Covid-19 Pandemic And Foreign Bank Performance In Asia-Pacific

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Abstract:

The covid-19 pandemic affects all aspects of human life, including the economy. Investments, transactions, and other financial services got a surprising shock as the effects of the pandemic. However, as time goes by, the pandemic starts to re-normalize turning into a new normal. Even, some countries in the Asia Pacific commencing a new-normal life, like, China, South Korea, and Singapore. Despite the good news, it seems the grassroots is not fully recovered from the shock. Therefore we argue that the positive outlook may not give a lot of positive senses and confidence, hence skepticism in the economy persists, especially in economic growth, despite some aspects, such as international banks or financial institutions in Asia set an optimist target. Further, this paper would like to explain the Behavioral Political Economy perspective and the case of CIMB Group in Indonesia for capturing regional political economy explanation and analyzed the relation of grassroots condition and the target's positivism post the pandemic, as Indonesia is the second-largest market in the Asia Pacific and CIMB is one of the prominent universal bank groups in ASEAN and beyond.

Keywords: *Asia Pacific, Behavioralism, CIMB, Covid-19, Foreign Bank, Indonesia*

1. Introduction

Covid-19 virus pandemic gives a lot of impacts on human lives. Even though the health sector is the one that gets the worst impact, other sectors such as the economy, education, and socio-cultural received the crucial impacts as well. Almost everything has changed into new arrangements to prevent the virus from spreading. Thus, almost every activity is done virtually and or breaks with spaces between the people to prevent direct contact.

As time goes by, vaccinations came and give light to the pandemic. Hopes are getting better as the outlook for economic aspects started to be more optimistic after the recession and hold during the past year of the Covid-19 pandemic. However, the progress to recovery may be vary, not in one general timeline like vaccination program after vaccines have been discovered and tested for an expected time. Thus, recovery, rebound, or progress is the keyword theme in this field of issues.

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Economic recovery is important to all nations and economic stakeholders. Countries and banks might be the two actors that eagerly wait and see the pandemic. The Asia Pacific, for example, China as the country zero, started to move despite other waves of pandemics still ghosting every citizen of China (and other countries as well). Japan even started to rise again as the Olympics took place after being delayed for 1 year. South Korea also set to grow after the Covid-19 spread sponsored with exports and consumption, despite Covid-19 pandemic still shadowing the outlook (Song, 2021). ASEAN countries are also not very different from the countries stated previously. As the pandemic goes by, Asian rising tigers such as Thailand, Vietnam, and Indonesia set to open their countries again for global opportunities in economy or tourism.

The private sector is also set to regain confidence, foreign banks, for example, are ready to grow again as the economy improves. One of them is CIMB Group. CIMB Group is the most expanded financial institution in Southeast Asia. The Group operates in 15 countries, which includes five Southeast Asian countries namely Thailand, Malaysia, Cambodia, Singapore, and Indonesia. In Indonesia, CIMB Group operates through CIMB Niaga bank and its subsidiaries. CIMB Group has set ambitious targets and an optimistic outlook for its business growth in the post-Covid recovery era. In general, CIMB Group (2021) has set a loan growth target of 4-5% in February 2021. This target was later revised to 2-3% in August 2021 due to the outbreak of Covid-19 in several Asian countries.

Specifically in Indonesia, CIMB Niaga targets the growth of Public Housing Loans on 2021 up until 8% (Richard, 2021). Furthermore, CIMB Niaga Syariah – a sharia bank subsidiary of CIMB Niaga – has set a business growth target of up to 10% (Bratadharma, 2021). The double-digit figure expected to be achieved by relying on consumer banking, which is considered to continue to grow in Indonesia. CIMB Niaga has also set a target for Company Credit growth until 7-8%. They claim that the company credit growth until April 2021 has reached 6% and the prospect will continue to improve in the future (Sulaeman, 2021).

However, the positive outlook may not give a lot of positive impacts, hence skepticism in the economy still persists, this may visible from the global, regional, and national target of economic growth. The IMF (2021) projected that the global economy is set to grow by 6% by the end of 2021. This fairly low projection is due to the uneven recovery on the health metrics, which causes economic growth rates to vary between countries. In the Asia-Pacific, Asian Development Bank (ADB) (2021) projects that the region to have economic growth of 7.3%. This target was later revised to 7.2% due to the fluctuating conditions of the Covid-19 crisis caused by the new virus variants. However, the ADB is optimistic that the 2022 economic recovery in the region will be greater than 5.4% if the situation continues to be better.

