

**3<sup>rd</sup> WEEK****July 2020**❖ **MACRO**

- As the Federal Reserve Bank works to shore up the U.S. economy amid an unprecedented global crisis, top institutional investors and climate advocacy groups sent Fed Chair Jerome Powell a warning this week about another global risk that has no short-term fix: the climate crisis. “There will never be a vaccine for climate,” said Steven Rothstein, managing director at investor climate advocacy group Ceres. Ceres, along with 72 other signatories, including investors managing close to \$1 trillion in assets, nonprofits and public officials, wrote a letter to Powell urging the Fed chair and other regulators to enact regulatory requirements to address the systemic market risks posed by climate change. The letter followed a report released on June 1 that outlined 51FFca recommendations for the Federal Reserve and other financial regulators to address climate change.
  
- Chinese banks have so far emerged relatively unscathed as the coronavirus pandemic hit economies around the world — but that could change in the coming months. Rising bad loans are set to squeeze margins and reduce profits, said analysts. China’s financial regulator warned over the weekend that commercial banks could experience a big jump in bad loans as the world’s second-largest economy slows down. The International Monetary Fund has predicted that China’s economic growth in 2020 will moderate to 1% from last year’s 6.1%. The China Banking and Insurance Regulatory Commission said some banks have yet to set aside enough provisions to cover for potential loan losses. Putting aside the minimum amount of buffers would set profits in the banking sector back by more than 350 billion yuan (\$50.08 billion), said the regulator.
  
- Review:  
The pandemic has exposed that the U.S. is particularly vulnerable to shocks that hit our collective well-being like those related to health and climate; that financial markets

cannot perform the work of assuring collective well-being; and that the magnitude of a crisis is determined not just by the impact of precipitating events, but by the fragility of the system it attacks.

❖ **MICRO**

- Assistant Governor of Bank Indonesia (BI) Juda Agung explained that the restructuring of credit in the banking sector for both MSMEs and non-MSMEs has reached Rp. 800 trillion. This figure is an increase of 4% from the realization of credit restructuring as of July 13, which was Rp 769 trillion. "The restructuring data carried out by banks has now reached Rp. 800 trillion," said Juda in a webinar of the Indonesian Islamic Economists Association (IAEI), Thursday (23/7/2020). BI estimates that credit restructuring this year submitted by debtors affected by the Corona virus (COVID-19) will reach IDR 1,200 trillion. "We have had dialogues with several banks, if we calculate it is estimated at around Rp. 1,200 trillion this year. So, banks have restructured 2/3 this year," said Juda. According to him, although credit restructuring is estimated to continue to increase, banking liquidity is still in a position which is very quite.
  
- The Financial Services Authority (OJK) opens opportunities for extended restructuring or credit relief programs. OJK will extend the program if needed. This was conveyed by the Chairman of the OJK Board of Commissioners Wimboh Santoso in the Indef Mid-Year Study, Thursday (22/7/2020). "We hope that later if necessary we see that POJK 11 can also be extended if it is necessary," he said. Wimboh said the government and OJK had issued a number of policies so that the real sector could survive the Corona pandemic. Including, one of which is the credit relief. "Various policies through the Perppu, POJK 11 provide room for the real sector and banking to breathe," he continued. Furthermore, he said, he would continue to monitor developments. He said the decision regarding this matter would be taken before the end of the year. "At least we will break up before the end of the year there is room for that," he said.

Review:

Government Securities and other securities currently held are around Rp. 1,000 trillion in the banking system. So when banks are currently restructuring, liquidity is still quite good because it is very abundant in banks.

❖ **BANKING**

- Bank Mandiri inaugurated the operation of a modern branch office with an educational concept (Edu-Branch) at Menara Astra, Jakarta today. The operation of this modern branch office is a transformation effort from Bank Mandiri by adopting the development of digital technology to improve the quality of products and services. Deputy President Director of Bank Mandiri Hery Gunardi said the KCP innovation with the Edu-Branch concept was carried out as a form of the company's adaptation to the latest business developments. This is in line with the 4.0 industrial revolution as well as an initiative to fulfill customer service in the midst of the COVID-19 pandemic. "This initiative is also an implementation of the company's latest vision to become the customer's first choice financial partner with a mission to provide reliable and simple digital banking solutions so that in the future Bank Mandiri can become the best modern digital bank," said Hery, in a written statement, Thursday (9/9). 7/2020).
- Bank BRI, as one of the government distribution partners that sells Government Securities (SBN) ORI Series 017, has the highest demand. At the close of the ORI017 offering period on July 9, 2020, BRI managed to book sales of Rp 2.19 trillion from 2,842 investors. BRI Corporate Secretary Aman Sukriyanto said the value exceeded BRI's marketing target of Rp 500 billion. He also said that BRI will continue to optimize the SBN product offerings issued by the government in order to increase the spread of domestic investment. In the midst of the implementation of the new normality, Bank BRI focuses on offering securities sales to customer segments that have the potential to place their funds in SBN instruments. Investment offers through ORI017 are considered very attractive, in addition to having a return value (coupon) of 6.4%, also has a risk

which is very low because it is guaranteed by the state. ORI017 is also one of the community channels to help and encourage the government to carry out funding recovery during the COVID-19 pandemic.

Review:

In line with the agenda of adapting to new 'new normal' habits, Bank Mandiri must continue to innovate and be creative to obtain a more efficient distribution method and reduce direct contact / interaction by increasing customer contact points on digital channels.

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