

The New Indonesian Umbrella Regulation on Payment Systems: Key Points that Foreign Investors Should be Aware of

On 30 December 2020, Bank Indonesia issued Bank Indonesia Regulation No. 22/23/PBI/2020 of 2020 on Payment Systems (“Payment Systems Regulation”). The Payment Systems Regulation is intended to serve as an “umbrella” regulation that provides a regulatory framework for the Indonesian payment systems industry. This regulation will come into force on 1 July 2021. This Payment Systems Regulation changes the regulatory approach to the organization of payment systems from an institutional-based approach to an activity and risk-based approach in order to protect customers while keeping up with the rapid development of digitalization and innovation in the payment systems industry. Given the broad scope of this new regulation, this advisory will focus on the licensing requirements that apply to payment system services providers, particularly the new requirements regarding share ownership and control by foreign investors in the payment systems industry.