

**FINANCIAL DEVELOPMENT AND ECONOMIC GROWTH:
EVIDENCE FROM ASIAN PACIFIC COUNTRIES**

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ABSTRACT

This study is attempted to investigate the relationship and finding the most significant factors in this study. A set of panel data for a 20 year period (1991-2012), which consists of data from 5 selected Asian Pacific countries which were Australia, New Zealand, China, India and Korea was used. Growth Domestic Product (GDP) and financial depth are indicating as dependent variable, while, inflation, investment share and financial depth or economic growth were used as independent variables. In this study, two models were used in order to know the significant and relationship of the variables. The result show the most significant variable in this study was investment share. The finding of this research for the model 1 found that all variables are significant with economic growth. Moreover, in term of relationship, investment share and inflation show positive relationship. While, financial depth shows the negative relationship. Furthermore, the result for the model 2 show the economic growth, inflation and investment share have negative relationship toward financial depth. In term of significant, only economic growth and inflation is significant with financial depth. For future research, the analysis can be done using time series or cross sectional countries in order to get various results.

Keywords: Economic growth, Financial depth, Investment share, Inflation.