

Online Appendix -

“Financial consumer protection and the cost of financial intermediation: Evidence from advanced and developing economies”

**Appendix Table A1: Change in the regulatory indices from the 2010 to the 2013 survey
by level of development (number of countries)**

	Increase	Decrease	No change	NA	Total
LEGALCP					
Advanced	10	10	2	4	26
Developing	23	28	12	14	77
FREGINV					
Advanced	9	0	14	3	26
Developing	15	4	43	15	77
DISCTOT					
Advanced	15	5	1	5	26
Developing	26	19	2	30	77
FAIR					
Advanced	5	5	12	4	26
Developing	21	12	20	24	77
TDISPUTE					
Advanced	16	2	5	3	26
Developing	22	15	26	14	77
TSPOWER					
Advanced	14	5	4	3	26
Developing	29	16	17	15	77

Notes: Countries were characterized as Advanced or Developing following the International Monetary Fund classification; N.A. means that information was available in one survey only.

**Appendix Table A2: Change in the regulatory indices from the 2010 to the 2013 survey
by geographical region (number of countries)**

	Increase	Decrease	No change	NA	Total
LEGALCP					
Africa	8	8	2	5	23
Americas	4	10	4	1	19
Asia	9	6	4	7	26
Europe	12	13	4	4	33
Oceania	0	1	0	1	2
PRUDINV					
Africa	3	1	14	5	23
Americas	4	0	13	2	19
Asia	6	1	12	7	26
Europe	10	2	18	3	33
Oceania	1	0	0	1	2
DISCTOT					
Africa	6	2	1	14	23
Americas	10	6	0	3	19
Asia	13	4	1	8	26
Europe	11	12	1	9	33
Oceania	1	0	0	1	2
FAIR					
Africa	6	1	3	13	23
Americas	4	3	10	2	19
Asia	8	5	6	7	26
Europe	7	8	13	5	33
Oceania	1	0	0	1	2
TDISPUTE					
Africa	6	2	10	5	23
Americas	6	5	7	1	19
Asia	10	3	6	7	26
Europe	15	7	8	3	33
Oceania	1	0	0	1	2
TSPOWER					
Africa	11	3	4	5	23
Americas	5	6	7	1	19
Asia	12	5	2	7	26
Europe	14	7	8	4	33
Oceania	1	0	0	1	2

Notes: Countries were classified in geographical regions followed the United Nations classification; N.A. means that information was available in one survey only.

Appendix 3 - Summary Statistics

Appendix Table A3 provides the summary statistics on the bank-specific and country-specific variables used in this study.¹ I present the statistics for the whole sample, as well as for advanced and developing countries.² An average bank in the sample has a net interest margin of 4.05%, and a natural logarithm of total assets that is equal to 14.73. Banks in advanced countries are larger, and they earn considerably lower NIMs. These observations are comparable to those in previous studies in the literature.³ As concerns the country-level explanatory variables, consistent with prior expectations, the average value of GDP growth and inflation are lower in advanced countries. In contrast, developing countries are characterized, on average, by lower freedom in financial services, financial depth, and institutional development. Turning to the main country-level variables, that proxy for financial consumer protection, the average score for the legal framework indicator equals 4.19, and this score is higher in advanced than in developing countries. The same holds for disclosure requirements, with the average across the entire sample being 13.98, and the index of supervisory powers in relation to monitoring and enforcement, with an average score being 5.22.

¹ All the bank-specific variables were winsorized at the 1st and 99th percentile to reduce the influence of outliers.

² I follow the classification of the IMF. So, by developing I refer to both emerging and developing economies. The t-test and the Kruskal-Wallis test in Table 1 show that the differences between the two groups are statistically significant.

³ For example, Dietrich et al. (2010) report a mean NIM of 3.962 for advanced countries and 6.789 for developing countries over the period 1994 - 2008.

