

PRESS RELEASE

**Financial System Stability Maintained, Supporting Economic Growth through
Vigilance Against Global Risks**

Number: 04/KSSK/Pers/2025

Jakarta, 3 November 2025

1. The stability of the financial system was maintained in the third quarter of 2025, thereby supporting economic growth, accompanied by vigilance against various global risks. The Financial System Stability Committee (KSSK), consisting of the Minister of Finance, the Governor of Bank Indonesia, the OJK Chairman, and the Chair of the LPS Board of Commissioners, agreed to strengthen vigilance against various downside risks, bolstered by effective policy responses. The KSSK Committee held its 4th periodic meeting of 2025 on Friday, 31 October 2025. The meeting agreed to continue strengthening synergy and inter-agency policy coordination to maintain financial system stability, while driving economic growth.
2. The world economy remains replete with challenges due to the impact of US reciprocal tariffs on persistently high uncertainty, despite stronger expectations of economic improvements moving forward. In the US, enduring economic sluggishness has perpetuated labour market weakness, prompting the Fed to cut its Federal Funds Rate (FFR) by 25 bps in October 2025 to the 3.75-4.00% range. Meanwhile, economic momentum in Europe, Japan, China, and India also remains weak, influenced in part by restrained household consumption despite the various stimuli introduced. The International Monetary Fund (IMF) upgraded its World Economic Outlook for 2025 to 3.2% in the October 2025 report (outlook July 2025: 3.0%), which nevertheless remains below the 3.3% recorded in 2024, as a corollary of looser financial conditions, negotiated trade agreements between the US and several major trading partners, fiscal expansion in several developing economies, and lower inflation.
3. At home, economic growth momentum strengthened in Indonesia, which is forecast to achieve the Government's 2025 target. In the third quarter of 2025, household consumption and investment remained solid on the back of government support in synergy with the monetary authorities and financial sector. Retail sales posted 5.8% (yoy) growth in September 2025 (June 2025: 1.3%) as consumer confidence in the Government and economic performance continued to improve. Manufacturing activity returned to expansionary territory at the end of the third quarter of 2025, with the Manufacturing Purchasing Managers Index (PMI) recorded at 50.4 (June 2025: contractionary 46.9), before improving to 51.2 in October 2025, primarily driven by increasing new orders for three consecutive months in line with the trade balance, which amassed a USD14.00 billion surplus in the third quarter of 2025 (63.4% qtr and 112.1% yoy) given the intense competitiveness of Indonesian products.

4. Government cash placements totalling IDR200 trillion, as part of cash management efforts, boosted liquidity in the economy, as reflected in the 13.2% (yoy) growth in base money (M0). Economic liquidity also increased in line with the accommodative monetary policy stance and policy to expand liquidity, with broad money (M2) growth accelerating to 8.0% (yoy) in September 2025 from 6.5% (yoy) in June 2025. Moving forward, investment will continue to strengthen, boosted in part by Danantara (Daya Anagata Nusantara Investment Management Agency) as a lever for private investment, alongside ongoing efforts to create a competitive investment climate through the formation of the P2SP Task Force to accelerate strategic government programs. State Budget (APBN) expenditures to support consumption and production will be strengthened by accelerating the implementation of strategic programs, while providing stimuli and incentive support to priority sectors in synergy with monetary and financial sector policies. Positive economic developments and policy coordination have stoked optimism that Indonesia's economic growth will top 5.5% (yoy) in the fourth quarter of 2025, with stimulus support totalling IDR34.2 trillion, bringing the full-year 2025 projection to 5.2%.
5. External resilience was maintained, and rupiah exchange rates remain under control despite global uncertainty. The position of foreign reserves at the end of September 2025 remained solid at USD148.7 billion, equivalent to 6.0 months of imports and to servicing government external debt, well above the international adequacy standard of around 3 months of imports. At the end of the third quarter of 2025, the rupiah depreciated by 1.05% (ptp) from the level recorded at the end of August 2025, in response to heightened global uncertainty. The rupiah subsequently regained lost value in October 2025, supported by BI's stabilisation policy, and recorded IDR16,630 per USD on 31 October 2025, strengthening 0.21% (ptp) from the level at the end of September 2025. The increase in exporters' conversion of foreign exchange into rupiah after the Government strengthened policy on the foreign exchange proceeds from exports of natural resources (DHE SDA) further bolstered the rupiah's value.
6. In general, inflationary pressures were controlled within the target corridor. Consumer Price Index (CPI) inflation in September 2025 was recorded at 2.65% (yoy). Core inflation remained low at 2.19% (yoy), reflecting economic growth below capacity, monetary policy that anchors inflation expectations to the target corridor, and low imported inflation. Administered prices (AP) also remained low at 1.10% (yoy) after the Government adjusted fuel prices and discounted airfares, despite higher retail cigarette prices. Meanwhile, volatile food (VF) inflation accelerated to 6.44% (yoy), primarily driven by higher prices for chilis, various alliums, rice, and purebred chicken meat, due to the end of the harvesting season and higher production input costs. VF inflation control synergy will continue through the Central and Regional Government Inflation Control Teams (TPIP/TPID), while strengthening implementation of the National Movement for Food Inflation Control (GNPIP). Meanwhile, CPI inflation in October 2025 increased to 2.86% (yoy), with all components experiencing inflationary pressures, namely core inflation to 2.36% (yoy), AP inflation to 1.45% (yoy), and VF inflation to 6.59% (yoy).

