Finansal Gelişme Göstergeleri ile Ekonomik Büyüme İlişkisi: Türkiye Örneği

The Relationship between Finanical Development Indicators and Economic Growth: The Case of Turkey

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Abstract

The link between financial development and economic growth is one of the most important issues argued in the literature. The purpose of this paper is to explain the relationship between economic growth and financial development indicators such as credit volume, money supply, BİST 100 index, exports and imports in Turkey. In this study Johansen cointgeration, vector error correction model estimation, granger causality test, impulse-response and variance decomposition analysis are undertaken. According to Johansen cointegration analysis, it is found that there is a long-run relationship between the economic growth, BİST 100 index, inflation, export, import, credit volume and monetary aggregate M2. According to Granger causality tests there is one-way causality relation from economic growth to BİST 100 stock market index which is an indicator of capital markets and monetary aggregate M2. In this case bank credit volume is not found to be the reason for the economic growth. Impulse-response analysisshow that the response of economic growth one period later to one standard deviation shock in BİST 100 stock market index, credit volume is found to be negligible. According to the variance decomposition results, the change in economic growth in the second period is explained approximately 77% by itself, 18.8% by BİST 100 index, below 1% by credit growth and money supply. The findings obtained during the period of study show that economic growth in the Turkish economy leads to an increase in demand in financial services and thus the demand-push hypothesis which states that it causes financial expansion is confirmed.