Online Appendix

to

BANKING INSTABILITY AND DEPOSIT INSURANCE: THE ROLE OF MORAL HAZARD

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This appendix presents tables of additional estimation results and robustness checks. Table A1 is a pairwise correlation matrix of all variables used in the study. We also report how our measured insolvency, narrowly and broadly defined, compares with major bank insolvencies identified by Caprio and Klingebiel (1997) in selected countries (see Table A2). While the paper presents estimation results of broad measures of banking instability (*bbrun* and *binsolv*), we also carried out estimations using narrow measures of banking instability (*nbrun* and *ninsolv*) and the results are similar. These are presented in Tables A3.1 to A3.6. We also present full results of "banking instability and deposit insurance coverage," "banking instability and deposit insurance legal environment," and "banking instability and the administration of deposit insurance" in Tables A4.1 to A4.3. Furthermore, we carried out robustness checks using dummy variables based on the Caprio et al. classification of systemic financial crises driven by bank runs and insolvency. Specifically, we used as a dependent variable the systemic banking crisis variable developed by Luc Laeven and Fabian Valencia (2012)[1] (see Tables A5.1 to A5.4). An additional robustness check involved a wide search of feasible instruments for deposit insurance and deposit insurance coverage. Unfortunately the search of a good instrument was largely unsuccessful as it is difficult to find a homogeneous exogenous institutional determinant of deposit insurance and insurance coverage. We experimented with difference measures of institutional quality, from the World Bank Worldwide Governance Indicators, and updated 2012 World Bank measures of political institutions discussed in Thorsten Beck, George Clarke, Alberto Groff, Philip Keefer, and Patrick Walsh (2001) – "New tools in comparative political economy: The Database of Political Institutions." The reasoning is that deposit insurance and its coverage are related to the sensitivity of political institutions to savers' need of protection against a financial crisis. In Table A6, we report the instrumental variable regression where the variable is our measure of the generosity of deposit insurance, *guarantee.* In the three models we report the instruments for the extent of the deposit insurance coverage that are related to the nature of political relationship in the countries. The variable *maj* measures the extent of the majority of the ruling party; the variable *checks* indicates the presence of check and balances in the political system; and the variable *polariz* indicates the level of polarization in the political system. Finally, Table A7 presents the baseline model, which is re-estimated with lagged valued of deposit insurance to control for endogeneity as a robustness check.

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[1] Laeven, Luc and Valencia, Fabiàn, Systemic Banking Crises Database: An Update (June 2012). IMF Working Paper No. 12/163.

