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## OJK issues new regulation to improve customer protection in the financial services sector

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Through its recently-issued Regulation No. 18/POJK.07/2018 ("**POJK 18/2018**"), the Indonesian Financial Services Authority (the "**OJK**") now requires financial service companies (*pelaku usaha jasa keuangan* or "**PUJKs**") to establish customer complaint handling units and procedures setting out in detail how customer complaints will be handled. Issued on 10 September 2018, POJK 18/2018 will come into force on 10 March 2019 (save in respect of private pawnshops, where it will apply as of 1 July 2020).

### Highlights

#### Requirements

PUJK must establish a customer complaint unit to:

- a. receive, handle, and settle customer complaints;
- b. set performance targets, monitor and evaluate;
- c. report their performance to the company's directors and to the OJK;
- d. publish customer service materials in the annual report, on the company website and/or other media;
- e. act as a liaison between the customer and the OJK regarding any complaints.

The customer complaint service must be free of charge.

PUJKs are required to have a written procedure with respect to customer complaints, which must be included in brief in any agreement with the customer and/or financial transaction documentation. In addition, PUJKs must publish a summary of their customer complaint procedures on their websites and other media.

## Time Periods for Complaints Handling

Complaints must be processed and resolved within a certain number of working days of receipt by the PUJK – 5 working days for verbal complaints, and 20 working days for written complaints. In certain circumstances, the PUJK may be granted an extension of a further 20 working days in which to resolve the complaint.

## Sanctions for Non-Compliance

POJK 18/2018 imposes fines and other sanctions for non-compliance. For example, if the PUJK fails to report its complaints handling activities, the PUJK may be fined IDR 100,000 per day (or IDR 50,000 for the smaller-sized PUJKs), up to a maximum of IDR 10,000,000 (IDR 5,000,000 for the smaller-sized PUJKs).

In addition to fines, the OJK may impose administrative sanctions in the form of written warnings and/or a downgrade of the PUJK's soundness rating.

## Why is this important to my business?

PUJKs must observe their obligations under POJK 18/2018, and within 6 months must establish specific customer complaint handling unit, procedures and reporting channels. Failure to do so risks exposure to fines and other sanctions.

We expect that OJK will issue implementing regulations, and we will provide further updates at such time. Please contact us should you wish to discuss your obligations under POJK 18/2018, and how we may assist you with achieving compliance.

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