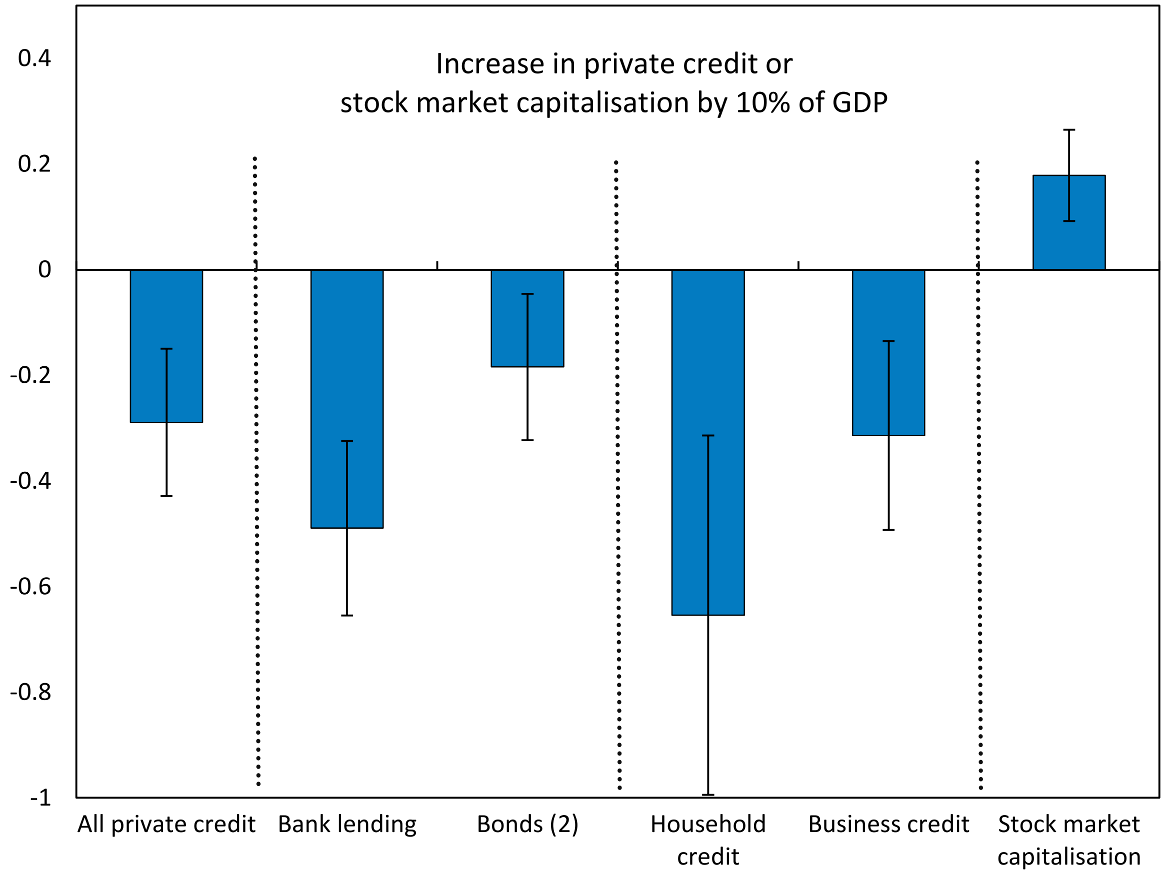
Figure 1. Different forms of financial expansion have contrasting effects on growth[1]

Percentage point change in real GDP per capita growth



1. The empirical associations are based on panel regressions of GDP growth on financial indicators, standard control variables, country fixed effects, year fixed effects and country-by-country linear time trends. The sample covers 27-34 OECD countries. Tests of causality, based both on a novel instrumental variables strategy and the generalised-method-of-moments approach, tend to deliver estimates of the same sign. The bars indicate the point estimate and are surrounded by the 90% confidence interval. All private credit uses different data to the decompositions by lender (Bank lending and Bonds) and borrower (Household credit and Business credit) and should therefore not be viewed as a weighted average.

2. Bonds also include other forms of non-bank lending.

Source: Cournède, B. and O. Denk (2015), "Finance and Economic Growth in OECD and G20 Countries", *OECD Economics Department Working Papers*, No. 1223, OECD Publishing, Paris.