

GUIDELINE FOR ASSESSMENT ON SOLVENCY OF SAVING AND LOAN COOPERATIVES UNIT

**(Regulation of Deputy of Supervisory Department of the Ministry of Cooperatives and Small and Medium Businesses of
R.I. Number 06/Per/Dep.6/IV/2016, dated April 19, 2016)**

WITH THE BLESSING OF THE ONE AND ONLY GOD

DEPUTY OF SUPERVISORY DEPARTMENT
OF THE MINISTRY OF COOPERATIVES AND SMALL AND MEDIUM BUSINESS
OF THE REPUBLIC OF INDONESIA

Considering :

- a. Whereas, to implement the provision in Article 31 paragraph (7) of Regulation of Minister of Cooperatives on Small and Medium Businesses of the Republic of Indonesia Number 15/Per/M.KUKM/IX/2015, concerning Saving and Loan Cooperatives, Regulation of Deputy of Supervisory Department of Ministry of Cooperatives, Small and Medium Businesses Number 01/Per/Dep.6/III/2016, concerning Guideline for Assessment of Solvency of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit;
- b. Whereas, to improve effective and efficient liquidity assessment of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit, it is necessary to improve some provisions in Regulation of Deputy of Supervisory Department of Ministry Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number 01/Per/Dep.6/III/2016, concerning Guideline for Assessment of Solvency of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit, so that replacement thereof shall be necessary;
- c. Whereas, based on the consideration referred to in letter a and letter b, it is necessary to stipulate Regulation of Deputy of Supervisory Department of Ministry of Cooperatives, Small and Medium Businesses of the Republic of Indonesia concerning Guideline for Assessment of Solvency of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit;

In view of:

1. Law Number 25 Year 1992, concerning Cooperatives (Statute Book of the Republic of Indonesia Year 1992 Number 116, Supplement to Statute Book of the Republic of Indonesia Number 3502);
2. Law Number 9 Year 2015, concerning Second Amendment to Law Number 23 Year 2014, concerning Regional Administration (Statute Book of the Republic of Indonesia Year 2015 Number 58, Supplement to Statute Book of the Republic of Indonesia Number 5679);
3. Government Regulation Number 4 Year 1994, concerning requirements and procedure for granting approval to Deed of Company Establishment and Amendment to Articles of Association of Cooperatives (Statute Book of the Republic of Indonesia Year 1994 Number 8, Supplement to Statute Book of the Republic of Indonesia Number 3540);
4. Government Regulation Number 9 Year 1995, concerning implementation of business activity on Saving and Loan Cooperatives (Statute Book of the Republic of Indonesia Year 1995 Number 19, Supplement to Statute Book of the Republic of Indonesia Number 3501);
5. Regulation of Minister of Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number: 08/Per/M.KUKM/IX/2015 concerning Organization and Work Procedure of Ministry of Cooperatives, Small and Medium Businesses (State Gazette of the Republic of Indonesia Year 2015 Number 20);
6. Regulation Minister of Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number 10/Per/M.KUKM/IX/2015, concerning Cooperatives Institution (State Gazette of the Republic of Indonesia Year 2015 Number 1489);
7. Regulation of Minister of Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number 15/Per/M.KUKM/IX/2015, concerning Saving and Loan Cooperatives (State Gazette of the Republic of Indonesia Year 2015 Number 1494);

8. Regulation of Minister of Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number 17/Per/M.KUKM/IX/2015, concerning Cooperatives Supervision (State Gazette of the Republic of Indonesia Year 2015 Number 1496).

DECIDES:

To stipulate:

REGULATION OF DEPUTY ON SUPERVISORY DEPARTMENT OF MINISTRY OF COOPERATIVES, SMALL AND MEDIUM BUSINESSES CONCERNING GUIDELINE FOR ASSESSMENT OF SOLVENCY OF SAVING AND LOAN COOPERATIVES AND SAVING AND LOAN COOPERATIVES UNIT.

