

Central Bank Of Indonesia: The Development Of The Status And Position Of Bank Indonesia

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ABSTRAK: Perjalanan Indonesia tidak lepas dari sejarah panjang dan rumit Bank Indonesia (BI), Bank Sentral Indonesia. Bank Indonesia memainkan peran penting dalam menjaga stabilitas dan mendorong pertumbuhan ekonomi di Indonesia. Kita dapat lebih memahami keterlibatan Bank Indonesia dalam meningkatkan kesejahteraan masyarakat Indonesia dan membangun ketahanan ekonomi jika kita mengetahui latar belakang, tanggung jawab, dan perannya. Penelitian ini menggunakan metodologi kualitatif dengan penekanan pada tinjauan literatur. Pendekatan yang digunakan adalah analisis literatur, yang melibatkan pengumpulan informasi dari berbagai sumber, termasuk buku dan jurnal, yang membahas tujuan dan tanggung jawab utama Bank Indonesia, evolusi status dan posisinya, dan interaksi antara Bank Indonesia dengan Lembaga Keuangan Internasional dan Pemerintah. Dari uraian di atas, jelas bahwa Bank Indonesia sebagai lembaga negara yang otonom dan independen, memiliki kewenangan penuh untuk memutuskan bagaimana memenuhi setiap tanggung jawab dan kewenangannya sesuai dengan hukum yang berlaku. Pihak ketiga dilarang mencampuri kemampuan Bank Indonesia untuk memenuhi tanggung jawabnya, dan Bank Indonesia harus menolak atau menolak keterlibatan tersebut. Undang-undang memberikan status khusus kepada Bank Indonesia untuk memperkuat independensinya. Selain itu, Bank Indonesia bertanggung jawab untuk mengawasi bank-bank yang menjalankan bisnis di Indonesia. Tujuan dari pengawasan ini, yang dilakukan oleh Bank Indonesia atas nama Dewan Moneter, adalah untuk mengatur likuiditas dan stabilitas keuangan setiap bank yang beroperasi di Indonesia.

Kata kunci: Bank Indonesia, Independensi, Bank Sentral

ABSTRACT: The country's journey is closely linked to the long and complicated history of Bank Indonesia (BI), the Central Bank of Indonesia. Bank Indonesia plays an important role in maintaining stability and promoting economic growth in Indonesia. We can better understand Bank Indonesia's involvement in improving the welfare of Indonesians and building economic resilience if we know its background, responsibilities and roles. This research uses a qualitative methodology with an emphasis on literature review. The approach used is literature analysis, which involves gathering information from various sources, including books and journals, that discuss the purpose and key responsibilities of Bank Indonesia, the evolution of its status and position, and the interaction between Bank Indonesia and International Financial Institutions and the Government. From the above, it is clear that Bank Indonesia as an autonomous and independent state institution, has full authority to decide how to fulfill each of its responsibilities and authorities in accordance with applicable laws. It is forbidden for third parties to interfere with Bank Indonesia's ability to fulfill its responsibilities, and Bank Indonesia must decline or reject such involvement. The law grants Bank Indonesia a special status in order to strengthen its independence. In addition, Bank Indonesia is responsible for supervising banks doing business in Indonesia. The purpose of this supervision, which is conducted by Bank Indonesia on behalf of the Monetary Board, is to regulate the liquidity and financial stability of each bank operating in Indonesia.

Keywords: *Bank Indonesia, Independence, Central Bank*

1. INTRODUCTION

The Central Bank of Indonesia, known as Bank Indonesia (BI), has a long and complex history that is closely intertwined with the nation's journey. The Central Bank of Indonesia is a very important institution for the country's economic and financial stability, the Central Bank has various functions to achieve these goals, such as printing and circulating money, maintaining currency value stability, maintaining financial system stability, and being the lender of last resort. Learning about the Central Bank of Indonesia can help us understand the important role of the central bank and how it works to maintain economic and financial stability. The origins of this central bank can be traced back to the Dutch colonial period, where De Javasche Bank was established in 1828.

After Indonesian independence, efforts were made to establish a national central bank. In 1953, Bank Indonesia was established under Law No. 11 of 1953. However, the journey was not smooth, with several changes in functions and organizational structure amidst national political and economic upheaval. In 1968, through Law No. 13 of 1968, BI again functioned as the central bank with a focus on monetary stability. Along with economic reforms in Indonesia in 1998, BI's roles and responsibilities were strengthened and clarified through Law No. 3 Year 2004 on Bank Indonesia.

