

## ***Abstract***

*This research aims to analyze the influence of inflation targets, previous inflation and interest rates on inflation in Indonesia and to determine the effectiveness of implementing the Inflation Targeting Framework policy in Indonesia. The data used in this research is secondary data, namely inflation target data, previous inflation and interest rates in the form of annual data sourced from the Central Statistics Agency, Bank Indonesia journals, websites and other sources. The method used in this research is the Error Correction Model (ECM) method. The results show that the development of inflation in Indonesia from 2001-2022 is still fluctuating but tends to decline. In analyzing the effect of inflation targets, previous inflation and interest rates on inflation, the method used is appropriate because all variables pass at a level of 1\* different. Furthermore, in the long-term estimation, the variables that have an influence on inflation are the previous inflation variable and interest rates, while the inflation target variable has no influence in the long term. Then, in the short term, all related variables, namely the inflation target, previous inflation and interest rates have an influence on inflation in Indonesia. The implementation of the ITF policy in Indonesia, which was fully implemented in 2005, has had an impact on inflation, although its implementation has not been fully effective, as can be seen from the inflation target set by Bank Indonesia not yet being achieved.*

*Keywords: Inflation, Effectiveness, Inflation Targeting Framework and Error Correction Model ( ECM )*