

DEVELOPMENT OF CENTRAL BANK

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ABSTRAK: Makalah ini bertujuan untuk menjelaskan perkembangan bank sentral dengan merumuskan beberapa pertanyaan sebagai berikut: Bagaimana Perkembangan Status Bank Sentral? Bagaimana Kedudukan Bank Sentral? Bagaimana Hubungan Bank Sentral dan Lembaga Keuangan di Negara Maju dan Berkembang?. Tulisan ini menggunakan pendekatan kualitatif, karena sumber data dan hasil penelitian berupa library research. Hasil dari penelitian ini yaitu bahwa Bank sentral merupakan lembaga yang memiliki peran penting dalam perekonomian suatu bangsa, terutama di bidang moneter, keuangan, dan perbankan. Tujuan bank sentral seperti tertuang dalam UU RI No. 23 Tahun 1999 Bab 3 Pasal 7 adalah untuk mencapai dan memelihara kestabilan rupiah. Sesuai dengan UU BI, Bank Indonesia berkedudukan sebagai lembaga negara yang independen dalam melaksanakan tugas dan wewenangnya, bebas dari campur tangan pemerintah, dan pihak lain, kecuali untuk hal-hal yang secara tegas diatur dalam undang-undang tersebut. Hubungan Bank Indonesia dengan pemerintah telah diatur dengan jelas dalam UU No. 23 Tahun 1999 tentang Bank Indonesia, yaitu bahwa Bank Indonesia tetap ditunjuk sebagai pemegang kas pemerintah..

Kata kunci: Perkembangan, Bank, Sentral

ABSTRACT: This paper aims to explain the development of central banks by formulating the following questions: How has the Status of Central Banks Developed?, What is the Position of the Central Bank?, What is the Relationship between Central Banks and Financial Institutions in Developed and Developing Countries? This paper uses a qualitative approach, because the data sources and research results are in the form of library research The result of this research is that the central bank is an institution that has an important role in the economy of a nation, especially in the monetary sector. a nation, especially in the fields of monetary, finance, and banking. The purpose of the central bank as stated in the Law of the Republic of Indonesia No. 23 Year 1999 Chapter 3 Article 7 is to achieve and maintain rupiah stability. maintain rupiah stability. In accordance with the BI Law, Bank Indonesia serves as an independent state institution. independent in carrying out its duties and authorities, free from interference from the government, and other parties, except for the government, and other parties, except for matters expressly regulated in the law. the law. Bank Indonesia's relationship with the government has been clearly regulated in Law No. 23/1999 on Bank Indonesia. 23 of 1999 concerning Bank Indonesia, namely that Bank Indonesia is still designated as the government's cash holder. holder of the government's treasury.

Keywords: Development, Bank, Central

1. PENDAHULUAN

Like other developing countries, the role and duties of Bank Indonesia as the Central Bank in Indonesia have undergone quite a long evolution when viewed from an institutional, objective and function perspective. From an institutional perspective, Bank Indonesia as a central bank was only formed in 1953. Before Indonesia's independence,

Indonesia did not have a central bank like the one that exists today. In that period the function of the central bank was only limited as a circulation bank. The task of acting as a circulation bank was carried out by De Javasche Bank NV (Naamloose Vennoostchap¹) which had been given octrooi rights (1828), namely the rights given by the Dutch government to print and circulate Dutch Guilder money. The rights were granted for a period of 10 years from 1 January 1828 to 31 December 1837. By granting these rights/mandate, De Javasche Bank acted as the Gulden (Dutch currency) circulation bank for the Dutch East Indies region. The function of monetary authority remains with the Dutch central banks.

Up to March 31, 1921, there were 7 recorded extensions of octrooi rights granted to De Javasche Bank. In 1922, the Dutch government issued the Javasche Bank Law (De Javasche Bank Wet) which not only extended the granting of octrooi rights but also mandated the bank to carry out tasks, specifically issuing banknotes, providing loans guaranteed by securities, government cashiers, clearing operations. interbank, as well as negotiating money orders and discounting foreign money orders.