Law Number 23 of 1999, which was revised by Law Number 3 of 2004 of the Republic of Indonesia, established Bank Indonesia's status and position as an independent central bank. Maintaining the value of the rupiah against inflation and foreign exchange rates of other nations' currencies is one of its primary goals. Unlike other departments, Bank Indonesia has a position that is free from interference from other institutions. The special status and position of Bank Indonesia is needed so that its duties and responsibilities as a monetary authority can be carried out more effectively and efficiently. (Achmad Fauzi et al., 2023)

The Central Bank of Indonesia plays an important role in maintaining stability and promoting national economic growth. By understanding the history, roles and duties of Bank Indonesia, we can better appreciate its contribution in building economic resilience and improving the welfare of the Indonesian people. We can comprehend the critical function that the central bank plays in preserving financial and economic stability by looking at Bank Indonesia. We can also learn about the various policies taken by Bank Indonesia to achieve its goals. Understanding the role and function of the Central Bank of Indonesia is important for everyone, both economic actors and the general public. By understanding the Central Bank, we can better understand how the economic and financial system works.

2. METHOD

This study employs a qualitative methodology with an emphasis on literature review. The approach is literature analysis, which involves gathering information from a variety of publications, including books and journals, that address the evolution of Bank Indonesia's status and position, the objectives and main tasks of Bank Indonesia, the relationship between Bank Indonesia and the Government as well as International Financial Institutions. The data collection process involves reading, recording and processing research materials using related literature. Therefore, the main focus in this research is to use information contained in written sources.

3. RESULT AND DISCUSSION

3.1 Development of the Status and Position of Bank Indonesia

The existence of Bank Indonesia as an independent Central Bank is juridically determined in Law No. 23 Year 1999. The law was normatively effective on May 17, 1999. Statute No. 13 of 1968 pertaining to the Central Bank was superseded by this statute. Law No. 23 of 1999 Concerning Bank Indonesia as amended by Law No. 3 of 2004; Government Regulation in Lieu of Law No. 2 of 2008 Concerning the Second Amendment to Law No. 23 of 1999 Concerning Bank Indonesia; Law of the Republic of Indonesia Number 6 of 2009 concerning the Stipulation of Government Regulation in Lieu of Law Number 2 of 2008 concerning the Second Amendment to Law Number 23 of 1999 concerning Bank Indonesia into Law are the specific regulations governing Bank Indonesia. The status and position of Bank Indonesia as an independent Central Bank, granted independence in carrying out all of its responsibilities and authority specified in the rule, is the new item regulated in the regulation. (Christiani, 2014)

The rule further specifies that Bank Indonesia has complete independence in performing its obligations and using its authority in accordance with the Act. Because of the institution's independence, other parties are not allowed to interfere with Bank Indonesia's performance of its tasks. As a result of gaining more independence, Bank Indonesia is required to reject and disregard any outside intervention and any attempt by anybody to meddle in the way it carries out its responsibilities and powers. In order for Bank Indonesia to perform its role as a monetary authority more optimally, effectively, and efficiently in the end, it needs to have an autonomous position.

Bank Indonesia also has the authority to supervise banks in Indonesia. Bank Indonesia carries out this supervision on behalf of the Monetary Board. The supervision was carried out for the purpose of controlling the solvency and liquidity of all banks operating in Indonesia at that time. Supervision is also carried out so that banks that function as credit agencies can operate in a healthy manner and adhere to the principles of policies that have been determined and formulated. Regarding the status and legal position of Bank Indonesia, which has been mentioned earlier as a state institution, it is expressly stated in Article 4 paragraph (2) of Law Number 23 Year 1999 jo Law Number 4 Year 2004 concerning Bank Indonesia, namely "Bank Indonesia is an independent state institution in carrying out its duties and authorities, free from interference from the government and/or other parties, except for matters expressly regulated by this law." According to the article, Bank Indonesia is a separate and independent state organization. As a separate state organization, Bank Indonesia is completely free to design and carry out all of the legal mandated responsibilities and powers. It is forbidden for external parties to impede Bank Indonesia from carrying out its responsibilities; additionally, Bank Indonesia must decline or disregard any kind of intervention from any source. This law has granted Bank Indonesia a unique place in the Republic of Indonesia's constitutional framework in order to further guarantee its independence. (Pinilih, 2017)

