

# BI 7-Day Reverse Repo Rate Held at 3.50%

## SYNERGY MAINTAINING STABILITY, STRENGTHENING ECONOMIC RECOVERY

The decision is consistent with the need to maintain rupiah exchange rate stability amidst persistently elevated global financial market uncertainty despite projected low inflation. Supporting the national economic recovery effort, Bank Indonesia has optimised its accommodative monetary and macroprudential policy mix and accelerated payment system digitalisation.

### 1. GLOBAL ECONOMY

#### Global Economic

The global economy is expected to surpass previous growth forecasts despite the ongoing multispeed recovery.



Economic gains posted in the United States and China as the main drivers of the global recovery.



Stronger global economic recovery momentum was also confirmed by several early indicators in March 2021.



World trade volume and international commodity prices are also increasing.

#### Global Financial Market

- Elevated financial market uncertainty and UST yield volatility persist in line with :  
Faster economic recovery momentum in the US.
- Market perception of the Federal Reserve's policy direction.

### 2. DOMESTIC ECONOMY

At home, domestic economic gains are persisting on the back of stronger export performance and fiscal spending.



Exports are expected to continue improving on growing demand from Indonesia's main trading partners, China in particular.



Fiscal stimuli in the form of social aid program (bansos) disbursements, procurement and capital spending have also increased beyond previous forecasts.

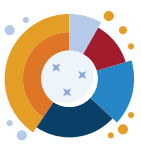


Subdued private consumption gains in line with public mobility restrictions.

### 3. INDONESIA'S BALANCE OF PAYMENTS

Indonesia's Balance of Payments remains solid, thereby reinforcing external sector resilience.

A narrow current account deficit is expected in the first quarter of 2021, primarily underpinned by demand in China, US and Japan, together with higher international commodity prices.



#### TRADE BALANCE

Surplus  
**USD5.52**  
billion  
1st quarter of 2021



#### PORTFOLIO INVESTMENT

Net Inflow  
**USD5.43**  
billion  
1st quarter of 2021

#### Reserve Assets :

at the end of March 2021:

**USD137.1**  
billion

Equivalent to 10.1 months of imports or 9.7 months of imports and servicing government external debt.

### 4. EXCHANGE RATE

In line with Bank Indonesia stabilisation measures, rupiah exchange rates remain relatively stable, despite persistently elevated global financial market uncertainty.



19th April 2021  
**1.16%** (average)  
**0.15%** (ptp)



Rupiah depreciation is consistent with persistently high global financial market uncertainty that has restrained foreign capital inflows in the form of portfolio investment to domestic financial markets.

### 5. INFLATION

Inflation remains low in line with weak demand and adequate supply.



**Consumer Price Index**

**0.08%** (mtm) | **1.37%** (yoy)



#### CORE INFLATION

**-0.03%** (mtm) | **1.21%** (yoy)



#### VOLATILE FOOD

**0.56%** (mtm) | **2.49%** (yoy)



#### ADMINISTERED PRICES

**0.02%** (mtm) | **0.88%** (yoy)

March 2021

### 6. LIQUIDITY

In line with Bank Indonesia's accommodative monetary policy stance and synergy with fiscal policy to stimulate economic recovery, loose liquidity conditions persist in the banking industry and financial markets.

#### BI'S Quantitative Easing

**Rp726.57** trillion  
2020

**Rp72.27** trillion  
as of 16th April 2021

#### SBN purchases in the Primary Market

**Rp473.42** trillion  
2020

**Rp101.91** trillion  
as of 16th April 2021

#### Liquidity increased.

**33.58%**  
Ratio of Liquid Assets to Deposits  
March 2021

#### Solid Third Party Fund Growth.

**9.20%** (yoy)  
Third Party Fund  
March 2021

### 7. INTEREST RATE

Interest rates are coming down in response to a lower policy rate and loose liquidity conditions.



