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INTERNATIONAL CONFERENCE ON
THE CONTEMPORARY ISSUES IN
FINANCE, TRADE AND
MACROECONOMY

April 4-5, 2020

ABSTRACT BOOK

**INTERNATIONAL CONFERENCE ON THE CONTEMPORARY ISSUES IN FINANCE, TRADE
AND MACROECONOMY
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April 4-5, 2020 | İstanbul - Turkey**

Editors:

Seyfettin ERDOĞAN
Ayfer GEDİKLİ

Assistant Editors:

Cihan Yavuz Taş
Hande Çalışkan

**INTERNATIONAL CONFERENCE ON THE CONTEMPORARY ISSUES IN FINANCE, TRADE
AND MACROECONOMY
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Editörler:

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Ayfer GEDİKLİ

Editör Yardımcıları:

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UNDERSTANDING THE IDEA OF 'COST-PUSH' INFLATION, 1945- 1980

James Forder

Andrew Graham Fellow and Tutor in Political Economy

Balliol College, Oxford

The idea of cost-push inflation, as it came to the fore in 1960s Britain and America related specifically to the socio-economic and political conditions of its time. The distinction between it and 'demand-pull' inflation was not, as it has been represented, merely a matter of whether it was the demand curve or supply curve which shifted. Rather, it arose in the context of a deep commitment to high employment policy which meant that trade unions and other groups had the potential to generate inflation by the use of monopoly power. In contrast to the case of demand-pull inflation, that could be stopped with demand policy only by generating unemployment. The goal in controlling cost-push inflation was to do so by leading price setters to behave in a way that permitted the simultaneous achievement of full employment and price stability. The idea of cost-push inflation disappeared from the economic literature when policy changed to abandon the goal of full employment and the distinctive aspects of the prior understanding ceased to be relevant in the new policy environment.

Key Words: Cost-push Inflation, Demand pull, Inflation history.

THE EFFECTIVENESS OF POSTINDUSTRIAL LANDSCAPE REDEVELOPMENT TOWARDS URBAN SUSTAINABILITY – TALES FROM PORTUGAL

Luis Loures

VALORIZA – Research Center for Endogenous Resource Valorization

Polytechnic Institute of Portalegre, Portugal

lcloures@ipportalegre.pt

The need for greater environmental protection coupled with the appearance of several derelict landscapes and the increasing public awareness to the necessity to reclaim degraded sites provide great challenges not only for landscape architects and reclamation professionals but also for planners, natural resource managers and policy makers. Though this problem encompasses numerous categories of manufacturing infrastructure all over the world, the presented research focused only on urban postindustrial sites, in which the envisioned and implemented redevelopment process played an important role in city redevelopment throughout the creation of multifunctional sites able to fulfill people's needs at different levels, while contributing for achieving urban sustainability. Though it is widely recognized that the redevelopment of postindustrial landscapes constitutes an important strategy towards city's sustainability, it is normally acknowledged that redevelopment projects are often associated to multidimensional objectives based somehow on a twist of sociocultural, economic and environmental issues. This paper exemplifies the importance of these projects at the aforementioned levels, presenting a set of 18 redevelopment proposals/projects where it is possible to identify the relevance of each of the sustainability dimensions to urban development. By assessing and identifying the significance and the benefits associated to postindustrial redevelopment, this article shows that postindustrial landscapes should be viewed as a resource and its recovery as a continuous opportunity.

Key Words: Urban development, Postindustrial landscapes, Redevelopment process.

STRATEGIC COMMON PLANNING AND SUSTAINABLE DEVELOPMENT: LEARNING FROM BORDERLANDS

Rui Alexandre Castanho

Faculty of Applied Sciences, WSB University in Dąbrowa Górnicza, Poland

School of Business and Economics and CEEAplA, University of Azores, Ponta Delgada, Portugal

*VALORIZA - Research Centre for Endogenous Resource Valorization, - Polytechnic Institute of Portalegre (IPP),
7300 Portalegre, Portugal*

CITUR - Madeira - Centre for Tourism Research, Development and Innovation,

9000-082 Funchal-Madeira, Portugal.

acastanho@wsb.edu.pl

Cross-Border Cooperation (CBC) projects and strategies are undertaken all over the globe.

Nevertheless, these synergies are more evident in European territories. In fact, in the last decades, borderlands have obtained a status of special interest, not only concerning national sovereignty but also regarding the cooperation between those transboundary populations.

Moreover, such interactions gained even more emphasis when we know that in several countries more than half of the population lives across the border - which are the most affected by common policy-making and consequently by the gaps of such policies.

Contextually, the identification and understanding of critical factors for territorial success in those peripheral areas are seen to be pivotal to achieve sustainable development by methodologies and approaches of common strategic planning - i.e. the CBC Strategies.

Keywords: Common Planning; Cross-Border Cooperation (CBC); Strategic Planning; Sustainable Development; Territorial Cohesion.

RESHAPING FINANCIAL SYSTEMS: IDENTIFYING THE ROLE OF ICT IN THE DIFFUSION OF FINANCIAL INNOVATIONS, RECENT EVIDENCE FROM EUROPEAN COUNTRIES

Asst. Prof. Dr. Adam Marszk

*Gdansk University of Technology, Poland
amarszk@zie.pg.gda.pl*

Exchange-traded funds (ETFs) are one of the most rapidly growing categories of innovative financial products. Both the emergence and fast spread of these innovative and technology-based financial instruments have been facilitated by the ongoing Digital Revolution. Information and communication technologies, as General Purpose Technologies, are profoundly reshaping global economic landscapes providing, inter alia, solid foundations for unrestricted and unbounded flows of information and knowledge among geographically separated actors, eliminating information asymmetries, enhancing rapid expansion of financial innovations worldwide and other types of networks. This work aims to contribute to the present state of knowledge by exploring the links between changing ICT penetration, development and growing expansion of financial innovations on the stock exchanges in seven European countries: the United Kingdom, Germany, France, Spain, Italy, Poland and Hungary. The period of analysis spans between 2004 and 2018. Japan and South Korea have also been chosen for comparison purposes. Our empirical strategy employs panel and country-specific regression models that are used to verify the hypothesized relationship between increasing ICT penetration and ETF market development. Our preliminary findings indicate that information and communication technologies have diffused evenly in all the countries selected giving solid foundations for the development of innovative financial products. We have also found that adoption of ICT positively influenced the diffusion of ETFs. However, despite the high level of ICT adoption in most of the countries analysed, ETF diffusion has not taken place in all the cases; some European countries still lag behind Japan and South Korea.