Bank Indonesia is not in the same league as the High State Institutions because it is an autonomous state entity. Furthermore, because Bank Indonesia operates outside of the government, its perspective differs from that of the Department. Bank Indonesia requires this unique status and position in order to perform its mission and function as a monetary authority more successfully and effectively. BI is an independent state organization, but in order to fulfill its mandate, it needs to collaborate and maintain excellent working relationships with the DPR, BPK, the government, and other relevant parties.

The position of Bank Indonesia has the most important role. Every country has one central bank and almost every province has a Central Bank branch. Regulating matters pertaining to a nation's finances is the Central Bank's primary duty. Bank Indonesia is

responsible for carrying out the Central Bank's duties in Indonesia. The Bank Indonesia Law's independent status is required to give Bank Indonesia's institutional status a solid legal foundation, guarantee legal clarity, and maintain consistency. As an autonomous establishment, third parties are not allowed to impede Bank Indonesia from carrying out its responsibilities, and Bank Indonesia is required to refuse and/or disregard any kind of intervention from any source when it comes to doing so. Within the Republic of Indonesia's constitutional framework, Bank Indonesia holds a unique position as an autonomous governmental entity. (Pinem, Jaslyn, 2021)

The People's Consultative Assembly (MPR), the House of Representatives (DPR), the Supreme Court (MA), the Supreme Audit Agency (BPK), and the President, who is the High State Institution, are in a different league than Bank Indonesia. Furthermore, because Bank Indonesia operates outside of the government, its perspective differs from that of the Ministry. Bank Indonesia collaborates with the Government, BPK, and DPR in the course of its work. Bank Indonesia is a legal entity in accordance with the Bank Indonesia Law. The main idea behind Bank Indonesia's status and position is that it can carry out its responsibilities in a more efficient manner. The consequence is that in order to maintain the stability of the rupiah, which is reflected in the inflation and exchange rates, Bank Indonesia needs to be more accountable and transparent in the way it does its functions. The goals of Bank Indonesia are stated clearly in the Bank Indonesia Law.

3.2 Objectives and Main Duties of Bank Indonesia

The goal of Bank Indonesia is to "achieve and maintain the stability of the rupiah value by using various policy instruments set," as stated in Article 7 Paragraph (1) of the Bank Indonesia Law. This goal clearly lays the groundwork for Bank Indonesia's independence. This goal, which is Bank Indonesia's only goal, is to make clear the objectives to be met and the bounds of accountability that Bank Indonesia must bear. Unlike De Javashe Bank Nv, which served as the prototype for Bank Indonesia, Bank Indonesia no longer has a commercial division in addition to its dual roles as the Central Bank.

This is done so that the stability of the rupiah will be Bank Indonesia's sole objective. It is hoped that Bank Indonesia will be able to focus more on performing its responsibilities as the owner of the monetary power. The goal of Bank Indonesia's primary job implementation is to stabilize the value of the rupiah. The Law refers to the stability of the rupiah value as the stability of the rupiah value relative to goods and services measured by the development of the inflation rate or as the stability of the rupiah value relative to other currencies measured by the development of the rupiah value (exchange rate) relative to other currencies. The mapping of the single objective above becomes clearer and more focused the boundaries of Bank Indonesia's responsibilities.

Furthermore, as an implication of the focus of these objectives, Bank Indonesia needs to direct its policies to balance internal economic conditions, especially the balance between demand and supply of the balance of payments. The realization of internal balance is the maintenance of inflation at a low level, while from the external side is the maintenance of the rupiah value at a fairly strong and stable level of development. The stability of the value of the rupiah will be the sole goal of monetary policy, and it will be accomplished by preserving both the internal and external balance. The Bank Indonesia Law's Article 7 Paragraph (2) states that in order to "achieve the objectives as referred to in Paragraph (1), Bank Indonesia implements monetary policy in a sustainable, consistent, transparent manner, and must consider government policies in the economic sector." This is how Bank Indonesia goes about implementing monetary policy to meet the goals mentioned in Article 7 Paragraph (1) of the Bank Indonesia Law. (Gorahe, 2016)

