LEMBAGA PENJAMIN SIMPANAN

GLOBAL UPDATES

Volume 03 of 2021

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Key Financial Highlights

Banking Growth and Stability

In end of June 2021, the Indonesian banking industry showed with positive financial performances. Its assets grow by 8.10% YoY, while profits increase by 9.7% YoY. This growth was mainly driven by non-credits assets, while assets grew only by 0.3% YoY. Islamic banks repeated the stellar perfomance reported in our previous report by outperforming their conventional peers in terms of asset and credit growth YoY.

On the right-hand side of the industry's balance sheet, deposits (third parties funds) grew by 10.10% YoY and the industry's Tier 1 capital grew by 6.30% YoY.

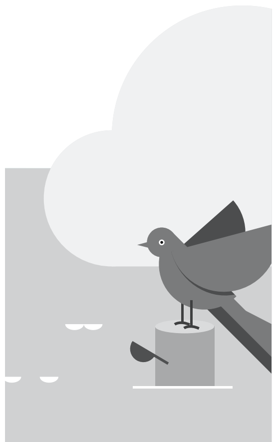


Table 1: Indicators of Banking Industry (Trillion IDR)

Indicator	Jul-20	Jun-21	Jul-21	YoY	MtM
Asset	8.718,9	9.439,2	9426,7	8,1%	-0,1%
Conventional	8.366,0	8.995,2	8.993,6	7,5%	. 0,0%
Islamic	352,8	444,0	433,1	22,8%	-2,5%
Credit	5.607,3	5.644,9	5.623,4	0,3%	-0,4%
Conventional	5.372,1	5.391,2	5.370,5	0,0%	-0,4%
Islamic	235,1	253,6	252,9	7,5%	-0,3%

Indicator	Feb-20	Jan-21	Feb-21	YoY	MtM
Third Parties Fund	6.308,1	6.966,3	6.965,8	● 10,4%	● 0,0%
Conventional	6.018,5	6.628,4	6.624,9	● 10,1%	● -0,1%
Islamic	235,1	253,6	252,9	● 17,7%	● 0,9%
Tier 1	1.281,7	1.345,8	1.362,1	● 6,3%	● 1,2%
Conventional	1.243,0	1.298,8	1.314,8	● 5,8%	● 1,2%
Islamic	738,5	46,9	47,3	● 22,4%	● 0,9%
Profit/Loss	70,9	67,4	77,8	● 9,7%	● 15,3%
Conventional	69,2	66,0	76,0	● 9,8%	● 15,2%
Islamic	1,7	1,5	1,8	● 5,1%	● 20,2%

Note : YoY : Year-on-Year growth
MtM : Month-to-Month growth

● : Favourable
● : Unfavourable

Table 2 shows that the industry's Gross and Net NPL are slightly lower than last year, suggesting improvement in credit risk. Moreover, CAR improved to 24.05% from 22,89% in the previous year. Bank efficiency (OC/OR: Operating Cost/Operating Revenues) improves, and bank profits are relatively robust at 1.85% (ROA). These imply that the Indonesian banking industry remains stable over the course of 2021 YTD.

Table 2: Financial Ratio of Banking Industry

Ratio	Jul-20	Jun-21	Jul-21	YoY	MtM
CAR	22,89%	23,91%	24,25%	136bps	34bps
Asset Quality	2,19%	2,11%	2,17%	-2bps	6bps
Gross NPL	3,18%	3,20%	3,31%	13bps	11bps
Net NPL	0,25%	0,16%	0,16%	-8bps	0bps
ROA	1,89%	1,87%	1,85%	-4bps	-2bps
ROE	10,23%	11,32%	11,12%	90bps	-20bps
OC/OR	83,98%	83,55%	83,38%	-60bps	-17bps
NIM	4,02%	4,27%	4,27%	25bps	0bps
LDR	88,89%	81,03%	80,73%	-816bps	-30bps

Note : YoY : Year-on-Year growth
MtM : Month-to-Month growth

● : Favourable
● : Unfavourable

Deposit Insurance Updates

Per deposit distribution data in July 2021, total deposits in the Indonesian banking industry are still dominated by saving deposits in terms of account numbers. In particular, saving deposits account for 97.46% of the total number of accounts. The detailed destribution of deposits are as the following:

Figure 1: Distribution of Deposits in Banking Industry

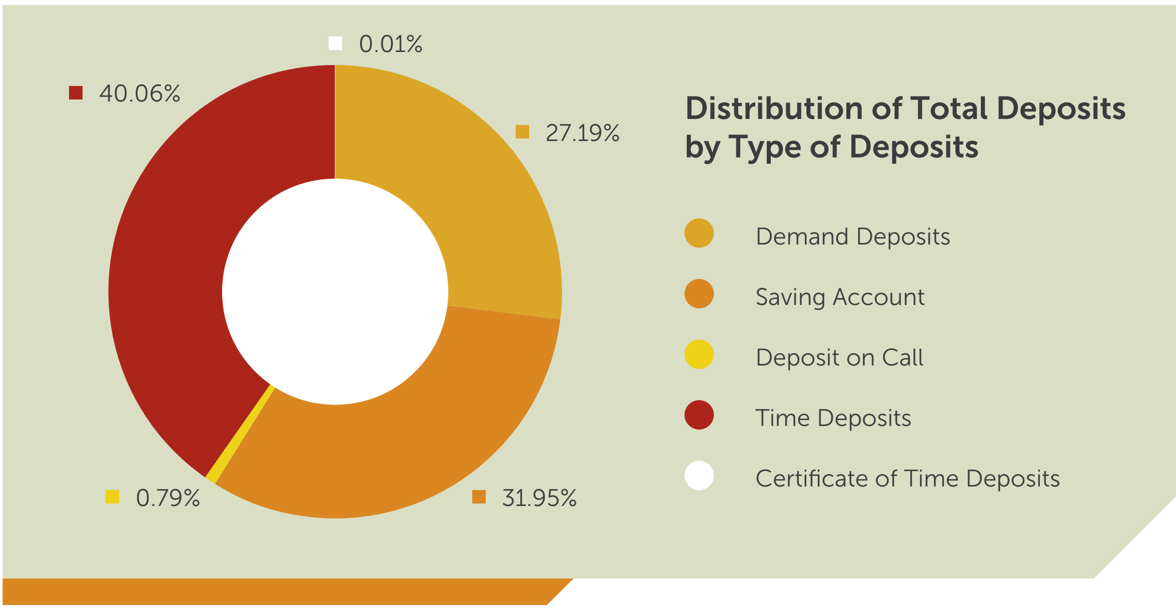
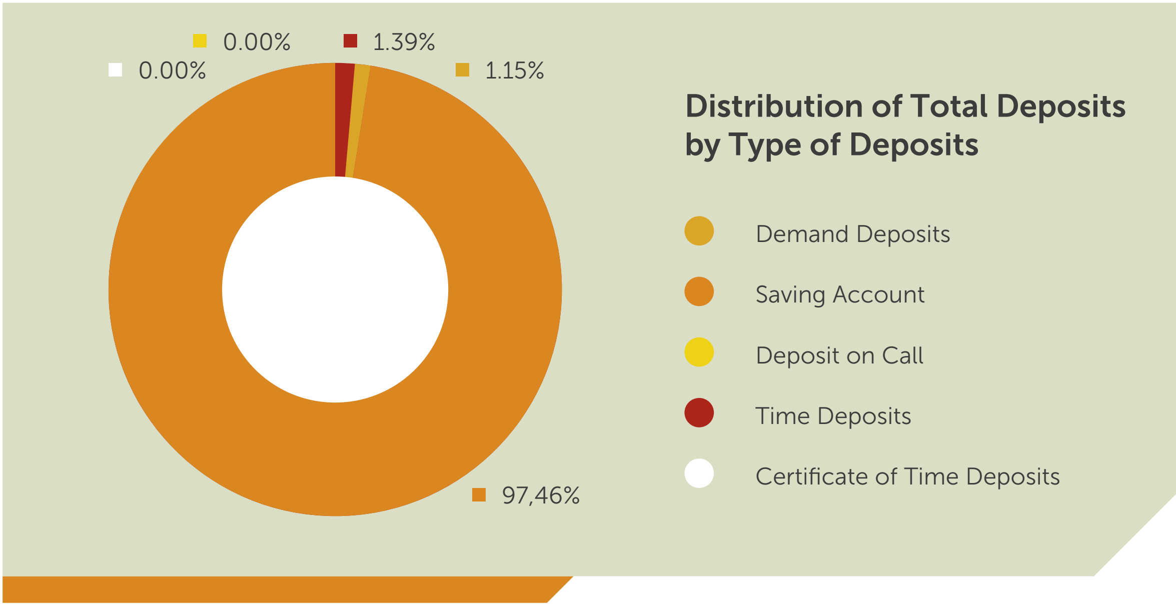


Figure 1: Distribution of Deposits in Banking Industry



Most of the deposits belong to either individuals or corporations (third-party funds). There only 1.32% from the total deposits are interbank deposits. Conventional banks hold 95.19% of total deposits, while Islamic banks 4.81%.

