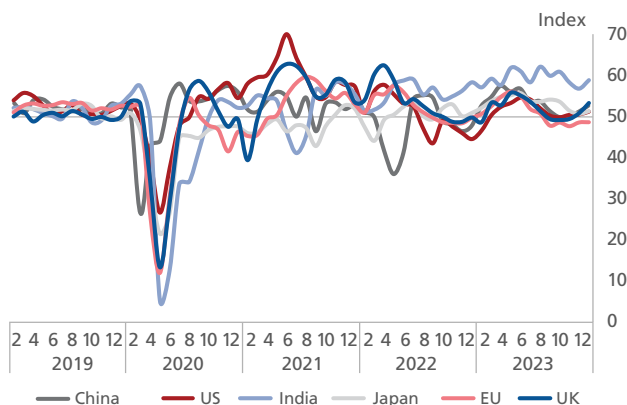


Appendices

The Global Economy Slows with Increasing Uncertainty

The global economic slowdown is reflected in the moderation of growth in the services sector

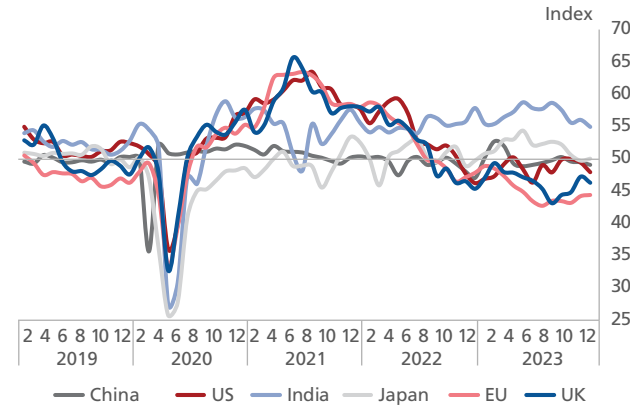
PMI Global Services



Source: IHS Markit, Bloomberg (China)

The manufacturing sector is still contracting in the majority of the world's major countries

Global Manufacturing PMI



Source: IHS Markit, Bloomberg (China)

Geopolitical tensions have contributed toward volatility in global commodity prices, especially oil prices

Prices of Indonesian Export Commodities & Global Oil

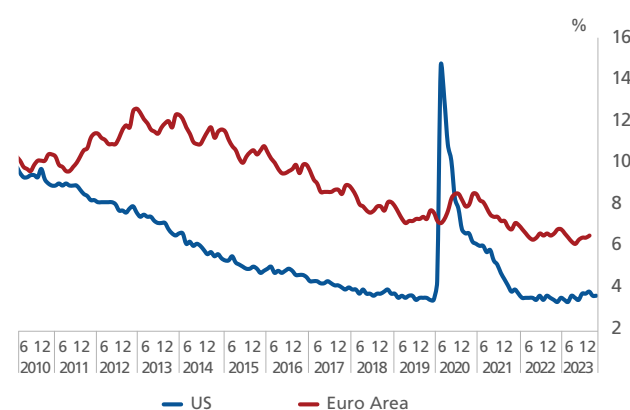
| Commodity | 2020 | 2021 | | | | | 2022 | | | | | 2023 | | | | |
|---|-------|------|------|-------|-------|-------|------|------|-------|-------|------|-------|-------|-------|-------|-------|
| | | Tw.1 | Tw.2 | Tw.3 | Tw.4 | 2021 | Tw.1 | Tw.2 | Tw.3 | Tw.4 | 2022 | Tw.1 | Tw.2 | Tw.3 | Tw.4 | 2023 |
| Oil (Brent)** | 42 | 61 | 69 | 73 | 79 | 71 | 101 | 113 | 101 | 88 | 101 | 81 | 78 | 87 | 84 | 81 |
| Price Index Indonesia Commodity Exports | -0.8 | 23.7 | 58.5 | 79.5 | 76.5 | 57.0 | 47.0 | 37.7 | 1.3 | -6.8 | 15.3 | -12.7 | -21.7 | -12.2 | -12.0 | -16.0 |
| Copper | 3.3 | 50.3 | 80.3 | 44.3 | 33.1 | 50.2 | 17.4 | -1.8 | -17.7 | -16.4 | -5.2 | -10.2 | -11.0 | 8.6 | 3.1 | -3.3 |
| Coal | -18.5 | 19.5 | 92.8 | 203.9 | 204.7 | 123.2 | 94.1 | 73.2 | 11.1 | -1.6 | 32.3 | -2.9 | -27.7 | -35.7 | -35.8 | -25.9 |
| CO | 29.4 | 47.1 | 84.6 | 60.4 | 53.0 | 59.9 | 56.7 | 55.5 | -12.2 | -24.9 | 15.3 | -35.6 | -42.0 | -3.2 | -5.9 | -25.9 |
| Rubber | -0.3 | 37.7 | 42.7 | 6.6 | -11.2 | 16.2 | 1.7 | 2.2 | -6.0 | -19.8 | -4.9 | -21.1 | -27.3 | -8.0 | 11.5 | -13.5 |
| Nickel | -0.1 | 37.9 | 41.4 | 33.7 | 23.0 | 33.3 | 59.4 | 66.7 | 16.0 | 30.3 | 42.1 | -6.7 | -22.6 | -7.0 | -31.8 | -17.3 |
| Tin | -5.5 | 46.1 | 86.1 | 91.1 | 101.2 | 82.0 | 80.6 | 25.3 | -30.3 | -43.1 | 0.0 | -38.6 | -29.4 | 13.8 | 14.6 | -16.8 |
| Aluminium | -3.7 | 22.9 | 57.7 | 52.2 | 43.0 | 43.6 | 53.4 | 20.2 | -11.0 | -14.7 | 9.4 | -24.9 | -21.3 | -6.6 | -5.5 | -15.7 |
| Coffee | 3.0 | 6.7 | 39.0 | 55.2 | 91.4 | 48.4 | 82.5 | 50.8 | 18.3 | -21.2 | 24.6 | 26.5 | -19.3 | -28.6 | -2.1 | -20.1 |
| Other | -4.3 | 0.3 | 7.6 | 3.9 | 4.0 | 3.9 | 5.2 | 6.4 | 7.3 | 6.3 | 6.3 | -1.5 | -1.7 | -2.2 | -3.1 | -2.1 |

Source: Bloomberg

**Oil in USD/barrel, other commodities (% , voy)

Labor markets in developed countries remain tight, as reflected in historically low unemployment rates

Unemployment Rate US and Europe



Source: FRED, Bloomberg

Fiscal expansion in the US, amid hikes in the FFR, led to an increase in UST yields and term premiums

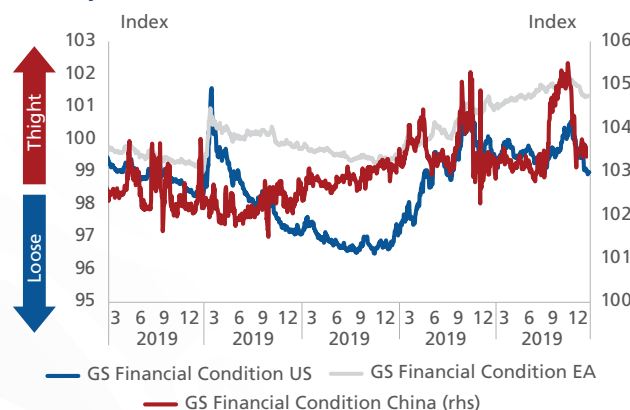
10 Year US Treasury Yield and Term Premium



Source: Bloomberg

Despite loosening, the Financial Conditions Index (FCI) of major countries is still relatively tight on an historical comparison

Major Countries' Financial Conditions Index



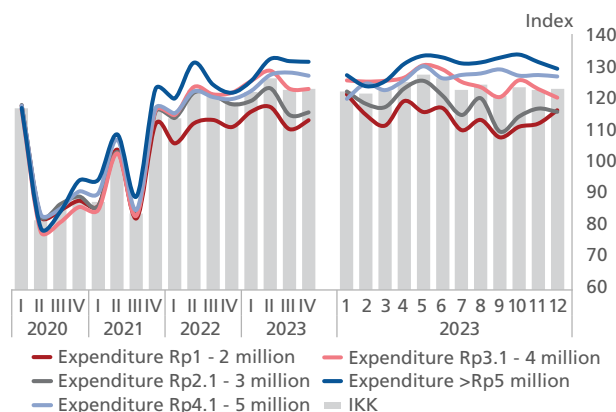
Source: Bloomberg. Data up to 29 December 2023

Chart Set 2.

The Economy is Resilient and Continues to Grow Briskly

Consumer confidence in economic conditions remains strong and upbeat

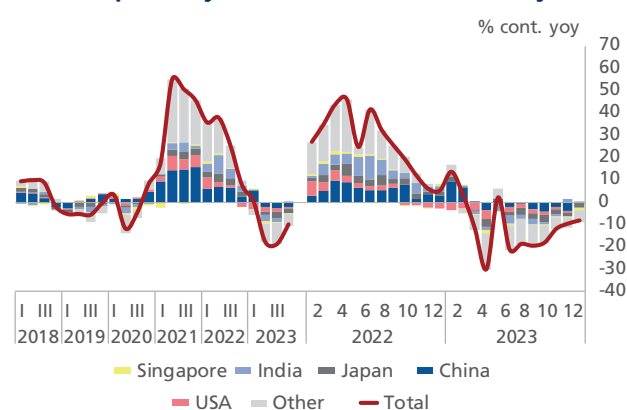
Consumer Confidence Index



Source: Bank Indonesia

Exports performance weakened in line with softer demand from major trading partner countries, especially China

Exports by Main Destination Country



Source: Bank Indonesia

External resilience has been maintained

External Resilience Indicators

| INDICATOR | 2021 | 2022* | | | | | 2023 | | |
|--|-------|-------|--------|---------|--------|-------|--------|---------|-----------|
| | Total | Tw. I | Tw. II | Tw. III | Tw. IV | Total | Tw. I* | Tw. II* | Tw. III** |
| Current Account/GDP (%) ¹⁾ | 0.3 | 0.2 | 1.2 | 1.4 | 1.1 | 1.0 | 0.9 | -0.6 | -0.2 |
| Exports - Imports of Goods and Services/GDP (%) ¹⁾ | 2.5 | 2.2 | 3.5 | 3.6 | 3.5 | 3.2 | 3.0 | 1.5 | 1.8 |
| Exports + Imports of Goods and Services/GDP (%) ¹⁾ | 39.1 | 42.8 | 44.4 | 46.1 | 45.1 | 44.6 | 41.9 | 38.2 | 40.3 |
| Total Foreign Debt Position ²⁾ /GDP (%) | 34.9 | 33.6 | 31.7 | 30.2 | 30.1 | 30.1 | 30.1 | 29.3 | 28.9 |
| Short Term Foreign Debt Position ³⁾ /GDP (%) | 5.0 | 5.1 | 5.3 | 4.8 | 5.1 | 5.1 | 5.0 | 4.6 | 4.8 |
| Total Foreign Debt Position ³⁾ /Forex Reserves (%) | 285.7 | 295.1 | 294.3 | 301.5 | 289.1 | 289.1 | 277.8 | 288.3 | 292.0 |
| Short Term Foreign Debt Position ⁴⁾ /Forex Reserves (%) | 41.0 | 45.2 | 48.9 | 47.8 | 48.6 | 48.6 | 46.4 | 45.7 | 48.5 |

Explanation

1)Using quarterly GDP prices

2)Using annualized GDP prices (GDP total in the previous four quarters)

3)Using provisional figures of foreign debt positions (September 2023)

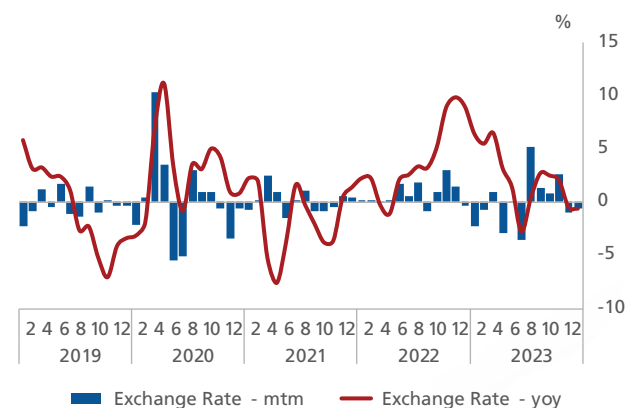
4)According to the remaining time period

* Provisional figures ** Highly Provisional figures

Source: Bank Indonesia

The stability of the Rupiah exchange rate has been maintained by the stabilization policy adopted by Bank Indonesia

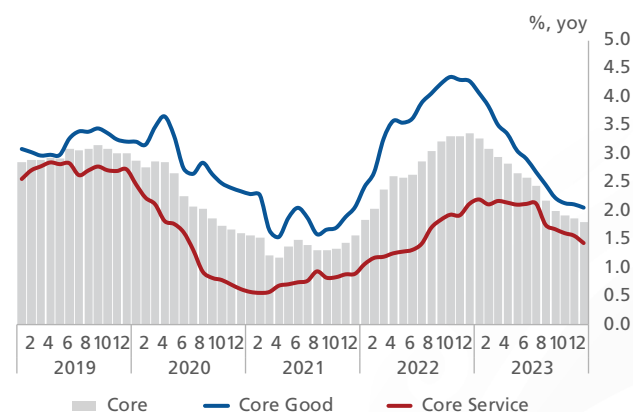
Rupiah Exchange Rate Movements



Source: Reuters and Bloomberg

Core inflation was kept low in line with consistent interest rate policy and stabilization of the Rupiah exchange rate by Bank Indonesia

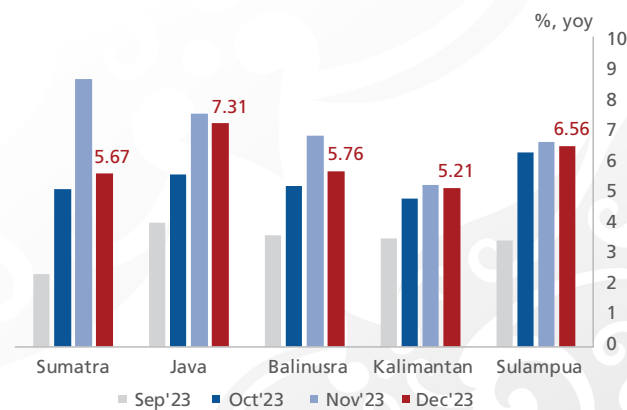
Core Inflation



Source: BPS, calculated

Volatile food group inflation was reined in as Bank Indonesia and the Government worked together to control inflation

Volatile Combined Cities' Food Inflation in the Regions



Source: BPS, calculated

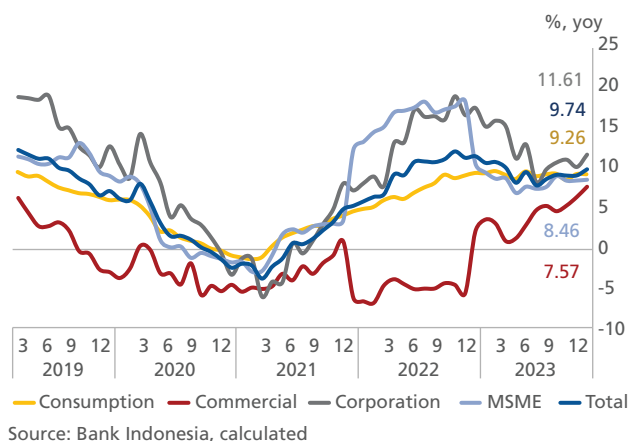


Chart Set 3.

Financial System Resilience was Safeguarded in terms of Capital, Credit Risk and Liquidity

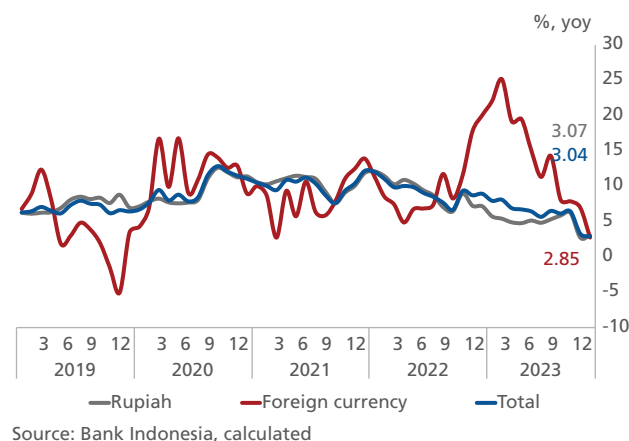
Credit is still growing briskly in all segments...

