Digital Banking, Capital Market, Financial Education and Public-Private Partnerships in Romania's Economic Development

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Abstract. *The changing financial scene of Romania offers a special opportunity for analyzing how public-private partnerships, capital market activities, digital banking, and financial literacy campaigns support economic growth. This paper examines how these four pillars interact to solve problems, including poor financial infrastructure, limited investment opportunities, and limited financial inclusion.*

Combining content analysis of financial reports, policy frameworks, and case studies from Romania's financial sector, this study builds on existing literature, policy documents, and statistical data in a qualitative approach. The study assesses the efficiency of digital banking in increasing financial accessibility, the part capital markets play in improving investment flows, the effect of financial education on responsible financial behavior, and the need for public-private partnerships in building economic resilience.

While a developed capital market offers diversified investment and risk management possibilities, findings show that digital banking innovations simplify financial transactions and extend banking services to underprivileged populations. Structured financial education initiatives also raise degrees of financial literacy, enabling people to make wise financial decisions. Last but not least, public-private cooperation uses institutional knowledge and resources to improve market stability and economic inclusion.

By identifying synergies among these elements, this study closes a knowledge gap regarding the connectivity of digital banking, financial literacy, and market development inside Romania's economic framework. The study provides practical insights for legislators, financial institutions, and academics trying to increase sustainable economic growth in Romania and comparable developing nations. These results

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should be expanded upon in subsequent studies to improve policy decisions and evaluate how long-term financial innovations affect economic resilience.

Keywords: digital banking; capital market; financial education; public-private cooperation; economic growth.

Introduction

A nation's economic growth will always be the first concern, involving many elements. In the digitalization paradigm we live in, the main foundations of economic development should be: a high degree of digitalization in the banking sector, a strong and healthy capital market, effective programs to boost the financial education and literacy of the population, and efficient public-private partnerships. This study intends to investigate and pinpoint how developments in these four areas might increase the economic growth of a developing nation like Romania and how they cooperate to overcome challenges hindering economic development in such countries. The study investigates how digital banking, capital markets, financial education, and public-private partnerships—individually and holistically—help Romania's economic growth. By encouraging financial inclusion, increasing investment opportunities, raising financial literacy, and strengthening public-private cooperation in infrastructure and economic projects, the study hypothesizes that the synergy of these four pillars greatly increases Romania's economic growth. Therefore, this paper assesses Romania's economic development and the individual and group influence of digital banking, capital markets, financial education, and public-private partnerships. It will evaluate whether these elements produce synergies improving financial inclusion, investment possibilities, financial literacy, and infrastructure efficiency, or if they operate as independent drivers of financial development. Through an analysis of these links, this study seeks to clarify Romania's financial ecosystem and the necessary policy actions to maximize strategies for economic development.
Emphasizing what each of these pillars of economic development refers to specifically and how they interact with the market will help one better understand the literature and data before diving into them.

Through greatly improved financial inclusion and operational efficiency, digital banking has driven economic growth in Romania. Over the past ten years, the nation's digital economy has been progressively expanding and is now essential for economic development (International Trade Administration, 2024). With 60% of banking services completely digitalized, Romania's banking industry has embraced digital transformation, reflecting significant improvement in online banking capacities (Manta et al., 2023). Aiming to mix fintech innovation with the security of controlled banks, Salt Bank, Romania's first native digital neobank, marks this change towards digital financial services (GFT, 2024). Through better access to financial services, especially in underdeveloped areas, this digital evolution simplifies financial transactions and promotes economic development. Furthermore, underlined by the National Recovery and Resilience Plan's dedication to digitalization, is the strategic relevance of digital banking in Romania's economic growth (International Trade Administration, 2024).

Through effective allocation of financial resources and encouragement of investment, capital markets help to drive economic development. A functional capital market gives companies access to long-term finance, enabling them to increase operations, innovate, and help to drive economic growth (World Bank, 2020; Simionescu & Nicula, 2024). Furthermore, digitalization has changed capital markets by lowering transaction costs, increasing investor involvement, and improving access and efficiency (Manta et al., 2023). This change to digital trading platforms has enhanced market liquidity, openness, and risk management, so strengthening the resilience of capital markets to economic swings (Schipor et al., 2021). Furthermore, well-developed capital markets help to promote financial inclusion by giving people and businesses diversified investment possibilities, so encouraging economic growth (Lusardi et al., 2014). Particularly as digital financial tools keep merging into conventional investment systems, the expansion of capital markets is seen as a main driver of sustainable economic development in emerging countries like Romania (Traila, 2023). Therefore, improving capital market structures—especially concerning digital developments—remains absolutely essential for long-term economic growth.

