 - e. evidence of the operational readiness of business activities in the form of documents related to the Electronic System to be utilized by the Administrator and data of operational activities.
 - f. evidence of the satisfaction of capital requirements as meant in the Article 4 paragraph (1) or the Article 4 paragraph (2);
 - g. a statement letter on the settlement plan on the rights and obligations of the User in the event the Administrator's licensing is not approved by OJK.
- (4) The approval of an application for registration shall be made within a period of maximum 10 (ten) business days as of the receipt of the application documents in accordance with the requirements in this OJK regulation.
- (5) OJK shall give its approval on the Administrator registration by issuing a letter of registration.

Article 9

- (1) The Administrator that has been registered must submit a periodical report every 3 (three) months for periods that end on March 31st, June 30th, September 30th and December 31st to OJK, which shall at least contain the following information:
 - a. the number of Lenders and Borrowers;
 - b. the quality of the loan received by the Borrower including the basis for the loan quality assessment; and
 - c. the activities that have been conducted after being registered with OJK.
- (2) The 3-monthly periodical report as meant in the paragraph (1) shall be submitted to OJK not later than 10 (ten) business days as of the

deadline of the reporting date.

Article 10

- (1) The Administrator that has been registered in OJK shall submit its application for a license as the Administrator not later than 1 (one) year as of the date of its registry in OJK.
- (2) In the event the period as meant in the paragraph (1) has expired, the Administrator that has obtained a letter of registration and does not submit an application for a license or does not meet the requirements for a license, the Administrator's letter of registration as meant in the Article 8 paragraph (5) is declared void.
- (3) The Administrator whose letter of registration has been declared void as meant in the paragraph (2) is no longer entitled to submit an application for registration with OJK.
- (4) The Administrator whose letter of registration is declared void as meant in the paragraph (2) must settle the rights and obligations of the User in accordance with the statement letter on settlement plan.
- (5) The Administrator that remains registered and has declared its incapability to continue its operational activities must submit a request to OJK that shall include the reasons of its incapability and the settlement plan of the User's rights and obligations.

Sub-Part 2 Licensing

Article 11

- (1) The application for the Administrator's license as meant in the Article 10 paragraph (1) shall be submitted by the Administrator's Board of Directors to the Chief Executive of the Supervisor of Insurance, Pension Fund, Financing Institutions and other Financial Services Institutions, using Form 2 as set out in the Attachment, which is an inseparable part of this OJK regulation and it is, at least, attached with:
 - a. the deed of establishment of the legal entity including its articles of association and its amendments (if any) that has been ratified/approved by the relevant institutions or has been notified to the relevant authorities, which shall, at least, contain:
 1. its name and place of domicile;
 2. its business activities as an Information Technology-Based Borrowing-Lending Services Company;
 3. its capital;

4. its ownership
 5. the authorities, responsibilities, the term of office of its Board of Directors and Board of Commissioners; and
 6. its latest amendment of articles of association (if any) including the evidence of ratification, approval and/or receipt of notification from the relevant authorities;
- b. a list of ownership, which shall be in the form of:
1. for the Administrator having the form of a limited-liability company, a list of shareholders that includes the amount of shares owned by each shareholders; or
 2. for the Administrator having the form of a cooperatives, a list of members including the amount of primary saving and mandatory saving;
- c. data of shareholders:
1. for individuals, the data shall include:
 - a) a photocopy of identification documents in form of a valid resident identity card or passport for foreigner;
 - b) a photocopy of taxpayer registration number;
 - c) resume with a colour photo of 4x6cm in size; and
 - d) a stamped statement letter, which declares:
 - 1) that Administrator's paid-up capital is not originated from loan;
 - 2) that Administrator's paid-up capital is not originated from money laundering and financial crimes activities;
 - 3) that the Administrator is not included in a list of non-performing loans;
 - 4) that the Administrator during the past 5 (five) years was never penalized for committing criminal acts in the financial services and/or economy sectors under a final and binding court decision;
 - 5) that the Administrator during the past 5 (five) years was never sentenced under a final and binding court decision for committing any criminal acts;
 - 6) that the Administrator during the past 5 (five) years was never declared bankrupt or guilty in causing any particular company/business entity to be declared bankrupt under a final and binding court decision; and
 - 7) that the Administrator during the past 5