Key Words: Information and Communication Technologies, Exchange-Traded Funds, Financial Innovations, Diffusion of Innovations, Stock Index Derivatives.

ASYMMETRIC CORRELATIONS AND HEDGING EFFECTIVENESS OF GOLD: FROM PRE-INDUSTRIAL TO THE 4TH INDUSTRIAL REVOLUTION

Dr. Natthinee Thampanya

*Naresuan University, Thailand
natthineet@nu.ac.th*

Dr. Muhammad Ali Nasir

Leeds Beckett University, UK

Toan Luu Duc Huynh

WHU Otto Beisheim, Germany

This paper examines long-run and short-run asymmetric effects of gold and cryptocurrency returns on Thai stock market. Daily data of gold price covers the period of 2000 to 2019 and daily data of cryptocurrency covers the period of 2013 to 2019. While previous studies assume a linear relationship between stock/gold and stock/cryptocurrency, this paper allows for nonlinearity. We argue that the lack of support of significant effects between them could be due to the linearity assumption. This issue is investigated by utilising the Autoregressive Distributed Lag (ARDL) and Nonlinear ARDL models. The role of old asset (gold) against new asset (cryptocurrency) relative to stock market as a hedge (negatively correlated with stock) is analysed. This paper also evaluates whether hedging potential of gold or cryptocurrency remains equally strong in bearish and bullish conditions of stock market. Splitting the entire sample period into different market states, estimates of stock and gold returns reveal that the effects of gold on stock market are indeed asymmetric in most cases, except for one period of bull market from 2004 to 2007. Negative asymmetry is more likely to occur regardless of stock market conditions. On the other hand, there is very limited evidence showing meaningful effect of cryptocurrency. The robustness of the ARDL bounds test of cointegration provides the evidence for a strong long-run relationship in all cases. In contrast to the existing literature, the results suggest that either gold or cryptocurrency does not act as a good instrument for hedging stock market. Correlations between stock/gold and stock/cryptocurrency pairs are found to be positive in most cases. Our findings imply that adding gold or cryptocurrency to a stock portfolio does not enhance its risk-adjusted return.

Key Words: Asymmetric Effects, Stock Market, Gold Returns, Cryptocurrency, 4th Industrial Revolution.

THE PARADOX OF INTELLECTUAL CAPITAL, AMBIDEXTERITY AND TOP MANAGEMENT TEAM: WHAT IS IN THE BLACK BOX?

Tarique Mahmood

Mohammad Ali Jinnah University, Pakistan

Muhammad Shujaat Mubarik

Mohammad Ali Jinnah University, Pakistan

The objective of the research is twofold. First, the study seeks to examine the effect of intellectual capital – human capital, structural capital, and social (relational) capital — on organizational ambidexterity. Second, the study analyzes the role of the firm’s absorptive capacity and top management team in the relationship between intellectual capital and organizational ambidexterity. Data were collected from 217 small and medium manufacturing sector enterprises of Pakistan using a closed-ended Likert scale-based questionnaire. The study employed partial least square - Structural Equation Modeling (PLS-SEM) for data analysis. Findings indicate a profound influence of all dimensions of intellectual capital, overall and by dimensions on the organization’s ambidexterity. Findings also exhibit a significant partial mediating role of absorptive capacity in the association of intellectual capital and ambidexterity. The moderating role of the top management team also appears to be significant in all three dimensions of IC and organizational ambidexterity. The findings of the study emphasize to devise specific policies aimed to develop the intellectual capital of a firm, which in turn can enable a firm to maintain a balance between explore and exploit. The study integrates the absorptive capacity in the IC-ambidexterity relationship, which is the novelty of the study.

Key Words: Intellectual capital; Human Capital; Structural capital; Relational; Organizational Ambidexterity; Top Management Team; Structural Equation Modelling.

TYOLOGY OF EMERGING BANKING SERVICE PROVIDERS IN THE FOURTH INDUSTRIAL REVOLUTION

Prof. Dr. Giacomo Büchi

Università degli Studi di Torino, Italy

giacomo.buchi@unito.it

Asst. Prof. Dr. Monica Cugno

Università degli Studi di Torino, Italy

monica.cugno@unito.it

Dr. Luca Fasolo

LINKS Foundation, Italy

luca.fasolo@linksfoundation.com

Dr. Alessandro Zerbetto

LINKS Foundation, Italy

alessandro.zerbetto@linksfoundation.com

Dr. Rebecca Castagnoli

Università degli Studi di Torino, Italy

rebecca.castagnoli@unito.it

The Fourth industrial revolution and related technologies such as artificial intelligence, blockchain and deep learning, are deeply transforming all the industries, including the banking industry that is changing in its nature and organization. In particular, lower costs and reduced entry barriers due to these technologies allow the rise of new banking service providers with different configurations. Despite the relevance of the phenomenon, there is no consensus on definition and main characteristics of these emerging banking service providers. The paper aims to reconstruct, to classify and to analyze the topic, building up a typology of new banking service providers. Studies on the topic are identified through a review process on scientific and professional sources. The typology is then fine-tuned through focus group and in-depth interviews with expert of the banking industry. The results verify that there are five types of banking service providers (Beta Banks; Neobanks; Challenger Banks; Big Tech's Banks; Retailer's Banks) based on five dimensions (License; Actors; Approach; Banking Market Experience; Group Core Business). The theoretical contribution of the paper is double. From one side, it contributes to banking studies building-up a typology of emerging banking service providers that are little analyzed in academic literature. From the other side, the research implements the literature on Industry 4.0 expanding its focus of analysis from the manufacturing sector to the service industry. Finally, from a managerial point of view, the paper allows a better comprehension of competitors and new market opportunities in the banking industry. The originality of the paper is the wide and holistic approach used to analyze a nascent field that allows to open-up new lines for the academic research.

