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Transfer of the Supervision Function of Bank Indonesia to the Financial Services Authority

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Abstract: The role of banks in Indonesia is very important, especially in economic development, where banks function as intermediary institutions between depositors as parties with a surplus of funds and those who need funds as parties with a shortage of funds. With the presence of OJK, it can be said that the role and function of BI has drastically reduced. OJK is tasked with regulating and supervising financial service activities in a number of sectors related to the financial system. Purpose: to find out the supervisory function of Bank Indonesia which was transferred to the Financial Services Authority. And to find out the obstacles faced by Bank Indonesia since the transfer of the supervisory function. This research uses the type of normative juridical research, processing and analysis of legal materials: legal materials obtained through the study of literature, laws and regulations, and so on. The results obtained: Separation of the banking supervision function from the central bank also occurs in many countries, the decision to place the banking supervision function at the central bank or choose to place it in an independent body outside the central bank in each country has certain reasons. The choice to place the banking supervision function in Indonesia is no longer at Bank Indonesia but transferred to an independent body that has a juridical basis in Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia. This banking supervision aims to increase the independence and effectiveness of banking supervision which was previously carried out by Bank Indonesia, and since December 31, 2013 will be transferred to the Financial Services Authority. This was achieved by increasing the competence of bank examiners, increasing coordination between supervisory institutions, developing risk-based supervision, increasing enforcement effectiveness, and consolidating banking sector organizations. In the future, it is hoped that the bank supervision function carried out by the Financial Services Authority will be more effective.

Keywords: Supervision, Bank Indonesia, Financial Services Authority

Introduction

The role of banks in Indonesia is very important, especially in economic development, where banks function as intermediary institutions between depositors as parties with a surplus of funds and those who need funds as parties with a shortage of funds. If those who need funds obtain funds from banks and use them for productive business activities, absorb large numbers of workers, produce goods/services that have added value, then the objective of banking is to support the implementation of national development in the framework of increasing equity, economic growth and stability. National direction towards increasing the welfare of the people as stated in the Banking Law will certainly be realized.

Given the important role of banks in Indonesia, public trust in banking institutions must be maintained. Therefore the Banking Law emphasizes that banks are required to maintain a bank's soundness level in accordance with capital adequacy, asset quality, management quality, liquidity, profitability, solvency, and other aspects related to bank business, and are required to carry out business activities in accordance with the principle of prudence. One of the tasks of Bank Indonesia (BI) is to regulate and supervise banks.

The task of regulating and supervising banks by BI is currently regulated in Article 24-35 of Law Number 23 of 1999 concerning Bank Indonesia, and according to Article 34 of the Law BI's duties as banking supervisor were only until 2002, whereupon the task of supervising banks would be carried out by Supervision of the Financial Services sector (LPJK) which is independent and formed by law, but with Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 which was later amended again by Law Number 6 of 2009 (hereinafter referred to as UU BI), that bank supervision by LPJK was postponed until December 31, 2010 at the latest, meaning that in the future the task of regulating banks at BI and the task of supervising banks at LPJK, besides that, judging from the law, the duties of OJK relating to the banking sector include bank regulation, granting and/or or revocation of bank licenses, bank supervision, and imposition of sanctions. Thus the OJK Law that has been passed is not in accordance with what is ordered by Article 34 of the BI Law.

With the presence of OJK, it can be said that the role and function of BI has drastically reduced. Apart from being limited, BI as the central bank ultimately only has one goal. That is achieving and maintaining the stability of the value of the rupiah. The stability of the rupiah value means that the value of the currency is stable for goods and services, and stable for the currencies of other countries. OJK itself has the function of implementing an integrated regulatory and supervisory system for all activities in the financial services sector.

Therefore, OJK is tasked with regulating and supervising financial service activities in a number of sectors related to the financial system.

It is undeniable that currently the OJK has transformed into an institution that is trusted in matters of guaranteeing the security of transactions for every customer in all financial institutions registered with the OJK. This is because financial institutions registered with the OJK are automatically under the supervision of the OJK and are legally valid institutions. So if you don't want to be tricked in a transaction, make sure the financial institution you are going to use is registered with the OJK.

