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## **Editorial: The 13<sup>th</sup> BMEB International Conference Special Issue of Journal of Central Banking, Theory and Practice**

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The 13<sup>th</sup> BMEB international conference—a flagship conference of the Central Bank of Indonesia (Bank Indonesia) was hosted by the Bank in Bali (August 2019). The conference brought together applied economists from both Indonesia and the globe, making it a prestigious gathering of economists where robust discussion on both academic and policy issues were undertaken. The 2019 conference received over 450 submissions from 26 different countries. Of this, 280 papers were written by authors from foreign universities. After a rigorous review process, 70 papers were selected for presentation at the conference. Following discussants reports on each paper presented at the conference, authors further revised their work. Post this revision, the 12 best papers suited to the theme were selected for publication in the *Journal of Central Banking Theory and Practice* (JCBTP). These papers were further reviewed and revised following the peer review process employed by JCBTP.

These papers cover a wide range of topics on the broad theme of macroeconomics and issues of relevance to central banking policy. I provide a brief story of what these papers do and finish my editorial note with implications for future research, particularly in light of the COVID-19 pandemic (see Phan and Narayan, 2020).

The first paper by Singh and Sarma is about financial structure and stability. They show that foreign banks contribute

to currency market pressures; and high-income countries provide greater stability to the financial system compared to low income countries. In the second paper, Rumondor and Bary consider capital flows and risk taking and show that inflows increase risk-taking behavior in Indonesia.

The third paper is by Kuek, Puah and Arip. They focus on financial vulnerability and economic dynamics. Using Malaysian data, they show that financial vulnerability reduces economic growth. The fourth paper is about banking competition and stability in India (Rakshit and Bardhan). They show that bank competition leads to higher non-performing loans.

The paper by Wijayanti and Rachmanira examines the early warning systems for government debt crisis. They identify variables that can help predict future debt crisis. Nguyen and Hoang, in the sixth paper, investigate the monetary consequences of fiscal stress. They show that commitment to target inflation and government transfers, for instance, impact policy outcomes.

In the seventh paper, Taruna, Harun and Nattan take issue with macroprudential liquidity stress testing. Their model and approach consider both idiosyncratic and macroeconomic factors. The eighth paper by Wong, Lau and Yip considers the issue of cashless payments and economic growth. They show that cashless payments are growth enhancing.

Harahap, Bary and Kusuma's paper is the ninth in this issue. They examine the determinants of Indonesia's business cycle, showing that both domestic and international factors are relevant. In the tenth paper, Nain and Kamaiah consider the uncertainty and effectiveness of monetary policy. Their main finding is that uncertainty influences the effectiveness of monetary policy for India.

The last two papers by Tahir, Ibrahim, Zulkafli and Mohammad and Hasniawati, Lase, and Hutabarat are on exchange rate fluctuations and dividend repatriation and household payment choice, respectively. Tahir et al. show that the appreciation of the host country currency vis-à-vis the US dollar leads to higher dividend repatriation. Hasniawati et al. show that, amongst other factors, social characteristics influence the use of non-cash electronic payment instruments in Indonesia.

At the time of the 2019 conference little did we know that the COVID-19 pandemic will disrupt both the financial and economic systems in the manner it has. Naturally, the effects of COVID-19 on issues emanating from each of the 12 papers published in this issue will have different implications and perhaps tell a very different story. To this effect, a literature is evolving albeit at a nascent stage; see He, Sun, Zhang and Li (2020) and Liu, Sun and Zhang (2020). This literature has implications for re-visiting some of the hypotheses test outcomes reported in this special issue. I discuss some potentials next.

A COVID-19 fear index is developed by Salisu and Akanni (2020) which I believe will be useful to test some of the hypotheses presented in this issue; see also, Chen, Liu and Zhao (2020). Several studies on COVID-19 have shown the role of and effect on oil prices (Apergis and Apergis, 2020; Narayan, 2020; Gil-Alan and Monge, 2020; Fu and Shen, 2020; Liu, Wang and Lee, 2020; and Qin, Zhang and Su, 2020)—an international shock factor relevant not only for measuring uncertainty as has been done by papers in this issue but also responsible for financial system sustainability and stability. Household decision making about cashless payments is a subject of this special issue too. Yue, Korkmaz and Zhou (2020) show that COVID-19 has impacted household decision making. These findings therefore have implications on cashless payments as an option for households and need more empirical studies. Moreover, another key feature of the current special issue is on exchange rate fluctuations—V and Prabheesh (2020) show that global trade networks were influenced by COVID-19. This naturally will have implications for exchange rates which can affect the currency market, as, for instance, shown by Iyke (2020).

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