Key Words: Banking service providers; Industry 4.0; Banking Industry; Fin-Tech; Typology; Review.

MODERATING EFFECT OF OBSTACLES AND INCENTIVES ON THE RELATIONSHIP BETWEEN OPENNESS TO INDUSTRY 4.0 AND COMPANIES PERFORMANCE

Prof. Dr. Giacomo Büchi

*Università degli Studi di Torino, Italy
giacomo.buchi@unito.it*

Asst. Prof. Dr. Monica Cugno

*Università degli Studi di Torino, Italy
monica.cugno@unito.it*

Dr. Rebecca Castagnoli

*Università degli Studi di Torino, Italy
rebecca.castagnoli@unito.it*

Existing literature on Industry 4.0 empirically verifies if, how, and for which types of firms, a greater openness to enabling technologies of Industry 4.0 provides further opportunities and shows a positive relationship. However, a deep analysis of the moderating effect of other variables on this relationship is still lacking. The paper aims to fill the gap investigating the relationship between openness to Industry 4.0 and performance, moderated by the effect of barriers and incentives of industrial plans. The paper is carried out through an empirical analysis on a representative sample of manufacturing local units. Performance is measured by the extent of opportunities that businesses obtain. The degree of openness is investigated using two indicators: breadth, or the number of technologies used; and depth, or the number of value chain stages involved. Barriers are grouped in 13 perceived weaknesses and incentives are grouped in 9 categories. The various regression models, integrated with control variables, verify that: (1) the breadth and (2) the depth of the implementation of the enabling technologies allow to obtain greater benefits; (3) some perceived barriers have a more negative effects than others on the relationship between openness and performance; (4) some incentives used have a more positive effect on the relationship than others. Despite the still limited application of Industry 4.0, the results obtained show how performances deriving from breadth and depth of the implementation of enabling technologies are combined with different groups of perceived obstacles and incentives. However, investments in Industry 4.0 are heavy, require new skills, need time to understand the potential offered by the market and are subject to rapid obsolescence of innovation. For these reasons, the business results deriving from the application of Industry 4.0 are observable only in the long run.

Key Words: Industry 4.0; Fourth industrial revolution; Performance; Incentives; Barriers.

FINTECH, SMES EFFICIENCY AND NATIONAL CULTURE: EVIDENCE FROM OECD COUNTRIES

Kaleemullah Abbasi

University of Salford, UK

kaleemullah_abbasi@live.com

Ashrafal Alam

University of Salford, UK

m.a.alam@salford.ac.uk

Min (Anna) Du

De Montfort University, UK

anna.du@dmu.ac.uk

Small and Medium Enterprises (SMEs) play an important role in an economy, therefore, it is vital to study the avenues that contribute towards the viability of SMEs. As a result, we examine the role of financial technologies (FinTech) on SMEs efficiency. Using Generalized Method of Moments (GMM) methodology and 1,617 SMEs firm from 22 OECD countries during the period 2011-2018, we find that greater the number of FinTech, higher the firm efficiency. This is due to the fact that FinTech introduce efficient business processes and help SMEs gain timely access to finance in a cost effective manner. Interesting results emerge when we introduce cultural effects. Among the six cultural dimensions of Hofstede, masculinity positively moderates the link between FinTech and SMEs' efficiency because masculine cultures are more likely to be concentrated on success in career which translates into greater entrepreneurial activity. Furthermore, we find evidence that long-term oriented cultures negatively affect the association between FinTech and SMEs' efficiency. This is because individualistic cultures are less inclined towards an environment where individuals in a group may be motivated to further the group's interests, resulting in limited entrepreneurship. In relation to long-term oriented cultures, these societies are less hasty in pursuing innovative ventures and attach low preference to prompt results as opposed to short-term oriented cultures, thereby reducing FinTech. Our findings have implications for policy-makers and managers. Our findings suggest the need for countries to introduce policies supporting FinTech startups in order to improve SMEs' efficiency. Moreover, the results suggest that SMEs' managers should adopt FinTech in their businesses to improve their sustainability. In addition to considering FinTech, they should incorporate culture in their decisions pertaining to SMEs internationalization.

Key Words: FinTech; SMEs; Efficiency; Culture.

TAIL RISK AND SYSTEMIC RISK OF FINTECH FIRMS

Prof. Dr. Sajid M. Chaudhry

*University of Aston, United Kingdom
s.chaudhry9@aston.ac.uk*

Prof. Dr. Rizwan Ahmad

*University of Birmingham, United Kingdom
r.ahmed.6@bham.ac.uk*

Prof. Dr. Toan Luu Duc Huynh

*WHU – University of Economics Ho Chi Minh City, Vietnam
toan.huynh@whu.edu*

Prof. Dr. Chonlakan Benjasak

*Walailak University, Thailand
bchonlak@wu.ac.th*

Technology firms are increasingly moving to finance. They make use of large stock of user data and offer a range of services that otherwise were not possible. This move may pose fresh challenges to financial stability. Therefore, this paper empirically evaluates the tail risk and systemic risk of this big tech firms. For comparison, we also evaluate the tail risk and systemic risk of finance firms. Our selection criteria is the market capitalisation and we choose top twenty technology and top twenty finance firms to answer this question. We find that technology firms pose are riskier than the financial firms and are riskier individually as well as they pose more threat to the financial system. This threat to the financial system by technology firms is both to the country they are headquartered as well as to the global financial system. We also compare technology firms and financial firms with respect to the regulations. We find that financial firms have much tighter regulations and there is no formal regulations available for technology firms. Given the risk these technology firms pose to regional and global financial stability, we argue for tighter regulations for technology firms. Our paper have phenomenal implications for both country and for global financial regulators.

