

# **THE DETERMINANTS OF MONEY DEMAND IN INDONESIA: FROM AUTOREGRESSIVE DISTRIBUTED LAG (ARDL) APPROACH**

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## **ABSTRACT**

*The aim of this study was to analyze the determinants of money demand in Indonesia: from autoregressive distributed lag (ARDL) approach. Based on quarterly data start from 1997-2014 period. This study uses autoregressive distributed lag (ARDL) for evidence of cointegration between money demand and economic variables, namely the final consumption expenditure, the expenditure on investment goods, the export expenditure and interest rate. The autoregressive distributed lag (ARDL) indicate that money demand is not affected by macroeconomics variables in the long run. While in the short term the final consumption expenditure, the expenditure on investment goods and interest rate represent the major interest rate of money demand determinants.*

**Keywords:** *money demand, expenditure components, ARDL modeling.*

