

Does loan portfolio affects private investment dynamics in Bolivia?

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Abstract

Financial institutions have an important role as conduits of resources to new ventures generating more investment, and therefore higher economic growth. In countries with underdeveloped capital markets, the availability of bank credit is probably the most important source for the needs of business investment.

This paper, from an error correction model, analyzes the determinants of investment in the long and short term and investigates the possible effect of the credit in its path. The main findings of the study show that access to finance influence investment decisions in the short term.

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