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BI-Rate Held at 4.75%: Strengthening Economic Growth, Maintaining Stability



Communication Department

17 December 2025

BI-Rate Held at 4.75%: Strengthening Economic Growth, Maintaining Stability

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The Bank Indonesia Board of Governors decided on 16-17th December 2025 to hold the BI-Rate at 4.75%, while also maintaining the Deposit Facility (DF) rate at 3.75% and the Lending Facility (LF) rate at 5.50%. The decision is consistent with efforts to maintain Rupiah exchange rate stability against a backdrop of persistently high global uncertainty by strengthening the effectiveness of transmission of accommodative monetary and macroprudential policies to maintain stability and foster national economic growth. Moving forward, Bank Indonesia will continue considering room for further BI-Rate reductions with manageable inflation forecast in 2026 within the 2.5%±1% target corridor, coupled with the need to further accelerate economic growth. Bank Indonesia

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strengthening the structure of the payment system industry and strengthening the resilience of payment system infrastructure.



1. Strengthening the Rupiah stabilisation strategy through intervention, both in offshore non-deliverable forward (NDF) transactions and in domestic markets through spot and domestic non-deliverable forward (DNDF) transactions. This strategy is complemented by the purchase of government securities (SBN) in the secondary market.
2. Strengthening the pro-market monetary operations strategy to enhance effective monetary policy transmission to drive lower interest rates and expand liquidity by:
 - i. managing the interest rate structure of monetary instruments,
 - ii. optimising issuances of Bank Indonesia Rupiah Securities (SRBI), and
 - iii. purchasing government securities (SBN) in the secondary market in a measured manner.
3. Providing remuneration on bank placements in excess reserves to increase flexibility in the banking industry in terms of utilising excess liquidity to extend loans/financing to the real sector. The remuneration on excess reserves is capped at 25 bps below the Deposit Facility rate, namely 3.50%, while the remuneration on Reserve Requirements (RR) remains at 1.50%.
4. Strengthening the implementation of performance-based and forward-looking Macroprudential Liquidity Incentive Policy (KLM) to accelerate lower lending rates in the banking industry towards optimising intermediation, while maintaining prudential principles, effective from 16th December 2025, as follows:
 - i. maintaining the maximum KLM policy incentive at 5.5% of third-party funds (TPF),
 - ii. adjusting the KLM incentive from loan/financing disbursements to specific sectors set by Bank Indonesia (lending channel) from a maximum of 5% to a maximum of 4.5%,
 - iii. adjusting the incentive derived from lending rates or financing return rates that are aligned with the direction of Bank Indonesia's policy rate (interest rate

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6. Extending the current credit card policy and tariff policy for the National Clearing System (SKNBI) until 30 June 2026 as follows: (i) Minimum payment policy for credit cardholders of 5% of the outstanding balance and late payment penalties of 1% of

Kuliner Indonesia 2026 campaign and Tourist Travel Packs at travel destinations, and (ii) expanding the implementation of QRIS Tap in the transportation and retail sectors.

8. Strengthening the availability of seamless cash and cashless payment systems in all regions of the Republic of Indonesia to meet the needs of the community, particularly during the Christmas and New Year festive period in 2025, which includes the SERUNAI campaign from 8th-23rd December 2025 to meet the demand for currency exchange services.
9. Strengthening and expanding international cooperation among central banks, including payment system connectivity and Local Currency Transactions (LCT), while promoting trade and investment in priority sectors in synergy with relevant institutions.

Bank Indonesia is strengthening policy synergy with the Financial System Stability Committee (KSSK) to maintain financial system stability. Meanwhile, Bank Indonesia is also strengthening policy synergy with the Government to maintain stability and support economic growth in line with the Government's Asta Cita program.

