

**BANK INDONESIA REGULATION
NO. 17/3/PBI/2015**

REGARDING

MANDATORY USE OF RUPIAH

WITHIN THE UNIFIED STATE OF THE REPUBLIC OF INDONESIA

BY THE GRACE OF THE ONE ALMIGHTY GOD

THE GOVERNOR OF BANK INDONESIA,

Considering:

- a. whereas, Rupiah constitutes a legal payment instrument within the territory of the Unified State of the Republic of Indonesia and the symbol of dignity of the Unified State of the Republic of Indonesia;
- b. whereas the use of Rupiah in any transaction within the territory of the Unified State of the Republic of Indonesia is also needed to support the achievement of the Rupiah exchange rate stability;
- c. whereas to realize the Rupiah's dignity within the territory of the Unified State of the Republic of Indonesia and to support the achievement of the Rupiah exchange rate stability, it is deemed necessary to apply a policy of mandatory use of Rupiah in any transaction within the territory of the Unified State of the Republic of Indonesia;
- d. whereas pursuant to Law No 23 of 1999 regarding Bank Indonesia as amended several times, lastly by Law No 6 of 2009, Bank Indonesia as the monetary and payment system authority shall be authorized to regulate the mandatory use of the Rupiah in any transaction within the territory of the Unified State of the Republic of Indonesia;
- e. whereas pursuant to the consideration as intended in letter a, letter b, letter c, and letter d, it is deemed necessary to stipulate a Bank Indonesia Regulation regarding Mandatory Use of Rupiah within the territory of the Unified State of the Republic of Indonesia;

In view of:

1. Law No 7 of 1992 regarding Banking (the State Gazette of the Republic of Indonesia of 1992 No 31, Supplement to the State Gazette of the Republic of Indonesia No 3472) as amended by Law No 10 of 1998 regarding Amendment to Law No 7 of 1992 regarding Banking (State Gazette of the Republic of Indonesia of 1998 No 182, Supplement to State Gazette of the Republic of Indonesia No 3790);

2. Law No 23 of 1999 regarding Bank Indonesia (State Gazette of the Republic of Indonesia of 1999 No 66, Supplement to State Gazette of the Republic of Indonesia No 3843) as amended several times, lastly by Law No 6 of 2009 regarding Stipulation of Government Regulation in Lieu of Law No 2 of 2008 regarding Second Amendment to Law No 23 of 1999 regarding Bank Indonesia to become State Gazette Law of the Republic of Indonesia of 2009 No 7, Supplement to State Gazette of the Republic of Indonesia No 4962);
3. Law No 21 of 2008 regarding Syariah Banking (State Gazette of the Republic of Indonesia of 2008 No 94, Supplement to State Gazette of the Republic of Indonesia No 4867);
4. Law No 7 of 2011 regarding Currency (State Gazette of the Republic of Indonesia of 2011 No 64, Supplement to State Gazette of the Republic of Indonesia No 5223);

HAS DECIDED:

To Stipulate: BANK INDONESIA REGULATION REGARDING MANDATORY USE OF RUPIAH WITHIN THE UNIFIED STATE OF THE REPUBLIC OF INDONESIA.

CHAPTER I
GENERAL PROVISIONS
Article 1

In this Regulation of Bank Indonesia, what is intended by:

1. Rupiah shall be the currency of the Unified State of the Republic of Indonesia applicable as a legal payment instrument within the territory of the Unified State of the Republic of Indonesia.
2. The territory of the Unified State of the Republic of Indonesia shall be the Territory of the Unified State of the Republic of Indonesia as intended in Law regulating the currency.
3. Bank shall be Commercial Bank as intended in the Law regulating banking and Syariah Commercial Banks as intended in the Law regulating syariah banking.

CHAPTER II
MANDATORY USE OF RUPIAH

Article 2

- (1) All parties shall be obligated to use Rupiah in transactions conducted within the territory of the Unified State of the Republic of Indonesia.

- (2) Transaction as intended in paragraph (1) covers:
- a. any transaction having the purpose of payment;
 - b. the settlement of other obligations that must be fulfilled by using money; and/or
 - c. other financial transactions.

