

## CHAPTER 5

# DIRECTION OF BANK INDONESIA POLICY MIX IN 2026: FOSTERING GROWTH, MAINTAINING STABILITY

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*Bank Indonesia's policy mix in 2026 will continue to be directed toward fostering economic growth while maintaining stability. Monetary policy will be oriented toward striking a balance between safeguarding stability and considering the space to also support economic growth (pro-stability and growth). Meanwhile, macroprudential policy, payment system policy, money market and foreign exchange market deepening, MSME and sharia economic and financial development, as well as international policy, will be directed toward supporting economic growth (pro-growth). Bank Indonesia will also continue to strengthen synergy and coordination with the Government and the Financial System Stability Committee (KSSK), as well as with the financial industry, business community, and associations. Institutional transformation programs will also be further reinforced, consistently prioritizing the principles of good governance and professionalism.*





Bank Indonesia's policy mix in 2026 will remain directed toward supporting economic growth while maintaining stability. This policy stance is based on the assessment that Indonesia's economic and financial cycles are still operating below potential and expected to approach optimal levels around 2027–2028. From an economic cycle perspective, this is reflected in inflation projections that remain controlled within the  $2.5 \pm 1\%$  target range in 2026 and 2027, alongside economic growth that is still below national output capacity, estimated at 4.9–5.7% and 5.1–5.9% during the same period, as previously outlined. From a financial cycle perspective, this is indicated by strong financial system stability and credit growth that remains below optimal levels, projected at 8–12% in 2026 and 9–13% in 2027. Synergy between Bank Indonesia's policy mix, Government policies, and coordination within the Financial System Stability Committee (KSSK) will continue to be strengthened to drive higher and more resilient economic growth while safeguarding macroeconomic and financial system stability toward Golden Indonesia.

This policy direction underpins Bank Indonesia's monetary, macroprudential, and payment system policies in 2026, in line with its mandate under the Bank Indonesia Act. With inflation projected to remain low in 2026 and 2027, monetary policy in 2026 will be directed at optimizing room to

Bank Indonesia's policy mix in 2026 will continue to be directed toward fostering economic growth while maintaining stability

support economic growth (pro-growth) while maintaining Rupiah exchange rate stability (pro-stability), particularly amid prolonged global uncertainty (Figure 5.1.). Macroprudential and payment system policies will remain focused on fostering higher economic growth (pro-growth). Macroprudential policy will remain accommodative to encourage bank lending and financing, particularly to priority sectors that drive economic growth and job creation in line with the Government's *Asta Cita* program, including MSMEs, economic inclusion, and green finance. Payment system digitalization will continue to be accelerated in accordance with the Indonesia Payment System Blueprint (BSPI) 2030, focusing on: strengthening infrastructure (retail, wholesale, and data); industry consolidation; innovation and acceptance; international cooperation; and development of the Digital Rupiah. The monetary, macroprudential, and payment system policy mix will be supported by accelerated money market and foreign exchange market deepening under the Money Market Development Blueprint (BPPU)

Figure 5.1. Direction of Bank Indonesia Policy Mix in 2026



Source: Bank Indonesia

2030 to enhance monetary policy transmission; to develop a modern secondary market aligned with international standards; and to expand instruments for economic financing. Programs to promote inclusive economic and financial development, including MSMEs and the sharia economy and finance, will also be expanded. Bank Indonesia will continuously calibrate its monetary, macroprudential, and payment system policy mix in response to evolving global and domestic economic dynamics.

### 5.1. Direction of Monetary Policy

Bank Indonesia's monetary policy in 2026 will be directed toward achieving the inflation target and maintaining Rupiah exchange rate stability, while optimizing policy space to support higher economic growth. As explained above, with inflation projected to remain within the target and growth remaining below potential, there is still room for further monetary policy easing beyond the measures implemented in 2025 to bolster economic growth. Nevertheless, as discussed in Chapter 1, elevated global economic uncertainty is expected to persist in 2026. This will be driven by the impact of US tariff policies and global geopolitical developments; the slowing and broadening of global economic fragmentation; high debt and interest rates in advanced economies; heightened vulnerabilities and risks in global financial markets; as well as the increasing prevalence of private-sector issuance and trading of cryptocurrencies and digital financial assets. This high level of global uncertainty must continue to be closely monitored and addressed with appropriate policies to safeguard Indonesia's external resilience and mitigate its potential adverse impacts on domestic economic stability and growth. Volatility in foreign capital flows and pressures on the exchange rate are expected to continue in 2026, requiring Bank Indonesia to maintain its monetary policy focus on Rupiah exchange rate stabilization to mitigate their

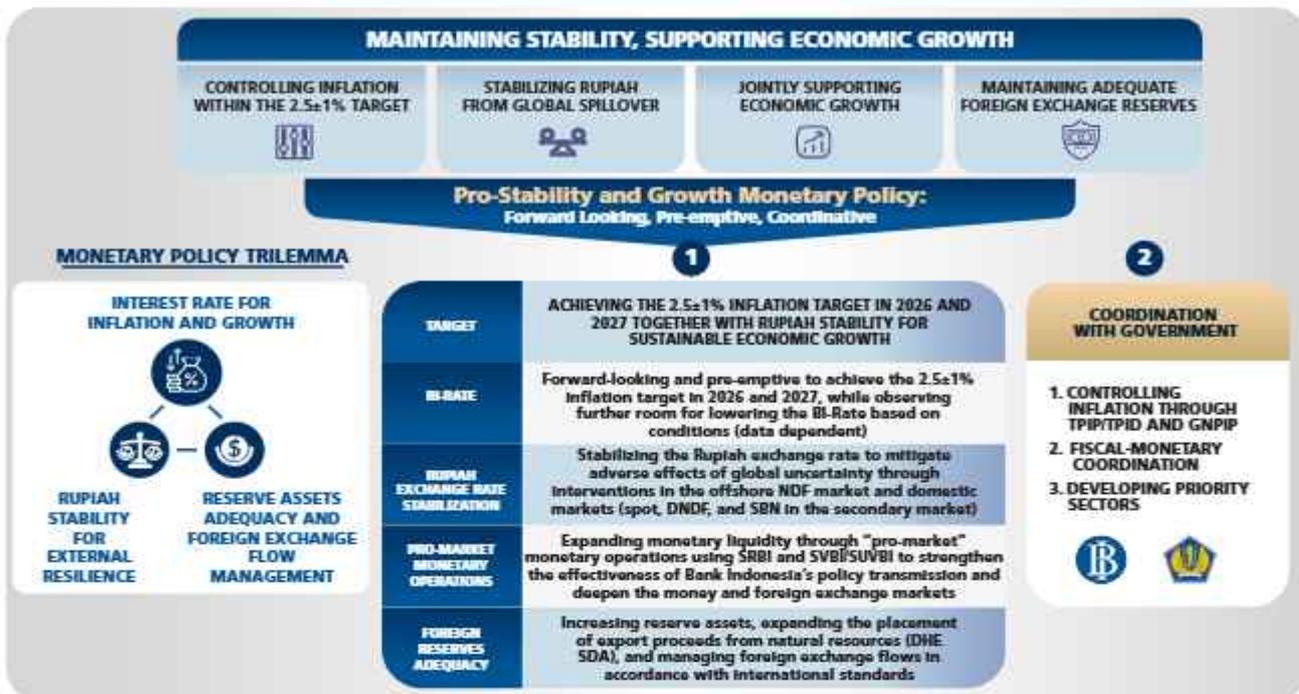
negative impact on national economic stability. To maintain Rupiah exchange rate stability, monetary policy in 2026 will continue to be implemented in a consistent, prudent, and well-calibrated manner, in line with evolving global and domestic economic dynamics, to achieve the inflation target while utilizing available space to support higher economic growth in 2026 and 2027.

The direction of Bank Indonesia's monetary policy in 2026 for stability and economic growth will be implemented through four core instruments (Figure 5.2.). *First*, an interest rate policy that is forward-looking and pre-emptive to achieve the inflation target set by the Government, while optimizing policy space to support higher economic growth. *Second*, monetary liquidity expansion through a pro-market monetary operations strategy to strengthen the effectiveness of policy transmission from the BI-Rate reduction to bank lending rates and to accelerate the deepening of the money and foreign exchange markets. *Third*, Rupiah exchange rate stabilization to safeguard Indonesia's external stability from the spillover effects of global uncertainty. *Fourth*, maintaining adequate foreign exchange reserves to support Rupiah exchange rate stabilization and the Government's external debt payments, supported by the management of foreign exchange flows in line with international standards. Bank Indonesia will continue to strengthen monetary and fiscal policy coordination with the Government to achieve the inflation target, maintain macroeconomic stability, and drive higher and more resilient growth.

Concerning the first core policy, Bank Indonesia's interest rate policy will continue to be directed in a forward-looking, pre-emptive manner to achieve the inflation target set by the Government,  $2.5 \pm 1\%$  in 2026 and 2027, while optimizing space for further monetary policy easing to support higher economic growth. As explained elsewhere in this report, in line



Figure 5.2. Direction of Bank Indonesia Monetary Policy in 2026



Source: Bank Indonesia

with low inflation and the need to support stronger economic growth, Bank Indonesia reduced the BI-Rate six times by a total of 150 bps, from 6.25% in September 2024 to 4.75% in September 2025, the lowest level since 2022. In addition, during the Board of Governors Meeting (RDG) on 16–17 September 2025, Bank Indonesia also decided to lower the Deposit Facility rate by a larger magnitude, namely by 50 bps to 3.75%, to further encourage banks to utilize liquidity easing to support the real sector. Going forward, considering the continued low inflation projections for 2026 and 2027 within the 2.5±1% target range, and in line with the collective efforts to promote higher economic growth, Bank Indonesia views that there remains room for further BI-Rate reductions. Utilization of this additional room for BI-Rate reductions will be based on assessments of evolving data and conditions (data-dependent), particularly considering the need to maintain Rupiah exchange rate stability amid the prolonged global uncertainty. Bank Indonesia will also continue to take measures to strengthen the transmission effectiveness of BI-Rate reductions, particularly in lowering bank lending rates.

As explained in Chapter 3, the BI-Rate cuts have been followed by significant declines in INDONESIA rates in the money market and yields on Government Securities (SBN) across all tenors, thereby increasing transactions, efficiency, and the depth of domestic financial markets. However, the decline in bank deposit rates remains slow due to the still-high large depositor special rates. Similarly, the decline in lending rates has been limited, partly due to elevated risk premia and overhead costs in bank. In addition to reducing the BI-Rate and continuing monetary liquidity expansion, Bank Indonesia is also maintaining close coordination with the Financial System Stability Committee (KSSK) to strengthen the transmission effectiveness of lower policy interest rates in order to promote higher credit growth and stronger economic growth.

As for the second core policy, monetary liquidity expansion through a pro-market monetary operations strategy will be further strengthened to enhance the effectiveness of interest rate transmission and accelerate the deepening of the money and foreign exchange markets. Liquidity expansion through the monetary program is

## PERTEMUAN TAHUNAN BANK INDONESIA 2025 TANGGUH DAN MANDIRI: SINERGI MENDORONG PERTUMBUHAN EKONOMI LEBIH TINGGI DAN BERDAYA TAHAN



President Prabowo Subianto delivered directives at the Bank Indonesia Annual Meeting (PTBI) 2025.

directed to ensure that liquidity conditions align with the optimal requirements of the money market and the broader economy. Its magnitude is determined based on projections of Reserve Money (M0) and broad money (M1 and M2), consistent with forecasts of relevant economic indicators, while taking into account other factors such as developments in foreign capital flows (Net Foreign Assets, NFA) and the Government's financial operations (Net Claims on Government, NCG). Based on this monetary program, Bank Indonesia conducts monetary liquidity expansion through monetary operations by optimizing the interest rate structure and volume of all available instruments, including SRBI, SUKBI, SVBI, and SUVBI. In 2025, for example, monetary liquidity expansion by end-2025 was reflected in a decline in SRBI volume of Rp186.07 trillion, accompanied by a decrease in the SRBI interest rate for the 6-month tenor by 231 bps to 4.85%. Under the same monetary program, Bank Indonesia also expanded monetary liquidity through secondary market purchases of Government Securities (SBN). In 2025, as previously noted, Bank Indonesia purchased SBN amounting to Rp332.14 trillion up to 31 December 2025, with yields on 2-year and 10-year SBN declining by 197 bps and 119 bps to 4.99% and 6.07%, respectively, thereby helping reduce the Government's SBN interest burden in the State Budget (APBN). Going forward, Bank

Indonesia will continue to expand monetary liquidity in line with the 2026 monetary program, both through all available monetary instruments and through secondary market purchases of SBN, supported by close policy coordination with the Government's fiscal authorities.