OJK is an independent institution and has duties and authorities in integrated regulation and supervision of all activities in the financial services sector, including banks and non-bank financial institutions such as insurance and financial investment institutions. In its arrangements, OJK issues Financial Services Authority Regulations (POJK) which are used to provide legal certainty and regulations on financial services. Meanwhile in banking supervision, OJK conducts routine supervision; to commercial (conventional) banks, Islamic banks, as well as to people's credit banks (BPR). And of course apart from the things mentioned above, in the context of supervising the financial services sector, OJK also carries out quality assurance for banks.

Article 34 paragraph (1) of the BI Law stipulates that the task of supervising banks will be carried out by an independent financial services sector supervisory agency. The mandate of Article 34 paragraph (1) of the BI Law also emphasizes the agency to act as a supervisory board, which can issue provisions relating to the implementation of bank supervisory duties in coordination with BI.

As the monetary, banking and payment system authority, the main task of Bank Indonesia is not only to maintain monetary stability, but also financial system stability (banking and payment system). Bank Indonesia's success in maintaining monetary stability without being followed by financial system stability will not mean much in supporting sustainable economic growth. Monetary stability and financial stability are like two sides of a coin that cannot be separated. Monetary policy has a significant impact on financial stability and vice versa, financial stability is the pillar that underlies the effectiveness of monetary policy.

The financial system is one of the monetary policy transmission channels, so that if there is financial system instability, monetary policy transmission cannot run normally. Conversely, monetary instability will fundamentally affect financial system stability due to the ineffective functioning of the financial system. This is the background why financial system stability is still the duty and responsibility of Bank Indonesia.

Bank Indonesia has full autonomy in formulating and implementing each of its duties and authorities as stipulated in this law. Outsiders are not justified in interfering with the implementation of Bank Indonesia's duties, and Bank Indonesia is also obliged to refuse or ignore intervention in any form or party.

Since December 31, 2013 the function of banking regulation and supervision has been transferred from Bank Indonesia to the Financial Services Authority (OJK) in accordance with the provisions in Article 55 paragraph (2) of Law no. 21 of 2011 concerning the Financial Services Authority. All data and information related to banking will be transferred to OJK.

The transfer of bank regulatory and supervisory functions that was carried out today has gone through a long process marked by the formation of the OJK Task Force Team at Bank Indonesia and the Transition Team for the Transfer of Bank Supervision Functions at the Financial Services Authority since early 2013. Through these two teams, Bank Indonesia and The Financial Services Authority has carried out very good coordination, not only in relation to the transfer of human resources, but also in relation to the transfer of documents, data and information systems as well as the use of Bank Indonesia buildings as offices of the Financial Services Authority both at the Central and regional levels.

With the process of transferring the function of bank regulation and supervision from Bank Indonesia to the Financial Services Authority, the business processes at the bank will continue as usual and the public, especially customers, can continue to carry out transaction activities with banks as when supervision was carried out by Bank Indonesia. By transferring the function of bank regulation and supervision to the Financial Services Authority, it is hoped that in the future the supervisory function of financial institutions will be carried out in a more integrated manner to support the creation of a more stable and robust financial system.

Based on the description of the background above, the author is interested in studying more deeply about the TRANSFER OF THE SUPERVISION FUNCTION OF BANK INDONESIA TO THE FINANCIAL SERVICES AUTHORITY. The problems that will be examined are (1) Why was the Supervision Function of Bank Indonesia Transferred to the Financial Services Authority, (2) What are the obstacles faced by Bank Indonesia since the transfer of the supervisory function. The purpose of this study is to find out the Supervision Function of Bank Indonesia which is transferred to the Financial Services Authority and To find out the Obstacles Faced by Bank Indonesia Since the Transfer of the Supervisory Function.

Literature Review

Bank Indonesia

Bank Indonesia is an independent state institution that is not on a par with high state institutions such as the People's Representative Council (DPR), the Supreme Audit Agency (BPK), and the Supreme Court (MA). Bank Indonesia's position is not the same as a department because Bank Indonesia's position is outside the government. This special status and position is needed so that Bank Indonesia can carry out its role and function as a more effective and efficient monetary authority. Although Bank Indonesia is positioned as an independent institution, in carrying out its duties, Bank Indonesia has a good working relationship and coordination with the DPR, BPK, the Government and other parties.

