Indonesia - OECD Corporate Governance Policy Dialogue

Corporate governance of financial groups

AGENDA

Organised with the support of the Government of Japan

2 December 2015
Indonesia
Guidance for moderators, speakers and participants

Moderators are invited to encourage open discussion among all participants, to maintain the focus on the theme of their session and to be strict in managing time. The objective is to encourage the exchange of views and experience on these issues among all participants.

Speakers should help frame the discussion by providing an analysis of the issues discussed. The initial presentations should last no more than 20 minutes each. If power point presentations are used, please limit the number of slides to 10 and circulate descriptive documentation in advance.

All participants are encouraged to actively and openly participate in discussions to provide valuable inputs to meet the objectives of the discussion.

A paper on corporate governance of financial groups serves as background for this policy dialogue.
08:30 - 09:00 Registration

09:00 – 09:30 OPENING REMARKS

- Mr. Boedi Armanto, Deputy Commissioner of Banking Supervision, OJK
- Mr. Alexander Böhmer, Head of Jakarta Office, OECD
- Mr. Motonobu Matsuo, Director, Planning Division, Planning and Coordination Bureau, Financial Services Agency of Japan

09:30 – 10:30 SESSION 1 : Financial groups/conglomerates in Indonesia

Financial groups and conglomerates are prevalent around the world, including in Indonesia. They are formed for a variety of reasons and within particular contexts. Their group structure, especially when complex, gives rise to various risks that should be accounted for within a corporate governance framework. Setting the scene for this policy dialogue, this session will review:

- Major drivers and risks associated with group structures
- Current developments regarding financial groups/conglomerates in Indonesia

Note: Corporate groups may contain one or more entities engaging in financial activities. A group of companies under common control or dominant influence which conducts material financial activities is hereafter referred as "financial group". Among financial groups, those which conduct material financial activities in at least two of the regulated banking, securities or insurance sectors are hereafter referred as "financial conglomerates". The ultimate parents of financial groups are often regulated financial institutions or financial holding companies, while some may be individual or a group of non-financial companies or natural persons.

Moderator: Mr. Takahiro Yasui, Head of Unit, OECD

Speakers:
- Mr. Stephen Lumpkin, Senior Economist, OECD
- Mr. Sarwono, Director of Development of Banking Supervision, Crisis Management Department, OJK

10:30 – 10:45 Coffee/Tea Break
10:45 – 12:30 SESSION 2: Roles and responsibilities of corporate governance players in financial groups

In order to maximise the benefit of doing business in a group structure and minimise associated risks, financial groups should be managed in an integrated manner, as an enterprise as a whole. This is a significant challenge when the group structure is complex with a large number of related entities. The overall responsibility for good governance is with the boards of directors and boards of commissioners of the top entity, with support from a range of governance functions. The boards of financial subsidiaries are also expected to assume certain responsibilities. This session will explore the roles and responsibilities of:

- Boards of directors and boards of commissioners of the ultimate parent
- Corporate governance committees
- Compliance units/internal audit units/other functions (e.g. risk management unit)
- Boards of directors and boards of commissioners of financial subsidiaries

Moderator: Ms. Ratna Doloksaribu, Senior Analyst, Banking Research and Policy Department, OJK

Speakers:

- Mr. Mak Yuen Teen, Associate Professor, National University of Singapore
- Mr. Michael Schweiger, Senior Subsidiary Governance Officer, Royal Bank of Canada
- Mr. Yotaro Agari, General Manager, Planning Division for Asia & Oceania, Bank of Mitsubishi-Tokyo-UFJ Group
- Dr. Sylvia Veronica, Director of Graduate Program in Accounting, Faculty of Economic and Business, University of Indonesia

12:30 – 14:00 Lunch

14:00 – 15:45 SESSION 3: Supervision and corporate governance of financial groups

The purpose of financial regulation and supervision is to ensure sound management of financial institutions and the stability of financial system as a whole. This is a difficult task when financial entities belong to a financial group with a complex structure. As has been reconfirmed by the recent global financial crisis, sound corporate governance of financial groups is of critical importance. Ensuring the corporate governance of financial groups can be challenging for the supervisors as financial groups are considerably diverse in size, structure and business nature. This session will look into:

- International best practices of financial group supervision, focusing on how to assess the effectiveness of corporate governance
- Regulatory and supervisory framework and implementation to address corporate governance of financial groups in Indonesia

Moderator: Mr. Stephen Lumpkin, Senior Economist, OECD

Speakers:

- Mr. Takahiro Yasui, Head of Unit, OECD
- Ms. Anne Molyneux, Board Member, International Corporate Governance Network
- Mr. Anung Herlianto, Banking Supervision OJK
- Mr. Moez Miaoui, Senior Corporate Governance Officer, IFC
15:45 – 16:00  Coffee/Tea Break

16:00 – 17:00  SESSION 4: Supervision and corporate governance of cross-sectoral conglomerates

As financial conglomerates engage in an array of sectors, they must manage complicated risks. Some of these risks may be addressed by laws and regulations, yet the boards of the ultimate parents must manage these risks by setting up and implementing an effective corporate governance framework, which the supervisors should make sure. Financial conglomerates also bring about significant supervisory challenges, as they may involve different types of financial supervision for banking, securities and insurance industries. This session will discuss:

- Supervisory concerns on cross-sectoral financial conglomerates
- International best practices of financial group supervision, with a focus on effective governance of cross-sectoral financial conglomerates
- Effective coordination of cross-sectoral financial supervision

Moderator: Mr. Adit Jayaantara, Director of Accounting Standards and Corporate Governance

Speakers:
- Mr. Motonobu Matsuo, Director, Planning Division, Planning and Coordination Bureau, Financial Services Agency of Japan
- Crisis Management Department (point 3)

17:00 – 17:30  CLOSING REMARKS

- Ms. Etty Retno Wulandari, Deputy Commissioner for Strategic Management, OJK
- Mr. Alexander Böhmer, Head of Jakarta Office, OECD