

## 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 comission 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); GoI (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).*



For further inquiries, please contact:



[kic@katadata.co.id](mailto:kic@katadata.co.id)

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