

Implications of COVID-19 for Global Finance and Business: Research, Policy and Practice

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This seminar - the coronavirus pandemic – global finance and business

- The coronavirus pandemic is global: A **global trend** of pandemics?
- The question is: What are the key implications for global finance and global business?
- Emerging research agenda: Innovative ideas and key issues that are likely to shape the research
- Impact (1): Translating the research into targeted policy measures (e.g. economic stimulus and relief packages)?
- Impact (2): Transforming practice in global business and finance.



The global coronavirus pandemic

- **World Health Organisation Dashboard**
- **Globally**, as of **2:00am CEST, 28 April 2020**, there have been **2,959,929 confirmed cases** of COVID-19, including **202,733 deaths**, reported to WHO.
- **Case Comparison**
 - Europe: 1,386,693 confirmed cases
 - Americas: 1,179,607 confirmed cases
 - Eastern Mediterranean: 175,883 confirmed cases
 - Western Pacific: 145,387 confirmed cases
 - South-East Asia: 49,408 confirmed cases
 - Africa: 22,239 confirmed cases



A Global Trend in Pandemics?

- March 11, 2020, the WHO declared COVID-19 a global pandemic
- Influenza: History of the Pandemic Influenza Preparedness Framework
- Cholera: During 19th century, cholera pandemics killed many people across all continents
- Plague: Widespread pandemics throughout history, including the so-called Black Death
- Coronavirus: Including Covid-19
- **What have Learned?** Pandemics disrupt the economy, finance, businesses and social functions (e.g. school, work and other mass gatherings ...)



Economic Lockdown? Financial distancing?

- ❖ The COVID-19 pandemic's global cost could range from \$2 trillion to \$4.1 trillion -- 2.3% to 4.8% of the global GDP
- ❖ International Air Transport Association (IATA): COVID-19 is expected to cost airlines USD 252 billion in revenue in 2020
- ❖ Some companies will collapse - it could take up to 3 years for OECD economies to recover: Fiscal stimulus and relief packages
- ❖ Financial markets: Trading in OFFS now problematic
- ❖ The World Bank: Global remittances are projected to decline sharply by about 20% to USD445 billion in 2020 due COVID-19 pandemic and shutdown; the sharpest decline in recent history, a loss of a financing lifeline for vulnerable households in LDCs
- ❖ The policy response to the COVID-19 crisis in African countries: Weak health capacity, fragile fiscal and monetary systems



Global Responses

- IMF: Announced a new short-term liquidity line to enhance the adequacy of the global financial safety net
- The World Bank Group: Coordinating with partners to accelerate the international response and support countries to manage the global health emergency.
- WTO and IMF: Joint initiatives on trade and the COVID-19 response
- LDCs: The World Bank's Board of Executive Directors - Emergency support operations for developing countries
- Africa: World Bank Group and IMF mobilize partners in the fight against COVID-19 in Africa, "Mobilizing with Africa"
- Asia: Extending a "whatever it takes" lifeline to small businesses
- Latin America and the Caribbean: Economic policy in the time of COVID-19



Research: Disruption of flow of funds

	Household (HH)	Firms (FC)	Banks (BA)	Central Bank (CB)	Government (G)	Foreign (FO)
Income-expenditure						
Income (Y)	Y^{HH}	Y^{FC}	-	-	-	Y^{FO}
Taxes (T)	T^{HH}	T^{FC}	T^{BA}	-	T^G	-
Consumption (C)	C^{HH}	C^{FC}	C^{BA}	-	C^G	C^{FO}
Investment (I)	I^{HH}	I^{FC}	I^{BA}	-	I^G	I^{FO}
Net acquisition (S)	S^{HH}	S^{FC}	S^{BA}	-	S^G	S^{FO}
Assets and liabilities: Balance sheet accounts						
Capital (K)	K^{HH}	K^{FC}	K^{BA}	-	K^G	-
Deposits (D)	D^{HH}	D^{FC}	D^{BA}	-	-	D^{FO}
Loans (L)	L^{HH}	L^{FC}	L^{BA}	-	L^G	L^{FO}
Domestic money (M)	M^{HH}	M^{FC}	M^{BA}	M^{CB}	M^G	-
Foreign money (F)	F^{HH}	F^{FC}	F^{BA}	F^{CB}	F^G	F^{FO}
Life insurance (LINS)	$LINS^{HH}$	-	$LINS^{BA}$	-	-	-
Pension funds (PF)	PF^{HH}	PF^{FC}	PF^{BA}	-	PF^G	PF^{FO}
Company bonds as short-term securities (ST)	ST^{HH}	ST^{FC}	ST^{BA}	-	-	-
Long term securities or bonds (LT)	LT^{HH}	LT^{FC}	LT^{BA}	LT^{CB}	LT^G	LT^{FO}
Listed company equity or stocks (SC)	SC^{HH}	SC^{FC}	SC^{BA}	-	-	SC^{FO}
Non-listed company equity or stock (NSC)	NSC^{HH}	NSC^{FC}	NSC^{BA}	-	-	-
Trade credit (TC)	TC^{HH}	TC^{FC}	-	-	-	TC^{FO}
Foreign claims and debts (FD)	FD^{HH}	FD^{FC}	FD^{BA}	FD^{CB}	FD^G	FD^{FO}
Miscellaneous (EO)	EO^{HH}	EO^{FC}	EO^{BA}	EO^{CB}	EO^G	EO^{FO}
Net worth (W)	W^{HH}	W^{FC}	W^{BA}	W^{CB}	W^G	W^{FO}



