BANK INDONESIA
BANK SENTRAL REPUBLIK INDONESIA

Appendix of Press Release No. 28/142/DKom

Strengthening the Macroprudential Liquidity Incentive Policy (KLM)

Bank Indonesia is strengthening the Macroprudential Liquidity Incentive Policy (KLM) to expand liquidity and address liquidity segmentation in the money market and banking industry, while accelerating financial market deepening and continuing to nurture lending to priority sectors. The strengthened KLM will take effect on 1st September 2026 for conventional commercial banks, Islamic commercial banks and sharia business units. KLM strengthening will include the following measures:

1. Increasing the maximum KLM incentive from 5.5% to 6.0% of third-party funds (TPF),
2. Adjusting the KLM allocation under the financing channel for lending to priority sectors from a maximum of 4.5% of TPF to a maximum of 4.0% of TPF, and
3. Introducing a KLM allocation to expand liquidity and address liquidity segmentation in the money market and banking industry, while accelerating money market and foreign exchange market deepening, in the form of the Money Market Deepening (PPU) KLM of up to 2.0% of TPF for banks that maintain their securities holdings at the optimal ratio determined by Bank Indonesia. The PPU KLM will replace the KLM interest rate channel and financing-to-funding channel.

The details of the planned KLM strengthening, including the incentive amount and criteria established by Bank Indonesia for granting the PPU KLM, are as follows:

Incentive for Money Market Deepening (Money Market Deepening KLM)

The Money Market Deepening KLM incentive of up to 2.0% of TPF will be provided to banks that maintain a ratio of non-repo Rupiah-denominated securities issued by the Government of Indonesia and Bank Indonesia Rupiah Securities (SRBI) to total bank funding.

The maximum incentive for conventional commercial banks, Islamic commercial banks and sharia business units is 2.0% of TPF, as follows:

Ratio of Securities to Total Funding (%)	**Incentive (in bps)** **Maximum of 200 bps**
<19.0%	200
≥19.0%	0

The strengthened KLM policy will be implemented by providing liquidity incentives through a reduction in the banks' current account balances at Bank Indonesia to fulfil average reserve requirements. Specifically concerning the calculation of the Financing KLM, banks are required to submit periodic offline reports to Bank Indonesia concerning their planned lending/financing commitments in accordance with the prescribed mechanism. Bank Indonesia may subsequently evaluate the provision of KLM incentives and communicate the results to the banks, including in relation to the realisation of their planned lending/financing commitments.