

Assessment of Policy Rate Transmission to Prime Lending Rate (PLR) in Banking Industry

December 2022



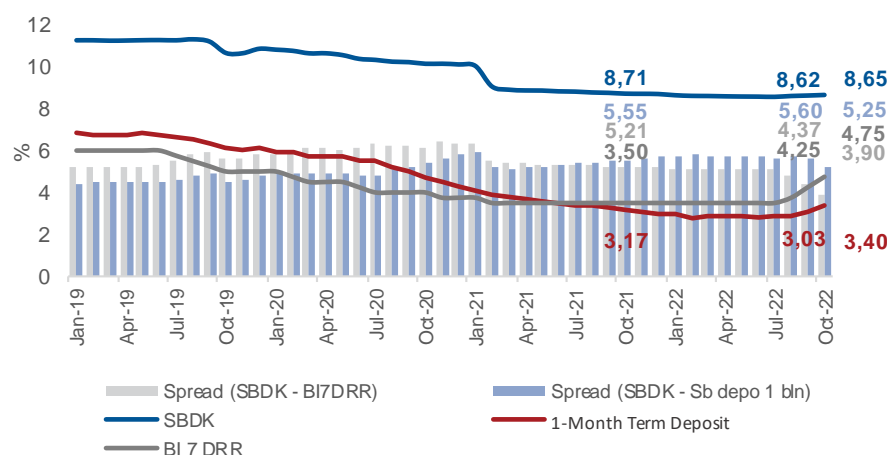
Transmission of policy rate to bank rate increases

- Banks respond to the increase of BI7DRR by further raising savings and credit rate. On savings side, responses to BI7DRR increase are reflected from an increase in Cost of Loanable Funds (CoLF) as a component of PLR, which influences PLR increase in a reporting period.
- In line with PLR, new credit rate also shows a raise. New credit rate increases in all groups of banks and all types of credit. During BI7DRR increase period from August to November 2022, new credit rate responses mainly occur in Consumption Credit.
- Such raise in new credit rate for Consumption Credit is primarily affected by Multipurpose Credit from some digital service-based banks. On the other hand, for house loans, new credit rate is generally in a decreasing trend. It is presumed as an effort by banks to maintain a competitive rate in the middle of house loan growth which once has slowed down.

Responses of Prime Lending Rate (PLR)¹ and Savings Rate to BI7DRR²

BI7DRR transmission to bank rate continues. BI7DRR increase trend influences PLR increase by 3 bps (mtm) from 8.62% in September 2022 to 8.65% in October 2022. On the other hand, savings rate is more responsive to policy rate increase, where 1 (one) month term-deposit rate responses to BI7DRR increase by 37 bps (mtm), making it stand at 3.40% in October 2022. Such development results in PLR spread against BI7DRR and term-deposit rate, which is narrower than the previous month, namely from 5.21% to 3.90% and from 5.60% to 5.25%, respectively, in October 2022.

Chart 1. Prime Lending Rate, BI7DRR, and 1-Month Term Deposit Rate Performance

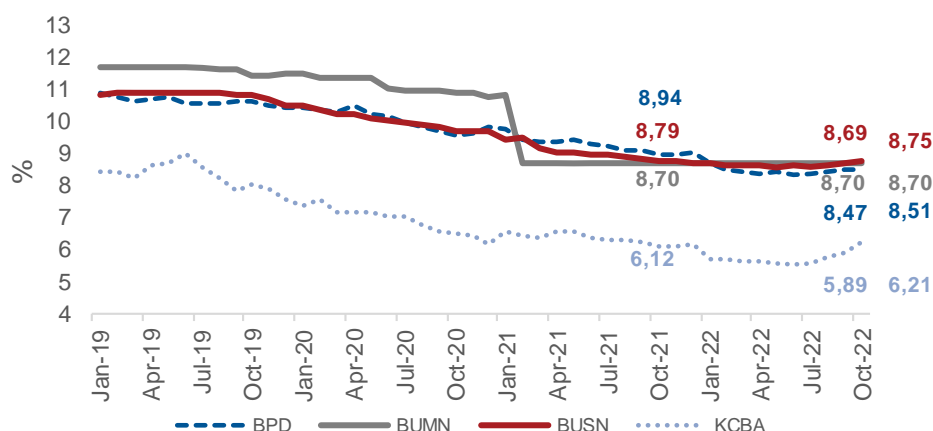


PLR Increase in Foreign Bank Branches and National Private Commercial Banks continues. In October 2022, PLR of Foreign Bank Branches and National Private Commercial Banks records an increase (mtm) by 32 bps and 6 bps, respectively. In addition to the two groups of banks, Regional Government Banks have also recorded an increase in PLR by 4 bps (Chart 2). Despite such increase, PLR of Foreign Bank Branches and National Private Commercial Banks is lower than in the same period in the previous year.