In its development, on December 6 1951 the Indonesian government issued a law on the nationalization of De Javasche Bank. Furthermore, on July 1 1953 Law no. 11 of 1953 concerning the Principles of Bank Indonesia as a replacement for Javasche Bank Wet in 1922. From that moment on, a central bank was born in Indonesia which was named Bank Indonesia. Law no. 11 of 1953 assigned Bank Indonesia as Indonesia's central bank with the aim of maintaining currency stability, carrying out money circulation, advancing the payment system, supervising banking and credit activities, and managing the country's foreign exchange. Except for bank supervision duties, these duties are essentially still ongoing today.

If we look at the duties and functions of central banks in general, the duties and functions of Bank Indonesia have also evolved over time. At the beginning of its formation, Bank Indonesia only functioned as a circulation bank which later developed into a development agent, and finally since 1999 it has become independent and has the task of achieving a single goal, namely the stability of the value of the rupiah. At the beginning of its formation in accordance with Article 23 of the 1945 Constitution, Bank Indonesia's objectives as a central bank consisted of two, namely first to regulate, safeguard and maintain the stability of the value of the Rupiah, and second to encourage smooth production and development, as well as expand employment opportunities in order to improve the people's standard of living. With the main tasks of maintaining monetary stability, circulating money, and developing the banking system, and still carrying out several commercial bank functions. However, since 1968 the central bank's function as a commercial bank was abolished, this was done because its dual role as both a central bank and a commercial bank resulted in unhealthy monetary development for the economy, so in 1968 Law no. 13 of 1968 concerning Bank Indonesia which abolished Bank Indonesia's function as a commercial bank.

Nevertheless, Bank Indonesia's goal as a development agent that encourages smooth production and development, as well as expanding employment opportunities to improve people's living standards, remained intact until 1998. In its development, since 1999 Bank Indonesia's duties and objectives as a development agent have been

abandoned. So from that time until now, Bank Indonesia's goal as the central bank has only been to focus on one goal, namely achieving stability in the value of the rupiah. This is done because it is felt that the task of being a development agent often conflicts with the task of maintaining the stability of the value of the rupiah. High economic growth, for example, is often followed by a high increase in prices (inflation). Continuous and uncontrolled high inflation will in turn disrupt the sustainability of economic growth it self.

2. METODOLOGI PENELITIAN

This paper uses a qualitative approach, because the data sources and research results are in the form of library research.

3. HASIL DAN PEMBAHASAN

1. Development of Central Bank Status

The role and duties of Bank Indonesia have evolved over time. In the beginning Bank Indonesia was only limited as a circulation bank carried out by De Javasche Bank NV, then Law No. 11 of 1953 concerning Bank Indonesia gave birth to Bank Indonesia as the Central Bank of the Republic of Indonesia with the main task of maintaining monetary stability. as the Central Bank of the Republic of Indonesia with the main task of maintaining monetary stability, circulate money, and develop payment systems, as well as playing a role as an agent of development agent, government cashier, and as the bank of banks. However, it still performs some of the functions of a commercial bank.

Furthermore, Law No. 13 of 1968 concerning Central Banks established Bank Indonesia as a central bank that is part of the government of the Republic of Indonesia and no longer functions as a commercial bank, although it still plays a role as a development agent. dual function as a commercial bank although it still plays a role as an agent of development, government cashier, and bank of banks. With the issuance of Law Number 23 1999 on Bank Indonesia, as last amended by Law No. 6 of 2009 (BI Law). Law No. 6 of 2009 (BI Law), Bank Indonesia entered a new era as an independent central bank with autonomy. Bank Indonesia entered a new era as an independent central bank, which has full autonomy in formulating and carry out its duties as mandated in the law. Bank Indonesia's duties Indonesia is to formulate and implement monetary policy, regulate and maintain the payment system, as well as regulating and supervising banks to achieve the goal of rupiah stability. stability of the rupiah value. However, in its development, the duties of Bank Indonesia have changes along with the development of an increasingly complex economy.

With the emergence of the economic crisis stemming from failures in the financial system, the task of Bank Indonesia, which originally regulated and supervised banks, has become more complex. financial system, Bank Indonesia's task from regulating and supervising banks changed to achieving and maintaining financial system stability. The task of regulating and supervision of individual banks shifted to a new authority called the Financial Services Authority (OJK) as of January 1, 2014 in accordance with the mandate of Law No. 21 of 2011. Financial Services Authority (OJK) as of January 1, 2014 in accordance with the mandate of Law No. 21 Year 2011 on OJK.

