DOI: https://doi.org/10.52131/pjhss.2022.1004.0320

Pakistan Journal of Humanities and Social Sciences

Volume 10, Number 4, 2022, Pages 1627–1637
Journal Homepage:
https://journals.internationalrasd.org/index.php/pjhss

The Role of Financial Credits, Financial Deposits and Economic Factors on the Stock Trading of ASEAN Countries

Muhammad Sajjad Hussain[1], Sabah Younus[2], Abdul Rehman[3], Abid Mehmood[4]

[1] Assistant Professor, The Superior University, Lahore, Pakistan. Email: sajjadhussain@superior.edu.pk
[2]Assistant Professor, Department of Management Sciences, National University of Modern Languages, Multan. Pakistan. Email: sabah.younus@numl.edu.pk
[3] Visiting Lecturer, Department of Management Sciences, The Islamia Universty Of Bahawalpur, Rahim Yar Khan Campus. Email: abdulrehmansaeed99@gmail.com
[4] Iqra University, Karachi, Pakistan. Email: abid.mehmood@iqra.edu.pk

ARTICLE INFO

Article History:
Received: October 21, 2022
Revised: December 20, 2022
Accepted: December 29, 2022
Available Online: December 31, 2022

Keywords:
Financial Credits
Financial Deposits
Economic Factors
Industrialization
Employment Rate
Stock Trading
ASEAN Countries

Funding:
This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ABSTRACT

Recently, the financial and economic conditions of the country have played an essential role in the stock price fluctuation. This aspect requires recent studies and experience regulators' emphasis. Hence, the current research examines the impact of financial credits, financial deposits and economic factors such as economic growth (EG), industrialization and employment rate on the stock trading in ASEAN countries. The researchers extracted the secondary data from the World Development Indicators (WDI) database from 2009 to 2020. The research also checks the connection among understudy constructs using the Methods of the Moments-Quantile-Regression (MMQR) approach. The outcomes revealed that the financial credits, financial deposits EG, industrialization and employment rate have a positive linkage with stock trading in ASEAN countries. The research provides guidelines to the regulators in making regulations related to improve stock trading using understudy effective financial and economic factors.

Corresponding Author's Email: abid.mehmood@iqra.edu.pk

1. Introduction

In a country, stock trading, unlike other trading plate-forms, refers to dealing in the sale and purchase of stock like securities, bonds, shares, etc. The significance of a country's stock trading to its economy is undeniable as it helps the economy stand on sound bases (Bintara[1] & Tanjung, 2019). Stock trading serves the economy from different perspectives. First of all, it is a huge and consistent source of investment in the economy. Second, it fosters healthy and fruitful competition among firms. It provides a dedication to companies to pay attention to business effectiveness on their own part and, thus, lead the economy to have higher development. Furthermore, stock trading gives a hub of investment to individuals and groups of persons where they can better utilize spare money to generate profits. They can improve and maintain their living standard and act as potential customers accelerating the country's economic growth (Broadstock & Zhang, 2019; R. E. A. Khan & Nawaz, 2010). The stock trading performance is determined by stock returns, and if stock trading performs substantially better, the investors with higher wealth creation are more optimistic about the future. Purchasing securities improves overall investment spending in businesses. Companies' business effectiveness tends to increase as stock trading performance tends to improve and remain stable. Additionally, stronger stock market performance raises people's standards of living and encourages trading throughout the economy (M. Khan, 2019; Shittu, Hassan, & Nawaz, 2018).

Stock trading is affected by several financial and economic factors like financial credits, financial deposits, economic growth, industrialization, and employment rate. Financial credit is the facility from a financial institution like a bank to firms or individuals to utilize banks' money

eISSN: 2415-007X

to meet their financial needs. This raises the financial ability of the clients to spend on the business performance resulting in improvement in stock returns and the ability to have an investment in stocks. So, stock trading performance improves (Chien, Hsu, Zhang, Vu, & Nawaz, 2022; Kiesel & Lücke, 2019). Financial deposits determine banks' ability to issue loans or launch investment programs. It promotes companies business performance and the value of the company stock. The stock having better prospectus are more frequently traded (Shang, 2020). When a country has higher economic growth, the total production and trading of goods and services increase within the country. In this economy, better resources allow the companies to perform effectively and improve the value of the stock (Li et al., 2021; Nawaz, Ahmadk, Hussain, & Bhatti, 2020). Industrialization is the prevalence of industrial practices over a greater area in the country and the improvement in industrial activities. It develops human as well as physical capital. Better business performance enhances profits on stock and stock trading. The increasing employment rate shows a higher working rate in different economic industries. It leads to higher production levels and higher returns on the financial securities in the stock trading (Nawaz, Hussain, & Hussain, 2021; Verma et al., 2021).

