

# New Paradigm of Central Bank's Policy Mix

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The global financial crisis in 2008/2009 encouraged the central bank to implement policy mix in order to achieve price stability and support the stability of financial system. Therefore, the implementation of monetary policy based on inflation targeting framework (ITF) is supposed to be accompanied by foreign capital flow management and macro-prudential policy.

Those statements were delivered by Deputy Governor of Bank Indonesia, Perry Warjiyo, Ph.D. at Kertanegara Auditorium, Faculty of Economics and Business UGM on Friday (24/11) during a General Lecture entitled *Central Bank's Policy Mix: New Paradigm and Implementation in Indonesia*. The event was moderated by Dean of Faculty of Economics and Business UGM, Dr. Eko Suwardi.

Since 2010, Indonesia has experienced that the implementation of Bank Indonesia's policy mix is able to encourage the stability of macro-economy and financial system which aims to encourage economic growth. Therefore, strong coordination among Bank Indonesia's policy mix with fiscal policy and structural reform of the government is essential as the national policy mix.

According to Perry, since 2010 Indonesia's economy has been quite resilient in facing external shock from global spillovers. The stability of macroeconomy and financial system has successfully been maintained, while economic recovery has been running gradually since the middle of 2015 until

2018.

“Indonesian economic outlook in medium-long term will be stronger than the result of structural reform policy towards productivity and economic growth which is higher and sustainable.

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