

2nd WEEK**January 2019**❖ **MACRO**

- Federal Reserve Chairman Jerome Powell is concerned about the ballooning amount of United States debt. "I'm very worried about it," Powell said at The Economic Club of Washington, D.C. "From the Fed's standpoint, we're really looking at a business cycle length: that's our frame of reference. The long-run fiscal, nonsustainability of the U.S. federal government isn't really something that plays into the medium term that is relevant for our policy decisions." However, "it's a long-run issue that we definitely need to face, and ultimately, will have no choice but to face," he added. The Fed chief's comments came as the annual U.S. deficit reaches new sustained highs above \$1 trillion, a fact many economists worry could spell trouble for future generations. Annual deficits have topped \$1 trillion before, but never during a time of sustained economic growth like now, raising concern about what would happen if a recession hits.
- The abrupt departure of World Bank President Jim Yong Kim could revive long-standing concerns about the degree of influence the U.S. wields in selecting a new leader for the international financial institution. The world's largest economy has always chosen World Bank leaders and if President Donald Trump appoints one who shares his views, experts say the organization's reputation and climate change program could be at stake. More than three years before his term ends in 2022, Kim, who was appointed by former president Barack Obama, announced his resignation this week, saying he would be joining a private-sector infrastructure investment fund. The move was of his own accord and not because he was pushed out by the Trump administration, people familiar with the situation told Reuters.

- Review:

As we know total U.S. debt is about \$21.9 trillion, of which \$16 trillion is owed by the public. In part because of continued rate increases under Powell, the interest cost on that debt could start to become a bigger and bigger burden.

❖ **MICRO**

- The exchange rate of the rupiah against the United States dollar (US) has recently experienced a strengthening. The strengthening of the rupiah was driven by the tension of the US-China trade war which had subsided. "We see from the external side the global picture such as a trade war has produced a positive decision," said Deputy Governor of Bank Indonesia (BI) Dody Budi Waluyo at the BI Building, Central Jakarta, Friday (1/11/2019). He added, the statement of the dovish US central bank or The Federal Reserve indicates that it is still weighing on the increase in the benchmark interest rate (FFR). "That will calm the financial markets as a whole, the FFR may still rise, but it will be lower than expected earlier in the year," Dody said. Then if from the domestic side there is a significant influx of foreign capital in the year to date (ytd) period of January. Net capital entering until the first week of January 2019 is recorded at IDR 6.8 trillion. This capital inflow enters through Bank Indonesia Certificate (SBI) instruments, state securities (SBN), stocks, corporate bonds to sharia SBN. "This picture is positive and makes the rupiah appreciate year to date 1.8%," he explained.

- The Financial Services Authority (OJK) has issued OJK Regulation number 35 / POJK.05 / 2018 concerning the Implementation of Business Financing Companies. In the regulation, OJK emphasized the rules regarding finance or leasing companies that provide cash loans. Head of the OJK 2B IKNB Supervision Department, Bambang W. Budiawan, said that there had been no prohibition on leasing to provide cash loans. But they channel cash loans without any provisions that can become guidelines. Now OJK is issuing POJK to curb one of the leasing businesses. "We are orderly. In the past there were no rules. It could be interpreted not prohibited," he told detikFinance on Friday

(1/11/2019). In this regulation, finance companies may channel cash loans as long as the portion may not exceed 25% of the total receivables that have been distributed. Then the maximum amount of cash loans given to each debtor is Rp. 500 million. Customers must also have collateral in the form of motorized vehicles, land, buildings and or heavy equipment. Leasing companies are also required to check the feasibility of Debtors through credit information management institutions that have obtained business licenses from OJK. Finally, the finance company must analyze the feasibility of the debtor's payment capability.

- Review:

The POJK was intended to provide opportunities for multi-finance companies that have good risk management to increase financing volume. Then encourage finance companies to implement risk management effectively and consistently or called incentive policy.

❖ **BANKING**

- PT Bank Negara Indonesia (Persero) Tbk (BNI) received the ISO 9001: 2015 quality management system certification. This certificate is given for RTGS transaction processing, Remittance, and Bank Guarantee issuance services from PT SGS Indonesia as an ISO certification institution. Providing this certification is a form of BNI's commitment as one of the national banks to continue to provide excellent service and value-added solutions to all customers and preferred partners. To maintain this commitment on an ongoing basis, from year to year BNI continues to improve service standards that refer to the International Organization for Standardization (ISO) in the corporate portfolio. The awarding of ISO 9001: 2015 certificates further confirms the quality of RTGS transaction services, remittances, and issuance of bank guarantees from BNI, and has been standardized internationally.

- Bank Mandiri's SEVP and Transaction, Jasmin, is optimistic that e-money card sales online through the Shopee e-commerce platform can increase significantly. In fact,

before the online store was officially launched, 5,000 cards had been sold at Shopee. "Until the end of this year, because two weeks have not been promoted, 5,000 have been sold, we want a month 10,000. So a minimum of 100,000 cards will be sold until the end of the year," Jasmin said at the Indonesian Shopee office, Jakarta, Monday (1/14/2019). Jasmin said, until the end of December 2018, Bank Mandiri had issued 16.4 million e-money cards. The card has been used in more than 45,000 and 60,000 top up locations. Of this amount, the frequency of Mandiri e-money transactions in January-December 2018 has reached 1.1 billion transactions. "Last year the transaction nominal was Rp. 13.4 trillion," Jasmin said. The largest frequency of transactions occurred in the transportation sector, which reached 94 percent, mainly toll roads such as the Trans Java toll road, Bali Mandara toll road, Medan-Kualanamu toll road section and the Ujungpandang toll road sections 1 and 2.

- Review:

BNI is considered worthy of receiving the ISO 9001: 2015 certificate because it fulfills the demands of 7 (seven) ISO 9001: 2015 Quality Management Systems (SMM) principles. Among them are customer focus, leadership, approach process, engagement of people, improvement, evidence based decision making, and relationship management, known as CLPEIER

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