



KEMENTERIAN KOORDINATOR BIDANG PEREKONOMIAN  
REPUBLIK INDONESIA



# THE BREAKTHROUGH: ESTABLISHING BULLION SERVICES IN INDONESIA

ASIA PACIFIC PRECIOUS METALS (APPMC)  
Singapore, 2023



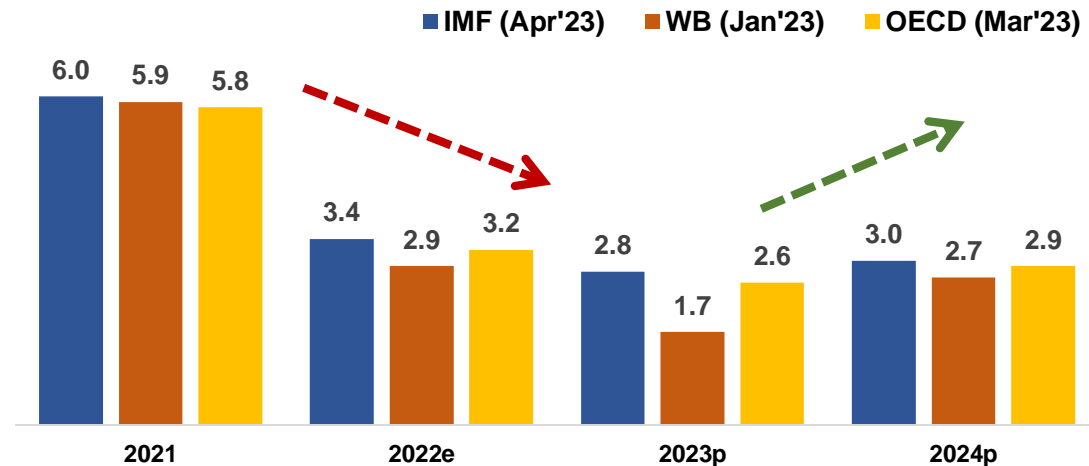
The background of the slide is a nighttime photograph of Singapore. The Merlion statue is prominent on the right side, with its head turned towards the left. The city skyline is visible in the background, with several skyscrapers illuminated. The text is overlaid on this image.

# **INDONESIA CURRENT MACROECONOMIC OVERVIEW**

**(APPMC – Singapore 2023)**

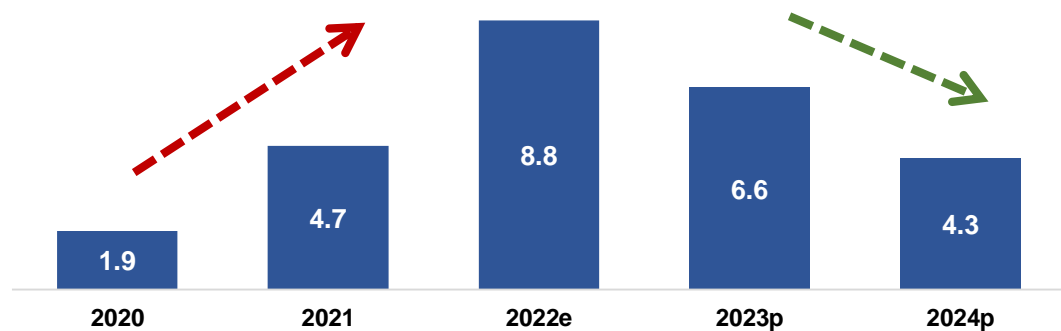
# STAY ALERT AND ANTICIPATIVE WITH GLOBAL ECONOMIC CONDITIONS, WHICH ARE SLOWING, EVEN THE PROJECTION OF THE DECLINE IS NOT AS DEEP AS PREVIOUSLY EXPECTED

Global growth is expected to still slow down in 2023 and improve in 2024...