Furthermore crucial for promoting economic development is financial education since it gives people the knowledge and tools they need to make wise financial decisions, so improving personal financial stability and supporting more general economic growth. Efforts to include financial education into the national curriculum are a hot topic in Romania; programs sponsored by banks and non-governmental organizations (Lacatus, 2016) and optional courses in schools abound in this country. Notwithstanding these initiatives, studies show Romania has one of the lowest degrees of financial literacy in the European Union, which creates challenges for financial inclusion and economic growth (Clichici & Moagăr-Poladian, 2022). Research show that adults in Romania need better financial education; hence, better financial behavior and results follow from better financial knowledge (Sidor et al., 2023). Moreover, financial education is connected to higher savings rates and more efficient financial planning, which are vital for sustainable economic growth (Beckmann, 2013). Therefore, Romania needs to intensify financial education campaigns to achieve long-term economic success.

Using both sectors' strengths to provide qualitative infrastructure and services, public-private partnerships (PPPs) have been immensely helpful in advancing Romania's economic growth. The Romanian government has seen PPPs' ability to meet its ambitious investment targets in infrastructure, agriculture, health, and education, among other sectors. To this end, the Ministry of Finance is working on a draft National Strategy for carrying out top priority infrastructure projects as PPPs, European Commission, 2024. Aiming to increase public service delivery and boost regional economic growth, Romania has historically used PPPs in sectors including transportation, healthcare, and education (World Bank, 2024). Sometimes, though, PPPs have not been effectively implemented due to issues including strict laws and the necessity of a stable regulatory environment (Stănese et al., 2017). Notwithstanding these challenges, Romania's strategic development of PPP models remains a top focus since it wants to leverage public-private cooperation to support its economic growth. Research already in publication has carefully investigated the unique contributions to economic development made by digital banking, capital markets, financial education, and public-private partnerships. Limited research, however, examines how these four factors interact to create financial and economic stability in an emerging market like Romania. This study adds to the scholarly body by combining these elements into a coherent framework since it provides a thorough evaluation of their combined influence in promoting long-term economic development. The results of this study seek to guide researchers, industry players, and legislators on the processes behind financial development in Romania and related developing nations. Because of its fast digitalization, changing capital markets, financial literacy issues, and continuous public-private partnership projects, Romania offers a particularly relevant case study. Financial literacy is still among the lowest in the European Union, even if Romania has made great strides in digital banking and fintech solutions (Clichici & Moagăr-Poladian, 2022). Furthermore, even if public-private partnerships and government initiatives have been aimed at enhancing capital markets, infrastructure restrictions and regulatory limitations still pose difficulties. These elements make Romania a significant case for examining how digital banking, financial education, capital markets, and public-private partnerships interact in an emerging market and how such synergies might be used to achieve continuous economic development.

Literature review

Digital banking, capital markets, financial education, and public-private partnerships (PPPs) influence economic development. These components support infrastructure development, investment effectiveness, and financial inclusion, promoting sustainable economic growth. The literature on these four pillars is examined in this part, with an analysis of their individual contributions and links within the Romanian setting.

By giving access to financial services, especially in underprivileged areas, the fast development of digital banking has considerably raised financial inclusion. This increase promotes economic development and helps to lower poverty (Sbarcea, 2019). The COVID-19 epidemic hastened the acceptance of digital banking solutions, motivating financial institutions to invest in technological developments to guarantee continuity and efficiency (Schipor & Frecea, 2022). As a result, banks have given digital transformation top priority, using mobile and online channels to expedite processes and enhance customer experience (Traila, 2023).

Faster, more efficient, and readily available financial transactions resulting from the digitalization of banking services have helped to lower bureaucratic inefficiencies and boost consumer convenience. Although studies show that digital banking helps to increase financial inclusion, worries about job displacement and cybersecurity threats remain unexplored in the Romanian setting (Schipor & Duhnea, 2021; Gust, 2018). Notwithstanding this, public and private investments create a statistically significant link between them and have positive short-term effects on economic development when invested in digital banking infrastructure (Ocolișanu et al., 2022).

Moreover crucial in determining personal financial behavior, encouraging stability, and so supporting economic well-being is financial education. Studies show that financially literate people are more suited to make wise financial decisions, improving their general economic resilience (Oprea & Draghici, 2024). Particularly for retirement, a well-developed financial education framework helps to increase savings; it also lessens financial stress by bettering budgeting and helps to prevent too high debt accumulation (OECD, 2020; Bernheim & Garrett, 2003). Furthermore, financial literacy helps people avoid extra transaction fees and higher interest rates, supporting long-term financial planning and stability (Klappers, Lusardi, & Van Oudheusden, 2015). Financial literacy rates in Romania remain shockingly poor, even with the recognized advantages. According to studies, 92% of Romanians are financially illiterate; 39% show no interest in financial education; 41% rely on personal experience for financial decisions (Nițoi et al., 2022). With just 31% of the population answering at least five of seven financial literacy questions correctly, significantly lower than the OECD average of 51% and Germany's 85%, comparative studies show Romania ranks last in the European Union regarding financial literacy.

