

## 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> December 2023 to hold:

BI Rate  
at **6.00%**

Deposit Facility  
(DF) rate at **5.25%**

Lending Facility  
(LF) rate at **6.75%**

From 21<sup>st</sup> December 2023, Bank Indonesia will change the name of its policy rate to the BI-Rate, replacing the BI 7-Day Reverse Repo Rate (BI7DRR), to strengthen monetary policy communication. The new name does not change the meaning or objectives of the BI-Rate as the monetary policy stance of Bank Indonesia, with operationalisation still referring to Bank Indonesia reverse repo transactions with a tenor of seven days.

The decision to hold the BI Rate at 6.00% remains consistent with the pro-stability focus of monetary policy, namely to strengthen rupiah stabilisation policy, and as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024.

## 2023 OUTLOOK

**ECONOMIC GROWTH**  
In the 4.5%-5.3% range

**CURRENT ACCOUNT**  
In the range of a 0.4% surplus  
to a 0.4% deficit of GDP

**INFLATION**  
3.0% ± 1%

## ASSESSMENT

### 1. GLOBAL ECONOMY

Global economic moderation is accompanied by early signs that financial market uncertainty is easing.

**2023 Projection**  
**3.0%** (yoy)

**2024 Projection**  
**2.8%** (yoy)

### 2. DOMESTIC ECONOMY

At home, economic growth in Indonesia remains solid, supported by domestic demand.

### 3. INDONESIA'S BALANCE OF PAYMENT

Indonesia's Balance of Payments (BOP) continues to bolster external stability.

### 4. EXCHANGE RATE

Rupiah exchange rates continue appreciating in line with monetary policy consistency by Bank Indonesia and early signs of easing global financial market uncertainty.

Thereby outperforming than other country which depreciated:

Country	Exchange Rate (ytd)
Philippines Peso	0.05%
India Rupee	0.53%
Thailand Baht	0.85%

Rupiah exchange rate as of 20<sup>th</sup> December 2023:  
Strengthened  
**0.44%**  
average (mtm)  
Compared at the end of November 2023

Rupiah exchange rate as of 20<sup>th</sup> December 2023:  
Strengthened  
**0.37%**  
(ytd)

Compared at the end of December 2022

In addition to BI stabilisation policy, rupiah appreciation continues as a corollary of foreign capital inflows, attractive yields on domestic financial assets for investment as well as the positive economic outlook.

### 5. INFLATION

Inflation remains under control within the target corridor.

Consumer Price Index (CPI) Inflation	Core Inflation	Volatile Food Inflation	Administered Prices Inflation
2.56% Oct 2023	1.91% Oct 2023	5.54% Oct 2023	2.12% Oct 2023
2.86% Nov 2023	1.87% Nov 2023	7.59% Nov 2023	2.07% Nov 2023
(yoy)	(yoy)	(yoy)	(yoy)

### 6. SRBI, SVBI, AND SUVBI

Bank Indonesia continues strengthening innovation to increase monetary policy effectiveness, which includes safeguarding manageable inflation and rupiah stability.

SRBI auctions:  
**Rp229.95 Trillion**

The SRBI vehicle is traded actively in the secondary market, as reflected by non-resident holdings totalling:  
**Rp52.87 Trillion**

Bank Indonesia also issued SUVBI as a forex monetary instrument, with outstanding bids reaching  
**129 Million USD**  
as of 19<sup>th</sup> December 2023

SVBI auctions:  
**421.50 Million USD**

The SVBI position of non-residents was recorded at  
**6 Million USD**

As of 19<sup>th</sup> December 2023

### 7. LIQUIDITY AND INTEREST RATE

Liquidity in the banking system remains adequate, thus strengthening bank lending capacity.

Ratio of Liquid Assets to Deposits  
**26.04%** (yoy)

November 2023

Adequate bank liquidity is supported by accommodative macroprudential policy, including implementation of the Macroprudential Liquidity Policy Incentives (KLM).

In total, the additional liquidity generated by KLM incentives reached Rp163.3 trillion in December 2023, increasing Rp55 trillion since the policy incentives were introduced on 1<sup>st</sup> October 2023.

Interest rate remains solid.

**1-Month Term Deposit Rate**  
**4.46%**  
November 2023

**Lending Rate**  
**9.29%**  
November 2023

**Prime Lending Rate**  
**8.79%**  
October 2023

### 8. INTERMEDIATION

The bank intermediation function continued tracking an upward trend.

**3.04%** (yoy)  
Deposit

**9.74%** (yoy)  
Credit Growth

**14.12%** (yoy)  
Intermediation in the sharia banking industry

**8.46%** (yoy)  
MSME Credit Growth

November 2023

### 9. FINANCIAL SYSTEM

Banking industry resilience remains solid.

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

**27.44%**  
Capital Adequacy Ratio

Credit risk was also mitigated effectively.

**2.42%** (gross) / **0.77%** (nett)  
Non-performing Loan

October 2023

### 10. PAYMENT SYSTEM

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

#### Transaction Value:

**Electronic Money**  
**Rp41.30 Trillion**  
16.95% (yoy)  
November 2023

**Digital Banking**  
**Rp5,163.76 Trillion**  
13.21% (yoy)  
November 2023

**ATM, Debit Card & Credit Card**  
**Rp662.39 Trillion**  
-0.39% (yoy)  
November 2023

**Currency in Circulation**  
**Rp988.40 Trillion**  
5.69% (yoy)  
November 2023

The value of QRIS transactions continues growth.

**QRIS Transaction Amount**  
**Rp24.90 Trillion**  
↑ 157.43% (yoy)

**Number of Users**  
**45.03 Million**

**Merchant QRIS dominated by MSMEs**  
**30.12 Million**  
November 2023

## POLICY MIX

Rupiah stabilisation through foreign exchange market intervention with a focus on spot and DNDP transactions, as well as SBN in the secondary market.

Strengthening the pro-market monetary operations (MO) strategy for effective monetary policy, which includes optimising SRBI, SVBI dan SUVBI.

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



Accelerating payment system digitalisation towards greater transaction efficiency and expanding cross-border as follows:

- Expanding QRIS implementation by:
  - Setting a target of 55 million QRIS users in 2024.
  - Setting a target of 2.5 billion QRIS transactions volume in 2024
  - Strengthening the cross-border QRIS implementation.
- Strengthening Indonesia Credit Card (KKI) implementation for the government segment.



Expanding international cooperation with other central banks and authorities in partner countries, particularly through cross-border QRIS linkages and local currency transactions (LCT), as well as facilitating investment, trade and tourism promotion in priority sectors in conjunction with relevant institutions.

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