

BI-Rate Held 5.75%

Maintaining Stability, Strengthening Economic Growth

Deposit Facility (DF) 5.00%

The decision is consistent with efforts to maintain inflation in 2025 and 2026 within the target corridor, stabilise the Rupiah exchange rate in line with economic fundamentals against a backdrop of persistently high global uncertainty and drive economic growth. Moving forward, Bank Indonesia will continue monitoring inflation and the economic growth outlook in terms of considering further room for monetary easing based on Rupiah exchange rate movements.

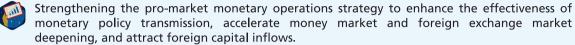


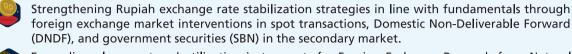
Bank Indonesia has raised the Macroprudential Liquidity Incentive Policy (KLM) to revive bank lending/financing to priority sectors that support growth and job creation in line with the Government's Asta Cita program.



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

Policy Mix

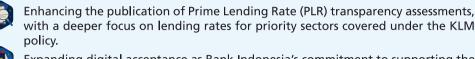




Resources (DHE SDA) to support the implementation of domestic DHE SDA retention requirements in accordance with Government Regulation No. 8 of 2025, including:

Utilization through: (i) Conversion of Foreign Exchange TD DHE into FX Swaps, (ii) FX Swaps using Foreign Exchange TD DHE, SVBI, and SUVBI as underlying assets, (iii) Use of Foreign Exchange TD DHE, SVBI, and SUVBI as collateral for Rupiah loans from banks.

Increasing the Macroprudential Liquidity Incentive (KLM) from a maximum of 4% to a maximum 5% of third-party funds (DPK), including a gradual increase in the KLM incentive for the housing sector, particularly affordable housing, from Rp23 trillion to approximately Rp80 trillion to support the Government's Asta Cita program in the housing sector, effective from April 1st, 2025.



Expanding digital acceptance as Bank Indonesia's commitment to supporting the provision of public services by the Government through a QRIS pricing policy adjustment, reducing the merchant discount rate for Public Service Agency and Public Service Obligation categories from 0.4% to 0%, effective from March 14th, 2025, coinciding with the launch of QRIS Tap (scan-free transactions).

Strengthening and expanding international cooperation in central banking, including payment system connectivity and local currency transactions (LCT).

Bank Indonesia strengthens policy coordination with the Government to maintain stability and nurture economic growth in line with the Government's Asta Cita program, focusing on 7 areas:

i. Rupiah stabilisation policy

to mitigate global shocks

Economic Growth

Current Account

downstreaming

vi. Development of the green, Islamic and inclusive economy vii. Development of human capital.

2025 Outlook

Low deficit in the range 0.5% - 1.3% of GDP **Inflation**

Non-resident holdings

As of 17th February 2025

10th January 2025

In the 4.7% - 5.5% range

In the $2.5 \pm 1\%$ range

Credit Growth

Bank Indonesia Forex

Securities (SVBI)

In the 11% - 13% range

Assessment

∘1. Global Economy

Global economic divergence continues, accompanied by persistently high global uncertainty.

and fiscal

3.2%

Global developments: • The United States economy is projected to remain strong, supported by household consumption in line with high wages and productivity, as well as improving investment.

• Economic growth in Europe, China, and Japan remains sluggish, driven by weak domestic demand and declining external performance.

• India's economic expansion is also constrained by the ongoing fiscal consolidation process and subdued investment growth.



The faster and broader-than-expected implementation of US import tariffs, combined with the policy stance of the US central bank, has sustained elevated global financial market uncertainty.

• Stronger economic growth and inflation in the US have led to expectations of a more limited reduction in the Federal Funds Rate (FFR).

• The US government's expansionary fiscal policy has sustained elevated US Treasury yields.

These developments have increased global investor preference for allocating portfolios to US assets. The US dollar index remains high, exerting pressure on various global currencies.

2. Domestic Economy

Economic growth in Indonesia remains solid, which must still be encouraged. **Economic Growth**



5.03% (yoy)

5.02% 4.95% (yoy) The growth overall was driven by domestic demand in line with increasing

household consumption and solid investment performance.

3. Indonesia's Balance of Payment (BOP)

BOP remains sound, thereby supporting external resilience.



Trade Balance Surplus

USD3.5 Billion

January 2025

Portfolio Investment **Net inflows**

USD1.5 Billion

Q-I as of 17th February 2025

Reserve Assets

JSD156.1 Miliar

Equivalent to 6.7 months of imports or 6.5 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

Rupiah exchange rates remain under control and are tracking an appreciatory trend in February 2025 despite elevated global financial market uncertainty, underpinned by strong policy commitments from Bank Indonesia.