¹ PLR is a base lending rate published by banks in accordance with OJK Regulation No.37/POJK.03/2019 dated 19 December 2019 on "Transparency and Publication of Bank Reports". PLR is used as a base to determine credit rate to be imposed on customers, but it has not included risk premium which may vary for each debtor. Therefore, the credit rate imposed on debtors is generally different from PLR.

² Assessment period uses PLR data available until the end of October 2022

Chart 2. Prime Lending Rate Performance by Bank Group

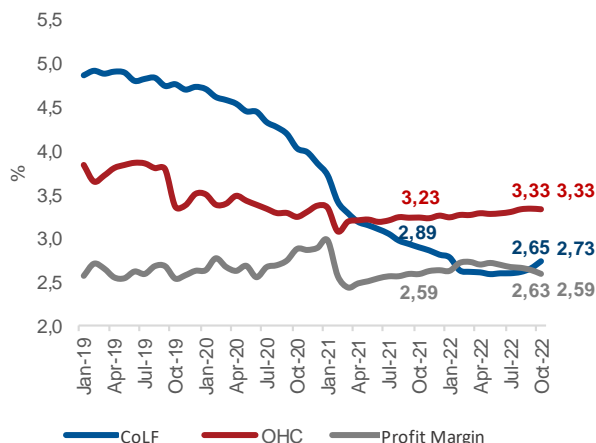


Source: OJK (processed)

Development of PLR Component

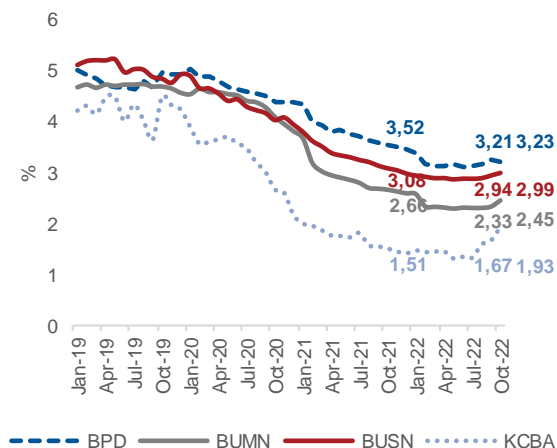
Banks increase CoLF³ in line with policy rate increase. In October 2022, CoLF in the banking industry increases by 8 bps (mtm) to 2.73%, continuing the increase in the previous month of 4 bps (Chart 3). CoLF raise (mtm) occurs in almost all groups of banks, respectively by 26 bps (Foreign Bank Branches), 12 bps (State-owned Banks), and 5 bps (National Private Commercial Banks) (Chart 4). Meanwhile, overhead cost (OHC) in most groups of banks tends to be constant (Chart 3), except for Foreign Bank Branches which record a relatively high OHC increase by 15 bps compared to the previous month (Chart 5).

Chart 3. Prime Lending Rate Performance by Components



Source: OJK (processed)

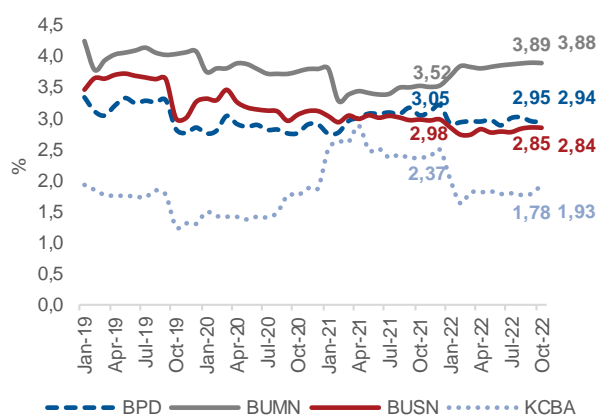
Chart 4. CoLF Components by Bank Group



Source: OJK (processed)

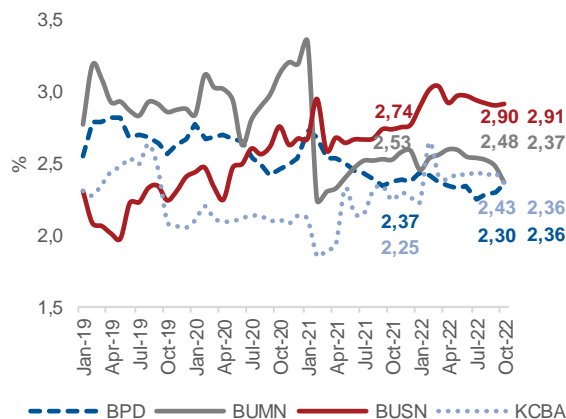
³ Under Circular Letter of OJK No. 9/SEOJK.03/2020 on "Transparency and Publication of Conventional Commercial Bank Reports", PLR consists of 3 (three) forming components, namely (i) the Cost of Loanable Funds (CoLF) consisting of fund cost, service cost, regulation cost, and other costs; (ii) Overhead cost (OHC), consisting of labour cost, education and training cost, research and development cost, rent cost, promotion and marketing cost, maintenance and repair cost, depreciation cost of fixed assets and inventory, and other overhead costs; and (iii) Profit Margin, determined by banks in credit extension activities.