According to Pierson, an economist from the Netherlands, a bank is an agency or institution that accepts credit. The bank accepts deposits from the public in the form of demand deposits, time deposits and savings. These deposits from the public are then managed by channeling them in the form of investment and credit to private or government business entities. From these activities, the bank gains profits in the form of dividends or interest income that can be used to pay operational costs and expand the business.

A bank is a financial intermediary institution generally established with the authority to receive money deposits, lend money, and issue promissory notes, known as banknotes. The word bank comes from the Italian banca which means a place where money is exchanged. Meanwhile, according to the banking law, a bank is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit or other forms in order to improve the standard of living of the common people. The banking industry has undergone major changes in recent years. This industry has become more competitive due to regulatory regulation. Today, banks have flexibility in the services they offer, the locations in which they operate, and the rates they pay for deposits.

According to Alex S. Nitisemito, Bank Indonesia is:

"Banks with the task of assisting the government in regulating, maintaining and maintaining the stability of the value of the rupiah, encourage smooth production and development and expand employment opportunities to improve people's lives. In Indonesia the Central Bank is Bank Indonesia".

Cashmere, Bank Indonesia are as follows:

"Bank Indonesia is a bank that regulates various activities with the world banking and the financial world in a country where in a country there is only one (1) Central Bank assisted by its branches.

Banks can also be interpreted as business entities that collect funds from the public in the form of savings and distribute them to the public in the form of credit or other forms in order to improve the standard of living of the people at large.

Thus, based on the above opinion, the authors can conclude that Bank Indonesia is the Central Bank of the Republic of Indonesia, which is a legal entity that has the authority to carry out legal actions. Bank Indonesia as a public legal entity has the authority to stipulate legal regulations implementing laws that are binding on the entire public at large, according to their duties and authorities. Meanwhile, as a civil law, Bank Indonesia can act for and on its own behalf inside and outside the court.

Role and Functions of Bank Indonesia

Bank Indonesia is an independent state institution that is not on a par with high state institutions such as the People's Representative Council (DPR), the Supreme Audit Agency (BPK), and the Supreme Court (MA). Bank Indonesia's position is not the same as a department because Bank Indonesia's position is outside the government. This special status and position is needed so that Bank Indonesia can carry out its role and function as a more effective and efficient monetary authority. Although Bank Indonesia is positioned as an independent institution, in carrying out its duties, Bank Indonesia has a good working relationship and coordination with the DPR, BPK, the Government and other parties.

In accordance with Article 7 of Law of the Republic of Indonesia Number 23 of 2004 concerning Bank Indonesia as amended by Law of the Republic of Indonesia Number 3 of 2004 Article 7 paragraph (1) and paragraph (2) which states that: The objective of Bank Indonesia is to achieve and maintain stability of the rupiah. To achieve the objectives referred to in paragraph (1), Bank Indonesia implements monetary policy in a sustainable, consistent, transparent manner and must take into account the government's general policies in the economic sector

According to Kasmir in his book entitled "Banks and Other Financial Institutions", the meaning of the stability of the rupiah value desired by Bank Indonesia is: The stability of the rupiah value of goods and services can be measured by or reflected in developments in the inflation rate. The stability of the value of the rupiah against other countries' currencies. This can be measured by or reflected in the development of the rupiah exchange rate against other countries' currencies.

According to Ibnu Syamsi, in his book "Fundamentals of State Financial Policy", in order to achieve and maintain stability in the value of the rupiah, Bank Indonesia has the following tasks:

a. Establish and implement monetary policy.
b. Manage and maintain the smooth running of the payment system.
c. Manage and supervise the Bank.

Financial Services Authority

The Financial Services Authority which is the sole authority in the financial services sector in Indonesia, the Financial Services Authority is a financial services supervisory institution such as the banking industry, capital markets, mutual funds, finance companies, pension funds and insurance which had to be formed in 2010.

The Financial Services Authority has been established by Law No. 21 of 2011 which will come into effect on January 1, 2013. And is an institution that has a government function in regulating and supervising the activities of the financial services sector. The Financial Services Authority has regulatory functions, duties and authorities, supervision, examination and investigation of all activities in the financial services sector, both from the banking sector, capital markets, and the non-bank financial services sector such as insurance, pension funds, financing institutions and other financial services institutions.