- (five) years never held a position of a controlling shareholder, a member of the board of directors or a member of the board of commissioners in a financial services company whose business license was revoked as a consequence of any violation;
2. for a legal entity, the data shall include:
 - a) the deed of establishment of the legal entity including its articles of association and its latest amendments (if any), along with the evidence of ratification, approval or registry from the relevant authorities;
 - b) a statement letter of the board of directors or the like which declares that:
 - 1) the Administrator's paid-up capital is not originated from any loan;
 - 2) the Administrator's paid-up capital is not originated from money laundering and financial crimes activities ; and
 - 3) the Administrator is not included in a list of non-performing loans;
 3. for the central government, the data shall include the government regulation on State capital participation for the establishment of a company;
 4. for a regional government, it is attached with the regional regulation regarding the regional capital participation for the establishment of a company;
- d. data of the Board of Directors and the Board of Commissioners:
1. a photocopy of identification documents in form of a valid resident identity card or passport for foreigner;
 2. resume with a colour photo of 4x6cm in size;
 3. a photocopy of taxpayer registration number; and
 4. a stamped statement letter from each member of the Board of Directors and the Board of Commissioners, which declares:
 - a) that the Administrator is not included in a list of non-performing loans;
 - b) that the Administrator during the past 5 (five) years was never penalized for committing criminal acts in the financial services and/or economy sectors under a final and binding court decision;

- c) that the Administrator during the past 5 (five) years was never sentenced under a final and binding court decision for committing any criminal acts;
 - d) that the Administrator during the past 5 (five) years was never declared bankrupt or guilty in causing any particular company/business entity to be declared bankrupt under a final and binding court decision; and
 - e) that the Administrator during the past 5 (five) years never held a position of a shareholder, a member of the board of directors, a member of the board of commissioners in a financial services company whose business license was revoked as a consequence of any violation;
- e. a photocopy of the legalized evidence of the satisfaction of capital requirements that remains valid during the licensing application process on its own name with a public bank which is Indonesian legal entity that conducts its business activities in a conventional form and/or under the sharia principles ;
 - f. the organizational structure of the Administrator;
 - g. guideline or standard operational procedure related to the application of anti-money laundering and the prevention of terrorism financing programs;
 - h. a working plan for 1 (one) first year, which shall at least contain:
 - 1. a description of the business activities to be implemented;
 - 2. the objectives and the steps to be taken to accomplish the objectives; and
 - 3. a projection of financial report for the next 1 (one) year;
 - i. evidence of operational readiness in form of:
 - 1. evidence of ownership or controlling of buildings and office spaces or outlets, in form of a photocopy of right of ownership, right to build or right to use certificates in the name of the Administrator, or building/space leasing agreement; and
 - 2. a list of office inventory and equipment;
 - j. a photocopy of the Administrator's taxpayer registration number;
 - k. a statement letter on the settlement plan on the rights and obligations of the User in the event the Administrator is no longer capable to continue its operational activities of the electronic system for the Information Technology-Based

- Borrowing-Lending Services; and
- I. evidence of the full payment of the licensing costs.
 - (2) OJK shall conduct an assessment on the application for license submitted by the Administrator.
 - (3) OJK shall issue its approval or rejection of the license application not later than 20 (twenty) business days as of the receipt of license application document in accordance with the requirements in this OJK regulation.
 - (4) An application for license will automatically be effective if the period as meant in the paragraph (3) has lapsed.

Fifth Part Change of Ownership

Article 12

The changes in the Administrator ownership must obtain a prior approval from OJK.

Sixth Part Voluntary License Revocation

Article 13

- (1) The Administrator that has obtained license and has declared not capable to continue its operational activities must submit an application to OJK together with the reasons for its incapability, and plan on the settlement of the User's rights and obligations.
- (2) OJK shall revoke the Administrator's license not later than 20 (twenty) business days as of the date of application as meant in the paragraph (1).

Seventh Part Qualification of Human Resources

Article 14

- (1) The Administrator must have human resources with the skill and/or background in the field of information technology.
- (2) The Administrator must have at least 1 (one) member of the Board of Directors and 1 (one) member of the Board of Commissioners who are experienced at least 1 (one) year in the financial services industry.
- (3) The Administrator must improve the quality of its human resources

through educational and training activities that support the development of the Information Technology-Based Borrowing-Lending Services.

CHAPTER III USER OF INFORMATION TECHNOLOGY-BASED BORROWING- LENDING SERVICES

First Part Borrower

Article 15

- (1) The Borrower must be from and domiciled in the territory of the Republic of Indonesia.
- (2) The Borrower as meant in the paragraph (1) consists of:
 - a. individuals of Indonesian nationality; or
 - b. an Indonesian legal entity.

Second Part Lender

Article 16

- (1) The Lender may be domestic and/or foreign party.
- (2) The Lender as meant in the paragraph (1) consists of:
 - a. individual of Indonesian nationality;
 - b. individual of foreign nationality;
 - c. Indonesian/foreign legal entity;
 - d. Indonesian/foreign business entity; and/or
 - e. International institution.

