

BI 7-Day Reverse Repo Rate Held at 3.50%

SYNERGY MAINTAINING STABILITY AND STRENGTHENING RECOVERY

The BI Board of Governors Meeting agreed on 17th and 18th November 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, and also continue to strengthen policy coordination with the Government and Financial System Stability Committee to maintain financial system stability and revive bank lending to the corporate and priority sectors, which will help catalyse economic growth and exports as well as economic and financial inclusion.

ASSESSMENT

1. GLOBAL ECONOMY

The global economic recovery is proceeding as expected despite disruptions in the global supply chain and the ongoing energy shortage.

2021 Forecast
5.7% (yoy)

5. INFLATION

Inflation remains low, thereby reinforcing economic stability.

8. FINANCIAL STABILITY

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

2. DOMESTIC ECONOMY

Incremental domestic economic gains are expected to continue.

6. LIQUIDITY

Liquidity conditions remain very 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 |
| Rp137.24 Trillion | Rp143.32 Trillion |
| as of 16 th November, 2021 | as of 16 th November, 2021 |

9. PAYMENT SYSTEM

Bank Indonesia continues to accelerate digitalisation programs in accordance with the Indonesia Payment System Blueprint (BSPI) 2025 towards greater integration of the digital economy and finance as well as financial and economic inclusion, while supporting the national economic recovery.

Transaction Value:

| | | |
|-------------------------|--|--------------|
| Electronic Money | Rp29.23 Trillion 55.54% (yoy) | October 2021 |
| Digital Banking | Rp3.910,25 Trillion 63.31% (yoy) | October 2021 |
| Currency in Circulation | Rp854.3 Trillion 5.9% (yoy) | October 2021 |

3. INDONESIA'S BALANCE OF PAYMENT

External sector resilience in Indonesia has been maintained in line with a solid Balance of Payments (BOP).

7. INTEREST RATE

Bank Indonesia's decision to maintain a low policy rate, coupled with very loose liquidity conditions in the banking industry, have prompted lower lending rates.

| | |
|--------------------------|---------------------------|
| Overnight Interbank Rate | 1 Month Deposit Rate |
| ↓ 2.80% 52 bps | ↓ 3.17% 151 bps |
| Oct 2020 - Oct 2021 | Oct 2020 - Oct 2021 |

Prime Lending Rates
↓ 8.75%
Oct 2020 - Oct 2021

4. EXCHANGE RATE

In response to Bank Indonesia's stabilisation measures, rupiah exchange rate movements remain under control despite global financial market uncertainty that has not yet fully subsided.

↓ 0.53% (ptp)
↓ 0.56% (average)
compared to October's level

17th November, 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 (SBDK) transparency in the banking industry by deepening the assessment of the largest banks that dominate 70% of the credit market.
- Extending the 0% QRIS merchant discount rate (MDR) for micro merchants until 30th June 2022 to maintain QRIS acceptance and uptake as well as industry sustainability.
- Promoting trade and investment as well as socialising Local Currency Settlement (LCS) in conjunction with other relevant institutions. In November and December 2021, promotional activities will be organised in Japan, China, United States, United Kingdom, Russia, Brunei and Singapore.

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