

## THE FALL OF SVB AND ITS IMPACT ON DIGITAL ECONOMIC TRANSFORMATION EFFORTS AT INDONESIA'S CHAIR IN ASEAN 2023

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### Abstract:

Capitalization has forced the market to become increasingly accessible. Economic interdependence has been created and has become a principle of economics that most countries embrace. This research uses a descriptive qualitative method and a literature review to analyze opportunities and challenges that can be used as lessons for Indonesia as the holder of the ASEAN chairmanship in 2023. This method will be applied by studying related issues in various journals, books, reports and news. The collapse of the SVB significantly impacted the fall of American stocks, which subsequently affected the closure of banks inside and outside America. The implications of this phenomenon reflect ASEAN as an organization that seeks to create a stable and secure economy in the region. As the Chair of ASEAN 2023, Indonesia has many opportunities and challenges that can be taken from the fall of the banking industry in America while implementing a digital economy in the ASEAN region.

**Keywords:** Silicon Valley Bank, Interdependency, Digital Economy, ASEAN, Indonesia

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## INTRODUCTION

The economy is one of the main components that will help the world survive and transform over time. Adam Smith, for example, pioneered the concept of capitalism, combining the principles of price theory, the market system, economic-social relations, and the state's role in the economy. According to him, economics is the science of production, distribution and consumption of goods and services (Sandmo, 2014: 2-11). Underlining the point of government involvement, this is explained further in the Keynesian economic concept. This theory emerged after the Great Recession in 1980 amidst uncertainty about the concept of a free-market economy, which was considered to have failed. John Maynard Keynes was present and expressed his thoughts that there is no definite mechanism in free market traffic. The government's role is to be a regulator aiming to create stability and efficiency simultaneously. Keynesians believe that monetary policy as a stimulus for economic flows must be supported by a government that is adaptive, responsive and fast in dealing with world economic dynamics (Jahan et al., 2014). Money is the driving wheel of the economy. It is a fact, both in political and economic terms. With the transformation of the global monetary system into 'Bretton Woods,' American economic hegemony began. The formation of the World Bank and IMF marked it. This agreement made the American dollar the basis of the global financial system. It is the beginning of globalization with the increasingly open markets and acceptance of the neoliberalism system globally (Spang, 2016: 43).

With the acceptance of the global economic and banking system, various central and private banks emerged, which moved to turn around the world economy. One of them is Silicon Valley Bank (SVB). As the 'founding fathers,' Robert Medearis and Bill Biggerstaff founded the bank in 1983 as pioneers of banking services for technology-based startup companies operating in the Silicon Valley area and first operating in San Jose. As written on the official channel of Silicon Valley Bank, for 40 years, they have led an innovative, technology-based economy. In fact, at that time, there were no integrated banking services with science and technology companies. Thus, Silicon Valley Bank is considered a pioneer in the Silicon Valley area and all states of the United States. Rapid development after successfully raising \$6 million in equity after trading shares on Nasdaq led Silicon Valley Bank to expand to the East Coast

region and even opened offices throughout America in the 90s. Turbulence occurred when the 'dot-com bubble' burst and dropped more than 50% of Silicon Valley Bank shares. However, they persisted and tried to open a California wine business, contributing a fantastic \$14.6 billion in revenue. As of the end of 2022, Silicon Valley Bank had assets worth \$209 billion with deposits of \$175 billion (Diaz, 2023).

The digital economic transformation agenda has been echoed for a long time in ASEAN forums. Especially since the COVID-19 pandemic, member countries have begun to realize the weakness of their digital infrastructure. There are still many disparities in infrastructure and skills within the ASEAN community. Digitalization is not an option but a necessity due to the rapid current of development. Improving digital technology and culture is ASEAN's homework in digital economic transformation. As one of the most developed regional areas among others, ASEAN is enjoying the fruits of its past struggles when it was first founded. It has been proven that member countries have managed to overcome various crises, both financial and the Covid-19 pandemic. The handover of the ASEAN leadership relay from Cambodia to Indonesia is a signal of confidence among Southeast Asian countries for the fourth time. The significant challenges currently being experienced by the world are very complex, both from an economic and geopolitical perspective. Indonesia's diplomatic strength, which is respected worldwide, is entrusted by member countries to find the best solution. So, the theme ASEAN Matters: Epicentrum of Growth was expressed as a unified voice by member countries in building a strong ASEAN centrality on the international stage (Sugiarto, 2023).

