

Does the Availability of Banking Services Matter in the Context of Digitization in Ensuring Economic Growth? Data from Countries in Central and Eastern Europe

Danile Armeanu

Department of Finance Academy, National University Odessa Maritime Academy, Odessa, Ukraine

Abstract

In the context of the digitalization process, the aim of this article is to investigate the relationship between financial (banking) accessibility and economic growth. As a result, we developed a panel model to assess the relationships between banking accessibility and economic growth for the Central and Eastern European Countries between. Additionally, using eight independent variables to gauge the degree of banking accessibility and the dependent variable for economic growth, we used the Fully Modified Ordinary Least Squares approach. The findings demonstrate that expanding banking services does not always promote economic growth whereas increasing financial accessibility has a favourable impact on economic growth. The findings in the context of digitization are pertinent for policymakers underlining the importance of investing more in digitization

Keywords: Cointegration • Crude oil price • Natural gas price

Introduction

The technical advancements over the previous 20 years and the quick digitization of financial services have a significant impact on improving accessibility on the financial market. The creation of new prospects and concepts in the process of financial development has been facilitated by the free flow of information and the advances brought about by the digitization era. The banking industry has been significantly impacted by digitization. Call centres, internet banking, and have taken the place of the bank's traditional in-person interactions with customers in its branches. The transition to using web technologies is the point of interaction between customers and banking, according to Mowers et al. Customers currently select online services like mobile banking and internet banking as their preferred method of payment.

Description

Since there are fewer ATMs each year, remote banking has become increasingly popular with customers who prefer digital services. The need for these services has increased over the past two years as a result of the COVID-19 issue, and unique innovations have been produced in this area. This work has a number of contributions. To start, the variables in the study are chosen from two perspectives: traditional and digital, and their influences on the macroeconomic performances of the countries are assessed. Additionally, no research articles for the targeted area could be discovered on the measurement of financial development from the standpoint of the accessibility dimension, only studies at the global level, and its relationship with digitization was barely explored notably in developing nations. As a result, the study fills the gap in the literature that was found. The comparison of a

group of nations with comparable economic characteristics and various levels of digitalization also adds value to this study. Furthermore, from the standpoint of banking accessibility for the 2021 in the context of digitization, the empirical data paint a thorough picture of financial accessibility in and the influence on macroeconomic performance. Policymakers can benefit from the study's findings by carefully evaluating and applying various strategies in accordance with each country's level of development [1-3].

We can therefore conclude that knowledge and opportunities for efficient capital allocation, as well as for making a variety of lucrative investments, are made available through institutions, markets, and financial instruments, with a significant impact on economic growth. However, other scholars also provided evidence to refute the notion that financial development has a positive impact on macroeconomic success. Therefore, Robinson claimed that growth characterises financial development rather than the evolution of finance. However, recent empirical studies offer substantial support for the theory that financial development drives economic expansion, which was first proposed by Schumpeter and later backed by McKinnon Shaw, King and Levine and Levine among the most recent The findings supported those of Boldbaatar and Lee Nguyen et al. who demonstrated a positive long-term relationship between financial development and economic growth, and Bist , who demonstrated a positive short-term relationship between financial development and economic growth. The results obtained showed that greater financial accessibility results in higher income overall. We emphasised that an increase in the use of and debit cards generated positive effects on the macroeconomic performance of countries, as was also confirmed in the papers of Myovella et al. Owusu-Agyei et al. This was in relation to the impact of the use of banking services in the context of digitization on macroeconomic performance [4,5].

Conclusion

In this paper, we aimed to examine the relationship between banking accessibility and economic growth in the context of the digitization process in Central and Eastern European countries because the recent pandemic had severely impacted not only human wealth but also the economic performance of all countries as well as the digitization field. To accomplish this, we developed two hypotheses that were further supported by the data collected. Applying an estimate model with as the dependent variable and a number of independent variables accessible via both the traditional and digital approaches yielded the desired results. The study's originality lies in choosing the factors from two perspectives: traditional and digital, then assessing how these variables affect

***Address for Correspondence:** Daniel Armeanu, Department of Finance Academy, National University Odessa Maritime Academy, Odessa, Ukraine, E-mail: danielarmeanu556@edu.in

Copyright: © 2022 Armeanu D. This is an open-access article distributed under the terms of the Creative Commons Attribution License, which permits unrestricted use, distribution, and reproduction in any medium, provided the original author and source are credited.

Received: 01 November, 2022, Manuscript No. economics-23-86729; **Editor assigned:** 03 November, 2022, PreQC No. P-86729; **Reviewed:** 15 November, 2022, QC No. Q-86729; **Revised:** 21 November, 2022, Manuscript No. R-86729; **Published:** 28 November, 2022, DOI: 10.37421/2375-4389.2022.10.382

Acknowledgement

None.

Conflict of Interest

None.

References

1. Baumeister, Christiane, Dimitris Korobilis, and Thomas K. Lee. "Energy markets and global economic conditions." *Rev Econ Stat* 104 (202 2):828-844
2. Jakob, Doreen. "Crafting your way out of the recession? New craft entrepreneurs and the global economic downturn." *Cambridge J Reg Econ Soc* 6 (2013): 127-140.

3. Clapp, Jennifer. "Food Price Volatility and Vulnerability in the Global South: considering the global economic context." *Third World Q* 30 (2009): 1183-1196.
4. Li, He, Lu Yu, and Wu He. "The impact of GDPR on global technology development." *J Glob Inf Technol Manag* 22 (2019): 1-6.
5. Meegan, Richard, Patricia Kennett, Gerwyn Jones, and Jacqui Croft. "Global economic crisis, austerity and neoliberal urban governance in England." *Cambridge J Reg Econ Soc* 7 (2014): 137-153.

How to cite this article: Armeanu, Daniel. "Does the Availability of Banking Services Matter in the Context of Digitization in Ensuring Economic Growth? Data from Countries in Central and Eastern Europe." *J Glob Econ* 10 (2022): 382.