CRITICAL ANALYSIS OF GOOD GOVERNANCE PRACTICES 
IN THE CENTRAL BANK: THE CASE OF BANK INDONESIA

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Abstract

Bank Indonesia (BI) is one of the “independent” state institution which 
is mandated by the Indonesian Constitution of 1945 and Law on Bank 
Indonesia to manage the economic resource or financial potential of the 
Indonesian people in order to facilitate its strategic function as the monetary 
authority, banking authority and authority in payment system. In practice, BI 
is a public institution but with certain characteristics of corporate institution, 
as reflected by the existence of surplus and deficit report from BI. With its 
independent status, BI is obliged to apply the principles of good governance 
(GG) in the management of its organization so that BI can be a credible or 
trustworthy institution before the stakeholders both domestic and foreign. 
Bank Indonesia (BI) since 1999 actually has carried out the basic principles 
of Good Governance that is: transparency, accountability and integrity, but 
still partially in certain strategic areas so it has not fully and comprehensively 
applied in the specific rules about Good Governance. Therefore, BI 
continues and is preparing a framework or model of Good Governance to be 
applied in the BI institutional organization as a whole and overall. In 
accordance with Law of Bank Indonesia as amended in 1999, 2004 and Law 
of Bank Indonesia of the year 2009, there are three institutions which can 
assist, supervise and maintain BI in its implementation of GG principles, that 
is the Parliament (DPR) as assisted by Supervisory Board of Bank 
Indonesia (BSBI) and General Auditors (BPK). It is realized that BI cannot 
apply the principles of GG optimally due to several problems, both internal 
and external.

Keywords: central bank, independent, credible, good governance, 
supervisory board of Bank Indonesia (DPR, BPK and BSBI)

INTRODUCTION

The term Good Governance (GG) is now increasingly popular in the last decade. 
The reason is the economic and financial crisis in Asia, 1997-1998, and the global 
economic and financial crisis in 2008-2009. It is believed that these crises were caused by
lack of responsible implementation of GG principles, that is: independence, transparency, accountability and integrity, both among regulatory bodies such as the government, the banking sector and finance sector, and also business.

Central bank as the primary institution of financial sector, especially banking sector, is the main institution which should apply responsibly the three main pillars of GG, that is: independence, accountability and transparency. Indonesian central bank, that is Bank Indonesia (BI), does not yet have any formal guidelines for GG. However, in practice, BI has tried to practice and form model for the implementation of GG. According to the law, there are three strategic institutions which can supervise BI in implementing GG, that is parliament (DPR) as assisted by Supervisory Board of Bank Indonesia (BSBI) and General Auditor (BPK). However, in ideal terms, the implementation of GG in BI is not yet optimum due to the several problems, both internal and external. Therefore, real effort is required of strategic stakeholders to support BI so that the central bank can apply the principles of GG in accordance with the expectation. This is important so that BI can become an independent state institution which is trustworthy and credible in carrying out its function as independent monetary, banking and payment system authority.

DISCUSSION

Review of Good Governance (GG) Theory and Practice in Central Bank

In general, GG can be understood as a good management of an institution or organization which is integrated with shareholder and stakeholder. In special sense, GG can be defined as assurance over the reciprocal relations among elements of the organization which are formed by the bureaucracy of the organization and aimed at achieving certain policy objectives in an efficient and effective manner so as to be able to communicate them openly and in accountable manner for all stakeholders.

World Bank has defined GG as “the exercise of political authority and the use of institutional resource to manage society’s problems and affairs,” where power is exercised to manage resources, both economic and social in the effort to further development. For that purpose, it is necessary to have an organizing system for the institution in accordance with the standards of GG, that is, it must fulfill the principles of transparency, accountability, responsibility and fairness.

In the literature, especially in relation to economic institutions, the aspect of governance plays a very crucial and strategic role in the effort to implement development
and achieve economic stability in a nation. Therefore, the practice of governance by an economic institution would create trust and credibility among economic actors and the market in general, and the process of development can proceed according to plan.

In practice, the term governance has wider sense, which includes the dynamic processes of management in an institution or an organization, for instance in a government, which is related to the relation between the institution and other institutions, the public sector and business. Therefore, the implementation of good governance has become a necessity for all aspects of management, both for regulatory bodies such as the government and central bank, and also for the business, where it is expected to create healthy organizations which can be trusted by all stakeholders.

