

Strengthening Payment Systems in Asia

Session I : Capital Flows, Payment Systems in Asia and its Relation to Financial Markets

Payment System: Indonesia

Raymond Atje

Head of the Department of Economics
Center for Strategic and International Studies, Indonesia

Abstract

This paper describes the existing payment system in Indonesia, consists of: (1) gross-based system which is real-time (BI-RTGS) launched in 2000; and netting system (SKNBI) through clearing system. As the monetary authority in Indonesia, Bank Indonesia is responsible for regulating and safeguarding the smooth and efficient operation of the national payment system. In 2004, Bank Indonesia revised the blueprint of national payment system which was introduced earlier in 1995 to anticipate various economic and technology development in the future that has some implications for the country's payment system. Although Bank Indonesia expects to provide equitable access and offer consumer protection, access of SMEs to the benefits of innovations in payment system remains an issue. This paper therefore examines this issue closely with an eye of making payment system inclusive. Towards the end, the paper examines the impact of the recent global financial crisis on capital flows and the payment system.