

## BANK INDONESIA'S MONETARY POLICY IN MAINTAINING EXCHANGE RATE STABILITY: A QUALITATIVE STUDY

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### Abstract

The exchange rate of the Rupiah against the US Dollar plays an important role in Indonesia's economic stability. Exchange rate fluctuations influenced by external factors such as global monetary policy and geopolitical dynamics, as well as internal factors such as inflation and current account deficits, pose challenges to national economic stability. Bank Indonesia, as the central bank, plays a strategic role through monetary policies such as setting benchmark interest rates, open market operations, and foreign exchange market interventions to reduce exchange rate volatility. This study uses a descriptive qualitative approach to analyze the strategies and effectiveness of Bank Indonesia's monetary policies in maintaining the stability of the Rupiah during the period 2020–2024. The results show that BI's policies have successfully contained exchange rate volatility through a combination of policy instruments, prudent foreign exchange reserve management, and credible and transparent policy communication. Interest rate adjustments and foreign exchange market interventions have proven effective in responding to external and internal pressures, while strengthening market confidence and reducing economic uncertainty. This research provides an important contribution to understanding the role and effectiveness of Bank Indonesia's monetary policy in the context of dynamic global and domestic economic challenges.

**Keywords:** Bank Indonesia; Exchange Rate Stability; Monetary Policy; Qualitative Study; Rupiah

### INTRODUCTION

Exchange rate stability is a fundamental component of macroeconomic resilience because it directly influences inflation, trade performance, investment decisions, and overall public purchasing power. In the Indonesian context, movements in the Rupiah exchange rate against the United States Dollar remain a major concern for monetary authorities, particularly amid increasing external uncertainty. In recent years, the Rupiah has faced repeated pressure from global factors, including the tightening of United States monetary policy through Federal Reserve interest rate hikes, the slowdown of global economic growth, and rising geopolitical risks. These external pressures have been further intensified by domestic economic challenges such as inflationary pressure, current account imbalances, and Indonesia's dependence on imported goods and production inputs (Juhro & Azwar, 2021).

The volatility of the Rupiah has broad implications for the national economy. A sharp depreciation of the exchange rate can increase import costs, raise domestic prices, and weaken household purchasing power. For the business sector, exchange rate instability may increase production costs, particularly for industries that rely heavily on imported raw materials. In addition, exchange rate uncertainty can reduce investor confidence, both among foreign and domestic investors, because it creates risks in capital allocation, profit projection, and long-term business planning. Therefore, exchange rate stability is not merely a technical issue in monetary management, but also a strategic concern for maintaining national economic stability and sustainable development (Aritonang, 2022).

As Indonesia's central bank, Bank Indonesia plays a central role in maintaining Rupiah stability through the formulation and implementation of monetary policy. Its policy response involves several key instruments, including the benchmark interest rate, particularly the BI-7 Day Reverse Repo Rate, open market operations, and intervention in the foreign exchange market. These instruments are designed to manage liquidity, influence market expectations, reduce excessive exchange rate volatility, and maintain confidence in the Rupiah. Previous findings indicate that Bank Indonesia's intervention in the spot market

tends to be more effective than intervention in the derivatives market. However, the combination of both instruments is considered important in strengthening the effectiveness of exchange rate stabilization policy, especially during periods of high uncertainty (Bank Indonesia, 2021).

In addition to monetary instruments, policy coordination between Bank Indonesia and the government is essential in responding to exchange rate pressures. Exchange rate stability cannot be maintained solely through central bank intervention, because Rupiah volatility is often influenced by both monetary and non-monetary factors. Fiscal policy, trade policy, inflation control, and efforts to strengthen external resilience also contribute to maintaining macroeconomic stability. Therefore, strong coordination between monetary and fiscal authorities becomes a critical element in managing external shocks and domestic vulnerabilities (Sihombing, 2021).

Based on these conditions, this study focuses on Bank Indonesia's monetary policy in maintaining exchange rate stability. Specifically, this study seeks to answer two main research questions. First, what forms of monetary policy have been implemented by Bank Indonesia to maintain Rupiah exchange rate stability? Second, how effective have these policies been in responding to exchange rate shocks? Using a qualitative approach, this study aims to examine Bank Indonesia's policy strategies, describe the instruments used, and analyze the role of monetary intervention in stabilizing the Rupiah amid global and domestic economic pressures.