7. Government securities (SBN) market performance improved in the third quarter of 2025. The yield of benchmark 10-year government debt securities (SUN) fell 62 bps (ytd) to a level of 6.36% at the end of the third quarter of 2025, before falling to 6.07% on 31 October 2025, down 95 bps (ytd). The spread of benchmark 10-year SUN against 10-year UST narrowed to a level of 221 bps at the end of the third quarter of 2025 and 196 bps on 31 October 2025. The primary SBN market remained solid, as reflected by a bid-to-cover ratio of 3.86x in the third quarter of 2025. SBN market performance was underpinned by adequate domestic liquidity, strong fiscal performance, and a solid domestic economic outlook.
8. Despite global pressures and moderating commodity prices, the State Budget (State Revenue and Expenditure Budget - APBN) maintained a strategic role as a shock absorber through effective spending. At the end of the third quarter of 2025, government spending realisation reached IDR2,234.8 trillion (63.4% of the semesterly outlook), focused on supporting the national development agenda and implementation of priority programs to the tune of IDR480.4 trillion (51.6% of the ceiling). State revenue stood at IDR1,863.3 trillion (65.0% of the semesterly outlook), impacted by commodity price moderation. Consequently, the State Budget deficit was managed at 1.56% of GDP (IDR371.5 trillion), accompanied by a positive primary balance totalling IDR18.0 trillion.
9. Budget financing realisation remains on track, reaching IDR458.0 trillion (69.2% of the semesterly outlook), consisting of debt financing at IDR501.5 trillion (68.6% of the semesterly outlook) and non-debt financing disbursements at IDR43.5 trillion (62.6% of the semesterly outlook). Non-debt financing disbursements were used, among others, to support the Housing Financing Liquidity Facility (FLPP) and national food security. Debt financing was met through (net) SBN issuances of IDR471.4 trillion and (net) loans of IDR30.1 trillion.
10. Boosting economic activity and strengthening public purchasing power, the Government issued an economic stimulus package as follows:
 - a. Eight acceleration programs in 2025 with a total budget of IDR15.7 trillion: (i) Graduate Internship Program (maximum one year for fresh graduates), (ii) Expansion of Article 21 of Government-Born VAT (PPN DTP) for the tourism sector, (iii) Food assistance for the October and November period, (iv) Discounted Work Accident Insurance (JKK) and Life Insurance (JKM) premiums for Non-Wage Earners (BPU) in the online transportation sector, motorcycle taxis, drivers, delivery drivers and logistics for six months, (v) Additional Benefit Program (MLT) for housing from the Social Security Agency for Employment (BPJS Ketenagakerjaan), (vi) Cash labour-intensive programs from the Ministry of Transportation and Ministry of Public Works, (vii) Deregulation program in accordance with Government Regulation (PP) 28 of 2025, and (viii) Urban program (Jakarta pilot project): housing rejuvenation program and provision of marketing platforms for MSMEs in the gig economy.
 - b. Four programs to be continued in 2026: (i) Extension of the 0.5% final income tax (PPh) utilisation period for MSMEs until 2029, with adjustments to recipients,

