

**4<sup>th</sup> WEEK****September 2020**❖ **MACRO**

- Stimulus checks and enhanced unemployment benefits that helped the poorest Americans weather the coronavirus pandemic are in danger of ending, throwing the finances of the most economically vulnerable into a tailspin. The Federal Reserve’s “Update on the Economic Well-Being of U.S. Households,” a highly watched annual report that has been expanded this year to reflect the coronavirus pandemic, showed that government measures have helped low and middle-income families boost savings. To that point, in July, 48% of families making less than \$40,000 annually said they’d cover a \$400 emergency expense with cash or an equivalent, up from 39% in October 2019, according to the most recent supplemental survey updated Sept. 22 by the Fed. The same study showed that 75% of families making between \$40,000 and \$99,000 annually said they had cash or an equivalent on hand for an emergency expense, up from 68% in October 2019. Even at the highest level surveyed, more families said they’d use cash for a \$400 emergency – 91% of families making more than \$100,000 per year said they’d cover such an expense with cash, up from 88% in October.
- The head of the International Monetary Fund has given a stark warning that Covid-19 will lead to a lost generation unless urgent steps are taken to prevent the pandemic widening the gap between rich and poor countries. Kristalina Georgieva, the IMF’s managing director, said financial support for the most vulnerable countries had to be stepped up to prevent long-time scarring that would roll back anti-poverty efforts of recent decades. Writing for the Guardian, Georgieva said failure to act would reverberate around the world, with greater inequality leading to social and economic upheaval. A reduction in exports, reduced capital inflows, fewer tourists and reduced remittances represented a “poisonous cocktail” for the 70 countries most at risk.

- Review:

There were improvements seen in all groups from October to July as enhanced unemployment insurance benefits, economic impact payments, and other financial support measures blunted the potential negative financial effects for many families.

❖ **MICRO**

- Governor of Bank Indonesia (BI) Perry Warjiyo said that the implementation of burden sharing or sharing the burden between BI and the government has the potential to be continued into 2021. In particular, the burden sharing agreed upon in the Joint Decree (SKB) II. This burden sharing scheme is carried out with two schemes, the first for funding public good and the second for non-public good. Perry said the burden sharing agreement contained in the SKB II dated July 7, 2020, is possible to continue in 2021. "Yesterday in Banggar, if this year everything is not realized, the Rp. 397 trillion ceiling can be carried over next year. Especially if the realization in 2020 is not all, it can be continued," Perry said in a meeting with Commission XI of the DPR virtually, Monday ( 28/9/2020).
  
- Chairman of the Board of Commissioners of the Financial Services Authority (OJK) Wimboh Santoso said, as of September 7, 2020, the realization of credit restructuring in banks had reached Rp. 878.57 trillion. From this figure, 7.38 million customers have applied for credit relief. "The number of debtors has reached 7.38 million customers, both UMKM and non-UMKM. For MSMEs the amount is Rp. 359.11 trillion, and non-MSMEs are commercial and corporate, the amount is Rp. 519.46 trillion," said Wimboh in a Perbanas webinar, Friday ( 25/9/2020). Wimboh said this credit restructuring could have an impact on bank cash flow. He also warned that bank cash flow could go into a negative position. "But you can imagine, ladies and gentlemen, especially these practitioners who do not get revenue from this restructuring. From the amount of Rp. 878 trillion, just imagine how much revenue you and you receive, and of course if the cash flow is not strong it will be negative," explained Wimboh.

Review:

Burden sharing is a condition in which the central bank finances government spending through the issuance of Government Securities (SBN) purchased through private placement with a coupon rate equal to the BI reverse repo rate. Burden sharing is carried out in line with the increasing need for government financing.

❖ **BANKING**

- Bank Mandiri SVP Transaction Banking Retail Sales Thomas Wahyudi said that until the end of September 2020, Bank Mandiri's fee-based income (FBI) from e-channel reached IDR 2 trillion. If the annual growth rate is stable, in terms of transaction volume, Bank Mandiri's e-channel also still shows a slight increase on a YoY basis. "The source of fee-based income from e-channel comes from ATM, EDC, Mandiri Online, Mandiri Internet Bisnis, Mandiri e-money, and e-commerce transactions," he said, as reported by Bisnis, Sunday, October 25, 2020. Although it did not skyrocket, the FBI from e-channels was one of the top three FBI contributors to Bank Mandiri. According to him, during the Covid-19 pandemic, almost all payment segment lines for offline transactions such as ATM, EDC and E-money experienced a decline.
  
- PT Bank Rakyat Indonesia (Persero) Tbk together with the Ministry of Defense (Kemhan) of the Republic of Indonesia are collaborating on the provision of financial service facilities. This cooperation includes providing working capital credit facilities and / or bank guarantees to suppliers, vendors or partner contractors of the Ministry of Defense. "As the main partner, BRI is ready to provide financial service support for the Indonesian Ministry of Defense. This cooperation agreement is one of BRI Bank's commitments to provide optimal banking services for the Indonesian Ministry of Defense," said Agus Noorsanto in a written statement, Wednesday (23/9 / 2020). Through this partnership, BRI will provide working capital credit facilities and / or bank guarantees with various conveniences. The existing facilities include loans that are very light and competitive, providing pre-financing and post-financing facilities, flexibility

in the form of credit that can adjust the work contract, affordable credit costs, and additional collateral at a minimum of 30% of the credit ceiling.

**Review:**

In line with the Large-Scale Social Restriction (PSBB) policy where people began to limit activities outside the home, this has led to a shift in people's behavior from previously conducting direct transactions at physical stores to shopping online without having to go anywhere.

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