Bank Indonesia will also continue to optimize its pro-market monetary operations strategy to strengthen further the effectiveness of BI-Rate transmission to the financial sector, as well as to maintain overall market and financial system stability. The strengthening of the pro-market monetary operations strategy will be carried out through four key measures. *First*, optimizing repo and DNDF transactions by involving banks that utilize the Central Counterparty (CCP) to strengthen transaction risk mitigation and enhance market efficiency. *Second*, developing the Overnight Index Swap (OIS) market through the issuance of Floating Rate Notes (BI-FRN) and OIS matchmaking for tenors beyond overnight to establish an interest rate structure based on actual money market transactions. The development of the OIS market is necessary because the use of JIBOR as a reference rate will be discontinued in 2026. This forms part of efforts to improve domestic money market pricing. *Third*, expanding the underlying repo instruments in Bank Indonesia's monetary operations to include other high-quality securities



issued by Government established financial institutions to support Government programs for public welfare. *Fourth*, broadening the investor base for Bank Indonesia Sukuk (SUKBI) to allow ownership by banks and non-banks, including residents and non-residents, to strengthen the monetary instrument and attract capital inflows. These measures are intended to strengthen the effectiveness of monetary policy transmission and accelerate financial market deepening.

**Third, the Rupiah exchange rate stabilization policy will continue to be implemented to safeguard Indonesia's external resilience from the impact of global volatility, thereby contributing positively to sustainable economic stability and growth.** Fundamentally, the Rupiah should strengthen and move stably, consistent with low inflation, attractive yields on domestic financial assets, and relatively strong domestic economic growth. Nevertheless, as explained in Chapter 1, elevated uncertainty in the global economy and financial markets has increased the risk of portfolio outflows from EMEs and exerted pressure on various global currencies, including the Rupiah. Consequently, Rupiah exchange rate stability must continue to be maintained to protect Indonesia's external resilience from these global shocks. Rupiah stability is also important for maintaining controlled inflation, particularly imported inflation, and for ensuring business certainty to support economic growth. Rupiah stability is also crucial for preserving the Government's fiscal performance, particularly in maintaining the attractiveness of SBN yields for State Budget (APBN) financing needs. In addition, Rupiah stability is critical for safeguarding the financial system stability, particularly against exchange rate risks that affect the balance sheets of both banks and corporates, while also supporting confidence among businesses and the public. To this end, the Rupiah stabilization measures implemented by Bank Indonesia to date will be continued in 2026. Exchange rate stabilization will be conducted through foreign exchange interventions in both offshore markets (offshore NDF) and the domestic market (spot,

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The direction of monetary policy in 2026 to safeguard stability and foster economic growth will be pursued through four main instruments, namely interest rate policy, monetary liquidity expansion, Rupiah exchange rate stabilization policy, and adequacy of foreign exchange reserves

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DNDF, and secondary market transactions in Government Securities/SBN). The offshore NDF interventions conducted since early April 2025 to mitigate the negative impact of US tariff policies, executed continuously across Asian, European, and US markets through Bank Indonesia's overseas representative offices, have proven effective and will therefore continue to be implemented to stabilize the Rupiah exchange rate. In addition to the significant influence of offshore Rupiah movements on onshore markets, NDF interventions are more efficient because they normally require relatively minor volumes and do not involve actual fund transfers, thus exerting minimal impact on foreign exchange reserves.

**Fourth, the adequacy of foreign exchange reserves will be maintained to support Rupiah exchange rate stabilization and the Government's external debt payments, and reserves will be strengthened through the management of foreign exchange flows in line with international standards.** Foreign exchange reserve adequacy will continue to be enhanced through Balance of Payments surpluses, foreign exchange monetary operations, and optimization of reserve management. In this regard, the optimization of foreign exchange reserve management will continue to be reinforced through the implementation of Strategic Asset Allocation (SAA) to achieve optimal investment returns while meeting liquidity needs for the Government's external

debt payments and Rupiah exchange rate stabilization policy. In addition to placing reserves in high-quality financial assets with low exchange rate risk, gold purchases will also be conducted in a safe, gradual, and well-calibrated manner. Bank Indonesia will also continue to optimize the expansion of foreign exchange placement instruments for Foreign Exchange Export Proceeds from Natural Resources (DHE SDA) to support the implementation of Government Regulation No. 8 of 2025. Bilateral cooperation with several central banks, including Malaysia, India, and China, has been established to utilize swap arrangements and bilateral purchases of Government Securities (SBN) in reserve management. International cooperation is likewise being strengthened, including multilateral collaboration with the BIS for foreign reserve management, bilateral swap arrangements with several central banks including the United States, Japan, China, and ASEAN, as well as regional cooperation under ASEAN+3 (China, Japan, and South Korea) within the Chiang Mai Initiative Multilateralism (CMIM) framework to enhance the Regional Financial Arrangement (RFA) in Asia. As a follow-up to the P2SK Act, Bank Indonesia has also issued a Bank Indonesia Regulation governing foreign exchange flow management to strengthen Indonesia's external resilience, consistent with the open foreign exchange system and international standards in line with IMF guidelines. The regulation covers the management of foreign exchange flows under normal conditions, under pressure, and in crisis conditions, as well as the coordination mechanism among Bank Indonesia, the Government, and the KSSK to safeguard macroeconomic and financial system stability.

**Policy coordination between Bank Indonesia's monetary policy and the Government's fiscal policy continues to be strengthened to reinforce external resilience against global shocks, control inflation, and promote sustainable economic growth.** Coordination to safeguard external resilience against global spillovers is carried out by aligning Bank Indonesia's monetary operations for Rupiah exchange rate stabilization with the

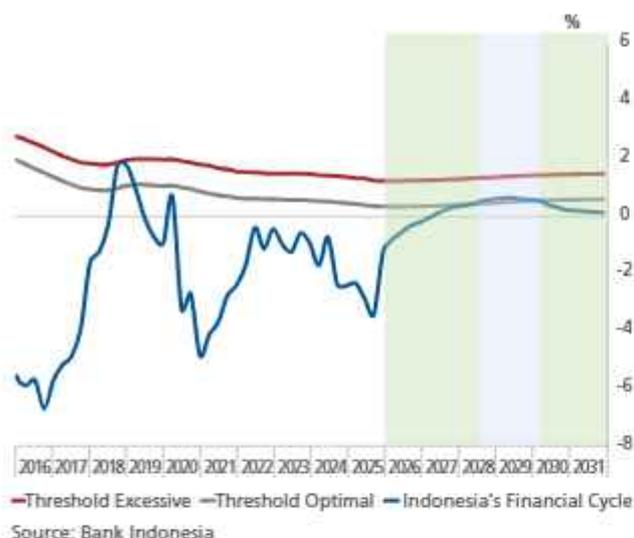
Government's issuance of Government Securities (SBN) for fiscal financing in both domestic and global markets, from the annual planning stage through ongoing implementation. Coordination for inflation control, particularly volatile food and administered prices, with the Central and Regional Governments is strengthened through the Central and Regional Inflation Control Teams (TPIP and TPID), supported by the National Food Security Front (*Gerakan Nasional Pengendalian Inflasi Pangan*, GNPIP), which mobilizes all 46 Bank Indonesia regional offices across the country. Meanwhile, coordination to support economic growth from the domestic demand side, particularly consumption and investment, is carried out by synchronizing Bank Indonesia's interest rate reductions and monetary liquidity expansion via the banking system with the Government's fiscal stimulus to boost the real sector at both the central and regional levels. In addition, Bank Indonesia provides recommendations on national economic policies, including those based on the Regional Economic and Financial Assessment (KEKDA) conducted by Bank Indonesia's representative offices throughout Indonesia.

## 5.2. Direction of Macroprudential Policy

**Bank Indonesia will continue to strengthen accommodative macroprudential policies in 2026 to stimulate bank lending/financing in support of higher economic growth, while maintaining financial system stability.** The direction of this accommodative macroprudential policy is based on three key considerations. *First*, Indonesia's financial cycle in 2026 and 2027 remains below optimal financing capacity and is expected to start increasing by the end of 2027, reaching its peak in 2029 (Graph 5.1.). This aligns with the economic cycle, which remains below national output capacity, primarily due to sluggish consumption and investment amid slowing exports driven by global economic conditions. Therefore, accommodative macroprudential policies are needed to strengthen banking

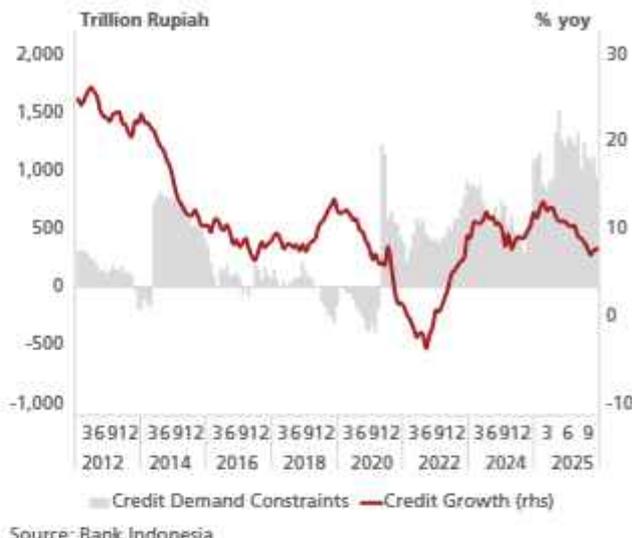


Graph 5.1. Indonesia's Financial Cycle



capacity in providing credit/financing, particularly for sectors that drive growth and job creation. *Second*, in line with the *Asta Cita* Vision, the Government has designed several National Priority Programs to stimulate growth and employment, requiring substantial financing support. As outlined in Chapter 4, these strategic programs include downstreaming of natural resources, strengthening the manufacturing industry, food security, supported by infrastructure and housing development, including public housing. Social and people-centered economic programs such as MBG, KDMP, MSMEs, and the creative economy will also continue. Therefore, synergy between Bank Indonesia's macroprudential policies and the Government's fiscal and industrial policies is crucial to address demand constraints that have kept bank credit/financing low (Graph 5.2.). Such synergy is a key component in meeting the substantial financing needs of these national strategic programs. *Third*, the accommodative macroprudential policy is consistent with the soundness of financial system stability, reflected in high capital adequacy ratio, ample liquidity, and low non-performing loans. Nevertheless, several vulnerabilities may arise from both global and domestic economic dynamics, which could affect the sustainability of financial system stability going forward. Therefore, close synergy is required between accommodative macroprudential policies to stimulate credit/

Graph 5.2. Credit Demand Constraints



financing and strengthened banking system surveillance by Bank Indonesia, along with microprudential supervision by the Financial Services Authority (OJK). Coordination within the Financial System Stability Committee (KSSK) also needs to be reinforced, not only to safeguard financial system stability but also to promote lending/financing by banks and other financial institutions in meeting the substantial financing needs of the national economy, while simultaneously supporting the implementation of financial sector reforms mandated by the Financial Sector Development and Strengthening Act (P2SK Act).