The present study examines stock trading in ASEAN countries. In Asia, the seven emerging ASEAN financial markets are operating, and these are Bursa Malaysia, the Ho Chi Minh Exchange, the Hanoi Stock Exchange, the Indonesia Stock Exchange, the Singapore Stock Exchange, The Philippine Stock Exchange, and the Stock Exchange of Thailand. Due to the distinctive regional feature, investors can access the capital markets and benefit from investment opportunities ranging from sophisticated products in mature countries like Singapore to frontier economies like Vietnam (La Torre, Mango, Cafaro, & Leo, 2020; Shah, Hussain, Nawaz, & Iqbal, 2021). Over 3,400 firms were combined with a market capitalization of USD 2.9 trillion on the regional exchanges in 2020. From 2017, the market size increased successfully by 24% year over year, with Indonesia, Singapore, and Thailand leading the way. The price-to-earnings ratio suggests that member exchanges are reasonably priced when compared to developed marketplaces in Asia in terms of market valuation (Chen & Chiang, 2020; Shafiq, Bhatti, Bashir, & Nawaz, 2022). Though the stock exchanges in ASEAN countries are making progress, the rate of progress is very low, and some of the ASEAN countries still have weak stock markets. There is a need to pay attention to stock trading development in ASEAN countries. The present study meets this need as it throws light on how to promote stock trading in ASEAN economies. The objective of the study is to explore the role of financial and economic factors like financial credits, financial deposits, economic growth, industrialization, and employment rate in stock trading.

There is a long list of studies that record stock trading and its significance in words, and the present study takes its subject of discussion from past literature, but still, it has a significant literary contribution. First, in the previous studies, authors have simply analyzed the role of bank development or financial development in stock trading performance. Very few researchers have specifically checked the impacts of financial credits and financial deposits on stock trading. The current article, which investigates the role of financial credits and financial deposits in stock trading, adds to the literature. Second, the previous studies have discussed either the role of financial development or macroeconomic factors in the stock trading of a country. The current article examines both financial factors like financial credits and financial deposits and macroeconomic factors like economic growth, industrialization, and the employment rate for evaluating a country's stock trading. So, it extends the literature. ASEAN countries have developed economies which all gathered to strengthen their economic position. As a whole, ASEAN's economy is competing against the world economies, but it is vulnerable without promoting stock trading. There is no detailed study about the ways to improve stock trading in ASEAN countries. The present article, which considers the role of like financial credits, financial deposits, economic growth, industrialization, and employment rate in stock trading for ASEAN countries, is an exceptional article in the literature.

The rest of the paper contains the following parts: the second checks the relationship between financial and economic factors like financial credits, financial deposits, economic growth, industrialization, and employment rate with stock trading performance according to the views of authors in previous studies. The third part tells which methods have been followed to make an empirical investigation for the study. The fourth part throws light on the study

analysis and obtains research findings. In discussions, the validity of the results is approved by previous studies. Discussion is followed by the study conclusion, implications, and limitations.

2. Literature Review

The health of an economy is determined by stock trading performance. It increases the trading of goods and services within the economy, boosts the total amount of investment in the various businesses operating in national boundaries, and concentrates on the management and operational effectiveness of these businesses (Alfaro, Chari, Greenland, & Schott, 2020; Gillani, Ahmed, Khan, & Hussain, 2022). Several financial and economic factors like financial credits, financial deposits, economic growth, industrialization, and employment rate affect stock trading performance. Different authors have debated the relationship among financial credits, financial deposits, economic growth, industrialization, employment rate, and stock trading performance in the existing literature. The present study checks the relationship between financial credits, financial deposits, economic growth, industrialization, employment rate, and stock trading performance with reference to previous studies.

Financial institutions, including banks, give financial credits besides loan issuance to the public. The financial credits enable the firms to have large financial resources ready to make quick decisions and run a business on a profitable basis. The higher profitability of firms allows them to secure a handsome portion of profits to be distributed among shareholders. In this situation, firms' stock gain higher value, and stock trading performance improves (Cárdenas-Barrón, Shaikh, Tiwari, & Treviño-Garza, 2020). Wang, Xiong, Zhu, Xie, and Foglia (2022), examines the relationship of financial credits with stock trading. Companies from 1977 to 2017 that were covered by Compustat and CRSP are included in the sample used in this study. Descriptive statistics and OLS regression were used to analyze the data and obtain findings. The study implies that innovation in business is required to respond to market requirements and attain higher profits. These firms maintain their goodwill to give higher returns on equity and improve stock trading. A study conducted by Liu, Qiu, and Wang (2021), which investigates the influences of financial credits and debt risks on stock return which measures stock trading performance. The information was acquired from the statistics of the US during the first quarter of 2020 when country inhabitants were facing health crises. The study implies that if, during critical situations like a health crisis followed by economic issues, financial credits are available, the firms can handle the matters, secure the economic conditions, and maintains the confidence of investors in the company's security being profitable. These firms can have favorable stock trading. So, financial credits positively contribute to stock trading performance.