The existence of the Financial Services Authority (OJK) as a financial sector supervisory institution in Indonesia needs to be considered, because everything must be properly prepared to support the presence of the OJK. 24 Article 1 of Law Number 21 of 2011 states: “The Financial Services Authority, hereinafter abbreviated as OJK, is an institution that is independent and free from interference from other parties, which has the functions, duties and authority to regulate, supervise, examine and investigation as referred to in this Law.

The financial services authority can also be interpreted as a financial services supervisory institution such as the banking industry, capital markets, mutual funds, finance companies, pension funds and insurance. Basically, the Law on OJK only regulates the organization and implementation of financial activities by institutions that have the power to regulate and supervise the financial services sector. Therefore, with the establishment of the OJK it is hoped that a more effective coordination mechanism will be achieved in handling problems that arise in the financial system. Thus it can better guarantee the achievement of financial system stability and the existence of more integrated regulation and supervision.

Role and Functions of the Financial Services Authority

Based on Article 34 of Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia, the government was mandated to form an independent financial services sector supervisory agency, and at the end of 2010 it was born with the name Financial Services Authority, abbreviated as FSA name. This institution has the task of overseeing the independent banking industry, insurance, pension funds, capital markets, venture capital and finance companies as well as other bodies that manage public funds.

The Financial Services Authority was formed to anticipate the complexity of the global financial system from the threat of a crisis, the formation of the Financial Services Authority was based on a good motivation, namely to improve the quality of supervision of banking, capital markets and non-bank financial institutions capital market supervisory bodies and financial institutions (Bapepam-LK) and institutions bank finance which so far has been under the auspices of Bank Indonesia[1].

In Article 6 of Law Number 21 of 2011 the duties of the Financial Services Authority are to regulate and supervise:

a. Financial services activities in the banking sector.
b. Financial services activities in the Capital Market sector.
c. Financial service activities in the Insurance sector, Pension Funds, Financing Institutions and Other Financial Services Institutions.

It is not only contained in article 6 of the regulatory task of the Financial Services Authority but is also mentioned in article 8 of Law Number 21 of 2011, namely as follows: Establish implementing regulations of the Financial Services Authority Law.

a. Establish laws and regulations in the financial services sector.
b. Establish regulations and decisions of financial services authorities.
c. Establish regulations regarding supervision in the financial services sector.
d. Establish policies regarding the implementation of the duties of the Financial Services Authority.

[1]Rachmadi Usman, Aspek-Aspek Hukum Perbankan Di Indonesia, Gramedia Pustaka Utama, Jakarta, 2001.

e. Establish regulations regarding procedures for issuing written orders against financial service institutions and certain parties.
f. Establish regulations regarding procedures for determining statutory managers in financial service institutions.
g. Establishing the organizational structure and infrastructure as well as managing, maintaining and administering assets and liabilities.
h. Establish regulations regarding procedures for imposing sanctions in accordance with statutory provisions.

Research Methodology

This study uses a type of normative juridical research, where in this study the authors examine documents and literature related to this research.

The aspects in this study are: The Supervision Function of Bank Indonesia was transferred to the Financial Services Authority and the Obstacles Faced by Bank Indonesia since the Transfer.

Sources of Legal Materials

Primary legal material is legal material consisting of legal rules based on the hierarchy of statutory regulations as stipulated in the Constitution of the Republic of Indonesia and other regulations related to the problems in this study which are obtained directly, in the form of subject opinions, events or activities and the test results are relevant to the problem with this study.

Secondary legal materials are legal materials obtained from books, texts, journals, expert opinions related to the problems in this study.

Tertiary legal materials are laws that provide meaningful instructions or explanations of primary materials and secondary legal materials such as legal dictionaries and others.

Procedure for Collection of Legal Materials

Both primary legal materials and secondary legal materials are collected based on the topic of the problem that has been formulated based on a purposive sampling system and classified according to sources and hierarchies for a comprehensive review.

Processing and Analysis of Legal Materials

The legal material obtained through the study of literature, statutory regulations, and so on is intended by the author to describe and relate it in such a way that it is presented in a more systematic writing in order to answer the problems that have been formulated. Based on the results of the analysis, conclusions are then drawn using inductive thinking methods, namely a pattern of thinking that is fundamental to things that are specific, then a general conclusion is drawn. Furthermore, existing legal materials will be analyzed to see their relevance to the transfer of the supervisory function of Indonesian banks to the financial services authority.

