THE CONTRIBUTIONS OF FINANCIAL DEVELOPMENT TO INCOME LEVELS IN SUB-SAHARAN AFRICA

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ABSTRACT

This paper investigates the contribution of financial development to income levels in a sample of Sub-Saharan African countries over a selected period. After controlling for physical capital stock and human capital, we found that there is substantial evidence of financial development which is positively and significantly related to income per capita. We further found that the impact of financial development on income levels is first, higher for countries that have adopted the British Common Law as opposed to French Civil Law. Secondly, this impact is lower when quality of institutions is weaker.

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