The institutions are established with the motive to create wealth using others' money. The creation of wealth in the economy depends on the financial reserves of the financial institutions. The banking firms which have higher financial deposits have better financial resources to create wealth in the economy. As a result, the increasing investment in businesses and business progress brings prosperous conditions in stock trading as stockholders are optimistic about future gains (Mexmonov, 2020). Lin (2020), identify the influences of financial deposits on stock trading performance. The research was conducted with the review of literature about financial deposits and stock returns. Authors argue that the increase in financial deposits enhances financial development within the country. Business firms have easy access to loans or credits from banking institutions when they require urgent funds for business. The consistency in the business functions, it is marketing, and relations with the stakeholders give satisfaction to stockholders and also attract potential investors for stock trading. So, the situation when financial deposits are rising, stock trading tends to be favorable. Nugraha, Yahya, Nariswari, Salsabila, and Octaviantika (2021), sheds light on the impacts of financial deposits on stock trading performance. This study employed panel data in a quantitative research design. Purposive sampling was the method used to select 33 companies as a sample from a population of 41 enterprises listed on the Indonesia Stock Exchange over the period of 2015-2019. Descriptive statistical assessment, the coefficient of determination test, the t-test, and the F test is the data analysis methods employed in this study. SPSS 20 was used for data processing. The results showed that financial deposits contribute to stock returns and stock trading performance.

From a company’s point of view, stock trading performance is higher if the returns on stock are higher, which determines higher stock values, great demand, and stockholders’

retention with the company. The economic conditions of the country, which are all influencing on business performance of companies, do have a role in stock trading. When a country has higher economic growth, the companies with better financial development, advanced technologies, and other innovative resources have better production and higher marketing for their products and services. With the improved business performance, companies may attract investors from inland and outside countries and have better stock trading (Najiand, mohamed Aljebory, & Al-Azzawi, 2022). In a literary article, Bertuah and Sakti (2019), investigates the influences of economic growth on the stock trading of companies. The research sample consists of 17 companies that are listed in the BEI property sector and match the purposive sampling requirements. Panel data regression with random effects is the analysis method applied for the research. In a country where there is higher economic growth, there is higher financial development, advancement, and expansion of businesses at a greater scale. These businesses are more adept at managing their operations successfully, and turning a profit increases stock market prices, which encourages stock trading. Siregar (2019), integrate the relationship between economic growth, interest rates, inflation, rupiah exchange rate, political risks, and stock return indicating stock trading performance. An exploratory research method was applied, and with purposive sampling, time-series data and cross-section data were taken from 194 companies listed on Indonesia Stock Exchange for the period 2007-2017. The results showed that the country's economic growth has a positive association with stock returns and stock trading.

Industrialization brings the economy to an expanded level and determines the development level of the country, like technological advancements, human capital development, and administration development. The expansion in industrialization promotes business in the country. In such an economy, companies can improve business effectiveness, boost the outputs from production processes, and promote marketing at a profitable level. These companies have better capability to pay more and timely on their shares. When interested people know about a better stock prospectus, they show inclination, and stock trading performs well. Hence, industrialization has a positive influence on stock trading. In addition, (Su, Fang, & Yin, 2019). Xu (2021), examine the influences of industrialization on stock trading performance. The study implies that industrialization brings people closure to an informed and aware lifestyle. People gain an understanding of complex things related to the business world and their abilities to create wealth or boost wealth creation. Stock trading promotes among such people when they come across visual or auditory experiences of making an investment in companies' shares or other securities. Ding (2021), makes an investigation about the influences of industrialization and exchange rates on stock trading. US statistics were used to collect information for industrialization, exchange rates, and stock trading. The study posits that increasing industrialization brings technological development within the country.

Whether they employ technology or not, all economic operations use human resources in some way. In addition to being necessary for the firm's existence, hiring workers boost the company's profitability, which boosts the stock market value of the company (Salisu & Vo, 2020). Goel et al. (2021), investigates the relationship between employment rate with stock trading. Researchers are concentrating on economies in the United States in order to examine the desired relationship between 1985 and 2018. Data were gathered from official websites under the supervision of Scott Baker, Nick Bloom, and Steven Davis. The study suggests that businesses can expand their divisions, facilities, departments, or production units and improve their product advertising when the employment rate rises and they recruit more productive capital. The total profits for a certain time period are increased by the higher sales. After subtracting profits from reserves, the corporations now have a larger sum of money to distribute among shareholders. Thus, there is an increase in stock returns along with the growth in the employment rate. Masood, Tvaronavičienė, and Javaria (2019), analyzes the relationship between employment rate, oil prices, and stock return. Through the OECD website and the oil intelligence report, information for the factors was gathered from G7 nations such as Germany, Italy, Japan, France, Canada, the UK, and the USA. According to the report, rising employment rates raise production levels across all corporate groups and increase demand for oil reserves. The stock values of oil businesses rise as a result of rising oil commodity prices. As a result, the employment rate and stock returns are positively correlated.

