

Supplementary material for

Does more finance mean more inequality in times of crisis?

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Appendix 1. Sample

Table A. List of banking crises in our sample with their redistributive impact and pre-crisis size of the banking sector

Country	Start	Inc. Level	Diff.Gini	Diff.Gini2	Diff.Gini3	Diff.Gini4	SBSindex	SBSindex2	SBSindex3
Argentina	1980	DC	0.79	0.86	1.39	1.47	-0.57	-0.54	-0.61
Argentina	1989	DC	-0.7	-0.17	0.21	0.73	-0.72	-0.73	-0.71
Argentina	1995	DC	1.59	2.35	2.81	3.57	-0.56	-0.55	-0.60
Argentina	2001	DC	-0.98	-0.31	-3.06	-2.39	-0.4	-0.36	-0.40
Austria	2008	DV	0.75	0.8	1.1	1.15	0.74	0.76	0.77
Belgium	2008	DV	-0.39	-0.47	-0.46	-0.54	0.74	0.81	0.79
Bolivia	1994	DC	2.65	4.49	3.34	5.18	-0.43	-0.44	-0.53
Brazil	1990	DC	-1.07	-1.61	-1.07	-1.61	-0.39	-0.4	-0.55
Brazil	1994	DC	-0.16	-0.21	-0.46	-0.5	-0.47	-0.5	-0.57
China	1998	DC	8.21	8.71	11.7	12.2	0.42	0.3	0.34
Colombia	1982	DC	-7.21	-7.96	-9.92	-10.67	-0.4	-0.38	-0.43
Colombia	1998	DC	-0.07	0.24	-0.44	-0.12	-0.32	-0.29	-0.32
Cape Verde	1993	DC	1.37	1.83	2.28	2.74	-1.01	-0.85	-0.79
Central African Rep.	1995	DC	-3.46	-4.61	-5.77	-6.92	-0.84	-0.85	-0.80
Costa Rica	1987	DC	1.44	2.44	1.79	2.79	-0.59	-0.56	-0.53
Costa Rica	1994	DC	0.07	0.22	1.45	1.6	-0.56	-0.52	-0.54
Denmark	2008	DV	1.21	1.62	1.86	2.27	0.85	0.73	0.77
Dominican Rep.	2003	DC	-0.66	-0.68	-2.19	-2.21	-0.44	-0.46	-0.42
Ecuador	1998	DC	-1.47	-0.85	-2.8	-2.17	-0.42	-0.39	-0.42
Egypt	1980	DC	-1.75	-2.11	-1.23	-1.59	-0.58	-0.57	-0.50
Finland	1991	DV	0.13	0.1	1.22	1.19	0.22	0.2	0.21
France	2008	DV	1.88	2.37	2.38	2.86	0.55	0.55	0.56
Germany	2008	DV	-0.35	-0.28	-0.27	-0.2	0.79	0.82	0.85
Guinea Bissau	1995	DC	-4.92	-6.56	-8.2	-9.84	-0.78	-0.78	-0.78
Greece	2008	DV	1	1.58	1.2	1.78	0.58	0.61	0.58
Hungary	2008	DC	1.57	0.56	2.85	1.84	0.09	0.11	0.05
Iceland	2008	DV	-2.38	-3.63	-3.14	-4.39	0.83	0.37	0.93
Indonesia	1997	DC	-1.92	-3.66	1.12	-0.63	-0.06	-0.02	-0.08
India	1993	DC	-1.66	-1.5	-1.12	-0.97	-0.45	-0.41	-0.42
Ireland	2008	DV	-0.49	-0.82	-0.85	-1.18	1.01	0.98	0.95
Italy	2008	DV	0.55	0.12	0.93	0.51	0.46	0.44	0.41
Ivory Coast	1988	DC	-0.98	-2.43	-1.63	-3.09	-0.44	-0.48	-0.46
Jamaica	1996	DC	-7.33	-1.72	-2.87	2.75	-0.4	-0.35	-0.34
Jordan	1989	DC	3.47	4.51	1.93	2.97	0.35	0.41	0.41
Japan	1997	DV	3.22	2.39	3.36	2.53	1.44	1.47	1.48
Kazakhstan	2008	DC	-0.08	-1.15	0.06	-1.01	-0.25	-0.29	-0.34
Korea (South)	1997	DC	-0.84	-0.19	-1.41	-0.76	-0.01	0.01	0.00
Latvia	2008	DC	-0.68	-0.88	-0.51	-0.7	-0.08	-0.22	-0.01
Luxembourg	2008	DV	-0.25	-0.44	-0.13	-0.31	1.68	1.8	1.84
Malaysia	1997	DC	2.85	2.96	0.19	0.3	0.81	0.82	0.81

