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Research Article

Comparative Policy Study of Deposit Insurance Systems in Indonesia and Türkiye: Between Flat Rate and Risk-Based Premiums

Studi Kebijakan Komparatif Sistem Penjaminan Simpanan di Indonesia dan Türkiye: Antara Premi Flat Rate dan Premi Berbasis Risiko

Endonezya ve Türkiye'de Mevduat Sigortası Sistemlerinin Karşılaştırmalı Politika Çalışması: Sabit Prim ve Riske Dayalı Prim Arasında

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Abstract: The deposit insurance system is widely recognised as a critical pillar of financial stability, yet its effectiveness depends heavily on how the premium structure is designed. This study employs a comparative policy analysis framework to examine and evaluate the implementation of deposit insurance systems in Indonesia and Türkiye. Drawing on the foundational conditions proposed by Demirgüç-Kunt and Kane (2002) and Özince (2004),namely limited coverage, institutional independence, inter-agency synergy, and risk-based premium policy. This article systematically assesses both systems across three indicators: (1) deposit insurance coverage limits; (2) inter-institutional cooperation and independence; and (3) premium policy and capital capacity. Data were gathered through a systematic review of legal regulations, annual reports of the Indonesia Deposit Insurance Corporation (IDIC) and the Savings Deposit Insurance Fund (SDIF) of Türkiye, and relevant academic literature. The findings reveal that while both institutions share broadly similar institutional architectures, operating independently under presidential accountability and participating in national financial stability committees, they differ fundamentally in their premium systems. SDIF has implemented a risk-based premium since 2009, which resulted in a deposit protection ratio of 9.1% in 2022. By contrast, IDIC continues to operate a flat rate-based premium, yielding a significantly lower protection ratio of 3.8% in the same year. This comparative evidence demonstrates that the risk-based premium model produces more resilient deposit insurance capacity. The article argues that Indonesia's transition to a risk-based premium, catalysed by the forthcoming Banking Restructuring Premium (2025) and Policy Guarantee Programme (2028), represents an urgent policy imperative, and that the Türkiye model offers a practical reference for this transition.

Keywords*: deposit insurance; financial stability; risk-based premium; flat rate premium; comparative policy study; Indonesia; Türkiye*

Abstrak: Sistem penjaminan simpanan diakui secara luas sebagai pilar stabilitas keuangan yang kritis, namun efektivitasnya sangat bergantung pada desain struktur premi yang diterapkan. Studi ini menggunakan kerangka analisis kebijakan komparatif untuk mengkaji dan mengevaluasi implementasi sistem penjaminan simpanan di Indonesia dan Türkiye. Berlandaskan syarat-syarat fundamental yang dikemukakan oleh Demirgüç-Kunt dan Kane (2002) serta Özince (2004), yakni cakupan terbatas, independensi kelembagaan, sinergi antarlembaga, dan kebijakan premi berbasis risiko. Artikel ini menilai kedua sistem secara sistematis berdasarkan tiga indikator: (1) batas cakupan penjaminan simpanan; (2) kerja sama antarlembaga dan independensi; serta (3) kebijakan premi dan kapasitas permodalan. Data dikumpulkan melalui telaah sistematis terhadap regulasi hukum, laporan tahunan Lembaga Penjamin Simpanan Indonesia (LPS/IDIC) dan Tasarruf Mevduatı Sigorta Fonu (TMSF/SDIF) Türkiye, serta literatur akademik yang relevan. Temuan menunjukkan bahwa meskipun kedua lembaga memiliki arsitektur kelembagaan yang secara umum serupa, beroperasi secara independen di bawah akuntabilitas presiden dan berpartisipasi dalam komite stabilitas keuangan nasional, keduanya berbeda secara fundamental dalam sistem premi. SDIF telah mengimplementasikan premi berbasis risiko sejak 2009, yang menghasilkan rasio proteksi simpanan sebesar 9,1% pada 2022. Sebaliknya, IDIC masih menerapkan premi flat rate, dengan rasio proteksi yang secara signifikan lebih rendah, yaitu 3,8% pada tahun yang sama. Bukti komparatif ini menunjukkan bahwa model premi berbasis risiko menghasilkan kapasitas penjaminan simpanan yang lebih tangguh. Artikel ini

berpendapat bahwa transisi Indonesia menuju premi berbasis risiko, yang didorong oleh pemberlakuan Premi Restrukturisasi Perbankan (2025) dan Program Penjaminan Polis (2028), merupakan agenda kebijakan yang mendesak, dan model Türkiye menawarkan referensi praktis bagi transisi tersebut.

