



**Consulate General of India
Bali**

Press Release

**Reserve Bank of India and Bank Indonesia Sign Memorandum of Understanding (MoU)
to Promote Use of Local Currencies for Bilateral Transactions**

07 March 2024

In pursuance of our goals for closer economic integration with Indonesia, the Reserve Bank of India (RBI) and the Bank Indonesia (BI) signed a Memorandum of Understanding (MoU) today for establishing a framework to promote the use of local currencies for cross-border transactions. The MoU was signed by the Governor of RBI Shri Shaktikanta Das with his counterpart, the President of BI H.E. Pak Perry Warjiyo, during the visit of a high level delegation from BI to Mumbai. This is the 2nd such MoU signed by India with a foreign country after UAE.

2. The MoU will promote the use of INR and IDR in all current account transactions, permissible capital account transactions and other economic and financial transactions, as agreed upon by both countries. Given that India-Indonesia are substantive trade partners with bilateral trade touching USD 40bn in 2022 and growing investments in several sectors, this framework would contribute to expanding business ties between India and Indonesia by enabling the exporters and importers to invoice and pay in their respective domestic currencies INR-IDR, thus bringing down transaction settlement time and costs and and foreign exchange volatility.

3. Through closer co-operation between the two central banks, this MoU also lays down the groundwork for deeper financial market integration, as well as payment system linkages in near future, that would benefit the professionals working in each others countries and about half a million Indian tourists that visit Indonesia every year. The Embassy will support the relevant stakeholders on both sides in faster implementation of the MoU and greater adoption of the LCSS arrangement by businesses.