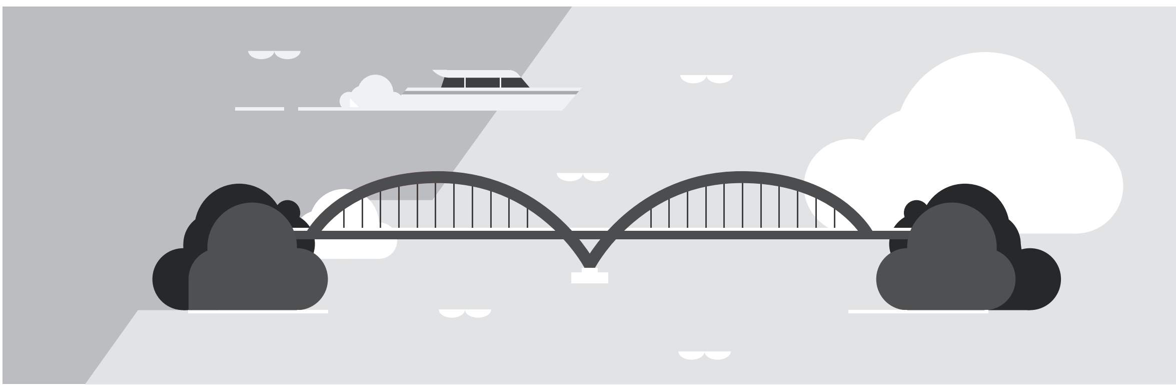


Table 3: Distribution of Deposits Based on Type of Deposits

Total Deposits and Number of Accounts by Type of Deposits (Nominal in Million USD)

Type of Deposits	Jul-21				Aug-21				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Demand Deposits	4.170.074	1,16%	132,536	26,87%	4.208.103	1,15%	135,806	27,19%	38.029	0,91%	3,270	2,47%
Saving Account	350.697.310	97,43%	157,893	32,01%	356.107.319	97,46%	159,577	31,95%	5.410.009	1,54%	1,684	1,07%
Deposit on Call	2.853	0,00%	4,671	0,95%	2.720	0,00%	3,922	0,79%	-133	-4,66%	-0,749	-16,03%
Time Deposits	5.079.643	1,41%	198,061	40,15%	5.063.701	1,39%	200,054	40,06%	-15.942	-0,31%	1,993	1,01%
Certificate of Time Deposits	31	0,00%	0,106	0,02%	30	0,00%	0,073	0,01t%	-1	-3,23%	-0,033	-31,41%
Total	359.949.911	100,00%	493,266	100,00%	365.381.873	100,00%	499,431	100,00%	5.431.962	1,51%	6,165	1,25%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Table 4: Distribution of Deposits Based on Ownership of Deposit

Total Deposits and Number of Accounts by Ownership of Deposits (Nominal in Million USD)

Type of Deposits	Jul-21				Aug-21				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Third Party-Fund (DPLK)	359.923.603	99,99%	486,985	98,73%	365.355.545	99,99%	493,597	98,68%	5.431.942	1,51%	6,613	1,36%
Funds From Other Bank	26.308	0,01%	6,282	1,27%	26.328	0,01%	6,619	1,32%	20	0,08%	0,337	5,37%
Total	359.949.911	100,00%	493,266	100,00%	365.381.873	100,00%	500,216	100,00%	5.431.962	1,51%	6,950	1,41%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Table 5: Distribution of Deposits Based on Type of Bank

Total Deposits and Number of Accounts by Type of Business Banks (Nominal in Million USD)

Type of Deposits	Jul-21				Aug-21				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
Conventional	325.704.312	90,49%	469,210	95,12%	331.683.481	90,78%	475,418	95,19%	5.979.169	1,84%	6,208	1,32%
Islamic	34.245.599	9,51%	24,057	4,88%	33.698.392	9,22%	24,014	4,81%	-547.207	-1,60%	-0,043	-0,18%
Total	359.949.911	100,00%	493,266	100,00%	365.381.873	100,00%	499,431	100,00%	5.431.962	1,51%	6,165	1,25%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

Most of deposits accounts (98.33%) were individually less than IDR100 million (USD6,990*), which account for 13.17% of total deposits. In contrast, deposits accounts that were individually more than IDR5 billion (USD355,871) represented only 0.03% of the total number of accounts, but contributed to 50.18% of total deposits.

Note: (*)Exchange rate end of period= IDR14.306/USD

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Table 6: Distribution of Deposits Based on Tiering of Nominal (in IDR)

Total Deposits by Tiering of Nominal (Nominal in Million USD)

Deposit Tiering (IDR)	Jul-21				Aug-21				Δ MoM			
	Account	%	Nominal	%	Account	%	Nominal	%	Δ Account	%	Δ Nominal	%
N ≤ 100 Mio	353.858.540	98.31%	66,222	13,43%	359.291.171	98,32%	65,758	13,17%	5.432.631	1,54%	-0,464	-0,70%
100 Mio < N ≤ 200 Mio	2.775.499	0,77%	27,344	5,52%	2.770.362	0,76%	27,181	5,44%	-5.137	-0,19%	-0,048	-0,18%
200 Mio < N ≤ 500 Mio	1.938.485	0,54%	43,321	8,78%	1.936.542	0,53%	43,279	8,67%	-1.943	-0,10%	-0,042	-0,10%
500 Mio < N ≤ 1 Bio	741.165	0,21%	37,344	7,57%	742.750	0,20%	37,409	7,49%	1.585	0,21%	0,065	0,17%
1 Bio < N ≤ 2 Bio	330.543	0,09%	32,752	6,64%	332.727	0,09%	32,951	6,60%	2.184	0,66%	0,199	0,61%
2 Bio < N ≤ 5 Bio	191.823	0,05%	41,950	8,50%	193.072	0,05%	42,229	8,46%	1.249	0,65%	0,279	0,66%
N > 5 Bio	113.856	0,03%	244,447	49,56%	115.249	0,03%	250,623	50,18%	1.393	1,22%	6,176	2,53%
Total	359.949.911	100,00%	493,266	100,00%	365.381.873	100,00%	499,431	100,00%	5.431.962	1,51%	6,165	1,25%

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

With the maximum deposit insurance coverage of IDR2 billion (USD142,348), the IDIC's insurance program covers 99.92% number of accounts fully and 0.08% number of accounts partially up to IDR2 billion (Table 7).

In terms of the nominal amount of deposits, about 41.36% of total deposits are fully insured, while 8.65% are partially insured up to IDR2 billion (Table 8).

Table 7: Distribution of Insured Deposit Based on Accounts

Distribution of Account by Insured Accounts August 2021			
Item	Deposit Tiering (IDR)	Number of Accounts	%
Account for Fully Insured Deposits	≤ 2 Billion	365.073.552	99,92%
Account for Partially Insured Deposits	> 2 Billion	308.321	0,08%
Total Account		**365.381.873**	**100,00%**

Table 8: Distribution of Deposit Based on Nominal

Distribution of Deposits by Insured Deposits Billion IDR - August 2021			
Item	Deposit Tiering (IDR)	Number of Accounts	%
Fully Insured Deposits	≤ 2 Billion	2.947.470	41,36%
Partially Insured Deposits	> 2 Billion	616.642	8,65%
Subtotal - Insured Deposits		**3.564.112**	**50,02%**
Uninsured Deposits	> 2 Billion	3.561.775	49,98%
Subtotal - Uninsured Deposits		**3.561.775**	**100,00%**
Total Account		**7.125.887**	

Note : The percentage of deposits in each type of deposit is the percentage of total deposits

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Participation as a Speaker in 2nd PDIC Web Talks on the Road to Islamic Deposit Insurance System in Indonesia

05 July 2021

On 5th July 2021, Mr. Ronald Rulindo, Indonesia Deposit Insurance Corporation (IDIC) Research Associate Specialist and former Chairman of the Islamic Deposit Insurance Technical Committee (IDITC) at the International Association of Deposit Insurers (IADI), has been invited as a speaker at an international event organized by the Philippine Deposit Insurance Corporation (PDIC) namely the 2nd PDIC Web Talks, bringing the theme "Road to Implementation of Islamic Deposit Insurance System in Indonesia".

PDIC Web Talks is a series of online forum organized by PDIC on a regular basis with the aim of discussing with foreign institutions regarding the latest global issues that have an impact on the deposit insurance system in the Philippines, especially on PDIC. In this second series of PDIC Web Talks, PDIC has raised a discussion topic that focuses on the implementation of Sharia deposit insurance carried out by IDIC in Indonesia and the possibility of its integration into the deposit insurance scheme in the Philippines.

This occasion was enlivened by participants from IDIC, PDIC, Philippine Department of Finance, and Central Bank of Philippines and lastly concluded by a closing remark from the President and CEO of PDIC, Mr. Roberto B. Tan.

Like It, Encourage Financial Literacy to Strengthen the National Economy

03 August 2021

The Ministry of Finance, Bank Indonesia (BI), the Financial Services Authority (OJK), and the Indonesia Deposit Insurance Corporation (IDIC) are collaborating in the Development Financing Coordination Forum through the Financial Market (FKPPPK) to organize the Leading Indonesian Financial Literacy event (Like It) on a regular basis virtually. Like It is one of the joint efforts that is carried out to improve financial literacy for the younger generation and the public in order to enlarge the retail investor base and develop the financial sector in Indonesia.

Financial inclusion can promote economic growth through a more equitable distribution of income, poverty reduction and financial sector stability. To realize an inclusive financial system, it is very necessary to increase financial literacy in the community. Efforts to increase the level of financial literacy are not the task of one or two parties alone. This is the duty of all authorities, and needs to involve all stakeholders, including the younger generation and the community.

Chairman of the IDIC Board of Commissioners, Purbaya Yudhi Sadewa, in his remarks said, "The creation of an efficient and deep financial market will increase financial market efficiency and expand financial market reach to all levels of society through easy access and diverse investment options. In addition, an efficient and deep financial market will also support the realization of better financial system stability."

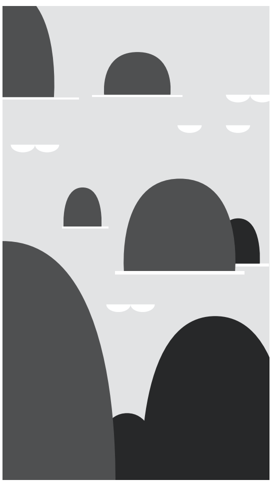
"IDIC, as part of the regulatory authority in the banking industry, is here to strengthen public confidence in the national banking industry through the deposit insurance program. Currently, all banks operating in Indonesia have become IDIC guarantee participants, both commercial banks and rural bank or Syariah rural banks," said Purbaya Yudhi Sadewa.

The government will continue to develop other innovative instruments to increase public awareness in investing in financial markets. In addition to realizing an inclusive financial sector in Indonesia, the participation of the younger generation and the public in investing can encourage the nation's independence to finance development in Indonesia and become a stronger supporter of financial sector stability.

Like It is a series of literacy activities initiated by joint collaboration and held alternately by FKPPPK. This literacy series will provide an understanding of products or investments in state securities, capital market products and how to manage finances wisely. The series of Like It activities are a form of synergy and collaboration between authorities in an effort to encourage financial literacy, increase the retail investor base, and develop the Indonesian financial sector.

Participation as a Speaker in International Summer Course in Muhammadiyah University of Yogyakarta

13 August 2021



On 13th August 2021, Mr Ramadhian Moetomo, IDIC International Affairs Group Director, participated as speaker in "International Summer Course" in Muhammadiyah University of Yogyakarta. International Seminar Course is an annual event held by the university together with industries or government authorities in order to provide an opportunity for the students to enhance their knowledge and exposure beyond the existing university courses.

In this occasion, Mr Moetomo delivered a lecture about the Role of IDIC and Financial System Stability which mainly discussed the role of Deposit Insurance Institution within a financial system, specifically in Indonesia.


