

## EDITORIAL

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### **Stimulating Economic Recovery, Promoting Sustainable-Inclusive Growth: Challenges and Opportunities, The 15<sup>th</sup> BMEB International Conference Special Issue**

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The 15<sup>th</sup> BMEB international conference was held virtually on 2-3 September 2021. The theme of this conference was “*Stimulating Economic Recovery, Promoting Sustainable-Inclusive Growth: Challenges and Opportunities*”. The BMEB international conference is the traditional conference of the Bank Indonesia and a premier conference on business and economic issues in the Asia-Pacific region. With this annual BMEB conference, the journal stands tall on a range of policy deliberations relating to central banking issues and economic growth in Indonesia and the region.

The annual BMEB conference reflects the growing reputation as well as regional and international standing of the BMEB which has risen the ranks to become a Q2 SCOPUS journal. It is also accredited by the ABDC rankings of journals.

The 15<sup>th</sup> conference received 200 submissions. These submissions came from 28 different countries covering five continents. Of the 200 papers, 61.5% of submissions were from authors based in foreign universities while the balance was local author submission. The conference’s acceptance rate was 25%; 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 we perceive to be a broad representation of the theme of this conference. In choosing these papers, we kept in mind the potential of these papers to inspire future research.

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 last year as part of the 14<sup>th</sup> BMEB conference, we decided to also publish the keynote speech entitled “*A Reflection of Sustainable Inclusive Growth Post-Pandemic and the Central Bank’s Challenges Beyond Stability*”. The keynote speech was presented at the conference by the Governor of Bank Indonesia, Dr. Perry Warjiyo. The keynote speech represents the culture of policy thinking, implementation, and research agenda set out by Bank Indonesia. Dr. Warjiyo’s speech identifies the challenges faced by the global economy due to the COVID-19 pandemic and discusses the resulting opportunities. It concludes

with a discussion of the role of central banks beyond the stability mandate. The speech, therefore, constitutes an important reference document for researchers working on central banking issues and monetary policy in light of the COVID-19 pandemic.

The theme of the BMEB conference is broad and so are the chosen papers. They cover both issues relating to the COVID-19 pandemic and those that are more traditional in nature such as current account optimality, as is the case with the first paper by Garg and Prabheesh, who show that Indonesia's current account is insolvent.

The second paper by Saroy, Awasthy, Singh, Adki, and Dhal is on the impact of COVID-19 on digital payment habits of Indian households. They examine the shift to digital payment modes during the COVID-19 pandemic. A range of factors, such as digital literacy and awareness, amongst others, are identified.

The third paper by Dash and Sethi also covers COVID-19 but from a different perspective. The authors focus on examining how the COVID-19 pandemic has impacted regional growth in Asian countries. They show that lockdown has negatively impacted economic growth while vaccination rates have had a positive effect.

The fourth paper by Haldar and Sethi explores the economic effects of COVID-19 mitigation policies on unemployment and economic policy uncertainty. Amongst other results, they show that policy uncertainty drives unemployment for countries most affected by COVID-19 and are conditional on government policies with respect to lockdown and vaccination.

The fifth paper by Rath and Bhattacharya explores how innovation influences the performance of Indian manufacturing firms. They unravel a positive relationship between innovation and firm performance.

In the sixth paper by Rakshit and Bardhan, the authors examine how bank efficiency enhances bank performance using data from Indian banks. The authors show that cost, revenue and profit efficiencies can positively influence the profitability conditions of Indian banks.

The last paper by Yasin, Esquivias, and Arifin considers the relationship between foreign direct investment and wage spillovers in the Indonesian manufacturing industry. The results are mixed: while FDI inflows discourage wage growth in technology intensive sectors, they drive up wages for smaller domestic firms.

The main highlight of this special issue is the three papers on COVID-19. These papers stand out because they are on the topical issue of the pandemic. Naturally, global research focus has been dominated by the pandemic; see Narayan (2021), Phan and Narayan (2020) Sharma and Sha (2020); Sha and Sharma (2020) and Yang and Deng (2021). Compared to these earlier papers on COVID-19, the three papers in this special issue are different because (a) they focus on household digital finance and on economic growth aspects as opposed to financial system related issues covered by this literature. Like we argued in our last editorial (Narayan & Juhro, 2021), central banks and policy makers globally are searching for the right policy mix; policy innovation is in persistent demand. This is because, as the literature has shown, the pandemic has impacted both demand and supply side of economic fundamentals (see Appiah-Otoo, 2020; Devpura, 2020; Fang and Zhang, 2021; Hoang and Syed, 2021; Lan, Huang and Huang, 2020; Narayan *et al.*, 2020; and Salisu and Akanni, 2021). Our message from a year ago is still valid and active. We welcome more robust research on not only the effects of the COVID-19

pandemic on the financial and economic system but also on policies and strategies that can aid our way towards returning to normalcy.

The papers published in this special issue have important implications, particular for future research. The Garg and Prabheesh paper on the current account, for instance, has an important direction for future research: that is, how sustainable current accounts (not only for Indonesia but for other emerging countries) are in light of the pandemic? This is that much more relevant in light of significant slowdown in the tourism industry, which is a strong component of the current account in tourism-dependent countries. Future research should focus on this aspect of sustainability drawing on experiences from the pandemic.

The paper by Rath and Bhattacharya, showing that innovation is important for the performance of manufacturing firms, brings into question the role of innovation during the pandemic. A natural extension of their work is to explore innovations during the pandemic and whether they have moderated growth and performance. Again, this stands as an important issue for future investigations.

Similarly, the paper by Rakshit and Bardhan on the stability of the Indian banking sector begs the question: what specifically the role of the pandemic in banking sector performance is?. While research is evolving on this subject, the BMEB looks forward to receiving more empirical papers that explore this relationship.

Finally, we, as guest editors, are pleased to see the BMEB take a lead role on contributing to the academic and policy literature on COVID-19 and indeed on other important subjects such as innovation and performance, banking sector performance, FDI-wage growth, and the current account, as published in this issue. We are equally excited by the potential these papers have in inspiring additional research.

We look forward to receiving more stimulating papers for our 2022 BMEB conference. We believe the seven papers published in this special issue will motivate research work to be presented in BMEB's future conferences.

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