Note: *Start* denotes the starting year of banking crises. *DV* and *DC* respectively stand for developed and developing countries.

Table A. List of banking crises in our sample with their redistributive impact and pre-crisis size of the banking sector (continued)

Pays	Start	Inc. Level	Diff.Gini	Diff.Gini2	Diff.Gini3	Diff.Gini4	SBSindex	SBSindex2	SBSindex3
Mexico	1981	DC	-5.31	-6.42	-3.03	-4.14	-0.58	-0.56	-0.54
Mexico	1994	DC	-0.43	-0.14	0.14	0.44	-0.39	-0.38	-0.44
Netherlands	2008	DV	-1.3	-1.7	-1.32	-1.73	1.08	1.07	1.07
Nigeria	1991	DC	3.41	4.4	5.82	6.81	-0.79	-0.8	-0.73
Norway	1991	DV	0.98	0.8	0.71	0.52	0.18	0.21	0.21
Uganda	1994	DC	1.07	0.55	3.89	3.37	-0.93	-0.95	-0.92
Panama	1988	DC	0.6	1.42	0.52	1.33	-0.26	-0.28	-0.23
Philippines	1983	DC	-1.64	-1.8	-2.23	-2.39	-0.44	-0.46	-0.44
Philippines	1997	DC	-1.14	0.65	-1.5	0.29	-0.15	-0.11	-0.23
Portugal	2008	DV	-0.93	-1.66	-0.68	-1.41	0.78	0.72	0.69
Paraguay	1995	DC	0.83	3.48	0.24	2.89	-0.49	-0.48	-0.52
United Kingdom	2007	DV	0.04	0.45	-0.88	-0.46	1.04	1.05	1.03
United States	1988	DV	0.58	0.59	1.92	1.93	0.3	0.37	0.36
United States	2007	DV	-0.51	-0.26	-0.41	-0.16	0.2	0.27	0.25
Russia	1998	DC	0.34	-0.3	0.04	-0.6	-0.68	-0.67	-0.68
Russia	2008	DC	0.53	0.45	0.53	0.45	-0.34	-0.31	-0.37
Spain	1977	DV	0.49	0.8	0.73	1.03	0.39	0.42	0.43
Spain	2008	DV	2.11	3.15	2.45	3.49	1.09	1.09	1.01
Sweden	1991	DV	1.31	3.71	1.26	3.66	-0.15	-0.15	-0.1
Sweden	2008	DV	-0.29	-0.64	-0.61	-0.95	0.33	0.16	0.02
Switzerland	2008	DV	-0.61	-1.69	-0.89	-1.97	1.11	1.11	1.16
Thailand	1983	DC	1.5	1.95	0.98	1.43	-0.25	-0.23	-0.24
Thailand	1997	DC	-0.83	-0.91	-1.53	-1.61	0.73	0.69	0.70
Turkey	1982	DC	-3.18	-4.14	-4.62	-5.58	-0.68	-0.68	-0.66
Turkey	2000	DC	1.09	-0.66	-0.12	-1.87	-0.43	-0.35	-0.44
Ukraine	1998	DC	-2.85	-4.23	-3.85	-5.23	-0.8	-0.78	-0.79
Uruguay	1981	DC	-0.57	-0.26	-0.77	-0.46	-0.41	-0.39	-0.43
Uruguay	2002	DC	0.9	1.06	1.09	1.25	-0.14	-0.12	-0.22
Zambia	1995	DC	0.13	-0.25	-2.89	-3.28	-0.91	-0.93	-0.87

Note: *Start* denotes the starting year of banking crises. *DV* and *DC* respectively stand for developed and developing countries.