Discussion

Transfer of the Supervision Function of Bank Indonesia to the Financial Services Authority

Today the economy of a country is heavily influenced by the existence of banking institutions. A good economy can be accelerated with a healthy banking system. Bank according to Law no. 10 of 1998 article 1 number 2 concerning Banking is a business entity that collects funds from the public in the form of savings and distributes them to the public in the form of credit or financing and or other forms in order to improve the standard of living of the people at large.

In today's modern world, the main role of banking in advancing the economy of a country is very large. Almost all developing sectors with various financial activities always need bank services. Therefore, at present and in the future we cannot be separated from the world of banking, if we want to carry out financial activities, both individually and institutionally, both socially and corporately.

Banks are part of a country's financial and payment system, even in the current era of globalization, banks have also become a part of the world's financial and payment system. Bearing in mind such matters, once a bank has obtained a license to stand and operate from the monetary authority of the country concerned, the bank belongs to the public. Therefore, its existence must not only be maintained by the bank owners themselves, but also by the national and global community.

Therefore, it is very necessary to supervise from an institution that is independent from government influence, in Indonesia the institution is called Bank Indonesia (BI) as the Central Bank. Bank Indonesia is an independent State Institution, free from interference by the Government and/or other parties, except for matters expressly provided for in Law no. 3 of 2004 Article 4 paragraph 2 concerning Bank Indonesia.

With the existence of this Law on Bank Indonesia, other parties are prohibited from engaging in any form of interference with the implementation of Bank Indonesia's duties. Bank Indonesia in carrying out its duties must refuse and ignore all forms of interference with the duties of Bank Indonesia, as well as the Board of Governors and Bank Indonesia officials who do not reject the interference of other parties,

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The hands of other parties, subject to the threat of severe punishment and large fines

Bank Indonesia as the central bank has a very important role in a country's economic system, especially in relation to financial markets. This can be seen from the large influence of the Central Bank on interest rates, determining the amount of credit and the money supply, all of which affect financial markets and the inflation rate. As the monetary, banking and payment system authority, the main task of Bank Indonesia is not only to maintain monetary stability, but also the stability of the financial system (banking and payment systems).

Bank Indonesia's success in maintaining monetary stability without being followed by financial system stability will not mean much in supporting sustainable economic growth. Monetary stability and financial stability are like two sides of a coin that cannot be separated.

Monetary policy has a significant impact on financial stability and vice versa, financial stability is the pillar that underlies the effectiveness of monetary policy. The financial system is one of the monetary policy transmission channels, so that if there is financial system instability, monetary policy transmission cannot run normally. Conversely, monetary instability will fundamentally affect financial system stability due to the ineffective functioning of the financial system. This is the background why financial system stability is still the duty and responsibility of Bank Indonesia.

The occurrence of the global financial crisis in most countries in the world has resulted in the financial system including banking institutions not carrying out their functions and roles effectively. These conditions could have a negative impact on financial system stability and threaten the sustainability of the national economy. Likewise, Indonesia experienced a financial crisis as a result of the global financial crisis and the political crisis that hit in the 2007-2008 period which resulted in the financial system including banking institutions being unable to carry out their functions and roles effectively.

The impact of the global financial crisis, in the period 2007-2008 the Indonesian government was politically in crisis due to the transition from the New Order era to the Reformation era. If it is not immediately anticipated and handled comprehensively, this condition will not only have an impact on the poor aspects of banking liquidity, but also on the solvency and profitability of banking institutions nationally. As a precautionary measure, the Government then made efforts to improve and amend Law Number 7 of 1992 concerning Banking by issuing Law Number 10 of 1998 concerning Banking.

Indonesian Banking Law has entered a new chapter, with the promulgation of the Financial Services Authority Law (hereinafter referred to as OJK) on November 22, 2011. Where regulation and supervision of the banking sector is no longer at Bank Indonesia but is transferred to the financial services authority, namely an independent institution. Which has the functions, duties and authority to examine and investigate financial services in Indonesia, thus all financial service activities in the banking sector, capital market, insurance, pension funds, financing institutions and other financial service institutions are within the authority of the OJK.

