

## **Agus D W Martowardojo: Inauguration of Indonesia Payment System Forum**

Speech by Mr Agus D W Martowardojo, Governor of Bank Indonesia, at the inauguration of Indonesia Payment System Forum (FSPI), Jakarta, 27 August 2015.

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*Distinguished,*

- *Minister of Finance of RI, Bambang Brodjonegoro*
- *Minister of Trade of RI, Thomas Lembong*
- *Member of Board of Commissioners of Financial Services Authority, Firdaus Djaelani*
- *Deputy Commissioner for Bank Supervision Financial Services Authority, Mulya E. Siregar*
- *Deputy Governor of Bank Indonesia, Ronald Waas*
- *Director General for Treasury of Ministry of Finance, Marwanto Harjowiryono*
- *Director General for Domestic Trade of Ministry of Trade, Srie Agustina*
- *Director General for Application and Information of Ministry of Communication and Information, Bambang Heru Tjahjono*
- *Chair of Indonesia Payment System Association, Darmadi Sutanto*
- *Officials of Ministry of Finance, Ministry of Trade, Ministry of Communication and Information, and Financial Services Authority*
- *Heads of Working Units in Bank Indonesia*
- *Distinguished ladies and gentlemen,*

*Assalamualaikum Wr Wb,*

*Good afternoon and may God bless us all,*

*“Salam”*

1. To begin our meeting this afternoon, I would like to invite all of you to praise God the Almighty. Because of God’s blessings, we have the opportunity to gather to witness the inauguration of Indonesia Payment System Forum or FSPI. Please also allow me to extend my gratitude and appreciation to all parties supporting the process of FSPI establishment.
2. As a cross-institutional forum, FSPI is expected to become a forum of effective coordination, communication, and harmony between Bank Indonesia, Financial Services Authority, Ministry of Finance, Ministry of Trade, and Ministry of Communication and Information in supporting the implementation and development of Payment System in Indonesia.
3. With a close synergy through FSPI, it is expected that a smooth, safe, efficient, and reliable national Payment System for all Indonesian people may be realized. Furthermore, all stakeholders will also benefit from the planned collaboration.

***Distinguished ladies and gentlemen,***

***“Background of FSPI Establishment”***

4. Following the current development of Indonesia’s economy, we observe at least 3 (three) issues of Indonesia’s economic management under the international spotlight. **First**, the ability in execution and implementation of policies. **Second**, transparency in policy making with sufficient public consultation. Third, how coordination is built between the Central Government, Regional Governments, and relevant authorities, thereby avoiding overlapping policy making.
5. Today, we gather to inaugurate FSPI and address the concern for coordination issues between authorities in Indonesia. In FSPI, we will consistently cooperate, build coordination, and immediately catch up Indonesia’s lagging development in acceptable Payment System.
6. We certainly expect the support and commitment of some of you as the heads of the relevant ministries and authorities to realize it. In addition, we believe that on the technical level, all technical teams need the commitment and direction of their respective leaders to allow effective role playing.

***Distinguished ladies and gentlemen,***

***“BI’s Duties and Authorities in PS”***

7. Every Ministry and Authority present today has their own regulations. In its capacity as a Central Bank, BI’s mandates specified in the law include not only ensuring effective monetary policies, but also maintaining financial system stability and implementing smooth, safe, efficient, and reliable payment system. Furthermore, the law also mandates Bank Indonesia to grant permits for Payment System implementation.
8. Implementation of such mandates correlates and supports one another in order to achieve the objectives of Bank Indonesia. The reason is the roles of monetary policies in affecting real sector will be transmitted through financial and payment systems.
9. Availability of adequate instruments and infrastructures of payment system, which can support financial system activities, will serve as a highly significant factor to facilitate public payment transactions. Without such supports, monetary policies will not be transmitted effectively.

***Distinguished ladies and gentlemen,***

***“Development of PS in Indonesia”***

10. In line with national economic growth, Indonesian people make more payment transactions every year. Various non-cash payment instruments have started to become an inseparable part of our daily lives.
11. The use of instruments, such as debit cards, credit cards, and electronic money, keeps developing, as followed by growing new payment channels. Through the internet, mobile banking and internet banking facilitate transactions made by the people. The strong penetration of internet also offers a new online shopping medium for the people, which is also known as *e-commerce*.
12. If we follow the recent growth of *e-commerce*, it is unbelievable. We see that the rapid growth of *e-commerce* matches the penetration of cellular phones. Facing such development, we as the regulator may not delay in our response. We should have been able to make an architecture, making all industries develop in a consistent manner. Consistent means constantly following international best practices and accommodating the needs of Indonesian people.

