

REGULATION OF BANK INDONESIA
No. 17/3 / PBI / 2015
ABOUT
OBLIGATION TO USE RUPIAH WITHIN THE UNITARY STATE
OF THE REPUBLIC OF INDONESIA

BY THE GRACE OF GOD ALMIGHTY

GOVERNOR OF BANK INDONESIA,

- In considering:**
- a. that Rupiah is the legal currency within the territory of the unitary State of the Republic of Indonesia and a symbol of sovereignty of the Unitary State of the Republic of Indonesia;
 - b. that the use of Rupiah in every transaction within the territory of the Unitary State of the Republic of Indonesia shall be necessary in support to the stability of the exchange rate of Rupiah;
 - c. that in order to realize the sovereignty of Rupiah within the territory of the Unitary State of the Republic of Indonesia and to support the stability of the exchange rate of Rupiah it shall be necessary to impose a policy on the use of Rupiah in every transaction within the territory of the Unitary State of the Republic of Indonesia;
 - d. that pursuant to Law Number 23 Year 1999 on Bank Indonesia as having been amended several times and recently amended by Law Number 6 Year 2009, Bank Indonesia with its authority of payment and monetary system shall be authorized to regulate the obligation to use Rupiah in every transaction within the territory of the Unitary State of the Republic of Indonesia;
 - e. that based on the considerations as cited in letters a, b, c and d it shall be necessary for Bank Indonesia to enact a regulation of Bank Indonesia concerning the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia;
- As referring to in:**
1. Law Number 7 Year 1992 on Banking (State Gazette of the Republic of Indonesia Year 1992 Number 31, Supplement to State Gazette of the Republic of Indonesia Number 3472) as having been amended by Law Number 10 Year 1998 on Amendment of Law Number 7 Year 1992 on Banking (State Gazette of the Republic of Indonesia Year 1998 Number 182, Supplement to State Gazette of the Republic of Indonesia Number 3790);
 2. Law Number 23 Year 1999 on Bank Indonesia (State Gazette of the Republic of Indonesia Year 1999 Number 66, Supplement to State Gazette of the Republic of

Indonesia Number 3843) as having been amended several times and recently amended by Law Number 6 Year 2009 on Decision to Enact Government Regulation in Lieu Law (Perpu) Number 2 Year 2008 on Second Amendment of Law Number 23 Year 1999 on Bank Indonesia to become a Law (State Gazette of the Republic of Indonesia Year 2009 Number 7, Supplement to State Gazette of the Republic of Indonesia Number 4962);

3. Law Number 21 Year 2008 on Islamic Banking (State Gazette of the Republic of Indonesia Year 2008 Number 94, Supplement to State Gazette of the Republic of Indonesia Number 4867);
4. Law Number 7 Year 2011 on Currency (State Gazette of the Republic of Indonesia Year 2011 Number 64, Supplement to State Gazette of the Republic of Indonesia Number 5223);

DECIDES:

To enact:

REGULATION OF BANK INDONESIA ON THE OBLIGATION TO USE RUPIAH WITHIN THE TERRITORY OF THE UNITARY STATE OF THE REPUBLIC OF INDONESIA.

**Chapter I
GENERAL STIPULATIONS
Article 1**

In this Regulation of Bank Indonesia what is defined as:

1. Rupiah is the currency of the Republic of Indonesia which is valid as a means of legitimate payment within the territory of the Unitary State of the Republic of Indonesia.
2. Territory of the Unitary State of the Republic of Indonesia is the territory of the Republic of Indonesia as stipulated in the law on regulation of currency.
3. Bank is a Commercial Bank as cited in the law that regulates about Banking and Moslem Commercial Bank as referred to in the law that regulates about Islamic banking.

**CHAPTER II
OBLIGATION TO USE RUPIAH**

Article 2

- (1) Any party shall use Rupiah in every transaction carried out within the territory of the Unitary State of the Republic of Indonesia.
- (2) Transaction as cited in paragraph (1) shall include:
 - a. every transaction that has a purpose of payment;

- b. settlement of other liabilities that shall use money; and / or
- c. other financial transactions.