Appendix 2. Descriptive statistics

Table B1. Bilateral correlations between variables used to derived a composite index of the size of the banking sector (SBSindex)

	Liquid liabilities	Bank assets	Bank deposits	Bank ratio	Credits	Credits/Deposits
Liquid liabilities	1					
Bank assets	0.76***	1				
Bank deposits	0.96***	0.63***	1			
Bank ratio	0.48***	0.52***	0.49***	1		
Credits	0.70***	0.95***	0.58***	0.45***	1	
Credits/Deposits	0.06	0.32***	-0.06	0.11	0.56***	1

Note: Each variable is measured the year preceding banking crisis outbreak. ***<0.01.

Table B2. Descriptive statistics for variables used to derived a composite index of the size of the banking sector (SBSindex)

	Obs.	Mean.	Std. Dev.	Min	Max
Liquid liabilities	68	60.65	55.55	8.46	380.28
Bank assets	69	70.39	58.16	4.25	251.55
Bank deposits	68	56.05	75.01	4.15	575.88
Bank ratio	65	83.37	21.00	17.62	99.98
Credits	69	64.14	59.28	1.80	272.80
Credits/Deposits	68	131.30	105.61	30.91	858.54

Note: Each variable is measured the year preceding banking crisis outbreak.

Table B3. Overview of control variables

Reference control variables	
GDPcap (t-1)*	GDP per capita (constant 2010 US\$). <i>World Development Indicators</i> (WDI, 2016).
Ginipre-crisis *	Mean of Gini coefficient on household disposable income between t-3 and t-1. <i>Standardized World Income Inequality Database</i> (SWIID), Solt (2014).
Inequality control variables	
Pop (t-1)*	Total population. WDI (2016).
Pop growth (t-1)*	Growth rate of total population. WDI (2016).
Dependency ratio (t-1)*	Ratio of dependents (people younger than 15 or older than 64) to the working-age population (those ages 15-64). WDI (2016).
GDP growth (t-1)*	Growth rate of GDP per capita. WDI (2016).
Trade openness (t-1)*	Sum of imports and exports over GDP. WDI (2016).
Public spendings (t-1)*	General government final consumption expenditures over GDP. WDI (2016).
Inflation (t-1)*	Annual percentage change in Consumer Price Index. WDI (2016).
Polity2 (t-1)	Quality of political institutions ranging from -10 (lowest quality) to +10 (highest quality). <i>PolityIV</i> database, Marshall & Jaggers (2010).
Banking crisis control variables	
Systemic	=1 if systemic banking crisis and, =0 otherwise. Laeven & Valencia (2012).
Subprime	=1 if banking crisis occurred during the subprime crisis, and =0 otherwise. Laeven & Valencia (2012).
Multiple crises	=1 if banking crisis occurred in a country with multiple banking crises over 1977-2014. Authors' calculation based on Laeven & Valencia (2012).
Credit boom	=1 if banking crisis is preceded by a credit boom, and =0 otherwise. Laeven & Valencia (2012).
Currency crisis	=1 if currency crisis occurred between t-2 and t+2, and =0 otherwise. Authors' calculation based on Laeven & Valencia (2012).
Debt crisis	=1 if external sovereign debt crisis occurred between t-2 and t+2, and =0 otherwise. Authors' calculation based on Laeven & Valencia (2012).
World crisis (t-1)	Sum of banking crises in t-1 for all countries in our sample. Authors' calculation based on Laeven & Valencia (2012).
Regional crisis (t-1)	Sum of banking crises in t-1 for countries belonging to the same region as country i. Authors' calculation based on Laeven & Valencia (2012).
World crisis (t)	Sum of banking crises in t for all countries in our sample. Authors' calculation based on Laeven & Valencia (2012).
Regional crisis (t)	Sum of banking crises in t for countries belonging to the same region as country i. Authors' calculation based on Laeven & Valencia (2012).
FDI (t-1)*	Foreign Direct Investments (net inflow) over GDP. WDI (2016).
Investment (t-1)*	Gross Capital Formation over GDP. WDI (2016).
Liquidity*	Liquidity support to the banking sector from central bank and treasury between t and t+3. Laeven & Valencia (2012).
Public debt*	Increased in public debt in percent of GDP over t-1 to t+3. Laeven & Valencia (2012).
World crisis post	Sum of banking crises for all countries in our sample during banking crisis j. Authors' calculation based on Laeven & Valencia (2012).
Regional crisis post	Sum of banking crises for countries belonging to the same region as country i during banking crisis j. Authors' calculation based on Laeven & Valencia (2012).
World GDP growth post*	Mean of GDP per capita growth for all countries in our sample during banking crisis j. WDI (2016).
Regional GDP growth post*	Mean of GDP per capita growth for countries belonging to the same region as country i during banking crisis j. WDI (2016).
FMI prog	Sum of IMF programs implemented in country i during banking crisis j. Data for the 1977-1997 period come from Hutchinson (2003). Data for the 1998-2013 period come from IMF's website : http://www.imf.org/external/np/fin/tad/extarr1.aspx

