



UNHCR Innovation Service - Digital Innovation Programme

# Displaced and Disconnected

Asia

Indonesia



**UNHCR**  
The UN Refugee Agency



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Indonesia

Understanding the legal and regulatory barriers to accessing mobile connectivity and digital financial services faced by refugees, asylum-seekers and stateless persons in Indonesia

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UNHCR  
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# Abbreviation

|                 |   |
|-----------------|---|
| <b>AML</b>      | Anti Money Laundering   |
| <b>APG</b>      | Asia/Pacific Group on Money Laundering                                      |
| <b>BI</b>       | Bank of Indonesia   |
| <b>CDD</b>      | Customer Due Diligence  |
| <b>CFT</b>      | Combating the Financing of Terrorism  |
| <b>CMN</b>      | Cellular Mobile Networks  |
| <b>DUKCAPIL</b> | Population and Civil Registry – <i>Kependudukan Dan Pencatatan Sipil</i>    |
| <b>GoI</b>      | Government of Indonesia   |
| <b>IMEI</b>     | International Mobile Equipment Identity                                     |
| <b>IMSI</b>     | International Mobile Subscriber Identifier                                  |
| <b>KITAP</b>    | Permanent Stay Permit Card – <i>Kartu Izin Tinggal Tetap</i>                |
| <b>KITAS</b>    | Limited Stay Permit Card – <i>Kartu Izin Tinggal Sementara</i>              |
| <b>KYC</b>      | Know Your Customer  |
| <b>MCTI</b>     | Minister of Communication and Technology Information                        |
| <b>MNO</b>      | Mobile Network Operators  |
| <b>OJK</b>      | Indonesian Financial Services Authority – <i>Otoritas Jasa Keuangan</i>     |
| <b>Perpres</b>  | Presidential Regulation – <i>Peraturan Presiden</i>                         |
| <b>SIM</b>      | Subscriber Identification Module  |
| <b>UNHCR</b>    | United Nations High Commissioner for Refugees                               |
| <b>UU</b>       | Laws of the Republic of Indonesia – <i>Undang-undang Republik Indonesia</i> |

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# Introduction

As a part of the Digital Innovation Programme of UNHCR's Innovation Service, the Displaced and Disconnected research series investigates the legal and regulatory barriers to accessing mobile connectivity and digital financial services faced by asylum-seekers, refugees and stateless persons. These services have become essentials in the digital age and support self-reliance. In this report, we identify and review the barriers faced by asylum-seekers and refugees, referred to in this report as displaced persons, in the territory of the Republic of Indonesia. It reviews the implications of national frameworks for telecommunications access based on ID credentials accessible to displaced persons, and barriers within regulatory frameworks for connectivity and digital financial services. The Innovation Service's Displaced and Disconnected Methodology Toolkit was used to guide the research.

Under the Government of Indonesia's (GoI) regulations, this research is looking in-depth into the legal status, identification and verification requirements applied to mobile and banking users. These regulations have created barriers for displaced persons to legally access various network-based services – telecommunications, internet and financial services – within the territory of Indonesia. With the nation's fast-growing digital access to mobile and electronic money providers, it presents a missed opportunity for displaced persons to access services, new payment methods, and connectivity. With the ongoing COVID-19 pandemic, remote access to information and humanitarian assistance has also proven to be vital, especially for displaced persons. The research aims to identify key issues to better support UNHCR's programmes and delivery in Indonesia, and opportunities for improving legal access to connectivity and digital financial services.



*The research is looking in-depth into the legal status, identification and verification requirements applied for mobile and banking users.*

# Indonesia



ITU Regulatory Tracker  
Overall Score



GSMA Mobile Money  
Regulatory Index



Party to the 1951  
Refugee Convention  
**NO**



Data Protection and  
Privacy Legislation  
**YES**

## Registration and Identification of Displaced Persons

As a non-signatory country to the 1951 Refugee Convention and its 1967 Protocol, there are significant legal barriers for refugees and asylum seekers within the territory of Indonesia. Nonetheless, the nation has a long-standing position as a country of asylum that can be traced back to 1970. Although Indonesia has always positioned itself as a transit country, it still has the obligation to uphold the principle of non-refoulement and respect Human Rights as enshrined in the United Nations Declaration of Human Rights and relevant international Human Rights laws ratified by the country.

