

# **BANK INDONESIA REGULATION ON FUND TRANSFERS**

Feb 11, 2013

Following the issuance of Law No. 3 of 2011 regarding Fund Transfers, on 26 December 2012, Bank Indonesia issued Bank Indonesia Regulation No. 14/23/PBI/2012 on Fund Transfers ("PBI 14/23") which revokes and replaces Bank Indonesia Regulation No. 8/28/PBI/2006 regarding Money Transfer Business Activities ("PBI 8/28").

To apply for a permit and qualify as a fund transfer provider, legal entities must be: a) a participant in the Bank Indonesia Real Time Gross Settlement System (RTGS); b) a participant in the Bank Indonesia National Clearing System (SKNBI); and c) an administrator of card-based payment instruments.

Any party which processes fund transfers without a fund transfer license will be liable to up to three years in prison or a fine of up to IDR 3 billion. For cross-border fund transfers, Indonesian fund transfer providers may only cooperate with foreign counterparts which hold a fund transfer license from their corresponding local authority. PBI 14/23 requires Money Transfer Operators (as defined under PBI 8/28) holding a fund transfer permit to apply for a new permit.