

Measuring International Financial Supervisory Transparency

Christopher Gandrud, Mark Copelovitch, and Mark Hallerberg

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Why financial supervisory transparency?

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Promotion

Supervisory transparency has been **promoted** by international/supra-national institutions including the IMF, Basel Committee, and the European Union.

But...

We **lack reliable, cross-country**, and **cross-time** indicators of financial supervisory transparency to **test** these assertions.

Objective

Our objectives are to:

- ▶ **Develop** a reliable and valid indicator of supervisory transparency across countries and time.
 - ▶ Largely complete.
- ▶ Use this to **examine**:
 - ▶ why countries become more/less transparent,
 - ▶ how, if at all supervisory transparency affects economic outcomes.

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Methodological Contribution

We make (at least) two important methodological contributions:

- ▶ Show how Bayesian Item Response Theory can be used to create a **unique indicator** of countries' willingness to reveal basic facts about their financial systems to international actors.
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Predecessors