Reacting to these issues, Romania has developed a National Financial Education Strategy and mandated financial education as a required course of study for the eighth graders beginning the 2020–2021 academic year (Guvernul României, 2023). Furthermore starting financial education programs meant to raise financial literacy and inclusion are several public institutions including the Financial Supervisory Authority, the National Bank of Romania, and private-sector companies. These initiatives align with world trends stressing financial education to encourage economic resilience and higher involvement in financial systems (Kossev, 2022).

Although studies show little long-term impact on financial behavior, financial education programs have been extensively launched (Fernandes et al., 2014). This begs the question: What other strategies might increase Romania's financial literacy results? Comparably, longitudinal studies show that financial education initiatives sometimes fail to generate continuous changes in financial attitudes, savings behavior, or general financial literacy (Mandell, 2011; Björklund & Sandahl, 2023). These results underline the need for more focused, targeted financial education programs, including a behavioral perspective, to enhance long-term results.

Through effective capital allocation, investment possibilities, and corporate financing facilitation, capital markets help to ensure economic development. In developing nations like Romania, capital market development creates fair pricing mechanisms for securities and builds investor confidence, thus generating economic growth (Barna & Mura, 2010).

Empirical data indicates a significant relationship between Romanian economic development and capital market performance. Analyzing the link between the stock index (BET) and quarterly GDP evolution revealed a correlation coefficient of 77.88%, suggesting that the efficiency and performance of the capital market (Barna & Mura, 2010) are much influenced by economic development. Furthermore, financial development corresponds with economic growth; the evolution and sophistication of financial institutions are driven by this process (Barna & Mura, 2010).

Notwithstanding these encouraging developments, Romanian businesses still struggle to find long-term, market-based funding. While some companies use bank loans or non-bank financial institution funding, many rely on internal funds. Although low financial literacy and liquidity restrictions still prevent more participation, capital market development is correlated with economic growth (Mițac, 2017). Low financial literacy, low market liquidity, and low institutional investor participation—all of which impede more general market efficiency—are blamed for underutilization of capital markets (OECD, 2022). Although effective market structures, limited access to financing, and regulatory constraints can impede development, even while capital markets drive engines of economic growth.

Leveraging private-sector experience and financial resources to augment public-sector investments, public-private partnerships (PPPs) have become a strategic tool for infrastructure development. By 2030, PPPs will help Romania invest €100 billion in infrastructure, agriculture, healthcare, and education—European Union, 2023. Further underlining their importance in economic development, the Ministry of Finance is now developing a National Strategy to carry out priority infrastructure projects through PPPs (European Union, 2023).

By allowing the public sector to gain from private-sector efficiency and creativity while distributing financial and operational risks, PPPs help large-scale initiatives (Pârvu & Voicu-Olteanu, 2009). Development of public utilities, healthcare facilities, transportation infrastructure, and educational institutions makes extensive use of these alliances (Bedrule-Grigoruta, 2009). Over the past two decades, Romania has aggressively sought PPP projects as part of its larger plan for economic modernization and investment increase (Nastase et al., 2022).

PPPs have significant economic benefits but also present challenges that might compromise their efficacy. Loss of public-sector control, rising service costs, and possible inefficiencies brought on by high transaction costs define the hazards linked with PPPs (Levai, 2022). Higher prices for infrastructure and primary services resulting from PPPs also raise questions regarding affordability and access (Pârvu & Voicu-Olteanu, 2009). These constraints highlight the need for well-organized laws to guarantee the fair sharing of advantages and to reduce possible risks. Although PPP projects help build infrastructure, little empirical study exists on their cost-effectiveness and long-term sustainability in Romania.

Although digital banking improves financial inclusion, its full influence is only seen when combined with financial education programs that teach people to use digital financial tools properly. Likewise, more involvement in capital markets depends on financial knowledge and effective digital banking systems. By investing in digital financial services and literacy campaigns, public-private partnerships help to strengthen this ecosystem and guarantee that the economic gains reach more people.

