

Country sheet: Indonesia

local knowledge global solutions



Indonesia Facts



Capital:	Jakarta
Population:	240,271,522 (July 2009 est.)
Language:	Indonesian (Bahasa Indonesian)
GDP per capita:	\$2,246 (2008 est.)
GDP total:	\$914.6 billion (2008 est.)
GDP - real growth rate:	6.1% (2008 est.)
Currency:	Indonesian rupiah (IDR)

Economic outlook

The Republic of Indonesia, is a country in Southeast Asia and Oceania. Indonesia comprises of 17,508 islands with an estimated population of around 229 million people. It is the world's fourth most populous country. Indonesia is a republic with a presidential system. Indonesia has the largest economy in Southeast Asia and is one of the emerging market economies of the world. It has a market-based economy in which the government plays a significant role by owning more than 164 state-owned enterprises and administers prices on several basic goods, including fuel, rice, and electricity.

Indonesia has proved to be less exposed to the global recession than many of its neighbours, and its economy expanded by 4.2% year on year in the first half of 2009. The government has introduced significant reforms in the financial sector, including in the areas of tax and customs, the use of Treasury bills, and capital market supervision. Indonesia's investment law, passed in March 2007, seeks to address some of the concerns of foreign and domestic investors. Indonesia still struggles with poverty and unemployment, inadequate infrastructure, corruption, a complex regulatory environment, and unequal resource distribution among regions. The non-bank financial sector, including pension funds and insurance, remains weak, and despite efforts to broaden and deepen capital markets, they remain underdeveloped.

In relative terms, Indonesia's overall position is not as precarious as for many other countries. The Indonesian economy was still able to chart 6.1% growth in 2008. The increasing integration of the global economy and the deepening of the crisis augurs for the slowing of economies across all countries during 2009. Indonesia is no exception. Bank Indonesia projects a drop in economic growth in 2009

to around 4.0% with downside risk if the global economic downturn is greater than predicted.

Supervisory framework

Bank Indonesia (BI)

Bank Indonesia, the country's central bank, is responsible for formulating monetary policy and supervising payment and banking systems.

"Bank Indonesia has one single overarching objective: to establish and maintain rupiah stability. This objective incorporates two key aspects: the first is a stable rupiah for goods and services, reflected by the inflation rate. The second is exchange rate stability against other foreign currencies, which is reflected by rupiah performance against other foreign currencies. In terms of Bank Indonesia's roles and functions, accountability and transparency principles are applied through the regular and open publication of information to the public via the mass media, at the beginning of each year, regarding the evaluation of monetary policy implementation in the previous year, as well as monetary policy planning and the setting of monetary targets for the year ahead. Such information is also delivered in writing to the President and House of Representatives" (<http://www.bi.go.id/web/en>).

The other regulators are additional supervisory bodies with specialisation in certain area of interest such as Taxation, Foreign Exchange, Capital Market etc.

Directorate General of Taxation

This agency is responsible for administering tax laws. It prescribes the books of accounts and financial statements required of all corporate taxpayers.

Ministry of Finance

It administers the Accountancy Law and is involved in overseeing activities of the Directorate General of Taxation and the securities market regulator, BAPEPAM.

BAPEPAM – LK

BAPEPAM – LK is responsible for the registration of corporate debt instruments. Corporate issues must be rated by Credit Rating Indonesia (PEFINDO). Audited financial statements and legal audit reports are required to receive a credit rating.

Regulatory Reporting

FRSGlobal's reporting solution for Indonesia is designed to satisfy the reporting requirements of Bank Indonesia.

The reports include an in depth coverage of the main areas of banking supervision and all financial products/modules handled by banks. The reports developed by FRSGlobal, so far, cover the following modules:

- LAPORAN BERKALA BANK UMUM (LBBU)
- LAPORAN HARIAN BANK UMUM (LHBU)
- LAPORAN BANK UMUM (LBU)

Legal Reporting

Indonesian banks are expected to implement the Basel II accord - a revised international capital framework - by 2008 to improve their performance. "By 2008, the national banking industry should have implemented Basel II stipulations". (Burhanuddin Abdullah, Governor of BI 2005).

The central bank has issued a regulation on transparency and information on banking products, which are expected to improve banks' performance as well as protect their customers. In addition to the regulation on transparency, BI has also issued seven regulations on banking covering minimum lending limits (BMPK), improvement of the quality of assets, information system for debtors, assets security, foreign loans, and settlement of customer complaints.

FRSGlobal's reporting solution caters to the bank's capital adequacy, credit risk and Basel II requirement. which is supported through its RiskPro module.

Copyright © 2009 FRS Belgium NV ("FRSGlobal"). All rights reserved. All other registered or unregistered trademarks and service marks are property of their respective companies and should be treated as such. No part of this publication may be reproduced, transcribed, transmitted, stored in a retrieval system, computer or otherwise, in any form or by any means, magnetic, mechanical, electronic, optical, manual or otherwise, and may not be translated into any language without the express written permission of FRSGlobal.

FRSGlobal
Risk & Regulatory Compliance

FRSGlobal's offering and guarantee

This document is produced by the FRSGlobal Centre of Risk & Regulatory Excellence (CoR²E) team.

FRSGlobal is the only supplier of regulatory risk and compliance reporting, with coverage for 40+ countries. We provide over 1500 financial organisations – including 41 of the top 50 banking institutions – with enterprise risk and regulatory compliance reporting solutions that enable them to increase operational efficiency reduce costs and mitigate risks.

FRSGlobal customers receive software and rich regulatory content that is fully supported by the FRSGlobal Guarantee. This ensures that the regulatory reports under subscription are kept fully up-to-date with regulators' requirements. The Guarantee is facilitated by the FRSGlobal Centre of Risk and Regulatory Excellence (CoR²E) which monitors the changes that affect reporting requirements in more than 100 countries

The CoR²E group publishes a newsletter describing the latest regulatory developments. To subscribe, please register at www.frsglobal.com.