

Type: REGULATION (PER)
By: THE GOVERNOR OF BANK INDONESIA
Number: 18/40/PBI/2016
Date: NOVEMBER 8, 2016 (JAKARTA)
Title: PAYMENT TRANSACTION PROCESSING OPERATIONS

BY THE GRACE OF THE ONE ALMIGHTY GOD

THE GOVERNOR OF BANK INDONESIA,

Considering:

- a. whereas the developments of technology and information system have continuously been resulting in innovations, especially those related to financial technology (fintech) for fulfilling the people's needs, including the needs in the payment system services, either from the aspect of instrument, operator, mechanism, or infrastructure of payment transaction processing operation;
- b. whereas innovations in payment transaction processing operation must always support the creation of a smooth, safe, efficient and reliable payment system, and accordingly it is necessary to provide regulation on payment system operators in order to complete the existing regulations by prioritizing compliance with the prudential principles and adequate risk management, as well as by keeping in mind the expansion of access, national interest and customer protection, including international standards and practices;
- c. whereas in order to enhance the reliability and competitiveness of the national payment system industry, Bank Indonesia needs to encourage the roles of domestic business players among others through the arrangement of the ownership structure of payment system operators;
- d. whereas the current regulations on the operation of payment system services need to be continuously completed and formulated in a more comprehensive manner in order to provide increasingly clearer directions and guidelines for the operators of payment system services and payment transaction supporting services, as well as for the general public;
- e. whereas based on the considerations set out in points a to d, it is necessary to stipulate a Regulation of Bank Indonesia regarding Payment Transaction Processing Operation;

In view of:

1. Law Number 23 Year 1999 regarding Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement to State Gazette of the Republic of Indonesia Number 3843) As amended several times most recently by Law Undang Number 6 Year 2009 regarding Stipulation of Government Regulation in Lieu of Law Number 2 Year 2008 regarding the

Second Amendment to Law Number 23 Year 1999 regarding Bank Indonesia into a Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

2. Law Number 11 Year 2008 regarding Information and Electronic Transaction (State Gazette of the Republic of Indonesia Year 2008 Number 58, Supplement to State Gazette of the Republic of Indonesia Number 4843);
3. Law Number 3 Year 2011 regarding Fund Transfer (State Gazette of the Republic of Indonesia Year 2011 Number 39, Supplement to State Gazette of the Republic of Indonesia Number 5204);

HAS DECIDED:

To stipulate: REGULATION OF BANK INDONESIA REGARDING PAYMENT TRANSACTION PROCESSING OPERATION.

CHAPTER I GENERAL PROVISIONS

Article 1

Referred to herein as:

1. Bank shall be bank as intended in law regarding banking and sharia bank shall be as intended in law regarding sharia banking.
2. Non-Bank Institution shall be Non-Bank business entity incorporated and established based on Indonesian law.
3. Payment System Service Operator shall be Bank or Non-Bank Institution operating payment system services.
4. Payment Transaction Supporting Operator hereinafter referred to as Supporting Operator shall be a party providing services for Payment System Service Operators in order to support the operation of payment system operation.
5. Switching shall be infrastructure functioning as a center and/or hub for the forwarding of payment transaction data through a network using payment instrument in the form of card, electronic money, and/or fund transfer.
6. Payment Gateway shall be electronic service allowing traders to process payment transactions by using payment instrument using card, electronic money, and/or Proprietary Channel.
7. Electronic Wallet hereinafter referred to as Electronic Wallet shall be lelectronic services for saving payment instrument data such as among others payment instrument using card and/or electronic money, which can also funds, for making payments.
8. Proprietary Channel shall be payment channel developed and owned by a Bank exclusively for its own customers using among others technology based on short message service, mobile, web, subscriber identity module tool kit, and/or unstructured supplementary service data.

9. Switching Operator shall be Bank or Non-Bank Institution operating Switching activities.
10. Payment Gateway Operator shall be Bank or Non-Bank Institution operating Payment Gateway activities.
11. Electronic Wallet Operator shall be Bank or Non-Bank Institution operating Electronic Wallet.
12. Principal shall be Principal as intended in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
13. Issuer shall be Issuer as intended in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
14. Acquirer shall be acquirer as intended in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
15. Clearing Operator shall be Clearing Operator as intended in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
16. Final Settlement Operator shall be Final Settlement Operator as intended in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
17. Fund Transfer Operator shall be Fund Transfer Operator as intended in Bank Indonesia regulations regarding fund transfer.

CHAPTER II OPERATOR IN PAYMENT TRANSACTION PROCESSING

Article 2

- (1) Payment transaction processing shall be conducted by Payment System Service Operator and Supporting Operator.
- (2) Payment transaction processing as intended in paragraph (1) shall include the following activities:
 - a. pre-transaction;
 - b. authorization;
 - c. clearing;
 - d. final settlement; and
 - e. post-transaction.

Article 3

- (1) Payment System Service Operator as intended in Article 2 paragraph (1) shall include:

- a. Principal;
 - b. Switching Operator;
 - c. Issuer;
 - d. Acquirer;
 - e. Payment Gateway Operator;
 - f. Clearing Operator;
 - g. Final Settlement Operator;
 - h. Fund Transfer Operator;
 - i. Electronic Wallet Operator; and
 - j. Operator of other Payment System Services designated by Bank Indonesia.
- (2) Acquirer as intended in paragraph (1) sub-paragraph d and Payment Gateway Operator as intended in paragraph (1) sub-paragraph e shall be operator categorized as merchant acquiring services.
- (3) Supporting Operator as intended in Article 2 paragraph (1) shall be a company operating the following activities:
- a. card printing;
 - b. payment personalization;
 - c. provision of data center and/or disaster recovery center;
 - d. provision of terminal;
 - e. provision of security features of payment instruments and/or payment transactions;
 - f. provision of contactless transaction supporting technology; and/or
 - g. provision of payment transaction processing supporting data routing.
- (4) Further provisions regarding Payment System Service Operator as intended in paragraph (1) and Supporting Operator as intended in paragraph (3) shall be set out in Bank Indonesia Circular.

CHAPTER III LICENSES AND APPROVALS IN PAYMENT TRANSACTION PROCESSING OPERATION

Part One General

Article 4

- (1) Any party acting as Payment System Service Operator as intended in Article 3 paragraph (1) must obtain prior license from Bank Indonesia.
- (2) A party having obtained the license as intended in paragraph (1) and intending to conduct:

- a. development of payment system service activities;
- b. development of payment system service products and activities; and/or
- c. engaging in cooperation with other parties,

must obtain prior approval from Bank Indonesia.