- (ii) Extension of Government-Born VAT (PPN DTP) for workers in the tourism sector, (iii) Article 21 of Government-Born VAT (PPN DTP) for workers in labour-intensive industries, and (iv) Discounted Work Accident Insurance (JKK) and Life Insurance (JKM) premiums for all Non-Wage Earner (BPU) recipients.
 - c. Five labour absorption programs: (i) KDKMP Operationalisation (Red and white village/subdistrict cooperatives), (ii) Replanting smallholder plantations, (iii) Red and white fishing villages, (iv) Revitalisation of Pantura ponds (aquaculture facilities), and (v) Fishing boat modernisation.
 - d. Extension of Government-Born VAT (PPN DTP) incentives on house sales of up to IDR5 billion, at 100% of the first IDR 2 billion, until 31 December 2027.
 - e. Temporary Direct Cash Assistance (BLTS) for 35.05 million Beneficiary Families (KPM), disbursed in stages, with full disbursement expected in the second week of November 2025. Each beneficiary family receives a total of IDR900,000.
11. Bank Indonesia (BI) continued strengthening its policy mix to support economic growth, while maintaining economic stability in line with government priority programs. BI monetary policy is oriented towards striking an optimal balance between maintaining stability and driving economic growth (pro-stability and growth).
 12. Consistent with the policy direction, BI lowered the BI-Rate by 25 bps in July, August, and September 2025, bringing the policy rate in September 2025 to 4.75%. The decision was consistent with joint efforts to nurture economic growth by maintaining low inflation, forecast in 2025 and 2026 within the 2.5%±1% target corridor, and rupiah exchange rate stability in line with economic fundamentals. Moving forward, BI will continue monitoring the effectiveness of accommodative monetary policy, economic growth, and inflation forecasts, as well as rupiah stability, when considering further room for BI-Rate reductions. The direction of the monetary, macroprudential, and payment system policy mix to maintain stability and foster sustainable economic growth is supported by a range of policy measures.
 13. BI continues strengthening the rupiah stabilisation strategy through domestic foreign exchange market intervention with a focus on spot and domestic non-deliverable forward (DNDF) transactions as well as intervention in offshore non-deliverable forward (NDF) transactions, while also purchasing government securities (SBN) in the secondary market to increase liquidity and maintain financial market stability. BI is also strengthening its pro-market monetary operations strategy to enhance the effective transmission of lower interest rates, increase liquidity, accelerate money market and foreign exchange market deepening by expanding underlying repurchase agreements (repo) in BI monetary operations with other high-quality securities issued by financial services institutions (FSIs) formed or established by the Government, issuing BI-FRN (Floating-Rate Notes) and developing Overnight Index Swaps (OIS) for longer tenors to create a transaction-based interest rate structure in the money market, as well as expanding the investor base for SukBI to include banks and non-banks, including non-residents. As part

of close monetary and fiscal policy synergy, as of 30 October 2025, BI purchased IDR269.97 trillion of government securities (SBN), including SBN purchased in the secondary market, alongside a debt-switching program with the Government, totalling Rp199.92 trillion.

14. Macroprudential policy is also constantly strengthened to lower interest rates, increase liquidity, and boost credit growth in pursuit of stronger economic growth by:
 - a. Strengthening forward-looking and performance-based Macroprudential Liquidity Incentive Policy (KLM), effective from 1 December 2025, through incentives for banks committed to disbursing loans/financing: (i) to specific sectors (lending channel), and (ii) pricing loans/financing in line with the policy rate set by Bank Indonesia (interest-rate channel). KLM incentives in the form of lending channel incentives, up to 5% of third-party funds (TPF), and interest rate channel incentives, up to 0.5% of TPF, bringing the total incentive to a maximum of 5.5% of TPF. Sectors eligible for lending channel incentives include: (i) the agricultural, manufacturing, and downstream sector, (ii) services sector, including the creative economy, (iii) construction, real estate and housing sector, and (iv) MSME, cooperative, inclusion, and sustainability sector, which are also priority sectors set by the Government to support economic growth. The size of the incentive awarded to banks in the lending channel also takes into account adjustment factors for the realisation of credit/financing growth against the credit/financing growth commitments from the previous period. Meanwhile, the incentive in the interest rate channel is measured by the speed at which banks adjust their lending rates to the policy rate set by Bank Indonesia. As of the first week of October 2025, Bank Indonesia disbursed KLM incentives totalling IDR393 trillion, with IDR173.6 trillion allocated to state-owned banks, IDR174.4 trillion to national private commercial banks, IDR39.1 trillion to regional government banks, and Rp5.7 trillion to foreign bank branches. By sector, the incentives were primarily disbursed to priority sectors, namely agriculture, trade and manufacturing, real estate, public housing, construction, transportation, storage, tourism, and the creative economy, as well as the MSME, ultra micro, and green sectors.
 - b. Strengthening accommodative macroprudential policy by maintaining the: (i) Countercyclical Capital Buffer (CCyB) at 0%, (ii) Macroprudential Intermediation Ratio (MIR) in the 84-94% range, (iii) Loan/Financing-to-Value (LTV/FTV) ratio for property loans/financing at a maximum of 100% and downpayment requirements on automotive loans/financing at a minimum of 0%, effective from 1 January - 31 December 2026, (iv) Bank Foreign Funding Ratio (RPLN) at a maximum of 35% of bank capital, and (v) Macroprudential Liquidity Buffer (MPLB) at 4%, with repo flexibility of 4%, and the Sharia Macroprudential Liquidity Buffer at 2.5%, with repo flexibility of 2.5%.