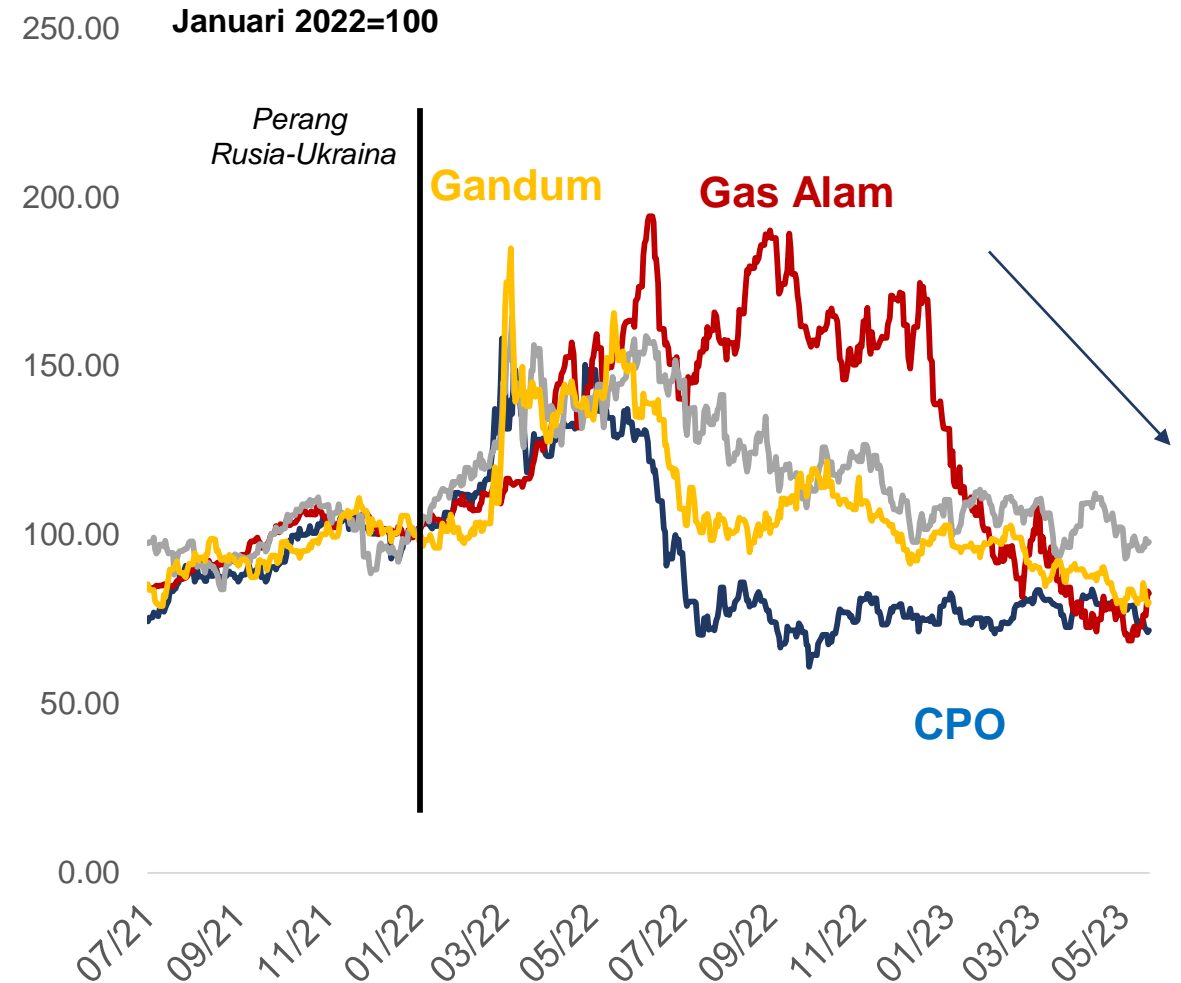
Source: WEO IMF (Jan 2023)

...with global inflation pressures expected to ease.



Source: WEO IMF (Jan 2023), Bloomberg  
www.ekon.go.id

Commodity prices have approached pre-Russian-Ukrainian conflict levels driven by weakening global demand.