Law No. 3 of 2004 article 7 paragraph (2) states that in order to accomplish the stated goals, Bank Indonesia must apply monetary policy in a transparent, sustainable, and consistent manner while also taking into account the overall economic policies of the government. Law No. 23 of 1999, article 8, states that Bank Indonesia's responsibilities with regard to these goals are to set and carry out monetary policy, oversee and manage banks, and regulate and maintain a seamless payment system. It is forbidden for other parties to impede Bank Indonesia's performance of the aforementioned obligations. In the course of performing its duties, Bank Indonesia is required to reject and/or disregard any kind of intervention from any party. (Arif, 2006)

The primary responsibilities of Bank Indonesia, BI stemmed from De Javasche Bank NV (DJB), which was founded on January 24, 1827, by the Dutch government. At the time, DJB performed certain duties pertaining to other central banks as well as certain commercial bank operations. The Dutch government granted the DJB a charter, which gave the Commercial Bank the authority to print and circulate Dutch Gulden money. When the government saw that Bank Indonesia was not fulfilling its twin purpose of providing healthy monetary development for the economy, it published Law No. 13 of 1968 concerning Bank Indonesia. The presence of this Act aims to be able to eliminate and remove the war owned by Bank Indonesia to also have a role that exists in Commercial Banks. However, BI still serves as a banker from other banks, a place to accommodate finances from the government, and as a depository for state development funds. In addition, this law retains the duties and functions of DM. BI's main duties as a development agent can be seen in its main tasks, namely:

1. Regulate, safeguard, and maintain the stability of the Rupiah,
2. Encourage smooth production and development,
3. Expanding employment opportunities to improve people's lives

The conclusion can be drawn that Bank Indonesia is the parent bank or central bank in Indonesia which has an important role to control or manage several important matters relating to the banking system and the economy in Indonesia. One of them is like maintaining the stability of the financial sector, making efforts to be able to encourage smoothness in products and development in Indonesia, and several other tasks. (Handayani et al., 2021)

As for Article 7 Paragraph (2) of the Bank Indonesia Law, it is intended that the monetary policy set by Bank Indonesia is taken by Bank Indonesia has considered its impact on the country and developments in the real sector. Article 8 of the Bank Indonesia Law mandates that in order to accomplish the goals outlined in Article 7, Bank Indonesia must establish and implement monetary policy, regulate and maintain a seamless payment system, and regulate and supervise banks. These are the primary tasks that Bank Indonesia must complete in order to achieve the goals outlined in Article 7 of the Bank Indonesia Law, which is to achieve and maintain the value of the rupiah. The three primary responsibilities of Bank Indonesia, as previously indicated, must complement one another in order to effectively and efficiently assist the attainment of Bank Indonesia's objectives.

An effective, quick, safe, and dependable payment system is therefore required in order to implement monetary policy that is both efficient and effective in controlling the quantity of money in circulation. In the meanwhile, a sound financial system is necessary for an effective, quick, safe, and dependable payment system to exist. If the goals of Bank Indonesia are connected to Article 8 of the Bank Indonesia Law, then the bank's goal is to establish and preserve the value of the rupiah through the implementation of monetary policies that are transparent, consistent, sustainable, and take into consideration the general economic policies of the government. (Goraaha, 2016)

In order to carry out the task of regulating and supervising banks, Bank Indonesia is authorized to:

1. Establish prudential principles-based banking rules. Bank Indonesia Regulation lays out how the authority in question is to be implemented.

2. Grant and revoke the Bank's business license. Granting licenses for the opening, closing, and transfer of Bank offices must accept the Bank's ownership and administration. allowing the Bank to engage in specific commercial operations.

3. Carry out direct and indirect bank supervision. The implementation of supervision is carried out, among others, by:

- Requiring banks to submit reports, information, and explanations in accordance with the procedures set by Bank Indonesia. If necessary, such obligations may also be imposed on parent companies, subsidiaries, related parties, and affiliated parties of the bank.

- Examine the bank on a regular basis or whenever it becomes required. The parent company of the bank, its subsidiaries, linked parties, associated parties, and debtors may all be the subject of an examination if needed. It is mandatory for the bank and the parties under examination to furnish the examiner with the requested information and data, as well as the chance to view any books, documents, and physical facilities associated with their commercial operations, among other essential items.

