

Nonlinear Effects of Institutional Factors on Financial Development: Evidence from Selected Countries

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Abstract

In this study, the nonlinear effects of institutional factors on financial development (banking credit and trading stock value) in 14 selected countries (with high human development index) during the period 2007-2018 using data panel econometrics technique With a nonlinear approach, the Auto Regressive Distributed Lag. The results indicate that the combined index of institutional factors had a negative effect on the value of trading stocks in the short and long term, but had a positive effect on the banking credit and in some cases was ineffective. Therefore, the indicators of institutional factors in these societies need to be improved and strengthened. In fact, first by improving and then by expanding the above institutional indicators, we can play a significant role in increasing financial development indicators.

Keywords: Entrepreneurship; Institutional Factors; Panel Data; Auto Regressive Distributed Lag.

JEL Classification: L26, B15, C33.

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