

BANK INDONESIA REGULATION
NUMBER: 7/6/PBI/2005
CONCERNING
TRANSPARENCY IN BANK PRODUCT INFORMATION AND USE OF
CUSTOMER PERSONAL DATA
THE GOVERNOR OF BANK INDONESIA,

- Considering:
- a. whereas transparency in bank product information is one of the measures for improvement of good governance in the banking industry and empowerment of consumers;
 - b. whereas transparency in bank product information is essential for provision of clarity to customers on the benefits and risks attached to bank products;
 - c. whereas transparency in use of personal data provided by customers to a bank is essential to improved protection of customer privacy in dealings with banks;
 - d. now therefore it is deemed necessary to stipulate the transparency in bank product information and use of customer personal data in a Bank Indonesia Regulation;

- In view of:
1. Act Number 7 of 1992 concerning Banking (State Gazette of the Republic of Indonesia Number 31 of 1992, Supplement to the State Gazette of the Republic of Indonesia Number 3472), as amended by Act Number 10 of 1998 (State Gazette of the Republic of Indonesia Number 182 of 1998, Supplement to the State Gazette of the Republic of Indonesia Number 3790);

2. Act Number 8 of 1999 concerning Consumer Protection (State Gazette of the Republic of Indonesia Number 42 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3821);
3. Act Number 23 of 1999 concerning Bank Indonesia (State Gazette of the Republic of Indonesia Number 66 of 1999, Supplement to the State Gazette of the Republic of Indonesia Number 3843) as amended by Act Number 3 of 2004 (State Gazette of the Republic of Indonesia Number 7 of 2004, Supplement to the State Gazette of the Republic of Indonesia Number 4357);

HAS DECREED:

To enact: THE BANK INDONESIA REGULATION CONCERNING
TRANSPARENCY IN BANK PRODUCT INFORMATION
AND USE OF CUSTOMER PERSONAL DATA

CHAPTER I
GENERAL PROVISIONS

Article 1

The terminology used in this Bank Indonesia Regulation has the following meanings:

1. “Bank” is a Commercial Bank and Rural Bank as defined in Act Number 7 of 1992 concerning Banking, as amended by Act Number 10 of 1998, including a branch office of a foreign bank.
2. “Bank Office” is a head office, branch office, and sub-branch office or unit.

3. “Customer” ...

3. “Customer” is any party using the services of a bank, including any walk-in customer not holding an account but using the services of the Bank to conduct financial transactions.
4. “Bank Products” are banking products and/or services, including products and/or services of a non-Bank financial institution marketed by a Bank acting as marketing agent.
5. “Other Parties” are parties external to the Bank, including but not limited to parties within the same business group as the Bank.
6. “Customer Personal Data” is identification customarily provided by a Customer to a Bank for conducting financial transactions with the Bank.

Article 2

- (1) Banks are required to implement transparency in Bank Product information and use of Customer Personal Data.
- (2) In the implementation of transparency in Bank Product information and use of Customer Personal Data as referred to in paragraph (1), the Bank shall establish a written policy and procedures covering:
 - a. transparency in Bank Product information; and
 - b. transparency in use of Customer Personal Data.
- (3) The policy and procedures referred to in paragraph (2) shall be effective for all Bank Offices.

Article 3

The Board of Directors of the Bank shall be responsible for the implementation of the policy and procedures on transparency of Bank Product information and use of Customer Personal Data as referred to in Article 2.

CHAPTER II
TRANSPARENCY IN BANK PRODUCT INFORMATION

Article 4

- (1) Banks are required to provide complete, clear written information in the Indonesian language on the characteristics of each Bank Product.
- (2) Information as referred to in paragraph (1) shall be presented to customers in written and/or verbal form.
- (3) In providing the information referred to in paragraph (1) and paragraph (2), Banks are prohibited from providing misleading information and from misconduct in provision of information.

Article 5

- (1) Information on the characteristics of Bank Products as referred to in Article 4 shall encompass at least the following:
 - a. Name of the Bank Product;
 - b. Type of Bank Product;
 - c. Benefits and risks attached to the Bank Product;
 - d. Requirements and procedure for use of the Bank Product;
 - e. Charges pertaining to the Bank Product;
 - f. Calculation of interest or profit share and profit margin;
 - g. Effective term of the Bank Product; and
 - h. Issuer/originator of the Bank Product.
- (2) If the Bank Product pertains to funds mobilization, the Bank shall provide information on the deposit guarantee program in respect of that Bank Product.

