



**THE DETERMINANTS OF FINANCIAL
DEVELOPMENT IN ASIA COUNTRY**

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ABSTRACT

Nowadays, there is a lot of strategy in order to well develop the financial in all the country. The purpose of this study is to determine the factors influence financial development in Asia by using data from 1995 to 2014 on a yearly basis consist of determinants such as natural disaster, foreign direct investment and gross domestic product. Pooled Ordinary Least Square (POLS) and Random Effect Model (REM) were employed to study the relationship of natural disaster, foreign direct investment and gross domestic product towards financial development. The results revealed that foreign direct investment and gross domestic product has positive relationship with financial development. However, natural disaster shows negative relationship with financial development. From the findings, it can be concluded that the most significant factor that influence financial development are gross domestic product measure by using random effect model, with 0.0000 of probability value which significantly influence the financial development at the 1 per cent level of significance.