Part Two Licenses

Article 5

- (1) The party applying for license to become Payment System Service Operator must meet the following requirements:
 - a. general requirements; and
 - b. feasibility as Payment System Service Operator.
- (2) In addition to the requirements as intended in paragraph (1), the party applying for license to become a Principal, Switching Operator, Clearing Operator, and/or Final Settlement Operator must establish a limited liability company where at least 80% (eighty percent) of its shares are owned by:
 - a. Indonesian citizen; and/or
 - b. Indonesian legal entity.
- (3) In the event of any foreign ownership in a Principal, Switching Operator, Clearing Operator, and/or Final Settlement Operator as intended in paragraph (2) the calculation of such foreign ownership shall include direct and indirect ownership.
- (4) The party as intended in paragraph (2) having obtained the license as Principal, Switching Operator, Clearing Operator, and/or Final Settlement Operator must always comply with the ownership percentage as intended in paragraph (2).

Article 6

- (1) The party applying for license to become Switching Operator or Payment Gateway Operator must be in the form of:
 - a. Bank; or
 - b. Non-Bank Institution.
- (2) Non-Bank Institution as intended in paragraph (1) sub-paragraph b shall be in the form of limited liability company engaging in business activities in the information technology and/or payment system sector.

Article 7

- (1) The party applying for licenses to become Electronic Wallet Operator must be in the form of:
 - a. Bank; or
 - b. Non-Bank Institution.

- (2) Non-Bank Institution as intended in paragraph (1) sub-paragraph b shall be in the form of limited liability company.

Article 8

The obligation to obtain license as intended in Article 4 paragraph (1) shall be applicable for Bank or Non-Bank Institution as intended in Article 7 paragraph (1) operating Electronic Wallet services with active users reaching or planned to reach a minimum number of 300.000 (three hundred thousand) users.

Article 9

- (1) The party intending to become a Switching Operator and/or Payment Gateway Operator as intended in Article 6 and/or Electronic Wallet Operator as intended in Article 7, must meet the requirement of feasibility as a Payment System Service Operator including:
- a. company legality and profile;
 - b. legal requirements;
 - c. operational readiness;
 - d. system security and reliability;
 - e. business feasibility;
 - f. risk management adequacy; and
 - g. consumer protection.
- (2) For parties intending to apply for license to become Operator of Electronic Wallet that can also accommodate funds the compliance with the requirements of:
- a. risk management adequacy as intended in paragraph (1) sub-paragraph f; and
 - b. consumer protection as intended in paragraph (1) sub-paragraph g,
- must also cover risk management and consumer protection related to the management of funds accommodated in the Electronic Wallet.
- (3) Further provisions regarding the fulfillment of requirements to become Payment System Service Operator as intended in paragraph (1) and paragraph (2) shall be set out in Bank Indonesia Circular.

Article 10

- (1) The requirements and procedures for obtaining license as Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator shall refer to Bank Indonesia regulations regarding payment instruments using cards or Bank Indonesia regulations regarding electronic money.
- (2) The requirements and procedures for obtaining license as Fund Transfer Operator shall refer to Bank Indonesia regulations regarding fund transfer.

Part Three Approvals

Article 11

- (1) Approval for the development of payment system services as intended in Article 4 paragraph (2) sub-paragraph a shall include:
 - a. the operation of Payment Gateway conducted by Payment System Service Operator having obtained the license as Issuer and/or Acquirer;
 - b. the operation of Electronic Wallet conducted by Payment System Service Operator as follows:
 1. Bank; or
 2. Non-Bank Institution having obtained license as Issuer of electronic money; and/or
 - c. the operation of Proprietary Channel conducted by Payment System Service Operator in the form of Bank.
- (2) Approval for the development of payment system products and services as intended in Article 4 paragraph (2) sub-paragraph b shall include the development of features, types, services, and/or facilities of ongoing payment system products and/or services.
- (3) Approval for engaging in cooperation as intended in Article 4 paragraph (2) sub-paragraph c shall cover:
 - a. cooperation with other Payment System Service Operators; and/or
 - b. cooperation with Supporting Operator.
- (4) The parties obtaining approval as intended in paragraph (1) must also comply with regulations applicable for Payment Gateway Operators and Electronic Wallet Operators.

Article 12

- (1) The granting of approvals to Payment System Service Operators for the development of payment system service activities as intended in Article 4 paragraph (2) sub-paragraph a and the development of payment system products and services as intended in Article 4 paragraph (2) sub-paragraph b shall take the compliance with the requirements which shall cover the following aspects into considerations:
 - a. operational readiness;
 - b. system security and reliability;
 - c. application of risk management; and
 - d. consumer protection.
- (2) In addition to the compliance with the aspects as intended in paragraph (1), Bank Indonesia shall also consider the results of supervision on the performance of the Payment System Service Operators.

Article 13

The granting of approvals to Payment System Service Operators for cooperation as intended in Article 4 paragraph (2) sub-paragraph c shall take the compliance with the requirements which shall cover the following aspects into considerations:

- a. legality and company profile;
- b. competency of the party to be engaged in cooperation;
- c. performance;
- d. security and reliability of systems and infrastructure; and
- e. legal aspects.

Article 14

- (1) Payment System Service Operator shall be responsible for ensuring the security and reliability of the payment transaction processing, including when it is implemented under cooperation with Supporting Operator.
- (2) Payment System Service Operator must conduct periodic evaluation on the performance of the Supporting Operator.

Part Four

Procedure for and Processing of Application for License and Approval

Article 15

- (1) Bank or Non-Bank Institution intending to:
 - a. apply for license to become Payment System Service Operator as intended in Article 4 paragraph (1); or
 - b. apply for approval for the development of payment system service activities, development of payment system products and services, and/or cooperation as intended in Article 4 paragraph (2),must submit written application in Bahasa Indonesia to Bank Indonesia along with supporting documents regarding compliance with the aspects as intended in Article 9, Article 12, and Article 13.
- (2) In processing applications for license as intended in paragraph (1) sub-paragraph a, Bank Indonesia shall take the following actions:
 - a. administrative review;
 - b. business feasibility analysis; and
 - c. audit on the Bank or Non-Bank Institution.
- (3) In processing applications for approval as intended in paragraph (1) sub-paragraph b, Bank Indonesia shall take the following actions:
 - a. administrative review;
 - b. analysis of the performance of the Bank or Non-Bank Institution; and
 - c. audit on the Bank or Non-Bank Institution, if necessary.
- (4) Based on the processes as intended in paragraph (2) and paragraph (3), Bank Indonesia shall decide to:

- a. approve; or
- b. refuse,

the applications for license or approval submitted.

