

BI-Rate Held at 6.25%

Strengthening Stability and Maintaining Growth from Impact of Global Spillovers

Deposit Facility
5.50%

Lending Facility
7.00%

This decision is consistent with the pro-stability focus of monetary policy, namely as a pre-emptive and forward-looking measure to maintain inflation within the 2.5%±1% target corridor in 2024 and 2025, which includes effectively sustaining foreign capital inflows and safeguarding Rupiah stability.

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 policy will be oriented towards bolstering 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 by:
 - (a) Strengthening the interest rate structure of the Rupiah money market to maintain attractive yields and portfolio inflows to domestic financial assets for investment, thereby bolstering Rupiah stability.
 - (b) Optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Forex Securities (SVBI) and Bank Indonesia Forex Sukuk (SUVBI).
- 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 the competitive SBN term-repo and FX swap transaction strategies to maintain adequate liquidity in the banking industry.
- Strengthening prime lending rate (PLR) transparency policy with a focus on interest rates by economic sector.
- Strengthening synergy to expand acceptance of payment system digitalisation in conjunction with the payment system industry to increase the acquisition of QRIS merchants across all MSME categories by improving the quality of services, strengthening various promotional programs and campaigning the use of QRIS, including QRIS Jelajah Indonesia.

2024 Outlook

Economic Growth
In the 4.7% - 5.5% range

Current Account Deficit
Low deficit in the range 0.1% - 0.9% of GDP

Inflation
In the 2.5% ± 1% range

Credit Growth
In the 10% - 12% range

Assessment

1. Global Economy

Global financial market uncertainty remains high despite a solid US economic outlook.



- The US economy posted strong growth accompanied by inflation that remained high.
- Global US dollar strengthening was restrained, and the US Treasury yields decreased despite remaining at high levels.
- Capital flows to emerging market economies have resumed, thus alleviating currency pressures.

Moving forward, the risks associated with the direction of FFR reductions and dynamics of global geopolitical tensions will continue to demand vigilance due to their potential impact on raising global financial market uncertainty, intensifying currency pressures in emerging market economies, exacerbating inflationary pressures and undermining the global economic growth outlook.

2. Domestic Economy

At home, Indonesia's economy remains resilient despite a period of high global uncertainty.

Economic Growth Increased

5.04% (yoy) | **5.11%** (yoy)
Q-IV 2023 | Q-I 2024

- Private and government consumption improved due to the positive impact of the general election and recent national religious holidays.
- Investment is growing, primarily supported by building investment in line with ongoing infrastructure projects.

- Export performance moderated in response to persistently weak demand from Indonesia's major trading partners.

The latest developments pointed to solid economic activity in the second quarter of 2024, as reflected in several household consumption and investment indicators, including the Consumer Confidence Index (CCI), Real Sales Index (RSI) and Manufacturing Purchasing Managers Index (PMI).

3. Indonesia's Balance of Payment (BOP)

BOP remains sound, thereby supporting external resilience.

Trade Balance

Surplus, on the back of non-oil and gas exports.

3.6 Billion USD
April 2024

Investasi Portfolio

Moved back into positive territory, given the positive response of Bank Indonesia's monetary policy mix.

1.8 Net Inflows
Billion USD
As of 20th May 2024

Reserve Assets

136.2
Billion USD
At the end of April 2024

Equivalent to 6.1 months of imports or 6.0 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

The Rupiah is appreciating in response to Bank Indonesia monetary policy mix to mitigate the impact of global uncertainty spillovers.

Rupiah was appreciated on a monthly basis.

Monetary policy mix response of Bank Indonesia attracted foreign capital inflows, primarily to SBN and SRBI instruments.