Kata Kunci: *penjaminan simpanan; stabilitas keuangan; premi berbasis risiko; premi flat rate; studi kebijakan komparatif; Indonesia; Türkiye.*

Introduction

Banking, as an intermediary institution, constitutes a critical pillar of any national economy. The effectiveness of banking functions is fundamentally contingent on public trust. Historically, the implementation of deposit insurance has significantly reduced the severity of bank failures, thereby reinforcing depositor confidence and contributing to systemic stability. In establishing a deposit insurance system, foundational conditions have been identified by leading scholars: Demirgüç-Kunt and Kane (2002) and Özince (2004) specify four requirements, namely (1) limiting the scope of deposit insurance; (2) independence in exercising institutional authority; (3) collaboration with supervisory institutions and the central bank; and (4) implementing a premium system based on risk and capital availability. These four conditions serve as the evaluative framework for this comparative study.

Despite the growing body of literature on deposit insurance institutions in Indonesia, detailed comparative analyses with deposit insurance systems in other countries remain limited. Existing studies (Afdi, 2019; Pribadi et al., 2012) have primarily focused on the domestic case for risk-based premium adoption in Indonesia without systematically benchmarking against a country that has already implemented such a system. Türkiye is a particularly apposite comparator: both nations are large Muslim-majority democracies with active deposit insurance institutions, yet their premium architectures diverge substantially. Türkiye's Savings Deposit Insurance Fund (SDIF) has operated a risk-based premium since 2009, while Indonesia's Deposit Insurance Corporation (IDIC) continues to apply a flat rate-based premium. This gap in comparative policy analysis motivates the present research.

This study therefore aims to review and compare the implementation of deposit insurance systems in Indonesia and Türkiye across three primary indicators: (1) deposit insurance coverage limits; (2) inter-institutional cooperation and independence; and (3) premium policy and capital capacity. By positioning the two systems within the evaluative framework of Demirgüç-Kunt and Kane (2002), this article seeks to assess whether Indonesia's current arrangements meet the established requirements and, crucially, to identify the concrete lessons Türkiye's experience offers for Indonesia's ongoing policy reform trajectory.

Literature Review

Deposit insurance, broadly defined, refers to the protection of all or part of the savings held by depositors in financial institutions. Its theoretical justification is grounded in the role of financial intermediation in economic development. Scholars including Gertler (1988), Greenwood and Jovanovic (1990), Levine (1997), Lynch (1995), and Pagano (1993) have examined the significant role of financial institutions in facilitating growth. Bartholdy et al. (2003), using data from 13 countries, found that insured deposits carry lower risk premiums compared to uninsured deposits—affirming the stabilising function of deposit insurance. The research of Yağcılar (2014) identified a trade-off between the benefits and costs of deposit insurance in Türkiye, cautioning that regulatory institutions must prioritise addressing bank moral hazard to mitigate the negative consequences of such systems.

The foundational conditions for an effective deposit insurance system, as articulated by Demirgüç-Kunt and Kane (2002) and Özince (2004), provide the theoretical scaffold for this study. First, the scope of deposit insurance should be limited rather than blanket. Full guarantee policies are widely recognised as generating moral hazard through risk-shifting toward the government and debtholders (Wendy, 2010; Yıldırım, 2005). Chu (2011), drawing on data from 52 countries across 1996–2007, found that lower deposit insurance limits contribute more substantially to banking sector stability, as high coverage intensifies crisis severity by weakening market discipline. Second, the deposit insurance institution must be independent while maintaining close cooperation with supervisory authorities and the central bank. Demirgüç-Kunt and Huizinga (1999) showed that deposit insurance initiates a market discipline process conducted by depositors and creditors, which is only effective when the institution operates with genuine authority. Beck (2008) further argues that failures in direct deposit insurance systems often stem from institutional design deficiencies, while White (2008) cautions that liberal guarantee systems are unsuitable for developing countries without accompanying strict regulation and supervision.

