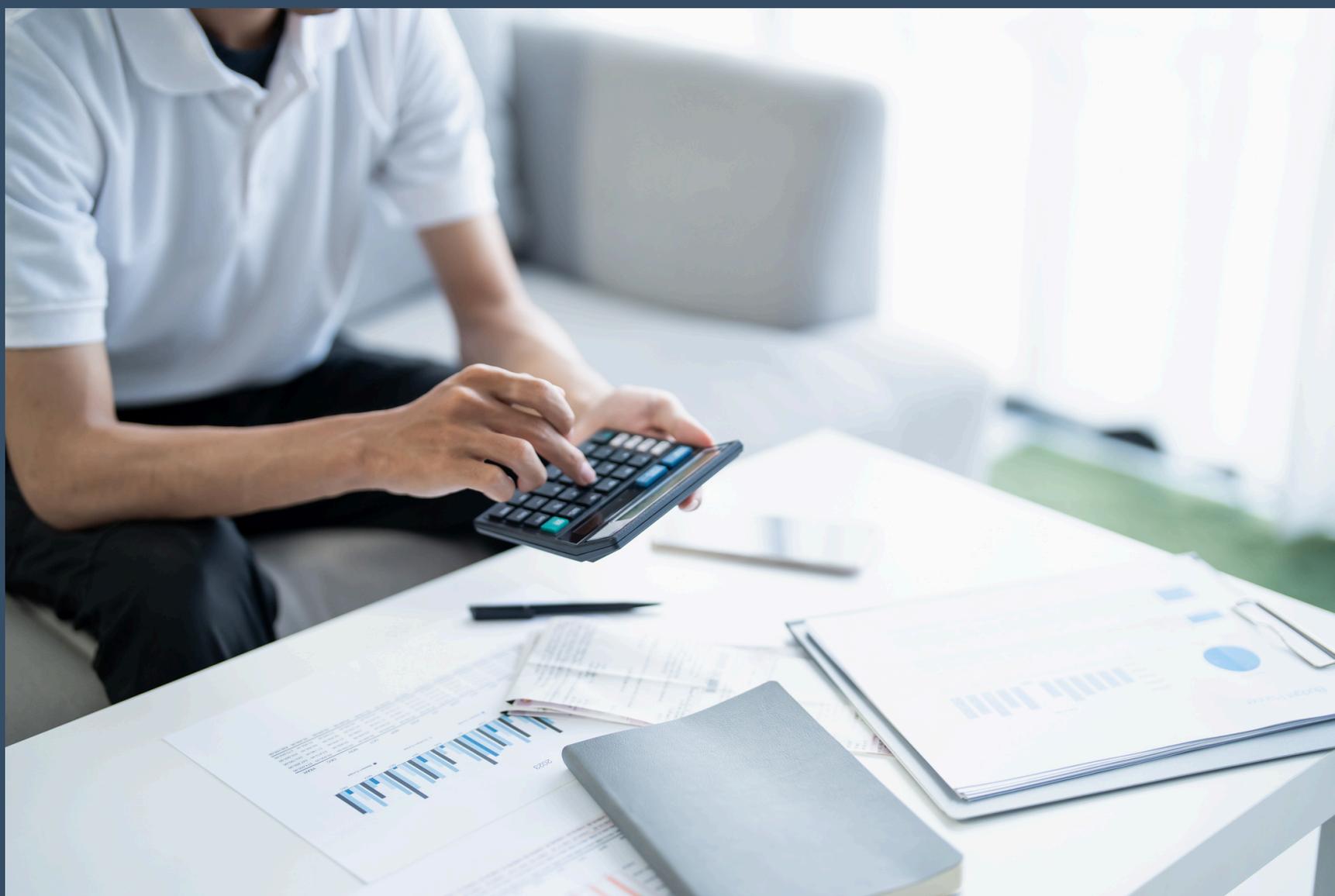
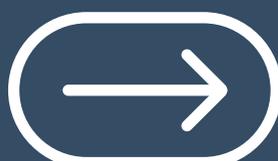