Appendix Table A3 – Descriptive statistics

	Full Sample			Advanced economies			Developing economies			Advanced vs Developing	
	Obs.	Mean	St. dev.	Obs.	Mean	St. dev.	Obs.	Mean	St. dev.	t-test	Kruskal-Wallis χ^2 test
Bank-specific variables											
Dependent variable											
NIM	10,650	4.050	3.394	4,416	2.336	1.778	6,234	5.264	3.727	48.452***	3101.945***
Control variables											
EXPENSES	10,650	65.743	30.208	4,416	69.248	29.047	6,234	63.260	30.765	-10.126***	279.057***
SIZE	10,650	14.731	2.167	4,416	15.338	2.182	6,234	14.302	2.050	-25.025***	529.601***
CAPITAL	10,650	12.421	9.195	4,416	10.475	8.597	6,234	13.800	9.355	18.686***	796.113***
NII	10,650	1.903	2.496	4,416	1.497	2.348	6,234	2.190	2.558	14.245***	613.366***
LIQUID	10,650	32.434	30.302	4,416	29.980	33.422	6,234	34.173	27.754	7.052***	431.850***
CRISK	10,650	1.408	2.606	4,416	1.036	2.271	6,234	1.672	2.790	12.502***	586.150***
Country-specific variables											
Control variables											
GDPGR	10,650	3.511	3.074	4,416	1.515	1.784	6,234	4.924	3.012	67.301***	3549.259***
INFL	10,650	4.480	5.058	4,416	1.740	1.276	6,234	6.421	5.786	52.861***	5122.280***
CONC	10,650	56.886	17.941	4,416	60.579	19.205	6,234	54.271	16.498	-18.152***	320.675***
CRGRP	10,650	81.650	51.737	4,416	119.481	48.497	6,234	54.852	34.277	-80.577***	3860.287***
FINFREE	10,650	55.729	17.464	4,416	69.567	11.154	6,234	45.926	14.182	-92.373***	4813.717***
CORLAW	10,650	3.535	1.125	4,416	4.677	0.591	6,234	2.726	0.580	-1.7e+02***	7231.146***
Financial consumer protection indicators											
LEGALCP	10,639	4.187	2.183	4,416	5.104	2.035	6,223	3.536	2.047	-39.017***	1440.738***
PRUDINV	10,650	0.752	0.432	4,416	0.791	0.407	6,234	0.726	0.446	-2.847***	1.494
DISCTOT	10,639	13.976	8.109	4,416	16.135	7.958	6,223	12.444	7.863	-23.738***	597.171***
FAIR	10,639	2.927	1.422	4,416	3.496	1.101	6,223	2.523	1.485	-36.942***	1064.425***
TDISPUTE	10,650	2.267	1.566	4,416	2.240	1.300	6,234	2.286	1.730	1.450	5.252**
TSPOWER	10,639	5.222	3.557	4,416	6.800	3.078	6,223	4.104	3.449	-41.510***	1475.197***

Notes: ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; Variables are defined in Table 1.

Appendix 4 – Pearson Correlations

Appendix Table A4 presents the Pearson correlations of the variables. Panel A presents the correlation coefficients of the bank level variables, and Panel B the ones of the country level variables. These univariate correlations suggest that banks with: lower cost to income ratios, of smaller size; better capitalized; more reliant on non-interest income; with lower liquidity and higher loan loss provisions, result in earning higher net interest margins. The coefficients in Panel B reveal that: (i) the correlation between the country-level control variables are small to moderate, the highest one being the one between CORLAW and CRGDP (0.644), (ii) the correlation between the country-level control variables and the indicators of the financial consumer protection policies are also small to moderate, the highest one being the one between and LEGALCP and FINFREE (0.445), (iii) the correlation coefficients of the financial consumer protection indicators are in the range of 0.302 (PRUDINV and TDISPUTE) to 0.697 (i.e. LEGALCP and FAIR).

Appendix Table A4 – Correlation Coefficients

Panel A: Bank-level variables		a	b	c	d	e	f	g							
a	NIM	1.000													
b	EXPENSES	-0.030 (0.002)	1.000												
c	SIZE	-0.369 (0.000)	-0.329 (0.000)	1.000											
d	CAPITAL	0.328 (0.000)	0.108 (0.000)	-0.456 (0.000)	1.000										
e	NII	0.230 (0.000)	0.134 (0.000)	-0.333 (0.000)	0.286 (0.000)	1.000									
f	LIQUID	-0.038 (0.000)	0.098 (0.000)	-0.163 (0.000)	0.358 (0.000)	0.213 (0.000)	1.000								
g	CRISK	0.355 (0.000)	0.074 (0.000)	-0.145 (0.000)	0.110 (0.000)	0.192 (0.000)	0.064 (0.000)	1.000							

