

BI-Rate Held 6.00%

Maintaining Stability, Strengthening Economic Growth

Deposit Facility
(DF)
5.25%

Lending Facility
(LF)
6.75%

The decision is consistent with the direction of monetary policy to control inflation in 2024 and 2025 within the 2.5 ±1% target corridor, while supporting sustainable economic growth. The focus of monetary policy is on strengthening Rupiah stability in response to heightened global economic uncertainty caused by the policy direction of the United States (US) and escalating geopolitical tensions in various regions. Moving forward, Bank Indonesia will remain vigilant of Rupiah exchange rate movements and the inflation outlook as well as emerging dynamic economic conditions when considering further room for monetary easing.

Bank Indonesia maintains 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 priority sectors and create job opportunities, including the MSME sector and green economy, by strengthening the Macroprudential Liquidity Incentive (KLM) policy strategy, set to commence in January 2025, while maintaining prudential principles.

Payment system policy is directed towards bolstering growth, particularly in the trade and MSME sector, strengthening reliable infrastructure and reinforcing the structure of the payment system industry, while expanding acceptance of payment system digitalisation.

Policy Mix

Strengthening the pro-market monetary operations strategy to enhance monetary policy effectiveness, accelerate money market and foreign exchange market deepening and attract foreign capital inflows by:

- optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Exchange Securities (SVBI) and Bank Indonesia Foreign exchange Sukuk (SUVBI) as pro-market instruments.
- strengthening the interest rate structure of monetary instruments to attract portfolio inflows to domestic financial assets.
- strengthening strategies to maintain competitive term-repo and forex swap transactions.
- strengthening the function of Primary Dealers (PD) to increase SRBI transactions in the secondary market and repurchase agreement (repo) transactions between market players.

Stabilising the Rupiah 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 prime lending rate (PLR) transparency policy with a focus on interest rates by KLM policy priority sectors.

Expanding BI-FAST services to include bulk transfers, requests for payment and direct debit, thereby fulfilling the needs of the public in terms of fast, convenient, affordable, secure and reliable economic and financial transactions, commencing December 21st 2024.

Strengthening strategies to maintain the availability of a seamless payment system in all regions of the Republic of Indonesia, thereby fulfilling the needs of the public during the Christmas and New Year festive period, which includes the SERUNAI program from December 15-20th 2024.

Strengthening policy coordination to mitigate the risks of inflation with the (central and regional) Government through the National Movement for Food Inflation Control (GNPIP) in various regions and also with Financial System Stability Committee (KSSK) to maintain financial system stability and revive bank lending/financing to businesses.

Strengthening and expanding international cooperation among central banks, including through payment system connectivity and local currency transactions (LCT), as well as promoting investment and trade in priority sectors.

OUTLOOK	ECONOMIC GROWTH	CURRENT ACCOUNT DEFICIT	INFLATION	CREDIT GROWTH
2024	In the 4.7% - 5.5% range	Deficit in the range 0.1% - 0.9% of GDP	In the 2.5±1% range	In the 10% - 12% range
2025	In the 4.8% - 5.6% range	Deficit in the range 0.5% - 1.3% of GDP	In the 2.5±1% range	In the 11% -13% range

Assessment

1. Global Economy

Global financial market uncertainty is increasing, accompanied by the risk of world economic moderation.

Forecast Global Economic Growth 2024
>> 3.1%

- The restrictive inward-looking trade policies proposed by the US, through higher import tariffs as well as expanding the scope of commodities and countries, have heightened the risk of greater world trade fragmentation.
- Deepening of geopolitical tensions in various regions, with global economic growth in 2025 thus projected to moderate than previously.
- Global inflation has increased compared with the previous forecast due to supply chain disruptions.
- Federal Funds Rate (FFR) reductions are expected to be delayed by high inflation.
- Expansionary fiscal policy is maintaining high US Treasury yields for both short and long-term tenors.

2. Domestic Economy

Indonesia's domestic economy remains solid on the back of domestic demand.

- Positive investment growth is projected in the fourth quarter of 2024, underpinned by the completion of various national strategic projects (PSN) and private investment in response to government incentive support.
- Household consumption is projected to maintain growth, supported by solid consumer confidence and the positive impact of local elections contested in various regions. Government consumption is increasing in line with higher spending activity towards the end of the year.
- Non-oil and gas exports are expected to moderate as a corollary of the sluggish global economy.

3. Indonesia's Balance of Payment (BOP)

BOP remains sound, thereby supporting external stability.