This study is expected to provide both academic and practical contributions. Academically, it enriches the literature on monetary policy and exchange rate management in Indonesia, particularly from a qualitative perspective. Practically, this study can serve as a reference for policymakers, financial market participants, and economic observers in understanding how Bank Indonesia formulates and implements policy responses to maintain Rupiah stability. Thus, the findings of this study are expected to contribute to the development of monetary policy studies and to the strengthening of national economic policy implementation in the face of increasingly complex global dynamics (Juhro & Azwar, 2021; Aritonang, 2022).

## **LITERATURE REVIEW**

### **Previous Studies**

Previous studies show that Bank Indonesia plays an important role in maintaining Rupiah exchange rate stability, particularly during periods of crisis and global uncertainty. Astuti and Pratiwi (2021) found that the combination of BI Rate reductions and foreign exchange interventions during the COVID-19 pandemic helped keep Rupiah fluctuations below 5%, despite significant capital outflows. Their study also emphasizes the importance of Bank Indonesia's policy communication in strengthening market confidence.

Budi (2022) further explains that Bank Indonesia's open market operations and reserve requirement policies were effective in reducing depreciation pressures caused by the Federal Reserve's tapering policy, with foreign exchange reserves serving as a key buffer. Similarly, Effendi (2023) shows that post-pandemic monetary tightening, including a 150 basis point policy rate increase in 2022, contributed to Rupiah appreciation, although external pressures such as trade tensions and global uncertainty remained major challenges.

Hidayat (2020) highlights that interest rate policy and foreign exchange interventions are more effective than reserve requirement adjustments in responding to domestic shocks. This finding indicates the importance of policy flexibility in emerging market economies. From a regional perspective, Mohanty (2020) found that Bank Indonesia's intervention strategy was similar to those of Thailand and the Philippines in reducing exchange rate volatility during the COVID-19 crisis. Meanwhile, Sari and Widodo

(2019) argue that Bank Indonesia's policy framework during 2015–2018 was relatively successful in balancing inflation control and Rupiah stability, although improvements in forward guidance and digital policy communication remain necessary.

Overall, these studies indicate that exchange rate stabilization requires a combination of interest rate policy, open market operations, reserve requirements, foreign exchange intervention, reserve management, and credible policy communication.

### Monetary Policy

Monetary policy refers to the strategy of monetary authorities in controlling money supply, interest rates, and liquidity to achieve macroeconomic stability (Mishkin, 2019). In Indonesia, monetary policy is implemented by Bank Indonesia based on Law Number 23 of 1999 and its amendments, with the main objective of maintaining Rupiah stability, both internally through price stability and externally through exchange rate stability (Bank Indonesia, 2022).

Bank Indonesia's monetary policy aims to control inflation, stabilize the exchange rate, and support sustainable economic growth. During the COVID-19 pandemic, Bank Indonesia lowered interest rates to stimulate recovery while maintaining Rupiah stability through coordinated monetary instruments (Astuti & Pratiwi, 2021; Bank Indonesia, 2022). One of the key instruments is the BI 7-Day Reverse Repo Rate, which functions as the main policy signal under the Inflation Targeting Framework. In line with interest rate parity theory, higher interest rates may attract capital inflows and support Rupiah appreciation (Taylor, 1993). Hidayat (2020) found that a 25 basis point adjustment in the BI Rate could reduce Rupiah depreciation by 1-2% in the short term.

Other instruments include open market operations, reserve requirements, and foreign exchange intervention. Open market operations are used to regulate liquidity and stabilize money market conditions (Budi, 2022). Reserve requirements help control banking liquidity and credit expansion, thereby preventing economic overheating that may increase exchange rate pressure (Bank Indonesia, 2022). Meanwhile, foreign exchange intervention allows Bank Indonesia to use foreign exchange reserves in the spot and forward markets to prevent excessive Rupiah volatility (Astuti & Pratiwi, 2021).

### Exchange Rate Theory

The exchange rate is the relative price of one currency against another, determined by supply and demand in the foreign exchange market (Krugman & Obstfeld, 2018). Indonesia applies a managed floating exchange rate system, allowing the Rupiah to move according to market mechanisms while giving Bank Indonesia space to intervene when volatility becomes excessive or deviates from economic fundamentals (Bank Indonesia, 2022).