Third, a risk-based premium structure and sufficient capital availability are integral to an effective deposit insurance system. The fixed premium system, by applying uniform rates regardless of a bank's risk profile, creates incentives for excessive risk-taking and moral hazard (Kim et al., 2014). Marcus (1984) demonstrated that banks' charter value can serve as a natural limit on excessive risk behaviour, but this restraint erodes under flat rate systems. Research by Doherty and Garven (1995) highlights the importance of capital adequacy in deposit insurance institutions, particularly as a buffer during cyclical downturns and financial crises. Duan et al. (1992) further showed that fixed-rate deposit insurance can facilitate risk-shifting behaviour by commercial banks, as the limited guarantee structure opens the possibility of depositors and creditors demanding higher returns as compensation for uninsured risk. These findings collectively establish a strong academic case for

adopting premiumsrisk-based adoption, which is the central analytical focus of this comparative study.

Methodology

This study employs a qualitative, document-based comparative policy analysis approach. The research proceeds in two phases. The first phase establishes a theoretical framework—drawing on the four conditions of Demirgüç-Kunt and Kane (2002) and Özince (2004)—which serves as the analytical lens applied consistently throughout the comparative assessment. The second phase involves systematic data collection oriented toward evaluating three primary indicators: (1) deposit insurance coverage limits; (2) inter-institutional cooperation and independence; and (3) premium policy and capital capacity.

Primary data sources comprise legal regulatory documents from both Indonesia and Türkiye, including legislation, government regulations, and institutional guidelines. Secondary sources include the annual reports of IDIC (2021, 2022, 2023) and SDIF (2021, 2022, 2023), supplemented by peer-reviewed literature in both Indonesian and international academic journals. Document selection followed purposive criteria: relevance to the three analytical indicators, institutional authority of the source, and coverage of comparable time periods (predominantly 2021–2022 fiscal years for financial data comparison). Quantitative data presented in this article consist of simple compilations and ratios derived from institutional annual reports; no inferential statistical methods are employed. This initial study is intended to establish a comparative descriptive foundation for future empirical research employing more rigorous econometric or quantitative methods.

Results

History of the Deposit Insurance System in Indonesia and Türkiye

Since 2005, the role and functions of deposit insurance in Indonesia have been carried out by the *Lembaga Penjamin Simpanan* (LPS), the Indonesia Deposit Insurance Corporation (IDIC). In Türkiye, this function is performed by the *Tasarruf Mevduatı Sigorta Fonu* (TMSF), or the Savings Deposit Insurance Fund (SDIF), which was founded in 1983. Both institutions, however, reached their current form through extended developmental trajectories shaped by financial crises and regulatory reform.

In Indonesia, the legal foundation for a banking deposit guarantee system was established by the Central Bank Act of 7 December 1968. Government Regulation Number 34 of 1973 subsequently introduced the Money Deposit Guarantee, capping guaranteed deposits at IDR 1,000,000 under Bank Indonesia's oversight. The monetary crisis of 1997–1998, marked by the liquidation of 16 banks and a sharp collapse in public confidence, prompted the government to issue a blanket guarantee for all

bank payment obligations through Presidential Decrees 26 and 193 of 1998. The transition to a limited guarantee framework was formalised through Banking Law Number 10 of 1998, and IDIC was formally established on 22 September 2004 under Law Number 24 of 2004, commencing operations in September 2005.

In Türkiye, the first deposit guarantee regulations date to 30 May 1933, when the Central Bank was mandated to guarantee all customer deposits under Deposit Protection Law Number 2243. Subsequent revisions in 1936 reduced coverage to 40% of deposits, and Banking Law Number 7129 of 1958 raised this to 50%. The Bank Liquidation Fund (*Bankalar Tasfiye Fonu*) was established in 1960 to guarantee depositors upon bank insolvency. SDIF was formally constituted on 22 July 1983 within the Central Bank of the Republic of Türkiye, gaining complete institutional independence from the Banking Regulation and Supervision Agency (BRSA) in 2003 and full regulatory authority in 2005 (Akyol, 2018). Table 1 summarises the chronological development of deposit guarantee limits in both countries.