Article 17

- (1) The Administrator must provide inputs on the rates offered by the Lender and the Borrower by taking into account the reasonableness and the development of the national economy.
- (2) In the event the Borrower receives a loan from abroad, Information Technology-Based Borrowing-Lending Services shall be subject to the provisions of the laws and regulations.

CHAPTER IV
AGREEMENT OF INFORMATION TECHNOLOGY-BASED
BORROWING-LENDING SERVICES

Article 18

Agreement on the implementation of Information Technology-Based Borrowing-Lending Services includes:

- a. an agreement between the Administrator and the Lender; and
- b. an agreement between the Lender and the Borrower.

First Part

Agreement between the Administrator of Information Technology-Based Borrowing-Lending Services with the Lender

Article 19

- (1) An Agreement on the implementation of Information Technology-Based Borrowing-Lending Services between the Administrator and the Lender shall be drawn up on an Electronic Document.
- (2) The Electronic Document as meant in the paragraph (1) shall at least contain:
 - a. the number of the agreement;
 - b. the date of the agreement;
 - c. the identity of the parties;
 - d. the terms of the rights and obligations of the parties;
 - e. the amount of loan;
 - f. the interest rate of the loan;
 - g. the amount of the commission;
 - h. the duration of the agreement;
 - i. a breakdown of the relevant costs;
 - j. a terms of fine (if any);
 - k. a mechanism for the settlement of disputes; and
 - l. a mechanism for the settlement in the event the Administrator is not capable of continuing its operational activities.
- (3) The Administrator must provide the Lender with an access to information as to how the fund is being spent.
- (4) The access to information as meant in the paragraph (3) does not include information related to the identity of the Borrower.
- (5) Information on the utilization of the fund as meant in the paragraph (3) shall at least contain:
 - a. the amount of fund made available to the Borrower;
 - b. the purpose of the utilization of the fund by the Borrower;
 - c. the interest rate of the loan; and

- d. the duration of the loan.

Second Part
Agreement between the Lender and the Borrower

Article 20

- (1) A loan agreement between the Lender and the Borrower shall be drawn up in an Electronic Document.
- (2) The Electronic Document as meant in the paragraph (1) shall at least contain:
 - a. the number of the agreement;
 - b. the date of the agreement;
 - c. the identity of the parties;
 - d. the terms of the rights and obligations of the parties;
 - e. the amount of the loan;
 - f. the interest rate of the loan;
 - g. the value of the instalment;
 - h. the duration;
 - i. the security object (if any);
 - j. a breakdown of the relevant costs;
 - k. a term of fine (if any); and
 - l. a mechanism for the settlement of disputes.
- (3) The Administrator must provide to the Borrower with an access to information regarding the position of the received loan.
- (4) The access to information as meant in the paragraph (3) does not include information related to the identity of the Lender.

CHAPTER V
RISK MITIGATION

Article 21

The Administrator and the User must perform risk mitigation.

Article 22

The Administrator may become a member of OJK financial information services system or other information services system registered in OJK by fulfilling requirements pursuant to the provisions of the laws and regulations.

Article 23

The Administrator may cooperate and exchange data with the administrator of information technology-based supporting services in order to improve the quality of Information Technology-Based Borrowing-Lending Services.

Article 24

- (1) The Administrator must use an escrow account and a virtual account for the purpose of Information Technology-Based Borrowing-Lending Services.
- (2) The Administrator must provide a virtual account to each Lender.
- (3) In repaying a loan obligation, the Borrower shall make the payment through the Administrator's escrow account, which shall then be forwarded to the Lender's virtual account.

**CHAPTER VI
INFORMATION TECHNOLOGY SYSTEM GOVERNANCE OF THE
ADMINISTRATION OF INFORMATION TECHNOLOGY-BASED
BORROWING-LENDING SERVICES**

**First Part
Data Centre and Disaster Recovery Centre**

Article 25

- (1) The Administrator must use a data centre and a disaster recovery centre.
- (2) The data centre and disaster recovery centre as meant in the paragraph (1) shall be located in Indonesia.
- (3) The Administrator must meet the minimum standard for the systems of information technology, information technology risk management, information technology security, defence against system disruption and malfunction, and the transfer in management of information technology system.

