

# Financial system development and economic growth. An approach from the Bolivian case: 2000 – 2009

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## ABSTRACT

According to economic theory and the empirical literature, system for its financial intermediation role, plays an important role in promoting economic growth. However, in the Bolivian case the existing empirical evidence is limited, so this paper aims to determine, through the use of statistical methods and VAR models, the relationship between financial development and economic growth. The findings indicate that the development of the financial system, approximated by the ratio M3/GDP and product growth rate of financial sector, positively affects the time path of economic growth, although this effect is considered modest. The main policy implication, is the need to promote financial sector development in order to increase the sector's contribution to economic growth.

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