NewsLetter



**A New Chapter in Indonesia's Financing Regime:
Formalizing the BNPL Framework through
OJK Regulation No. 32 of 2025**

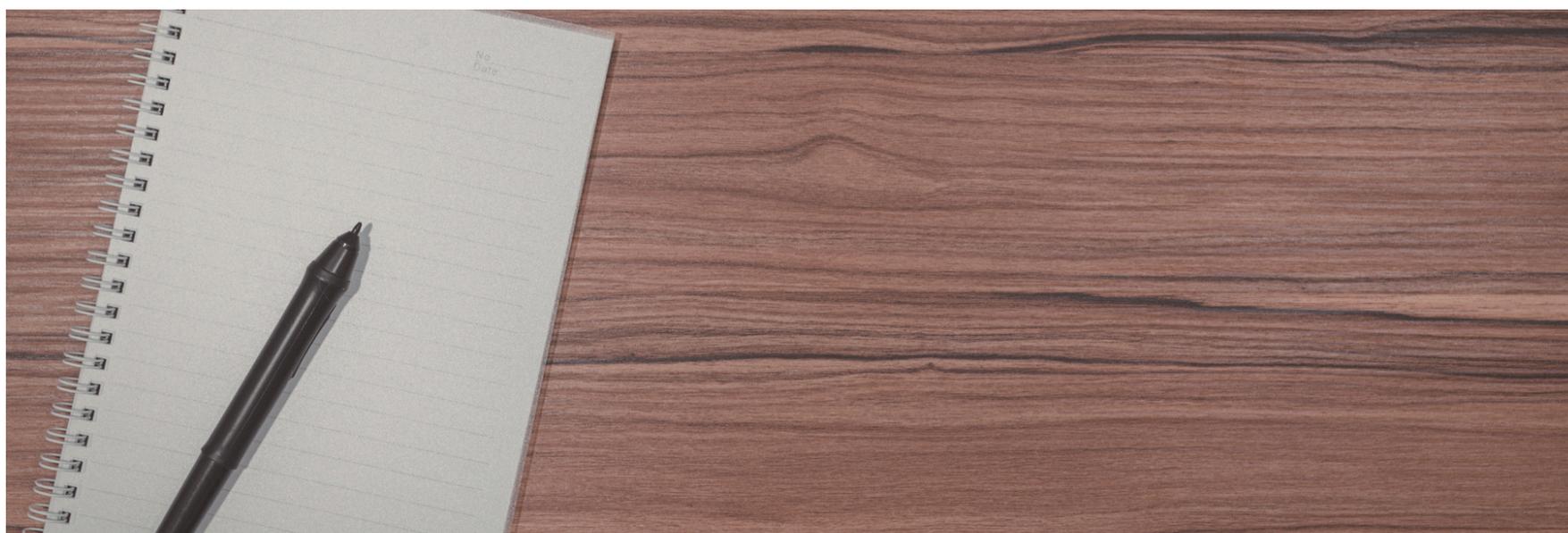


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INTRODUCTION

On 5 December 2025, the Financial Services Authority (*Otoritas Jasa Keuangan* or “**OJK**”) issued OJK Regulation No. 32 of 2025 on the Implementation of Buy Now Pay Later (“**OJK Reg 32/2025**”), which entered into force on 15 December 2025.

This regulation establishes a comprehensive legal framework governing Buy Now Pay Later (“**BNPL**”) services in Indonesia. Its issuance reflects OJK’s response to the growth of digital financing technology, and the need for a regulation to ensure the implementation of BNPL in the financial services sector is conducted with due regard to prudential, consumer protection, and good governance principals.



FROM MARKET INNOVATION TO FORMAL REGULATORY CONSOLIDATION

BNPL services in Indonesia initially emerged as a digital innovation embedded within e-commerce and financial technology ecosystems, relying on existing banking and financing regulations, rather than a dedicated regime. As usage expanded and market exposure increased, the need for clearer regulations and supervision became increasingly necessary.