- (5) Bank Indonesia may provide facilitation for Payment System Service Operators that have obtained approval of cooperation agreement as intended in paragraph (1) sub-paragraph b in the use and expansion of the use of non-cash payment instruments for programs related to national policies.
- (6) The facilitation as intended in paragraph (5) shall be provided by considering the risks of the implementation of the payment system services.

Part Five Obligations for Foreign Parties

Article 16

Foreign parties operating payment syetem services in the territory of the Unitary State of the Republic of Indonesia and/or engaging in cooperation with a Payment System Service Operator, must comply with this Bank Indonesia Regulation as well as laws and regulations.

Part Six Policies on License and/or Approval

Article 17

- (1) Bank Indonesia shall be authorized to stipulate policies on license and/or approval for the operation of payment system services.
- (2) The stipulation of the policies as intended in paragraph (1) shall be based on the following considerations:
 - a. maintaining national efficiency;
 - b. supporting national policies;
 - c. safeguarding public interest;
 - d. maintaining the growth of industries; and/or
 - e. maintaining healthy business cooperation.

CHAPTER IV PAYMENT TRANSACTION PROCESSING OPERATIONS

Article 18

- (1) In payment transaction processing operations, every Payment System Service Operator shall be obligated to:
 - a. apply rixk management effectively and consistently;
 - b. apply information system security standards;
 - c. operate payment transaction processing domestically;

- d. apply consumer protection; and
 - e. comply with laws and regulations.
- (2) The obligation to operate transaction processing domestically as intended in paragraph (1) sub-paragraph c shall be implemented as follows:
- a. for Payment System Service Operators processing payment instrument transactions using cards, they shall comply with Bank Indonesia regulations regarding payment instrument using cards; and
 - b. for Payment System Service Operators processing electronic money transactions and/or other payment system transactions, they shall comply with regulations stipulated by Bank Indonesia in the future.

Part One
Application of Risk Management

Article 19

- (1) The application of risk management effectively and consistently on payment transaction processing operations shall include:
- a. active supervision of the management;
 - b. adequacy of policies and procedures as well as organizational structure;
 - c. risk management function and implementing human resources; and
 - d. internal control.
- (2) The application of risk management by Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator, in addition to referring to the application of risk management as intended in paragraph (1), shall also refer to regulations on risk management as intended in Bank Indonesia Regulation regarding the operation of payment instruments using cards and/or Bank Indonesia Regulation regarding electronic money, as well as other laws and regulations.
- (3) The application of risk management by Fund Transfer Operator, in addition to referring to the application of risk management as intended in paragraph (1), shall also refer to regulations on risk management as intended in Bank Indonesia Regulation regarding fund transfer as well as other laws and regulations.

Part Two
Information System Security

Article 20

- (1) The application of information system security standard by Principal, Issuer, Acquirer, Clearing Operator, Final Settlement Operator, and Fund Transfer Operator shall refer to Bank Indonesia regulations regarding the operation of payment instruments using cards and/or Bank Indonesia Regulation regarding electronic money, and/or Bank Indonesia Regulation regarding fund transfer.

- (2) The application of information system security standard by Switching Operator, Payment Gateway Operator, Electronic Wallet Operator, and Bank operating Proprietary Channel shall at least include:
- a. compliance with certification and/or standards of system security and reliability, either those generally applicable or those stipulated by Bank Indonesia or relevant authority/agency;
 - b. maintenance and enhancement of technological security; and
 - c. implementation of periodic audit at least once every 3 (three) years or any time whenever there is any significant changes.
- (3) Compliance with certification and/or standards of system security and reliability as intended in paragraph (2) sub-paragraph a by Switching Operator shall at least include:
- a. maintenance of security of data and information related to payment transactions being processed; and
 - b. maintenance of security of networks.
- (4) Compliance with certification and/or standards of system security as intended in paragraph (2) sub-paragraph a by Payment Gateway Operator shall at least include:
- a. maintenance of security of data and information related to payment transactions being processed;
 - b. maintenance of security of networks; and
 - c. application of fraud detection system.
- (5) Compliance with certification and/or standards of system security as intended in paragraph (2) sub-paragraph a by Electronic Wallet Operator shall at least include:
- a. maintenance of security of data and information of users as well as data and information of payment instruments being kept in Electronic Wallet;
 - b. system and procedure for the activation and use of Electronic Wallet; and
 - c. application of fraud detection system.

Part Three Electronic Wallet Operations

Article 21

- (1) In the event of any demand for refund upon the cancellation of payment transaction, Electronic Wallet Operator must immediately conduct such refund to the relevant Electronic Wallet User.

- (2) Electronic Wallet Operator must have procedures for ensuring the implementation of refund as intended in paragraph (1).
- (3) The refunded money as intended in paragraph (1) must be immediately returned into the original source of fund used for making the payment transaction.

Article 22

- (1) In addition to the obligation to comply with the provisions as intended in Article 18, Electronic Wallet Operator operating Electronic Wallet that can be used for keeping data of payment instrument and fund, shall be obligated to:
 - a. ensure that the fund in Electronic Wallet is used only for payment purposes;
 - b. comply with Bank Indonesia regulations regarding limits of fund that may be saved in Electronic Wallet;
 - c. ensure the fund owned by the user has been available and can be used at the time of transaction;
 - d. place all fund saved in Electronic Wallet in safe and liquid assets in order to ensure the availability of fund as intended in sub-paragraph c;
 - e. ensure that the fund is used only for fulfilling the needs for payment transactions made by the Electronic Wallet user; and
 - f. apply an anti money laundering and terrorism funding prevention program in accordance with laws and regulations.
- (2) The limits of fund that can be saved in Electronic Wallet as intended in paragraph (1) sub-paragraph b may only be exceeded in the following events:
 - a. there has been a refund as intended in Article 21 paragraph (1); and
 - b. Electronic Wallet Operator is able to identify such excess fund as the proceeds from a refund.
- (3) The placement of the entire fund saved in Electronic Wallet as intended in paragraph (1) sub-paragraph d shall be conducted by taking the following actions:
 - a. administering fund saved in Electronic Wallet by making records in current liabilities or other liabilities entries for Electronic Wallet Operator in the form of Bank; or
 - b. placing fund saved in Electronic Wallet by 100% (one hundred percent) in commercial banks in the form of savings accounts, for Electronic Wallet Operator in the form of Non-Bank Institution.
- (4) Further provisions regarding the obligations of Electronic Wallet Operator as intended in paragraph (1) shall be set out in Bank Indonesia Circular.

Part Four Payment Gateway Operations

Article 23

Payment Gateway Operator performing the function of settling payments to merchants shall be obligated:

- a. to have and implement mechanisms and procedures regarding:
 - 1. acquisition of merchants being facilitated by the provision of Payment Gateway; and
 - 2. settlement of payments to merchants; and
- b. to conduct evaluation on the reliability and security of payment transactions conducted through merchants.

