



## **ANALYSIS OF FINANCIAL SERVICES AUTHORITY EMPLOYEES' COMPETENCE IN THE REGULATION AND SUPERVISION OF FINANCIAL INSTITUTIONS**

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### **Abstract**

*The Financial Services Authority or Otoritas Jasa Keuangan (OJK) was formed with the aim that all activities in the financial services sector: are organized regularly, fairly, transparently and accountably, are able to realize a financial system that grows in a sustainable and stable manner, and is able to protect the interests of consumers and the public. The duties, functions, and authorities of the OJK are very heavy and complex because they are related to regulation and supervision in the field of financial services. The implementation of OJK's duties, functions, and authorities in regulating and supervising the financial services sector needs to be supported by the availability of OJK employees who have competence in accordance with developments in the financial services sector. The competence of OJK employees must include a combination of skills, knowledge, and attitudes, namely: Technical Competence or technical competence, Managerial Competence or managerial competence, Interpersonal Competence or Social/Communication Competence. The method in this writing uses a literature study, by examining: books, scientific journals, laws and regulations, online materials, and other sources..*

## **A. INTRODUCTION**

The large population of Indonesia necessitates the existence of a body or institution that regulates issues regarding activities in the financial services sector. The Financial Services Authority in Indonesian language is called Otoritas Jasa Keuangan (OJK) exists as an official government institution that regulates various activities that occur within the financial services sector in Indonesia. The OJK itself has a function to conduct the implementation of an integrated system of regulation and supervision with all activities that occur in the financial services sector. As an institution working in the financial sector, the OJK is under the auspices of the Ministry of Finance of the Republic of Indonesia.

The Minister of Finance of the Republic of Indonesia, Sri Mulyani Indrawati, has urged the newly-elected Board of Commissioners of the OJK to make the most of efforts to reform the financial services industry, such as through strengthening supervision and coordination with the government, especially within the framework of the Financial System Stability Committee in Indonesian language is called Komite Stabilitas Sektor Keuangan (KSSK) (Ramadhani, 2021). Sri Mulyani Indrawati also expects the OJK to improve the capacity and competence of OJK staff, organizational improvements, and human resources management. Additionally, Sri Mulyani Indrawati has urged the OJK to be able to mitigate the negative effects that arise from technology and innovation to ensure that the financial ecosystem remains safe, reliable, and productive.

The direction of the Minister of Finance of the Republic of Indonesia, Sri Mulyani Indrawati, regarding the improvement of the capacity and competence of OJK staff, needs to be followed up by the Board of Commissioners of the OJK, as the OJK has a strategic function in implementing an integrated system of regulation and supervision towards all activities in the financial services sector (Lestari, 2012). Furthermore, according to Article 6 of Law No. 21 of 2011 regarding the OJK (Indonesia, 2011), the task of the OJK is very challenging and complex because it is related to the regulation and supervision of financial service activities in the banking sector, financial service activities in the capital market sector, and financial service activities in the insurance, pension fund, financing institutions, and other financial service institutions (Pikahulan, 2020).

Based on the brief explanation above, this article will discuss the analysis of the competence of OJK employees in the regulation and supervision of financial service institutions.

## **B. LITERATURE REVIEW**

### **1. Definition of Competence**

The word 'competence' has a meaning that highlights different aspects and emphasis that are relatively distinct (Firmansyah & Nugrohoseno, 2022). Competence has the same

meaning as capability. Someone who is competent is someone who has the ability, knowledge, and skills to perform something efficiently and effectively (Saputra & Mulia, 2021). Watson Wyatt's definition of competence in (Ruky, 2002), the definition of competence is a combination of skills, knowledge, and attitudes that can be observed and critically applied to the success of an organization, job performance, and an employee's personal contribution to their organization. Competence is an individual's work ability that includes aspects of knowledge, skills, and work attitudes that are in accordance with expected standards (Profesi, 2014). According to (David & Richard, 1996), competence can be classified into 4 types, which are:

- a) Technical Competence, which is the competence related to a specific field that is the main task and responsibility of each employee.
- b) Managerial Competence, which is the competence related to managerial skills required to handle organizational tasks.
- c) Interpersonal Competence or Social/Communication Competence, which is the social competence that includes the ability to communicate effectively, which is needed by an organization to perform tasks.
- d) Intellectual Competence, which is the strategic thinking ability for the future, such as formulating a vision, mission, and strategy to achieve the organization's goals.