In the near term, the global economy is improving, yet uncertainty continues to demand vigilance. Global economic growth in 2025 is projected at around 3.2%, supported by stronger economic performance in Japan and India on the back of household consumption and fiscal stimulus policies. The economic outlook in Europe remains promising, underpinned by household consumption, investment, and labour market conditions. Meanwhile, the US economy continues to moderate in 2025, influenced by the temporary government shutdown and weakening labour market. China's economy continues on a slowing trend given sluggish domestic demand. In 2026, global economic growth is expected to slow to 3.0% in response to the continued impact of US reciprocal tariffs and vulnerabilities in global supply chains. In the global

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Moving forward, high global economic uncertainty is expected to persist, accompanied by the prospect of global economic moderation. Such conditions demand vigilance and

strengthening to align with economic capacity. Household consumption gained momentum in the fourth quarter of 2025, supported by government social spending as well as increasing household confidence in incomes and job availability, which edged up retail sales of various commodity groups. Investment, specifically non-building investment, improved due to increasing business confidence, as reflected by an expansionary pattern of the Manufacturing Purchasing Managers Index (PMI). Domestic demand must be strengthened, however, in line with export performance, which is expected to moderate after the recent export frontloading to the US and declining exports of iron and steel bound for China and crude palm oil (CPO) to India. By sector, the major economic sectors, namely the manufacturing industry, wholesale and retail trade, transportation and storage, as well as accommodation and food service activities, maintained positive performance. Overall, Bank Indonesia projects economic growth in 2025 in the 4.7-5.5% range before accelerating to 4.9-5.7% in 2026. Moving forward, various efforts must be maintained to accelerate economic growth, while maintaining stability. To that end, Bank Indonesia will continue strengthening its policy mix by optimising the monetary, macroprudential and payment system policy mix in synergy with the fiscal stimuli and real sector policies to support higher and more resilient national economic growth.

Indonesia's Balance of Payments (BOP) improved and supports external resilience. The trade surplus in October 2025 was maintained at USD2.4 billion, supported by non-oil and gas exports of natural resources, including coal and crude palm oil (CPO), as well as manufacturing exports, such as iron and steel. In terms of the Capital and Financial Account (CFA), portfolio investment in the fourth quarter of 2025 (as of 15th December 2025) recorded net inflows totalling USD5.0 billion, underpinned by global bond issuances by the Government and inflows to equity instruments and Bank Indonesia Rupiah Securities (SRBI). The position of foreign reserves at the end of November 2025

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in 2026, supported by a stronger capital and financial account in line with the promising



Bank Indonesia and foreign capital inflows to domestic financial instruments. The value of the Rupiah on 16th December 2025 was recorded at Rp16,685 per US dollar, relatively stable compared with the level recorded at the end of November 2025. Rupiah performance is consistent with the movement of regional currencies and Indonesia's trading partners, with the Rupiah even appreciating against the currencies of developed economies, except the US. This was supported by Bank Indonesia's stabilisation measures through intervention in offshore non-deliverable forward (NDF) transactions as well as onshore DNDF and spot transactions, while also purchasing SBN in the secondary market, accompanied by inflows to equity instruments and SRBI. Meanwhile, the additional supply of foreign exchange from corporates, including the increasing conversion of foreign exchange into Rupiah by exporters in line with the strengthened implementation of the foreign exchange proceeds of natural resources exports, further bolstered the value of the Rupiah. Moving forward, Bank Indonesia remains firmly committed to maintaining rupiah exchange rate stability, including measured intervention in the offshore NDF market as well as domestic spot and DNDF markets, while purchasing government securities (SBN) in the secondary market to maintain inflation within the target corridor. Bank Indonesia expects the rupiah to remain stable, underpinned by attractive yields, low inflation and the positive economic growth outlook for Indonesia.

