

BI 7-Day Reverse Repo Rate Held at 3.50%

SYNERGY MAINTAINING STABILITY AND STRENGTHENING RECOVERY

The BI Board of Governors Meeting agreed on 20th and 21st September 2021 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 rates and financial system stability amid projected low inflation and efforts to revive economic growth. In addition, Bank Indonesia continues to optimise its policy mix towards maintaining macroeconomic and financial system stability, while supporting national economic recovery, including continues to strengthen policy synergy with the Government and Financial System Stability Committee to maintain financial system stability and stimulate lending to the corporate sector and other priority sectors, thus boosting economic growth and exports, while increasing economic and financial inclusion.

2021 OUTLOOK

ECONOMIC GROWTH
3.5%-4.3%


CURRENT ACCOUNT
Deficit in the range of 0.6%-1.4% of GDP

INFLATION
Within the 3.0% ± 1% target corridor

CREDIT GROWTH
In the range of 4%-6%

ASSESSMENT

- 1. GLOBAL ECONOMY**
The global economic recovery remains intact, though the recent surge of Covid-19 cases and disruptions to the supply chain in several countries demand attention.
- 2. DOMESTIC ECONOMY**
The domestic economy is recovering gradually.
- 3. INDONESIA'S BALANCE OF PAYMENT**
Indonesia's Balance of Payments (BOP) is predicted to remain solid.
- 4. EXCHANGE RATE**
The rupiah is regaining lost value despite elevated global financial market uncertainty.

 **0.18%** (ptp)
0.94% (average)
 compared to August's level
 as of 20th September, 2021

- 5. INFLATION**
Inflation remains low, thereby reinforcing economic stability.
- 6. LIQUIDITY**
Liquidity conditions remain loose in line with Bank Indonesia's accommodative monetary policy stance and the impact of synergy between Bank Indonesia and the Government to support the national economic recovery.

Quantitative Easing in 2021	Purchase of SBN in Primary Market in 2021
Rp122.30 Trillion	Rp139.84 Trillion
as of 17 th September, 2021	as of 17 th September, 2021
- 7. INTEREST RATE**
Bank Indonesia's decision to maintain a low policy rate, coupled with loose liquidity conditions in the banking industry, have prompted lower lending rates despite ongoing rigidity.

Overnight Interbank Rate	1 Month Deposit Rate
↓ 2.82%	↓ 3.43%
55 bps	205 bps
July 2020 - July 2021	July 2020 - July 2021

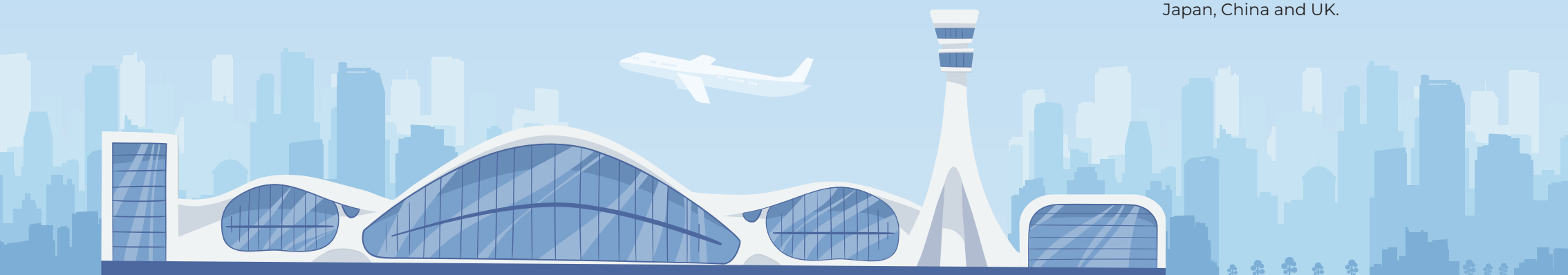
Prime Lending Rates
↓ 8.81%
July 2021

- 8. FINANCIAL STABILITY**
Financial system resilience is still solid despite further opportunities to revive the bank intermediation function.
- 9. PAYMENT SYSTEM**
Bank Indonesia continues to bolster digital economic and financial ecosystem integration by strengthening payment system policy and policy coordination with other relevant authorities.
Transaction Value:

Electronic Money
↑ Rp24.8 Trillion 43.66% (yoy)
August 2021
Digital Banking
↑ Rp3,468.4 Trillion 61.80% (yoy)
August 2021
ATM, Debit Card & Credit Card
↑ Rp633 Trillion 5.85% (yoy)
August 2021

POLICY MIX

- Maintaining rupiah exchange rate policy to preserve stability in line with the currency's fundamental value and market mechanisms.
- Continuing the strengthening strategy for monetary operations to reinforce the effectiveness of the accommodative monetary policy stance.
- Strengthening prime lending rate (PLR) transparency policy by deepening the assessment of PLR transmission to interest rates on new loans by loan type and bank group.
- Accelerating the expansion of QRIS merchants, targeting markets, shopping malls and places of worship, to increase digital economic and financial ecosystem integration, while simultaneously supporting health protocols.
- Strengthening policy coordination with the Government in relation to trialling social aid program (bansos) digitalisation and government transaction electrification to increase government spending realisation.
- Promoting trade and investment as well as continuing to socialise the use of local currency settlement (LCS) in conjunction with other relevant institutions. In September and October 2021, Bank Indonesia will promote trade and investment in Japan, China and UK.



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