**All macroprudential policy instruments will remain accommodative to achieve banking credit/financing growth of around 8–12% in 2026 while maintaining financial system stability.** Discussions in Chapters 2 and 3 indicate that the low credit/financing growth is mainly due to the slow adjustment in bank interest rates and weak credit demand from the real sector. Meanwhile, several risks to financial system stability must continue to be monitored, arising from both global market volatility and operational risks, particularly cybersecurity. Therefore, the direction of macroprudential policy in 2026 will be pursued through the following three steps (Figure 5.3.). *First*, strengthening the effectiveness of the Macroprudential Liquidity Incentive Policy (KLM; see Box 5.1.) forward-looking lending channel

Figure 5.3. Direction of Macroprudential Policy in 2026



Source: Bank Indonesia

to encourage banks to increase credit/financing to priority sectors, including adjustments to sectors and the size of incentives provided, as well as synergy with the Government, KSSK, and related parties, including Danantara, to stimulate credit demand from the real sector. *Second*, accelerating the reduction of deposit and lending interest rates through the effectiveness of the KLM forward-looking interest channel and necessary responses, including KSSK coordination to lower special rates for large depositors and reduce lending interest margins (see Box 5.1.). *Third*, strengthening systemic surveillance to maintain banking resilience against global shocks and operational risks, including through the enhancement of the Integrated Crisis Management Protocol. Policy coordination with the Government and KSSK will also continue to be strengthened to boost credit/financing to priority real sectors, enhance financial system stability resilience, and ensure the sustainability of financial sector reforms as mandated by the Financial Sector Development and Strengthening Act (P2SK Act). These three steps are described in more detail, as follows.

*First*, the strengthening of the effectiveness of the KLM forward-looking lending channel incentive to increase bank credit/financing to priority sectors for growth and employment. As explained in Chapter 3, as a strong commitment by Bank Indonesia to support economic growth, starting December 2025, KLM incentives will be performance-based and forward-looking through the lending channel and interest rate channel.<sup>16</sup> The total KLM incentive will be increased to 5.5% of third-party funds (TPF). Banks will receive incentives based on their commitment to channel credit/financing to specific sectors (lending channel) and reduce lending/financing interest rates in line with Bank Indonesia's policy rate direction (interest rate channel). Banks can receive KLM lending channel incentives through a reduction in the minimum reserve requirement (GWM) of up to 5% of TPF and KLM interest rate channel incentives of up to 0.5% of TPF. The sectors eligible for KLM lending channel incentives include: (i) agriculture, manufacturing, and downstreaming sectors; (ii) services sectors, including creative economy; (iii) construction,

16 A more detailed explanation of the Forward-Looking Macroprudential Liquidity Incentive Policy is presented in Box 5.1. Innovation in Performance-Based and Forward-Looking Macroprudential Liquidity Incentive Policy.



real estate, and housing sectors; and/or (iv) MSMEs, cooperatives, inclusion, and sustainability sectors, which are also priority sectors for the Government in supporting economic growth. The size of the incentive given to banks under the lending channel also considers adjustments based on the realization of credit/financing growth compared to previous commitments. Meanwhile, the provision of KLM incentives through the interest rate channel is based on the speed at which banks adjust new lending/financing rates to Bank Indonesia's policy rate. Bank Indonesia will continuously assess the effectiveness of these KLM liquidity incentives to further encourage bank credit/financing to these priority sectors. In addition to policy measures, Bank Indonesia will actively strengthen synergy and coordination with the Government, KSSK, Danantara, banks, and businesses to stimulate credit demand. Synergy can be achieved through discussions, communication, and seminars to find joint solutions to overcome various obstacles in credit distribution, both in specific sectors and in aggregate, while reinforcing confidence and optimism about future economic growth prospects.

**Second, the efforts to expedite faster reduction of interest rates to boost credit/financing for higher economic growth.** As mentioned earlier, the slow decline in bank interest rates has become one of the main obstacles to the effectiveness of Bank Indonesia's policy

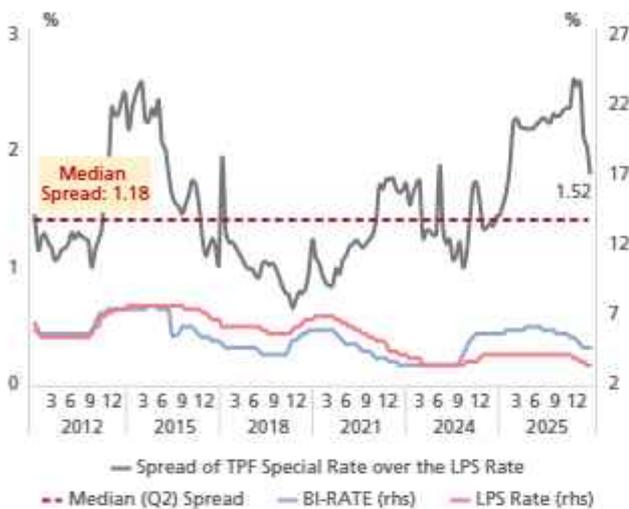
transmission in boosting credit growth. The cause is the phenomenon of special deposit rates demanded by large depositors, which accounted for Rp2,682.97 trillion (26.67% of total third-party funds) in December 2025, with deposit rates reaching 4.96% (Table 5.1.). In addition, government depositors (both SOEs and non-SOEs) amounted to Rp807.14 trillion with deposit rates around 4.87%. This phenomenon indicates a distortion in market mechanisms due to the stronger bargaining power of large depositors against banks, amid a weak banking industry structure caused by the excessive number of banks. As a result, inefficiencies occur in both the banking industry and the economy because of high funding costs. This is reflected in the large spread between special deposit rates and the maximum deposit insurance rate set by the Deposit Insurance Corporation (LPS), with a median of around 1.18% since 2013, rising to 1.46% in December 2025 (Graph 5.3.). Inefficiency in the banking industry is also evident from the high spread between lending rates and deposit rates, due to both credit risk premiums and significant overhead costs, compared to other countries. This issue prompted Bank Indonesia to introduce KLM incentives, which are linked to the speed of lending rate reductions compared to BI Rate cuts, as explained earlier. In other words, banks that are slow to reduce their lending rates will be required to maintain higher reserve requirements at Bank Indonesia, while KLM incentives will be given to banks that reduce their

Table 5.1. Special Rate for Large Depositors

Category	Nominal (Trillion Rupiah)					Share of Total Third-Party Funds (%)		Special Rates (%) - IDR				
	2023	2024	Oct-25	Nov-25	Dec-25	Nov-25	Dec-25	2023	2024	Oct-25	Nov-25	Dec-25
Non-Residents	3.87	5.67	7.07	7.33	7.49	7.31	6.70	5.14	5.34	5.17	5.00	4.95
Government	447.02	468.56	817.16	891.48	807.14	55.30	54.50	6.77	6.66	5.10	4.87	4.87
Government - SOE	255.33	272.34	331.15	315.57	331.15	50.13	45.22	6.84	6.60	5.58	5.48	5.22
Government non-SOE	191.69	196.22	486.01	575.91	475.99	58.61	63.58	6.69	6.74	4.78	4.54	4.62
Individuals	462.42	402.29	415.68	406.22	402.48	10.19	9.96	5.87	5.97	5.50	5.36	5.28
Private NBF1	165.78	218.31	262.48	261.76	292.88	50.90	52.74	6.40	6.36	5.40	5.21	5.11
Private Non-NBF1	761.01	975.31	1,154.40	1,113.92	1,172.97	30.22	30.31	5.85	6.02	5.13	4.97	4.87
<b>Total</b>	<b>1,840.10</b>	<b>2,070.14</b>	<b>2,656.79</b>	<b>2,680.70</b>	<b>2,682.97</b>	<b>27.08</b>	<b>26.67</b>	<b>6.13</b>	<b>6.19</b>	<b>5.21</b>	<b>5.02</b>	<b>4.96</b>

Source: Bank Indonesia

Graph 5.3. Special Rate - LPS Rate Spread



Source: Bank Indonesia

rates more quickly. Bank Indonesia will continue to evaluate the effectiveness of this forward-looking interest channel KLM in accelerating the decline in bank interest rates and formulate necessary strengthening measures. Bank Indonesia will also maintain coordination within KSSK to take joint steps to accelerate the reduction of special deposit rates and lending rate margins.

**Third, strengthening systemic surveillance to maintain banking resilience against global shocks and operational risks, including through the enhancement of the Integrated Crisis Management Protocols.** Bank Indonesia's systemic surveillance, as part of macroprudential supervision, focuses on large banks which, due to their macroeconomic-financial sector linkages, are considered to have a significant impact on credit/financing distribution and overall financial system stability. Key aspects of Bank Indonesia's systemic surveillance include credit/financing performance, resilience to liquidity risk, market risk (exchange rate and government bond yields), credit risk, operational risk, and interconnections in funding, money markets, and payment systems. In this context, as previously mentioned, global spillover effects can exert excessive pressure on the Rupiah exchange rate, cause sharp increases in government bond yields, tighten liquidity due to capital outflows, and reduce business activity. Operational risk, including mitigation of cyberattacks, will also be a major concern. This is due to the rapid

digitalization in banking and payment systems, which can create not only operational risks from technological disruptions but also cyberattacks on one bank that can quickly spread to others. These considerations drive Bank Indonesia to strengthen the Integrated Crisis Management Protocols, which integrate monitoring vulnerabilities and preventing risks to financial system stability, whether from liquidity, market, and credit risks, with institutional risks arising from operational risks, including cyberattacks. In its implementation, Bank Indonesia coordinates closely with KSSK to jointly maintain financial system stability, and bilaterally with OJK for microprudential supervision. Therefore, Bank Indonesia will reinforce synergy between macroprudential surveillance of the banking system and OJK's microprudential supervision under the well-established coordination mechanisms. This coordination is crucial to mitigate market risk (exchange rate and interest rate), liquidity risk, credit risk, and operational risk, thereby preserving financial system stability. Close coordination within KSSK also needs to be strengthened to maintain financial system stability while supporting the implementation of financial sector reforms mandated by the Financial Sector Development and Strengthening Act (P2SK Act).

