

# ***MACROECONOMIC DETERMINANTS OF RADICAL INNOVATIONS AND INTERNET BANKING IN EUROPE***

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***Abstract:***

*Current technological development has various implications for the banking sector. Especially, the banks prefer internet banking to keep up their customers, reduce transaction costs, enhance their customers' portfolio, and accelerate financial transactions. In this regard, this study aims at finding out the use of intensity of internet banking. Extensive technological innovation boosts internet banking. Banks use internet services as an aggressive business strategy to gain market share rather than for making profits. The importance of the innovation for the banking sector is that the competition forces banks to be innovative in order to survive in the market. In the macroeconomic level, R&D expenditures, education expenditures, skilled human capital, level of the information and communication infrastructure and the accessing the internet by the individuals, patent protection laws, the level of the competition in national and international markets, the cost of inputs such as energy or wages can affect the innovation.*

***Keywords:*** Radical Innovation, Internet Banking, Macroeconomy

***JEL codes:*** O31, O32, O39