Table A1: Pairwise correlation coefficients between variables

	binsolv	Bbrun	inflatn	gdppc	Incomgrp	m2fxres	Rir	Gdpgr	Crgdp	xrdepr	Creditgr	Dinsur	guarantee	fxcoverd	intbank	interven	Leglcancel	leglmgr	admin	coinsur	funding	rskadj	membship	sourcefnd
binsolv	1																							
bbrun	0.349	1																						
inflatn	0.028	0.031	1																					
gdppc	-0.011	-0.064	-0.038	1																				
incomgrp	-0.004	-0.070	-0.054	0.781	1																			
m2fxres	-0.034	0.019	0.004	-0.031	-0.047	1																		
rir	-0.045	-0.043	0.158	0.027	0.046	-0.028	1																	
gdpgr	-0.110	-0.142	-0.088	-0.033	0.005	-0.037	-0.0322	1																
crgdp	0.035	-0.029	-0.032	0.709	0.647	-0.023	0.0473	-0.013	1															
xrdepr	-0.084	-0.112	-0.297	0.190	0.176	-0.008	-0.0244	0.153	0.208	1														
creditgr	-0.140	-0.077	0.039	0.012	0.019	0.011	0.0379	0.154	0.069	0.054	1													
dinsur	0.015	-0.038	-0.029	0.457	0.375	-0.031	0.0172	-0.008	0.351	0.078	-0.014	1												
guarantee	0.065	0.010	-0.083	0.207	0.199	0.035	-0.0182	-0.02	0.156	0.123	-0.056	0.871	1											
fxcoverd	0.027	-0.080	0.063	-0.107	0.075	-0.411	-0.0149	-0.019	-0.235	-0.120	0.007	0.183	0.237	1										
intbank	0.046	0.038	-0.031	-0.269	-0.305	0.107	-0.0444	0.005	-0.137	-0.025	-0.036	0.071	-0.016	-0.062	1									
intervene	0.051	-0.040	-0.042	-0.043	0.030	0.096	0.0209	-0.071	-0.059	0.061	-0.015	0.041	-0.123	-0.025	0.402	1								
leglcancel	0.095	0.011	-0.071	0.035	-0.050	-0.013	-0.0449	0.047	-0.082	0.116	0.041	0.025	-0.078	-0.109	0.107	0.426	1							
leglmgr	-0.078	0.013	0.102	-0.257	-0.141	-0.171	-0.0003	-0.072	-0.284	-0.212	-0.066	0.024	0.214	0.136	0.287	0.158	-0.201	1						
admin	0.018	0.023	0.038	0.323	0.304	-0.009	0.0418	-0.168	0.214	0.048	-0.070	0.069	0.144	0.072	-0.175	-0.070	0.112	-0.093	1					
coinsure	0.005	-0.034	-0.036	0.235	0.277	-0.024	0.0035	0.026	0.255	0.136	0.003	0.280	0.169	0.257	-0.212	-0.086	-0.149	0.107	-0.062	1				
funding	-0.118	0.042	0.048	-0.145	-0.211	0.194	-0.0261	-0.002	-0.203	-0.118	0.025	-0.042	0.044	-0.273	0.106	-0.033	0.110	0.109	0.028	-0.246	1			
rskadj	0.030	0.004	-0.005	-0.027	0.136	-0.181	-0.0068	-0.068	-0.126	-0.091	-0.027	0.044	0.156	0.281	-0.190	0.026	-0.032	0.076	0.339	-0.204	-0.031	1		
membship	0.019	-0.012	-0.213	0.021	0.079	-0.005	-0.044	0.034	-0.025	0.207	0.002	-0.057	-0.217	0.156	0.158	0.117	-0.146	0.198	-0.246	0.170	-0.147	0.157	1	
sourcefnd	0.091	-0.010	-0.095	-0.377	-0.334	0.131	-0.0851	0.128	-0.211	-0.024	0.005	0.201	0.225	0.0378	0.228	0.208	0.037	0.030	-0.227	-0.144	-0.076	0.144	0.145	1

Table A2: Measured bank insolvency versus major bank insolvencies identified by Caprio and Klingebiel (1997) in selected countries

	Mexico			Bolivia			Brazil			Chile			Central African Republic			Ghana			Kenya			Togo		
	ni	*bi*	*ck*	*ni*	*bi*	*ck*	*ni*	*bi*	*ck*	*ni*	*Bi*	*ck*	*ni*	*bi*	*ck*	*ni*	*bi*	*ck*	*ni*	*bi*	*ck*	*ni*	*bi*	*ck*
1980																X	X							
1981			X									X			X									
1982		X	X								X	X		X	X	X	X	X						
1983												X	X	X	X		X	X						
1984				X	X										X			X						
1985														X	X			X			X			
1986		X		X	X	X									X			X			X		X	
1987	X	X				X												X			X		X	
1988											X						X	X			X			
1989								X			X							X			X			
1990			X					X	X	X	X				X									
1991			X										X	X	X									
1992													X	X	X				X	X	X			
1993														X	X				X	X	X	X	X	X
1994	X	X							X				X	X	X		X				X			X
1995	X	X	X						X				X	X	X						X			X
1996															X								X	X
1997																								X
1998																								X
1999																								X
2000																								X
2001																								X
2002																								X
2003																								X
2004																								

NOTE: *ni:* ninsolv;

bi: binsolv;

ck: Caprio and Klingebiel (1997)

