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Implications of Differences in Professional Certification Authority between Bank Indonesia and the Financial Services Authority on the Effectiveness and Mitigation of Systemic Risk in the Financial Services Industry

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Abstract: *This study examines the problem of disharmony in the regulation and implementation of professional certification in the financial services sector after the issuance of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law). The main focus of the study is the analysis of the overlapping authority between the Financial Services Authority (OJK) and Bank Indonesia (BI) and the impact of granting certification authority to professional associations as stated in Article 261 of the PPSK Law. The provision is considered to create dualism in the certification system that weakens the integrity and accountability of the competence of professional personnel in the financial industry. This study reviews the differences in approach between the Professional Certification Institution (LSP) based on the Indonesian National Work Competency Standards (SKKNI) and certification organized by professional associations and evaluates its implementation by OJK and BI. Through a juridical-normative approach and supported by empirical data from strategic institutions, this study finds that the lack of system integration and lack of institutional coordination have an impact on the non-uniformity of competency standards and the potential for systemic risk in the financial services sector. Therefore, a policy harmonization model is needed that emphasizes the importance of integrating the SKKNI-based certification system, with LSP as the main implementer and professional associations as supporting partners, to ensure equal and credible HR quality across all financial services subsectors.*
Keywords: *Professional Certification, Financial Services Sector, OJK, Bank Indonesia*

INTRODUCTION

In the last two decades, the financial services sector in Indonesia has undergone significant regulatory transformation, in line with the government's efforts to strengthen the stability and competitiveness of the national economy. Since the post-monetary crisis reforms of 1998, various regulations have been issued to re-regulate the role and function of financial institutions, including the establishment of the Financial Services Authority (OJK) through Law Number 21 of 2011. This regulation aims to separate the supervisory function between the monetary authority (Bank Indonesia) and the non-monetary financial services sector supervisory authority (OJK) so that supervision can be carried out in an integrated and comprehensive manner. (Zaini, 2013) However, the increasingly complex development of the industry demands more dynamic and adaptive regulatory adjustments to the challenges of globalization, digitalization, and integration of international financial markets.

In response to these dynamics, the Indonesian government passed Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (UU PPSK) is a

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significant milestone in repositioning the role and function of financial sector institutions. This law not only regulates the strengthening of the structure and supervision of the financial services sector but also introduces a new scheme in human resource development through professional certification provisions. (Akbar. C, 2022) One of the crucial aspects of the PPSK Law is the recognition of the role of professional associations in implementing competency certification, which was previously delegated to the Professional Certification Institution (LSP) based on the Indonesian National Work Competency Standards (SKKNI). (Al Iqbal, 2020) This provision raises legal and institutional consequences that need to be analyzed in depth, especially regarding the potential for overlapping authority between Bank Indonesia, OJK, and professional associations.

The complexity of the financial services sector lies not only in the diversity of products and institutions but also in the demands for professionalism and competence of the workforce that manages it. The financial services industry includes banking, capital markets, insurance, pension funds, and financial technology (fintech), each of which has its characteristics and risks. In this context, the quality of human resources is a key factor in ensuring the stability and public trust in the national financial system. Professional certification is an important instrument to ensure that the workforce in this sector has uniform, measurable, and legally and ethically accountable competency standards. (Anwar, 2023) Therefore, regulations governing the certification system must be designed harmoniously and sustainably to answer the challenges of integration and mitigation of systemic risk in the financial sector.

Professional certification in the financial services sector has a strategic position as a formal mechanism to ensure that professional workers have competencies that meet industry needs and national standards. In industries that are full of regulations and high risks such as banking, capital markets, and insurance, the presence of competent workers is not just a preference, but a necessity to maintain system stability and protect public interests. Certification not only functions as validation of technical abilities but also as an indicator of the integrity and credibility of individuals in carrying out their functions. (Arthasari, 2021) Within this framework, the government through the National Professional Certification Agency (BNSP) establishes the Indonesian National Work Competency Standards (SKKNI) as the main reference, which is then implemented by the Professional Certification Institute (LSP) through objective and measurable competency tests.