In special relation to the good governance in central banks, Tony Lubeck (2004) in *Current Developments in Monetary and Financial Law* has stated that "good central bank governance means that the objectives and tasks delegated to an institution are performed effectively and efficiently, thus avoiding misuse of resources, which is crucial for establishing good track record." This would mean that good governance in a central bank would be achieved when the objectives and tasks entrusted to it can be carried out in effective and efficient manner by using and allocating resources under its control in a proper, effective and efficient manner.

The international consensus under the coordination of IMF has agreed that the practice of GG in central banks is related to four elements, that is: (1) the clarity of the role, responsibility, and objectives of central bank, (2) the clarity of process in formulating and reporting monetary policies, (3) availability of information to the public concerning the implemented monetary policies, and (4) accountability and assurance of central bank integrity.

In principles, in order to assure the existence of GG practice in a central bank, then the central bank would require mechanisms or guidelines in terms of the pillars which would synergistically form the framework for the good governance in central bank. These pillars would include at least three principles of transparency, accountability and integrity.

Transparency indicates that central bank should disclose the information on the policies that it is implementing in an open manner so that the public can understand the rationale, complete with supporting data which can be accessed real time accurately and completely in its latest form. Accountability would mean that central bank in its independent status would disclose to the public as to how it uses its authority in managing its resources in an efficient, effective and proper manner, in order to implement its policies. Integrity means that central bank should show consistency and compliance in
carrying out its tasks and responsibilities in accordance with the mandate it has received and with compliance to proper moral values.

At present, almost all central bank in the world has tried to apply GG but in varying forms and scale. For instance, in several central banks in Asia, several characteristics are salient. Bank of Thailand and The Bangko Sentral ng Pilipinas (BSP) for instance, have created written guidelines for GC. Even now, BSP is taking the initiative for improving the corporate governance, where one of the steps is to formulate BSP Governance Paradigm. While Malaysian central bank (MAS) has already had a code of CG, which regulates board governance, remuneration, accountability and audit, and communication with shareholders. The same also applies in Reserve Bank of India, which has formulated Core Transparency Principles concerning Monetary and Financial Policies, which adopts the best practices from OECD countries and related IMF Code.

In Europe, for instance, The Deutsche Bundesbank has applied GG in the form of rules of Code of Conduct, publication of DG revenue, risk management, audit, and DG decision making, among others the publication of the result of meetings as a form of transparency. In North America, Bank of Canada, for instance, has applied three primary principles of GG, that is: independence, accountability and transparency. The implementation of transparency is quite sophisticated, as reflected in the publication of employee regulation, remuneration, trip cost, and representation cost of all members of DG. This is also evident in FED, which has applied the principles of GG, in terms of independence, accountability and transparency, for instance by publishing the financial report and payroll report of DG in The FED’s website.

For Bank Indonesia (BI), the implementation of GG has become the primary concern of BI’s board of governor, especially since the amendment of Law of BI No. 23 of the year 1999 up to the present. This is due to the fact that the law has mandated Bank Indonesia with autonomy and independence in carrying out its tasks and functions. In this case, Bank Indonesia has been given binding legal right in carrying out it duties as independent institution, especially in implementing its monetary policies.

The independent status of BI is certainly inseparable from the framework of BI as the state apparatus institution which must be clean and free of corruption, collusion and nepotism, as mandated by Law of State Administration No. 28 of the year 1999. Therefore, BI independence must be in accordance with the principles of Good Corporate Governance (GCG), that are accountable, transparent, and must always be capable of maintaining its integrity as credible state institution.
In order to maintain BI independence as public institution, then BI has tried to apply the principles of good governance in its organization, using several approaches and trying to apply the governance model in BI itself. While to maintain and supervise the extent to which BI has applied the principles of GG, the law has stipulated that there are three primary institutions which would carry out that task, that is DPR (Parliament), assisted by BSBI (Badan Supervisi Bank Indonesia, Supervisory Board of Bank Indonesia) and General Auditor (Badan Pemeriksa Keuangan, BPK).

Vision, Mission, Strategic Objectives and Implementation of Good Governance in Bank Indonesia

In long term perspective, BI has stated it’s vision, that is to become a credible central bank in national and international sense through the strengthening of strategic values and achieving low and stable inflation. While the mission is to achieve and maintain the stability of rupiah through the maintenance of monetary stability and development of stability for the financial system for the long term national development in a sustainable manner.