Trade Balance

Surplus
USD4.4
Billion
November 2024

Portfolio Investment

Net Outflows
USD 0.8
Billion
November 2024

Net Inflows
USD 0.7
Billion
1st - 16th December 2024

Reserve Assets

USD150.2
Billion
End of November 2024

Equivalent to 6.5 months of imports or 6.3 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

Bank Indonesia exchange rate policy remains oriented towards maintaining Rupiah stability against the impact of elevated global uncertainty.

Exchange rate depreciation:

Indonesian Rupiah: 4.16% (ytd)	Taiwan Dollar: 5.58% (ytd)	Philippines Peso: 5.94% (ytd)	Korean Won: 10.47% (ytd)
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compared to the level end of December 2023

- The Rupiah depreciated in response to higher global uncertainty which is causing a rebalancing of global investment, with portfolio allocations returning to the US:
 - particularly concerning the direction of US policy
 - the strong US Dollar and escalating geopolitical risk
- less room for further FFR reductions

Moving forward, the Rupiah exchange rate is projected to remain stable in line with Bank Indonesia's firm policy commitment to maintain Rupiah stability, attractive yields, low inflation and a promising economic growth outlook for Indonesia.

5. Inflation

Inflation was maintained.

Consumer Price Index Inflation
1.55%
(yoy)

Core Inflation
2.26%
(yoy)

Volatile Food Inflation
-0.32%
(yoy)

Administered Prices Inflation
0.82%
(yoy)

November 2024

Furthermore, Bank Indonesia remains committed to strengthening monetary policy effectiveness to maintain inflation in 2024 and 2025 within the target range, while continuing to support efforts to strengthen economic growth.

6. Pro-market Monetary Operation

Bank Indonesia continues optimising various pro-market monetary instruments to strengthen Rupiah stability and achieve the inflation target.

The implementation of Primary Dealers has also increased SRBI transactions in the secondary market along with repurchase agreement transactions between market players.

Instrument Position

Bank Indonesia Rupiah Securities (SRBI)	Bank Indonesia Forex Securities (SVBI)	Bank Indonesia Foreign Exchange Sukuk (SUVBI)	Non-resident holdings of SRBI
Rp940.67 Trillion	USD2.08 Billion	USD386 Million	Rp233.85 Trillion

As of 16th December 2024

7. Policy Rate Transmission

Monetary policy transmission remains effective.

The IndONIA money market reference rate is still moving within the BI-Rate range.

6.13%

17th December 2024

SRBI rates remain attractive for portfolio inflows.

6-Month Term
7.14%

9-Month Term
7.17%

12-Month Term
7.24%

13th December 2024

Interest rates in the banking industry remained competitive.

1-Month Term Deposit Rate
4.71%

Lending Rate
9.22%

November 2024

8. Financial System Stability

Credit growth remained high.

Credit Growth
10.79%
(yoy)

Third-Party Funds Growth
7.54%
(yoy)

Sharia Financing Growth
11.24%
(yoy)

MSMEs Credit Growth
4.02%
(yoy)

November 2024

Financial system resilience remains solid.

Liquidity remains adequate.
25.57%

Capital remains solid.
27.02%

Credit risk maintained.
2.20% (gross)
0.77% (nett)

Economic financing through capital markets.
Rp165.58
Trillion (gross)

Liquid Assets to Third-party Funds (LA/TPF)
November 2024

Capital Adequacy Ratio (CAR)
October 2024

Non-performing Loan (NPL)
October 2024

October 2024

Efficiency and Profitability maintained.
79.04%
BOPO Efficiency Ratio
October 2024

4.61%
Net Interest Margin (NIM)
October 2024

2.11
Corporate Interest Coverage Ratio (ICR)

Corporate performance* remains solid.

Q-III 2024 data projection
*non-financial corporations listed on the IDX

9. Payment System

Digital economic and financial transactions remained solid supported by secure, seamless and reliable payment systems.

Non-cash Transaction

Nominal of BI-RTGS Transaction

9.82% (yoy) **Rp14,969.37** Trillion

Volume of **BI-Fast** Transaction

69.90% (yoy) **338.61** Million

Volume of Electronic Money Transaction

33.4% (yoy) **1.44** Billion

Volume of Digital Banking Transaction

40.1% (yoy) **2.04** Billion

Volume of Debit Card Transaction

-10.9% (yoy) **562.75** Million

Volume of Credit Card Transaction

21.1% (yoy) **41.15** Million

November 2024

QRIS

QRIS transactions are growing rapidly.

Volume Transaction
689.07 Million
186% (yoy)

Number of Users
55.02 Million

Number of Merchant
35.1 Million

November 2024

Cash Transaction

Currency In Circulation:

11.9% (yoy)

Rp1,105.8 Trillion

November 2024

Bank Indonesia will continue ensuring adequate availability of Rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia, particularly during the Christmas and New Year festive period.

Scan for further information

