

# **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. In the near term, the focus of monetary policy is oriented towards strengthening the effectiveness of Rupiah stabilisation measures and attracting foreign capital inflows.

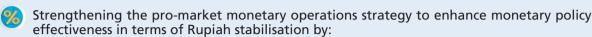
Bank Indonesia will maintain pro-growth macroprudential and payment system policies to foster sustainable economic growth.

Karya Kreatif Indonesia (KKI) 2024.

Bank Indonesia will hold an accommodative macroprudential policy stance to revive bank lending/financing to businesses and households.

Payment system policy is directed towards bolstering reliable infrastructure and reinforcing the structure of the payment system industry, while expanding acceptance of payment system digitalisation.

#### **Policy Mix**



- Strengthening the interest rate structure of the Rupiah money market to maintain attractive yields and increase portfolio inflows to domestic financial assets for
- ii. Optimising Bank Indonesia Rupiah Securities (SRBI), Bank Indonesia Foreign Exchange Securities (SVBI) and Bank Indonesia Foreign Exchange 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 priority economic sector based on Macroprudential Liquidity Incentive policy (KLM).

Strengthening the innovation and acceptance of digital payment services as well as economic and financial inclusion for MSMEs, including consumer protection and literacy by hosting the Indonesia Digital Economy and Finance Festival (FEKDI) and

- Strengthening policy coordination with the (central and regional) Government through the National Movement for Food Inflation Control (GNPIP) in various regions within the Central Government and Regional Government Inflation Control Teams (TPIP and TPID), and also strengthening the Financial System Stability Committee to maintain financial system stability and revive bank lending/financing to businesses.
- Strengthening international cooperation, which includes payment system connectivity and local currency transactions (LCT), as well as promoting trade and facilitating investment.

2024 Outlook

**Assessment** 

economic outlook.

1. Global Economy

2. Domestic Economy

by domestic demand.

**Economic Growth** 

Global financial market uncertainty remains high despite a solid world

At home, economic growth in Indonesia remains solid, underpinned

consumption and investment.

→ 3. Indonesia's Balance of Payment (BOP)

8.0

**Billion USD** 

**Economic Growth** 

**Projection 2024** 

**Current Account Deficit** 

Inflation **Credit Growth** In the 4.7% - 5.5% range | Low deficit in the range 0.1% - 0.9% of GDP | In the 2.5%  $\pm$  1% range | In the 10% - 12% range

→ 6. Pro-market Monetary Operation

Bank Indonesia continues optimising various pro-market monetary instruments, namely SRBI, SVBI and SUVBI, to strengthen Rupiah stability and achieve the inflation target.



#### **Instrument Position**

Bank Indonesia Rupiah **Bank Indonesia Forex** Securities (SRBI) Securities (SVBI)

Sukuk Valas Bank Indonesia (SUVBI)

Million

Non-resident holdings of SRBI

Rp775.45

**USD1.82** Billion

**USD267** 

Rp220.35 Trillion

As of 15th July 2024

12th July 2024

stimuli. US inflation in June 2024 was also lower than projected, this has triggered expectations of Federal Funds Rate (FFR) reductions earlier than previously projected at the end of 2024.

- Economic growth in Europe is expected to accelerate on the back of improving exports and investment.
- · China's economy remains sluggish due to weak domestic demand. Global financial market uncertainty remains high, accompanied by deep
- geopolitical tensions, thereby restricting capital flows to emerging market economies (EMEs).

GDP in the second quarter of 2024 was supported by household

· Goods exports increased on higher exports of manufacturing and mining products, particularly metals and metalliferous ores as well as iron and steel, bound for Indonesia's major trading partners, including India and

Solid economic growth is anticipated in the third and fourth quarters of 2024, boosted by the planned increase in fiscal stimuli from 2.3% to

Robust US economic growth is supported by consumption and fiscal

## ⋄ 7. Policy Rate Transmission

Monetary policy transmission remains effective.

