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Research in International Business and Finance  
Volume 42, December 2017, Pages 1244-1253

## The nexus between financial integration and real economy: Solow-growth model concept (Article)

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### Abstract

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This paper aims to investigate the nexus between financial integration and the real economy in ASEAN + 3 economies based on the concept of Solow-Growth Model. The equity indices as a proxy for financial markets are collected from each ASEAN + 3 members and are segmented between two periods; before and after the financial cooperation agreement period. The finding presents several outcomes; 1) no cointegration nexus is found in the system during the pre-agreement periods; 2) the markets are found cointegrated during the post-agreement period, 3) financial integration is found to influence the real sectors of ASEAN + 3 economies. Finally, this study offers policy implications to improve financial integration for stabilizing the real economy. © 2017 Elsevier B.V.

### SciVal Topic Prominence

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### Author keywords

ASEAN + 3 Financial integration Generalized method of moments (GMM) Real economy

ISSN: 02755319  
Source Type: Journal  
Original language: English

DOI: 10.1016/j.ribaf.2017.07.062  
Document Type: Article  
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