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**CONFERENCE**

**2014**

*Fostering Business and SME Future  
Development: Leveraging for Excellence*

**25<sup>TH</sup> - 27<sup>TH</sup> SEPTEMBER**  
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PROGRAMME & ABSTRACTS

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AREA: ECONOMICS				
PARALLEL SESSION 4: 2.45 – 4.15 pm				
SLOT: 2				
DATE: 26 <sup>th</sup> September 2014				
VANUE: GAMELAN 2				
MODERATOR: FADLI FIZARI ABU HASSAN ASARI				
NO	ID	TIME	TITLE	AUTHORS
1.	059	2.45–3.00 pm	The Causal Impact of the Government Support on the Small Strategic Crop Industry: Malaysia Experience	Kamarudin Othman, Fathiyah Ismail, Amir Hussin Baharuddin
2.	069	3.00–3.15 pm	Variation of Islamic Bank Financing in the Unexpected Economic Event: An Interaction with the Monetary Policy Indicator	Zuriyati Ahmad, Roziani Ali
3.	075	3.15–3.30 pm	Determinants of REITs Performance in Malaysia	Nur'ain Syahira Binti Joham, Nur Azwani Mohamad Azmin, Anita Md Shariff
4.	114	3.30–3.45 pm	Financial Deepening and Poverty Reduction: Causality Linkage in the Case of Malaysia	Siti Aisyah Mustafa, Nur Syuhada Zainal, Salina Hj Kassim
5.	127	3.45–4.00 pm	Government Expenditure in Malaysia	Nurul Amira Abu Hurairah, Nurul Syuhada Baharuddin, Zuraida Mohamad
6.	135	4.00–4.15 pm	International Student Enrolments: A Macro Economics Perspective	Fadli Fizari Abu Hassan Asari, Suriyani Mohamad, Wan Mohd Farid Wan Zakaria

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TiBEC IV

**ID 114 - Financial Deepening and Poverty Reduction:  
Causality Linkage in the Case of Malaysia**

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**Abstract**

This paper investigates interaction between financial deepening and poverty reduction in the case of Malaysia from period of 1975 to 2012. We employed ARDL bounds testing approach to find long run integration as well as Granger causality to discover the short run and long run dynamics between the variables. Our findings show that when monetization variable is used a proxy for financial deepening, poverty reduction measured by per capita consumption seems to cause the development of financial sector irrespective of whether the causality test is conducted in the short run or in the long run. The results reflect the importance of aggregate demand on goods and services among households to trigger the size of liquid money in Malaysian economy.

**Keywords:** *financial deepening; poverty; Malaysia; ARDL*

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