Rupiah exchange rate movements are influenced by domestic and external factors. Domestic factors include inflation differentials, balance of payments conditions, interest rates, and current account performance. According to Hidayat (2020), domestic interest rates influence capital flows and may strengthen the Rupiah when returns become more attractive. Exchange rate depreciation can also generate imported inflation, as shown by Effendi (2023), who notes that Rupiah weakening during 2020-2022 contributed to higher import prices and declining purchasing power.

External factors also strongly affect the Rupiah, particularly global monetary policy. Budi (2022) explains that United States interest rate hikes triggered capital outflows from Indonesia, increasing depreciation pressure. Commodity price movements, especially nickel and palm oil, also influence foreign exchange supply. In addition, institutional and sentiment factors such as political uncertainty, market

speculation, and investor expectations can intensify short-term exchange rate volatility (Astuti & Pratiwi, 2021). Structural factors such as import dependence and USD-denominated foreign debt further increase Rupiah vulnerability to external shocks (Bank Indonesia, 2022).

### **Central Bank Function**

As Indonesia's central bank, Bank Indonesia functions as a monetary controller, exchange rate stabilizer, policy coordinator, and market educator. Central banks are generally responsible for maintaining price stability, managing liquidity, and supporting financial system stability (Mishkin, 2019). Bank Indonesia's independence enables it to respond quickly and credibly to exchange rate pressures without excessive political intervention (Bank Indonesia, 2022).

As a monetary controller, Bank Indonesia uses the Inflation Targeting Framework to manage inflation expectations and monitor exchange rate developments. As an exchange rate stabilizer, Bank Indonesia manages foreign exchange reserves and conducts market intervention when needed. Effendi (2023) notes that foreign exchange reserves provide an important buffer for maintaining Rupiah stability during external shocks.

Bank Indonesia also coordinates with the Financial Services Authority and the Ministry of Finance through the Financial System Stability Committee to ensure that exchange rate stabilization is supported by fiscal and financial sector policies (Effendi, 2023). In addition, Bank Indonesia uses forward guidance and policy communication to shape market expectations and reduce speculative behavior. Sari and Widodo (2019) emphasize that stronger forward guidance is needed, particularly in an increasingly digital financial market environment.

### **Synthesis**

Based on previous studies and theoretical perspectives, Bank Indonesia's monetary policy in maintaining exchange rate stability can be understood as a policy mix consisting of interest rate policy, open market operations, reserve requirements, foreign exchange intervention, reserve management, policy coordination, and communication strategy. The effectiveness of these policies depends on the type of shock faced, whether domestic, external, structural, or sentiment-driven.

Thus, this qualitative study is important because it does not only examine the technical effectiveness of Bank Indonesia's instruments, but also explores how these instruments are combined, communicated, and coordinated to maintain Rupiah stability amid complex global and domestic economic dynamics.

## **METHOD**

### **Research Methodology**

This study employs a descriptive qualitative approach to examine Bank Indonesia's monetary policy in maintaining Rupiah exchange rate stability. The qualitative approach was selected because the study does not aim to test statistical hypotheses, but rather to provide an in-depth understanding of how Bank Indonesia formulates, implements, and communicates monetary policy in response to exchange rate pressures. Through this approach, monetary policy is viewed not only as a technical economic instrument, but also as an institutional response to complex macroeconomic dynamics.

### **Research Approach**

This research uses a descriptive qualitative method to describe the forms, mechanisms, and implications of Bank Indonesia's monetary policy in maintaining exchange rate stability. The focus of the study is on understanding policy dynamics, including interest rate policy, open market operations, foreign

exchange intervention, and policy coordination. This method is considered appropriate because exchange rate stability is influenced by various domestic and external factors that require contextual interpretation rather than purely numerical measurement.

Creswell and Poth (2018) explain that a descriptive qualitative approach enables researchers to understand phenomena in detail through rich and meaningful narratives. In economic research, this approach is useful for examining institutional policies, particularly central bank policies that are shaped by macroeconomic conditions, market expectations, and global uncertainty. Hidayat and Kuncoro (2020) also emphasize that descriptive qualitative analysis allows researchers to integrate official policy documents with macroeconomic theory, thereby producing a more comprehensive understanding of the relationship between monetary policy and exchange rate movements.