***Distinguished ladies and gentlemen,***

***“Challenges of Domestic PS”***

13. We warmly welcome such positive achievements. However, we observe there are at least 3 (three) domestic challenges ahead. First, compared to countries in ASEAN, electronic payment transactions in Indonesia are relatively low. With the high number of population in Indonesia, there is a huge potential to expand payment system service access in Indonesia.
14. Therefore, in 2014, Bank Indonesia has launched Non-Cash National Movement in order to encourage the expansion of electronification. The National Movement has a mission to establish a less cash society (LCS).
15. In its implementation, Bank Indonesia involves the Central Government, which is represented by different Ministries, and Regional Governments to encourage the use of non-cash transactions in the Governance and daily transactions by the community.
16. **Second**, with the vast archipelago of Indonesia, we observe unequal Payment System services. People in remote areas may not experience the benefits of familiar services in big cities.
17. The challenging supporting infrastructure availability, like quality telecommunication network, is key to help service expansion. Moreover, we all experience the benefits of quick and easy transactions provided by the latest Payment System services.
18. **Third**, we observe that the rapid development of information, communication and technology has security risks. Crimes or fraud in online transactions will eventually pose legal and reputation risks to Payment System service providers.
19. Therefore, we consider that consumer protection aspect must also become our priority. We must seek to do the following, including to increase the system security; expand consumer care channels to allow quick and easy access ; increase consumer awareness on safe transactions ; and increase supervision of Payment System implementation.

***Distinguished ladies and gentlemen,***

***“Global & Regional PS Challenges”***

20. In addition to the three challenges, we also face global and regional development requiring close anticipation. As a country with an open economy system, Indonesia needs to consistently increase compliance with the international standard in Payment System.
21. Fulfillment of the international standard, one of which is specified in the Principle of Market Infrastructure (PFMI), will help us ensure Payment System infrastructure supporting global financial market to have better resilience. Then, safety, reliability, and efficiency need continuous attention for improvement.
22. Development of international standards is followed with the developing cooperation initiatives between countries to develop a cross border Payment System infrastructure. Amidst the increasing interdependence of economy between nations, various efforts have been made to allow development of more efficient cross-country clearing and settlement mechanism.
23. As we all know, the economic integration trend of ASEAN Economic Community will affect the dynamic national Payment System industry. In order to reduce economic constraints between countries, Payment System industry will receive challenges from the regional industries. We need to act on it by increasing competitiveness and

service quality in order to create fair competitiveness climate by prioritizing national interests.

***Distinguished ladies and gentlemen,***

***“Objectives of FSPI Establishment”***

24. The different challenges I mention above require our preparedness. However, we realize that to respond to such challenges, a strong collaboration is needed.
25. The relevant Ministries and Authorities will play a very important role to establish a better Payment System in Indonesia. Different initiatives by the Government may serve as an effective drive, such as by facilitating social support distribution, services related to tax and non-tax state revenue, and efforts to drive transactions through *e-commerce*.
26. Last but not least, the roles of industries to provide infrastructures and services and consumers as the users will definitely serve as a very constructive part for the future development of national Payment System, primarily in identifying needs and evaluating development plan feasibility.
27. Therefore, we consider it necessary for us to communicate, coordinate, and collaborate in Indonesia Payment System Forum. We consider that Ministries, Authorities, and Institutions you lead play vital and strategic roles to harmonize various regulations, implement joint programs, and formulate the future direction of Payment System policies. In addition, with the collaboration, different innovations in Payment System are also expected to be made.

***Distinguished ladies and gentlemen,***

***“Closing”***

28. To conclude, I believe that FSPI will be able to produce feedbacks, ideas, breakthroughs, and anticipatory ideas in the episode of Indonesia's Payment System journey in the future.
29. The inauguration and signing of FSPI charter today are expected to serve as a symbol of our commitment, where the Steering Committee and Technical Committee of FSPI are prepared to play their roles optimally.
30. I would like to congratulate the Steering Committee and Technical Committee of FSPI, and please allow me to hereby inaugurate the establishment of Indonesia Payment System Forum.

***Thank you.***

***Wassalamu'alaikum Wr.***

***Wb.***