**Second Part
Data Secrecy**

Article 26

The Administrator shall:

- a. maintain the secrecy, integrity and availability of personal data,

- transaction data and financial data under its management, from the moment the data is obtained until the data is destroyed;
- b. ensure the availability of authentication, verification and validation processes that support the non-rebuttable in accessing, processing and executing personal data, transaction data and financial data under its management;
 - c. guarantee that the obtaining, use, utilization and disclosure of personal data, transaction data and financial data obtained by the Administrator based on the approval of the owner of the personal data, transaction data and financial data, unless it is provided otherwise by the provisions of the laws and regulations;
 - d. provide means of communication other than Information Technology-Based Borrowing-Lending Services Electronic System to ensure the sustainability of customer services whether in form of electronic mail (email), a call centre or other means of communications; and
 - e. inform in writing to the owner of the personal data, transaction data and financial data in the event there is failure in protecting the secrecy of personal data, transaction data and financial data under its management.

Third Part Audit Track Record

Article 27

- (1) The Administrator must provide an audit track record of its entire activities in the Information Technology-Based Borrowing-Lending Services Electronic System.
- (2) The Administrator must ensure that the Information Technology system equipment used is supporting the provision of audit track record.
- (3) The audit track record as meant in the paragraph (1) shall be used for the purposes of supervision, law enforcement, settlement of disputes, verification, testing and other assessments.

Fourth Part Security System

Article 28

- (1) The Administrator must conduct the security of the component of the information technology system by having facilities and performing procedure for the security of the Information Technology-Based Borrowing-Lending Services to avoid any disruptions, failures and

- losses.
- (2) The Administrator must provide a security system that includes procedures, prevention system and countermeasures of threats and attacks that may cause any disruptions, failures and losses.
 - (3) The Administrator must participate in the management of security loopholes in information technology to support information security in the information technology-based borrowing-lending services industry.
 - (4) The Administrator must re-display the Electronic Document in its entirety in the format and term of retention determined pursuant to the provisions of the laws and regulations.

CHAPTER VII EDUCATION AND PROTECTION OF USER OF INFORMATION TECHNOLOGY-BASED BORROWING-LENDING SERVICES

Article 29

The Administrator must implement the following basic principles of User protection:

- a. transparency;
- b. fair treatment;
- c. reliability;
- d. data secrecy and security; and
- e. simple, fast and affordable method of dispute settlement for the User.

Article 30

- (1) The Administrator must provide and/or give updated information on the Information Technology-Based Borrowing-Lending Services that is accurate, honest, clear and not misleading.
- (2) The information as meant in the paragraph (1) shall be made in a document or any other form that may be used as evidence.

Article 31

- (1) The Administrator must inform the User on the receipt, deferral or rejection of the application for Information Technology-Based Borrowing-Lending Services.
- (2) In the event the Administrator informs a deferral or rejection of the application for a financial services as meant in the paragraph (1), the Administrator must describe the reasons for the deferral or rejection unless it is otherwise provided by the provisions of the laws and regulations.

Article 32

- (1) The Administrator must use the terms, phrases and/or sentences that are simple in the Indonesian language, which can be easily read and understood by the User in each Electronic Document.
- (2) The Indonesian language in the document as meant in the paragraph (1) may be made in a multilingual form alongside any other language, when required.

Article 33

The Administrator shall support the implementation of activities for the purpose of improving financial literacy and inclusion.

Article 34

The Administrator must consider the suitability between the User's necessity and capability and the services offered to the User.

Article 35

The Administrator must set out and/or mention the following in each offer or promotion of the services which consists of:

- a. name and/or logo of the Administrator; and
- b. a statement that the Administrator is registered with and supervised by OJK.

Article 36

- (1) In the event the Administrator uses a standard agreement, the said standard agreement must be drafted in accordance with the provisions of the laws and regulations.
- (2) The standard agreement used by the Administrator as meant in the paragraph (1) is prohibited from:
 - a. stating that the responsibilities and liabilities of the Administrator is transferred to the User; and
 - b. stating that the User is bound to any regulation that is new, additional, a continuation and/or an amendment that was unilaterally made by the Administrator during the period of the User's using the services.

Article 37

The Administrator shall be liable for any losses suffered by the User as the consequence of any mistake and/or negligence any member of the Board of Directors, and/or employees of the Administrator.

Article 38

The Administrator must have standard operational procedure in serving the User, which shall be stated in the Electronic Document.

Article 39

- (1) The Administrator shall not, in any means, provide data and/or information on the User to a third party.
- (2) The prohibition as meant in the paragraph (1) is exempted if:
 - a. the User has given their approval electronically; and/or
 - b. it is required by the provisions of the laws and regulations.
- (3) The partial cancellation or changes to the approval on the data and/or information disclosure as meant in the paragraph (2) letter a shall be done electronically by the User in form of Electronic Document.

Article 40

The Administrator shall make a monthly electronic report in the event of the User's complaint arising, which shall include the follow-up settlement of the said complaint to OJK.