Note: * denotes variables with Kumar *et al.* (2003) transformation. t corresponds to the starting year of banking crisis. *Reference control variables* is the set of control variables systematically introduced in our regressions. *Inequality control variables* refers to the set of control variables related to the literature on the effect of financial development on income inequality. *Control banking crisis* refers to the set of control variables related to the literature on the consequences of banking crises.

Table B4. Descriptive statistics for Diff.Gini, SBSindex and control variables

	Obs.	Mean	Std. dev.	Min.	Max.
Diff.Gini	69	-0.16	2.32	-7.33	8.21
SBSindex	69	-0.02	0.65	-0.95	1.80
GDPcap (t-1)*	69	8.68	1.56	5.82	11.36
Ginipre-crisis *	69	3.65	0.25	2.98	4.06
Pop (t-1)*	68	7.47E+07	1.83E+08	311566	1.20E+09
Pop growth (t-1)*	69	1.40	1.03	-0.91	3.65
Dependency ratio (t-1)*	69	0.63	0.17	0.40	1.06
GDP growth (t-1)*	68	2.48	3.77	-10.77	10.69
Trade openness (t-1)*	69	69.36	53.45	12.66	314.03
Public spendings (t-1)*	67	15.41	5.34	4.32	27.40
Inflation (t-1)*	64	63.41	296.17	0.13	1927.98
Polity2 (t-1)	66	4.88	6.46	-9	10
Systemic	69	0.84	0.37	0	1
Subprime	69	0.30	0.46	0	1
Multiple crises	69	0.41	0.49	0	1
Credit boom	62	0.52	0.50	0	1
Currency crisis	69	0.43	0.50	0	1
Debt crisis	69	0.17	0.38	0	1
World crisis (t-1)	69	4.48	3.20	0	13
Regional crisis (t-1)	69	1.22	1.40	0	7
World crisis (t)	69	10.04	7.43	0	21
Regional crisis (t)	69	4.65	5.26	0	14
FDI (t-1)*	68	1.07	1.22	-4.07	4.49
Investment (t-1)*	66	3.16	0.25	2.55	3.77
Liquidity*	68	2.26	0.99	0.10	4.92
Public debt*	69	1.86	2.42	-4.13	4.69
World crisis post	69	22.16	9.31	1	36
Regional crisis post	69	6.36	5.00	0	16
World GDP growth post*	69	0.75	0.30	-0.03	1.28
Regional GDP growth post*	69	0.31	0.75	-1.29	1.59
FMI prog	69	0.84	0.92	0	3

Note: * denotes variables with Kumar *et al.* (2003) transformation. t corresponds to the starting year of banking crisis.

Appendix 3. Intermediary results for the TSLS estimates

Table C1. List of candidate instrumental variables for SBSindex

Quality of economic institutions	
Cred. Right	Composite index of rights quality granted to creditors, ranging from 0 (lowest quality) to 4 (highest quality), in t-1. Djankov <i>et al.</i> (2007).
Legal origin	
Common Law	=1 if country has a Common Law legal origin and, =0 otherwise. La Porta <i>et al.</i> (1999).
Civil Law	=1 if country has a Civil Law legal origin and, =0 otherwise. La Porta <i>et al.</i> (1999).
Religion	
Protestant	=1 if country's main religion is Protestant and, =0 otherwise. La Porta <i>et al.</i> (1999).
Catholic	=1 if country's main religion is Catholic and, =0 otherwise. La Porta <i>et al.</i> (1999).
Muslim	=1 if country's main religion is Muslim and, =0 otherwise. La Porta <i>et al.</i> (1999).
Geographical location	
Latitude	Distance to the equator. La Porta <i>et al.</i> (1999).

