

ABSTRACT

This study analyzes the impact of unconventional monetary policy, namely Quantitative Easing (QE), and its impact on economic growth in Advanced Economies (AE) and Emerging Market Economies (EME) from 2000–2023. This research found several key findings, using the one-step System GMM method on panel data from 8 countries, namely AE countries (United States, United Kingdom, Japan, and Sweden) and EME countries (Indonesia, Thailand, Philippines, and India).

In the short run, while both total central bank assets and the QE implementation period show a negative and statistically significant relationship with economic growth. However, QE effectively boosts economic growth through asset expansion during its implementation period, demonstrating a significant positive effect. Meanwhile, the baseline economic growth of AE countries is found to be significantly lower than that of EME countries. Real money balances, the policy interest rate, and government expenditure are found to have an insignificant positive impact on economic growth in the short term.

In the long run, QE's effects become insignificant, indicating their temporary nature. Conversely, both the policy interest rate and government expenditure are shown to have a significant positive impact on economic growth. This study concludes that QE, especially when implemented under conditions of a liquidity trap with a zero lower bound (ZLB), is effective in economic recovery through increasing assets.

Keywords: *Unconventional Monetary Policy, Quantitative Easing (QE), Economic Growth, Advanced Economies (AE), Emerging Market Economies (EME), System GMM*

