

EFFECT OF BANKING SECTOR DEVELOPMENT, HUMAN CAPITAL ON ECONOMIC GROWTH IN SOUTH ASIAN COUNTRIES WHEN TECHNOLOGICAL ADVANCEMENT PLAY MODERATOR ROLE

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1. Introduction

Banking sector Development (BSD), Human Capital (HC), and Technological Advancement (TA) are the most considered factors in the economy across the globe when capturing growth. This study attempts to examine the influence of BSD, HC, and TA on EG, which shows vague conclusions in the empirical literature. Further, this study follows a systematic analysis technique that advances the reliability of the findings. Hence, this study aims to explore the impact of BSD and HC on EG When TA plays a Moderator role in South Asian Countries.

2. Research Methodology

The study used 7 South Asian Countries and 12 years from 2008 to 2019 as the sample, adopting a quantitative research approach. The analysis was done with long-panel data analysis techniques named Pool Mean Group (PMG), Mean Group (MG), and Dynamic Fixed Effect (DFE). As per the Hausman test statistics, PMG was selected.

3. Findings and Discussion

Analysis results found that BSD and HC show a long-run positive significant effect on EG, and TA has a negative moderating effect. However, HC is the only variable that shows a positive relationship with EG in the short run.

4. Conclusion and Implications

The findings reveal that both BSD and HC are significant variables to determine EG in the short and long run, while HC affects the EG in the short run. Investing in TA with BSD on EG negatively impact in the long-term. Implications to the banking sector that should be prioritized for efficient and secure implementation of new technologies in the South Asian context.

Keywords: Banking sector development, Economic growth, Human capital, Technological advancement, Long panel data analysis