In order to achieve the vision and mission, BI has stated the middle-long term strategic targets for realization, that is: maintaining monetary stability, maintaining the stability of financial system, maintaining the health and accountable financial condition of BI, improving the effectiveness and efficiency of monetary management, maintaining SSK through: (i) the effectiveness of regulation and supervision of banks, surveillance of financial sector, and crisis management, and (ii) encouraging the intermediation function, maintaining security and efficiency of payment system, improving the capability of the organization, human resource and information system, strengthening the institution through good governance, effectiveness of communication and legal framework, and optimizing the achievement and benefit of initiatives carried out by Bank Indonesia.

In order to implement these vision, mission and strategic objectives, BI has determined several strategic values which is considered to be the basic framework for the operation and implementation of BI tasks, which includes the values of competence integrity, transparency, accountability and togetherness (Kompetensi Integritas, Transparan, Akuntabilitas, Kebersamaan, KITA).

BI strategic values is in fact already practiced or carried out, but only partially. So it has not formally organized in an intact and comprehensive regulations framework so it can not be regarded as clear or standard guidelines on the application of these principles
in BI Good Governance, as in several other central banks that have been mentioned. However, BI is recognized by several state agencies such as the BPK that BI is one of the state institutions in Indonesia which continue to strive in earnest to implement the principles of the Good Governance. It is evident from the various effort of BI to apply the principles of accountability and transparency, especially as part of the basic values to build the organization of BI. In order to guarantee and supervise the implementation of GG in BI, the role of DPR is to be assisted by BSBI and BPK in accordance with the law's stipulation as strategic institutions for such purpose. In this way, the three institutions can be directly and indirectly responsible in assisting BI in ongoing implementation of good governance in BI.

**Practice And Mechanism Of Good Governance In Bank Indonesia**

The role of BI in the development of Indonesian state and nation is crucial, as evident from the 1945 Constitution, Article 23D and in Law on BI. After several amendments on the Law on BI, Bank Indonesia has been established as a strategic and independent state institution. In its status, BI in practice has to carry out double functions, that are as a public institution and as business entity. This means that in order to maintain its credibility and reputation as state institution, BI has to implement good central bank governance, which includes *good public institution governance* (GPIG) and *good corporate governance* (GCG). For that purpose, BI has implemented the principles of GG, which is comprised of the following principles: transparency, accountability, fairness, and integrity. In order to implement the GG principles in BI, then BI has formulated a model of GG, in accordance with the stages in the world best practices of GG from other central banks, that is governance structure, governance process and governance outcome.

In ideological terms, the principle of transparency is understood as the clarity and openness in the decision making process, which include the background, objectives and work stages, and disclosure of proper, accurate, latest, whole and easily-accessed information which abides by the existing regulations. The next principle, accountability, is understood as the clarity of function, implementation, and responsibility of the board of governor and management of BI, so that the organizational administration in BI can be carried out effectively. Then, the principle of fairness means the equality and appropriateness, both in setting the policies and rules and in using the entrusted resources. While the principle of integrity would mean the consistency and compliance to the moral values and other rules, especially honesty.
Structure governance in BI is related to the effort to maintain the independence of BI, so that the independence can be implemented in the organization of BI, especially in the structure of board of governor (Dewan Gubernur). This is reflected in the structure of task division of board of governor, nomination and appointment of board of governor, self development and access to information, advice and resources, performance assessment, code of ethics, governance mechanism, and the mechanism of coordination and responsibility between BI and related institutions.

An example of the GG practice in the aspect of governance structure is reflected from the existence of nominating team for the selection of board of governor members, the formulation of guidelines for orientation and competence development of board of governor and improvement of the code of ethics, and performance evaluation through the system of planning, budgeting and performance management.

The governance process in BI is related to the mechanisms which guarantee the check and balances in the process of governance which include the implementation of tasks in BI which has not complied with the principles of GG. This process includes several aspects. The first is the proses of formulating and implementing monetary policies, banking and payment system policies, which among others include the clarity of role, accountability and targets of the policies; open process in the formulation and reporting of policy decision making; and the availability of information on policies. The second is internal supervision, which includes among others internal control and internal audit; and the mechanism of the relation with external audit. The third is strategic planning, which includes among others the clarity of role and responsibility, integration of planning system, budget and management, relatedness of organizational performance and its compensation; the implementation of risk management in the framework of BI and its work units or departments. The fifth is the implementation of financial management and the aspects of implementation process for the board of governor meeting.

The example of GG implementation in BI for the aspect of process governance is reflected from the existence of: the implementation of budget planning and management system, schedule for monthly board of governor meeting (RDG) which has been determined in the beginning of the year and published in BI website, where the RDG decision is published on the same day through press release and BI website; the improvement of international code in relation to central bank in accordance with FSAP, such as systematically important payment systems, 25 core principles, good transparency practices for monetary policy by central banks and special data dissemination standard.
(SDDS); and the integration of BI's financial management through the initiative of the improvement of BI's financial system.

