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Redrawing the Rules: Bank Indonesia's New Payment System Regime

Bank Indonesia has introduced a new regulatory framework for Indonesia's payment systems industry, which will take effect on 31 March 2026.

The new framework revokes previous "umbrella" regulation that has applied since 1 July 2021¹, while allowing existing rules for Payment Services Providers ("PJP") and Payment System Infrastructure Providers ("PIP") to remain in force, provided they are not inconsistent with the regime. The framework is set out in Bank Indonesia Regulation No. 10 of 2025 and its implementing regulation, Members of the Board of Governors Regulation No. 32 of 2025 (together, the "Regulations").

Parties that have obtained a PJP license or PIP designation before the Regulations take effect will continue to be recognized as licensed providers. These entities (collectively, Payment Service Providers or "PSPs"), may also continue to apply existing operational standards, provided those standards do not conflict with the Regulations. The same approach applies to Supporting Providers (a party that conducts activities to support the operation of payment system services and/or payment system infrastructure carried out by PSP).

This Advisory highlights the key new provisions and Bank Indonesia's updated licensing approach introduced under the Regulations.

A. Recognized Activities

For PIPs, the changes introduced under the Regulations are not particularly significant, as a designation as a PIP continues to be granted for clearing activities and final settlement activities. More substantive changes are introduced in relation to PJP.

Under the previous regulatory regime, Bank Indonesia categorized PJP licenses based on the scope of activities conducted by each PJP. Under the Regulations, this approach has been refined, rather than issuing licenses by type, Bank Indonesia now determines packages of PJP activities (bundling), structured around the specific activities carried out by the PJP.

Each PJP must hold a license that reflects the relevant activity bundle applicable to its business model, as follows.

	Activities Engaged
Bundling Activity 1	<p>This covers activities that are closest to the core handling of funds and the end-to-end processing of payment transactions, as follows.</p> <ol style="list-style-type: none">1. Administration of sources of funds, which includes:<ol style="list-style-type: none">a) administration of payment accounts; andb) issuance and/or provision of access to source of funds.2. Forwarding of payment transactions, which includes:<ol style="list-style-type: none">a) forwarding of payment transaction data and payment instructions, which may be accompanied by facilitation of receipt of payment proceeds through the provision of sub-accounts to merchants or service providers; and

¹ Bank Indonesia Regulation No. 22/23/PBI/2020 of 2020 on Payment Systems, Bank Indonesia Regulation No. 23/6/PBI/2021 on Payment Services Providers, and Bank Indonesia Regulation No. 23/7/PBI/2021 on Payment System Infrastructure Providers

	<p>b) forwarding of fund transfer instructions, whether conducted digitally or non-digitally.</p> <p>This bundle consists of two sub-packages:</p> <ol style="list-style-type: none"> 1. Bundling Activity 1A, which may only be carried out by PJP^s that are classified as primary PSP^s, reflecting the higher systemic importance and risk profile associated with these activities; and 2. Bundling Activity 1B, which may be carried out by PJP^s that are classified as non-primary PSP^s.
Bundling Activity 2	<p>This covers payment forwarding activities that do not include the administration of sources of funds. Specifically, this bundle consists of:</p> <ol style="list-style-type: none"> 1. forwarding of payment transaction data and payment instructions, which may be accompanied by facilitation of receipt of payment proceeds; and 2. forwarding of fund transfer instructions, whether conducted digitally or non-digitally.
Bundling Activity 3	<p>This covers the forwarding of non-digital fund transfer instructions.</p>

B. Transaction, Interconnection, Competence, Risk Management, and Information Technology Infrastructure (“TIKMI”) Assessment

The Regulations introduce the TIKMI assessment, a new assessment framework used by Bank Indonesia to evaluate a PSP’s performance and to determine its classification as either a primary PSP² or a non-primary PSP.

From a procedural perspective, the TIKMI assessment begins with a self-assessment by the PSP, which must be submitted to Bank Indonesia within the prescribed timelines. Bank Indonesia will then conduct its own TIKMI assessment and formally determine the assessment results.

A summary of the relevant frequency and deadlines is set out in the table below.

	Primary PSP	Non-primary PSP
Frequency	At least once every six months.	<p>a) At least once every six months for the transaction and interconnection criteria, and</p> <p>b) at least once a year and at most once every three years for competence, risk</p>

² Primary PSP is PSP^s which, due to their size, interconnectedness, and complexity within the payment system or the financial system, may cause the failure of part or all the payment system and the financial system—either operationally or financially—if such PSP^s experience disruptions or failures.

		management, and information technology infrastructure criteria.
Self-assessment Submission	<p>a) 1 February, for assessment data covering July–December of the preceding year; and</p> <p>b) August, for assessment data covering January–June of the current year.</p>	1 February, covering data for the January–December period of the preceding year.
Determination by Bank Indonesia	March and September	September

For PSPs that have not yet been classified as either primary or non-primary, the initial TIKMI assessment will be conducted in accordance with the assessment period applicable to non-primary PSPs. The initial determination of the TIKMI assessment results for PSPs will be made by Bank Indonesia no later than 1 April 2027 based on the self-assessment results submitted under the required period.

