

3rd WEEK**Desember 2020**❖ **MACRO**

- The Federal Reserve dialed up its economic expectations slightly for the end of this year as well as for 2021, according to the central bank's Summary of Economic Projections released on Wednesday. The central bank now expects real gross domestic product to fall just 2.4% in 2020, compared to a decline of 3.7% predicted in September. The Fed also upped its 2021 real GDP forecast to 4.2% from 4.0% expected previously. The Jerome Powell-led Fed estimates the unemployment rate to fall to 6.7% this year, further below the 7.6% previously predicted. The unemployment rate should fall to 5.0% in 2021, compared to the central bank's previous estimate of 5.5%. The Federal Open Market Committee said in its statement Wednesday that it would continue to buy at least \$120 billion of bonds each month "until substantial further progress has been made toward the Committee's maximum employment and price stability goals."
- The Executive Board of the International Monetary Fund (IMF) concluded on December 16, 2020 the third review of Rwanda's program supported by the IMF's Policy Consultation Instrument (PCI) [1]. The PCI program was approved on June 28, 2019 (Press Release No.19/258) to support the implementation of Rwanda's National Strategy for Transformation (NST). Rwanda continues to grapple with the fallout from the COVID-19 pandemic. Real GDP contracted by 4.4 percent year-on-year in the first half of 2020; but a recovery is afoot following the end of the full lockdown in the second half. As a result, real GDP growth is expected to be slightly negative at -0.2 percent in 2020, and is projected to rebound to 5.7 in 2021, albeit below potential. The authorities' policy measures in response to the pandemic were generally well-designed, and appropriately aimed at providing support to households and businesses, boosting healthcare spending, and providing sufficient liquidity to the banking system and relief to borrowers. The associated spending needs coupled with revenue underperformance

due to the crisis have caused deviations from the earlier fiscal program targets under the program. As a result, fiscal deficit is expected at 8.5 percent of GDP in FY2020/21, with public debt projected at 67 percent of GDP at end-2020. The crisis has also affected progress on structural reforms.

- Review:

The Fed decided to keep interest rates unchanged in its December meeting after slashing them to near-zero in an emergency meeting in March due to the fast-spreading coronavirus.

❖ **MICRO**

- Bank Indonesia (BI) believes that the economic recovery due to the COVID-19 pandemic will be even better next year. There is a reason why BI is so optimistic. BI Governor Perry Warjiyo is confident that Indonesia's economic growth in the fourth quarter of 2020 will start to be positive. Meanwhile in 2021 the economic growth is predicted to reach 4.8-5.8%. According to him, there are three things that make him so sure of that prediction. First, the source of GDP (gross domestic product) will get better in 2021. Second, continued Perry, is the COVID-19 vaccine. With the vaccination it is believed that it will restore human mobility. That way economic activity will recover. The third factor is policy synergy between the government, BI, OJK, LPS, banking and the business world.

- The Financial Services Authority (OJK) together with related ministries / institutions, local governments and financial service institutions are committed to making various efforts and innovations to improve financial access for local people. One of the strategies is to optimize the role of the Regional Financial Access Acceleration Team (TPAKD) through various programs implemented and the digitalization of financial products and services. The role of the TPAKD during the pandemic in expanding access to finance is very important and is a priority for the OJK. This aims to provide convenience for the community in obtaining access to finance and capital. In addition,

with the use of digitalization, it can reach people in various remote areas easily, quickly and transparently.

Review:

These three reasons, the source of GDP, vaccinations, and the synergy of national policies support Indonesia's optimism in carrying out economic recovery in 2021 while maintaining macroeconomic stability.

❖ **BANKING**

- The COVID-19 pandemic is still a challenge for the business world. But on the other hand, this pandemic has also created new trends and opportunities for business actors, including MSMEs. One of these trends is the tendency of small business actors to be more familiar with e-commerce sales, as a way to survive the crisis. In the midst of the tendency for MSMEs to increasingly go digital, PT Bank Negara Indonesia (Persero) Tbk or BNI is preparing a digital service ecosystem under the umbrella of BNI Smart Solution. For the MSME segment, BNI has prepared a comprehensive digitization program package. From the financing side, first, BNI continues to improve its end-to-end business processes, primarily through strengthening mobile apps, called BNI Move, so that it is hoped that the credit process can be easier and faster. Second, BNI continues to further develop the supporting ecosystem, including a digital agricultural ecosystem with the name BNI smart-farming, fisheries ecosystem or BNI smart fisheries, health ecosystem or BNI smart-healthcare, educational ecosystem or BNI smart-education.
- Facing Christmas and New Year, PT. Bank Rakyat Indonesia (Persero) Tbk (BBRI) prepared more than Rp 29 trillion and opened 122 work units. This is to provide operational services to the community during these holiday moments. "The Rp 29 trillion cash provision will be used for customer transaction needs through ATMs and work unit operations. Customers can still make digital transactions, either through e-banking or BRI's e-channel," said BRI Network and Service Director A. Solichin Lutfiyanto. in a written statement, Tuesday (22/12/2020). In addition to ensuring cash

availability, BRI also provided limited operational services in 122 BRI work units throughout Indonesia on December 26 and 31. Services are opened while still implementing standard health protocols.

Review:

In terms of transactions, BNI continues to improve the reliability of various digital payment tools and features such as Electronic Data Capture (EDC), QRIS, mobile banking, Tapcash and Tapcash Go, BNI MORE for mobile remittance, to BNI Direct for cash management, to support smooth transactions. UMKM players.

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