

SNAPSHOT

HIGHLIGHTS FOR THIS WEEK:

- **Economy:** IDX and financial regulator OJK tested by MSCI's rating downgrade at the heels of Thomas Djiwandono's appointment as Deputy Governor to Central Bank.
- **Energy:** Indonesian government to introduce Tin Benchmark Price as part of price stabilization measures.
- **Regulatory:** Biometric-based registrations to limit SIM cards targeted to curb digital crime, with upcoming regulation on e-commerce administrative fees to strengthen UMKM protection.
- **Politics & Governance:** Indonesia joins Board of Peace while Pertamina corruption case highlights political interference, risking investor trust in SOEs.

ECONOMY

OJK AND IDX CHIEFS RESIGN FOLLOWING TWO-DAY TRADING HALTS AND POSSIBLE EQUITIES DOWNGRADE

IDX and OJK chiefs, alongside three other high-level OJK executives, **resigned on Friday, Jan 30** following consecutive trading halts at IDX earlier in the week between Wednesday (Jan 28) to Thursday (Jan 29). The IDX Composite Index **dipped by more than 8% on each day**, highlighting negative market sentiment following **MSCI's** (formerly known as Morgan Stanley Capital International) **warning of downgrading Indonesian equities** to Frontier Markets from Emerging Markets. The downgrade was spurred by MSCI's clients alleging **lack of transparency surrounding shareholding composition** in firms and **coordinated trading behaviors** among investors. These factors were deemed to challenge "proper price formation".

The index provider has given **a deadline on May** for Indonesia **to clarify its equities trade governance** and therefore, reassess its reclassification. While the downgrade highlights reduced investor confidence, it also presents an opportunity for Indonesia to **overhaul its stock exchange** and **provide a transparent and accountable system** for investors. Initial commitment by the country has been marked with a new President Commissioner appointed on Jan 31 to lead OJK.

THOMAS DJIWANDONO APPOINTED AS DEPUTY GOVERNOR OF CENTRAL BANK AMID WEAKENING RUPIAH

The rupiah **weakened to IDR16,806 against US dollar during morning trading on Jan 27**, while the IDX Composite fell by 0.60% or 53.67 points to the level of 8,921. The downturn was fueled by a combination of **domestic jitters** from former Deputy Finance Minister Thomas Djiwandono's appointment to the Central Bank, with **stronger US dollars**, driven by easing trade tensions following Canada's pivot away from China free trade deal.

Investors have adopted a **"wait-and-see" stance**, cautious that the President's nephew's appointment may signal a **shift towards "pro-growth" mandates** at the expense of central bank independence. For businesses, this volatility necessitates **immediate recalibration of liquidity management** and **foreign exchange hedging**, as the market prices places a higher risk premium for Indonesian assets amid these governance tests.

ENERGY

BENCHMARK PRICE FOR TIN PREPARED, GOVERNMENT TARGETS PRICE STABILIZATION

The GoI is preparing regulations on a **Tin Benchmark Price Index (HMP)** to maintain price stability and fairness for producer and small-scale miners. The policy aims to **prevent large business actors from purchasing community-produced tin at low prices**, while encouraging **economic growth**, and **improving public welfare** from rising non-tax revenues.

By setting a price floor upstream, **small-scale miners may increase price certainty and income**, while **for smelters and buyers it could ramp up procurement cost structures**. Currently, pricing formula for the benchmark has yet to be determined though it will reshape the tin sector.



REGULATORY

BIOMETRIC REGISTRATION FOR LIMITED SIM CARDS AS DIGITAL FRAUD PREVENTION MEASURE

Upcoming regulation on mobile number registration **mandates usage of facial recognition starting from January 2026**. The provisions are stipulated in the **Ministerial Regulation for Communications and Digital No. 7 of 2026**, which **requires mobile operators to conduct customer identity verification**, including the collection of biometric facial data, during the registration process for new SIM cards. Furthermore, **prepaid SIM cards may only be distributed in an inactive state**, with **each individual limited to a maximum of three mobile numbers** to prevent misuse by scam factories.

The move intends to **reduce anonymity fueling digital fraud**, ranging from scams to phishing, which costed consumers approximately IDR9.1 trillion between late 2024 to early 2026. While providers face increased compliance and ISO-standard security costs, the proposed system aims to effectively kill burner numbers. However, with 22% or 50 million Indonesian internet users affected by fraud, **the core challenge remains in protecting newly centralized biometric data**. Industry actors should thus **align their KYC systems with stringent standards** for digital crime mitigation amid growing consumer privacy concerns.

UPCOMING E-COMMERCE ADMINISTRATIVE FEE REGULATIONS FOR PLATFORM SUSTAINABILITY

The government is drafting **a new regulatory framework to standardize e-commerce administrative fees and commissions**, addressing a critical legal vacuum in **Law No. 20 of 2008 on MSMEs** and **Government Regulation No. 7 of 2021**. The upcoming framework aims to transition purely-market driven pricing and commissioning mechanisms **to a structured, transparent standard**. The initiative is designed to **foster a sustainable digital economy by balancing platform operational needs with seller viability**. E-commerce platforms would have legal foundation to adjust commission pricing, therefore providing **critical certainty in fee allocation** and **shielding against predatory pricing accusations** while for sellers the move ensures cost-predictability for maintaining margins amid inflationary pressures and market competition.

POLITICS & GOVERNANCE



INDONESIA JOINS BOARD OF PEACE DURING WORLD ECONOMIC FORUM

Indonesia has signed a membership charter for the **Trump-led Board of Peace** on Jan 22. The country views the forum as a platform to end to violence in Palestine, in line with its free and active foreign policy principles. The controversial participation, however, **breaks away from Indonesia's diplomatic convention**, by joining an institutional structure that includes Israel but lacks initial Palestinian representation. The diplomatic gamble is seen as an effort to gain access to global decision-making centers outside UN mechanisms. Indonesia's diverging participation reflects **a new strategy to maintain relevance and Trump-centric channels of influence** at risk of bypassing traditional UN-led multilateralism.

PERTAMINA CORRUPTION TRIAL: GOVERNANCE RISK AND MARKET TRUST

Former Pertamina President Commissioner, **Basuki Tjahaja Purnama (Ahok)**'s testimony on Jan 27 trial over alleged corruption of the firm's crude oil and refinery products highlighted the **intertwining between the SOE's strategic decisions and political mandates**. By framing SOE governance as subject to **external political interference**, the trial risks **eroding investor confidence in corporate autonomy and commercial logic** of Pertamina. Restoring market trust requires institutionalizing **"firewalls" to decouple SOE performance from political cycles** and ensure losses are accountable and addressed via **systemic, transparent reforms**.

Source(s): Katadata, Reuters, Viva News & Insight, Kompas.com, Detik.com, BBC Indonesia

List of abbreviations: IDX (Indonesia Stock Exchange); OJK (Otoritas Jasa Keuangan/Financial Services Authority); Gol (Government of Indonesia); HMP (Harga Patokan Minimum); SIM (Subscriber Identity Module); KYC (Know Your Client); MSMEs (Micro, Small, and Medium Enterprises); UN (United Nations); SOE (State-Owned Enterprise).

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D-Advisory was initiated by Katadata, a leading media and research company in business and economics. D-Advisory provides structured insights to help businesses and organizations navigate complexities and achieve their strategic objectives.



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