However, with the issuance of the PPSK Law, there has been a paradigm shift in the implementation of professional certification. Article 261 of the PPSK Law provides space for professional associations to organize specific expertise certification directly, which was previously the exclusive domain of LSPs accredited by BNSP. Although this step aims to accelerate competency development and respond to sector needs more flexibly, on the other hand, it raises concerns about the fragmentation of competency standards. Certification by associations tends to be more adaptive to sectoral needs, but without a strict SKKNI framework, it is feared that the process will be non-uniform, prone to subjectivity, and minimal accountability. This opens up space for an imbalance in the quality of human resources between financial sub-sectors, which could ultimately impact investor confidence and the effectiveness of supervision by regulators (Azwari, 2021).

In the framework of systemic risk mitigation, non-standardized professional certification can weaken the resilience of the financial sector as a whole. Risks arise not only from incompetent individuals but also from certification systems that are not credible and difficult to verify institutionally. When professionals in the financial services sector have inconsistent training and certification backgrounds, decision-making processes, risk management, and regulatory compliance become inconsistent. (Bank Indonesia, 2021) The presence of two main authorities in Indonesia's financial sector Bank Indonesia (BI) and the Financial Services Authority (OJK) reflects a division of tasks that is in principle intended to create more focused and effective supervision. (Campos, 2019) BI is tasked with maintaining monetary stability, payment systems, and financial system stability on a macro scale, while OJK supervises the financial services industry on a micro-scale, including banking institutions, capital markets, and the non-bank sector. However, in practice, the boundaries between the authorities of these two institutions are not always clear, especially in terms of human resource development and the implementation of professional certification (Colin, 2014). Both have their initiatives and policies related to competency strengthening, including compiling and implementing certification programs that sometimes overlap in terms of substance and execution.

The problem became even more complex after the enactment of the PPSK Law which gave authority to professional associations to organize certification. This adds another actor to the professional certification ecosystem in the financial sector, which was previously dominated by LSPs and supervisory authorities. (Mahrous, 2020) In this context, BI and OJK, which should act as coordinators and standard setters, are now facing new challenges in aligning policies, especially when each has a preference for different forms of certification. (Nuryana, 2017) This lack of integration risks creating a dual system where one type of certification is recognized by OJK but not by BI, or vice versa which will certainly confuse the industry and harm the professionals who are directly affected.

When this dualism of authority is not managed properly, the implications are not only administrative but also substantive for the quality of human resources and the stability of the financial sector. Professionals who are certified by a particular institution may not be recognized by other regulators, resulting in inefficiency, legal uncertainty, and even unfairness in career development. In addition, the existence of two inharmonious approaches can make it difficult for industry players to meet compliance requirements, given the heterogeneity of competency standards and legal recognition. (Putri Lailatul Aria, 2023) At this point, the urgency of policy harmonization between authorities becomes very important, so that the certification system does not become an institutional political tool, but truly becomes a technocratic mechanism that guarantees the integrity, credibility, and competitiveness of professionals in the financial services sector.

Article 261 of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law) introduces a new provision that legitimizes professional associations to organize certain expertise certifications. This provision marks a major change in the professional certification ecosystem which was previously concentrated on the

Professional Certification Institution (LSP) accredited by the National Professional Certification Agency (BNSP). In practice, professional associations are authorized to determine the curriculum, prepare test materials, and carry out the certification process for their members. Normatively, this policy is intended to provide flexibility and efficiency in meeting the needs of professional personnel in each financial services sub-sector (Silalahi, 2022). However, it cannot be ignored that this step opens up space for the birth of a fragmented certification system with minimal external supervision.

Professional associations have strengths in terms of sectoral technical understanding and closeness to industry dynamics, but at the same time, they do not necessarily have the capacity or evaluation mechanisms that are objective and standardized nationally. Certification carried out without a framework based on the Indonesian National Work Competency Standards (SKKNI) risks producing certified graduates who do not necessarily have equivalent quality standards across sub-sectors or institutions. In addition, the absence of a requirement to coordinate with LSP or BNSP in the certification process creates a parallel system that is not integrated with the national certification framework. (Swaningrum, 2014) This creates the potential for conflict over the recognition of competence between institutions and reduces the effectiveness of certification as a tool for controlling the quality of professional workers in the financial industry.

This condition raises critical questions regarding the accountability and legitimacy of certification carried out by professional associations. In an ideal system, certification not only measures technical knowledge, but also ensures that a person understands the legal, ethical, and systemic risk aspects inherent in the financial sector. Without a strict accreditation mechanism and supervision from the competent authorities, professional associations may carry out certification as part of internal interests, rather than as an objective quality assurance process (Yudha, 2021).