Note: t corresponds to the starting year of banking crisis.

Table C2. Bilateral correlations between candidate instrumental variables and SBSIndex

	SBSIndex
Cred. Right	0.27**
Common Law	0.04
Civil Law	-0.22*
Protestant	0.16
Catholic	-0.05
Muslim	-0.13
Latitude	0.60***

Note: *Cred. Right* is assessed the year preceding banking crisis outbreak. *** $p < 0.01$, ** $p < 0.05$.

Table C3. Instrumental variables selection : BMA and OLS estimates

	SBSIndex	
	(1)	(2)
Droits cred.	+ (0.41)	0.122* [0.0665]
Leg. anglaise	+ (0.18)	
Leg. française	- (0.31)	
Protestants	- (0.34)	
Catholiques	+ (0.13)	
Musulmans	- (0.13)	
Latitude	Ref. Ref.	1.646*** [0.388]
Crises	60	60
Countries	46	46
Number of models	64	
R ²		0.38
SCR		0.49
Fisher stat.		19.21
Fisher p-value		0.00
AIC		88.32
BIC		94.61

Note: Column (1) gives the results from the BMA applied to the selection of the most relevant instruments for *SBSIndex*. + and - are the sign of the mean value for the coefficient of the candidate instrumental variables, it is calculated based on all the estimated candidate models. *Ref.* means that the *Latitude* variable is included in all estimated models with BMA. Column (2) given the results from OLS estimates. The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. *** $p < 0.01$, ** $p < 0.05$, * $p < 0.1$.

Appendix 4. Robustness

Table D1. Computing alternative composite indexes of the size of the banking sector (SBSindex2, SBSindex 3) using Principal Component Analysis (PCA)

PCA SBSindex2			PCA SBSindex3		
Factor	Eigenvalue	Extracted variance proportion	Factor	Eigenvalue	Extracted variance proportion
Factor 1	3.97	0.79	Factor 1	4.25	0.71
Factor 2	0.69	0.14	Factor 2	1.04	0.17
Factor 3	0.26	0.05	Factor 3	0.61	0.1
Factor 4	0.05	0.01	Factor 4	0.08	0.01
Factor 5	0.03	0.01	Factor 5	0.01	0
			Factor 6	0.01	0
Variables	Factor loadings	Uniqueness	Variables	Factor loadings	Uniqueness
Liquid liabilities	0.95	0.1	Liquid liabilities	0.92	0.05
Bank assets	0.98	0.05	Bank assets	0.98	0.04
Bank deposits	0.95	0.1	Bank deposits	0.91	0.01
Bank ratio	0.92	0.16	Bank ratio	0.96	0.05
Credits	0.62	0.62	Credits	0.68	0.53
			Credits/Deposits	0.48	0.03
Obs.	69		Obs.	69	

Note: For *SBSindex2* each variable is assessed the year preceding the outbreak of banking crisis. For *SBSindex3* each variable is averaged over the three years before the outbreak of banking crisis. *Factor* corresponds to all common factors shared by SBS variables. *Eigenvalue* represents the explanatory power of each estimated factor. *Extracted variance proportion* is the share of the total variance of SBS variables captured by each factor. *Factor loadings* gives the correlation coefficients between the first factor and SBS variables. *Uniqueness* is the share of the variance of each variable not accounted by the first factor.