With the issuance of OJK Reg 32/2025, OJK formally incorporates BNPL into Indonesia’s regulated financial services system. The regulation consolidates governance standards and clarifies institutional accountability, while simultaneously positioning BNPL as a supervised product rather than simply a technological payment feature.

KEY REGULATORY FOCUSES

1. Clear Product Definition and Regulatory Boundaries (Articles 1 and 3)

OJK Reg 32/2025 clearly defines BNPL as a financing facility provided by financial services institutions through an electronic system for the purchase of goods and/or services.

To qualify as BNPL, the facility must meet specific characteristics, including:

- intended to finance the purchase of goods and/or services on a non-cash basis for customers/debtors;
- absence of collateral;
- determined credit limit;
- installment-based repayment structure;
- electronic approval and processing; and
- carried out through an Electronic System.

Importantly, BNPL is explicitly distinguished from credit cards, thereby avoiding regulatory overlap and clarifying its position as a distinct product



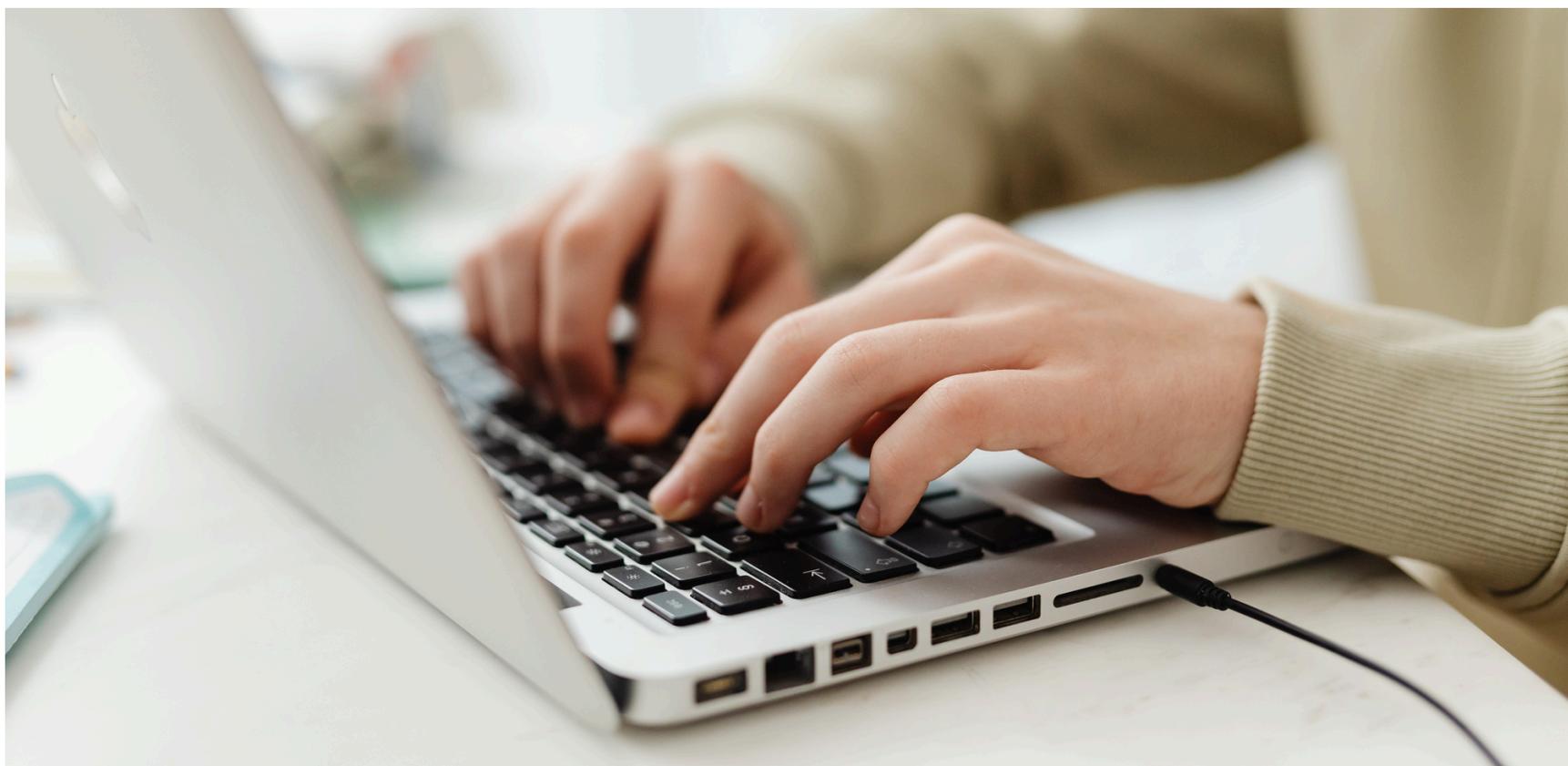
2. Limitation of Eligible Providers (Article 2 paragraphs (1) and (3) and Article 9)