Meanwhile in Indonesia, Finance Minister Sri Mulyani Indrawati estimated that Indonesia's economic growth in 2021 will approach the 4.5% mark. This target is a

revised target by the Minister after the spread of the Delta variant in Indonesia, especially in Java and Bali. Indonesia is optimistic that this target can be achieved as long as there is no large spike in Covid-19 cases in the period between September and December 2021 (CNN Indonesia, 2021). To realize the post-Covid economic recovery, Indonesia relies on various programs such as social protection, MSME and corporate support, and business incentives. Furthermore, the Government is also trying to maintain tight coordination with Bank Indonesia and Financial Services Authority to maintain the trend of improving the national economy.

If we compare CIMB's growth target and economic conditions in Asia-Pacific countries, it can be seen that CIMB Group has set a much higher target than the potential economic growth in the region, and even the world. This figure is also much higher than Indonesia's revised economic growth target. Therefore, we assume that there is a different and separate costs and benefits calculation and policy rationality from CIMB Group which does not only consider the economic conditions in the host countries. Therefore, this article will answer the research question: Why did the CIMB Group set targets that are not in accordance with the grassroots economic conditions in Indonesia?

Previous works of literature have discussed banking performances during the financial crisis caused by pandemics. (Gong et al (2020) predict banking performances during Covid-19 based on the H1N1 pandemic, which occurred in 2009. They argued that pandemic increases the cost of bank loans and restrains the volume of bank lending. Furthermore, the number of positive H1N1 cases is positively related to the loan amount, while negatively related to the loan amount. Therefore, Di Gong et al believed that the Covid-19 pandemic would increase the loan spread from the banks at least until the introduction of vaccines with significant efficacy.

In terms of bank size, there are two contrasting arguments between scholars. First, some scholars argued that the bank size is important in determining the impact and aftermath of the Covid-19 crisis. One of them is (Korzeb and Niedziolka 2020) who argued that the largest banks are the most resistant ones during the pandemic. Therefore, banks should take all the necessary steps to increase their own funds. Furthermore, they also formulated determinants of conditions in which bank resistance is affected, such as duration of the pandemic, pandemic management, current level of economies, level of unemployment, size of the fall in production and the level of investment, and also the scale of bankruptcies.

A similar argument was also stated by (Hand and Melecky 2013). They argued that banks with more deposits base could be more resilient during the financial crisis and among the fastest to recovery in the post-crisis era. Therefore, either that state or the bank should push for broad financial inclusion in policy formulation to increase the bank's assets.

Contrary arguments stated by (Colak and Oztekin 2020). Although they recognized that the bank's financial condition is one of the important determinants during a crisis, they argued that the crisis would severely affect all banks regardless of their status as foreign banks, state-owned banks, small banks, and big banks. Therefore, they suggest that the policy formulation during crisis and post-crisis era should focus on stimulating demand for credit in the short and medium term.

(Ghosh and Saima 2021) also argued that the measurement of bank vulnerability in the pandemic crisis couldn't only consider the bank's size, but also need to consider its past performance. They argued that banks with low capital adequacy, low liquidity ratio, high non-performing loans ratio, low profitability, and loan exposure to risky sectors are more vulnerable irrespective of the bank size. Therefore, policymakers in government and the bank should figure a way to control the growth of non-performing loans. Banks also need to present and disclose counterparty type credit exposure information, which will promote transparency and will be useful for policy formulating during the financial crisis.

Meanwhile, (Li et al 2021) highlighted the risks taken by the banks which could increase the probability of failure for the banks. They argued that non-interest income is positively related to performance but inversely related to risk. Several non-interest incomes could contribute towards the bank's failure during a crisis, such as a venture capital, asset securitization, and investment banking. Therefore, Xinjian Li et al argued banks should manage risks during the financial crisis.

In Indonesia, banking performance during a financial crisis is caused by the pandemic is discussed by (Yuliarto 2021). He argued that banks in Indonesia are struggling with three problems, namely liquidity, bad credit, and the loss of income. To solve these problems, he proposed solutions, which involve liquidity easing by *Bank Indonesia*, the postponement of credits by the Financial Services Authority, and the bank's transformation to online financial transactions.

