

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.

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 pro-market monetary operations strategy to enhance monetary policy effectiveness in terms of Rupiah stabilisation by:
 - Strengthening the interest rate structure of the Rupiah money market to maintain attractive yields and increase portfolio inflows to domestic financial assets for investment.
 - 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 (FEKD) and Karya Kreatif Indonesia (KKI) 2024.

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

Economic Growth
In the 4.7% - 5.5% range

Current Account Deficit
Low deficit in the range 0.1% - 0.9% of GDP

Inflation
In the 2.5% ± 1% range

Credit Growth
In the 10% - 12% range

Assessment

1. Global Economy

Global financial market uncertainty remains high despite a solid world economic outlook.

Economic Growth
Projection 2024

3.2%

- Robust US economic growth is supported by consumption and fiscal 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).

2. Domestic Economy

At home, economic growth in Indonesia remains solid, underpinned by domestic demand.

- GDP in the second quarter of 2024 was supported by household consumption and investment.
- 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 China.
- 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 2.7% of GDP.

3. Indonesia's Balance of Payment (BOP)

BOP remains sound, thereby supporting external resilience.

Goods trade balance surplus

8.0
Billion USD

Q-II 2024

Portfolio Investment

Net Inflows
4.3
Billion USD

Q-II 2024

Net Inflows
4.4
Billion USD

Q-III 2024 as of 15th July 2024

Reserve Assets

140.2
Billion USD

End of June 2024

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.

4. Exchange Rate

Rupiah stability remains intact.

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

The Rupiah's depreciation in year to date:

4.84%

Less severe than the depreciation of the other country:

Philippines
Peso: 5.14%
(ytd)

Thailand
Baht : 5.44%
(ytd)

South Korea
Won: 7.03%
(ytd)

As of 16th July 2024

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.

Consumer Price Index Inflation

2.51% (yoy)

Core Inflation
1.90% (yoy)

Volatile Food Inflation
5.96% (yoy)

Administered Prices Inflation
1.68% (yoy)

June 2024

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 2024 and 2025 within the target 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 Securities (SRBI)
Rp775.45
Trillion

Bank Indonesia Forex Securities (SVBI)
USD1.82
Billion

Sukuk Valas Bank Indonesia (SUVBI)
USD267
Million

Non-resident holdings of SRBI
Rp220.35
Trillion

As of 15th July 2024

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
7.30%

9-Month Term
7.39%

12-Month Term
7.43%

16th July 2024

12th July 2024



The banking industry maintained competitive.

1-Month Term Deposit Rate
4.63%

Lending Rate
9.25%

June 2024

8. Financial System Stability

Credit growth remained high.

Credit Growth
12.36% (yoy)

Third-Party Funds Growth
8.45% (yoy)

Sharia Financing Growth
13.61% (yoy)

MSMEs Credit Growth
5.68% (yoy)

June 2024

Financial system resilience remains solid.

Liquidity remains adequate.
25.36%

Liquid Assets to Third-party Funds (LA/TPF)
June 2024

Capital remains solid.
26.14%

Capital Adequacy Ratio (CAR)
May 2024

Credit risk maintained.
2.34%/0.79%
(gross) (nett)

Non-performing Loan (NPL)
May 2024

Economic financing through capital markets.
Rp103.09
Trillion (gross)

April 2024



Efficiency and Profitability maintained.

79.85%

BOPO Efficiency Ratio

4.56%

Net Interest Margin (NIM)

May 2024

Corporate performance* remains solid.

2.18

Interest Coverage Ratio (ICR) Corporate

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

9. Payment System

Digital economic and financial transactions remained solid supported by secure, seamless and reliable payment systems.

Non-cash Transaction

Nominal of BI-RTGS Transaction

13.42% (yoy) | **Rp42,008.08** Trillion

Volume of BI-FAST Transaction

67.79% (yoy) | **785.95** Million

Volume of Electronic Money Transaction

39.24% (yoy) | **3,958.53** Million

Volume of Digital Banking Transaction

34.49% (yoy) | **5,363.00** Million

Volume of Debit Card Transaction

-8.42% (yoy) | **1,759.92** Million

Volume of Credit Card Transaction

20.92% (yoy) | **114.31** Million



Impressive QRIS transaction growth.



Volume Transaction
1.381,98 Juta
226.54% (yoy)



Number of Users
50.50 Million



Number of Merchant
32.71 Million

Q-II 2024

Cash Transaction

Currency in Circulation:

6.61% (yoy)

Rp1,057.8 Trillion

Q-II 2024

Bank Indonesia will ensure adequate availability of Rupiah currency fit for circulation in suitable denominations throughout all regions of the Republic of Indonesia, including frontier, outermost and remote regions.

Scan for further information