LIVE on YouTube
LEMBAGA PENJAMIN SIMPANAN
INDONESIA DEPOSIT INSURANCE CORPORATION
ROLE AND FINANCIAL STABILITY
Ramadhian Moetomo
Director of International Affairs Group
Indonesia Deposit Insurance Corporation
Jakarta,
13 Augustus 2021

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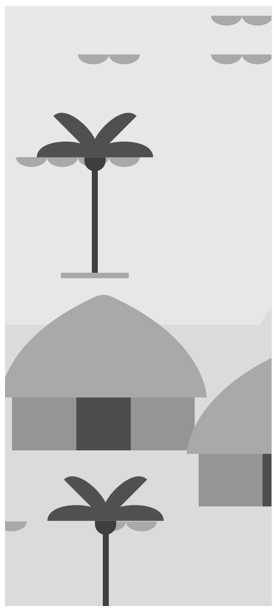
Celebration of the 76th Republic of Indonesia's Independence Day, Head of IDIC Board of Commissioners: Continue to Build Spirit, Optimism and the Social Spirit of IDIC Personnel in the Midst of a Pandemic

20 August 2021

Recently, on the 20th August 2021, the Indonesia Deposit Insurance Corporation (IDIC), including members and former members of the Board of Commissioners and executives, has celebrated the 76th Independence Day of the Republic of Indonesia with the theme "76 Years of Independent Indonesia, IDIC Shares", which was held both virtually and live at the IDIC studio.



In his remarks, the Chairman of the IDIC Board of Commissioners, Purbaya Yudhi Sadewa, said that in addition to continuing to be active in maintaining the trust of all bank customers and contributing to the stability of the national financial system, IDIC also often carries out various social activities to help the people affected by the COVID-19 pandemic through the CSR program, IDIC Care Services the Country.

"Since the beginning of last year, Indonesia has been facing a pandemic where many sectors have been affected by this pandemic, of course, only by working hand in hand and working together, we can go through these various obstacles," he said.

Meanwhile, since last year, from May to October 2020, all IDIC Board of Commissioners and Executives as well as all employees have cut salaries and holiday allowances to be distributed to medical personnel and the general public affected by the pandemic. Subsequently, in 2021, IDIC Care activities will continue through the IDIC CSR program.

“Then in commemoration of the 76th Indonesian Independence Day, the IDIC Employee Association together with IDIC Care opened a donation where all IDIC personnel could participate. All of the collected aid will be directed to porters at the train station, road sweepers, ambulance drivers, food grubbers and other communities affected by the pandemic," he explained.

On the same occasion, Purbaya Yudhi Sadewa explained regarding President Joko Widodo's State Speech in the context of the 76th Independence Day of the Republic of Indonesia, which was delivered in front of members of The House of Representatives of the Republic of Indonesia on August 16, 2021. According to him, President Joko Widodo had conveyed all achievements, challenges and hopes for economic recovery in the midst of this pandemic. The President also expressed his appreciation to Ministries/Agencies and one of them to IDIC for all productive and consistent efforts in supporting economic recovery.

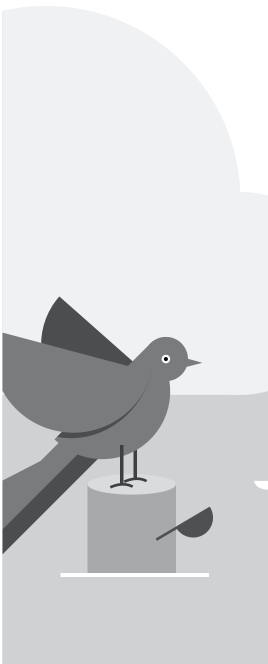
“Previously, some parties said that the IDIC was often considered as the “odd one out” but with the President starting to call it IDIC, we hope that in the future the IDIC will no longer be considered as such, because I have seen for myself that IDIC personnel have the ability to excel with their performance and supported by rather high intelligence to maintain the stability of the National Financial system," he uttered.

Concluding his remark, he encouraged all IDIC personnel to always mirror the fighting spirit and toughness of our late Patriots. According to him, this is in line with the theme of Indonesia's 76th Anniversary this year, namely "Indonesia is Resilient, Indonesia Grows". "Let's continue to work with enthusiasm and optimism in the midst of this pandemic to always maintain public trust through deposit insurance and bank resolutions, may we all always be healthy and continue to be disciplined in implementing health protocols and continue to hope and work hard so that this pandemic continues to pass," he concluded.

This time, IDIC invited a speaker from the University of Indonesia, namely Mr. Imam B. Prasodjo who delivered a national lecture with the theme "Nationality and Togetherness as One Great Nation". In commemoration of the 76th Indonesian Independence Day, IDIC held various competitions, namely Photo Contest, Mask Creativity Contest, Singing Contest, Tiktok/IG Reels Video Contest and national quiz.

Sharing Session on Deposit Insurance Agency (DIA) Russia's Experience on Asset Acquisition/Purchase in Open Bank Assistance Method

25 August 2021



Pursuant to the IDIC's effort in continuously improving the deposit insurance and bank resolution system in Indonesia, IDIC hosted another sharing session on the 25th of August 2021 and has invited Deposit Insurance Agency (DIA) Russia as a speaker to share their Experiences on Asset Acquisition/Purchase in Open Bank Assistance (OBA) Resolution Method in Russia.

In this occasion, DIA Russia has pooled in a couple of experts on the field which were Ms Natalia Orlova, Deputy Director of Financial Institutions Restructuring Department, and Ms Natalia Fedorova, Director of Asset Management Department. By means of this sharing session, participants have made productive exchanges and gathered understanding on the mechanism of bad asset transfer by DIA Russia as well as managing and recovering bad assets from banks which are handled through the OBA resolution method.

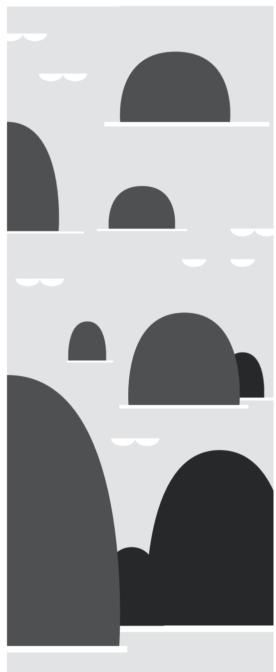
The Executive Director of IDIC Claim and Bank Resolution Directorate, Mr Suwandi, has delivered his welcoming remarks and sequentially the session was wrapped up by Counselor to General Director of DIA Russia, Mr Konstantin Kriventsov. Colleagues from IDIC and DIA Russia has also shown great enthusiasm and shared conducive discussions throughout the sharing session.

IDIC Sharing Session on Payout System to Palestine Deposit Insurance Corporation

31 August 2021

Following the Memorandum of Understanding (MoU) signed between Indonesia Deposit Insurance Corporation (IDIC) and Palestine Deposit Insurance Corporation (Palestine DIC) in June 2021, Palestine DIC had sought to IDIC to share on The Payout System Process in IDIC through a sharing session held on 31st August 2021.

Among others, this sharing session centres the discussion on the reimbursement process taking place in IDIC, the features of IDIC's payout process, challenges faced by IDIC during payout activities, as well as the capacity and capability that IDIC possesses to promptly carry out the reimbursement process. This information was vastly delivered by the team from IDIC, Mr Ade Rachmat, Director of the Claim Handling Group, and Ms Arta Fransiska, Head of the Reconciliation and Verification Team 1.



The event commenced and wrapped up with remarks from the General Manager of Palestine DIC, Mr Zaher Hammuz. Attending this sharing session were colleagues from IDIC, Palestine DIC, Palestine Monetary Authority, and SATAP Assessor for Palestine DIC, Mr Mohamad Mahraoui.

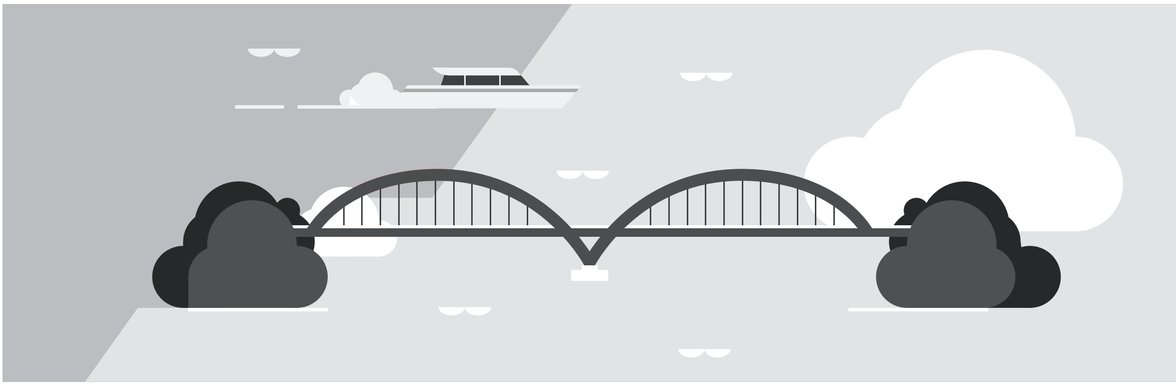
IDIC: Public Savings in July Stable, Business is Preparing to Expand Again

02 September 2021

The Indonesia Deposit Insurance Corporation (IDIC) recorded an increase in the number of customer deposit accounts as of July 2021 by 12.6% (40,251,228 accounts) year-on-year (yoy) to 359,949.911 accounts. This data is based on the distribution of deposits as of July 2021 at 107 Commercial Banks consisting of 95 Conventional Commercial Banks and 12 Islamic Commercial Banks.

This increase is quite significant when compared to the position in July last year which was at the position of 319,698,683 accounts. In terms of nominal, customer deposits increased by around IDR 650 trillion (10.18%) year-on-year (yoy) from IDR 6,388 trillion as of July 2020 to IDR 7,038 trillion as of July 2021. Furthermore, the distribution of the increase in customer deposits -on-year (yoy) was observed fairly evenly. As of July 2021, all deposit tiers experienced positive growth. The highest growth occurred in tiers with account balances above Rp 5 billion. This shows the increasing public confidence in the national banking industry.

The chairman of the IDIC Board of Commissioners, Purbaya Yudhi Sadewa, said that in July 2021, the nominal savings in general did increase, but on a month-to-month basis there was a decrease in nominal deposits with tiering above Rp2 billion, which was -0.1% equivalent to Rp3, 83 trillion.



