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## Synergy of Economic Policies and Innovation in Driving Momentum for Sustainable Global Economic Recovery in the Era of Digital Transformation The 16 th BMEB International Conference Special Issue

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## EDITORIAL

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### **Synergy of Economic Policies and Innovation in Driving Momentum for Sustainable Global Economic Recovery in the Era of Digital Transformation** **The 16<sup>th</sup> BMEB International Conference Special Issue**

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The 16<sup>th</sup> BMEB international conference was held on 25-26 August 2022. The theme of this conference was “*Synergy of economic policies and innovation in driving momentum for sustainable global economic recovery in the era of digital transformation*”. This theme puts forward two salient factors underlying a country’s economic resilience in facing a series of global turmoil and unsynchronized economic recovery from a crisis, namely synergy and innovation. Synergy and innovation must be carried out in an integrated manner in terms of national economic policy mix, coordination of fiscal-monetary policies, acceleration of transformation in the real and financial sectors, as well as acceleration of the digital economy and finance. With this synergy and innovation, a country’s economic prospects can be reinforced to achieve a more sustainable economic growth.

The BMEB international conference is an important forum for national, regional and international policy deliberations and academic exchange of ideas. Over the years this traditional BMEB conference has grown to become the heart of business-themed conferences in the region. It is the leading international conference and associates with famous journals in the field to publish the best papers. The annual BMEB conference, by producing several important policy papers, has contributed to several issues of policy relevance globally speaking and this point is extremely well reflected in the annual keynote address at the conference by the central bank’s (Bank Indonesia) Governor, Dr. Perry Warjiyo. For the important role that BMEB plays, its reputation and international standing occupies an important space such that it has become a journal that is not only accredited by the ADBC rankings of journals but also by the august body, SCOPUS.

The 16<sup>th</sup> conference received 222 submissions. These submissions came from 30 different countries covering five continents. Of the 222 papers, 72.5% of submissions were from authors based in foreign universities while the balance was local author submission. The conference’s acceptance rate was 22.5%; that is, we selected, through a rigorous review process, only 50 papers. Thirty-one papers were from foreign authors and 19 from local authors. We, the guest editors, chose seven papers that in our opinion are representative of the large body of work presented at the conference and we believe that these papers will generate spillover effects for readers, allowing them to either challenge some of the propositions or extend those to provide additional insights, not only in the academic area but also

in policy discussions. We believe these papers will stimulate new research and will be a source of motivation for further studies in the true tradition of the papers published in BMEB in the past.

These papers were selected based on the journal's rigorous review process. First, they were read by the guest editors and authors revised in response to our comments. Second, each paper was presented at the conference and each paper had a discussant. The discussant report was then used to revise the papers further before they were submitted to BMEB. Third, upon submission to BMEB, each paper was reviewed by two expert reviewers, leading to a third round of revisions. The papers were then accepted following this process.

In addition to these seven papers, as we did in the previous years', we decided to also publish the keynote speech entitled "*Synergy of economic policies and innovation in driving momentum for sustainable global economic recovery in the era of digital transformation*". The keynote speech was presented at the conference by the Governor of Bank Indonesia, Dr. Perry Warjiyo. The keynote speech represents Dr. Warjiyo's strategic foresight on the future of the central banking practices and in doing so the Governor identifies the global economic challenges and policy responses. The Governor's talk is broad and covers many important aspects of central banking policy—for instance, he discusses the risk of stagflation, the megatrend in digitalization and the green economy and finance. He also takes issue with the idea of digital and green central banking, the need for central bank digital currency, and he discusses, eloquently, the future of central banking.

The SI starts with a paper on cryptocurrency market by Garg, Rai, Pachoriya and Thappa. Their focus is on how extreme events like the COVID-19 pandemic impact the cryptocurrency market. They discover that the COVID-19 pandemic has accentuated the contagious nature of the cryptocurrency market.

The second paper by Ghosh and Ranjan is about a machine learning approach to GDP nowcasting. They show an improvement in the performance of nowcasting using a hybrid of machine learning and conventional time series approaches.

The third paper by Syamsurijal, Sugandi, Sumaryana, and Ismanto examine whether the automatic stabilizer policy is effective in combating an economic recession using Indonesian data. Their results show the importance and effectiveness of the automatic stabilizer policy for Indonesia.

The fourth paper is by Padhan and Prabheesh and they examine the drivers of India's financial integration. They show that structural and institutional factors are key drivers of financial integration; they also document a role for exchange rate volatility, global growth rate and interest rate in influencing financial integration.

Behera's paper is the fifth in the series and he explores the connectedness between oil price and stock returns and evaluates the impact of the Russia-Ukraine war on stock returns in the process. He finds a significant role of the war in impacted the Indonesian stock market.

In the sixth paper by Jangam examines whether barriers to digital services trade hamper economic growth? He uses data from 44 countries to show that trade restrictions on digital services negatively impact economic growth.

The last paper by Chia, Khong, Lim and Ang, the authors focus on investigating the role of economic conditions and regulatory interventions in driving credit card delinquency in Malaysia. They find that national income, wealth, expectations of future economic conditions and supply of credit determine credit card delinquency.

Next we summarize key messages emanating from papers in this special issue and discuss some potential avenues for future research. First, we acknowledge that the literature on COVID-19 is getting crowded; see Narayan (2021); Phan and Narayan (2020); Sharma and Sha (2020); Sha and Sharma (2020); and Yang and Deng (2021). The Garg, Rai, Pachoriya and Thappa paper provides new insights on contagion in the cryptocurrency market. Future research needs to identify new research questions and hypotheses within the COVID-19 literature that brings additional insights. In this regard, new econometric approaches such as the structural break panel data model developed by Karavias, Narayan and Westerlund (2022) can be utilized.

Moreover, the paper by Behera on trade war and how that is likely to impact stock markets is relevant and should form the basis for additional research that examines the effects of war on pricing behavior. This is relevant given global inflationary pressures; see for instance Fang, Liu and Zhang (2023) and Appiah-Otoo (2023). While Behera's work builds on Prabheesh, Garg and Padhan, there is scope to extend the work through developing more robustness tests and additional hypotheses tests.

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