Article 3

- (1) The mandatory use of Rupiah in any transaction as intended in Article 2 paragraph (1) shall apply to:
- a. cash transactions; and
 - b. non-cash transactions.
- (2) Cash transaction as intended in paragraph (1) letter a shall include transactions that use bank notes and/or coins as a payment instrument.
- (3) Non-cash transactions as intended in paragraph (1) letter b shall include transactions that use non-cash payment instrument and mechanism.

CHAPTER III EXCEPTIONS TO THE MANDATORY USE OF RUPIAH

Article 4

The mandatory use of Rupiah as intended in Article 2 paragraph (1) shall not apply to transactions as follows:

- a. certain transactions in the framework of implementing state revenues and expenditures;
- b. acceptance or provision of grants from or to overseas;
- c. international trade transactions;
- d. savings at Banks in the form of foreign exchange; or
- e. international financing transactions.

Article 5

The mandatory use of Rupiah as intended in Article 2 paragraph (1) also does not apply to transactions using a foreign exchange conducted pursuant to the provisions of the Law including:

- a. business activities in a foreign exchange conducted by Banks pursuant to the Law regulating banking and syariah banking;
- b. commercial paper transactions issued by the Government in foreign exchange in primary markets and secondary markets pursuant to the Law regulating state debentures and state syariah commercial papers; and
- c. other transactions in foreign exchange conducted pursuant to the Law.

Article 6

Certain transactions in the framework of implementing state revenues and expenditures as intended in Article 4 letter a cover:

- a. payment of foreign loans;
- b. payment of domestic loans in foreign exchange;
- c. purchase of goods from overseas;
- d. capital expenditures from overseas;
- e. state revenues deriving from the sale of state debentures in foreign exchange; and
- f. other transactions in the framework of implementing state revenues and expenditures.

Article 7

Acceptance or provision of grants from or to overseas as intended in Article 4 letter b can only be made by the receiver or provider of the grants one of which is domiciled overseas.

Article 8

- (1) International trade transaction as intended in Article 4 letter c covers:
 - a. export and/or import of goods activity to or from outside the customs territory of the Republic of Indonesia; and/or
 - b. service trade activity that crosses the state territorial borders conducted by way of:
 1. cross border supply and
 2. consumption abroad.
- (2) Transactions for additional activities in export and/or import of goods activity to or from outside the customs territory of of the Republic of Indonesia as intended in paragraph (1) letter a shall not be categorized as international trade transactions so that they are required to use Rupiah.

Article 9

- (1) International financing transactions as intended in Article 4 letter e can only be conducted by the provider or the receiver of the financing one of which is domiciled overseas.
- (2) In the event the financial provider as intended in paragraph (1) in the form of a Bank therefore it is required to fulfill the provisions regulating foreign exchange transaction on Rupiah between the Bank and the foreign party.

CHAPTER IV PROHIBITION FROM REJECTING RUPIAH

Article 10

- (1) All parties are prohibited from rejecting to accept Rupiah which delivery is intended as payment or settlement of obligations that must be fulfilled by using Rupiah and/or for other financial transactions within the Territory of the Unified State of the Republic of Indonesia.

- (2) The provision as intended in paragraph (1) shall be exempted in the event:
- a. there is any hesitancy as to the originality of Rupiah received for cash transactions; or
 - b. payment or the settlement of obligations in foreign exchange that has been agreed in writing.
- (3) Written agreement as intended in paragraph (2) letter b can only shall be entered into for:
- a. transactions that are exempt from the mandatory use of the Rupiah as intended in Article 4 and Article 5; or
 - b. strategic infrastructure projects and having obtained Bank Indonesia's approval.

CHAPTER V INCLUSION OF PRICE OF GOODS AND/OR SERVICES

Article 11

In the framework of providing support in implementing the mandatory use of the Rupiah as intended in Article 2 paragraph (1), the business actor shall be obligated to declare the goods and/or services price only in Rupiah.