From the various definitions of competence, it can be concluded that competence is the mastery of a set of knowledge, skills, values, and attitudes that lead to the best performance.

### **C. METHOD**

The writing method used is literature study or literature review. According to (Sugiyono, 2012), literature study or literature review is a theoretical study of references and other scientific literature related to the culture, values, and norms that develop in the social situation being studied. Through literature study, the author tries to find various

information related to the competencies of OJK employees from various sources, such as books, scientific journals, laws and regulations, the internet, and other sources.

## **D. RESULTS and DISCUSSION**

### **1. Duties, Functions and Authorities of OJK**

OJK was formed based on Law no. 21 of 2011, with the aim that all activities within the financial services sector are carried out in an orderly, fair, transparent and accountable manner, able to realize a financial system that grows in a sustainable and stable manner, and is able to protect the interests of consumers and society (Yunus et al., 2013). The tasks of OJK are to regulate and supervise financial services activities in the banking sector, financial services activities in the capital market sector, and financial services activities in the insurance, pension fund, financing institution, and other financial services institutions (Muchda, 2014). The authority of OJK is regulated in article 7 of Law No. 21 of 2011 concerning OJK, which is:

- a) Regulation and supervision regarding bank institutions which include:
  - 1) Licensing for bank establishment, opening of bank offices, articles of association, work plans, ownership, management and human resources, bank mergers, consolidations and acquisitions, as well as revocation of bank business licenses and;
  - 2) Bank business activities, including fund sourcing, fund provision, hybrid products, and services activities.
- b) Regulation and supervision regarding bank health which includes:
  - 1) Liquidity, profitability, solvency, asset quality, minimum capital adequacy ratio, maximum lending limit, loan to deposit ratio, and bank reserves.
  - 2) Bank reports related to bank health and performance ;
  - 3) Debtor information system.
  - 4) Credit testing.
  - 5) Bank accounting standards.

- c) Regulation and supervision regarding aspects of bank prudence, including:
  - 1) Risk management.
  - 2) Bank governance.
  - 3) Know your customer and anti-money laundering principles.
  - 4) Prevention of terrorism financing and banking crimes.
- d) Bank checks.

To support OJK's duties, functions and authorities, OJK's strategic values have been established, which consist of integrity, professionalism, synergy, inclusiveness and visionary (Sari, 2018). The Board of Commissioners of OJK has stipulated Regulation of the Board of Commissioners of the Financial Services Authority Number 01/17/PDK/XII/2012, concerning the OJK Code of Ethics, which must be obeyed and implemented by all Members of the Board of Commissioners, Officers and Employees of OJK in carrying out their duties (Rahman, 2021). OJK's strategic values and OJK's code of ethics are closely related to the competencies that OJK employees must have in carrying out their duties in the financial services sector.

## **2. Competency Analysis of OJK Employees**

The duties, functions and authorities of OJK employees are very heavy and complex because they are related to regulatory and supervisory duties on: financial service activities in the banking sector, financial service activities in the capital market sector, and financial service activities in the insurance sector, pension funds, financing institutions, and other financial service institutions, including within the scope of sharia entities (Muchda, 2014). For this reason, OJK employees need to be equipped with various competencies to keep pace with developments in the field of financial services, as well as respond to the expectations of the Indonesian Minister of Finance Sri Mulyani Indrawati for OJK to improve the capacity and competence of OJK staff, improve the organization, and improve human resource management.