“This means that the funds in the tiering, which are mostly corporate-owned funds, are starting to be distributed evenly. This indicates that the national economic recovery is moving in a better direction, as can be seen from the business world which is starting to prepare to resume expansion.” he said on Thursday (02/09/2021).

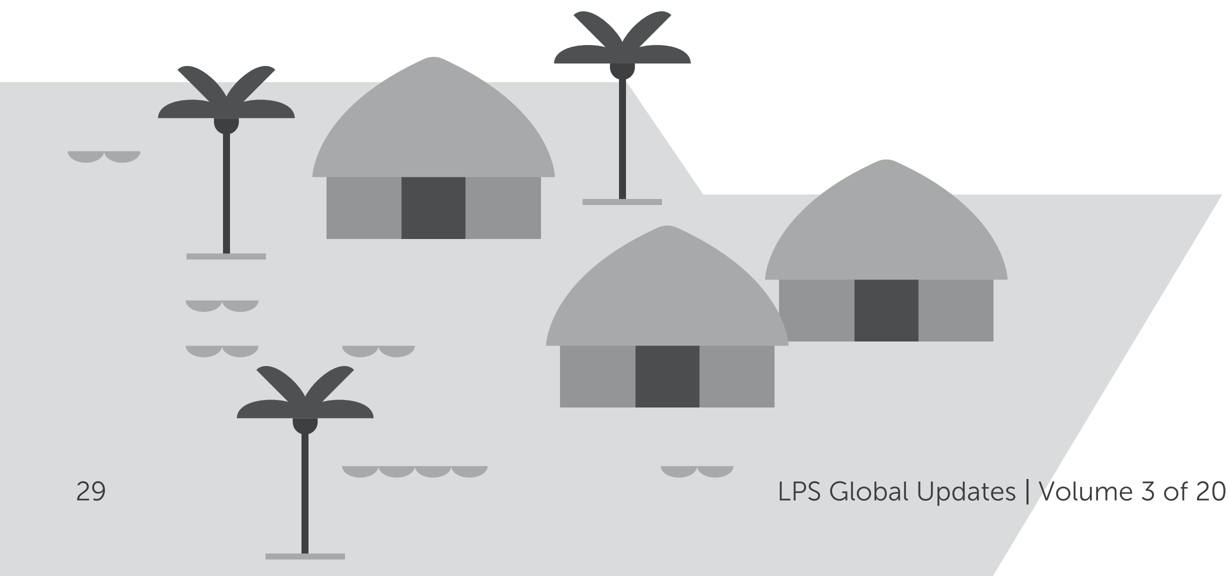
Purbaya also explained that the spread of the Delta variant had caused a slowdown in economic activity due to the imposition of the Emergency Public Activity Restriction (PPKM Level 4) starting in early July until around the third week of August.

“However, this PPKM policy along with the government's intensive community vaccination program has had a good impact in reducing positive cases of COVID-19 and the national Bed Occupancy Rate (BOR). Seeing this good development, the business world is again optimistic, as reflected in the Indonesian Manufacturing PMI which in August increased to 43.7 from July which had decreased to a level of 40.1," he explained.

Based on the type, of the total deposits in July 2021 amounting to Rp 7,038 trillion, the largest proportion of deposits is product deposits (40.15%), followed by savings (32.01%), demand deposits (26.87%), and time deposits. on call and certificate of deposit (0.97%). Current accounts experienced the highest growth in deposits year-on-year (yoy), at 17.51%, followed by savings at 13.66%, and time deposits at 4.14%.

The IDIC guarantee coverage to the public has reached above the target as stipulated by the IDIC Law, which is 90%. Based on data from July 2021, the IDIC guarantee coverage is 99.92% or 359,644,232 deposit accounts. The amount of savings guaranteed by IDIC is IDR 2 billion per customer per bank, equivalent to 35.1 times the national GDP per capita in 2020. This ratio is far above the average for upper-middle income countries, which is 6.3 times GDP per capita, and lower-middle income countries which are 11.3 times GDP per capita. The high coverage of this deposit guarantee shows the high commitment of IDIC in maintaining the trust of national banking customers.

Purbaya also emphasized that as a deposit guarantor and resolution authority, IDIC continues to synergize with other member institutions of the Financial System Stability Committee, namely the Ministry of Finance, Bank Indonesia, and the Financial Services Authority to maintain the momentum of economic recovery and financial system stability in accordance with their respective authorities.



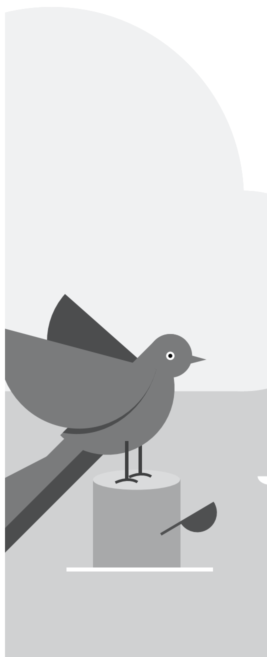
Courtesy Bilateral Meeting with Deposit Insurance of Japan (DICJ)

15 September 2021

On the 15th September 2021, the Governor of Deposit Insurance Corporation of Japan (DICJ), Mr Hidenori Mitsui, pays a courtesy bilateral meeting call to the Chairman of Indonesia Deposit Insurance Corporation (IDIC), Mr Purbaya Yudhi Sadewa, with the interest of enhancing bilateral relations between the two institutions as part of the deposit insurance and resolution authority in respective jurisdictions.

In the meeting, both parties have exchange intentions to further develop the credit reformation system, Islamic finance, as well as in the overall financial industry and market in respective countries, especially considering the constant unprecedented concerns with the current COVID-19 pandemic situation.

Moreover, Chairman Purbaya conveyed IDIC's focus on ensuring financial stability is intact and the economy is moving towards the right direction with the support of right and solid set of policies. In this regard, IDIC wishes to seek the experiences and expertise of DICJ in the calculation or preparation for anticipating any crisis that comes ahead.




Terus Tumbuh
Menjawab Tantangan
Masa Depan
Purbaya Sadewa-IDIC
Unmute
Stop video

LPS Call for Research 2021 Special Edition on COVID-19 Economics

The IDIC Research Group and the Head of the Office of Strategic Management and Policy Formulation had once again held LPS Call for Research in 2021, a scientific writing contest that has been running since 2017/2018. LPS Call for Research for 2021 is divided into 3 periods which are on the 15 September 2021, 24 September 2021, and 29 September 2021. The scientific writing competitions is open to the public (except for employees from certain agencies). Furthermore, the competition was held for 2 research topic categories, namely specific and general topics. Detailed information related to the topic of the activity is available at the link https://cfr.lps.go.id.

LPS Call for Research 2021 sought to invoke the interest of young and potential researchers in channelling their research ideas and research capabilities. This competition also manifested LPS intention in taking an active role in implementing the functions and duties of the IDIC to the wider community. The Webinar Journey to the LPS Research Fair 2021 discussed issues in the economy and the latest research before the main event, namely the LPS Research Fair 2021, which would become a research dissemination forum for the winners of the LPS Call for Research 2021.

Following assessment and deliberation by the judges, the top 3 winners in General Topic categories and Special Topic Categories are as follows:

General Topic Category

Participants	Researches
Winner	"The Effectiveness of Credit Restructuring in Improving the Quality of Earning Assets of Banking in Indonesia" by Prilyandari Dina Saputri
Runner-up	"The Bank's Reputation in the Midst of the COVID-19 Pandemic: Analysis of the Trust Level of Depositors (Creditors) in Indonesia" by Muhammad Anif Afandi, Denia Putri, and Nadisa Aristia Putri
2nd Runner-up	"The Role of Banking Activities and Information and Communication Technology on Digital Competitiveness and Economic Growth in the Banking Sector at the Beginning of the COVID-19 Pandemic in Indonesia: A Simultaneous Spatial Concept Approach" by Agus Muslim

Special Topic Categories

Participants	Researches
Winner	"Guarantee Interest Rates and Depositor Behavior in Indonesia" by Christina Galuh K
Runner-up	"Factors Affecting Literacy on the LPS Deposit Insurance Program: Baseline Study to Formulate Literacy Improvement Strategies" by Fachmi Pachlevi Yandra and Dwi Marlina Wijayanti
2nd Runner-up	"Estimated Impact of Guarantee Interest Rate Policy on Banking Behavior in Crisis Periods and Normal Periods" by Irman Faiz and Adry Gracio

Aside from the above winners, there were also 10 Favourite Research Winners who were announced at the final event are follows;

Favorite Research Winners

1.	"Board Diversity Effect on Bank Risk Taking in Indonesia" by Darus Altin
2.	"Analysis of Banking Resilience in Indonesia (Case Study of 33 Provinces)" by Dimas Bagus Wiranatakusuma and Anggi Aprizal
3.	"Impact of Covid-19 and Revocation of OJK Regulation No. 48/POJK.03/2020 Regarding Credit Restructuring with a Systematic Approach (Case Study: Performance of Bank Rakyat Indonesia)" by Fauzan Ahmad, Muhammad Adrisa Nur Syarif, and Taufiq Hidayat
4.	"The link between IDIC, COVID-19 and inclusiveness: an empirical study of the banking sector in Indonesia" by Malik Cahyadin and Krisna Gupta
5.	"The Impact of Guarantee Interest Rates on the Imbalance between Credit Supply and Demand in Indonesia" by Mohamad Indra Maulana
6.	"Liquidity Loans to Systemic Banks Experiencing Liquidity Difficulties After the Enactment of Law no. 2 of 2020" by Namira Salsabila
7.	"Komunikasi Persuasif Berbasis Digital Sebagai Strategi Dalam Meningkatkan Literasi Keuangan dan Kepercayaan Masyarakat Terhadap Program LPS" by Siti Chairani Lubis, Cindy F Waruwu, dan Jessica Putri Br.Sembiring.

8. "Generation Z and Social Media in Savings Insurance Literacy: Unique Strategies for Unique Generations"
by Wenefrida Mahestu Noviandra Krisjanti, Agnes Gracia Quita,
and Elisabet Dita Septiari

9. "Criteria & Implementation Mechanism of Purchase and Assumption (P&A) Case Study in Islamic Banks"
by Yaser Taufik Syamlan and Mursalmina

10. "Impact of Financial Literacy and Inclusion and Risk Behavior on Understanding of Deposit Insurance Corporations"
by Yunieta Anny Nainggolan, Annisa Rizkia Syaputri,
and Gihon River Peace Marpaung

Source:

http://lpsresearchfair2021.com;
https://lps.go.id ; 2021

Increase Cooperation between Institutions, BPKP and IDIC Sign a Memorandum of Understanding

15 September 2021

Jakarta - The Financial and Development Supervisory Board (BPKP) and the Indonesia Deposit Insurance Corporation (IDIC) signed a Memorandum of Understanding (MoU) on governance of customer deposit insurance and bank resolution. This understanding is in the form of giving attention, auditing, reviewing, and good corporate governance.