Chart 5. OHC Components by Bank Group



Source: OJK (processed)

Chart 6. Profit Margin Components by Bank Group



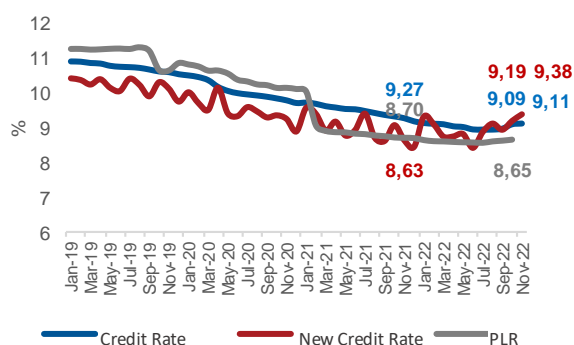
Source: OJK (processed)

Profit margin component decrease continues. In October 2022, profit margin in the banking industry records another decrease by 4 bps (mtm), similarly to the previous month's decrease (Chart 3). By bank group, profit margin decrease occurs in State-owned Banks by 11 bps (mtm) and Foreign Bank Branches by 7 bps (mtm); on the other hand, Regional Government Banks record a profit margin increase compared to the previous month (Chart 6).

Credit Rate Development

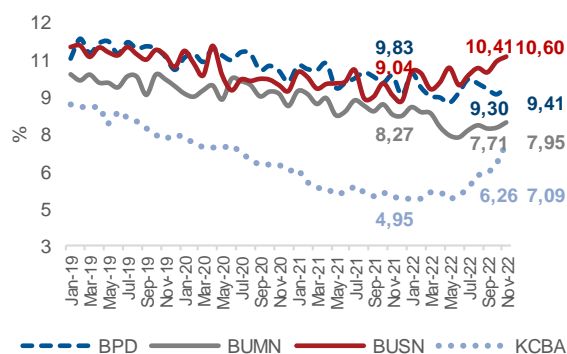
New credit rate shows another increase. In November 2022, new credit rate shows an increase by 19 bps compared to the previous month to 9.38% (Chart 7). The increase occurs in all bank groups with an increase by 83 bps (Foreign Bank Branches), 32 bps (Regional Government Banks), 20 bps (State-owned banks), and 19 bps (National Private Commercial Banks) (mtm). With such development, new credit rates of National Private Commercial Banks and Foreign Bank Branches are recorded at a higher level compared to the same period in the previous year (Chart 8).

Chart 7. Rp Credit Rate Performance



Source: LBUT Antasena (processed)

Chart 8. New Credit Rate Performance by Bank Group



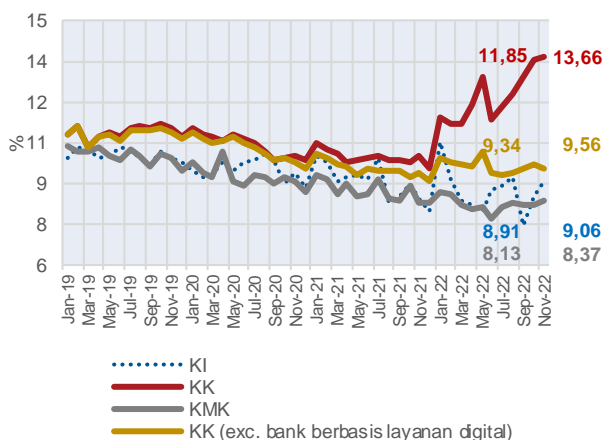
BI7DRR increase has been transmitted to the rate of all types of credit, primarily Consumption Credit rate. By type of credit, BI7DRR increase has been transmitted to new credit rate increase in all types of credit (Investment Credit, Working Capital Credit, and Consumption Credit) (Chart 9), with the biggest response in Consumption Credit (Chart 9). BI7DRR increase by 175 bps from August until November 2022 has been responded by new credit rate increase for Consumption Credit by 181 bps, followed by Working Capital Credit rate and Investment Credit rate by 24 bps and 15 bps, respectively.

