Editorial: The future of financial and investment management

In recent years, the world economy has been exposed to rising uncertainties as global economic growth is being interrupted by wars, political uncertainties, climate change and volatile monetary policies. Financial market participants including investors, companies and regulators, face more complex challenges when making decisions. However, the effects of these new challenges and uncertainties can be far more significant than we currently understood. The purpose of this special issue is to select and publish high-quality empirical research papers that provide novel insights on understanding how financial market participants have fared in light of these new global challenges and uncertainties. We highlight below what we learned from the accepted research papers for this special issue.

The special issue was open for submission on 1 August 2021, with a deadline of 28 February 2022. In the call for papers announcement, we proposed several relevant topics as the theme of this special issue, including effects of climate change, opportunities and uncertainties raised by FinTech, recent challenges to financial management and financial decision-making and volatile interest rate environment. A paper is accepted only if after completing usual journal submission process and all comments raised by independent reviewers and guest editors are fully addressed. Ultimately, this special issue publishes four empirical research papers, including Ramezani *et al.* (2022), Ashqar and Lobão (2023), Corbet *et al.* (2023) and Aloui *et al.* (2024).

The four papers are closely aligned with the theme and proposed topics of this special issue. The paper by Ramezani *et al.* (2022) focuses on the role of government subsidy in attaining climate change results. It investigates the environmental and economic effects of abatement subsidy on emissions during business cycles in Australia. Using a real business cycle model, the authors find that supporting abatement is associated with lower emissions during a steady economic state while imposing welfare costs to the economy. The simulation results indicate that the abatement subsidy should increase during expansions and decrease during recessions, so an optimal abatement policy should be pro-cyclical implying that an optimal policy should allow emissions to fluctuate in line with GDP to maximises social welfare. The authors suggest that this study can be extended to examine other transitory environmental and political shocks which are the timely issues relating to newly emerged climate risks, economic opportunities and uncertainties in financial markets.

FinTech is revolutionising the financial industry and advancing the way it operates (Goldstein *et al.*, 2019). Traditional banks have started reconsidering their existing business models and invested in this emerging technology. Commercial banks' traditional form of financial intermediation function is no longer the business focus thus necessitating new models of risk management. In the paper by Corbet *et al.* (2023), the authors explore the relationship between FinTech innovations and bank performance in China. It explores how FinTech is associated with bank performance in China as

Studies in Economics and Finance
Vol. 41 No. 2, 2024
pp. 221-223
© Emerald Publishing Limited
1086-7376
DOI 10.1108/SEF-04-2024-676

This paper forms part of a special section "The future of financial and investment management", guest edited by On Kit Tam and Bin Liu.

investments in FinTech in China have experienced phenomenal growth as which is evidenced by the US$25.5bn investments in FinTech in 2018 accounting for approximately 46% of the total global FinTech investments in the previous year. Using a novel proxy for FinTech innovation, this study shows that FinTech innovations is negatively associated with bank performance. State-owned banks, joint-owned and long-established banks are more negatively affected by FinTech innovation relative to smaller city, rural and younger commercial banks implying that the effects of FinTech innovation vary with different bank characteristics, such as bank age and ownership, lending support to the authors' argument that new or young banks can respond quicker to FinTech innovation than well-established banks. The findings have strong practical implications to investors and banking industry regulators.

Uncertainty in monetary polies has increased globally in recent years with frequent changes in interest rates. The paper by Aloui *et al.* (2024) examines the impacts of European Central Bank's unconventional monetary policies on the stock market by identifying and assessing the resultant monetary policy shocks via four important transmission channels, namely, the substitution channel, the interest rate channel, the liquidity channel and the expectation channel. Using a factor-augmented VAR model, the authors find that a quantitative easing shock leads to an increase in stock price, a fall in realised volatility and implied risk premium. The findings provide important insights to investors as well as central banks regarding how stock market reacts to the unconventional monetary policy shocks.

Financial decisions made by households as both saver and borrower can lead to important financial outcomes. Sound financial decisions can improve households' financial wellbeing. In the paper by Ashqar and Lobão (2023), the authors investigate how households' religious background, an under-investigated household characteristic in the literature, affects household finance in European countries. The study finds that households from a predominantly Catholic or Orthodox (Protestant) country are less (more) likely to hold housing mortgages, and households from a mostly Catholic (Protestant) country are less (more) likely being in financial distress state and more (less) likely being in financial well-being state. These findings also show that level of religiosity is negatively associated with the likelihood of holding a mortgage and being in financial distress state. This paper provides novel and interesting insights on the importance of religious background to households' financial decisions in European countries.

As the guest editors of this special issue, we would like to thank all the efforts made by the authors and reviewers, as well as the guidance and assistance provided by Editor-in-Chief Professor Niklas Wagner and the Emerald editorial/production teams. We are delighted to work on this special issue, and we have enjoyed and gained much insights from this process.

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