The fall of Silicon Valley Bank as a facilitator of technology startup-based banking in the Silicon Valley area has created domestic and international disruption. A global financial system based on belief in the dollar's value as an international convertible currency created a domino effect of turbulence in the dollar's value after SVB was unable to meet customer deposit demands. SVB has significantly contributed to advancing technology in the Silicon Valley area and has spread to all states of America and even other regions for approximately four decades. Furthermore, this downfall reminds many countries to learn lessons in banking structural mechanisms, which can be utilized if they are maximally implemented despite the enormous risk of experiencing a downfall. As chairperson of ASEAN, Indonesia should learn lessons before taking steps to transform the digital-based economy as stated in Indonesia's commitment to making ASEAN inclusive, robust and sustainable with the theme ASEAN Matters: Epicentrum of Growth.

## METHODS

This research uses a descriptive qualitative method and a literature review to analyze opportunities and challenges that can be used as lessons for Indonesia as the holder of the ASEAN chairmanship in 2023. This method will be applied by studying related issues in various journals, books, reports and news. With this method, it is hoped that we can understand Indonesia's various strategies in facing global banking dynamics, especially after the fall of Silicon Valley Bank and take lessons from this phenomenon as the fourth chairperson of ASEAN.

## RESULT AND DISCUSSION

**Keynesian Economic Concepts.** The Author also uses the Keynesian economic concept of British economist John Maynard Keynes to explain the government's role as a regulator in regulating banking financial flows. In this case, the Dodd-Frank Act agreement was inconsistent with the presidencies of Obama and Donald Trump. This is important because Indonesia is leading the digital economic transformation as stated in the ASEAN matters interpretation: Epicentrum of Growth. The Author takes primary materials, which can be classified as reports issued by the government, journals and books. Meanwhile, the Author classifies secondary materials as reports from related organizations, credible news, and articles.

**Economic Diplomacy.** The conceptual framework used in this paper is economic diplomacy. Rashid (2005) defines economic diplomacy as a policy negotiation process regarding economic activities such as trade, investment, and so on (Rashid, 2005: 2). In connection with this definition,

economic diplomacy is a country's efforts to regulate and achieve its economic goals within the framework of international relations. In essence, countries utilize economic diplomacy to expand their influence and relations to promote trade and investment in the international world.

The concept of economic diplomacy applied in this paper is related to Indonesia's significance in its Chairmanship agenda in ASEAN in 2023 as a promoter of digital economic transformation. The theme ASEAN Matters: Epicentrum of Growth is a momentum for Indonesia to implement its economic diplomacy agenda. Through this description, the Author tries to examine reflections on ASEAN through a case study of Silicon Valley Bank on the agenda of Indonesia's Chairmanship in ASEAN 2023.

**Silicon Valley Bank: Beginnings to Fall.** Silicon Valley Bank (SVB) is a bank that has been operating since 1983 in the United States, providing specialized financial services in the form of loans and investments for technology and health startup companies. According to CNN International, SVB facilitates funding for almost half of technology and health companies in the US (Ziady, 2023). In 2022, SVB was recorded as holding assets worth US\$ 212 billion with total loans of US\$ 74 billion and US\$ 342 of customer funds. Previously, in 2020, SVB acquired the West River Group investment business, and in 2021, also did the same with Boston Private (Binekasri, 2023). SVB, in its heyday in 2022, has made a major contribution to the technological development of the United States and helped realize the digital economic transformation. In 2022, SVB also said it would provide sustainable funding of US\$ 5 billion (Setyowati, 2023). However, in 2023, a phenomenon that shocked global finance and banking in the United States occurred. SVB experienced a collapse in March 2023. It was marked by the withdrawal of deposits amounting to US\$ 42 billion. The withdrawal of funds from depositors left SVB with a capital shortage. SVB has tried various ways to overcome this, one of which is by selling bonds even though the loss was worth US\$ 1.8 billion (Hasibuan, 2023). In addition, the California Government decided to cease operations of SVB's parent company and placed the Federal Deposit Insurance Corporation (FDIC) to take over control of SVB.