2. Position of the central bank

From an institutional perspective, Bank Indonesia's position in the constitutional system of the Republic of Indonesia is an independent state institution but is not equal to high state institutions such as the People's Representative Council (DPR), the Supreme Audit Agency (BPK), and the Supreme Court (MA). Apart from that, the position of Bank Indonesia is not the same as that of the ministry because Bank Indonesia is located outside the government. This special status and position is intended to enable Bank Indonesia to carry out its role and function as an authority effectively and efficiently.

In accordance with the BI Law, Bank Indonesia has the position of an independent state institution in carrying out its duties and authority, free from interference from the government and other parties, except for matters expressly regulated in the law.

Even though Bank Indonesia is an independent state institution, to maintain the effectiveness of carrying out its duties, Bank Indonesia can coordinate with the government in formulating monetary policy and foster good working relationships with other parties.

As for supervisory bodies, it can be said that Bank Indonesia essentially has three supervisory bodies that is 1. The Board of Governors acts as a policy decision-making and supervisory body 2.) Bank Indonesia Supervision Body, this body was formed to assist the DPR in carrying out its supervisory function over Bank Indonesia. As stated in the explanation of Article 56 of the amendment to Law no. 3 of 2004, the duties of the Supervision Body are: (a) review of Bank Indonesia's annual financial report, (b) review of Bank Indonesia's operational and investment budget, and (c) review of decision-making procedures for operational activities outside of monetary policy and asset management Bank Indonesia. 3. Financial Audit Agency. On the other hand, referring to Law no. 15 of 2006 (previously Law No. 5 of 1973) concerning the Financial Audit Agency, firmly mandates the audit function of state financial management in institutions including Bank Indonesia (Article 6 paragraph 1).

In other words, although it is not expressly stated in the Bank Indonesia Law, the function of the Supervisory Body exists and is carried out by external institutions of Bank Indonesia. The supervisory institution of Bank Indonesia is the DPR which is represented by the Supervision Agency and the BPK. However, these two bodies are not mandated to supervise the decision-making and implementation of policies which are within the scope of Bank Indonesia's duties as the monetary authority.

3. Relations between Central Banks and Financial Institutions in Developed and Developing Countries

a. Financial Relations with the Government

Bank Indonesia's relationship with the government is clearly regulated in Law no. 23 In 1999 regarding Bank Indonesia, namely that Bank Indonesia was still appointed as government cash holder. Bank Indonesia acts as the government's cashier because Government revenues and expenditures are made through accounts held at the Bank Indonesia. For this reason, Bank Indonesia can provide interest on government cash balances in accordance with statutory regulations, but Bank Indonesia is prohibited from

giving loans to the government, including in the form of negative balances from government accounts or by purchasing government debt securities issued by the government on the primary market.

In addition, Bank Indonesia for and on behalf of the government can receive loans abroad, administering, and settling government financial bills and obligations towards foreign parties. Bank Indonesia can also help issue and placing state debt securities to finance the Revenue and Expenditure Budget State (APBN), but are not allowed to buy state debt securities themselves. Currently, Bank Indonesia is no longer permitted to provide credit to the government So far it has been used to cover the government budget deficit.

b. Coordination with Government, International Relations and Related Parties

Other

As an independent state institution, Bank Indonesia still requires coordination which is consultative with the government because Bank Indonesia is part of the task which is inseparable from overall national economic policy. Therefore, In setting its policies, Bank Indonesia continues to adhere to the economic framework and the welfare of the nation. In its relations with the government, Bank Indonesia each at the beginning of the fiscal year, submit written information regarding the implementation evaluation monetary policy and future monetary policy plans. Specifically to the DPR, Bank Indonesia is obliged to submit progress reports on the implementation of its duties and authority every quarter and at any time if requested by the DPR. In addition, Bank Indonesia submits annual budget plans and realization to the Government and DPR. In relation to the BPK, Bank Indonesia is obliged to submit financial reports annually to the BPK. All of this is a form of relationship between Bank Indonesia and government as Bank Indonesia's responsibility for its independence.