# OVERCOMING CHALLENGES AND CHARTING POLICY DIRECTIONS FOR 2023 AND BEYOND

Setting the economic growth target for 2023 at 5.3% while paving the way for further increase in 2024, considering challenges and policy directions.

## 2020-2022 Economic Growth Achievements and 2023-2023 Economic Growth Targets (%)



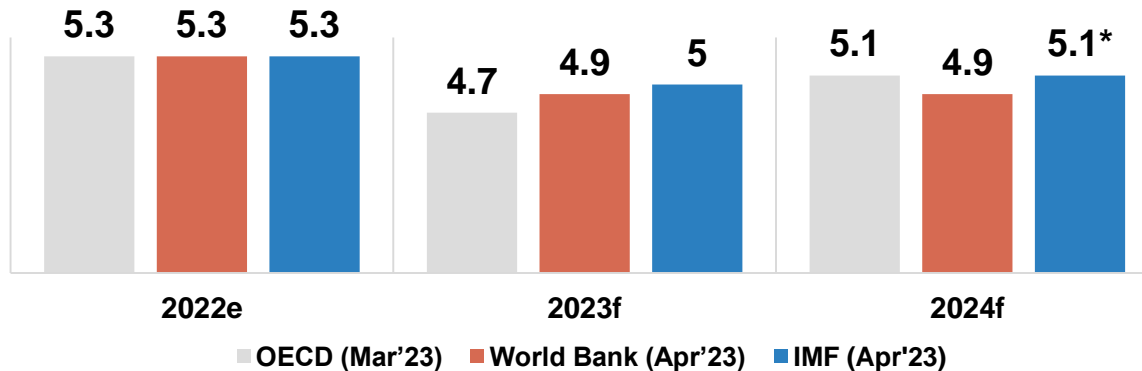
Source; BPS, Rakor Eselon 1 Sinkronisasi KEM PPKF dan RKP 2024



## GROWTH SUPPORT IN 2023

- The passing of the **pandemic period** which will spur **improvement in purchasing power** and support the pace of consumption growth;
- Accelerating the **implementation of structural reforms** to increase investment competitiveness;
- The role of **public (private) investment** is needed to finance growth;
- Improvement in Global Demand** in line with world economic growth Global in 2024 begins to rebound although still full of challenges;
- The ongoing process of natural resource downstreaming** in the midst of improving world economic conditions **will boost the performance of the manufacturing and trade industry sectors**;
- The acceleration of **IKN development** will boost the performance of the **construction sector** and increase **investment**.

## Indonesia's Economic Growth Projection by International Institutions (%)



Ket; \*) World Bank Projection Januari 2023

# RESPONSIVE POLICY MIX FOR SUSTAINABLE GROWTH: A COMPREHENSIVE APPROACH TO REAL, FISCAL, MONETARY, AND FINANCIAL SECTOR POLICIES

Consumption  
(C)

Share GDP (87,5%)

Investment  
(I)

*Boost the  
Domestic  
Economy*

Maintaining purchasing power (inflation), maintaining exchange rates, increasing people's income (i.e. pre-employment cards), social security for vulnerable groups

Omnibus Law Implementation, Law no. 4/2023, DHE Arrangements, MSME Financing, LCS Implementation, Natural Resources Downstreaming, International Cooperation (G20, ASEAN Summit)



## TRANSFORMATIVE ECONOMIC POLICY

IMPLEMENTATION OF LAW NO 4 TH 2023 (P2SK). Maintain financial sector stability amidst the vulnerability of the global financial sector.

IMPLEMENTATION OF OMNIBUS LAW. Encouraging investment competitiveness, for job creation. One of them is through the ease of doing business policy

ENERGY TRANSITION to achieve the Net Zero Emission target  
  
DOWNSTREAM natural resources to create added value for natural resources commodities.

