

Strengthening Macprudential Intermediation Ratio and Sharia Macprudential Intermediation Ratio

Seeking to stimulate bank lending to businesses and support the national economic recovery while maintaining financial system stability, Bank Indonesia has strengthened the Macprudential Intermediation Ratio and Sharia-Compliant Macprudential Intermediation Ratio as follows:

1. Expanding the scope of securities in the formula to calculate MIR through the inclusion of a new component, namely export L/C, while maintaining the MIR/Sharia MIR at 84-94%.
2. Incremental reintroduction of the MIR related reserve requirement (RR) disincentive for banks with an MIR below 75% from 1st May 2021, below 80% from 1st September 2021 and below 84% from 1st January 2022:
 - i. 0.15 for banks with a gross NPL/NPF ratio below 5% and Minimum Capital Adequacy Requirement (KPMM) above 19%
 - ii. 0.10 for banks with a gross NPL/NPF ratio below 5% and Minimum Capital Adequacy Requirement above 14% and up to 19%
 - iii. 0.00 for banks with a gross NPL/NPF ratio below 5% and Minimum Capital Adequacy Requirement below or equal to 14%
 - iv. 0.00 for banks with a gross NPL/NPF ratio above or equal to 5%
3. The upper disincentive parameter is set at 0.00 for banks with a Minimum Capital Adequacy Requirement below or equal to 14% and banks with a Minimum Capital Adequacy Requirement above 14%.

Appendix 1 of Bank Indonesia Press Release No. 23/68/DKom

Current Regulation			New Regulation		
NPL/NPF	KPMM	Lower Disincentive Parameter	NPL/NPF	KPMM	Lower Disincentive Parameter
<5%	>19%	0.00	<5%	>19%	0.15
	14%<KPMM≤19%	0.00		14%<KPMM≤19%	0.10
	≤14%	0.00		≤14%	0.00
≥5%	-	0.00	≥5%	-	0.00

Applicable to banks with an MIR/Sharia MIR below 75% from 1st May 2021, below 80% from 1st September 2021 and below 84% from 1st January 2022.

Current Regulation			New Regulation		
Regulation	MIR (CCB)	Sharia MIR (SCB and SBU)	Regulation	MIR (CCB)	Sharia MIR (SCB and SBU)
Criteria of Securities held	In the form of corporate bonds and/or corporate sukuk;	In the form of corporate sukuk;	Criteria of Securities held	In the form of corporate bonds and/or corporate sukuk;	In the form of corporate sukuk;
	1. Issued by nonbank corporation and residents. 2. Offered to the public through a public offering. 3. Rated by a rating agency no lower than investment grade. 4. Administrated by an institution authorised to provide securities settlement and custodial services.			i <ol style="list-style-type: none"> Issued by nonbank corporation and residents. Offered to the public through a public offering. Rated by a rating agency no lower than investment grade. Administrated by an institution authorised to provide securities settlement and custodial services. 	
			ii	In the form of export L/C;	