14. Macroprudential policy was also oriented towards micro, small and medium enterprises (MSMEs) by: (i) providing KLM incentives to the MSME, cooperative, inclusion and sustainability sector up to 1.5% of third-party funds (TPF); (ii) implementing the Macroprudential Inclusive Financing Ratio (RPIM), which mandates a minimum portion of inclusive loans at 30% of total credit, and (iii) developing regional MSME business models, particularly in the food and export commodity sectors.
15. Payment system policy is oriented towards fostering economic growth by expanding the acceptance of digital payments, strengthening infrastructure and consolidating the structure of the payment system industry by: (a) expanding implementation of QRIS Cross-Border cooperation between Indonesia-Japan and Indonesia-China as well as initiating the QRIS Cross-Border Sandbox between Indonesia-South Korea, (b) expanding QRIS TAP implementation in various sectors and regions, including 5 (five) transportation modes in the Jabodetabek region as well as parking areas, and (c) initiating the Capacity Building Program and Literacy Synergy for Accelerating and Expanding Regional Digitalisation (KATALIS P2DD) as a platform for synergy and learning among regional governments. The latest innovations and initiatives were launched at the Indonesia Digital Economy and Finance Festival (FEKDI), which was held in conjunction with the Indonesia Fintech Summit & Expo (IFSE).
16. In addition, BI is 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. BI will continue strengthening policy synergy with the Financial System Stability Committee (KSSK) to maintain financial system stability and with the Government to maintain stability and support economic growth in line with the Government's priority programs.
17. The stability of the national financial services sector has been maintained despite persistently high geopolitical uncertainty and global trade tensions, underpinned by solid capital, ample liquidity, a manageable risk profile, and stable sectoral performance.
18. Banking intermediation remained stable with a well-managed risk profile. In September 2025, credit grew 7.70% (yoy) to IDR8,162.82 trillion, driven by strong growth of investment loans at 15.18% (yoy), followed by consumer loans at 7.42% (yoy) and working capital loans at 3.37% (yoy). Meanwhile, credit quality was maintained, as indicated by gross NPL ratios of 2.24% and net NPL ratios of 0.87%. Loans at Risk (LaR) remained relatively stable at 9.52%. On the other hand, third-party funds (TPF) recorded 11.18% (yoy) growth to reach IDR9,695 trillion, with demand deposits, savings deposits, and time deposits growing by 14.58%, 6.45%, and 12.37% (yoy), respectively.
19. Banking industry resilience remains solid, as reflected by a high Capital Adequacy Ratio (CAR) in September 2025 of 26.15%. Liquidity in the banking industry remained ample in September 2025, with a loan-to-deposit ratio (LDR) of 84.1%, while the ratios of liquid assets to non-core deposits (LA/NCD) and liquid assets to

third-party funds (LA/TPF) were recorded at 130.47% and 29.30%, respectively, well above the regulatory thresholds of 50% and 10%.

20. The domestic stock market maintained positive performance in the third quarter of 2025, primarily supported by positive domestic and global sentiment. The Jakarta Composite Index (JCI) rallied 16.36% (qtoq) to close at a level of 8,061.06 on 30 September 2025. Entering the fourth quarter of 2025, the JCI maintained upward momentum, recording several all-time highs. The index closed at 8,163.88 on 31 October 2025, up 15.31% (ytd).
21. Fundraising in the domestic capital market remained solid. As of 31 October 2025, the value of public offerings in the domestic capital market reached IDR198.84 trillion. Moreover, 27 public offering pipelines remain active, with an estimated indicative value of IDR21.84 trillion.
22. In the Insurance, Guarantee and Pension Fund (PPDP) Industry, insurance industry assets as of September 2025 stood at IDR1,181.21 trillion, representing a 3.39% (yoy) increase. In general, the capitalisation of the commercial insurance industry remains solid, with the life insurance, general insurance, and reinsurance sectors reporting aggregate risk-based capital (RBC) ratios of 481.94% and 326.38%, respectively, well above the 120% threshold. In the pension fund industry, total assets in September 2025 grew 8.18% (yoy) to reach IDR1,622.78 trillion, with the total assets of voluntary pension programs growing 4.47% (yoy) to IDR397.83 trillion. In terms of guarantee institutions, asset value increased by 1.37% (yoy) to IDR48.24 trillion.
23. In the Financing Institutions, Venture Capital Firms, Microfinance Institutions, and Other Financial Service Institutions (PVML) sector, the financing receivables of finance companies (PP) grew 1.07% (yoy) in September 2025 to IDR507.14 trillion, underpinned by working capital financing that increased by 10.61% (yoy). Finance companies effectively managed their risk profile, as reflected in gross and net non-performing financing (NPF) ratios of 2.47% and 0.84%, respectively. The gearing ratio of finance companies was recorded at 2.17x, well below the 10x cap. In the FinTech peer-to-peer (P2P) lending industry, outstanding financing increased by 22.16% (yoy), with a value of IDR90.99 trillion. Meanwhile, the aggregate credit risk level (TWP90) stood at 2.82%.
24. As of September 2025, a total of 1,416 tradeable crypto assets were recorded. OJK has approved licenses for 28 entities within the crypto trading ecosystem, comprising one crypto exchange, one clearing and settlement institution, two custodians, and 24 crypto asset traders. The number of consumers continues to rise, reaching 18.61 million in September 2025. The value of crypto asset transactions in September 2025 was recorded at IDR38.64 trillion.
25. In response to global dynamics and observing domestic economic and market developments, OJK took the necessary policy measures to maintain financial system stability and bolster economic growth as follows:

- a. OJK took an active role in fostering MSME empowerment by issuing an OJK Regulation (POJK) concerning Facilitating Access to Finance for Micro, Small, and Medium Enterprises (MSMEs). The regulation aims to encourage banking institutions and non-bank financial institutions (NBFI) to extend credit/financing to MSMEs quickly, affordably, accessibly, and inclusively, while still prioritising prudential principles.
 - b. Ensuring adequate protection for all customers, while preventing fraud and the misappropriation of bank accounts, particularly inactive and dormant accounts, OJK issued a POJK regulation concerning Account Management at Commercial Banks as a measure to standardise and strengthen account management governance in the banking sector.
 - c. OJK remains firmly committed to optimising the role of the financial services sector to support government programs. Information in the Financial Information Services System (SLIK), which contains credit approval status, is not the only reference when assessing the eligibility of prospective borrowers. SLIK, therefore, functions as a neutral source of information and is not intended to impede the provision of credit to parties with credit quality not in the current category.
 - d. Regarding the ongoing crackdown on online gambling, which has wide-reaching and deleterious impacts on the economy and financial sector, OJK has instructed banks to block approximately 25,912 accounts based on data submitted by the Ministry of Communication and Digital Affairs.
26. The Indonesia Deposit Insurance Corporation (LPS) continues to foster effective bank management and prepare for the insurance policy guarantee program. During the 2024-2025 period, 26 (sharia) rural banks were placed under LPS, of which 23 were liquidated, one was rescued through a bail-in scheme, and two remain in the resolution process. In accordance with its new mandate, LPS is intensifying preparations for implementing the insurance policy guarantee program, with activation expected before 2028.
 27. LPS continues managing the effective implementation of the deposit guarantee policy to maintain public confidence and bolster financial system stability. As of September 2025, coverage of LPS deposit insurance remains above 90% of total bank accounts nationwide, namely 662 million commercial bank accounts (99.94%) and 15.8 million (sharia) rural bank accounts (99.97%). In September 2025, LPS lowered the guarantee rate (DIR) by 25 bps from 3.75% to 3.50% for rupiah deposits held at commercial banks. Notwithstanding, the average deposit rate in the banking industry remains above the guarantee rate. The proportion of customers receiving deposit rates above the guarantee rate has increased from around 13% in 2022 to 32% in September 2025. In synergy with other KSSK members, LPS is urging the banking industry to adjust deposit rates to a fair level.
 28. LPS continues playing an active role in encouraging more people to save. Based on LPS data, around 51 million Indonesians still lack access to a savings account, representing 19.9% of the population aged 5 to 74. In conjunction with other KSSK

members, LPS is actively increasing financial literacy and inclusion to expand the number of savers.

29. KSSK remains committed to strengthening synergy in anticipation of the potential risks from economic developments and global geopolitical dynamics, particularly spillovers to the domestic economy and financial sector, which includes strengthening the coordinated policy response, coupled with vigilance to mitigate various risks posed to the economy and financial system stability. Furthermore, KSSK has and will continue to support the real sector and government priority programs in pursuit of sustainable economic growth towards national prosperity.
30. The Government, BI, OJK, and LPS are firmly committed to credibly finalising regulations as mandated by the P2SK Act, involving the participation of financial industry players and the public.
31. KSSK will convene its next periodic meeting in January 2026.

For further information:

sekretariatkssk@kemenkeu.go.id