**3.50%**  
BI7DRR  
January 2020 – April 2021



**2.79%**  
Overnight Interbank Rate  
March 2021



**171 bps** (yoy)  
Prime Lending Rates  
February 2021

#### Prime Lending Rates

**12.72%**  
346 bps (yoy)  
Microloans

**8.19%**  
194 bps (yoy)  
Housing Consumer Loans

**9.25%**  
193 bps (yoy)  
Non-Housing Consumer Loans

**8.26%**  
139 bps (yoy)  
Corporate Loans

**8.84%**  
136 bps (yoy)  
Retail Loans

### 8. FINANCIAL STABILITY

Financial system resilience is still solid, although further opportunities to stimulate bank intermediation function remain.

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

**24.52%**  
Capital Adequacy Ratio (CAR)  
February 2021

Intermediation remains weak. Credit Growth

**-4.13%** (yoy)  
March 2021

Efficiency and profitability tend to decreased.

**85.16%**  
Operational Efficiency Ratio (OER)  
February 2021

**4.47%**  
Net Interest Margin (NIM)  
February 2021

Credit risk maintained.  
**3.21%** (gross) / **1.04%** (nett)  
Non Performing Loan (NPL)  
February 2021

Economic financing through capital market increase.  
**Rp21.80** trillion (gross)  
February 2021

Corporate financial performance improved  
Interest Coverage Ratio (ICR)  
**1.29**  
Q1 – 2021 data projection

### 9. PAYMENT SYSTEM

Cash and non-cash payment system transactions are increasing in line with rapid economic and financial digitalisation

#### Cash

Currency in Circulation  
**Rp782.7** Trillion  
7.61% (yoy)

#### Non Cash

##### Retail Transactions using Card-Based Payment Instruments and Electronic Money

ATM/Debit Cards **Rp647.23** Trillion 10.44% (yoy)  
Credit Cards **Rp21.43** Trillion -11.27% (yoy)  
Electronic Money **Rp21.42** Trillion 42.46% (yoy)

##### Online Transactions via Digital Banking

**Rp3,025.65** Trillion 26.44% (yoy)

##### BI-operated Payment System

RTGS **Rp15,898.76** Trillion 31.61% (yoy)  
SKNBI **Rp427.7** Trillion 13.74% (yoy)

### 2021 PROSPECT



**ECONOMIC GROWTH**  
**4.1 - 5.1%**



**CURRENT ACCOUNT**  
**Deficit 1.0-2.0% of GDP**



**INFLATION**  
**Under control within the 3.0%±1% target range**

The BI Board of Governors Meeting agreed on 19th and 20th April 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%**

### POLICY MIX



1. Strengthening rupiah exchange rate policy by maintaining market presence through triple intervention policy.



2. Strengthening the monetary operations strategy to bolster the accommodative monetary policy stance.



3. Expanding the use of Bank Indonesia Sukuk (SukBI) for tenors of 1 week to 12 months, effective from 16th April 2021.



4. Maintaining accommodative macroprudential policy by holding the countercyclical capital buffer (CCyB) at 0%, the Macprudential Liquidity Buffer (MLPB) at 6% with repo flexibility at 6%, as well as the Sharia Macprudential Liquidity Buffer at 4.5% with repo flexibility also at 4.5%.



5. Strengthening Prime Lending Rate (SBDR) transparency in the banking industry.



6. Extending the National Clearing System (SKNBI) pricing policy of Rp1 from Bank Indonesia to banks and a maximum of Rp2,900 from banks to customers until 31st December 2021.



7. Strengthening QRIS policy by:

- Raising the QRIS transaction limit to Rp5 million, effective from 1st May 2021; and
- Lowering the Merchant Discount Rate (MDR) for Public Services Agencies (BLU) and Public Service Obligations (PSO) to 0.4%, effective from 1st June 2021.



8. Safeguarding the security, reliability and uninterrupted availability of payment system and rupiah currency management services during the Ramadan and Eid-ul-Fitr 1442 H festive period.



9. Facilitating trade and investment promotion as well as socialising the use of Local Currency Settlement (LCS) in conjunction with relevant institutions.