Article 3

- (1) The obligation to use Rupiah in every transaction as cited in Article 2 paragraph (1) shall be applicable for:
 - a. cash transaction; and
 - b. non-cash transaction.
- (2) Cash transaction as cited in paragraph (1) letter a shall include transaction using banknote and/ or coin as a means of payment.
- (3) non-cash transaction as cited in paragraph (1) letter b shall include transaction using a tool as a means and mechanism of non-cash payment.

CHAPTER III EXCEPTION TO OBLIGATION TO USE RUPIAH

Article 4

The obligation to use Rupiah as cited in Article 2 paragraph (1) shall not be applicable for transactions as follows:

- a. certain transactions for the implementation of State's Budget of Revenues and Expenditures (APBN);
- b. receipts or grants from or to other countries;
- c. international trade transactions;
- d. bank deposits in foreign currencies; or
- e. transactions of international financing

Article 5

The obligation to use Rupiah as cited in Article 2 paragraph (1) shall not be applicable for transactions in foreign currencies based on the prevailing laws and regulations as follows:

- a. business activities in foreign currencies by Bank based on the laws that regulate about banking and Islamic banking;
- b. transactions of bonds and securities issued by the Government in foreign currencies in primary and secondary markets based on the laws that regulate about State's bonds and State's Islamic securities; and
- c. other transactions in foreign currencies based on the prevailing laws.

Article 6

Certain transactions for the implementation of State's Budget of Revenues and

Expenditures (APBN) as cited in Article 4 shall include:

- a. payments of foreign debts;
- b. payment of domestic debts in foreign currencies;
- c. expenditures on goods from other countries;
- d. capital expenditures from other countries;
- e. State's revenues derived from the sales of State's bonds in foreign currencies; and
- f. other transactions for the implementation of State's Budget of Revenues and Expenditures (APBN).

Article 7

Receipts or grants from other countries as cited in Article 4 letter b shall be undertaken by recipient(s) or grantor(s), and one of them shall domicile abroad.

Article 8

(1) International trade transactions as cited in Article 4 letter c shall include:

- a. export and/ or import of goods to or from outside the customs territory of the Republic of Indonesia; and/ or
- b. trading activities of services away from the territories of the country carried out for:
 1. cross-border supplies; and
 2. consumption abroad.

(2) Transactions for additional activities of export and/ or import of goods to or from outside the customs territory of the Republic of Indonesia as cited in paragraph (1) letter a that are not categorized as international trade transactions shall be obliged to use Rupiah.

Article 9

- (1) International financing transactions as cited in Article 4 letter e shall be conducted by the grantors or recipients of the financing and one of them shall domicile abroad.
- (2) In case the grantor of financing as cited in paragraph (1) is a Bank there shall be compliance with the stipulations on transactions of foreign exchanges and Rupiah between the Bank and foreign entities.

CHAPTER IV PROHIBITION ON REJECTION OF RUPIAH

Article 10

(1) Every party shall be prohibited from rejecting the acceptance of Rupiah for payment or for settlement of liabilities in Rupiah and/ or for other financial transactions within the territory of the Republic of Indonesia.

(2) Provision as cited in paragraph (1) shall be exempted in case:

- a. there are doubts over the authenticity of Rupiah that is received for cash transactions; or
- b. the payment or settlement of liabilities shall be in foreign currency as having already been agreed in writing.

(3) The written agreement as cited in paragraph (2) letter b shall be applicable only for:

- a. transactions that are exempt from the obligation to use Rupiah as cited in Articles 4 and 5; or
- b. strategic infrastructure projects as approved by Bank Indonesia.

CHAPTER V INCLUSION OF PRICES OF GOODS AND/ OR SERVICES

Article 11

In order to support the implementation of the obligation to use Rupiah as cited in Article 2 paragraph (1) the businesses shall be required to include the prices of goods and/ or services only in Rupiah.

CHAPTER VI REPORTS AND MONITORING OF COMPLIANCES

Article 12

- (1) Bank Indonesia has the authority to request reports, information, and/ or data from any party in regard of the implementation of the obligation to use Rupiah as cited in Article 2 paragraph (1) and the obligation to include the prices of goods and/ or services as cited in Article 11.
- (2) The party as cited in paragraph (1) shall submit reports, information, and/ or data as requested by Bank Indonesia.