The Memorandum of Understanding was signed by the Chairman of the IDIC Board of Commissioners, Purbaya Yudhi Sadewa, and the Head of BPKP Muhammad Yusuf Ateh, at the BPKP Headquarters, East Jakarta, Wednesday (15/9/2021).

"In the midst of the situation and conditions that are still in the Covid-19 pandemic, synergy and collaboration between IDIC and BPKP are needed in maintaining state financial stability," said Head of BPKP Muhammad Yusuf Ateh.

He explained that the follow-up to the Memorandum of Understanding from both parties would include cooperation in the fields of education and training, improving fraud risk management and good governance. In addition, the collaboration between BPKP and LPS also includes simulating the handling of failed banks and providing expert information.

“The banking and financial services industry has the greatest risk of fraud when compared to other industries. So, every decision making or implementation of assignments to banks and financial services, professional skepticism must always be developed," he said.

He hopes that with the signing of this Memorandum of Understanding, the cooperation that has been built can be expanded so that in the end it can improve the quality of governance and internal supervision in IDIC.

"IDIC must be able to prepare strategies to maintain quality and improve the competence of human resources, especially in the implementation and supervision of bank resolutions," he added.

On the same occasion, the Chairman of the LPS Board of Commissioners, Purbaya Yudhi Sadewa, said that the IDIC and BPKP collaboration as stated in the Memorandum of Understanding had existed since 2016. He also considered that the synergy between IDIC and BPKP had a positive impact on the implementation of the duties and functions of both parties.

"IDIC and BPKP also agreed to continue and improve the already well-established cooperation through the extension of this Memorandum of Understanding," he said.

Then, in the future, the IDIC's role will be more strategic because the role of the IDIC which previously carried out supervision of failed banks was handed over from the banking supervisory authority to the IDIC, and later the IDIC will carry out a new mandate to carry out early bank intervention, before bank failure occurs. in order to prevent disruption of financial system stability.

"And, this Memorandum of Understanding between IDIC and BPKP is a form of joint commitment between IDICs and BPKP to cooperate with each other in accordance with their respective functions to strengthen governance in order to support development and the economy in Indonesia," he concluded.

BCBS Updates

Third Quarter 2021

Content

Implementation reports

Early lessons from the Covid-19 pandemic on the Basel reforms

06 July 2021

Today the Basel Committee on Banking Supervision is publishing an interim evaluation report assessing the impact of the implemented Basel reforms in light of the Covid-19 pandemic.

Beginning in 2009, the Committee developed a set of new regulatory standards in response to the global financial crisis of 2007-09, commonly referred to as the Basel reforms, aimed at strengthening the regulation, supervision and risk management of banks.

Following the issuance of the reforms, the Committee has determined it appropriate to evaluate the impact of those standards already implemented on the resilience and behaviour of the banking system.

The report provides a preliminary assessment of whether the reforms implemented to date have functioned as intended in light of the pandemic. It outlines the Committee's initial findings regarding:

1. The overall resilience of the banking system during the pandemic;
2. The usability of capital buffers, members' experience with the countercyclical capital policies and price movements of additional tier 1 capital instruments;
3. Liquidity buffers;
4. The impact of the leverage ratio on financial intermediation; and
5. The cyclicality of specific Basel capital requirements.

Source. BIS Website

https://www.bis.org/bcbs/publ/d521.htm

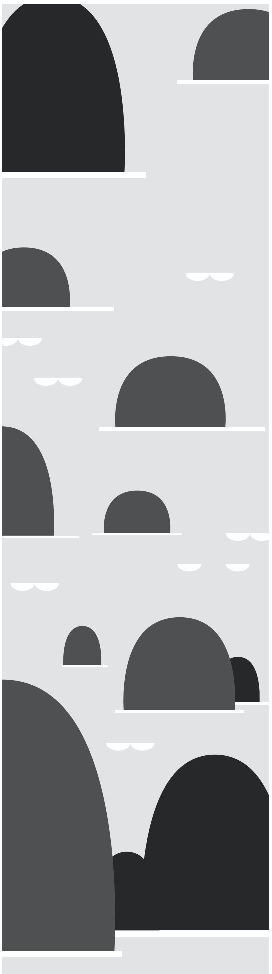
Related Information:

Press release: Press release: Basel Committee's reforms helped cushion the impact of Covid-19 shock on banks

Consultative

G-SIB assessment methodology review process

20 July 2021



The Basel Committee on Banking Supervision has issued for consultation a proposal for a technical amendment to the Basel Framework. The amendment relates to the process used by the Committee to review the G-SIB assessment methodology.

The Committee plans to replace the existing three year review cycle with a process of ongoing monitoring and review. This will include monitoring: (i) recent developments in techniques or new indicators that can be used for the assessment of systemic risk; (ii) emerging evidence on the effectiveness of the G-SIB regime; and (iii) structural changes that could impact the effectiveness of the regime. Only if this monitoring work reveals evidence of material unintended consequences or material deficiencies with respect to the framework's objectives will the Committee consider changes to the regime.

Source. BIS Website

https://www.bis.org/bcbs/publ/d522.htm

Related Information:

Press release: Basel Committee consults on an amendment to the process for reviewing the G-SIB methodology
Comments: Comments received on the consultative paper (September 2021)

BIS

Other

Proportionality in bank regulation and supervision - a joint global survey

30 July 2021

The Basel Committee on Banking Supervision and the World Bank are publishing today the results of a global survey conducted with bank supervisors and regulators. The report summarises the responses from 90 authorities, with a broad distribution across geographical regions and income groups.

Proportionate implementation is practised widely, across geographic regions and income groups. Authorities view proportionality as promoting banking stability, reducing unnecessary regulatory burden and compliance costs, and making effective use of scarce supervisory resources. A majority of respondents are planning to implement or revise their proportionate approaches.

However, challenges remain during the design of proportionate approach and after proportionality is implemented. Examples of the former are: how to define the tiering criteria, how to maintain a level playing field and how to avoid opportunities for regulatory arbitrage. The latter challenges include: how to ensure financial positions are still comparable across banks and how to achieve net reduction in compliance costs and stress on supervisory resources and constraints.

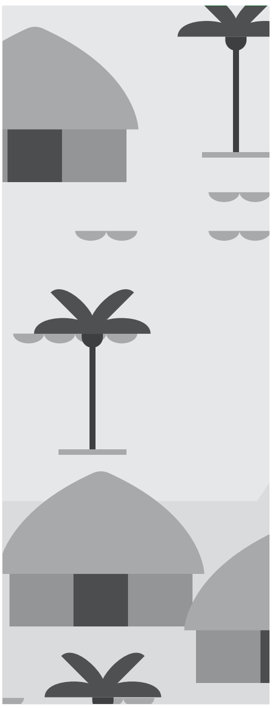
Source. BIS Website

https://www.bis.org/bcbs/publ/d523.htm

Newsletter

Newsletter on cyber security

20 September 2021



Cyber threats and incidents, such as ransomware attacks, have emerged as a growing concern for the banking sector over the past several years, posing risks to the safety and soundness of individual banks and the stability of the financial system.

Since the onset of the Covid-19 pandemic, these concerns have heightened. Remote working arrangements and increased provision of financial services using digital channels have enlarged banks' attack surfaces. This means that malicious actors, who have become increasingly sophisticated, have more points of access to banks' systems.

Targeted attacks on banks' third-party service providers, including third-party software banks commonly use and intragroup entities, are also a stark reminder that cyber security measures should take into account operational dependencies on such providers.

Ransomware will continue to be one of the key cyber security threats facing the banking industry. Reflecting its growing importance, cyber security is a key element of the Basel Committee's workplan, which the Group of Governors and Heads of Supervision approved earlier this year.

Source. BIS Website

https://www.bis.org/publ/bcbs_nl25.htm

Related Information:

Press release: Basel Committee calls for improved cyber resilience, reviews climate-related financial risks and discusses impact of digitalisation

FSB FINANCIAL STABILITY BOARD

FSB Updates

Third Quarter 2021

Content

FSB roadmap for addressing climate-related financial risks

07 July 2021

There is a need to coordinate the large and growing number of international initiatives underway on addressing financial risks from climate change.

There is a growing focus on potential risks to financial stability from climate change. A large, and growing, number of international initiatives are underway on addressing financial risks from climate change. Ongoing work by official sector bodies, including the FSB, NGFS, BCBS, IAIS, IOSCO, OECD, IMF and World Bank, and a variety of private sector bodies on climate issues have been added to recently by the IFRS Foundation proposal to establish an International Sustainability Standards Board (ISSB), initially focused on climate-related reporting. More generally, climate topics are being given an important place in both the G20 and G7 agendas for 2021, and preparations are underway for COP26.

This roadmap for addressing climate-related financial risks, which has been prepared in consultation with standard-setting bodies (SSBs) and other relevant international bodies, supports international coordination in several ways.

1. It promotes relevant initiatives at standard-setting bodies, the NGFS and other international organisations.
2. By presenting relevant ongoing and planned international work in one place, it helps to identify gaps to be covered by further work, limit overlap and promote synergies.
3. It sketches out how the FSB can serve as a forum for discussing cross-sectoral and systemic issues and agreeing a way forward.
4. It provides input into broader international policy considerations by facilitating communication with the G20, G7 and COP26.

All this supports the consistency of actions to be taken over the coming years, enhances authorities' ability to address financial stability risks and reduces the risk of harmful market fragmentation.

The roadmap focuses on work to assess and address financial risks of climate change through four main, interrelated areas: firm-level disclosures; data; vulnerabilities analysis and regulatory and supervisory tools.

The FSB roadmap sets out a comprehensive and coordinated plan for addressing climate-related financial risks, including steps and indicative timeframes needed to do so, and paves the way for implementation. It will be delivered to the G20 Finance Ministers and Central Bank Governors meeting in July 2021.