Upon arrival, displaced persons are registered by UNHCR Indonesia and are provided with identification documents from UNHCR. The first document is the “under-consideration” letter and the second is the UNHCR identity card. Displaced persons have to present information about the identity documents they have along with photos and biometric data. After this, they are provided with a unique ID number by UNHCR, and a family case number. Refugee status determination of displaced persons within the territory of Indonesia is conducted by UNHCR under its mandate as per Presidential Regulation (Perpres) Number 125/2016 concerning the Handling of Refugees. The regulation also sets out the process for the identification, shelter and safeguarding of refugees and asylum-seekers entering Indonesian territory and guaranteeing them relevant protections. With the determination process authority given to UNHCR, it minimizes the possibility of political bias in the registration process of displaced persons upon entering the country.

There are currently 13,118 individual refugees – 32 percent female and 68 percent male – registered by UNHCR as of October 2021. The majority live in urban areas across the country such as Medan, Makassar, Surabaya, Pekanbaru, Tanjung Pinang, Kupang, and Greater Jakarta. The UNHCR issued ID number is the only legal identification credential allowing asylum-seekers and refugees to live in Indonesian territory until an alternative solution is identified for them. As of now, there is no plan from the Gol to provide its own ID to refugees as the registration and refugee status determination process is carried out by UNHCR in line with the Perpres Number 125/2016.

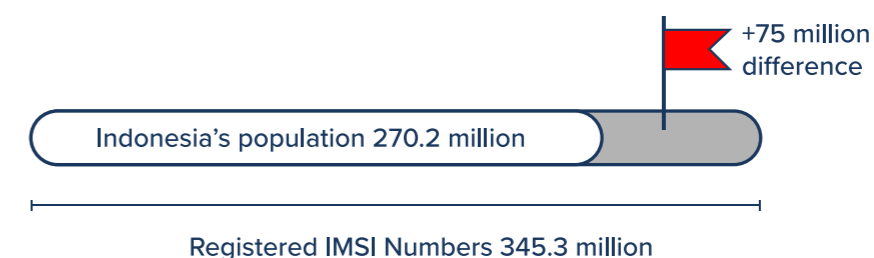
## IMEI and SIM Registration

Since 2020, the Gol required the registration of any equipment or devices connected to cellular mobile networks (CMNs) such as Mobile phones, Computers, and Tablets. Under the **Minister of Communications and Information Technology (MCIT) Regulation 1/2020**, all telecommunications equipment or devices connected to CMNs must have their International Mobile Equipment Identity (IMEI) registered before being able to connect to a local SIM Card. An internationally registered device is able to access CMNs via a roaming mobile network for up to 90 (ninety) days before it is blocked. With this regulation, any person who brought international devices for a continued stay in Indonesia must register their devices to use them within the country.

This presents an issue in the case where displaced persons arrive in Indonesia and wish to use their CMN devices purchased in their country of origin or elsewhere. The first 60 (sixty) days are key for displaced persons to register their devices so they can use them in Indonesia. Devices must be registered through the Ministry of Industry’s online portal – this can be accessed through their website or an application– and pay a customs fee of 10-15% in difference for devices that cost more than USD 500. Any devices that cost USD 500 or below – based on the Ministry of Industry’s price database – will not be charged a customs fee. Over the 60 days mark, displaced persons have to buy a new device in Indonesia to access CMNs before registering a local SIM card. The registration of CMN devices would be the first hurdle encountered by displaced persons upon their arrival in Indonesia.