Credit by Segment



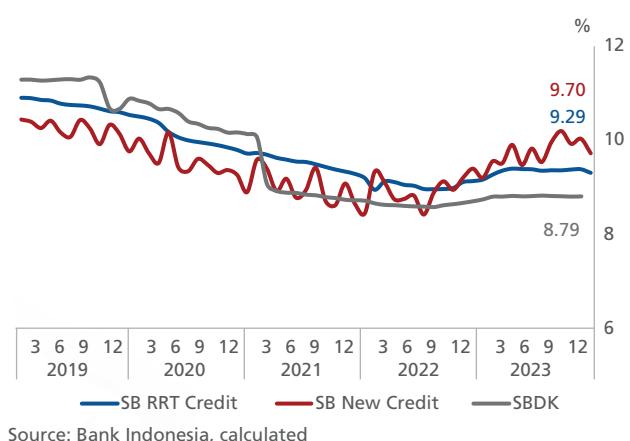
... driven by TPF which are still growing both in Rupiah and foreign currencies

TPF based on Currency



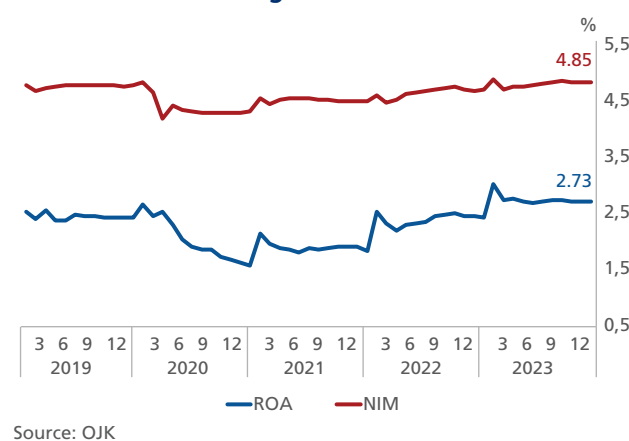
Conducive credit interest rates amid increasing policy interest rates

Credit Interest Rates



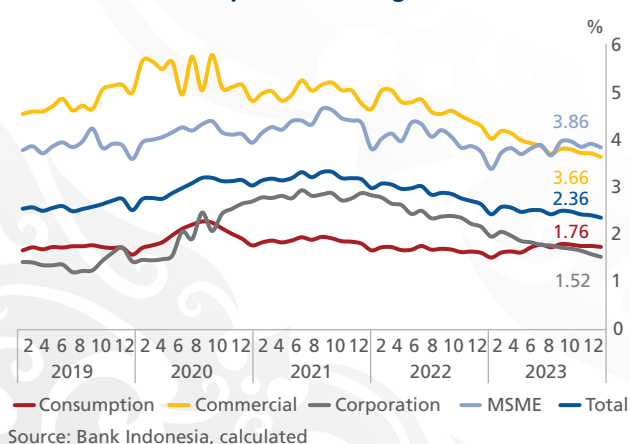
Banking profitability increased to pre-pandemic levels

Banking ROA and NIM



Credit risk has been maintained, as reflected in the existing level and approaching the NPLs ratio below 5%...

NPLs per Credit Segment



... and in the LAR ratio which is falling the pre-pandemic level

LAR per Credit Segment

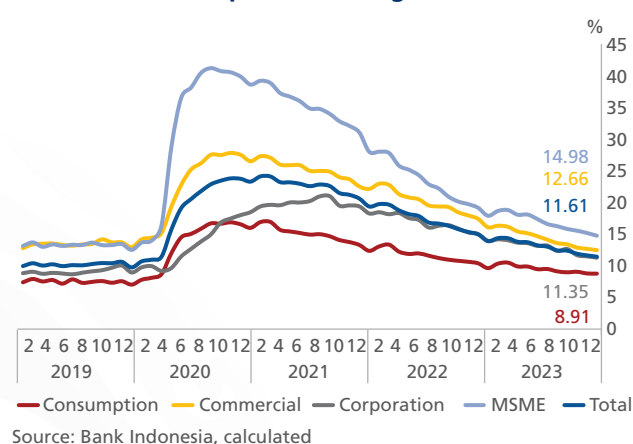
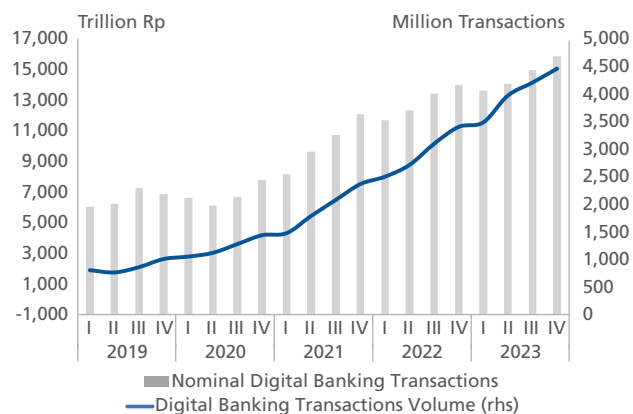


Chart Set 4.

Digital Economy and Financial Transactions Remained Strong Backed by a Secure, Smooth and Reliable Payment System

The increase in digital banking transactions continues, dominated by internet banking

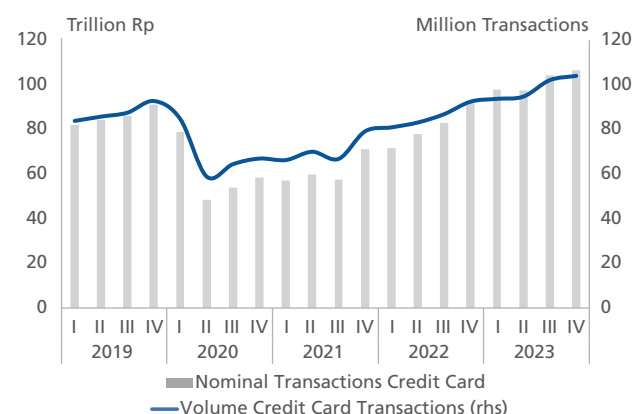
Digital Banking



Source: Bank Indonesia

Credit card transactions continue to increase, driven by the general public's shopping transactions

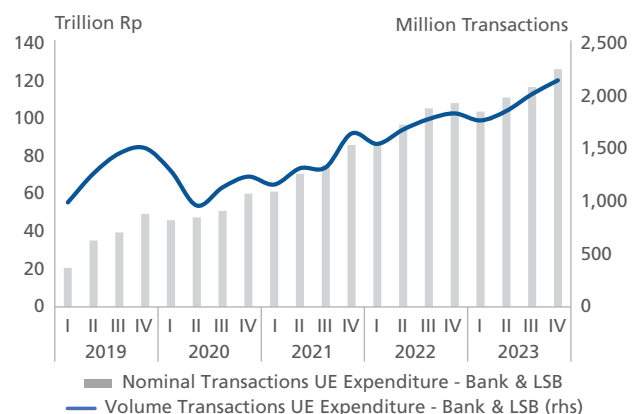
Credit Card



Source: Bank Indonesia

Electronic Money (UE) transactions expenditure (Banks and Institutions Other than Banks) continue to increase in line with economic recovery

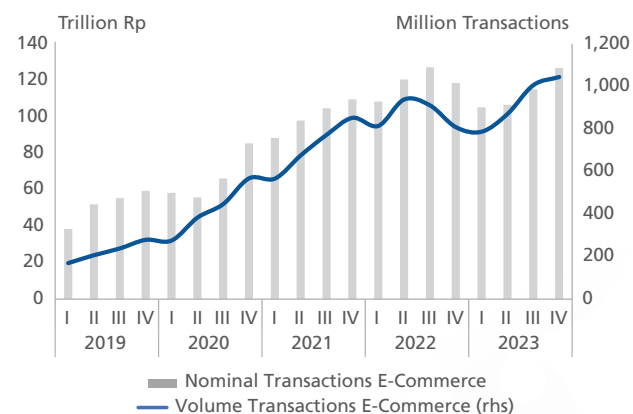
Electronic Money



Source: Bank Indonesia

E-Commerce transactions rose in line with the people's increasing preference to shop using online platforms

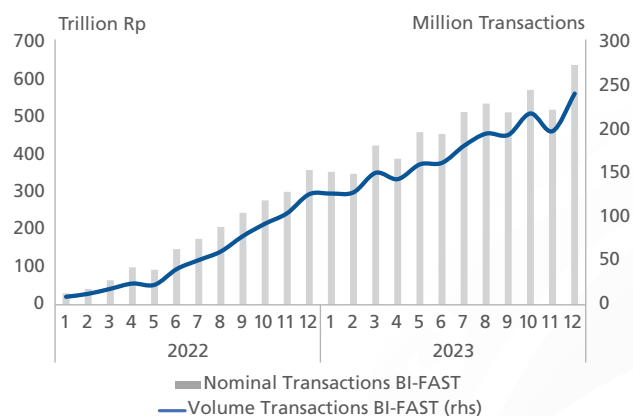
E-Commerce



Source: Bank Indonesia

BI-FAST transactions show a positive trend in line with the expansion of various service channels

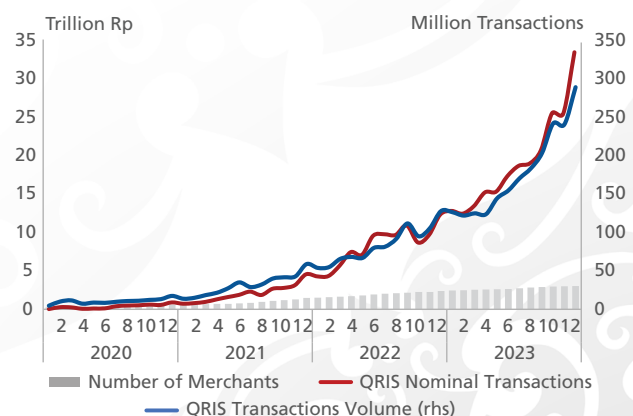
BI-FAST



Source: Bank Indonesia

QRIS acceleration continues, supported by merchant expansion

QRIS



Source: Bank Indonesia



Bank Indonesia Policy Mix 2023

I. Monetary Policy

| No. | Policy | Policy Description | Objectives and Background |
|-----|----------------------|---|--|
| 1 | Interest Rate Policy | a. Raising the BI 7-Day Reverse Repo Rate (BI7DRR) by 25bps to 5.75%; the Deposit Facility (DF) rate by 25bps to 5.00%; and the Lending Facility (LF) rate by 25bps to 6.50%; all at the Board of Governors Meeting (RDG) of January 2023. | This calculated decision to raise the policy rate was a front-loaded, pre-emptive and forward-looking, follow-up measure to continue lowering inflation expectations and inflation moving forward. Bank Indonesia was confident that raising the BI7DRR 225bps from August 2022 to 5.75% in January 2023 was sufficient to ensure core inflation would remain within the 3.0%±1% target corridor in the first semester of 2023 and Consumer Price Index (CPI) inflation returned to the 3.0%±1% target in the second semester of 2023. |
| | | b. Holding the BI7DRR at 5.75%, while also maintaining the Deposit Facility (DF) rate at 5.00% and Lending Facility (LF) rate at 6.50% at the RDG meetings from February – September 2023. | The decision was consistent with the monetary policy stance to maintain low and manageable inflation. The policy focus remained oriented towards strengthening Rupiah stability to anticipate the contagion effect of global financial market uncertainty. |
| | | c. Raising the BI 7-Day Reverse Repo Rate (BI7DRR) by 25bps to 6.00%, while also raising the Deposit Facility (DF) rate and Lending Facility (LF) rate by 25bps to 5.25% and 6.75%, respectively at the RDG meeting in October 2023. | The decision bolstered Rupiah stabilisation policy against heightening global uncertainty and as a pre-emptive and forward-looking measure to mitigate the impact of imported inflation. |
| | | d. Holding the BI7DRR at 6.00%, while also maintaining the Deposit Facility (DF) rate at 5.25% and Lending Facility (LF) rate at 6.75%. At the RDG meeting in December 2023, the BI7DRR nomenclature was changed to the BI-Rate. | The decision was consistent with Rupiah stabilisation policy against the impact of high global uncertainty and as a pre-emptive and forward-looking measure to mitigate the impact of imported inflation, thereby controlling inflation within the 3.0%±1% target corridor in 2023 and 2.5%±1% in 2024. |
| 2 | Rupiah Stability | a. Strengthening Rupiah stability as part of the measures to control inflation, particularly imported inflation, through foreign exchange market intervention with a focus on spot and Domestic Non-Deliverable Forward (DNDF) transactions, as well as buying/selling government securities (SBN) in the secondary market. | From January 2023, Rupiah stabilisation policy was strengthened regularly to manage imported inflation and mitigate the contagion effect of global financial market uncertainty on Rupiah stability. |

| No. | Policy | Policy Description | Objectives and Background |
|-----|---------------------|---|---|
| | | <ul style="list-style-type: none"> b. Strengthening Rupiah stability by optimising foreign currency DHE term deposits, and increasing the frequency and tenors of short-term foreign currency TD auctions at competitive rates. | |
| | | <ul style="list-style-type: none"> c. Strengthening Rupiah stability through foreign exchange market intervention with a focus on spot and Domestic Non-Deliverable Forward (DNDF) transactions from August 2023. | In August 2023, focus of monetary policy was oriented towards strengthening Rupiah stability to mitigate the contagion effect of global financial market uncertainty. |
| 3 | Monetary Operations | <ul style="list-style-type: none"> a. Strengthening monetary operations by increasing the interest rate structure in the money market in line with the BI7DRR hikes. b. Strengthening monetary operations to increase the effectiveness of monetary policy transmission. c. Strengthening foreign exchange proceeds of exports management through the implementation of foreign exchange monetary operations in the form of foreign currency term deposits (TD), which is an instrument for exporters to retain the foreign exchange proceeds of exports through banks to Bank Indonesia in accordance with market mechanisms, effective from 1st March 2023. d. Issuing regulations concerning instruments to retain the foreign exchange proceeds of natural resources exports based on three governing principles, namely: (i) compliance with the provisions contained in Government Regulation No. 36 of 2023; (ii) leveraging the foreign exchange proceeds of natural resources exports for domestic purposes; (iii) the types of instruments permitted must remain in compliance with principles (i) and (ii), as well as in accordance with economic and financial market developments. | Rupiah stabilisation policy to control imported inflation was strengthened with foreign exchange proceeds of export management, through the implementation of foreign exchange monetary operations using foreign exchange proceeds of exports (DHE) in accordance with market mechanisms. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|---|---|---|
| | | e. Issuing Bank Indonesia Rupiah Securities (SRBI) as (contractionary) pro-market MO instruments to strengthen money market deepening efforts, attract portfolio inflows and optimise the SBN assets held by Bank Indonesia as the underlying assets. | SRBI are a contractionary monetary operations (MO) instrument used to manage liquidity, which are also expected to support money market deepening and Rupiah stability as the instruments can be transacted and held by non-banks (residents and non-residents) in the secondary market. |
| | | f. Issuing Bank Indonesia Foreign Currency Securities (SVBI) and Bank Indonesia Foreign Currency Sukuk (SUVBI) as pro-market monetary instruments for money market deepening and to support efforts to attract portfolio inflows by optimising securities denominated in a foreign currency held by Bank Indonesia as the underlying assets. | SVBI and SUVBI are contractionary monetary operations (MO) instruments used to manage liquidity, which are also expected to support foreign exchange market deepening in the secondary market. |
| 4 | Policy Coordination for Inflation Control | a. Holding a high-level meeting (HLM) of the Central Inflation Control Team on 20 th February 2023 (TPIP), chaired by the Coordinating Minister for Economic Affairs and attended by: the Governor of Bank Indonesia; Minister of Finance; Minister of Energy and Mineral Resources; Minister of Marine Affairs and Fisheries; Deputy Minister of State-Owned Enterprises; Head of the National Food Agency; Chairman of the Indonesian Bureau of Logistics (Bulog); and echelon I officials and representatives of TPIP member ministries/institutions. | <p>The TPIP HLM discussed accountability in terms of inflation in 2022; the TPIP Task Implementation Report for 2022; Inflation Control Roadmap 2022-2024; and the National Coordination Meeting (<i>Rakornas</i>) on Inflation Control 2023.</p> <p>The Government and Bank Indonesia agreed on five strategic measures to consistently manage Consumer Price Index (CPI) inflation within the 3.0%±1% target corridor in 2023. The five strategic measures were pursued by strengthening coordination at the central and regional levels as follows:</p> <ol style="list-style-type: none"> 1. Strengthening policy coordination to maintain macroeconomic stability and revive national economic growth. 2. Maintaining the volatile food (VF) component of inflation in the 3.0-5.0% range, particularly during national religious holidays. 3. Strengthening domestic food security by: (i) accelerating the food storage program and (ii) expanding interregional cooperation. 4. Strengthening the availability of food data to support the formulation of data-driven inflation control policies. 5. Strengthening communication synergy to anchor inflation expectations. <p>The TPIP HLM also agreed to strengthen policy synergy and continue implementing the policies and work programs according to the Inflation Control Roadmap 2022-2024.</p> |