### **Data Type and Sources**

This study relies on secondary data obtained from official institutions and credible academic sources. The data include Bank Indonesia's annual reports, monetary policy reports, press releases, and policy documents related to Rupiah stabilization. In addition, macroeconomic data were obtained from the Central Statistics Agency, while supporting information related to financial policy and market conditions was collected from the Financial Services Authority and relevant academic journals. Data were also gathered from official websites such as [www.bi.go.id](http://www.bi.go.id) and [www.bps.go.id](http://www.bps.go.id), as well as the national academic repository Garuda.

The use of secondary data is relevant because this study focuses on policy analysis and institutional interpretation. Neuman (2014) states that secondary data from government institutions and scientific publications are credible sources for descriptive research, especially in public policy studies. Similarly, Sari and Wijaya (2019) argue that Bank Indonesia's annual reports and BPS data are important sources for tracing the chronology of monetary policy responses and evaluating their implications for exchange rate stability.

### **Data Collection Technique**

Data were collected through literature review and documentation techniques. The literature review was conducted by examining scholarly articles, books, and previous studies related to monetary policy, exchange rate theory, and central bank intervention. Meanwhile, documentation was carried out by collecting and reviewing official documents issued by Bank Indonesia, including monetary policy reports, press releases, annual reports, and Bank Indonesia Regulations related to exchange rate stabilization.

The documents were grouped based on policy periods from 2015 to 2024 in order to identify patterns of monetary policy responses across different economic conditions. This classification helps the study trace how Bank Indonesia responded to exchange rate pressures before, during, and after major economic shocks, including the COVID-19 pandemic and global monetary tightening. Bowen (2009) explains that document analysis is an effective technique in qualitative research because it supports data triangulation and strengthens the validity of research findings. Therefore, each document was examined based on its relevance, authenticity, and contribution to understanding Bank Indonesia's exchange rate stabilization policy.

### **Data Analysis Technique**

The data were analyzed using qualitative descriptive analysis. This technique was applied by reducing, organizing, interpreting, and presenting the data in a systematic narrative form. The analysis began with data reduction, namely selecting information relevant to Bank Indonesia's monetary policy

instruments and exchange rate stabilization efforts. The next stage was data presentation, in which the findings were organized thematically based on key policy instruments such as the BI 7-Day Reverse Repo Rate, open market operations, reserve requirements, foreign exchange intervention, and policy coordination.

The final stage involved drawing conclusions by connecting the empirical findings with relevant economic theories, including Purchasing Power Parity and the Mundell-Fleming model. This analytical process follows Miles and Huberman's (1994) framework, which emphasizes that qualitative analysis is cyclical and involves data reduction, data display, conclusion drawing, and verification. Through this process, the study seeks to produce a contextual understanding of how Bank Indonesia maintains Rupiah stability amid domestic and global economic pressures.

To ensure the validity of the findings, this study applies source triangulation by comparing information from Bank Indonesia reports, academic journals, BPS data, and economic news sources. This triangulation is important to minimize interpretive bias and strengthen the credibility of the analysis. In addition, critical reflection was conducted throughout the research process to ensure that the interpretation of Bank Indonesia's policies remains objective, consistent, and aligned with the research focus.

## **RESULTS AND DISCUSSION**

### **Overview of Rupiah Exchange Rate Conditions**

The Rupiah exchange rate represents one of the most important indicators of Indonesia's macroeconomic stability. Its movement reflects not only domestic economic fundamentals, but also market expectations and global economic pressures. During the 2020-2024 period, the Rupiah experienced significant dynamics due to several external shocks, including the COVID-19 pandemic, changes in the Federal Reserve's benchmark interest rate, global inflationary pressure, and commodity price fluctuations. At the same time, domestic factors such as inflation, trade balance performance, capital flows, and Bank Indonesia's monetary policy response also shaped the direction of Rupiah movements.

In early 2020, the Rupiah depreciated sharply as global financial markets faced high uncertainty due to the COVID-19 pandemic. However, as economic recovery progressed and financial market conditions improved in 2021, the Rupiah began to strengthen. Entering 2022 to 2024, depreciation pressure re-emerged, mainly due to the tightening of global monetary policy, particularly the Federal Reserve's aggressive interest rate hikes. This condition encouraged capital outflows from emerging markets, including Indonesia, and increased pressure on the Rupiah.

In addition to its movement against the United States Dollar, the Rupiah was also monitored against regional currencies such as the Singapore Dollar. This comparison is important because it provides a broader view of Rupiah stability, both at the global level and within the ASEAN region. Therefore, exchange rate developments during the analysis period indicate that Rupiah stability was influenced by a combination of global monetary conditions, domestic economic resilience, and the effectiveness of Bank Indonesia's policy response.