### 5.3. Direction of Payment System Policy

Through the roadmap of Indonesia Payment System Blueprint (BSPI) 2030, Bank Indonesia will continue accelerating the national digital economy and finance for the next generation. BSPI 2030 is designed to establish a payment system that supports the integration of the national digital economy and finance, thereby ensuring the effective role of central bank functions in currency circulation, monetary policy, and financial system stability. The vision of BSPI 2030 will be achieved through five key initiatives, namely Infrastructure, Industry, Innovation, International, and Digital Rupiah (4I-DR), which serve as the main strategic direction (Figure 5.4.). *First*, strengthening and modernizing payment system infrastructure, covering retail, wholesale, and payment system data. *Second*, consolidating and restructuring the



Figure 5.4. Five Initiatives of Indonesia Payment System Blueprint (BSPI) 2025-2030



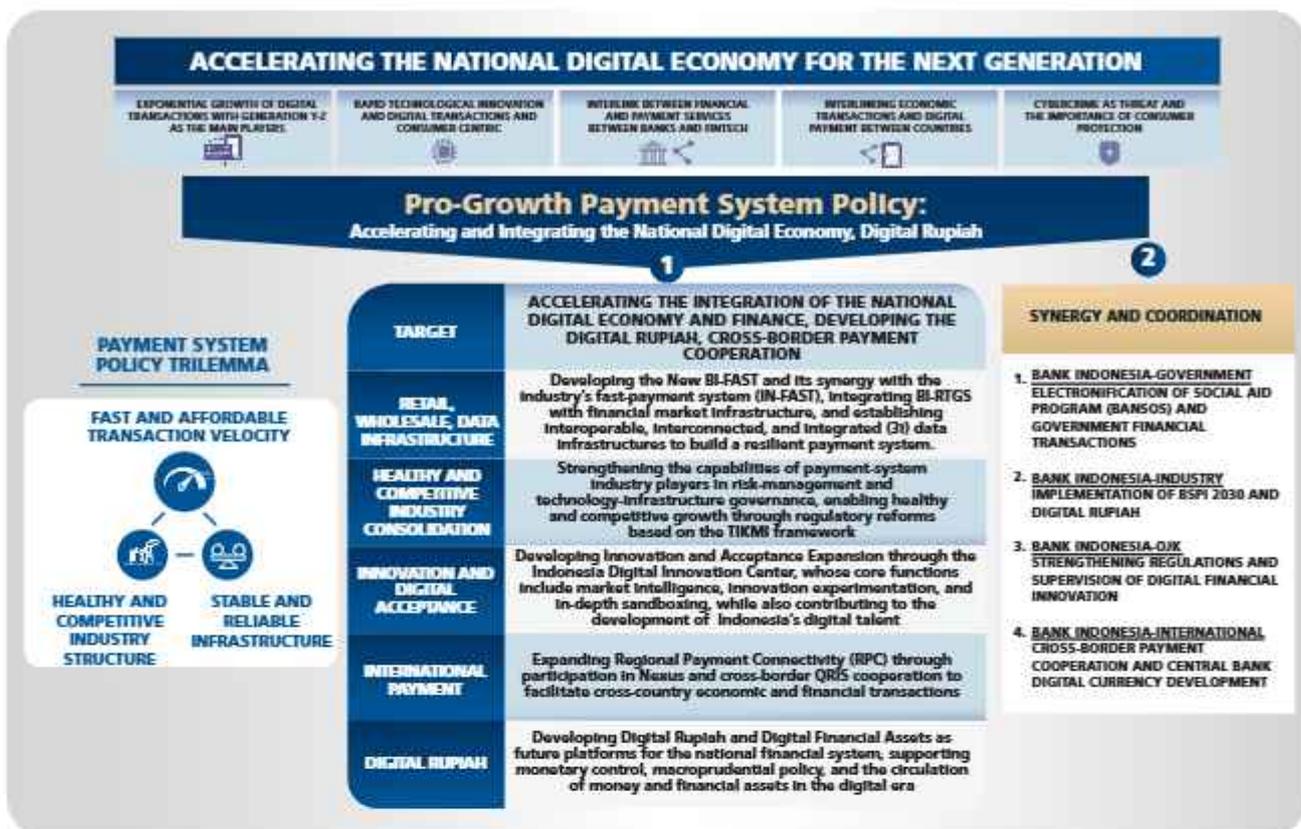
Source: Bank Indonesia

payment system industry. *Third*, expanding digital innovation and acceptance. *Fourth*, enhancing international interconnection and cooperation. *Fifth*, developing the Digital Rupiah. These five strategic pillars have been further elaborated into main programs with clear development stages and timelines for completion, as detailed below.

The direction of payment system policy in 2026 reflects Bank Indonesia's commitment to advancing the strategic programs under BSPI 2030, aimed at further accelerating digitalization to support sustainable economic growth. As shown in Table 2.6 of Chapter 2, the objective is to increase digital payment transactions from 49.2 billion transactions valued at Rp78,563.1 trillion in 2025 to 63.9 billion transactions (30.0%) valued at Rp88,310.7 trillion (12.4%) by 2026. QRIS transactions are projected to increase from 15.4 billion transactions in 2025 to 17.0 billion transactions (10.6%) in 2026, with the number of users expected to reach 60 million and merchants 45 million, the majority of which are MSMEs. BI-FAST transactions are expected to rise from 4.8 billion transactions in 2025 to 6.3 billion transactions (29.8%) in 2026, while BI-RTGS transactions will increase from 10.28 million transactions valued at Rp149,344.0 trillion in 2025 to 10.32 million transactions (0.3%) valued at Rp166,015.0 trillion (9.0%) in 2026.

As mentioned, the direction of payment system policy in 2026 will be implemented through five key measures. *First*, in terms of payment system infrastructure, Bank Indonesia will develop the New BI-FAST and support the industry fast-payment, modernize BI-RTGS, and strengthen interoperable, interconnected, and integrated (3i) payment data infrastructure to support policymaking, industry business development, and the public interest (Figure 5.5.). *Second*, in terms of industry consolidation, Bank Indonesia will reinforce payment system digitalization within the banking sector as the primary institution, promote interlinkage between banks and fintech, and advance regulatory reform to consolidate the payment system industry and restructure the Nonbank Money Changer industry to further strengthen payment integrity. *Third*, in terms of innovation and digital acceptance, Bank Indonesia will collaborate with the Indonesia Payment System Association (ASPI) to promote innovation and balanced digital payment acceptance alongside consumer protection through the Indonesia Digital Innovation Center/PIDI (including the development of Indonesia's digital talent), public campaigns, and education/literacy programs. *Fourth*, in terms of internationalization of payments, Bank Indonesia

Figure 5.5. Direction of Bank Indonesia Payment System Policy in 2026



Source: Bank Indonesia

will expand bilateral and multilateral cooperation in retail payment systems, including through the development of NEXUS. *Fifth*, in terms of Digital Rupiah development, Bank Indonesia will proceed with the next phase of experimentation, focusing on the development of the Securities Ledger. Details follow, immediately below.

*First*, the development of retail and wholesale payment infrastructure, as well as data infrastructure will be oriented toward the interconnection, interoperability, and integration (3i) of payment transaction digitalization, industry consolidation, innovation and acceptance, as well as the internationalization of the national digital economy and finance. In terms of retail payment systems, Bank Indonesia will develop the New BI-FAST in synergy with the industry's fast-payment infrastructure to facilitate future digital transaction needs, both in terms of stability and scalability, through the development of modular system architecture within the application for payment enquiry, clearing, and settlement (Figure 5.6.). This modular architecture

is considered more capable of responding to the evolution of service features in line with public and business needs. For wholesale payment system infrastructure, the modernization of BI-RTGS will be designed to integrate with the development of money market and foreign exchange market infrastructure through the adoption of the ISO 20022 messaging standard, the development of multicurrency features, and other features that reinforce 3i principles across financial market infrastructure, end-to-end. The multicurrency feature will enhance settlement efficiency for both domestic and cross-border transactions. The adoption of ISO 20022 aims to make Rupiah and foreign currency transactions more efficient through greater seamlessness and higher granularity. Risk management will also be strengthened through enhancements to the Liquidity Saving Mechanism (LSM) as well as strengthened fraud-management and end-point security features. Further, Bank Indonesia will initiate the development of data centers to ensure end-to-end payment system data



Figure 5.6. Direction of Retail and Wholesale Payment System Infrastructure and Data Development in BSPI 2030



Source: Bank Indonesia

flows, that is, from consumers to merchants, banking, and nonbank industries, through to final settlement within Bank Indonesia's payment system infrastructure. This is crucial to optimize the central bank functions of maintaining price, financial system, and payment system stability. Payment system data infrastructure will be developed to strengthen transaction integrity and policymaking through the development of Payment ID, BI-Payment Info, and BI-Payment Clear. Payment ID will function as a unique identifier for each payment service user, enabling the system to acquire and process granular digital data for policymaking purposes, industry business development, and public services. The processed data will be uploaded to the BI-Payment Info platform as public infrastructure provided by Bank Indonesia to distribute digital payment system data for the national benefit. In this context, BI Payment Clear will be able to access suspicious transaction data from BI-Payment Info Platform to safeguard payment transactions against fraud by strengthening industry capacity in risk management. With BI-Payment Clear linked to the fast-payment infrastructure, online retail transactions can undergo pre-transaction integrity checks, including validity and security screening.<sup>17</sup> Industry players may flag and refuse suspicious or suspected fraudulent transactions.

*Second*, the payment system industry policy will be directed toward strengthening a healthy, competitive industry that ensures the central bank's currency circulation function. Industry restructuring focuses on reinforcing the role of the banking sector as the core of the money supply process within the monetary and financial system (Figure 5.7.). Therefore, Bank Indonesia has formulated criteria to assess industry players' size and risk capability, comprising Transactions, Interconnection, Competency, Risk Management, and Information Technology (TIKMI). Assessment of a participant's TIKMI rating will be conducted periodically and will serve as a basis for licensing requirements, activity and product development, business partnerships, access to payment system infrastructure, and Bank Indonesia's supervisory tools. Bank Indonesia is also committed to supporting the development of human resources competency in the payment system sector through certification programs in collaboration with the Indonesia Payment System Association (ASPI). In addition, Bank Indonesia is also strengthening the regulatory framework for nonbank money changers to enhance the integrity of foreign exchange transactions. This effort is undertaken to prevent nonbank money changer from being used as a means for money laundering or unreported transactions. The structuring aims to reinforce KYC practices, reporting, and supervision to ensure better monitoring of foreign exchange inflows and outflows.

<sup>17</sup> A more detailed elaboration on BI-Payment Clear connected with fast payment is presented in Box 5.2. Development of BI-Payment Clear to Strengthen National Payment Integrity.

Figure 5.7. Direction of Payment System Industry Consolidation in BSPI 2030



Source: Bank Indonesia

*Third*, Bank Indonesia, in collaboration with the industry, will continue promoting innovation and digital payment acceptance that is balanced with consumer protection, integrity, stability, and fair business competition. Payment service innovation will be encouraged within a healthy competitive environment that ensures the end-to-end integration of the national digital economy and finance. Standardization of payment methods, both on instruments and payment channels, will be directed toward innovations with strong potential for mass adoption, based on the principle of “one language.” Beside preventing risks of unfair competition, this standardization is also intended to ensure the continuity of digital

economy and finance end-to-end integration, which represents the ultimate objective of BSPI 2030. Effective collaboration processes with industry participants will be optimized through the strengthening of the Indonesia Digital Innovation Center (PIDI) (Figure 5.8). PIDI will be developed through three functional pillars: (1) In-depth sandboxing, providing an effective testing environment for innovation; (2) Market intelligence, enabling continuous monitoring of industry developments; and (3) Design thinking, an iterative process that includes joint research and assessments with industry and, where relevant, expert involvement. In addition, PIDI will support the development

Figure 5.8. Direction of Innovation and Digital Payment System Acceptance



Source: Bank Indonesia



of globally competitive digital innovations as well as the strengthening of digital talent to enhance future employment rate. The execution of these functions will incorporate efforts to ensure consumer protection, stability, including risk management, integrity and compliance, as well as healthy competition. Meanwhile, digital payment acceptance, which has progressed effectively in recent years, will continue to be strengthened through education and public campaign programs to accelerate adoption in line with sound risk management and consumer protection, particularly on the user side. Similarly, consumer protection will be reinforced through enhancements of the regulatory framework and the mechanisms designed to facilitate the interest of all stakeholders (the public, businesses, and payment system industry players). Public awareness of rights and obligations as users of payment services will also be strengthened through these digital literacy programs.

*Fourth, Bank Indonesia will expand international cooperation to strengthen cross-border payment connectivity in support of regional economic integration, particularly within ASEAN. Cross-border payment connectivity is essential to facilitate seamless economic and financial transactions across countries, safeguard stability, and build a sustainable economy while prioritizing national interests (Figure 5.9.). This*

initiative will be implemented through two key programs: (1) Expanding the coverage of cross-border QRIS cooperation, and (2) Preparing national payment system infrastructure for cross-border interoperability. Cross-border QRIS cooperation between Indonesia and Malaysia, Thailand, Singapore, and Japan will be extended to South Korea, Saudi Arabia, and India. Cross-border payment connectivity will also be strengthened through the interconnection of payment system infrastructures, both bilaterally and multilaterally. On the retail side, Bank Indonesia is advancing multilateral interconnection of fast payment through Project Nexus, together with Malaysia, Thailand, Singapore, Philippines, and India, in collaboration with the Bank for International Settlements (BIS). Bank Indonesia is actively involved in the development of Project Nexus Phase III, which produces a roadmap for multilateral interconnection among five ASEAN countries and India for the remittance use case. For wholesale payment system connectivity, the modernization of BI-RTGS, as previously outlined, will be prepared from the outset to anticipate and meet future cross-border interconnection demands. RTGS interconnection has also become a G20 agenda under the enhancing cross-border payments initiative, which must be anticipated early on given Indonesia's position as a G20 member.