CHAPTER VI COMPLIANCE REPORT AND SUPERVISION

Article 12

- (1) Bank Indonesia shall be authorized to request for a report on, information, and/or data to any party related to the implementation of the mandatory use of the Rupiah as intended in Article 2 paragraph (1) and the obligation to mention the goods and/or services price as intended in Article 11.
- (2) Party as intended in paragraph (1) is required to deliver the report on information and/or data required by Bank Indonesia.

Article 13

- (1) Bank Indonesia shall carry out supervision on the compliance of all parties in implementing the mandatory use of Rupiah as intended in Article 2 paragraph (1) and the obligation to mention the goods and/or services price as intended in Article 11.
- (2) In carrying out supervision as intended in paragraph (1), Bank Indonesia shall use several means among others are as follows:
- a. to require a report on, information regarding, data, and/or supporting, with or without involving the relevant agency;

- b. to carry out supervision directly on all parties; and/or
- c. to appoint any other party to carry out a survey in the framework of supervision on the compliance of all parties.

CHAPTER VII MISCELLANEOUS PROVISIONS

Article 14

Activities in the form of:

- a. foreign currency exchange conducted by organizers of foreign currency exchange business activities in accordance with the laws and regulations; and
- b. the carrying of foreign bank notes into or to outside the customs territory of the Republic of Indonesia conducted in accordance with the laws and regulations,

shall not be categorized as a transaction that is required to use Rupiah as intended in Article 2 paragraph (1).

Article 15

In implementing this Bank Indonesia Regulation Bank Indonesia may coordinate and cooperate with any other party.

Article 16

In the event there is any issue to the business actor with certain characteristics related to the implementation of the mandatory use of the Rupiah for non-cash transactions as intended in Article 3 paragraph (1) letter b, Bank Indonesia may adopt a certain policy by still taking into consideration the mandatory use of the Rupiah as regulated in this Bank Indonesia Regulation.

CHAPTER VIII SANCTIONS

Article 17

Upon any violation to:

- a. the mandatory use of the Rupiah for cash transactions as intended in Article 3 paragraph (1) letter a; and/or
- b. prohibition from rejecting Rupiah as intended in Article 10,

the criminal provisions as intended in Article 33 of Law No 7 of 2011 regarding Currency shall apply.

Article 18

- (1) Any violation to the mandatory use of the Rupiah for non-cash transactions as intended in Article 2 paragraph (1) letter b shall be imposed with an administrative sanction in the form of:

- a. written warning;
 - b. obligation for payment; and/or
 - c. prohibition from taking part in payment traffic.
- (2) The sanction of obligation for payment as intended in paragraph (1) letter b shall be stipulated at 1% (one percent) of the transaction value, with the amount of payment obligation at the most in the amount of Rp1.000.000.000,00 (one billion rupiah).

Article 19

Any violation to the obligation of mentioning the goods and/or services price in Rupiah as intended in Article 11 and the obligation to deliver the report on information and/or data as intended in Article 12 paragraph (2) shall be imposed with an administrative sanction in the form of written warning.

Article 20

Other than the imposition of an administrative sanction as intended in Article 18 paragraph (1) and Article 19, Bank Indonesia may recommend to the competent authorities to take actions in accordance with its authority.

CHAPTER IX TRANSITIONAL PROVISIONS

Article 21

- (1) Written agreement on the payment or settlement of obligations in foreign exchange in addition to the written agreement as intended in Article 10 paragraph (3) made prior to 1 July 2015 shall remain applicable until the expiration of the written agreement mentioned.
- (2) Written agreement as intended in paragraph (1) only applies to the written agreement regarding payment or settlement of obligations in foreign exchange for non-cash transactions as intended in Article 3 paragraph (1) letter b.
- (3) Any extension and/or amendment to the written agreement as intended in paragraph (1) must abide by this Bank Indonesia Regulation.

CHAPTER X CLOSING PROVISIONS

Article 22

Further provisions on this Bank Indonesia Regulation shall be regulated in a Bank Indonesia Circular Letter.

Article 23

The provision regarding the mandatory use of the Rupiah for non-cash transactions as intended in Article 3 paragraph (1) letter b shall take effect as of 1 July 2015.

Article 24

This Bank Indonesia Regulation shall take effect as of the date of its stipulation.

