

P2SK Law and its relation to Personal Data Protection

Prepared by:

[Mika Isac Kriyasa](#) (Partner) and Maharani Athina Nelwan (Associate)

The President of the Republic of Indonesia issued Law No. 4 of 2023 concerning the Development and Strengthening of the Financial Sector ("**P2SK Law**") which comes into force on the date of its promulgation, 12 January 2023. The P2SK Law was issued to support and realize the efforts to develop and strengthen the financial sector in Indonesia in line with the development of the increasingly complex and diverse financial services industry. It is also in line with the fast-moving, competitive and integrated national and international economy, an increasingly advanced financial system as well as to strengthen the regulatory and supervisory framework for the financial services institutions, and the new arrangements and amendments to the various regulations in the financial sector which are needed.

The P2SK Law will amend 17 laws related to the financial sector, effective no later than 2 years from when this law was issued. This article will only cover the amendments stipulated in the P2SK Law and its relation to privacy data protection.

The P2SK Law amends Law No. 7 of 2011 concerning Currency ("**Currency Law**"), by adding Article 14A to the Currency Law. It provides for the management of the digital Rupiah, which includes planning, issuance, distribution and administration. The management of the digital Rupiah must pay attention to the aspects of utilizing digital technology which can guarantee the security of data and information as well as personal data protection.

Further, the P2SK Law also provides that the parties that engage in Technological Innovation in Financial Sector ("**ITSK**"), which consists of Financial Services Institutions ("**LJK**") and/or other parties that carry out activities in the financial sector in accordance with the statutory provisions must apply the principles of consumer protection and personal data protection. Bank Indonesia ("**BI**") and the Financial Services Authority ("**OJK**") will also regulate and supervise ITSK within their respective competencies, including the consumers' personal data protection.

In using consumer data and/or information, a Financial Sector Business Actor ("**PUSK**") may exchange the consumer data and/or information with other parties, either directly by the PUSK itself or through an integrated data management infrastructure facilitated by the financial sector authorities. However, the use of consumer data and/or information must still comply with the laws and regulations regarding personal data protection as well as the other laws and regulations stipulated by the financial sector authorities. The exchange of consumer data and/or information in the financial sector can only be carried out with the consumer's approval in writing and/or if the PUSK is obliged to provide the consumer data and/or information pursuant to the laws and regulations.

A PUSK may also transfer consumer data and/or information to other parties outside the jurisdiction of the Republic of Indonesia by fulfilling the requirements in Law No. 27 of 2022 concerning Personal Data Protection ("**PDP Law**").

Moreover, the P2SK Law also amended Law No. 7 of 1992 concerning Banking as several times amended, most recently by Government Regulation in Lieu of Law No. 2 of 2022 concerning Job Creation ("**Banking Law**"), by adding articles related to the implementation of opening up access and customer information, which must be carried out in accordance with statutory provisions including the PDP Law,

which regulates the obligation to implement the principle of personal data protection in processing, valid approval from the personal data's owner for specific purposes, implementation of risk management, deletion and/or termination of the use of personal data and the processing of the transaction in the event that the customer withdraws the consent given and also governance policies and procedures. In line with this, the same provision has also been added to Law No. 21 of 2008 concerning Sharia Banking regarding the implementation of opening up access to the data and information of customers.

In connection with the above, the provisions stipulated in this P2SK Law emphasize even more deeply that in using personal data from customers in the financial services sector, providers are required to apply the principles of protecting the personal data of the customer. The providers are also required to comply with the provisions in the PDP Law as stipulated in each of the amendments to the above regulatory provisions.

Hopefully, the P2SK Law will be properly implemented by the government in the exercise of its responsibility to bring about national development supported by a resilient economy through more optimal development and strengthening of the financial sector.

-o0o-

The article above was prepared by Dentons HPRP's lawyers

This publication is not intended to be a comprehensive review of all developments in the law and practice, or to cover all aspects of those referred to. Readers should take legal advice before applying the information contained in this publication to specific issues or transactions or matters. For more information, please contact us at dentons.hprp@dentons.com.

No part of this publication may be reproduced by any process whatsoever without prior written permission from Hanafiah Ponggawa & Partners.