Key Words: Banking; Systemic Risk; Technology; Technological Change; Asymptotic Dependence; Multivariate Extreme Value Theory.

WAVELETH COHERENCE METODU İLE GELİŞEN ÜLKE TÜRKİYE'NİN BANKA KONSANTRASYONLARI İLE BANKA KARLILIKLARI ARASINDAKİ İLİŞKİLERİNİN DEĞERLENDİRİLMESİ

PhD Student Şükrü Umarbeyli

North Cyprus

sukruumarbeyli@hotmail.com

Assoc. Prof. Dr. Dervis Kirikkaleli

European University of Lefke

dkirikkaleli@eul.edu.tr

Günümüzde yapılan birçok güncel araştırmada banka karlılıkları üzerine yoğunlaşma bulunmaktadır. Bankacılık literatüründe banka karlılıkları ile banka konsantrasyonları arasındaki ilişki ve nedensellikleri bankacılık literatüründe eksiklik olduğu gözlemlenmiştir. Bu açığın kapatılması açısından gelişen ülkelerin bankacılık sektörü kısa ve uzun vadelerde 1995Q1-2017Q3 dönemleri kapsayan, Wavelet Coherence tekniği kullanılarak mevcut bankaların büyüklüğünün etkilerine bağlı olarak bunların sonucunda banka karlılıklarının ortaya çıkmasında büyük bankaların konsantrasyonlarının etki gösterdiği sonucuna ulaşılmıştır. Beklenildiği üzere 2000-2003 yılları arasındaki dönemlerde 5 ve 7 bankacılık konsantrasyonu ile banka karlılıklarının önemli bir şekilde dalgalı olduğu gözlemlenmektedir.

Key Words: Türkiye Bankacılık Sektörü, Banka karlılıkları, Banka konsantrasyonları, Waveleth Coherence Metodu.

CO-MOVEMENT OF PROFITABILITY AND BANK CONCENTRATION IN AN EMERGING MARKET CASE OF TURKEY: A WAVELETH COHERENCE APPROACH

There is a focus on bank profitability in many current studies. In the banking literature, the relationship and causality between bank profitability and bank concentrations have been observed in the banking literature. In order to close this gap, it has been concluded that the concentrations of large banks have an impact on the emergence of bank profitability due to the effects of the size of existing banks, using the Wavelet Coherence technique, which covers the periods of 1995Q1-2017Q3 in the short and long terms of developing countries. As expected, it is observed that bank profitability fluctuated significantly with 5 and 7 banking concentrations in the period between 2000-2003.

Key Words: Turkish Banking Sector, Bank Profitability, Bank Concentrations, Waveleth Coherence Approach.

LIQUIDITY AND ASSET PRICING: EVIDENCE FROM TWO PRICE IMPACT RATIOS IN THE CONTEXT OF PAKISTAN STOCK EXCHANGE

Rizwan Ahmed

University of Birmingham, UK

r.ahmed.6@bham.ac.uk

Subhan Ullah

Nottingham University, UK

subhan.Ullah@nottingham.ac.uk

Prof. Dr. Robert Hudson

Hull University, UK

Robert.Hudson@hull.ac.uk

Prof. Dr. Andros Gregoriou

University of Brighton, UK

A.Gregoriou@brighton.ac.uk

The study presenting two liquidity measures to examine the price and financial stability through Florackis et al. (2011), RtoTR, and another alternative liquidity measure developed by Amihud (2002), RtoV, are implemented on the Pakistani stock market. The earlier evidences are very limited on the implementation of two different price ratios in the context of Pakistan stock exchange or any other emerging markets. The results reflected that low RtoTR values indicate higher returns in comparison with high RtoTR ratio values, absolutely supporting the arguments of Florackis et al. (2011). Furthermore, the results also support the claim that the trading frequency and trading cost are both significant factors in examining the returns, which was also supported by Florackis et al. (2011) and Amihud and Mendelson (1986a). The RtoV ratio produces a negative correlation with the market capitalization in this study's results, which shows that small stocks are basically illiquid.

Key Words: Asset pricing, Illiquidity, Price impact ratio.

THE IMPACT OF BASEL III CAPITAL REGULATION ON CREDIT RISK: A HYBRID MODEL

Nadim Alfouhaili

*University Paris 1 Pantheon-Sorbonne, Sorbonne Business School, Paris France
nadim.fouhayli@gmail.com*

Frédéric Gautier

*University Paris 1 Pantheon-Sorbonne, Sorbonne Business School, Paris France
Frederic.Gautier@univ-paris1.fr*

Iyad Zaarour

*Lebanese University, Faculty of Business Administration and Economics, Beirut, Lebanon
Iyad.zaarour@gmail.com*

This research examined the impact of Basel III capital regulation (BCR) on credit risk (CR) using a sample of 25 commercial banks in Lebanon over the period 2012–2017. BCR is measured using the capital adequacy ratio (CAR) and the common equity tier one ratio (CET1 ratio), CR is measured using net provision for credit losses /total assets. To analyse the data, we constructed a hybrid model based on 3 statistical approaches. First, we modelled the dual impact of BCR and CR using probabilistic inference in the framework of Bayesian Belief Network formalism (BBN). Second, to highlight more about the correlation between BCR and CR, we used Spearman correlation test as a nonparametric approach. Third to study the simultaneous effect of CAR and CET1 ratio on CR we apply multivariate regression analysis. By analysing the probabilistic inference for the first approach we concluded that there is an effect of BCR on CR especially for the high level of CET1 ratio but when we investigated more if this effect is significance using the Spearman correlation test and the multivariate regression analysis, we concluded that there is no effect statistically significant from Basel III capital regulation (BCR) on credit risk (CR).