Source. FSB Website

https://www.fsb.org/2021/07/fsb-roadmap-for-addressing-climate-related
-financial-risks/

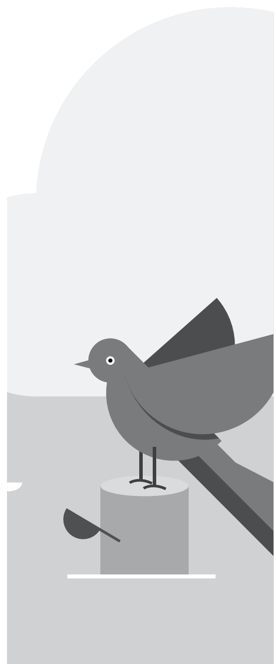
The availability of data with which to monitor and assess climate-related risks to financial stability

07 July 2021

Addressing data gaps will enhance the monitoring of climate-related financial risks and enable market participants to incorporate such risks more effectively in their decisions.

This report examines the availability of data with which to monitor and assess climate-related risks to financial stability. It is the latest in a series of FSB reports concerning climate change. Previous reports were the FSB's stocktake of financial authorities' experience in including climate risks as part of their financial stability monitoring, and The Implications of Climate Change for Financial Stability.

Risks to financial stability from climate change differ in their nature and magnitude from other risks to the financial system. Climate change is a global phenomenon and can impact financial systems across all jurisdictions. However, its impact differs substantially across entities, sectors and economies. Climate-related risks may be highly non-linear, and their effects on the financial system subject to substantial uncertainty and tail risk.



The specific nature of climate-related risks has a bearing on the data needed to monitor and assess their implications for financial stability. This data should:

1. Capture exposures of financial firms to climate-related risks, particularly those of a scale or concentration that might threaten financial stability.
2. Support a global comparison and aggregation of financial firms' exposures to climate-related risks.
3. Support forward-looking assessments of climate-related risks to financial stability.
4. Capture climate-related risk transfer and mitigation.

The report outlines priority areas of work – some of which are already in progress – that should address important data gaps to improve the monitoring and assessment of climate-related risks to financial stability:

1. improving the availability and consistency of data on the underlying drivers of climate-related risks;
2. developing a baseline global sustainability reporting standard under robust governance and public oversight – the FSB welcomes the IFRS's programme of work in this regard;
3. improving the quality and consistency of data on financial institutions' exposures to climate-related risks arising from their exposures to non-financial counterparties
4. developing – including via engagement with private-sector providers of data – forward-looking metrics on climate-related risks, both at the level of individual firms and the financial system as a whole;

5. widening and harmonising data on the degree to which individual financial institutions' exposures to climate-related risks are mitigated by insurance provision;

6. comparing authorities' experiences of implementing scenario analysis as a means of assessing the resilience of the financial system to climate-related risks, and to identify relevant data gaps; and

7. the NGFS continuing to refine and develop scenarios, which financial authorities should make use of in their scenario analysis, as appropriate in order to align the data and methodologies used in such analysis.

Work in these areas should be undertaken in a manner appropriate to authorities' mandates and domestic legal frameworks.

This report was prepared in close coordination with other international bodies and draws on a number of inputs. In particular, it has benefited from contributions from the BCBS, IAIS, IMF, IOSCO, OECD and the World Bank. It has also been informed by the work of the Task Force on Climate-related Financial Disclosures (TCFD).

The report complements the NGFS's Workstream on Bridging Data Gaps. This NGFS workstream is undertaking a more comprehensive assessment of the availability of data, including to facilitate the scaling up of green finance.

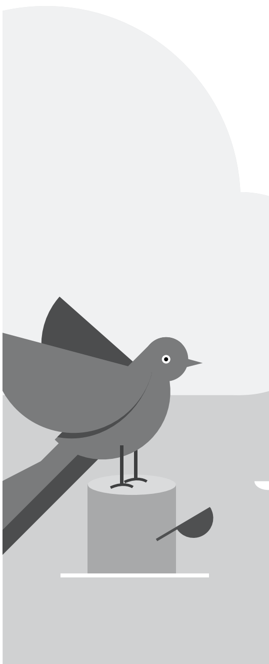
Source. FSB Website

https://www.fsb.org/2021/07/the-availability-of-data-with-which-to-monitor-and-assess-climate-related-risks-to-financial-stability/

FSB FINANCIAL STABILITY BOARD

Lessons learnt from the COVID-19 pandemic from a financial stability perspective: Interim report

13 July 2021

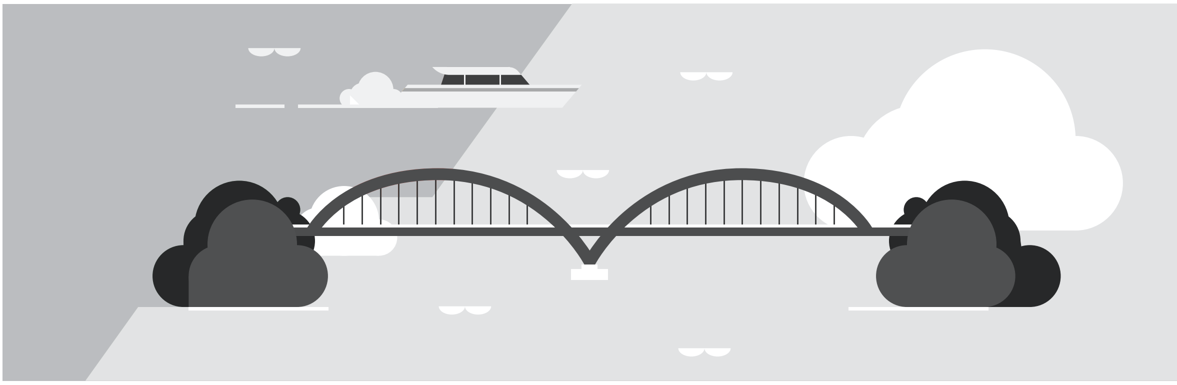


The COVID-19 pandemic presents a real-life test that may hold important lessons for financial policy, including the functioning of G20 reforms.

The COVID-19 pandemic is the first major test of the global financial system since the G20 reforms were put in place following the financial crisis of 2008. While significantly different in nature from the 2008 crisis, this real-life test may hold important lessons for financial policy, including the functioning of the G20 reforms.

The report identifies preliminary lessons for financial stability from the COVID-19 experience and aspects of the functioning of the G20 financial reforms that may warrant attention at the international level.

The report notes that, thus far, the global financial system has weathered the pandemic thanks to greater resilience, supported by the G20 reforms, and the swift, determined and bold international policy response. Authorities broadly used the flexibility within



international standards to support financing to the real economy. Monitoring and coordination, guided by the FSB COVID-19 Principles, has discouraged actions that could distort the level playing field and lead to harmful market fragmentation.

The COVID-19 experience reinforces the importance of completing remaining elements of the G20 reform agenda. The financial stability benefits of the full, timely and consistent implementation of those reforms remain as relevant as when they were agreed. Those parts of the global financial system where implementation of the reforms is most advanced displayed resilience. The pandemic has highlighted the importance of effective operational risk management arrangements and the need to further enhance crisis management preparedness and promote resilience amidst rapid technological change.

The pandemic also highlighted differences in resilience within and across financial sectors. The March 2020 market turmoil has underscored the need to strengthen resilience in non-bank financial intermediation. The functioning of capital and liquidity buffers may warrant further consideration, while some concerns about excessive financial system procyclicality remain.

COVID-19 may yet test the resilience of the global financial system. Banks and non-bank lenders could face additional losses as support measures are unwound. Identifying systemic vulnerabilities early on remains a priority. One of the legacies of the pandemic may be a build-up of leverage and debt overhang in the non-financial sector. Addressing debt overhang, including by facilitating the market exit of unviable companies and by promoting the efficient reallocation of resources to viable firms, may be a key task for policymakers going forward.

The FSB will engage with external stakeholders on preliminary findings and issues raised in this report. The final report, which will incorporate this feedback and set out tentative lessons and next steps to address the identified issues, will be delivered to the G20 Summit in October.

Source. FSB Website

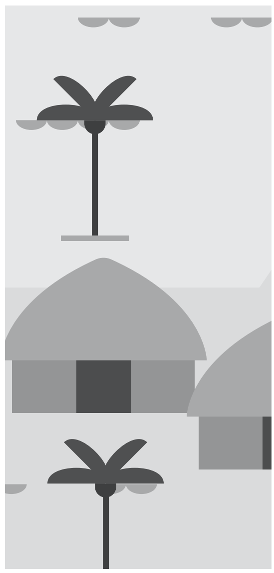
https://www.fsb.org/2021/07/lessons-learnt-from-the-covid-19-pandemic-from-a-financial-stability-perspective-interim-report/

Public responses to consultation on Targets for Addressing the Four Challenges of Cross-Border Payments

20 July 2021

On 31 May 2021, the FSB published *Targets for Addressing the Four Challenges of Cross-Border Payments: Consultative document*. Interested parties were invited to provide written comments by 6 July 2021. The public comments received are available below.

The FSB thanks those who took the time and effort to express their views. The FSB expects to publish the final targets in October 2021.

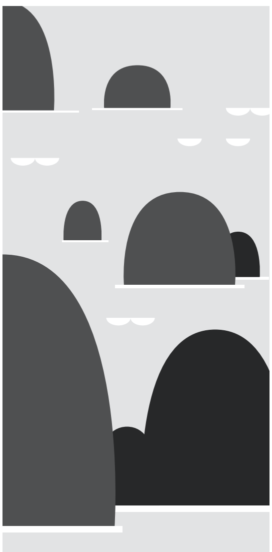


Source. FSB Website

https://www.fsb.org/2021/07/public-responses-to-consultation-on-targets-for-addressing-the-four-challenges-of-cross-border-payments/

Public responses to consultation on policy proposals to enhance money market fund resilience

18 August 2021



On 30 June 2021, the FSB published *Policy proposals to enhance money market fund resilience: Consultation Report*. Interested parties were invited to provide written comments by 16 August 2021. The public comments received are available below.

The FSB thanks those who took the time and effort to express their views. The FSB expects to publish the final policy proposals in October 2021.

Source. FSB Website

https://www.fsb.org/2021/08/public-responses-to-consultation-on-policy-proposals-to-enhance-money-market-fund-resilience/

IFSB Updates

Third Quarter 2021

Content

The IFSB Issued a Statement Addressing The Measures to Mitigate The Impact of COVID-19 on The Takāful Sector

06 August 2021

The Islamic Financial Services Board (IFSB) issued a statement addressing the measures to mitigate the impact of COVID-19 on certain elements of the takāful sector.

