Factors Affecting the Rupiah Exchange Rate Against the US Dollar (The Case of the Rupiah Exchange Rate 2010-2025)

Arnaz Mega Ferawati[1], Muhamad Andi[2], Imelda Rusiana Aditya[3], Munawaroh[4], Agus Prianto[5*]

[1,2]Postgraduate Program in Economic Education, PGRI Jombang University, Indonesia

[3]Undergraduate Program in Economics Education, PGRI Jombang University, Indonesia

[4,5]Professor of Economic Education, PGRI Jombang University, Indonesia

[*]Corresponding Author

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ABSTRACT

Over the past 15 years, the rupiah exchange rate against the US dollar has consistently weakened. This weakening has had a direct impact on the swelling value of foreign debt. The increase in foreign debt has reduced the proportion of state revenue that should be used to finance development. Therefore, it is necessary to examine the factors causing the consistent weakening of the rupiah against the US dollar. This study was conducted using descriptive analysis, aiming to identify the key factors causing the weakening of the rupiah against the US dollar. Three main variables are predicted to cause the weakening of the rupiah: the current account balance, foreign debt, and the debt service ratio (DSR). This study has shown that the current account deficit that occurred between 2010 and 2025 has weakened the rupiah and increased the DSR proportion. This impacts Indonesia's macroeconomic stability. A large portion of state revenue is used to repay foreign debt, reducing the proportion of state revenue allocated for development. This study recommends that the government reduce exports of low-value raw materials, export high-value goods, and strengthen the tourism services sector.

Key words: current account, foreign debt, DSR, rupiah exchange rate

INTRODUCTION

Foreign debt is a financing instrument frequently used by developing countries to expand development opportunities. In the Indonesian context, external financing allows the government and private sector to obtain large-scale funding, particularly for activities requiring technology, capital goods, and foreign exchange (Setiawan et al, 2022; Rangkuty & Hidayat, 2021). However, foreign debt cannot be viewed simply as additional funding. Every loan carries the obligation to repay principal and interest later, so foreign debt must be managed carefully.

The main problem arises when these obligations conflict with the national economy's ability to generate foreign exchange. At this point, the Debt Service Ratio (DSR) has become a crucial indicator (Endrico et al, 2025). The DSR shows the magnitude of principal and interest payments on foreign debt compared to current account receipts. If the DSR increases, the proportion of foreign exchange receipts used to service external liabilities also increases. This condition is an early warning of pressure on external liquidity, although it does not necessarily indicate a crisis.

Another important variable is the rupiah exchange rate against the US dollar (Adhista,2022). Most external liabilities are recorded in foreign currencies, particularly the US dollar. When the rupiah weakens, the same value of liabilities in dollars becomes more expensive when converted into rupiah (Amjad,2022). This will impact the government budget, corporate cash flow, import costs, inflation, and investor perceptions of Indonesia's economic stability (Dzakiyah et al., 2019). Therefore, discussions of foreign debt cannot be separated from the dynamics of the DSR and the rupiah exchange rate.

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The current account position (surplus or deficit) is a crucial variable that theoretically has a direct impact on the rupiah exchange rate and the external debt burden (Altayligil et al., 2020; Eita et al., 2019; Mugo et al., 2021; Musisinyani et al., 2017; Olakulehin et al., 2024). Therefore, the current account position must be carefully considered when analyzing the rupiah exchange rate.

Based on data released by Bank Indonesia for 2010-2025, the average rupiah exchange rate fluctuated from around Rp9,081 per US dollar in 2010 to Rp16,500 per US dollar in 2025. During the same period, DSR fluctuated, with a peak of 56.08 percent in 2015 and a low of 17.1 percent in 2023. Changes in the rupiah exchange rate and DSR indicate that the relationship between foreign debt, DSR, and the exchange rate is not always simple. The exchange rate can increase the repayment burden, but the DSR is also influenced by the maturity structure, interest rates, export revenues, and current account conditions (Bank Indonesia, 2025).

