



Chapter 10

Payment System

Chapter 10: Payment System

In payment system, Bank Indonesia has instituted various strategic policies to make payment system infrastructure more reliable, accurate, secure, effective, and faster in supporting private and government transaction activities nationwide. Such payment system characteristics are imperative in maintaining financial system stability as a whole. Regarding currency distribution, Bank Indonesia has successfully met the public demand for rising currency, which tended to increase. This was supplemented by efforts to distribute more currency that fit for circulation throughout the regions. Additionally, efficient and effective cash management by Bank Indonesia coupled with optimized bank's cash management have helped improve the post-implementation of bank's cash deposits scheme. This is clearly evidenced by the significant decline in currency outflow and inflow activities. With reference to non-cash payments, transaction activities in 2007 generally witnessed a surge in both volume and value. The primary factors that stimulated increased transaction activity were relatively strong economic growth and conducive economic conditions. Furthermore, the dynamics of transaction activities in the financial market, a shift in the preferred payment method and technological innovation in the payment system also served to catalyze transaction activity. Efforts taken by Bank Indonesia to improve non-cash payments began to bear fruit, as indicated by the growing trend of total non-cash transactions per capita, which rose by 18% per annum.

Payment Activity Performance

Cash Payment Instruments

The development of centers of economic growth in a number of regions as well as the enduring societal culture to use cash in transaction activities have boosted the demand for currency in 2007. On average, the amount of currency in circulation reached Rp174.8 trillion; an increase of 21.0% over the previous year, which was higher than it was last year of 14.6% (Chart 10.1). To support such growth, the realization of additional currency demand in all regions arrived at Rp115.4 trillion. Compared to the previous year, additional money demand went down by 0.6% attributable to efficiency measures taken since 2006; principally through the optimization of currency stock at Bank Indonesia Branch Offices (KBI) that have experienced net inflows as well as improved bank's cash management. Based on its distribution, a larger portion of currency was apportioned to East Indonesia: from

8.9% to 10.6%. This is mainly due to stronger economic activity in the region.

The bank's cash management was more optimized as reflected by the significant decline in currency outflows and inflows in 2007. The outflow and inflow of currency was down by 42.1% and 29.4% respectively. Such a decline is the direct result of the bank's cash deposit try out policy, which allow only currency unfit for circulation is deposited at Bank Indonesia. The decrease in currency outflow combined with a surge in currency stock of 20.8% at the end of the reporting year drove up Bank Indonesia's cash ratio to approximately 3 to 4 months average outflow.

Currency in Circulation

Average growth of currency in circulation in 2007 surpassed its growth in the previous year, particularly driven by fundamental factor of economic improvements. In a quarterly basis, fluctuations in currency in circulation were influenced by seasonal factors, such as religious

festivities, New Year's celebrations, and school holidays. This was clearly demonstrated by the amount of currency in circulation which peaked during the fourth quarter of 2007; and reached Rp200.4 trillion (Table 10.1).

Bank Indonesia successfully fulfilled the soaring demand for currency during natural disasters, such as floods. Flooding in some areas of Jakarta at the beginning of February 2007 spurred extraordinary currency withdrawals, especially due to the shift in some transactions that were usually performed using non-cash instruments. Cash withdrawals from banks in Jakarta during that period picked up from an average of Rp300 billion per day to Rp900 billion. In addition to sufficient currency stock, the demand for currency was further satisfied through the bank's management and physical safeguard of currency in accordance with disaster management procedures at Bank Indonesia.

The position of currency went up after the implementation of the bank's cash deposit trial period. Along with steps taken to optimize bank's cash management and the establishment of an inter-bank currency transaction mechanism, currency position gradually returned to normal. At the beginning of 2007, the share of currency at banks reached 17.7% of total currency in circulation; representing an increase compared to 14.1% in 2006 and 15.1% in 2005. In order to improve the efficiency of currency management, Bank Indonesia encourages the establishment of an inter-bank currency transaction mechanism. With this mechanism,

Table 10.1
Developments of Currency in Circulation

Period	2006	Growth (yoy)	2007	Growth (yoy)
Quarter-I	132.7	12.6%	160.8	21.2%
Quarter-II	135.9	15.2%	160.7	18.3%
Quarter-III	147.3	15.6%	176.7	20.0%
Quarter-IV	161.7	14.8%	200.4	23.9%
	144.5	14.6%	174.8	21.0%

trillions Rp

a bank with currency surplus of a particular denomination may deal with another bank with a corresponding deficit in the same area. This Bank Indonesia's policy also encourages banks to optimize cash management by monitoring cash surpluses or deficits in their working area to meet their operational requirement and projected customer withdrawals. Through such an array of endeavors taken since May, bank's currency has recovered and followed a similar pattern to that of previous years (Chart 10.2).