Governance outcome, in relation to BI's effort to be accountable for the autonomy mandated by the law is evident from each policy outcome and financial condition. This includes: the report of board of governor concerning the policies and financial condition of BI, where the board of governor and BI's leadership explain the objectives and performance of BI, and discuss with the relevant institutions concerning the latest development of the economy and financial system. The resulting policies are then reported in various reports as the manifestation of BI accountability.

The example of GG practice in the aspect of governance outcome is reflected in the existence of: policies or rules on monetary, banking and payment system, various reports on monetary, banking and payment system which has to be submitted to the Parliament and the public, such as quarterly report, monetary policy report, payment system report, financial system stability report, banking supervision report, and budget and ATBI evaluation report, financial report audited by BPK and the information report to the government and other publication which is relevant to the function and tasks of BI, meetings with the Parliament, and coordination meeting with the government and economic report, BI financial report and annual report of Bank Indonesia (*Laporan Tahunan Bank Indonesia*, LTBI).

From the concepts and models of GG formulated by BI, in practice much has been implemented but not in a comprehensive manner. Therefore, in the future, it is expected that the GG principles can be wholly applied and implemented in the various stages of GG being implemented in BI, ranging from governance structure, governance process and governance outcome.

**The Role of DPR and BSBI**

According to Law on BI, at present DPR, especially Commission XI, is the party responsible for the supervision and evaluation of BI performance in accordance with the task entrusted by 1945 Constitution and amended Law on Bank Indonesia, No. 3/2004, amended by Law No. 6/2009, that is to carry out the monetary policies in an independent and ongoing manner, consistent, transparent, and should consider the general policies of the government in economic matters.

As a basis for DPR to play its role in relation to BI, then BI is obliged to submit several written reports. Among others the report of the development of BI task and
authority for each quarter and when asked by the DPR. Other than that, in order to create transparency in the management of finance or budget in the BI, then BI is obliged to submit its annual budget to DPR, including the annual financial report which has been audited by BPK.

In the effort to facilitate the role of DPR in operational and technical manner in supervising and evaluating the performance of BI in an ongoing manner, then a new body is established, with the name BSBI, as stipulated in the Law on BI, special chapter 58A based on the discussion of bill of BI which is amended for the second time in 2004, which then became Law on BI No. 3/2004. BSBI is an institution which is mandated to assist DPR in supervising several aspects of BI.

The objective is that BI as independent state institution can uphold the principle of good governance in carrying out its duties, function and role both as corporate institution and especially as public institution. However, it is admitted by many that BSBI in carrying out its function and authority as stipulated in the Law and the work mechanism of the DPR is still severely limited. In the future, it is expected that the role and function of BSBI should be adapted to the demands of the situation for the good of BI itself.

The existence of BSBI as BI external institution is meant to assist BI in carrying out its role and function in accordance with the principle of GG in a responsible manner. In relation to this, BSBI is mandated by law through the working mechanism of DPR, and Commission XI of DPR, to write reports based on studies, limited assessment and advice on four strategic aspects of BI, that is: BI annual financial report, BI operational budget, investment activities outside policy investment, and appropriateness aspect of the implementation of rules outside the primary policies of BI.

In detail, the scope of BSBI's task can be described as follows. In relation to the study on LKTBI, this includes the following aspects: comment on BI balance sheet, especially significant changes in the composition of accounts in BI balance sheet; comment on the surplus deficit report of BI, especially comment on the cause of surplus or deficit in BI; the next is comment on the equity change report, especially in relation to the primary causes of changes in BI's equity; and comment on BI's cash flow report, especially comment on the primary cause of the changes in BI's cash flow. This includes comment on the footnotes in BI financial report.

In relation to the review on investment outside policy, the review by BSBI includes: evaluation on the quarterly report on the realization of investment budget, especially for the current assets, and comment on the implementation of the investment budget. Then in relation to the review on operational budget and annual budget plan for BI (Rencana
Anggaran Tahunan BI, RATBI), the comment covers the following aspects: evaluation on the quarterly report on the realization of BI operational budget, comment on the implementation of operational budget especially the annual position and comment/feedback on the items of operational budget in RATBI and comment on the RATBI proposed by BI.