DSR, or the ratio of debt payments to income/foreign exchange, affects the rupiah exchange rate against the US dollar because it is directly related to the availability of foreign exchange (forex) in the country. The mechanism by which the DSR affects the rupiah exchange rate against the US dollar can be explained as follows: (a) The high DSR means that a portion of export revenue or state revenue is being used to pay principal and interest on debt. As a result, the supply of dollars in the domestic market becomes depleted. This causes the US dollar exchange rate against the rupiah to increase; or at the same time; the rupiah exchange rate against the US dollar to weaken; (b) When the dollar supply is depleted and demand from importers or corporations to repay foreign debt remains high, the US dollar will strengthen. This causes the rupiah exchange rate to depreciate or weaken; (c) If the DSR is too high or exceeds a safe limit (for example, the IMF standard of 20%-30%), foreign investors will assess the risk of a country's default as increasing. This triggers a capital outflow where investors sell their Rupiah assets and exchange them back into US dollars, resulting in an increase in the US dollar exchange rate and a weakening of the rupiah exchange rate. In other words, DSR and the rupiah exchange rate that are not managed carefully will result in the emergence of macroeconomic risks.

This study examines the relationship between foreign debt, DSR, and the rupiah exchange rate against the US dollar using a descriptive-analytical approach. The discussion focuses on the following issues: how the DSR reflects the burden of foreign debt repayment; how the rupiah's depreciation affects the burden of liabilities in foreign currencies; and how data on DSR and the rupiah exchange rate from 2010-2025 can be used to read Indonesia's external risks more proportionally.

METHOD

This study uses a descriptive analysis approach. It analyzes Indonesian macroeconomic data released by Central Bank of Indonesia. Data on changes in the DSR, current account balance, and rupiah exchange rate against the US dollar from 2010 to 2025 are analyzed for their interrelationships. Based on these trends, this study projects potential external risks that will impact Indonesia's macroeconomic performance.

RESULTS AND DISCUSSION

Conceptual Framework of Current Account, Foreign Debt, DSR, and Rupiah Exchange Rate

The current account is a record of a country's cash flow, encompassing all economic activities related to the export and import of goods and services, investment income, and unilateral transfers (such as foreign aid) during a specific period (Olakulehin et al., 2024). The current account is an important indicator of a country's economic health and is measured through four pillars: (a) Trade balance, which reflects the difference between the total value of exports and imports of physical goods; (b) Services balance, which reflects the flow of funds from service transactions such as tourism, transportation, and insurance; (c) Primary income, which reflects the receipt and payment of investment returns (such as stock dividends or interest) between countries; and (d) Current transfers (secondary) which reflect one-way flows of funds, including remittances (labor remittances) or government grants.

The balance of payments is in surplus if the value of receipts from foreign transactions is greater than expenditures (exports > imports) (Musisinyani et al., 2017). In other words, when the balance of payments is in

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surplus, foreign funds inflow exceeds foreign funds outflow. The balance of payments is in deficit when expenditure abroad exceeds income. Countries must seek external financing sources (such as debt or foreign investment) to cover this. In other words, when the balance of payments is in deficit, foreign funds outflow exceeds foreign funds inflow.

A current account surplus will encourage the strengthening (appreciation) of the domestic currency. This occurs because high revenues from exports of goods and services create an abundant supply of foreign exchange (foreign exchange) domestically, thus increasing demand for the local currency (Mugo et al, 2021).

The main impacts of a current account surplus on exchange rate movements include: (a) Currency appreciation: High export activity creates substantial foreign exchange earnings, which in turn strengthens the domestic currency against foreign currencies; (b) Exchange rate stability: Helps the central bank maintain foreign exchange reserves, thus stabilizing the exchange rate and protecting it from global market volatility; (c) Debt burden reduction: A strengthening exchange rate makes it easier for the government or corporations to repay foreign debt and import costs, as the local currency has more value when converted into foreign exchange (Mankiw,2021; Eita et al., 2019).

A current account deficit directly causes depreciation or weakening of the domestic currency against foreign currencies. This condition occurs because the high value of imports compared to exports forces economic actors to exchange more local currency to buy foreign currency, thus depressing the price of the domestic currency.

The specific impacts of a current account deficit on the exchange rate are: (a) Increased demand for foreign currency to pay for imported goods, services, or foreign debt; domestic entities require foreign currency (such as the US dollar). This triggers a rush to buy foreign currency, which increases its value; (b) Depletion of foreign exchange reserves: To prevent the exchange rate from falling too far, the central bank typically intervenes by selling foreign exchange reserves in the money market, which reduces the country's monetary resilience; (c) Free market mechanism: Fundamentally, in macroeconomics, this gradual weakening of the currency will balance the balance of payments. When the exchange rate weakens, the price of domestic exports becomes cheaper and more competitive in the international market, while imported goods become more expensive for local consumers (Mankiw, 2021).