| No. | Policy | Policy Description | Objectives and Background |
|-----|---------------------------------|---|--|
| | | <p>b. Holding a hybrid National Coordination Meeting (<i>Rakornas</i>) on Inflation Control on 31st August 2023 at the State Palace, entitled Strengthening Synergy and Innovation for Price Stability Towards Sustainable National Food Security. The meeting was chaired by the President of the Republic of Indonesia and attended by: various heads of state institutions; the Coordinating Minister for the Economy as Chairman of TPIP; Governor of Bank Indonesia; Minister of Finance; Minister of Home Affairs; several other ministers from the Advanced Indonesia Cabinet; all provincial/regency/ city TPID teams and relevant associations.</p> | <p>The President of the Republic of Indonesia instructed the Central and Regional Inflation Control Teams (TPIP and TPID) to continue strengthening synergy and innovation when managing food inflation, supported by the National Movement for Food Inflation Control (GNPIP).</p> <p>Policy synergy to control food inflation was instituted through five policy measures as follows:</p> <ol style="list-style-type: none"> 1. Optimising the Regional Revenue and Expenditure Budget (APBD) to control inflation through market intervention by dampening food price shocks, particularly rice, and strengthening regional food reserves, which includes regulating the distribution side. 2. Strengthening agricultural facilities and infrastructure to increase agricultural productivity. 3. Integrating stock data and regional food balance sheets to formulate inflation control policies, particularly strengthening interregional cooperation. 4. Strengthening infrastructure and the supply chain to facilitate the smooth distribution of goods and services. 5. Strengthening communication and coordinated inflation control policy synergy to manage inflation expectations. |
| 5 | Policy Coordination for Tourism | <p>Holding a High-Level Coordination Meeting (<i>Rakor HL</i>) of the Joint Secretariat for the Acceleration of Tourism Sector Development (<i>Sekber Pariwisata</i>) on 30th November 2023 in Jakarta. The meeting was attended by: the Deputy Governor of Bank Indonesia; Deputy Minister of Tourism and Creative Economy; Coordinating Minister for Maritime and Investment Affairs; Deputy Minister of Destination and Infrastructure Development of the Ministry of Tourism and Creative Economy; and echelon I officials from various central and regional government ministries/agencies as well as business entities/authorities.</p> | <p>The goals of the Coordination Meeting were to accelerate national tourism sector performance towards sustainable growth.</p> <p>The meeting agreed eight strategic measures as follows:</p> <ol style="list-style-type: none"> 1. Increasing arrivals and spending by inbound international travellers and trips by domestic travellers, in accordance with the Medium-Term National Development Plan (RPJMN) 2025-2029. 2. Accelerating quality tourism at five Super Priority Tourism Destinations (DPSP). 3. Accelerating air connectivity and developing visa schemes. 4. Increasing private investment promotion for destination development. 5. Accelerating the integrated licensing system for international MICE activities-events. 6. Strengthening the Proud to Travel in Indonesia strategy by increasing land connectivity and domestic air transportation. 7. Strengthening digital promotion. 8. Increasing inclusivity at travel destinations through development synergy for tourist villages and MSMEs supporting tourism. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|---------------------------------------|--|--|
| 6 | Policy Coordination for Manufacturing | Holding an Echelon II Coordination Meeting between Bank Indonesia and the Ministry of Industry on 4 th December 2023. | The goal of the meeting was to confirm and agree on the proposed principal agreement and collaborative activities between Bank Indonesia and the Ministry of Industry in 2024. It would be presented at the High-Level Coordination Meeting (<i>Rakor</i>) on Manufacturing in terms of strengthening manufacturing development strategies moving forward. |

II. Macroprudential Policy

| No. | Policy | Policy Description | Objectives and Background |
|----------------|--|---|--|
| Intermediation | | | |
| 1 | Macroprudential Liquidity Policy Incentives (KLM) | <p>a. Increasing macroprudential policy incentives to 2.8% from 2%, to revive bank lending/financing to priority sectors, MSMEs, including KUR and green loans/financing (effective from 1st April 2023).¹¹</p> <p>b. Subsequently increasing the macroprudential policy stimulus by raising the Macroprudential Liquidity Policy Incentives (KLM) up to 4% from 2.8% for banks disbursing loans/financing to downstream sectors (mining, agriculture, plantation crops and fishing), housing and tourism as well as increasing financial inclusion (MSMEs, KUR) and green loans (effective from 1st October 2023).¹²</p> | Bank Indonesia remained committed to stimulating bank lending/financing on the supply side to accelerate sustainable economic growth. This was in accordance with the mandate stipulated in Act Number 4 of 2023 concerning Financial Sector Development and Strengthening (P2SK Act). To that end, one of the accommodative macroprudential policies instituted by Bank Indonesia strengthened liquidity-based macroprudential policy stimuli by refining and increasing the Macroprudential Liquidity Policy Incentives (KLM). KLM focused on sectors with stronger economic leverage for growth and job creation, specifically downstream sectors (mineral and coal mining, agriculture, plantation crops and fishing), housing (including public housing), tourism and inclusivity (including MSMEs, People's Business Loans (KUR), microloans and green loans), as well as the green economy and finance. |
| 2 | Loan/Financing-to-Value (LTV/FTV) ratio on property loans/financing and downpayment requirements on automotive loans/financing | Maintaining a loose Loan/Financing-to-Value (LTV/FTV) Ratio on property loans/financing up to a maximum of 100% for all property types and loose downpayment requirements on automotive loans/financing at 0%, initially effective from 1 st March 2021 – 31 st December 2021 and extended annually until 31 st December 2024. ¹³ | Bank Indonesia maintained a looser LTV/FTV ratio on property loans/financing and downpayment requirements on automotive loans/financing to revive growth of the property and automotive sectors in compliance with risk management and prudential principles. |

11 Board of Governors Regulation (PADG) Number 1 of 2023 as the "Second Amendment to Board of Governors Regulation (PADG) Number 24/4/PADG/2022 concerning Implementation Regulations on Incentives for Banks Disbursing Funds for Certain and Inclusive Economic Activities", dated 15th February 2023.

12 Bank Indonesia Regulation (PBI) Number 11 of 2023 concerning "Macroprudential Liquidity Policy Incentives", dated 18th September 2023. Board of Governors Regulation (PADG) Number 11 of 2023 concerning "Implementation Regulations for Macroprudential Liquidity Policy Incentives", dated 27th September 2023.

13 Board of Governors Regulation (PADG) Number 19 of 2023 as the "Second Amendment to Board of Governors Regulation (PADG) Number 21/25/PADG/2019 concerning the Loan-to-Value (LTV) Ratio for Property Loans, Financing-to-Value (FTV) Ratio for Property Financing, and Downpayment Requirements for Automotive Loans or Financing", dated 4th December 2023.

| No. | Policy | Policy Description | Objectives and Background |
|------------|--|--|---|
| 3 | Interest Rate Transparency | Maintaining Prime Lending Rate (PLR) Transparency Policy. | <p>The goal of publishing prime lending rates and the PLR assessment was to strengthen and accelerate monetary and macroprudential policy transmission from Bank Indonesia. Through transparency, the public and corporate sector can compare information concerning the PLR and lending rates offered by different banks.</p> <p>This policy also accelerates policy rate transmission to interest rates in the banking industry in the form of competitive and efficient lending rates, thereby increasing the effectiveness of monetary policy. In addition, Bank Indonesia strives to broaden the dissemination of information to corporate and household borrowers through the PLR publication. Furthermore, this initiative would improve governance, market discipline and competition when setting prime lending rates in the banking industry.</p> |
| 4 | Macroprudential Intermediation Ratio (MIR) | Maintaining accommodative macroprudential policy to revive bank lending/financing to businesses by holding the Macroprudential Intermediation Ratio (MIR) in the 84-94% range. ¹⁴ | Bank Indonesia maintained the Macroprudential Intermediation Ratio (MIR) in the 84-94% range, thereby strengthening accommodative macroprudential policy for sustainable economic growth. These instruments are used to manage the bank intermediation function in accordance with the economic capacity and growth target, while maintaining prudential principles. |
| 5 | Countercyclical Capital Buffer (CCyB) | Maintaining accommodative macroprudential policy by holding the Countercyclical Capital Buffer (CCyB) at 0% throughout 2023. ¹⁵ | Bank Indonesia maintained the Countercyclical Capital Buffer (CCyB) at 0% to strengthen accommodative macroprudential policy for sustainable economic growth. This was supported by no indications of increasing systemic risk from excessive credit growth coupled with the desirability for additional capital to protect against potential losses. |
| Resilience | | | |
| 6 | Macroprudential Liquidity Buffer (MPLB) | Reducing the Macroprudential Liquidity Buffer (MPLB) by 100bps, from 6% to 5%, for conventional commercial banks, with repo flexibility of 5%, and the sharia MPLB by 100bps from 4.5% to 3.5% for Sharia Banks, with repo flexibility of 3.5% (effective from 1 st December 2023). ¹⁶ | Lowering the MPLB and the flexibility feature aimed to provide banks greater flexibility in liquidity management, while simultaneously fostering financial market deepening. The MPLB was lowered in line with maintained liquidity resilience in the banking system, as reflected by a high ratio of MPLB securities. |

14 Bank Indonesia Regulation (PBI) Number 20/4/PBI/2018 concerning the "Macroprudential Intermediation Ratio (MIR) and Macroprudential Liquidity Buffer (MPLB) for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 3rd April 2018, as amended several times, most recently by Bank Indonesia Regulation (PBI) Number 24/16/PBI/2022 as the "Fourth Amendment to Bank Indonesia Regulation (PBI) Number 20/4/PBI/2018 concerning the Macroprudential Intermediation Ratio (MIR) and Macroprudential Liquidity Buffer (MPLB) for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 31st October 2022.

15 Bank Indonesia Regulation (PBI) Number 17/22/PBI/2015 concerning "Countercyclical Buffer Formation Policy", dated 28th December 2015.

16 Board of Governors Regulation (PADG) Number 18 of 2023 as the "Seventh Amendment to Board of Governors Regulation (PADG) Number 21/22/PADG/2019 concerning the Macroprudential Intermediation Ratio and Macroprudential Liquidity Buffer for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 29th November 2023.



| No. | Policy | Policy Description | Objectives and Background |
|---------------------|---|---|---|
| 7 | (Sharia) Short-term Liquidity Assistance (PLJP/PLJPS) | Refining PLJP/PLJPS regulations in accordance with the P2SK Act in terms of strengthening the main aspects as follows: <ol style="list-style-type: none"> 1. Disbursement requirements; 2. Collateral requirements; 3. Repayment terms; 4. Strengthening coordination between Bank Indonesia and OJK concerning PLJP/PLJPS disbursements; 5. Strengthening oversight of commercial banks receiving PLJP/PLJPS by OJK in coordination with Bank Indonesia.¹⁷ | The P2SK Act strengthened the mandate of Bank Indonesia to determine and implement macroprudential policy, including its authority as lender of last resort (LoLR) by providing PLJP/PLJPS funds. Strengthening various aspects of PLJP/PLJPS was expected to increase the effectiveness of handling the liquidity mismatches experienced by commercial banks. |
| Financial Inclusion | | | |
| 8 | Macroprudential Inclusion Financing Ratio (RPIM) | Continuing to strengthen the Macroprudential Inclusive Financing Ratio (RPIM). ¹⁸ | The BI Regulation on RPIM for Conventional Commercial Banks, Sharia Banks and Sharia Business Units was issued to increase access to finance and to develop micro, small and medium enterprises (MSME) and low-income individuals, while optimising the banks' contribution to fulfilling the RPIM ratio. All banks are required to contribute to the RPIM ratio in accordance with their respective expertise and business model, while maintaining risk management and prudential principles. |
| 9 | Bank Indonesia Awards in the Macroprudential Area | Bank Indonesia presented Bank Indonesia Awards in 2023 to 64 strategic partners from the banking industry, corporates and individuals. | Bank Indonesia presented Bank Indonesia Awards in 2023 in the macroprudential sector to strategic partners as a token of appreciation and national recognition for partners that supported task implementation at Bank Indonesia throughout 2023 in the macroprudential policy area. |

¹⁷ Bank Indonesia Regulation (PBI) Number 4 of 2023 "Short-Term Liquidity Assistance for Conventional Commercial Banks", dated 27th June 2023, as amended by Bank Indonesia Regulation (PBI) Number 10 of 2023 concerning an "Amendment to Bank Indonesia Regulation (PBI) Number 4 of 2023 concerning Short-Term Liquidity Assistance for Conventional Commercial Banks", dated 12th September 2023. Board of Governors Regulation (PADG) Number 21 of 2023 concerning "Implementation Guidelines on Short-Term Liquidity Assistance for Conventional Commercial Banks", dated 27th December 2023.

¹⁸ Bank Indonesia Regulation (PBI) Number 23/13/PBI/2021 concerning the "Macroprudential Inclusive Financing Ratio for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 31st August 2021, as amended by Bank Indonesia Regulation (PBI) Number 24/3/PBI/2022 concerning an "Amendment to Bank Indonesia Regulation (PBI) Number 23/13/PBI/2021 concerning the Macroprudential Inclusive Financing Ratio for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 24th February 2022. Board of Governors Regulation (PADG) Number 24/6/PADG/2022 concerning the "Implementation Guidelines of the Macroprudential Inclusive Financing Ratio for Conventional Commercial Banks, Sharia Banks and Sharia Business Units", dated 31st May 2022.

| No. | Policy | Policy Description | Objectives and Background |
|---------------------|--|---|---|
| Policy Coordination | | | |
| 10 | Periodic Meetings of the Financial System Stability Committee (KSSK) | Meetings of KSSK were held in Q1, Q2, Q3 and Q4/2023 to coordinate and maintain financial system stability and accelerate the national economic recovery. | <p>Periodic meetings of KSSK were held as coordination between financial system authorities (Ministry of Finance, Bank Indonesia, OJK and LPS) to maintain financial system stability. Such coordination resulted in the formulation of integrated policy packages and policy mixes in synergy among the authorities.</p> <p>In general, discussions at the meetings focused on the state of the economy and financial system, policymaking and topical issues relating to maintaining financial system stability.</p> |
| 11 | BI-OJK-LPS Coordination | <p>In 2023, coordination with OJK and LPS included:</p> <ol style="list-style-type: none"> Follow-up coordination regarding promulgation of the Financial Sector Development and Strengthening Act (P2SK Act) and Coordination in expanding the metadata for the Integrated Commercial Bank Report (LBUT) through the Integrated Reporting Forum (FIP). | <ul style="list-style-type: none"> Continuing promulgation of the P2SK Act, follow-up implementation regulations were required in the form of Presidential Regulations. In 2023, Bank Indonesia, OJK and LPS coordinated intensively to discuss Draft Presidential Regulations (RPP) through Inter-Ministerial Committee (PAK) Meetings. Through the FIP forum, Bank Indonesia, OJK and LPS coordinated to formulate measures to maintain and utilise integrated reporting data in the banking sector. |
| 12 | BI-OJK Coordination | <p>Coordination with OJK is facilitated through the Macroprudential-Microprudential Coordination Forum (MMCF) to maintain financial system stability and strengthen economic recovery. In 2023, bilateral coordination between Bank Indonesia and OJK focused on policy harmonisation, intensive coordination to evaluate the condition of financial services institutions as well as data and/or information exchange. Joint Decrees between BI and OJK were also revisited to follow-up promulgation of the P2SK Act, among others.</p> | <ul style="list-style-type: none"> The relationship between macroprudential and microprudential policies pertaining to the financial system is highly complex and must be supported by synergy and close coordination between Bank Indonesia and OJK in accordance with their respective jurisdiction. Policy harmonisation was implemented as a form of synergy to support banking sector development. Coordinated inspections were performed as a form of macroprudential-microprudential synergy. Data and/or information exchange between Bank Indonesia and OJK supported task implementation at each institution and was pursued to increase the speed and improve the quality of data and/or information continuously. |
| 13 | BI-LPS Coordination | <p>Regular coordination focused on data and/or information exchange, benchmarking and building HR competencies in 2023. Bank Indonesia and LPS also revisited their Memorandum of Understanding (MoU) and prepared Implementation Guidelines regarding the coordinated operationalisation of Bridge Banks.</p> | <ul style="list-style-type: none"> Regular coordination between Bank Indonesia and LPS was implemented effectively in 2023, by exchanging data and/or information, benchmarking and building HR competencies. As a follow-up action to promulgation of the P2SK Act (which changed the institutional arrangements of Bank Indonesia and LPS), Bank Indonesia and LPS revisited their latest Memorandum of Understanding, signed by the Governor of Bank Indonesia and by Chairman of LPS on 8th December 2023. In addition, Bank Indonesia and LPS agreed on Implementation Guidelines regarding the coordinated operationalisation of Bridge Banks. |