The lack of integration in the professional certification system in the financial services sector has serious consequences that can spread to the stability of the financial system as a whole. When various institutions including the OJK, BI, LSP, and professional associations implement their respective certification systems without clear and structured coordination, differences in the competency standards applied will arise. This difference not only causes confusion among professionals and financial institutions but also creates inequality in the workforce quality between sub-sectors. In the long term, this fragmentation of standards can reduce the quality of financial corporate governance, because the workforce does not have the same understanding and capacity in handling risk, compliance, and business processes. (Abdianti, 2023)

Another broader impact is the increasing potential for systemic risk in the financial services sector. Systemic risk does not only come from the failure of large financial institutions but can also be caused by the accumulation of incompetent practices from industry players. If the certification system cannot ensure that all professionals have the same minimum competency and can be verified nationally, then the early detection mechanism for risk will also be weak. For example, a risk manager certified by a professional association with loose standards may fail to identify a potential liquidity crisis, while regulators or auditors do not have a strong basis for assessing the quality of their decisions. When this happens repeatedly and widely, the stability of the national financial system is at stake. (Atmojo, 2018)

Amid these challenges, weak institutional coordination between BI, OJK, and professional associations worsens the situation. Each institution tends to move with its policies, which forces industry players to navigate various certification systems that are not necessarily compatible with each other. The absence of a single authority or national harmonization mechanism in the implementation of certification also contributes to inconsistencies in the implementation and recognition of certification between institutions. As a result, HR who have been certified in one system may still not meet the requirements in another system, even though they are both in the financial services industry (Herlina, 2018) This creates inefficiency, increases administrative burdens, and hinders professional mobility between sub-sectors. In a situation like this, policy interventions are needed that can embrace all stakeholders to build an integrated and mutually reinforcing certification system.

Given the complexity and lack of integration of the professional certification system in the financial services sector, this study is very relevant and urgent to be conducted. The unclear authority between OJK, BI, and professional associations in organizing certification not only impacts the effectiveness of HR development but also creates systemic risks that can disrupt the stability of the national financial industry. Therefore, this study aims to critically analyze the implications of the differences in authority, evaluate the effectiveness of the approach used by each institution, and propose a policy harmonization model that emphasizes the integration of the SKKNI-based certification system with LSP as the main implementer and professional associations as supporting partners. Thus, it is hoped that a fair, accountable certification system will be created that can guarantee the quality of equal professional staff throughout the financial services subsectors in Indonesia.

RESEARCH METHODS

This study uses a normative legal method, namely an approach that emphasizes the study of written legal norms as a basis for explaining legal phenomena that occur. In this context, the study focuses on the analysis of laws and regulations governing the authority of professional certification in the financial services sector, especially Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law), as well as related laws such as Law Number 21 of 2011 concerning the OJK and Law Number 23 of 1999 concerning Bank Indonesia. The legislative approach is carried out to trace the hierarchy, continuity, and harmonization between relevant regulations. Meanwhile, the analytical approach is used to critically assess the relationship between legal norms and the reality of their implementation in the field, by considering general legal principles, principles of good governance, and theories about legal systems and institutions. The main data sources in this study come from secondary data consisting of primary legal materials (statutory regulations), secondary legal materials (literature, legal journals, academic study results), and tertiary legal materials (legal dictionaries and encyclopedias). Data collection techniques are conducted through library research by systematically reviewing relevant legal documents, books, and scientific articles. In addition, to strengthen the analysis, empirical data is also used from official reports of institutions such as Bank Indonesia, OJK, and BNSP, including the results of limited interviews with related parties (if necessary) as supporting materials. Data analysis techniques are carried out qualitatively by interpreting and reviewing legal norms in-depth and linking them to the empirical facts found to produce systematic, logical, and academically and practically accountable arguments.

RESULTS AND DISCUSSION

Regulation of Professional Certification Authority in the Financial Services Sector According to Law Number 4 of 2023 concerning PPSK

Professional certification in the financial services sector plays a very important role in ensuring the quality and competence of the workforce engaged in it. The financial sector, which includes banking, capital markets, insurance, and other financial institutions, has a significant impact on the national economy and public welfare. Therefore, the existence of competent and trained professionals is necessary to maintain the integrity of the financial system, manage risks, and ensure compliance with applicable regulations. Professional certification serves as a tool to assess and recognize the abilities, skills, and knowledge of the workforce by the standards set by both the certification body and the regulator. Besides, certification assurance that professionals can face the dynamic challenges that arise in the financial sector, such as regulatory changes, technological developments, and increasing risk complexity (Opriyanti, 2017).