During the last two years, the value and share of bank notes in circulation have gone up. The share of bank notes in circulation at the end of 2007 rose from 98.4% to 98.8% of the currency in circulation. In term of value, the majority of currency in circulation was denominated in Rp50,000 and Rp100,000 bills, making up 45.0% and 42.6% of the currency in circulation respectively. Based on the number of notes/coins in circulation, smaller denominations (Rp10,000 and lower) was still dominant



Chart 10.1
Currency in Circulation

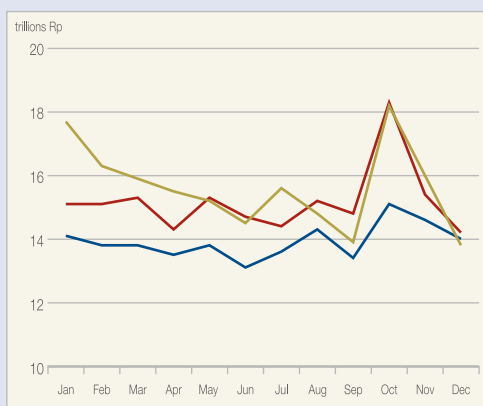


Chart 10.2
Currency in Circulation Share in Banking

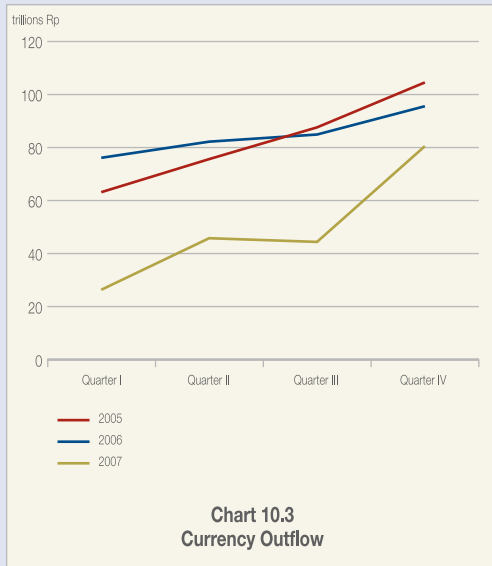


Chart 10.3
Currency Outflow

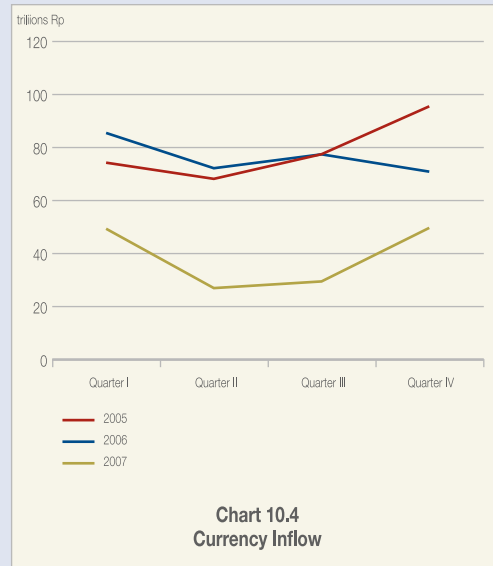


Chart 10.4
Currency Inflow

despite a declining share from 90.2% in 2006 to 86.3% of the total.

Flow of Currency through Bank Indonesia

The efficiency of currency management by Bank Indonesia and banks have improved subsequent to the implementation of the bank's cash deposit try out¹. This was reflected by a sharp decline in outflow and inflow by 42.1% and 29.4% respectively, to Rp195.9 trillion and Rp154.3 trillion. The pattern of fluctuations in outflow and inflow during 2007 was similar to that of 2005 but at a far lower level (Chart 10.3 and Chart 10.4).

Analyzed by region, the decrease in the outflow and inflow at BI regional offices was more pronounced than the decline at head office. The main reason for this was that the trial period of bank's cash deposit scheme was implemented at head office six months prior to implementation at the regional offices (Chart 10.5).

The public's growing demand for currency was reflected in net outflow. Net outflow in 2007 totaled Rp41.6 trillion, which represents an increase of 26.0% over the previous year. The pattern of net outflow at head office remains unchanged despite a drop from Rp34.0 trillion in 2006 to Rp24.2 trillion in 2007. Conversely, the pattern at BI

regional offices changed from net inflow to net outflow; reached Rp17.4 trillion (Chart 10.6). Such conditions indicate that the adjustment process for the currency demand still continue at the branches, while in the head office it already reflected the actual public demand for currency.

Cash Position of Bank Indonesia

The cash adequacy ratio to average outflow improved compared to the previous year, arrived at approximately 3-4 months of average outflow. This is primarily due

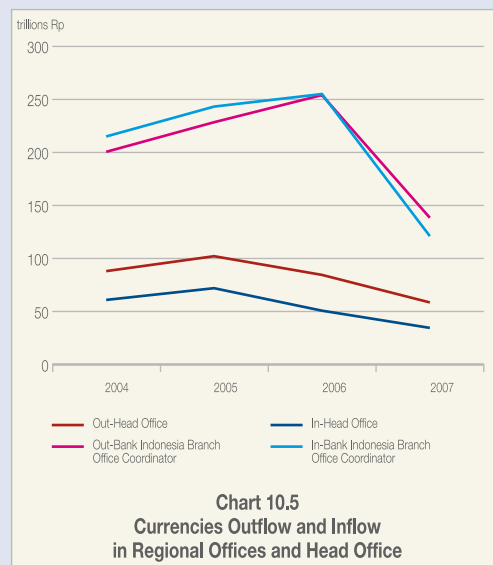
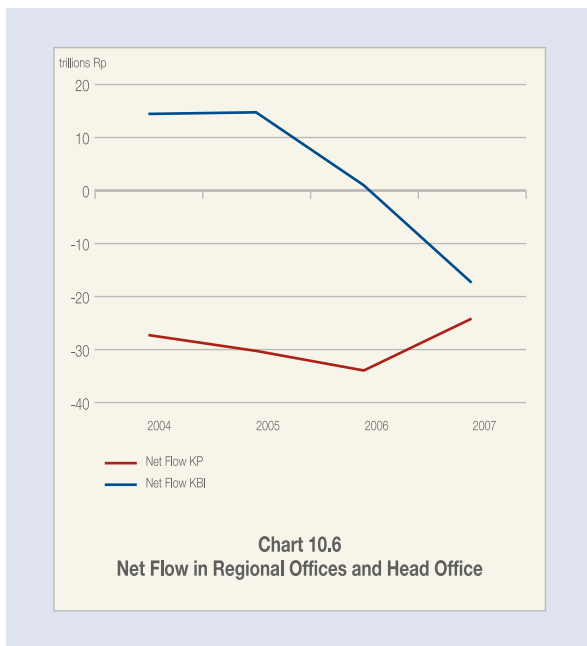