Table 1. *Development of Deposit Guarantee Limits in Indonesia and Türkiye*

Indonesia (LPS / IDIC)	Türkiye (TMSF / SDIF)
Era Before Institutional Formation	
22 August 1973: Maximum guaranteed funds of IDR 1 million (Limited Guarantee) under Bank Indonesia **1998 – February 2004:** Blanket Guarantee for all savings funds (National Banking Restructuring Agency / Ministry of Finance)	**30 May 1933:** Central Bank guarantees all deposits **1 June 1936:** Coverage reduced to 40% of deposits **23 June 1958:** Coverage increased to 50% (Banking Law No. 7129) **1960:** Bank Liquidation Fund (*Bankalar Tasfiye Fonu*) founded
Early Formation Era	
22 September 2004: IDIC established (Law No. 24/2004) **22 September 2005 – 21 March 2006:** Blanket Guarantee for all savings funds **22 March 2006 – 21 September 2006:** Maximum IDR 5 billion (Limited Guarantee) **22 March 2007 – 12 October 2008:** Maximum IDR 100 million (Limited Guarantee)	**22 July 1983:** SDIF established within the Central Bank of Turkey **1986:** First half of deposit: 100% insured; second half: 60% **5 May 1994:** Blanket Guarantee introduced **December 2000 – July 2004:** Blanket Guarantee maintained **5 July 2004:** Limited Guarantee adopted; maximum 100,000 TL
Post-2008 Crisis Era	
Since 13 October 2008: Maximum IDR 2 billion (Limited Guarantee) under Government Regulation No. 66/2008 — in effect at time of writing	**15 February 2013 – 24 September 2019:** Maximum 100,000 TL **25 September 2019 – 31 December 2021:** Maximum 150,000 TL **24 December 2021 (effective 2022):** Maximum 200,000 TL

	15 December 2022 (effective 2023): Maximum 400,000 TL
Source: Processed from IDIC Annual Reports and SDIF Annual Reports.	

Independence, Scope of Work, and Synergy between Institutions

The deposit insurance model adopted in each country reflects distinct institutional trajectories, yet both converge on the principle of independence articulated by Demirgüç-Kunt and Kane (2002). Both IDIC and SDIF operate as independent public institutions accountable to their respective presidents. Both also participate in national financial stability coordination frameworks: IDIC collaborates within Indonesia's Financial System Stability Committee (KSSK) alongside the Ministry of Finance, Bank Indonesia, and the Financial Services Authority (OJK), while SDIF is a member of Türkiye's Financial Stability Committee together with the Central Bank, the Banking Regulation and Supervision Agency (BRSA), and the Capital Market Board (CMB). Horwitz et al. (1977) emphasise that three pillars—structure, substance, and culture—must function in concert within a legal and institutional system, a principle that underscores the importance of this inter-agency coordination.

The institutional independence of IDIC was formalised through Law Number 24 of 2004, and its mandate has been progressively expanded. The 2016 legal revision added banking restructuring responsibilities; the 2020 COVID-19 emergency period granted IDIC additional authority to handle bank solvency problems jointly with OJK and to implement deposit guarantee policies; and Law Number 4 of 2023 ("UU P2SK") conferred a Policy Guarantee Programme (PPP) mandate, to be implemented from 2028, under which IDIC will guarantee insurance policies and conduct resolutions of insurance companies. SDIF's institutional trajectory is similarly expansive. Established within the Central Bank in 1983, SDIF gained full autonomy in 2003, received regulatory authority in 2005, had its trusteeship function restored in 2016, and in 2021 was assigned the liquidation function for savings financing companies. Table 2 summarises the comparative development of institutional scope and inter-agency synergy.

Table 2. *Development of Institutional Scope and Inter-Agency Synergy*

Period	Indonesia (IDIC)	Türkiye (SDIF)
Institutional Characteristics & Synergy	Established 2004 (Law No. 24/2004); active since 22 September 2005. Independent public institution accountable to the President. Collaborates with Ministry of Finance, Bank Indonesia, and OJK through the	Established 22 July 1983 within the Central Bank. Granted autonomous status 26 December 2003. Independent institution accountable to the President. Collaborates with the Central Bank, BRSA, CMB, and Ministry of Finance through the Financial Stability Committee.