Table A3.1: Banking Instability and Deposit Insurance: Baseline Model

Variables	(1)	(2)	(3)	(4)
	nbrun	*nbrun*	*nbrun*	*nbrun*
gdpdr	-0.0652*	-0.0638***	-0.0639***	-0.0621***
	(0.0145)	(0.0145)	(0.0145)	(0.0146)
rir	-0.0042	-0.0038	-0.0117**	-0.0032
	(0.0038)	(0.0037)	(0.0055)	(0.0037)
inflatn	-0.0001	-0.0001	-0.0002	-0.0001
	(0.0002)	(0.0002)	(0.0002)	(0.0002)
m2fxres	-0.00002	-0.00003	-0.00003	-0.00002
	(0.00005)	(0.00005)	(0.00005)	(0.00005)
crgdp	0.0019	0.0020	0.0025	-0.0016
	(0.0024)	(0.0024)	(0.0024)	(0.0031)
xrdepr	-0.0121***	-0.0127	-0.0110***	-0.0126***
	(0.0038)	(0.0038)	(0.0040)	(0.0038)
gdppc	-2.35e-06	-0.00003	-4.70E-06	-8.81e-06
	(0.00001)	(0.00002)	(0.00001)	(0.00001)
dinsur	-0.1028	-0.3404	-0.0896	-0.4423*
	(0.1795)	(0.2245)	(0.1809)	(0.2555)
gdppcdinsur		0.00004*		
		(0.00002)		
rirdinsur			0.0150742**	
			(0.0074)	
crgdpdinsur				0.0075
				(0.0039)
Observations	1944	1944	1944	1944
No. of Countries	94	94	94	94

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A3.2: Banking Instability and Deposit Insurance: Baseline Model

Variables	(1)	(2)	(3)	(4)
	ninsolv	*ninsolv*	*ninsolv*	*ninsolv*
gdpdr	-0.0524***	-0.0524***	-0.0524***	-0.0500***
	(0.0164)	(0.0164)	(0.0163)	(0.0164)
rir	-0.0227***	-0.0227***	-0.0193***	-0.0216***
	(0.0069)	(0.0069)	(0.0071)	(0.0070)
inflatn	-0.0003	-0.0003	-0.0003	-0.0003
	(0.0003)	(0.0003)	(0.0003)	(0.0003)
m2fxres	0.0015	0.0015	0.0016	0.0014
	(0.0017)	(0.0017)	(0.0016)	(0.0017)
crgdp	0.0072	0.0072***	0.0071***	0.0045
	(0.0072)	(0.0027)	(0.0027)	(0.0035)
xrdepr	-0.0117**	-0.0117**	-0.0111**	-0.0122**
	(0.0053)	(0.0053)	(0.0052)	(0.0053)
gdppc	-0.00004**	-0.00004	-0.00004**	-0.00004***
	(0.00002)	(0.00002)	(0.00002)	(0.00002)
dinsur	0.1204	0.1173	0.0531	-0.1503
	(0.1888)	(0.2289)	(0.1942)	(0.2775)
gdppcdinsur		6.35e-07		
		(0.00003)		
rirdinsur			-0.0255	
			(0.0167)	()
crgdpdinsur				0.0058
				(0.0043)
Observations	1821	1821	1821	1821
No. of Countries	89	89	89	89

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A3.3: Banking Instability and the Generosity of Deposit Insurance

Variables	(1)	(2)	(3)	(4)
	nbrun	*nbrun*	*ninsolv*	*ninsolv*
gdpdr	-0.0686*	-0.0680*	-0.0257	-0.0229
	(0.0410)	(0.0410)	(0.0450)	(0.0445)
rir	0.0015	0.0015	-0.0612***	-0.0622***
	(0.0065)	(0.0064)	(0.0220)	(0.0219)
inflatn	0.0004	0.0003	-0.0107	-0.0105
	(0.0009)	(0.0009)	(0.0090)	(0.0088)
m2fxres	-6.42e-06	-7.47e-06	0.0040	0.0064
	(0.00005)	(0.00005)	(0.0144)	(0.0144)
crgdp	0.0045	0.0036	0.0105**	0.0073
	(0.0038)	(0.0042)	(0.0044)	(0.0053)
xrdepr	-0.0101	-0.0110	-0.0240*	-0.0235*
	(0.0099)	(0.0100)	(0.0139)	(0.0137)
gdppc	5.20e-06	7.28e-06	-0.00004*	-0.00003
	(0.00002)	(0.00002)	(0.00002)	(0.00003)
guarantee	0.4376		0.1518	
	(0.3738)		(0.4342)	
crgdpguarantee		0.0041		0.0062
		(0.0049)		(0.0053)
Observations	545	545	550	550
No. of Countries	45	45	46	46