Article 6

- (1) Banks are required to notify Customers of any change, addition, and/or reduction in the characteristics of Bank Products as referred to in Article 5.
- (2) Notification as referred to in paragraph (1) shall be provided for all Customers currently using the Bank Product no later than 7 (seven) working days prior to the effective date of the change, addition, and/or reduction in the characteristics of the Bank Product.

Article 7

Banks are prohibited from displaying information and/or statements on the characteristics of a Bank Product in a place and/or format that is difficult to see and/or not easily legible and/or using expressions that are difficult to understand.

Article 8

- (1) Banks are required to provide information services on the characteristics of Bank Products in a form easily accessible to the public.
- (2) Provision of information services on Bank Products as referred to in paragraph (1) shall comply with the provisions referred to in Article 4 through Article 7.

CHAPTER III

TRANSPARENCY IN USE OF CUSTOMER PERSONAL DATA

Article 9

- (1) Banks are required to obtain written consent from Customers if the Bank intends to provide and/or distribute Personal Customer Data to Other Parties for commercial purposes, unless otherwise stipulated in the applicable laws and regulations.

(2) In requesting ...

- (2) In requesting consent as referred to in paragraph (1), the Bank must first explain the purpose and consequences of the provision and/or distribution of Customer Personal Data to Other Parties.

Article 10

- (1) The Bank may request written consent as referred to in Article 9 before or after the Customer has conducted a transaction pertaining to a Bank Product.
- (2) The consent of a Customer in respect of a request as referred to in paragraph (1) shall be provided by signature affixed by the Customer on a special form made for that purpose.

Article 11

If a Bank intends to use the personal data of an individual and/or group of persons obtained from Other Parties for commercial purposes, the Bank shall obtain a written guarantee from the Other Parties containing the written consent of the individual and/or group of persons for distribution of their personal data.

CHAPTER IV

SANCTIONS

Article 12

- (1) Any Bank failing to comply with the provisions referred to in Article 2, Article 3, Article 4, Article 5, Article 6, Article 7, Article 8, Article 9, Article 10, and Article 11 shall be liable to administrative sanctions under Article 52 of Act Number 7 of 1992 concerning Banking as amended by Act Number 10 of 1998 in the form of written warning.
- (2) Non-compliance as referred to in paragraph (1) may be deducted against a component of the Bank rating.

CHAPTER V
CONCLUDING PROVISIONS

Article 13

The provisions in this Bank Indonesia Regulation shall not apply to Rural Credit Institutions (*Badan Kredit Desa*) established pursuant to *Staatsblad* Number 357 of 1929 and *Rijksblad* Number 9 of 1937.

Article 14

Further provisions concerning this Bank Indonesia Regulation shall be stipulated in a Circular Letter of Bank Indonesia.

Article 15

This Bank Indonesia Regulation shall come into force 6 (six) months after the date of its enactment.

Enacted in Jakarta
Dated January 20, 2005

THE GOVERNOR OF BANK INDONESIA

BURHANUDDIN ABDULLAH

STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 16 OF 2005

DPNP/DPbS/DPBPR

ELUCIDATION
TO
BANK INDONESIA REGULATION
NUMBER: 7/6/PBI/2005
CONCERNING
TRANSPARENCY IN BANK PRODUCT INFORMATION AND USE OF
CUSTOMER PERSONAL DATA

GENERAL REVIEW

Customers frequently make their selection of bank products primarily on the basis of information on the benefits of the bank product. The reason for this, on one hand, is that the information provided by banks on bank products commonly does not provide a balanced explanation of the benefits, risks, and charges associated with these products. It is thus not unusual for disputes to arise between banks and their customers because of incomplete information on the characteristics of bank products offered to customers. As a result, the right of customers to complete, accurate, up to date, and authentic information is not upheld. On the other hand, lack of adequate information on bank products opens the door to banking irregularities at the expense of customers, and therefore there is a need for transparency in bank product information in order to strengthen good governance in the banking sector.