In general, inflation has been maintained within the target corridor, with Consumer Price Index (CPI) inflation in November 2025 recorded at 2.72% (yoy). Headline inflation was influenced by core inflation, which remained low at 2.36% (yoy) in line with economic growth that remains below capacity, monetary policy consistency by Bank Indonesia to anchor inflation expectations to the target corridor, as well as low imported inflation. Administered prices (AP) also remained low at 1.58% (yoy). Conversely, volatile food (VF) inflation was relatively high at 5.48% (yoy), with shallots

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digitalisation. Bank Indonesia also expects VF inflation to remain manageable, supported by inflation control synergy between Bank Indonesia and the Central and

growth, while maintaining economic stability. Monetary policy includes BI-Rate reductions, rupiah exchange rate stabilisation and monetary liquidity expansion. Since September 2024, Bank Indonesia has reduced the BI-Rate by 150 bps, namely by 25 bps in September 2024 and 125 bps in 2025 to 4.75% as of November 2025, the lowest level since 2022. In addition, Bank Indonesia is strengthening its rupiah stabilisation policy through measured intervention in offshore NDF markets and in domestic markets through spot and DNDF transactions, while also purchasing SBN in the secondary market. Bank Indonesia is also expanding rupiah liquidity by lowering the position of SRBI monetary instruments from Rp916.97 trillion at the beginning of 2025 to Rp735.67 trillion as of 16th December 2025. Through close monetary and fiscal policy synergy, Bank Indonesia has also purchased SBN amounting to Rp327.45 trillion (as of 16th December 2025), including SBN purchased in the secondary market, alongside a debt switching program with the Government, totalling Rp241.99 trillion. Bank Indonesia is undertaking measured and transparent SBN purchases in the secondary market in line with market mechanisms, which is consistent with monetary programs to maintain economic stability, thereby strengthening monetary policy credibility.

The strengthening of macroprudential liquidity incentive policies (KLM) and the acceleration of payment system digitalization are being pursued to further bolster economic growth The implementation of performance-based and forward-looking KLM policy, effective from 1st December 2025, was further strengthened on 16 December 2025 to accelerate the decline in banking lending rates while nurturing lending/financing to the real sector. Bank Indonesia strengthened performance-based and forward-looking KLM policy by increasing the incentives available via the interest rate channel from a maximum of 0.5% to a maximum of 1.0% of third-party funds (TPF), accompanied by a maximum incentive via the lending channel of 4.5% of TPF. As of 16th December 2025, Bank Indonesia disbursed KLM incentives totalling Rp388.1 trillion,

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cooperatives, inclusive and green sectors. Moving forward, more effective interest rate



reductions in bank interest rates as an area that needs to be continuously strengthened. The accommodative monetary policy stance maintained by Bank Indonesia and accumulated budget surplus placed by the Government in the banking industry must be followed by measures in the banking industry to lower interest rates with a shorter lag. In the money market, consistent with the BI-Rate reductions totalling 125 bps in 2025 and the monetary liquidity expansion policy instituted by Bank Indonesia, the INDONIA money market reference rate also trended downwards by 191 bps from 6.03% at the beginning of 2025 to 4.12% as of 16th December 2025. Meanwhile, SRBI rates for tenors of 6, 9 and 12 months also tracked downward trends, namely by 226 bps, 226 bps and 228 bps since the beginning of 2025 to 4.90%, 4.94% and 4.98% on 12th December 2025. SBN yields on tenors of 2 years decreased by 199 bps from 6.96% at the beginning of 2025 to 4.97% on 16th December 2025, while SBN yields on tenors of 10 years have also decreased by 110 bps from a peak of 7.26% in the middle of January 2025 to 6.16% currently. Transmission of the lower BI-Rate to interest rates in the banking industry continues, particularly in terms of deposit rates. The 1-month term deposit rate has fallen by 67 bps from 4.81% at the beginning of 2025 to 4.14% in November 2025. Notwithstanding, lending rate reductions have experienced a lag and, therefore, require further attention, falling by 24 bps from 9.20% at the beginning of 2025 to 8.96% as of November 2025.

