ABSTRACT

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LEGAL ANALYSIS OF FOREIGN OWNERSHIP IN INDONESIA BANKING

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Banks play an important role for the success of national development programs in order to achieve equity, revenue, creating economic growth, and maintain national stability in the direction of improving the welfare of the masses. The role expected of the national banking system leads to bank that has a function as agents of development, namely as an institution that aims to support the implementation of national development. The role of such consequence that national banks are required to always be able to provide benefits as much as possible in order to increase economic growth and perform equalization on the results, so as to create national stability which leads to an increase in the welfare of the people. In the midst of the rapid development of the financial and banking industry, foreign shares started to invest in Indonesia, including in banking. Competition in the Indonesian banking industry has undergone many changes, because of the many foreigners who started to invest their shares in banking in the country. Foreign bank presence in ownership resulted in the eroded portion of the national bank. Compared with other countries, the rules on foreign ownership in Indonesia is considered the most liberal. This is possible because the bank ownership regulations in Indonesia are easy to find the gap. Although Bank of Indonesia has strict rules, in fact most of the foreign investors can easily take over the shares of national banks through capital markets.

Reference: 17 (1972-2012)