Key Words: Basel III capital regulation (BCR); credit risk (CR); Bayesian belief network (BBN); capital adequacy ratio (CAR); common equity tier 1 ratio (CET1 ratio), Spearman correlation test.

BOARD FEMINIZATION AND INNOVATION THROUGH CORPORATE VENTURE CAPITAL INVESTMENTS: THE MODERATING EFFECT OF INDEPENDENCE AND MANAGEMENT SKILLS

Ramzi Benkraiem

*Audencia Business School, France
rbenkraiem@audencia.com*

Sabri Boubaker

*EM Normandie Business School, Paris & IRG, Université Paris Est Créteil, France
sboubaker@em-normandie.fr*

Souad Brinette

*EDC Paris Business School, France
souad.brinette@edcparis.edu*

Sabrina Khemiri

*Léonard de Vinci Pôle Universitaire, France
sabrina.khemiri@devinci.fr*

The purpose of this paper is to investigate the relationship between board feminization and corporate venture capital (CVC) investments as well as the moderating effect of independence and management skills on this relationship. This study relies on a set of unique data to measure CVC activity for all French listed companies which undertook a CVC strategy between 2000 and 2018. We find that the appointment of female independent directors impede CVC investments, whereas female directors with management backgrounds enhance such investments. Our findings are robust to alternative measures of board feminization. Overall, our results enrich the debate on the usefulness of these innovation financing vehicles for the French economy

Key Words: Board attributes, Feminization, Innovation, Financing, Corporate venture capital investments.

DYNAMIC SPILLOVERS AND TRANSMISSION CHANNELS AMONG OIL SHOCKS AND POLICY RATES: EVIDENCE FROM A NEW DATASET OF OIL SHOCKS

Christian Urom

*Paris School of Business, France & Alex Ekwueme Federal University Ndufu, Nigeria
sainturom@gmail.com*

Khaled Guesmi

Paris School of Business, France

Ilyes Abid

3ISC Paris School of Business, France

Leila Dagher

Institute of Financial Economics, American University of Beirut

In this paper, we estimate the dynamic spillovers among crude oil shocks and monetary policy rates for the U.S.A, Euro area and twelve Asian economies from August 1999 to January 2018 using a Time-Varying Parameter Vector Autoregression (TVP-VAR). First, we found convincing evidence of time variation in total spillover within these markets and that volatility linkages was highest towards the 2001 financial crisis whereas there is a convincing evidence of decoupling as shown by notable drop in the connectedness index during the 2007-2009 economic and euro-debt crises. In descending order, Singapore, crude oil, Hung Kong, Philippines and U.S.A are the net-givers of spillover while India, Japan and Vietnam are net-receivers of spillover. Results from a sub sample containing highly industrializing economies in Asia, the U.S.A, Euro area and crude oil market suggest that Singapore, Hung Kong and the U.S.A remained top givers of spillover whereas the Euro area, Taiwan, Korea and crude oil became net receivers of volatility spillover. Results from our factor model suggest that higher spillovers for the full sample tend to be driven by increasing levels of external exposure through trade and financial linkages, information asymmetry and political stability whereas economic crisis reduces the level of connectedness. Lastly, among the highly industrialized markets, time varying spillovers is also driven by the degree of external exposure as well as both political and financial stability.

Key Words: Connectedness; Volatility spillover; Monetary policy; Oil prices; Linkages; External exposure/segmentation.

THE GLOBAL ECONOMY'S SHIFTING CENTER OF GRAVITY AND TRUMP'S TRADE POLICY

Asst. Prof. Dr. Mehmet Levent Yılmaz

*Police Academy, Security Sciences Institute
mleventyilmaz@gmail.com*

The trade policy followed by Donald Trump after he was elected as the President of the USA brought many discussions along with itself. The trade war started with China through the “Economic security is national security” approach, which it stated in the National Security Strategy Document published in December 2017, continues to affect the world economy today. Alternatively, the center of gravity of the global economy continues to move rapidly from the West to the East. The displacement of the economic center of gravity on the one hand causes systemic breaks, on the other hand, makes the world more polarized. China, which has rapidly progressed with state capitalism in the post-Cold War era, today stands out not only with its economic size but also with its strategy of being a hegemonic power. It is also possible to come across quite a lot of policies that support the claims that the "Belt and Road Initiative" and the Silk Road has followed an expansionist policy behind its revival strategy. This study primarily discusses the data showing the movement of the economic center of the world from West to East and information about the developments, and then examines the trading strategy developed by Trump against this situation. In addition, this study investigates whether the real reason for the trade war that Trump started with China is about the foreign trade deficit the US has given to China, or if there are other reasons for this trade war.