Part Five Consumer Protection

Article 24

- (1) The application of consumer protection principles by Payment System Service Operator shall be conducted by referring to Bank Indonesia regulations regarding the protection of consumers of payment system services.
- (2) The application of consumer protection principles as intended in paragraph (1) shall include:
 - a. fairness and reliability;
 - b. transparency;
 - c. protection of consumer data and/or information; and
 - d. effective grievance procedures.

Article 25

The application of consumer protection principles as intended in Article 24 by Payment Gateway Operator shall include among others:

- a. provision of sufficient information for consumers regarding the mechanism of payment through Payment Gateway, as well as regarding the use of data and information on payment instruments in online transactions; and
- b. participating in ensuring the delivery of goods and/or services from merchants to consumers following the payment by the consumers in online transactions.

Article 26

The application of consumer protection principles as intended in Article 24 by Electronic Wallet Operator shall include among others:

- a. provision of sufficient information for consumers regarding Electronic Wallet being operated, including information regarding procedures for refund as intended in Article 21; and
- b. having and implementing consumer grievance mechanism.

Part Six
Compliance with Laws and Regulations

Article 27

In addition to complying with this Bank Indonesia Regulation, Payment System Service Operator must also comply with other laws and regulations regarding, among others:

- a. mandatory use of Rupiah for payment transactions conducted within the territory of the Unitary State of the Republic of Indonesia;
- b. trading transactions using electronic system; and
- c. operation of electronic systems and transactions.

CHAPTER V
REPORTS

Article 28

- (1) Payment System Service Operator must submit reports on the operation of payment transaction processing to Bank Indonesia.
- (2) The reports as intended in paragraph (1) shall include:
 - a. periodic reports; and
 - b. incidental reports.
- (3) Periodic reports as intended in paragraph (2) sub-paragraph a shall include:
 - a. monthly report;
 - b. quarterly report;
 - c. annual report; and/or
 - d. report on information system audit from an independent auditor conducted periodically at least once in 3 (three) years.
- (4) Incidental report as intended in paragraph (2) sub-paragraph b shall include:
 - a. report on disturbances in payment transaction processing and follow-up actions taken;
 - b. report on changes in capital and/or shareholding and changes in the management structure of the Payment System Service Operator;
 - c. report on the occurrence of force majeure in the operation of payment transaction processing;
 - d. report on changes in data and information in documents submitted at the time of the submission of application for license to Bank Indonesia; and

- e. other reports as required by Bank Indonesia.
- (5) The format and procedures for the submission of the reports as intended in paragraph (2) by Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator shall be as set out in Bank Indonesia regulations regarding payment instruments using cards and Bank Indonesia regulations regarding electronic money.
- (6) The format and procedures for the submission of the reports as intended in paragraph (2) by Fund Transfer Operator shall be as set out in Bank Indonesia regulations regarding fund transfer.
- (7) Further provisions regarding the format and procedures for the submission of reports as intended in paragraph (2) by Switching Operator, Payment Gateway Operator, and Electronic Wallet Operator shall be as set out in Bank Indonesia Circular.

Article 29

- (1) Electronic Wallet Operator not being required to have license as intended in Article 8 must submit report on the operation of Electronic Wallet to Bank Indonesia.
- (2) Further provisions on the procedures for the submission of reports as intended in paragraph (1) shall be set out in Bank Indonesia Circular.

CHAPTER VI TRANSFER OF LICENSE OF PAYMENT SYSTEM SERVICE OPERATOR

Article 30

- (1) Transfer of license as Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator shall refer to Bank Indonesia regulations regarding payment instruments by using cards and Bank Indonesia regulations regarding electronic money.
- (2) Transfer of license as Fund Transfer Operator shall refer to Bank Indonesia regulations regarding fund transfers.

Article 31

- (1) Transfer of license as Switching Operator, Payment Gateway Operator, and/or Electronic Wallet Operator to other parties may only be conducted in the context of merger, amalgamation or separation.
- (2) Transfer of license as Switching Operator, Payment Gateway Operator, and/or Electronic Wallet Operator as intended in paragraph (1), must obtain prior approval of Bank Indonesia.

Article 32

- (1) In the event that an acquisition is going to be conducted on Bank having obtained license as Payment System Service Operator, the Bank must report in writing such acquisition plan to Bank Indonesia.

- (2) In the event that an acquisition is going to be conducted on Non-Bank Institution having obtained license as Payment System Service Operator, the Non-Bank Institution must submit application for written approval to Bank Indonesia regarding the acquisition plan.
- (3) The acquisition plan report as intended in paragraph (1) or application for approval as intended in paragraph (2), shall at least include the following information:
 - a. background of acquisition;
 - b. the party conducting the acquisition;
 - c. time target for the implementation of the acquisition;
 - d. structure of owners and/or controlling shareholders, and composition of shareholding after the acquisition; and
 - e. business plan after the acquisition, especially in relation to payment system services being provided.

CHAPTER VII SUPERVISION

Article 33

- (1) Bank Indonesia shall conduct supervision on Payment System Service Operators having obtained licenses from Bank Indonesia including:
 - a. direct supervision; and
 - b. indirect supervision.
- (2) If necessary, Bank Indonesia shall conduct supervision on Supporting Operators engaging in cooperation with Payment System Service Operators, including on Electronic Wallet Operators as intended in Article 29.
- (3) Bank Indonesia may assign other parties to act for and on behalf of Bank Indonesia in conducting direct supervision as intended in paragraph (1) and/or paragraph (2).

CHAPTER VIII PROHIBITIONS

Article 34

Payment System Service Operators shall be prohibited from:

- a. conducting payment transaction processing by using virtual currency;
- b. misusing customers' data and information or payment information data and information; and/or

- c. having and/or managing values that may be deemed equal to the value of money that can be used beyond the scope of services of the relevant Payment System Service Operators.

CHAPTER IX SANCTIONS

Article 35

- (1) Payment System Service Operators violating the provisions as intended in Article 4 paragraph (2), Article 5 paragraph (4), Article 11 paragraph (4), Article 14 paragraph (2), Article 18 paragraph (1), Article 21, Article 22 paragraph (1), Article 23, Article 27, Article 28 paragraph (1), Article 31 paragraph (2), Article 32 paragraph (1), Article 32 paragraph (2), Article 34, Article 40, and/or Article 42 shall be subject to administrative sanctions in the form of:
 - a. warning;
 - b. fines;
 - c. suspension of some or all of payment system service activities; and/or
 - d. revocation of license as Payment System Service Operator.
- (2) Further provisions on the procedures for the imposition of sanctions shall be set forth in a Bank Indonesia Circular.