Apart from that, coordination between Bank Indonesia and the government isalsorealized in the event that the government asks for Bank Indonesia's opinionand/or invites Bank Indonesia to a cabinet meeting to discuss economics, bankingandfinance related to Bank Indonesia's duties. Apart from that, Bank Indonesia canalsoprovide input, opinions and considerations to the government regarding the APBNDraft and other policies related to its duties and permits. On the other hand, the government can attend Bank Indonesia Board of Governorsmeetings with speaking rights, but without voting rights. To ensure Bank Indonesia'sindependence and relations with the government and other parties can run well, highlevels of communication and trust are needed between the government, BankIndonesia and other related institutions so that each institution can work well withaclearer division of duties and authority.

As part of the world financial community, Bank Indonesia also maintains workingrelationships with central banks of other countries, organizations and international institutions in the banking and financial sector. This cooperation is necessary inorder to support the smooth implementation of Bank Indonesia's or the government's duties in the economic, monetary and banking sectors, as regulatedinArticle 57 of Law no. 23 of 1999 as amended by Law no. 3 of 2004 and Lawno. 6of 2009. For example, cooperation with international institutions carried out by Bank

Indonesia so far includes cooperation in the areas of: (i) joint investment for foreign exchange market stability; (ii) settlement of cross-border transactions; (iii) correspondent relations; (iv) exchange information on matters related to duties as a central bank, including in carrying out bank supervision; and (v) training/research in the field of monetary and payment systems. Bank Indonesia's membership in several international institutions and forums on behalf of Bank Indonesia, including: 1) The South East Asian Central Banks Research and Training Center (SEACEN Centre); 2) The South East Asian, New Zealand and Australia Forum of Banking Supervision (SEANZA); 3) The Executive Meeting of East Asian and Pacific Central Banks (EMEAP); 4) ASEAN Central Bank Forum (ACBF); And 5) Bank for International Settlements (BIS) Membership of Bank Indonesia represents the government of the Republic of Indonesia so that the Bank Indonesia can act for and on behalf of the Republic of Indonesia by proxy The President as head of state, among other things: 1) Association of South East Asian Nations (ASEAN); 2) ASEAN+3 (ASEAN + China, Japan and Korea); 3) Asia Pacific Economic Cooperation (APEC); 4) Manila Framework Group (MFG); 5) Asia-Europe Meeting (ASEM); 6) Islamic Development Bank (IDB); 7) International Monetary Fund (IMF); 8) World Bank, including membership in the International Bank for Reconstruction and Development (IBRD), International Development Association (IDA), International Finance Cooperation (IFC), and Multilateral Investment Guarantee Agency (MIGA); 9) World Trade Organization (WTO); 10) Intergovernmental Group of 20 (G20); 11) Intergovernmental Group of 15 (G15, as observer); And 12) Intergovernmental Group of 24 (G24, as observer).

4. KESIMPULAN

The central bank is an institution that has an important role in the economy of a nation, especially in the monetary, financial and banking fields. Central bank objectives as stated in RI Law no. 23 of 1999 Chapter 3 Article 7 is to achieve and maintain rupiah stability. Another role of Bank Indonesia is in terms of distribution of money, especially currency or paper and metal in which Bank Indonesia has the rights of a single person to distribute currency. Bank Indonesia has three pillars, namely: three areas of its duties: establishing and implementing monetary policy, managing and maintaining the smooth running of the payment system, as well as regulating and supervising banking in Indonesia. In accordance with the BI Law, Bank Indonesia has the status of a state institution independent in carrying out its duties and authority, free from interference by the government, and other parties, except for matters expressly regulated in the law. Bank Indonesia's relationship with the government is clearly regulated in Law no. 23 of 1999 concerning Bank Indonesia, namely that Bank Indonesia remains designated as government cash holder. Bank Indonesia acts as the government's cashier because government revenues and expenditures are made through accounts held at the Bank Indonesia. Bank Indonesia can also help issue and place documents of state debt to finance the State Revenue and Expenditure Budget (APBN), but not you are allowed to buy your own government debt securities. On the other hand, the government can attend Bank Indonesia Board of Governors Meetings with the right to speak, but without the right to vote. To guarantee

the independence of Bank Indonesia and relations with the government and parties. If something else can run well, it requires high levels of communication and trust between government, Bank Indonesia, and other related institutions so that each institution can work well with a clearer division of duties and authority. As part of the world financial community, Bank Indonesia also maintains a working relationship with the central bank of other countries, organizations and international institutions in the field of banking and finance.

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