

# BI 7-Day Reverse Repo Rate Held at 3.50%

## STRENGTHENING SYNERGY TO MAINTAIN STABILITY AND SUPPORT RECOVERY

The BI Board of Governors Meeting agreed on 23<sup>rd</sup> and 24<sup>th</sup> May 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 manage inflation and maintain exchange rate stability, while continuing to foster economic growth amid escalating external pressures stemming from the geopolitical tensions between Russia and Ukraine as well as faster monetary policy normalisation in several advanced and developing economies. Bank Indonesia constantly monitors inflation developments and institutes the measures necessary to manage inflation within the predetermined 3.0%±1% target corridor set for 2022 and 2023. Towards that end, synergy with the central and regional governments through national and regional inflation control teams (TPIP and TPID) is constantly strengthened.

### 2022 OUTLOOK

**ECONOMIC GROWTH**  
4.5%-5.3%

**CURRENT ACCOUNT**  
Deficit 0.5%-1.3% of GDP

**INFLATION**  
3.0%±1%

### ASSESSMENT

#### 1. GLOBAL ECONOMY

The global economic recovery remains intact but at risk of slowing, accompanied by rising inflation and faster monetary policy normalisation in various jurisdictions.



#### 2. DOMESTIC ECONOMY

At home, the domestic economic improvements have endured on the back of stronger domestic demand and persistently solid exports.

Economic Growth  
First Quarter of 2022  
**5.01% (yoy)**

#### 3. INDONESIA'S BALANCE OF PAYMENT

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

#### 4. EXCHANGE RATE

The Rupiah succumbed to depreciatory pressures in line with other regional currencies as global financial market uncertainty increased.

Depreciated  
**1.20%**  
on the level recorded at the end of April 2022

**2.87%**  
on the level recorded at the end of 2021

as of 23<sup>rd</sup> May 2022

#### 5. INFLATION

Inflation remains under control and continues to support economic stability.

#### 6. LIQUIDITY

Bank Indonesia continues to normalise liquidity policy by incrementally raising Rupiah reserve requirements without disrupting liquidity conditions in the banking industry.

##### Banking liquidity remains loose

Ratio of Liquid Assets to Deposits  
**29.38%**  
April 2022

Deposit Growth  
**10.11%** (yoy)  
April 2022

##### Liquidity in the economy remained ample

M1 **20.76%** (yoy)  
April 2022

M2 **13.60%** (yoy)  
April 2022

Through fiscal-monetary coordination, BI has continued to purchase SBN in the primary market to fund the national economic recovery as part of the State Budget in 2022 totalling:

**Rp30.17 trillion** as of 23<sup>rd</sup> May 2022 via primary auction, greenshoe options and private placement.

#### 7. INTEREST RATE

The banking industry continues to lower interest rates in line with lower credit risk.

IndoNIA Rate  
**2.81%**  
as of 27<sup>th</sup> April 2022

1 Month Deposit Rate  
**↓ 2.86%**  
80 bps  
April 2021 - April 2022

Prime Lending Rates  
**↓ 8.60%**  
1 bps  
February - March 2022

#### 8. FINANCIAL STABILITY

Financial system resilience remains solid, accompanied by a gradual revival of the bank intermediation function.

#### 9. PAYMENT SYSTEM

Bank Indonesia continually strengthens payment system digitalisation to nurture economic inclusion in the context of economic recovery.

##### Transaction Value:

##### Electronic Money

**↑ Rp34.3 trillion**  
50.3% (yoy)

April 2022

##### Digital Banking

**↑ Rp5,338.4 trillion**  
71.4% (yoy)

April 2022

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

**↑ Rp764.5 trillion**  
12.5% (yoy)

April 2022

##### Currency in Circulation

**↑ Rp1,039.1 trillion**  
23.2% (yoy)

April 2022

Bank Indonesia is also accelerating BI-FAST implementation by expanding the number of participants by seven banks, with an additional bank planned for the third week of June 2022.



The total of BI-FAST participant is **52**

and representing **82%** of the national retail payment system.

### POLICY MIX



Strengthening exchange rate policy to maintain Rupiah stability in line with market mechanisms and economic fundamentals.



Accelerating liquidity policy normalisation by incrementally raising Rupiah reserve requirements.



Increasing incentives for banks disbursing loans/financing to priority sectors and MSMEs and/or meeting the target Macroprudential Inclusive Financing Ratio (RPIM) from 1<sup>st</sup> September 2022 as follows.



Maintaining prime lending rate transparency in the banking industry with a focus on lending rates for priority sectors.



Maintaining support for MSME development through the Karya Kreatif Indonesia (KKI) expo to support the economic recovery, including the National BBI Movement promoting pride in Indonesian-made products and Proud to Travel in Indonesia Movement (GBWI).



Strengthening payment system policy to reinforce economic recovery and accelerate inclusive digitalisation.



Strengthening international policy by expanding cooperation with other central banks and authorities in partner countries, promoting trade and investment in priority sectors in synergy with the relevant institutions as well as ensuring the success of the six priority agendas in the Finance Track of Indonesia's G20 Presidency in 2022 in conjunction with the Ministry of Finance.



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