In addition to the continued lack of adequate transparency in bank product information, another problem faced by customers is provision of personal data by banks to other external parties for commercial purposes without customer consent. For this reason, it is necessary to institute transparency in the use of personal data of customers to ensure that customer rights remain protected.

With regard to the foregoing, there is now an unavoidable need for transparency in bank product information and use of customer personal data to

maintain ...

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maintain the credibility of banking institutions and protect the rights of customers in their position as consumers of banking services, as mandated in Act Number 8 of 1999 concerning Consumer Protection.

ARTICLE BY ARTICLE

Article 1

Self-explanatory

Article 2

Paragraph (1)

Self-explanatory

Paragraph (2)

Self-explanatory

Paragraph (3)

Self-explanatory

Article 3

Self-explanatory

Article 4

Paragraph (1)

Written information includes but is not limited to leaflets, brochures, or information in other written form.

Paragraph (2)

Verbal information may be provided to a Customer by summarizing the characteristics of a Bank Product, while paying attention to the completeness of the information.

Paragraph (3) ...

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Paragraph (3)

Banks shall provide true and accurate information on Bank Products to be used by Customers in compliance with the generally prevailing ethics on conveying information.

Provision of information shall be deemed misleading if the Bank provides information in departure from the facts, for example, by claiming that a mutual fund product is a time deposit.

Provision of information shall be deemed misconduct, among others, if it depicts other Bank Products in a negative light.

Article 5

Paragraph (1)

letter a

Self-explanatory

letter b

Types of Bank Products shall be consistent with Bank business as stipulated in the applicable legal provisions, such as demand deposits, savings deposits, time deposits, and credit/financing.

letter c

Banks shall provide concise information on each benefit of a Bank Product for a Customer and the potential risk faced by the Customer while using the Bank Product.

letter d

The requirements and procedure for use of a Bank Product shall include but not be limited to the necessary documents, transaction mechanism, and the transaction procedure pertaining to the Bank Product.

letter e ...

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letter e

Charges for a Bank Product include but are not limited to administration charges, commissions, or penalties.

letter f

For a Bank conducting conventional business, the information presented shall include the calculation of interest for Bank Products, both for Bank Products pertaining to mobilization of funds and to channeling of funds.

For a Bank conducting business based on sharia principles, the information presented shall include the method for calculation of profit share on Bank Products for mobilization of funds and to the method of calculation of profit margin and calculation of profit share for Bank Products for channeling of funds.

letter g

Information on term shall encompass any extension of term and discontinuation of the term and/or benefits of the Bank Product prior to maturity.

letter h

The scope of information on the originator/issuer of Bank Products shall include but not be limited to the identity of the originator/issuer (Bank or non-bank financial institution), legal relationship between the originator/issuer and the Bank and the Customer, and the rights and obligations of the respective parties.

Paragraph (2)

Information on the deposit guarantee program includes but is not limited ...

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limited to explanations of whether the Bank Product is covered under the deposit guarantee program.

Article 6

Paragraph (1)

Self-explanatory

Paragraph (2)

For certain Bank Products marked by relatively frequent changes in characteristics, such as changes in interest rates on savings deposits, notification may be made by public notice placed in Bank Offices and/or other media easily accessible by Customers.

Article 7

Layout of writing, font, and color of writing in the explanation of the characteristics of a Bank Product shall be presented using proportionality and common sense so that information is easily legible.

The sentences used to explain the Bank Product shall be presented in concise form with clarity for ease of understanding.

Article 8

Paragraph (1)

Information services may comprise written publications in each Bank Office and/or electronic information provided through a hotline service/call center or website.

Paragraph (2)

Self-explanatory

Article 9

Article 9

Paragraph (1)

“Commercial purpose” is defined as use of Customer Personal Data by Other Parties for profit.

The applicable laws and regulations are, for example, in the area of debtor information.

Paragraph (2)

Self-explanatory

Article 10

Paragraph (1)

Self-explanatory

Paragraph (2)

The consent clause shall be opt-in, meaning that the Bank is prohibited from taking action on matters for which the clause is stated before the Customer has given consent.

Article 11

Self-explanatory

Article 12

Paragraph (1)

Self-explanatory

Paragraph (2)

Deduction against a component of Bank rating shall be made in the aspect of management.

Article 13 ...

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Article 13

Self-explanatory

Article 14

Self-explanatory

Article 15

Self-explanatory