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Does Trade Openness and Financial Development Enhance Economic Growth in Algeria? A Literature Review and Data Analysis

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Abstract: This study aimed to analyze the relationship between trade openness, financial development, and economic growth in Algeria during the period 1980–2021 using the ARDL model. The results revealed a positive long-term effect of both trade openness and investment on per capita GDP, while financial development showed no significant impact. The study attributes the weak impact of the financial sector to structural imbalances such as low financial inclusion, public bank dominance, and limited innovation. It recommends policies to boost the financial and real sectors' role in growth, focusing on improving the investment climate, enhancing governance, and developing Islamic and conventional banking.

Keywords: Trade openness, financial development, economic growth, Algeria, ARDL model.

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