**Financial Development, Economic Growth and Renewable Energy Consumption in Russia:**

**A Vector Error Correction Approach**

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**Abstract**: This article aims to explore the causal relationship between financial development, economic growth and renewable energy consumption on the example of Russia. Using data from 1990 to 2014, we build the vector error correction model to determine the nature of short-term and long-term relationships between the variables. To determine causality and its direction, we use the Granger causality test VEC in domain. The results of the VEC model show that the system of variables corrects its previous period disequilibrium at a speed 22,98% in one year. Based on the results of the Wald test, we find no statistically significant causality running from renewable energy consumption to either economic growth or financial development. The results of Granger causality test show that there is bi-directional causality between economic growth and financial development in Russia, while renewable energy consumption does not Granger cause economic growth or financial development. Although economic growth does Granger cause changes in renewable energy consumption.

**Keywords:** renewable energy, economic growth, financial development, vector error correction model.

**JEL Classifications:** D53, O40, Q42, Q43.