Multipurpose Credit rate increase becomes the main driving factor of Consumption Credit rate increase. Compared to July 2022 (period before BI7DRR increase), new multipurpose credit rate records an increase by 286 bps from 14.69% in July 2022 to 17.55% in November 2022 (Chart 11). In addition to BI7DRR impact, the significant increase in new credit rate is also affected

by rate increase in some digital service-based banks ⁴. In addition to Multipurpose Credit, new credit rate for Motorized Vehicle Credit has also recorded an increase by 21 bps in the same period.

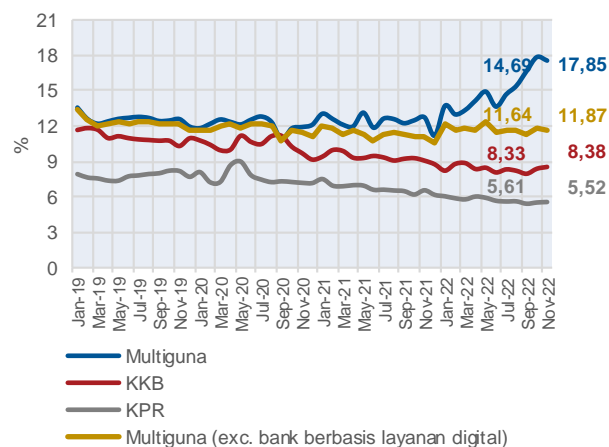
New rate for house loans remains in a decreasing trend. Meanwhile, new rate for house loans in November 2022 is recorded 5.56%, lower than the period prior to BI7DRR increase (July 2022) of 5.61% or, in other words, it records a decrease by 5 bps (Chart 10). The limited responses of house loan rate to BI7DRR are presumed as an effort by banks to boost the house loan growth which once slowed down in Quarter II of 2022 (Chart 11). House loan rate decrease is primarily influenced by State-owned Banks and Regional Government Banks; on the other hand, National Private Commercial Banks have responded to policy rate increase by house loan increase though limited (Chart 12).

Chart 9. New Credit Rate Performance by Type of Use



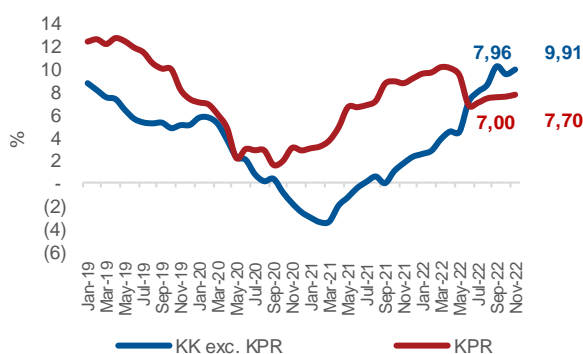
Source: LBUT Antasena (processed)

Chart 10. New Consumption Credit Rate Performance



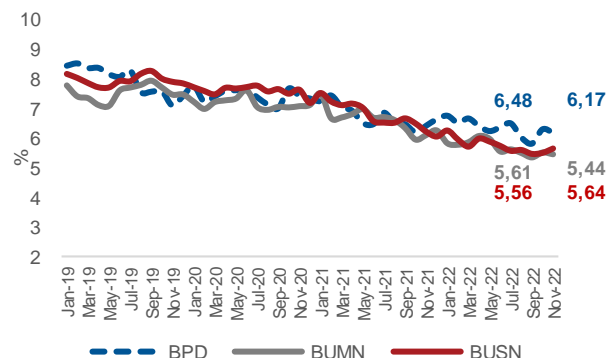
Source: LBUT Antasena (processed)

Chart 11. House Loan Growth (yoy, %)



Source: LBUT Antasena (processed)

Chart 12. House Loan Rate Performance by Bank Group



Source: LBUT Antasena (processed)

⁴ Digital service-based bank is a bank which runs their business activities through an electronic channel without any physical office other than the Headquarters or with a limited number of physical offices. Rate assessment uses 9 (nine) digital service-based banks as samples.

