

Digital Payments Made Easier Thanks to Cross Border QRIS & National Open API Payment Standard (SNAP)

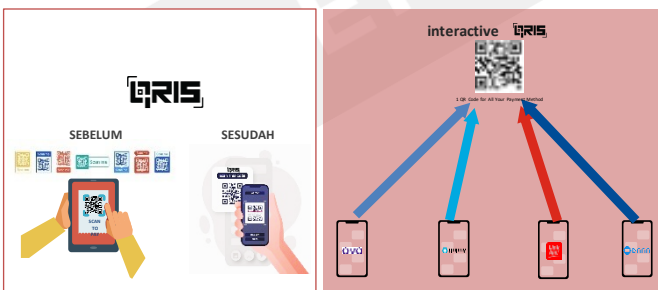
Bank Indonesia (“BI”) has issued Bank Indonesia Regulation No. 23/6/2021 concerning Payment Service Providers (“PBI PJP”) and Bank Indonesia Regulation No. 23/7/PBI/2021 concerning Payment System Infrastructure Operators (“PBI PIP”) in order to optimize and accelerate Payment Service Provider (“PJP”) and Payment System Infrastructure Operator (“PIP”) practices. These two regulations are applied together with the coming into effect of the master regulation, Bank Indonesia Regulation No. 22/23/PBI/2020 concerning the Payment System (“PBI SP”). This PBI SP also integrates the scattered regulations regarding the implementation of a national standard for the payments system through Bank Indonesia Regulation No. 23/11/PBI/2021 concerning the National Payment System Standard (“PBI SNSP”).

The QR Code Indonesian Standard (QRIS) had already begun to be implemented on 17 August 2019 through Regulation of the Board of Governors No. 21/18/PADG 2019 (“PADG 21/2019”), i.e., before PBI SNSP, PBI PIP, and PBI PJP came into effect. Since PADG 21/2019 came into effect, it has been possible to scan a QR code using any QR payment application, even one from a different provider. Each QRIS merchant has a National Merchant ID (NMID) to verify the transaction recipient at the time of payment.

SNAP

When shopping online, for example with an e-commerce app, payment is made by transferring the user from the payment page to the payment application selected. This happens through an Application Programming Interface (“API”) feature. The API came into effect together with QRIS. However, there was no standard yet and different PJP could not connect with each other because they each had their own programming language.

For this reason, BI established SNAP to provide a standard with technical, data, and management capabilities. For business players, whether or not they are banks, and fintech apps, SNAP supports integration, interconnectivity, and interoperability between different payment service providers (PJP), thus increasing the efficiency of the payment system. For customers, on the other hand, SNAP provides them with access to more than one bank or fintech app to make payments, standard use of Bahasa Indonesia, and standard consumer protection so that customers’ digital payment data and information can be protected. SNAP exists to safeguard service quality and security so that standards are met and communication takes place in one Language which is more efficient and safer.



Source: [QRIS \(Quick Response Code Indonesian Standard\) One QR Code for All Payments](#)

When PBI SNSP came into effect on 17 August 2021, BI launched the Cross Border QRIS and National Open API Payment Standard (“SNAP”).

This standardization is being carried out in stages, firstly for the first movers (Mandiri, BNI, BRI, BCA, Nobu, Gopay, OVO, LinkAja, Dana, DOKU, Midtrans, SPOTS, Yokke, BukaLapak, Tokopedia, and Shopee) as the industry players who took part in compiling the SNAP with implementation no later than on 30 June 2022, for industry players in open API no later than on 30 June 2024, and for Micro Small and Medium Enterprises (UMKM) no later than on 20 June 2025. Players who have not joined must use SNAP immediately on joining.

Cross Border QRIS

Development of QRIS with Thailand QR Payment will facilitate cross border electronic payments without currency changes being necessary. Thus, Thai tourists visiting Indonesia can make payments with QRIS on the basis of the connectability with Thailand QR Payment. The implementation of Cross Border QRIS and SNAP is provided for in Regulation of the Board of Governors No. 23/15/PADG/2021.

New PJP and PIP Provisions

The central bank has set a number of capitalization provisions for PJP and PIP in PBI PJP and PBI PIP. Under these two PBI, a business entity can be included in the category of PJP if it is a payment company which currently has a licence to provide e-money, e-wallet, payment gateway, and fund transfer services and merchant acquisition services. This is done on the basis that because of increasing exposure, an increasing number of businesses, and the increasing complexity of their activities, it is considered necessary to regulate further the mandatory capitalization of the payment system, risk management, and information system security standards based on the classification of Systemic Payment System Operators (PSPS), Critical Payment System Operators (PSPK), and General Payment System Operators (PSPU).

With regard to capitalization, the initial paid up capital for companies entering the industry and needing a licence from Bank Indonesia is set in PBI PJP for PJP and in PBI PIP for PIP. The amount of PJP capital is determined on the basis of the licence category. A category 1 licence means the company provides the most complete range of services, a category 2 licence means the company does not do issuing, and a category 3 licence involves remittances. Thus the greater the number of types of business, the higher the minimum amount of capital.

Specifically, under Article 24 paragraph (2) of PBI PJP, the minimum amount of paid capital for a prospective PJP for a category one licence is Rp. 15,000,000,000 (fifteen billion Rupiah), for a category two licence is Rp. 5,000,000,000 (five billion Rupiah), and for a category three licence for a company which does not provide a system which can be used by other category three PJP is Rp. 500,000,000 (five hundred million Rupiah), while a category three licences for a company which provides a system which can be used by other category three PJP is Rp. 1,000,000,000 (one billion Rupiah). Under Article 26 paragraph (2) of PBI PIP, on the other hand, the minimum amount of paid up capital for a party which will be established as a PIP is Rp. 100,000,000,000 (one hundred billion Rupiah).

Through PBI PJP and PBI PIP, BI supports the efficient simplification of the PJP licensing and PIP establishment processes and the development of activities, products and/or cooperations with a risk-based approach. The PJP licensing and PIP establishment processes are implemented with Service Level Agreements from BI and the Applicant as follows:

- i. (BI SLA) First Analysis no later than 20 (twenty) Business Days after the documents are complete;
- ii. (Applicant SLA) If the required documents are not complete, the Applicant may remedy the situation within 40 (forty) Business Days;
- iii. (BI SLA) On the Applicant's remedial action, BI carries out a Second Analysis within 20 (twenty) Business Days;
- iv. (BI SLA) If the remedy is considered sufficient, BI will make a field inspection within 20 (twenty) Business Days;
- v. (Applicant's SLA) If there are any findings in the BI field inspection, the Applicant must remedy the situation and make a report to BI within 120 (one hundred and twenty) Business Days from when BI's field inspection is completed;
- vi. (BI SLA) On the Applicant's remedial action, if the application is still rejected by BI, the Applicant may re-submit its application for a new licence/establishment after 180 (one hundred and eighty) Business Days (the Grace Period from the refusal).

In addition, the licensing and establishment status is published openly by BI on the BI website or in other media to increase transparency. BI also categorises the risk-based activities as low risk, medium risk, and high risk, each category having an increasing number of requirements as it approaches the high-risk category.

With the new regulations regarding the above matters for PJP and PIP businesses, the operation of the digital payment system in Indonesia is becoming more mature, regulated, and supportive of sound business practice.

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