Panel B: Country-level variables		a	b	c	d	e	f	g	h	i	j	k	l
a	GDPGR	1.000											
b	INFL	0.230 (0.000)	1.000										
c	CONC	-0.163 (0.000)	-0.097 (0.000)	1.000									
d	CRGDP	-0.295 (0.000)	-0.392 (0.000)	0.306 (0.000)	1.000								
e	FINFREE	-0.444 (0.000)	-0.477 (0.000)	0.252 (0.000)	0.500 (0.000)	1.000							
f	CORLAW	-0.416 (0.000)	-0.455 (0.000)	0.206 (0.000)	0.644 (0.000)	0.642 (0.000)	1.000						
g	LEGALCP	-0.309 (0.000)	-0.213 (0.000)	-0.011 (0.251)	0.051 (0.000)	0.445 (0.000)	0.256 (0.000)	1.000					
h	FREGINV	-0.118 (0.000)	-0.053 (0.000)	-0.137 (0.000)	-0.086 (0.000)	0.105 (0.000)	0.001 (0.956)	0.538 (0.000)	1.000				

i	DISCTOT	-0.266 (0.000)	-0.085 (0.000)	-0.052 (0.000)	0.029 (0.003)	0.282 (0.000)	0.071 (0.000)	0.544 (0.000)	0.504 (0.000)	1.000			
j	FAIR	-0.342 (0.000)	-0.202 (0.000)	-0.041 (0.000)	0.135 (0.000)	0.451 (0.000)	0.215 (0.000)	0.697 (0.000)	0.491 (0.000)	0.677 (0.000)	1.000		
k	TDISPUTE	-0.104 (0.000)	0.038 (0.000)	-0.001 (0.883)	-0.016 (0.093)	0.190 (0.000)	-0.128 (0.000)	0.348 (0.000)	0.302 (0.000)	0.598 (0.000)	0.553 (0.000)	1.000	
l	TSPOWER	-0.255 (0.000)	-0.154 (0.000)	0.012 (0.233)	0.200 (0.000)	0.342 (0.000)	0.264 (0.000)	0.480 (0.000)	0.457 (0.000)	0.509 (0.000)	0.653 (0.000)	0.511 (0.000)	1.000

Notes: p-values in parentheses; Variables are defined in Table 1.

Appendix Table A5: Construction of Overall Consumer Protection indicator with PCA

In this Table I re-estimated the models of Tables 2 to 4, while replacing the six regulatory indicators by an overall indicator obtained through principal component analysis (PCA). Random effects model with errors clustered at the bank level. (The results do not change when the model is estimated with fixed effects, in unreported regressions); ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	All countries	Advanced	Developing
EXPENSES	-0.020*** (0.000)	-0.010*** (0.000)	-0.027*** (0.000)
SIZE	-0.380*** (0.000)	-0.139*** (0.001)	-0.546*** (0.000)
CAPITAL	0.070*** (0.000)	0.051*** (0.000)	0.081*** (0.000)
NII	-0.095*** (0.005)	-0.179 (0.112)	-0.070*** (0.002)
LIQUID	-0.007*** (0.000)	-0.007*** (0.000)	-0.008*** (0.000)
CRISK	0.120*** (0.000)	0.060*** (0.000)	0.149*** (0.000)
GDPGR	-0.005 (0.470)	0.014 (0.159)	-0.019** (0.037)
INFL	0.041*** (0.000)	0.057*** (0.000)	0.034*** (0.000)
CONC	0.008*** (0.004)	-0.010*** (0.001)	0.011*** (0.004)
CRGDP	-0.016*** (0.000)	-0.008*** (0.000)	-0.022*** (0.000)
FINFREE	0.001 (0.753)	0.028*** (0.000)	-0.005 (0.315)
CORLAW	-0.546*** (0.000)	-0.133** (0.034)	-0.627*** (0.000)
PCA Indicator	0.027*** (0.004)	-0.043*** (0.001)	0.053*** (0.000)
Constant	12.812*** (0.000)	5.141*** (0.000)	16.223*** (0.000)
R-sq. overall	0.412	0.263	0.344
Obs.	10,639	4,416	6,223
Banks	3,013	1,250	1,763
Countries	102	26	76