Rp 1.66% (ptp)
As of 21st May 2024

4.2 Billion USD
As of 20th May 2024

Rupiah depreciation was less severe than the other country:

3.74% (ytd) | **4.91%** (ytd) | **5.52%** (ytd) | **5.99%** (ytd)
Philippines Peso: | South Korea Won: | Thailand Baht: |
As of 21st May 2024

Moving forward, the Rupiah exchange rate is projected to remain stable and appreciating trend given attractive yields in line with the higher BI-Rate, lower risk premium, promising economic outlook and BI commitment to continue stabilising the Rupiah.

5. Inflation

Consumer Price Index (CPI) maintained at 3.00% (yoy).

Core Inflation
1.82% (yoy)

Volatile Food Inflation
9.63% (yoy)

Administered Prices Inflation
1.54% (yoy)
April 2024

Bank Indonesia will continue strengthening its monetary policy mix to mitigate the risks that could intensify inflationary pressures, and ensuring inflation is under control within the target range.

6. Pro-market Monetary Operation



Bank Indonesia continues optimising various pro-market monetary instruments issued in 2023, namely SRBI, SVBI and SUVBI, to support money market deepening efforts and attract capital inflows, thereby supporting Rupiah stabilisation efforts.

Instrument Position

Bank Indonesia Rupiah Securities (SRBI)	Bank Indonesia Forex Securities (SVBI)	Bank Indonesia Forex Sukuk (SUVBI)	Non-resident holdings of SRBI	
Rp508.41 Trillion	2.13 Billion USD	257 Million USD	Rp71.55 Trillion	Rp142.90 Trillion

As of 21st May 2024

23rd April 2024

21st May 2024

7. Policy Rate Transmission

Monetary policy transmission remains effective after the recent BI-Rate hike.

INDONIA money market reference rate is still moving within the BI-Rate range
6.05%

SRBI rates remain attractive thereby supporting SRBI effectiveness as a pro-market monetary instrument.

6-Month Term **7.29%** | 9-Month Term **7.38%** | 12-Month Term **7.48%**

21st May 2024

17th May 2024



The banking industry maintained competitive interest rates given adequate liquidity in the banking system.

1-Month Term Deposit Rate
4.59%

April 2024

Lending Rate
9.25%

April 2024

8. Financial System Stability

Loans disbursed by the banking industry continue accelerating.

Credit Growth

13.09% (yoy)

Third-Party Funds Growth

8.21% (yoy)

Sharia Financing Growth

14.88% (yoy)

MSMEs Credit Growth

7.30% (yoy)
April 2024

Financial system resilience remains solid.

Liquidity remains adequate.

25.62%

Liquid Assets to Deposits (AL/DPK)
April 2024

Capital remains solid.

25.96%

Capital Adequacy Ratio (CAR)
March 2024

Credit risk maintained.

2.25% (gross) / **0.77%** (nett)

Non-performing Loan (NPL)
March 2024

Economic financing through capital markets.

67.85 Trillion (gross)
March 2024



Efficiency and Profitability maintained.

80.05%

BOPO Efficiency Ratio

4.59%

Net Interest Margin (NIM)
March 2024

Corporate performance* remains solid.

2.17

Interest Coverage Ratio (ICR) Corporate
Q-1 2004

*non-financial corporations listed on the IDX

9. Payment System

Financial system resilience remains solid.

Non-cash Transaction

BI-RTGS

18.65% (yoy) | **Rp13,112.22** Trillion

Electronic Money

33.99% (yoy) | **Rp90.44** Trillion

ATM/Debit Card

-12.49% (yoy) | **Rp619.19** Trillion



Digital Banking

19.08% (yoy) | **Rp5,340.92** Trillion

Credit Card

11.67% (yoy) | **Rp34.39** Trillion



Impressive QRIS transaction growth.



Amount
Rp44.16 Trillion
194.06% (yoy)



Number of Users
48.90 Million



Number of Merchant
31.86 Million
April 2024

Cash Transaction

Currency in Circulation:

2.64% (yoy)

Rp1,058.23 Trillion
April 2024



Bank Indonesia will ensure adequate availability of Rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia, including frontier, outermost and remote (3T) regions.

Scan for further information