Chart 10.5
Currencies Outflow and Inflow
in Regional Offices and Head Office

¹ Discretion policy refers to Circular Letter No. 9/37/DPU dated 27th December 2007 on Rupiah Deposits and Withdrawals by Commercial Banks at Bank Indonesia, i.e. Bank Indonesia stipulates that a bank may deposit currency fit for circulation at Bank Indonesia if all predetermined conditions are met.



to waning outflows which allowed Bank Indonesia to maintain a lower cash position. Bank Indonesia's lowest cash position in 2007 dropped to Rp47.2 trillion, whereas the highest cash position was Rp83.7 trillion. In addition to the public demand for currency, the majority of cash held at Bank Indonesia was denominated in Rp20,000 bills and above. In 2007, Rp50,000 and Rp100,000 bills made up 51.3% and 34.6% of the total cash held at Bank Indonesia respectively. Meanwhile, based on its notes/coins, Rp1,000 and Rp50,000 bills were dominant, constituting 25.1% and 23.2% respectively. With such composition, the availability of large denomination bank notes (Rp20,000 and above) was able to fulfill 3 to 4 months average outflow. Furthermore, the availability of small denomination bank notes was able to cover 5 to 6 months average outflow while coins stock could provide 9 to 10 months average outflow.

Currency Destroyed

The quality of money in circulation has shown signs of improvement. This was evidenced by a 7.8% drop, in nominal term, in currency destroyed despite the growing amount of currency in circulation. In 2007, Bank Indonesia destroyed 4.1 trillion bank notes, representing a decrease of 14.6%. The majority of bank notes destroyed were Rp1,000 and Rp50,000 denominations, accounted for 38.3% and 17.7% respectively. In accordance with the implementation of policy regarding the deposit of currency unfit for circulation by banks, the

ratio of currency destroyed to inflow remained relatively low despite a surge from 27.2% to 49.9%. This relatively low ratio of currency destroyed to inflow was primarily attributable to the discretionary policy related to bank's deposit procedure². This discretionary policy made it possible for the banks to also deposit the currency which still fit for circulation.

Counterfeit Money

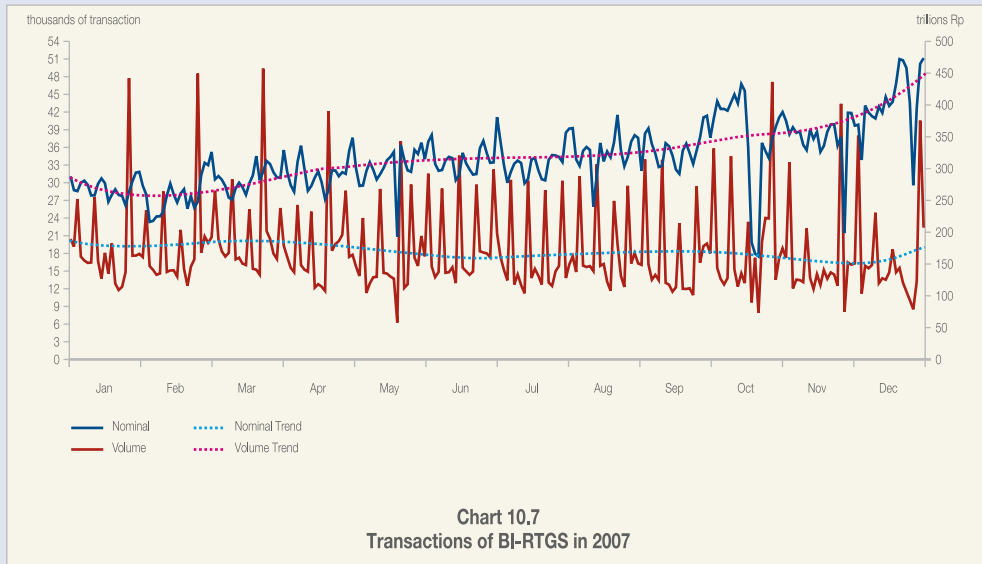
The ratio of counterfeit money found in 2007 slid due to several factors. These factors included various endeavors taken to bring down counterfeit money in circulation as well as broader public knowledge regarding rupiah money authenticity. The ratio of counterfeit money found in 2007 was 8 counterfeit bank notes in each million bank notes circulated. This denotes an improvement compared to the previous year, when 17 counterfeit bank notes were found per million bank notes circulated. By region, the largest findings of counterfeit money were in the Bank Indonesia Coordinating Office in Surabaya (33.2%), Head Office (27.0%) and the Coordinating Office in Semarang (13.4%).