Appendix Table A6 - Regressions with Country dummies

In this Table I re-estimated the models of Tables 2 to 4, while including country dummies. Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; *** Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Advanced & Developing countries						
LEGALCP	0.035*** (0.001)					
FREGINV		0.060* (0.093)				
DISCTOT			-0.003* (0.072)			
FAIR				0.021 (0.176)		
TDISPUTE					0.025** (0.024)	
TSPOWER						0.001 (0.891)
Country dummies	YES	YES	YES	YES	YES	YES
R-sq. overall	0.549	0.549	0.549	0.549	0.549	0.549
Obs	10,639	10,650	10,639	10,639	10,650	10,639
Banks	3,013	3,016	3,013	3,013	3,016	3,013
Countries	102	103	102	102	103	102
Panel B: Advanced countries						
LEGALCP	0.025* (0.079)					
FREGINV		-0.034 (0.512)				
DISCTOT			-0.008*** (0.000)			
FAIR				-0.045* (0.066)		
TDISPUTE					-0.031*** (0.001)	
TSPOWER						-0.013** (0.033)
Country dummies	YES	YES	YES	YES	YES	YES
R-sq. overall	0.354	0.354	0.354	0.354	0.354	0.354
Obs	4,416	4,416	4,416	4,416	4,416	4,416
Banks	1,250	1,250	1,250	1,250	1,250	1,250
Countries	26	26	26	26	26	26

Panel C: Developing countries

LEGALCP	0.042*** (0.003)					
FREGINV		0.152*** (0.001)				
DISCTOT			0.002 (0.519)			
FAIR				0.053*** (0.009)		
TDISPUTE					0.075*** (0.000)	
TSPOWER						0.016* (0.057)

Country dummies	YES	YES	YES	YES	YES	YES
R-sq. overall	0.479	0.479	0.479	0.479	0.479	0.479
Obs	6,223	6,234	6,223	6,223	6,234	6,223
Banks	1,763	1,766	1,763	1,763	1,766	1,763
Countries	76	77	76	76	77	76

Appendix Table A7 - Regressions with dummies for common Global Ultimate Owner

In this Table I re-estimated the models of Tables 2 to 4, while including dummy variables that group together banks belonging to the same Global Ultimate Owner (e.g. all banks controlled by Barclays Plc, all banks controlled by Citigroup Inc., etc.). Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Advanced & Developing countries						
LEGALCP	0.042*** (0.000)					
FREGINV		0.133*** (0.000)				
DISCTOT			-0.003* (0.068)			
FAIR				0.032** (0.034)		
TDISPUTE					0.039*** (0.001)	
TSPOWER						0.003 (0.597)
Dummies for Common						
GUO	YES	YES	YES	YES	YES	YES
R-sq. overall	0.509	0.510	0.509	0.509	0.509	0.508
Obs	10,639	10,650	10,639	10,639	10,650	10,639
Banks	3,013	3,016	3,013	3,013	3,016	3,013
Countries	102	103	102	102	103	102
Panel B: Advanced countries						
LEGALCP	0.006 (0.660)					
FREGINV		-0.094** (0.050)				
DISCTOT			-0.009*** (0.000)			
FAIR				-0.068*** (0.001)		
TDISPUTE					-0.031*** (0.003)	
TSPOWER						-0.021*** (0.001)
Dummies for Common						
	YES	YES	YES	YES	YES	YES

GUO						
R-sq. overall	0.393	0.395	0.395	0.398	0.393	0.397
Obs	4,416	4,416	4,416	4,416	4,416	4,416
Banks	1,250	1,250	1,250	1,250	1,250	1,250
Countries	26	26	26	26	26	26

Panel C: Developing countries

LEGALCP	0.050*** (0.000)					
FREGINV		0.252*** (0.000)				
DISCTOT			0.002 (0.512)			
FAIR				0.061*** (0.001)		
TDISPUTE					0.082*** (0.000)	
TSPOWER						0.015* (0.056)

Dummies for Common						
GUO	YES	YES	YES	YES	YES	YES
R-sq. overall	0.463	0.465	0.463	0.463	0.462	0.462
Obs	6,223	6,234	6,223	6,223	6,234	6,223
Banks	1,763	1,766	1,763	1,763	1,766	1,763
Countries	76	77	76	76	77	76

