

BI 7-Day Reverse Repo Rate Held at 3.50%

SYNERGY MAINTAINING STABILITY AND STRENGTHENING NATIONAL ECONOMIC RECOVERY

The BI Board of Governors Meeting agreed on 9th and 10th February 2022 to hold:

BI 7-Day Reverse Repo Rate at **3.50%**

Deposit Facility (DF) rates at **2.75%**

Lending Facility (LF) rates at **4.25%**

The decision is consistent with the need to maintain exchange rate stability, control inflation and stimulate economic growth amid a build-up of external pressure. Bank Indonesia has also optimised its policy mix to maintain stability and support economic recovery momentum. Bank Indonesia will also continue to strengthen policy synergy with the Government and Financial System Stability Committee to accelerate the vaccination rollout and reopen economic sectors, facilitate fiscal and monetary coordination as well as revive lending to the corporate sector and other priority sectors, while maintaining macroeconomic and financial system stability and driving the national economic recovery.

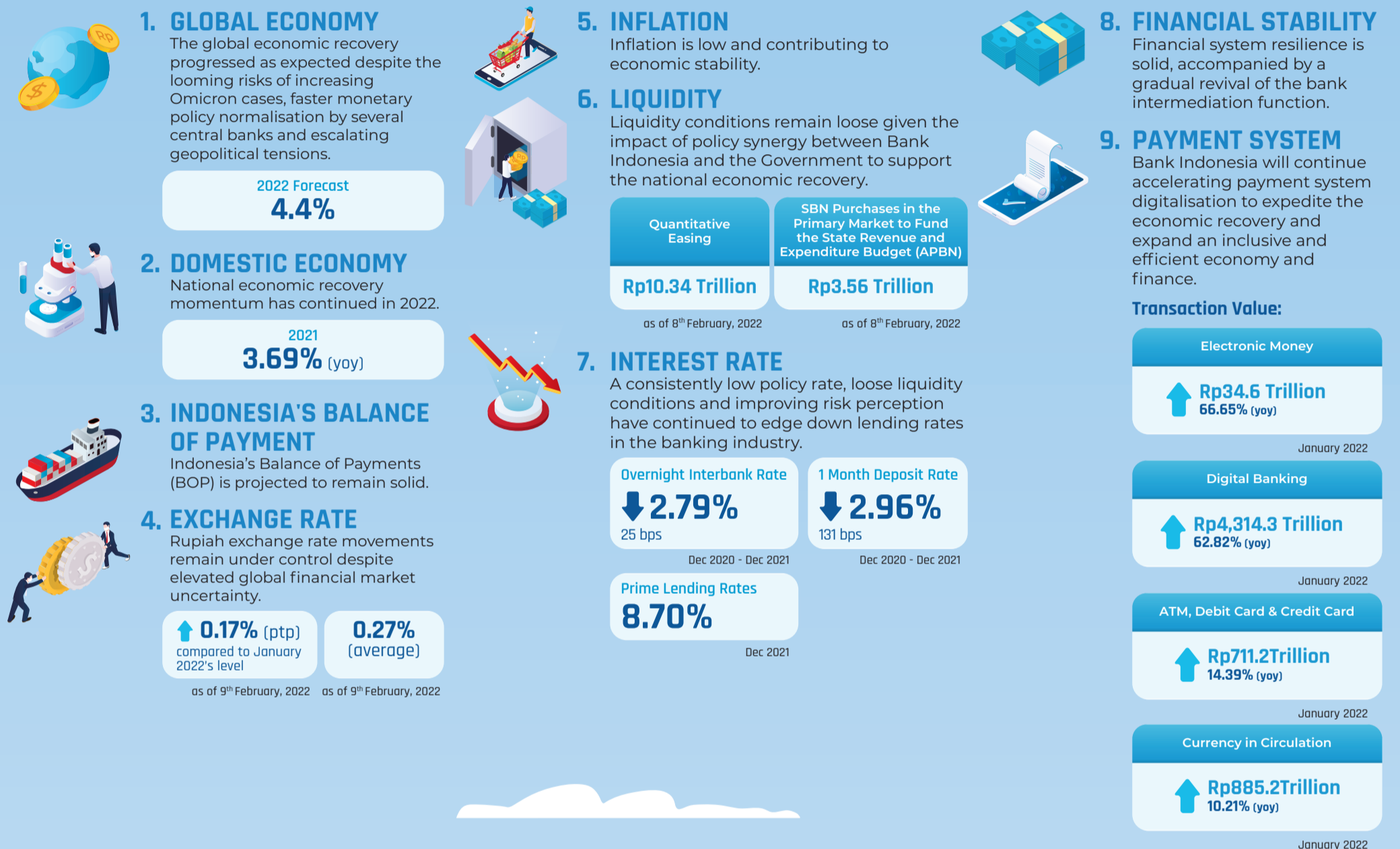
2022 OUTLOOK

ECONOMIC GROWTH
4.7%-5.5%

CURRENT ACCOUNT
Deficit 1.1%-1.9% of GDP

INFLATION
3.0% ± 1%

ASSESSMENT



POLICY MIX

- Strengthening exchange rate policy to maintain rupiah stability in line with market mechanisms and economic fundamentals.
- Normalising liquidity policy, as announced on 20th January 2022, via the following adjustments to rupiah reserve requirements:
 - Incrementally raising the rupiah reserve requirement for conventional commercial banks from the current average requirement of 3.0% and daily requirement of 0.5% as follows:
 - From 1st March 2022, Bank Indonesia will raise the reserve requirement by 1.5% to 5.0%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% remuneration on the RR based on 4.0% of deposits.
 - From 1st June 2022, Bank Indonesia will raise the reserve requirement by 1.0% to 6.0%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% remuneration on the RR based on 5.0% of deposits.
 - From 1st September 2022, Bank Indonesia will raise the reserve requirement by 0.5% to 6.5%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% remuneration on the RR based on 5.5% of deposits.
 - Incrementally raising the rupiah reserve requirement for sharia banks and business units from the current average requirement of 3.0% and daily requirement of 0.5% as follows:
 - From 1st March 2022, Bank Indonesia will raise the reserve requirement by 0.5% to 4.0%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% 'athaya on the RR based on 3.0% of deposits.
 - From 1st June 2022, Bank Indonesia will raise the reserve requirement by 0.5% to 4.5%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% 'athaya on the RR based on 3.5% of deposits.
 - From 1st September 2022, Bank Indonesia will raise the reserve requirement by 0.5% to 5.0%, calculated fully as an average. Banks fulfilling RR obligations will receive 1.5% 'athaya on the RR based on 4.0% of deposits.
- Providing incentives for banks disbursing loans/financing to priority sectors and MSMEs and/or achieving the RPIM target in the form of a 1% reduction in the average rupiah reserve requirement, from 1st March 2022.
- Strengthening prime lending rate (PLR) transparency in the banking industry with a focus on interest rate spread against neighbouring countries.
- Increasing the QRIS transaction limit from Rp5 million to Rp10 million per transaction, from 1st March 2022, to drive private consumption and accelerate the national economic recovery.
- Expanding the use of Local Currency Settlement (LCS) as a means to settle bilateral trade and investment transactions with major trading partners, especially in Asia.
- Strengthening international policy by expanding cooperation with other central banks and international organisations in trading partner countries, promoting trade and investment in conjunction with relevant institutions as well as ensuring the success of six priority agendas in the Finance Track together with the Ministry of Finance during Indonesia's G20 presidency in 2022.