App 1. List of Bank PLR with PLR Spread vs BI7DRR as of October 2022

Segmen Korporasi			
No	Nama Bank	SBDK	Spread
1	BANK AMAR	19.53	16.03
2	BANK NEO COMMERCE	17.66	14.16
3	BPD SULTARA	15.60	12.10
4	SEABANK	15.33	11.83
5	PRIMA MASTER BANK	15.07	11.57
6	BPD NTT	14.58	11.08
7	BANK DIGITAL BCA	14.21	10.71
8	BANK FAMA INTERNASIONAL	13.60	10.10
9	BANK INDEX	13.44	9.94
10	BPD KALTIM KALTARA	12.17	8.67
11	BPD PAPUA	12.05	8.55
12	BPD SUMSEL BABEL	12.04	8.54
13	QNB INDONESIA	11.77	8.27
14	Allo Bank	11.31	7.81
15	JASA JAKARTA	11.11	7.61
16	BANK INDIA INDONESIA	10.55	7.05
17	SINARMAS	10.26	6.76
18	BANK NAGARI	10.22	6.72
19	DANAMON	10.03	6.53
20	BANK JAGO	10.02	6.52
21	MESTIKA DHARMA	9.95	6.45
22	MNC BANK	9.95	6.45
23	BANK SAMPOERNA	9.76	6.26
24	BPD KALSEL	9.41	5.91
25	BOA	9.20	5.70
26	BPD MALUKU	9.05	5.55
27	BPD SUMUT	9.04	5.54
28	CHINA CONSTRUCTION BANK	9.03	5.53
29	JP MORGAN	9.02	5.52
30	CIMB NIAGA	8.94	5.44
31	BPD YOGYAKARTA	8.89	5.39
32	RESONA PERDANIA	8.85	5.35
33	PAN INDONESIA	8.61	5.11
34	MEGA	8.43	4.93
35	BNI	8.41	4.91
36	STANCHART	8.36	4.86
37	BANK MAYORA	8.25	4.75
38	MAYBANK INDONESIA	8.13	4.63
39	BRI	8.12	4.62
40	WOORI SAUDARA	8.09	4.59
41	BPD LAMPUNG	7.93	4.43
42	CTBC INDONESIA	7.90	4.40
43	HANA BANK	7.84	4.34
44	BANK MASPION	7.69	4.19
45	BANK RAYA INDONESIA	7.68	4.18
46	MANDIRI	7.63	4.13
47	OCBC NISP	7.58	4.08
48	BANK VICTORIA	7.58	4.08
49	BANK GANESHA	7.44	3.94
50	BANK INA PERDANA	7.37	3.87
51	MULTIARTAS SENTOSA	7.19	3.69
52	BPD KALTENG	7.15	3.65
53	BPD DKI	7.02	3.52
54	HSBC INDONESIA	7.00	3.50
55	MUFG	6.88	3.38
56	DEUTSCHE BANK	6.82	3.32
57	BPD BALI	6.71	3.21
58	DBS INDONESIA	6.70	3.20
59	BPD JATENG	6.67	3.17
60	BTN	6.58	3.08
61	BPD KALBAR	6.42	2.92
62	SBI INDONESIA	6.23	2.73
63	BTPN	6.08	2.58
64	PERMATA	5.99	2.49
65	UOB INDONESIA	5.98	2.48
66	BANK DINAR	5.92	2.42
67	J-TRUST BANK	5.81	2.31
68	BPD JATIM	5.76	2.26
69	SHINHAN INDONESIA	5.76	2.26
70	IBK (D/H Agris)	5.66	2.16
71	BJB	5.16	1.66
72	BCA	5.08	1.58
73	BNP INDONESIA	5.08	1.58
74	BPD JAMBI	4.99	1.49
75	BANK SUSELBAR	4.98	1.48
76	BANK BUMI ARTHA	4.98	1.48
77	BPD BENGKULU	4.72	1.22
78	MIZUHO INDONESIA	4.51	1.01
79	ICBC INDONESIA	4.08	0.58
80	BANK OF CHINA	3.75	0.25
81	BANGKOK BANK	-	-
82	BANK CAPITAL	-	-
83	MAYAPADA	-	-
84	BPD RIAU	-	-
85	BPD BANTEN	-	-
86	BUKOPIN	-	-
87	BANK BISNIS	-	-
88	NOBU BANK	-	-
89	MANDIRI TASPEN	-	-
90	COMMONWEALTH	-	-
91	QNB INDONESIA	3.13	(0.37)
92	BPD SULTENG	3.03	(0.47)
93	BPD SULTRA	2.56	(0.94)
94	ARTHA GRAHA	2.53	(0.97)
95	ANZ INDONESIA	2.50	(1.00)