Appendix Table A8 - Regressions with Data from 2010 and 2013 only

In this Table I re-estimated the models of Tables 2 to 4, using data from 2010 and 2013, only. Also, for countries for which there is information in one survey only, I include only this year in the regressions. Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Advanced & Developing countries						
LEGALCP	0.039*** (0.006)					
FREGINV		0.165** (0.001)				
DISCTOT			-0.003 (0.377)			
FAIR				0.056** (0.020)		
TDISPUTE					0.046** (0.014)	
TSPOWER						-0.007 (0.404)
R-sq. overall	0.447	0.442	0.447	0.452	0.444	0.442
Obs	4,943	4,946	4,661	4,831	4,957	4,954
Banks	2,901	2,903	2,872	2,888	2,904	2,901
Countries	102	103	102	102	103	102
Panel B: Advanced countries						
LEGALCP	0.040** (0.028)					
FREGINV		-0.037 (0.595)				
DISCTOT			-0.011** (0.034)			
FAIR				-0.065** (0.031)		
TDISPUTE					-0.058* (0.068)	
TSPOWER						-0.028* (0.055)
R-sq. overall	0.303	0.292	0.292	0.290	0.293	0.294
Obs	2,082	2,093	2,078	2,087	2,093	2,093
Banks	1,196	1,196	1,194	1,195	1,196	1,196
Countries	26	26	26	26	26	26
Panel C: Developing countries						
LEGALCP	0.033* (0.084)					

FREGINV		0.316***				
		(0.000)				
DISCTOT			-0.001			
			(0.824)			
FAIR				0.095***		
				(0.002)		
TDISPUTE					0.090***	
					(0.000)	
TSPOWER						-0.003
						(0.796)
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R-sq. overall	0.391	0.389	0.404	0.406	0.393	0.392
Obs	2,861	2,853	2,583	2,744	2,864	2,861
Banks	1,705	1,707	1,678	1,693	1,708	1,705
Countries	76	76	76	76	76	76
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Appendix Table A9 - Regressions with Bank Fixed Effects

This Table shows the results of a model with bank fixed effects and errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1.

	(1)	(2)	(3)	(4)	(5)	(6)
Panel A: Advanced and Developing countries						
LEGALCP	0.040*** (0.000)					
FREGINV		0.092** (0.027)				
DISCTOT			-0.002 (0.378)			
FAIR				0.030* (0.080)		
TDISPUTE					0.031** (0.013)	
TSPOWER						0.006 (0.402)
R-sq. overall	0.314	0.314	0.312	0.311	0.309	0.312
Obs	10,639	10,650	10,639	10,639	10,650	10,639
Banks	3,013	3,016	3,013	3,013	3,016	3,013
Countries	102	103	102	102	103	102
Panel B: Advanced countries						
LEGALCP	0.022 (0.113)					
FREGINV		-0.028 (0.616)				
DISCTOT			-0.008*** (0.000)			
FAIR				-0.042* (0.080)		
TDISPUTE					-0.031*** (0.001)	
TSPOWER						-0.011* (0.081)
R-sq. overall	0.122	0.123	0.120	0.128	0.123	0.125
Obs.	4,416	4,416	4,416	4,416	4,416	4,416
Banks	1,250	1,250	1,250	1,250	1,250	1,250
Countries	26	26	26	26	26	26
Panel C: Developing countries						
LEGALCP	0.049*** (0.001)					
FREGINV		0.188*** (0.001)				

DISCTOT			0.004 (0.322)			
FAIR				0.060*** (0.010)		
TDISPUTE					0.084*** (0.000)	
TSPOWER						0.022** (0.031)
R-sq. overall	0.273	0.279	0.274	0.276	0.279	0.274
Obs.	6,223	6,234	6,223	6,223	6,234	6,223
Banks	1,763	1,766	1,763	1,763	1,766	1,763
Countries	76	77	76	76	77	76