CHAPTER VIII
ELECTRONIC SIGNATURE

Article 41

- (1) The Agreement as meant in the Article 18 shall be implemented by using an electronic signature.
- (2) Any agreement other than what is meant in the paragraph (1) that is drawn up for the purpose of implementation of Information Technology-Based Borrowing-Lending Services may use electronic signature.
- (3) The use of electronic signature as meant in the paragraph (1) and the paragraph (2) must be conducted in accordance with the provisions of the laws and regulations that govern the use of electronic signature.

CHAPTER IX
PRINCIPLE AND THE TECHNICAL OF KNOWING CUSTOMER

Article 42

The Administrator must implement anti-money laundering and the prevention of terrorism financing programs in the financial services sector against the User in accordance with the provisions of the laws and regulations regarding the application of anti-money laundering and the prevention of terrorism financing programs.

CHAPTER X
PROHIBITIONS

Article 43

In performing its business activities, the Administrator is prohibited from:

- a. performing any business activity other than the Administrator's business activities regulated under this OJK regulation;
- b. acting as the Lender or the Borrower;
- c. providing security in any form for any other party's fulfilment of obligations;
- d. issuing bonds;
- e. giving recommendation to the User;
- f. publishing false and/or misleading information;
- g. making services offer to the User and/or the public through personal means of communication without the approval of the User; and
- h. charging any cost to the User for any filing of complaints.

CHAPTER XI
PERIODICAL REPORT

Article 44

The Administrator that has obtained license, shall make the following periodical reports electronically to OJK, i.e.:

- a. monthly report; and
- b. annual report.

Article 45

- (1) The Administrator's monthly report shall at least contain:
 - a. a financial performance report of Information Technology-Based Borrowing-Lending Services Administrator that shall be made in

- form of a physical document and Electronic Document;
 - b. a performance report on the Administration of Information Technology-Based Borrowing-Lending Services that shall be made in form of a physical document and Electronic Document;
 - c. Electronic Document in a database format with elemental structure of Information Technology-Based Borrowing-Lending Services database; and
 - d. The User's complaint together with a follow-up settlement of the complaint as meant in the Article 40;
in accordance with Form 3 as set out in the Attachment that is an inseparable part of this OJK Regulation.
- (2) If necessary, OJK may request additional information and/or data from the Administrator.
 - (3) The monthly report shall be submitted in the forms of a physical document and an electronic document.
 - (4) The monthly report as meant in the paragraph (3) shall be submitted to the Chief Executive of the Supervisor of Insurance, Pension Fund, Financing Institutions and other Financial Services Institutions not later than 10 (ten) business days in the subsequent month.
 - (5) The submission of information regarding monthly report as meant in the paragraph (1) letter d shall be carbon copied to the members of the Board of Commissioners in the field of Education and Consumer Protection.

Article 46

- (1) The Administrator must submit an annual report to OJK for the reporting period of 1 January to 31 December.
- (2) The annual report shall consist of:
 - a. a financial report; and
 - b. a report on the administration of Information Technology-Based Borrowing-Lending Services activities;
in accordance with Form 4 as set out in the Attachment that is an inseparable part of this OJK regulation.
- (3) If necessary, OJK may request additional information and/or data from the Administrator.
- (4) The annual report shall be submitted in the forms of a physical document and an electronic document.
- (5) The annual report as meant in the paragraph (4) shall be submitted to the Chief Executive of the Supervisor of Insurance, Pension Fund, Financing Institutions and other Financial Services Institutions not later than 20 (twenty) business days after the end of the reporting period.

CHAPTER XII
SANCTIONS

Article 47

- (1) OJK may impose the following administrative sanctions against the Administrator for any violation of the obligations and prohibitions provided under this OJK regulation in the form of:
 - a. a written warning;
 - b. fine, which is an obligation to pay a certain amount of money;
 - c. limitation of business activities; and
 - d. revocation of business license.
- (2) The administrative sanctions as meant in the paragraph (1) letter b to letter d, may be imposed with or without a prior administrative sanction in form of a written warning as meant in the paragraph (1) letter a.
- (3) The administrative sanction in the form of fine as meant in the paragraph (1) letter b may be imposed separately or collectively with the other administrative sanctions as meant in the paragraph (1) letter c and letter d.

CHAPTER XIII
MISCELLANEOUS PROVISIONS

Article 48

The Administrator must be registered as a member of the association that has been appointed by OJK.

CHAPTER XIV
TRANSITIONAL PROVISIONS

Article 49

The cooperation between the Administrator and an administrator of information technology-based supporting services registered with OJK as meant in the Article 23 shall be effective within 2 (two) years as from the promulgation of this OJK Regulation.

