ABSTRACT

Economic growth is the main goal of all countries in the world, both developed and developing countries. Initially, growth theory only emphasized labor, capital and natural resources and ignored the role of the financial sector. The financial sector will trigger economic growth through its intermediary function. Therefore, this study aims to analyze the influence of the development of the financial sector, human capital and investment on economic growth in 7 ASEAN countries from 2010-2020. This study uses secondary data consisting of gross domestic product, the ratio of broad money to GDP, the ratio of domestic credit to GDP, gross fixed capital formation and the education index. The analysis in this study uses a fixed effect model panel data regression with generalized least square (GLS). The results of this study are that the ratio of broad money to GDP has a negative effect on economic growth in 7 ASEAN countries. Meanwhile, the ratio of credit to GDP, gross fixed capital formation and the education index has a positive effect on economic growth in 7 ASEAN countries.

Keyword: Economic growth, financial sector development, the ratio of board money to GDP, the ratio of credit to GDP, gross fixed capital formation, education index, fixed effect model, generalized least square