3. Research Methods

The research examines the impact of financial credits, financial deposits, EG, industrialization and employment rates on stock trading in ASEAN countries. The researchers used the ASEAN countries because extensive stock prices fluctuation has been observed in these countries that is also mentioned in the study of Arisandhi and Robiyanto (2022). The researchers extracted the secondary data from the WDI database from 2009 to 2020. The researchers developed the equation for the understudy variables given below:

$$ST_{it} = \alpha_0 + \beta_1 FC_{it} + \beta_2 FD_{it} + \beta_3 EG_{it} + \beta_4 IND_{it} + \beta_5 EMR_{it} + e_{it} \quad (1)$$

Where, ST is Stock Trading, *t is* Time Period, i is Countries, FC is Financial Credits, FD is Financial Deposits, EG is Economic Growth, IND is Industrialization, EMR is Employment Rate. The research used stock trading as the dependent variable measured with stock traded (% of GDP). In addition, the article also used two financial and three economic factors to predict stock trading. The financial factors include the financial credits measured with domestic credit provided by the financial sector (% of GDP) and financial deposits measured with depositors with commercial banks (per 1000 adults). The study used both of the factors because sometime financial credits are not effective enough and affect the stock prices. In addition, the economic factors include the EG measured with GDP growth (annual percentage), industrialization measured with industry value added (% of GDP) and employment rate measured with employment to population ratio. These are the essential economic factors the influence the stock prices of the country and used in the study. These measurements are given in Table 1.

Table 1: Measurements of Variables

Sr. No.	Variables	Measurement	Sources
01	Stock Trading	The stock traded (% of GDP)	WDI
02	Financial Credits	Domestic credit provided by the financial sector (% of GDP)	WDI
03	Financial Deposits	Depositors with commercial banks (per 1000 adults)	WDI
04	Economic Growth	GDP growth (annual percentage)	WDI
05	Industrialization	Industry value added (% of GDP)	WDI
06	Employment Rate	Employment to population ratio	WDI

The research checks the variables' details by applying descriptive statistics. In addition, the research also checks the correlation between the predictors by applying the correlation matrix. Moreover, the research also checks the multicollinearity by applying the variance inflation factor (VIF). The equations are mentioned below:

$$R^2_Y \longrightarrow \quad Y_{it} = \alpha_0 + \beta_2 X_{2it} + \beta_3 X_{3it} + \beta_4 X_{4it} + \beta_5 X_{5it} + e_{it} \quad (2)$$

$$j = R^2_Y, R^2_{X1}, R^2_{X2,} R^2_{X3,} R^2_{X4,} R^2_{X5} \quad (3)$$

$$Tolrance = 1 - R^2_j \qquad VIF = \frac{1}{Tolerance} \quad (4)$$

The research also checks the connection among understudy constructs using the MMQR approach. It is an effective approach to analyzing the panel data developed by Machado and Silva (2019) that deals with outliers significantly (Adebayo, Rjoub, et al., 2022). Moreover, it also allows ST's "conditional heterogeneous covariance effects" to affect the entire distribution differently than panel regression (Ike, Usman, & Sarkodie, 2020). The major advantage of MMQR is that it allows the use of methods that are only valid in the estimation of conditional means, such as differencing out individual effects in panel data models, while providing information on how the regressors affect the entire conditional distribution (Machado & Silva, 2019). In addition, it is also a reliable approach that provides the asymmetric and linkages by managing the issues of heterogeneity and endogeneity (Adebayo, Akadiri, Adedapo, & Usman, 2022). Thus, $Q\tau(\tau/X)$ is the conditional quantile for the "locational-scale alternate model" is developed as under:

$$Y_{it} = \alpha_i + X_{it}\beta + (\delta_i + Z_{it}\lambda)U_{it} \qquad (5)$$

In the above equation, $P\{\delta_i + Z_{it}\lambda > 0\} = 1$ represented the probability, $\alpha, \beta, \lambda \; and \; \delta$ represented the parameters, $\alpha_i, \delta_i \; \mathrm{i} = 1, \ldots\ldots, \mathrm{n}$ represented the precise fixed effect, z represented the k-vector of component X, while the components are altered with component l given below:

$$Zl = Zl\,(X), l = 1, \ldots\ldots, k \qquad (6)$$

In the above equation, U_{it} represented the orthogonal to X_{it}. In equation (5), the conditional quantile of Y is developed as below:

$$Q\tau(\tau/X_{it}) = (\alpha_i + \delta_i q(\tau)) + X_{it}\beta + Z_{it}\,\lambda\, q(\tau) \qquad (7)$$

In the above equation, X_{it} represented the independent variables such as FC, FD, EG, IND and EMR and Y_{it} represented the predictive variable such as ST that is conditional as X_{it}. Thus, $Q(\tau)$ is developed as under:

$$Min_q = \sum_t \sum_i p\tau\,(R_{it} - (\delta_i + Z_{it}\,\lambda\,)q) \qquad (8)$$

4. Research Findings

The research checks the variables' details by applying descriptive statistics. The outcomes indicated that ST mean value was recorded as 34.019 per cent, while FC average value was recorded as 67.166 per cent and FD mean value was recorded as 1237.261 per 1000 adults. In addition, the outcomes also indicated that EG mean value was recorded as 4.192 per cent, while IND average value was recorded as 31.619 per cent and EMR mean value was recorded as 51.092 per cent. These outcomes are mentioned in Table 2.

Table 2: Descriptive Statistics

Variable	Obs	Mean	Std. Dev.	Min	Max
ST	120	34.019	24.562	7.035	96.529
FC	120	67.166	23.321	32.091	194.323
FD	120	1237.261	41.330	197.228	2404.326
EG	120	4.192	11.902	-9.234	10.277
IND	120	31.619	10.332	17.392	74.673
EMR	120	61.092	1.281	53.901	72.102

In addition, the research also checks the correlation between the predictors by applying the correlation matrix. The outcomes revealed that the financial credits, financial deposits, EG, industrialization and employment rate have a positive linkage with stock trading in ASEAN countries. These outcomes are mentioned in table 3.