Figure 5.9. Direction of International Payment System Connectivity in BSPI 2030



Source: Bank Indonesia

*Fifth*, Bank Indonesia will continue advancing the development of the Digital Rupiah through the next phase of experimentation, focusing on replicating wholesale market functions and deepening the financial market. The exploratory initiative for Indonesia’s Central Bank Digital Currency (CBDC), or the “Digital Rupiah,” is carried out under Project Garuda, with the objectives to: (i) safeguard the sovereignty of the Rupiah in accordance with the Currency Act and the P2SK Act; (ii) strengthen its role in the international arena; and (iii) accelerate the integration of the national digital economy and finance (Figure 5.10.). The implementation of Project Garuda is structured into three phases. In the first phase (immediate), development began with the w-Digital Rupiah, covering the use cases of issuance, redemption, and inter-party fund transfers, which have been completed. In 2026, the second, experimentation phase will focus on testing the use of digital securities through tokenization, including use cases for monetary operations and other financial transactions. In the final phase (end state), the concept of an integrated end-to-end w-Digital Rupiah to r-Digital Rupiah framework will be piloted.

In addition to the five key programs outlined above, Bank Indonesia will continue strengthening synergy and coordination with both the Central and Regional Governments as well as with the payment system industry. Coordination with the Government (both central

and regional) will primarily focus on expanding the electronification of regional government financial transactions by reinforcing the Regional Digitalization Acceleration and Expansion Task Force (TP2DD), promoting the disbursement of social assistance, and expanding the use of the Government segment of the Indonesia Credit Card (KKI). The digitalization of MSMEs and the tourism sector will also be further intensified through the National Movement Proud of Indonesian Products (BBI) and Proud to Travel in Indonesia (BBWI) across various regions. Synergy and coordination between Bank Indonesia and the Financial Services Authority (OJK) in regulating and supervising digital payment system development and financial institution digitalization will be strengthened in accordance with the mandate of the P2SK Act, including areas related to crypto assets and the Financial Technology Industry (ITSK), digital financial literacy and consumer protection, as well as cybersecurity. Synergy with the banking sector, the payment system association, fintech associations, and other industry associations will continue to be reinforced both in expanding existing digital payment programs, such as QRIS, SNAP, and BI-FAST, and in broadening public access to these services. It remains a guiding principle of Bank Indonesia that payment system policies, regulations, and supervision are formulated and implemented collaboratively with the industry (industry-friendly policy).

Figure 5.10. Direction of Digital Rupiah Development in BSPI 2030



Source: Bank Indonesia



#### 5.4. Money Market and Foreign Exchange Market Deepening Policy

The deepening of the money market and foreign exchange market plays a vital role in supporting the effectiveness of Bank Indonesia's policy transmission, financial system stability, as well as fiscal and economic financing. Since its launched in 2024, the Money Market and Foreign Exchange Market Deepening Blueprint (BPPU) 2030, by building on the Money Market Development Blueprint 2025, has consistently driven various strategic achievements in money market and foreign exchange market deepening across all aspects of product, pricing, participant, and infrastructure (3P+I). The comprehensive money market and foreign exchange market deepening in these 3P+I aspects serves as a fundamental basis for strengthening the effectiveness of Bank Indonesia's policy transmission, particularly in interest rate, exchange rate, and pro-market monetary operations aimed at ensuring financial system stability and supporting economic growth. Liquidity management and asset portfolio by banking industry and investors will, in turn, become more efficient and flexible, thereby reinforcing financial system stability. In line with this, the development of the Government Securities (SBN) market also plays an important role in facilitating fiscal financing for the Government. Accordingly, a deep and efficient money market and foreign exchange market enables smoother liquidity management and provides credible hedging instruments for mitigating interest rate and exchange rate risks, ultimately bolstering business resilience and supporting the national economic financing.

The Money Market and Foreign Exchange Market Deepening Blueprint (BPPU) 2030 has been formulated as a strategic roadmap toward modern and advanced money market and foreign exchange market deepening to enhance monetary policy transmission, financial system stability, and strengthen national economic financing, fully aligned with Bank Indonesia's mandate and authority under the Financial Sector Development and Strengthening Act (P2SK Act). The direction of money market

and foreign exchange market transformation under BPPU 2030 strengthens the initiatives of BPPU 2025 in several ways. These include: integration with the pro-market monetary operations strategy; the establishment of more measurable strategic targets across the 3P+I dimensions; the development of money market and foreign exchange market infrastructure based on the 3i principles and integrated with Payment System and money market and foreign exchange market data infrastructure; as well as reinforced regulation and supervision in accordance with international standards and best practices. Product development will prioritize increasing repo and DNDF transactions, with average daily targets of Rp30 trillion and USD1 billion, respectively, by 2030, supported by the expansion of Bank Indonesia repo underlying and the issuance of BI-FRN. These strategic initiatives will further catalyze the development of derivative instruments, particularly interest rate products, such as Overnight Index Swaps (OIS) and foreign exchange products like FX Swaps. Pricing initiatives is another key area. It will be oriented toward establishing an efficient term structure for money market and foreign exchange market products across tenors from two weeks to twelve months. This will be done through the formation of a Money Market Curve and FX Forward Curve, interconnecting larger and more active transactions between money market and foreign exchange market Primary Dealers and other market participants. This would be supported by CCP money market and foreign exchange market infrastructure built on the 3i principles and integrated with Electronic Trading Platforms (ETP) in the market, ETP and BI-S555 in Bank Indonesia, as well as BI-FAST and BI-RTGS payment system infrastructure. These steps would be fully in line with the initiative to integrate Payment System and money market and foreign exchange market data infrastructure.

Money market and foreign exchange market deepening policy for 2026 will remain pro-growth through the development of a modern money market and foreign exchange market based on international standards, while strengthening the effectiveness of Bank Indonesia's policy mix transmission and

supporting financing for sustainable economic growth. In this regard, the 2026 Money Market and Foreign Exchange Market deepening policy will focus on five main programs (Figure 5.11.). *First*, developing repo products in line with efforts to increase the transaction volume and liquidity in the secondary market for SRBI, SUKBI, and Bank Indonesia Foreign Exchange Securities (SVBI)/Bank Indonesia Foreign Exchange Sukuk (SUVBI). At the same time, it would support the formation of Overnight Index Swap (OIS) as well as Foreign Exchange Swap (FX Swap) markets to enhance monetary transmission effectiveness, Rupiah stability, hedging, and short-term liquidity management. *Second*, strengthening efficient market mechanisms for forming interest rate structures (INDONIA, OIS, and repo), exchange rates (DNDF), and hedging instruments (IRS and FX Swap). *Third*, reinforcing market participant consolidation through strengthening money market and foreign exchange market Primary Dealers and enhancing the role of the Indonesian Money Market and Foreign Exchange Market Association (APUVINDO) as Bank Indonesia's strategic partner in implementing monetary operations strategies and money market and foreign exchange market development. This

would include enhancing participant quality and enforcing the Market Code of Conduct. *Fourth*, developing integrated (3i) infrastructure for the money market and foreign exchange market, monetary operations, and payment systems through the implementation of Payment System and money market and foreign exchange market data infrastructure. This will also serve as the foundation for supporting the issuance of Digital Rupiah, including digital assets. *Fifth*, strengthening synergy and coordination in economic financing to ensure the creation of a well-governed money market and foreign exchange market.

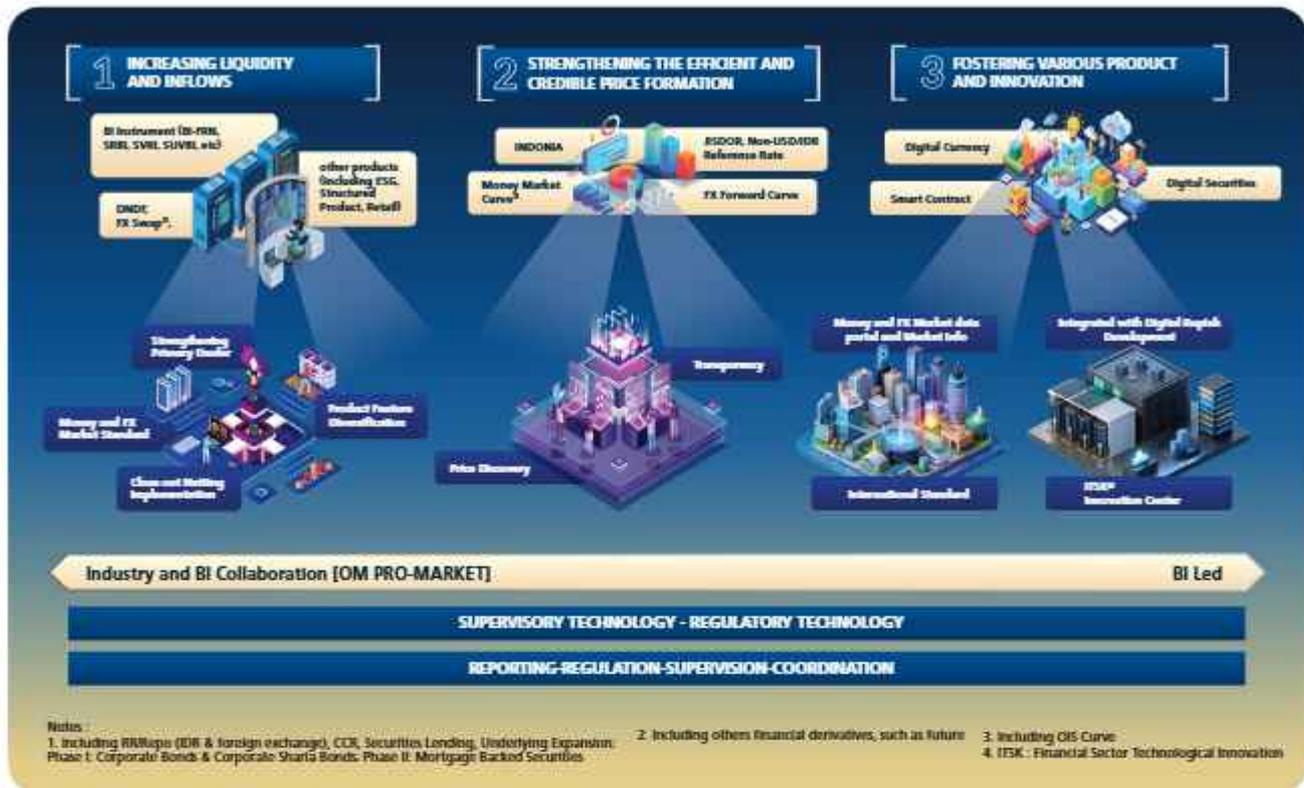
As indicated in Figure 5.11., product and pricing development will be one key focus for deepening liquidity, fostering product innovation, and strengthening efficient and credible price formation. In the money market, product innovation will focus on increasing transaction volume and liquidity, particularly in repo transactions including more eligible repo underlying assets (to include corporate bonds and corporate sukuk); and issuing BI-FRN as a floating rate instrument to support the development of the Overnight Index Swap (OIS) market (Figure 5.12.). These efforts are aligned

Figure 5.11. Direction of Money Market and Foreign Exchange Market Deepening Policy in 2026