Methodology

This qualitative research project investigates the effect of digital banking, capital markets, financial education, and public-private partnerships (PPPs) on Romania's economic development. A qualitative framework lets one thoroughly investigate regulatory structures, institutional effectiveness, and strategic challenges given the policy-driven character of these financial systems. The study emphasizes policy analysis, document review, and case study evaluation instead of depending on numerical data analysis to evaluate how these four pillars interact and support infrastructure development, financial inclusion, and investment increase. Romania was chosen for a case study because of its underdeveloped capital markets, fast digitalization in the banking industry, continuous financial education initiatives, and reliance on PPPs for infrastructure projects. Romania offers a special mix of high digital banking adoption rates, financial inclusion difficulties, and market inefficiencies compared to other emerging markets in Eastern Europe. This dynamic qualifies this case for investigating how financial modernization might propel economic growth. Policy papers, institutional reports, and scholarly studies, among other secondary data sources, form the basis of the research. Important sources are papers from the National Bank of Romania, the Financial Supervisory Authority, the Romanian Ministry of Finance, the European Commission, the World Bank, and the Organization for Economic Cooperation and Development (OECD). These papers shed light on Romania's financial regulatory system, banking industry performance, programs for financial literacy, and public-private cooperation policies. Furthermore, scholarly publications on financial development and case studies of effective banking and investment strategies guide the study's analytical approach.

The methodological approach is a three-stage qualitative analysis. Policy and document analysis first assesses national banking policies, financial literacy programs, capital market rules, and PPP structures. This stage emphasizes thematic analysis to find areas of institutional effectiveness and policy implementation that are lacking. Second, the case study analyzes financial literacy programs, compares Romania's adoption of digital banking with similar developing nations, and looks at the success of PPP projects in infrastructure building. Last but not least, comparative benchmarking helps Romania's financial sector development in the larger Eastern European setting by pointing out structural benefits and drawbacks.

Government and industry reports help to evaluate the success of digital banking policies; regulatory reviews help to investigate the accessibility of capital markets. Engagement levels and long-term adoption strategies define the success of financial literacy programs; meanwhile, stakeholder evaluations and infrastructure development results help to evaluate the efficiency of PPP projects.

Though this study offers insightful analysis, it is not without flaws. Because secondary data is relied upon, results depend on already-existing reports and exclude field research or primary interviews. The study also interprets institutional frameworks and financial policies rather than measuring economic effects. Finally, although Romania's financial policies align with those of other developing nations, variations in financial maturity and regulatory surroundings might restrict more general relevance. Future studies should look at the long-term consequences of financial education programs on economic participation, expand case study comparisons across several Eastern European economies, and include direct interviews with legislators and financial experts.

Results and discussions

Romanian banking's digitalization has greatly affected economic growth and improved the financial sector's competitiveness, efficiency, and accessibility. According to research, Romanian banks are progressively adopting digital innovations, including artificial intelligence and fintech integration, which will help to maximize operations and enhance financial performance (Ionașcu et al., 2023). Digital banking adoption correlates with financial resilience; banks with more digital integration show better return on assets and liquidity ratios.

Although the adoption rate stays lower than in other EU countries, recent years have seen an increase in the acceptance of digital banking in Romania. This mostly relates to consumer tastes for traditional banking, security issues, and financial literacy differences. Although many Romanians, especially those with lower financial knowledge, are still reluctant to embrace digital services, they provide cost efficiency and convenience. The adoption of digital banking is mainly influenced by financial literacy; lower education levels are linked to lower engagement with online banking products (Bratu & Petria, 2018). Particularly in economically poor areas, low financial literacy rates can raise vulnerability to financial instability (Oprea et al., 2025).

The emergence of the new Coronavirus (SARS-CoV-2) epidemic has caused a significant increase in digital banking adoption due to lockdown policies and accompanying reduction of physical banking accessibility (Vilhena & Navas, 2023; Nicula et al., 2024). Driven by its simplicity, social impact, and apparent performance advantages (Domuta & Strauss, 2023), mobile banking has become especially noticeable as a phenomena. Furthermore, financial institutions that have experienced digital transformation have reported improved operational efficiency and competitiveness; integrating digital technologies is linked to financial resilience (Ionașcu et al., 2023). Before the epidemic, there was an apparent change in behavior; 45% of the respondents said they mostly used money. In the post-pandemic era, this number dropped dramatically to 21% (Schipor & Duhnea, 2021). This change marks increasing acceptance among the Romanian people of digital payment systems.

These developments notwithstanding, there are still some issues. With just 31% of the population demonstrating basic competencies, Romania performs poorly in digital skills according to the Digital Economy and Society Index (DESI, 2022). This lack of digital literacy can hinder the general acceptance of digital technologies among several groups.

