

## DIGITALIZATION-GROWTH NEXUS: SOME EMPIRICAL EVIDENCE FROM FOUR REGIONS WITH A MUSLIM MAJORITY

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Mehmed Ganić

International University of Sarajevo, Department of Economics and Management, Bosnia and Herzegovina .  
[mganic@ius.edu.ba](mailto:mganic@ius.edu.ba) , ORCID: 0000-0003-1919-1321

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### ABSTRACT

**Purpose-** The purpose of this study is to investigate whether regional variations exist in the development of the digital economy and how they impact growth in the four global regions where Muslims predominate.

**Methodology-** The study employs empirical examination of 48 countries with Muslim majority divided in four regions (Middle East and North Africa region, Europe and Eurasia region, South Asia, East Asia region and the Pacific and Africa region) between 2000 to 2021. The study employs Kao Residual Cointegration Test, and the Long-run Valuation of Fully Modified Ordinary Least Squares (FMOLS/DOLS-Dynamic). A certain number of specific variables in the econometric model will be employed to measure the level of digitization on economic growth, such as: Digital economy infrastructure proxied by Individuals using the internet, Digital economic openness proxied by ICT product exports and Digital technology competitiveness proxied by Research and Development as share of GDP.

**Findings-** The analysis reveals that despite the fact that the digital economy made a positive contribution to economic growth in both Sub-Saharan Africa and Europe and Euroasia, the impact on these regions is less than that on the Middle East and North Africa, South Asia, East Asia, and the Pacific countries due to the underdeveloped infrastructure of the digital economy The least effect of digitalization on growth was found in Sub-Saharan African countries with low incomes.

**Conclusion-** Based upon the analysis, it may be concluded that digitalization can considerably boost economic growth, but its benefits may differ depending on how developed a nation is. There is a clear geographical imbalance in the development of the digital economy across 48 nations with a majority of Muslims .To increase overall GDP growth, those countries need to look into policies that will help increase ICT and the digital economy use.

**Keywords:** Digital economy, economic growth, ICT, the Muslim World, panel cointegration model.

**JEL Codes:** O40, O47, E22.

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