

# 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 18<sup>th</sup> and 19<sup>th</sup> April 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 and control inflation, together with efforts to revive economic growth despite a build-up of external pressure, particularly the geopolitical tensions between Russia and Ukraine as well as sooner-than-expected monetary policy normalisation in advanced economies. Bank Indonesia continues to optimise its policy mix strategy to maintain stability and safeguard economic recovery momentum, and also remains committed to strengthening policy synergy with the Government and Financial System Stability Committee to control inflation, maintain monetary and financial system stability as well as revive lending to the corporate sector and other priority sectors to foster economic growth, stimulate exports and increase economic and financial inclusion.

### 2022 OUTLOOK

**ECONOMIC GROWTH**  
**4.5% - 5.3%**  
from 4.7% - 5.5% previously

**CURRENT ACCOUNT**  
**Deficit 0.5% - 1.3% of GDP**  
compared with the previous projection of 1.1% - 1.9% of GDP

**INFLATION**  
**3.0% ± 1%**

**CREDIT GROWTH**  
**6.0% - 8.0%**

**DEPOSIT GROWTH**  
**7.0% - 9.0%**

### ASSESSMENT

#### 1. GLOBAL ECONOMY

The global economic recovery is expected to endure, yet at a slower pace than previously projected, accompanied by persistently elevated global financial market uncertainty.

Global Economic Growth Projection for 2022  
**3.5%**

as of 16<sup>th</sup> March 2022

#### 2. DOMESTIC ECONOMY

At home, greater public mobility is expected to drive the domestic economic recovery.

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

Indonesia's Balance of Payments (BOP) is forecast to remain solid, thereby supporting external sector resilience.

#### 4. EXCHANGE RATE

Rupiah exchange rate stability has been maintained despite persistent global financial market uncertainty.

Depreciated by just **0.70%**  
on the level recorded at the end of 2021

as of 18<sup>th</sup> April 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 in line with the banking industry's ability to maintain adequate liquidity.

##### Liquidity remained ample

Ratio of Liquid Assets to Deposits  
**32.11%**  
March 2022

Deposit Growth  
**9.92% (yoy)**  
March 2022

**M1 18.68% (yoy)**  
March 2022

**M2 13.27% (yoy)**  
March 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:

**Rp17.81 triliun** via primary auction, greenshoe options and private placement.

as of 14<sup>th</sup> April 2022

#### 7. INTEREST RATE

A consistently low policy rate and ample liquidity in the banking system continue to edge down lending rates in the banking industry, though by smaller increments.

IndoNIA Rate  
**↓ 2.79%**

Mar 2021 - Mar 2022

1 Month Deposit Rate  
**↓ 2.85%**

91 bps

Mar 2021 - Mar 2022

##### Prime Lending Rates

**↓ 8.61%**

3 bps

Feb 2022

#### 8. FINANCIAL STABILITY

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

#### 9. PAYMENT SYSTEM

Bank Indonesia will continue strengthening a fast, convenient, affordable, secure and reliable as well as inclusive payment system to boost economic growth.

##### Transaction Value:

##### Electronic Money

**↑ Rp30.9 trillion**  
**42.06% (yoy)**

Triwulan I 2022

##### Digital Banking

**↑ Rp3,887.3 trillion**  
**34.90% (yoy)**

Triwulan I 2022

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

**↑ Rp689.4 trillion**  
**3.77% (yoy)**

Triwulan I 2022

##### Currency in Circulation

**↑ 13.58% (yoy)**

Triwulan I 2022



### POLICY MIX

- Strengthening exchange rate policy to maintain rupiah stability in line with market mechanisms and economic fundamentals.
- Maintaining an accommodative macroprudential policy stance by holding: (i) the Countercyclical Capital Buffer (CCyB) at 0%, (ii) Macroprudential Intermediation Ratio (MIR) in the 84-94% range, (iii) Macroprudential Liquidity Buffer (MPLB) at 6% with 6% repo flexibility and the Sharia Macroprudential Liquidity Buffer at 4.5% with 4.5% repo flexibility.
- Maintaining prime lending rate transparency in the banking industry with a focus on sources of operating income in the banking industry.
- Ensuring adequate availability of currency fit for circulation, maintaining seamless currency distribution and prime cash services, while preparing BI-FAST implementation during the holy fasting month of Ramadan and Eid-ul-Fitr 1443H.
- Raising the maximum deposit limit for registered electronic money from Rp10 million to Rp20 million and the monthly transaction limit from Rp20 million to Rp40 million, effective from 1<sup>st</sup> July 2022.
- Strengthening international policy by expanding cooperation with other central banks and international organisations, promoting trade and investment in conjunction 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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