

BANK INDONESIA REGULATES THE FINTECH BUSINESS

On 14 November 2016, Bank Indonesia officially launched its Financial Technology (or FinTech) Office. The event was followed by the issuance of Bank Indonesia Regulation No.18/40/PBI/2016 on the Organization of Payment Transaction Processing (“**PBI 18/40**”) that is available through Bank Indonesia’s official website (even though the regulation came into effect on 9 November 2016).

In general, in its effort to regulate FinTech, PBI 18/40 is aimed at complementing the existing regulations on payment services, ie Bank Indonesia Regulation No. 11/11/PBI/2009 (as amended, Payment by Card) and No. 11/12/PBI/2009 (as amended, e-Money), as well as those related to funds transfer activities. Unless stated otherwise in PBI 18/40, the relevant existing regulations, i.e. the Payment by Card and e-Money regulations, remain in effect.

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