The change in professional certification policy reflected in Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law) is a response to the need to update the existing certification system to face new challenges in the financial sector. The PPSK Law provides new authority to professional associations to regulate and organize certification, which was previously the task of accredited Professional Certification Institutions (LSP). This policy aims to provide flexibility in developing professional competencies that are more responsive to industry needs and market developments. However, on the other hand, this change also brings new challenges, especially related to the consistency of competency standards and stricter supervision so that there is no fragmentation or inconsistency between the certification provided by professional associations and that expected by regulators. (Sutawijaya, 2012)

Article 261 of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law) provides significant authority to professional associations to organize professional expertise certification in the financial services sector. Previously, this authority focused on professional certification institutions accredited by the National Professional Certification Agency (BNSP). With this change, professional associations in the financial sector now have the authority to determine competency standards and carry out certification according to industry needs. This aims to ensure that workforce competencies can be more specific and relevant to dynamic market demands, as well as accelerate the competency development process amidst rapid changes in the financial sector.

The certification mechanism regulated in Article 261 provides an opportunity for professional associations to develop curricula, test materials, and certification implementation that are more in line with the characteristics and needs of each sub-sector. This process includes the selection stage, competency test, and determination of graduation which then results in a certificate that is recognized in the industry. Although professional associations are given this authority, they are still required to maintain the quality and integrity of certification by referring to standards that have been adjusted to national regulations and applicable policies. The existence of more active professional associations in this sector can accelerate the improvement of human resource quality, but this also requires strict supervision to ensure that the standards set are not fragmented and remain measurable nationally.

Bank Indonesia (BI) has significant authority in supervising and developing human resources in the financial sector, especially in the banking and payment system sub-sectors. As a central bank, BI is responsible for ensuring the stability of the financial system, including management and compliance with regulations. In this context, BI also has a role to supervise and ensure that professionals in the banking and payment system sectors have adequate competence to face existing challenges, whether related to monetary policy, macroeconomic stability, or developments in financial technology.

BI regulates the competence of workers in the banking sector through various regulations that require professionals to undergo relevant training and certification. Although in the PPSK Law, certification authority can now be given to professional associations, BI still plays a role as the main supervisor to ensure that workers in the banking sector have expertise that meets the standards set by this institution. BI integrates this certification process with the operational supervision of existing banks, to ensure that every practitioner in the banking sector can understand and manage risks effectively, and meet high compliance standards. BI plays a role in overseeing the implementation of certification and competency development within a framework that supports the stability of the national financial system.

The Financial Services Authority (OJK) has the authority to supervise and regulate professions in the non-bank financial services sector, which includes capital markets, insurance, pension funds, financing institutions, and other financial industries. As an institution responsible for supervising and developing the non-bank financial services sector, OJK plays a key role in ensuring that all professionals in this sector have competencies that meet the established standards. OJK is tasked with supervising the implementation of certification related to the non-bank sector, as well as ensuring that institutions and individuals involved in this financial industry can carry out their duties with high integrity and professionalism. About professional certification, OJK has a policy to facilitate the development of human resources in the financial services sector through various training and certification programs. OJK integrates the certification process into a broader regulatory framework, ensuring that all financial services sectors have professionals who can meet regulatory demands and maintain industry stability. OJK collaborates with professional associations in formulating competency standards that are by market needs and technological developments, such as fintech and other innovations. Through this regulation, OJK aims to improve the quality of professionals in the non-bank financial sector, as well as strengthen a comprehensive supervisory system across the financial services sector.

The difference in certification authority between Bank Indonesia (BI), the Financial Services Authority (OJK), and professional associations in the post-PPSK Law financial regulatory system is an important point that needs to be analyzed in developing human resource competencies in the financial services sector. Before the enactment of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law), certification authority was more centralized in the Professional Certification Institution (LSP) that collaborated with the regulator. However, the PPSK Law provides new authority to professional associations to organize professional certification in the financial sector, which was previously the task of certification institutions accredited by the National Professional Certification Agency (BNSP). Meanwhile, Bank Indonesia still has the authority to ensure that professionals in the banking and payment system sectors have competencies that are by the standards set by BI. OJK, on the other hand, regulates and supervises professions in the non-bank financial services sector, such as capital markets, insurance, and other financial institutions, and ensures that workers in this sector meet relevant competency standards.