During President Obama's administration, the United States had a federal law that aimed to regulate market activities to suppress instability through the government's maximum role. The Wall Street Reform and Consumer Protection Act is generally called the Dodd-Frank Act. Through the Dodd-Frank Act, several regulations related to consumer protection were tightened in the free American market conditions. The Dodd-Frank Act imposed an early warning to predict the impact of market conditions (Morentalisa, 2012). One of the factors that caused SVB to experience a downfall was the lack of transparency and government control in its operational system, which is vital for a financial institution. It happened during President Trump, who passed a revision of the Dodd-Frank Act because this regulation made the financial system in the US uncompetitive (Greelane, 2020). It triggered responses from various US parties, including the Democratic Party, which said that Donald Trump's actions caused SVB to collapse due to the lack of state control over this financial body (Business Finance, 2023).

In this regard, this condition, which began with the collapse of the Silvergate Bank due to crypto problems, encouraged customers and depositors to flock to withdraw their savings at SVB. One of the customers was trying to withdraw his savings, amounting to US\$ 42 billion. This event led to the bank run phenomenon in the United States. SVB reached its lowest point when it discovered that the amount of funds collected by customers was more significant than its financial revitalization, amounting to US\$ 1.8 billion. SVB's failure as a bank headquartered in the United States significantly impacted a similar commercial bank in New York, Signature Bank, which became the second bank to collapse after SVB. Signature Bank was recorded as of December 2022 with total assets of US\$ 110.4 billion and deposit funds of \$ 82.6 billion (Dillet, 2023). Apart from that, the diversification of Signature Bank's client group makes it impossible for this bank to return to normal operations. Apart from that, the collapse of SVB and Bank Signature in the US certainly raises concerns about the weakening value of the dollar, which will impact the global economic situation. The collapse of SVB also affected the share value of European banks, such as German Commerzbank shares, which experienced a decline of more than 12 percent, followed by the Swiss bank Credit Suisse, with a record low share value of 12 percent (Melani, 2023).



The domino effect of this event can lead to a decrease in clients' confidence and interest in saving their funds and deposits in the bank (Guiso et al., 2009, pp. 4-6).

**Digital Transformation in ASEAN.** The rapid development of technology and information has triggered the rapid process of globalization. The implication is a world that is simultaneously increasingly connected and open. As a region with most developing countries, ASEAN needs help to catch up with technological, communication and information systems to realize digital transformation. Referring to data released by The International Telecommunication Union (ITU) through the digital development dashboard, most people in the 4 ASEAN countries already have basic digital knowledge. However, at a higher level, there is inequality between countries whose development is advanced in a multi-sectoral manner, such as Singapore and Cambodia, whose development is crawling. In general, society is ready to face digitalization but has yet to be able to process and develop it in a complex manner (Table 1).

**Table 1.** Information, Communication and Telecommunications Capabilities in ASEAN 2017

ICT Skill	Country (%)			
	Cambodia	Indonesia	Malaysia	Singapore
Basic	28.6	49.0	49.0	52.4
Standard	3.5	25.3	31.7	38.1
Advanced	0.1	3.5	7.5	6.3

