

# BI-Rate Held at 6,00%

## Synergy Maintaining Stability and Reviving Growth

The BI Board of Governors Meeting agreed on 20<sup>th</sup> -21<sup>st</sup> February 2024 to hold:

The decision to hold the BI Rate remains consistent with the pro-stability focus of monetary policy:


- To strengthen rupiah stabilisation policy.
- As a pre-emptive and forward-looking measure to maintain inflation within the target corridor.

Bank Indonesia will maintain pro-growth macroprudential and payment system policies to foster sustainable economic growth.


Bank Indonesia will hold an accommodative macroprudential policy stance to revive bank lending/financing to businesses and households.

Payment system digitalisation will be accelerated to increase transaction volume and expand digital economic and financial inclusion, which includes the electronification of (central and regional) government transactions.


### Policy Mix




Rupiah stabilisation through foreign exchange market intervention with a focus on spot and Domestic Non-Deliverable Forward (DNDF) transactions, as well as government securities (SBN) in the secondary market.




Strengthening the pro-market monetary operations strategy for effective monetary policy, which includes optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Forex Securities (SVBI) and Bank Indonesia Forex Sukuk (SUVBI).




Deepening the money market and foreign exchange market by increasing the volume of repurchase agreements (repo) transactions and number of participants.



Strengthening prime lending rate (PLR) transparency policy with a focus on interest rates by economic sector.



Accelerating payment system digitalisation to nurture economic and financial inclusion as well as expand the digital economy and finance (EKD), which includes expanding cross-border payment linkages in terms of transaction volume and the number of Payment Service Providers (PSP).



Expanding international cooperation in the area of central banking, which includes accelerating local currency transactions (LCT) to facilitate trade and investment, the payment system and financial market activity across borders.

### 2024 Outlook

**ECONOMIC GROWTH**  
In range 4.7% - 5.5%

**CURRENT ACCOUNT DEFICIT**  
Deficit 0.1% - deficit 0.9% of GDP

**INFLATION**  
In range 2.5% ± 1%

**CREDIT GROWTH**  
10% - 12%

### Assesment

#### 1. Global Economy

Global economic growth is expected to exceed the previous projection (3.0% in 2023 and 2.8% in 2024) despite persistent financial market uncertainty.

Projection 2023  
**3.1%** (yoy)

Projection 2024  
**3.0%** (yoy)

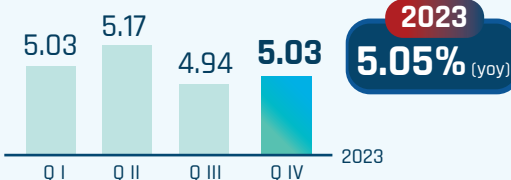
Improvement primarily due to:  
Economic performance in the United States (US) and India given high consumption and investment.

The global risk may concern:

- Economic growth in China, Japan, and UK remains sluggish.
- Deepening geopolitical tensions.

#### 2. Domestic Economy

At home, national economic growth in Indonesia surpassed the previous projection.



- Growth is primarily supported by:
- Higher exports
  - Increasing building investment
  - Positive impact of the general election

By sector, economic growth in 2023 was primarily supported by mobility-related sectors, such as:



Wholesale & retail trade



Transportation & storage



Information & communications



Accommodation & food service activities

#### 3. Indonesia's Balance of Payment

Indonesia's Balance of Payments (BOP) remains solid, thereby supporting external resilience.

##### Trade of Balance

**Surplus**  
USD **2.0** Billion  
January 2024

Trade surplus amassed due to strong non-oil and gas exports.

##### Portfolio Investment

**Net Inflows**  
USD **3.1** Billion  
Q I 2024  
As of 19<sup>th</sup> February 2024

##### Reserve Assets

USD **145.1** Billion

The position of reserve assets at the end of January 2024 equivalent to **6.6** months of imports or **6.4** months of imports and servicing government external debt, which is well above the international adequacy standard of around 3 months of imports.

#### 4. Exchange Rate

Rupiah stability has been maintained in line with the stabilisation policy instituted by Bank Indonesia.