This difference in authority has the potential to cause overlapping or disharmony in the implementation of professional certification in the financial services sector, which in turn can affect the quality of certification and the professionalism of the workforce. The ambiguity regarding who has the primary authority in setting competency standards can lead to fragmentation of the certification system, where standards applied by professional associations may not always be in line with regulations set by BI or OJK. This risks reducing the credibility of certification given to professionals in the financial sector, as well as reducing industry and public trust in their abilities. In addition, this difference in authority can also confuse financial practitioners in choosing the right certification, as well as hamper efforts to create an integrated and consistent certification system across all subsectors of the financial services sector.

Implications of Dualism of Professional Certification Authority between Bank Indonesia and OJK on the Effectiveness of the Human Resources Development System and Systemic Risk Mitigation in the Financial Services Sector

The dualism of professional certification authority between Bank Indonesia (BI) and the Financial Services Authority (OJK) refers to the division of authority between the two institutions in determining, supervising, and organizing the certification process for professionals in the financial services sector in Indonesia. BI has the authority to supervise and develop professional competencies in the banking and payment system sub-sectors, which is part of its obligation to maintain monetary stability and the payment system. Meanwhile, OJK regulates the non-bank financial services sector, such as capital markets, insurance, and financing institutions. This difference in roles creates dualism because both institutions have the responsibility and authority to manage certification according to the needs and characteristics of each sub-sector, although both aim to ensure the quality and competence of the workforce in the broader financial sector.

This dualism of authority emerged after the enactment of Law Number 4 of 2023 concerning the Development and Strengthening of the Financial Sector (PPSK Law), which gives new authority to professional associations to regulate and organize professional certification. Previously, accredited professional certification institutions (LSP) had the main role in this regard. With the presence of the PPSK Law, this authority is divided between BI, OJK, and professional associations, each of which has authority in a particular sub-sector. The role of BI and OJK in supervision and competency development becomes very crucial, considering that each institution has the responsibility to maintain professional quality in the sub-sectors they supervise, while professional associations are tasked with determining competency standards that are more specific and relevant to market needs. Thus, this dualism brings challenges in creating a harmonious and integrated certification system across the financial services sector.

The division of authority between Bank Indonesia (BI) and the Financial Services Authority (OJK) in managing professional certification has the potential to have a significant impact on the effectiveness of human resource (HR) development in the financial services sector. Each institution has different priorities and supervisory focuses, which can create separate approaches in terms of training, certification, and competency improvement. BI, with primary responsibility in the banking and payment system sub-sectors, may place more emphasis on certification related to macroeconomic stability, monetary policy, and systemic risk management. On the other hand, OJK, which oversees the non-bank financial services sector, such as capital markets and insurance, will focus on competencies that are relevant to different regulations and market dynamics. It can lead to a less integrated approach to HR development, with each institution creating training and certification systems that may not support each other.

Fragmentation in competency standards applied by BI and OJK can reduce the uniformity of the quality of the workforce in the banking and non-banking sectors. If BI and OJK set different competency standards for the sub-sectors they oversee, this can lead to a mismatch in the skills and knowledge possessed by the workforce across the financial services sector. This disharmony in certification standards also has the potential to create confusion among professionals who must meet different requirements to work in different sub-sectors. The direct impact is a decline in the overall quality of the workforce, which can affect the performance of financial institutions, market integrity, and public trust in the financial sector. In addition, this fragmentation can also hinder professional mobility between the banking and non-banking sub-sectors, reducing the flexibility of the financial sector in facing rapidly changing challenges.

The dualism of authority can hamper effective integration and collaboration between BI, OJK, and professional associations in developing human resources in the financial sector. With the division of tasks and separate standards, coordination between institutions in formulating competency development policies can be disrupted, thus slowing down adaptation to technological changes or new market dynamics. It can hinder the achievement of the long-term goal of a stable and inclusive financial sector because a fragmented human resource development system is unable to create a workforce that has the skills needed to face global challenges and developments in the financial industry.

Dualism of authority in professional certification in the financial services sector may affect systemic risk mitigation which is the joint responsibility of supervisory institutions such as Bank Indonesia (BI) and the Financial Services Authority (OJK). Systemic risk in the financial sector includes various threats that can disrupt overall market stability, such as a global financial crisis, the bankruptcy of a large institution, or widespread operational vulnerabilities. With the dualism of authority between BI and OJK, each institution may focus on different risks according to the subsectors they supervise, but there is no strong coordination mechanism to integrate the understanding and response to systemic risk as a whole. If workforce competency development is fragmented, the capacity of professionals in the financial sector to respond to and manage these risks may be limited, given the heterogeneity of standards and separate approaches to risk management.