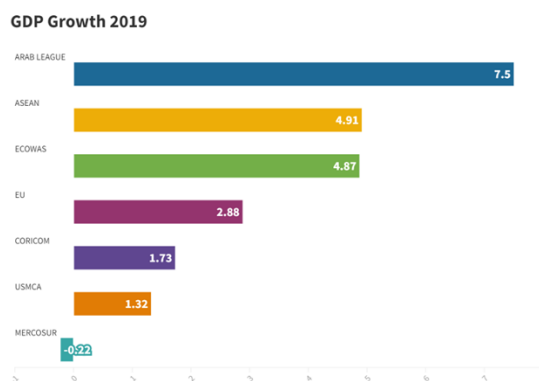
Source: itu. int

Referring to the 2022 Global Innovation Index (GII) data presented by The World Intellectual Property Organization (WIPO), ASEAN countries occupy a fairly significant level of innovation among 132 other countries, such as Singapore (7), Thailand (43) and Vietnam (48). Indonesia is ranked 75th, and the four countries received the title of country with 'development performance above expectations' from WIPO. It is a strong signal regarding ASEAN member countries' commitment to digital transformation and a sign for other member countries to catch up. It is necessary to create a mechanism that can enable member countries to exchange knowledge in the relay of technological knowledge, especially in the field of the digital economy, so that all ASEAN countries can enjoy its development together (World et al. Organization, 2022).

Through the variables above, digital transformation in ASEAN is very possible. What is still homework is how to overcome the inequality between them. Integration has been realized regularly thanks to the formation of ASEAN, but making the regional region state-of-the-art requires collaboration in digital transformation. It is why Indonesia, as chairman of ASEAN 2023, carries the theme ASEAN: Epicentrum of Growth. Indonesia is committed to strengthening ASEAN's role as a stable and peaceful region by upholding international law, strengthening cooperation, and not becoming a puppet of any power. It aims to ensure that ASEAN can become a robust and inclusive region and have sustainable economic growth through economic digitalization.

**ASEAN: Epicentrum of Growth.** Referring to World Bank data regarding GDP growth in ASEAN and other regions in 2019, it can be seen that ASEAN is in the second-highest position after the Arab League compared to other regions such as ECOWAS, EU, and others. ASEAN GDP growth was recorded at 4.91%, meaning that countries in the ASEAN region have higher economic progress and occupy a more significant position than countries in other regions (Figure 1). In this case, Indonesia had economic growth of 5.4% in the second quarter and increased by 5.72%. It shows Indonesia's commitment as an ASEAN member country to realize the ASEAN Epicentrum of Growth. ASEAN, which had the second highest level of GDP growth in 2019, illustrates ASEAN's high economic growth. In addition, ASEAN's economic growth is often above the world average. As stated in the GDP growth graph in Figure 2, ASEAN is in second place with a value of 4.91%, while world economic growth has a percentage of 2.6%. Meanwhile, in 2022, ASEAN economic growth will be recorded at 5.1%, calculated to be higher than

world economic growth, which is 3.2%. As the holder of the ASEAN Chair in 2023, Indonesia seeks to maintain centrality and make ASEAN a region with economic stability (Kurmala & Assegaf, 2022).



Source: data.worldbank.org

**Figure 1.** Graph of GDP Growth in ASEAN and other regions in 2019

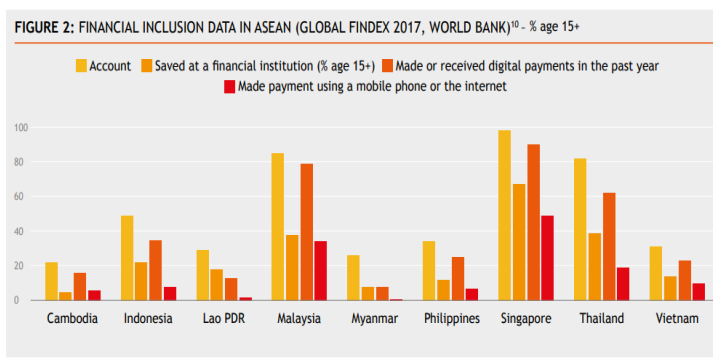
Indonesia's agenda for the 2023 ASEAN Chair is the right moment to carry out its economic diplomacy strategy. As stated in the Priorities Economic Deliverables pillar, digital economic transformation is one of the priority agendas that Indonesia is trying to achieve through the 2023 ASEAN Chair. In this case, Indonesia is trying to make ASEAN a region that is the center of economic growth in the international world through a solid digital economic transformation. The implementation of digital economic transformation initiated and led by Indonesia in ASEAN is in line with the Keynesian concept, which states that the government must control the management of economic flows; in this case, Indonesia, which is the leader in the 2023 ASEAN Chair. Indonesia and other countries in the region need to prioritize collaboration.