To access any mobile network and their services, SIM registration and identity data validation are required by law in Indonesia according to the MCIT Regulation. By validating SIM cards, users will be able to access services such as text, calls, internet, mobile money, and other services attached to it. The requirement for SIM number registration has been in place since 2005, while the validation of ID credentials for accessing CMNs started in 2016. Two key factors influenced the requirement for validation of ID credentials. One is the unusually large number of registered SIM cards – more than 290 million users compared with a population of only 260 million people in 2016– and the increasing cases of spam and fraud along with findings around misuse of ID credentials linked to crimes.<sup>1</sup> Prepaid SIM card users must register their ID credentials or risk having their phone numbers blocked. Upon the first use of a new SIM card, it receives a 30-days grace period to register and validate before it is blocked, after which they cannot receive incoming calls or texts.

As of April 2021, there are over 345.3 million registered International Mobile Subscriber Identifier (IMSI) Numbers compared with Indonesia’s population of 270.2 million. The high number of IMSI Numbers raises suspicion of data misuse and fraud, which become the basis of the government’s strong stance on the need for data validation. Under the MCIT regulation, each ID credential can register a maximum of 3 (three) IMSI numbers. Those who exceed the allowed number are flagged for ID credential misuse and must re-register their number for validation. If there is a possibility of fraud and misuse of ID credentials, an investigation is conducted based on Laws of the Republic of Indonesia (UU) 19/2016 with a possible penalty of imprisonment not exceeding 12 (twelve) years and/or a fine not exceeding Rp 12,000,000,000.00 (Twelve billion rupiahs or roughly 850 USD). Mobile Network Operators (MNOs) that fail to validate ID credentials and follow the required standard of procedures based on ISO 27001 certifications are penalized based on the Indonesia Criminal Code article 55 and Laws of Republic of Indonesia 19/2016.



*As of April 2021, there are over 345.3 million registered IMSI Numbers compared with Indonesia's population of 270.2 million. The high number of IMSI Numbers raises suspicion of data misuse and fraud, which become the basis of the government's strong stance on the need for data validation.*

<sup>1</sup> Based on the statement from Minister of Communication and Technology Information of Indonesia Press Release Number [112/HM/KOMINFO/05/2018](#) and Number [187/HM/KOMINFO/10/2017](#)

Indonesian citizens can register by providing a national ID card number and a Family card number. Foreign citizens are required to provide a valid Passport, Permanent Stay Permit Card (KITAP), or Limited Stay Permit Card (KITAS) to register online or through MNO outlets. The ID credentials are validated against the population database under the Directorate General of Population and Civil Registry (DUKCAPIL), part of the Ministry of Home Affairs.

Most displaced persons in Indonesia are not eligible to receive KITAP or KITAS cards and the only ID credential they hold within the country is the ID issued by UNHCR. However, in April 2021, **MCIT Regulation 5/2021** was ratified. This regulation legally recognises UNHCR issued IDs for the purposes of data validation to register SIM cards. No difference is made between the two types of ID documents that UNHCR issues – the under consideration letter and the UNHCR card. The ID number in both documents can be used to register for access to telecommunications and financial services. The regulation aims to fully implement its ongoing biometric identification as part of the SIM Registration data/identification validation process by 2024. The regulation specifically stated displaced person’s ID credentials to be eligible for validation as follows: “foreign citizen that has received Refugee Status can register for prepaid SIM card using ID number issued by the UNHCR”. – **MCIT Regulation 5/2021, article 156 (point e)**. Although the regulation specifically states that it accepts ID credentials for those who have received Refugee Status, UNHCR issued IDs do not differentiate between refugees and asylum seekers, which is why those under consideration can still use their ID number for SIM registration.



*It was not until the ratification of MCIT Regulation 5/2021 concerning the implementation of telecommunications in April 2021, that the usage of ID credentials issued by UNHCR is now legally recognized for validation of data for the purpose of SIM card registration*

In reality, prior to MCIT Regulation 5/2021, the process for displaced persons to obtain a SIM Card with UNHCR issued IDs was different based on each of the MNO Providers. While the 3 biggest providers did not allow the use of UNHCR issued IDs, some minor providers did allow such ID credentials for data validation.<sup>2</sup> MCIT 5/2021 marks the first legal instrument to explicitly mention the use of UNHCR issued IDs for the purpose of data validation for mobile services. Despite the new regulations, the changes implemented under the MCIT regulation 5/2021 received limited media coverage and public discussion.