INFRASTRUCTURE DEVELOPMENT FOR COMPETITIVENESS, CONNECTIVITY AND EQUITY:

- ❑ Continuing PSN (National Strategic Program) Development
- ❑ Acceleration of IKN Development
- ❑ Utilization of Special Economic Zones

COMMUNITY ECONOMIC EMPOWERMENT PROGRAM:  
HR Capacity Building through Vocational, Pre-Employment cards  
Increasing Access to MSME Financing through KUR



The background of the slide is a nighttime photograph of Singapore. The Merlion statue is prominently featured in the foreground, spouting water into the sea. Behind it, the city's skyline is illuminated with various lights, including the HSBC logo on a building to the right. The overall scene is dark, with the city lights providing a vibrant contrast.

# **THE BREAKTHROUGH: ESTABLISHING BULLION SERVICES IN INDONESIA**

**(APPMC – Singapore 2023)**

# Background to the Establishment of Bullion Business Activities (Bullion Bank)



The need to take more advantage of Indonesia's potential in the gold industry, especially by optimizing the added value of domestic gold.

- Indonesia is ranked 6th in the world's largest gold producer in 2018 with a total production of 190 tons or USD 11.48 billion. \*\*\*
- Indonesia's gold reserves are 3.6 billion tons assuming ore production of 13.16 million tons/year\*
- Export of gold 79 Tons (USD 3.5 Billion) in Granular form (2019)\*
- Import of 40 Tons (USD 1.7 Billion) of Gold Bars (2019)\*
- Note: in 2021 the realization of domestic gold production will decrease to 24.9 tons, one of which is due to a decrease in PT Freeport's gold production which is conducting an open pit mining conversion to underground mining\*



The global trend during the Covid-19 pandemic has made gold a safe haven.

The habit of the Indonesian investing in gold also creates a high potential for domestic gold demand.\*\*\*



Many peer countries have opened broader access to gold trading.

Several Asian countries have run the bullion bank business: Singapore, Hong Kong, Turkey, and India\*\*



Business Potential in the Jewelry Industry.

Most of the world's gold demand comes from the jewelry industry (2,192.2 tons worth USD 132.4 billion, 52% of total gold

demand)\*\*\*

Sumber: Trademag dan Kementerian ESDM\*, Kajian Bullion Bank oleh BRI Danareksa Sekuritas\*\* dan Pusat Kajian Kebijakan Publik ITS\*\*\*

## OUR MILESTONE

February 5, 2021

Instruction from the Minister for Economic Affairs

The value added of domestic gold must be increased by forming a Bullion Bank

September 2021

Preliminary Study

- Value added for gold is approximately IDR 85.5 Tn, saving the country's foreign exchange, and diversifying financial services products
- Implementation through 3 phases: Non-Bank Financial Industry → Semi Bullion → Full Bullion

December 2021

Legal Study

Bullion Bank can be regulated by Non-Bank Scheme through Financial Services Authority Regulations (POJK)

February 2021

Tax Study

The government needed to exempt value-added tax/VAT (PPN) from gold granules and bars

September 2022

Business Study

The government appointed PT Pegadaian to conduct the piloting of bullion services with three products at an early stage: dore financing, gold-backed financing, unallocated account, and gold metal loan

April 28, 2023

Ministry of Finance Regulations Number 48/2023 (PMK 48/2023)

The government reduced tax on gold (PPh 22) from 0.80% to 0.25% to accelerate the implementation of gold bullion services in Indonesia

March 31, 2023

Drafting Regulation (POJK) for Bullion Services

The government is still considering whether the bullion services can be run by all financial service institutions or not especially for unallocated account saving products (banks must comply with Basel III)

January 12, 2023

Law Number 4/2023 (UU 4/2023)

- The government guarantees that bullion services can be carried out in Indonesia legally while waiting for technical regulations
- This Law defines bullion services as business activities related to gold in the form of savings, financing, trading, gold storage, and/or other activities carried out by a financial services institution

December 12, 2022

Government Regulation Number 49/2022 (PP 49/2022)

- The government exempts VAT tax on gold bars
- Previously, the government exempted VAT tax only for granular gold (PP 70/2021)



# LOOKING FORWARD TO OUR FUTURE COLLABORATION

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