Moreover, synergies are needed to realize a strong and stable digital economy in ASEAN. Digital economic transformation is needed to promote financial inclusion and digital literacy in the region. Countries in ASEAN need to maximize their respective capacities in making this digital economic strategy a success to realize ASEAN as a stable and sustainable economic center (Bank Indonesia, 2023).

Referring to the data in the Policy Note on Digital Financial Literacy for ASEAN document, the graph below shows the varying percentage levels of financial inclusiveness in ASEAN member countries aged 15 years and over in 2017 (Figure 3). The highest percentage of digital payments over the past year was around 90%, and payments via mobile or internet were around 50% in Singapore. It shows that the digital literacy capabilities of people in Singapore have surpassed those of people in other countries in Southeast Asia. Meanwhile, Malaysia has the highest digital payments over the past year at around 80%, with payments via mobile phone or internet reaching almost 40%.

Indonesia has almost reached 40% in digital payments in the last year and almost reached 20% in terms of payments via cellphone and internet. Meanwhile, other member countries besides Thailand still need to catch up to 20% in these two aspects. It shows that there was still a gap in digital literacy in the ASEAN region in 2017. Therefore, as a pioneer in realizing digital economic transformation in the ASEAN region, Indonesia needs to maximize efforts so that financial inclusiveness in ASEAN countries progressively increases. Apart from that, collaboration and cooperative cooperation are essential to create an area of synergy. The growth of digital financial services comes from the development of digital financial infrastructure, accompanied by a decision-making policy framework that regulates this to foster a quality digital financial environment and public trust in this sector.

Bank Indonesia (BI) issued Regulation No.22/23/PBI/2020 concerning Payment Systems. This new Payment System Regulation aims to support and strengthen digitalization in financial services by following industry trends and prioritizing security in transactions (ASEAN, n.d., 2021:5-7).



Source: asean.org

**Figure 2.** Graph of Financial Inclusivity in ASEAN in 2017

The 2023 ASEAN Summit is Indonesia's momentum in the 2023 ASEAN Chair to create further cooperation with ASEAN countries in minimizing the digital gap and strengthening their respective economic systematic mechanisms. Implementing the upcoming 2023 ASEAN Summit will prove that Indonesia has the skills to make ASEAN a region with a leading, stable and sustainable economy (Ministry of State Secretariat of the Republic of Indonesia, 2023).

**The implications of the fall of SVB on digital economic transformation in ASEAN.** The economy is one of the crucial sectors in a country's sustainability. Infrastructure, military, and technological advancements can be made possible with it, primarily through integration through regional organizations like ASEAN. Examining ASEAN's economic developments during the 2008 crisis is vital to analyze further the ramifications of Silicon Valley Bank's collapse and the digital economy. Amid world economic uncertainty, ASEAN countries struggled to survive the storm following the global credit crisis. After a series of collapses of America's strategic banks, America's annual GDP growth fell to -2.6% until 2009. Enjoying a post-economic miracle, China even fell by almost 5% from GDP in previous years, which had always appreciated. As one of the largest debtors (more than \$200 billion dollars), Japan experienced a decline in GDP to a percentage of -5.69% (Figure 4). ASEAN's economic performance has been affected by the domino effect. Data processed by the World Bank proves that throughout the 2008 crisis and recovery in the following years, ASEAN countries' GDP decreased by around 2-8%. The year 2010 was the beginning of the revival of the world economy, as seen from the positive trend of increasing the annual GDP percentage in both ASEAN countries and others (Table 3).

**Table 2.** Percentage GDP Growth of America's Largest Debtors 2006-2010

No	Country	GPD Growth US, China, Japan (annual%) 2006-2010				
		2006	2007	2008	2009	2010
1	USA	2.78	2.01	0.12	-2.6	2.71
2	China	12.72	12.23	9.65	9.4	10.64
3	Japan	1.37	1.48	-1.22	-5.69	4.1