Segmen Ritel			
No	Nama Bank	SBDK	Spread
1	BANK AMAR	19.53	16.03
2	BANK NEO COMMERCE	17.66	14.16
3	BPD SULTARA	15.60	12.10
4	CTBC INDONESIA	15.34	11.84
5	SEABANK	15.33	11.83
6	CIMB NIAGA	15.15	11.65
7	PRIMA MASTER BANK	15.07	11.57
8	BANK BISNIS	14.99	11.49
9	BPD NTT	14.58	11.08
10	BANK DIGITAL BCA	14.21	10.71
11	WOORI SAUDARA	14.09	10.59
12	BTPN	13.64	10.14
13	BANK FAMA INTERNASIONAL	13.60	10.10
14	BANK INDEX	13.44	9.94
15	BPD PAPUA	13.39	9.89
16	MEGA	13.05	9.55
17	COMMONWEALTH	12.61	9.11
18	NOBU BANK	12.60	9.10
19	BANK NAGARI	12.42	8.92
20	MANDIRI TASPEN	12.26	8.76
21	BPD KALTIM KALTARA	12.17	8.67
22	BNI	12.09	8.59
23	BPD SUMSEL BABEL	12.08	8.58
24	BANK JAGO	11.86	8.36
25	SINARMAS	11.73	8.23
26	BANK RAYA INDONESIA	11.68	8.18
27	UOB INDONESIA	11.40	7.90
28	Allo Bank	11.31	7.81
29	BANK DINAR	11.12	7.62
30	JASA JAKARTA	11.11	7.61
31	DBS INDONESIA	11.08	7.58
32	DANAMON	10.68	7.18
33	BANK INDIA INDONESIA	10.55	7.05
34	PERMATA	9.99	6.49
35	CHINA CONSTRUCTION BANK	9.97	6.47
36	MESTIKA DHARMA	9.95	6.45
37	MNC BANK	9.95	6.45
38	BJB	9.88	6.38
39	BANK SAMPOERNA	9.76	6.26
40	BPD KALSEL	9.41	5.91
41	BPD SUMUT	9.34	5.84
42	BPD BALI	9.31	5.81
43	OCBC NISP	9.20	5.70
44	MANDIRI	9.15	5.65
45	BPD MALUKU	9.05	5.55
46	BPD YOGYAKARTA	8.89	5.39
47	MAYBANK INDONESIA	8.65	5.15
48	BRI	8.62	5.12
49	PAN INDONESIA	8.61	5.11
50	BANK MAYORA	8.57	5.07
51	BPD LAMPUNG	7.93	4.43
52	HANA BANK	7.84	4.34
53	BANK MASPION	7.69	4.19
54	BANK VICTORIA	7.58	4.08
55	BANK INA PERDANA	7.37	3.87
56	BTN	7.34	3.84
57	BPD JATIM	7.24	3.74
58	MULTIARTAS SENTOSA	7.19	3.69
59	BPD KALTENG	7.17	3.67
60	BPD DKI	7.02	3.52
61	BPD KALBAR	6.60	3.10
62	BCA	6.42	2.92
63	SBI INDONESIA	6.23	2.73
64	J-TRUST BANK	5.81	2.31
65	SHINHAN INDONESIA	5.76	2.26
66	BANK GANESHA	5.70	2.20
67	IBK (D/H Agris)	5.66	2.16
68	HSBC INDONESIA	5.38	1.88
69	BPD JATENG	5.26	1.76
70	BANK BUMI ARTHA	5.12	1.62
71	BANK SUSELBAR	4.78	1.28
72	BPD BENGKULU	4.72	1.22
73	BPD JAMBI	4.59	1.09
74	ICBC INDONESIA	3.92	0.42
75	BANK OF CHINA	3.75	0.25
76	CITIBANK	-	-
77	JP MORGAN	-	-
78	BOA	-	-
79	BANGKOK BANK	-	-
80	MUFG	-	-
81	RESONA PERDANIA	-	-
82	MIZUHO INDONESIA	-	-
83	STANCHART	-	-
84	BANK CAPITAL	-	-
85	BNP INDONESIA	-	-
86	ANZ INDONESIA	-	-
87	DEUTSCHE BANK	-	-
88	MAYAPADA	-	-
89	BPD RIAU	-	-
90	BPD BANTEN	-	-
91	QNB INDONESIA	-	-
92	BUKOPIN	-	-
93	BPD SULTENG	3.01	(0.49)
94	BPD SULTRA	2.80	(0.70)
95	ARTHA GRAHA	2.05	(1.45)