Article 13

- (1) Bank Indonesia shall monitor the compliances of any party in implementing the obligation to use Rupiah as cited in Article 2 paragraph (1) and the obligation to include the prices of goods and/ or services as cited in Article 11.
- (2) In conducting the monitoring as cited in paragraph (1), Bank Indonesia shall make various efforts, among others, as follows:

- a. to request for reports, information, data, and/ or supporting documents with or without involving any relevant agency;
- b. to undertake direct monitoring of any party; and/ or
- c. to designate another party to carry out a research in light of monitoring of the compliances of any party.

CHAPTER VII OTHER PROVISIONS

Article 14

The activities such as:

- a. exchanging foreign currencies as conducted by money changers shall be in compliance with the prevailing laws and regulations; and
- b. carrying foreign banknotes into or out of the customs territory of the Republic of Indonesia as in compliance with the prevailing laws and regulations, shall not be categorized as transaction that is obliged to use Rupiah as cited in Article 2 paragraph (1).

Article 15

In implementing this Regulation of Bank Indonesia, Bank Indonesia shall be allowed to coordinate and cooperate with other parties.

Article 16

In case there are problematic cases with businesses in specific characteristics in regard of the implementation of the obligation to use Rupiah for non-cash transactions as cited in Article 3 paragraph (1) letter b, Bank Indonesia shall be allowed to make a specific policy without ignoring the obligation to use Rupiah as cited in this Regulation of Bank Indonesia.

CHAPTER VIII SANCTIONS

Article 17

In case of violations of:

- a. the obligation to use Rupiah for cash transactions as cited in Article 3 paragraph (1) letter a; and/ or
- b. the prohibition to reject the use of Rupiah as cited in Article 10, there shall be criminal penalties as referring to in Article 33 of Law Number 7 Year 2011 on Currencies.

Article 18

(1) Violation of the obligation to use Rupiah for non-cash transactions as cited in Article 3 paragraph (1) letter b shall be subject to administrative sanctions in form(s)

of:

- a. written warning;
- b. obligation to pay; and / or
- c. prohibition to take part in any transaction of payments.

(2) The sanction on the obligation to pay as cited in paragraph (1) letter b shall be for as much as 1% (one percent) of the value of transaction, and the maximal amount that is obliged to be paid is Rp1,000,000,000.00 (one billion rupiah).

Article 19

Violation of the obligation to include the prices of goods and/ or services as cited in Article 11 and the obligation to submit reports, information, and / or data as cited in Article 12 paragraph (2) shall be subject to administrative sanctions in form of written warning.

Article 20

In addition to administrative sanctions as cited in Article 18 paragraph (1) and Article 19, Bank Indonesia shall be allowed to recommend a competent authority to take action in accordance with the authority.

CHAPTER IX TRANSITIONAL PROVISIONS

Article 21

- (1) Written agreement concerning the payment or the settlement of liabilities in foreign currencies other than the written agreement as cited in Article 10 paragraph (3) that was made before July 1, 2015, shall remain valid until the expiry of such a written agreement.
- (2) Written agreement as cited in paragraph (1) shall be applicable only for written agreement concerning the payment or the settlement of liabilities in foreign currency for non-cash transactions as cited in Article 3 paragraph (1) letter b.
- (3) The extension and/ or amendment of the written agreement as cited in paragraph (1) shall be subject to the compliance to this Regulation of Bank Indonesia.

CHAPTER X PROVISIONS OF CLOSING

Article 22

Further provisions in regard of this Regulation of Bank Indonesia shall be regulated in Circulars issued by Bank Indonesia.

Article 23

The provisions concerning the obligation to use Rupiah for non-cash transactions as cited in Article 3 paragraph (1) letter b shall take effect as of July 1, 2015.

Article 24

This Regulation of Bank Indonesia shall be effective as of the date of enactment. That every one shall be aware of it, and the enactment of this Regulation of Bank Indonesia shall be published in State Gazette of the Republic of Indonesia.