Article 50

At the effective date of this OJK regulation, any existing agreement of Information Technology-Based Borrowing-Lending Services with the value of loan exceeding the maximum amount limit of loan as meant in the Article 6, shall remain effective until the expiry of the agreement.

CHAPTER XV
CONCLUDING PROVISIONS

Article 51

Further provisions on Information Technology-Based Borrowing-Lending Services, among others, related to the amendment of the maximum amount limit of loan, the procedures for the provision of loans, cooperation between the Administrator and an administrator of other information technology-based supporting services, the placement of the data center and the minimum standard of information technology system, the management of information technology risks, the security of information technology, the defense from system disruptions and malfunctions and the transfer in management of information technology system, security system, data secrecy, the Administrator's transactional system failure, the security of information technology system, the management of information technology security loopholes, the retention of information and/or Electronic Document, and the procedure for the use of Electronic Signature in the administration of Information Technology-Based Borrowing-Lending Services, shall be regulated in OJK circular letter.

Article 52

This OJK Regulation shall be effective at the date of its promulgation.

For public cognizance, it is hereby instructed to promulgate this OJK regulation by placing it in the State Gazette of the Republic of Indonesia.

Issued in Jakarta
On 28 December 2016

CHAIRMAN OF THE BOARD OF COMMISSIONERS OF THE FINANCIAL
SERVICES AUTHORITY,

[signature]

MULIAMAN D. HADAD

Promulgated in Jakarta
On 29 December 2016

THE MINISTER OF LAW AND HUMAN RIGHTS
OF THE REPUBLIC OF INDONESIA,

(signature)

YASONNA H.LAOLY

THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR OF 2016 NUMBER 324

The copy is in accordance with the original
Legal Director I
Legal Department

(signature)

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ELUCIDATION
ON
THE FINANCIAL SERVICES AUTHORITY
REGULATION NUMBER 77/POJK.01/2016
REGARDING
INFORMATION TECHNOLOGY-BASED BORROWING-LENDING SERVICES

I. GENERAL

Direct borrowing-lending activities based on both written and unwritten agreement is a common practice that has been going on in the life of the society. Direct borrowing-lending is highly favored by those who are in need of quick source of funding or by those that for certain reasons could not be provided with the financing by the conventional financial services industry such as Banking, the Capital Market or Financing Companies.

All economic benefits, losses that arise, and the legal impacts that arise from direct borrowing-lending activities shall become full responsibility of the parties in accordance with the agreed terms. In such practice, there are a number of flaws such as the implementation of borrowing-lending activities are done by parties who know each other and must be done in person, the subjectivity on the assessment of the risk of default, the difficulties in collecting payment, and the lack of systematic recording of the fully made loan repayments.

In an era of a developed digital economy, the public constantly innovates the provision of services in the borrowing-lending activities that, among other, is marked by the birth of provision of Information Technology-Based Borrowing-Lending Services that is considered able to contribute to the national development and economy.

Information Technology-Based Borrowing-Lending Services greatly assists in improving the public's access to the online product of financial services either with a number of parties without necessity to know each other. The primary advantage of Information Technology-Based Borrowing-Lending Services, among other, is the availability of agreement document in online electronic form for the parties' interest, the availability of attorney-at-law to simplify online transactions, the online risk assessment upon the parties, the online delivery of information on collection, the online provision of information on the status of loan to the parties, and the provision of escrow account and virtual account in banking for the parties, so that all implementation of fund payment are performed within the banking system. With these, Information Technology-Based Borrowing-Lending Services are expected to meet the necessity of quick, easy and efficient cash and to improve competitiveness. In addition, Information Technology-Based Borrowing-Lending Services are expected to be one of solution to assist micro, small and medium enterprises (*UMKM*) to gain access to financing sources.

Up to now, there are no existing laws and regulations that govern information technology-based financial services business activities. It is feared that this may cause losses to the User. Accordingly, there is a high urgency to have a regulation on Information Technology-

Based Borrowing-Lending Services business activities. Based on the said consideration, Information Technology-Based Borrowing-Lending Services business activities are necessary to be regulated and supervised for the purpose of protecting the User, the administration of Information Technology-Based Borrowing-Lending Services activities, and protecting the national interests by still providing room to grow for a start up company in order to improve finance inclusion in Indonesia. This OJK Regulation contains provisions regarding, among others: the minimization of credit risks, the protection of the User's interest such as misuse of fund and User's data, and the protection of national interests such as anti-money laundering and the prevention of terrorism financing activities, and disruption on the stability of the financial system.

II. ARTICLE PER ARTICLE

Article 1

Sufficiently clear.

Article 2

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Letter a

Sufficiently clear.

Letter b

Administrator in the form of cooperatives is only limited to cooperatives services type.