### **Rupiah Exchange Rate Trend During 2020-2024**

Based on Bank Indonesia's daily transaction exchange rate data for January 2020 to December 2024, the Rupiah exchange rate against the United States Dollar showed a fluctuating pattern. The average selling rate during the analysis period was approximately IDR 15,032 per USD, with the lowest rate recorded at IDR 13,680 per USD and the highest rate reaching IDR 16,824 per USD.

In 2021, the Rupiah showed a strengthening trend, as reflected in the decline of the average selling rate from IDR 14,645 per USD in 2020 to IDR 14,383 per USD in 2021. However, the trend reversed from 2022 onward. The average selling rate increased to IDR 14,945 per USD in 2022, then continued to rise to IDR 15,388 per USD in 2023 and IDR 15,926 per USD in 2024. This pattern indicates that the Rupiah faced persistent depreciation pressure during the last three years of the observation period, mainly due to global monetary tightening and the strengthening of the US Dollar.

Table 1. Rupiah Exchange Rate Against USD, 2020-2024

Year	Avg Rate (IDR/USD)	Low (IDR/USD)	High (IDR/USD)	YoY Change (%)
2020	14,645	13,680	16,575	-
2021	14,383	13,565	14,870	-1.79%
2022	14,945	14,269	15,731	+3.91%
2023	15,388	14,869	16,051	+2.96%
2024	15,926	15,100	16,824	+3.50%

Source: Bank Indonesia, 2024, processed.

The data show that Rupiah depreciation was not linear, but moved according to global and domestic economic conditions. The strengthening in 2021 reflected market recovery after the initial pandemic shock, while the depreciation trend in 2022-2024 reflected the impact of global interest rate hikes, capital flow volatility, and external uncertainty.

### Bank Indonesia's Monetary Policy in Maintaining Exchange Rate Stability

During the 2020-2024 period, Bank Indonesia implemented a policy mix aimed at maintaining Rupiah exchange rate stability while supporting national economic recovery. The main instruments used included the BI 7-Day Reverse Repo Rate, foreign exchange market intervention, foreign exchange reserve management, open market operations, and policy communication. These instruments were applied flexibly according to the nature of the economic pressures faced in each period.

In 2020 and 2021, Bank Indonesia adopted an accommodative monetary policy stance to support economic recovery from the impact of the COVID-19 pandemic. The BI 7-Day Reverse Repo Rate was gradually reduced and maintained at 3.50% throughout 2021. This policy was intended to maintain liquidity, support credit expansion, and stimulate economic activity. However, the accommodative stance was not implemented without consideration of exchange rate stability. Bank Indonesia continued to manage Rupiah volatility through dual intervention in the spot market and the Domestic Non-Deliverable Forward market. Foreign exchange reserves were also used carefully to absorb pressure from capital outflows and maintain market confidence.

Entering 2022 and 2023, Bank Indonesia shifted its policy stance toward a more pro-stability orientation. This shift was driven by increasing global inflation, aggressive monetary tightening by the Federal Reserve, and the risk of imported inflation due to Rupiah depreciation. In response, Bank Indonesia gradually raised the BI 7-Day Reverse Repo Rate from 3.50% to 6.00% by October 2023. This policy aimed to strengthen the attractiveness of Rupiah-denominated assets, stabilize capital flows, and reduce pressure on the exchange rate.

In 2024, Bank Indonesia maintained its focus on Rupiah stabilization amid continued global uncertainty. The BI-Rate was raised to 6.25% as a pre-emptive response to increasing external risks. This policy showed that Bank Indonesia prioritized exchange rate stability and inflation control while still

maintaining macroprudential support for domestic economic growth. Policy communication was also strengthened to guide market expectations and reduce uncertainty regarding the direction of monetary policy.

### **Effectiveness of Bank Indonesia's Monetary Policy**

The qualitative analysis indicates that Bank Indonesia's monetary policy during 2020-2024 was relatively effective in maintaining Rupiah exchange rate stability within a manageable range. Although the Rupiah experienced depreciation pressures, especially after 2022, the policy mix implemented by Bank Indonesia helped prevent excessive volatility and broader economic disruption.