4. Assign other parties for and on behalf of Bank Indonesia to carry out the examination as intended. Other parties carrying out the examination as intended shall be obliged to keep confidential the information and data obtained in the examination. The conditions for the party assigned by Bank Indonesia as intended shall be stipulated by Bank Indonesia Regulation.

5. Directing the Bank to temporarily halt all or a portion of specific transaction operations if, based on Bank Indonesia's evaluation of the transaction, it appears to be a potential criminal crime in the banking industry. (Handayani et al., 2021)

In order to establish sound and stable economic conditions, it can also be said that Bank Indonesia's primary responsibilities include setting monetary policy, overseeing and regulating the payment system, and preserving the value of the rupiah. While Bank Indonesia's primary goal is to encourage sustainable economic growth while achieving and maintaining the value of the rupiah while taking the nation's financial, economic, and social elements into consideration.

This provides insight into Bank Indonesia's role in laying the groundwork for a family-centered economy in order to maximize national prosperity. The public is informed about monetary policy, one of the variables that might impact the community's economic circumstances, so that everyone is aware of it. Taking into account everything, Bank Indonesia's attempt to become more efficient in its performance of its duties is what led to its independence, which ensures that it stays within the constitutional framework of economic regulation. This strategy, which was developed in an attempt to grant Bank Indonesia its independence, is thought to be an extension of Article 33 of the 1945 Constitution.

3.3 Relationship between Bank Indonesia and the Government and International Financial Institutions

Government intervention into Bank Indonesia began in 1959. The government's decision to conduct sanering in 1959 during Mr. Loekman Hakim's tenure as Governor of Bank Indonesia can be regarded as a form of excessive interference and a direct intervention in the activities of Bank Indonesia as the central bank. The decision was taken by the government without involving the Governor of Bank Indonesia as the Governor of the Central Bank, or as a substitute for the Chairman of the Monetary Board, so that the action can be said to be a heavy pressure from the government on Bank Indonesia as the guardian of monetary stability. This direct government

intervention in Bank Indonesia continued until the end of the Old Order government in 1967.

The relationship between Bank Indonesia and the government is also regulated in Law No.13 of 1968. Bank Indonesia as the central bank is an institution that is a state institution tasked with assisting the government, especially in carrying out monetary policies set by the government. Even in the general explanation it is expressly stated that the task of the central bank is to assist the President, so that in carrying out its duties the Central Bank must adjust its policies to the policies set by the government. The position of the Governor of Bank Indonesia is outside the departments and the Governor of Bank Indonesia has the right to have an opinion on government policy, but the opinion of the Governor of Bank Indonesia in determining monetary policy is only a consideration for the government in determining monetary policy.

The Position of Bank Indonesia in Carrying out the Government Economy, as an independent state institution, Bank Indonesia is not only positioned as the holder of authority in the monetary sector of the country, and Bank Indonesia also implements / runs the government economy related to economic development in Indonesia. In relation to BI's position as an implementer of government economics, BI supports the government (executive) in running the government. In this case, the position of BI is not like the position of a ministerial institution that is tasked with assisting the President as Head of Government, but to support economic stability through its monetary policy.(Pinilih, 2017)

In setting monetary policy, the Monetary Board is an instrument of the government, with the main task of leading and coordinating the implementation of monetary policy set by the government. In relation to government finances, Bank Indonesia acts as the government's cash holder with the obligation to organize the storage of the state's general treasury, so that Bank Indonesia acts as the cash holder of the Republic of Indonesia; Bank Indonesia also organizes money transfers for the government, and is obliged to assist the government in placing state debt securities.³⁰ In carrying out all these obligations Bank Indonesia does not take into account costs, in the sense that everything is done as an obligation to assist government activities.

Bank Indonesia as a state institution is not a high state institution, but can be aligned with the position of the ministry. As for the equality between Bank Indonesia and high state institutions in carrying out their functions, it can be seen from the working relationship between Bank Indonesia and the Government in its position as an independent state institution as regulated by Article 52 to Article 56 of Law No. 23 Year 1999 jo Law No. 3 Year 2004. This provision further emphasizes Bank Indonesia's position as an agent that assists the government in issuing debt securities, so that at the same time the law prohibits Bank Indonesia from taking profits from the issuance of debt securities.