Table 3: Matrix of Correlations

Variables	ST	FC	FD	EG	IND	EMR
ST	1.000					
FC	0.562	1.000				
FD	0.555	0.450	1.000			
EG	0.721	0.343	0.531	1.000		
IND	0.362	0.456	0.271	0.565	1.000	
EMR	0.298	0.717	0.356	0.622	0.349	1.000

Moreover, the research also checks the multicollinearity by applying the VIF. The outcomes revealed that the reciprocals of VIF are larger than 0.20, and VIF values are lower than five. These figures exposed no multicollinearity. These outcomes are mentioned in table 4.

Table 4: Variance Inflation Factor

	VIF	1/VIF
FC	3.817	0.262
FD	3.718	0.269
EG	2.761	0.362
IND	2.466	0.406
EMR	1.928	0.519
Mean VIF	2.938	.

The outcomes revealed that the financial credits, financial deposits, EG, industrialization and employment rate have a positive linkage with stock trading in ASEAN countries. The outcomes also indicated that the FC has a significant association with ST in the quantiles 1 to 5, 7 and 9. In addition, the outcomes also indicated that the FD has a significant association with ST in the quantiles 1 to 4, 6 to 7 and 9. Moreover, the outcomes also indicated that the EG has a significant association with ST in the quantiles 1 to 3, and 5 to 8. In addition, the outcomes also indicated that the IND has a significant association with ST in the quantiles 1 to 4, and 6 to 8. Finally, the outcomes also indicated that the EMR has a significant association with ST in the quantiles 1 to 5, and 7 to 9. These outcomes are mentioned in Table 5.

Table 5: Panel Quartile Estimation (MMQR)

Variables	Method of Moments Quantile Regression (MMQR)										
	Location	Scale	Grid of Quartiles								
			0.10	0.20	0.30	0.40	0.50	0.60	0.70	0.80	0.90
FC	0.562***	0.548*	0.672**	0.564**	0.443*	0.574**	0.673*	0.076	0.783*	0.043	0.673*
FD	0.782**	0.398*	0.876**	0.666*	0.674*	0.498***	0.111	0.563**	0.292**	0.022	0.133*
EG	0.574***	0.300**	0.198**	0.784**	0.735*	0.082	0.783*	0.234**	0.781*	0.672**	0.321
IND	0.773*	0.572**	0.745*	0.387*	0.278**	0.762*	0.443	0.762**	0.635*	0.182*	0.021
EMR	0.777*	0.776**	0.765*	0.388**	0.572***	0.662*	0.675*	0.087	0.672*	0.453*	0.549*

***, **, and * represent significant level at 1%, 5%, and 10%, respectively

5. Discussions

The results showed that financial credits have a positive association with stock trading. These results are in line with the study of Pervin, Roy, and Weber (2019), which is about the role of financial credits in stock trading. The study implies that when banking institutions have policies to grant loans to clients firms in the form of credits and offer credits on easy conditions, a significant number of business firms have surety of making financial transactions easily at the time of need. These firms benefit from progressive opportunities with ready funds and improve profits distribution on their stock. Hence, they make progress in stock trading. These results also agree with the article of Asadi and Al Janabi (2020), which also highlights that financial credits support firms to tackle contingent risks, overcome sudden losses, and pick opportunities. These firms run a business effectively and improve stock trading outcomes. The results showed that financial deposits have a positive association with stock trading. These results are in line with the study of Riaz, Shehzad, and Umar (2019), which implies that companies that have goodwill regarding their dealings through banks and handsome bank deposits improve the business image in the eyes of the public. With a better business image, they have the confidence of investors in their stock. It improves firms' stock trading. These results also agree with the article of Luo (2019), which states that if the financial deposits with the banks increase, banks' role in the country's financial development improves, and stock trading progresses within the country.

The results showed that economic growth has a positive association with stock trading. These results are in line with the study of Latif et al. (2021). The previous study states that when a country has higher economic growth, there is higher financial development, and companies are running a business operation on an innovative and greater scale. These companies have a better ability to run a business effectively, and achieving higher profits improves the stock market values, which promotes stock trading. These results also agree with the article of Chue, Gul, and Mian (2019), which states that if a country is competing successfully in the international market, the performance of the companies is improving, and the profitable stock have higher demand in the market. The results showed that industrialization has a positive association with stock trading. These results are in line with the

study of Nasir, Canh, and Le (2021), which denotes that industrialization improves business understanding at a greater level and also promotes communication and information systems. In this situation, the companies can have a better ability to manage the business and achieve the goal of higher profits. Hence, these companies can improve stock trading. These results also agree with the article of Wen, Wu, and Gong (2020), according to which, when a country is developing its industrial sector and expanding industrialization, stock trading also makes progress.