Therefore, after comparing and reviewing some literature on this theme, we could not find a comprehensive argument enough to address why a financial institution like a bank sets targets that are not in accordance with the grassroots economic conditions. Thus, we would like to fill the gap by capturing the phenomenon through a study case of CIMB financial group in Indonesia as we believe the size of the economy market of Indonesia and the size of capitalization of CIMB in Indonesia is large enough to describe the issues we addressed.

2. Theoretical Background

Behavioral Political Economy

Behavioral Political Economy (BPE) is an evolving concept in understanding the international political economy phenomenon. It views international and political phenomena using a point of view that aims to understand basic human cognition. Human cognition in decision-making does not always consider the calculation of profitable and logical costs and benefits. Humans are influenced by biases,

experiences, and viewpoints that are only understood by themselves. Thus, BPE aims to reflect and further explain that human decisions in the international economy and politics are not always a rational cost and benefit calculation.

(Horwitz 2016) argues that BPE comes from the development of behavioral economics as a tool of analysis. Behavioral economics has extensive discussions on how the free markets can be maintained if humans are the rational utility maximizers. It also discussed the framing effects, or how choice situations are presented to actors affect the decision taken in suboptimal ways. Framing a particular situation or situation will determine how wide or narrow the options available for the decision-makers. Moreover, framing will also determine the timing of each decision and the calculation of different costs and benefits. Thus, an actor who is given the same stimulus does not necessarily produce the same decision, depending on the situation presented to the decision-maker.

BPE is moving farther from the normative side of decision-making. (Landa (2015) argues that individual behavior is not optimal and certainly not normative. BPE can inform the normative argument of the potentially unanticipated consequences with different strategic behavior in a different institutional setting. Therefore, it is the political economy analysis that holds political philosophy a much greater value and is relevant in understanding human 'irrational' decisions.

There are several approaches to adopting BPE. According to (Schnellenbach and Schubert (2015), several scholars adopted a more process-oriented approach. These scholars took a view in examining the policy by tracing the policy origins and policy preferences of the decision-makers. For example, (Dixit 1996) focused on how transaction costs can influence decision-makers in costs and benefits calculation. He found that positive transaction costs in politics always leave room for a different interpretation. Furthermore, several scholars also focused on how decision-makers use their beliefs and bargaining power in decision-making. (Boetke et al 2013) found that history and personal beliefs enter the economic analysis of politics, and by doing so many beliefs, goals, and values enter the calculation of economic efficiency that can influence one's policy output.

Other approaches further extend the process-oriented perspective to take a look at how human cognition models work. (Meier and Slembeck 1997) argue that social communication took an important role in policy-making. Social communication constructs the personal beliefs of decision-makers that can influence the policy-making process. They also highlighted the role of lobbyists and representatives that can manipulate one's personal beliefs so that they are rationally ignoring the 'rational' costs and benefits calculation.

In a (crisis, Runst 2014) argues that the psychological phenomenon can affect the decision-makers. The attitude change of decision-makers is dependent on prior. The change of attitude affects the stakeholders both closely linked and distantly linked from the crisis. It means that an economic crisis does not only influence the attitude

of economic stakeholders, but also other stakeholders indirectly affected by the crisis.

In a complex setting, decision-makers' psychological biases can provide templates for decision-making. (Van Aaken and Kurtz 2021) argue that decision-makers – mainly key politicians – played a critical role in the contemporary international political economy through certain biases, consciously and unconsciously. Therefore, we can no longer separate international trade law from larger debates surrounding it. Based on the past works of literature, we also noticed that most of the BPE literature analyzed individual behaviors as a state's decision-makers. This is a common analysis considering that the individual who represents a state is one of the main actors in the international political economy. However, in this research, we aim to understand the rationality and cognition of non-state actors due to their important role in the contemporary international political economy. Furthermore, we also aim to contribute to the development of BPE literature from the perspective of non-state actors in a post-crisis era.

3. Methodology

The common issue in BPE research or behavioral economics, in general, is that there is still no unified methodology to map out rational behavior and human cognition as a whole, especially in the field of political economy. (Cason and Plott 2014) argue that the failure to recognize human behavioral patterns is very likely considering that humans often act without following certain preference standards. Based on this issue, our research will try to contribute to building the BPE by looking at banking behaviour that is considered 'irrational' during the post-crisis recovery period.

This research will focus on how banking policy ideas and thoughts in the post-crisis recovery period are formed. Therefore, we will use the methodologies from BPE theory by (Dijk 2017) and, (Massie and Nuryakin 2020) to obtain the required data from the variables, namely, *Risk Preferences, Time Preferences, and Leadership Effects*.