Foreign debt can be understood as the obligations of a country's residents to non-residents that must be repaid at a specific time. This obligation is borne by the government, central bank, financial institutions, and the private sector. In macroeconomic analysis, foreign debt is not always viewed negatively. External borrowing can be beneficial when used to finance productive activities, increase export capacity, strengthen infrastructure, and enhance economic competitiveness (Ariusni,2020).

However, these benefits can turn into risks if debt is not managed carefully. The first risk is maturity risk, which occurs when principal and interest payments are concentrated in a specific period. The second risk is interest risk, particularly when financing uses a floating-rate scheme and global interest rates rise. The third was exchanging rate risk, which occurs when US dollar obligations must be repaid with revenues derived primarily from rupiah. These risks are ultimately reflected in the DSR.

The DSR serves as a measure of external payment pressure. A high DSR indicates that foreign exchange earnings from the current account are increasingly being used to repay debt. Conversely, a low DSR provides more room for the economy to finance imports, investment, and other international payment needs. However, the DSR needs to be read in conjunction with other indicators, such as foreign exchange reserves, the current account balance, debt maturity profile, and currency composition.

The rupiah exchange rate against the US dollar serves as a connecting variable between external liabilities and domestic conditions. Rupiah depreciation increases the need for US dollars. For the government, this can increase pressure on interest payments and principal repayments in foreign currency. For companies, a weakening rupiah can reduce profits and increase the risk of default, especially if the company does not generate revenue in US dollars or does not hedge.

Table 1. Relationship between Variables

Variable	Main Meaning	Risk when $ strengthen	Analytical Notes
Current Account	The flow of funds into and out of a country originating from international trade in goods and services, investment income, and unilateral transfers of funds in a certain period	The strengthening of the US dollar often puts pressure on the current account of a country like Indonesia, resulting in a deficit.	Strengthening the current account can be achieved through increasing exports, import substitution, and controlling interest rates
Foreign debt	Stock of external liabilities of the government, central bank, and private sector	The need for foreign exchange for payments is increasing	It is safer if the loan scheme is long term and used for the productive sector
DSR	The ratio of principal and interest payments to current account receipts	The portion of foreign exchange used to service debt is increasing	The DSR is increasing not only due to debt but also due to weakening foreign exchange receipts
Rupiah/US dollar exchange rate	US dollar price in rupiah	Depreciation increases the burden on foreign exchange liabilities	Impact depends on currency structure and hedging
Foreign exchange reserves	External liquidity cushion	If they decrease, the market may perceive higher external risks	Need to be viewed together with capital flows and the balance of payments

Current Account and the Rupiah exchange rate 2010-2025

The data presented in Table 2 indicates a tendency for an interdependent relationship between the current account position, the rupiah exchange rate, and the DSR proportion (Bank Indonesia, 2025). Over the past 15 years, Indonesia's current account has been largely in deficit. Current account surpluses occurred in 2010, 2011, 2021, and 2022. Indonesia recorded a current account surplus in 2010 and 2011. During the same period, the rupiah exchange rate strengthened to between IDR 8,800 and IDR 9,081. Similarly, during the same period, the DSR proportion strengthened from 27.87% to 21.7%.

The situation reversed when the current account deficit occurred between 2012 and 2020. During this period, the rupiah exchange rate continued to weaken, from IDR 9,538 in 2012 to IDR 14,572 in 2020. Similarly, the current account deficit caused the Depreciation Return (DSR) to weaken from 23.7% in 2012 to 47.3% in 2020.

The current account returned to a surplus in 2021 and 2022. During this period, the DSR proportion strengthened again to 26.69% in 2021 and 34.3% in 2022. Similarly, during this period, the rupiah strengthened to an average of IDR 14,500.

The current account again recorded a deficit from 2023 to 2025. The rupiah continued to weaken from IDR 15,265 in 2023 to IDR 16,500 in 2025. This resulted in a worsening DSR value to 47.46% in 2022. 2025.