	Financial System Stability Committee (KSSK).	
Key Mandate Development	2004: Deposit guarantee function. 2016: Banking restructuring mandate. 2020: Enhanced solvency resolution authority. 2023: Policy Guarantee Programme (PPP) mandate; effective 2028.	1994: Banking restructuring authority. 1999: Administration transferred to BRSA. 2003: Full independence from BRSA. 2005: Regulatory authority granted. 2016: Trusteeship function restored. 2021: Liquidation of savings financing companies (non-bank).
Source: Processed from IDIC Annual Reports and SDIF Annual Reports.		

Premium Policy: IDIC Flat Rate System

IDIC currently collects premiums from member banks under a uniform flat rate system. Banks pay a membership contribution of 0.1% of their capital at the end of the previous fiscal year, and guarantee premiums are collected twice annually: for the January–June period (paid by 31 January) and the July–December period (paid by 31 July). The premium rate for each period is uniformly set at 0.1% of the average monthly balance of total deposits, resulting in an effective annual rate of 0.2% (lps.go.id, accessed 21 August 2023). As the deposit guarantee and bank resolution authority, IDIC provided premium payment fine relaxation to banks from 2022 to the end of 2023 in support of the National Economic Recovery Programme (PEN) established in response to the COVID-19 pandemic.

Through Government Regulation Number 34 of 2023, IDIC has been mandated to implement an additional premium instrument: the Banking Restructuring Premium (*Premi Restrukturisasi Perbankan*, PRP), effective from 2025. Unlike the current flat-rate premium—which serves the customer-protection function—the PRP is intended to finance banking liquidation and restructuring, an equally important IDIC mandate. The PRP categorises banks into five groups based on total assets and assigns risk weightings according to five composite rating categories. The PRP target is set at 2% of gross domestic product at current prices. Table 3 presents the PRP rate schedule.

Table 3. *Banking Restructuring Premium (PRP) Rate Schedule*

Asset Group	Composite 1	Composite 2	Composite 3	Composite 4	Composite 5
≤ IDR 1 trillion	0.0000%	0.0000%	0.0000%	0.0000%	0.0000%
IDR 1–10 trillion	0.0020%	0.0040%	0.0045%	0.0050%	0.0000%
IDR 10–50 trillion	0.0025%	0.0045%	0.0050%	0.0055%	0.0000%
IDR 50–100 trillion	0.0030%	0.0050%	0.0055%	0.0060%	0.0005%

> IDR 100 trillion	0.0035%	0.0055%	0.0060%	0.0065%	0.0000%
Source: Processed from Government Regulation Number 34 of 2023.					

Premium Policy: SDIF Risk-Based Premium System

Türkiye's SDIF has implemented a risk-based insurance premium rate since January 2009, with successive refinements in 2011, 2013, 2015, 2016, and 2019 (tmsf.org.tr, accessed 23 August 2023). The premium amount payable by each bank to SDIF is determined quarterly based on financial reports for March, June, September, and December, using a scoring and weighting system. Banks are assessed across five risk factor categories: (i) capital adequacy (25-point weight); (ii) asset quality (20 points); (iii) profitability (10 points); (iv) liquidity (10 points); and (v) other risk factors, comprising the BRSA composite rating (30 points) and a free float ratio (5 points), totalling 35 points. The full scoring framework is presented in Table 4.

Table 4. *SDIF Risk Factor Weighting for Risk-Based Premium Calculation*

Risk Factor	Maximum Points
Capital Adequacy	**25**
Capital Adequacy Ratio (Solo CAR); Consolidated CAR; Tier 1 CAR; Capital Asset Coefficient	20 / 5
Asset Quality	**20**
Group Lending Rate; Cash Loan Concentration; Non-Performing Loan (NPL) Ratio; Average Growth Rate	5 each
Profitability	**10**
Profitability Level; Activity Level	5 each
Liquidity	**10**
Average Maturity of Deposit Participation Funds; Insured Deposit-Participation Fund Ratio	5 each
Other Risk Factors	**35**
BRSA Assessment and Notes	30
Other Information (free float ratio)	5
Total Score	**100**
Source: SDIF Annual Report (tmsf.org.tr, accessed 22 August 2023).	

