

Strengthening Macroprudential Liquidity Incentive Policy (KLM)

Bank Indonesia is strengthening the Macroprudential Liquidity Incentive Policy (KLM) to maintain bank lending/financing growth momentum. These policy refinements will become effective on 1st December 2026 and apply to Conventional Commercial Banks (BUK), Sharia Commercial Banks (BUS) and Sharia Business Units (UUS), including the following measures:

1. Setting the maximum KLM incentive at 5% of third-party funds (TPF).
2. Setting the maximum financing channel incentive at 3% of TPF, with expanded coverage of bank lending/financing to business sectors that support job creation.
3. Setting the maximum money market deepening (KLM PPU) incentive at 2% of TPF, which is being strengthened to encourage liquidity redistribution and banking intermediation.

Details of the planned KLM refinements and criteria established by Bank Indonesia for granting KLM PPU incentives are as follows:

Incentives for Money Market Deepening (KLM PPU)

KLM PPU incentives of up to 2% of TPF are provided to Conventional Commercial Banks (BUK), Sharia Commercial Banks (BUS) and Sharia Business Units (UUS) that maintain the ratio of non-repo Rupiah-denominated securities issued by the Government of Indonesia and Bank Indonesia (SRBI) to total bank funding, as well as meet the Macroprudential Intermediation Ratio (MIR) requirements stipulated by Bank Indonesia, as follows:

Securities to Total Funding Ratio (%)	MIR (%)	KLM PPU Incentive (in bps), Max. 200 bps
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<19.0%	≥84%	200
	<84%	0
≥19.0%	≥84%	0
	<84%	0

KLM is implemented by providing liquidity incentives through reductions in banks' current account balances held at Bank Indonesia to fulfil average reserve requirements.