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LEGAL NEWSLETTER

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RECENT DEVELOPMENTS

OJK plans to regulate insurance agents

NUSA DUA: The Financial Services Authority (OJK) plans to issue regulations related to insurance agents and financial planners in Indonesia. The Chief Executive of Non-Bank Financial Industry Supervision, Firdaus Djaelani, stated that the establishment of regulations for insurance agents is a result of the growing number of insurance agents in the country.

"We want the sale of insurance products to not be arbitrary, and the whole process must be completely transparent," he said after opening the 15th congress of APLIC in Bali at the Nusa Dua Convention Center, Nusa Dua, Bali, Tuesday (03/24/2015). According to Firdaus, insurance companies also have the task of developing agents' product knowledge. Consequently, agents can better explain insurance products to customers. "No more hidden surprises so that the agent can explain everything in a clear manner," Firdaus stated.

Firdaus went on to explain that regulations for insurance agents are already contained in the New Insurance Act. It is set out how an agent should improve his or her product knowledge. However, the OJK intends to issue additional related regulations setting out commissions to agents. "Thus, agents will receive commissions from the sale of a policy, not all at once but gradually, so that the agent will keep in contact with policyholders: there won't be any 'hit and run' sales".

He acknowledged the important role of agents, especially for life insurance, even in this new era where insurance products are now marketed through various media, such as the internet, banks, offices, stores, and so on.

Source: http://ekbis.sindonews.com/read/980799/34/ojk-berencana-bentuk-regulasi-agen-asuransi-1427193033

LEGAL NEWS

E-money: important considerations

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Bank Indonesia (BI) officially launched its ***Cashless Society Movement*** *(Gerakan Nasional Non-Tunai – GNTT)* in August 2014 with the signing of a memorandum of understanding with the Coordinating Minister of Economic Affairs, the Minister of Finance, regional governments and the Indonesian Provincial Governments Association. The use of electronic money ("**e-Money**") has currently reached 31 percent of total transactions in Indonesia, and not only it is safe and efficient, but non-cash payment methods and cashless transactions also reflect the increasing sophistication of financial services in Indonesia. Under the 2009 Regulation (BI Regulation No. 11/12/PBI/2009 on Electronic Money), e-Money refers to a payment instrument with the following characteristics:

1. the product is issued for a certain amount deposited by the holder to the issuer;
2. the amount is then stored into a server or chip;
3. the product is used to pay merchants other than the issuer;
4. the stored amount is not savings deposited in banks.

Following the amendment, BI Regulation No. 16/8/PBI/2014, Bank Indonesia also issued BI Circular Letter No. 16/11/DKSP of 2014 on Electronic Money Operations as an implementing regulation.

The 2014 Trade Law ("Trade Law") includes a number of provisions of relevance to businesses and law practitioners that work on matters related to e-commerce. The Trade Law contains a number of provisions that both expressly and implicitly regulate aspects of e-commerce. These relate to provisions initially included in Law No. 11 of 2008 on Electronic Information and Transactions. The e-commerce provisions under the Trade Law, apply to both domestic and foreign electronic businesses operating in Indonesia. The main objective of the e-commerce provisions under the Trade Law is to provide protection to consumers when conducting electronic transactions**;** this includes protection of E-Money procedures in respect of Data Consumer and Transaction Information.

Businesses that conduct e-commerce are required to provide complete and accurate data/information. The electronic system that is used to carry out e-commerce must comply with the applicable provisions under Law No. 11 of 2008 on Electronic Transactions and Information.

The following data/information must be provided:

a. Identity and legal basis of the business as the manufacturer or distributor;

b. Technical requirements of the goods;

c. Technical requirements or qualifications of the services;

d. Price and terms of payment for the goods/services; and

e. Delivery method.

E-Money transactions will assist Bank Indonesia in encouraging a "*cashless society*" (minimizing utilization of physical banknotes and coins) and 'non-cash transactions'.

By implementing restrictions on cash transactions, this will greatly assist institution in eradicating corruption and other organized crime activities involving money and financing. All financial transactions carried out in the banking sector can easily be traced by PPATK (*Pusat Pelaporan dan Analisis Transaksi Keuangan/*Central Reporting and Analysis of Financial Transactions), where any information on suspicious financial transactions conducted by "organized crime" can be reported to the agency mandated to eradicate corruption and money laundering.

Other benefits of the application of restrictions on cash transactions, among others, are to prevent narcotics transactions, illegal arms deals, prevent terrorism financing transactions, circulation of counterfeit money and to prevent various transactions resulting from criminal acts committed by organized crime which are currently rife and being carried out in the budgeting, oil and gas, and energy as well. Moreover, this implementation could save on the cost of printing money, cost distribution and safeguarding of physical funds. Restrictions on cash transactions can also potentially stimulate the banking industry as well as to support a cashless society or non-cash transactions.