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Indonesia

A new credible finance minister

Lavanya Venkateswaran
Senior ASEAN Economist

Ahmad A Enver
ASEAN Economist

- President Prabowo Subianto has appointed Suahasil Nazara as Indonesia's Finance Minister, replacing Purbaya Yudhi Sadewa.
- The appointment reinforces policy credibility, given Suahasil Nazara's extensive experience in fiscal policymaking and public finance management.
- Looking ahead, the main challenge will be to keep the fiscal deficit below 3% of GDP while balancing President Prabowo's growth ambitions against limited fiscal space and an increasingly challenging external environment.

President Prabowo Subianto appointed Suahasil Nazara as Indonesia's Finance Minister, replacing Purbaya Yudhi Sadewa. We view the appointment as credible, given Suahasil Nazara's technocratic background and extensive experience within the Ministry of Finance. The announcement was not entirely unexpected, as speculation regarding a ministerial reshuffle had surfaced previously. Moreover, former Finance Minister Purbaya's policy measures delivered, at best, mixed results.

The new finance minister's first order of business will likely be to ensure that the 2026 fiscal deficit does not breach the legal limit of 3% of GDP. This appears manageable based on the current fiscal trajectory. On a 12-month rolling basis, we estimate that the fiscal deficit is tracking at around 2.7% of GDP.

Profile	
Full Name	Suahasil Nazara
Birth date	23 November 1970
Education	Doctor of Philosophy in Economics, University of Illinois at Urbana-Champaign (2003)
	Master of Science, Cornell University (1997)
	Bachelor of Economics, Universitas Indonesia (1994)
Position	**Period**
Finance Minister	14 Sep 2026
Re-appointed Deputy Minister of Finance (Kabinet Merah Putih)	21 Oct 2024
Deputy Minister of Finance (Kabinet Indonesia Maju)	25 Oct 2019
Chairman of the Fiscal Policy Agency (BKF)	31 Oct 2016
Member of the National Economic Committee (KEN)	2013–2014
Policy Working Group Coordinator	2010–2015
Vice Chairman of the Regional Autonomy Implementation Supervisory Committee	2009–2015
Member of the Assistance Team for Fiscal Decentralization	2009–2011
Academic positions	**Period**
Chair of the Department of Economics, Universitas Indonesia	2009–2013
Attained Full Professorship (Guru Besar) in Economics, Universitas Indonesia	2009
Head of the Demographic Institute, Universitas Indonesia	2005–2008
Head of the Economics Graduate Program, Universitas Indonesia	2004-2005
Source: Ministry of Finance, OCBC Group Research.	

However, challenges are mounting. With global oil prices rising again, the fuel subsidy bill could reach as much as 1.1% of GDP if oil prices average USD100 per barrel this year, likely necessitating further expenditure cuts. The budget for the flagship free meal programme was trimmed to IDR229tn from IDR268tn, while the 2027 allocation has been set at IDR240.2tn. For 2027, we view the fiscal arithmetic as finely balanced, with the budget deficit forecast to narrow to 2.4% of GDP from 2.85% in 2026 (see Indonesia: Fiscal-monetary mix provides near-term comfort, 20 August 2026).

Finance Minister Suahasil Nazara will need to balance President Prabowo's growth objectives while navigating newly implemented policies, including Danantara Sumberdaya Indonesia, and ensuring macroeconomic stability amid a volatile external backdrop and limited fiscal space. Nevertheless, together with the smooth leadership transition at the central bank, this appointment provides further support for policy continuity and steady macroeconomic management.

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