As of 20<sup>th</sup> February 2024, Rupiah has depreciated just 1.68% (ytd), thereby outperforming:

Won South Korea :  
**3.69%** (ytd)

Ringgit Malaysia:  
**4.27%** (ytd)

Baht Thailand:  
**5.31%** (ytd)

Moving forward, rupiah stability will be maintained, while tracking an appreciating trend in line with maintained foreign capital inflows and supported by Bank Indonesia stabilisation policy and optimising the pro-market monetary operations.

#### 5. Inflation

Consumer Price Index (CPI) maintained low at 2.57% (yoy).

**Core Inflation**  
**1.68%** (yoy)

**Volatile Food Inflation**  
**7.22%** (yoy)

**Administered Prices Inflation**  
**1.74%** (yoy)

January 2024

Inflation control synergy through the TPIP and TPID teams by strengthening the GNPPI movement in various regions will be strengthened to manage food prices. Moving forward, Bank Indonesia is confident inflation in 2024 will remain low and manageable.

#### 6. SRBI, SVBI, and SUVBI

Bank Indonesia continues strengthening its monetary policy response and innovation to increase policy effectiveness in terms of controlling inflation and maintaining rupiah stability.

	Bank Indonesia Rupiah Securities (SRBI)	Bank Indonesia Forex Securities (SVBI)	Bank Indonesia Forex Sukuk (SUVBI)	Non-resident holdings of SRBI
Instrument Position	<b>Rp391.82</b> Trillion	<b>USD 1.89</b> Billion	<b>USD 265</b> Million	<b>Rp88.55</b> Trillion

As of 20<sup>th</sup> February 2024

#### 7. Interest Rate

Monetary policy transmission remains effective, as reflected by interest rates in the money market and banking industry as well as SBN yields that moved in line with the BI-Rate.

Money market reference rate (IndONIA) moving within BI-Rate range

**5.97%**  
20<sup>th</sup> February 2024

SRBI rates remain attractive

6-Month Term

**6.62%**

9-Month Term

**6.70%**

12-Month Term

**6.82%**  
16<sup>th</sup> February 2024

The banking industry maintained competitive interest rates given adequate liquidity in the banking system and PLR transparency policy to increase interest rate efficiency in the banking industry.

1-Month Term Deposit Rate  
**4.62%**

Lending Rate  
**9.30%**

Prime Lending Rate

8.79%

8.79%

8.81%

January 2024

Oct 23

Nov 23

Dec 23

#### 8. Intermediation

Banking industry resilience remains solid.

**11.83%** (yoy)  
Credit Growth

**5.80%** (yoy)  
Third-Party Funds Growth

**15.67%** (yoy)  
Shariah Financing Growth

**8.97%** (yoy)  
MSME Credit Growth

January 2024

#### 9. Financial System

Loans disbursed by the banking industry experience strong growth.

Liquidity in the banking industry remains adequate

**27.79%**

Liquid Assets to Deposits (AL/DPK)  
January 2024

The Capital Adequacy Ratio (CAR) in the banking industry was still high.

**27.66%**

Capital Adequacy Ratio (CAR)  
December 2023

Credit Risk Preserved.

**2.19%** (gross) / **0.71%** (nett)

Non Performing Loans (NPL)  
December 2023

Efficiency and Profitability maintained.

**78.92%**

BOPO efficiency ratio  
December 2023

**4.81%**

Net Interest Margin (NIM)

**2.06**

Interest Coverage Ratio (ICR) Corporate  
Q1 data projection

Economic financing through Capital Market Increased (including EBA).

**252.82** Trillion (gross)

December 2023

#### 10. Payment System

Digital economic and financial transactions continue to perform solidly, supported by a secure, steady and reliable payment system.

##### Non Cash Transaction

###### Electronic Money

**39.28%** (yoy) | **Rp83.37** Trillion

###### Digital Banking

**17.19%** (yoy) | **Rp5,335.33** Trillion

###### ATM, Debit Card & Credit Card

**2.58%** (yoy) | **Rp692.32** Trillion

January 2024



QRIS Transaction enjoyed impressive.

Transaction Amount  
**Rp31.65** Trillion  
**149.46%** (yoy)

Number of Users  
**46.37** Million

Number of Merchant  
**30.88** Million  
January 2024

##### Currency in Circulation:

**9.21%** (yoy)

**Rp1,015.68** Trillion

January 2024

Bank Indonesia continues ensuring the availability of Rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia.

Scan for further information

