

ABSTRACT

Financial development has been identified by financial economist as direct way of reducing the unemployment. The better the financial development better the mobilization of savings and its allocation to high return projects. Developed financial system makes it smooth and convenient to supply credit to business entity for entrepreneur at low cost, which increase the investment by facilitating availability of the capital. This increase the Demand for labor due to increase in investment, which in turn decrease the unemployment. This study empirically analyzed the impact of between financial developments on unemployment in eight South Asian countries using secondary panel data over the period of 2004 to 2018. Fixed effect method used for regression analysis. After analysis, results showed positive impact of financial development on unemployment in South Asian countries. Therefore, empirical evidence in this study suggests that monetary authority should improve financial services and develop financial sector up to that threshold level, where it can impact unemployment negatively.

Keywords: Financial Development, Unemployment, South Asian Countries, Fixed Effect Penal Data.