Non-cash Payment Instruments

In general, payment transaction activity during 2007 picked up, both in volume and value. Strong economic growth coupled with conducive economic conditions were the key factors supported greater transaction activity. Furthermore, a rising trading activities in the financial markets, a shift in the preferred payment method, as well as technological innovation in the payment system also contributed towards surging payment transaction.

Higher trading activity in the financial markets has pushed up payment transactions with large value (Rp100 million and above). Higher stocks and bonds trading activities, including their various derivatives, in the financial market have significantly contributed to the rise in large-value payment transactions. Not with standing, transaction activities in the banking industry, large corporations, and government institutions, as well as Bank Indonesia transactions related to monetary management activity, also supported the increase in large-value payment transactions.

² The policy only allows banks to deposit money that is unfit for circulation. The bank's cash deposit try out period for all currency denominations was implemented gradually; in May 2006 at head office and in December 2006 for all branch offices.

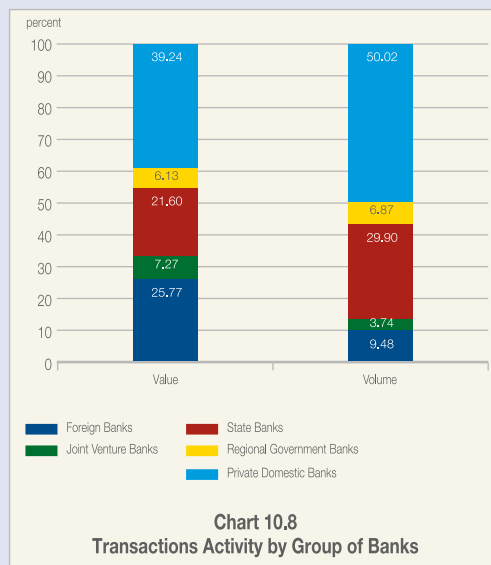


A shift in the preferred payment method as well as technological innovation in the payment system catalyzed growth in retail payment transactions (under Rp100 million). During the last few years, the public has tended to shift away from cash payments to non-cash payment methods. Based on the survey conducted in 2006 and 2007³, a change in payment instruments is taking place, particularly in the cities, from paper-based payment instruments, such as bank notes, cheques, and checking accounts to card-based payment instruments, such as debit cards/ATM, credit cards and electronic money (e-money). In addition to the shift in preference, various technological innovations in the payment system also stimulated growth in non-cash payment instruments. In the retail market, numerous financial institutions have begun to utilize internet banking, mobile banking, and phone banking technologies as an instruments to transfer funds.

RTGS Transactions

The total transactions settled through the BI-RTGS system in 2007 grew both in terms of value and volume. The total value of transactions settled through BI-RTGS was Rp42.4 thousand trillion in 2007; went up by 45.6% relative to the previous year (Rp29.1 thousand trillion). Meanwhile, the volume reached 8.5 million transactions;

22.5% higher than the previous year (6.9 million transactions) (Chart 10.7). Therefore, the average daily transaction value and volume settled through the RTGS system reached Rp170 trillion and 34 thousand transactions respectively. Transaction activity peaked during the fourth quarter, known as the high season, due to extraordinary transactions in line with religious festivities as well as corporate and government year-end payment.



³ Survey was related to the 'Less Cash Society' initiative, which comprises of a Survey on Public and Service Provider's Perceptions, Preferences and Behavior towards the Non-cash Payment System (2006) and a Survey on the Deposit Composition Used for Payment Activity (2007).

Table 10.2
BI-RTGS Transactions Based on Type of Transaction

Value (Trillions Rp)				Volume			
Type of Transaction	2006	2007	% Up/Down	Type of Transaction	2006	2007	% Up/Down
Interbank Money Market	4,206	5,816	38.26%	Interbank Money Market	133,797	146,423	9.44%
Customer	5,088	7,401	45.45%	Customer	5,362,485	6,776,777	26.37%
Foreign Currency Transaction	2,624	3,969	51.25%	Foreign Currency Transaction	154,075	176,944	14.84%
Capital Market Settlement	1,238	2,530	104.29%	Capital Market Settlement	37,241	63,980	71.80%
Government	986	1,178	19.49%	Government	176,972	243,900	37.82%
Monetary Management	10,213	15,620	52.94%	Monetary Management	54,441	46,497	-14.59%
Clearing Settlement	3,682	4,793	30.18%	Clearing Settlement	470,232	365,033	-22.37%
Others	1,065	629	-40.93%	Others	535,906	591,911	10.45%

The primary user of the BI-RTGS system for payment transaction activity was the banking industry with a volume share of 92.8% and 58.2% in terms of value. The highest banking transaction activity came from customer transfers with a share of 50%. This indicates that the majority of bank customers were becoming accustomed to transfers and transaction settlement through the RTGS system. National Private Commercial Banks were the biggest participants driven by their advantage in the payment facility offered in terms of variety of products and convenience. Transactions from this group of banks represented 39.2% of the total value and 50% of the total volume. The group of state-owned banks, which comprises of just four banks was another biggest

participants constituted a significant share totaling 21.6% of value and 28.9% of volume (Chart 10.8).

