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# GOOD GOVERNANCE AND RISK MANAGEMENT FOR PEER-TO- PEER LENDING SERVICES REGULATION: AN INSIGHT

The issuance of Circular Letter of Financial Services Authority (OJK or Otoritas Jasa Keuangan) No. 18/SEOJK.02/2017 of 2017 dated 18 April 2017 concerning Good Governance and Risk Management for Peer-to- Peer Lending Services (P2P Circular Letter) signals the strong willingness of the Indonesian government to regulate financial technology business more comprehensively. Issued on 18 April 2017, the P2P Circular Letter addresses both the managerial and technical issues.

Through its 14 main points, the P2P Circular Letter sets out the effort of Indonesian Government to regulate the nitty gritty of technicalities of this business. The technicalities proviso has good governance provisions aspects such as provisions on guideline for Directors conduct, services and product information disclosure and retention requirements. These provisions show that the Government is serious, along with efforts driven by local start ups, to incubate and nurture the industry. It is our humble opinion that the reason why the OJK issues this P2P Circular Letter is to ensure the importance of maintaining credibility to this growing industry is kept in check and keeping the momentum on track given the tremendous potential of this untapped market in industry where local talents are growing and skills set are gaining ground.

From the technical aspects, as an example, cybersecurity issues were covered and to put protections in place. This may be seen from 14 points regulated under P2P Circular Letter, ranging from data centre and disaster recovery centre, information and data management, electronic system security, incident and disturbance resilience, e-signatures, to service availability and transaction failure.

To highlight, one of the most important and becoming increasingly important issue can be seen from a detailed explanation on personal data definition of the user. Slightly different to other regulation concerning personal data protection, the P2P Circular Letter divides personal data into two types: Individual and Corporate. This division of personal data type of the above further defines data classification which falls under personal data, amongst

others, IP Address, Account Statement, and Biometric data of the individual. While for the corporation, the identity of the director and list of assets are among the personal data classification which shall be kept confidential. The above classification and division are indeed a strategic and considered move from the government in protecting and place coherent definitions on personal data. This is a departure, often, of the vague definition of personal data in other existing personal data regulations.

Lastly, the P2P Circular Letter aims to support the business of fintech industries. This may be seen through certain of P2P Circular Letter provision which suggest the P2P business player to engage with other business provider such as cloud computing service provider, operational service provider, e-signatures services provider and many else, as support provider for P2P business. Such step is definitely worth to applaud, as it supports and promotes the development of fintech industries among Indonesia. For further details of the circular, feel free to reach out to [justi.kusumah@kk-advocates.com](mailto:justi.kusumah@kk-advocates.com), [risti.wulansari@advocates.com](mailto:risti.wulansari@advocates.com), [danny.kobrata@advocates.com](mailto:danny.kobrata@advocates.com), [bhredipta.socarana@advocates.com](mailto:bhredipta.socarana@advocates.com), dan [royong.counsel@kk-advocates.com](mailto:royong.counsel@kk-advocates.com)