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A3.4: Banking Instability and Deposit Insurance Coverage

Variables	(1)	(2)
	nbrun	*ninsolv*
gdpdr	-0.1155**	-0.0712
	(0.0510)	(0.0515)
rir	-0.0014	-0.06476***
	(0.0067)	(0.0227)
inflatn	0.0008	-0.0084
	(0.0009)	(0.0086)
m2fxres	0.0158	-0.0006
	(0.0214)	(0.0156)
crgdp	0.0067	0.0158***
	(0.0055)	(0.0053)
xrdepr	-0.0106	-0.0160
	(0.0114)	(0.0143)
gdppc	-7.52e-06	-0.00007**
	(0.00003)	(0.00003)
fxcoverd	-0.1312	-0.2672
	(0.4841)	(0.4107)
intbank	0.5547	0.2283
	(0.5518)	(0.4249)
Observations	497	527
No. of Countries	39	41

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A3.5: Banking Instability and Deposit Insurance Legal Environment

Variables	(1)	(2)	(3)	(4)
	nbrun	*nbrun*	*ninsolv*	*ninsolv*
gdpdr	-0.0785	-0.0808	-0.0716	-0.0631
	(0.0527)	(0.0530)	(0.0572)	(0.0571)
rir	0.0012	0.0010	-0.0416	-0.0520*
	(0.0070)	(0.0071)	(0.0294)	(0.0286)
inflatn	0.0006	0.0007	-0.0082	-0.0088
	(0.0010)	(0.0010)	(0.0097)	(0.0093)
m2fxres	0.0114	0.0247	-0.0015	0.0062
	(0.0207)	(0.0245)	(0.0174)	(0.0198)
crgdp	0.0068	0.0029	0.0200***	0.0173***
	(0.0053)	(0.0073)	(0.0059)	(0.0062)
xrdepr	-0.0114	-0.0100	-0.0280*	-0.0289*
	(0.0120)	(0.0122)	(0.0163)	(0.0164)
gdppc	-0.00002	-7.81e-06	-0.00008**	-0.00008**
	(0.00003)	(0.00003)	(0.00003)	(0.00003)
intervene	0.0127		-0.3405	
	(0.8367)		(0.7480)	
leglcancel	0.5789		0.5785	
	(0.4891)		(0.4481)	
leglmgr	-0.0413		0.4978	
	(0.4924)		(0.4865)	
intervencrgdp		-0.0142		-0.0106
		(0.0143)	()	(0.0110)
leglcancelcrgdp		0.0048		0.0015
		(0.0062)	()	(0.0054)
leglmgrcrgdp		0.0047		0.0113*
		(0.0087)	()	(0.0066)
Observations	411	411	441	441
No. of Countries	33	33	35	35

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A3.6: Banking Instability and the administration of Deposit Insurance Legal

Variables	(1)	(2)
	nbrun	*ninsolv*
gdpdr	-0.0991*	-0.0435
	(0.0560)	(0.0538)
rir	-0.0003	-0.0805***
	(0.0067)	(0.0239)
inflatn	0.0007	-0.0118
	(0.0010)	(0.0094)
m2fxres	0.0329	0.0108
	(0.0231)	(0.0170)
crgdp	-0.0036	0.0016
	(0.0073)	(0.0065)
xrdepr	-0.0141	-0.0208
	(0.0119)	(0.0149)
gdppc	0.00003	-1.77e-06
	(0.00003)	(0.00003)
admin	0.1075	-0.2475
	(0.3374)	(0.2970)
coinsure	1.7337*	1.5596
	(1.0130)	(0.6861)
funding	0.8670	1.4398
	(0.8307)	(0.7289)
rskadj	-0.0155	-0.3086
	(0.6803)	(0.6430)
membship	-0.1886	0.0229
	(0.7087)	(0.5566)
sourcefnd	0.3492	0.0014
	(0.5604)	(0.4536)
Observations	36	38
No. of Countries	485	515