As an agent, Bank Indonesia is allowed to purchase debt securities only in emergencies or only short-term debt securities As stated in Law Nos. 11 of 1953 and Law No. 13 of 1968, the regulation of the relationship between Bank Indonesia and the government to carry out consultations on banking, financial, and economic policies in the absence of the Monetary Board should be based on Article 54 of Law No. 3 of 2004. This will serve to unite the interests of the government and Bank Indonesia. This is due to the fact that Article 54, paragraph (1) requires the Government to ask Bank Indonesia for its opinion in a cabinet meeting concerning economic, banking, and financial matters pertaining to Bank Indonesia's responsibilities or matters under its purview.

In the meantime, Bank Indonesia is required by Article 54 paragraph (2) to give the Government feedback on the Draft State Budget and other policies, particularly those that pertain to Bank Indonesia's responsibilities and authority. Because the Monetary Board—as suggested by Didiek Rachbini and friends—is not in place, discussions

between the government and Bank Indonesia, particularly when it comes to coordinating banking and economic policy, can take place directly without the need for the House of Representatives to act as a middleman.

From what is stated above, although the position of Bank Indonesia as a legal entity is not clear, it is not regulated as stipulated in Article 1 paragraph (2) of Tap. MPR No. III/MPR/1978 or by the 1945 Constitution, Bank Indonesia must still be seen as an institution that has functions equivalent to those of high state institutions, such as the Supreme Court in organizing justice to uphold law and justice, but Bank Indonesia's task is to achieve and maintain the stability of the rupiah. When connected with the work system between the government and Bank Indonesia, the role and duties of Bank Indonesia are very important and have a very large effect on the life of the nation and state, especially those related to economic, banking and financial issues. (Ismail, 2010)

In terms of its relationship with the government, Bank Indonesia has the following responsibilities and activities:

1. The government's cash holder is Bank Indonesia.
2. Bank Indonesia has the authority to accept foreign loans, manage the government's finances, and pay off debts owed to foreign entities on behalf of the government.
3. In order to debate economic, banking, and financial matters pertaining to Bank Indonesia's responsibilities or other matters under Bank Indonesia's jurisdiction, the government is required to ask Bank Indonesia for its view or to invite Bank Indonesia to a cabinet meeting.
4. Bank Indonesia will advise and consult with the government on matters pertaining to the Draft State Budget (APBN) and other policies that affect the responsibilities and powers of Bank Indonesia.
5. Should the government decide to issue sovereign debt securities, it must first communicate with Bank Indonesia. The House of Representatives must be consulted by the government prior to issuing sovereign debt securities. Bank Indonesia is not allowed to buy sovereign debt securities for itself outside of the secondary market. However, Bank Indonesia is permitted to support the government's issuing of sovereign debt securities. It is ruled that Bank Indonesia's lawsuit to buy sovereign debt securities for itself from the secondary market is void.
6. Bank Indonesia is not allowed to give the government credit. The agreement to grant credit to the Government is void in the event that Bank Indonesia breaches these clauses.

Bank Indonesia has the following responsibilities and activities

1. Bank Indonesia functions as the depository of government cash and provides interest in accordance with the provisions of the law on government cash balances.
2. When it comes to accepting foreign loans, overseeing them, and fulfilling the government's financial responsibilities to foreign entities, Bank Indonesia is able to act in the government's place.
3. The government will consult Bank Indonesia and provide an invitation to Bank Indonesia to attend cabinet meetings when economic, banking, and financial matters pertaining to Bank Indonesia's responsibilities or other matters falling under Bank Indonesia's purview will be discussed.
4. With reference to the Draft State Budget (RAPBN) and other policies pertaining to Bank Indonesia's responsibilities and authorities, Bank Indonesia is required to submit opinions and suggestions to the government.
5. The government must consult with Bank Indonesia before issuing sovereign debt securities.

6. Bank Indonesia is not allowed to provide credit to the government.(Damayanti et al., 2024)

Bank Indonesia establishes relationships and cooperation with various international financial institutions in order to maintain the stability of the global financial system. Bank Indonesia participates in international forums such as the G20, IMF, and World Bank to discuss global financial issues and formulate joint policies, and Bank Indonesia cooperates with other international financial institutions in supervising and regulating the global financial system. Then to Improve economic and financial cooperation. Bank Indonesia establishes bilateral cooperation with other countries' central banks to increase trade and investment, and Bank Indonesia is involved in various regional and multilateral cooperation programs to encourage economic development in the region.