The quality of human resources produced through a fragmented certification system can have a direct impact on the financial sector's ability to deal with systemic risks. For example, in the face of a financial crisis or operational risk, a workforce trained to different standards between BI and OJK may not have consistent skills to identify and manage emerging risks. Without integrated competency standards, professionals may struggle to implement effective risk management policies, due to limited understanding of universal risk management principles. In a crisis, the lack of uniformity in competency can worsen the resilience of the financial sector, as practitioners may not be prepared or have sufficient insight to make the right decisions to mitigate negative impacts on the market and financial system.

In addition, disharmony in policies implemented by BI and OJK can worsen the resilience of the financial sector to external shocks. For example, if BI and OJK have different approaches in supervising their respective sectors, this can create confusion in implementing universal risk mitigation policies. A certification system that is not well integrated can also reduce the effectiveness of risk management, both at the individual and institutional levels. Financial sector professionals who do not have a unified understanding of risk management may fail to identify potential vulnerabilities, or even overlook important aspects of risk mitigation policies. As a result, this may reduce the effectiveness of the financial sector in dealing with global challenges or extraordinary events that may trigger market instability, ultimately increasing the potential for a systemic crisis.

Ideal Professional Certification Policy Harmonization Model to Ensure Integration of Competency Standards and Accountability Across All Subsectors of the Financial Services Industry

Harmonization of professional certification policies in the financial services sector is very important to create an effective HR development system because this sector is highly dependent on the competence and professionalism of its workforce. In an increasingly complex and dynamic environment, the financial sector requires a workforce that not only has qualified technical skills, but also a deep understanding of policies, regulations, and risk management. If certification policies are not harmonized between the banking, capital markets, insurance, and other financial institutions sub-sectors, then the potential for gaps in the quality of the workforce is high, which can risk disrupting the stability and effectiveness of the financial system as a whole. Harmonization allows for more targeted, standardized, and measurable HR development, which in turn will strengthen the competitiveness of the Indonesian financial industry on the global stage.

Integration of competency standards in various sub-sectors of the financial sector, such as banking, capital markets, insurance, and other financial institutions, can improve the quality and accountability of the workforce in this sector. Each sub-sector has different challenges and needs in risk management, but in the basic principles of financial management, there are basic competencies that must be possessed by workers in all sub-sectors. With integrated standards, professionals in the financial sector can have the same understanding and aligned skills, even though they work in different subsectors. This will facilitate the rotation of workers between subsectors and improve the quality of more uniform risk management, as well as ensure that all related professions can meet the same competency needs, even with slightly different focuses.

The purpose of harmonizing professional certification policies is to ensure that all professions in the financial sector, whether regulated by Bank Indonesia, the Financial Services Authority (OJK), or professional associations, can meet uniform competency standards and be recognized by regulators and the industry. With uniform standards, regulators can more easily supervise the quality and accountability of workers in this sector, as well as ensure that all parties involved in financial management have competencies that are in accordance with applicable regulations. Harmonization also ensures that workers in the Indonesian financial sector have internationally recognized qualifications, which are important for maintaining the competitiveness of the financial industry in the global market and ensuring public trust in the national financial system.

The ideal model for harmonizing professional certification authority in the financial sector must create an integrated system while maintaining clarity in the division of roles between Bank Indonesia (BI), the Financial Services Authority (OJK), and professional associations. This system must focus on the establishment of a coordinating institution tasked with formulating uniform competency standards across subsectors, taking into account the needs of each subsector, such as banking, capital markets, insurance, and other financial institutions. In this model, BI will continue to focus on the banking and payment system subsectors, while OJK will oversee non-banking subsectors such as capital markets and insurance. Professional associations will have an important role in determining the technical expertise required in each subsector, as well as developing training and certification exams in accordance with agreed standards. The creation of an independent and professional coordinating institution will ensure that the competency standards produced are not only relevant to market needs but also integrated across all subsectors of the financial sector.