III. Payment System Policy

| No. | Policy | Policy Description | Objectives and Background |
|-----|---|--|---|
| 1 | Maintaining policy to reduce National Clearing System (SKNBI) fees | Reducing SKNBI fees from the banks to Bank Indonesia from Rp600 to Rp1 and from customers to the banks from a maximum of Rp3,500 to a maximum of Rp2,900, effective from 1 st April 2020. | Lower costs and revive economic activity to maintain economic recovery momentum and facilitate financial transactions to support the economic recovery. |
| 2 | Maintaining policy to reduce service fees in the Bank Indonesia – Real Time Gross Settlement (BI-RTGS) system | Reducing BI-RTGS service fees for each time zone and lowering the price cap from a maximum of Rp35,000 to Rp30,000, from 1 st December 2020. | <ul style="list-style-type: none"> Bank Indonesia lowered the BI-RTGS service fees to reduce the public's the burden when engaging in wholesale and corporate activity. This step takes into consideration the sustainability of the industry and Bank Indonesia. |
| 3 | Maintaining policy to adjust the Merchant Discount Rate (MDR) for QR Code Indonesian Standard (QRIS) | <ul style="list-style-type: none"> Adjusting the QRIS MDR for micro merchants to 0.3%, effective from 1st July 2023. Strengthening QRIS MDR policy for the micro segment progressively based on transaction value: (a) transactions up to Rp100,000 subject to 0% MDR; and (b) transactions exceeding Rp100,000 subject to 0.3% MDR, effective from 1st September 2023 at the earliest and 30th November 2023 at the latest, based on industry system readiness, accompanied by a communication strategy and promotional campaign on the benefits of QRIS. | <ul style="list-style-type: none"> Increasing efficiency to maintain economic recovery momentum and the sustainability of the payment system industry. Continuing efforts to expand the digital ecosystem and increase transactions, particularly among MSMEs. Strengthening payment system policy to support economic growth and accelerate inclusive digitalisation. |
| 4 | Maintaining Policy to increase Limits on QRIS Transactions | Increasing the QRIS transaction limit from Rp5 million to Rp10 million from 1 st March 2022. | Striving to maintain stability and strengthen economic recovery momentum, while accelerating an inclusive and efficient digital economy and finance (EKD). |
| 5 | Continue Policy of Expanding QRIS Users and Features | <ul style="list-style-type: none"> a. QRIS implementation policy in 2023 featured more usage, new features and cross-border services. b. On usage, the strategy is to achieve 45 million QRIS users and 1 billion QRIS transactions in 2023. c. Adding new features includes transfer, withdraw and deposit options as well as adding Cross-Border QRIS. | Nurturing private consumption and payment system innovation to accelerate the national economic recovery. |
| 6 | Maintaining credit card policy | <p>Credit card policy included new policies on repayments:</p> <ul style="list-style-type: none"> a. Lowering the maximum interest rate limit on credit cards from 2% per month to 1.75% per month from 1st July 2021. b. Lowering the minimum payment for credit cardholders from 10% to 5% of the outstanding balance from 1st May 2020. c. Lowering the late payment penalties from 3% of the outstanding balance up to a maximum of Rp150,000 to 1% of the outstanding balance up to a maximum of Rp100,000 from 1st May 2020. | Increasing efficiency to maintain economic recovery momentum and accelerate inclusive digitalisation. |

| No. | Policy | Policy Description | Objectives and Background |
|-----|---|---|---|
| 7 | Increasing the maximum deposit limit for electronic money | Raising the maximum deposit limit for registered electronic money from Rp10 million to Rp20 million and the monthly transaction limit from Rp20 million to Rp40 million, effective from 1 st July 2022. | Maintaining stability and strengthening economic recovery, while accelerating an inclusive and efficient digital economy and finance (EKD). |
| 8 | Operationalisation and Implementation of National Open API Payment Standard (SNAP) | <p>SNAP Implementation covered considerable ground:</p> <ol style="list-style-type: none"> Transferring SNAP management to the Indonesia Payment System Association (ASPI) as a self-regulatory organisation (SRO) on 1st September 2023, with mentoring provided to ASPI in terms of SNAP management until 31st December 2023. Ensuring the operationalisation of all approved service providers. Migrating users of existing API services to the SNAP standard in accordance with the action plan submitted by SNAP service providers. | Supporting interlinkages between the banking industry and FinTech in accordance with the 3I principles of integration, interconnection and interoperability. |
| 9 | BI-FAST development | Accelerating BI-FAST implementation as the primary retail payment system infrastructure, by expanding the participants and payment channels, particularly mobile banking, while communicating with the public and relevant institutions. | Strengthening payment system policy to expedite digitalisation of the banking industry and non-bank financial institutions; expanding payment system services to the public in line with the faster economic recovery; and nurturing growth along with economic and financial inclusion. |
| 10 | Development of the Indonesia Credit Card (KKI) for the Government Segment | Increased uptake of The Indonesia Credit Card (KKI), which introduces a payment instrument with credit facilities to facilitate non-cash procurement by the central and regional governments. | <ul style="list-style-type: none"> Implementing payment system services in accordance with the 3I principles of integration, interconnection and interoperability. Creating and maintaining national independence; safeguarding data sovereignty for government transactions; lowering payment costs; optimising domestic schemes; and expanding acceptance, including the MSME sector. |
| 11 | Electronification of Regional Government Transactions (ETPD) and of Social Aid Program (bansos) Disbursements; and Electronification of Transportation Sector | <ol style="list-style-type: none"> Accelerating and expanding electronification of regional government revenue and expenditure transactions; integrating regional financial management; and supporting digital economic and financial integration through the Regional Digitalisation Acceleration and Expansion Team (TP2DD). Support for Non-Cash Social Assistance (BSNT) disbursements and for bansos digitalisation trials (G2P 4.0). Facilitating the electronification and integration of transportation mode payments, while supporting the application of contactless technology on the toll roads. | Accelerating regional digitalisation to foster regional economic growth as well as economic and financial inclusion. |



| No. | Policy | Policy Description | Objectives and Background |
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| 12 | Continuing regulatory reform of digital finance service (DFS) regulations | Relaxing DFS regulations in the areas of: <ul style="list-style-type: none"> a. DFS activities with individual DFS agents; b. minimum time-in-business requirements for DFS agents; c. including certain exemptions for agents servicing government programs; d. transaction limits on first cash withdrawals; e. collaboration with third parties. | Expanding access to finance for unbanked people to accelerate financial inclusion, non-cash bansos (G2P 4.0) and harmonising regulations on branchless banking between institutions. |
| 13 | Indonesia Digital Economy and Finance Festival (FEKDI) | Promotional, educational and socialisation activities concerning various digital initiatives and innovations in Indonesia, implemented in conjunction with the Coordinating Ministry for Economic Affairs and relevant associations, under the auspices of Indonesia's ASEAN. | <ul style="list-style-type: none"> • Increasing support, communications and participation with industry, government ministries/agencies, regional governments and the public regarding Bank Indonesia's payment system digitalisation policies and initiatives. • Fostering innovation in the digital economy and finance, which strengthens national economic resilience and revival. |

IV. Policy for Management of Cash in Circulation

| No. | Policy | Policy Description | Objectives and Background |
|-----|-------------------------------|---|---|
| 1 | Centralised cash distribution | Bank Indonesia implemented centralised distribution of Rupiah cash in all regions of the territory of the Republic of Indonesia through the phased implementation of Front Office, Middle Office and Back Office (FOMOBO) business processes through to 2025. This was done by: <ul style="list-style-type: none"> a. refining the national cash distribution network; b. implementing FO functions at all Bank Indonesia Representative Offices for cash management; c. strengthening the Rupiah cash management Command Centre to execute MO functions; d. designating eight Bank Indonesia Representative Offices as Regional Cash Depots (DKW) to execute FO and BO functions; e. establishing the Main Cash Depot (DKU) in South Sulawesi to execute the BO functions of distributing and storing cash. | Bank Indonesia implemented key milestones for centralised Rupiah currency distribution and for provision of Rupiah cash fit for distribution in adequate volume and appropriate denominations on a timely basis throughout the national territory of Indonesia. The centralized distribution prioritised efficiency in routing and transportation modes, as well as inventory management practices to optimise cash storage capacity. |

| No. | Policy | Policy Description | Objectives and Background |
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| 2 | Digitalisation and optimisation of cashier equipment and infrastructure | <p>The gradual digitalisation and optimisation of cashier equipment and infrastructure at all Bank Indonesia Representative Offices was based on cash management needs and conditions, reflecting FOMOBO business process.</p> <p>This further entailed digitization of: the automated banknote feeding systems (ABFS); automated banknote packaging systems (ABPS); warehouse management (WMS) that featured racking systems and banknote serial number readers.</p> <p>Moreover, the decision support system and the executive information system were enhanced to support comprehensive, accurate up-to-date and complete monitoring, early warning and broader cash management policymaking.</p> | As key milestones of Rupiah currency management, digitalisation and optimisation were implemented to support modern, integrated, efficient and secure currency circulation and management with less human intervention. |
| 3 | Withdrawal of coins from circulation | <p>On 1st December 2023, Bank Indonesia withdrew three Rupiah coins from circulation, namely: the 1991 IDR500 coin; 1993 IDR1,000 coin; and the 1997 IDR500 coin. Bank Indonesia will still exchange the coins removed from circulation for up to 10 years from the withdrawal date. As of 2023, a total of thirteen Rupiah banknotes, seven Rupiah coins and twenty-two special Rupiah banknotes and coins have been revoked and withdrawn from circulation. These can still be exchanged for new Rupiah currency.</p> | Bank Indonesia considers various aspects when withdrawing Rupiah currency from circulation, including: the state of Rupiah counterfeiting; technological developments in materials for banknotes; the printing process; and public demand for different denominations. |
| 4 | Improvement in Rupiah literacy through the Indonesia Sovereign Rupiah Festival (FERBI) | <p>FERBI is an annual event (held since 2022) that aims to increase Rupiah literacy. In 2023, FERBI was held on 18-20th August in Jakarta, entitled "Unity in Diversity". FERBI featured:</p> <ul style="list-style-type: none"> a. a Rupiah showcase in the form of a Rupiah currency exhibition telling the storied journey of Rupiah transformation over time as a symbol of national sovereignty; b. a Rupiah talk show with public figures to explore the message and themes of the Rupiah through light-hearted and entertaining discussions; c. a Rupiah stage featuring diverse Indonesian culture, such as the dance performances immortalised on Rupiah banknotes. | As public education on Rupiah banknotes and coins, and implementation of the Rupiah Love, Pride and Understanding (CBP) program, the FERBI has the following goals: strengthening public understanding of the Rupiah's role in national history; building optimism and national spirit; strengthening the sovereignty of the Republic of Indonesia through the Rupiah currency. |
| 5 | Policy coordination with the Government for Rupiah Cash Planning, Printing and Destruction | In Rupiah cash management, Bank Indonesia coordinates with the Government regarding Rupiah cash planning, printing and destruction in accordance with the Currency Act (No. 7) of 2011. | This policy coordination safeguards the availability of sufficient Rupiah cash fit for circulation in appropriate denominations. |



| No. | Policy | Policy Description | Objectives and Background |
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| 6 | Mobile cash services in frontier, outermost and remote (3T) regions | Mobile cash activities by Bank Indonesia (in collaboration with the Indonesian Navy) through 3T mobile cash activities, entitled the Sovereign Rupiah Expedition, reach 85 3T island regions scattered across 17 Indonesian provinces. | Maintaining Rupiah sovereignty in all regions of the Republic of Indonesia with the aim to: uphold the territorial integrity of the Republic of Indonesia through the Rupiah currency as a symbol of national sovereignty; ensure the availability of Rupiah cash fit for circulation in suitable denominations throughout 3T regions; and expand educational activities under the auspices of the Rupiah Love, Pride and Understanding (CBP) program. |
| 7 | Development of exchange services for damaged/soiled Rupiah cash via the PINTAR online application | Bank Indonesia provides premium online services to the public to exchange damaged/soiled Rupiah cash via the PINTAR application. This helps members of the public exchange banknotes at Bank Indonesia offices and facilitates mobile cash services. | Bank Indonesia provides online services for the public to exchange damaged/soiled Rupiah currency, allowing members of the public to pre-order currency before visiting the local Bank Indonesia office (or mobile cash point) for convenience and to provide public assurance when accessing the cash services. |
| 8 | Digital planning for Estimates of Cash Needs | In implementation of digital transformation, Bank Indonesia is applying digitalisation to all stages of Rupiah currency management via the omni-experience platform. Digitalisation is gradually being applied for Cash Needs Estimates, supported by the Integrated Rupiah Cash Needs and Analytics Application (AKURAT). | Maintaining the effective and timely availability of Rupiah currency fit for circulation in appropriate denominations, Bank Indonesia developed an accurate and integrated Cash Needs Estimation system that helps to determine how many Rupiah banknotes to print. |
| 9 | Prevention and Eradication of Counterfeit Rupiah | In addition to coordinating with Coordinating Agency for the Eradication of Counterfeit Rupiah (Botasupal), Bank Indonesia implements various preventive and pre-emptive measures to combat Rupiah counterfeiting. Preventive measures include security features on Rupiah banknotes that are difficult to counterfeit yet easy to recognise by the public. Pre-emptive measures include Bank Indonesia cooperating in synergy with various parties to educate the public on Rupiah Love, Pride and Understanding. Moreover, Bank Indonesia supports laboratory testing of Rupiah banknotes suspected by law enforcement as counterfeit, while exchanging data/information on discoveries of counterfeit Rupiah with law enforcement. | Bank Indonesia's policies ensure that the Rupiah remains trusted legal tender throughout the territory of the Republic of Indonesia. |
| 10 | Strengthening coordination with industry through formation of the Rupiah Cash Management Industry Forum and Working Group (WG) | Seeking to strengthen Rupiah cash management industry, Bank Indonesia collaborates with the industry to establish the Rupiah Currency Management Industry Forum (FORIN PUR). This forum is a means to communicate and coordinate Rupiah cash management with the various stakeholders and industry players; the banking industry; Rupiah cash management services providers (PJPUR); and other relevant parties. | FORIN PUR and the Working Group were created to strengthen the PUR Blueprint 2025, primarily in planning the demand for cash, network efficiency, strengthening cash services, institutional architecture, digitalisation and integrated information systems. |

| No. | Policy | Policy Description | Objectives and Background |
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| 11 | Refining distribution strategy and cash services | Bank Indonesia continued evaluating the routes and transportation modes for distribution of cash throughout the territory of the Republic of Indonesia. Bank Indonesia also evaluated cash service activities (mobile cash and cash deposit facilities) in terms of effectiveness and efficiency. | Improvements to distribution strategies and cash services are consistent with the direction of policy to provide sufficient Rupiah cash fit for circulation in appropriate denominations on a central bank-driven, just-in-time basis, while harmonising cashless policies, considering efficiency and the national interest. |
| 12 | Green Rupiah cash management policy | Rupiah cash management considers environmental sustainability in all business processes, including more environmentally friendly waste management. | In line with many global initiatives, Bank Indonesia is currently developing the Bank Indonesia Green Framework including the institutional arrangements for Rupiah cash management. |

V. Financial Market Deepening Policy

| No. | Policy | Policy Description | Objectives and Background |
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| 1 | Publication of Compounded IndONIA and IndONIA Index | The Compounded IndONIA and IndONIA Index were first published on 1 st February 2023 on the Bank Indonesia website. This was a significant milestone of domestic benchmark reform initiated by the National Working Group on Benchmark Reform (NWGBR), with members including: Bank Indonesia; the Ministry of Finance; Financial Services Authority (OJK); and the Indonesia Foreign Exchange Market Committee. | <p>Confirmed as the overnight Rupiah benchmark rate by the NWGBR on 31st March 2022, IndONIA can also be used to impute longer (non-overnight) tenors by calculating compounded average interest for a given period. Compounded IndONIA is calculated from the compound average interest IndONIA for a given period or the rate calculated from the IndONIA Index. The IndONIA Index represents the accumulated IndONIA value, which is compounded and has been calculated daily since 2nd January 2019.</p> <p>Compounded IndONIA and the IndONIA Index are published daily on the Bank Indonesia website at 08:00 WIB for tenors of 30, 90, 180 and 360 calendar days. Market players can also calculate the Compounded IndONIA for a variety of tenor variations using IndONIA index data.</p> <p>Publication of Compounded IndONIA and the IndONIA Index is an integral part of the domestic benchmark reform that aims to promote the use of IndONIA in an IndONIA-based market.</p> |
| 2 | Promulgation of Bank Indonesia Regulation (PBI) No. 6 of 2023, concerning the Money Market and Foreign Exchange Market | Bank Indonesia Regulation (PBI) No. 6 of 2023 on 27 th June 2023 is an umbrella regulation to supersede PBI No. 23/10/PBI/2021 concerning the Money Market. | Consistent with government financial sector reform efforts, the Government issued Act Number 4 of 2023 concerning Financial Sector Development and Strengthening (PPSK Act). This Act clarifies the authority of Bank Indonesia to regulate, develop and supervise the money market and foreign exchange market. |



In response to promulgation of the PPSK Act, Bank Indonesia strengthened regulations relating to the money market and foreign exchange market, which began with issuing PBI No. 6 of 2023 concerning the Money Market and Foreign Exchange Market (PBI PUVA). The provisions contained in PBI PUVA cover four aspects, namely: the financial market products; pricing; participants; and infrastructure (3P+1I).