CHAPTER I

GENERAL PROVISION

Article 1

What is meant in this Regulation by:

1. Cooperatives shall be business entity which members comprise a person or legal entity in the form of Cooperatives which activities are based on the principle of Cooperatives and at the same time acting to mobilize people's economy based on the principle of family relationship.
2. Saving and Loan Cooperatives hereinafter referred to as KSP shall be Cooperatives which business activities only relate to Saving and Loan.
3. Primary KSP shall be Cooperatives duly established by and which member comprises one person that operates Saving and Loan business.
4. Secondary KSP shall be Cooperatives that operates in Saving and Loan business duly established by and which members comprises KSP.
5. Saving and Loan Cooperatives Unit hereinafter referred to as USP Cooperatives shall be Cooperatives Unit that operates Saving and Loan business as part of the business activities of the Cooperatives.

6. Assessment of Business Liquidity of Saving and Loan business is for the purpose to assess liquidity of KSP and USP Cooperatives.
7. KSP Branch Office shall be Office representing the KSP Head Office in running business activity in collecting fund and distribute it as well as having the right to decide grant of loan.
8. Solvency Appraiser shall be State Civil Apparatus (ASN) assigned the duty and authority to assess liquidity of KSP and USP Cooperatives based on the territory of membership.
9. Minister shall be Minister administering Administration affair on Cooperatives, Small and Medium Businesses.
10. Deputy shall be Deputy of Supervisory Department of Ministry of Cooperatives, Small and Medium Businesses.
11. Governor shall be Head of Region of Province / Special Region (D.I).
12. Regent shall be Head of Regency.
13. Mayor shall be Head of Municipality.
14. Work Unit of Regional Apparatus hereinafter referred to as SKPD shall be apparatus assisting the Governor/Regent/Mayor in the form service provider carrying out all matters of Cooperatives, Small and Medium Businesses of Provincial/D.I/Regency/Municipality and is responsible on the implementation of assisting duty within the Ministry of Cooperatives, Small and Medium Businesses as stipulated by Governor/Regent/Mayor.

CHAPTER II

OBJECTIVES, TARGET AND BASED OF WORK

Article 2

Guideline for Assessment of Solvency of KSP and USP Cooperatives is meant to provide guideline on carrying out assessment of liquidity of KSP and USP Cooperatives.

Article 3

Targets of assessment of business activities of KSP and USP Cooperatives are to:

- a. accomplish liquid management of KSP and USP Cooperatives and in line with the provisions in the statutory regulation;
- b. accomplish provision of prime service to the users of Cooperatives service;
- c. improve image and credibility on business activity provided by Saving and Loan Cooperatives as financial institution that is capable to manage Saving and Loan business activity in line with the statutory regulation;
- d. provide guaranteed asset for Saving and Loan Cooperatives business activity in line with the statutory regulation;
- e. improve transparency and accountability on the management of Saving and Loan Cooperatives business activity; and
- f. improve economic benefit of members of Saving and Loan Cooperatives.

Article 4

Work Basis of Assessment of KSP and USP Cooperatives liquidity shall be as follows:

- a. KSP and USP Cooperatives shall exercise its business activities based on the provisions in the statutory regulations;
- b. KSP and USP Cooperatives are exercised to fulfill the need for self-help financing by the members (self-help);

- c. Members of KSP and USP Cooperatives operate in one unit of Cooperatives, as governed in the By-Laws of KSP and USP Cooperatives; and
- d. KSP and USP Cooperatives are obliged to give more benefits to its members.

CHAPTER III

SCOPE OF LIQUIDITY ASSESSMENT

Article 5

Scope of liquidity of KSP and USP Cooperatives shall be assessed on the aspects below:

- a. capital;
- b. quality of productive asset;
- c. management;
- d. efficiency;
- e. liquidity;
- f. independence and growth; and
- g. criteria of Cooperatives.

Article 6

Liquidity assessment of KSP and USP Cooperatives as referred to in Article 5 is governed in the Attachment to Regulation of Deputy as follows:

- a. Attachment-I concerning guideline for exercising liquidity assessment of KSP and USP Cooperatives;
- b. Attachment-II concerning Questionnaire on the aspect of management; and
- c. Attachment-III concerning Paper Work on Liquidity Assessment of KSP and USP Cooperatives.