Research Ideas

- ❖ Direct and indirect costs of the global pandemic, across the sectors
- ❖ Firms – company finance, corporate governance and supply shocks
- ❖ Households
- ❖ Banks – financial services trade
- ❖ Financial markets (e.g. trading and price for time t and $t+n$)
- ❖ Governments (e.g. fiscal stimulus and relief packages)
- ❖ Global economic and financial systems
- ❖ **Methodological issues:** big data, artificial intelligence (MLA); experiments



AXA Research Fund Projects

- ❖ **AXA Research Fund projects: Mitigating risk in the wake of the Covid-19 Pandemic.**
- Protecting vulnerable populations from epidemics and catastrophes, including COVID-19: be it migrants, informal settlements, workers in the informal economy, isolated people, people with disabilities, the elderly
- Improving data collection and quality in health: how can data and technology help us get out of the crisis, understand it and mitigate it? How can it inform future containment and epidemic control?
- Understanding the effects of confinement and social distancing: what are the effects of confinement and social distancing on society and households? What are the mental health consequences? The social and domestic repercussions?
- Early warning and preparedness: how do we re-enforce our health infrastructure and ecosystem (including medical devices and drug supply) to be better prepared and how do we protect our health workers and caregivers?
- Preserving the environment and our health: connections between climate change, biodiversity loss and the origin of viral disease including socioeconomic dynamics leading to infectious disease outbreaks and sanitary crisis; Learnings from COVID-19 for mitigating future related crises in climate and biodiversity



Natural Environment Research Council

- ❖ NERC: Urgency grants related to the current Coronavirus outbreak
- ❖ Ongoing
- ❖ **The NERC Urgency Grant scheme** exists to provide funding for unexpected and transient scientific opportunities created by unpredictable natural events
- ❖ <https://nerc.ukri.org/funding/application/currentopportunities/announcement-of-opportunity-urgency-grants-related-to-the-current-coronavirus-outbreak/>



UK Research and Innovation (UKRI)

- UKRI: Open call for research and innovation ideas to address COVID-19
- Ongoing
- Proposals are invited for short term projects addressing and mitigating the health, social, economic and environmental impacts of the COVID-19 outbreak. There is no closing date
- https://www.ukri.org/funding/funding-opportunities/ukri-open-call-for-research-and-innovation-ideas-to-address-covid-19/?utm_source=Twitter&utm_medium=social&utm_campaign=SocialSignIn



NIHR & UKRI

- ❖ National Institute for Health Research (NIHR) and UKRI: call for research on COVID-19 and ethnicity
- ❖ Deadline: 11 May 2020
- ❖ The NIHR and UK Research and Innovation (UKRI) are jointly calling for research proposals to investigate emerging evidence of an association between ethnicity and COVID-19 incidence and adverse health outcomes
- ❖ <https://www.nihr.ac.uk/news/nihr-and-ukri-launch-call-for-research-on-covid-19-and-ethnicity/24658>



Natural Environment Research Council

- ❖ NERC: COVID-19 public engagement grant
- ❖ Deadline: 13 May 2020
- ❖ The Natural Environment Research Council (NERC) is inviting proposals for public engagement with environmental science which understand, address or mitigate the impacts of the COVID-19 outbreak
- ❖ NERC intends to fund projects costing up to £10,000 each with a total budget of £50,000. Successful projects must be completed by 31 March 2021.
- ❖ <https://nerc.ukri.org/funding/application/currentopportunities/nerc-covid-19-public-engagement-grant/>



Arts & Humanities Research Council (AHRC)

- ❖ AHRC: Global Challenges Research Fund (GCRF) Urgency Grants pilot
- ❖ Deadline: 20 Oct 2020
- ❖ Funded as a part of the Global Challenges Research Fund (GCRF), the Urgency Grants Pilot is an open, responsive mechanism through which arts and humanities researchers can respond to unanticipated urgent research needs
- ❖ The call is now open to applications addressing the Covid-19 pandemic and associated international development challenges and impacts
- ❖ <https://ahrc.ukri.org/funding/apply-for-funding/current-opportunities/ahrc-global-challenges-research-fund-gcrf-urgency-grants-pilot/>



NERC

- ❖ Announcement of Opportunity: Climate and Environmental Risk Analytics for Resilient Finance (CERAF)
- ❖ Outline Proposals deadline: 16:00 on 16 June 2020 (FP Nov 1, 2020)
- ❖ NERC is inviting outline proposals for up to £4M as a single award with a maximum duration of 3 years, for Stage 1 of the Climate and Environmental Risk Analytics for Resilient Finance (CERAF) programme
- ❖ <https://nerc.ukri.org/research/funded/programmes/ceraf/ceraf-news/ao-ceraf/>



Going forward

- ❖ Brainstorming on future seminars
- ❖ Potential areas: Forensic accounting and financial reporting; international business; financial markets; banks; financial technologies; risk finance; etc..

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Thank you !

Q & A

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