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| 3 | Promulgation of Board of Governors Regulation (PADG) No. 13 of 2023 on Strengthening the Quality of Participants and Establishing Self-Regulatory Organisations in the Money Market and Foreign Exchange Market. | Promulgation of PADG No. 13 of 2023 dated 23 rd September 2023, was a continuation of the money market and foreign exchange market regulatory reform in accordance with Bank Indonesia Regulation (PBI) No. 6 of 2023 concerning the Money Market and Foreign Exchange Market. | The Board of Governors Regulation (PADG) elucidates the duties, authority and procedures with which participants transacting in the money market and foreign exchange market must comply, along with treasury dealers; professional associations in the treasury sector; and professional certification institutes (LSP). All of these are involved with improving the quality of participants and establishing self-regulatory organisations (SRO) in the money market and foreign exchange market to support deepening efforts. |
| 4 | Promulgation of Bank Indonesia Regulation (PBI) No. 12 of 2023, concerning Issuances of Money Market Instruments and Money Market Transactions | Promulgation of Bank Indonesia Regulation (PBI) No. 12 of 2023, dated 16 th November 2023, was a continuation of the money market regulatory reform and promulgation of Bank Indonesia Regulation (PBI) No. 6 of 2023, concerning the Money Market and Foreign Exchange Market. | Promulgation of the Bank Indonesia Regulation aimed to strengthen the authority to regulate, develop and supervise the money market in line with Bank Indonesia's efforts to create and maintain a modern and advanced money market in accordance with the Money Market Development Blueprint (BPPU) 2025. This PBI regulates, develops and supervises: (i) money market instruments and transactions (products); (ii) pricing when issuing money market instruments, money market transactions and/or transactions in other financial markets; (iii) participants involved with the issuance of money market instruments and/or transactions; and (iv) use of financial market infrastructure in the money market. |
| 5 | Bank Indonesia Capital Participation in Central Counterparty (CCP) Interest Rate and Exchange Rate Transactions | Approval by the People's Representative Council of the Republic of Indonesia (DPR-RI) for Bank Indonesia capital participation in CCP interest rate and exchange rate transactions. | Capital participation by Bank Indonesia in CCP interest rate and exchange rate transactions is Bank Indonesia's support for the establishment of CCP by the industry. Consistent with global practices, there is a role for central banks in the establishment and development of CCPs in various countries. Bank Indonesia's support is important to accelerate the establishment of CCPs and attract industry participation in CCP ownership. Also, Bank Indonesia's support bolsters market confidence when using CCP services, thereby maintaining CCP sustainability. |

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| 6 | Establishment of the Indonesia Money Market and Foreign Exchange Market Association (APUVINDO) | <p>Establishment of the Indonesia Money Market and Foreign Exchange Market Association (APUVINDO) was undertaken on 28th November 2023 with a General Meeting of Members and agreement on the draft Articles of Association.</p> <p>The Governor of Bank Indonesia presided over the official inauguration ceremony for APUVINDO on 13th December 2023. APUVINDO received official approval as a legal entity from the Ministry of Law and Human Rights on 14th December 2023.</p> | <p>Moving forward, money market and foreign exchange market deepening policy has three pro-market targets as follows: (i) increasing transactions volume and liquidity; (ii) efficient market mechanisms and market conduct; and (iii) market stability and reliable supporting infrastructure.</p> <p>As the only self-regulatory organisation (SRO) and strategic partner of Bank Indonesia in the money market and foreign exchange market, APUVINDO serves as market representative. As Bank Indonesia's strategic partner, APUVINDO functions to support Bank Indonesia's policy implementation, among others, through the development of policy recommendations as well as formulating micro and technical regulations in the money market and foreign exchange market.</p> |
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VI. Sharia Economy and Finance Policy

| No. | Policy | Policy Description | Objectives and Background |
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| 1 | Short-Term Liquidity Assistance based on Sharia Principles (PLJPS) for Sharia Commercial Banks (BUS) | Strengthening PLJPS regulations, including the requirements for sharia commercial banks eligible to receive PLJPS; collateral requirements; repayment terms; and coordination between Bank Indonesia and OJK concerning PLJPS disbursements and other strengthening measures. | Act Number 4 of 2023 concerning Financial Sector Development and Strengthening (P2SK Act) prompted changes to various financial sector laws and regulations, which included strengthening troubled banks through regulations for the Short-Term Liquidity Assistance based on Sharia Principles (PLJPS). The provisions were stipulated in PBI PLJPS BUS, which superseded Bank Indonesia Regulation (PBI) Number 19/4/PBI/2017 concerning Short-Term Sharia-Compliant Liquidity Financing for Sharia Commercial Banks, as amended most recently by Bank Indonesia Regulation (PBI) Number 22/16/PBI/2020, as the Third Amendment to Bank Indonesia Regulation (PBI) Number 19/4/PBI/2017 concerning Short-Term Sharia-Compliant Liquidity Financing for Sharia Commercial Banks. |
| 2 | Bank Indonesia Foreign Exchange Sukuk (SUVBI) | Releasing SUVBI as foreign currency sukuk issued by Bank Indonesia using underlying assets in the form of foreign securities is based on sharia principles held by Bank Indonesia. In 2023, three SUVBI auctions were held. | <p>Bank Indonesia issued SUVBI as an innovative, pro-market OMS instrument. As a liquid asset that is easily tradable on the market, SUVBI will help banks manage foreign currency liquidity and investment managers create investment portfolios with greater flexibility.</p> <p>SUVBI help attract portfolio inflows and strengthen foreign currency liquidity and the national economy. Going forward, tenors will be extended from 1- and 3-month tenors (already available) to include 6, 9 and 12</p> |



| No. | Policy | Policy Description | Objectives and Background |
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| | | | months. Bank Indonesia will continue optimising transactions in the secondary market in terms of volume and value to deepen the sharia money market and reduce bank dependence on Bank Indonesia. |
| 3 | Macroprudential Liquidity Policy Incentives (KLM) | KLM incentives were introduced as an accommodative liquidity-based macroprudential policy innovation, with Bank Indonesia increasing the incentive to a maximum of 4% of third-party funds from 2.5% previously for sharia banks. | Bank Indonesia has issued regulations concerning KLM that aim to revive financing disbursed by sharia banks to sectors supporting sustainable growth, while maintaining the stability of the financial system. |
| 4 | Policy coordination in development of Halal Value Chain (HVC) ecosystem | Developing the HVC ecosystem through programs strengthening the economic independence of pesantren (Islamic boarding schools), sharia business development and halal industry support. | <p>Bank Indonesia continued HVC development in its role to support sustainable economic growth. These efforts focused on various sectors in 2023, namely: halal food and beverages; modest fashion; and Muslim-friendly tourism (PRM), as follows:</p> <ul style="list-style-type: none"> • Empowerment of pesantren and horticultural communities to support food security and manage inflation. • Upstream development of the HVC ecosystem based on several pilot projects under the INFRATANI program framework (Integrated Farming with Information Technology and the Community). It also targets agricultural exports through the JUARA EKSPOR program (Export-Oriented Horticultural Business Network). • The modest fashion sector, by strengthening market access through collaborative fashion shows, such as the Indonesia International Modest Fashion Show (IN2MF). • The SMART-MFT hub (Sustainable Muslim Attractive Tourism – Muslim Friendly Tourism Hub). |
| 5 | Policy coordination for development of sharia social finance | Supporting the development of Islamic social finance by developing productive waqf assets and waqf sector digitalisation. | <ul style="list-style-type: none"> • Islamic commercial and social sector integration to increase Islamic finance, financial inclusion and prosperity by developing productive waqf assets through the blended finance concept in Indonesia. • In further support, Bank Indonesia strengthened synergy with the Ministry of Religious Affairs, Indonesia Waqf Board (BWI) and Hajj Financial Management Agency (BPKH) to optimise productive waqf assets in Indonesia. • Further in this regard, Bank Indonesia cooperated with relevant authorities/regulators and stakeholders, such as: the Ministry of Religious Affairs; Indonesia Waqf Board (BWI); and National Islamic Economy and Finance Committee (KNEKS) to initiate the 'Satu Waqf Indonesia' digital application platform. |

VII. International Policy

| No. | Policy | Policy Description | Objectives and Background |
|-----|--|---|--|
| 1 | Global Financial Safety Net (GFSN) Cooperation | Renewing the Bilateral Currency Swap Arrangement (BCSA) between Bank Indonesia and Bank of Korea. | On 6 th March 2023, Bank Indonesia (BI) and Bank of Korea (BoK) agreed to extend their bilateral currency swap agreement (BCSA). The BCSA agreement facilitates the swap of local currencies between the two central banks up to KRW10.7 trillion or Rp115 trillion. The agreement aims to support local currency settlement between the two countries and financial stability in the region. |
| | | Renewing the Bilateral Currency Swap Arrangement (BCSA) and Bilateral Repo Line between Bank Indonesia and Monetary Authority of Singapore (MAS). | <ul style="list-style-type: none"> On 4th November 2023, Bank Indonesia and the Monetary Authority of Singapore (MAS) agreed to extend bilateral financial cooperation agreements that aim to strengthen cooperation in terms of maintaining monetary and financial stability in the region. This financial cooperation consists of two agreements: <ol style="list-style-type: none"> 1. Local Currency Bilateral Swap Agreement (LCBSA), which facilitates the swap of local currencies between the two central banks up to SGD9.5 billion or Rp100 trillion. 2. Bilateral Repo Line (BRL), which facilitates repo transactions between the two central banks to secure liquidity in US dollars up to USD3 billion, guaranteed by government bonds issued by G3 countries (US, Japan and Germany) and held by the two central banks. |
| 2 | Initiation of Payment Linkages | Strengthening local currency transactions (LCT) through Memorandums of Understanding (MoU) between BI, BNM and BoT. | <p>On 25th August 2023, Bank Indonesia (BI), Bank Negara Malaysia (BNM) and Bank of Thailand (BoT) signed Memorandums of Understanding (MoU) to strengthen the use of local currencies in bilateral transactions between Indonesia-Thailand, Indonesia-Malaysia and Thailand-Malaysia.</p> <p>Cooperation was strengthened by broadening the scope for using local currencies in cross-border transactions beyond that possible under the previous trade and direct investment agreements. This was achieved through synergies in cross-border payment linkages to increase access and efficiency in settling transactions in local currency.</p> |
| | | Expanding LCT cooperation through a Memorandum of Understanding (MoU) between Bank Indonesia and Bank of Korea (BoK). | <ul style="list-style-type: none"> On 2nd May 2023, Bank Indonesia and the Bank of Korea signed a Memorandum of Understanding (MoU) to increase the use of local currencies in bilateral transactions between Indonesia and South Korea. The agreement will increase the use of local currencies in bilateral transactions between Indonesia and South Korea, including current account transactions, direct investment, as well as other economic and financial transactions as agreed by the two authorities. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|--|--|--|
| | | Vietnam joins RPC ASEAN. | <ul style="list-style-type: none"> On 25th August 2023, the State Bank of Vietnam (SBV) agreed to join the Regional Payment Connectivity (RPC) initiative in the ASEAN region. Previously the RPC covered Bank Indonesia, Bank Negara Malaysia, Bangko Sentral ng Pilipinas, the Monetary Authority of Singapore and Bank of Thailand, as agreed 14th November 2022. The RPC initiative was established to strengthen and enhance collaboration on payment connectivity through the development of faster, cheaper, more transparent and more inclusive cross-border payments. This partnership aims to further support post-pandemic economic activities across the ASEAN region, including the promotion of tourism and other service industries. The expansion is also expected to benefit MSMEs. |
| | | Expansion of Cross-Border QR Code linkages with several countries in the region. | Cross-Border QR Code cooperation was launched between Indonesia and Malaysia in May 2023 as well as between Indonesia and Singapore in November 2023. The initiative supports joint efforts in the ASEAN region to establish financial integration using local currencies for bilateral transactions between countries, while simultaneously implementing commitments in accordance with the MoU on RPC. |
| 3 | Expanding Cooperation to Increase Central Banking and Institutional Capacity | Initiation of Structured Bilateral Cooperation (SBC) with Swiss National Bank (SNB). | BI and SNB reached agreement through a high-level meeting (HLM) on 17 th March 2023. The cooperation focused on core central banking. |
| | | Structured Bilateral Cooperation (SBC) with People's Bank of China (PBoC). | On 27 th September 2023, Bank Indonesia (BI) and the People's Bank of China (PBoC) agreed on bilateral cooperation in the area of central banking through a Memorandum of Understanding (MoU). The scope of cooperation encompasses monetary policy; macroprudential policy; the payment system and financial stability, including digital innovation in the payment system; and services, regulatory and supervisory frameworks in the context of anti-money laundering/combating the financing of terrorism (AML/CFT), as well as other areas as agreed. Cooperation will be implemented through policy dialogue, technical cooperation, data/information exchange and joint projects. |
| | | Structured Bilateral Cooperation (SBC) with Bank of Loa PDR (BoL). | Bank Indonesia (BI) and the Bank of Loa PDR (BoL) agreed to bilateral cooperation in the area of central banking through a Memorandum of Understanding (MoU) signed on 2 nd May 2023. This demonstrates a strong, more structured and systematic cooperation framework to facilitate collaboration between initiatives in areas of central banking, such as: monetary policy; macroprudential policy; financial stability; as well as the payment and settlement system. |

| No. | Policy | Policy Description | Objectives and Background |
|-----|--|--|--|
| | | Initiation of Structured Bilateral Cooperation (SBC) with the Central Bank of the United Arab Emirates (CBUAE). | <ul style="list-style-type: none"> Bank Indonesia (BI) and the Central Bank of the United Arab Emirates (CBUAE) agreed to expand cooperation through the signing of a circular Memorandum of Understanding (MoU). The terms of the cooperation were exchanged during a meeting between the President of the Republic of Indonesia and President of the United Arab Emirates on the sidelines of the 28th Conference of the Parties (COP) on 1st December 2023 in Dubai, UAE. The Memorandum of Understanding (MoU) is an expansion of the previous agreement between Bank Indonesia and CBUAE in 2021, which focused on cooperation in terms of the payment system and digital finance innovation. Through the Memorandum of Understanding (MoU) in 2023, the two central banks are committed to strengthening cooperation through a more structured and systematic framework in the area of central banking, including: monetary policy; macroprudential policy; financial stability; the payment system; digital finance innovation; and various aspects of the Islamic economy and finance. The MoU also demonstrates the commitment of both central banks to combat money laundering and terrorism financing, as well as fulfilling the recommendations of the Financial Action Task Force on Money Laundering (FATF). |
| 4 | Policy to Manage Perceptions regarding Indonesia's Economy | Policy to manage international stakeholder interest in the Indonesian economy despite global uncertainty, supported by policy credibility and strong policy synergies between Bank Indonesia and the Government. | <ul style="list-style-type: none"> As a measure to manage international stakeholder confidence, Bank Indonesia in synergy with the relevant government ministries/agencies holds intensive investor meetings and conference calls with international investors and rating agencies. These activities involve all members of the BI Board of Governors and the leadership of the Ministry of Finance as speakers. A total of twelve investor conference calls (ICC) were held in 2023. As positive outcomes in this regard, the Sovereign Credit Rating (SCR) of RI was maintained at investment grade, with R&I upgrading the outlook. As for specific ratings agencies: <ul style="list-style-type: none"> » Moody's affirmed at Baa2 (investment grade), with a stable outlook in March 2023; S&P affirmed S&P at BBB (investment grade), with a stable outlook in July 2023; » Fitch affirmed at BBB (investment grade), with a stable outlook in September 2023; » and R&I affirmed at BBB+ (investment grade), with the outlook upgraded to positive from stable in July 2023. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|--|--|---|
| 5 | International Policy Coordination with Strategic Domestic and International Partners | Strengthening IRU-RIRU-GIRU (Investor Relation Unit – Regional Investor Relation Unit – Global Investor Relation Unit) linkages. | <p>As part of the measures to strengthen the Balance of Payments (BOP), Bank Indonesia coordinated in synergy with relevant government ministries/agencies to attract foreign direct investment (FDI) and increase exports, particularly MSME products, including by promoting trade and investment.</p> <p>Promotional activities by Bank Indonesia are pursued through synergised, targeted and outcome-oriented linkages between the IRU, RIRU and GIRU units to match supply and demand between investment projects and MSME products. On the supply side, RIRU (BI domestic representative offices and stakeholders) identifies clean and clear regional investment projects to promote to foreign investors along with the best MSME products to promote to foreign aggregators/buyers. On the demand side, GIRU (through BI international representative offices and stakeholders) identify attractive sectors in the local vicinity for non-resident investors along with MSME products for foreign aggregators/buyers. The IRU (BI head office) harmonises the supply and demand in coordination with government ministries/agencies nationally to identify potential promotional activities to be held/attended by Bank Indonesia, while ensuring the RIRU and GIRU units are prepared to attend promotional activities.</p> <p>Through IRU-RIRU-GIRU linkages, Bank Indonesia in 2023 facilitated 52 promotional activities for investment involving 141 investment projects ready to offer (IPRO) in 15 provinces, including the renewable energy sector, tourism, infrastructure, manufacturing, property, fisheries, agriculture, health and industrial estates. In addition, Bank Indonesia facilitated 54 promotional activities for trade with the participation of 46 Bank Indonesia domestic representative offices to promote 365 MSME products, including fabrics, processed food and beverages, fashion, handicrafts, coffee, spices, jewellery, home décor, fresh commodities and beauty products. Beyond promotional activities, Bank Indonesia also facilitated 25 online and offline educational and dissemination activities concerning potential MSME products/investment domestically and internationally.</p> |