Separation of the banking supervision function from the central bank also occurs in many countries, the decision to place the banking supervision function at the central bank or choose to place it in an independent body outside the central bank in each country has certain reasons. The choice to place the banking supervision function in Indonesia is no longer at Bank Indonesia but transferred to an independent body that has a juridical basis in Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia. Article 34 of Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia stipulates that the task of supervising banks will be carried out by an institution which in this article is referred to as a financial sector supervisory institution (hereinafter referred to as LPJSK) which is independent in nature and by this law it is mandated that no later than December 30 2010 a law has been formed for LPJSK.

After 2002, LPJSK could not be formed so that changes to Law Number 23 of 1999, namely Law Number 3 of 2004, postponed the target date to December 31, 2010 at the latest. OJK) entered the discussion stage at the new DPR in 2010. Even after 2010 the OJK Bill had not been promulgated, there were many dynamics in the process of deliberating the OJK Bill, both within the DPR and outside the DPR. Law Number 21 of 2011 concerning the Financial Services Authority was formed with the aim that all activities within the financial services sector can be carried out in an orderly, fair, transparent and accountable manner, able to realize a financial system that grows sustainably and stably, and is able to protect the interests of consumers and society, which is realized through the existence of an integrated regulatory and supervisory system for all activities in the financial services sector.

OJK carries out regulatory and supervisory duties on financial service activities in the banking sector, capital markets, insurance, pension funds, financing institutions and other financial services institutions, including conducting supervision, inspection, investigation, consumer protection, and other actions against Financial Services Institutions, actors, and/or supporting financial services activities as referred to in laws and regulations in the financial services sector, including licensing authority to Financial Services Institutions. Articles 40 and 41 of the OJK Law stipulate that Bank Indonesia can carry out direct inspections of banks by submitting prior written notification to the OJK, but in such inspections Bank Indonesia cannot provide an assessment of the bank's soundness level.

The report on the results of the bank inspection conducted by Bank Indonesia is submitted to OJK, then OJK informs the Deposit Insurance Corporation (LPS) regarding problem banks that are currently undergoing restructuring efforts by OJK. If the bank experiences liquidity difficulties and/or its health condition worsens, OJK will immediately inform Bank Indonesia to take steps in accordance with Bank Indonesia's authority.

Accordingly, the factors causing banking supervision authority by Bank Indonesia to shift to the Financial Services Authority are;

a. the existence of banks that are under unhealthy supervision or failing banks, which are considered as a form of Bank Indonesia's lack of success as a central bank in realizing a stable, transparent and accountable economic system
b. lack of effective banking supervision, so that the task of banking supervision has been transferred to the Financial Services Authority (Article 8 letter c of the Bank Indonesia Law);
c. Indonesia's financial system is unstable, so that Bank Indonesia needs to rearrange the stability of the rupiah value as mandated by article 7 of the Bank Indonesia Law.

The objectives of BI as stipulated in Article 7 can only be implemented effectively if Bank Indonesia has the authority to determine and implement monetary policy, regulate and maintain the smooth operation of the payment system; the many problems in the financial sector and consumer protection that have not been maximized and coordination that has not been good across financial services sectors.

In accordance with the mandate of Law Number 21 of 2011 concerning the Financial Services Authority, as of 31 December 2013, marked by the signing of the BAST between Bank Indonesia and the Financial Services Authority, the task of banking regulation and supervision was transferred from Bank Indonesia to the Financial Services Authority. Since 31 December 2013, supervision of individual banks (microprudential) has been carried out by the Financial Services Authority. However, supervision of macroprudential is still carried out by Bank Indonesia, in coordination with the Financial Services Authority.

Governor of Bank Indonesia, Agus D.W. Martowardojo said that Bank Indonesia transferred the bank supervision function to the Financial Services Authority in a healthy banking condition with proper regulations. "Going forward, Bank Indonesia and the Financial Services Authority will continue to cooperate and coordinate so that it is hoped that the right balance will be obtained regarding the policy mix between macroprudential and microprudential to maintain financial system stability," added Agus.