Furthermore, we need to understand what information can be obtained from a single case study. A case study is an in-depth empirical investigation of a phenomenon to gain a contextual understanding of the phenomenon (Yin, 2014). In this research, we will highlight various banking policies in the post-crisis recovery time in order to find complex patterns that have not been highlighted before. Some of the aspects that we will compare are the time (temporal) aspect, the location (spatial) aspect, and the actor (agents and structures) aspect without ignoring the contextual information that may be taken from each case. In the comparison of these cases, we also hope to find traces of decision-making ideas that lead this research to a process-oriented approach.

In addition to the methodologies used to obtain primary data, we also use additional methodologies to find secondary data. Secondary data in this study was obtained

through literature and document studies on the economic data provided by several institutions, such as *Bank Indonesia*, National Development Planning Agency (*Bappenas*), Ministry of Finance, and Jakarta Composite Index. These secondary data are needed to strengthen our notion that CIMB's Niaga investment policy is irrational in terms of costs and benefits calculation in Indonesia during the post-crisis recovery period.

Then, secondary data are needed to get a deeper understanding of the rationality of policymakers at CIMB-Niaga. Secondary data is a data that is collected – directly or indirectly – from various sources, regarding the theme or issue. The data collection aims to understand certain aspects of the decision that being taken. These data is also expected to be able to reveal the policy motives taken by the elite or decision maker in the post-crisis recovery. These include press releases and documents regarding the bank data, elite decisions, and others that could be used for analytical instruments that are strong enough to deliver arguments.

Based on the mentioned methodologies, we formulated a research framework as follows.
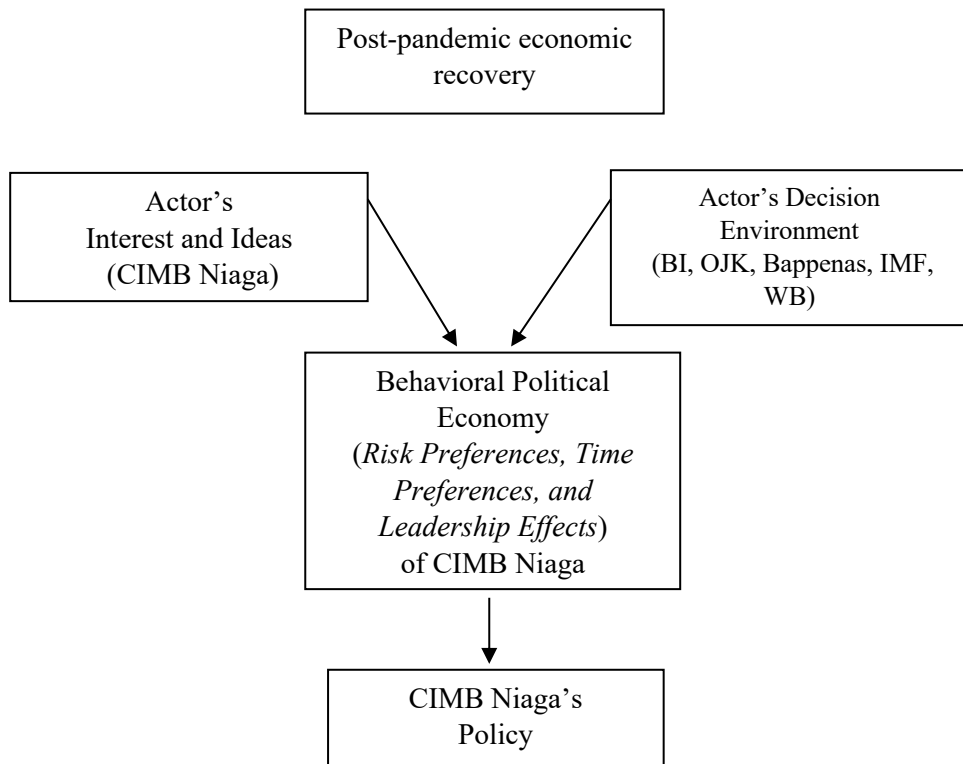
Graphic 1. Research Framework (Source: Processed by authors)

4. Empirical Findings/Result

In this section, we will present related economic data that will be considered in policy formulation for state and non-state actors in the post-pandemic economic recovery. The global post-pandemic economic recovery will have an impact at least in 2021 and 2022 economic growth since the recession in most countries happened in 2020. Post-pandemic economic recovery is also still projected and scenario-based since the public health management during the pandemic is still uncertain, so it has the potential short-term and long-term impact on economic growth.