Segmen Mikro			
No	Nama Bank	SBDK	Spread
1	BTPN	30.18	26.68
2	BRI	20.12	16.62
3	BANK AMAR	19.53	16.03
4	PAN INDONESIA	19.23	15.73
5	BANK RAYA INDONESIA	18.68	15.18
6	BANK NEO COMMERCE	17.66	14.16
7	MANDIRI TASPEN	17.30	13.80
8	COMMONWEALTH	17.22	13.72
9	BPD SULTARA	15.60	12.10
10	SEABANK	15.33	11.83
11	BPD JATIM	15.28	11.78
12	PRIMA MASTER BANK	15.07	11.57
13	BJB	14.76	11.26
14	BPD NTT	14.58	11.08
15	BANK FAMA INTERNASIONAL	13.60	10.10
16	BANK INDEX	13.44	9.94
17	MANDIRI	12.73	9.23
18	NOBU BANK	12.60	9.10
19	BPD KALTIM KALTARA	12.17	8.67
20	BPD PAPUA	12.12	8.62
21	BANK JAGO	12.06	8.56
22	BPD SUMSEL BABEL	12.05	8.55
23	BPD SUMUT	11.78	8.28
24	SINARMAS	11.41	7.91
25	BANK DINAR	11.12	7.62
26	BANK INDIA INDONESIA	10.55	7.05
27	MESTIKA DHARMA	9.95	6.45
28	BANK SAMPOERNA	9.76	6.26
29	BPD KALSEL	9.41	5.91
30	BPD MALUKU	9.05	5.55
31	BPD YOGYAKARTA	8.89	5.39
32	BANK MAYORA	8.57	5.07
33	BPD JATENG	7.94	4.44
34	BPD LAMPUNG	7.93	4.43
35	HANA BANK	7.84	4.34
36	BANK INA PERDANA	7.37	3.87
37	MULTIARTAS SENTOSA	7.19	3.69
38	BPD KALTENG	7.13	3.63
39	BPD DKI	7.02	3.52
40	BPD KALBAR	6.20	2.70
41	BPD BALI	6.07	2.57
42	SHINHAN INDONESIA	5.76	2.26
43	BANK GANESHA	5.68	2.18
44	IBK (D/H Agris)	5.66	2.16
45	BPD BENGKULU	4.72	1.22
46	BANK BUMI ARTHA	4.70	1.20
47	BANK SUSELBAR	4.62	1.12
48	BPD JAMBI	4.43	0.93
49	BNI	-	-
50	DANAMON	-	-
51	PERMATA	-	-
52	BCA	-	-
53	MAYBANK INDONESIA	-	-
54	CIMB NIAGA	-	-
55	UOB INDONESIA	-	-
56	OCBC NISP	-	-
57	CITIBANK	-	-
58	JP MORGAN	-	-
59	BOA	-	-
60	CHINA CONSTRUCTION BANK	-	-
61	ARTHA GRAHA	-	-
62	BANGKOK BANK	-	-
63	MUFG	-	-
64	DBS INDONESIA	-	-
65	RESONA PERDANIA	-	-
66	MIZUHO INDONESIA	-	-
67	STANCHART	-	-
68	BANK CAPITAL	-	-
69	BNP INDONESIA	-	-
70	ANZ INDONESIA	-	-
71	DEUTSCHE BANK	-	-
72	BANK OF CHINA	-	-
73	HSBC INDONESIA	-	-
74	J-TRUST BANK	-	-
75	MAYAPADA	-	-
76	BPD RIAU	-	-
77	BPD BANTEN	-	-
78	BANK MASPION	-	-
79	ICBC INDONESIA	-	-
80	QNB INDONESIA	-	-
81	BTN	-	-
82	WOORI SAUDARA	-	-
83	MEGA	-	-
84	BUKOPIN	-	-
85	BANK BISNIS	-	-
86	JASA JAKARTA	-	-
87	MNC BANK	-	-
88	SBI INDONESIA	-	-
89	BANK DIGITAL BCA	-	-
90	BANK VICTORIA	-	-
91	Allo Bank	-	-
92	CTBC INDONESIA	-	-
93	COMMONWEALTH	-	-
94	BPD SULTENG	2.99	(0.51)
95	BPD SULTRA	2.28	(1.22)