Total money supply must be increased by strengthening the effectiveness of monetary liquidity expansion in pursuit of economic growth. Growth of base money (M0), namely base money that has not isolated the impact of lower Reserve Requirements (RR) due to the provision of KLM incentives, stood at 6.46% (yoy) in November 2025, retreating from 7.75% (yoy) the month earlier. Growth of adjusted base money (adjusted M0), namely base money that has neutralised the impact of KLM policy, also moderated to 13.33% (yoy) from 14.38% (yoy) in the previous period. By component, slower M0 growth was

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Based on the affecting factors, lower M2 growth was primarily driven by sluggish demand for credit despite increasing liquidity supply. By component, M2 moderation

The contribution of bank lending in driving economic growth needs to be continuously enhanced. Credit growth in November 2025 was recorded at 7.74% (yoy), accelerating from 7.36% (yoy) the month earlier. On the demand side, the main contributors to restrained credit growth include the wait-and-see attitude prevalent in the corporate sector, the optimisation of internal financing in the corporate sector and the lag affecting lower lending rates. Consequently, undisbursed loans in the banking industry remain significant, reaching Rp2,509.4 trillion in November 2025, or 23.18% of the loans available. On the supply side, adequate bank financing capacity is supported by a higher ratio of liquid assets to third-party funds (LA/TPF) at 29.67% and deposit growth of 12.03% (yoy) in November 2025 in line with monetary liquidity expansion and stronger KLM policy, as well as fiscal expansion, including government fund placements in several big banks. In general, bank appetite to lend remains healthy, as reflected by looser lending requirements. Nevertheless, lending requirements for consumer loans and MSME loans increased given bank prudence to contain the high credit risk affecting both segments. Such conditions influenced the growth of MSME loans in November 2025, which contracted by 0.64% (yoy). Overall, Bank Indonesia projects growth of loans disbursed by the banking industry in 2025 at the lower end of the 8-11% range, before accelerating in 2026. Moving forward, Bank Indonesia will continue strengthening coordination with the Government and KSSK Committee to revive bank lending/financing and improve the interest rate structure.

Banking industry resilience remains solid, accompanied by high capital and low credit risk. The Capital Adequacy Ratio (CAR) in October 2025 increased to 26.38%, which was adequate to absorb risk. As an aggregate, non-performing loans (NPL) remained low in the banking industry at 2.25% (gross) and 0.90% (net) in October 2025. The gross NPL ratio for MSME loans remains high, however, recorded at 4.50% in November 2025. The latest BI stress tests indicate solid banking industry resilience, supported by maintained

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Digital economic and financial transactions maintained high growth in November 2025, supported by secure, seamless and reliable payment systems. The volume of digital payments^[1] in November 2025 grew 41.12% (yoy) to reach 4.66 billion transactions,

continued enjoying impressive 143.64% (yoy) growth, underpinned by increasing numbers of users and merchants. From an infrastructure perspective, the volume of retail transactions processed through BI-FAST grew 29.77% (yoy) to reach 439 million transactions, with a value of Rp1,092 trillion in November 2025. On the wholesale or high-value side, the BI-RTGS system processed 0.87 million transactions in November 2025, with a transaction value of Rp20,463 trillion. In terms of rupiah currency management, total currency in circulation grew 13.09% (yoy) to Rp1,250.60 trillion in November 2025.

Payment system stability has been maintained, supported by stable infrastructure and a sound industry structure. Stable infrastructure is reflected in the seamless and reliable payment systems maintained by Bank Indonesia, along with an adequate money supply of currency fit for circulation in appropriate denominations in November 2025. A healthy payments industry structure is reflected by increasing payment system interconnection, accompanied by the continued expansion of the digital economy and finance ecosystem. Payment transactions based on the National Open API Payment Standard (SNAP) continue to grow and strengthen interconnection as SNAP adoption expands. Meanwhile, Bank Indonesia will continue ensuring the availability, reliability and security of the retail and wholesale payment systems operated by Bank Indonesia and the industry. In addition, Bank Indonesia will continue strengthening the structure of the payment system industry with a focus on risk management and the reliability of infrastructure technology among industry players. Bank Indonesia will also intensify education and socialisation activities concerning the use of QRIS Cross-Border in tourism destination hotspots during the Christmas and New Year festive period. Furthermore, Bank Indonesia will consistently safeguard the adequate availability of rupiah currency fit for circulation in suitable amounts throughout all regions of the Republic of Indonesia, particularly in frontier, outermost and remote regions.

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Executive Director

[1] Digital payments include transactions through mobile applications and the internet.

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