

BANK INDONESIA'S CIRCULAR LETTER ON DOWN PAYMENT REQUIREMENTS FOR MOTOR VEHICLE PURCHASING LOANS

May 01, 2012

On 15 March 2012, Bank Indonesia issued Circular Letter No. 14/10/DPNP on the Implementation of Risk Management by Banks providing Housing Loans and Motor Vehicle Loans (**"SEBI 14 of 2012"**).

According to SEBI 14 of 2012, banks providing motor vehicle loans are required the following down payments (payments in advance) for motor vehicle purchases:

- a. the vehicle must have a license issued by the competent authority for transporting people or goods; or
- b. the motor vehicle is to be purchased by an individual or legal entity holding a certain business license issued by the competent authority to be utilized to support the operational activities of the business.
 - 1. at least 25% for purchasing twowheeled motor vehicles;
 - 2. at least 30% for purchasing fourwheeled motor vehicles for nonproduction purposes;
 - 3. at least 20% for purchasing four or more wheeled motor vehicles for production purposes, with the following requirements:

The above percentages are to be calculated based on the purchase price of the motor vehicle to be financed by the bank.