

## **Hoesen: The OJK's Master Plan is sufficient**

Financial Service Authority (OJK) Chief Executive Supervisor of Non-Bank Financial Industry, Hoesen, admits that the current OJK Master plan proposed by the heads of OJK is quite acceptable. It is his intention to carry out the current OJK Master Plan if chosen as a commissioner of the OJK. "The OJK already has a Master Plan. We will implement and execute it," he stated before the Commission, DPR Parliament in Jakarta on Wednesday (7/6/2017).

Some initiatives in the OJK Master Plan only require implementation. For example, a warning system will be implemented for improved supervision and empowerment of financial institutions. "There are three main points in the Master Plan: contribution, stability and financial inclusion. The Master Plan has many initiatives related to implementation," he explained.

He also said that the rapid development of information technology is a challenge for the OJK. Therefore, some improvements are necessary in terms of monitoring and establishing adequate data banks. Furthermore, he has high hopes for products such as retail Sharia. He hopes the quality of the Sharia financial service sector can be improved and will not lose out to conventional products. "We're also targeting improvement of non-bank companies' contribution to infrastructure funding. We will also strengthen our relations with the House of Representatives in order to contribute to the national economy," he stated.

<http://m.wartaekonomi.co.id/berita143850/hoesen-master-plan-ojk-sudah-bagus.html>

*(translated by Jonathan Sadikin, S.H.)*

## **Candidate for OJK Commissioner Speaks on Foreign Ownership**

The development of domestic insurance has been growing every year. However, concerns have been raised because some insurance companies owned by foreign shareholders have exceeded the 80 percent restriction. According to Government Regulation No. 63 Year 1999 on Administration of the Insurance Business, the maximum limit of foreign ownership in the insurance business is only 80 percent.

The candidate for the OJK Commissioner Board, Hoesen, promised that if selected as a Board Member of the OJK Commissioners, Board as the Chief Executive Supervisor of the Non-Bank Financial Industry, he would not revisit foreign reinsurance. “I tend to have no issues with reinsurance due to the high risk. We need foreign reinsurance”, Hoesen stated, after the fit and proper test held at Commission XI of the House of Representatives in Jakarta on Wednesday (7/6).

Concerning the Asuransi Jiwa Bumiputera (AJB) case, he believes that the problem is complex. AJB is still a mutual insurance company; in other words, the policyholders are the shareholders of the company. “The core issue is AJB’s status as a mutual insurance company. Policyholders are the shareholders, unlike conventional limited liability companies,” he explained.

In his opinion, the matter could have been settled by a capital injection from investors. “The lack of fund calls for an investor, whoever can settle the problem; it needs fresh capital,” he stated.

<https://kumparan.com/angga-sukmawijaya/calon-anggota-dk-ojk-hoesen-bicara-soal-kepemilikan-asing-di-asuransi>

*(translated by Jonathan Sadikin, S.H.)*

## **Update on the KPPU**

*by Ananda Aviati and the Anti-Monopoly Team (research by Jonathan Sadikin, S.H.)*

Anti-Monopoly rules and regulations are an important force in Indonesia's business environment. To date, lawmakers still rely on the 18-year old *Law No. 5 of 1999 on Prohibition of Monopolistic Practices and Unfair Business Competition*. Reacting to the changes in the economic and business environment, the government has over the years made efforts to revise Law No. 5 of 1999. In April 2017, the House of Representatives agreed to issue an initiative draft of the Anti-Monopoly Law, which is now still being discussed with the government before its enactment into law. In the drafting process, the Bill has received heavy criticism from various quarters, among others, from business interests which have objected to some of the key provisions in the Bill.

The Indonesian Employers Association (APINDO) was reported to be a strong voice of opposition to the draft. The objections revolve around the intention to increase the authority of the Business Competition Supervisory Commission (KPPU). This increase of authority has raised concerns that the KPPU may transform into a *super body* which could abuse its power. It is a matter of debate whether the checks and balances are sufficient. At present, KPPU can act as a plaintiff and simultaneously as a decision-maker which will decide whether or not a company is guilty of a violation. APINDO is of the view that the KPPU's power should be limited to reviewing and filing a suit, and the courts should have the final say on whether a violation has been committed. APINDO pointed to the power given to the Committee for the Eradication of Corruption (KPK). APINDO further criticized the heavy fines of up to 30 percent of the total sales value for an alleged violation. It proposes that the 30 percent should be taken from the profit gained from the offending act, not from the sales value. The law should have the spirit of maintaining a balance of economic power, not merely imposing a punishment.

As is the case with APINDO, the Indonesian Chamber of Commerce (KADIN) also has concerns as to the maximum fine set out in the new Bill, which can be imposed by KPPU. Other organizations, such as the Motorcycle Manufacturers Association, share the skepticism over the KPPU's performance, given the shortage of experts.

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On the other hand, they also agree that some of the proposed revisions are necessary to clarify the shortcomings of the current law, such as the KPPU's authority to work together with the Police to investigate cases.

Further, there have also been calls to provide a clearer procedural law for the current KPPU dispute mechanism, although so far critics have been silent in regard to the finer details.

Certainly finding a balance between competing interests is no easy task. Increasing the KPPU's authority is certainly a necessity in order to adapt to the ever-changing landscape of Indonesian business. However, at the same time, it would be prudent to carefully assess the authority granted by the Bill.

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