These data show that a current account surplus strengthens the rupiah exchange rate and reduces the burden of foreign debt. Conversely, a current account deficit weakens the rupiah exchange rate and increases the burden of foreign debt. Therefore, the government should strive to maintain a current account surplus. This can be

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achieved by increasing export value and creating a pro-market investment climate, thereby attracting more foreign capital into the country.

Changes in the proportion of DSR and the Rupiah exchange rate 2010-2025

Data on changes in the proportion of the DSR and the rupiah exchange rate from 2010 to 2025, as released by Bank Indonesia, show two main patterns (Bank Indonesia, 2025).

First, the average rupiah exchange rate tends to weaken over the long term. From Rp9,081 per US dollar in 2010, the average exchange rate increases to Rp16,500 per US dollar in 2025. This increase in the exchange rate means the rupiah has depreciated against the US dollar. In percentage terms, the change is approximately 81.7 percent over fifteen years. This pattern indicates that exchange rate pressure is a factor that must be seriously considered in foreign debt management.

Second, the DSR does not move steadily in line with the exchange rate. The highest DSR occurred in 2015 at 56.08 percent, while the lowest DSR occurred in 2023 at 17.1 percent. The average DSR value throughout the 2010-2025 period was approximately 34.16 percent. These fluctuations indicate that the DSR is not only determined by the exchange rate, but also by the amount of principal and interest payments due, export conditions, service income, primary income, and changes in debt structure.

Table 2. Current Account, DSR and Rupiah Exchange Rate against the US Dollar 2010-2025

Release Year	Current Account (+/-)	DSR (%)	Lowest rate	Highest rate	Average rate
2010	6.29	27.87	8,917	8,855	9,081
2011	2.10	21.7	8,300	9,100	8,800
2012	-24.40	23.7	9,538	9,445	9,538
2013	-28.40	42.7	9,627	12,100	10,445
2014	-26.20	41.3	11,358	12,410	11,865
2015	-17.80	56.08	12,423	14,617	13,388
2016	-17.00	37.5	12,907	13,863	13,303
2017	-17.30	25.54	13,183	13,578	13,378
2018	-31.00	25.1	13,308	15,305	14,481
2019	-30.36	39.4	13,690	14,510	14,136
2020	-3.60	47.3	13,609	16,600	14,572
2021	3.30	26.69	14,100	14,600	14,269
2022	13.20	34.3	14,241	15,592	14,848
2023	-1.60	17.1	14,663	15,900	15,265
2024	-1.10	32.8	15,420	16,470	16,162
2025	-	47.46	14,700	17,070	16,500

Note: (+) = deficit, (-) = surplus. There are some of the lowest and highest exchange rates that appear to be out of sequence in a particular year, so the trend analysis in this study is more focused on the annual average exchange rate.

Source: Bank Indonesia (2025)

Graphically, the relationship between the current account, the DSR, and the rupiah exchange rate against the US dollar is shown in the following figure.