As described by the graphic before, post-pandemic economic recovery is a necessary thing to do. Actors, as state, companies, institutions, interest group, and even individuals should be eager to rejuvenate economy after hit by the pandemic. Therefore ideas and decision environments give impacts to policies that taken. Thus, Behavioral Political Economy was used to examine the ideas and decision environments that gave policies as fruition of policy making.

According to the World Bank (2021), the global economy is projected to grow by 5.6%. If it is realized, it will be recorded as the largest post-recession economic growth after eighty years. However, the World Bank predicts that the positive impact of economic growth will be uneven across countries. This is related to the uneven distribution of medical equipment and vaccines, especially in developing countries and emerging markets. Equitable distribution of vaccines is an important requirement considering that high vaccination rates will most likely provide herd immunity to the society, thus facilitating economic activities to continue.

The World Bank also projects that economic growth in at least two-thirds of developing countries and emerging economies will also not grow evenly in 2022. Apart from the vaccination rates previously discussed, the World Bank perceived that developing countries tend to be more vulnerable to the uncertainty caused by Covid-19. The presence of new variants of Covid-19 since the end of last year and the emergence of a new wave of cases are predicted to make it difficult for developing countries and emerging economies to carry out economic activities in a sustainable manner. Furthermore, developing countries and emerging economies are also more prone to being entangled in debt levels whose value far exceeds the weakened GDP during the pandemic. Therefore, the World Bank predicts that economic growth in 2022 will be around for just 3.9% or 2% less than the prediction made in the pre-pandemic era. This prediction is expected to be a correction by looking at the economic conditions at the end of 2021.

Meanwhile, in July 2021 the IMF released a World Economic Outlook document, which was a correction to their projections, released in April 2021. Based on the recent Outlook, the IMF projects that global economic growth will grow 6% in 2021 and 4.9% in 2022. Although this projection is higher than the World Bank's, the IMF predicts that developing countries, especially in Asia, will find it difficult

to achieve high economic growth this year. This is because the pandemic management in Asia has experienced a setback since the emergence of the Delta

variant. The IMF specifically stated that ASEAN countries and India would experience a significant corrected economic growth.

Furthermore, the IMF also warned of the potential for higher inflation than before. The IMF predicts that developed countries that have succeeded in managing the pandemic are predicted to return to the inflation rate as before the pandemic. This is because supply and demand from these countries has returned to pre-pandemic levels, although the level of uncertainty is still high. On the contrary, countries that have not managed to deal with the pandemic comprehensively are predicted to experience higher inflation due to declining demand for many commodities.

Asia-Pacific, as one of the regions that have many developing countries that have been severely affected by the Covid-19 pandemic, has had a fairly corrected economic impact. The IMF projects that emerging and developing countries in Asia will experience economic growth of 7.5%. Although it looks quite high, this figure is 1.1% lower than the IMF's projection in April 2021. The correction is caused by the inability of emerging and developing countries in Asia to distribute vaccines evenly and reduce a significant number of active Covid-19 cases.

The decline in economic growth also occurred in Indonesia. In the first quarter of 2021, *Bappenas* (2021) predicts Indonesia's economic growth at 4.5-5.0%. This optimism is based on a significant recovery in investment and the impetus for a faster recovery in consumption. However, the IMF to 3.9% for 2021 later corrected this projection. The correction was caused by an increase in Covid-19 cases, which forced the implementation of stricter restrictions on mobility and activities than before. Not only Indonesia, Southeast Asian countries such as Singapore, Malaysia, and the Philippines also experience corrected economic growth for the same reason. Slow economic growth also affects the performance of the banking sector. *Bank Indonesia* in January 2021 predicted that credit growth in the banking sector would be at 5-7% (CNN Indonesia, 2021). This prediction is higher than the projection from Financial Services Authority (*Otoritas Jasa Keuangan*/OJK) (2021), which states that credit will only grow 4-5% in 2021. The low credit growth was caused by the very limited demand for credit and many banks at that time had not massively lowered their lending rates.

