

## **Abstract**

We exploit the substantial diversity in financial development of the single-market' EU-15 economies to test whether more developed financial systems are better at tackling asymmetric information proxied by firm age and size. To do so, we apply the Rajan and Zingales (1998) identification strategy within industries: at firm level. Comparing the growth effect of financial development across firms of different type, we find that financial development disproportionately fosters the growth of young—but not the youngest—companies, while there is relatively little evidence of differences in the effect across firms of different size.