Segmen KPR			
No	Nama Bank	SBDK	Spread
1	BANK AMAR	19.53	16.03
2	BANK NEO COMMERCE	17.66	14.16
3	BPD SULTARA	15.60	12.10
4	CTBC INDONESIA	15.34	11.84
5	SEABANK	15.33	11.83
6	PRIMA MASTER BANK	15.07	11.57
7	BPD NTT	14.58	11.08
8	COMMONWEALTH	14.39	10.89
9	BANK DIGITAL BCA	14.21	10.71
10	BANK RAYA INDONESIA	14.18	10.68
11	BANK FAMA INTERNASIONAL	13.60	10.10
12	BANK INDEX	13.44	9.94
13	MEGA	13.05	9.55
14	BPD PAPUA	12.66	9.16
15	CIMB NIAGA	12.59	9.09
16	BPD MALUKU	12.39	8.89
17	NOBU BANK	12.34	8.84
18	BPD KALTIM KALTARA	12.17	8.67
19	WOORI SAUDARA	11.41	7.91
20	BNI	11.35	7.85
21	BANK DINAR	11.12	7.62
22	JASA JAKARTA	11.11	7.61
23	BANK NAGARI	10.74	7.24
24	MANDIRI	10.73	7.23
25	ARTHA GRAHA	10.60	7.10
26	BANK INDIA INDONESIA	10.55	7.05
27	MNC BANK	10.27	6.77
28	MESTIKA DHARMA	9.95	6.45
29	BANK SAMPOERNA	9.76	6.26
30	BPD SUMSEL BABEL	9.62	6.12
31	BJB	9.44	5.94
32	CHINA CONSTRUCTION BANK	9.42	5.92
33	BPD JATIM	9.42	5.92
34	BPD KALSEL	9.41	5.91
35	PERTAMA	9.33	5.83
36	BTN	9.16	5.66
37	BPD SUMUT	9.04	5.54
38	BPD YOGYAKARTA	8.89	5.39
39	DANAMON	8.77	5.27
40	PANI INDONESIA	8.61	5.11
41	BANK MAYORA	8.57	5.07
42	CCBC NISP	8.46	5.06
43	BPD LAMPUNG	7.93	4.43
44	HANA BANK	7.84	4.34
45	UOB INDONESIA	7.82	4.32
46	BANK MASPION	7.69	4.19
47	BANK VICTORIA	7.58	4.08
48	MAYBANK INDONESIA	7.55	4.05
49	BANK INVA PERDANIA	7.37	3.87
50	HSBC INDONESIA	7.19	3.69
51	BPD DKI	7.02	3.52
52	BPD KALTENG	6.70	3.20
53	BRI	6.62	3.12
54	BPD KALBAR	6.38	2.88
55	STANCHART	6.10	2.60
56	SHINHAN INDONESIA	5.76	2.26
57	I-TRUST BANK	5.75	2.25
58	BANK GANESHA	5.66	2.16
59	IBK (D/H Agriis)	5.66	2.16
60	MULTIARTAS SENTOSA	5.64	2.14
61	BCA	5.42	1.92
62	DBS INDONESIA	5.28	1.78
63	BPD JATENG	5.26	1.76
64	BANK BISNIS	5.21	1.51
65	BPD BALI	4.99	1.49
66	BPD JAMBI	4.83	1.33
67	BANK BUMI ARTHA	4.72	1.22
68	BPD BENGKULU	4.74	1.22
69	BANK SULSELBAR	4.62	1.14
70	ICBC INDONESIA	3.92	0.42
71	CITIBANK	-	-
72	JP MORGAN	-	-
73	BOA	-	-
74	BANGKOK BANK	-	-
75	MUFJ	-	-
76	RESONA PERDANIA	-	-
77	MIZUHO INDONESIA	-	-
78	BANK CAPITAL	-	-
79	BNP INDONESIA	-	-
80	ANZ INDONESIA	-	-
81	DEUTSCHE BANK	-	-
82	BANK OF CHINA	-	-
83	MAYAPADA	-	-
84	BPD RIAU	-	-
85	BPD BANTEN	-	-
86	SINARMAS	-	-
87	QNB INDONESIA	-	-
88	BTPN	-	-
89	BUKOPIN	-	-
90	SBI INDONESIA	-	-
91	BANK JAGO	-	-
92	MANDIRI TASPEN	-	-
93	Alio Bank	-	-
94	BPD SULTENG	3.01	0.49
95	BPD SULTRA	2.04	(1.16)

The purpose of this PLR publication with assessment is to strengthen and accelerate monetary and macroprudential policy transmission of Bank Indonesia. Since June 2019, BI has been decreasing BI rate by 225 bps and loosening macroprudential policy, but credit rate has not responded at the same speed. Therefore, BI sees there is a room for further decrease in credit rate to make it in line with the policy rate. Through transparency, the public and businesses will be able to see and compare credit rates offered by banks. Better transmission of policy rate to credit rate in the form of corresponding credit rate decrease is expected to be able to increase demands for credit, thereby supporting economic recovery.

As an initial step, Bank Indonesia (BI) prepares a publication titled "Assessment of Policy Rate Transmission to Bank Prime Lending Rate". There are different factors which influence the formation of prime lending rate specific to each bank, among others are Marginal Cost of Fund, overhead cost, and profit margin. Although the factors are diverse, it is expected that this publication can provide an understanding to the public on the outline of bank prime lending rate in Indonesia, including statistics of prime lending rate distribution. Through this assessment publication, in addition to making monetary policy transmission more effective, BI also tries to expand dissemination of information to corporate and household credit consumption. In addition, this publication aims to improve governance, market discipline, and competition in formation of bank prime lending rate so that the offered prime lending rate may be more competitive to boost credit demand and accelerate economic recovery.

A similar publication is a frequently found international practice. Central banks of other countries, such as Malaysia, India, and China, also launch credit rate transparency policy through publications of External Benchmark Rate, Loan Prime Rate, and Base Rate. IMF also requests each member country to submit Reference Lending Rate and Reference Deposit Rate to be published as a difference of lending rate reference against savings rate, which is one of the Financial Soundness Indicators (FSI).