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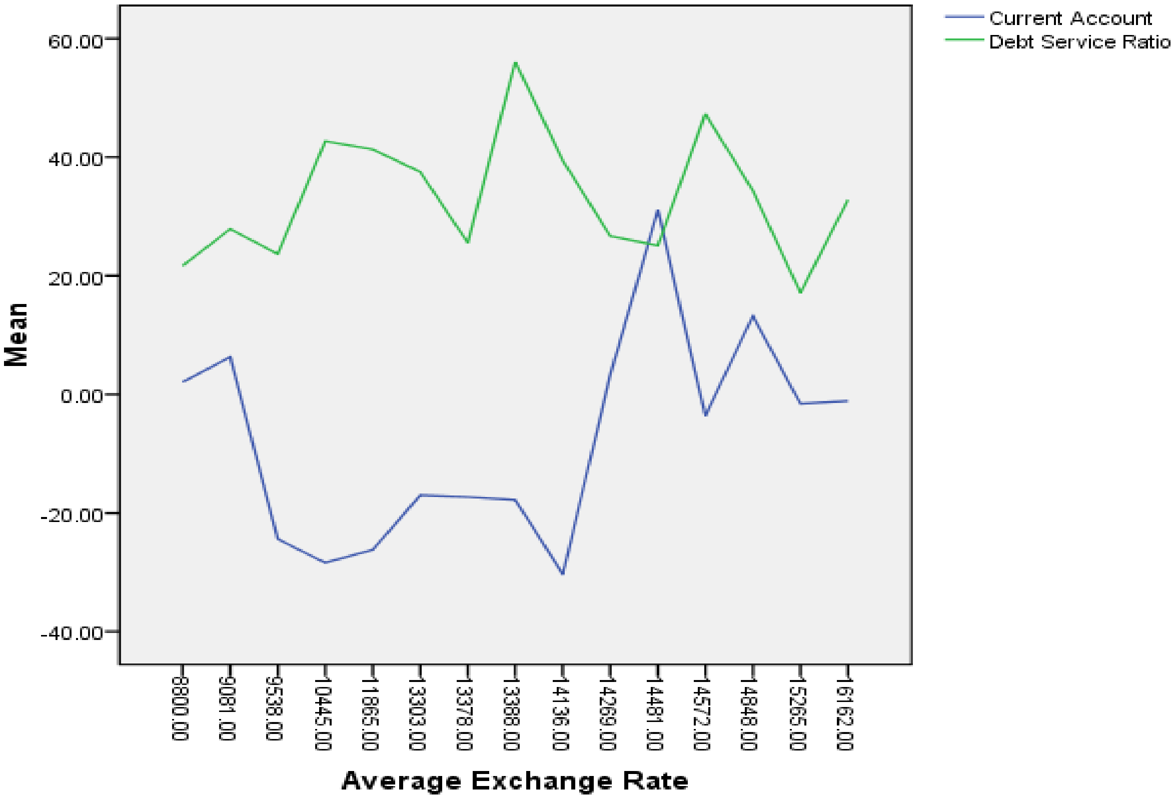

Figure 1: The relationship between current transactions, DSR, and the rupiah exchange rate

Figure 1 shows that if the current account is positive, the DSR and the rupiah exchange rate against the US dollar strengthen; and vice versa. This demonstrates that the rupiah exchange rate against the US dollar and the DSR are closely related to the current account.

Analysis of DSR Change Trends and Rupiah Exchange Rate

The 2010-2012 period can be seen as an initial phase, with a relatively lower average exchange rate compared to subsequent periods (Bank Indonesia, 2025). The DSR in 2010 was 27.87 percent, dropping to 21.7 percent in 2011, and then rising to 23.7 percent in 2012. During this phase, external payment pressures were not as high as in the 2013-2015 period. However, the increase in the average exchange rate from IDR 8,800 in 2011 to IDR 9,538 in 2012 signaled that rupiah depreciation could become a risk factor in the following years.

The 2013-2015 period showed stronger pressures. The average exchange rate rose from IDR 10,445 in 2013 to IDR 13,388 in 2015. Concurrently, DSR rose sharply, reaching 56.08 percent in 2015. The 2015 periode was a crucial year because it demonstrated a combination of rupiah depreciation and high external payment burdens. In this situation, the government and private sector faced dual pressure: they needed more rupiah to obtain US dollars, while the portion of foreign exchange used to service debt also increased.

After the 2015 periode, the DSR declined to 37.5 percent in 2016 and 25.54 percent in 2017. This decline suggests that external payment pressures may ease even if the rupiah exchange rate does not return to 2010-2011 levels. This means that improvements in the DSR could be due to other factors, such as changes in debt repayment schedules, reduced principal payments, improved current account receipts, or more controlled debt management.

The 2018-2020 period showed increasing pressures. The average exchange rate rose from IDR 14,481 in 2018 to IDR 14,572 in 2020, with the highest rate in 2020 reaching IDR 16,600. Debt service ratio (DSR) also increased from 25.1 percent in 2018 to 39.4 percent in 2019 and 47.3 percent in 2020. The 2020 period can be considered a sensitive period due to global pressures affecting financial markets, international trade, and financing needs. In such conditions, exchange rate stability and foreign exchange adequacy are crucial factors.

The 2021-2023 period shows a different pattern. The DSR decreased from 26.69 percent in 2021 to 17.1 percent in 2023, although the average exchange rate continued to rise to IDR 15,265 in 2023. This pattern is important because it emphasizes that a weaker exchange rate does not automatically mean a consistently high DSR. If payment dues are lighter or current account receipts are stronger, the DSR could still decline. In other words, the weakening rupiah is a pressure factor, but not the sole determinant of external burdens.

