I have now reviewed 'Regulation and bank lending in South Africa: A narrative index approach'. I promise I did try to remain succinct.

The paper estimates the effects of different types of financial regulation on bank lending conditions in South Africa, with a focus on the trade-off between financial stability and inclusion. To this purpose, the authors present findings from a bank-level panel data model, that employs data on lending volumes and rates from the four biggest banks, and they construct three dummies for measuring financial regulation: one for draft bank regulations (Basel 2, 2.5, and 3), one for implemented bank regulations (Basel 2, 2.5, and 3), and another one for regulatory reforms aimed at financial inclusion. The paper finds that overall the effects of all regulatory reforms are in line with the stability goal as they have (i) increased rates on unsecured loans and decreased rates on secured loans; (ii) increased the volume of secured loans, decreased the volume of mortgages and unsecured loans.

I think the paper should be accepted for publication in the SARB working paper series subject to proof-reading and to the authors addressing the following questions:

In the introduction and literature review sections,

* the authors posit that stricter capital requirements are associated to decreases in bank lending. This is not necessarily true (ie, a healthier banking system can sustain higher lending capacity or regulatory pressure can prompt more risk taking). We have presented various arguments from the literature on banking in Merrino, Lesame, Chondrogiannis (2024).
* I find there is some confusion between macro and microprudential regulation: Basel 2 and 2.5 and part of Basel 3 are micropru. So, more clarity is needed when distinguishing instruments in the empirical analysis and the lit review. The authors might consider broadening their analysis to bank regulation - rather than macropru - if they intend to include minimum CARs. It would be useful to specify in Section 3.1 which instruments are included in the narrative identification (the criteria at p. 11 are broad).

In the methodology section, the authors should specify:

* the time period and frequency of the sample. It is said they include a covid dummy but somewhere else they say data stops at 2019. In addition, it is unclear why regulatory data stops in 2019.
* Which control variables they have included and if they have accounted for unit roots as T is large while N=4.
* There are no considerations on the exogeneity of the independent variable (ie dummy indicators). Also, a time-series plot of the dummies would be useful to observe the evolution of regulatory stringency.

In the results/discussion section,

* I am unsure about the interpretation of coefficients: given the dep var is expressed in log difference (growth rate), then a coeff = 0.51 indicates that the dep variable is on average 51% higher when regulation is stricter.
* I would suggest acknowledging the data limitations. (i) Results are limited on bank lending, not total lending. Therefore, the finding that inclusion-related reforms are instead exclusionary only refers to bank lending (NBFIs have been growing in SA but they are not captured by the model). (ii) Data is limited to some type of loans and borrowers, but financial inclusion also refers to marginal borrowers, which are not captured here.