OJK Reg 32/2025 limits BNPL provision to only Commercial Banks and Financing Companies. For Financing Companies, they must obtain prior approval from OJK before implementing BNPL services. This provision ensures that responsibility remains with regulated financial institutions.

BNPL providers are allowed to enter into cooperation with third parties, including e-commerce platforms, provided that such arrangements are documented in formal agreements that promote transparency toward customers. This ensures that digital integration does not dilute regulatory accountability.

3. Prudential and Risk Management Standards (Articles 5 and 6)

One of the main focuses of this regulation is the application of the prudential principle. BNPL providers are required to implement good corporate governance, risk management frameworks, anti-money laundering and counter-terrorism financing measures, and anti-fraud controls for BNPL services. While these institutions may establish specific credit assessment policies, those policies must be documented and aligned with their internal risk tolerance. These approaches reflect OJK's intention to maintain credit discipline amidst the growth of digital lending models.



4. Consumer and Personal Data Protection (Articles 7 and 8)

Consumer protection forms another core focus in this regulation. BNPL providers must comply with OJK's consumer protection framework and prevailing personal data protection laws. Given the fully digital nature of BNPL transactions, requirements include transparent contractual terms, clear disclosure of repayment obligations, and secure handling of customer data.

5. Enhanced Transparency and Disclosure Requirements (Articles 10 and 11)

Transparency obligations are among the most significant aspects of OJK Reg 32/2025. BNPL providers must disclose key information through electronic systems, including:

- the source of financing funds (in joint financing or channeling structures);
- the amount and frequency of installments; and/or
- other information as required by OJK.

Non-compliance may trigger administrative sanctions, ranging from written warnings to product suspension, business restrictions, or revocation of business licenses. Notably, fines may reach up to IDR 15 billion.

These provisions highlight OJK's prioritization of preventing information asymmetry and strengthening consumer awareness.



TRANSITIONAL PROVISIONS AND TIMELINES

Existing BNPL agreements and cooperation agreements entered into prior to OJK Reg 32/2025's promulgation remains valid until their expiration. However, any amendments must comply with this regulation. BNPL providers that were already offering BNPL services before 15 December 2025 must adjust their services with the mandatory BNPL characteristics under Article 3 within 6 (six) months from the promulgation date. (Article 17)

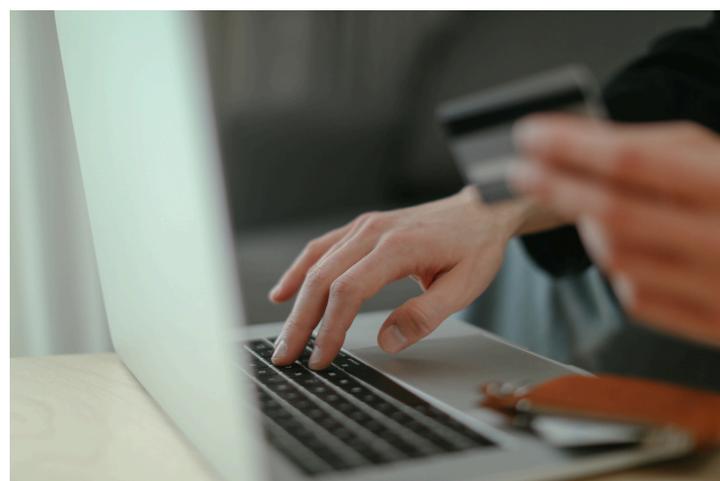
This limited adjustment period underscores the importance of immediate compliance review and operation assessments.

