



**THE RELATIONSHIP OF STOCK MARKET AND BANK
DEVELOPMENT TO ECONOMIC GROWTH IN MALAYSIA:
1995 - 2005**

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ABSTRACT

This paper examines the existence of correlation of stock market and bank development to economic growth in Malaysia from year 1995 to 2005 which focus on the relationship between these variables. The objective of this study is to identify whether the stock market and bank development have relationship with economic growth and whether they have positive or negative relationship. The data for Malaysia are used as a case study. The variables used in this study are stock market and bank development as independent variables and economic growth (GDP) as dependent variables. The quarterly period examined is 1995:Q1 – 2005:Q4 (44 observations). These studies use multiple regression models to investigate the relationship between stock market and bank development to economic growth. Generally, results from testing the hypothesis of multiple regression models confirm that economic growth (GDP) have highly significant relationship with their determinants. Bank Negara Malaysia (BNM) and the DataStream Database from UiTM Johore Library collect the data from Quarterly Statistically Bulletin, which is published.

Keywords: GDP, Stock market, bank developments.