

4th WEEK**June 2021**❖ **MACRO**

- With the Federal Reserve set to release a much-anticipated report this summer on the potential creation of a digital dollar, the central bank's vice chair for supervision said Monday that he has significant doubts about the idea. Fed Governor Randal Quarles expressed skepticism about most arguments made in favor of a central bank digital currency. "The potential benefits of a Federal Reserve CBDC are unclear," Quarles said in prepared remarks to the Utah Bankers Association. "Conversely, a Federal Reserve CBDC could pose significant and concrete risks." Among the downsides he cited are the challenges if the public could bypass traditional banks and go straight to the Fed for digital money. Along the same lines, he said the benefits that consumers get through bank competition might be diminished if the Fed stepped further into the space.
- Hundreds of people took to the streets on Wednesday in several cities in Sudan to demand the resignation of the government. Behind this angst are the austerity measures put in place as part of reforms supported by the International Monetary Fund (IMF). "No to the policies of international financial institutions" and "The people want the fall of the regime" were some of the slogans heard among the protesters in Khartoum, according to AFP correspondents on site. These demonstrations come less than 24 hours after the IMF announced the release of massive economic aid for Sudan, with a debt relief of 50 billion dollars, representing nearly 90% of the total debt of the country. The popular discontent has been palpable for several months and has increased after the removal of fuel subsidies in early June, which doubled the price of diesel and gasoline.

Review:

Proponents of a Fed-issued digital dollar say it could speed up payments systems, particularly internationally. They also cite the benefits for the unbanked or underbanked who don't have access to the existing digital payments system.

❖ **MICRO**

- Bank Indonesia (BI) and Brunei Darussalam Central Bank (BDCB) have agreed to cooperate on Anti-Money Laundering and Prevention of Terrorism Financing (APU-PPT) in the payment system. Head of the BI Communications Department Erwin Haryono said the agreement was set out in a memorandum of understanding that will take effect in June 2021. "The signing of the memorandum of understanding demonstrates Bank Indonesia's commitment to strengthening the integrity of the financial system and responding to increasingly complex challenges in the payment system in both countries," he said in a written statement quoted by detikcom, Wednesday (30/6/2021). Indonesia and Brunei Darussalam Central Bank see the need for synergy and integrated policies in the context of implementing the AML-CFT policies.
- The Financial Services Authority (OJK) supports efforts to accelerate vaccination amid the high rate of spread of COVID-19. According to OJK, vaccination is also an important factor in maintaining stability in the financial services sector in promoting economic recovery. Acceleration of vaccination is expected to create communal immunity that supports community mobility with health protocols so that the economy can move again. The high spread of COVID-19 is a concern and OJK is closely monitoring its impact on the potential for increased risk in the financial services sector. Although currently the spread of COVID-19 is still well mitigated in line with the acceleration of vaccination rates and policies that have been issued. To support government programs in tackling the spread of COVID-19 as well as accelerating

national vaccinations in order to support community mobility with strict health protocols, several initiatives have been taken. carried out by the OJK.

Review:

The signing of this memorandum of understanding is also a form of Bank Indonesia's contribution in supporting the Indonesian government's efforts to become a member of the Financial Action Task Force on Money Laundering (FATF).

❖ **BANKING**

- PT Bank Rakyat Indonesia (Persero) Tbk or BRI supports the acceleration of financial inclusion in the country, which is targeted by the government to reach 90% by 2024. As for one of the strategies, BRI will focus on reaching and continuing to empower the ultra-micro business segment ecosystem. BRI Deputy President Director Catur Budi Harto said with a wide range of financial service options and empowerment programs, the company continues to support government programs, including its efforts to increase financial inclusion. In line with the company's aspiration to become a champion of financial inclusion, BRI continues to optimize resources to reach and provide empowerment through ecosystem development for financing the micro and ultra micro business segments. Considering that this segment is a new source of growth for the company, which still has huge potential in Indonesia. "Inclusion, empowerment and equity are very important. Therefore, we believe that BRI, whose core business is MSMEs and more specifically the portion of the micro credit portfolio, reaches 40%, Then we will focus on serving the wider community to support financial inclusion in this country," he said in a written statement, Tuesday (29/6/2021).
- A total of 750 BNI Agen46 or Laku Pandai agents managed by PT. Bank Negara Indonesia (Persero) Tbk. or BNI gets KUR disbursement from the bank which will be 75 years old on July 5, 2021. Simultaneously, the signing of the KUR contract was spread across all BNI service areas, today. BNI President Director Royke Tumilaar, who was also present online watching the event, said that one of the benefits that can be

obtained by every citizen after becoming a BNI Agen46 is the opportunity to get financial support from BNI in the form of KUR. The KUR can be channeled up to a maximum of Rp 500 million per BNI Agen46 to be used as capital to expand its business. "The benefits of being a BNI Agen46 are not only profit because they get additional income from transaction fees, but also get KUR. This is possible because the track record of BNI Agen46 transactions is definitely recorded at BNI," he said in a written statement, Monday (28/6/2021).

Review:

MSMEs have an important role in the national economy in Indonesia. In the last 10 years the posture of business units in Indonesia has not changed much where micro, small and medium business units or often called MSMEs still dominate.

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