

# MULTIPLE LICENSE POLICY FOR BANK

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BI Regulation 14/26/PBI/2012 (Regulation 14/2012) classifies banks (conventional or sharia) according to their Core Capital (Modal Inti). This classification, known as BUKU (Commercial Bank according to its Business Activities / Bank Umum berdasarkan Kegiatan Usaha), will determine the types of activities the bank may engage in and the services it may provide.

BUKU 1 is the lowest grade for banks with Core Capital of less than Rp1 Trillion while BUKU 4 is the highest grade for banks with Core Capital of at least Rp30 Trillion and which may engage in all banking activities whether in Rupiah or any other currency and have capital participation in financial institutions both in and outside Indonesia. Regulation 14/2012 also limits capital participation (up to 15% of a Bank's capital for BUKU 2; 25% for BUKU 3; and 35% for BUKU 4) and the credit limit or productive financing (the lowest level being 55% of total credit or financing for BUKU 1; 60% for BUKU 2; 65% for BUKU 3; and 70% for BUKU 4).

Banks must adjust to their BUKU classification by the end of June 2016 and their action plans must be submitted to Bank Indonesia by the end of March 2013. Regulation 14/2012 also introduces new requirements for establishing bank office networks throughout the regions.