CHAPTER X OTHER PROVISIONS

Article 36

In the event that after the lapse of the period as intended in Article 39 or after the coming into effect of this Bank Indonesia regulation there are parties providing payment system services without any license from Bank Indonesia, then Bank Indonesia shall be authorized to:

- a. deliver written warning; and/or
- b. recommend to the relevant authorities to:
 - 1. stop the business activities; and/or
 - 2. revoke the business license granted by the relevant authority.

Article 37

In addition to the application of sanctions as intended in Article 35, Bank Indonesia may ask the relevant Payment System Service Operators to take or not to take any measure, to temporarily stop some or all of the payment system service activities, cancel or revoke the license or approval that have been granted to the Payment System Service Operators, in the following events, among others:

- a. there are results of Bank Indonesia supervision indicating that the relevant Payment System Service Operator is unable to perform the payment system services properly;
- b. there is a written request from the relevant authorities to Bank Indonesia to suspend the activities of the Payment System Service Operator;
- c. there is a court order having permanent legal effect ordering the Payment System Service Operator to stop its activities; and/or
- d. there is a request for the cancellation and/or revocation of license submitted by the Bank or Non-Bank Institution having obtained a license from Bank Indonesia.

Article 38

Insofar as there is no regulation and it is not contradictory to this Bank Indonesia regulation:

- a. the implementation of activities as Principal, Issuer, Acquirer, Clearing Operator, and Final Settlement Operator shall be conducted by referring Bank Indonesia regulations regarding payment instruments by using cards and Bank Indonesia regulations regarding electronic money; and
- b. the implementation of activities as Fund Transfer Operator shall be conducted by referring to Bank Indonesia regulations regarding fund transfer.

CHAPTER XI TRANSITIONAL PROVISIONS

Article 39

- (1) The parties conducting activities of:
 - a. Switching, Payment Gateway; and/or
 - b. Electronic Wallet as intended in Article 8,

prior to the coming into effect of this regulation and have never obtained license from Bank Indonesia must apply for license to Bank Indonesia.
- (2) The application for license as Switching Operator, Payment Gateway Operator, and/or Electronic Wallet Operator as intended in paragraph (1) shall be made by no later than 6 (six) months following the coming into effect of this Bank Indonesia regulation.

Article 40

Provisions on ownership percentage as intended in Article 5 paragraph (2) must be complied with by the parties which prior to the coming into effect of this Bank Indonesia regulation:

- a. have obtained license from Bank Indonesia as Principal, Clearing Operator, and/or Final Settlement Operator; or

- b. are in the process of applying for license and subsequently obtain license from Bank Indonesia,

if following the coming into effect of this Bank Indonesia Regulation, they are intending to make changes to the ownership.

Article 41

Requirements and procedures for the submission of application for parties applying for license as Principal, Clearing Operator, and/or Final Settlement Operator prior to the coming into effect of this Bank Indonesia Regulation, shall be as set out in Bank Indonesia regulations regarding payment instruments by using cards and Bank Indonesia regulations regarding electronic money.

Article 42

- (1) Banks having been providing Proprietary Channels at the time this Bank Indonesia Regulations comes into effect must report the implementation of such activities to Bank Indonesia to be administered, completed with the supporting documents, by no later than 6 (six) months following the coming into effect of this Bank Indonesia Regulation.
- (2) Payment System Service Operator having been developing Payment Gateway and/or Electronic Wallet activities as intended in Article 4 paragraph (2) subparagraph a at the time this Bank Indonesia Regulation comes into effect must report such activities to Bank Indonesia to be administered complete with the supporting documents by no later than 6 (six) months following the coming into effect of this Bank Indonesia Regulation.

CHAPTER XII CLOSING PROVISIONS

Article 43

This Bank Indonesia Regulation shall come into effect on the date of its promulgation.

For the purpose of public cognizance, this Bank Indonesia Regulation shall be promulgated by placing it in the State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
On November 8, 2016

GOVERNOR OF BANK INDONESIA,

AGUS D. W. MARTOWARDOJO

Promulgated in Jakarta
On November 9, 2016

THE MINISTER OF LAW AND HUMAN RIGHTS OF
THE REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2016 NUMBER 236

ELUCIDATION ON
REGULATION OF BANK INDONESIA
NUMBER 18/40/PBI/2016
REGARDING
PAYMENT TRANSACTION PROCESSING OPERATIONS

I. GENERAL

The developments in the use of internet and communication technology such as smartphone have spurred the development of electronic trading (e-commerce) and financial technology (fintech) so as to result in various innovations and involvement of new parties in the implementation of payment transaction processing, such as Payment Gateway Operator and Electronic Wallet Operator, as well as Supporting Operator such as contactless transaction supporting technology providers.

The existence of new parties in payment transaction processing operations have also affected the development of infrastructure and mechanisms of payment which have not been regulated specifically in the current Bank Indonesia regulations. To ensure that such developments are still in line with the principles for the safe, efficient, smooth and reliable operation of payment systems by taking into account the aspect of consumer protection, Bank Indonesia has put into effect provisions on mandatory license or approval of payment system service operation by parties which have not been covered by the current Bank Indonesia regulations. In order to maintain the sovereignty of the national payment system industry and the strengthening of the aspect of consumer protection, especially in relation to the maintenance of security of data and funds of Indonesian people, a regulation is required regarding ownership structure of Payment System Service Operators namely Principal, Switching Operator, Clearing Operator, and Final Settlement Operator.

Furthermore, to support the security and uninterrupted implementation of payment system services, Bank Indonesia also sets out obligations that must be fulfilled by new Payment System Service Operators, either in the form of Payment Gateway Operator, Switching Operator or Electronic Wallet Operator. The aforementioned obligations that must be fulfilled are, among others, the obligations to apply risk management, consumer protection, compliance with security standards, payment transaction processing domestically, mandatory use of Rupiah, and compliance with the provisions of other relevant laws and regulations such as provisions regarding electronic information and transaction and the application of anti money laundering and prevention of terrorism funding. In addition to the fulfillment of the aforementioned obligations, payment transaction processing must be conducted domestically in order, among others, to enhance the independence of the domestic Payment System Service Operators in order to support the expansion of the use of non-cash instruments.

In order to ensure equality in the regulation, the aforementioned obligations must also be fulfilled by Payment System Service Operators that have been regulated under the current regulations such as Principal, Issuers, Acquirers, Clearing

Operators, and Final Settlement Operators as well as Fund Transfer Operators. In order to ensure compliance with this regulation on payment transaction processing operation, Bank Indonesia shall conduct supervision and requires the submission of reports by Payment System Service Operators.