The results showed that the employment rate has a positive association with stock trading. These results are in line with the study of Edmans, Fernandez-Perez, Garel, and Indriawan (2022), which highlights that the increase in the employment rate enhances the work level in business organizations, and the business progress takes the stock values upwards and raises demand for them. These results also agree with the article of Narayan, Phan, and Liu (2021), which also reveals that the increase in the employment rate sets economic and financial stability within the country. And the higher living standard improves investment level companies' stock.

6. Conclusion

The study objective was to analyze the influences of financial credits, financial deposits, economic growth, industrialization, and employment rate on stock trading. The empirical data regarding financial credits, financial deposits, economic growth, industrialization, employment rate, and stock trading were collected from ASEAN countries. The results showed that financial credits, financial deposits, economic growth, industrialization, and the employment rate has a positive impact on stock trading. The results indicated that the increase in the financial credits improves the firms' capacity to employ innovative, better quality resources in doing business functions and their ability to improve stock values leading to increase stock trading. The results also showed that an increase in financial deposits improves money creation, and the resulting increase in stock profitability enhances stock trading. The results also revealed that the increasing economic growth rate brings financial prosperity to the country and promotes profitable stock trading. The results indicated that industrialization improves technological resources, enhance production level, and improves financial development. It makes stock trading profitable. Moreover, the increasing employment rate with the growth in manufacturing and trading activities promotes the stock trading of companies.

6.1 Implications

Authors can have guidance for further research work on stock trading because this article has a literary contribution. The study examines the influences of financial credits, financial deposits, and economic factors like economic growth, industrialization, and employment rate on stock trading. The present study, unlike the previous studies, gives deep insights into checking both financial factors like financial credits and financial deposits and economic factors like economic growth, industrialization, and the employment rate for evaluating stock trading within a country. The study also extends the literature as it elaborates on the role of financial credits, financial deposits, economic growth, industrialization, and employment rate in stock trading for ASEAN countries.

The study can practically revolutionize the stock markets of emerging economies like ASEAN countries. The study focuses on ways how to improve stock trading in a country. The study guides that financial institutions should be motivated to give financial credits in huge amounts and easy conditions so that stock trading can be promoted. The research provides guidelines to the regulators in making regulations related to improve stock trading using understudy effective financial and economic factors. The study also has guidance for the government and financial institutions that financial deposits should be encouraged to increase stock trading in the country. It also has a guideline that economists must try to accelerate the economic growth rate as it would improve stock trading. This study has a suggestion for policymakers that they must struggle for expansion in industrialization to increase stock trading. In addition, the current study implies that the employment rate must be accelerated to an extent to improve stock trading.

6.2 Limitations

The study checks the role of limited financial and economic factors like financial credits, financial deposits, economic growth, industrialization, and employment rate in stock trading. Human capital, economic administration, and technological development are also influencing stock trading, but they are missing here. In further research, it is required to shed light on these sides as well. The study collects data to empirically check the relationship among financial credits, financial deposits, economic growth, industrialization, employment rate, and stock trading from ASEAN countries alone. The information from a small number of countries may not be enough to give accurate results. Authors must collect data from the larger economy for appropriate results.

References

Adebayo, T. S., Akadiri, S. S., Adedapo, A. T., & Usman, N. (2022). Does interaction between technological innovation and natural resource rent impact environmental degradation in newly industrialized countries? New evidence from method of moments quantile regression. *Environmental Science and Pollution Research, 29*(2), 3162-3169.

Adebayo, T. S., Rjoub, H., Akadiri, S. S., Oladipupo, S. D., Sharif, A., & Adeshola, I. (2022). The role of economic complexity in the environmental Kuznets curve of MINT economies: evidence from method of moments quantile regression. *Environmental Science and Pollution Research, 29*(16), 24248-24260.

Alfaro, L., Chari, A., Greenland, A. N., & Schott, P. K. (2020). Aggregate and firm-level stock returns during pandemics. *Real Time, 1050*, 53-69.

Arisandhi, V. D., & Robiyanto, R. (2022). Exchange Rate, Gold Price, And Stock Price Correlation in Asean-5: Evidence From COVID-19 Era. *Jurnal Manajemen Dan Kewirausahaan, 24*(1), 22-32.

Asadi, S., & Al Janabi, M. A. (2020). Measuring market and credit risk under Solvency II: Evaluation of the standard technique versus internal models for stock and bond markets. *European Actuarial Journal, 10*(2), 425-456. doi: https://doi.org/10.1007/s13385-020-00235-0

Bertuah, E., & Sakti, I. (2019). The financial performance and macroeconomic factors in forming stock return. *Jurnal Riset Manajemen dan Bisnis (JRMB) Fakultas Ekonomi UNIAT, 4*(S1), 511-522.

Bintara¹, R., & Tanjung, P. R. S. (2019). Analysis of Fundamental Factors on Stock Return. *2*(9), 49-64.

