

**Keynote Speech**  
**International Workshop on Credit Reporting System**  
**“Strengthening CRS in Indonesia:  
Role, Challenge, & Future Development”**

**Bismillahirrahmanirrahim,**

Distinguished Speakers,

- a) Mr. Yudi Permana, Head of Licensing and Banking Information Department, Otoritas Jasa Keuangan;
- b) Ms. Fredesvinda Fatima Montes, Senior Financial Specialist; World Bank Group;
- c) Mr. Humberto Panuco Laguette, Senior Economist in Directorate of Financial System Analysis, Banco de Mexico;
- d) Ms. Megan Cox, Bureau of Consumer Protection, Federal Trade Commission, USA;
- e) Ms. Teh Sew Mei, Deputy Registrar in Registrar Office of Credit Reporting Agencies, Ministry of Finance, Malaysia.

Distinguished Ladies and Gentlemen,

***Assalamualaikum warahmatullahi wabarakatuh,***

**Very good morning to all of you,**

1. Allow me to begin by thanking Allah SWT who has blessed us with the opportunity to rare but beneficial event. I would like to express my sincere gratitude towards our distinguished speakers who have travelled a long way to be with us today. On behalf of Bank Indonesia, I would like also to take this opportunity to express my appreciation to World Bank for arranging the speakers to join this event.

**Ladies and gentlemen,** < Overview of Credit Reporting System >

2. We have witnessed the transformation of credit reporting system in Indonesia. Since 1969, Bank Indonesia has been collecting information from regulated entities and managing the credit reporting system. In June 2006, Bank Indonesia has launched Debtor Information System (SID) that gather positive and negative information on both individual and business, provided by banks and other creditors. With the establishment of the SID, the growth of Non-Performing Loan (NPL) can be prevented and financial system stability can be maintained.
3. Between 2010-2016, Indonesia has made structural reform including simplified rules and regulations to support Ease of Doing Business. In 2010, BI has developed basic report which contains historical credit information for the last 24 (twenty four) months, called Historical Information Individual Debtor (Informasi Debitur Individual Historis/IDIH).
4. In 2013, Bank Indonesia enacted BI Regulation concerning Credit Bureau (LPIP) that covers certain aspects of credit bureau operations, especially on the LPIP licensing and the transfer of SID data to licensed credit bureaus (LPIPs). With this regulation, Indonesian management of credit reporting system is transforming, from single credit reporting to dual credit reporting, that synergize Public Credit Registry operated by BI, with Private Credit Bureaus.
5. Indonesia EoDB's indicator of improvement reflected by rating upgrades, which is in 2011 Indonesia rating was 126 then in 2016 upgrade to 109. The rating upgrades supported by Getting Credit aspect – Depth of Information Index rating which is in 2011 Indonesia rating was 116 and in 2016 upgrades to 70.

6. Based on OJK Law, since December 2013, the authority of Credit Reporting System has been transferred from Bank Indonesia to Otoritas Jasa Keuangan. Both Bank Indonesia and Otoritas Jasa Keuangan realized that the transfer process wouldn't be easy and need preparations. Bank Indonesia and Otoritas Jasa Keuangan were agreed to collaborate and to share the responsibilities during certain time of transition period.

**Ladies and gentlemen, <The Background of the Workshop>**

7. The Workshop on Credit Reporting System (CRS) is held in cooperation between Bank Indonesia, the Indonesia Financial Services Authority (OJK), and the World Bank under the framework of the Financial Inclusion Support Framework Program (FISF); a multiyear program to support Indonesia in enhancing financial inclusion, start from 2015.
8. In this opportunity, please allow me to reveals the conditions we face today as the basis and background of why we need to support FISF program.
9. Based on Doing Business survey in 2015, World Bank, with assumption that data in credit registry reflects number of adult that have access to finance, then number of adult in Indonesia that have access to finance only 68% from total adult population or 82,2 billion from 120,8 billion people. A similar situation faced by the SME sector which is based on data from the Ministry of Cooperatives and SMEs in 2013 amounted to more than 57.8 million units. From that number, only 10 million units or around 17% of them are able to access to finance.

10. In general, financial institutions in Indonesia had asymmetric information and had struggled to identify potential credit risk and creditworthiness for both the individual and the MSME sector. As the result, the credit interest rate charged to them tends to be high because of the high risk premium.
11. One component of the FISF program is Credit Reporting System (CRS). With the CRS, it is expected that the classic problem of asymmetric information that has become the critical issue in the provision of funds, can be solved. With the CRS, the financial institutions are able to know and analyze the profile of prospective debtors, can assess possible risks, can streamline the cost, can lower NPL and create sound credit culture. In the end, it will support the financial inclusion, and support the ultimate goal of macro economy, namely financial sector stability and economic growth.

**Ladies and gentlemen < The Purpose of the Workshop >**

12. In September 2013, World Bank issued The General Principles of Credit Reporting (GPCR). The GPCR intends to provide an international agreed framework in the form of international standards for credit reporting systems' policy and oversight. These Principles suggest the key characteristics that should be satisfied in order to ensure that credit reporting systems are safe, efficient and reliable.
13. As part of FISF Indonesia program, an assessment against the implementation of General Principles of Credit Reporting (GPCR) in Indonesia was conducted in 2015, involving associations, financial institutions, public utilities institutions, and the relevant authorities. The

assessment found that there are some critical issues that need to be addressed by Indonesian authorities, which includes legal gaps, oversight function and consumer protection aspects.

14. This workshop is expected to provide knowledge about the current condition, the development, and challenges of the implementation of CRS in Indonesia while learning from the experience of other relevant countries. Such knowledge will provide input to the authorities in defining implementable actions on the management of CRS in line with the GPCR.

**Ladies and gentlemen,**

15. Before closing my speech, I would like to give thanks to the committee which have thoroughly initiated and prepared such a great event. I would also like to thank all the speakers and participants for the willingness and enthusiasm to participate in this event.
16. With that final note, I hope this event provides us with an understanding of the role and contribution that we can give in order to implement the GPCR, particularly with regards to the Indonesian context. I strongly believe it will be beneficial for the industry and related authorities. Henceforth, I would like to invite all of us here to share thoughts in what I hope would be a spirited discussions filled with fruitful conclusions. May Allah bless and lighten our steps forward. Thank you.

**Erwin Rijanto**  
**Deputy Governor**