<sup>2</sup> This information was obtained through cross finding from confirmation to MNOs provider and interview of PoC’s community experience when purchasing a SIM Card number.

The recognition of UNHCR issued IDs being accepted to register SIM cards has not had any news coverage or been mentioned in any of the MCIT press releases. The new regulations have reached all MNO’s within the territory of Indonesia, but these changes are not yet reflected in practice related to the accepted required ID credentials through each of their platforms.

**Recommendation**

Sensitize all of the relevant stakeholders about the impact of the MCIT Regulation 5/2021 and importance for its accurate implementation. This includes mobile industry players and displaced persons.

The provision of information to displaced persons regarding their obligations to register their IMEI and rights to access SIM cards needs to be improved. Most of the information shared around telecommunication is still based on word of mouth amongst displaced persons’ communities. It needs to be highlighted that under the law, all displaced persons with UNHCR issued ID can purchase SIM cards and validate them with their UNHCR IDs to access mobile services. Legal access to mobile network services opens the opportunity for refugees and asylum seekers to access more services in the future, including mobile-based financial services such as electronic wallets and mobile money. As the regulation was only signed in 2021, the socialization and implementation of it is still not effective. This process needs to be accelerated for displaced persons to access online information, communicate with others, and receive cash assistance and transfers, among other benefits of connectivity.

**Recommendation**

Sensitize displaced persons about their rights to SIM registration and the impact of the MCIT Regulation 5/2021 through multiple accessible channels. This must include where displaced persons can go for help if they are still unable to register SIMs.

To accelerate the process, UNHCR along with MCTI should publically address the changes made under MCTI Regulation 5/2021 as it shows the Gol’s commitment to increase displaced people’s livelihood within the territory of Indonesia. These changes should also be reflected throughout various MNO’s platforms and display the fact that UNHCR issued ID is a valid data credential requirement for SIM registration and the validation process. It is within the mandated scope of UNHCR to advocate the progressive recognition of displaced persons’ identity within the territory of Indonesia.

## Know Your Customer Rules

The Republic of Indonesia became a member of the Asia/Pacific Group on Money Laundering (APG) in 1999 and held the role of APG co-chair from 2006 to 2008. The country has enacted anti-money laundering and combating the financing of terrorism laws. These are overseen by the Bank of Indonesia (BI) and managed by the Indonesian Financial Services Authority (OJK). Regulations concerning Anti-Money Laundering (AML) and Counter-Terrorism Financing (CTF) in the Financial Services Sector, under **OJK Regulation Number 23/POJK.01/2019** contains the key regulation for Know Your Customer (KYC) and Customer Due Diligence (CDD) principles. In Chapter IV–Part 1: Identification and Verification of Prospective Customer and Customer, Article 20 defines the specific information and documentation requirements that financial institutions need to obtain from customers:

1. Full name or alias;
2. ID credentials and number;
3. Residential address in accordance to ID or other residential address;
4. Place and date of birth;
5. Nationalities;
6. Occupation;
7. Work address and phone number;
8. Sex;
9. Marital status;
10. Source of income; and
11. Annual income.

The opening of a bank account for foreign citizens is also regulated under **OJK Regulation Number S-246/S.01/2015** that focuses on facilitating the opening of bank accounts for foreigners to boost investment. Through this regulation, a foreign citizen is only required to submit proof of a valid passport and an initial minimum deposit of USD 2,000 to open a bank account. A deposit above USD 50,000 will require providing either a KITAS or KITAP as ID credentials with other supporting documents as stated in OJK Regulation Number 23/POJK.01/2019. For the case of asylum-seekers and refugees in Indonesia however, the requirement for opening a traditional bank account and accessing its services has proven to be almost impossible without the aforementioned requirements stated in OJK Regulation Number 23/POJK.01/2019. UNHCR issued IDs are not yet recognized as suitable ID credentials and providing proof of address remains a challenge for the verification process.