Source: databank.worldbank.org

**Table 3.** GDP Growth Percentage of ASEAN Countries 2006-2010

No	Country	GPD Growth ASEAN (annual%) 2006-2010				
		2006	2007	2008	2009	2010
1	Brunei Darussalam	4.4	0.15	-1.94	-1.76	2.6
2	Cambodia	10.77	10.21	6.69	0.09	5.96
3	Indonesia	5.5	6.35	6.01	4.63	6.22
4	Laos	8.62	7.6	7.82	7.5	8.53
5	Malaysia	5.58	6.3	4.83	-1.51	7.42
6	Myanmar	13.31	12.5	11.07	10.41	10.07

7	Philippines	5.32	6.52	4.34	1.45	7.33
8	Singapore	9.01	9.02	1.86	0.13	14.52
9	Thailand	4.97	5.44	1.73	-0.69	7.51
10	Vietnam	6.98	7.13	5.66	5.4	6.42

Source: databank.worldbank.org

The rolling collapse of Silicon Valley Bank into other banks has disrupted global stock markets. However, a report from the ASEAN+3 Macroeconomic Research Office (AMRO) shows that the economies of ASEAN+3 countries are relatively safe. It is because the impact has indeed hit the global equity market. However, only Japan experienced a decline in financial index performance, and the significant effect was more pronounced when the Credit Suisse case exploded. AMRO found that Credit Suisse has more ties to ASEAN countries than SVB after testing it using the SuNWEI technique (ASEAN+3 Macroeconomic Research Office, 2023). The Economist Intelligence Unit (EIU) has been calling for an increase in bank interest rates in Asia since 2022, which will impact economic adaptation due to the recession in Europe and the significantly declining performance of the American economy amidst the ongoing Russian-Ukrainian geopolitical contestation. Ended. The EIU also highlighted rising prices due to ballooning household debt in middle-income countries, particularly Thailand and Malaysia. Mortgage loans are also included in the family's combined debt (Economist Intelligence, 2022).

Technological advances in business startups certainly support the development of the digital economy. Startup companies in ASEAN have an advantage in diversifying venture capital services. Based on data from one of the venture capital providers, Alpha JWC Ventures, there are 12 venture capital providers for the most prominent startups in Southeast Asia. Some come from America, but in numbers that still do not show dependence (Alpha JWC Ventures, 2023). Because of this, several unicorn and decacorn companies have advanced and played a significant role in digitalization in the ASEAN region (Table 3). Apart from that, ASEAN strongly supports the digital transformation agenda. Deputy Secretary General of the ASEAN SocioCultural Community, Ekkaphab Phanthavong, underlined the role of the ASEAN Digital Masterplan 2025, which encourages increasing digital skills amidst the industrial revolution 4.0, supporting digital infrastructure development, as well as microeconomic rejuvenation through digital business transformation based on the Masterplan on ASEAN Connectivity 2025. Progress- This progress can be realized through collective digitalization action in various sectors, such as education, health, social and economic (Phanthavong, 2022: 5-7).

**Table 4.** Venture Capital Provider in Southeast Asia

No	Venture Capital	Portofolio	No	Venture Capital	Portofolio	No	Venture Capital	Portofolio
1	Alpha JWC Ventures (Indonesia)	Kopi Kenangan (Indonesia)	5	500 Starups (United States)	Buka Lapak (Indonesia)	9	Citeragent Capital (Japan)	Tokopedia (Indonesia)
		Financial (Singapore)			HappyFresh (Indonesia)			Ralali (Indonesia)
		Carro (Singapore)			Carousel (Singapore)			Viddsee (Singapore)
		Ajaib (Indonesia)			Grab (Singapore)			Tiki VN (Vietnam)
2	WaveMaker Partners (United States)	Super (Indonesia)	6	SG Innovative (Singapore)	Revolution Precrafted (Philippines)	10	Golden Gate Ventures (Germany)	VNG (Vietnam)
		Moka (Indonesia)			Whitecoat (Singapore)			Traveloka (Indonesia)
		Snapcart (Indonesia)			Funding Societies (Singapore)			Lazada (Singapore)