Particularly appealing to younger consumers, digital banking in Romania provides convenience and lets consumers 24/7 access banking services (Schipor & Duhnea, 2021). Another advantage is cost efficiency; digital banking brings notable savings for consumers and financial institutions (Oprea & Duta, 2024).

Digital banking helps the economy by lowering running expenses, improving financial accessibility, and encouraging innovation (Răbonțu & Babucea, 2020).

Although Romania has made significant progress in accepting digital banking, SMES must maximize the possible advantages and guarantee the involvement of every population segment in the digital economy. Results validate that, using better financial accessibility, operational efficiency, and cost reductions, digital banking promotes economic development. Still, security issues and financial literacy gaps keep the general adoption hampered. These findings highlight the need for focused financial education campaigns and digital literacy programs since they coincide with the research goal on the part of digital banking in financial inclusion and economic growth.

Particularly in developing nations like Romania, the capital market is a basic engine of economic growth. Effective capital allocation and expanded investment possibilities made possible by a developed capital market help improve economic stability, supporting long-term financial resilience, business growth, and stability of the capital markets themselves. However, Romania's capital market has historically lagged behind that of Europe, which has limited the evolution of several financial instruments and lowered investor involvement in bond and equity markets (OECD, 2022).

Between businesses and investors, capital markets serve as a middle ground, allocating extra money to those most in need for wise investments. Allowing businesses to find capital for strategic initiatives, research and development, and expansion drives economic development (Wójtowicz & Czupryn, 2023).

Better resource allocation and corporate governance follow a strong capital market's promotion of transparency, efficiency, and competitiveness, guiding behavior. Developing Romania's capital market will help it diversify funding sources, lower reliance on bank lending, and draw domestic and foreign investment (OECD, 2022).

Recent developments in the Romanian capital market have helped foster financial stability, investment increase, and economic development. Particularly about GDP growth and investment levels, research reveals a clear link between macroeconomic indicators and capital market performance (Troto, 2022). Investor confidence and liquidity have been raised by Romania's FTSE Russell 2020 promotion to "Emerging Market" classification.

A significant change in the capital market is the part the Bucharest Stock Exchange (BVB) plays in financing small and medium businesses (SMEs). For economic diversification and innovation, the BVB gives these businesses access to alternative financing sources, which is quite vital (Ciurel et al., 2023). Apart from market swings brought on by the COVID-19 epidemic, the Romanian stock market recovered all losses by 2021 and closed the year with positive outcomes (Drob et al., 2022). Comparatively to the end of 2023, the stock market indices in Romania generally showed positive developments at the end of September 2024 on the same trend. As of September 2024 (ASF, 2024), the BET benchmark, which shows the performance of the most traded companies listed on the regulated market of the BVB, gained a 14.6% increase.

Romania's capital market suffers several issues that limit its full potential as a driver of economic development, notwithstanding its potential. Among the main problems is its relatively small scale compared to other EU members. This limited scale complicates businesses' attempts to raise capital effectively, lowers investor confidence, and limits liquidity (Troto, 2022). The financial system's mostly bank-based nature limits capital market penetration into the real economy (Troto, 2022). Furthermore, limited public knowledge and investor education contribute to rather low market participation.

Moreover, the capital market of Romania has always shown low investor involvement, especially among ordinary investors. Furthermore lacking knowledge among businesses about the advantages of capital market financing is Still, Romania has great ability to strengthen its capital market and so release its latent economic development possibilities. By means of targeted reforms and addressing the current challenges, one can release the latent capacity of the market to propel economic growth, stimulate innovation, and provide more financial stability (Păcurar et al., 2016). According to the findings, Romania's capital market is still underdeveloped in relation to EU norms, even if it has shown good expansion. Particularly in helping SMEs make investments, the study reveals a clear link between capital market expansion and economic growth. Still, obstacles such as poor market liquidity, little institutional investor involvement, and a lack of financial literacy impede advancement. These results support the objective of the study—that of assessing how capital markets support economic development—by proving that regulatory changes, investment incentives, and improved financial education are required to strengthen market participation and efficiency.

Economic development follows from financial education, so impacting financial stability, investment behavior, and general economic growth. Financial literacy rates in Romania still lag behind the European average, which affects people's capacity to make wise financial decisions (Sidor & Manațe, 2023). Many lack fundamental financial knowledge, which influences debt management, saving behavior, and investment participation. Financial education has especially been emphasized to help reduce economic disparity. Studies show that by arming people with skills to handle personal finances properly, financial literacy helps to lower income inequalities (Pop, 2024). Especially among young professionals and small business owners, access to financial education has also been connected to improved business decision-making and entrepreneurial success (Zamfir et al., 2022).