Thus, in this economic condition, CIMB Niaga, as one of the largest private banks in Indonesia, has even formulated a more ambitious business growth target as their interest to promote growth through its idea and environments to formulate a policy decision to set a target. For instance, one of its subsidiaries – CIMB Niaga Syariah – targets business growth to reach 10% by relying on consumer banking as its main driver. This figure far exceeds Indonesia's economic growth target, which is projected to only be at 4-5%. Furthermore, CIMB Niaga also targeting credit growth that reaches 8% at the end of 2021. This figure is quite high when compared

to the projections from BI and OJK, and amid the demand credit from the Indonesian, which has not yet fully recovered.

Based on empirical data, it can be seen that CIMB Group has took interest the idea and decision from its environments (as mentioned by the empirical data of many economy outlooks of BI, OJK, World Bank, and even IMF), particularly CIMB Niaga and its subsidiaries in Indonesia, has set a growth target that is way higher than the projected economic growth of Indonesia. Therefore, it would be interesting to discuss this issue further through a behavioralistic perspective to understand the behavior of CIMB Niaga during post-pandemic recovery.

5. Discussion

As explained above, it is interesting to look how CIMB Niaga behavior that came in fruition through its interests, ideas, and environments in order to set a growth targets that reasonably high. We will discuss its behavior through a perspective of Behavioral Political Economy. In contrast to the macro-economic approach, the behavioralistic approach emphasizes the behavior of economic agents that may or may not be compatible with the overall economic structure. The behavior of economic agents can be influenced by two main factors.

Risk Preferences

Individuals with different risk preferences are proven to make different decisions. Therefore, it is important to discuss how the leadership of CIMB Niaga views banking risks in the post-pandemic recovery. The OJK stated that the pandemic presented long-term risks to banks because the credit restructuring was not necessarily met by an increase in the financial capability of customers to pay for these loans (Agustiyanti, 2020). Even so, the OJK and the Deposit Insurance Agency are optimistic that no bank will collapse just because of the pandemic as the sole factor.

These risks also have an impact on CIMB Niaga. In 2020, CIMB Niaga recorded a net profit of Rp 2,01 trillion or decreased by 44.78% compared to the previous year. However, amid all these risks, CIMB Niaga and its subsidiaries have a tolerant risk preference so they tend to make ambitious and bold decisions. The President Director of CIMB Niaga, Tigor M. Siahaan (2020), stated that the improvement of health management in Indonesia would encourage a better economic recovery. Siahaan also believes and is optimistic that the economy continues to run and shows decent performance during the pandemic. It can be seen in his statement (Putra, 2021):

"Regarding the growth of bank credit, it can be seen as almost flat from last year (2020) to this year (2021). But let's not forget that 15%-20% of bank credit is repaid in installments. So there are customers who pay for their cars, their houses, or their investments. So even though it looks flat, credit disbursement and growth are actually still there"

From his statement, it can be seen that Siahaan has a fairly positive outlook even though CIMB Niaga's banking credit growth in 2021 has not been significant – they only reached 6% until July (2021). On another occasion, Siahaan also stated that the pandemic is a momentum for the banking sector to digitize their services so that they can continue to serve the society amid various social restrictions in the nation.

Another risk taken by CIMB Niaga is also related to the evolution of the economic sector in Indonesia itself. As previously mentioned, CIMB Niaga Syariah as one of the subsidiaries of CIMB Niaga stated that they aim a double-digit business growth and it depends on the performance of consumer banking. Excessive dependence on consumer banking is a risk in itself, considering that the economic capability and purchasing power of the customers have not fully recovered to the pre-pandemic levels.

Furthermore, aside of pandemics, consumer banking is also experiencing disruption in the emergence of Financial Technologies or FinTechs in Indonesia. Based on survey conducted by PwC (2020), 73% of financial sector executives believe that consumer banking will be disrupted by the presence of FinTechs. This disruption will occur in the near future because FinTechs offers various conveniences that are liked and preferred by its customers. Some of these conveniences are: responsive and reliable customer service, fast lending, and easy-to-use cashless payment instruments. As a result, banks are no longer dependent on consumer banking in running their business. For instance, Citibank as closed its consumer banking services in 13 countries, including Indonesia, as a form of efficiency and adaptation to the emergence of FinTechs (Eloksari, 2021).