In the 2024-2025 period, the DSR increased again from 32.8 percent to 47.46 percent. The average exchange rate also rose from IDR 16,162 to IDR 16,500, with the highest rate in 2025 reaching IDR 17,070. The increase in the DSR during this period indicates that external payment pressures are growing again. If these conditions persist alongside a weak rupiah, the risks to the budget, corporations, and market sentiment could be heightened.

The Relationship between Current Account, Foreign Debt, DSR, and the Rupiah Exchange Rate

The current account balance has a direct and significant impact on the DSR and the Rupiah exchange rate. A current account surplus results in more foreign exchange (foreign currency) coming in than is spent on imports. The high supply of foreign exchange in the domestic market increases demand for the local currency, which encourages appreciation (strengthening) of the Rupiah exchange rate. This condition will lower the DSR ratio, thus improving the country's capacity and ability to repay its debt obligations. Conversely, a current account deficit will depress the Rupiah exchange rate due to high demand for foreign exchange (especially the US dollar) to pay for goods and services from abroad. This triggers Rupiah depreciation (weakening). This condition forces the country to incur new debt to cover the economic gap, which ultimately increases the DSR ratio above the safe limit.

The relationship between foreign debt and the DSR can be explained from the perspective of payment flows. Foreign debt represents the stock of liabilities, while the DSR reflects the flow of principal and interest payments relative to current account receipts. If the stock of debt increases without a corresponding increase in foreign exchange earning capacity, the DSR could potentially rise when payments fall due. However, if debt is used for productive activities that increase exports or reduce dependence on imports, pressure on the DSR can be more manageable.

The relationship between exchange rates and foreign debt arises through value conversion. Debt denominated in US dollars remains unchanged when the rupiah weakens, but the burden in rupiah becomes greater. For example, an interest payment of US$1 million requires approximately Rp9.08 billion at an exchange rate of Rp9,081 per US dollar, but requires approximately Rp16.5 billion at an exchange rate of Rp16,500 per US dollar. This simple illustration explains why rupiah depreciation can increase external liabilities even though the dollar amount to be paid remains the same.

The relationship between the DSR and exchange rates can also operate through market perception. An increasing DSR can signal a greater need for foreign exchange to service debt. If the market perceives the foreign exchange supply from exports, investment, or foreign exchange reserves as insufficient, pressure on the rupiah could increase. Conversely, a weakening rupiah could exacerbate risk perceptions, especially for companies with US dollar liabilities but primarily rupiah revenues.

A simple calculation of 2010-2025 data shows a correlation between the DSR and the average exchange rate of around 0.24, indicating a positive but weak relationship. This trend cannot be interpreted as a causal relationship but rather indicates that the two move together only for part of the period. The correlation between the DSR and the average annual exchange rate percentage change is higher, at around 0.38. This strengthens the argument that exchange rate pressures may be related to DSR pressures but must still be interpreted in conjunction with factors such as maturity payments and current account receipts.

Therefore, the impact of foreign debt on the economy cannot be concluded solely from the amount of debt. A more precise analysis must examine whether the debt generates productivity, its maturity profile, whether the debt currency aligns with the source of income, and whether the economy has sufficient foreign exchange to service external obligations. This is where the DSR and the rupiah exchange rate become important indicators.

Impact of Current Account position, Increased DSR and Rupiah Exchange Rate on Macroeconomic Stability

The first impact relates to fiscal stability. Governments with current account deficits and liabilities denominated in foreign currencies potentially face greater rupiah burdens when the rupiah weakens. Although most government financing can be managed through maturity strategies and currency composition, a weakening exchange rate will increase payment requirements. If fiscal space is limited, an increased payment burden could potentially reduce the government's flexibility in financing priority programs.

The second impact is seen in the private sector. Companies with foreign loans but no revenues in US dollars are more vulnerable to rupiah depreciation. When the rupiah weakens, interest and principal expenses become more expensive in financial statements. If companies do not hedge, this risk can depress profits, increase debt ratios, and in extreme cases, disrupt repayment capacity.