In relation to the aforementioned matters, it is necessary to set out provisions on payment transaction processing operations in a Regulation of Bank Indonesia.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory.

Article 2

Paragraph (1)

In payment transaction processing, Payment System Service Operators may engage in cooperation with Supporting Operators in order to support the implementation of payment transaction processing.

Paragraph (2)

Sub-paragraph a

Pre-transaction is the initial activity conducted for commencing payment transaction processing among others selecting consumers, printing cards, personalizing cards and providing the infrastructure such as terminals and readers.

Sub-paragraph b

Authorization is the approval of transactions following the forwarding of data and information regarding payment transactions, verification of the identities of the parties making payment transactions, validation of payment instruments and payment transactions being made, as well as ensuring the availability of the sources of funds.

Sub-paragraph c

Clearing is the exchange and/or processing of data and/or information in the context of the calculation of the rights and obligations of the parties involved in payment transaction processing.

Sub-paragraph d

Final settlement is the final and binding settlement of the financial rights and obligations of the parties involved in payment transaction processing.

Sub-paragraph e

Post-transaction is the activity following the completion of the final settlement of payment transactions such as the printing out of bills for the completed transactions, conveyance of data and information of the payment transactions conducted by users, and the settlement process of disputes or consumers' complaints.

Article 3

Paragraph (1)

Sub-paragraph a
Self-explanatory.

Sub-paragraph b
In payment transaction processing, Switching Operator forwards data and information of payment transactions among -Payment System Service Operators such as Issuers and Acquirers.

Sub-paragraph c
Self-explanatory.

Sub-paragraph d
Provision of terminal includes among others the provision of Automated Teller Machine (ATM), Electronic Data Capture (EDC), and/or reader.

Sub-paragraph e
In payment transaction processing, Payment Gateway Operator shall, among others, forward data and information of payment transactions among merchants and Acquirers.

Sub-paragraph f
Self-explanatory.

Sub-paragraph g
Self-explanatory.

Sub-paragraph h
Self-explanatory.

Sub-paragraph i
Self-explanatory.

Sub-paragraph j
Referred to as "other Payment System Service Operators" shall be parties providing payment system services at the phases of authorization, clearing and/or final settlement other than Payment System Service Operator in the form of Principal, Switching Operator, Issuer, Acquirer, Payment Gateway Operator, Clearing Operator, Final Settlement Operator, Fund Transfer Operator, and Electronic Wallet Operator.

Paragraph (2)

In payment transaction processing through various delivery channels among others Electronic Data Capture (EDC), reader, online point of sales, and Proprietary Channel, Payment Gateway Operators shall conduct:

- a. forward data of payment transactions from merchants to Acquirers or Issuers (facilitators); or

- b. forward data of payment transactions from merchants to Acquirers or Issuers and the settlement of payments from Acquirers or Issuers to merchant aggregator.

Payment Gateway shall be operated under cooperation with:

- a. merchants and Acquirers;
- b. Acquirers;
- c. Merchants and Issuer; or
- d. Issuer.

Referred to as "merchant acquiring services" shall be the parties processing payment transactions made by merchants in a scheme of four party business model in payment transactions involving Issuers, holders/users of payment system, merchants, and Acquirers.

Paragraph (3)

Payment System Service Operators may use the services of Supporting Operators in any activity of payment transaction processing.

Sub-paragraph a
Self-explanatory.

Sub-paragraph b
Self-explanatory.

Sub-paragraph c
Self-explanatory.

Sub-paragraph d
Self-explanatory.

Sub-paragraph e
Self-explanatory.

Sub-paragraph f
Self-explanatory.

Sub-paragraph g
Supporting data of payment transaction processing are among others data of bills for the payment of public utilities such as water and electricity.

Paragraph (4)

Self-explanatory.

Article 4

Self-explanatory.

Article 5

Paragraph (1)

Self-explanatory.

Paragraph (2)

Documents related to shareholding structure and portion in limited liability company shall be submitted to Bank Indonesia along with a written statement containing confirmation of the accuracy of data and information submitted.

Paragraph (3)

Referred to as "foreign ownership " shall be ownership by foreign citizen or foreign entity.

Paragraph (4)

Self-explanatory.

Article 6

Paragraph (1)

Self-explanatory.

Paragraph (2)

Referred to as "conducting business activities in the field of payment system" is among others in the event that there are parties who have not obtained license but have been ready for operating payment system services.

Article 7

Self-explanatory.

Article 8

Referred to as "active user" shall be user of Electronic Wallet making payment transaction using Electronic Wallet regularly and/or making payment transaction by using Electronic Wallet at least 1 (one) time in 1 (one) month.

Article 9

Paragraph (1)

Sub-paragraph a

Legality and company profile aspect includes among others company profile document, articles of association as well as the amendments thereto, business licenses owned, company registration, and approvals from the relevant authorities (if any).

Sub-paragraph b

Legal aspect includes among others proofs of the readiness of legal instruments in the form of draft written agreement or written master agreement between a Payment System Service Operator and other parties.

Sub-paragraph c

Operational readiness aspect includes among others proof of operational readiness in the form of organizational structure plan and readiness of human resources, business equipment and facilities plan as well as location/space to be used for operational activities, system-related technical equipment (hardware and software) as well as network to be used and the results of user

acceptance test on the payment system services to be operated (if any).

Sub-paragraph d

System security and reliability aspect shall be among others proofs of readiness of security in the operation of payment transaction processing among others audit report on information system from an independent auditor, security control procedures, and the results of assessment of payment system services to be operated.

Sub-paragraph e

Business feasibility aspect shall be among others the results of business analysis which shall at least contain information of descriptions of market potentials, cooperation plan, planned operational areas, cost structure applied in the operation of payment system services, and revenue target to be achieved.

Sub-paragraph f

Risk management adequacy aspect shall include among others proofs of readiness for the application of risk management which shall at least include operational risk, legal risk, settlement risk, liquidity risk, and reputation risk proved by the availability of policies and procedures for the operation of transaction processing, system maintenance and periodic audit, disaster recovery plan, and business continuity plan.

Sub-paragraph g

Consumer protection aspect shall include among others proofs of the transparency of payment system services provided and the handling of consumers' complaints. The compliance with the aspect of consumer protection is intended to be applied by the Payment System Service Operator providing services for end users. In the event that the Payment System Service Operator does not provide the services directly to end users, the Payment System Service Operator still needs to provide support in the application of consumer protection.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 10

Self-explanatory.

Article 11

Paragraph (1)

Self-explanatory.

