Financial Intermediation and the Funding of Biomedical Innovation A Review

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We review the literature on financial intermediation in the process by which new medical therapeutics are financed, developed, and delivered. We discuss the contributing factors that lead to a key finding in the literature—underinvestment in biomedical R&D—and focus on the role that banks and other intermediaries can play in financing biomedical R&D and potentially closing this funding gap. We conclude with a discussion of the role of financial intermediation in the delivery of healthcare to patients.

**Url:**<https://www.nber.org/papers/w30594>