

THE BANK POSITION IN NON-BANK PRODUCT TRANSACTION

ABSTRACT

The bank definitions listed in Law Number 7 of 1992 as amended by Act Number 10 of 1998 on Banking Act that the bank as a business entity which collects funds from the public in the form of savings and distribute to the public in the form of loans and/or other forms in order to improve the living standard of the people. Its main function as an intermediary institution, which is described in some specific function as an agent of trust, agent of development and agent of services. The implementation of the bank's business activities include funding, financing/lending and services, which is supported by the five principles of banking law, namely Fiduciary Principle, Prudential Principle, Secrecy Principle, Know Your Customer Principle and Transparency Principle.

In practice, banks collaborate in cooperation with the securities companies as an Investment Manager and insurance companies in the sale of Mutual Fund products and Bancassurance as an investment product, its nature as a non-banking products in order to develop the bank's services to the public as a selling agent.

In principle the bank agency, the position of the bank as a selling agent is acting as an principal representative or authorized, thereby acting for and on behalf of the principal. Principals are responsible for the execution of transactions by the bank if according the legislation, regulations and contract, if not, the bank responsible for its own. There is no concept of bank supervision by the principal, supervision conducted by Authority of Financial Services as an authorized institution through on-site and off-site supervision.

Keywords : Bank, Agent, Non-Bank Product