The third impact arises on the balance of payments. A high DSR means an increased need for foreign exchange to service debt. If, at the same time, exports weaken or imports remain high, pressure on the current account balance will increase. This condition will affect investor confidence and capital flow. Therefore, foreign debt management should be linked to a strategy to strengthen foreign exchange earnings, not just managing the amount of borrowing.

The fourth impact relates to monetary stability and inflation. A weakening rupiah could push up the prices of imported goods, raw materials, and energy. If these pressures spread to domestic prices, the central bank will need to maintain exchange rate stability and inflation expectations. In certain situations, stabilizing the rupiah may require foreign exchange market intervention, liquidity management, and policy coordination with the government.

The Policy to Create Macroeconomic Stability

This study has shown that the current account position (surplus or deficit), the DSR, and the rupiah exchange rate have impacted macroeconomic stability. Therefore, the government should strengthen the current account to maintain a surplus. This can be achieved by increasing export value to exceed imports. This can be done through increasing the competitiveness of local products, down streaming industries to provide added value, substituting imported goods with domestic production, and developing service sector exports, such as strengthening the tourism sector.

The first policy is to ensure that foreign debt is used for productive activities. Loans directed at infrastructure, energy, the manufacturing industry, education, technology, and export-oriented sectors have the potential to generate long-term benefits. Conversely, debt used only to cover short-term needs without strengthening production capacity will increase the risk of future DSR.

The second policy is to strengthen exchange rate risk management. The government and companies need to pay attention to currency composition, maturity schedules, and the use of hedging instruments. For private companies, the principle of prudence is crucial because exchange rate risk can emerge suddenly during global turmoil. Loans in US dollars should be balanced with US dollar revenues or an adequate hedging strategy.

The third policy is to increase foreign exchange earnings. DSR will be more manageable if current account receipts increase. Therefore, policies to increase exports, downstream industry, strengthen tourism, develop value-added services, and diversify markets are essential parts of foreign debt management. With strong foreign exchange earnings, external liabilities will be more easily serviced. The fourth policy direction is to deepen the domestic financial market. The stronger the domestic financial market, the greater the opportunity for governments and corporations to obtain financing in rupiah. This can reduce dependence on foreign currency financing and mitigate exchange rate risk. Domestic market deepening also helps maintain stability during fluctuations in global capital flows.

CONCLUSION AND SUGGESTIONS

This study concludes that current accounts, foreign debt, the DSR, and the rupiah exchange rate against the US dollar are closely related, but they do not move mechanically or simply. The current account, whether in surplus or deficit, impacts the strengthening of the rupiah exchange rate and influences the DSR proportion. A current account surplus has been shown to strengthen the rupiah exchange rate and reduce the burden of foreign debt, thereby strengthening the DSR proportion; and vice versa. Foreign debt reflects the stock of external liabilities, the DSR indicates the pressure of payment flows on foreign exchange receipts, while the rupiah exchange rate determines the extent of this burden on the domestic economy. Therefore, all three variables need to be analyzed together.

This fact suggests that rupiah depreciation can exacerbate the external debt burden, but the DSR is also influenced by the payment structure, current account receipts, and debt management. An important conclusion from this analysis is that foreign debt does not automatically become a problem if it is managed productively and prudently and supported by the ability to generate foreign exchange.

Risks will increase when debt increases without strengthening economic capacity, when payment maturities accumulate, or when the rupiah's depreciation is not offset by adequate hedging and foreign exchange reserves. Therefore, relevant policies include maintaining fiscal discipline, strengthening exports, deepening domestic financial markets, managing exchange rate risk, and ensuring that debt is directed toward value-creating activities. With this approach, foreign debt can continue to function as a development instrument, rather than a source of economic vulnerability. The DSR and the rupiah exchange rate need to be used as monitoring indicators that are continuously and dynamically monitored to ensure that Indonesian economic policy maintains a balance between development financing needs and macroeconomic stability.

Of course, there are many macroeconomic and non-economic variables influence the rupiah exchange rate against the US dollar. Various variables such as inflation, interest rates, foreign direct investment, capital flows, international commodity prices, and geopolitical factors have the potential to influence the rupiah exchange rate and were not examined in this study. Therefore, other researchers are encouraged to examine the influence of these variables on the rupiah exchange rate.

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