Based on its transaction type by banks, activities that directly related to the public include settlements in the stock market, foreign exchange, and customer transfers. Highest growth was recorded for stock market transactions which went up by 104.29% and 71.8% for transaction value and volume respectively (Chart 10.9). This growth indicated more mushrooming transactions for stocks and bonds in 2007. This is consistent with the transactions hike recorded by the Indonesian Securities Insurance and Clearing Agency (KPEI), namely 94% with reference to value and 89.5% for volume.

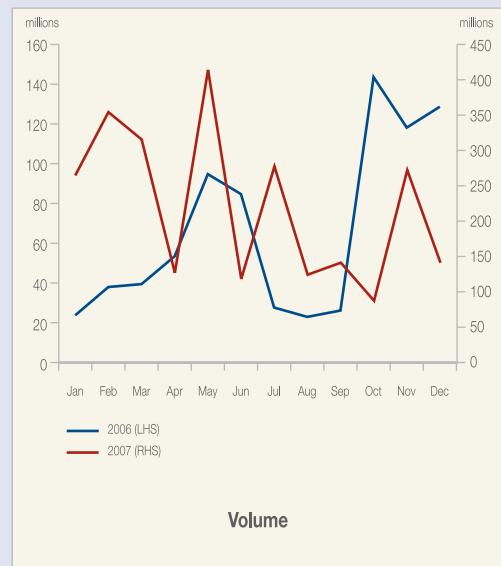
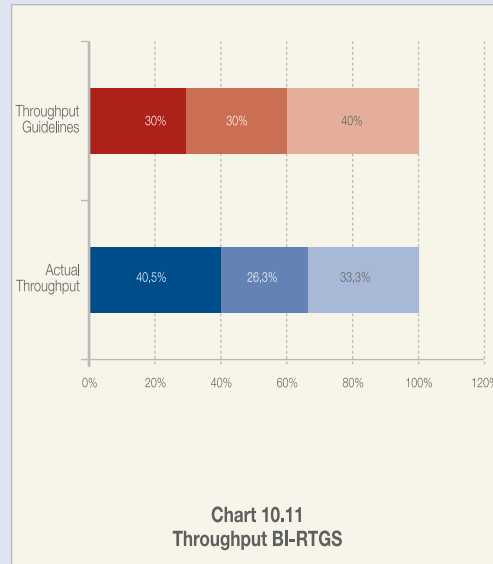


Chart 10.9
Settlement of Stock Market Transaction in RTGS

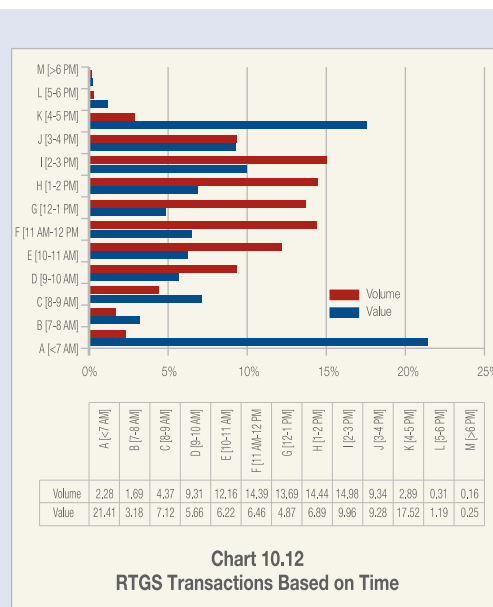


Transactions by Bank Indonesia for monetary management to safeguard monetary and financial system stability were the main factor for higher RTGS transaction value. Compared to the previous year, transactions related to monetary management rose by 48.9%. The composition of these types of transaction reached 60%; generally stemming from rupiah intervention, purchases of SBI, SWBI and SUN as well as other transactions related to monetary management. Meanwhile, government transaction activity also grew along with higher government expenditure (Chart 10.10)

With reference to the operational time of the RTGS system, most value of the transaction settlement occurs in the morning period, prior to 7am (West Indonesia Time); accounted for 21.4% of the daily transaction value (Chart 10.12). The transactions that dominate the morning period were rupiah intervention transactions (45%), followed by SBI settlement transactions and SBI (30.6%), as well as clearing pre-fund transactions (17.7%). SBI and SWBI settlement transactions were very effective in injecting liquidity in the financial market; therefore, the subsequent liquidity demand from

BI-RTGS System Liquidity Management

Bank Indonesia's concern to ensure the uninterrupted settlement of payment transactions for RTGS participants is evidenced through the use of the RTGS's participant liquidity monitoring system. During the reporting year, liquidity in the money market was satisfactory as no gridlock⁴ was recorded. To further avoid potential gridlock, Bank Indonesia monitors liquidity get an information on the participants' ability to meet their obligations at the end of the day. Moreover, the throughput indicator also shown that the proportion of settlement time was well preserved, 66.8% at the early and mid settlement time period (Chart 10.11). This indicates that the operational liquidity demand for the BI-RTGS system to the end of the day is not tight and evenly spread.



