



The Journal of Development Studies >

Volume 40, 2003 - [Issue 1](#)

7,770 Views

607 CrossRef citations to date

43

Altmetric

Original Articles

Foreign direct investment, financial development and economic growth

Niels Hermes & Robert Lensink

Pages 142-163 | Published online: 04 Jun 2010

🗨️ Cite this article

🔗 <https://doi.org/10.1080/00220380412331293707>

Sample our
Social Sciences
Journals



>> [Sign in here](#) to start your access
to the latest two volumes for 14 days

🗨️ Citations

📊 Metrics

🖨️ Reprints & Permissions

Read this article

🔗 Share

Abstract

This article argues that the development of the financial system of the recipient country is an important precondition for FDI to have a positive impact on economic growth. A more developed financial system positively contributes to the process of technological diffusion associated with FDI. The article empirically investigates the role the development of the financial system plays in enhancing the positive relationship between FDI and economic growth. The empirical investigation presented in the article strongly suggests that this is the case. Of the 67 countries in data set, 37 have a sufficiently developed financial system in order to let FDI contribute positively to economic growth. Most of these countries are in Latin America and Asia.

Related research

Information for

- Authors
- R&D professionals
- Editors
- Librarians
- Societies

Opportunities

- Reprints and e-prints
- Advertising solutions
- Accelerated publication
- Corporate access solutions

Open access

- Overview
- Open journals
- Open Select
- Dove Medical Press
- F1000Research

Help and information

- Help and contact
- Newsroom
- All journals
- Books

Keep up to date

Register to receive personalised research and resources by email

 Sign me up