Figure 5.12. Direction of Product and Pricing Development in BPPU 2030



Notes: 1. Including RWI (IDR & foreign exchange), CCR, Securities Lending, Underlying Expansion Phase I: Corporate Bonds & Corporate Shari Bonds; Phase II: Mortgage Backed Securities. 2. Including others financial derivatives, such as future. 3. Including OIS Curve. 4. ITSK: Financial Sector Technological Innovation

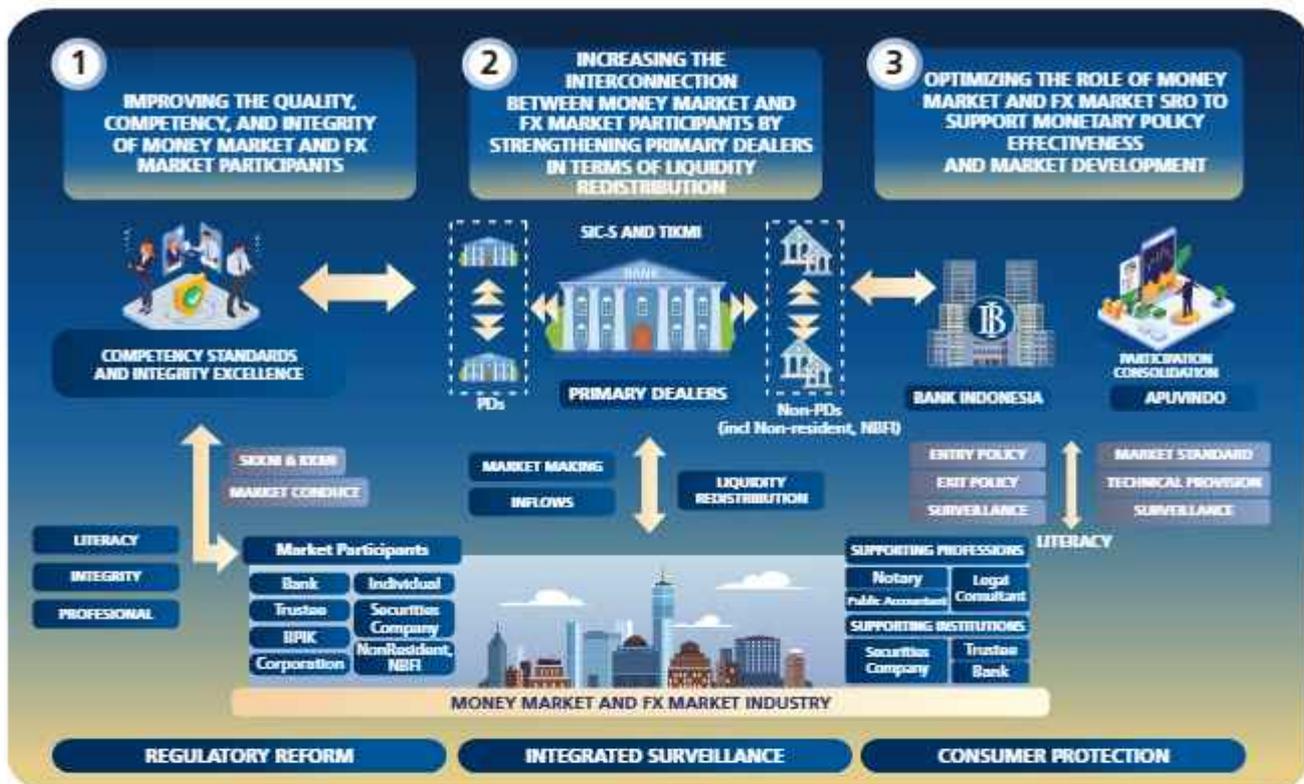
Source: Bank Indonesia

with the development of efficient and credible pricing based on the **INDONIA** reference rate and the establishment of an interest rate term structure for tenors ranging from two weeks to twelve months. In the foreign exchange market, product development will focus on increasing transaction volume to enhance liquidity in DNDF and FX Swap, supported by efforts to expand standardized margin contracts. As for pricing, strengthening JISDOR and non-USD/IDR reference rates as efficient and credible exchange rate benchmarks continues, supported by the formation of an exchange rate term structure for tenors from two weeks to twelve months. These steps on product and pricing development will be aligned with the pro-market monetary operations strategy to increase liquidity in floating instruments based on **INDONIA**. Likewise, they would support the formation of the Money Market Curve, and FX Swap and FX Forward transactions with a view to the formation of an FX Forward Curve to serve as a market pricing benchmark. Concerning infrastructure development (including ETP, monetary operations, and CCP), key concerns

are strengthening the role of Primary Dealers as market makers in the money and foreign exchange markets; diversifying features and standardizing products; and expanding the participant base in coordination with authorities and APUVINDO.

*A second key focus is the development of competent and professional money market and foreign exchange market participants with integrity.* This would be accompanied by strengthening financial market infrastructure integrated with Payment System and money market and foreign exchange market data infrastructure to ensure stability and reliability in compliance with the 3i principles and international standards. Through collaboration with APUVINDO, Bank Indonesia continues to advance money market and foreign exchange market development, including enhancing the quality of market participants (Figure 5.13.). Competency enhancement is pursued through the refinement and standardization of treasury professional certification. The strengthening of market ethics has been initiated through the

Figure 5.13. Direction of Market Participant in BPPU 2030



Source: Bank Indonesia

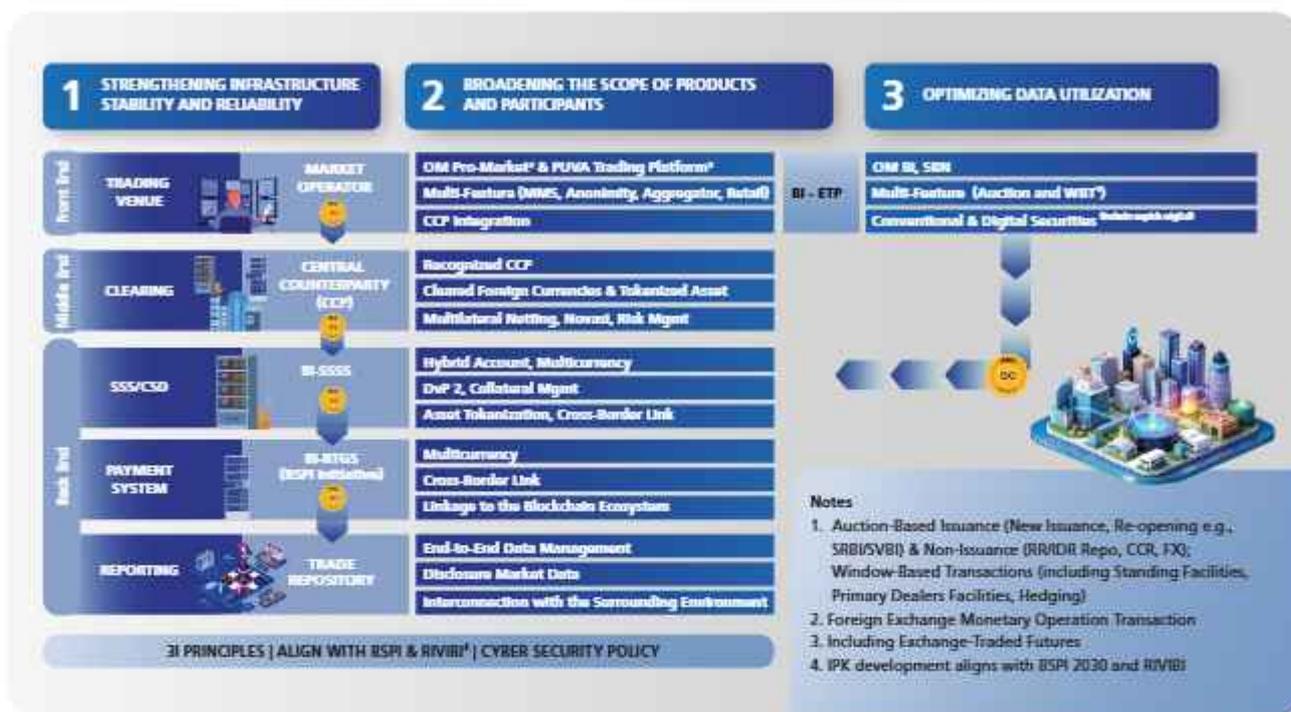
enhancement of the Market Code of Conduct (MCoC) and the Islamic Financial Market Code of Conduct (ICoC) as ethical guidelines for money market and foreign exchange market participants, mandated by Bank Indonesia in alignment with international best practices and current market developments.

As for strengthening money market and foreign exchange market infrastructure, this encompasses three aspects: front-end, middle-end, and back-end (Figure 5.14.). *Front-end* will be strengthened through enhancement of trading venues, consisting of BI-ETP and Market Operators (MO), particularly to support the pro-market monetary operations strategy and boost repo, DNDF, and OIS transactions. *Middle-end* enhancement will focus on strengthening and developing CCP money market and foreign exchange market, including: (1) initiating the process to obtain recognized CCP status; (2) interconnecting CCP with other transaction facilities; and (3) developing CCP Repo. *Back-end* improvements include strategies to strengthen SSS/CSD through BI-SSSS development to support pro-market

monetary operations; the development of BI-SSSS Generation III; and integration with the payment system through BI-RTGS development as outlined in BSPI 2030. Money market and foreign exchange market infrastructure development will also adopt international messaging standards such as ISO 20022 for: (1) BI-RTGS Generation III; (2) BI-SSSS Generation III; (3) Trade Repository; and (4) Central Counterparty. These would improve efficiency, transparency, and security in transactions, while preparing for money market and foreign exchange market digitalization in the future. Money market and foreign exchange market infrastructure strengthening will also be integrated with Payment System and money market and foreign exchange market data infrastructure, including the development of: (1) BI-Payment Clear; (2) BI-Payment Info; (3) data capturing and data analytics infrastructure up to its utilization for various use cases; (4) integration of Payment ID with Investor ID; and (5) a trade repository. These initiatives aim to create interconnected, interoperable, and integrated market infrastructure to establish a modern and advanced money market and foreign



Figure 5.14. Direction of Infrastructure Development in BPPU 2030



Source: Bank Indonesia

exchange market with high volume and liquidity, diverse participant segments, and a stable and efficient market.

*The third key focus, synergy and coordination in economic financing, are directed toward supporting the creation of a money market and foreign exchange market with good governance.* Synergy with the pro-market monetary operations strategy and macroprudential surveillance is design to increase liquidity and transactions in the money market and foreign exchange market; ensure market and infrastructure stability; and foster efficient price formation in line with market conduct. The strategy encompasses product and pricing development; participant and infrastructure enhancement; as well as regulatory harmonization between monetary operations, money market and foreign exchange market deepening, and monetary market surveillance with macroprudential measures to maintain financial system stability. Synergy in safeguarding financial system stability and economic financing is implemented through regulation and supervision in accordance

with international standards under bilateral coordination between Bank Indonesia and OJK. Meanwhile, collaboration within the Financial Sector Development Coordination Forum (FK-PSK), as mandated by Article 11 of the P2SK Act, involves the Ministry of Finance in developing the government bond market for development financing, Bank Indonesia in money market and foreign exchange market deepening, OJK in capital market development, and LPS in deposit insurance. Synergy within the Sustainable Finance Committee (KKB), as mandated by Article 224 of the P2SK Act, is pursued to coordinate sustainable finance development for the green economy and the achievement of Sustainable Development Goals (SDGs). This includes the Ministry of Finance in financing government projects and programs, Bank Indonesia in formulating macroprudential policies and money market and foreign exchange market development, and OJK in financing through banking and capital markets. The formation of FK-PSK has strengthened and streamlined financial sector development synergy, enabling end-to-end coverage of financing needs across the economy.