| No. | Policy | Policy Description | Objectives and Background |
|-----|--------|--|---|
| | | SBC implementation with the Bank of England (BoE). | <ul style="list-style-type: none"> • Hosting two joint workshops, attended by various central banks from the ASEAN region. <ul style="list-style-type: none"> » BI-BoE Workshop for ASEAN Central Banks on Enhancing RTGS, Integrating Cross-Border Payment Systems and Exploring CBDC, was held from 8-10th March 2023. It emphasised the importance of developing digital payment and financial connectivity/linkages in the ASEAN region to strengthen financial sector resilience and more inclusive economic growth. » BI-BoE Workshop for ASEAN Central Banks on Financial Stability: Conjunctural and Structural Risks and Risk Mitigation, ran from 27-28th July 2023. It covered the implementation and state of financial stability policy, non-bank financial risk, as well as crypto asset policy. • Technical level meeting (TLM) on 9th March 2023 to discuss ongoing BI-BoE cooperation and identify potential work programs for implementation in the current year. • High-level meeting (HLM) on 21st March 2023 discussed the planned extension to the SBC framework. |
| | | SBC implementation with the Bank of Japan (BOJ). | <ul style="list-style-type: none"> • Holding a technical level meeting (TLM) on 1st March 2023 in Tokyo to discuss and agree on the proposed BI-BoJ program for 2023 in terms of the payment system and financial market deepening. • BoJ participation as a speaker at the Central Bank Policy Mix Seminar: Strengthening Macro-Financial Resilience Amidst Global Economic Uncertainty, as a side event of Indonesia's ASEAN Chairmanship in 2023, on 5th July 2023. • Holding technical discussions (TD) on 21st July 2023 regarding the cashless payment ecosystem in Japan based on QR Code in line with Bank Indonesia's need to expand the cross-border payment cooperation network with strategic international partners. • Holding a high-level meeting (HLM) on 7th November 2023 to discuss the SBC program and support for Indonesia's ASEAN Chairmanship in 2023 as well as the Indonesia-Japan ASEAN+3 Co-Chairmanship in 2023. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|--------|--|--|
| | | SBC implementation with the Bank of Korea (BoK). | <ul style="list-style-type: none"> • Holding a high-level meeting (HLM) on 2nd May 2023 to discuss the current bilateral relationship in terms of the SBC framework, including the payment system and various cooperation modalities to strengthen SBC program implementation. • Holding a technical level meeting (TLM) on 6th June 2023 to discuss and agree on the proposed BI-BoK SBC program implementation in 2023 in terms of supporting organisations and monetary policy. • Holding back-to-back technical discussions (TD) on the digital learning ecosystem in BoK to increase understanding of digital learning in BoK in line with massive digital technological advancement and artificial intelligence. • Holding a high-level meeting (HLM) on 12th October 2023 to discuss BI experiences as ASEAN+3 Co-Chair in 2023 and follow up on the implementation of cross-border payment cooperation. |
| | | SBC implementation with the Central Bank of the Republic of Turkey (CBRT). | Holding technical discussions (TD) on 24 th February 2023 regarding open banking to facilitate CBRT needs and to gain insights into the best practices for a central bank in the payment system area, particularly in terms of FinTech innovation hubs and open banking API. |
| | | SBC implementation with the Federal Reserve Bank of New York (FRBNY). | <ul style="list-style-type: none"> • Holding a high-level meeting (HLM) on 5th April 2023 to discuss the current bilateral relationship in terms of the SBC framework and several TD proposals in the areas of markets, payment systems and monetary policy. • Holding technical discussions in July 2023 regarding crypto-based financial services supervision as a BI initiative to seek best practices in terms of regulating and supervising crypto assets along with several topics facilitated by the FRBNY. • Holding a high-level meeting (HLM) on 12th October 2023 in the form of policy dialogue to discuss the latest global economic developments and their impact on emerging market economies (EMEs), including Indonesia. |
| | | SBC implementation with the Deutsche Bundesbank. | Deutsche Bundesbank participation as a speaker at the International Flagship Seminar on Modern Cash Cycles: Business Models and Analytics towards Central Banking 4.0, held on 29-30 th May 2023. The Bundesbank presented materials on changing cash cycle models in line with rapid technological advancements. |

| No. | Policy | Policy Description | Objectives and Background |
|-----|--------|--|--|
| | | SBC implementation with the Monetary Authority of Singapore (MAS). | <p>MAS participation as a speaker at four workshops, as follows:</p> <ol style="list-style-type: none"> 1. BI-BoE Workshop for ASEAN Central Banks on Enhancing RTGS, Integrating Cross-Border Payment Systems and Exploring CBDC on 8-10th March 2023 concerning cross-border payments in Singapore. 2. FEKDI 2023: Synergy and Innovation to Enhance the Regional Economy on 8th May 2023 concerning the challenges and opportunities of using CBDC. 3. Counter-Terrorist Financing (AML-CFT) in the Digital Economy and Finance on 8th June 2023, concerning supervisory technology (SupTech) for advancing AML-CFT. 4. BO-BOI Workshop for ASEAN Central Banks on Financial Stability: Conjunctural and Structural Risks and Risk Mitigation on 28th July 2023. It concerned the development of digital assets in Singapore. |
| | | SBC implementation with the Reserve Bank of India (RBI). | <p>RBI participation as a speaker at two workshops hosted by BI-BoE concerning the progress of cross-border payments in India and risks of using crypto assets. Namely: the BI-BoE Workshop for ASEAN Central Banks on Enhancing RTGS, Integrating Cross-Border Payment Systems and Exploring CBDC; and the BI-BoE Workshop for ASEAN Central Banks on Financial Stability, Conjunctural and Structural Risks and Risk Mitigation.</p> |
| | | SBC implementation with the Bank of Lao PDR (BoL). | <ul style="list-style-type: none"> • Holding a high-level meeting (HLM) on 27th October 2023 to discuss the proposed SBC work program in 2023 and the focus of cooperation in 2024. • Holding back-to-back technical discussions (TD) on the topic of Overview of the Role and Function of Report Management and Compliance Department. • Holding technical discussions (TD) on 28th November 2023 concerning Foreign Exchange Management related to Imports-Exports and Foreign Investment Management and on 29th November 2023 regarding Cross-Border Payment Linkages. The TD aimed to facilitate the needs of BoL to acquire best practices and insight on foreign exchange management and research on cross-border payments. |
| | | Accepting requests for study visits or benchmarking from various central banks and authorities from different jurisdictions outside the scope of SBC through technical discussions (TD). | <p>Facilitating technical discussions in the form of study visits to strengthen the institutional leadership of Bank Indonesia in the region. Online meetings were held with several non-SBC central partner central banks in 2023, including the Bank of Uganda, National Bank of Cambodia, Banque de France and Maldives Monetary Authority.</p> |



VIII. MSME Development Policy and Consumer Protection

| No. | Policy | Policy Description | Objectives and Background |
|-----|---|--|--|
| 1 | Economic Empowerment | Increasing economic and financial inclusion for subsistence groups and increasing MSME competitiveness. | <ul style="list-style-type: none"> Economic empowerment to increase MSME competitiveness supports BI's broader policies (like stronger growth and low inflation) through Food MSMEs, Export MSMEs, Digital MSMEs, Green MSMEs and access to finance. Development of Food MSMEs would boost productivity and foster downstreaming, by replicating best agricultural cluster practices to strengthen food clusters in terms of cultivation techniques, post-harvest handling and partnerships. MSME transformation would level up MSMEs through the development of export-oriented MSMEs, MSME digitalisation and Green MSMEs. <ul style="list-style-type: none"> Development of export MSMEs continued by optimising 'push and pull' strategies. The export MSME ecosystem was also developed by publishing MSME Go Global Guidelines; refining the e-catalogue for MSMEs with export potential; and developing an export hub (Indonesiasmehub.com) as an incorporated platform in Indonesia to accelerate export MSMEs. Furthermore, a study on trading house business models explores the potential for expanding the role of trading houses. Support for accelerating MSME digitalisation would focus on MSME acquisition to unlock the digital market and to strengthen MSME competence and quality. Development of green MSMEs would facilitate pilot projects for business models and implementation guidelines for the development of green MSMEs, to serve as a guide for Bank Indonesia representative offices. |
| 2 | Increasing Financial Literacy and Expanding Access to Finance | Levelling up MSMEs requires greater financial literacy, to help the unbanked join the financial system and to understand the risks and benefits of financial products. | <ul style="list-style-type: none"> Financial literacy was improved through financial literacy and consumer empowerment programs for quality financial inclusion. To increasing awareness, understanding and adoption of digital financial services (DFS), Bank Indonesia prepared educational materials and lesson plans for MSMEs. Subsistence groups were also strengthened through well-targeted economic development and financial literacy programs, designed in accordance with the Guidelines for Economic Development and Financial Inclusion in synergy with the Ministry of Women Empowerment and Child Protection (PPPA). |

| No. | Policy | Policy Description | Objectives and Background |
|-----|--|---|--|
| 3 | Increasing Access to Finance | Increasing access to finance for MSMEs through end-to-end facilitation to increase digital financial records for businesses, using the Financial Information Recording Application Information System (SIAPIK); administrating a database of financially viable MSMEs; and doing business matching. | <p>The integrated access to finance program was realised through the AKUBISA program. There are several relayed aspects to this program.</p> <ol style="list-style-type: none"> For example, improving MSMEs' financial record-keeping using the SIAPIK application and collaboration between universities and relevant government ministries/agencies, while also taking advantage of socialisation activities, training and Training of Trainers (ToT). As another example, implementing a national survey to populate the database of financially viable MSMEs (BISAID; as published on the BI website) and disseminated through the AKUBISA webinar. For their part, financial institutions could use the survey for information on MSMEs that are financially viable. Other options include disseminating multiple channel financing (MCF) business models to highlight various types of supply chain financing business models based on the expertise, interest and business model of each bank. Financial institutions could apply the business models in order to reach more MSMEs. Preparation of a Digital Financing Business Model Innovation Study that identifies the needs and expectations of MSMEs regarding digital credit/financing, analyzes the implementation of digital credit/financing distribution, and prepares a generic digital financing business model for MSMEs that can be a reference for financial institutions in providing financing. Similarly, there are good possibilities for facilitating business matching for financing by holding the Karya Kreatif Indonesia (KKI, Indonesia Creative Works Exhibition) and identifying special purpose MSMEs. |
| 4 | Strengthening the Consumer Protection Function | The Consumer Protection (CP) Policy of Bank Indonesia was strengthened in accordance with the mandate of the P2SK Act, and as an integral part of supporting policy to accelerate an inclusive and green economy and finance at Bank Indonesia. | <p>The consumer protection function at Bank Indonesia was strengthened through four instruments.</p> <ol style="list-style-type: none"> By Regulation, with Bank Indonesia promulgating Bank Indonesia Regulation (PBI) No. 3 of 2023 concerning Bank Indonesia Consumer Protection (PKBI) and Board of Governors Regulation (PADG) No. 20 of 2023 concerning Bank Indonesia Consumer Protection Procedures, in response to the Financial Sector Development and Strengthening Act (P2SK Act), complemented by exploring best practices on compensation and Alternative Dispute Resolution Institutions (LAPS). By Supervision of market conduct, aiming to ensure compliance among service providers to prevailing consumer protection principles. More effective handling of consumer complaints by optimising Bank Indonesia's role in handling and resolving consumer complaints. |



| No. | Policy | Policy Description | Objectives and Background |
|-----|---|--|--|
| | | | <p>4. <i>Education</i> prioritising MATRIC (Massive, Technology-based, Responsive and Customer-centric) principles. Online, offline and hybrid educational activities are available in the form of targeted socialisation activities for MSMEs, academia, law enforcement, professional associations and service providers. In further support for consumer protection, Bank Indonesia conducted The National Consumer Protection Survey in 2023. It used a sample of 13,666 respondents in all provinces of Indonesia. The results provided input and recommendations for strengthening the consumer protection education strategy. This includes strengthening more targeted and standardised educational activities in synergy with relevant government ministries/agencies and professional associations.</p> |
| 5 | Strengthening Synergy to Support Economic-Financial Inclusion and Consumer Protection | Strategies to develop economic-financial inclusion and consumer protection by applying the principles of synergy among stakeholders. | <ul style="list-style-type: none"> • As a model, applying the synergies in organising the Karya Kreatif Indonesia (KKI) 2023 and the Indonesia Creative Works Exhibition. Through close synergy between Bank Indonesia, government ministries/agencies, professional associations, the industry and potential buyers/aggregators, KKI 2023 set very impressive milestones in terms of revenue and financing. • In related areas, Bank Indonesia actively supports the National BBI Movement promoting pride in Indonesian-made products and Indonesian Proud to Travel Movement (BWI). • Synergies concerning consumer protection were provided in cooperation with OJK, Ministry of Communication and Informatics, Coordinating Ministry for Economic Affairs, Ministry of Trade, universities, professional associations and service providers. Such synergies use government and association channels to disseminate educational materials on consumer protection to ensure broader impact. Similar regional initiatives can make use of Bank Indonesia regional offices. • Implementation of MSME development and consumer protection is carried out by all Bank Indonesia Representative Offices in synergy with stakeholders at the central and regional levels. |

Glossary of Terms

| Term | Meaning |
|---|--|
| 3I | Integrated, interoperable, interconnected: in describing the form of connectivity between financial markets infrastructure. |
| Administered Prices | This component of inflation constitutes the prices of goods and services regulated by the Government. |
| Aggregate demand | The total of final goods and services demanded in the economy . |
| Aggregate supply | The total of final goods and services produced by an economy. |
| Aging Population | The demographic structure which comprises mostly older people. |
| Application Programming Interface (API) | A set of algorithms, protocols and tools for building software applications that determine the manner of interaction of these software components. |
| Appointed Cross Currency Dealer (ACCD) | Banks appointed by the authorities of two countries to facilitate the implementation of LCS through the opening of currency accounts in the respective countries. |
| Appreciation | Increase in the value of the domestic exchange rate against foreign currencies. |
| ASEAN High-Level Conference | Summit that gathers the leaders of ASEAN member states and is held annually. |
| Balinusra Region | Bali and Nusa Tenggara Region, including Bali, West Nusa Tenggara and East Nusa Tenggara. |
| Bank Indonesia Foreign Exchange Securities (SVBI) | Foreign exchange securities issued by Bank Indonesia. Typically, short-term debt using an underlying asset in the form of foreign exchange securities owned by Bank Indonesia. |
| Bank Indonesia Foreign Exchange Sukuk (SUVBI) | Foreign exchange Sukuk issued by Bank Indonesia using an underlying asset in the form of foreign exchange denominated securities based on Sharia principles. |
| Bank Indonesia Policy Mix | Integration of Bank Indonesia's main policies namely: monetary policy; macroprudential policy: and payment system policies. It is underpinned by supporting policies that are coherent and consistent with achieving the goals and mandate of Bank Indonesia. |
| Bank Indonesia Rupiah Securitas (SRBI) | Rupiah denominated securities issued by Bank Indonesia. Typically, short-term debt using underlying assets in the form of securities owned by Bank Indonesia. |
| BI-Electronic Trading Platform | Infrastructure used to process transactions carried out electronically. |
| BI-FAST | Payment system services that are carried out in real time and 24/7, which speed up the transaction settlement process and which will replace the Bank Indonesia National Clearing System (SKNBI). |
| BI-Real Time Gross Settlement | Infrastructure used for electronic funds transfer. Settlement is carried out instantly and by individual transaction. |
| BI-Scripless Securities Settlement System | Infrastructure used for administering transactions and securities carried out electronically. |
| Bilateral Currency Swap Arrangement | A form of bilateral financial cooperation commonly carried out by central banks, which allows a central bank to obtain foreign exchange from other central banks by exchanging each country's local currency, to be returned later at an agreed point in time. |
| Biometric payments | Payment methods using the Individual's physical characteristics, such as fingerprints and via facial recognition. |
| Blockchain | An unchangeable record of ownership and transfer of ownership of digital tokens, the records being decentralized (that is, under no single authority). |
| Book smart | Professional leadership, normally acquired through education (i.e. books). |
| Boom/overheating | The period in an economic cycle when the economy exceeds its capacity (potential). |
| Business matching | Business pairings between different players in the economy. |



