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Indonesia: A Banking & Finance Overview

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The OJK's New Financial Conglomerate Framework

The financial conglomerate is not a new concept in Indonesia. The Financial Services Authority (*Otoritas Jasa Keuangan*; OJK) first introduced corporate governance requirements for financial conglomerates in 2014, only two years after the Basel

conglomerate.

As the financial services sector in Indonesia flourished, but with greater systemic risk, the OJK revamped the requirement for financial conglomerates through the new financial omnibus law – ie, Law No 4 of 2023 on the Development and Strengthening of the Financial Services Sector (“Law 4/2023”) and OJK Regulation No 30 of 2024 on Financial Conglomerates and Financial Holding Companies (“POJK 30/2024”), with the objective of strengthening the OJK’s supervisory role in relation to financial conglomerates.

“Financial conglomerate” is defined as a financial institution that exists within a group due to an ownership and/or control relationship. Members of a financial conglomerate can include banks, insurance companies, reinsurance companies, securities companies (including securities broker-dealers and investment management companies), finance companies, finance infrastructure companies, guarantee companies, pension funds, venture capital funds, pawnbrokers, co-funding service providers using information technology, crowdfunding service providers offering securities through information technology and other financial/non-financial institutions that the OJK may deem to be part of a financial conglomerate.

Eligibility

A financial conglomerate must be established if a financial group’s total assets (i) exceed IDR100 trillion (at least two financial institutions from different financial sectors) or (ii) are in the range of IDR20–99 trillion (at least three financial institutions from different financial sectors). Asset thresholds are assessed based on the total assets of all financial institutions over six consecutive months. Groups approaching the IDR20 trillion threshold should assess their current structure early to avoid rushed or reactive compliance.

POJK 30/2024 stipulates that the OJK may, at its sole discretion, decides that a financial institution under the same ownership or control is part of a financial conglomerate with an obligation to form a financial holding company, even if such financial institution does not meet criterion (i) or (ii) in the foregoing. Further, if the financial conglomerate does not fulfil either criterion, POJK 30/2024 shall still be applicable, provided that it meets the minimum requirement for financial institutions.

Exclusion

Any (i) financial institutions directly owned and controlled by the government of Indonesia or any local government and (ii) rural banks (both conventional and Sharia-based) within a group consisting entirely of rural banks owned by the same controlling shareholder are excluded from the obligation to form a financial conglomerate and financial holding company, as is an Indonesian branch of a foreign bank.

Types of financial holding companies

to operate as a financial institution (*lembaga jasa keuangan*; LJK) is classified as an operational PIKK. In contrast, a holding company that does not carry out any financial services activities and is used solely as a holding and consolidation vehicle is classified as a non-operational PIKK.

Each PIKK, whether operational or non-operational, must be controlled directly by a controlling shareholder (*pemegang saham pengendali*; PSP) and/or indirectly by an ultimate shareholder (*pemegang saham pengendali terakhir*; PSPT). In any event, the OJK must approve the formation of the financial holding company.

Fit and proper tests

As with any other financial institution, a financial holding company is also subject to the fit and proper test requirement of the OJK, albeit that it is applied differently for non-operational financial holding companies. Since a non-operational financial holding company is inherently not a financial institution, its directors and commissioners must undergo a fit and proper test in accordance with the terms set out under OJK Circular Letter No 18/SEOJK.03/2025 on Fit and Proper Tests for the Main Parties of Non-Operational Financial Holding Companies. The controlling shareholder of a non-operational financial holding company must also undergo a fit and proper test if they have not completed one before.

Fit and proper tests for fintech and digital (including crypto-) asset operators

Law No 4/2023 granted the OJK the authority to supervise fintech innovation, digital assets and crypto-assets, some of which used to be supervised by the Commodity Futures Trading Regulatory Agency (*Badan Pengawas Perdagangan Berjangka Komoditi* or *Bappebti*). Through OJK Regulation No 16 of 2025 on Fit and Proper Tests and Reassessment of Fit and Proper Tests for the Main Parties in Fintech and Digital Assets and Crypto-Assets (“POJK 16/2025”), the OJK now mandates fit and proper tests for fintech companies and digital (including crypto-) asset operators.

Scope of regulation

Companies within the scope of POJK 16/2025 are fintech companies and financial digital (including crypto-) asset operators, including:

- digital financial asset traders;
- digital financial asset exchanges;
- digital financial asset clearing, guarantee and settlement institutions;
- depository managers;
- alternative credit rating agencies;
- aggregators;
- financial services aggregators;

carry out fintech activities; and

- parties who, based on statutory provisions, are designated as fintech companies and digital asset operators and are regulated and supervised by the OJK.

The main parties

Through OJK Circular Letter No 21/SEOJK.07/2025 on Fit and Proper Tests and Reassessments for the Main Parties in the Financial Technology Innovation, Digital Financial Assets and Crypto Assets Sector (“SEOJK 21/2025”), the “main parties” are defined as the parties that own, manage, supervise and/or have a significant influence over a fintech company and digital financial (crypto-) asset operator. The main parties must undergo a fit and proper test with the OJK and obtain OJK approval before assuming their role. The main parties are:

- the controlling shareholder –ie, a company or individual who owns more than 25% of the shares in a fintech company and digital financial (crypto-) asset operator with voting rights, or owns less than 25% but has proven control over the company, whether directly or indirectly;
- directors; and
- members of the board of commissioners .

Assessment

Similar to fit and proper tests for financial institutions, fit and proper tests for the main parties in a fintech company and digital financial (crypto-) asset operator cover integrity, financial capability, reputation and competence.

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