4 Gridlock is the cessation of the settlement system due to a bank's inability to meet its payment obligations.

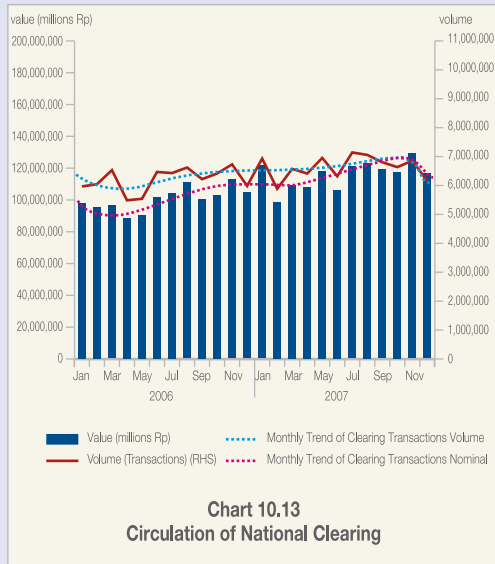


Chart 10.13
Circulation of National Clearing

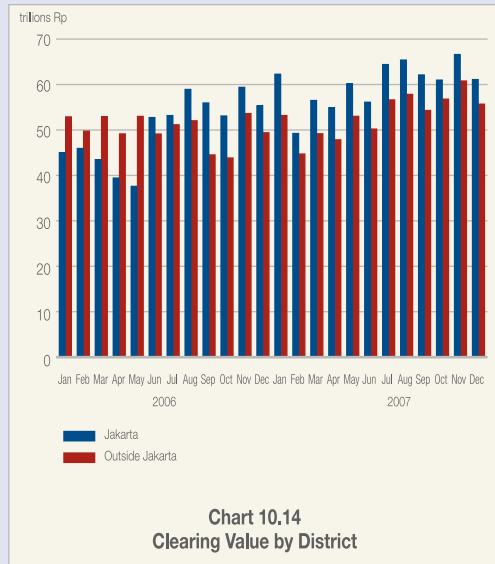


Chart 10.14
Clearing Value by District

RTGS participants to be able to involve in transactions throughout the day was met. Another busy time of the day is from 4-5pm WIB, especially to cover the participants' liabilities in the clearing system. From the activity side, the highest volume occurs in the afternoon period, from 2-3pm WIB; constituting 14.98% of total daily transaction volume. In that period, most transactions came from customer transfers (83.6%), with the remaining came from the inter-bank money market as well as stock market transactions.

Clearing Transactions

In line with RTGS transactions, clearing transaction that reflects retail activity in society also posted growth. Transaction value during the reporting period rose by 13.1% to Rp1.389 trillion with an average daily transaction of Rp5.6 trillion (Chart 10.13). With reference to volume, the number of transaction also rose; by 7.12% to 79.5 million transactions with a daily average of 319 thousand transactions. From the total amount of transactions, the proportion of credit transfer activity and debits clearing was relatively balanced. Credit transaction volume recorded 37.6 million transactions whereas debits clearing totaled 40.1 million transactions. With regards to value, credit transfer transactions were worth Rp365 trillion and debits clearing were Rp994 trillion. In terms of the processing area, clearing activity in Jakarta continued to dominate with a share of 52% (Rp718.9 trillion) and 60% (47.8 million transactions) for value and volume respectively (Chart 10.14 and Chart 10.15).

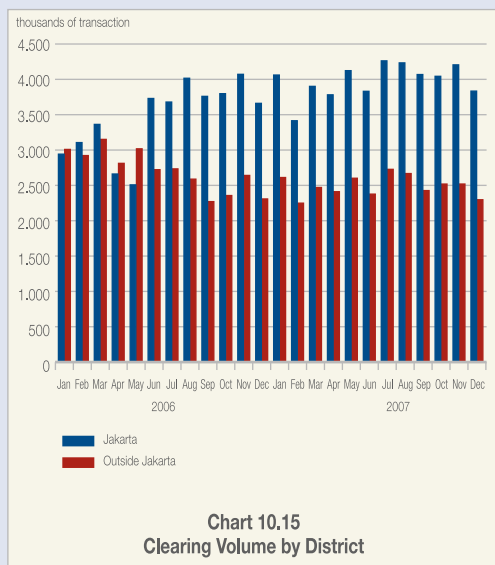


Chart 10.15
Clearing Volume by District

Card Based Payment Instruments

Along with product innovation in the Card Based Payment Instruments (CBPI), the CBPI industry also experienced significant expansion: from the number of cards issued, as well as the volume and value of transactions. In 2007 the number of CBPI in circulation was 44.6 million cards, providing a total transaction value of Rp1,700 trillion and used for 1.2 billion transactions (Chart 10.16 and Chart 10.17). CBPI industry growth was primarily underpinned by the rapid expansion of

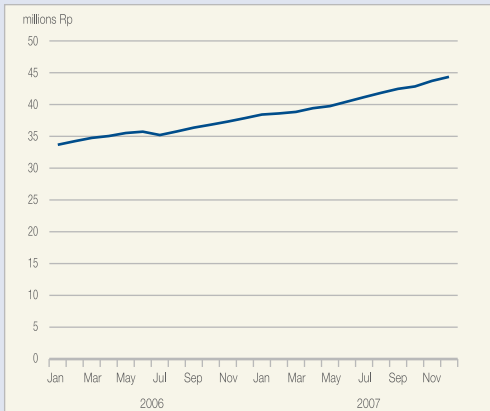


Chart 10.16
Size of Card Based Payment Instrument

account based cards (ATM and ATM+Debit)⁵ which dominate the share of cards used (77.4%), transaction value (96%), and transaction volume (95.8%). The credit card industry also enjoyed rapid growth; however, quality suffered slightly. The number of credit cards in circulation was recorded higher by 11.7% to 9.2 million cards. Meanwhile, transaction value grew 26.9% (Rp72.8 trillion) and transaction volume grew 13.7% (129.5 million). However, the NPL of credit cards showed an upward trend as illustrated in Chart 10.18.

