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## Finance and the Diffusion of New Technologies

**Abstract:** We examine whether financial sector development impacts the diffusion of new technologies, looking across 60 countries, from 1870 to today. We find that greater depth in the banking sector leads to faster technology diffusion for more capital extensive technologies, but only for countries above a certain threshold level of banking sector development. These results highlight the key role of domestic capital markets in technology diffusion, as well as point to an important mechanism relating financial development to economic growth.