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# Financialization and the macroeconomy: theory and empirical evidence

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## Résumé

This paper sheds light on the macroeconomic impact of banking financialization. We develop a new stock-flow consistent model, which reveals that excessive leverage increases financial fragility, lowers wages, and slows down real sector investment and GDP growth. Using a panel of 29 high income countries, we then construct indicators of banking financialization and investigate the impact of the latter on the wage share, gross capital formation and GDP growth, using a Bayesian structural VAR framework, as well as a set of fixed effect regressions. Our results highlight that financialization has had a detrimental impact on real sector growth. Finally, we discuss the implications of our results to propose reforms to the international financial system.

**Mots-Clés:** Stock, Flow Consistent model, International finance, Bayesian SVAR, Financialization, Economic growth

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