This model combines the strengths and focuses of each institution by clearly dividing roles so that each institution can focus on supervision and competency development that is in accordance with the characteristics of its subsector. BI, which has primary responsibility for maintaining banking and payment system stability, will focus on competencies related to systemic risk management, monetary policy, and liquidity management. On the other hand, OJK will focus more on competencies required for the capital market, insurance, and non-bank financial institutions sub-sectors, including investment management, insurance, and consumer protection principles. Professional associations, with a deep understanding of the technical expertise of each sub-sector, will play a role in setting more detailed and specific standards for the required expertise. Thus, each institution can maintain focus on its authority and responsibilities but still contribute to an integrated and uniform certification system across the financial sector.

Collaboration between BI, OJK, professional associations, and certification bodies is key to creating a coherent and integrated policy framework. This collaboration will ensure that human resource development in the financial sector is carried out with the same standards and is recognized by all parties. For example, BI and OJK can provide input and clarification regarding the competency requirements that must be possessed by workers in their respective sub-sectors, while professional associations and certification bodies are tasked with compiling and implementing training programs and certification exams that meet these standards. The collaboration can also include periodic updates to competency standards, to ensure that the certification provided remains relevant to developments in industry, technology, and regulations. With coherent and integrated policies, the financial sector can produce a competent, skilled, and highly accountable workforce, which will ultimately improve the quality and stability of the financial sector as a whole.

An ideal model for harmonizing professional certification policies in the financial services sector can ensure uniform competency standards across sub-sectors by establishing a framework that integrates the various technical expertise needed in each sub-sector, while still prioritizing uniform basic principles in financial management. These competency standards must be based on basic principles that apply universally in the financial sector, such as risk management, financial management, and regulatory compliance. However, each sub-sector, such as banking, capital markets, insurance, and other financial institutions, requires the development of training curricula and methodologies that are to the specific needs of the sub-sector. For example, training for professions in the banking sector will focus more on monetary policy, liquidity management, and systemic risk, while professions in the capital markets sector will focus more on investment principles, market analysis, and investor protection. Within this framework, regulatory institutions such as BI, OJK, and professional associations must work together to ensure that the competency standards produced remain relevant and uniform across sub-sectors, and meet applicable global standards.

To ensure that competency standards remain relevant to current developments, a continuous update mechanism is essential. This update can be carried out through a forum or committee of various stakeholders, such as regulators, professional associations, certification bodies, and financial sector practitioners, to periodically evaluate and update existing competency standards. This update must consider regulatory changes, technological advances, and market developments, which can affect the skills and competencies needed. For example, with the development of financial technology (fintech), relevant competency standards must include skills in data analysis, cyber security, and an understanding of fintech regulations. In addition, training curricula also need to be adjusted to the latest technology and more interactive learning methodologies and based on practical approaches to ensure that the workforce in the financial sector is always ready to face new challenges.

Continuous updating of competency standards also requires an effective monitoring and evaluation system to assess how well the existing training and certification curriculum is implemented in the field. This system must involve feedback from various parties, including educational institutions, companies, and certification bodies, to assess the effectiveness of the training that has been provided and its impact on improving the performance of the workforce in the financial sector. In addition, there needs to be an evaluation of the match between the competencies produced and the needs of the labor market, to ensure that professions in the financial sector not only meet international quality standards but adapt to the dynamics and needs of the domestic market. With this approach, the financial sector can produce a workforce that not only has the skills needed but can innovate and develop along with changes in the industry and economy.

The harmonization model of professional certification policies in the financial services sector can increase accountability by creating a transparent and standardized certification system, where all parties involved in the certification process both regulatory bodies, professional associations, and certification bodies follow clear and measurable standards. With uniform and integrated standards, every individual who obtains certification will be tested based on the competencies that are truly needed in each sub-sector of the financial sector. The determination of these standards involves not only technical aspects but also ethical and integrity aspects that are very important in the financial profession. This model ensures that every certified workforce meets the qualifications needed to support the stability and professionalism of the financial sector, and ensures that the certification provided can be accounted for before regulators, industry, and the public.

An effective oversight mechanism to support accountability in professional certification must involve several layers of mutually supportive supervision, both internally and externally. Internal supervision can be carried out by certification bodies and professional associations responsible for ensuring that certification procedures are carried out by established standards. However, external supervision involving regulators such as Bank Indonesia (BI) and the Financial Services Authority (OJK) is also very important to ensure that this certification process continues to comply with applicable provisions, and leads to the development of competent and professional human resources. This external supervision can be in the form of periodic audits of certification bodies, as well as assessments of the quality and relevance of the curriculum taught in training programs. With comprehensive supervision, the certification provided can be ensured to have credible value and be by the needs of the financial sector.

