

BI 7-Day Reverse Repo Rate Held at 3.50%

The BI Board of Governors Meeting agreed on 18th and 19th 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%**

2022 PROSPECT



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%

SYNERGY MAINTAINING STABILITY AND STRENGTHENING RECOVERY

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 optimize 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.

POLICY MIX



1. Strengthening exchange rate policy to maintain rupiah stability in line with market mechanisms and economic fundamentals.



2. 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.



3. Maintaining prime lending rate transparency in the banking industry with a focus on sources of operating income in the banking industry.



4. 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.



5. 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 1st July 2022.



6. 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.

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



Economic growth projections have been downgraded in several jurisdictions, including Europe, the United States, Japan, China and India.



Lower world trade volume is anticipated in response to global economic moderation and ongoing supply chain disruptions.



International commodity prices are rising, including energy, food and metal prices, thus intensifying inflationary pressures globally.

Global economic growth projection for 2022
3.5%

Financial Market



Elevated global financial market uncertainty given worsening geopolitical tensions amid faster monetary policy normalisation in several advanced economies, including the US, to control escalating inflationary pressures. Such conditions have impacted the outlook for foreign capital flows, particularly portfolio investment, and increased currency pressures in developing economies, including Indonesia.

2. DOMESTIC ECONOMY

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

In the first quarter of 2022



Economic gains continued supported by:

- Higher consumption
- Non-building investment
- Export performance in line with increasing public mobility
- Improving economic activity

March 2022



Several early indicators namely:

- Retail sales
- Consumer expectations
- Manufacturing PMI

confirmed the ongoing domestic economic recovery.

Moving forward



Economic performance will be impacted by restrained export volume given lower global economic growth and world trade volume as a corollary of the Russia-Ukraine conflict.

3. INDONESIA'S BALANCE OF PAYMENTS (BOP)

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

Current Account

A low and manageable current account deficit is predicted for the first quarter of 2022, supported by trade surplus.



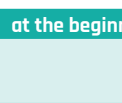
TRADE BALANCE
Surplus
USD 9.3 Billion

First quarter of 2022

Portfolio Investment



First quarter of 2022
Net Outflows
USD 1.8 Billion



at the beginning of the second quarter of 2022
Net Inflows
USD 0.8 Billion

as of 14th April 2022

Reserve Assets

End of March 2022:

139.1 Billion

Equivalent to 7.2 months of imports or 7.0 months of imports and servicing government external debt.

4. EXCHANGE RATE

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

As of 18th April 2022



Depreciated by just **0.70%**

on the level recorded at the end of 2021

Rupiah stability throughout April 2022 was supported by:

- Adequate domestic supply of foreign exchange
- Foreign capital inflows
- Positive perception surrounding Indonesia's economic outlook despite ongoing global financial market uncertainty



Moving forward, the value of the rupiah is expected to remain stable in line with solid economic fundamentals in Indonesia, particularly the lower current account deficit. Furthermore, Bank Indonesia will continue to strengthen rupiah exchange rate stabilisation policy in line with market mechanisms and economic fundamentals.

5. INFLATION

Inflation remains under control and continues to support economic stability.



Consumer Price Index (CPI) 0.66% (mtm) | 2.64% (yoy)



CORE INFLATION
0.30% (mtm) | 2.37% (yoy)



VOLATILE FOOD
1.99% (mtm) | 3.25% (yoy)



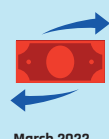
ADMINISTERED PRICES
0.73% (mtm) | 3.06% (yoy)

March 2022

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 in the banking remained ample



32.11%

Ratio of Likuid Assets to Deposits

March 2022



9.92% (yoy)

Deposit Growth

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 2022 in total:

Rp17.81 Trillion

as of 14th April 2022

Via primary auction, greenshoe options and private placement.

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%

(March 2021- March 2022)

1-month Deposit Rate

91 bps
2.85%

(March 2021- March 2022)

Prime Lending Rates (PLR)

3 bps

8.70% 8.70% 8.64% 8.61%

8. FINANCIAL STABILITY

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

The Capital Adequacy Ratio (CAR) in the banking industry remained high.



25.85%

Capital Adequacy Ratio (CAR)
February 2022

Credit risk maintained.



3.08% / 0.87%
(Gross) (Nett)

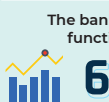
Non Performing Loan (NPL)
February 2022

Economic financing through capital market increase.



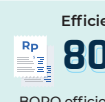
Rp 20.15 Trillion (bruto)

February 2022



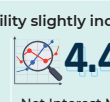
The bank intermediation function expanded.
6.65% (yoy)

Credit Growth
March 2022



Efficiency and Profitability slightly increase.
80.57%

BOPO efficiency ratio
February 2022



4.47%

Net Interest Margin (NIM)
February 2022

Corporate financial performance is maintained

Corporate Interest Coverage Ratio (ICR)

2.02

Q-II data projection 2022

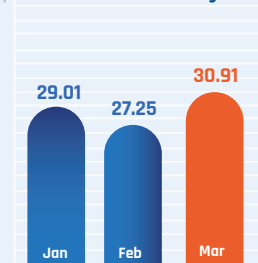
9. PAYMENT SYSTEM

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

Non Cash

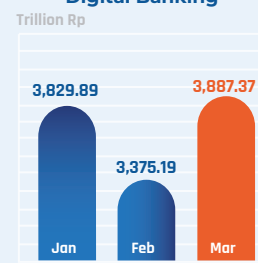
Trillion Rp

Electronic Money



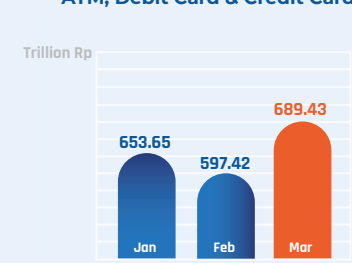
Transaction Value 2022

Digital Banking



Transaction Value 2022

ATM, Debit Card & Credit Card



Transaction Value 2022

March 2022

Cash



Currency in Circulation:

13.58% (yoy)

First quarter of 2022

Bank Indonesia is strengthening public cash services through digitalisation of mobile cash services (PINTAR), maintaining currency availability and increasing the provision of currency by:

Rp27.4 Trillion to a total of **Rp202.7 Trillion**

During Ramadan and Eid-ul-Fitr 1443H