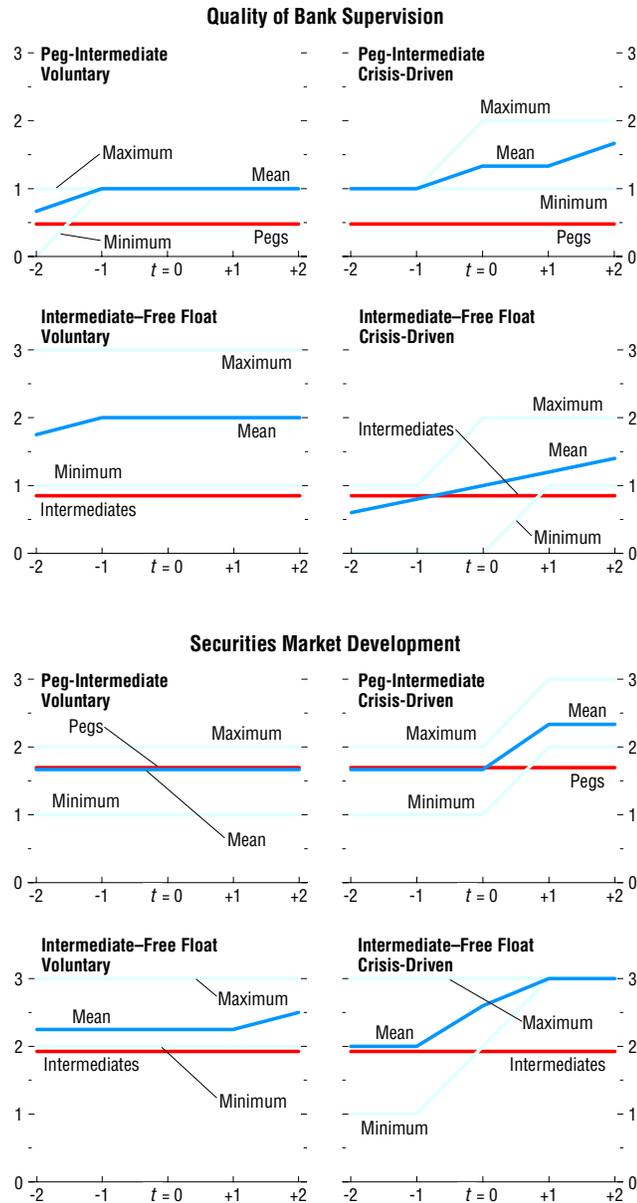


Figure 2.15. Indicators of Financial Sector Supervision and Development¹

($t = 0$ is year of transition; scale 0 to 3 with 3 representing strongest supervision and development)

Voluntary transitions on average had better quality bank supervision than their respective control groups in the period before the transition.



Sources: Abiad and Mody (2003); and IMF staff calculations; see Appendix 2.2 for variable definitions.

¹The pegs/intermediates control groups are averages for the countries whose exchange rate regime is the same as the starting regime of transitioning countries in periods that are not within three years of a transition. Only countries with observations for all periods shown around the time of transition are included.