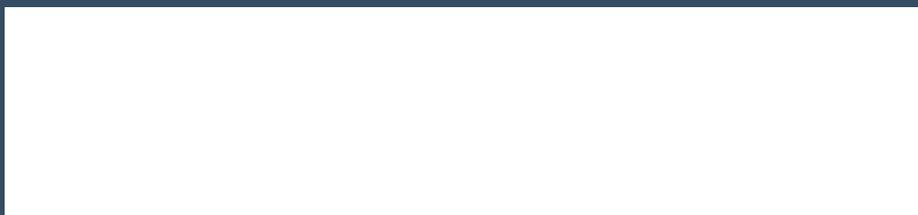


CONCLUSION

OJK Reg 32/2025 marks a significant development in Indonesia's digital financing regulation. By clearly embedding BNPL as a regulated product, OJK has reinforced oversight, improved transparency standards, and enhanced consumer protection safeguards.

For Commercial Banks, Financing Companies, and digital platform partners, this regulation signals a more structured regulatory environment. Timely compliance alignment and strategic reassessment of BNPL frameworks will be essential to ensure continued operation within Indonesia's evolving financial regulatory framework.

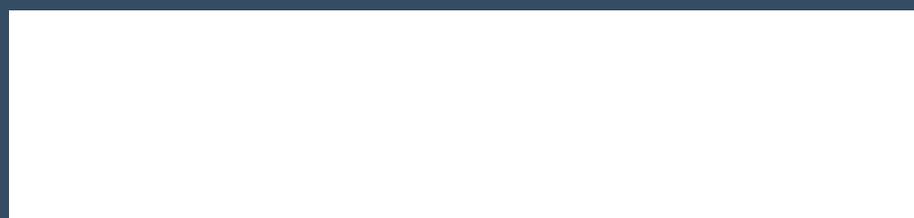




HOW PRS CAN ASSIST

In light of OJK Reg 32/2025, institutions offering or partnering with BNPL arrangements must reassess their compliance frameworks and operational structures to mitigate supervisory and enforcement risk. PRS provides targeted advisory support, including:

- **BNPL Compliance Review:** Assessing your BNPL structure against OJK Reg 32/2025 to identify compliance gaps and supervisory risks.
- **Product & Risk Governance Advisory:** Guidance on aligning product structures, underwriting policies, and internal controls to meet prudential and risk management standards.
- **Partnership & Platform Structuring:** Advising on and refining cooperation agreements on digital platforms to ensure regulatory clarity and transparency compliance.
- **Disclosure & OJK Advisory Support:** Assistance in enhancing customer disclosure systems and supporting providers through approval processes and supervisory interactions with OJK approval.
- **Commercial Interest Safeguarding:** Advising on contractual and operational structures to ensure BNPL providers' commercial interests remain protected while complying with regulatory requirements and engaging cooperation with third parties, including e-commerce platforms.



About Us

Pasaka Rievan Smith - Counsellors at Law (“**PRS**”) is comprised of a team of dedicated and trusted lawyers with over 20 years of experience in the legal industry, spanning law firms, multinational corporations, and government institutions. We provide prompt, precise legal counsel and opinions, offering both legal and commercial perspectives to support corporate clients. Confident in our ability to meet the diverse needs of our clients, PRS enables them to focus on achieving their business objectives. With experience in assisting start-ups, growing enterprises, established organizations, and family-owned businesses, we are committed to delivering both personal and professional attention, ensuring the utmost satisfaction for our clients.

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