In order to improve the quality of credit cards, Bank Indonesia along with the card issuers were continuing to evaluate the credit card industry as a whole while also facilitating the establishment of self-regulatory organization (SRO). These efforts were expected to expedite the establishment of a sound, qualified and independent credit card industry. Through the SRO, issuers will be able to collaboratively agree on standards and operational guidelines for credit cards, such as: minimum qualifications for card applicants, intermediation, fair competition and the regulation of the minimum payment amount.

The CBPI industry also issued a new payment instrument in 2007 known as e-money. The industry's

⁵ The recording of transactions using account based payment card instruments is no longer based on the type of card (ATM, Debit and ATM+Debit), but based on the transaction function. This takes into consideration the function of payment cards, especially account based cards, which varies greatly and changes rapidly.

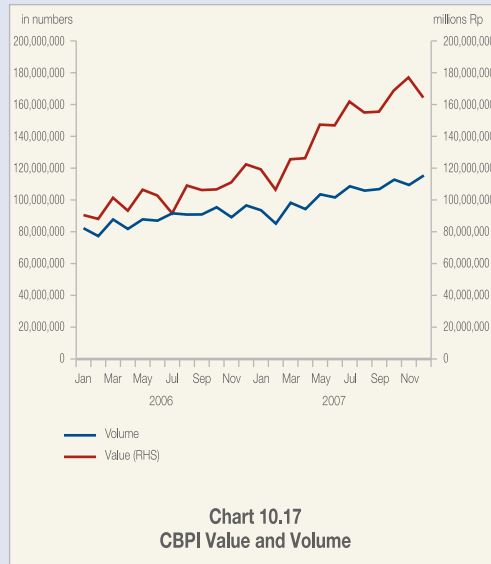


Chart 10.17
CBPI Value and Volume

preference and appetite to issue e-money is expected to continue growing. In 2007, 10 institutions have applied to administrate e-money. E-money is generally used for retail payment transactions and used with a high frequency as well as fast processing time, such as payments for transportation, toll roads and fuel purchases.

To promote CBPI efficiency, Bank Indonesia has facilitated the standardization of non-cash instruments to encourage the use of single card for various payment

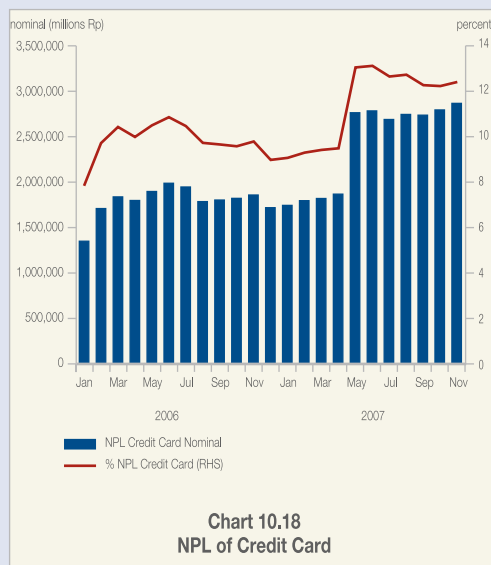


Chart 10.18
NPL of Credit Card

service providers (interoperability). In particular for ATM and debit cards, a memorandum of understanding has been signed to formulate the technical standardization of chip technology for ATM and debit cards. Meanwhile, to promote the interoperability of e-money, Bank Indonesia continues to facilitate meetings with e-money issuers and potential issuers to standardize e-money.

Payment System Policy

Currency Circulation

Currency circulation policy in 2007 confirmed to the dynamics of the internal and external environments. Internally, economic growth, the size of the population, and societal culture that dictates the preference to use cash in transaction activity, were all appraised. Externally, factors taken into consideration include the standard practices of currency circulation management adopted in various countries that tend to focus their activity on the policy of currency circulation planning and supervision, whereas the currency management is performed by various institutions separate to the central bank.

By taking into account the dynamics mentioned above and considering the mandate of Bank Indonesia in currency circulation, such as fulfilling the demand for currency in appropriate denominations, on time and in good condition, Bank Indonesia has instituted an array of policies referring to the three main pillars. The pillars are: 1. Secure, reliable and efficient currency distribution; 2. Cash service improvement; and 3. Currency quality improvement.

Secure, Reliable and Efficient Currency Distribution

Bank Indonesia strives to promote secure, reliable and efficient currency distribution by optimizing supply and distribution of currency which is sufficient, secure, and punctual as well as in an appropriate denominations. In terms of policy implementation, efforts to meet demand for currency were conducted by boosting stock of currency by 4.29% and distributing currency exceeded the planned target (123.3%). Bank Indonesia also promulgated a policy for large-amounts of cash in transit at 13 Bank Indonesia branches to ensure swift and punctual cash transfer. The measures taken by Bank Indonesia have raised the index for rupiah availability, which was based on survey, from 4.74 to 4.90. In addition, Bank Indonesia also issued regulations to guarantee legal protection, such as regulations

concerning rupiah deposits and withdrawals by commercial banks.

