



IPS Paper

How Bank Indonesia Communicate its Monetary Policy During COVID-19 Period

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Brief Description

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Blinder et al.

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Following the Asian Economic Crisis in 1998, Bank Indonesia has strengthened its strategic communication by employing the principles of transparency and accountability as part of the policy instruments .

Since Bank Indonesia adopted the inflation targeting framework, it has implemented this technique to ensure that the information provided to the public may assist the central bank in achieving its main objective.

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Abstract

The Central Bank has been cautious in communicating its monetary policy press releases and monetary policy reports during the COVID-19 outbreak. Blinder et al. (2022) reported that the central bank has become a source of concern during COVID-19 as a result of changes in the central bank's mandate, complex monetary policies, and monetary policy decisions that trigger public or market decision-making. This is because information published by the Central Bank, such as survey data, reports, press releases, press conferences, and interviews, has an impact on its stakeholders.

Following the Asian Economic Crisis in 1998, Bank Indonesia has strengthened its strategic communication by employing the principles of transparency and accountability as part of the policy instruments . Since Bank Indonesia adopted the inflation targeting framework, it has implemented this technique to ensure that the information provided to the public may assist the central bank in achieving its main objective. Despite difficulties like fostering communication and creating multilayered communication strategies, Blinder et al. (2022) said that increasing public communication can foster effectiveness, transparency, and accountability. Another study by DF. Unisal and Garbers found that clear and timely communication can boost the effectiveness of central banks' communication while also preserving their credibility.

During COVID-19, stakeholders tend to seek information through various channels owned by Bank Indonesia, such as press releases and infographics on Bank Indonesia's home page and various social media platforms, while reports and more detailed data are available on the official website. Therefore, the focus of our study is to investigate how effective Bank Indonesia in communicating its policies in maintaining the market and public perspective, especially those related to the Consumer Survey (CS) and Retail Sales Survey (RSS). The consideration to learning the communication of those surveys is that these surveys describe the condition of household consumption, in which household

consumption accounts for more than 50% of Indonesia's GDP share. We conducted an analysis to see which had the most hits and likes on websites and social media, especially before COVID-19, up until now. We also use NOISE (Needs, Opportunities, Improvements, Strengths, ISI Permanent Office, P.O. Box 24870, 2490 AB The Hague, The Netherlands

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Exceptions) analysis to see what strengths Bank Indonesia already has and what they need to do to encourage communication and develop layered communication strategies. To result of sentiment analysis confirmed the success of Bank Indonesia in building and maintaining stakeholders' optimism toward economic conditions. Even if the COVID-19 outbreak seems to have exacerbated economic conditions, Bank Indonesia's press releases are generally well received by its stakeholders. This implies that Bank Indonesia continues to successfully shape stakeholders' expectations while maintaining its credibility. The sentiment analysis also suggests that the number of positive sentiment dominate the negative ones during COVID-19 period which means that Bank Indonesia success to manage and deliver optimism tone towards its stakeholders during the COVID-19 and economic recovery period.