Key Words: Trade wars, Economic center of gravity, Trump, Belt and Road Initiative

KÜRESEL EKONOMİNİN DEĞİŞEN AĞIRLIK MERKEZİ VE TRUMP'IN TİCARET POLİTİKASI

Donald Trump'ın ABD Başkanı seçilmesinin ardından izlediği ticaret politikası pek çok tartışmayı da beraberinde getirdi. Özellikle 2017 Aralık ayında yayınlanan Ulusal Güvenlik Strateji Belgesi'nde ifade ettiği “Ekonomi güvenliği, ulusal güvenliktir.” Yaklaşımı üzerinden Çin ile başlattığı ticaret savaşı bugün halen dünya ekonomisini etkilemeye devam ediyor. Öte yandan küresel ekonominin ağırlık merkezi de hızla Batı'dan Doğu'ya doğru hareket etmeye devam ediyor. Ekonomik ağırlık merkezinin yer değiştirmesi bir yandan sistemik kırılmalara neden olurken diğer yandan da dünyayı giderek daha fazla kutuplu hale getiriyor. Soğuk Savaş sonrası dönemde devlet kapitalizmi ile hızla yol alan Çin, bugün sadece ekonomik büyüklüğü ile değil hegemonik bir güç olma stratejisi ile de ön plana çıkıyor. Özellikle “Kuşak ve Yol İnisiyatifi” ile İpekyolu'nun yeniden canlandırma stratejisinin arkasında yayılmacı bir politika izlediğine dair iddiaları destekleyen oldukça fazla politikasına da rastlamak mümkün. Bu çalışmada, önce dünyanın ekonomik ağırlık merkezinin Batı'dan Doğu'ya doğru hareketini gösteren veriler ve gelişmelere ilişkin bilgiler veriliyor ve sonra Trump'ın bu duruma karşı geliştirdiği ticaret stratejisi irdeleniyor. Ayrıca Trump'ın Çin ile başlattığı ticaret savaşının gerçek sebebinin ABD'nin Çin'e verdiği dış ticaret açığı olmayabileceğine ve bu ticaret savaşının başkaca nedenleri olabileceğine dair öngörülere yer veriliyor.

Key Words: Ticaret savaşları, Ekonomik ağırlık merkezi, Trump, Kuşak ve Yol İnisiyatifi

TOKENIZATION OF SUKUK: ETHEREUM CASE STUDY

Nida Khan

University of Luxembourg
nida.khan@uni.lu

Bilal Kchouri

University of Luxembourg
bilal.kchouri@uni.lu

Anass Patel

(570Easi)
anass.patel@groupe570.com

Islamic finance has been heralded as a recourse from conventional financial platforms for Muslims who strove to protect themselves from riba. The financial crisis of 2007-2008 supported the cause of the Islamic finance industry with the masses depicting a radical shift towards novel alternative forms of finance. This revolution is spearheaded by a wave of financial technology startups that are responding to the unique preferences and behaviours of the younger generation in the area of finance and investment. Sukuk is a structure that has served as a solution to the capital requirements of big corporations and governments while the funding needs for Islamic SMEs remains largely unmet. Blockchain technology, one of the drivers of the fourth industrial revolution, can revolutionize sukuk issuance to expand its potential benefits to SMEs and even startups. The paper highlights the challenges in sukuk issuance and how emerging technologies can aid in their resolution. The paper elaborates on tokenization of sukuk using Ethereum and does a cost benefit analysis of sukuk issuance using Ethereum to conclude on the feasibility of using blockchain for sukuk issuance.

Key Words: Sukuk, Blockchain, Ethereum, Tokenization, Cost benefit analysis

NEW GENERATION ACCEPTABILITY TOWARDS DURABILITY AND REPARABILITY OF PRODUCTS: CIRCULAR ECONOMY IN THE ERA OF THE 4TH INDUSTRIAL REVOLUTION

Dr. Simona Bigerna

*Department of Economics, University of Perugia, Italy
simona.bigerna@unipg.it*

Dr. Silvia Micheli

*Department of Economics, University of Perugia, Italy
silvia.micheli@unipg.it*

Paolo Polinori

*Department of Economics, University of Perugia, Italy
paolo.polinori@unipg.it*

The innovations of the Fourth Industrial Revolution (4IR) should support the transition of companies from linear to circular economy (CE), focusing on product quality to promote products' reuse and durability. Eco-label is expected to reverse the trend of consumer culture through information enhancing the commitment of businesses supporting the new European Circular Economy Action Plan (ECEAP). ECEAP confirms the relevance of eco-label instrument because specific product requirements help reducing products impact on the environment. Technological developments aimed at reducing the environmental impact of products may be spurred by informed consumers. Consumers' environmental awareness increases, retailers and manufacturers with superior eco-friendly operations will benefit. However, so far, only limited progress has been reached regarding CE implementation also due to technological and cultural barriers. In particular, lack of consumer interest and awareness appear to be one of the most pressing barriers. This aspect requires close attention of policy makers because consumers are the key drivers in CE transition. Even if big data can help to handling consumer's preferences, market sustainability of new products remains a crucial point, and the consumers' willingness to pay (WTP) is strategic information. A thousand of European students of the universities of Perugia have been interviewed to determine their WTP. The specific application studies the potential effects of providing eco-label on durability and reparability in the smartphone market testing the influence of intrinsic motivation and information, to highlight main generational barriers and investigating how to remove them. Furthermore, our models explicitly link how characteristics of the individuals and information simultaneously influence labelling program's success. Preliminary students WTP for eco-label have been estimated, finding both a considerable acceptability and a significant connection between product information and respondent characteristics. Results' generalisability and transferability will be discussed jointly to the market sustainability of labelled products in the age of the 4IR.