The transfer of bank regulatory and supervisory functions that was carried out today has gone through a long process marked by the formation of the OJK Task Force Team at Bank Indonesia and the Transition Team for the Transfer of Bank Supervision Functions at the Financial Services Authority since early 2013. Through these two teams, Bank Indonesia and The Financial Services Authority has carried out very good coordination, not only in relation to the transfer of human resources, but also in relation to the transfer of documents, data and information systems as well as the use of Bank Indonesia buildings as offices of the Financial Services Authority both at the Central and regional levels.

Obstacles Faced by Bank Indonesia Since the Transfer Function was Transferred

To realize a national economy that is able to grow in a sustainable and stable manner, it is necessary to carry out regular, fair, transparent and accountable activities in the financial services sector as well as being able to create a financial system that grows in a sustainable and stable manner and is able to protect the interests of consumers and the public. OJK, which has the functions, duties and regulatory authority and supervision of activities in the financial services sector in an integrated, independent and accountable manner (OJK, 2014: 19).

Since 31 December 2013 the functions, duties and authorities for regulation and supervision of financial services activities in the banking sector have shifted from BI to OJK. Regulation and supervision regarding institutions, health, prudential aspects, and bank inspections is the scope of microprudential regulation and supervision which is the duty and authority of the OJK. The scope of macroprudential regulation and supervision is the duty and authority.

Supervision is the process of setting performance measures and taking actions that can support the achievement of the expected results in accordance with the predetermined performance. Banking supervision aims to optimize the functioning of Indonesian banking in order to create a banking system that is healthy as a whole and individually and is able to properly maintain the interests of society, develop fairly and benefit the national economy (OJK, 2017: 22).

Bank supervision can be divided into two types, viz

- Indirect supervision and direct supervision.
- Indirect supervision is carried out by bank supervisors through research and analysis of mandatory reports (Eng. For example: balance sheets, calculations of profit/loss and comprehensive income, as well as commitments and contingencies) to supervisory authorities, including other information deemed necessary, both both qualitative and quantitative. This activity is intended to carry out an assessment of the factors that affect the performance and development of the bank, compliance with applicable regulations, as well as the application of an early warning system (early detection) to determine the level of difficulties faced by the bank earlier.

In order to create healthy and efficient banking, the purpose of bank control is actually to assess two things contained in every bank activity, namely risks and elements or resources within the bank that can handle or control these risks (Adrian Sutedi, 2014: 152).

Direct supervision can be in the form of general inspections and special inspections, which aim to get an overview of the bank's financial condition and to monitor the level of bank compliance with applicable regulations and to find out whether there are unhealthy practices that endanger the continuity of the bank's business.

a. Bank Indonesia's authority after the entry into force of the Financial Services Authority Law The authority of Bank Indonesia after the entry into force of the OJK Law in bank supervision only covers the macroprudential sector. Based on Bank Indonesia Regulation Number 16/11/PBI/2014 concerning Macroprudential Regulation and Supervision, BI's authority in bank supervision is for Bank Indonesia to carry out macroprudential supervision through Financial System surveillance and examination of banks and other institutions that have links with banks if necessary.
b. Bank Indonesia conducts surveillance in order to carry out an assessment of Risk through monitoring the development of Financial System conditions, identification and analysis of Financial System risks, as well as Financial System risk assessments.
c. Banks are required to provide and submit data and information required by Bank Indonesia and must be responsible for the correctness of data and information submitted through the Bank's reporting system, face-to-face meetings, and/or other means of communication determined by Bank Indonesia.
d. Bank Indonesia conducts the same inspection on Systemically Important Banks and/or other Banks to ensure that Systemic Risk originates from the Bank's business activities with the scope of the inspection which may include examining the implementation of policies and provisions stipulated by Bank Indonesia and/or the fairness of the data submitted by the Bank to Bank Indonesia.
e. In carrying out the audits referred to in the Article, Bank Indonesia may conduct inspections of the parent company, affiliated companies and subsidiaries of Banks that are deemed to provide significant risk exposure to the Bank or have a systemic impact.
f. The Bank provides the examiner with: documents and/or data requested, information and explanations relating to the activities being examined, both verbally and in writing, access to the Bank's information system; and/or other things required in the inspection and are prohibited from obstructing the inspection process.

g. Bank Indonesia may assign other parties to conduct inspections which are required to maintain the confidentiality of data and information obtained from the results of the inspection