Appendix Table A10 – Regression Results: Full Sample and Sub-indices

This Table presents the results for the full sample, while using the regulatory sub-indices. Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
LEGALCP2	0.089*** (0.000)													
FREGUNIT_NO		0.134** (0.012)												
FREGUNIT		0.131*** (0.000)												
DISCOPEN			0.002 (0.649)											
DISCPERIOD				-0.010*** (0.003)										
COMPLAINTS					0.043*** (0.000)									
THIRD						0.077** (0.024)								
MONITOR							0.005 (0.598)							
ENFPOWER								0.008 (0.435)						
GOPEN									-0.003 (0.734)					
DEPOPEN										0.008 (0.333)				
CROPEN											0.003 (0.692)			
GPERIOD												-0.069** (0.038)		
DEPERIOD													-0.018* (0.073)	

CRPERIOD															-0.017** (0.002)
R-sq. overall	0.412	0.413	0.411	0.412	0.412	0.411	0.411	0.411	0.411	0.411	0.411	0.412	0.411	0.412	
Obs.	10,639	10,650	10,639	10,639	10,650	10,650	10,639	10,639	10,639	10,639	10,639	10,639	10,639	10,639	
Banks	3,013	3,016	3,013	3,013	3,016	3,016	3,013	3,013	3,013	3,013	3,013	3,013	3,013	3,013	
Countries	102	103	102	102	103	103	102	102	102	102	102	102	102	102	

Appendix Table A11 – Regression Results: Advanced economies and Sub-indices

This Table presents the results for the sample of advanced countries, while using the regulatory sub-indices. Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
LEGALCP2	0.034 (0.103)													
FREGUNIT_NO		-0.001 (0.990)												
FREGUNIT		-0.087** (0.050)												
DISCOPEN			-0.009* (0.088)											
DISCPERIOD				-0.013*** (0.000)										
COMPLAINTS					-0.023** (0.015)									
THIRD						-0.057 (0.110)								
MONITOR							-0.018** (0.040)							
ENFPOWER								-0.041*** (0.001)						
GOPEN									-0.042*** (0.001)					
DEPOPEN										0.006 (0.635)				
CROPEN											-0.020*** (0.005)			
GPERIOD												-0.028 (0.465)		
DEPERIOD													-0.010 (0.291)	
CRPERIOD														-0.025*** (0.000)
R-sq overall	0.263	0.260	0.262	0.261	0.261	0.265	0.263	0.265	0.263	0.262	0.261	0.262	0.262	0.263
Obs	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416	4,416

Banks	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250	1,250
Countries	26	26	26	26	26	26	26	26	26	26	26	26	26	26

Appendix Table A12 – Regression Results: Developing economies and Sub-indices

This Table presents the results for the sample of developing countries, while using the regulatory sub-indices. Random effects model with errors clustered at the bank level. All the models include a constant and the following control variables which are not presented to conserve space: EXPENSES, SIZE, CAPITAL, NII, LIQUID, CRISK, GDPGR, INFL, CONC, CRGDP, FINFREE, CORLAW; ***Statistically significant at the 1% level, **Statistically significant at the 5% level, *Statistically significant at the 10% level; p-values in parentheses; Variables are defined in Table 1

	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
LEGALCP2	0.096*** (0.000)													
FREGUNIT_NO		0.188** (0.025)												
FREGUNIT		0.266*** (0.000)												
DISCOPEN			0.010** (0.016)											
DISCPERIOD				-0.004 (0.557)										
COMPLAINTS					0.130*** (0.000)									
THIRD						0.102** (0.045)								
MONITOR							0.018 (0.272)							
ENFPOWER								0.035** (0.014)						
GOPEN									0.029** (0.028)					
DEPOPEN										0.021** (0.047)				
CROPEN											0.028** (0.028)			
GPERIOD												-0.068 (0.188)		
DEPERIOD													-0.014 (0.387)	
CRPERIOD														-0.002

(0.809)

R-sq overall	0.344	0.346	0.343	0.345	0.345	0.343	0.344	0.344	0.343	0.343	0.343	0.345	0.345	0.345
Obs.	6,223	6,234	6,223	6,223	6,234	6,234	6,223	6,223	6,223	6,223	6,223	6,223	6,223	6,223
Banks	1,763	1,766	1,763	1,763	1,766	1,766	1,763	1,763	1,763	1,763	1,763	1,763	1,763	1,763
Countries	76	77	76	76	77	77	76	76	76	76	76	76	76	76
