

Financial liberalization and money demand in the ASEAN countries

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First published: 29 June 1999

[https://doi.org/10.1002/\(SICI\)1099-1158\(199907\)4:3<205::AID-IJFE107>3.0.CO;2-G](https://doi.org/10.1002/(SICI)1099-1158(199907)4:3<205::AID-IJFE107>3.0.CO;2-G)



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Abstract

We estimate long-run money demand equations for the ASEAN-4 countries (Indonesia, Malaysia, Singapore, and Thailand) and evaluate whether the equations are cointegrated. Despite the substantial financial liberalization that has taken place in these countries, we find that the money demand equations are cointegrated. In sum, our results show that provided that the monetary authorities know the shape of these money demand equations, a policy framework aimed around monetary targets can be implemented. Copyright © 1999 John Wiley & Sons, Ltd.

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