In recent years, attempts to include financial education in Romania's curricula have attracted support. From elementary education through adult financial training, government and commercial sector projects seek to raise financial literacy at all levels (Baia, 2020).

Driven by diverse worldwide challenges, including financial exclusion, an aging population, rising debt levels, limited consumer awareness, and ineffective public resource distribution, financial literacy initiatives have spread rapidly over the European Union in recent years (Nițoi et al., 2022). Financial literacy programs have grown increasingly important for both financial institutions and the government in order for them to match banking digitalization and developments in the financial sector. In response, authorities have created and approved the National Strategy for Financial Education for 2023–2030, hoping to raise people's capacity to handle their finances and adequately lower financial stress, thus lessening the impact of financial crises at both personal and household levels (Government of Romania, 2023). Continually, many public agencies—including the Financial Supervisory Authority, the Institute of Financial Studies, and the National Bank of Romania—as well as private sector companies—commercial banks, insurance companies, and different non-profit associations—actively carry out financial awareness campaigns. Furthermore, several national television networks show financial education programs, and several financial publications are excellent sources of information for the general public.

Still, the execution of organized financial education initiatives is uneven, and their effects are yet unknown.

Promoting sustainable economic growth, enhancing personal financial well-being, and supporting national economic stability all depend on financial education. Romania's Low financial literacy rates have brought challenges, including high personal debt levels, insufficient retirement savings, and limited participation in capital markets (Sidor & Manațe, 2022). Better financial decisions by a well-educated population help drive economic stability. Higher financial literacy rates have been linked in studies to higher rates of entrepreneurship and investment activity, improving the national economic performance (Ianole-Călin et al., 2020). Financial education programs should be extended in Romania to target low-income families and rural populations, who are most impacted by financial illiteracy, so addressing vulnerable groups.

Although digital financial education programs have been created, some groups—especially those of older adults and those living in remote locations—still find their access restricted. Long-term development depends mainly on Romania's formal education system, including financial education and increasing digital literacy (Tulai et al., 2021).

Romania has to use a multifarious strategy, including government policies, private sector involvement, and community-based projects, to exploit financial education as a pillar of economic development fully. Steps toward a financially literate population and a strong economy include nationwide financial literacy campaigns, including financial education in school curricula (Ilovan et al., 2019), and promotion of financial education in the workplace. The results underline how much financial literacy rates in Romania affect economic resilience, investment behavior, and financial decision-making. Studies show that financial literacy remains among the lowest in the EU despite government attempts to include financial education into the national curriculum, restricting financial inclusion, and raising personal debt hazards. Emphasizing that focused programs on practical financial management skills and investment knowledge are essential for promoting long-term financial stability, these results support the research objective of determining the role of financial education in economic development.

Strategic tools for improving the sustainability and efficiency of social services in Romania are public-private partnerships (PPPs). These joint efforts between public authorities and commercial companies enhance infrastructure, healthcare, education, and social aid programs, promoting economic development.

PPPs have especially helped the social services sector using private sector involvement in infrastructure, healthcare, education, and service delivery. In this sense, there were enhanced healthcare access, technological developments, and cost-sharing encouraged (Chepelenko, 2021). By enabling governments to finance major projects without overloading public resources, PPPs also help to solve budgetary restrictions, guaranteeing financial sustainability and long-term economic benefits (Canamary et al., 2024). Education has seen notable improvements with public-private partnerships improving vocational training, digital literacy initiatives, and financing for higher education (Dzhikiya et al., 2023)—better skill development programs in PPPs help to match workforce competencies to labor market needs. Maximizing the impact of PPPs in this sector will depend on extending digital education campaigns and funding sources (Dzhikiya et al., 2023). PPPs have enhanced access to contemporary medical facilities in the healthcare industry using private investments, bridging service gaps. To guarantee sustainable alliances, however, issues of openness and financial responsibility must be resolved (Ctitor, 2023).

Of course, Romania's social services system suffers significant challenges, including unequal service delivery and limited public funding. Understanding this, the Romanian government is looking at PPPs as a way to provide public infrastructure and services and help fulfill its aspirations for EUR 100 billion investment by 2030 in the sectors of infrastructure, agriculture, health, and education (European Commission, 201). With a dedication to at least 500,000 children at least 500,000 by 2030 (UNICEF, 2023), Romania is also implementing the European Child Guarantee to improve access to basic services, particularly for the most vulnerable children, to lower the number of children at risk of poverty or social exclusion. Although Romania has had a committed PPP legal framework since 2002, the passage of significant PPP legislative changes on

January 11, 2024, marks a fresh attempt to draw private investors and international financial institutions to engage in such projects (CEE Legal Matters Magazine, 2024).