Broadstock, D. C., & Zhang, D. (2019). Social-media and intraday stock returns: The pricing power of sentiment. *Finance research letters, 30*, 116-123. doi: https://doi.org/10.1016/j.frl.2019.03.030

Cárdenas-Barrón, L. E., Shaikh, A. A., Tiwari, S., & Treviño-Garza, G. (2020). An EOQ inventory model with nonlinear stock dependent holding cost, nonlinear stock dependent demand and trade credit. *Computers & Industrial Engineering, 139*, 1055-1068. doi: https://doi.org/10.1016/j.cie.2018.12.004

Chen, X., & Chiang, T. C. (2020). Empirical investigation of changes in policy uncertainty on stock returns—evidence from China's market. *Research in International Business and Finance, 53*, 101-118. doi: https://doi.org/10.1016/j.ribaf.2020.101183

Chien, F., Hsu, C.-C., Zhang, Y., Vu, H. M., & Nawaz, M. A. (2022). Unlocking the role of energy poverty and its impacts on financial growth of household: is there any economic concern. *Environmental Science and Pollution Research, 29*(9), 13431-13444.

Chue, T. K., Gul, F. A., & Mian, G. M. (2019). Aggregate investor sentiment and stock return synchronicity. *Journal of Banking & Finance, 108*, 105-118. doi: https://doi.org/10.1016/j.jbankfin.2019.105628

Ding, L. (2021). Conditional correlation between exchange rates and stock prices. *The Quarterly Review of Economics and Finance, 80*, 452-463. doi: https://doi.org/10.1016/j.qref.2021.02.004

Edmans, A., Fernandez-Perez, A., Garel, A., & Indriawan, I. (2022). Music sentiment and stock returns around the world. *Journal of Financial Economics, 145*(2), 234-254. doi: https://doi.org/10.1016/j.jfineco.2021.08.014

Gillani, S., Ahmed, A., Khan, A. N., & Hussain, A. (2022). Military Expenditures, Income Inequality and Economic Growth Interlinkages: An Empirical Assessment for Developing Countries. *Review of Applied Management and Social Sciences, 5*(2), 109-128.

Goel, G., Dash, S. R., Mata, M. N., Caleiro, A. B., Xavier Rita, J., & Filipe, J. A. (2021). Economic policy uncertainty and stock return momentum. *Journal of Risk and Financial Management, 14*(4), 141-158. doi: https://doi.org/10.3390/jrfm14040141

Ike, G. N., Usman, O., & Sarkodie, S. A. (2020). Testing the role of oil production in the environmental Kuznets curve of oil producing countries: New insights from Method of Moments Quantile Regression. *Science of the Total Environment, 711*, 1-13.

Khan, M. (2019). Corporate governance, ESG, and stock returns around the world. *Financial Analysts Journal, 75*(4), 103-123. doi: https://doi.org/10.1080/0015198X.2019.1654299

Khan, R. E. A., & Nawaz, M. A. (2010). Economic determinants of foreign direct investment in Pakistan. *Journal of Economics, 1*(2), 99-104.

Kiesel, F., & Lücke, F. (2019). ESG in credit ratings and the impact on financial markets. *Financial Markets, Institutions & Instruments, 28*(3), 263-290. doi: https://doi.org/10.1111/fmii.12114

La Torre, M., Mango, F., Cafaro, A., & Leo, S. (2020). Does the esg index affect stock return? evidence from the eurostoxx50. *Sustainability, 12*(16), 6387-6395. doi: https://doi.org/10.3390/su12166387

Latif, Y., Shunqi, G., Bashir, S., Iqbal, W., Ali, S., & Ramzan, M. (2021). COVID-19 and stock exchange return variation: empirical evidences from econometric estimation. *Environmental Science and Pollution Research, 28*(42), 60019-60031. doi: https://doi.org/10.1007/s11356-021-14792-8

Li, W., Chien, F., Kamran, H. W., Aldeehani, T. M., Sadiq, M., Nguyen, V. C., & Taghizadeh-Hesary, F. (2021). The nexus between COVID-19 fear and stock market volatility. *Economic Research-Ekonomska Istraživanja, 8*, 1-22. doi: https://doi.org/10.1080/1331677X.2021.1914125

Lin, L. (2020). Bank deposits and the stock market. *The Review of Financial Studies, 33*(6), 2622-2658. doi: https://doi.org/10.1093/rfs/hhz078

Liu, Y., Qiu, B., & Wang, T. (2021). Debt rollover risk, credit default swap spread and stock returns: Evidence from the COVID-19 crisis. *Journal of Financial Stability, 53*, 116-129. doi: https://doi.org/10.1016/j.jfs.2021.100855

Luo, C. (2019). A comprehensive decision support approach for credit scoring. *Industrial Management & Data Systems, 120*(2), 280-290. doi: https://doi.org/10.1108/IMDS-03-2019-0182

Machado, J. A., & Silva, J. S. (2019). Quantiles via moments. *Journal of econometrics, 213*(1), 145-173.

Masood, O., Tvaronavičienė, M., & Javaria, K. (2019). Impact of oil prices on stock return: evidence from G7 countries. *Insights into Regional Development, 1*(2), 129-137. doi: https://dx.doi.org/10.9770/ird.2019.1.2(4)

Mexmonov, S. (2020). Stages of Development of the Stock Market of Uzbekistan. *Архив научных исследований, 33*(1), 23-41. doi: https://doi.org/10.37200/IJPR/V24I5/PR2020653

Najiand, A. A., mohamed Aljebory, A., & Al-Azzawi, K. O. H. (2022). The Impact of Macroeconomic Variables on the Performance of the Iraqi Stock Market. *AgBioForum, 24*(2), 23-30.

