

Regulation on Electronic Licensing in the Financial Services Sector

Background

To improve the effectiveness of integrated licensing in the financial services sector, especially regarding efficiency and transparency of providing information on the status of license applications (the tracking system) and a simpler procedure, the Financial Services Authority (*Otoritas Jasa Keuangan* – “OJK”) introduced an electronic licensing system to integrate all licensing in the financial services sector through OJK Regulation No. 26/POJK.01/2019 on Electronic Licensing within the Financial Services Sector (“POJK No. 26/2019”), which came into effect on 28 October 2019. The electronic licensing system is expected to help the OJK with data accuracy, for it to make decisions faster and to ensure the effectiveness of the monitoring of the licensing process, especially that involving coordination between two or more OJK supervision sectors, such as banking, capital markets, insurance, pension funds, finance agencies and other financial services sectors.

Right of Access to the E-Licensing System

A financial services institution, individual or entity (“Applicant”) wishing to obtain a license for activities within the financial services sector must submit an application through the OJK’s electronically integrated licensing services platform (“E-Licensing System”). Before submitting the application, the Applicant must obtain a right of access to the E-Licensing System (“Right of Access”) from the OJK by registering in the E-Licensing System and completing the administrative requirements. POJK No. 26/2019 does not specify the requirements for the registration. It only states that the administrative requirements and the registration procedure for a Right of Access will be provided in the module in the E-Licensing System. A Right of Access can be terminated at the request of the Applicant, or if it is deemed necessary upon an assessment by the OJK or if the business license of the owner of the Right of Access is revoked.

Electronic Licensing Procedures

The following are the procedures for obtaining the required license through the E-Licensing System:

1. The Applicant uploads all the documents, data and additional information required for Electronic Licensing in the Financial Services Sector (“E-Licensing”) to the E-Licensing System.
2. The OJK will then issue an electronic receipt after the Applicant has uploaded all the required documents, data and additional information. All documents that have been uploaded through the E-Licensing System or submitted to the OJK belong to the OJK and are confidential and irrevocable.

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An Applicant which has submitted the application for E-Licensing electronically is not required to submit documents physically, but must keep the original documents in its own records as the OJK may request the originals of the documents.

3. The OJK will deliver an electronic notification if the application for E-Licensing does not satisfy the requirements or if the OJK approves or rejects the application. The approval or rejection of the application for E-Licensing will be an electronic document containing an electronic signature. If the OJK has yet to implement the electronic signature, the document will be a printed document and e-mail to the Applicant.

E-Licensing Fees

There is no fee for using the E-Licensing System. However, the Applicant must still pay the licensing fee due under the regulations on each financial services sector.

Transitional Provisions

POJK No. 26/2019 does not specify the requirements for each license that can be applied for through the E-Licensing System. Pursuant to the transitional provision, if the licensing module is not yet available in the E-Licensing System, the E-Licensing application must be submitted as required under the regulation which applies to each sector. POJK No.26/2019 also states that upon its coming into effect, the OJK Regulations on licensing in every financial services sector remain in effect so long that they do not conflict with POJK No. 26/2019.

Applications submitted by applicants before POJK No. 26/2019 came into force, will still be processed in accordance with the laws and regulations in the financial services sector.

Implementation of E-Licensing

POJK No. 26/2019 does not list down the types of license that can be applied for through E-Licensing, but it is intended to cover all licenses for activities within the financial services sector that the OJK should issue, ie license applications, approvals, registrations, registration statements and recordings.

Pursuant to POJK No. 26/2019, information about the service levels (such as the flow of the E-Licensing procedures and the status of license applications (the tracking system) will be published in the E-Licensing System.

The OJK is providing help desk/call center services for the E-Licensing System. In their website, the OJK has also introduced a link for E-Licensing at <https://dbpt.ojk.go.id/Landing/Default.aspx>

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