

Loss Event

Dwimuria Investama Andalan
EL0601 - Technology & Infrastructure Failure
ID - Indonesia

BL0301 - Retail Banking
IDR 70,000,000,000.00 | Rupiah
Asia / Pacific

Banking

Bank Central Asia provisions IDR 70 billion to cover costs of ATMs outage caused by satellite failure

Thousands of ATMs and electronic card payment machines in Indonesia were offline from 25 August 2017 following a satellite failure. According to Indonesia's central bank, a total of 11 banks were affected by the disruption. Approximately 30 per cent of Bank Central Asia (BCA) ATMs were affected. BCA has provisioned IDR 70 billion (USD 5.2 million, EUR 4.4 million) to cover any costs customers incur from using other banks' ATMs.

The disruption occurred at 16:51 IWST on 25 August 2017 due to a problem with Telkom-1, a satellite belonging to the state-owned telecommunications company Telekomunikasi Indonesia (Telkom). According to media reports, the satellite's antenna shifted and disrupted transponders. The satellite was launched in 1999 and was supposed to have an optimal lifetime of 15 years, although the manufacturer Lockheed Martin has said it could operate until 2019.

In Indonesia, the majority of banks rely on satellite connections for their ATM and branch networks as it is cheaper and more efficient to use across the 17,000 islands that comprise the archipelago of Indonesia than optical fibre connections. This is particularly the case in remote areas, although the capital city Jakarta was also affected according to complaints on Twitter.

According to Reuters, around 15,000 sites across Indonesia were affected, although the satellite is also used by government agencies, broadcasters and other companies. Indonesia's central bank estimates that there are 100,000 ATMs in the country.

The banks that were affected were:

BCA – 5,772 ATMs offline of 17,193 ATMs total;
Bank Mandiri – 2,000 ATMs offline of 17,695 ATMs total;
Bank Negara Indonesia – 1,500 ATMs offline of 17,200 ATMs total;
Bank Rakyat Indonesia – 321 ATMs offline of 24,802 ATMs total; and
Bank Tabungan Negara – 100 ATMs offline, total ATMs unknown.

Some banks were less affected by the failure as they do not fully rely on the Telkom-1 satellite. In mid-2016, Bank Rakyat Indonesia launched its own satellite, BRIsat, and Bank Tabungan Negara has moved its communication network to 4G.

In response to the disruption, Telkom began to migrate ATMs to other satellites belonging to Telkom and other companies. This process can take up to three weeks. Telkom's president estimated that all 15,000 connections would be restored by 10 September 2017. 17 per cent had been restored as of 28 August 2017 after moving connections to other satellites and changing the direction of the ground antennae.

During the time it takes to restore the ATMs, BCA is offering free cash withdrawals for its customers from any bank's ATM. This usually costs IDR 7,500 per transaction, which will be credited back to customer accounts at the end of the month. The bank has prepared IDR 70 billion to cover these costs, the Jakarta Globe reports.

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Source(s)

Related links

<https://asia.nikkei.com/Business/AC/Thousands-of-ATMs-in-Indonesia-affected-by-satellite-failure>,
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Event

Published In Media	Date of Occurrence - From	Date of Occurrence - To	Discovery Date	Date of Recognition/Settlement
28 August 2017	25 August 2017		25 August 2017	
Loss Amount USD 5,222,000.00	Loss Amount EURO 4,368,000.00	Provision No		Boundary Risk Other Risk
Industry Event	Scenario SC0027 - Critical Infrastructure Failures	Product PD0601 - Consumer Current Accounts		Process PC1005 - Implement and Maintain Infrastructure & Networks
Event Closed No	ORX Member No	Role of Firm LS0307 - Position Taking (Principal)		
Cause 1 CS0103 - Natural Disasters	Cause 2	Cause 3		
Jurisdiction / Choice of Law LS0103 - Rest of the World	Counterparty LS0212 - Not Identifiable	Environmental Volatility LS0406 - Not Identifiable		