Based on the total score obtained, each bank or credit institution is assigned to one of four premium categories (A through D). Banks with a score of 80 or above (Category A) pay a rate of 0.0015%; those scoring 65–79 (Category B) pay 0.0017%; those scoring 50–64 (Category C) pay 0.0019%; and those scoring below 50 (Category D) pay 0.0023%. Additionally, institutions with a

factor size—comprising total assets, non-cash loans, and balance sheet liabilities—of 120 billion TL and above attract a premium surcharge of 0.0002 percentage points; those with factor sizes between 50 and 120 billion TL attract a surcharge of 0.0001 percentage points (tmsf.or.tr, accessed on 21 August 2023). Table 5 presents the complete premium rate schedule.

Table 5. *SDIF Premium Rates by Risk Score Category*

Total Score Range	Category	Premium Rate
Total Score ≥ 80	A	0.0015%
Total Score 65–79	B	0.0017%
Total Score 50–64	C	0.0019%
Total Score < 50	D	0.0023%
Source: SDIF Annual Report (tmsf.org.tr, accessed 22 August 2023).		

SDIF collaborates with BRSA in verifying the accuracy of premium calculations. Premiums not paid in the correct amount or on schedule attract a penalty of one and a half times the basic premium rate for the preceding period. Overpayments are returned to the institution without interest upon written request, or may be deducted from future premium obligations (tmsf.or.tr, accessed 21 August 2023).

Discussion

Comparative Assessment Against the Demirgüç-Kunt and Kane Framework

When assessed against the four conditions of Demirgüç-Kunt and Kane (2002) and Özince (2004), both IDIC and SDIF largely satisfy the requirements of limited coverage, independence, and inter-agency synergy. Both institutions have transitioned from blanket guarantee to limited guarantee frameworks. Both operate independently under presidential accountability, and both participate in multi-institutional financial stability committees. These structural convergences reflect a shared recognition of international best practices in deposit insurance design.

The critical divergence concerns the fourth condition: risk-based premium policy. Türkiye's SDIF implemented a risk-based premium system in 2009 and has refined it iteratively through 2019, resulting in a highly granular scoring mechanism that differentiates banks by capital adequacy, asset quality, profitability, liquidity, and supervisory rating. Indonesia's IDIC, by contrast, continues to apply a uniform flat rate of 0.2% per annum. The consequences of this structural difference are empirically observable in financial performance data for 2022. SDIF collected 653.8 million USD in premium income, representing 93% of its total operating income of 695.9 million USD, and its deposit insurance reserves grew by 81% to 165.10 billion TL (SDIF Annual Report, 2022). IDIC's

premium income accounted for only 56.5% of total operating income of IDR 27.8 billion, and guarantee reserves grew by 15.82% to IDR 145.62 trillion (IDIC Annual Report, 2022).

Capital Capacity and Deposit Protection Ratios

The divergent premium structures are reflected most starkly in the deposit protection ratio—the proportion of insured deposits that the institution can cover from its reserves in the event of a systemic bailout. As shown in Table 6, IDIC's deposit protection ratio was 3.4% in 2021 and 3.8% in 2022, while SDIF's was 8.5% in 2021 and 9.1% in 2022 (IDIC Annual Reports, 2022–2023; SDIF Annual Reports, 2022–2023). SDIF's superior ratio is particularly noteworthy, given that Türkiye experienced significant macroeconomic stress—currency devaluation and inflationary pressures—during 2021–2022, demonstrating that the risk-based premium system supports institutional resilience even under adverse economic conditions. Marcus (1984) showed that bank charter value constrains excessive risk-taking, but this natural restraint weakens under flat rate systems, as Duan et al. (1992) demonstrated: fixed-rate deposit insurance enables risk-shifting, undermining market discipline. Demirgüç-Kunt and Kane (2002) and Özince (2004) explicitly list risk-based premiums as a non-negotiable requirement precisely because of these systemic vulnerabilities.

