

## **The relevance of financial development for economic growth: a bounds test approach**

### **Abstract**

The purpose of the study is to determine whether financial development is relevant for economic growth in Malaysia for the period 1955 to 1997. Using a bounds test proposed by Pesaran et al. (1996), our results suggest that using both linear and log-linear specifications, the data do not support the existence of long-run relationships between financial development and economic growth during the period under study.

**Keyword:** Financial development; Economic growth; Malaysia