Still, some issues remain even with these developments. Bureaucratic inefficiencies, unclear rules, and financial risks sometimes hamper effective PPP project implementation. Furthermore, limiting their influence are differences in investment distribution, especially in rural areas with less developed social services (Ctitor, 2023; Avădănei et al., 2018).

Based on Romania's experience, PPPs help maintain social services by using private investment, promoting financial stability (Savchenko et al., 21). Moreover, PPPs are crucial for Romania's economic development since they enable better infrastructure, social services, private investment attraction, and infrastructure enhancement. They support long-term economic stability, job creation, and sustainable progress by establishing themselves as among the most crucial components in Romania's economic development. According to the study, PPPs have helped Romania's infrastructure grow, especially in education, healthcare, transportation, and industry. Still, financial risks, regulatory inconsistencies, and bureaucratic inefficiencies compromise their efficacy. Practical PPP projects show how private investment can improve economic growth and service delivery when risk-sharing systems and clear guidelines help to shape regulatory environments. These results fit the aim of the study, which is to evaluate the efficiency of PPPs in economic development, since they imply that maximizing their impact depends on better governance, more openness, and long-term financial planning.

Comparative Analysis: Romania vs. Similar Emerging Economies

Despite some structural differences, Romania's financial development path resembles other emerging nations in Central and Eastern Europe (CEE). Though adoption rates in digital banking still lag behind those of Poland and Hungary, Romania has made notable progress. Poland gains from a well-integrated digital payment ecosystem and government-led digital finance initiatives; Romania suffers ongoing financial literacy gaps and consumer hesitancy that slow adoption (OECD, 2023). Poland's fintech industry has expanded more quickly, partly because of government-supported innovation centers and a more comprehensive digital infrastructure (World Bank, 2022).

Regarding capital markets, Romania falls behind nations like Czechia and Poland, where institutional investors drive most of the market liquidity. By contrast, Romania's financial system stays mostly bank-based, limiting the entrance of capital markets into the economy (European Commission, 2023). While Romania has not yet established comparable systems to support long-term institutional investment, Poland's pension reform in the early 2000s considerably raised capital market involvement (World Bank, 2022). Furthermore, although Romania attained Emerging Market status from FTSE Russell in 2020, its market is still smaller and less liquid than Poland's Warsaw Stock Exchange, which has a better record of drawing foreign investment (OECD, 2023). With just 31% of the population showing basic financial knowledge, Romania ranks among the lowest in the EU in financial education, far lower than Hungary (55%) and Poland (60%). OECD, 2022. Poland runs national financial awareness campaigns while Hungary has included financial literacy into its official education system; Romania's approach has been more disjointed (European Commission, 2023). Rather than being ingrained in national education policies, many financial education programs in Romania are run by private universities. Consequently, Romania still suffers with high personal debt levels and low investment participation even if other CEE nations have seen slow increases in financial literacy (OECD, 2023).

Regarding public-private partnerships (PPRs), Romania has a similar legislative framework to Bulgaria and Hungary, yet bureaucratic inefficiencies and a lack of openness impede project execution (World Bank, 2022). PPP projects in Bulgaria are more financially sustainable since they are sometimes connected to EU financing sources (OECD, 2023). Hungary has meanwhile effectively used PPP models in healthcare and infrastructure under clever foreign direct investment alliances (European Commission, 2023). However, regulatory uncertainty and financial risks cause delays in project implementation and challenges in luring private investors for Romania (World Bank, 2022). Project success rates and long-term economic gains could be raised by strengthening governance systems and implementing best practices from more effective regional PPP models.

Although Romania shares many financial modernizing trends with its regional counterparts, it has particular issues that need to be addressed with focused policy interventions, legislative changes, and investment incentives to improve financial inclusion, market participation, and sustainable infrastructure development.

Policy Implications and Recommendations

Although digital banking is much more popular in Romania, consumer hesitation, cybersecurity issues, and financial literacy gaps are still significant hurdles. A lack of trust and digital skills among older and rural populations still prevents complete adoption, even if mobile banking and fintech solutions have increased access to financial services. Romania lags in state-led digital finance initiatives compared to other CEE nations, which may speed adoption rates (OECD, 2023). The government and financial institutions should cooperate to offer focused digital literacy education, especially for rural populations and older adults, to ensure they can access and use digital banking securely and expand digital literacy initiatives.

To develop confidence in online banking systems, financial authorities should enforce more rigid cybersecurity rules and support awareness campaigns. The Romanian government could create regulatory sandboxes to guarantee security and openness while supporting fintech startups. Lowering taxes or fees for digital transactions by the banks will help to hasten the change from cash-based to digital financial services.

