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# Financial Development, Export, FDI and Economic Growth: Panel Cointegration and MMQR Analysis in E7 Countries

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## ABSTRACT

In the global economy, financial deepening, foreign trade, and capital flows play an important role among the determinants of economic growth. This study focuses on the relationship between three different financial development indicators, exports and foreign direct investments, and economic growth for 2000-2022, with the E7 (Emerging Seven) countries sample. In the analysis part of the study, the long-term relationship was presented with FMOLS and DOLS tests, and a robustness check was performed with the MMQR long-term estimator. According to the findings, a cointegration relationship was reached between financial development, exports, foreign direct investments, and economic growth. In addition, according to the FMOLS and DOLS test results showing the long-term coefficient relationship, it was revealed that financial development, exports, and foreign direct investments have a positive effect on economic growth. According to the results of the MMQR test, which is another long-term estimator, the positive impact is greater at low quantile levels of financial development, foreign direct investments, and exports, that is, in countries with low-income levels. Finally, according to the panel causality results, a bidirectional causality relationship is reached between foreign direct investments and exports and economic growth, while a unidirectional causality relationship is reached between financial development and economic growth.

KEYWORDS Financial Development; Export; Economic Growth; Panel Data

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