

ECONOMIC OUTLOOK AND POLICY DIRECTION 2025

Synergy to Strengthen Stability and National Economic Transformation

1. FIVE GLOBAL ECONOMIC CHALLENGES



Slower and Divergence Growth

World economic growth will slow in 2025 and 2026. US economy is improving, contrasting moderation in China and Europe. Indonesia and India remain solid.



Reemergence of Inflationary Pressures

The disinflation process has slowed, accompanied by the risk of higher inflation in 2026 as a corollary of supply chain disruptions and potential trade wars.



Higher US Interest Rate

Smaller Federal Funds Rate (FFR) reductions expected, accompanied by significant increases in US Treasury yields to 4.7% in 2025 and 5.0% in 2026 due to the burgeoning US fiscal deficit and government debt.



Strong Dollar

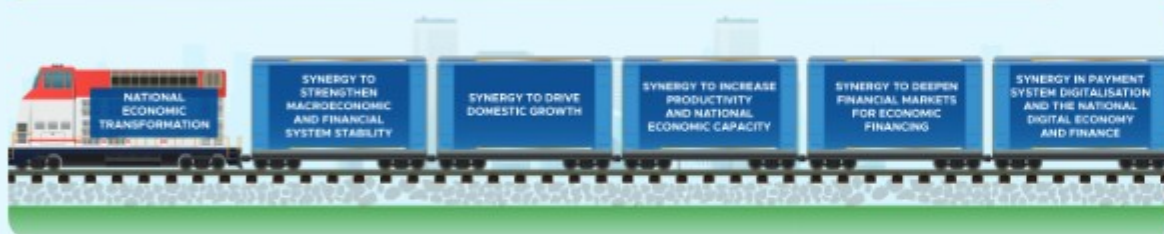
The US dollar has strengthened from 101 to 107, triggering broad-based depreciatory pressures on currencies around the world, including the Rupiah.



Invest in America

Global investor preferences. Capital flight from emerging markets to the US in pursuit of higher interest rates and a strong US dollar.

2. SYNERGY OF NATIONAL ECONOMIC TRANSFORMATION POLICY



Monetary Policy

- > Remain oriented towards achieving the inflation target and rupiah exchange rate stability, while continuing to support national economic growth.
- > Forward-looking and pre-emptive monetary policy aims to achieve the inflation target set by the Government, while monitoring room to foster economic growth, as well as maintaining rupiah stability in line with achieving the inflation target and preserving external stability against global spillovers.

Money Market and Foreign Exchange Market Deepening Policy

- > Focused on creating and maintaining a modern money market based on international standards, strengthening the effectiveness of Bank Indonesia policy mix transmission, and supporting financing for sustainable economic growth.
- > Based on the Money Market and Foreign Exchange Market Development Blueprint (BPPU) 2025-2030.

Macroprudential Policy

- > Macroprudential Liquidity Incentive Policy (KLM) to revive bank lending/financing to priority sectors creating job opportunities.
- > Loose liquidity policy through the Macroprudential Liquidity Buffer (MPLB) as well as downpayment policy on property and automotive loans.
- > Strengthening systemic surveillance to maintain financial system stability in close coordination with KSSK, OJK and LPS.

Inclusive and Green Economy and Finance Policy

- > Continue expanding and strengthening development programs targeting the inclusive and green economy-finance in pursuit of sustainable economic growth and effective inflation control.
- > Bank Indonesia will also continue strengthening its function as a pioneer and driver of the sharia economy and finance as a new source of national economic growth.

3. BANK INDONESIA POLICY MIX DIRECTION 2025



4. INDONESIA'S ECONOMIC PROSPECTS

	ECONOMIC GROWTH	INFLATION	CURRENT ACCOUNT	CREDIT GROWTH	ELECTRONIC MONEY (Rp, Trillions)	DIGITAL BANKING (Rp, Trillions)	QRIS (Rp, Trillions)	BI-FAST (Rp, Trillions)
2024	4.7-5.5%	2.5±1%	-0.1% to -0.9% of GDP	10-12%	1,161	69,876	556	9,846
2025	4.8-5.6%	2.5±1%	-0.5% to -1.3% of GDP	11-13%	1,760	103,900	640	13,200
2026	4.9-5.7%	2.5 ± 1%	-0.6% to -1.4% of GDP	11-13%	2,660	153,700	750	15,500



This infographic is based on the Remarks of the Governor of Bank Indonesia delivered at the Bank Indonesia Annual Meeting 2024. Scan the QR code for more information.