## 5.5.

**Economic Inclusion, Financial Inclusion, and Sustainable Finance Policy, and Sharia Economic and Financial Policy**

Bank Indonesia continues to expand and strengthen its role in accelerating Economic Inclusion, Financial Inclusion, and Sustainable Finance (IEKB) as part of efforts to support resilient and sustainable national economic growth. These efforts focus on developing an integrated, competitive, inclusive and sustainable economic ecosystem. In this context, Bank Indonesia places emphasis on optimizing financing, literacy, and synergy in the field of inclusive and sustainable economic and financial development. Several points are relevant in this regard. *First*, to enhance competitiveness, Bank Indonesia will continue strengthening business models, guidelines, and various facilitation schemes. This includes the implementation of pilot projects that encompass capacity-building and expanded market access, including supply chain development. These initiatives are carried out end-to-end, targeting export-oriented MSMEs, tourism-supporting MSMEs, food clusters, subsistence groups, and primary commodities such as coffee, corn, and other regional flagship products. As a concrete example of its commitment to sustainability, Bank Indonesia will also develop circular MSME guidelines, such as those based on the utilization of plastic waste, pineapple leaves, and organic waste, and implement sustainable MSME pilot projects. Competitiveness enhancement further includes the development of more comprehensive green MSME business models. This initiative is supported by the development of the Green Calculator version 2 to measure business sustainability performance. *Second*, to broaden MSME financing access, financing business matching will continue to be strengthened through synergy with various ministries/ government agencies, financial institutions, and Bank Indonesia Regional Offices nationwide. These efforts not only focus on conventional financing but also aim to increase access to green financing, including the preparation of facilitation plans for green financing support infrastructure (including sustainability reporting).

The expansion of financing access is supported by the BI-SAID platform (Database of Potentially Bankable MSME Profiles), which enables financial institutions to directly access data on eligible MSMEs. In addition, the Financial Information Recording Application System (SIAPIK) continues to be developed to support MSMEs in conducting digital financial bookkeeping. *Third*, literacy and synergy will continue to be expanded through the implementation of KLIK (Core Competencies for Financial Literacy and Inclusion), standardized educational modules, and ongoing education and mentoring programs across regions. Program synergy will continue to be strengthened, including through the flagship *Karya Kreatif Indonesia* (KKI) program as a platform for cross-stakeholder collaboration in enhancing MSME capacity and competitiveness. Synergy is further reinforced through strategic commitments between Bank Indonesia and various ministries/ government agencies, formalized through Memorandum of Understanding that serve as a strong foundation for cooperation and as concrete steps to advance economic inclusion, financial inclusion, and sustainable finance. Beyond the domestic scope, Bank Indonesia will continue to actively strengthen Indonesia's position in various international cooperation forums, including the G20-SFWG; Blue Finance Advisory Committee; ASEAN WC-FINC; and APRACA. Participation in these forums broadens collaboration, strengthens national representation, and promotes the adoption of green and inclusive economic practices aligned with the Sustainable Development Goals (SDGs).

Bank Indonesia continues to strengthen its role in accelerating the comprehensive development of the sharia economic and financial ecosystem as part of efforts to establish sharia economy as a new source of inclusive and sustainable growth. The development of the Halal Value Chain (HVC) ecosystem will remain focused on priority sectors, namely halal food, modest fashion, and Muslim-friendly tourism. In the short term (2027), strengthening the HVC ecosystem will be carried out through piloting sharia economic independence business models including *pesantren*, piloting halal trading houses, expanding halal centers, and facilitating



market access for the hajj and umrah ecosystem. In the medium term (2028–2031), strengthening the HVC ecosystem will be pursued through a series of market access facilitation measures for priority sharia economy sectors and the expansion of halal certification. In addition, HVC ecosystem development will be extended to the pharmaceutical sector as one of the strategic sectors that plays an important role in strengthening the sharia economy in Indonesia. These efforts are expected to foster economic independence of the community while expanding the reach and competitiveness of national halal products. From the perspective of commercial sharia finance, policies to deepen the sharia money market in support of sharia financing in the short term (2027) are implemented through the development of financing business models. These support priority sharia economy sectors as well as the Values-Based Economy; the implementation of Sharia Financing Month; strengthening macroprudential policies that support priority sharia economy sectors; and policies related to sharia Primary Dealers. In the medium term (2028–2031), this will be pursued through innovations in Sharia Finance the support the Values-Based Economy in line with industry developments (including blended finance); strengthen and expand the implementation of Sharia Financing Month; and the implementation of sharia Primary Dealers. These are accompanied by steps to strengthen the growth trajectory and projections of sharia banking financing to remain aligned with national economic dynamics and financing needs of priority sectors. Furthermore, the expansion of sharia economy literacy and inclusion will continue in synergy with stakeholders. In the short term (2027), the focus is directed at strengthening the foundation through the utilization of integrated ZISWAF data; the implementation of the National Strategy for Sharia Economic and Financial Literacy and Inclusion in Indonesia (SNLIEKSI) as the national policy umbrella; and encouraging innovation in the establishment of supporting institutions for inclusion to expand alternative sharia financing. At the same time, sharia economy literacy and inclusion surveys (to measure achievements) as well as program synergies across ministries/

government agencies and between central and regional governments, continue to be strengthened, including integrated national sharia economy campaigns. In the medium term (2028–2031), policies will focus on accelerating and expanding impact, among others through: strengthening the implementation of SNLIEKSI; developing business models for the real sector and sharia finance; and utilizing digitalization and big data analytics to reinforce sustainable literacy and inclusion strategies that deliver tangible benefits for public welfare. At the global level, Bank Indonesia will also coordinate with various stakeholders to support the strengthening of Bank Indonesia's leadership in international sharia fora through active involvement in supporting the formulation of global sharia financial standards together with the Islamic Financial Services Board (IFSB) and the development of sharia financial liquidity together with the International Islamic Liquidity Management (IILM).

## 5.6. International Policy

**Bank Indonesia will continue collaborating in close synergy with the Government to strengthen Indonesia's position in bilateral relations, within the Asian region, as well as globally.** International policy aims to support the national interest by strengthening economic resilience against global impacts and expanding cooperation to support sustainable economic growth. Bank Indonesia's international policy encompasses the central bank and national economic policy mix, Local Currency Transactions (LCT), and promoting trade and investment in close synergy with the Government and the KSSK. In 2026, international policy will focus on three main aspects. *First*, strengthening and expanding bilateral cooperation with key partner central banks in the areas of central banking, payment systems, LCT, and international financial cooperation, including Bilateral Swap Arrangements (BSA). *Second*, expanding regional cooperation, particularly ASEAN Financial Integration, ASEAN Payment Connectivity (APC), and strengthening the Chiang Mai Initiative Multilateralization (CMIM) as a form of regional financial cooperation among ASEAN+3 countries.

And *third*, active participation in championing national interests within economic, monetary, and international financial agendas. Bank Indonesia plays an active role in various international cooperation forums, including the G20, IMF, Financial Stability Board (FSB), Bank for International Settlements (BIS), as well as Islamic finance forums such as IFSB and IILM. Furthermore, Bank Indonesia will continue improving positive perceptions among investors and rating agencies, while promoting trade and investment through the Bank Indonesia's Investor Relations Units, nationally (IRU), regionally (RIRU), and globally (GIRU), by empowering and leveraging the network of Bank Indonesia offices in various regions and abroad. Bank Indonesia will also strengthen institutional leadership by chairing international cooperation forums and gaining global recognition in areas such as policy mix, research, innovation, institutional development, leadership, and the digitalization of payment systems and currency circulation.

Bank Indonesia will continue strengthening cooperation with main partner central banks in formulating monetary and macroprudential policy, as well as payment systems, LCT, and international financial cooperation. Existing

bilateral cooperation with central banks in Malaysia, Thailand, Singapore, Japan, China, South Korea, United States, United Kingdom, France, and India will be expanded to other countries. Payment system cooperation through QR interoperability and FAST Payments with Malaysia, Thailand, Singapore, and Japan will be expanded to South Korea, China, India, and Saudi Arabia. The bilateral use of local currencies through LCT with Malaysia, Thailand, Japan, South Korea, UAE, China, Singapore, and India will also continue to expand. This expansion will cover new partner countries and a broader scope of transactions to cover trade and investment, portfolio investment and payment transactions, as well as increase the number of appointed participating banks. In order to support LCT implementation, Bank Indonesia is conducting bilateral swap arrangements in local currency with Bank Negara Malaysia (MYR24 billion or Rp82 trillion); Bank of Korea (KRW10.7 trillion or Rp115 trillion); People's Bank of China (CNY400 billion or Rp878 trillion); Monetary Authority of Singapore (SGD9.5 billion or Rp100 trillion); and Reserve Bank of Australia (AUD10 billion or Rp100 trillion). In addition, Bank Indonesia will maintain bilateral cooperation to strengthen foreign exchange reserve capacity against global



Bank Indonesia convened the Bank Indonesia Annual Meeting (PTBI) 2025 to present the performance achievements of 2025 and the policy direction for 2025.



shocks, including Bilateral Swap Arrangement (BSA) with the Bank of Japan (USD22.76 billion) and a Bilateral Repo Line (BRL) with the Monetary Authority of Singapore (USD3 billion).

## 5.7. Institutional Transformation Policy

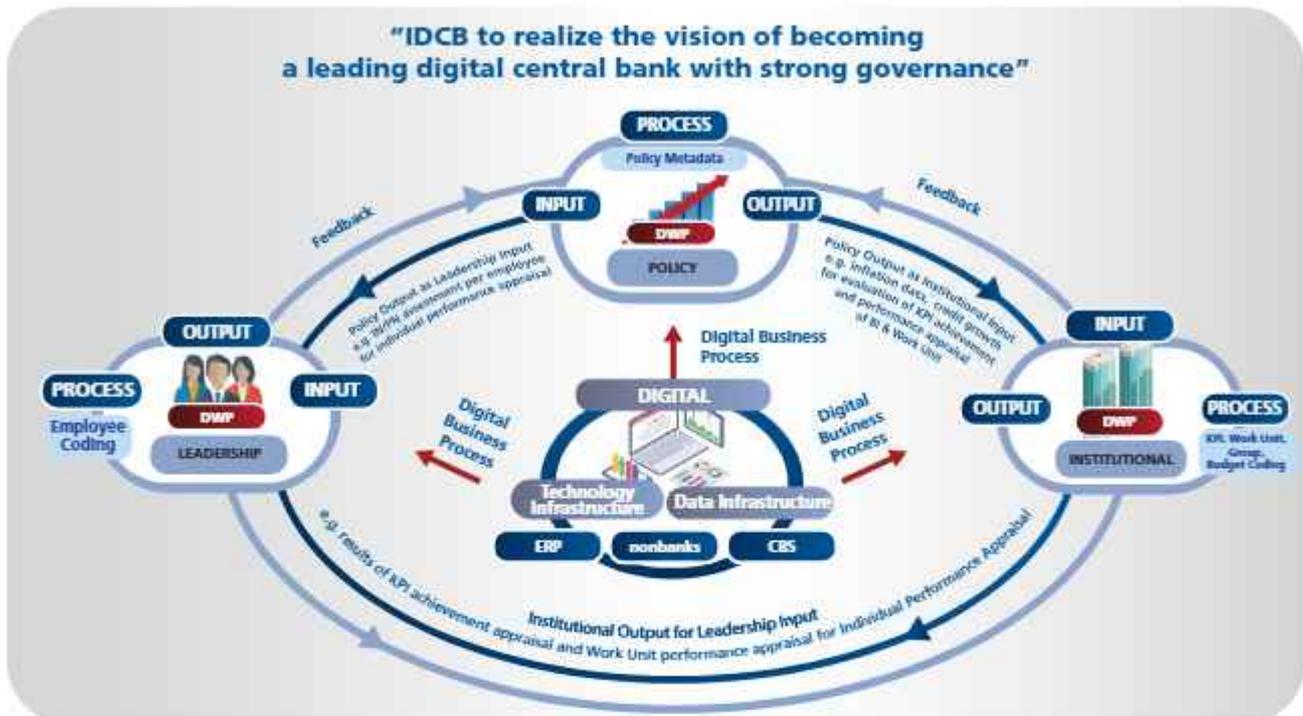
Bank Indonesia will continue to implement institutional transformation programs by consistently prioritizing principles of good and professional governance. Institutional transformation will be further strengthened and refined, particularly in implementing the mandate of the Bank Indonesia Act, which has undergone several amendments, most recently through the P25K Act. Going forward, institutional transformation will remain focused on three main areas. *First*, strengthening organizational functions and work processes that are integrated, aligned, and comprehensive. *Second*, enhancing the digitalization of policy and institutional work processes through the refinement of digital-based business process re-engineering that emphasize collaborative work and is supported by the utilization of Artificial Intelligence. *Third*, strengthening human resources through leadership development, the cultivation of new capabilities, and reinforcement of the Employee Value Proposition. Furthermore, Bank Indonesia will consistently strengthen policy and institutional governance to build a credible, professional, well-governed, and transparent central bank. More details on each of these three areas is provided immediately below.