Narayan, P. K., Phan, D. H. B., & Liu, G. (2021). COVID-19 lockdowns, stimulus packages, travel bans, and stock returns. *Finance research letters, 38*, 1017-1036. doi: https://doi.org/10.1016/j.jfineco.2021.08.014

Nasir, M. A., Canh, N. P., & Le, T. N. L. (2021). Environmental degradation & role of financialisation, economic development, industrialisation and trade liberalisation. *Journal of Environmental Management, 277*, 1471-1486. doi: https://doi.org/10.1016/j.jenvman.2020.111471

Nawaz, M. A., Ahmadk, T. I., Hussain, M. S., & Bhatti, M. A. (2020). How energy use, financial development and economic growth affect carbon dioxide emissions in selected association of south east asian nations. *Paradigms. SI (1)*, 159-165.

Nawaz, M. A., Hussain, M. S., & Hussain, A. (2021). The Effects of Green Financial Development on Economic Growth in Pakistan. *iRASD Journal of Economics, 3*(3), 281–292.

Nugraha, N. M., Yahya, A., Nariswari, T. N., Salsabila, F., & Octaviantika, I. Y. (2021). Impact of Non-Performing Loans, Loan to Deposit Ratio and Education Diverstiy on Firm

Performance of Indonesia Banking Sectors. *Review of International Geographical Education Online, 11*(3), 35-50. doi: https://doi.org/10.48047/rigeo.11.3.10

Pervin, M., Roy, S. K., & Weber, G. W. (2019). Multi-item deteriorating two-echelon inventory model with price-and stock-dependent demand: A trade-credit policy. *Journal of Industrial & Management Optimization, 15*(3), 1345-1359. doi: https://doi.org/10.3934/jimo.2018098

Riaz, Y., Shehzad, C. T., & Umar, Z. (2019). Pro-cyclical effect of sovereign rating changes on stock returns: a fact or factoid? *Applied Economics, 51*(15), 1588-1601. doi: https://doi.org/10.1080/00036846.2018.1527465

Salisu, A. A., & Vo, X. V. (2020). Predicting stock returns in the presence of COVID-19 pandemic: The role of health news. *International Review of Financial Analysis, 71*, 1015-1032. doi: https://doi.org/10.1016/j.irfa.2020.101546

Shafiq, M. N., Bhatti, M. A., Bashir, F., & Nawaz, M. A. (2022). Impact of Taxation on Economic Growth: Empirical Evidence from Pakistan. *Journal of Business and Social Review in Emerging Economies, 8*(2), 381-392.

Shah, A. A., Hussain, M. S., Nawaz, M. A., & Iqbal, M. (2021). Nexus of Renewable Energy Consumption, Economic Growth, Population Growth, FDI, and Environmental Degradation in South Asian Countries: New Evidence from Driscoll-Kraay Standard Error Approach. *iRASD Journal of Economics, 3*(2), 200-211.

Shang, C. (2020). Trade credit and stock liquidity. *Journal of Corporate Finance, 62*, 101-117. doi: https://doi.org/10.1016/j.jcorpfin.2020.101586

Shittu, W. O., Hassan, S., & Nawaz, M. A. (2018). The nexus between external debt, corruption and economic growth: evidence from five SSA countries. *African Journal of Economic and Management Studies, 9*(3), 319-334.

Siregar, E. I. (2019). The Impact of Political Risk and Macro Economics on Stock Return at Indonesia Stock Exchange (An Approach of Arbritage Pricing Theory (APT)). *KnE Social Sciences, 7*, 744–772. doi: https://doi.org/10.18502/kss.v3i26.5412

Su, Z., Fang, T., & Yin, L. (2019). Understanding stock market volatility: What is the role of US uncertainty? *The North American Journal of Economics and Finance, 48*, 582-590. doi: https://doi.org/10.1016/j.najef.2018.07.014

Verma, P., Dumka, A., Bhardwaj, A., Ashok, A., Kestwal, M. C., & Kumar, P. (2021). A statistical analysis of impact of COVID19 on the global economy and stock index returns. *SN Computer Science, 2*(1), 1-13. doi: https://doi.org/10.1007/s42979-020-00410-w

Wang, G.-J., Xiong, L., Zhu, Y., Xie, C., & Foglia, M. (2022). Multilayer network analysis of investor sentiment and stock returns. *Research in International Business and Finance, 62*, 101-118. doi: https://doi.org/10.1016/j.ribaf.2022.101707

Wen, F., Wu, N., & Gong, X. (2020). China's carbon emissions trading and stock returns. *Energy Economics, 86*, 1046-1064. doi: https://doi.org/10.1016/j.eneco.2019.104627

Xu, L. (2021). Stock Return and the COVID-19 pandemic: Evidence from Canada and the US. *Finance research letters, 38*, 101-116. doi: https://doi.org/10.1016/j.frl.2020.101872