

Economic Contribution of Railroads and Modern Banking Industries Development

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DESCRIPTION

To encourage economic progress, the contemporary banking sector is crucial. There is a contention that the evolution of the contemporary banking sector can be linked to legislative foundations, cultural traits, and advancements in information technology. It has also been suggested that the 19th century transportation revolution aided in the growth of banking networks. Western colonial forces brought this kind of transportation revolution to Asia in the late 19th century, and it had a significant effect on the economies of colonized or semi-colonized nations. Nevertheless, there is currently a dearth of empirical data regarding the contribution of railroads to the modern banking industry's development in these areas. Western colonial troops brought modern banks to China, where they quickly out competed the country's long-standing financial establishments. Building railroads during the early stages of industrialization was linked to the emergence of modern banking, which was one of the institutional shifts that swept over China in the late nineteenth century.

The economic contribution of railroads in early industrial China differs from that in the United States, where railroads developed new urban settlements as population relocated along the lines, despite the fact that numerous studies have concluded that railroads generated economic gains and fostered economic progress. On the other hand, in contemporary China, the creation of connections between the hinterlands of agriculture and the regional economic capitals were the primary advantages of railroads. Because railroads lower transportation costs and increase local trade volume, they integrate regions into the domestic market and create a huge need for trade financing along railroad lines. The Chinese monetary system, which is based mostly on precious metals, is another feature that sets this

situation apart. With copper and silver coins being the most valuable currencies on the market, China was the last and largest nation to adopt the silver standard throughout the time period we investigated. However, there were significant regional differences in China regarding the accounting units of currency and the weight standard of the coins. As a result, it caused significant additional expenses for both domestic and international trade agreements. In this particular context, the relationship between the building of railroads and the establishment of banks remains an unresolved issue in China's economic history. In particular, China's widely disparate levels of railroad penetration and regional economic development diversity present an opportunity for a more thorough examination of the economic impacts of railroads. Even though railroads increased a region's capacity for trade and, consequently, the banking industry, banks still had to grasp sophisticated monetary systems in order to take advantage of the rising trade prospects. Cooperation with qianzhuang has emerged as one of the most crucial strategies for modern banks looking to grow in China. The old institutions, or qianzhuang, have an edge in their cross-regional trade settlement networks. Semi-colonial nations like China have benefited economically from the sophisticated transportation network embodied by railroads.

Modern banks and railroads emerged in China in the late 19th and early 20th centuries, respectively, and these developments were important markers of China's acquisition and application of Western science and technology. Railroads had a significant role in industrialization by providing a connection between the large hinterland and port towns. Significant advancements in the accounting system and management of the contemporary financial sector were made possible by the modern banks.

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