Stipulated in Jakarta
on March 31, 2015
GOVERNOR OF BANK INDONESIA,

AGUS DW MARTOWARDOJO

Enacted in Jakarta
on March 31, 2015
MINISTER OF LAWS AND HUMAN RIGHTS OF THE REPUBLIC OF INDONESIA,

YASONNA H. LAOLY

STATE GAZETTE OF THE REPUBLIC OF INDONESIA YEAR 2015 NUMBER 70 DPU

EXPLANATION TO REGULATION OF BANK INDONESIA

No. 17/3 / PBI / 2015 ON OBLIGATION TO USE RUPIAHS WITHIN THE TERRITORY OF THE REPUBLIC OF INDONESIA

I. GENERAL

The Unitary State of the Republic of Indonesia as an independent and sovereign country has a State's symbol of sovereignty that has to be respected by all Indonesian citizens. One of the State's symbols of sovereignty is Rupiah as the currency issued by the Unitary State of the Republic of Indonesia.

Rupiah is used as a means of legitimate payments within the territory of the Unitary State of the Republic of Indonesia for the activities of national and international economies in order to realize the social welfare for all Indonesian people.

Regulation on the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia shall be necessary to support the stability of the value of exchange of Rupiah, of which is part of the objective as mandated to Bank Indonesia by the Law on Bank Indonesia in order to achieve and maintain the stability of Rupiah. In a market condition of foreign exchanges in the country when the foreign exchanges are oversubscribed, the use of foreign exchanges in the transactions within the territory of the Unitary State of Republic of Indonesia will definitely give additional pressures against Rupiah and it can potentially disrupt the stability of Rupiah.

In line with Bank Indonesia's authority to control Rupiah it shall be necessary to make regulation on the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia both for cash or non-cash transactions.

The regulation on the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia is also intended for the effectiveness of the implementation of provisions of Law on currency, of which is required the use of Rupiah in any transaction with the purpose of payment, settlement of liabilities using money, and/ or other financial transactions within the territory of the Unitary State of the Republic of Indonesia.

In order to support the economy of the Unitary State of the Republic of Indonesia, the regulation on the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia shall also consider the need for the use of foreign currencies by the public as in compliance with the prevailing laws and regulations.

The obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia as cited in this Regulation of Bank Indonesia shall also take into account other provisions of laws such as Law on Banking, Law on Bank Indonesia, Law on Foreign-exchange Flows and Exchange Rate Systems, Law on State's Bonds, Law on Islamic (Shariah) Banking, Law on State's Shariah Securities, Law on Transfer of Funds, and Law on Currency.

The imposition on the obligation to use Rupiah within the territory of the Unitary State of the Republic of Indonesia shall also consider the readiness of businesses, the continuity of business activities, investment activities, and national economic growth.

II. ARTICLE BY ARTICLE

Article 1

Self-explanatory (clear enough)

Article 2

Paragraph (1)

What is meant by "party" is an individual or a corporation. Corporation is a group of people and/ or properties under organization, of either legal entity or non-legal entity.

Paragraph (2)

letter a

Self-explanatory (clear enough)

letter b

Self-explanatory (clear enough)

letter c

What is meant by "other financial transactions", among others, includes depositing Rupiah in various amounts and nominal types from customers to Bank.

Article 3

Paragraph (1)

Self-explanatory (clear enough)

Paragraph (2)

Self-explanatory (clear enough)

Paragraph (3)

Examples of means of non-cash payment are check, bank draft, credit card, debit card, card of Automated Teller Machine (ATM), and electronic money.

Example of non-cash payment mechanism, among others, is the transfer of funds.

Article 4

letter a

Self-explanatory (clear enough)

letter b

Self-explanatory (clear enough)

letter c

Self-explanatory (clear enough)

letter d

Bank deposits in foreign exchanges shall be conducted only by Bank that carries out the activities of businesses in foreign currencies.

