

New Regulation on QRIS Tariff Increase to 0.3%

On June 22nd 2023, Central Bank of the Republic of Indonesia (*Bank Indonesia – “BI”*) Board of Governors held a Press Conference which stated that since July 1st, 2023, BI has adjusted the Merchant Discount Rate (“**MDR**”) to the QR Code Indonesian Standard (“**QRIS**”) for micro businesses to 0.3%. Previously, BI implemented special discount regarding the MDR requirements for QRIS for micro business actors to 0% from June 2021 until June 2023.

MDR is one of the merchant’s obligations that must be paid to the bank based on BI requirements and regulations. This rate is charged automatically on the merchant for every transaction using QRIS. Merchants will receive payments that have been deducted by this 0.3% rate in the registered bank account.

The background of this tariff increase is the massive expansion on digital payment technology. The expansion resulted in and increase use of QRIS to 35.80 million users and 26.1 million merchants. The purpose of this QRIS tariff increase is to improve and disseminate digital payment system transaction services and digital financial economy ecosystem. This policy is considered a step to cover the costs arising from the provision and operation of QRIS services so as to improve the quality and sustainability of QRIS services in the future.

In the implementation of this policy, merchants may not charge the MDR fees to consumers or QRIS users. It is regulated in Article 52 Paragraph 1 of Bank Indonesia Regulation Number 23/6/PBI/2021 concerning Payment Service Providers stating that providers of goods and/or services are prohibited from imposing surcharges on service users for fees charged by providers to the providers of goods and/or services. Referring to that regulation, merchants are required to bear the full cost of the QRIS MDR according to the applicable tariff.

LEGAL UPDATES



Further information please contact:

Kiki Setiawan, S.H., LL.M.
Managing Partner

Kiki Setiawan & Partners Law Office
EightyEight @Kasablanka, 38th Floor
Jalan Raya Casablanca Kav. 88
Jakarta Selatan 12870
Indonesia

M : +62 813 1488 2322

T : +6221 2963 8070

E : kiki.setiawan@ksplaw.co.id

W : www.ksplaw.co.id

Office:

EightyEight @Kasablanka, 38th Floor
Jalan Raya Casablanca Kav. 88
Jakarta Selatan 12870 - Indonesia
E : mail@ksplaw.co.id
T : +6221 2963 8070
W : www.ksplaw.co.id

Looking at this policy further, there are two categories of merchant that are not subject to an increase in the MDR, namely government-to-people merchants and people-to-government merchants. Government-to-people merchants are merchants that accommodate payment services to the government for the public, such as social charity. On the other hand, people-to-government merchants are merchants that accommodate payment services from the public to the government, such as paying taxes and passport.

Some parties voiced their objections to this policy and assess that the increasing MDR for QRIS has the potential to cause users and merchants to leave QRIS services. Another opinion that agrees states that this policy is a step backwards in achieving BI's target which is digital payment system in the future. From merchant's point of view, merchant would also consider to stop using QRIS services. Furthermore, merchants respond towards this is to increase the price of the goods and/or services that they sell. To conclude, this policy considered to burden QRIS' merchants and users.

In addition to the increase in QRIS services tariff, BI had enacted a policy to increase the nominal value of QRIS transactions to a maximum of IDR 10,000,000.00 (ten million Rupiah) per transaction, which previously only a maximum of Rp. 5,000,000.00 (five million Rupiah), pursuant to the Regulation of Members of the Board of Governors No. 24/1/PADG/2022.

Furthermore, transactions using QRIS can also be used in 4 (four) other countries such as Thailand, Malaysia, Philippines and Singapore. The implementation of this cross-border payment has clearly created a payment method that is faster, cheaper, transparent and inclusive. Thus, transactions between countries do not need to convert or exchange foreign currency when shopping in the countries visited. To use QRIS, you only need to scan the QRIS barcode in the destination country, the transaction value will be paid according to the destination country's currency and automatically converted to Rupiah.

The increase of QRIS service tariff to 0.3% creates additional expenses for merchants which may result in a decrease in the number of users, but on the other hand this is done to develop technology and QRIS service features.

Office:

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E : mail@ksplaw.co.id
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W : www.ksplaw.co.id