*First*, Bank Indonesia continues to strengthen organizational functions to support the effective, efficient, and compliant implementation of its duties and the achievement of its objectives. Organizational strengthening and refinement are consistently strategy-driven and take into account the framework in each area while ensuring continuity between organizational structures and business processes. These efforts also include the application of best practices and the adaptive use of infrastructure and technology according to needs. All organizational strengthening and refinement initiatives are underpinned by the 3S principles,

which are Simplification, Standardization, and Systematization. Going forward, organizational strengthening will focus, among other things, on assessing the organizational functions of Bank Indonesia's Representative Offices, in line with the implementation of the refined framework for regional economic and financial policies. The refinement of organizational functions is expected to support the achievement of regional economic and financial policy objectives, namely: low and stable regional inflation; expanded access to financing; as well as fast, easy, and affordable velocity, supported by a sound payment system industry structure and the availability of high-quality and reliable Rupiah currency. This is consistent with Bank Indonesia's mandate to maintain Rupiah stability, safeguard payment system stability, and contribute to financial system stability in support of sustainable economic growth.

*Second*, Bank Indonesia will continue to pursue digital transformation to support the implementation of policy and institutional transformation in order to realize its vision of becoming a leading digital central bank. Bank Indonesia continues to develop integrated decision-making processes and business process re-engineering in policy formulation and implementation, institutional management, and human resource management within the Integrated Digital Central Bank (IDCB) framework (Figure 5.15.). The development of IDCB has been supported by governance and effective decision-making processes through the development of the Digital Workplace (DWP) platform. The development of DWP applications is currently underway to cover policy formulation in the context of Monthly Board of Governors Meetings and policy implementation in the context of Weekly Board of Governors Meetings; they will be implemented gradually to strengthen Bank Indonesia's policy formulation processes. IDCB development also leverages data and Artificial Intelligence as catalysts in business process transformation. Going forward, Bank Indonesia will continue to expand AI/ML-based data innovations in the monetary, macroprudential, and payment system sectors. AI and ML development is conducted in accordance with

Figure 5.15. Direction of Integrated Digital Central Bank (IDCB) Development



Source: Bank Indonesia

the VITAL principles (Visualizing the outcomes, Theory understood, Algorithm fitted, and Learn the meaning) to ensure optimal integration into business processes. Building on the development of digitalized decision-making and work processes in policy area, Bank Indonesia will also continue to strengthen the digitalization of work processes, particularly in institutional areas. The strengthening of digitalization in the institutional area will focus on leveraging digitalization to support performance monitoring and evaluation processes, including the reinforcement of the DWP application to support decision-making within the institutional area. IDCB development will continue to be supported by readiness in process, people, and technology to realize "one input, one process, multi-purposes," along with strong governance and secure, end-to-end information systems in supporting the execution of Bank Indonesia's duties.

**Third, Bank Indonesia remains committed to strengthening human resources to ensure professional leadership, high performance, and noble character.** Human resource development at Bank Indonesia will continue

to focus on enhancing visionary leadership characterized by "strategic spiritual leadership", combining high competence (book-smart), strong experience (street-smart), and noble character (spiritual-smart). In addition, Bank Indonesia continues to strengthen strategies for fulfilling and maintaining human resources through reinforcement of the Employee Value Proposition (EVP). This is one of the priorities of human resource policy transformation aimed at enhancing employee engagement at Bank Indonesia, encompassing competitive remuneration programs; health care focusing on physical wellness; and peaceful retirement focusing on the Pensiun Berkah program. In line with the vision of becoming a leading digital central bank, Bank Indonesia will also continue to strengthen human resource competencies to support the implementation of central bank duties, particularly in fostering digital mindsets and technical capabilities, such as the utilization of Artificial Intelligence. These human resource transformation efforts will continue to ensure the availability of human capital who are adaptive, strong in leadership, and able to work optimally in facing the challenges of digitalization.



Box  
5.1.

## Innovation in Performance-Based and Forward-Looking Macprudential Liquidity Incentive Policy

Bank Indonesia further strengthened the macroprudential liquidity incentive (KLM) policy to support national priority programs. In line with the mandate of Law No. 4 of 2023 on the Development and Strengthening of the Financial Sector (P2SK Law), Bank Indonesia remains committed to encouraging credit/financing disbursement to support sustainable economic growth. Accordingly, Bank Indonesia reinforced the KLM policy to encourage banks to channel credit/financing to sectors covered under the Government's *Asta Cita* program, including agriculture, downstreaming, tourism and the creative economy, housing, as well as inclusion and sustainability.

As an innovation, Bank Indonesia also linked the KLM policy to the transmission of the policy rate. This policy innovation aimed to strengthen the transmission of the policy rate to banking interest rates. At present, pass-through from the policy rate to lending rates still requires further improvement. Compared with the 125 bps reduction in the BI-Rate during 2025, the one-month deposit rate only declined by 56 bps, from 4.81% at the beginning of 2025 to 4.25% in December 2025. The persistently high cost of funds limited the decline in bank lending rates, which fell by only 39 bps, from 9.20% at the beginning of 2025 to 8.81% in December 2025. To address this, Bank Indonesia provided greater liquidity incentives to banks that were able to reduce lending rates more rapidly. More effective interest rate transmission was expected to stimulate credit demand, thereby increasing bank lending to support sustainable economic growth.

Performance-based and forward-looking KLM incentives were granted to banks based on their performance in sectoral credit/financing disbursement (*lending channel*) as well as the alignment of lending rates with Bank Indonesia's policy direction (*interest rate channel*). Based on periodic evaluations of KLM incentive amounts, Bank Indonesia strengthened the interest rate channel, effective as of 16 December 2025. This adjustment was intended to accelerate the decline in bank lending rates while continuing to encourage credit/financing disbursement to the real sector. Banks could receive KLM incentives up to 5.5% of third-party funds (TPF), consisting of lending channel incentives and interest rate channel incentives, with maximum allocations of 4.5% and 1% of TPF, respectively. The incentive amount for the interest rate channel was determined based on the speed at which banks adjusted lending/financing rates in response to changes in Bank Indonesia's policy rate, measured using the elasticity of new lending rates to the BI-Rate. Meanwhile, KLM lending channel incentives were provided based on banks' commitments to sectoral credit/financing growth. The sectors eligible for KLM lending channel incentives included: (i) agriculture, industry, and downstreaming; (ii) services, including the creative economy; (iii) construction, real estate, and housing; and/or (iv) MSMEs, cooperatives, inclusion, and sustainability, which are also Government priority sectors in supporting economic growth. The detailed allocation of KLM incentives under the lending channel and interest rate channel is presented in Table B5.1.1.

Bank Indonesia will continue to evaluate the effectiveness of performance-based and forward-looking KLM incentives through the lending channel and interest rate channel. Furthermore, prudence remains the

guiding principle in policy implementation to safeguard financial system stability while strengthening the role of banks in supporting national economic recovery.

Table B5.1.1. KLM Incentive Rates: Lending Channel and Interest Rate Channel

Details of the New KLM Incentive Rates (effective as of 16 December 2025)

Sector Group	Credit/Financing Growth Tier (% yoy)	KLM (%)	
		Credit/Financing Share (%)	
		At or Below Threshold	Above Threshold
		≤10%	>10%
Agriculture, Industry, and Downstreaming	≤0%	0%	1.3%
	>0-3%	1.3%	1.4%
	>3-7%	1.4%	1.5%
	>7%	1.5%	1.5%
		≤2%	>2%
Services Sector, including Creative Economy	≤0%	0%	0.2%
	>0-6%	0.2%	0.4%
	>6-12%	0.4%	0.6%
	>12%	0.6%	0.6%
		≤2%	>2%
Construction, Real Estate, and Housing	≤0%	0%	1.0%
	>0-3%	1.0%	1.2%
	>3-7%	1.2%	1.4%
	>7%	1.4%	1.4%
		≤1%	>1%
MSMEs, Cooperatives, Inclusion, and Sustainable Finance	≤0%	0%	0.7%
	>0-4%	0.7%	1.0%
	>4%	1.0%	1.0%

Note: The additional KLM Incentive, which was previously capped at 0.3% if specific criteria were met, is currently set at 0.0%.

Elasticity of New Credit Interest Rates with BI-Rate	KLM (%)
<0.3	0%
≥0.3 to <0.6	0.9%
≥0.6	1.0%

Source: Bank Indonesia



Box  
5.2.

## Development of BI-Payment Clear to Strengthen National Payment Integrity

The rapid growth of retail transactions, particularly fast payment services that operate in real time and on a 24/7 basis, has created opportunities for efficiency but also introduced greater risks. The rising incidence of fraud in digital transactions—commonly referred to as *faster payment, faster fraud*—is one such risk, necessitating stronger national payment system infrastructure. This phenomenon, also observed in Brazil, India, and several other countries, has made risk mitigation an urgent priority for operators, participants, and regulators.

Global experience demonstrates that effective fraud mitigation requires a centralized, data-driven approach combined with industry-wide synergy. Various countries have strengthened their payment systems through artificial intelligence-based fraud detection systems, data exchange platforms, integrated watchlists, and mechanisms to delay suspicious transactions. These practices underscore that safeguarding payment system integrity cannot rely solely on individual participants' efforts; it also requires centralized risk intelligence capable of mapping transaction patterns across participants, detecting anomalies more rapidly, and connecting with the entire industry ecosystem.

In response, Bank Indonesia developed BI-Payment Clear as a foundational infrastructure to strengthen transaction integrity. BI-Payment Clear serves as a central risk observability layer that ensures all transactions—whether processed through BI-FAST or industry payment system infrastructure—are subject to higher security standards. BI-Payment Clear is equipped with

core features such as transaction rejection and alert, a rules engine-based fraud detection system, fraudster database, fraudster enquiry, potential fraud watchlist, and anomaly transaction analytics. These features operate simultaneously to enhance early detection and accelerate risk response at the national level. Figure B5.2.1 illustrates BI-Payment Clear features in mobile banking applications.

BI-Payment Clear will establish the foundation for a more resilient future payment ecosystem. With smarter systems, more coordinated responses, and stronger protection, Indonesia is advancing toward a digital payment era that is not only fast and inclusive, but also secure. Amid accelerating innovation, the presence of BI-Payment Clear reflects the commitment that modernization of the payment system must not compromise user security. On the contrary, security is the primary prerequisite for innovation to grow and gain trust across all segments of society.

**Figure B5.2.1. Illustration of the BI-Payment Clear Feature in Mobile Banking Applications**



Source: Bank Indonesia