The author sees that in terms of supervising banking activities the inhibiting factor is when information is closed about technical implementation and presentation of existing data but in terms of accountability it is weak. If you want to say that the banking sector is in good health and carrying out its activities has met operational standards, work will automatically not increase the number of complaints and reports from the public to the OJK. Thus, what becomes an obstacle for BI is:

a. Allocation of Human Resources One of the most important aspects for the performance of banking regulation and supervision is to improve management and increase human resources (HR). This is done by BI and BI will experience a shortage of human resources in the field of banking supervision, so that BI needs to improve the quality of human resources, especially in the field of bank supervision.
b. Improving Good Corporate Governance Efforts to strengthen GCG in banks are absolutely necessary. This is intended so that the interests of customers and the banking industry can be protected, because without GCG the banking industry cannot develop quickly and healthily. BI as the central bank has an important role to play in creating GCG in order to strengthen the internal conditions of national banking. Not recur in the future.
c. Financial literacy means knowledge and skills to apply understanding of concepts and risks, skills to be able to make effective decisions in the context of financing to improve welfare in managing finances, both individually and socially, and to be able to participate in the community environment.
d. Financial inclusion is an idea by OJK and BI whose benefit is the fulfillment of everyone's right to have access and full services from financial institutions in a timely, convenient, informative and affordable manner with full respect for their dignity. Financial services are available to all segments of society from various regions and regions. This financial inclusion is sustainable and is expected to have a positive impact on people's welfare through increased understanding.

Another obstacle faced by BI is the rapid development of the financial system and information technology as well as financial innovation which ultimately creates a financial system that is increasingly complex, dynamic and interconnected with each other between financial sub-sectors and financial institutions and the high number of financial conglomerates in Indonesia. Apart from that, there are also obstacles in the form of convoluted bureaucracy and the OJK will be more responsive to the problems of bank financial institutions.

Conclusion

Separation of the banking supervision function from the central bank also occurs in many countries, the decision to place the banking supervision function at the central bank or choose to place it in an independent body outside the central bank in each country has certain reasons. The choice to place the banking supervision function in Indonesia is no longer at Bank Indonesia but transferred to an independent body that has a juridical basis in Law Number 3 of 2004 concerning Amendments to Law Number 23 of 1999 concerning Bank Indonesia.

The factors causing the authority of banking supervision by Bank Indonesia to be transferred to the Financial Services Authority are;

(a) the existence of banks that are under unhealthy supervision or failing banks, which are considered as a form of Bank Indonesia's lack of success as a central bank in realizing a stable, transparent and accountable economic system;
(b) lack of effective banking supervision, so that the task of banking supervision has been transferred to the Financial Services Authority (Article 8 letter c of the Bank Indonesia Law);
(c) Indonesia's financial system is unstable, so that Bank Indonesia needs to rearrange the stability of the rupiah value as mandated by article 7 of the Bank Indonesia Law.

This banking supervision aims to increase the independence and effectiveness of banking supervision which was previously carried out by Bank Indonesia and since December 31, 2013 will be transferred to the Financial Services Authority. This was achieved by increasing the competence of bank examiners, increasing coordination between supervisory institutions, developing risk-based supervision, increasing enforcement effectiveness, and consolidating banking sector organizations. In the future, it is hoped that the bank supervision function carried out by the Financial Services Authority will be more effective.

Supervision of banking activities is a factor that becomes an obstacle when information is closed about technical implementation and the presentation of existing data but in terms of accountability is weak. If you want to say that the banking sector is in good health and carrying out its activities has met operational standards, work will automatically not increase the number of complaints and reports from the public to the OJK. Thus, the obstacles for BI are: Allocation of Human Resources, Improvement of Good Corporate Governance, Financial literacy and financial inclusion.

Suggestion

a. To be able to realize Indonesian banking restructuring, the Financial Services Authority must be developed by realizing a form of supervision that underlies all the objectives of banking restructuring, as well as creating effective communication and coordination between related institutions.
b. Banking supervisory institutions should be carried out by the OJK by forming and creating coordination with Bank Indonesia, while the supervision of non-bank financial institutions is carried out by the existing Bapepam-LK and
c. The Financial Services Authority must truly foster public trust in financial institutions so that increased consumer protection can work better than before and be able to minimize the systemic impacts that trigger a crisis.

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