Prime Cash Service

Steps taken by Bank Indonesia to support the prime cash service include preparing a currency management strategy by third parties through the continuation of the trial of bank's cash deposit. This scheme has successfully reduced the number of bank's cash deposits and payments, which has improved the efficiency and effectiveness of currency management in Bank Indonesia and the banks. The preparation of a cash centre was performed through reviews and analysis that also consider aspects of effectiveness, demand from each institution, geographic conditions, organization, existing infrastructure and supervisory function. Other measures include expanding the area of cooperation for cash services with PT Posindo in seven regions, namely Makassar, Mataram, Bengkulu, Medan, Jambi, Sibolga and Manado to be able to meet demand for currency in remote and border areas. The initiatives taken have raised the index of Bank Indonesia's cash service satisfaction survey from 5.11 in 2006 to 5.16 in 2007.

High Quality Rupiah

Bank Indonesia's policy to enhance the quality of the rupiah is directed towards efforts to overcome the distribution of counterfeit money, as well as enhancing safety features and improving the quality of the materials used to produce bank notes and coins. The policy strategy to mitigate the distribution of counterfeit money includes ongoing public education regarding the characteristics of rupiah currency as well as improving cooperation between the Coordinating Body for the Eradication of Counterfeit Money (BOTASUPAL), the police (POLRI) and other related parties. Other efforts include continuing collaboration with other central banks to establish Bank Indonesia Counterfeit Analysis Center (BI-CAC) to formulate strategies to eradicate counterfeit money. These measures taken have raised the index from 4.79 in 2006 to 5.00. Bank Indonesia has also reviewed the materials used to produce Rp1,000 bills through cost comparisons, protection against counterfeiting, aesthetic appearance, usage profile as well as customs and traditions.

Payment System

Policies instituted in 2007 continue to be aimed towards improving security and efficiency of payment system instruments, risk mitigation and customer protection.

Payment System Risk Mitigation

Risk mitigation during the reporting year was conducted through safeguarding the operational reliability of the payment system. For systems operated by Bank Indonesia, the safeguarding measure is routinely tested through the preparedness of the primary and backup systems in overcoming certain conditions that can trigger operational failure in both systems. For the clearing system in particular, the Bank Indonesia National Clearing System (BINCS) uses the failure-to-settle (FtS) mechanism for credit risk mitigation of fund transfers through clearing. For systems outside Bank Indonesia, such as APMK, persuasive measures were taken through the National Payment System Communication Forum (NPSCF) and the industry association.

Payment System Oversight

In fulfilling its mandate regarding oversight, Bank Indonesia has prioritized oversight of the BI-RTGS System, which is categorized as a Systemically Important Payment System (SIPS) and Clearing System. Unlike the concept of banking oversight which focuses on an individual bank's rating and performance, payment system oversight focuses on payment system implementation oversight in general, including the licensing process, facilitation and consultation once system development reaches the stage where payment system participants fully comply with the agreed regulations. Oversight is performed through assessments of operational compliance for both systems, such that it adheres to international standards (BIS-Core Principles on Systemically Important Payment Systems).

Fostering Discipline of Cheques and Checking Accounts Users

Regarding efforts to instill discipline in users of cheques and checking accounts, in mid 2007, Bank Indonesia issued a new regulation concerning the National Black List (NBL). The regulation supplemented previous corresponding regulations as well as represents guidelines in administering the NBL. Aspects considered in the regulation include prudential principles, particularly for customers using their cheques or checking accounts to make payments. Having a nationally integrated black list accessible by all banks at any location makes it impossible for customers to draw on bad cheques in different areas.

Policy on Money Remittances

Since its implementation started from the end of 2006, prevailing regulation on Money Remittances activities has prompted positive responses from related authorities, such as the Financial Transaction Reporting and Analysis Center (PPATK), the Department of Foreign Affairs, as well as researchers from the World Bank and Asian Development Bank. This is essentially associated with Bank Indonesia's efforts to prevent money laundering and terrorist funding through remittances. Furthermore, this regulation is an integral effort to provide simple, secure and cheap services as well as legal protection for foreign workers who transfer money to their families in Indonesia.

Government Account Management Efficiency

In order to improve the efficiency of payment services to the government, Bank Indonesia has developed an application to assist the government in managing their accounts. This application, known as Bank Indonesia Government-eBanking (BIG-eB), covers the administration of revenues, expenditure and transaction settlement related to government's account. The operation of Big-eB also constitutes the implementation of Act Number. 1/2004 regarding the State Treasury. Moreover, BIG-eB strives to support overall TSA implementation as well as coordination between the fiscal and monetary authorities.

Improving Non-cash Payment Quality

In 2007, efforts to improve card-based retail payments focused on the socialization of sagacious credit and debit card use. This represents part of Bank Indonesia's endeavors to develop a card-based retail payment system which emphasizes consumer protection. Various socialization activities have been conducted in the mass media, for instance in the form of public service announcements in the press and electronic media.