Table D2. Descriptive statistics for alternative dependent and interest variables

	Obs.	Mean	Std. dev.	Min.	Max.
Diff.Gini2	69	-0.08	2.68	-7.96	8.71
Diff.Gini3	69	-0.14	2.94	-9.92	11.7
Diff.Gini4	69	-0.06	3.39	-10.67	12.2
SBSindex2	69	-0.02	0.65	-1.01	1.68
SBS index3	69	0.07	1.15	-1.58	5.06

Note: Variables assessing the redistributive effect of banking crisis are measured on a time window ranging from t-1 to t+5 surrounding each crisis (t is the starting year of banking crisis). For *SBSindex2* each variable is assessed the year preceding the outbreak of banking crisis. For *SBSindex3* each variable is averaged over the three years before the outbreak of banking crisis.

Table D3. Alternative measures of dependent and interest variables

	Alt. dep. var.			Alt. int. var.	
	Diff.Gini2	Diff.Gini 3	Diff.Gini4	SBSindex2	SBSindex3
	(1)	(2)	(3)	(4)	(5)
SBSindex	3.019*** [0.953]	2.709** [1.181]	2.707** [1.257]	3.060*** [0.873]	2.709*** [0.856]
GDPcap (t-1)	-0.858* [0.497]	-0.75 [0.543]	-0.781 [0.539]	-0.756** [0.331]	-0.705** [0.345]
Gini pre-crisis	-6.484*** [2.050]	-6.334*** [2.204]	-6.450*** [2.246]	-4.264*** [1.464]	-4.319*** [1.503]
World crisis (t)	0.214*** [0.0662]	0.204** [0.0867]	0.214** [0.0850]	0.184*** [0.0537]	0.176*** [0.0558]
Regional crisis (t)	-0.487*** [0.150]	-0.532*** [0.190]	-0.538*** [0.178]	-0.447*** [0.111]	-0.413*** [0.111]
Liquidity	0.349 [0.327]	0.0817 [0.447]	0.125 [0.441]	0.678** [0.281]	0.668** [0.292]
Crises	68	68	68	68	68
Countries	53	53	53	53	53
R ²	0.29	0.32	0.27	0.36	0.32
SCR	2.39	2.55	3.04	1.96	2.01
Fisher stat.	3.43	3.9	3.15	4.33	3.84
Fisher p-value	0.01	0.00	0.01	0.00	0.00
AIC	317.87	326.76	350.68	290.97	294.25
BIC	333.41	342.3	366.22	306.51	309.79

Note: The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. ***p<0.01, **p<0.05, *p<0.1.

Table D4. Overview of variables related to additional characteristics of financial systems

Financial liberalization variables	
Financial lib.	Composite index of financial liberalization scaled between 0 and 21 (higher values represent more financially liberalized systems), and corresponds to the sum of the following seven indicators: (i) credit controls; (ii) interest rate controls; (iii) entry barriers/prom-competition measures; (iv) banking supervision; (v) privatization; (vi) international capital flows, and (vii) security markets. Source: Abiad <i>et al.</i> (2008).
Financial open.	Index of financial openness based on principal components extracted from disaggregated capital and current account restriction. Source: Chinn & Ito (2011).
Stock markets development variables	
SMindex	Composite index of stock markets development based on the first factor derived from a Principal Component Analysis on the following variables one year before banking crisis outbreak: <i>Capitalization</i> , <i>Liquidity</i> , <i>Turnover ratio</i> .
Capitalization	Total value of all listed shares in a stock market over GDP. Source: <i>Global Financial Development Database</i> (GFDD, 2016).
Liquidity	Total value of all traded shares in a stock market over GDP. Source: GFDD (2016).
Turnover ratio	Total value of shares traded (<i>Liquidity</i>) divided by the average market capitalization (<i>Capitalization</i>). Source: GFDD (2016).

Note: Each variable is assessed the year before the outbreak of banking crisis. Kumar *et al.* (2003) transformation is applied to *Financial open.* and *SMindex*.

Tableau D5. Bilateral correlations between stock market development variables

	Capitalization	Liquidity	Turnover ratio
Capitalization	1		
Liquidity	0.75***	1	
Turnover ratio	0.39***	0.73***	1

Note: Each variable is assessed the year before the outbreak of banking crisis. ***p<0.01.