To ensure that certification truly reflects the competence and integrity of the workforce, a continuous evaluation mechanism is needed for the effectiveness of the certification system. It can be done through a feedback loop involving various stakeholders, such as financial institutions, training participants, and the community using financial services. This evaluation will identify whether the standards applied are still relevant to industry developments and whether the certification provided can truly be relied on to assess the competence of the workforce. In addition, it is advisable to implement a verification system that allows for re-examination of certified individuals to avoid potential misuse of certification or mismatch between the competencies held and the tasks performed. Thus, effective supervision not only ensures the validity of the certification issued but also strengthens the integrity of the financial sector by ensuring that professionals in this sector truly meet the high standards that have been set.

The implementation of the harmonization model of professional certification policies in the financial services sector faces several challenges that need to be overcome to ensure its success and effectiveness. One of the biggest challenges is coordination between supervisory institutions that have different authorities, such as Bank Indonesia (BI), the Financial Services Authority (OJK), and professional associations. Although these three institutions have the same goal, namely improving the quality of human resources in the financial sector, differences in policies and priorities in each institution can be an obstacle in the preparation and implementation of integrated certification standards. For example, BI, which focuses on the banking sector and payment systems, has an approach that is more related to systemic risk management, while OJK prioritizes aspects of consumer protection and capital market stability. These differences can lead to overlapping authorities, confusion in the division of responsibilities, and disharmony in setting uniform competency standards.

Another equally important challenge is the difficulty in aligning existing standards in each sub-sector of the financial sector. Each sub-sector, such as banking, capital markets, insurance, and other financial institutions, has unique characteristics and requires specific competency standards. However, to maintain integration and harmonization, all parties need to create standards that are not only relevant to each sub-sector but also widely accepted throughout the financial sector. This alignment is often hampered by differences of opinion regarding the criteria for expertise and competency that must be possessed by workers in each sub-sector, and how to achieve them through existing training and certification systems. In addition, the development of a flexible curriculum based on core competencies that apply to all sub-sectors is also a challenge.

To overcome these challenges, first of all, it is very important to form an institution or coordination forum between regulatory institutions, such as BI, OJK, and professional associations that must ensure the policies and synchronization integration of existing competency standards. The forum can act as a place to formulate joint policies that will be followed by all institutions involved. In addition, there needs to be the establishment of clear guidelines or procedures regarding the division of authority and responsibility of each institution in this certification system, so that there is no overlap or confusion in supervision. Supervisory institutions such as BI and OJK can have a role as parties that provide general direction regarding the competency standards required in the financial sector, while professional associations and institutions Professional certification bodies (LSP) can be responsible for developing training materials and administering relevant certification exams.

In addition, to align existing standards in different sub-sectors, an approach based on universally applicable basic financial management principles is needed, such as risk management, professional ethics, and regulatory compliance. These basic standards can then be further developed by considering the specific needs of each sub-sector. A regular standard update mechanism must also be implemented to ensure that the curriculum and training always reflect regulatory changes, technological advances, and market dynamics. Here, the active role of supervisory institutions and professional associations in providing feedback and evaluating certification programs is important to maintain the relevance and quality of the standards applied.

As an additional solution, collaboration with international institutions and best practices from other countries that have successfully implemented an integrated certification system can provide insights and models that can be applied in Indonesia. Training and certification programs that refer to international standards will enable professionals in the Indonesian financial sector to compete globally while ensuring that the quality of domestic human resources continues to meet internationally recognized standards. With an inclusive, coordinated, and sustainable approach, the challenges in implementing a harmonization model of professional certification policies can be overcome, so that the Indonesian financial sector can develop with high professionalism and meet various challenges in the future.

CONCLUSION

To improve the effectiveness of human resource development and systemic risk mitigation in the financial services sector, the harmonization model of professional certification policies is essential. This harmonization aims to align uniform competency standards across sub-sectors, create high accountability, and ensure effective integration between supervisory institutions such as Bank Indonesia, the Financial Services Authority, and professional associations. Although challenges in coordination between institutions, differences in policies, and alignment of competency standards still exist, solutions in the form of establishing a coordination forum, preparing clear guidelines, and international collaboration can overcome these obstacles. Thus, the implementation of a structured and sustainable harmonization model will produce a more competent and professional workforce, increase the resilience of the financial sector to external risks, and contribute to achieving stability and inclusiveness of the financial sector.

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