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A4.1: Banking Instability and Deposit Insurance Coverage

Variables	(1)	(2)
	bbrun	*binsolv*
gdpdr	-0.111***	-0.123**
	(0.0427)	(0.0477)
rir	0.000637	-0.0467**
	(0.00644)	(0.0214)
inflatn	-0.000135	-0.0103
	(0.000897)	(0.00776)
m2fxres	0.0193	-00238
	(0.0171)	(0.0150)
crgdp	0.00432	0.00861**
	(0.00396)	(0.00409)
xrdepr	-0.0244**	-0.0272**
	(0.00977)	(0.0128)
fxcoverd	-0.523	0.260
	(0.437)	(0.479)
intbank	0.45	0.774
	-0.486	-0.504
Observations	541	563
No. of Countries	41	44

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A4.2: Banking Instability and Deposit Insurance Legal Environment

Variables	(1)	(2)	(3)	(4)
	bbrun	*bbrun*	*binsolv*	*binsolv*
gdpdr	-0.0738	-0.0660	-0.0893*	-0.0755
	(0.0450)	(0.0466)	(0.0537)	(0.0543)
rir	0.00561	0.00484	-0.0429	-0.0369
	(0.00769)	(0.00784)	(0.0280)	(0.0275)
inflatn	-0.000658	-0.000619	-0.0146	-0.0104
	(0.00109)	(0.00110)	(0.00985)	(0.00778)
m2fxres	0.024	0.0408*	-0.0106	-0.00684
	(0.0169)	(0.0209)	(0.0166)	(0.0175)
crgdp	0.00765	0.00771	0.0126**	0.0203**
	(0.00501)	(0.00883)	(0.00631)	(0.00878)
xrdepr	-0.0277**	-0.0338***	-0.0515***	0.0575***
	(0.0108)	(0.0118)	(0.0159)	(0.0160)
gdppc	-2.33e-05	-2.38e-05	-1.90e-05	-3.78e-05
	(2.52e-05)	(2.87e-05)	(3.33e-05)	(3.22e-05)
intervene	-0.656	4.168*	0.695	2.620*
	(0.720)	(2.293)	(0.778)	(1.422)
leglcancel	0.940**	1.400*	0.314	1.471*
	(0.461)	(0.831)	(0.538)	(0.811)
leglmgr	0.265	-0.359	-0.417	-1.337
	(0.476)	(0.928)	(0.526)	(0.895)
intervencrgdp		-0.0769**		-0.0314
		(0.0362)		(0.0211)
leglcancelcrgdp		-0.000608		-0.0123
		(0.00942)		(0.00901)
leglmgrcrgdp		0.0157		0.0166
		(0.0133)		(0.0118)
Observations	455	455	465	465
No. of Countries	35	35	37	37

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A4.3: Banking Instability and the Administration of Deposit Insurance

Variables	(1)	(2)
	bbrun	*binsolv*
gdpdr	0.0996**	-0.115**
	(0.0443)	(0.0487)
rir	0.000684	-0.0595***
	(0.00643)	(0.0223)
inflatn	-8.29e-05	-0.0118
	(0.000906)	(0.00788)
m2fxres	0.0202	-0.000550
	(0.0180)	(0.0151)
crgdp	0.00256	0.00607
	(0.00560)	(0.00654)
xrdepr	-0.0252**	-0.0292**
	(0.0101)	(0.0131)
gdppc	1.27e-05	2.87e-06
	(2.64e-05)	(3.36e-05)
admin	0.138	0.119
	(0.268)	(0.289)
coinsure	0.858	-0.312
	(0.747)	(0.620)
funding	1.372**	-0.732**
	(0.669)	(0.371)
rskadj	0.106	0.0281
	(0.527)	(0.594)
membship	0.126	0.254
	(0.571)	(0.630)
sourcefnd	0.716*	0.780*
	(0.433)	(0.447)
Observations	529	551
No. of Countries	38	41