| Term | Meaning |
|-----------------------------------|---|
| Capital Adequacy Ratio | A bank's capital adequacy ratio, which is measured as the ratio of total capital to total risk-weighted assets (RWA). |
| Cash is King | The phenomenon of investors or market participants preferring to put their funds into highly liquid assets, because such assets are considered safer in times of uncertainty. |
| Central Bank Digital Currency | A new, electronic form of central bank money that is a liability of the central bank and has the same denomination and uses as the official currency. |
| Cluster | Interconnected business groups or MSME centers. |
| Coexist | Existing side by side. |
| Conceptual design | Framework that is often used in product design. |
| Consumer centric/customer centric | In business, a strategy that gives priority to the customer/consumer. |
| Core inflation | The inflation component that tends to be persistent in inflationary movements. It excludes volatile components of inflation, such as food and energy prices and is influenced by fundamental factors, like demand-supply balance, exchange rates, international commodity prices, trading partner inflation and inflation expectations. |
| Countercyclical Capital Buffer | Additional capital that functions as a buffer to anticipate losses in the event of excessive credit growth and/or bank financing that has the potential to jeopardize financial system stability. |
| Covid-19 | A specific strain of coronaviruses (CoV), which are a large family of viruses that cause illnesses ranging from the common cold to more severe illnesses such as Respiratory Syndrome (MERS-CoV) and Severe Acute Respiratory Syndrome (SARS-CoV). |
| Crypto assets | Intangible wealth in the form of digital assets which use cryptography, peer-to-peer networks and distributed ledgers to govern the creation of new units, verify transactions and secure transactions without interference from other parties. |
| Currency Diversification | The use of more varied currencies in conducting international transactions in order to overcome impediments to cross-border payment activities. |
| Current account deficit | A negative balance (exports minus imports) in a component of Indonesia's Balance of Payments. The component, called the Current Account, comprises Goods Trade Balance, Services, Primary Income, and Secondary Income. |
| Deposit | A bank product offered to businesses or persons, normally for personal savings (which earn interest) or to meet business needs. Some types (term deposits) have a specific withdrawal period, based on an agreement between the bank and the customer. |
| Depreciation | Decline in the value of the domestic exchange rate against foreign currencies. |
| Derivative | Derivative instruments, like contracts, agreements or transactions, whose value is based upon (derived from) another financial instrument. |
| Devisa | Foreign currency and precious metals (mainly gold) that can be used for international payments, normally by the central bank. |
| Digital banking | Electronic banking services developed by optimising customers' data to serve customers more promptly and conveniently based on their needs, and performed independently by the customer in compliance with various security features. |
| Digital economy | An economy that is oriented towards the development of information and communication technology. |
| Digital finance | Finance that makes use of digital technology, such as cellular mobiles or the Internet. |
| Digitalization | The process of transferring media from physical, printed, audio and video forms to digital form. |
| Distributed Ledger Technology | An approach used in recording and sharing data across multiple data storage locations (or journals). This technology allows transactions and data to be recorded, shared and synchronized among distributed networks on different participant networks. |

| Term | Meaning |
|--|--|
| Domestic Non- Deliverable Forward | A standard derivative transaction in the form of a forward contract based on a fixing mechanism with the settlement currency in Rupiah. |
| E-commerce | Transactions conducted online, that is, using internet technology. |
| Economic cycle | Fluctuations in economic activity that deviate from the long-term trend. |
| Economic Transformation | A process aimed at developing economic units, possibly to increase their productivity. |
| Economic-financial inclusion | Greater access to financial, goods and labor markets. |
| Electronic money | Means of payment issued on the basis of the value of money that has been deposited in advance in an electronic account. |
| Electronification | Changing from a method of payment that originally used cash to an electronic transaction. |
| End-to-end | Policies which are integrated, comprehensive and inclusive. |
| ETP multi-matching | Electronic system used by market participants as a means to conduct financial market transactions with flexible (multi-matching) methods. |
| Exports | The sale of goods or services to residents of another country. |
| Financial cycle | Fluctuations in financial activity that deviate from the long-term trend. |
| Financial Market Infrastructure | A multilateral system operated by participating institutions, used for clearing or recording payments, securities, derivatives or other financial transactions. |
| Financing to Value | The ratio of financing provided by banks to the value of a purchased asset. |
| Fintech | Financial technology/fintech comprises of financial services that make advanced use of technology, ultimately leading to a change in the business model from a conventional model to a more modern one. Whereas users originally had to make payments face-to-face and carry some cash, they can now make convenient, remote transactions. |
| Fiscal stimulus | A Government's fiscal initiative aimed at boosting economic activity. |
| Forward looking policy | A policy that is directed towards achieving some objective--for example an inflation target--at some future date. A forward time perspective is needed because monetary policy acts with a considerable lag on targets like inflation. |
| Front loaded policy | A policy action that entails relatively strong measures early in the process. |
| Future proof | Sustainable solutions. |
| G20 Chairmanship | The senior position in the G20, a multilateral cooperation forum consisting of 19 major countries and the European Union (EU). The Chairmanship is held by one of the member states and rotated annually. |
| Garuda Project | An initiative that explored the design of Indonesia's Central Bank Digital Currency (CBDC), later called Rupiah Digital. |
| Geopolitical and geoeconomic fragmentation | A break-up of global political and economic conditions into smaller, competing jurisdictions. |
| Giro | Deposits with banks for which withdrawals can be made at any time by using a cheque or other payment order or by book-entry settlement. |
| Green economy | An economy that takes special consideration of environmental, social and good governance aspects. |
| Green economy and finance | Economic and financial systems that support environmental and/or climate concerns. |
| Halal industry | Industries that operate in accordance with the halal criteria of the Institute for the Assessment of Food, Drugs and Cosmetics of the Indonesian Ulema Council (LPPOM MUI). |
| Halal value chain | A halal supply chain running from upstream to downstream industries. At present in Indonesia, the halal value chain covers four economic sectors, namely: the halal tourism; halal cosmetics and medicines; halal foods; and the halal financial industry. |



| Term | Meaning |
|---|--|
| Hedging | Activities undertaken by investors to reduce or eliminate a source of risk. |
| Higher for longer | In the current economic context, persistently higher interest rates than previously expected, over a longer period of time. |
| Imported Inflation | Inflation caused by an increase in the price of goods originating from overseas, due to higher international inflation or a depreciation in the local exchange rate. |
| Imports | Goods and services purchased from abroad. |
| Inclusive finance | Deepening of financial services so that lower-income persons can access formal financial markets. |
| Indonesia Credit Card (KKI) | A payment instrument with credit facilities for use by Indonesian governments, processed domestically through the National Payment Gateway (GPN). |
| IndONIA | Interest rate index on unsecured Rupiah lending and borrowing transactions conducted between banks for overnight periods in Indonesia. |
| Institutional transformation | Transformation that includes strengthening organizations and work processes, HR and work culture, as well as digitalization. |
| Integrated Policy Framework | A policy framework that takes a wide range of policy levers into account. |
| Integration (in 3i) | Unification of the post trade infrastructure within the same institution for the value chain of transaction services. |
| Inter-country QRIS | A collaborative initiative to standardize settlement infrastructure for inter-country cross-border trade using QR codes. |
| Interconnection (in 3i) | The ability of different systems to exchange information or transact, possibly through intermediaries. |
| International policy trilemma | The three objectives pursued by Bank Indonesia in international policy; namely: mitigating the impact of global spillover; maintaining resilient economic growth; prioritizing national interests. |
| Interoperability (in 3i) | The ability of two systems to communicate or transact directly. |
| Investment | The accumulation of an asset in the hope of a future benefit. Sometimes referred to as capital investment. |
| Investment grade | Ratings that indicate a high-quality financial instrument. |
| Java Region | Includes DKI Jakarta, West Java, Central Java, DI Yogyakarta, East Java and Banten. |
| Kalimantan Region | Includes West Kalimantan, Central Kalimantan, South Kalimantan, East Kalimantan and North Kalimantan. |
| Legible banknotes | Rupiah banknotes that meet the requirements for circulation based on quality standards set by Bank Indonesia. |
| Lending Requirement | Credit channeling standards. |
| Liquidity | The ability of a company or individual to pay its short-term obligations. |
| Loan to Value | The ratio of a loan provided by a bank to the value of a purchased an asset. |
| Local Currency Bilateral Swap Agreement | Bilateral financial cooperation carried out by central banks. It allows a central bank to obtain foreign exchange from another central bank by exchanging local currencies. They are exchanged back at an agreed date. |
| Local Currency Transaction | A transaction between two countries conducted in the local currency of each country for which payment of the transaction is made within the jurisdiction of the territory of each country. |
| Local value chain | Production activities that increase linkages between domestic industries. |
| M1 | Money defined in a narrow sense, consisting of currency plus demand deposits. |

| Term | Meaning |
|--|---|
| M2 | Money defined in a broad sense, consisting of currency, demand deposits, quasi money (time deposits and savings in Rupiah and foreign currencies as well as demand deposits in foreign currency) and certain securities other than shares. |
| Macroprudential | Financial regulation that aims to mitigate overall risk in the financial system. |
| Macroprudential Intermediation Ratio | Improvements to the loan-to-funding ratio (LFR) policy, by adding certain securities owned by banks as a financing component. The securities must be issued by non-financial corporations that have ratings equivalent to investment grade. |
| Macroprudential Liquidity Buffer | Macroprudential instrument formulated to increase banking liquidity resilience. It requires banks to hold additional liquid assets as a certain percentage of third party funds. |
| Macroprudential Liquidity Incentive Policy (KLM) | Incentives provided by Bank Indonesia by reducing a bank's required current account at Bank Indonesia. |
| Macroprudential policy trilemma | The three objectives pursued by Bank Indonesia in macroprudential policy: namely, optimal credit growth; financial system stability; and economic and financial inclusion. |
| Marketplace | The place where sellers and buyers conduct transactions, whether in a physical or non-physical space (e.g., e-commerce). |
| Merchant Discount Rate (MDR) QRIS | Service fees charged to merchants by Payment Service Providers (PJP) when conducting transactions using QRIS. |
| Microprudential | Financial regulation associated with individual financial institutions, intended to safeguard the sustainability of their businesses. |
| Monetary policy trilemma | The three objectives pursued by Bank Indonesia in monetary policy, namely price stability; exchange rate stability; and capital flow management. |
| Money market infrastructure | Multilateral systems between institutions participating in the local money market, including system operators. The systems are used for clearing or the recording of payments, securities, derivatives, or other financial transactions, typically short-term. |
| Multi-matching | Connections between many units. |
| Multipolar Global Supply Chain | A global supply chain with many nodes. |
| National Standard Open API Payments (SNAP) | An initiative of Bank Indonesia to create a healthy, competitive and innovative payment system; promote integration, interconnection, interoperability, security of reliable payment system infrastructure; and/or enhance sound, efficient and reasonable market practices in the management of payment systems. |
| Non-building investment | Investment other than buildings, including machinery and equipment, vehicles, equipment, cultivated biological resources (CBR) and intellectual property products. |
| Non-cash | Payment methods that do not use cash, e.g. cheques, credit cards, electronic money, mobile banking or internet banking. |
| Non-performing Loans | Loans that are not being re-paid on time. |
| Offline | Not connected to the internet or some other computer network. |
| Online | Connected to the Internet, or some other computer network. |
| Overnight Index Swap | Contract/agreement to exchange interest rate flows in the same currency while using daily compounding in its cost calculation. |
| Overshooting | Moving above or surpassing a level which is considered normal or an 'equilibrium'. |
| Pandemic | The outbreak of a disease that spreads widely. |
| Payment System | A system that manages the transfer of monies from one party to another. |
| Payment system policy trilemma | Three objectives pursued by Bank Indonesia in its payment system policy, namely: transactions and velocity; healthy and competitive payment system industry structure; and secure and reliable payment system infrastructure. |



| Term | Meaning |
|--|---|
| Policy mix | Application of several policies concurrently. |
| Policy trilemma of institutional reform | Three objectives pursued by Bank Indonesia in institutional reform policy, namely: the effectiveness of tasks and authority; strong and professional governance; and efficiency in resources management. |
| Pre-emptive | Early response in a bid to anticipate future risks. |
| Pricing | The process of determining the desired offer price for a good or service. |
| Primary Money | Obligations of the central bank to commercial banks and the private sector (excluding the Central Government and overseas). Sometimes referred to as 'base money'. |
| Pro-growth | Policies taken to support economic growth. |
| Pro-stability | Policies taken to maintain economic stability. |
| Purchasing Managers' Index | Economic indicator obtained from monthly surveys of private sector, supply chain managers. |
| QR Code | A technological feature that, among others, allows payment transactions to be carried out by scanning certain codes through a mobile application. |
| QRIS TUNTAS | QRIS Cash Withdrawal, Transfer and Cash Deposit incorporating a feature that allows users to transfer funds between QRIS users, as well as make cash withdrawals and deposits at Cash Deposit Machines (CDM) or QRIS TUNTAS agents. |
| Quick Response Code Indonesian Standard (QRIS) | Standardization of QR Codes across Payment System Service Providers (PJSP), developed by the payment system industry together with Bank Indonesia. |
| Regional Payment Connectivity (RPC) | Agreement for cooperation on regional payment connectivity by Bank Indonesia, Bank Negara Malaysia, the Central Bank of the Philippines, the Monetary Authority of Singapore, and the Bank of Thailand. |
| Repo | The sale of a security with repurchase obligations at a predetermined time and price. |
| Reserve Requirement | The minimum funds or deposits that must be maintained by banks in the form of cash and certain balances placed at the central bank. |
| Reverse Repo | The purchase of a security with an obligation to resell at a predetermined time and price. |
| Rupiah Digital | Digital form of the Rupiah. |
| Sandboxing | Controlled testing of technological innovations. |
| Scarring effect | A lasting, harmful, economic impact that is structural in nature. |
| Shock absorber | Policy, coordination or cooperation measures to act as a shock absorber in mitigating the impact caused by shocks. |
| Social Assistance | Providing aid in the form of money/goods from the Regional Government to individuals, families, groups and/or communities. It is time-limited and selective in nature and it seeks to provide protection against possible social risks. |
| Special Drawing Rights | International reserve assets which were created by the IMF in 1969 and serve, in part, as the foreign reserves of the IMF's member states. |
| Spiritual smart | Professional leadership with a sound character. |
| Spot | Foreign exchange transactions with settlement on the same day or a maximum of two days. |
| Stagnant / recession | The downward phase in an economic cycle. |
| Strategic Asset Allocation (SAA) | A long-term portfolio strategy that involves careful selection of asset classes and rebalancing allocations on a periodic basis. |
| Street smart | Professional leadership, based upon lengthy experience. |
| Strong Dollar | The phenomenon of the United States dollar strengthening against the currencies of other countries. |

| Term | Meaning |
|---|--|
| Structural reform | Fundamental changes made to a system. |
| Subsidy | Transfer of funds from the Government to reduce the price of a good or service. |
| Sukuk | A type of long-term security based on sharia principles issued by issuers to sharia bondholders. |
| Sulampua Region | Encompassing Sulawesi, Maluku and Papua, and specifically including North Sulawesi, Central Sulawesi, South Sulawesi, Southeast Sulawesi, Gorontalo, West Sulawesi, Maluku, North Maluku, Papua and West Papua. |
| Sumatra Region | Includes Aceh, North Sumatra, West Sumatra, Riau, Jambi, South Sumatra, Bengkulu, Lampung, Riau Islands and Bangka Belitung Islands. |
| Super priority destination | Priority tourist destinations to be developed in 2019-2024 including Lake Toba, Borobudur, Mandalika, Labuan Bajo and Likupang. |
| Sustainable finance | Financial services industry for sustainable growth resulting from the alignment of economic, social and environmental interests. |
| Talent Pool | A group of people with potential from a wider HR population. |
| Tech-savvy | Technologically literate, i.e., the ability to use (digital) technology. |
| Term premia | Long-term risk premium. |
| Terms of trade | The ratio of export prices to import prices. |
| The Fed | The Federal Reserve, which is the central bank of the United States. |
| Tokenization | The process of creating digital versions of banknotes and coins with verification of the validity of the parts. |
| Trilemma of inclusive and green economic- financial policies | The three objectives pursued by Bank Indonesia for inclusive and green economic-financial policies, namely: product downstreaming; exchange rate stability; and inclusive and green growth. |
| Trilemma of money market and foreign exchange market policies | Three objectives pursued by Bank Indonesia in money market and foreign exchange market policy, namely: increased transaction volumes and liquidity; market stability and infrastructure; and price efficiency and market conduct. |
| Triple intervention | A three-part strategy to stabilize the Rupiah exchange rate through: i) intervention in the spot market; ii) the provision of foreign exchange liquidity related to hedging instruments through the DNDP; and iii) the purchase of SBN on the secondary market to maintain sufficient Rupiah liquidity. |
| Twist Operation | Bank Indonesia's policy to increase the investment yield of the short tenor SBN portfolio and encourage lower long tenor SBN yields (i.e., to flatten the yield curve). It is executed by the purchase/sale of SBN in the secondary market; through the sale of short tenor SBN; and the purchase of long tenor SBN. |
| Unicorn | Private, start-up companies with valuations of more than one billion US dollars which are generally engaged in the software or technology sector. |
| US Treasury | United States Treasury securities, which are government bonds issued by the United States Department of the Treasury to finance the federal government deficit. |
| Vocational training | Training for the mastery of certain applied, technical skills, for example training for technicians and nurses. |
| Volatile Foods | Inflation component that may arise from shocks to prices in the foodstuffs group, such as poor harvests, natural disasters or factors affecting the development of domestic or international food commodity prices. |
| Wholesaler | As used in this report, parties that have access to Rupiah Digital directly from Bank Indonesia and play a role in distributing Rupiah Digital to retailers and end users. |
| Yield | Return on an asset, usually expressed as a percent of the value of that asset. |



