

DOES FINANCIAL FREEDOM EFFECT ON THE RELATIONSHIP BETWEEN FINANCIAL DEVELOPMENT AND INVESTMENT: CROSS COUNTRY ANALYSIS

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Project Approval Statement

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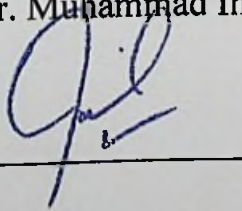
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ABSTRACT

This unique study investigates the effect of financial development on investment with the moderating role of financial freedom over the globe. We used the cross-country data for the financial sector from 1990 to 2020. Using the pooled estimation model, we document that financial development is a positive and significant effect on the level of investment. Furthermore, the interactive term of financial development and financial freedom positively affects the investment level and strengthens the existing relationship. This research recommends careful consideration in the measure of financial development that is used as a policy key driver to raise the level of investment. This study also highpoint the prominence of employing the country-specific investment policies to evade the blanket strategy measure. The financial efficiency should be given importance when predicting the investment into the future.

Keywords: Financial Development, Financial efficiency, financial freedom, Investment, Pooled Estimation

JEL Classification; C5, C19, E2, E5, G0