Table 6. *Comparison of Deposit Insurance Guarantee Capabilities (2021–2022)*

Indicator	Indonesia 2021	Indonesia 2022	Türkiye 2021	Türkiye 2022
Guarantee Reserve (End of Period)	IDR 125.73 trillion	IDR 145.62 trillion	TL 91.2 billion	TL 165.10 billion
Guaranteed Savings Amount	IDR 3,717 trillion (49.3% of deposits)	IDR 3,843 trillion (46.9% of deposits)	TL 1.067 billion (20.0% of deposits)	TL 1.805 billion (20.4% of deposits)
Deposit Protection Ratio	3.4%	3.8%	8.5%	9.1%

Source: Processed from IDIC Annual Reports (2022, 2023) and SDIF Annual Reports (2022, 2023).

Policy Implications and the Case for Indonesia's Transition

The flat-rate premium policy has well-documented structural disadvantages beyond its effect on reserve accumulation. It creates cross-subsidies between low-risk and high-risk banks, incentivises excessive risk-taking, and facilitates risk-shifting to the government and debtholders (Wendy, 2010; Yıldırım, 2005). The anticipated introduction of the Banking Restructuring Premium (PRP) in 2025 represents a meaningful first step toward differentiated risk pricing, as the PRP incorporates bank asset scale and composite risk ratings into its calculation (Government Regulation No. 34/2023). However, the PRP applies only to the banking restructuring function, not to the core deposit guarantee

premium; the relationship between the PRP calculation and the existing flat rate guarantee premium has not yet been formally resolved.

This study therefore argues that Indonesia's current reform window—encompassing the PRP (2025) and the PPP mandate (2028)—presents an urgent and historically aligned opportunity to transition comprehensively to a risk-based premium architecture for the deposit guarantee function. The Türkiye SDIF model, with its five-factor scoring system, quarterly calibration, and tiered rate structure, provides a concrete and operationally tested reference point for this transition. The premium relaxation policy extended in support of COVID-19 recovery should be systematically phased out by 2024, as the national and global economic environment has entered a post-recovery phase. Furthermore, the premium calculation methodology for the PPP function, when implemented from 2028, should explicitly adopt risk-based principles from the outset.

Conclusion

This comparative policy study has systematically evaluated the deposit insurance systems of Indonesia (IDIC) and Türkiye (SDIF) against the four foundational conditions identified by Demirgüç-Kunt and Kane (2002) and Özince (2004). The principal findings are as follows. First, both countries have successfully transitioned from blanket to limited-guarantee frameworks and maintain institutionally independent deposit insurance bodies that are accountable to their respective presidents. Second, both operate within multi-institutional financial stability frameworks—Indonesia through the KSSK and Türkiye through the Financial Stability Committee—satisfying the inter-agency synergy requirement. Third, and most significantly, the two institutions diverge fundamentally in their premium systems: while SDIF has operated a risk-based premium since 2009, IDIC continues to apply a flat rate, producing a markedly inferior deposit protection ratio (3.8% versus 9.1% in 2022).

The empirical evidence presented in this study reinforces the urgency of Indonesia's transition to a risk-based premium system, a recommendation that aligns with earlier domestic studies (Afdi, 2019; Pribadi et al., 2012) but is now supported by direct comparative data from Türkiye. The SDIF model demonstrates that risk-based premiums are not merely a theoretical ideal but a practically implementable and institutionally resilient architecture. Indonesia's imminent policy milestones—the PRP (2025) and the PPP (2028)—constitute a timely reform window that should be seized to establish comprehensive risk-based pricing across all IDIC premium functions. This article contributes to the growing literature on Indonesia–Türkiye comparative public policy by shifting the frame of analysis from description to evaluation, and from historical narrative to policy implication.

This study is subject to the limitations inherent in its document-based qualitative methodology. The quantitative figures presented are drawn from institutional annual reports and represent simple ratios rather than econometrically derived estimates. Future research should employ more rigorous methods—including risk-neutral option pricing models (cf. Duan et al., 1992) or panel data analysis across multiple emerging economies—to establish more precise assessments of optimal risk-based premium levels for Indonesia's institutional context.

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Conflicts of Interest

The author(s) declare no conflicts of interest.

Author Contributions

Conceptualization, A.R.S.; Literature Review, A.R.S.; Methodology, A.R.S.; Data Collection, A.R.S.; Formal Analysis, A.R.S.; Writing, Original Draft, A.R.S.; Writing, Review & Editing, A.R.S. The author has read and agreed to the published version of the manuscript.

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Ethics Statement

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