Social trust and online banking in the era of the digital transition: Evidence for the European regions.

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Abstract

In the era of the digital transition, online banking has become an essential channel for accessing financial services. Social trust is key for financial development, but its specific impact on online banking remains largely unexplored, particularly at the subnational level. This paper analyses the influence of social trust on the adoption of online banking among a sample of 235 European Union regions between 2011 and 2024. The results suggest that social trust is a strong predictor of online banking adoption, and are robust to the inclusion of multiple control variables, fixed effects and endogeneity. These findings offer valuable insights for regional policies related to the digital transition within the European Union member states. The results have relevant implications for EU policies aimed at closing territorial gaps in digitalization. Strengthening trust-related institutional and community factors may accelerate the diffusion of online financial services, support financial access in lagging regions, and contribute to a more balanced territorial development across the EU.

Keywords: Digital transition; European regions; Online banking; Social trust

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