The implementation of KYC principles in Indonesia plays a key factor for governing electronic financial services such as mobile money, electronic money, electronic wallets, etc. However, the verification process is much simpler compared to traditional banking practices. With the digitalization of services, the process for verification of ID credentials can be performed through photo verification – a photo of ID credentials and a live self-portrait – however this process is limited to Indonesian issued electronic ID cards and passports for foreign citizens. Unlike for mobile network services, the verification process of financial services is yet to recognize UNHCR issued IDs as valid, which presents a disparity between the two regulations.

Despite the legal barriers mentioned above, there have been good practices in which displaced persons under specific circumstances can open a type of limited account with local banks in Indonesia. Displaced persons living in accommodation managed by the International Organization of Migration (IOM) have been able to open a limited account arranged by IOM with local banks as part of their cash-based programme. These accounts can only receive transfers from IOM and withdraw money, but are not available for merchant and money transfer transactions and any transfers received outside of IOM. These are therefore not traditional banking accounts and do not give access to a variety of banking services. Displaced persons receive monthly assistance through the ATM card issued by the local bank and distributed by IOM.

While OJK has not issued regulations recognizing UNHCR documents as valid ID to open a bank account, some displaced persons have been able to directly open an account in several branches with a status confirmation letter from UNHCR. This practice however has been ad hoc and decided by the bank. Displaced persons report different experiences where even when presenting the letter, it is not accepted. UNHCR is still advocating for regulations from the Banking Authority to change so banks accept UNHCR issued documents as valid ID to open a bank account based on these precedents.

### Recommendation

Continued advocacy with industry and relevant stakeholders for banking access reform that broadens inclusion of displaced persons using evidence of impact and benefits.



## Mobile Money

Indonesia's development priorities currently focus on poverty reduction and improvement of basic services through connectivity as laid out in national and regional development planning. As a part of this, the GoI aims to boost digital connectivity, ensure an inclusive digital economy, and maximize digital technologies to provide better public services. However, the digital divide remains a major hurdle in Indonesia. Almost half of the adult population is still without access to the internet while the urban-rural connectivity divide has not narrowed.<sup>3</sup> The proportion of Indonesian adults with access to the internet has increased from 13 percent (2011) to 51 percent (2019) – 48 percent female against 52 percent male internet users – concentrating in the nation's urban centres. A large segment of the urban-rural population is ready to increase their digital interactions with the government.

Despite the country's reputation as one of the fastest-growing digital economies in Southeast Asia, success stories of Indonesian "unicorns", and the bloom of digital industries, the GoI has yet to tap into the full potential of digitalization, especially in the financial and banking sector. This is why through the establishment of the National Financial Inclusion Strategy, the GoI aims to increase banking penetration, access to investment, and access to digital financial services such as electronic wallets, internet banking, mobile banking, and mobile money, to cover harder to reach areas of Indonesia's territory.

With the fast-growing digital transition, the Indonesian business environment continues to develop various innovations, including mobile money to improve access to financial services through the wide coverage of mobile networks. Such products are regulated under the BI Regulation Number 20/6/PBI/2018, concerning Electronic Money. This includes regulations on mobile/electronic money in financial activities in line with the implementation of KYC principles and risk management against AML/CFT. To accelerate the digitalization of financial services, the implementation of KYC principles in mobile and electronic money services has been simplified compared with the traditional banking systems. With ID biometrics and facial recognition, users will be able to verify their data by providing self-portraits and pictures of their ID credentials. To improve security and user protection, it also requires two-factor authentication for any transactions operated under these financial services.

In principle, asylum-seekers and refugees that have registered a SIM number would be able to access mobile/internet networks and hence access some mobile financial services as regulated under MCIT Regulation 5/2021. The SIM number could be used to register on various mobile/electronic money platforms by providing basic information- SIM number, full name, and date of birth. The registration however, has certain limitations as they can only be used for:

1. Top-ups of electronic money;
2. Payment to merchants; and
3. Money within the account of a maximum IDR 2,000,000 or approximately USD 140

In order to increase access to other financial services, the user will have to validate their ID credentials with the financial service operators. The validation process is conducted digitally through picture verification on the financial service's platform. In this case, the only recognizable ID credential for non-Indonesian citizens is a valid Passport that will later be checked against the DUKCAPIL database. Once the validation process is completed – 2 days maximum processing time – users can access other financial services including transferring money, cash withdrawal, and increasing the maximum account value threshold to IDR 10,000,000 or approximately USD 700.