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1

Table A5.1: Banking Crisis and Deposit Insurance (from bank runs data)

Variables	BankC(1)	BankC(2)	BankC(3)	BankC(4)	BankC(5)	BankC(6)	BankC(7)
gdpgr	-.0769*** (.02279)	-.0757*** (.02617)	-.0742*** (.02267)	-.0777*** (.02301)	-.0758*** (.02269)	-.07664*** (.02309)	-.07437*** (.02284)
rir	.00020 (.0010)	.000188 (.001)	.00019 (.00099)	-.00025 (.00126)	.000072 (.001083)	.0002 (.00099)	.000211 (.00099)
inflatn	.000055 (.000152)	.000038* (.000154)	.000037 (.00015)	4.79e-06 (.000170)	.000021 (.000169)	.000042 (.00015)	.000044 (.000151)
crgdp	.00736* (.00404)	.0078* (.00406)	.00872** (.00404)	.00796 (.00405)	.00811** (.00407)	.00671 (.00433)	.004017 (.00512)
m2fixes	-.000077 (.000255)	-.00009 (.00027)	-.00011 (.000283)	-.000094 (.000272)	-.00009 (.000269)	-.000104 (.000287)	-.000091 (.00027)
xrdepr	-.01283** (.00580)	-.0136** (.00576)	-.01380** (.00579)	-.0138** (.00602)	-.01193** (.00599)	-.01341** (.00579)	-.01361** (.00579)
gdppc	-.00008*** (.00003)	-.00007*** (.000028)	-.00021*** (.000076)	-.000079*** (.000029)	-.000078*** (.000029)	-.00011*** (.000034)	-.00008*** (.000029)
dinsur	.52237* (.29916)						
gdpgrdinsur		-.00262* (.04810)					
gdppcdinsur			.00015** (.000071)				
rirdinsur				.04183 (.03223)			
inflatndinsur					.00081 (.000579)		
m2fxresdinsr						.05365*** (.01680)	
crgdpdinsur							.007214 (.00514)
Observations	2396	2361	2361	2361	2361	2361	2361
# of countries	96	96	96	96	96	96	96

Standard errors in parenthesis
***p<0.01 **p<0.05 *p<0.1

Table A5.2: Banking Crisis and generosity of Deposit Insurance (from bank runs data)

Variables	BankC(1)	BankC(2)	BankC(3)	BankC(4)	BankC(5)	BankC(6)	BankC(7)
gdpgr	-0.9141** (.03832)	-.0989** (.0399)	-.09814** (.0394)	-.09197** (.0379)	-.09175** (.0382)	-.0929** (.0391)	-.08773** (.03827)
rir	.03649 (.02539)	.03489 (.02331)	.03423 (.0249)	.0276 (.0219)	.03562 (.0253)	.04674 (.03048)	.03377 (.02426)
inflatn	-.0031 (.00475)	-.00323 (.00403)	-.00270 (.00467)	-.00236 (.00345)	-.0031 (.00445)	-.00340 (.00821)	-.00279 (.00429)
m2fixes	-.00009 (.00307)	-.000131 (.000314)	-.000125 (.00031)	-.00014 (.000314)	-.00013 (.00031)	-.000068 (.00030)	-.00011 (.000308)
crgdp	.003011 (.00607)	.00529 (.00596)	.00554 (.00579)	.00431 (.00590)	.00474 (.00593)	.00307 (.00608)	-.000714 (.00837)
xrdepr	-.01303 (.01518)	-.01711 (.01521)	-.01257 (.0003)	-.01654 (.0148)	-.01404 (.01575)	-.01318 (.01679)	-.01326 (.01511)
gdppc	-.000057* (.000033)	-.000067 (.00003)	-.00009** (.00004)	-.000064* (.000034)	-.000066* (.00003)	-.000051 (.00003)	-.000047 (.000036)
guarantee	.54724 (05446)						
gdpgrgrntee		.05093 (.0956)					
gdppcgrntee			.00009** (.00004)				
rirgrntee				.06314 (.0775)			
inflatngrntee					.00296* (.01631)		
m2fxresgrntee						.12296** (.04904)	
crgdpgrntee							.007427 (.007783)
Observations	696	696	696	696	696	696	696
#of countries	47	47	47	47	47	47	47