In addition, to Strengthen foreign exchange reserves. bank Indonesia cooperates with international financial institutions such as the IMF to obtain loans and financial assistance in crisis situations, and bank Indonesia invests in overseas assets to increase foreign exchange reserves and maintain rupiah exchange rate stability. as for Improving access to international financial markets, bank Indonesia helps Indonesian banks to gain access to international financial markets, and bank Indonesia promotes Indonesia as an attractive investment destination for foreign investors.

The forms of cooperation between Bank Indonesia and International Financial Institutions include Exchange of information and data, Bank Indonesia and International Financial Institutions exchange information and data on global economic and financial conditions. Second, loans and financial assistance, Bank Indonesia can obtain loans and financial assistance from International Financial Institutions in crisis situations, and regional and multilateral cooperation programs. Bank Indonesia is involved in various regional and multilateral cooperation programs to encourage economic development in the region.

Examples of Bank Indonesia's cooperation with international financial institutions such as cooperation with the IMF. Bank Indonesia has been a member of the IMF since 1947. Bank Indonesia obtained a loan from the IMF worth USD 10 billion in 2008 to help overcome the global financial crisis. there is also cooperation with the World Bank, Bank Indonesia cooperates with the World Bank in various economic development programs in Indonesia, such as infrastructure development programs and poverty alleviation programs.

Bank Indonesia's cooperation with international financial institutions has many benefits, including improving financial system stability, enhancing economic and financial cooperation, strengthening foreign exchange reserves, improving access to international financial markets, and strengthening the international payment system. Bank Indonesia's responsibilities and operations in regard to international relations include its capacity to collaborate with other central banks, organizations, and international institutions, and Bank Indonesia can operate on behalf of the Republic of Indonesia as a member if it is necessary for a member of an international institution and/or multilateral institution to be a country.(Damayanti et al., 2024)

4. CONCLUSION

From the explanation above, it is clear that Bank Indonesia, as an autonomous and independent state institution, has the complete authority to decide how to fulfill each of its responsibilities and powers in compliance with the laws that apply. It is

forbidden for outside parties to interfere with Bank Indonesia's performance of its obligations, and Bank Indonesia is required to either reject or disregard any such involvement. The law gives Bank Indonesia a special place inside the Republic of Indonesia's government apparatus in order to bolster its independence. Furthermore, Bank Indonesia is in charge of overseeing banks that do business in Indonesia. This supervision is conducted by Bank Indonesia on behalf of the Monetary Board with the aim of controlling the financial stability and liquidity of all banks active in Indonesia. This is done so that banks acting as credit providers can operate in a healthy manner and comply with established policy principles. Upholding the rupiah's stability is Bank Indonesia's only objective. The expectation is that Bank Indonesia will be able to perform its monetary authority responsibilities with more emphasis. financial power. The goal of Bank Indonesia's primary job implementation is to stabilize the value of the rupiah. To raise the value of the Rupiah, the primary responsibilities are to regulate, preserve the stability of the Rupiah's value, promote efficient production and development, and boost job possibilities. development and increasing job prospects in order to enhance people's quality of life. Law No. 13 of 1968 also regulates the connection between Bank Indonesia and the government. Bank Indonesia as the central bank is an institution that is a state institution tasked with assisting the government, especially in carrying out monetary policy. in charge of assisting the government, especially in carrying out monetary policies that have been set by the government. set by the government.

Even in the general explanation it is expressly stated that the task of the central bank as an assistant to the President, so that in carrying out its duties the Central Bank must adjust its policies to the policies set by the government. In addition to the government, Bank Indonesia collaborates and builds ties with a range of international financial organizations to preserve the stability of the world financial system. international financial institutions to preserve the stability of the world financial system, promote access to international financial markets, fortify foreign exchange reserves, foster economic and financial cooperation, and fortify the global payment system. expanding global payment networks and gaining access to global financial markets. We realize that in writing this paper is far from perfect, there are still, many shortcomings that we need to fix. This is due to the lack of knowledge that we know. Therefore, constructive criticism and suggestions are highly expected as an evaluation material for the future. evaluation material for the future. We as the authors apologize for any mistakes in preparation of this paper if there are words that are less pleasing.

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