The potential for asylum-seekers and refugees to have legal access to mobile money seems promising by using UNHCR issued IDs for accessing SIM cards and mobile networks. With access to mobile networks, displaced persons can access basic financial services provided by various operators. Barriers remain for displaced persons who do not hold a passport to increase their access to more comprehensive mobile financial services, as UNHCR issued IDs are not yet recognized for this process. The progression of UNHCR issued ID to be used as a valid credential within different government sectors of Indonesia is not yet universal and needs to be further advocated for. Ideally, with the recognition of ID credentials within financial services and institutions, displaced persons can tap into the full benefits of connectivity.

### Recommendation

Advocate for UNHCR ID to be recognized for higher-tier Mobile Money transactions above the 700 USD threshold and a wider variety of mobile money services, given its less rigorous than for the bank account and does not have the higher threshold and minimum deposit requirements. With the recognition of UNHCR IDs for these mobile services, advocacy can build on it to promote access to further financial services.

It should be noted that the recognition of UNHCR issued IDs remains limited and the process of harmonizing regulations across the Ministries of Indonesia needs to be optimized. The recognition of UNHCR issued IDs in mobile services opens up the opportunity of recognition in the financial services as well. The continuous advocacy of displaced persons' ID credentials across Ministries and service providers needs to be accelerated in tune with the Perpres Number 125/2016.

<sup>3</sup> World Bank report. "Beyond Unicorns: Harnessing Digital Technologies for Inclusion in Indonesia". Published: 29 July 2021



## Personal Data Protection

Within the 1945 Constitution of the Republic of Indonesia, personal data is mentioned explicitly in Article 28G clause (1) as human rights that must be protected by state, law, government, and every person. It is further regulated under the **UU Number 39/1999** concerning Human Rights. As stated under article 21 *“Everyone has the right to personal integrity, both spiritual and physical, and therefore must not be the object of research without their consent.”* The object of research under article 21 refers to the activity of placing a person who is asked for comments, opinions, or information concerning their personal life and personal data and recording of images and sounds.

In banking, the personal data of costumers is regulated under UU Number 7/1992 concerning banking with article 40 clause (1) that reads: *“Banks are prohibited from providing information recorded at the bank regarding the financial condition and other matters of its customers, which must be kept confidential by the bank according to the norm in the banking world.”*

In telecommunications operations, consumer data protection is covered under the **MCIT Regulation 20/2016** concerning personal data protection within electronic systems. The regulation covers protection against the acquisition, collection, processing, analysis, storage, display, announcement, delivery, dissemination, and destruction of Personal Data. With defined obligations for electronic systems operators and rights of the personal data owners, the regulations highlight the following:

1. *The collection of personal data is limited to the required information needed for the purpose of registration and validation;*
2. *Electronic systems operators must own internal regulations that govern the process of data obtainment and preventive systems to protect the data it manages;*
3. *Electronic systems operators must receive consent from personal data owners with a notice on how the data will be used;*
4. *In the case of a data breach or mismanagement of data, the data owner must be given a written notice;*
5. *The storage of personal data within a system has a maximum expiration of 5 (five) years unless there is a request from the data owner to delete their data, in which case the system operator must immediately remove it;*
6. *The personal data owner has the right to remain confidential, any dispute over the failure of data confidentiality can be filed as a complaint to the MCIT.*

The implementation of data protection is further strengthened through the **Government Regulation 71/2019** concerning the execution of electronic systems and transactions which highlights the obligation of system operators to maintain confidentiality, management of personal data, and inform data owners of the use of data. The failure to do so will result in the operator’s license removal followed by jail time and fines. Personal data protection regulation applicable across mobile and financial services gives displaced persons the same rights to dispute a breach of their data confidentiality. The regulation also ensures the safety of displaced persons’ identity from data exploitation as users of mobile and financial services. Although the potential risks of data breaches are minimized under the law, these remain possible in practice and implications must be carefully considered.



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