		Microsec (Singapore)			Eureka AI (Singapore)			Klikdaily (Indonesia)
		KrASIA (Singapore)			Biofoumis (Singapore)			UnaBrands (Singapore)
		Kalibr (Philippines)			-			Naluri (Malaysia)
3	Partech (french)	Zenyum (Singapore)	7	Openspace Ventures (Singapore)	11	Global Founders Capital (Germany)		Traveloka (Indonesia)
		Beam (Malaysia)						Lazada (Singapore)
		US2 ai (Singapore)						Klikdaily (Indonesia)
		Xendit (Indonesia)						UnaBrands (Singapore)
		Popmeals (Malaysia)						Naluri (Malaysia)
4	Insignia ventures Partners (Singapore)	Tonik (Singapore)	8	Gobi Partners (Hong Kong)	12	Qualgro (Singapore)		Ralali (Indonesia)
		Edmicro (Vietnam)						Funding Societies (Singapore)
		Shipper (Indonesia)						EngageRocket (Singapore)
		Super (Indonesia)						Edmico (Vietnam)
		Rainforest (Singapore)						Shopback (Singapore)

Source: alphajwc.com

As a technology-based startup company, SVB has few customers in Southeast Asia. So, the impact felt by ASEAN startup companies is little touched. However, what should be highlighted is the Fed, which will continue to raise interest rates to keep inflation in America low. The turbulence generated by SVB, Signature Bank, Silvergate and Credit Suisse will worsen the dollar's performance on the global stage. The Asian Development Bank (ADB) projects that the economy in Southeast Asia is relatively stable based on its annual GDP percentage (Asian Development Bank, 2023). However, there needs to be an economic tightening mechanism in the ASEAN region as a lesson from the fall of SVB. Indonesia's chairmanship in ASEAN can realize tightened financial flow regulations and regular supervision of ASEAN member banks despite the absence of banks focusing on technology startups. The fall of SVB can also be used as a reference in forming a similar, modified bank. It cannot be denied that SVB has contributed significantly to the digitalization of America. With the development of technology, the supply chain mechanism in ASEAN has also developed. Indonesia itself can lead the creation of QRIS technology in other member countries as a step in economic digitalization.

The events that have occurred at SVB can be a reflection of ASEAN's ability to secure the regional economy. However, anticipatory steps are still needed for ASEAN as a regional organization and for Indonesia as a member country holding the Chair of ASEAN in 2023. In this case, ASEAN has a solid strategy to secure the region's digital transformation through the Consolidated Strategy on the Fourth Industrial Revolution (4IR) for ASEAN. This strategic step from 4IR is achieved by realizing digital inclusivity through equal funding of digital infrastructure, launching several collaborative and cooperative cooperation initiatives, establishing fair and equitable human resource capabilities so that digitalization can achieve inclusivity as well as regular monitoring all cooperation efforts and initiatives carried out as a long-term step in securing the region's digital economic transformation (ASEAN, n.d., 2021: 7-9).



## CONCLUSION

Economic sustainability is a vital aspect of the survival of a country. Capitalization then forces the development of market mechanisms through economic digitalization. This transformation is driven by advanced technological developments as well. Based on the data, ASEAN is ready to carry out digital transformation, but regulators need to initiate integration to eliminate the inequality between member countries. The economic aspect and its complexity will always affect the global scope. The reason is that the collapse of a well-known bank in the United States, Silicon Valley Bank, had a domino effect on the collapse of other banking services and affected the dollar's value, weakening globally. The collapse of SVB certainly had several impacts on other regions, such as Credit Suisse Bank in Switzerland and Europe, which experienced a decline in share value. This phenomenon needs to be reflected by other actors in international relations. As a Southeast Asian organization, ASEAN is vital in creating a stable and safe economy. Indonesia has momentum in the 2023 ASEAN Chairmanship agenda to realize economic digitalization in the region to make ASEAN the Epicentrum of Growth. The phenomenon of the collapse of the SVB provides its reflection for ASEAN to secure digital economic transformation in the region, such as strengthening regional economic system mechanisms by encouraging cooperative relations between member countries, increasing the human resources capabilities of ASEAN member countries as well as regular monitoring of all cooperation efforts and initiatives. Indonesia's Chairmanship in ASEAN can strengthen this by initiating a joint commitment at the 2023 ASEAN Summit.

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