Though it is still underdeveloped compared to Poland and Czechia, Romania's capital market has seen consistent expansion mainly due to low liquidity, inadequate institutional investor involvement, and legislative restrictions (European Commission, 2023). The over-reliance on bank-based financing reduces SMEs' access to other sources of capital, thus slowing down economic diversification. The government should reform pension fund regulations to encourage greater institutional investment in capital markets, as Poland has successfully done; there must be introduced crowdfunding platforms, venture capital tax incentives, and SME-focused bonds could increase access to non-bank financing options; the bureaucratic barriers for market entry should be reduced by simplifying IPO procedures and financial disclosures could attract more companies to list on the Bucharest Stock Exchange (BVB), improving market depth; there must be encouraged financial education on investment literacy by expanding investment awareness programs could increase retail investor participation, addressing the challenge of low market liquidity.

With just 31% of the population showing basic financial knowledge, Romania ranks among the lowest in the EU in financial literacy, far lower than Hungary (55%) and Poland (60%). OECD, 2022. The absence of organized national financial education initiatives has helped to explain high personal debt levels, poor retirement savings, and low capital market participation. Financial education should be included in school curricula to help solve these issues; hence, it is a required topic in elementary and secondary education so that subsequent generations have the necessary money management abilities. Using national campaigns on debt management, retirement planning, and investment literacy, extending adult financial literacy programs will help to increase financial resilience. Furthermore, digital learning tools can improve financial consciousness, especially in rural and underprivileged areas. Companies should also be encouraged to offer staff members workplace financial training courses to help them properly handle their money and make retirement plans.

Public-private alliances (PPPs) have greatly helped Romania build its infrastructure, particularly in transportation, healthcare, and education. However, their efficacy is still limited by bureaucratic inefficiencies, lack of openness, and high transaction costs (World Bank, 2022). Regulatory uncertainty causes Romania to suffer more from PPP project execution and investor confidence than Bulgaria and Hungary. Establishing more explicit legal rules on risk-sharing mechanisms and financial sustainability will help strengthen the PPP regulatory framework and improve private sector involvement. Expanding EU-funded PPP projects would guarantee financial sustainability for significant infrastructure projects by matching Romania with European best practices. Using independent monitoring bodies, enhanced transparency, and governance helps to reduce corruption risks and enhance the efficiency of resource allocation. Moreover, encouraging digital infrastructure PPPs—such as investments in broadband access and e-governance systems—would hasten Romania's change to a digital economy, thereby improving financial inclusion and technological innovation.

Conclusion

The paper investigates the fundamental pillars of Romania's economic development: digital banking, capital markets, financial education, and public-private partnerships (PPPs). Linked four elements shape financial inclusion, investment efficiency, and economic stability: Although adoption still lags behind the EU average due to financial literacy gaps, cybersecurity issues, and consumer hesitancy, digital banking has increased financial accessibility and transaction efficiency. Although expansion of the capital market has helped to boost the economy, Romanian companies—especially SMEs—still find it challenging to get financing, which calls for changes in laws and more involvement of investors. Given Romania's low financial literacy among EU members and many people depending more on personal experience than formal knowledge, financial education remains a significant challenge. Though bureaucratic inefficiencies, lack of openness, and high transaction costs limit their efficacy, PPPs have helped to build infrastructure in important sectors. A more ordered legislative framework and improved risk-sharing systems are required to enjoy their advantages fully. The results underline the need for focused policies to increase financial inclusion, enhance market efficiency, and maximize PPP application for long-term economic stability and development.

This study has several limitations that must be acknowledged, even if it makes contributions. First, the study mostly depends on statistical databases, academic literature, and secondary data from policy reports. Although these sources offer important data, they might not reflect current market dynamics and technical developments. Second, the research centers on Romania, so it restricts its generalizability to other rising nations. Although the results provide pertinent data for nations with comparable financial systems, every nation has a particular institutional, cultural, and regulatory setting that affects economic growth.

Important sectors that boost Romania's financial growth should be investigated in the following studies. Particularly, the issues of consumer trust, digital literacy, cybersecurity, digital banking adoption, and financial inclusion demand further research. Improving SMEs' financing is still a top concern in the capital market; studies are required to find legal roadblocks and create substitute financial instruments to enhance access to debt and equity financing. Research on financial education should also include behavioral economics to examine cognitive biases, risk perception, and the efficacy of various learning strategies, and so evaluate how financial education translates into actual decision-making. Public-private partnerships (PPPs) also deserve more research, especially using longitudinal studies of finished projects to assess their financial viability and economic influence.

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