In relation to the review concerning compliance and management, this includes comment on the regulation of board of governor (Peraturan Dewan Gubernur, PDG) and circular letter (Surat Edaran, SE) concerning internal management of BI, and comment on the implementation of good governance for the procedure of decision making for procurement of goods and services, and also comment on the IKI and IKU of BI employees and other aspects considered to be relevant for DPR and also comment on remuneration, organization and human resource in BI.

The result of these reports is then submitted and presented before the DPR, with copies sent to BI, for at last once every quarter. These reports are confidential for other parties. In practice, DPR can assign in ad hoc terms certain duties for BSBI to carry out studies and analysis on certain subjects which are considered necessary by DPR to assist in understanding the problems in BI, as long as it is considered to not interfere with the independence of BI’s task and role and as monetary authority, planning and implementation of monetary policy. In this case, the report and its explanation can be submitted any time and retains its confidentiality.

In time, especially since the establishment of second period of BSBI (2010-2013), several role of BSBI has improved in terms of its activity level, for several strategic activities which is allowed by DPR, including BI itself. This is meant so that the role BSBI can become a strategic institution of the two state institution, so that the problems being faced, including the problems in creating professional communication relation including issues of practical politics which has developed in relation to central bank, such as balance deficit and research management for foreign reserve management, can be solved in a responsible manner.

On the various functions mentioned above, it can be summarized that the role of BSBI is meant as an institution which is actively responsible, both directly and indirectly, so that BI can maintain and improve the practice of GG in BI. In special terms, the role of BSBI is meant to achieve the government of ultimate goals in BI, which is implemented in BI through two strategic targets, that is: (1) reduction of conflict by connecting perceptions and information among primary stakeholders, among others BI, DPR, BPK and other stakeholders especially in relation to the transparency of BI’s implementation of its role.
and function for the national interest; (2) BSBI plays the role as an institution which can remind BI to ceaselessly improve the practice of GG in order to improve BI credibility as central bank which is faithful to its mandate (amanah).

Various activities are carried out by the BSBI in relation to conflict reduction, mostly by bridging the communication between BI and Ministry of Finance and by giving recommendation to the board of governor of BI concerning asset liability management (ALM), especially in relation to the aspects of the effect and benefit accruing thereof. The next activity is to create focus group discussion (FGD) with DPR, BPK and other stakeholders from universities and experts, for instance in relation to the BI annual budget, BI’s surplus and deficit and other specific themes considered to have strategic import such as BI’s social responsibility (BISR), and also holding seminars and workshops in succession in state university campuses in the regions.

In relation to the role of BI as an institution which must improve its own performance, this is carried out through several mechanisms, such as empowerment by studying and giving recommendation to the board of governor of BI to empower the role of representative offices in the regions by benchmarking to other related central bank. The second is by system management, that is recommending the improvement of procurement for goods and services, automation of information system, website, BI’s IT investment and other things related to the improvement of the organization and labor system in BI, including the recommendation on the need to implement key performance indicators (KPI) in professional manner. BSBI has also conducted studies on the need for BI to apply code of ethics for the BI’s board of governor so that it can be assured that the strategic managers of BI is credible, reputable and has integrity in their role, function and responsibility collegially.

It is, however, realized that the formal role and function of BSBI is still very limited, however in practice, DPR always encourage BSBI to optimize its role by making use of the available resources to deal with the limitations, both in terms of rules, limited human resource and funding for the activities.

The Function of BPK

As is well known, one of the instrument for BI to report that it has implemented GG in its organization is by publishing financial report annually. According to applicable laws, BPK as external auditor should provide opinion on the fairness of the representation of BI financial report based on tests on the information and transactions which serve as the
basis for financial report and adequacy of the disclosure. In conducting financial examination, BPK also tests for the compliance on statutory law and assess the effectiveness of BI's internal control. In this way, based on the examination on the financial report, BPK has played an active role in maintaining the implementation of GG principles in BI through the examination of BI financial management.

BPK in its examination of BI's financial management report is based on PAKBI, where the fact shows that many exceptions in PSAK is generally taken. This should pose no problem. Not all central bank have fully adopted generally accepted accounting principles (GAAP) or IFRS. So there must be some central banks which applies its own standard or guidelines other than GAAP or IFRS. This is possible since several accounts on the asset and liability side in central bank balance sheet are specific or unique, especially in relation to the accounts showing the role of central banks in implementing its primary role to achieve and maintain monetary stability. Therefore it is important to note for practitioners of accounting and external auditor in relation to the presentation of financial report in a central bank that there is a trade-off between full disclosure and the achievement of central bank objective, that is stability of the currency.

