No.10/59/PSHM/Humas

As lender of last resort and in line with efforts to mitigate the undesirable impacts of the ongoing global financial crisis that threaten financial system stability and the national economy, Bank Indonesia has amended its regulations governing the liquidity facility for commercial banks, more specifically the Inter-day Liquidity Facility for Commercial Banks (FLI), the Short-Term Funding Facility for Commercial Banks (FPJP) and the Emergency Funding Facility for Commercial Banks (FPD). The promulgation of said regulations also complements the Financial System Safety Net (FSSN) as stipulated in Government Regulation Substituting a Law (Perppu) No. 4 Year 2008 regarding FSSN, "the legislation constitutes part of the financial system safety net required to safeguard financial system stability", explained the Governor of Bank Indonesia, Boediono.

The financial system safety net clearly defines the roles of all relevant institutions and clarifies the coordination mechanism to prevent and overcome a crisis. Financial system stability is maintained to preserve monetary stability in support of sustainable economic growth.

The inter-day liquidity facility is amended through PBI No.10/29/PBI/2008, which controls the provision of such a facility to overcome inefficient liquidity resulting from the gap between the inflow and outflow of funds. The facility is expected to smooth the operation of the payment system supported by high-value, liquid collateral.

The Short-Term Funding Facility is amended through PBI No.10/26/PBI/2008 and PBI No.10/30/PBI/2008 to provide wider access to banks by offering funding with a longer time horizon than the inter-day funding facility. Meanwhile, the Emergency Funding Facility is amended through PBI No.10/31/PBI/2008, allowing banks suffering from insufficient liquidity to remain solvent and avoid systemic impacts. Differing from FLI and FPJP, the provision of FPD must be based on a decision taken by the Financial System Stability Committee, whose membership includes the Minister of Finance and the Governor of Bank Indonesia.

Jakarta, 18th November 2008
Office of The Governor

Dyah N.K. Makhijani
Director

Attachments:

Contact: Public Relation Bureau, Ph.: (62-21) 381-7187 Fax: (62-21) 350-1867, E-mail: humasbi@bi.go.id

This page was last updated 21 September 2020