

The Study of the Effect of Financial Development on Economic Globalization in the Middle East

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Abstract There are benefits and disadvantages to globalization for any country. In the process of economic globalization, economic activities and changes are described in the world and it is not confined to borders. Since, economic growth depends on private investment and private investment lies in financial market development, so the role of financial development on growth and investment is a undeniable fact. The current study investigate the effects of economic globalization on the financial systems in the Middle East in during the period 2006 - 2014 using panel data. Also, in this study have been used liquidity variables and domestic credit granted to the private sector as indicators of financial development. The results indicate that heritage freedom index which is to measure the degree of economic freedom in the world's nations affected by liquidity volume, credit to the private sector, exports and gross domestic product (GDP). Therefore, we can say that financial development is a factor which accelerate the process of globalization through economic growth. **Key words:** Financial development, Globalization, Liquidity, Granted Credits, Heritage Freedom Index

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