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Topic: The Impact of the Financial Intermediation on Economic Growth in Sri Lanka.Sumudu Bodhinagoda¹, Mahinda Henegedara²

The relationship between financial intermediation and economic growth has been well documented in the economic literature. A considerable body of the theoretical literature suggests a strong positive link between financial sector development and economic growth. But it is worth of identifying that actually there is a positive relationship between the financial intermediation and economic growth or not. Hence that the Purpose of this study is to examine whether the financial intermediation exactly leads to the economic growth in Sri Lanka .And in advance to examine the growth performances and financial intermediation policy framework in Sri Lanka and to suggest suitable policy recommendations in regarding the financial intermediation in Sri Lanka, to test the relationship between financial intermediation and economic growth in Sri Lanka, are some of other sub objectives. In that way I'm going to use time series macro data for the period of 1977-2015 and data are gathered through the Central Bank reports, Journals and other related publications.

In accordance to that I use several dimensions of the financial intermediation like Domestic credit provided by banking sector (% of GDP); Domestic credit to private sector (% of GDP); Broad money (% of GDP); Market capitalization of listed companies (% of GDP) and investment (% of GDP).

As a preliminary step, using Time series and regression analysis I test the correlation between variables and Secondly, I compare this financial intermediation indicator with some dimension of economic growth. So using those various indicators of financial intermediation, this paper investigates the role of financial intermediation in stimulating economic growth in Sri Lankan Economy.

Key words: *Financial Intermediation, Economic Growth, Financial Development,*

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