

1st WEEK**September 2020**❖ **MACRO**

- Interest rates near zero are likely to last not for months but years as the Federal Reserve seeks to re-engineer an economy marked by low inflation and an uneven labor market. Wall Street is gearing up for a return to the days of the Great Recession, when short-term lows were seven years before the Fed even tried to raise them. Fed officials have outlined a revised policy which will now target "average inflation," meaning a higher tolerance for inflation above 2% before raising interest rates from current levels. In the past, the Fed would have considered cutting interest rates when unemployment started to fall as a sign that inflation was not going to be long. In the current circumstances, the questions that remain are how deep will the Fed's commitment to inflation go, what will count as full unemployment, and how many years will it mean for zero interest rates.
- The IMF said that all likely Brexit scenarios would "entail costs", but a disorderly departure could lead to "a significantly worse outcome". The challenges in getting a deal done remained "daunting", it said. The IMF expects Britain's economy to grow by 1.5% in both 2018 and 2019 if a broad Brexit agreement is struck. The predictions came in the IMF's latest annual assessment of the UK economy. Christine Lagarde, the IMF's managing director, told a news conference at the Treasury in London: "Those projections assume a timely deal with the EU on a broad free trade agreement and a relatively orderly Brexit process after that. "Any deal will not be as good as the smooth process under which goods, services, people and capital move around between the EU and the UK without impediments and obstacles."The Chancellor, Philip Hammond, said the government must listen to the IMF's "clear warnings".

- Review:

The Chairman says enhanced approach to inflation and a philosophy on employment that isn't merely looking at a certain level anymore but rather is targeting the distribution of gains along the income spectrum.

❖ **MICRO**

- The discourse on returning the role of banking supervision from the Financial Services Authority (OJK) to Bank Indonesia (BI) has recently been heated. This discourse has returned to the spotlight in line with the emerging discourse on financial system reform and the revision of Law (UU) Number 23 of 1999 concerning Bank Indonesia, which contains the Monetary Board. BI has indeed previously conducted banking supervision. However, the supervisory role was then transferred to the OJK shortly after its formation. Tauhid Ahmad, Executive Director of the Institute for Development of Economics and Finance (INDEF) assessed that in the current conditions of the COVID-19 pandemic, there are at least two in the spotlight. First, OJK's underperformance is reflected in a number of problems, one of which is PT Asuransi Jiwasraya (Persero). Second, with regard to BI's participation to share burden sharing with the government, which is considered to be still tug of war. "With this process I think there are two things that must be decided differently," he told detikcom, Friday (4/9/2020).

- The realization of the distribution of government funds placement in Regional Development Banks (BPD) is still minimal. In fact, the government hopes that the funds deposited can be channeled twice. The government has entrusted IDR 11.5 trillion in funds to several BPDs. The chairman of the Financial Services Authority Board (OJK) said that the realization of the distribution of funds deposited by the government to the new BPD was IDR 1.58 trillion until August 19, 2020. "Until August 19, 2020, Rp. 1.58 trillion has been disbursed because it is still very short on time," said Wimboh in the DPR KK1 meeting room, Jakarta, Wednesday (2/9/2020). Government funds of Rp. 11.5 trillion were deposited in seven BPDs, such as PT Bank Pembangunan Daerah

Jawa Barat and Banten Tbk (BJBR) Rp 2.5 trillion, PT Bank DKI Rp. 2 trillion, PT Bank Pembangunan Daerah Jawa Tengah Rp. 2 trillion, PT Bank Pembangunan Daerah Jawa Timur Tbk Rp. 2 trillion, and PT Bank SulutGo Rp. 2 trillion. Wimboh said that the placement of government funds in BPD had reached 3,559 local debtors. He also hopes that this program can reach more debtors in the regions.

Review:

With regard to OJK, it should be looked at again on the improvement of the system, managerial and leadership. If the performance is not good, then evaluation is necessary. However, that does not mean that if the OJK is in trouble, the authority should be returned to BI. This is because the current condition has different complexities and problems.

❖ **BANKING**

- Bank BRI presents an installment payment program for low interest payments for BRI Credit Cards to make it easier for participants of the National Health Insurance-Indonesian Healthy Card (JKN-KIS) program. This collaboration is carried out to encourage JKN-KIS program participants to regularly pay participant contributions. BRI Consumer Director, Handayani said that through this program, BRI Credit Card holders are provided with convenience with installments of fees and low interest for membership of JKN-KIS participants."Participants can take advantage of this program to help ensure active participation status by complying with payment of dues," Handayani said in a written statement on Monday (7/9/2020). The government, through Presidential Regulation number 64 of 2020 has regulated the relaxation of payment of arrears in dues. for Non-Receiving Wage Workers (PBPU) participants to ensure that residents have access to health services.

- PT Bank Pembangunan Daerah Jawa Barat and Banten Tbk (bank bjb / BJBR) appointed the Director of Commercial and SMEs at the Extraordinary General Meeting

of Shareholders (EGMS), Tuesday (1/9/2020). The company appointed Nancy Adistyasari to fill the position as Commercial and UMKM Director. Nancy has had a long career as a banker at Bank Mandiri, with her last position being Senior Vice President of Commercial Banking at Bank Mandiri. Head of the Corporate Secretary Division of bank bjb Widi Hartoto said that with the complete board of directors, the company can boost credit growth in the commercial and MSME segments. "In order to contribute and participate to accelerate national economic recovery, bank bjb always strives to optimize lending, especially productive loans in the segment. commercial and SMEs so that the wheels of the economy can return to spin, of course with the implementation of adequate health protocols," said Widi, Wednesday (2/9/2020).

Review:

Banking service innovation is expected to help and strengthen the sustainability of the JKN-KIS program implementation, especially in the pandemic era, such as the current need for participants for health service insurance.

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