Key Words: 4th industrial revolution, Technological change, Environmental labelling Consumers' behaviour, Simultaneous equations

THE PERFORMANCE OF BIDDING COMPANIES IN MERGER AND ACQUISITION DEALS: AN EMPIRICAL STUDY OF DOMESTIC ACQUISITIONS IN HONG KONG AND MAINLAND CHINA

Dr. Rizwan Ahmed

University of Birmingham

r.ahmed.6@bham.ac.uk

Yawen Chen

Researcher on Emerging Markets

yawenchen0224@gmail.com

Dr. Chonlakan Benjasak

Walailak University

bchonlak@wu.ac.th

Prof. Dr. Andros Gregoriou

Brighton Business School, UK

A.Gregoriou@brighton.ac.uk

Nusiebeh Nahar Falah Alwashdeh

University of Portsmouth

up674677@myport.ac.uk

The wealth effect of mergers and acquisitions have been a prominent field in financial studies for decades, particularly in the US, UK and other European countries. This study contributes to the literature by providing comprehensive empirical study on the short-term market responses of Hong Kong domestic acquisitions which has not been investigated thoroughly. We have used asset pricing models to estimate the market reaction to the acquisition announcement of Hong Kong and Mainland China target companies from period of 2012-2016. We have also analysed the impact of several bid and firm characteristics on bidders' short-term operating performances. Our findings suggest that: (i) acquisition events in both target markets, bidders earn significant positive abnormal returns but market responses of Mainland China target acquirers are much better. There is an inverse relationship between bidders' post-acquisition abnormal returns and the level of competition in their targets' market; (ii) companies bidding for Hong Kong targets obtain higher abnormal returns with cash-financing acquisitions, large relative size targets, single acquisitions, related acquisitions, small market value, more free cash flows, low leverage and high profitability; (iii) firms acquiring Mainland China targets benefit more from stock payment takeover events, large relative size target, multiple acquisitions, related acquisitions, large market value, less free cash flows, high leverage and high profitability. The findings in this paper have implications for other merger and acquisition studies, especially for those in emerging markets.

Key Words: Mergers and Acquisitions, Announcement date, Bidding and Firm characteristics

DIVERSIFICATION IN THE AGE OF THE 4TH INDUSTRIAL REVOLUTION: THE ROLE OF ARTIFICIAL INTELLIGENCE, GREEN BONDS, AND CRYPTOCURRENCIES

Toan Luu Duc Huynh

WHU Otto Beisheim, Germany

toanhld@ueh.edu.vn

In the context of the 4th industrial revolution, artificial intelligence and environmental challenges, this study investigates the role of AI and Green bonds in the portfolio diversification in the 21st century. Employing daily data from 19th December 2017 to 16th January 2020 we employ tail-dependence as copulas and frequent interconnectedness via variance decompositions and their spectral representation in combination with realized semi-variances. Our key findings suggest that First, the portfolio consisting of these assets exhibits heavy-tail dependence and hence the in economic turbulence losses can exacerbate with alternative investment having the high probability of extreme loss at the same time. Second, the volatility transmission is higher in the short term than in the long term, implying that the short-term shock might cause higher volatility in the assets in our portfolio. However, holding this portfolio for the long run would decrease the volatility transmission among these assets. Third, Bitcoin and gold are still the most vital assets for hedging, though the Bitcoin is also affected by its past volatility, a feature it shares with the green bond and NASDAQ AI. Gold seems to play an important role in hedging in economic and financial downturn although the shock transmission of gold on NASDAQ AI is just around 1.41%. Lastly, the total volatility transmission of all financial assets is considerably high, suggesting that the portfolio has the inherent and self-transmitting risk which then requires careful diversification. The NASDAQ-AI and the global equity (or the US equity index) are not good hedging assets for each other. Our findings and critical implications for portfolio diversification in the Age of 4th Industrial Revolution, A.I indexes and green investment opportunities.

Key Words: Artificial Intelligence; Portfolio Diversification; Green Bonds; Gold; VXI

ON THE NEXUS BETWEEN ICTS DIFFUSION AND ECONOMIC GROWTH IN TUNISIA: EVIDENCE FROM A PANEL-ARDL APPROACH

Abir Haddaji

University Tunis El Manar, FSEG Tunis

Asst. Prof. Dr. Kallal Rahim

IHEC de Carthage

kallalrahim@yahoo.fr

Prof. Dr. Zied Ftiti

EDC Paris Business School

zied.ftiti@edcoaris.edu

Information and Communication Technology (ICTs) is one of the basic resources of sustainable economic growth. This study is a first attempt to explore the contribution of ICTs, and more precisely its diffusion, on economic sectors to the economic growth in Tunisia. For that, we construct an ICTs diffusion index based on Tunisian Input-Output Tables (IOTs), and we use a panel ARDL-PMG modeling based on a panel of the different economic sectors, covering a time horizon from 1997 to 2015. The results highlight a positive and significant interaction between ICTs diffusion and long terms economic growth path. The relationship is reversed and the short term which is explained by the economic scales nature of the ICT sector. Besides, results show that ICTs diffusion has a positive effect on labor and capital where productivities of these factors have grown from short to long term

Key Words: Tunisia, ICTs, economic growth, Cobb Douglas production function, panel ARDL

INVESTOR SENTIMENT AND STOCK RETURN: EVIDENCE IN VIETNAM'S STOCK MARKET

Thi Nha Truc Phan

University of Economics Ho Chi Minh City, Vietnam

trucphan66@gmail.com

A significant body of empirical research has shown investor sentiment is an essential factor to explain the missing value of the stock price that contrasts with the standard financial theory. In this research, we examine the relationship between stock return and investor sentiment. The data from the Vietnamese stock exchange allows us to create a sentiment index using the principal components analysis (PCA). Consistent with the sentiment and stock return literature, the research shows a negative contemporaneous relationship between investor sentiment and market return.

Key Words: investor sentiment, sentiment index, market return.