The statement on the takāful sector aims to foster regulatory responses across jurisdictions to mitigate the negative effects of the COVID-19 crisis and to ensure continued clear guidance for the takāful industry during this challenging environment.

Based on the policy responses adopted by IFSB member countries, the IFSB acknowledges that the regulatory supervisory authorities (RSAs) are in a delicate position on striking the right balance in competing priorities between sustaining financial stability, providing assistance to Takāful Operators (TOs) and offering relief to takāful participants. The IFSB commends its member RSAs and recommends that RSAs shall remain vigilant in performing the act of balancing with a focus on ensuring the takāful business sector remains financially and operationally resilient. Taking cognizance of the wide spectrum in terms of the level of maturity of the TO across IFSB member jurisdictions couple with limited knowledge on takāful products among the takāful participants, RSAs are expected to continue playing a key role in this unprecedented situations and the IFSB committed to work closely with all its members during these unprecedented times in order to mitigate the potential impacts of the pandemic in their Islamic financial sectors.

This statement is part of the IFSB's ongoing programme to provide appropriate policy guidance and to serve as a reference tool kit for its members and the Islamic financial services industry to navigate the current economic and regulatory challenges.

The IFSB will continue to assess the implications of the pandemic on Islamic banking, Islamic capital markets and takāful, and will issue further public statements where necessary.

The statement is available at www.ifsb.org.

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=567
&submit=more

Regulatory and Supervisory measures to Mitigate the Impact of COVID-19: Recommendations Relating to the Takāful/Retakāful Industry

06 August 2021

The COVID-19 pandemic and the measures taken to prevent its spread have had a significant impact on the global economy and financial markets. Several IFSB member jurisdictions have already pursued a range of regulatory and supervisory measures1 to alleviate the impact of COVID-19 on financial stability in their jurisdictions.

The pandemic has accentuated the fundamental value of the establishment of takāful2 as significantly defined by one of the core principles3 known as Ta'awun, which emphasizes the importance of takāful to assist one another mutually for the losses arising from specified risks by providing financial protection and promoting financial soundness and stability of the Islamic financial system. The IFSB supports various efforts undertaken by the IFSB members in responding to the pandemic through policy responses including government assistance, pooling fund from takāful operators (TOs) to cover the impact of COVID-19, extending the grace period for takāful contributions, easing and accelerating payment of claims and promoting adoption of technology to communicate with takāful participants. IFSB members' use of relief measures for takāful participants featured more prominently compared to regulatory flexibilities. This is coherent with the essence of the concept of takāful, i.e. mutual assistance among takāful participants.

Based on the policy responses adopted by IFSB member countries, the IFSB acknowledges that the regulatory supervisory authorities (RSAs) are in a delicate position on striking the right balance in competing priorities between providing assistance to TOs and offering relief to takāful participants. The IFSB recommends that RSAs remain vigilant in performing the act of balancing with a focus on ensuring the takāful business sector remains financially and operationally resilient. Taking cognizance of the wide spectrum in terms of level of maturity of the TO couple with limited knowledge on takāful products among the takāful participants, RSAs are expected to play a key role in this unprecedented situation.

The main objective of this public statement is to foster regulatory responses across jurisdictions to mitigate the negative effects of the COVID-19 crisis and to ensure continued clear guidance for the takāful industry during this challenging environment.

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=568
&submit=more

The IFSB issued the Ninth Edition of its Annual Flagship Publication: the Islamic Financial Services Industry (IFSI) Stability Report 2021

18 August 2021

The Islamic Financial Services Board (IFSB) today issued the ninth edition of its annual flagship publication: the Islamic Financial Services Industry (IFSI) Stability Report 2021. The Report provides updates on the key trends in growth and developments, analytical and structural outlooks, as well as examines the resilience of the IFSI against the COVID-19 shock and other vulnerability factors across the Islamic banking, Islamic capital market and takāful segments.

The IFSB Secretary-General, Dr. Bello Lawal Danbatta stated that "the issuance of the IFSI Stability Report 2021 takes place at a time when the world is still faced with the challenges of the COVID-19 pandemic and its implications for the stability of the global financial system." He stated further that "despite an unclear pattern and duration of the pandemic, the IFSI sustained its growth momentum to an increased estimated worth of USD 2.70 trillion in 2020, and recorded a growth rate of 10.7% year-on-year (y-o-y) based on significant improvement across the three segments of the IFSI, especially in Islamic banking and the Islamic Capital Market."

Dr. Bello highlighted that based on various analyses contained in the IFSI Stability Report 2021, the performance of the global IFSI projected a sense of optimism in the short term. This will depend on, among other things, timely access to, and the efficient roll-out of, COVID-19 vaccines; jurisdictions' capital flows, fiscal and monetary policy spaces and capacity to recover from recession; digital transformation process; and the extent of contact-intensiveness of key economic sectors.

Key highlights of the IFSI Report 2020 include:

1. The Islamic banking segment retained its dominance in the global IFSI. The domestic market share for Islamic banking in relation to the total banking segment continued to increase in at least 23 countries, among the 36 jurisdictions covered in the IFSI Stability Report 2021.

2. The Islamic banking segment's performance grew by 4.3% in 2020, compared to 12.4% in 2019. As at 3Q20, the Islamic banking segment accounts for 68.2% (72.4% in 2019) of the total value of IFSI assets, the declining share being mainly due to increased prominence of the ICM segment.

3. The ICM sector as at end of 2020 accounts for 30.9% of the global IFSI assets on the back of a positive performance due to the sovereign and multilateral sukūk issuances in key Islamic finance markets.

4. Islamic funds also recorded a noteworthy growth of 31.9% in terms of the total value of assets under management, while the Islamic equity markets also rebounded in the later part of 2020 after the initial shock and volatility in 1Q20 due to the outbreak of COVID-19 pandemic.

5. The share of global takāful industry in the global IFSI declined marginally to 0.9% with a -14.8% growth y-o-y mainly due to the exchanged rate used for some member jurisdictions.

6. The role of the Islamic social finance sector is very crucial in a post-COVID-19 financial system stability.

ISLAMIC FINANCIAL
SERVICES BOARD

The IFSI Stability Report 2021 utilises data from the IFSB's Prudential and Structural Islamic Financial Indicators (PSIFIs) database for the Report's Islamic banking sector analysis. The Report also includes box-article contributions from some IFSB members, namely; Central Bank of Bahrain, Central Bank of the UAE, Saudi Central Bank, and the State Bank of Pakistan. Other contributors are the Insurance and Private Pensions Regulation and Supervision Agency of Turkey, International Islamic Liquidity Management, and Moody's Investors Services.

The IFSI Stability Report 2021 is available for download from the IFSB website, www.ifsb.org.

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=570
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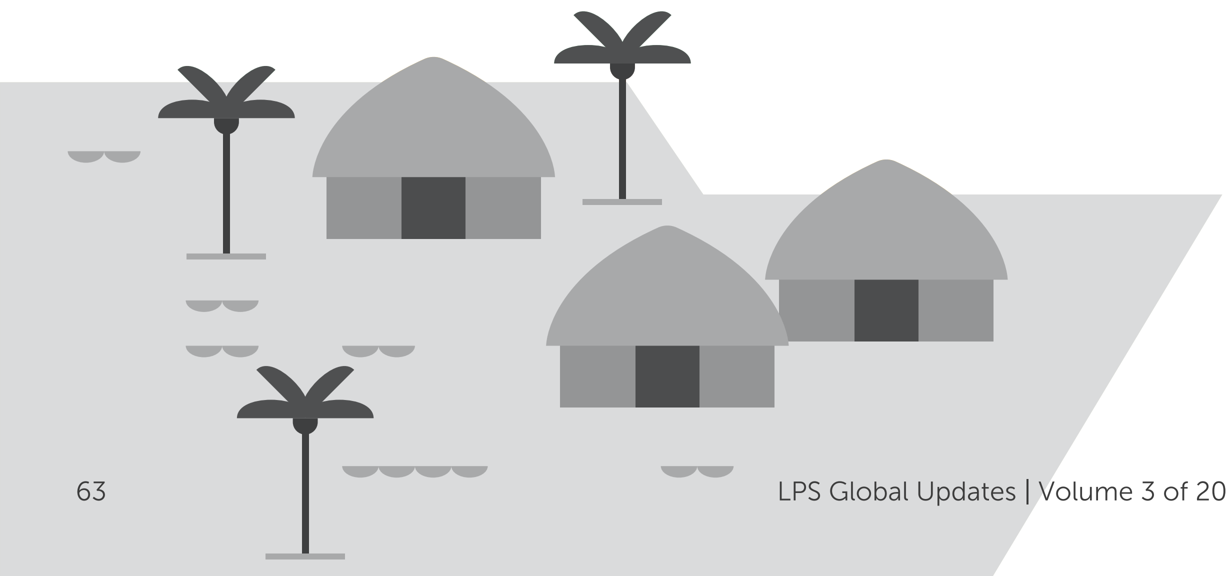


ISLAMIC FINANCIAL SERVICES BOARD

The IFSB issues its 17th Research Paper in the Working Paper Series

27 August 2021

The Islamic Financial Services Board (IFSB) today issues the seventeenth research paper in the working paper series titled "Effectiveness of macroprudential tools for Islamic banking." The paper is a collaboration between IFSB, Saudi Central Bank (SAMA) and Bank Indonesia (BI) with focus on examining the behavioural response of Islamic banks to the implementation of macroprudential policy tools and measures.

Working Paper 17 applied both qualitative and quantitative methods in its investigation. The qualitative method (i.e survey) describes countries' experiences on macroprudential tools/measures, taken into account country-specific factors and circumstances of their usage. This working paper makes a reference to cases of Saudi Arabia and Indonesia to showcase the country-specific contexts relating to implementation of the macroprudential policy framework.

In this paper, quantitative method was performed using both static and dynamic panel data model baseline and robustness check respectively, to assess the effectiveness of macroprudential policy stance with regard to household credit growth. For this analysis, a set of macroprudential indices comprising an aggregate index and sub-group indices were developed from 17 macroprudential tools to measure the overall macroprudential policy stance in 10 countries where Islamic banks operate alongside with conventional banks. Data on household credit growth was drawn from the IFSB's PSIFIs database which represent the dependent variable.
The paper finds that: (i) the overall macroprudential measures have a negative relationship with household credit growth even though not statistically significant, (ii) each of the indices in the subgroup category of macroprudential measures (e.g. all-credit targeted, demand-related vs. supply-side tools) shows a decline in household credit growth and statistically significant. The analysis not only suggests the impact of macroprudential tools in dampening household credit growth, but also enables a comparison of the relative effects of different instru-

ments. The overall analysis suggests that Islamic banks also respond appropriately to the implementation of macroprudential policy tools. This demonstrates the importance of macroprudential tools for managing potential risks associated with the high financing exposure of Islamic banks. Thus, a relatively high financing exposure of Islamic banks to household credit (the real sector), which could probably make them vulnerable to macroeconomic dynamics, can be effectively controlled.