Standard errors in parenthesis
***p<0.01 **p<0.05 *p<0.1

Table A5.3: Banking Crisis and Deposit Insurance (from bank insolvency data)

Variables	BankC(1)	BankC(2)	BankC(3)	BankC(4)	BankC(5)	BankC(6)	BankC(7)
gdpgr	-.0843*** (.02244)	-.0777*** (.0254)	-.0801*** (.0222)	-0.842*** (.02267)	-.0825*** (.0224)	-.0834*** (.0229)	-.0797*** (.02267)
rir	.00014 (.00100)	.000148 (.0010)	.000144 (.0099)	-.000336 (0.0013)	-4.62e-06 (.0011)	.000155 (.00099)	.00017 (.0009)
inflatn	.00006 (.00015)	.00004 (.00015)	.000042 (.00015)	5.64e-06 (.00017)	.00002 (.000169)	.000045 (.00015)	.00005 (.00015)
m2fixes	-.00008 (.00026)	-.0001 (.00028)	-.00011 (.00029)	-.00011 (.00028)	-.000097 (.000276)	-.00011 (.00029)	-.00009 (.00027)
crgdp	.00936** (.00406)	.0102** (.0041)	.0108*** (.00404)	.01038** (.00406)	.0106*** (.00407)	.009294** (.00431)	.00249 (.005794)
xrdepr	-.01207 (.00582)	-.0128** (.00577)	-.0131** (.00581)	-.01326** (.00605)	-.01125* (.006016)	-.01286** (.00583)	-.01298** (.00585)
gdppc	-0.0001*** (.00003)	-.0001*** (.00003)	-.00025 (.00007)	-.0001*** (.00003)	-.0001*** (.00003)	-.00015*** (.00003)	-.00012*** (.000032)
dinsur	.61262** (.28885)						
gdpgrdinsur		-0.1980* (0.4669)					
gdppcdinsur			.00016** (.00007)				
rirdinsur				.04001 (.03217)			
inflatndinsur					.00087 (.000585)		
m2fxresdinsur						.06433*** (.01758)	
crgdpdinsur							.01212** (.05548)
Observations	2545	2545	2545	2545	2545	2545	2545
# of countries	103	103	103	103	103	103	103

Standard errors in parenthesis
***p<0.01 **p<0.05 *p<0.1

Table A5.4: Banking Crisis and Generosity of Deposit Insurance (from insolvency data)

Variables	BankC(1)	BankC(2)	BankC(3)	BankC(4)	BankC(5)	BankC(6)	BankC(7)
gdpgr	-.1083*** (.03799)	-.1096*** (.04058)	-.1106*** (.0385)	-.1091*** (.0377)	-.1092*** (.03793)	-.1089*** (.03854)	-.1051*** (.03831)
rir	.03434 (.0239)	.03359 (.02316)	.03326 (.02387)	.02833 (.02178)	.03392 (.02404)	.04313 (.02906)	.032845 (.02335)
inflatn	-.00287 (.0044)	-.00289 (.00420)	-.00267* (.00443)	-.00243 (.0035)	-.00289 (.00427)	-.00321 (.00745)	-.002724 (.00418)
m2fixes	-.00013 (.000317)	-.000149 (.00032)	-.00014 (.000316)	-.000157 (.00032)	-.000146 (.00032)	-.00009 (.00031)	-.000134 (.000315)
crgdp	.009685* (.00578)	.01081** (.00532)	.01011* (.00526)	.01043 (.00529)	.01079** (.00526)	.00913 (.005414)	.00649 (.0888)
xrdepr	-.01403 (.01515)	-.01517 (.01557)	-.01329 (.01508)	-0.1620 (.01477)	-.01469 (.0157)	-.01361 (.01620)	-.01392 (.01498)
gdppc	-.00010** (.00004)	-.0001*** (.00003)	-.0001*** (.00004)	-.0001*** (.000038)	-.0001*** (.000038)	-.000095** (.000039)	-.000092* (.000047)
guarantee	.27219 (.59697)						
gdpgrgrntee		.00260* (.09268)					
gdppcgrntee			.000095 (.00006)				
rirgrntee				.04251* (.07038)			
inflatngrntee					.001136 (.01705)		
m2fxresgrntee						.10367** (.05019)	
crgdpgrntee							.005134 (.00823)
Observations	719	719	719	719	719	719	719
# of countries	49	49	49	49	49	49	49