For public cognizance, to order the enactment of this Bank Indonesia Regulation by its placement in the State Gazette of the Republic of Indonesia.

Stipulated in: Jakarta

On: 31 March 2015

THE GOVERNOR OF BANK INDONESIA,

AGUS D.W. MARTOWARDOJO

Enacted in: Jakarta

On: 31 March 2015

MINISTER OF LAW AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA OF 2015 NO 70 DPU

ELUCIDATION OF
BANK INDONESIA REGULATION
NO 17/3/PBI/2015
REGARDING
MANDATORY USE OF RUPIAH
WITHIN THE UNIFIED STATE OF THE REPUBLIC OF INDONESIA

I. GENERAL

The Unified State of the Republic of Indonesia as a free and sovereign state has in its possession a symbol of state sovereignty that must be honored by all Indonesian citizens. One of the symbols of state sovereignty mentioned is Rupiah as the currency issued by the Unified State of the Republic of Indonesia.

Rupiah is used as a legal payment instrument within the territory of the Unified State of the Republic of Indonesia in national and international economic activities to realize the social welfare for all the people of Indonesia.

Regulation on the mandatory use of Rupiah within the territory of the Unified State of the Republic of Indonesia is needed to support the Rupiah exchange rate stability that constitutes part of the purposes mandated to Bank Indonesia in the Law regarding Bank Indonesia, namely to achieve and keep the Rupiah value stability. In the event that the domestic foreign exchange market undergoes an over demand for foreign exchange, the use of foreign exchange for transactions within the Territory of the Unified State of the Republic of Indonesia will give an additional pressure against the Rupiah exchange rate whereby this is potential to disturb the Rupiah value stability.

In line with Bank Indonesia's authority in regulating Rupiah therefore it is deemed necessary to regulate the mandatory use of the Rupiah within the Territory of the Unified State of the Republic of Indonesia both for cash transactions and non-cash transactions.

Regulation on the mandatory use of the Rupiah within the Territory of the Unified State of the Republic of Indonesia is also intended to further make effective the implementation of the provisions of the Law regarding the currency that requires the use of Rupiah in any transaction having the purpose of settlement payment for other obligations that must be fulfilled by using money, and/or other financial transactions, that are conducted within the Territory of the Unified State of the Republic of Indonesia.

In the framework of supporting the economy of the Unified State of the Republic of Indonesia, the regulation on the mandatory use of the Rupiah within the Territory of the Unified State of the Republic of Indonesia still needs to take into consideration the existence of the need for the use of foreign exchange in the community permitted pursuant to the Law.

Regulation on the mandatory use of the Rupiah within the Territory of the Unified State of the Republic of Indonesia as regulated in this Bank Indonesia Regulation has been prepared by taking into consideration the Law, such as the Law regarding banking, Law regarding Bank Indonesia, Law regarding foreign exchange traffic and exchange rate system, Law regarding

state debentures, Law regarding syariah banking, Law regarding state syariah commercial papers, Law regarding fund transfer, and Law regarding currency.

The application of the mandatory use of Rupiah within the territory of the Unified State of the Republic of Indonesia shall be conducted by taking into consideration the business actor's preparedness, business activity continuity, investment activities, and national economic growth.

II. ARTICLE BY ARTICLE

Article 1

Sufficiently clear.

Article 2

Paragraph (1)

What is intended by "party" shall be an individual or a corporation. Corporation shall be an organized group of persons and/or property both constituting legal entities and non-legal entities.

Paragraph (2)

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

What is intended by "other financial transactions" among others include the activities of the Rupiah deposit in a number of amounts and types of denomination from the customers to the Bank.

Article 3

Paragraph (1)

Sufficiently clear.

Paragraph (2)

Sufficiently clear.

Paragraph (3)

Samples of non-cash payment instruments among others are check, giro order, credit card, debit card, Automated Teller Machine / ATM card), and electronic money.

A sample of non-cash payment mechanism among others through fund transfer.

Article 4

Letter a

Sufficiently clear.

Letter b

Sufficiently clear.

Letter c

Sufficiently clear.

Letter d

Saving at Banks in the form of foreign exchange can only be conducted by Banks conducting business activities in foreign exchange.

