

# Lending market review 2019

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Fintech-based lending in Indonesia grew rapidly in 2019. Various crowdfunding models (in particular peer-to-peer lending) emerged and gave the regulatory authorities a new focus for their attention. In this regard, the Financial Services Authority (Otoritas Jasa Keuangan) issued a number of new regulations concerning:

- equity funding, covering the implementation of public offering by way of crowdfunding;
- digital financial innovation in the financial services sector, covering financial technology relating to lending (and all other aspects of fintech, as opposed to the Central Bank of Indonesia which supervises financial technology relating to payment systems) and introducing a regulatory sandbox process for assessing digital financial innovation provider;
- standing facilities, including rules on the inclusion of Bank of Indonesia financial certificates of sovereign Sukuk-backed securities as a commercial paper that can be used in standing facilities and the unification of the implementing regulation on conventional and Islamic standing facilities;
- money markets, including rules on Islamic certificates of deposit transactions; and
- open operations, including:
  - rules on the issuance of Bank of Indonesia Islamic financial certificates or sovereign Sukuk-backed securities;
  - improvements to the foreign exchange monetary operation auction automatisisation system; and
  - the issuance of domestic non-deliverable forward transactions.

In terms of the conventional lending market, the Central Bank of Indonesia issued regulations on:

- foreign exchange, including rules on the application of prudential norms to limit offshore debt and foreign exchange-denominated liabilities in the banking sector;
- improved regulations on reporting requirements of foreign exchange flow activity between Indonesian residents and non-residents; and
- the inclusion of risk participation transactions in the scope of reporting.

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