Rupiah as of 18th February 2025 gained:



- The Rupiah remained relatively stable against a basket of developing economic currencies and appreciated against the currencies of advanced economies, excluding the US dollar.
- To strengthen government policy concerning foreign exchange proceeds from the export of natural resources (DHE SDA), effective from 1st March 2025, will further strengthen Rupiah exchange rate stability moving forward.

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 decreased primarily influenced by the positive impact of government policy to discount electricity rates for households.



Core Inflation 2.36% (yoy) 3.07% (yoy)

Volatile Food Inflation

Administered Prices Inflation -6.41% (yoy)

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January 2025 Furthermore, Bank Indonesia remains fully committed to strengthening monetary policy

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effectiveness in order to maintain inflation in 2025 and 2026 within the target range, while continuing to support efforts to strengthen economic growth.

→ 6. Pro-market Monetary Operation

Bank Indonesia continues optimising its pro-market monetary operations strategy to strengthen policy transmission effectiveness towards achieving the inflation target and maintaining Rupiah stability.

Instrument Position

Bank Indonesia Rupiah

Securities (SRBI) Rp892.90

Trillion

USD3.03

Billion

USD587 Million

Bank Indonesia

Foreign Exchange

Sukuk (SUVBI) Rp225.35 Trillion

of SRBI

Bank Indonesia is also buying SBN in the secondary market to strengthen monetary operations in close synergy with the fiscal policy of the Government.

⋄ 7. Policy Rate Transmission

Monetary policy transmission remains effective to the money market and financial markets.

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

> 6.02% 5.70%

attractive to support foreign capital inflows. 6-Month Term | 9-Month Term | 12-Month Term 6.46%

SRBI rates decreased, meanwhile remain

6.38% | 6.42% 18th Feb 2025

Interest rates in the banking industry maintained competitive. **Lending Rate** 1-Month Term Deposit Rate **4.81**% 9.20% December 2024

→ 8. Financial System Stability

Growth of loans disbursed by the banking industry remains solid, thus supporting economic growth.

Third-Party Credit Growth 10.27% (yoy)

Funds Growth 5.51% (yoy)

Financing Growth 9.71% (vov)

MSMEs Credit Growth 2.88% (yoy)

Bank Indonesia has disbursed KLM incentives totalling Rp295 Trillion **National Private** Foreign Bank Regional Government **State-Owned Banks**

Commercial Banks Rp129.2 Trillion Rp131.9 Trillion Rp28.7 Trillion

Financial system resilience remains solid. Capital remains Credit risk maintained.

> 26.69% Capital Adequacy

solid.

Ratio (CAR)

2.08% 0.74% (nett) Non-performing Loan (NPL)

Economic financing through capital markets.

December 2024

Rp4.9 Trillion

Rp200.98

Corporate performance*remains solid.



December 2024

Corporate Interest Coverage Ratio Q-I 2025 data projection
*non-financial corporations listed on the IDX

December 2024

⋄ 9. Payment System

Liquidity remains

26.03%

Funds (LA/TPF)

Liquid Assets to Third-party

adequate.

Digital economic and financial transactions continued growing in January 2025, supported by secure, seamless and reliable payment systems. **Digital Transaction**



Mobile 29.7% (yoy) 19.8% (yoy)

41.5% (yoy) | 338.5 Million | Rp870.9 Trillion | 170.1% (yoy)

 $9 \textbf{.} 0\% \text{ (yoy)} \quad |\, 799 \textbf{.} 3 \text{ Transaction} \, |\, Rp15 \textbf{.} 880 \text{ Trillion}$

January 2025

Cash Transaction Currency in Circulation:

11.0%(yoy) Rp1,127.6 Trillion



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 in frontier, outermost and underdeveloped regions, and during the Ramadan and Eid-ul-Fitr festive period through the Semarak Rupiah Ramadhan and Berkah Idul Fitri (SERAMBI) 2025 program. Bank Indonesia bank_indonesia





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Expanding placement and utilization instruments for Foreign Exchange Proceeds from Natural (a) Placement in Foreign Exchange Term Deposit (TD) instruments for up to 12-month tenors.

Placement in Bank Indonesia Foreign Exchange Securities (SVBI) and Bank Indonesia Foreign Exchange Sukuk (SUVBI) instruments for up to 12-month tenors.

ii. Monetary iii. Economic financing iv. Accelerate digital transformation v. Food security and through KLM policy within the Government