Article 3

Paragraph (1)

Letter a

Indonesian legal entities include among other the central government, regional government, foundation or limited-liability company.

Letter b

Foreign legal entities among other are *naamloze vennootschap* (NV), private limited (Pte. Ltd), or *sendirian berhad* (Sdn. Bhd).

Paragraph (2)

Sufficiently clear.

Article 4

Paragraph (1)

Sufficiently clear.

Paragraph (2)

"own capital" means primary savings, mandatory saving, reserve fund and grant as meant in the Law Number 25 of 1992 regarding Cooperatives.

Paragraph (3)

Sufficiently clear.

Article 5

Paragraph (1)

Sufficiently clear.

Paragraph (2)

“administrator of information technology-based financial services” means among other administrator of information technology-based financial services in the field of payment system, insurance, pension fund, microfinance institution, financing, venture capital, pawnshops or guarantee.

Article 6

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Changes in the maximum limit of the provision of loan shall be made by taking into account, among other, economic development and/or the condition of the Information Technology-Based Borrowing-Lending Services Administrator industry.

Article 7

Sufficiently clear.

Article 8

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Letter d

Sufficiently clear.

Letter e

Example of document that is related to the Electronic System among other is evidence of Electronic System testing used by the Administrator.

Letter f

Sufficiently clear.

Letter g

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 9

Paragraph (1)

Sufficiently clear.

Paragraph (2)

The submission of periodical report shall be made through Electronic Systems, among other, through electronic mail (email), or a reporting portal provided by OJK.

Article 10

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

“incapable” means the condition that causes the Administrator not able to implement Information Technology-Based Borrowing-Lending Services activities, such as permanent system malfunctions or a plan to dissolve the company.

Article 11

Paragraph (1)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Point 1

Sufficiently clear.

Point 2

Sufficiently clear.

Point 3

Sufficiently clear.

Point 4

“regional government” means Provincial Government or Regency/City Regional Government.

Letter d

Sufficiently clear.

Letter e

Sufficiently clear.

Letter f

Sufficiently clear.

Letter g

Sufficiently clear.

Letter h

Sufficiently clear.

Letter i

Point 1

Sufficiently clear.

Point 2

“inventory” means, among other:

- a. computer; and
- b. information system equipment.

Letter j

Sufficiently clear.

Letter k

“statement letter on the settlement plan related to the rights and obligations of the User” means a form of commitment that needs to be prepared formally and validly by the Administrator with respect to the settlement plan on rights and obligations of the User in the event the Administrator is unable to continue its operational activities.

Letter l

“evidence of the full payment of the licensing costs” means a valid evidence of the payment of the licensing cost of the Administrator to OJK.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Article 12

Approval on the changes in the ownership of the Administrator is made to assess the fitness and properness of the prospective owner by considering the requirements provided under this OJK regulation.

Article 13

Sufficiently clear.

Article 14

Paragraph (1)

“skill in the field of information technology” includes the development and maintenance of application, and also the security of database.

Skill shall be evidenced by a skill certification or a statement declaring a working experience of minimum 1 (one) year in the information technology field.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

The implementation of educational and training activities that support the development of the information technology-based borrowing-lending services may be conducted among other through the private educational center or in OJK Incubator Center.

Article 15

Sufficiently clear.

Article 16

Sufficiently clear.

Article 17

Paragraph (1)

Reasonableness value may be measured among other through inflation rates, or national interests.

Paragraph (2)

The provisions of the laws and regulations as meant in this article among other the provisions regarding offshore loans.

Article 18

Sufficiently clear.

Article 19

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

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Paragraph (5)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

“interest rate of the loan” means the interest rate agreed between the Administrator and the Lender.

Letter d

“duration of the loan” means the agreed duration for the repayment of the loan.

Article 20

Sufficiently clear.

Article 21

“risk mitigation” shall include all risks in Information Technology-Based Borrowing-Lending Services, among other, operational risk and credit risk.

Article 22

Sufficiently clear.

Article 23

“administrator of information technology-based supporting services” is a party that supports the administration of Information Technology-Based Borrowing-Lending Services.

Example of information technology-based supporting services among other are big data analytic, aggregator, robo advisor or blockchain.

Big data analytic is information technology-based analysis services upon a large and diverse collection of data, which include various types such as structured/unstructured data, streaming/batch, in different size of data quantity to reveal patterns, unidentified relationships, market trends, consumer preference and business information that could result in a more effective marketing process, opportunities for new profit, better consumer services, improvement of the efficiency of operational activities, improvement of competitiveness, and other benefits.

Aggregator is an information technology-based services that connects systems from various online sources to gather and provide information which has added value to the consumers so that they are able to select product or services in line with their preferred needs.

