

OBLIGATION TO USE INDONESIAN CURRENCY

Indonesia's Currency Law came into effect on 28 June 2011 as Law No. 7 of 2011 on Currency ("Currency Law"). The Currency Law is the implementation of Article 23B of the 1945 Constitution which states that the types and value of the currency are to be further regulated under a law. Bank Indonesia issued on 31 March 2015 as an implementing regulation for the Currency Law, Bank Indonesia Regulation No. 17/3/PBI/2015 on the Obligation to Use Rupiah in the Indonesian Territory ("**PBI 17/3/2015**").

Whilst many of the provisions of the Currency Law relate to the denominational and physical aspects of Indonesia's currency (both in terms of banknotes and coins), it is the provisions on the mandatory use of Rupiah that will be of most interest and pressing concern to businesses making or charging foreign currency payments in Indonesia. It is primarily this aspect of the Law, and in particular PBI 17/3/2015, that is discussed in this Advisory.

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