



New OJK Regulation regarding bank two-factor authentication for verifying the data of customers or prospective customers.

On Friday, 22 December 2023, the OJK issued Financial Services Authority (Otoritas Jasa Keuangan or "**OJK**") Regulation No.21 of 2023 regarding Digital Services by Commercial Banks ("**POJK 21/2023**").

What are the key changes contained in POJK 21/2023?

POJK 21/2023 requires banks to establish adequate IT infrastructure and IT management (including policies, standards, and procedures) to support the digital services being offered. One of the key requirements is to apply a two-factor authentication for verifying the data of customers or prospective customers. Banks operating digital services are also required to form a unit or function for handling the operation of digital services.

What does POJK 21/2023 replace?

Regulation of OJK No. 12/POJK.03/2018 regarding Operation of Banking Digital Services by Commercial Banks

Effective Date and Transitional Period

POJK 21/2023 was effective on 22 December 2023 (the "**Effective Date**") but includes a 12-month transitional period as of the Effective Date for adjusting the IT infrastructure; and three months as of the Effective Date for adjusting the policies, standards, and procedures for operating the digital services.

Penalties and Sanctions

Warning letters;
Freezing of certain digital services;
Prohibition to operate new digital service;
Reducing the level of bank health;
Fines.

Our Banking team will be happy to discuss any questions you might have. Please contact Senior Partner, Emir Kusumaatmadja (ek@mkklaw.net) or Senior Foreign Advisor Craig Heggie (cmheggie@mkklaw.net) for further information.