### **3. Technical Competency**

Total assets (banking and IKBN) and stock market capitalization and outstanding debt securities (capital market) in the financial services sector are Rp. 23.234 trillion (as of December 2020). Likewise, the increase in Islamic financial assets in Indonesia reached Rp. 1,802.86 trillion and a market share of 9.89% (as of December 2020). Seeing that the financial services sector continues to increase from year to year, it must be balanced with the readiness of OJK employees who have the skills and knowledge needed to carry out specific jobs according to the scope of their division. In the era of information technology, the competence of OJK employees inevitably has to adapt to the challenges of workload in the field of financial services which are always faced with the processing of quite large financial data. For this reason, OJK employees need to have technical skills in the field of big data analysis.

Through big data analysis can determine the development trend of the financial services industry (Rini, 2019). Other competencies that need to be mastered by OJK employees are coding and programming related to data in the field of financial services. In the service in the field of financial services, OJK employees cannot be separated from internet usage activities. Which of course there are data security risks that must be prepared, to avoid unwanted things, which could harm the OJK itself and the financial services sector (Kwarto & Angsito, 2018). Other competencies that need to be mastered by OJK employees are coding and programming related to data in the field of financial services. In the service in the field of financial services, OJK employees cannot be separated from internet usage activities. Which of course there are data security risks that must be prepared, to avoid unwanted things, which could harm the OJK itself and the financial services sector (Christiani et al., 2018).

#### **4. Managerial Competence**

As an institution that has the task of regulation and supervision in the financial services sector, the organizational structure in OJK there are those who serve as first line managers, middle level managers, and top managers, who already have their respective duties (Safri, 2017). In the OJK organizational structure, at the top manager level there is a Board of Commissioners, at the middle manager level there is a Chief Executive, and in the first line of executors who carry out technical operations in the financial services sector. To realize the vision of OJK, which is to become a trusted supervisory institution for the financial services industry, protect the interests of consumers and the community and be able to realize the financial services industry into a pillar of the national economy that is globally competitive and can promote general welfare, managerial competence is decisive in achieving the vision and mission of OJK (Oktarina & Rahmi, 2019). Managerial competence for top level managers in OJK is a competence in conceptual terms, namely making concepts, ideas, and various ideas to bring OJK that has global competitiveness. Other managerial competencies for top managers, middle-level managers, and first-line managers are the ability to build networking with various stakeholders, to strengthen the role of regulating and supervising : financial services activities in the banking sector, financial services activities in the capital market sector, and financial services activities in the insurance sector, pension funds, financing institutions, and other financial services institutions. Managerial competence to build networking can apply the theory of Penta Helix ABCGM (A Bernadin Dwi M et al., 2021). Top managers, middle managers, first-line managers in OJK can build networks with: academics, Business (business world), Communities (Community), Government( various levels of government), and Media( print, online, social media), are expected to produce innovations, programs and activities that support the tasks, principles, and functions of OJK in the regulation and supervision of the financial services sector.

#### **5. Interpersonal Competence atau Social/Communication Competence**

Communication competence basically describes a person's ability to communicate effectively to others, describes how a person can interact appropriately enough, and can achieve expected goals. Communication competence is very important to be mastered by OJK employees, because it will affect the success of harmonious relationships between OJK employees, with various parties related to the implementation of duties, functions of OJK employees in the regulation and supervision of the financial services sector. OJK employees must be able to communicate, both oral communication and written communication. Actively communicate formally and informally. Initiate a strategic open communication system to find solutions in case of problems related to tasks in the financial services sector.

## **E. CONCLUSION**

Based on the results of the analysis and discussion of the competence of OJK employees in the regulation and supervision of Financial Services Institutions, it can be concluded that the OJK was formed with the aim that all activities in the financial services sector : held regularly, fair, transparent, and accountable, able to realize a financial system that grows sustainably and stably, and able to protect the interests of consumers and society. The development trend in the financial services sector from year to year continues to increase, as well as the development of digital technologies. Minister of Finance Sri Mulyani Indrawati expects OJK to improve the capacity and competence of OJK staff, organizational reform, and Human Resource Management. OJK employees must have 3 competencies, namely: technical competence or technical competence, managerial ompetence or managerial competence, and interpersonal competence or social / communication competence, in addition to other competencies.

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