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What Had Financial Crises Taught Us About The Past?

Qian Long Kweh[a], Irene Wei Kiong Ting[b]

This special issue of *Institutions and Economies* marks one of the many achievements of the 5th International Conference on Finance and Economics (ICFE 2018). The five original researches, after undergoing several rounds of rigorous review and revision, address the main theme of the ICFE2018, viz. current trends in accounting, finance and economics around the world. This special issue addresses the question: "*What have financial crises taught us*?" In exploring the depth of this question, for this special issue, we sought a broad array of manuscripts that examined multifaceted lessons learned from past financial crises, ranging from the macro to micro perspectives.

The 1997 Asian financial crisis and the 2007-2009 subprime mortgage crisis brought turmoil in the financial markets from the respective harm of dollar exchange rate manipulation and the real estate bubble. The subject of financial crisis has returned once again at the time of publishing this issue. As the theme of this special issue suggests, we devote space to discuss what we can learn from the past amidst this crisis, offering potential measures to reduce the likelihood of reoccurrence of the same problems in the future. In the 1997 crisis, the manipulation of the dollar exchange rate led by Soros and other currencies devalued the Thai baht, which triggered exchange rate shocks throughout Asian countries, and damped the Asian economy severely. The paper entitled "*Unified Financial Condition Index and the Most Actively Traded USD based Foreign Currency Pairs*" proposes a new unified Financial Condition Index (FCI) to predict the most active USD based currency pairs. Predicting foreign exchange ratios based on financial market fluctuations can provide sufficient information for financial regulators, and thus provide a basis for strengthening financial market supervision. Specifically, policymakers need to look into the variability of the variables being incorporated in future FCI constructs. Turning to the subprime mortgage crisis triggered by the real estate bubble, people came to realise that there are many hidden dangers in economic growth when depending too much on real estate development. The paper entitled "*Housing Structure Similarities across the European Union Countries*" suggests that

[a] Faculty of Management, Canadian University, Dubai, P.O. Box 117781, 1st Interchange, Sheikh Zayed Road, Dubai, United Arab Emirates. *Email: qlkweh@cud.ac.ae*
[b] Faculty of Industrial Management, Universiti Malaysia Pahang, 26300 Gambang, Pahang, Malaysia. *Email: irene@ump.edu.my*

governments can take action to provide adequate and affordable housing where jobs are available, and to address the challenges of advocating non-profit social services and social entrepreneurship.

In addition, it is undeniable that the strong underlying components are particularly important for the sustainability of economies. First, the continuous and sustainable development of physical companies is necessary. In order to achieve this target, policymakers and company managers should be concerned about internal control systems. Recall that the rise and fall of Enron two decades ago brought about the existence of the Sarbanes-Oxley Act 2002 and strengthened corporate governance systems worldwide. The paper entitled "*Factors Affecting the Effectiveness of Internal Control System in Construction Enterprises: Case of Ba Ria-Vung Tau Province, Vietnam*" pointed out that taking care of factors affecting internal control system helps companies survive in the fiercely competitive environment and maintain a healthy and orderly market environment. Talking about the term "underlying", Chief Executive Officer (CEO), is the top manager of a company charged with reflecting a healthy organisation. The paper entitled "*The Impacts of CEO Age and Education Level on Earnings Management: Evidence from Vietnamese Listed Real Estate Firms*" indicates that CEO age and education level may explain a firm's earnings management. This once again brings us to ponder on the underlying components of a firm.

Second, in today's complex business world, developing and maintaining good customer relationships are important. Although this is not the main discussion, we highlight that customer relationship nowadays could be divided into business-to-business partnerships, and the stickiness of businesses to scattered individual customers. Amidst this pandemic, proper digital management of customers may imply sustainable business ahead. The paper entitled "*Customer Loyalty and Characteristics of Digital Channels among B2B Companies*" highlights that customer loyalty is mainly affected by engagement rather than other characteristics of digital channels. Therefore, especially during this difficult period, companies should strive to provide an easy structure of information beneficial for customers in establishing high levels of customer loyalty. In other words, digital channels provide a base for better understanding of how the application of advanced Internet can help in developing online communication. Undeniably, online platform information sharing makes it easier for companies to detect problems and improve them further as well as helping customers obtain real and transparent information while increasing business performance.

Well, at the time of the avalanche, no snowflake was innocent. We believe that to avoid the financial crisis from happening again requires positive and constructive interactions between governments, businesses, and consumers.