Transactions related to savings at Banks conducting business activities in foreign exchange may take the form of depositing and/or drawing foreign exchange.

Letter e

Sufficiently clear

Article 5

Letter a

Business activities in foreign exchange conducted by Banks pursuant to the Law regulating regarding banking and syariah banking shall include among others:

1. credit in foreign exchange for export activities and other activities;
2. inter-bank money market in foreign exchange;
3. bond in foreign exchange;
4. sub debt in foreign exchange;
5. sale and purchase of commercial paper in foreign exchange; and
- (1) other banking transactions in foreign exchange as regulated in the Law regulating banking and syariah banking and its implementing regulations.

Letter b

Sufficiently clear.

Letter c

The Law that regulates other transactions in foreign exchange among others the Law regarding Bank Indonesia, Law regarding capital investment, and Law regarding Indonesian export financing institutions.

Article 6

Sufficiently clear.

Article 7

Sufficiently clear.

Article 8

Paragraph (1)

Letter a

What is intended by “export and/or import of goods activity to or from outside the customs territory of the Republic of Indonesia” is inter state or international goods trading.

Letter b

What is intended by “service trade activity that crosses the state territorial borders in the form of cross border supply shall be the activities of services supply from the territory of a state to the territory of another state such as online purchases (through the network) or call center.

What is intended by “service trade activity that crosses the state territorial borders in the form of consumption abroad shall be the activities of services

supply overseas to service Indonesian consumers such as the Indonesian citizens who study overseas or under a medical treatment at a hospital overseas.

Paragraph (2)

Additional activities related to export and/or import of goods activity conducted within the customs territory of the Republic of Indonesia through vessel or air transport facilities, or other transportation facilities shall not be categorized as export and/or import of goods activity.

Additional activities related to export and/or import of goods activity among others shall include: ship docking at ports of, load-unload temporary storage containers at ports, and aircraft parking at airports.

Article 9

Sufficiently clear.

Article 10

Paragraph (1)

What is intended by "party" shall be an individual person or a corporation. Corporation shall be an organized group of persons and/or property both constituting legal entities and non- legal entities.

Paragraph (2)

Letter a

Any party owning Rupiah which originality is doubted may request for clarification to Bank Indonesia.

Letter b

Sufficiently clear.

Paragraph (3)

Letter a

Sufficiently clear.

Letter b

What is intended by "strategic infrastructure projects" shall be:

1. infrastructure project as intended in the provisions of Bank Indonesia regulating regarding the application of the prudence principle in managing non-bank corporate foreign loans; and
2. proven by a statement letter from the ministry or the authorized institution.

Article 11

Sufficiently clear.

Article 12

Sufficiently clear.

Article 13

Paragraph (1)

Supervision by Bank Indonesia shall mainly be conducted on the fulfillment of the mandatory use of the Rupiah for non-cash transactions. While supervision

and/or law enforcement on the fulfillment of the mandatory use of the Rupiah for cash transactions shall be conducted in cooperation with law enforcers.

Paragraph (2)
Sufficiently clear.

Article 14

Letter a
What is intended “foreign currency exchange business activities in accordance with the laws and regulations” among others non-Bank foreign exchange business activities having permission from Bank Indonesia.

Letter b
Sufficiently clear.

Article 15

Coordination and cooperation with another party may be conducted among others by law enforcers, and the competent authorities.

Article 16

Stipulation of policies by Bank Indonesia shall be conducted by considering among others the business actor's preparedness, business activity continuity, investment activities, and/or national economic growth.

Article 17

Sufficiently clear.

Article 18

Sufficiently clear.

Article 19

Sufficiently clear.

Article 20

Recommendation given by Bank Indonesia among others shall take the form of a recommendation to revoke the business license or discontinue the business activities.

Article 21

Paragraph (1)
Sufficiently clear.

Paragraph (2)
Sufficiently clear.

Paragraph (3)
What is intended by “amendment to the written agreement” shall be amendment that shall mainly be related to the amendment of the subject and/or object of the written agreement.

Article 22

Sufficiently clear.

Article 23

Sufficiently clear.

Article 24
Sufficiently clear.

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NO 5683 DPU