INVESTIGATING FINANCIAL DECISION-MAKING WHEN FACING SKEWED DISTRIBUTIONS OF RETURN: A SURVEY STUDY IN VIETNAM

Thi Nha Truc Phan

University of Economics Ho Chi Minh City, Vietnam

trucphan66@gmail.com

Three theories, expected utility, optimal expectation, cumulative prospect theory, are conducted to test the financial decision-making. We create games like lottery tickets, with six questions divided into three pairs. As with other sentiment, factors take into account as ages and gender are among the variables that might affect decision-making. Our results show that gender and ages insignificantly impact on the cognitive process. The outcomes explain the choice of participants who are behaving irrationally in games that request the selection. They have absolute favourite numbers themselves and have limited rationality when facing the skewed distribution of return. Decision-makers can look for all the possible probabilities payoffs and choose the best with the low-frequency distribution. They follow optimal expectation and cumulative prospect theory if we rank the increasing order payoff valued by the parameter.

Key Words: financial decision-making, skewed distribution of return, rationality.

THE EFFECT OF THE FOURTH INDUSTRIAL REVOLUTION TOOLS ON ENVIRONMENT: STUDYING THE ELECTRONIC FINANCING-POLLUTION RELATIONSHIP IN THE OECD ECONOMIES

Mohamed Elheddad

University of Buckingham, UK, Misurata University, Libya

mohamed.elheddad@buckingham.ac.uk

Rana Deljavan

Johnson Gutenberg University Mainz, Germany

rdeljava@students.uni-mainz.de

Chonlakan Benjasak

Jaballa M. Almabrok

Omar Al-Mukhtar Univeristy, Business School- Libya

jaballa.mohammed@omu.edu.ly

Dr. Majed Alharthi

King Abdulaziz University, Rabigh Saudi Arabia

mdalharthi@kau.edu.sa

The Fourth Industrial Revolution (4IR)—characterized by the fusion of the digital, biological, and physical worlds, as well as the growing utilization of new technologies such as artificial intelligence, cloud computing, robotics, 3D printing, the Internet of Things, and advanced wireless technologies, among others—has ushered in a new era of economic disruption with uncertain socio-economic consequences for less developed economies. Digitization has impacted economic growth through inclusive finance, enabling the unbanked to enter formality through retail electronic payments platforms and virtual savings and credit supply technological platforms. Therefore, Electronic finance (e-finance) and environmental quality are currently critical issues that have received the attention of researchers in relation to climate change adaptation and mitigation strategies. The information and technology (IT) age have created radical changes in the economy, in the relationships between individuals, companies and governments and in the environment. Developed economies, particularly Organisation for Economic Co-operation and Development (OECD) economies, have moved rapidly towards online shopping, electronic financial services and cryptocurrencies. Therefore, the aim of this study was to investigate the impact of e-finance and other factors, including the simultaneous use of renewable and non-renewable energy consumption, urbanisation and manufacturing, on CO₂ emissions. In addition, the relationship between the levels of emissions and income (i.e. Environmental Kuznets curve) in the 29 OECD countries from 2007 to 2017 was examined. The fixed and random effect models method of panel data was employed to control for the possible heterogeneity between countries. In addition, the Instrumental Variables estimation was performed to mitigate endogeneity. As a robustness check, the quantile regression was applied. The main results of this empirical work are as follows. First, e-finance reduces CO₂ emissions in OECD countries and leads to a low pollution rate (H1 accepted). Second, the results support the Environmental Kuznets curve (EKC) hypothesis, which confirms H2. These findings have important implications for both developed and developing economies.

Key Words: Electronic finance; Panel data; Instrumental Variables (IV); Environmental Kuznets curve; GDP.

İNSAN HAKLARI VE ENERJİ GÜVENLİĞİNİN EVRİMİ

Dr. Öğretim Üyesi Hasan Sencer Peker

Polis Akademisi, Güvenlik Bilimleri Enstitüsü

Uluslararası Güvenlik

sencerpeker@gmail.com

Hayat yeryüzünde başladığında, termodinamik yasalarına karşı koyarak varlığını sürdürmek zorundadır. Doğal olarak fizik kanunlarına göre, yaşam gibi dinamik bir olgunun enerjiye ihtiyacı vardır. İnsanlık organizma olarak ortaya çıktığında, avcı ve toplayıcı bir hayat tarzı ile tamamıyla organizmanın enerji güvenliğinin sağlanmasına yönelik bir hayat tarzı etrafında yaşamaktadır. Zaman içerisinde Neolitik Devrim ve Sanayi Devrimleri, insanların yaşam tarzlarını, hayata bakışlarını ve doğal olarak kaynak kullanım yöntemlerini de derinden etkilemiştir. Şehirleşmenin getirdiği yaşam tarzının gerektirdiği enerji talebi uzun bir süre doğrudan kimyasal enerjinin taşıyıcısı ve dönüştürücüsü olan kas gücü vasıtasıyla karşılanmıştır. Asıl büyük ve hızlı dönüşümler ise Sanayi Devrimi ile birlikte gerçekleşmiştir. Burada gözlemlediğimiz olay, yaşam tarzı, devlet-insan ilişkileri ve sosyal hayattaki değişikliklerin, toplumların enerji kullanımlarını de buna paralel olarak dönüştürdüğüdür.

Anahtar Kelimeler: İnsan Hakları, Enerji Güvenliği

EVOLUTION OF HUMAN RIGHTS AND ENERGY SECURITY

When life begins on earth, it has to survive by resisting thermodynamic laws. Naturally, according to the laws of physics, a dynamic phenomenon like life needs energy. When humanity emerges as an organism, it lives around a hunter and gatherer lifestyle and a lifestyle entirely aimed at ensuring the energy security of the organism. Over time, the Neolithic Revolution and Industrial Revolutions have also profoundly affected people's lifestyles, outlooks, and naturally resource utilization methods. The energy demand required by the lifestyle brought by urbanization has been met for a long time through muscle strength, which is the carrier and transducer of chemical energy. The real big and fast transformations took place with the Industrial Revolution. What we observe here is that changes in lifestyle, state-human relations, and social life transform societies' energy use accordingly.

Key Words: Human Rights, Energy Security

Jel Codes: K32, K38.