The IFSB Secretary-General, Dr. Bello Lawal Danbatta stated that, "this paper is intended to contribute to better understanding of how macroprudential policy tools/measures are to be applied to banking system where Islamic banks operate. He noted that, notwithstanding the extensive use of the macroprudential tools/measures in many jurisdictions where Islamic banking operates, there seems to be a limited understanding about their efficacy to Islamic banks."

Islamic banking is currently operating in at least 39 jurisdictions, has attained systemic importance in 15 jurisdictions based on 2021 IFSB's IFSI Stability Report. The similar pattern in the financing concentration exhibited by Islamic banks in many of these jurisdictions necessitate the need to conduct a study to examine the behavioural response of Islamic banks to the implementation of macroprudential policy tools. Islamic banks' financing, in many of these jurisdictions, are concentrated mostly in wholesale, retail trade financing and household sector, driven by factors which support households' repayment capacity.

Experience in the wake of COVID-19 pandemic has shown that macroprudential policy tools/measures can be use in parallel to the action taken by the monetary and fiscal authorities to maintain financial system stability.

WP-17 is available for download from the IFSB website: www.ifsb.org

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=571&submit=more

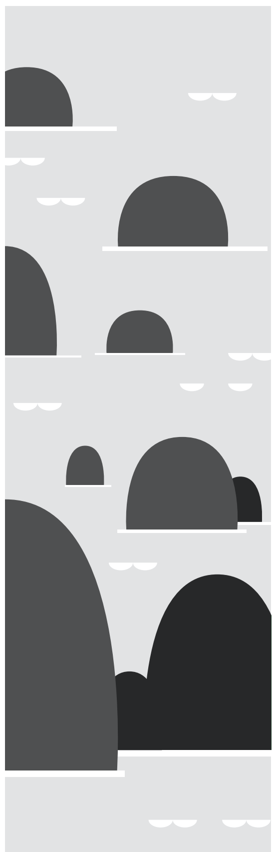
The IFSB Disseminates PSIFIs Data for 2020Q1-Q4 for Takāful Sector in Member Countries

30 August 2021

The Islamic Financial Services Board (IFSB) is releasing its latest country-level Prudential and Structural Islamic Financial Indicators (PSIFIs) data for the takāful sector from Q1 to Q4 of 2020 from IFSB member jurisdictions today. This 2nd dissemination of takāful data features the quarterly data between 2019Q1 to 2020Q4.

This PSIFIs project currently gathers data for the takāful sector from seven participating jurisdictions, namely, Bahrain, Brunei, Malaysia, Nigeria, Saudi Arabia, Turkey and the United Arab Emirates which can also be considered as the major players of the industry to represent the level of takaful industry development.

The Secretary-General of the IFSB, Dr. Bello Lawal Danbatta, stated, "The PSIFIs project now expands beyond the Islamic banking sector with the roll-out of the dissemination of this 2nd set of data from the takāful sector. This is a stepping stone towards the IFSB's aspiration to establish a comprehensive database of the global Islamic financial services industry (IFSI), thereby addressing the long-standing data gaps in the industry." In this regard, he expressed his sincerest appreciation for the relentless



support and commitment of the Task Force members in carrying over the project to its current state. He also stated, "Under its current Medium-Term Plan 2020-2022, the IFSB targets to gradually include more member jurisdictions with the aim of extending the coverage of the takāful database and facilitating the stakeholders with a sustainable and impactful database of this sector."

The sectoral country-level data provides a number of prudential indicators covering family and general takāful, including capital adequacy, asset quality, management soundness, earnings and profitability, liquidity, as well as retakāful and actuarial indicators. It also provides some additional prudential indicators as well as a set of structural indicators that provide information on the overall size and other sector-level balance sheet aspects of the takāful sector.

The PSIFIs Task Force on takāful sector – currently comprising representatives from seven participating jurisdictions - has contributed substantially in facilitating the collection and compilation of takāful data. Moreover, a total of 25 regulatory and supervisory authorities (RSAs) from the Islamic banking sector and four RSAs from the Islamic capital market (ICM) sector have been working with the project to compile PSIFIs database for their respective sectors. The IFSB Secretariat has been regularly conducting capacity building workshops/meetings with the country representatives of the Task Force, focusing on enhancing clarity and consistency of compilation and reporting of indicators across jurisdictions. As such, it intends to enhance the quality, quantity and reliability of the data and information available through the PSIFIs database. It has also attempted to increase the number of PSIFIs contributors by inviting new and potential contributors including those from the takaful sector.

The PSIFIs Database (full set of data with metadata) is available on the PSIFIs portal at the IFSB website https://psifi.ifsb.org

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=572
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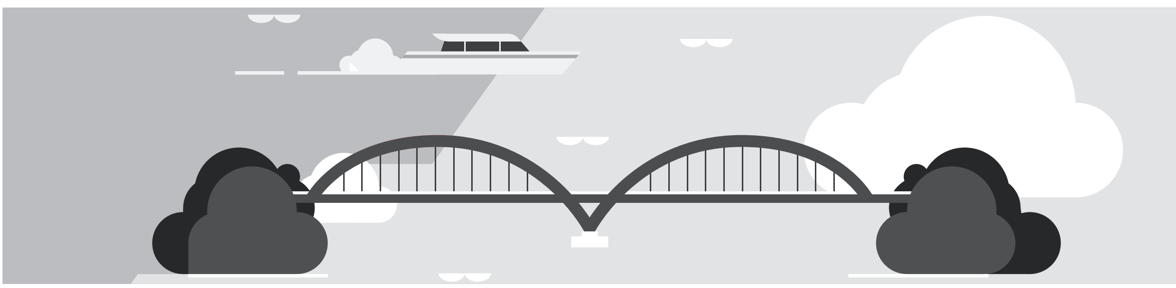
The IFSB Issues Exposure Draft of the Core Principles for Islamic Finance Regulation (Financial Market Infrastructures) (ED-26) for Public Consultation

10 September 2021

The Islamic Financial Services Board (IFSB) has today issued the Exposure Draft of Core Principles for Islamic Finance Regulation (Financial Market Infrastructures) (ED-26) for Public Consultation for a period of fourty five days, starting from 10 September 2021 until 25 October 2021. The IFSB invites comments from regulatory and supervisory authorities, international organisations, institutions offering Islamic financial services (IIFS), academics and other interested parties.

The Standard intends to provide a set of core principles for FMIs and their regulation and supervision taking into consideration the specificities relating to Islamic finance, while complementing the existing international standards, principally the CPSS-IOSCO documents.



Ultimately, the Standard intends to achieve the following objectives:

1. To develop a comprehensive standard for effective regulation, supervision, and oversight of FMIs addressing the specificities of Islamic finance;

2. To equip RSAs with minimum international benchmarks to ensure safe, transparent, and robust FMIs for the purpose of preserving financial stability and operational efficiency in Islamic finance jurisdictions; and

3. To assist the RSAs in assessing the quality of their regulatory framework for their respective FMIs and identifying areas for improvement as an input to their reform agenda.

Core Principles for regulation of the financial sector have become standard tools to guide Regulatory and Supervisory Authorities (RSAs) in developing their regulatory regimes and practices. They also serve as the basis for regulatory authorities or external parties such as multilateral agencies to assess the strength and effectiveness of regulation and supervision in a jurisdiction. This Standard intends to complement the CPSS -IOSCO Principles for Financial Market Infrastructures (PFMI) (April 2012) and its associated Disclosure Framework and Assessment Methodology (December 2012), to address areas that either do not deal, or deal inadequately, with the specificities of Islamic finance.

The IFSB envisages that the Core Principles for Islamic Finance Regulation (Financial Market Infrastructures) (CPIFRFMI) will be used by jurisdictions as a benchmark for assessing the quality of their regulatory and supervisory systems, and for identifying future work to achieve a baseline level of sound regulations and practices for Islamic FMIs. The development of the CPIFRFMI is intended to promote further integration of Islamic finance with the international architecture for financial stability and operational efficiency, especially in the area of securities clearing and settling, payment, and data recording in the FMIs. Furthermore, the CPIFRFMI may also assist IFSB member jurisdictions in: (a) self-assessment; (b) the International Monetary Fund (IMF) and the World Bank financial sector assessment programme (FSAP); (c) reviews conducted by private third parties; and (d) peer reviews conducted, for instance, within regional groupings of capital market RSAs.

The IFSB will be conducting an online webinar as part of the public consultation process. Participation in the webinar is free and open to all. The usual public hearing for this standard will not be held in view of the ongoing global pandemic, but will be replaced by the online webinar.

The soft copy of ED-26 is available on the IFSB website, www.ifsb.org and the Secretariat invites all interested parties, especially members of the IFSB, to send their comments on ED-26 to the project team through email at ifsb_sec@ifsb.org by 20 October 2021 at the latest.

Source. IFSB Website

https://www.ifsb.org/preess_full.php?id=575&submit=more,

LEMBAGA PENJAMIN SIMPANAN

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Wonderful Papua

This bulletin characteristic with the concept of business or corporate look, as well as indonesian nuances. Neat, clean and informative bulletin design remains characteristic of IDIC to get the impression of business/corporate look.

Especially for the concept of nuance Indonesia, the visual concept is the diversity of objects in beautiful Papua to be displayed.

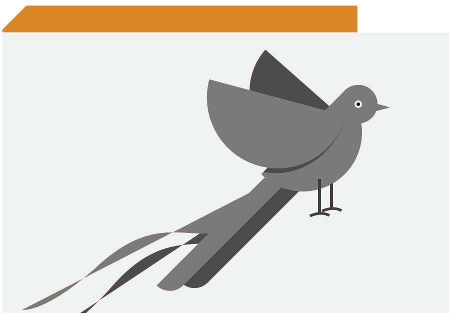
Visual Style

The illustration used is a vector illustration that gives a modern impression and align with corporate values from IDIC.

There are several detailed lines for easy information delivered and kept simple to give a clean impression and professional.

Papuan Traditional House

Bridge Youtefa



Paradisaea/Birds-of-Paradise

Raja Ampat

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