Tableau D6. Computing a composite index of stock market development (SMindex) using Principal Component Analysis (PCA)

SMindex		
Factor	Eigenvalue	Extracted variance proportion
Factor 1	2.26	0.75
Factor 2	0.61	0.20
Factor 3	0.13	0.04
Variables	Factor loadings	Uniqueness
Capitalization	0.82	0.32
Liquidity	0.96	0.08
Turnover ratio	0.81	0.35
Obs.	44	

Note: Stock market development (SMD) variables are assessed the year before banking crisis outbreak. *Factor* corresponds to all common factors shared by SMD variables. *Eigenvalue* represents the explanatory power of each estimated factor. *Extracted variance proportion* is the share of the total variance of SMD variables captured by each factor. *Factor loadings* gives the correlation coefficients between the first factor and SMD variables. *Uniqueness* is the share of the variance of each variable not accounted by the first factor.

Tableau D7. Statistics descriptive for financial liberalization and stock market development variables

	Obs.	Mean	Std. dev.	Min.	Max.
SMindex	44	0.00	1	-1.02	3.17
Capitalization	44	70.08	69.65	0.76	291.56
Liquidity	44	57.28	78.76	0.01	357.72
Turnover ratio	44	68.22	70.57	0.00	219.28
Financial lib.	62	13.50	5.93	0.00	21.00
Financial open.	68	0.40	1.69	-1.86	2.44

Note: Each variable is assessed the year before the outbreak of banking crisis. Kumar *et al.* (2003) transformation is applied to *SMindex* and *Financial open*.

Table D8. Accounting for financial liberalization and stock market development variables

	Diff.Gini		
	(1)	(2)	(3)
SBSindex	3.013*** [0.935]	3.242*** [0.856]	2.311** [0.949]
Financial lib.	0.0863 [0.0899]		
Financial open.		0.197 [0.376]	
SMindex			1.021 [0.677]
GDPcap (t-1)	-1.104*** [0.401]	-0.843** [0.374]	-1.077* [0.611]
Gini pre-crisis	-4.608*** [1.561]	-4.334*** [1.572]	-4.864** [2.385]
World crisis (t)	0.173** [0.0677]	0.200*** [0.0555]	0.146** [0.0691]
Regional crisis (t)	-0.401*** [0.115]	-0.463*** [0.105]	-0.386** [0.144]
Liquidity	0.846*** [0.277]	0.744** [0.288]	1.028* [0.536]
Crises	62	67	44
Countries	47	52	40
R ²	0.42	0.38	0.37
SCR	1.86	1.95	1.85
Fisher stat.	3.88	4.09	1.44
Fisher p-value	0.00	0.00	0.22
AIC	260.35	287.38	186.17
BIC	277.36	305.02	200.44

Note: The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. Financial liberalization and stock market development variables are assessed the year before banking crisis outbreak. Kumar *et al.* (2003) transformation is applied to *SMindex* and *Financial open*. ***p<0.01, **p<0.05, *p<0.1.

Table D9a. Accounting for additional control variables

	Diff. Gini					
	(1)	(2)	(3)	(4)	(5)	(6)
SBSindex	3.008*** [0.847]	3.081*** [0.836]	3.251*** [0.929]	3.104*** [0.839]	2.858*** [0.893]	3.186*** [0.835]
Pop growth (t-1)	0.19 [0.471]					
GDP growth (t-1)		-0.0734 [0.207]				
Trade openness (t-1)			-0.395 [0.458]			
Public spendings (t-1)				0.685 [0.940]		
Inflation (t-1)					-0.177 [0.319]	
Polity2 (t-1)						-0.0221 [0.0448]
Controls	Yes	Yes	Yes	Yes	Yes	Yes
Crises	68	67	68	67	63	66
Countries	53	52	53	52	51	51
R ²	0.36	0.36	0.37	0.38	0.36	0.38
SCR	1.97	1.98	1.95	1.96	2.04	1.96
Fisher stat.	3.73	4.54	4.06	4.02	3.36	4.88
Fisher p-value	0	0	0	0	0.01	0
AIC	292.51	289.2	291.54	287.47	276.25	283.7
BIC	310.26	306.84	309.3	305.11	293.39	301.21

Note: The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. ***p<0.01, **p<0.05, *p<0.1.