Paragraph (2)

The development of payment system service products and activities shall include among others:

- a. change of the mechanism of payment instrument authentication and payment transaction authorization;
- b. addition of balance auto top-up feature;
- c. development of security infrastructure and standards;
- d. development of products having functions more than one payment instrument; and/or
- e. development of products and activities related to payment system service and technology innovations which increase risk exposure significantly.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 12

Paragraph (1)

Sub-paragraph a

Operational readiness shall be proved among others by:

- 1. recommendation or approval from the relevant authority on the plan for the development of payment system service activities to be conducted; and
- 2. general information on the development of payment system services containing among others explanations of the development of activities to be conducted, market potentials, cooperation plan, planned operational areas, cost structure of the services, and revenue target to be achieved.

Recommendation or approval from the relevant authority shall be applicable if there is a relevant authority authorized for supervising and providing recommendations and approvals.

Sub-paragraph b

System security and reliability shall be proved by among others audit report on information system from an independent internal or external auditor, security control procedures, and the results of assessment of payment system services to be developed.

Sub-paragraph c

The application of risk management shall be proved among others by the results of assessment of risk management that has been applied as well as plan for the adjustment of risk management policies and procedures on activities to be implemented.

Sub-paragraph d

Self-explanatory.

Paragraph (2)

Performance of Payment System Service Operator shall include among others:

- a. compliance with laws and regulations and/or policies of Bank Indonesia in the payment system sector or a sector related to payment system. Specifically for Banks, it shall be related to among others its participation in Bank Indonesia Real Time Gross Settlement, Bank Indonesia National Clearing System, and/or Bank Indonesia Scriptless Security Settlement System;
- b. application of risk management including among others operational risk and settlement risk;
- c. application of consumer protection including among others the handling and settlement of customers' complaints;
- d. financial performance; and/or
- e. good governance in the operation of payment system services.

Article 13

Sub-paragraph a

The aspect of legality and company profile shall be proved among others by documents of company profile, article of association along with the amendments thereto, business licenses owned, company registration certificate, and permit or approval from the relevant authority if any.

Sub-paragraph b

The aspect of competency of the parties to be engaged in cooperation shall be proved among others by adequate human resources, records of performance of the management and their experience in the operation of payment system services, and/or supporting services.

Sub-paragraph c

The aspect of performance shall include financial performance and operational performance which shall be proved among others by the financial statements of the party to be engaged in cooperation, records of the performance of the Payment System Service Operator and/or Supporting Operator, and/or the results of user acceptance test of the system.

Sub-paragraph d

The aspect of the security and reliability of systems and infrastructure shall be proved among others by the compliance with standards related to the security of system and infrastructure to be used in accordance with national, international or generally applicable standards in the industry as well as data security and confidentiality.

Sub-paragraph e

Legal aspect shall be proved among others by clarity as to the scope of cooperation as well as rights and obligations of each party, implementation plan and duration of the cooperation.

Article 14

Paragraph (1)

Referred to as "responsible for" shall be Payment System Service Operator shall at all times ensure that Supporting Operator performs its obligations properly.

Paragraph (2)

Evaluation shall be conducted in order to ensure the provision of supporting services by remaining supporting the implementation of payment transactions in a safe, efficient, smooth, and reliable manner by taking into account the aspect of consumer protection.

Article 15

Paragraph (1)

Self-explanatory.

Paragraph (2)

Sub-paragraph a

Administrative scrutiny shall conducted for among others ensuring the completeness, accuracy, and conformity of the documents submitted.

Sub-paragraph b

Self-explanatory.

Sub-paragraph c

Inspection shall be implemented by making visits to the business location (on site visit) to the relevant Banks or Non-Bank Institutions for verifying the accuracy and conformity of the documents submitted, in order to ensure operational readiness.

Paragraph (3)

Sub-paragraph a

Administrative review shall be conducted among others for ensuring the completeness, accuracy, and conformity of the documents submitted.

Sub-paragraph b

Self-explanatory.

Sub-paragraph c

Inspection shall be implemented by making visits to the business location (on site visit) to the relevant Banks or Non-Bank Institutions for verifying the accuracy and conformity of the documents submitted, in order to ensure operational readiness.

Paragraph (4)

Self-explanatory.

Paragraph (5)

Referred to as "national policy" shall be programs stipulated by Bank Indonesia, the central government, and/or regional government by taking into account their conformity with the policy directions of Bank Indonesia, such as the distribution of social aids and government subsidy, non-cash services (electronification), and inclusive finance.

Paragraph (6)

Self-explanatory.

Article 16

Referred to as "foreign party" shall be foreign citizen, foreign business entity, and/or other foreign boies not having Indonesian legal entity.

Article 17

Paragraph (1)

Policies on payment system service operation licensing shall include among others:

1. closing and reopening the granting of lincenes as Payment System Service Operator; and/or
2. granting of payment system service licenses in a limited manner in the context of:
 - a. compliance with requirements as Payment System Service Operator; or
 - b. operation of payment system services which have not been regulated by Bank Indonesia,

by meeting the criteria stipulated by Bank Indonesia.

The granting of licenses for payment system service operation licenses in a limited manner shall be conducted among others by limiting the scope, duration, and/or areas of payment system service operation.

Paragraph (2)

Sub-paragraph a

Consideration of maintaining national efficiency shall be intended for creating efficiency at the level of payment system service industry which in the end will decrease the cost for the use of payment system services by the people.

Sub-paragraph b

Consideration of supporting national policies shall be intended for ensuring that the growth of payment system service industry will not become a hindrance for national policies stipulated by the government, Bank Indonesia, and/or the relevant authority.

Sub-paragraph c

Consideration of maintaining public interest shall be intended for ensuring that the payment system service industry will always meet the needs of the general public with similar access and quality, and at affordable prices.

Sub-paragraph d

Consideration of maintaining the growth of the industry shall be intended for ensuring that the industry can grow optimally through the increase of values and volume of non-cash payment transactions among the people.

Sub-paragraph e

Consideration of maintaining healthy business competition shall be intended for ensuring that the operation of payment system services can be implemented honestly, without violating any law or hampering business competition.

Article 18

Self-explanatory.

Article 19

Paragraph (1)

The application of risk management shall be conducted by taking into account the characteristics and complexity of the risk profile of payment transaction processing operation.

Sub-paragraph a

Active supervision of management shall be in the form of, among others, the stipulation of accountability, policy, and process of control for managing risks that may occur from the operation of payment system services.

Sub-paragraph b

Adequacy of policies and procedures and organizational structure shall include among others the availability of clear organizational structure and separation of duties and authorities.

Sub-paragraph c

Self-explanatory.