The result of the examination of BI's financial report by BPK is very important since BI financial report is required by stakeholders which are directly and indirectly interested to know and obtain information on the condition of BI's transparency and accountability. For instance, for the DPR and the public, the financial report audited by BPK will show how far BI has done its job in maintaining the stability of rupiah in relation to BI's capability in managing the resources entrusted to him by the state in an efficient and effective manner. Besides, the financial report audited by BPK would be one of the input for DPR to evaluate the performance of BI especially Board of Governor and members of that board (Article 38 Law No. 3/2004 concerning the Amendment of Law on BI). Then, for the government, the report would inform on the servicing of government debt (Surat Utang Pemerintah, SUP), distribution of BI surplus and taxation. It is also beneficial for the government and DPR to know the last position of BI capital. Besides, the financial report which is audited by BPK would be required by IMF and other international financial organizations, especially to determine the position of Indonesian foreign reserves under BI's management.

BPK began to conduct examination over BI's financial report since the first examination on BI's initial balance sheet for May 1999. At that time, BPK produced a “disclaimer” opinion on BI financial report for 17th of May 1999, due to the problems of BLBI and weakness in internal control. Then for the fiscal year 1999 until 2002, BPK has
produced an opinion of qualified fair representation (Wajar dengan Pengecualian). However, for the fiscal year 2003 to 2011, BPK has given the opinion unqualified fair representation (Wajar Tanpa Pengecualian, WTP) for BI financial report. This is due to BI's earnest effort to improve its transparency and accountability in its financial report. It must be admitted, though, that several weaknesses are still lurking here and there in the internal control system and there are problems in compliance which would become legal and political problems, for instance BLBI case, the flow of YPPI fund and the case of Bank Century.

In general it can said that BI has endeavored to apply GG especially for the transparency and accountability in its financial reporting. But it must be realized that the fact shows that at present BI is still facing a less-than-conducive environment for the comprehensive implementation of GG, especially due to the problems of internal control in BI, which currently is still considerable. Besides, in accordance to applicable rules, at present BPK is still limited in conducting examinations on other aspects beyond BI financial report. For instance, examination on bank supervision, logistics, currency, investment, human resource and other aspects. Therefore BPK considers that it is still difficult to conclude that BPK can ascertain that the implementation of BI activities are accountable, transparent, economical, effective or efficient in a comprehensive way as expected by all concerned.

Therefore, in the future, BPK expects that there would be rethinking over the laws which limits the authority of BPK to examine BI, especially in relation to the aspects other than BI's financial report. However, if it proves to be too difficult, then BI is expected to provide greater access for BPK to conduct audit on aspects outside financial report, since it would provide greater benefit for the implementation of GG within BI itself.

**CONCLUDING REMARKS**

BI as a state institution with independent status are expected to carry out good governance in managing its organization in order to achieve the functions and tasks mandated to it by the law, and similar to other independent public institution, this would be in accordance with established principles of GG, that is transparent, accountable, fair, and capable of maintaining its integrity as credible and reputable institution before all stakeholders, both domestic and foreign.

In general it can be said that the BI has been trying to apply the principles of Good Governance, but it has not been formally and legally stated in an intact and
comprehensive specific rules regarding the principles of Good Governance in BI. Therefore, it would take a significant willpower to generate it, meanwhile setting up a BI Good Governance model which continuously enhanced/refined so that the application of the principle of Good Governance in BI organization will cover all phases (structure, process and outcome) in order to materialize the vision, mission and strategic objectives that have been determined.

DPR and BSBI are both directly and indirectly responsible for assisting BI in carrying out and implementing the principles of GG in BI's organization on a ongoing basis, in accordance with the mandate of the law for the two institutions in a proportional and professional manner. BSBI as an institution which assists DPR should be able to improve its capacity in supervising BI in accordance with the tasks mandated by DPR working mechanism through objectives approaches which should be continuously improved.

From the perspective of BPK, BPK can be considered as an active partner of BI since 1999 in the effort of BI to apply the principles of GG, especially in relation to the examination on BI financial report, where BI has received opinion of unqualified fair representation (Wajar Tanpa Pengecualian, WTP) since 2003 and it has been accepted by the DPR. However, BPK expects that for the future, BPK's authority for auditing other aspects of BI's operation would be expanded since it is now limited only to BI financial report, so that it would be able to assure comprehensively that BI has implemented the principles of GG in responsible manner, that is transparent, accountable, economical, efficient and effective.

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