The increase in the BI 7-Day Reverse Repo Rate beginning in 2022 played an important role in strengthening market confidence and supporting capital inflows. This policy was also relevant in reducing imported inflationary pressure. From the perspective of interest rate parity theory, higher domestic interest rates increase the attractiveness of domestic financial assets, thereby supporting exchange rate stability. Therefore, interest rate adjustment became one of the key instruments in Bank Indonesia's response to external monetary tightening.

Foreign exchange intervention also played a significant role. Through intervention in the spot and DNDF markets, Bank Indonesia was able to reduce excessive exchange rate volatility without directly targeting a fixed exchange rate level. This approach is consistent with Indonesia's managed floating exchange rate system, in which the Rupiah is allowed to move according to market mechanisms, while the central bank intervenes when volatility becomes excessive or inconsistent with economic fundamentals.

The effectiveness of Bank Indonesia's policy was also supported by adequate foreign exchange reserves. During the 2022-2024 period, foreign exchange reserves remained above USD 130 billion on average, providing sufficient policy space for intervention and strengthening market confidence. This condition shows that reserve management is a crucial element in maintaining exchange rate stability, particularly during periods of external pressure.

Furthermore, monetary and fiscal policy coordination strengthened the credibility of Bank Indonesia's policy response. Coordination among Bank Indonesia, the Ministry of Finance, and the Financial Services Authority through the Financial System Stability Committee helped ensure that exchange rate stabilization was supported by broader macroeconomic and financial system policies. This coordination reduced uncertainty and strengthened public and investor confidence in Indonesia's economic management.

### **Discussion**

The findings show that Bank Indonesia's monetary policy in maintaining exchange rate stability cannot be understood only through the movement of the benchmark interest rate. Instead, exchange rate stabilization requires a comprehensive policy mix involving interest rate policy, foreign exchange intervention, reserve management, macroprudential support, institutional coordination, and credible policy communication.

The Rupiah's depreciation trend during 2022-2024 demonstrates that external pressures, particularly the Federal Reserve's monetary tightening, had a strong influence on Indonesia's exchange rate. However, Bank Indonesia's response helped prevent sharper depreciation and maintain stability within a controllable range. This indicates that the effectiveness of monetary policy depends not only on the strength of individual instruments, but also on the timing, coordination, and credibility of policy implementation.

The qualitative findings also suggest that Bank Indonesia's role is not merely to defend a particular exchange rate level, but to maintain exchange rate movements in line with economic fundamentals. This is important because excessive intervention may create market distortion, while insufficient intervention may increase volatility and weaken confidence. Therefore, Bank Indonesia's managed floating approach provides flexibility to respond to market dynamics while still preventing excessive instability.

Overall, Bank Indonesia's monetary policy during 2020-2024 shows that exchange rate stability is the result of a balanced policy strategy. Interest rate adjustments helped manage expectations and capital flows, foreign exchange intervention reduced short-term volatility, reserve management strengthened market confidence, and inter-institutional coordination supported broader macroeconomic stability. Thus, the effectiveness of Bank Indonesia's policy lies in its ability to combine conventional monetary instruments with adaptive communication and coordination strategies in responding to complex global and domestic economic pressures.

## **CONCLUSION**

This study concludes that Bank Indonesia's monetary policy played a strategic role in maintaining Rupiah exchange rate stability during the 2020-2024 period. The Rupiah faced significant pressure from external shocks, including the COVID-19 pandemic, global monetary tightening, Federal Reserve interest rate hikes, capital flow volatility, and commodity price fluctuations. In response, Bank Indonesia implemented an adaptive policy mix through adjustments to the BI 7-Day Reverse Repo Rate, foreign exchange market intervention, foreign exchange reserve management, open market operations, and forward-looking policy communication. During the pandemic, policy was more accommodative to support economic recovery, while in the period of global monetary tightening, Bank Indonesia shifted toward a pro-stability stance to strengthen the Rupiah and control imported inflation.

The findings indicate that the effectiveness of Bank Indonesia's monetary policy did not rely solely on interest rate adjustments, but also on the integration of several supporting instruments. Foreign exchange intervention, adequate reserves, coordination with the government and financial authorities, and credible communication helped maintain market confidence and reduce excessive volatility. Although the Rupiah continued to experience depreciation pressure, particularly from 2022 to 2024, Bank Indonesia's policy response was relatively effective in keeping exchange rate movements within a manageable range. Therefore, Rupiah stability can be understood as the result of an integrated, flexible, and coordinated monetary policy strategy that responds to both domestic conditions and global economic dynamics.

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