Table D9b. Accounting for additional control variables (continued)

	Diff.Gini													
	(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)	(10)	(11)	(12)	(13)	(14)
SBSindex	3.031*** [0.836]	3.108*** [0.838]	3.445*** [0.911]	3.293*** [0.839]	2.896*** [0.880]	2.985*** [0.838]	2.977*** [0.838]	2.934*** [0.739]	3.059*** [0.852]	3.245*** [0.885]	3.033*** [0.826]	2.977*** [0.879]	2.896*** [0.833]	2.993*** [0.824]
Systemic	-0.352 [0.473]													
Subprime		-0.825 [0.764]												
Multiple crises			1.065* [0.535]											
Credit boom				-0.299 [0.493]										
Currency crisis					-0.336 [0.694]									
Debt crisis						-0.275 [0.598]								
World crisis (t-1)							-0.078 [0.115]							
Regional crisis (t-1)								0.201 [0.302]						
FDI (t-1)									0.032 [0.220]					
Investment (t-1)										-0.734 [1.169]				
World crisis post											0.005 [0.0284]			
Regional crisis post												0.106 [0.0942]		
World GDP growth post													0.998 [0.918]	
FMI prog														-0.062 [0.359]
Controls	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
Crises	68	68	68	61	68	68	68	68	67	66	68	68	68	68
Countries	53	53	53	46	53	53	53	53	52	51	53	53	53	53
R ²	0.36	0.37	0.39	0.41	0.36	0.36	0.37	0.37	0.36	0.38	0.36	0.37	0.37	0.36
SCR	1.97	1.96	1.92	1.84	1.96	1.97	1.96	1.95	1.98	1.97	1.97	1.95	1.95	1.97
Fisher stat.	3.8	3.86	4.07	4	4.18	3.95	3.75	4.42	3.75	3.95	4.3	3.86	4.17	3.76
Fisher p-value	0	0	0	0	0	0	0	0	0	0	0	0	0	0
AIC	292.36	292.02	288.97	255.23	292.31	292.46	291.8	291.44	289.3	284.38	292.6	291.22	291.45	292.59
BIC	310.12	309.78	306.72	272.12	310.07	310.22	309.56	309.2	306.94	301.9	310.36	308.97	309.21	310.35

Note: The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. ***p<0.01, **p<0.05, *p<0.1.

Table D10. Alternative estimation methods and structure of the database

	Diff.Gini		
	WLS	Robust regression	SD. Gini < 2.5
	(1)	(2)	(3)
SBSindex	1.875** [0.824]	2.190*** [0.657]	2.963*** [0.871]
GDPcap (t-1)	-0.619 [0.370]	-0.426 [0.259]	-1.032** [0.400]
Gini pre-crisis	-2.437* [1.350]	-2.756* [1.428]	-4.979** [1.882]
World crisis (t)	0.127*** [0.0430]	0.148** [0.0663]	0.143*** [0.0466]
Regional crisis (t)	-0.262*** [0.0921]	-0.349*** [0.113]	-0.351*** [0.0990]
Liquidity	0.314 [0.222]	0.421 [0.254]	0.905*** [0.317]
Crises	68	68	60
Countries	53	53	60
R ²	0.23		0.38
SCR	1.52		1.78
Fisher stat.	2.49	3.49	2.64
Fisher p-value	0.03	0.00	0.02
AIC	256.37		246.35
BIC	271.91		261.01

Note: Results in columns (1)-(2) are based on Weighted Least Squares (WLS) estimator. In column (1) the observations are weighted on the basis of the standard deviation of Gini coefficients between t-3 and t+3 (t denotes the starting year of banking crisis). In column (2) the observations are weighted according to the absolute value of the predicted standardized errors from our model. In column (3) the sample includes only banking crises associated with a Gini coefficient having standard deviation below 2.5 between t-3 and t+3. The coefficients represent the marginal effects. The standard deviations associated with each estimated coefficient are given in square brackets and are robust to within-country correlations. R² and SCR respectively correspond to the coefficient of determination and the sum of the squared residuals. Fisher stat. and Fisher p-value correspond to Fisher's overall significance test of explanatory variables. AIC and BIC are the Akaike and Bayesian information criteria. ***p<0.01, **p<0.05, *p<0.1.