

## Supplementary Materials

Data definitions and sources may be found in Table 3. The summary statistics appear in Table 4.

--- Table 3 about here ---

--- Table 4 about here ---

In Table 5 and Table 6, I show the results when I estimate each model separately.

--- Table 5 about here ---

--- Table 6 about here ---

**Table 3: Variable Definitions and Sources**

<b>Variable</b>	<b>Definition</b>	<b>Source</b>
CONCENTRATION	Ratio of assets of three largest banks to assets of all banks	(Beck & Demirgüç-Kunt, 2009)
BANK LIBERALIZATION	Bank liberalization index 0 = complete restriction, 4 = complete liberalization	(Caprio, Levine, & Barth, 2008)
BANK LIBERALIZATION (BINARY)	Binary bank liberalization indicator 0 = some restrictions, 1 = no restrictions	(Caprio, Levine, & Barth, 2008)
CKAOPEN	Capital account openness score	(Chinn & Ito, 2008; Karcher & Steinberg, 2009)
CA BALANCE	Current Account Balance	(World Bank, 2010)
DEBT SERVICE / GNI	Ratio of debt service to GNI, log terms	(World Bank, 2010)
XR VOLATILITY	Standard deviation of the log of the exchange rate	(Leblang, 2002)
FIXED XR	0 = fixed, 1 = floating	(Klein & Shambaugh, 2006)
GDP GROWTH	Yearly growth in GDP	(World Bank, 2010)
GDP PER CAPITA	GDP per capita, 2000 dollars (PPP), log terms	(World Bank, 2010)
IMF	Country is under an IMF standby arrangement for at least five months in a given year	(Dreher, 2006)
INFLATION	Inflation as measured by GDP deflator, log terms	(World Bank, 2010)
K3	Capital account openness indicator	(Chinn & Ito, 2008; Karcher & Steinberg, 2009)
M2 / GDP	Ratio of broad money to GDP, log terms	(World Bank, 2010)
POLITY2	Polity 2 combined score	(Marshall & Jaggers, 2007)
RESERVES / IMPORTS	Reserves as a fraction of imports, log terms	(World Bank, 2010)
CRISIS	1 if speculative attack, defined using monthly data	(Leblang, 2005)
TOTAL FINANCIAL ASSETS / GDP	Sum of deposit money bank assets, central bank assets, and other financial assets, as a fraction of GDP	(Beck & Demirgüç-Kunt, 2009)
TRADE / GDP	Sum of exports and imports to GDP, log terms	(World Bank, 2010)

**Table 4: Summary Statistics**

<b>Variable</b>	<b>N</b>	<b>Mean</b>	<b>SD</b>	<b>Min</b>	<b>Max</b>
CONCENTRATION	81	68.354	18.853	27.953	100
BANK LIBERALIZATION	65	3.538	0.792	0	4
BANK LIBERALIZATION (BINARY)	65	0.631	0.486	0	1
CKAOPEN	81	0.468	1.52	-1.542	2.502
CA BALANCE	82	7.45E+08	5.91E+09	-6.79E+09	4.80E+10
DEBT SERVICE / GNI	82	1.54	0.774	-0.241	3.05
XR VOLATILITY	82	0.038	0.025	0	0.149
FIXED XR	82	0.359	0.445	0	1
GDP GROWTH	82	4.346	2.31	-0.867	12.25
GDP PER CAPITA	82	8.004	0.907	6.345	9.582
IMF	104	0.125	0.240	0	1
INFLATION	82	4.688	0.092	4.611	5.371
K3	82	0.382	0.472	0	1
M2 / GDP	82	3.451	0.57	2.321	4.859
POLITY2	82	3.891	5.526	-9	10
RESERVES / IMPORTS	82	1.275	0.641	-0.65	2.952
CRISIS	82	0.065	0.119	0	0.5
TOTAL FINANCIAL ASSETS / GDP	82	40.919	28.045	6.743	129.341
TRADE / GDP	82	4.291	0.487	3.259	5.381

**Table 5: Bank Liberalization Results**

	BANK LIBERALIZATION	BANK LIBERALIZATION (BINARY)
FINANCIAL ASSETS / GDP	-0.042*** (0.011)	-0.051*** (0.015)
CONCENTRATION	0.035* (0.014)	0.036* (0.018)
GDP PER CAPITA	0.108 (0.287)	-0.023 (0.351)
GDP GROWTH	-0.069 (0.097)	-0.056 (0.111)
POLITY2	-0.032 (0.039)	-0.055 (0.047)
TRADE / GDP	-1.562** (0.528)	-1.628* (0.644)
CRISIS	3.788 (2.215)	3.726 (2.729)
FIXED XR	-0.620 (0.518)	-0.751 (0.585)
RESERVES / IMPORTS	-0.997** (0.378)	-1.236* (0.502)
M2 / GDP	2.950*** (0.647)	4.040*** (1.004)
DEBT SERVICE / GNI	0.594 (0.351)	0.837 (0.455)
XR VOLATILITY	-26.441* (12.604)	-21.999 (12.638)
CA BALANCE	0.000 (0.000)	0.000 (0.000)
INFLATION	-0.292 (3.332)	1.430 (2.950)
IMF	1.590 (0.838)	1.840 (1.026)
Constant		-11.862 (14.092)
cut1	-2.204 (15.425)	
cut2	0.056 (15.265)	
Observations	64	64
Method	Ordered Probit	Probit

Robust standard errors in parentheses. \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

**Table 6: Capital Account Policy Results**

	K3	CKAOPEN
FINANCIAL ASSETS / GDP	0.011** (0.004)	0.029* (0.013)
CONCENTRATION	0.002 (0.004)	0.018 (0.010)
GDP PER CAPITA	0.233** (0.084)	0.832*** (0.217)
GDP GROWTH	-0.014 (0.021)	-0.041 (0.067)
POLITY2	0.012 (0.010)	0.052 (0.031)
TRADE / GDP	0.083 (0.158)	0.036 (0.391)
CRISIS	0.506 (0.502)	1.095 (1.419)
FIXED XR	-0.139 (0.130)	-0.697 (0.360)
RESERVES / IMPORTS	0.100 (0.098)	0.002 (0.302)
M2 / GDP	-0.527* (0.213)	-1.140 (0.690)
DEBT SERVICE / GNI	-0.182* (0.078)	-0.438 (0.272)
XR VOLATILITY	-6.603** (2.439)	-25.012*** (7.096)
CA BALANCE	-0.000* (0.000)	-0.000* (0.000)
INFLATION	1.454* (0.662)	3.613* (1.804)
IMF	0.339 (0.266)	1.065 (0.632)
Constant	-7.059* (3.027)	-20.140* (8.459)
Observations	81	80
Method	OLS	OLS

Robust standard errors in parentheses. \*  $p < 0.05$ , \*\*  $p < 0.01$ , \*\*\*  $p < 0.001$ .

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