Standard errors in parenthesis
***p<0.01 **p<0.05 *p<0.1

Table A6: Instrumental Variable Estimation

	(1) *bbrun1*	(2) *bbrun1*	(3) *bbrun1*
Second Stage Regression			
guarantee	3.094***	2.806***	2.936***
	(9.18)	(3.92)	(4.82)
gdpgr	-0.00361	-0.0511	-0.0387
	(-0.06)	(-1.27)	(-1.04)
m2fxres	0.0147**	0.0107	0.00509
	(3.20)	(1.43)	(0.71)
crgdp	-0.00140	0.00218	0.00445
	(-0.33)	(0.68)	(1.54)
xrdepr	0.00652*	0.00585	0.00512
	(2.25)	(1.39)	(1.22)
_cons	-0.636	-1.359**	-1.456***
	(-0.61)	(-2.97)	(-4.07)
First Stage Regression			
guarantee			
gdpgr	-0.00335	-0.00281	-0.00841*
	(-0.76)	(-0.63)	(-2.00)
m2fxres	-0.00500***	-0.00498***	-0.00279
	(-3.55)	(-3.54)	(-1.91)
crgdp	0.000777*	0.000717*	0.0001000
	(2.20)	(2.01)	(0.24)
xrdepr	-0.00213*	-0.00203*	-0.00143
	(-2.30)	(-2.20)	(-1.63)
maj	0.000148*		
	(2.28)		
checks		0.0194*	
		(2.00)	
polariz			0.0430*
			(2.53)
_cons	0.130***	0.0602	0.119***
	(3.95)	(1.34)	(3.59)
Wald test of exogeneity:			
Prob.	0.5645	0.2189	0.1024
N	532	533	489

t statistics in parentheses
* p<0.05, ** p<0.01, *** p<0.001

Table A7: Banking Instability and Lagged Deposit Insurance

Variables	(1)	(2)	(3)	(4)	(5)
	bbrun	*bbrun*	*bbrun*	*bbrun*	*bbrun*
gdpdr	-0.0608*** (0.0124)	-0.0642*** (0.0128)	-0.0663*** (0.0133)	-0.0680*** (0.0138)	-0.0726*** (0.0144)
rir	-0.0070* (0.0041)	-0.0059 (0.0039)	-0.0048 (0.0037)	-0.0056 (0.0040)	-0.0051 (0.0039)
inflatn	-0.0002 (0.0002)	-0.0002 (0.0002)	-0.0002 (0.0002)	-0.0002 (0.0002)	-0.0003 (0.0002)
m2fxres	0.0001 (0.0001)	0.0001 (0.0001)	0.0001 (0.0001)	0.00008 (0.0001)	0.00001 (0.0002)
crgdp	0.0024 (0.0022)	0.0023 (0.0022)	0.0026 (0.0023)	0.0025 (0.0023)	0.0023 (0.0024)
xrdepr	-0.0136*** (0.0037)	-0.0138*** (0.0038)	-0.0145*** (0.0038)	-0.0146*** (0.0039)	0.0163*** (0.0040)
gdppc	-0.00002* (0.00001)	-0.00002* (0.00001)	-0.00002* (0.00001)	-0.00002 (0.00001)	-0.00001 (0.00001)
dinsur	-0.1319 (0.1553)				
dinsur(-1)		-0.0586 (0.1597)			
dinsur(-2)			-0.0594 (0.1696)		
dinsur(-3)				-0.1873 (0.1781)	
dinsur(-4)					0.2595 (0.1962)
Observations	1980	1911	1838	1764	1690
No. of Countries	96	96	96	96	96

Standard errors given in parentheses

***p<0.01, **p<0.05, *p<0.1