

The Impact of Financial Development and Energy Consumption on Co2 Emissions In Russia

Esra Balli

Erzincan Binali Yildirim University, Turkey
esra.balli@erzincan.edu.tr

Abstract

This study analyzes the relationship between financial development, CO2 emissions, energy consumption and economic growth in the Russian economy for covering the period from 1996:Q2 to 2020:Q4 utilizing Markov regime-switching model. Financial development, economic growth and primary energy consumption are used as the endogenous variables. The results show that there exists two regimes in CO2 emissions for the Russian economy, namely low and high- CO2 emissions regimes. Moreover, primary energy consumption and economic growth significantly increases CO2 emissions in both regimes. On the other hand, credit/GDP ratio increases CO2 emissions in the high regimes and decreases in the low regimes.

Keywords: Financial development, CO2 emissions, Russia, Markov regime-switching

JEL Codes: C34, 016, O44