Table 1. Comparison of the number of FinTech and commercial banks in Indonesia

Year	Lending FinTech	Commercial Bank
2017	Data unavailable	115
2018	Data unavailable	115
2019	88	110
2020	164	109
2021	148	107

Source: OJK FinTech Financial Data Overview (2019-2021) and Kusnandar (2021)

Thus, CIMB Niaga Syariah's dependence on consumer banking is a big risk. CIMB Niaga Syariah stated that consumer banking would be the main driver of business growth because the corporate – private and public – sector has not fully recovered from the economic impact of Covid-19. In addition to that projection, CIMB Niaga Syariah also claimed that until July 2021 there has been a growth in the amount of financing by ytd (year to date), mostly originating from consumer banking and small

medium enterprise segments. Therefore, they believe that this year's business growth target can still be achieved with consumer banking.

By looking at these two cases, we can see that CIMB Niaga and its subsidiaries tend to have a tolerant risk preference. With a tolerant risk preference, their companies will tend to take risks by setting ambitious targets for post-pandemic economic recovery. However, it should be noted that CIMB Niaga had a managerial change in mid-October 2021 where Tigor Siahaan resigned from his position as President Director. This study can't conclude the effect of managerial change since the time period of managerial change and the writing of this study is too close so that the impact of managerial turnover on CIMB Niaga's risk preferences can't be directly linked.

Time Preferences

Looking at the time preferences means looking at aspects of when an actor makes certain decisions. In the case of CIMB Niaga, the ambitious target set by the management has a timeframe of 2021. As we know, in 2021, the Covid-19 pandemic is still presence around the globe with situation unique to each country.

Time preference can be seen further in the two case studies that have been discussed. In the case of CIMB Niaga Syariah's business growth, the target of reaching 10% was first announced to the public in December 2020 (Sahara, 2020). At that time, there was public optimism that the pandemic conditions would improve considering that the realization of the first vaccination program in Indonesia took place in the same month. Furthermore, economists also predict that 2021 will be a revival year for the Islamic economy in Indonesia given the government's plans to start improving the Islamic economy, such as through the merger of state-owned Islamic banks. Therefore, we see that what was conveyed by the management of CIMB Niaga Syariah in December 2020 was influenced by optimism about the pandemic conditions and Islamic economy in 2021.

However, this optimism can't be said to be entirely correct when referring to these two factors. Regarding the conditions of pandemic, Indonesia was finally hit by the second wave of Covid-19, which was quite severe in mid-2021. The second wave forced the government to impose a stricter social restriction and mobility policy compared to the restrictions that were in effect at the beginning of the pandemic. Meanwhile, the Islamic banking sector has not yet experienced optimal growth at the beginning of 2021. As of March, the Islamic finance sector in banking has only experienced a growth of 6.7% (Pebrianto, 2021). The imposition of restrictions on community activities will also certainly have an impact on the sharia economic sector. Even so, CIMB Niaga Syariah remains confident that business growth will still be achieved because they claim that their business digitalization through the Octo Mobile application has succeeded in replacing conventional banking services.

Time preference is also evident in CIMB Niaga's ambitious targets for credit growth. CIMB Niaga targeted credit growth in 2021 to reach 7-8%. CIMB Niaga also expressed their optimism about the target due to the growth in corporate and

housing loans during post-pandemic recovery (Hutauruk, 2021). It means, the decision that being taken is clouded by positivism that economy might grow despite in contrary with the real situation in effect.

In setting this target, CIMB Niaga consider that the pandemic conditions had begun to improve since the vaccination program began (CNN Indonesia, 2021). However, we consider that a fairly high loan growth target is needed by CIMB Niaga to escape the pressures that they experienced since 2019. In 2019, CIMB Niaga's loan

disbursement growth rate only reached 3.1%. In 2020, CIMB Niaga had targeted credit disbursement growth to reach double digits. Howeverm due to the economic contraction caused by the pandemic, CIMB Niaga's lending growth declined to only 1.7%. Thus, the loan disbursement target of 8% is CIMB Niaga's bold move to restore its reputation as one of the largest foreign private banks in Indonesia.

In contrast to the previous case study, we feel that this optimism is well founded and has a fairly strong cognitive basis. This is because CIMB Niaga's performance in disbursing home ownership loans is quite good or even considered satisfactory. For instance, in 2020 the overall loan disbursement growth only reached 1.7%. However, if viewed in depth, CIMB Niaga was able to achieve mortgage/home ownership loans growth of up to 5.9%. Until mid-2021, home ownership loans have reached 6%. With much better economic conditions in compared to 2020 – even though Indonesia was hit by the second wave of Covid-19 – it is not impossible for CIMB Niaga to be able to achieve their target.