Abbreviations

| Abbreviation | Term in Full |
|--------------|---|
| 2EK | Effective, Efficient and Compliant |
| 3A2P | Access, Attractions, Amenities, Performers and Promotions |
| 3I | Integrated, Interoperable, Interconnected |
| 3P | Product, Participant, Pricing |
| 3T | Frontier, Outermost, Remote |
| 4K | Price Affordability, Supply Availability, Smooth Distribution and Effective Communication |
| AB3 | I'm Proud BI is Meaningful |
| ABFS | Automated Banknote Feeding System |
| ABPS | Automated Banknote Packaging System |
| ACCD | Appointed Cross Currency Dealer |
| ADG | Member of the Board of Governors |
| ADK | Member of the Board of Commissioners |
| AEs | Advanced Economies |
| AFMGM | ASEAN Finance Ministers and Central Bank Governors' Meeting |
| AI | Artificial Intelligence |
| AIPF | ASEAN Indo-Pacific Forum |
| AKURAT | Application for Rupiah Cash Needs and Integrated Analytics |
| AL/DPK | Liquid Assets/Third Party Funds |
| AMRO | ASEAN+3 Macroeconomic Research Office |
| APBD | Regional Revenue and Expenditure Budget |
| APBN | State Revenue and Expenditure Budget |
| APC | ASEAN Payment Connectivity |
| API | Application Programming Interface |
| APMK | Payment Tools Using Cards |
| APU-PPT | Anti-Money Laundering and Prevention of Terrorism Financing |
| APUVINDO | Indonesian Money Market and Foreign Exchange Market Association |
| AS | United States |
| ASEAN | Association of Southeast Asian Nations |

| Abbreviation | Term in Full |
|--------------|---|
| ASN | Civil Apparatus of the State |
| ASPI | Indonesian Payment Systems Association |
| ATM | Automated Teller Machine |
| Balinusra | Bali-Nusa Tenggara |
| Bansos | Social Assistance |
| Banxico | Bank of Mexico |
| BAZNAS | National Amil Zakat Agency |
| BBI | Proudly Made in Indonesia |
| BBM | Fuel Oil |
| BBWI | Proud to Travel in Indonesia |
| BCB | Central Bank of Brazil |
| BCSA | Bilateral Currency Swap Arrangement |
| BI-APS | Bank Indonesia – Auction Platform System |
| BI-ETP | Bank Indonesia – Electronic Trading Platform |
| BI-FAST | Bank Indonesia – Fast Payment |
| BI-IMOS | Bank Indonesia – Integrated Monetary Operation System |
| BI-RTGS | Bank Indonesia – Real Time Gross Settlement |
| BI-SSSS | Bank Indonesia – Scripless Securities Settlement System |
| BI7DRR | BI 7-Day (Reverse) Repo Rate |
| BIS | Bank for International Settlements |
| BISAID | Database Containing Profiles of MSMEs for Potential Financing |
| BKU | Main Policy Mix |
| BM | Business Matching |
| BNM | Bank Negara Malaysia |
| BoE | Bank of England |
| BoL | The Central Bank of Laos |
| BoT | Bank of Thailand |
| Botasupal | Coordinating Agency for the Eradication of Counterfeit Rupiah |
| BPJPH | Organizing Body for Guaranteeing Halal Products |

| Abbreviation | Term in Full |
|--------------|---|
| BPPU | Money Market Development Blueprint |
| BPPUR | Rupiah Cash Management Blueprint |
| BPR | Business Process Re-engineering |
| bps | Basis points |
| BPS | Central Bureau of Statistics |
| BRL | Bilateral Repo Line |
| BSA | Bilateral Swap Arrangement |
| BSNT | Non-Cash Social Assistance |
| BSPI | Indonesia Payment System Blueprint |
| BUK | Conventional Public Bank |
| BUS | Sharia Public Bank |
| BWI | Indonesian Waqf Body |
| CAR | Capital Adequacy Ratio |
| CBDC | Central Bank Digital Currency |
| CBP Rupiah | Love, Pride and Understanding of the Rupiah |
| CBRT | Central Bank of the Republic of Turkey |
| CBUAE | Central Bank of the United Arab Emirates |
| CCP | Central Counterparty |
| CCP SBNT | Interest Rates and Exchange Rates Central Counterparty |
| CCyB | Countercyclical Capital Buffer |
| CFM | Capital Flows Management |
| CMIM | Chiang Mai Initiative Multilateralization |
| COP | Conference of the Parties |
| Covid-19 | Corona Virus Disease 2019 |
| CPMI | Committee on Payments and Market Infrastructure |
| CPO | Crude Palm Oil |
| DEFA | Digital Economy Framework Agreement |
| DFI | Digital Financial Inclusion |
| DFS | Digital Financial Services |
| DHE | Foreign Exchange Proceeds from Exports |
| DHE SDA | Foreign Exchange Proceeds from Exports of Natural Resources |
| Digital BPR | Digital Business Process Re-engineering |
| DKU | Main Cash Depot |

| Abbreviation | Term in Full |
|--------------|---|
| DKW | Regional Cash Depot |
| DLT | Distributed Ledger Technology |
| DNDF | Domestic Non-Deliverable Forward |
| DNKI | National Council on Inclusive Finance |
| DPK | Third Party Funds |
| DPSP | Super Priority Tourism Destinations |
| DWP | Digital Workplace Platform |
| ECB | European Central Bank |
| EKD | Digital Economy and Finance |
| EKI | Inclusive Economy and Finance |
| EKU | Estimates of Money Needs |
| EMBI | Emerging Markets Bond Index |
| EMDEs | Emerging Market and Developing Economies |
| ERB | Sovereign Rupiah Expedition |
| ESG | Environmental, Social and Governance |
| ETP | Electronic Trading Platform |
| ETP-MMS | Electronic Trading Platform – Multi-matching System |
| ETPD | Electronification of Regional Government Transactions |
| EVP | Employee Value Proposition |
| FATF | Financial Action Task Force |
| FCI | Financial Condition Index |
| FDI | Foreign Direct Investment |
| FDS | Fraud Detection System |
| FEKDI | Indonesian Digital Economy Finance Festival |
| FERBI | Indonesian Sovereign Rupiah Festival |
| FESyar | Sharia Economy Festival |
| FFR | Federal Funds Rate |
| FGD | Focus Group Discussion |
| FinTech | Financial Technology |
| FK-PPPK | Forum for Coordination of Development Financing through Financial Markets |
| FK-PSK | Financial Sector Development Coordination Forum |
| FMCBG | Finance Ministers and Central Bank Governors |



| Abbreviation | Term in Full |
|--------------|---|
| FMI | Financial Markets Infrastructure |
| FOMOBO | Front Office, Middle Office and Back Office |
| FRBNY | Federal Reserve Bank of New York |
| FRT/VRT | Fixed Rate Tender/Variable Rate Tender |
| FSB | Financial Stability Board |
| FTA | Free Trade Agreement |
| FTV | Financing to Value |
| FX Swap | Foreign Exchange Swap |
| G20 | Group of Twenty |
| Gapoktan | Association of Farmer Groups |
| GBI | Bank Indonesia Governor |
| Gernas BBI | Proudly Made in Indonesia National Movement |
| GFSN | Global Financial Safety Net |
| GHH | Global Halal Hub |
| GMRA | Global Master Repurchase Agreement |
| GNPIP | National Movement for Food Inflation Control |
| GPN | National Payment Gateway |
| GVC | Global Value Chain |
| HEBITREN | Islamic Boarding Schools Economics Business Association |
| HLM | High Level Meeting |
| Horeka | Hotels, Restaurants and Cafes |
| IACA | International Association of Currency Affairs |
| ICBF | Indonesia China Business Forum |
| ICC | Investor Conference Call |
| ICK | Performance Achievement Indicators |
| ICOR | Incremental Capital Output Ratio |
| IFSB | Islamic Financial Services Board |
| IHK | Consumer Price Index |
| IIF | Indonesian Investment Forum |
| IIFM | Islamic International Financial Market |
| IILM | International Islamic Liquidity Management |
| IKKAT | Independence, Consistency, Coordination, Accountability, Transparency |

| Abbreviation | Term in Full |
|-------------------------|--|
| IKN | Nusantara Capital City |
| IKNB | Non-Bank Financial Industry |
| IKU | Key Performance Indicators |
| IMF | International Monetary Fund |
| IN2MF/ In2MotionFest | Indonesia International Modest Fashion Festival |
| IndONIA | Indonesia Overnight Index Average |
| IOSCO | International Organization of Securities Commissions |
| IPF | Integrated Policy Framework |
| IPRO | Investment Project Ready to Offer |
| IRS | Interest Rate Swap |
| IRU | Investor Relations Unit |
| IsDB | Islamic Development Bank |
| ISEF | Indonesia Sharia Economic Festival |
| ITSK | Financial Sector Technological Innovation |
| JMC | Jakarta Madrasah Competition |
| JPKI | International Financial Safety Net |
| K/L | Ministries/Institutions |
| KBKU | Main Policy Mix Committee |
| KBRI | Embassy of the Republic of Indonesia |
| KDEKS | Economic and Financial Sharia Regional Committee |
| KDR | Khazanah Digital Rupiah |
| KEKDA | Review of Regional Economies and Finances |
| KESN | National Sharia Economic Competition |
| KIS | Consistency, Innovation, Synergy |
| KKB | Sustainable Finance Committee |
| KKI | Indonesia Creative Works |
| KKI | Indonesia Credit Card |
| KLM | Macroprudential Liquidity Incentive Policy |
| KNEKS | National Committee of Economic and Financial Sharia |
| KPM | Beneficiary Families |
| KSEI | Central Custodian of Indonesian Securities |

| Abbreviation | Term in Full |
|--------------|--|
| KSSK | Financial System Stability Committee |
| KTI | East Indonesia Region |
| KTKK | Institutional Governance Committee |
| KTT | High-Level Conference |
| KUR | People's Business Credit |
| LAPS | Alternative Institute for Dispute Resolution |
| LAPS SJK | Alternative Institution for Financial Services Sector Dispute Settlement |
| LCBSA | Local Currency Bilateral Swap Agreement |
| LCS | Local Currency Settlement |
| LCT | Local Currency Transaction |
| LDR | Loan to Deposit Ratio |
| LICs | Low Income Countries |
| LIKE IT | Indonesian Financial Literacy Program |
| LPS | Deposits Guarantee Board |
| LSP | Professional Certification Institute |
| LTV/FTV | Loan to Value/Financing to Value |
| LU | Business Field |
| MAS | Monetary Authority of Singapore |
| MATRIC | Massive, technology based, responsive and consumer centric |
| MCF | Multiple Channel Financing |
| MDR | Merchant Discount Rate |
| MEA | People's Economy of ASEAN |
| MES | The People's Sharia Economy |
| MFSF | Macro Financial Stability Framework |
| MICE | Meetings, Incentives, Conventions and Exhibitions |
| Migas | Oil and Gas |
| MoU | Memorandum of Understanding |
| MPIHI | Master Plan for Indonesia's Halal Industry |
| MUI | Indonesian Ulema Assembly |
| NCG | Net claims on Central Government |
| NDA | Net Domestic Assets |
| NFA | Net Foreign Assets |
| NKRI | Unitary State of the Republic of Indonesia |

| Abbreviation | Term in Full |
|--------------|---|
| NPI | Indonesia Balance of Payments |
| NPL | Non-Performing Loans |
| NWGBR | National Working Group on Benchmark Reform |
| OCR | Optical Character Recognition |
| OIS | Overnight Index Swap |
| OJK | Financial Services Authority |
| OM Valas | Foreign Exchange Monetary Operations |
| OPT | Open Market Operations |
| P2DD | Acceleration and Expansion of Regional Digitalization |
| PBI | Bank Indonesia Regulation |
| PBoC | People's Bank of China |
| PCE | Personal Consumption Expenditures |
| PDB | Gross Domestic Product |
| PDG | Regulations of the Board of Governors |
| PDP | Protection of Personal Data |
| PDs | Primary Dealers |
| Pemda | Regional Government |
| Perpres | Presidential Regulation |
| PIP | Payment System Infrastructure Organizer |
| PJP | Payment Service Providers |
| PJP LSB | Institutional Payment Service Provider Other Than Banks |
| PJPUR | Rupiah Money Processing Service Provider |
| PLJP | Short-Term Liquidity Loans |
| PLJPS | Sharia Short-Term Liquidity Financing |
| PLM | Macroprudential Liquidity Buffer |
| PLPS | Deposit Insurance Agency Regulation |
| PMA | Foreign Investment |
| PMI | Purchasing Managers' Index |
| POC | Proof of Concept |
| POJK | Financial Services Authority Regulation |
| Pokdarwis | Tourism Conscious Group |
| PP | Government Regulation |
| PRGT | Poverty Reduction and Growth Trust |
| PRM | Muslim Friendly Tourism |



| Abbreviation | Term in Full |
|--------------|---|
| PSN | National Strategic Project |
| PSPS | Systemic Payment System Organizer |
| PUAB | Interbank Money Market |
| PUR | Rupiah Cash Management |
| QR | Quick Response |
| QR Code | Quick Responses Code |
| QRIS | Quick Response Code Indonesian Standard |
| r-CBDC | Retail Central Bank Digital Currency |
| Rakornas | National Coordination Meeting |
| RAN-GRK | National Greenhouse Gas Action Plan |
| RAR | Risk Adjusted Return |
| RBI | Reserve Bank of India |
| RDG | Board of Governors Meeting |
| RDGB | Monthly Board of Governors Meeting |
| RDGM | Weekly Board of Governors Meeting |
| Repo | Repurchase Agreement |
| RFA | Regional Financial Arrangement |
| RIM | Macroprudential Intermediation Ratio |
| RIPIN | National Industrial Development Master Plan |
| RIVIBI | Bank Indonesia Digital Innovation Master Plan |
| RPA | Robotic Process Automation |
| RPC | Regional Payment Connectivity |
| RPIM | Macroprudential Inclusive Financing Ratio |
| RPJMN | National Medium-Term Development Plan |
| RR SBN | Reverse Repo of Government Securities |
| RRH | Daily Average |
| SAA | Strategic Assets Allocation |
| SBDK | Base Rate for Lending |
| SBN | Government Securities |
| SBV | State Bank of Vietnam |
| SCR | Sovereign Credit Rating |
| SDA | Natural Resources |
| SDGs | Sustainable Development Goals |
| SDM | Human Resources |

| Abbreviation | Term in Full |
|--------------|---|
| SDR | Special Drawing Rights |
| SIAPIK | Information System Application to Record Financial Information |
| SIFIs | Systemically Important Financial Institutions |
| SKNBI | Bank Indonesia National Clearing System |
| SKUAD | Superior Work Systems in the Digital Era |
| SLC | Senior Level Committee |
| SN-PPPK | National Strategy for Financing and Deepening Financial Markets |
| SNAP | Open API Payments National Standards |
| SNB | Swiss National Bank |
| SNEKI | National Strategy for an Inclusive Economy and Finance |
| SNKI | National Strategy for Inclusive Finance |
| SP | Payment system |
| SP-IKD | Payment Systems and Digital Finance Innovation |
| SPBI | Bank Indonesia Payment System |
| SRBI | Bank Indonesia Rupiah Securities |
| SRO | Self-Regulatory Organization |
| SSB | Securities |
| SSK | Financial System Stability |
| SukBI | Bank Indonesia Sukuk |
| Sulampua | Sulawesi-Maluku-Papua |
| SUN | Government Bonds |
| Suptech | Supervisory Technology |
| SUVBI | Bank Indonesia Foreign Exchange Sukuk |
| SVBI | Bank Indonesia Foreign Exchange Securities |
| SWI | One Wakaf Indonesia |
| TD | Term Deposit |
| TD | Technical Discussion |
| TE | Year of Emission |
| TFP | Total Factor Productivity |
| TLM | Technical Level Meeting |
| TOT | Terms of Trade |
| TP2DD | Regional Digitalization Acceleration and Expansion Team |

| Abbreviation | Term in Full |
|--------------|--|
| TPID | Regional Inflation Control Team |
| TPIP | Central Inflation Control Team |
| TUNTAS | Withdraw Cash, Transfer, Deposit Cash |
| UE | Electronic Money |
| ULN | External Debt |
| UMI | Micro Enterprises |
| UMi | Ultra Micro |
| UMKM | Micro, Small and Medium Enterprises |
| UU | Law/Act |
| UU P2SK | Financial Sector Development and Strengthening Act |
| UUS | Sharia Business Unit |
| UYD | Cash in Circulation |

| Abbreviation | Term in Full |
|--------------|---|
| Valas | Foreign Exchange |
| VF | Volatile Food |
| w-CBDC | Wholesale Central Bank Digital Currency |
| WC | Working Committee |
| WEO | World Economic Outlook |
| WG | Working Group |
| WMS | Warehouse Management System |
| WTP | Reasonable Without Exceptions |
| yoy | year on year |
| YSSC | Youth Sharia Sociopreneur Competition |
| ytd | year to date |
| ZISWAF | Zakat, Infaq, Alms and Waqf |



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