Transactions in regard of deposits in Bank that carries out the activities of businesses in foreign currencies can be of deposits and/ or withdrawals of foreign exchanges.

letter e

Self-explanatory (clear enough)

Article 5

letter a

Business activities in foreign currencies carried out by Bank based on the laws on banking and Islamic banking, among others, shall include:

1. credits in foreign currencies for export activities and other activities;
2. inter-bank money market in foreign currencies;
3. bonds in foreign currencies;
4. sub-debts in foreign currencies;
5. buying and selling of securities in foreign currencies; and
6. other banking transactions in foreign currencies based on laws that regulate banking and Islamic banking as well as the implementing regulations.

letter b

Self-explanatory (clear enough).

letter c

Laws that regulate other transactions in foreign currencies, among others, are Law on Bank Indonesia, Law on investment, and Law on Indonesian export financing institutions.

Article 6

Self-explanatory (clear enough).

Article 7

Self-explanatory (clear enough).

Article 8**Paragraph (1)****letter a**

What is meant by "the activities of export and/ or import of goods to or from outside the customs territory of the Republic of Indonesia" shall be the trades of goods between countries or across borders of countries.

letter b

What is meant by "the activities of trades of services across the borders of countries in form of cross-border supply" shall be the activities of providing services from a territory of a country to a territory of another country by using online purchases (in network) or call centers.

What is meant by "the activities of trades of services across the borders of countries in form of consumption abroad" shall be the activities of providing services abroad to serve consumers from Indonesia such as Indonesian citizens who study abroad or are hospitalized abroad.

Paragraph (2)

Additional activities related to the export and/ or import of goods carried out within the customs territory of the Republic of Indonesia by a means of transport like ship, aircraft, or other means of transport shall be considered as the activities of export and/ or import of goods.

The additional activities related to the export and/ or import of goods shall include ship docking at seaport, loading and unloading of containers, temporary storage of containers at seaport, and aircraft parking at airport.

Article 9

Self-explanatory (clear enough).

Article 10

Paragraph (1)

What is meant by "party" is an individual or corporation. Corporation is a group of people and/ or properties under organization of either legal entity or non-legal entity.

Paragraph (2)**letter a**

Each party possessing Rupiah but its authenticity seems to be doubtful shall request for clarification from Bank Indonesia.

letter b

Self-explanatory (clear enough).

Paragraph (3)**letter a**

Self-explanatory (clear enough).

letter b

What is meant by "strategic infrastructure project" shall be:

1. infrastructure project as referring to the policy of Bank Indonesia based on the principle of prudence in managing foreign debts for non-bank corporations; and
2. project based on the evidence of certificate from competent Ministries or agencies.

Article 11

Self-explanatory (clear enough).

Article 12

Self-explanatory (clear enough).

Article 13**Paragraph (1)**

Monitoring by Bank Indonesia is principally conducted for the fulfillment of the obligation to use Rupiah for non-cash transactions. While, monitoring and/ or law enforcement for the fulfillment of the obligation to use Rupiah for cash transactions shall be conducted in cooperation with officers of law enforcement.

Paragraph (2)

Self-explanatory (clear enough).

Article 14

letter a

What is meant by "the activity of exchanging foreign currencies in compliance with the prevailing laws and regulations" shall be the business activity of non-bank foreign exchanges based on a permit from Bank Indonesia.

letter b

Self-explanatory (clear enough).

Article 15

Coordination and cooperation with other parties, among others, can be made with the officers of law enforcement and other authorities.

Article 16

Policy made by Bank Indonesia shall consider, among others, the readiness of businesses, the continuity of business activities and investment activities, and/ or national economic growth.

Article 17

Self-explanatory (clear enough).

Article 18

Self-explanatory (clear enough).

Article 19

Self-explanatory (clear enough).

Article 20

Recommendations from Bank Indonesia shall include, among others, recommendations to revoke business permits or to terminate business activities.

Article 21

Paragraph (1)

Self-explanatory (clear enough).

Paragraph (2)

Self-explanatory (clear enough).

Paragraph (3)

What is meant by "amendment of the written agreement" shall be the amendment that is primarily associated with the amendment of subject and/ or object in the written agreement.

Article 22

Self-explanatory (clear enough).

Article 23

Self-explanatory (clear enough).

Article 24

Self-explanatory (clear enough).

SUPPLEMENT TO STATE GAZETTE OF THE REPUBLIC OF INDONESIA NUMBER 5683 DPU