Leadership Effect
Behavioral Political Economy is an approach that looks at how human cognition works to reach a certain decision. Therefore, we feel that this analysis will not be complete if we do not consider the role of the decision-maker as one of the main factors for CIMB Niaga to set ambitious targets for post-pandemic recovery. In this analysis, we see that there is an important role from Tigor M. Siahaan, now the former President Director of CIMB Niaga.

Siahaan's important role has been seen since he was elected in 2015 after obtaining formal approval from the shareholders and the OJK as financial supervisor. Siahaan was in charge of replacing Arwin Rasyid, who resigned that same year (Sukimo, 2015). One of the reasons Rasyid resigned was CIMB Niaga's deteriorating financial performance, even though CIMB Niaga is among the ten largest banks in Indonesia. In 2014, CIMB Niaga's profit fell to Rp2.3 trillion, or a decrease of around Rp 2 trilion compared to the previous year (Detik, 2015).

Therefore, Siahaan was chosen to improve the financial performance of CIMB Niaga due to his extensive experience and successful career track. Before becoming the President Director of CIMB Niaga, Siahaan had a career at Citibank since 1995 (CIMB, 2015). During his decades of career at the Citi Group, Siahaan has held several prestigious positions, including being the first Indonesian to serve as Chief

Country Officer. With a good career track, Siahaan is expected to be able to improve CIMB Niaga's financial performance. Slowly but surely, Siahaan was able to improve the financial performance from the year he was elected until before the pandemic. CIMB Niaga's profit growth can be seen in the following table.

Table 2. CIMB Niaga's profit growth during Siahaan's tenure before Covid-19 pandemic

Year	Net Profit Growth (%)
2015	-81.74
2016	368.4
2017	41.6
2018	16.9
2019	12.4

Source: Processed Data (2015-2019)

In addition to the bank's internal performance, observers from external parties also recognize Siahaan's performance (Sitanggang, 2018). For example, Siahaan was awarded as the Most Inspiring CEO at the 2018 iCIO event. Siahaan is considered a digital financial leader for his capability to bring the best positive value of the use of technology in CIMB Niaga. During his tenure, Siahaan was credited for adopting several ICT advancements, such as implementing a core-banking system called 1Platform (1P) and a mobile-banking system called OneMobile. Siahaan himself stated that technological advances couldn't be separated from banking services to improve their customer experience and quality of service.

Siahaan's achievements are related to his resignation from CIMB Niaga. Siahaan resigned from CIMB Niaga in October 2021 for unspecified personal reasons (Purnama, 2021). At the time of writing, it was rumored that Siahaan would fill the position of President Director of a new digital bank jointly formed by Grab and EMTEK (Fernando, 2021). If the rumors turned out to be true, then this can't be separated from Siahaan's achievements in carrying out digital transformation within CIMB Niaga. Therefore, it will be interesting to see in the future whether CIMB Niaga will be able to replace Siahaan's leadership with someone with similar qualities, especially during post-pandemic economic recovery.

6. Conclusions

The Covid-19 Pandemic gives a lot of things to take. From planning mastery, management skills, and opportunities outlook, pandemic gives new perspectives to all aspects of life. Economy, as one of the aspects that hit hard by the pandemic, involved actors need to pose and set how to use the new-normality post-pandemic.

CIMB Niaga, in this case, as explained above, sees the post-pandemic outlook very positive despite the real facts in the grass-root as mentioned y other financial institutions in the country. Further, the optimism cannot be said to be entirely correct. In terms of pandemic conditions, Indonesia was finally hit by the second wave of Covid-19, which was quite severe, in mid-2021. The second wave of

Covid-19 compelled the government to impose stricter social restrictions and mobility policies than those in place at the start of the pandemic. Meanwhile, the conventional and the islamic banking sector has not yet reached its full potential as of the beginning of 2021, even until this paper was being written.

Thus, CIMB Niaga behaviour during the post-pandemic recovery is impacted by risk, time, and leadership effects with influences of interest, ideal, and decision environments toward CIMB Niaga's decision in growth policy. As Asia Pacific is mostly still under pressure of the pandemic ripple effects, such as shadowed economy outlook, it could move ways, pragmatics or idealist in term of policy making. Pragmatics will see the outlook realistically and set growth number not as high as expected, or be idealist as put growth number as high as expected and push everything forward toward the expected growth number. Yet to put it as wise as possible, examining facts in the grass roots never be a failure.

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