

**INVESTIGATING THE RELATIONSHIP BETWEEN TOURISM, TRADE OPENNESS,  
AND FINANCIAL DEVELOPMENT TO ECONOMIC GROWTH IN SIX SELECTED  
ASEAN COUNTRIES**

**UNDERGRADUATE THESIS**

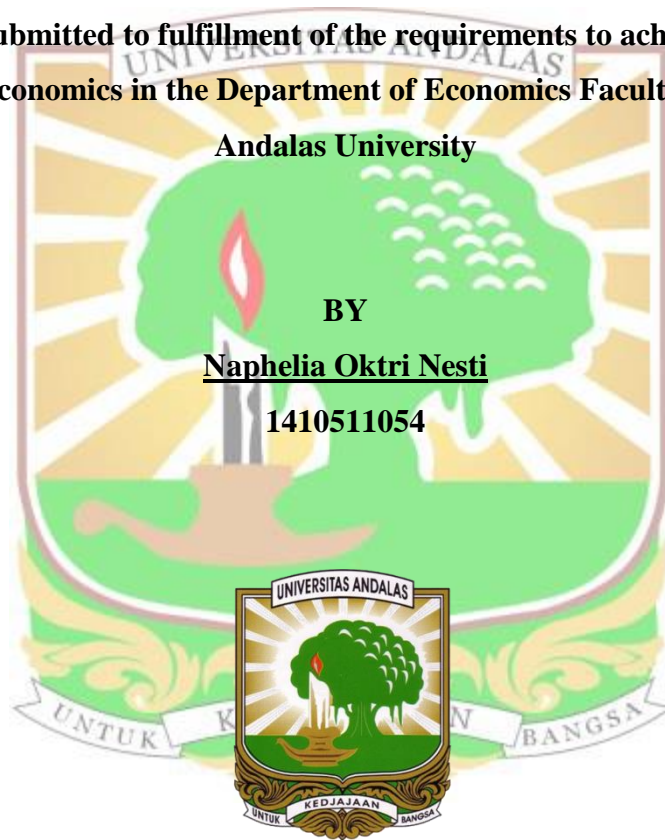
**prepared and submitted to fulfillment of the requirements to achieve the degree of  
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**Investigating the Relationship Between Tourism, Trade Openness, and Financial Development to Economic Growth in Six Selected ASEAN Countries**

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**ABSTRACT**

This study examines the impact of tourism development, trade openness and financial development to economic growth in six selected ASEAN countries. Using the data of international tourism receipts to measure tourism development, trade openness, financial development index and the ratio of broad money over GDP as a proxy of financial development, and also exchange rate as independent variables. GDP per capita was use as dependent variable. This study uses Panel Co-integration Technique to test the existence a long-run relationship between variables, and also employs Panel Dynamic Ordinary Least Square (PDOLS) and FMOLS (Fully Modified Ordinary Least Square) to estimate long-run co-integration vector. The panel data is a methodology which uses a time series and cross-section in the process of examining the data, using annual data from 1995-2016 period in six selected ASEAN countries which is Indonesia, Malaysia, Singapore, Thailand, Vietnam, and Philippines. This empirical result of this research showed there is long run relationship between tourism, trade openness and financial development to economic growth. Change in the proxy of financial development will change the empirical result in long run panel estimation. Tourism and economic growth have positive and significant effect in the long run when the proxy of financial development is ratio of broad money over GDP. Trade openness and economic growth have positive and significant impact in long run. Meanwhile, financial development had negative and insignificant relationship with economic growth when using the ratio of broad money over GDP. Exchange rate showed blurred sign or ambiguous effect because they had positive and not significant impact to economic growth.

**Keywords:** *Economic Growth, Tourism Receipts, Trade Openness, Financial Development, Panel Data, PDOLS.*

This thesis has been presented before the examiners in the thesis examination and successfully passed the thesis examination on October 12<sup>th</sup> 2018.

The abstract has been approved by the advisor and examiners:

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