C. License Adjustments

Under the Regulations, Bank Indonesia will conduct an evaluation of the activities currently carried out by PSP. The evaluation will serve as the basis for determining the adjustment of activity bundling and the classification of PSPs, taking into account compliance with the licensing requirements applicable to PSPs, and the results of the TIKMI assessment.

Based on the outcome of this evaluation, Bank Indonesia will:

1. align the activities attached to an existing PJP license or PIP designation obtained before the Regulations take effect with the relevant activity bundles (for PJPs) or activities (for PIPs) as regulated under the Regulations; and
2. reclassify existing classification of PJPs and PIPs that were previously designated as systemic, critical, or general payment system operators into the new PSP classifications of primary PSP or non-primary PSP.

Bank Indonesia will communicate the results of this evaluation in writing to the relevant PJP or PIP no later than one year from the effective date of the Regulations, i.e. by 31 March 2027.

D. SBP and RBSP Submission

Another key new feature introduced under the Regulations is the requirement for PSPs to prepare and submit a Strategic Business Plan (“**SBP**”) and Payment System Business Plan (“**RBSP**”) to Bank Indonesia.

Both documents must be submitted to Bank Indonesia, but they are subject to different regulatory treatments. The SBP will be reviewed by Bank Indonesia which may request revisions, while the RBSP will require formal approval from Bank Indonesia.

The first submission of SBP and RBSP must be made no later than 30 April 2026. Thereafter, both must be submitted annually by 30 November. The Regulations do not yet

provide any specific template or standard reporting format for the SBP or RBSP. A PSP may amend its submitted SBP once a year, with any amendment reflected in the corresponding RBSP. The RBSP may also be amended once a year, provided that the amendment is submitted no later than the end of the business day in June of the relevant RBSP period.

The SBP is prepared for a three-year period and must at least include the following matters:

1. vision, mission, and strategic direction;
2. analysis of the business environment, opportunities, and challenges;
3. management policies and strategies;
4. implementation of risk management;
5. business activity plans and strategic development plans;
6. financial projections, including transaction projections.

Meanwhile, the RBSP is prepared for a one-year period and must at least include the following matters:

1. results of supervision by the Board of Commissioners;
2. accountability of the Board of Directors;
3. changes to the SBP;
4. realization of the RBSP for the previous period;
5. business activity plans and development plans.

The first SBP to be submitted must cover the 2026–2028 period, while the first RBSP must apply for the 2026 period.

E. Ongoing Capital

Under the Regulations, PSPs are required to comply with ongoing capital requirements, broadly in line with the previous payment systems regulatory regime. While the overall framework remains familiar, the Regulations introduce adjustments to the capital thresholds, particularly through the additional capital surcharges based on a PSP's risk profile as follows:

For PJP	For PIP
a) 1.5% of risk-weighted transactions for PJP with a transaction and interconnection assessment rating of moderate to high; and	a) 2.5% of risk-weighted transactions for PIP with a transaction and interconnection assessment rating of moderate to high; and
b) 2.5% of risk-weighted transactions for PJP with a transaction and interconnection assessment rating of high.	b) 5% of risk-weighted transactions for PIP with a transaction and interconnection assessment rating of high.

Notwithstanding the adjustments to the capital thresholds, the composition of ongoing capital remains broadly consistent with the previous Bank Indonesia regulatory framework.

F. Cooperation with Supporting Providers

Under previous Bank Indonesia regulations, cooperation with Supporting Providers was governed by a risk-based approach. Under the new Regulations, Bank Indonesia refines this approach by introducing a clear categorization of Supporting Providers as follows.

1. Critical Supporting Providers, i.e. those providing supporting services to primary PSPs and/or PSPs other than primary PSPs, above a certain threshold value;
2. Important Supporting Providers, i.e. those provide supporting services to PSPs other than primary PSPs, above a certain threshold value; and
3. Standard Supporting Providers, i.e. those providing supporting services that are not related to the stages of payment transaction processing, which include initiation, authorization, clearing, and final settlement.

To strengthen the supervision on the key third-party arrangements, the Regulations require Critical Supporting Providers and Important Supporting Providers to be registered with Bank Indonesia, or another party appointed by Bank Indonesia, within three years from the effective date of the Regulations, i.e. by 31 March 2029. In line with this, a PSP may only cooperate with a Critical or Important Supporting Provider that has been duly registered.

The Regulations also introduce a more structured approval regime for product developments and third-party cooperations. A PSP must obtain Bank Indonesia's approval for any development or cooperation that affects the payment transaction processing (which consists of initiation, authorization, clearing, and final settlement), as well as pre-transaction and post-transaction activities. For this, PSP must refer to the RBSP that has been approved by Bank Indonesia.

Depending on the nature of the development, approval is obtained either through:

1. an approval mechanism for complex developments and developments that result in an increase in the activity package (bundling);
2. a reporting mechanism for standard developments which must be submitted at the latest 10 working days after the implementation date of the development and cooperation.

Following implementation, the PSP is required to report the realization of the approved development and cooperation, with relevant supporting documents, to Bank Indonesia. This reporting must be made through the RBSP for the subsequent period and no later than 10 business days after the commencement of the relevant activity and cooperation.

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