Robo advisor is an information technology-based investment management services that provides automatic portfolio management services based on

algorithms to assist investors in managing their finance and investments without involving human investment manager.

Blockchain is information technology-based financial transaction bookkeeping services that records and stores transaction evidence data or ledger which is distributed through computer networks privately or publicly.

Article 24

Paragraph (1)

The purpose of the obligation for using virtual account and escrow account in the administration of Information Technology-Based Borrowing-Lending Services activities is prohibition for the Administrator from performing public fund raising activities through the Administrator's accounts.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Article 25

Sufficiently clear.

Article 26

Sufficiently clear.

Article 27

Sufficiently clear.

Article 28

Sufficiently clear.

Article 29

Sufficiently clear.

Article 30

Sufficiently clear.

Article 31

Sufficiently clear.

Article 32

Paragraph (1)

"easy to read and understand" include the use of letters, writings, symbols, diagrams, signs, terms, phrases, sentences and/or symbols, diagrams that could provide simplicity, clarity and understanding for the User.

The obligation to use simple terms, phrases and/or sentences in the Indonesian language that is easy to read and to understand shall apply to document that:

- a. contains the rights and obligations of the User
- b. can be used by the User to make a decision; and
- c. contains requirements and can legally bind to the User.

Paragraph (2)

“any other language” is any language that may be used i.e. regional languages or foreign languages that can be easily understood by the Consumer.

In the event there is inconsistency in interpreting between the Indonesian language and other language in any document, the interpretation used shall be the Indonesian language.

Article 33

“support the implementation of activities for the purpose of improving financial literacy and inclusion” means taking part in activities that improve financial literacy and inclusion whether directly or indirectly.

Article 34

Sufficiently clear.

Article 35

Letter a

Sufficiently clear.

Letter b

“registered” means to obtain business license, approval, registration, ratification or an effective statement from OJK.

Article 36

Paragraph (1)

“standard agreement” means a written agreement that is unilaterally determined by the Administrator and contains standard clause on the content, form and the method of production, and is used to offer the services to the massive Users.

Paragraph (2)

Letter a

The Administrator that provides services is prohibited from containing standard clause stating that the services used by the User is not the responsibility of the Administrator if the problem occurs.

Letter b

An example of standard clause that is prohibited by this provision is: “Subject to any terms and conditions and all amendments thereto which shall be inseparable part of this application form shall be applicable upon the Administrator.”

Based on the principle of appropriateness, the parties are bound by the terms of agreement that must be known beforehand. No parties are able to know and understand non-existing terms.

Article 37

“fault and/or negligence” in this Article means any fault and/or negligence in performing the Administrator’s business activities, either it is performed by management, employees of the Administrator and/or any third party that works for the interest of the Administrator.

Article 38

“standard operational procedure” among other is related to the filing and settlement of complaints.

Standard operational procedure of services and settlement of complaints shall include the mechanism of the services implementation and the settlement of complaints which shall be informed to the User.

The mechanism of services and settlement of complaints shall also include the settlement of disputes between the User and the Administrator that relates to the performance of the rights and obligations of the parties which takes place after receiving complaints from the User.

The mechanism of services and settlement of complaints shall be implemented by prioritizing the “interactive” principle in the completion of services and settlement for the User actively and informatively.

Article 39

Sufficiently clear.

Article 40

The reporting shall be made in the written form and/or through an integrated mechanism provided by OJK.

Article 41

Sufficiently clear.

Article 42

The User in this OJK regulation is a customer as meant in the laws and regulations regarding the application of anti-money laundering and the prevention of terrorism financing programs in the financial services.

Article 43

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Letter d

“debt instrument” is commercial papers issued by the Administrator to other parties, such as promissory notes and medium term notes (*MTN*).

Letter e

Sufficiently clear.

Letter f

Sufficiently clear.

Letter g

“personal means of communication” is personal communication device not under the name of the Administrator with the purpose of the Administrator’s interest.

Letter h

Sufficiently clear.

Article 44

Sufficiently clear.

Article 45

Sufficiently clear.

Article 46

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Letter a

The financial report shall be prepared by taking into consideration the standard principles of financial accounting.

Letter b

Sufficiently clear.

Paragraph (3)

Sufficiently clear.

Paragraph (4)

Sufficiently clear.

Paragraph (5)

Sufficiently clear.

Article 47
Sufficiently clear.

Article 48
Sufficiently clear.

Article 49
Sufficiently clear.

Article 50
Sufficiently clear.

Article 51
Sufficiently clear.

Article 52
Sufficiently clear.

SUPPLEMENT TO THE STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 6005

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