CHAPTER IV

LIQUIDITY ASSESSMENT

Article 7

- (1) Liquidity of Saving and Loan Cooperatives business activity shall be assessed to evaluate the level of liquidity of KSP and USP Cooperatives and that of the Branch Office of KSP.

(2) Liquidity of KSP and USP Cooperatives shall be assessed as follows:

- a. SKPD of Regency/Municipality for Primary / Secondary KSP and USP Cooperatives with regional membership in one (1) Regency/Municipality and Branch Office of KSP;
- b. SKPD of Province/D.I for Primary / Secondary KSP and USP Cooperatives with regional membership inter-regions of Regency/Municipality in one (1) Provincial / D.I. region;
- c. Deputy of Primary / Secondary KSP and USP Cooperatives with regional membership inter-regions of Province/D.I.
- d. KSP and USP Cooperatives shall be obliged to grant more benefits to their members.

(3) To exercise liquidity assessment as referred to in paragraph (2), Solvency Appraiser shall be appointed from State Civil apparatus on Cooperatives based on the requirements below:

- a. possess education of at least Diplom III;
- b. has capacity and knowledge on Cooperatives; and
- c. holds Certificate on training and/or technical management on liquidity assessment on Saving and Loan Cooperatives.

(4) The result of liquidity assessment of KSP and USP Cooperatives shall be classified in four (4) categories, such as:

- a. liquid, if the total result of assessment obtained scores $80,00 \leq x < 100$
- b. adequately liquid, if the total result of assessment obtained scores $66,00 \leq x < 80,00$;
- c. under supervision, if the total result of assessment obtained scores $51,00 \leq x < 66,00$; and
- d. under special supervision, if the total result of assessment obtained scorers $0 < x < 51,00$.

(5) Liquidity of KSP and USP Cooperatives shall be assessed at least once a year after having implemented RAT.

CHAPTER V
MECHANISM FOR REPORTING

Article 8

- (1) Solvency Appraiser shall be obliged to submit report on liquidity assessment once in every six (6) months, annually, and also incidental report.**
- (2) The report once in six (6) months as referred to in paragraph (1) must be submitted within 30 (thirty) days at the latest as of the last six (6) months period.**
- (3) The annual report referred to in paragraph (1) must be submitted within 30 (thirty) days as of the last annual period..**
- (4) Incidental report as referred to in paragraph (1) must be submitted within 30 (thirty) days after liquid assessment has been implemented.**
- (5) Annual Report on Liquidity Assessment must be presented by comparing the condition of liquidity between that in the current year and that of the previous year.**

Article 9

Solvency Appraiser shall be obliged to submit report to:

- 1. The Regent/Mayor on liquidity assessment of KSP and USP Primary / Secondary Cooperatives which regional membership is in one (1) region of Regency/Municipality and KSP Branch Office, with copy to the Head of SKPD in charge of Cooperatives in Province / D.I and the Minister.**
- 2. The Governor on liquidity assessment of KSP and USP Primary / Secondary Cooperatives which regional membership is inter-regions of Regency/Municipality in one (1) Province /D.I. with copy to the Minister.**
- 3. The Minister on liquidity assessment of KSP and USP Primary / Secondary Cooperatives which regional membership is inter-regions of Province / D.I.**

CHAPTER VI**CLOSING****Article 10**

- (1) Liquidity assessment of KSP and USP Cooperatives conducted based on Regulation of the Deputy on Supervisory Department of Ministry of Cooperatives, Small and Medium Business of the Republic of Indonesia Number 01/Per/Dep.6/m/2016, concerning Guideline for Assessment of Solvency of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit, shall be recognized based on this Regulation.
- (2) Regulation of Deputy on Supervisory Department of Ministry of Cooperatives, Small and Medium Businesses of the Republic of Indonesia Number 01/Per/Dep.6/ffl/2016, concerning Guideline for Assessment of Solvency of Saving and Loan Cooperatives and Saving and Loan Cooperatives Unit is hereby revoked and declared null and void.

Article 11

This Regulation of Deputy comes to force on the date it is stipulated.

Stipulated in Jakarta

Dated April 19, 2016

DEPUTY ON SUPERVISORY DEPARTMENT,

sgd.

MELADISEMBIRING

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