Sub-paragraph d

Internal control of the operation of payment system services shall include among others security procedures and measures made in the provision of services for users, audit trail on payment transactions being processed, and adequate procedures for ensuring data and information integrity, as well as measures for protecting users' data and information confidentiality.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 20

Paragraph (1)

Referred to as "information system " shall be the application of telecommunication network and electronic media-based information technology having the function of designing, processing, analysing, displaying, and transmitting or distributing electronic information.

Paragraph (2)

Sub-paragraph a

Compliance with certification and/or standards of system security and reliability shall include the compliance with the principles of:

1. data confidentiality;
2. system and data integrity;
3. system and data authentication;
4. prevention of denial of transaction made (non-repudiation);
and
5. system availability.

Sub-paragraph b

Maintenance and improvement of technology security shall be conducted among others by enhancing or replacing technological infrastructure or systems used in the event of a decrease of quality such as the system and/or technology is proved to be able to be hacked by a fraudster.

Sub-paragraph c

Audit shall be conducted on information system by an independent auditor in accordance with the services to be operated.

The scope of the audit of the information system shall include at least:

1. operational security;
2. network, application and system security;
3. data or information security and integrity;
4. physical and anenvironment security, including control of access to system and data;
5. management of system changes;
6. management of system implementation; and

7. written procedures related to technology security.

Paragraph (3)

Sub-paragraph a

The maintenance of security of data and information shall be conducted, among others, by the encryption of user data and information. The maintenance of data and information shall also include data and information processed or stored by third parties engaging in cooperation with the Switching Operator.

Sub-paragraph b

Self-explanatory.

Paragraph (4)

Sub-paragraph a

The maintenance of security of data and information shall be conducted, among others, by the encryption of user data and information. The maintenance of data and information shall also include data and information processed or stored by third parties engaging in cooperation with the Payment Gateway Operator.

Sub-paragraph b

Self-explanatory.

Sub-paragraph c

The application of fraud detection system shall be conducted for detecting any misuse of users' data and information.

Paragraph (5)

Sub-paragraph a

The maintenance of security of data and information shall be conducted, among others, by the encryption of user data and information. The maintenance of data and information shall also include data and information processed or stored by third parties engaging in cooperation with the Electronic Wallet Operator.

Sub-paragraph b

Electronic Wallet activation and use system and procedures shall include, among others, the procedures for activation, use or change of password or Personal Identification Number (PIN).

Sub-paragraph c

The application of fraud detection system shall be implemented for detecting any misuse of users' data and information.

Article 21

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Referred to as "original source of fund used for making payment transaction" shall be fund originating from payment instrument and/or fund saved in Electronic Wallet.

Article 22

Paragraph (1)

Self-explanatory.

Paragraph (2)

In the event that the fund saved in Electronic Wallet exceeds the maximum limit stipulated by Bank Indonesia due to refund, the use of such fund for payment transaction shall be conducted by referring to the maximum limit of fund in Electronic Wallet.

Paragraph (3)

Self-explanatory.

Paragraph (4)

Self-explanatory.

Article 23

Self-explanatory.

Article 24

Self-explanatory.

Article 25

Self-explanatory.

Article 26

Sub-paragraph a

Referred to as "information" shall include among others costs, benefits, risks, mechanisms for the opening and closing of Electronic Wallet, instruments that can be used for making payment using Electronic Wallet, top up mechanism, types of payment instrument that can be used for conducting top up, as well as mechanisms for changing, adding, or deleting data of users and data of payment instruments.

Sub-paragraph b

Referred to as "consumers' grievance mechanism" shall include among others mechanism for receiving complaints, handling and settling complaints, as well as monitoring of the handling and settlement of consumers' complaints.

Article 27

Self-explanatory.

Article 28

Paragraph (1)

Self-explanatory.

Paragraph (2)

Self-explanatory.

Paragraph (3)
Self-explanatory.

Paragraph (4)

Sub-paragraph a
Disturbance in payment transaction processing shall be disturbance having significant impact on the continuity of payment transaction processing.

Sub-paragraph b
Self-explanatory.

Sub-paragraph c
Self-explanatory.

Sub-paragraph d
Report of data and information changes shall include among others changes of Payment System Service Operator's name, office address, business relation basic documents, changes in the provisions on the rights and obligations of the parties, changes in cooperation agreement, and change of the cooperating parties, as well as changes in the procedures and mechanisms of dispute settlement.

Sub-paragraph e
Other reports shall include report on the development of products and activities other than on-going development of features, types, services, or facilities of payment system service products and/or activities.

Paragraph (5)
Self-explanatory.

Paragraph (6)
Self-explanatory.

Paragraph (7)
Self-explanatory.

Article 29

Paragraph (1)
Report on the operation of Electronic Wallet shall contain among others information on company profile, general description/information on Electronic Wallet being operated, the number users, and revenue target.

Paragraph (2)
Self-explanatory.

Article 30
Self-explanatory.

Article 31

Self-explanatory.

Article 32

Paragraph (1)

Referred to as "acquisition" shall be a legal action conducted by a legal entity or individual person for acquiring shares of a Bank or Non-Bank Institution causing the transfer of control over the Bank or Non-Bank Institution.

Paragraph (2)

Self-explanatory.

Paragraph (3)

Self-explanatory.

Article 33

Self-explanatory.

Article 34

Sub-paragraph a

Referred to as "virtual currency" shall be digital currency issued by parties other than the monetary authority which are obtained by way of mining, purchase, or transfer of reward, such as among others Bitcoin, BlackCoin, Dash, Dogecoin, Litecoin, Namecoin, Nxt, Peercoin, Primecoin, Ripple, and Ven.

The definition of virtual currency shall not include electronic money.

Sub-paragraph b

Referred to as "misusing data and information" shall be the collection or use of data other than for the purpose of payment transaction processing such as the collection of card number, card verification value, expiry date, and/or service code on Debit/Credit Cards using cash register at merchant (double swipe).

Sub-paragraph c

Referred to as "value deemed equal to the value of money" shall include, among others, the value of cellular phone credit, bonus, voucher, or point reward managed by certain parties.

Article 35

Self-explanatory.

Article 36

Self-explanatory.

Article 37

Self-explanatory.

Article 38

Self-explanatory.

Article 39

Self-explanatory.

Article 40

Self-explanatory.

Article 41

Self-explanatory.

Article 42

Paragraph (1)

Referred to as "supporting documents" shall include among others documents containing general information on Proprietary Channel being operated, security and reliability of system, and other necessary information.

Paragraph (2)

Referred to as "Payment System Service Operator having conducted the development of Payment Gateway and/or Electronic Wallet activities" shall be Payment System Service Operator which has previously submitted application to Bank Indonesia for conducting the development of such activities and has obtained approval or confirmation from Bank Indonesia.

Article 43

Self-explanatory.

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NOTE

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