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

6.15%

SRBI rates remain attractive. 6-Month Term 9-Month Term

7.30% 7.39% 12-Month Term **7.43%** 

The banking industry maintained competitive.

1-Month Term Deposit Rate 4.63%

16th July 2024

**Lending Rate** 

⋄ 8. Financial System Stability Credit growth remained high.

Credit Growth

Third-Party Funds

Sharia Financing

**MSMEs Credit** 

12.36% (yoy) 8.45% (yoy)

Liquid Assets to Third-party | Capital Adequacy

13.61% (yoy)

5.68% (yoy)

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

Liquidity remains adequate.

**25.36%** 

Funds (LA/TPF)

26.14%

Ratio (CAR)

2.34%/0.79%

Non-performing Loan (NPL)

Rp103.09

remains solid.

through capital markets.

**Economic financing** 

Trillion (gross) April 2024

June 2024

seamless and reliable payment systems.

Corporate performance\*

⊸ 9. Payment System

**Non-cash Transaction** 

**Nominal of BI-RTGS Transaction** 

13.42%<sub>(yoy)</sub> | Rp42,008.08<sub>Trillion</sub>

**Volume of Electronic Money Transaction** 

**Cash Transaction** 

**Currency in Circulation:** 

**6.61%** (yoy)

39.24% (yoy) | 3,958.53 Million

Efficiency and Profitability maintained.

79.85%

BOPO Efficiency Ratio Net Interest Margin (NIM)

Digital economic and financial transactions remained solid supported by secure,

**Volume of BI-FAST Transaction** 

67.79% (yoy) 785.95 Million

Volume of Digital Banking Transaction

34.49% (yoy) 5,363.00 Million

**Volume of Credit Card Transaction** 

20.92% (yoy) 114.31 Million

Number of Users

2.18 Interest Coverage Ratio (ICR) Corporate

> Q-II 2024 data projection \*non-financial corporations listed on the IDX

### ⋄ 4. Exchange Rate

End of June 2024

Rupiah stability remains intact.

The Rupiah's depreciation in year to date:





5.44%



Moving forward, the Rupiah exchange rate is projected to remain stable and tend to appreciate in line with attractive yields, low inflation and solid economic growth in Indonesia, as well as Bank Indonesia's firm commitment to stabilise the Rupiah, which will maintain foreign capital inflows.

### ⋄ 5. Inflation

Inflation is falling and remains within target corridor.



**Core Inflation** 1.90% (yoy) **Volatile Food Inflation** 5.96% (yoy)

**Administered Prices Inflation** 1.68% (yoy)

f BankIndonesia Official

X bank\_indonesia

Impressive QRIS transaction growth.

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Indonesia, including frontier, outermost and remote regions.

**Bank Indonesia** 

**Number of Merchant** 

Rp1,057.8 Triliur

Bank Indonesia will ensure adequate availability of Rupiah currency fit for

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Bank Indonesia will continue strengthening its pro-stability monetary policy stance and bolstering policy synergy with the (central and regional) Government to maintain inflation in

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BankIndonesiaChannel

BOP remains sound, thereby supporting external resilience. Goods trade balance surplus **Portfolio Investment** 

**Net Inflows** 4.3 Q-II 2024

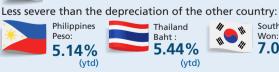
**Net Inflows** 4.4 **Billion USD** Q-III 2024 as of 15th July 2024

O-II 2024 **Reserve Assets** 

Equivalent to 6.3 months of imports or 6.1 months of imports and servicing government external debt, which is well above the international adequacy standard of around 3 months of imports.

Rupiah as of 16th July 2024 strengthen, compared with the end of June 2024:

4.84%



Volume of Debit Card Transaction -8.42% (yoy) 1,759.92 Million

> **Volume Transaction** 1.381,98 Juta 226.54% (yoy)

**50.50** Million

□ 32.71 Million

