Internet Appendix for "Does Credit Competition affect Small-Firm Finance?"[*]

This document describes all of the empirical results that are discussed in "Does Credit Competition affect Small Business Finance?" Because the document is designed to stand alone, we repeat the most of the data description and empirical methods sections from the original paper, and we also report the original tables from the paper (Tables I to VII, both in the paper and in this document). In addition, we describe an additional set of tables mentioned but not described in detail in the original paper (all tables in this Internet Appendix beginning with an IA). We make no attempt to interpret the results here; we only describe them.

Data

States that opposed entry by out-of-state banks could use the provisions contained in the Interstate Banking and Branching Efficiency Act (IBBEA) to erect barriers to some forms of out-of-state entry, to raise the cost of entry, and to distort the means of entry. From the time of enactment in 1994 until the branching trigger date of June 1, 1997, IBBEA allowed states to employ various means to erect these barriers. States could set regulations on interstate branching with regard to four important provisions: (1) the minimum age of the target institution, (2) de novo interstate branching, (3) the acquisition of individual branches, and (4) a statewide deposit cap. We use the four state powers granted by IBBEA to build a simple index of interstate branching restrictions. The index is set to zero for states that are most open to out-of-state entry. We add one to the index when a state adds any of the four barriers just described. Specifically, we add one to the index: if a state imposes a minimum age of three year or more on target

institutions of interstate acquirers; if a state does not permit *de novo* interstate branching; if a state does not permit the acquisition of individual branches by an out-of-state bank; and if a state imposes a deposit cap less than 30%. The index ranges from zero to four. Figure IA.1 illustrates graphically the geographical distribution of the state branching index. The states with no restrictions (e.g., the index equals zero) are light gray, those with moderate restrictions (e.g., the index equals one or two) are gray with a light pattern, and those with the highest restrictions (e.g., the index equals three or four) are dark gray.

We combine data from the Survey of Small Business Finance (SSBF) with the state-level branching restrictions index defined above. The SSBF is a survey by the Federal Reserve of the financial condition of firms with fewer than 500 employees. The survey was first conducted in 1987 and repeated in 1993, 1998, and 2003. It contains details on small businesses' income, expenses, assets, liabilities, and characteristics of the firm, firm owners, and the small businesses' financial relationships with financial service suppliers for a broad set of products and services. The sample is randomly drawn but stratified to ensure geographical representation across all regions of the United States. The SSBF also oversamples relatively large firms (conditional on having fewer than 500 workers).

Given the above data, we can measure assets, liabilities, profits, firm age, and the length of time firms have established relationships with banks and other lenders. We also know the location of firms, so we can control for local market conditions, and we can use the state of the firm to merge our branching restrictions variable described in the original paper (Section II). The SSBF also asks about sources of debt. We use these survey responses to build an indicator equal to one for firms borrowing from banks.

We use data from the 1993, 1998, and 2003 surveys. The 1993 survey reflects credit conditions just before passage of IBBEA and thus represents a clean "control" group for our empirical design. To run a falsification test, we assign the 2003 branching index to the 1993 data. Since deregulation had not yet occurred, we should observe no relationship between the hypothetical branching restrictions and credit conditions in 1993. The last two surveys (1998 and 2003) occur after passage of IBBEA; thus, if interstate branching matters for credit supply, we should observe the state-imposed constraints affecting firms operating in different states in those years. These last two years can be thought of as the "treatment" group in our empirical design.

Interest Rate Regressions (Internet Appendix Tables III and IA.III)

We begin by testing how loan interest rates vary with interstate branching restrictions. Our interest-rate regressions have the following structure:

$$Y_{i,j,t} = \beta_t Branching\ Restrictions_{j,t} + Interest\ rate,\ lender,\ firm\ and\ market\ controls_{i,j,t}$$
$$+ \varepsilon_{i,j,t} \quad \text{for } t\text{=1993, 1998, and 2003,} \tag{1}$$

where i is an index across firms, j is an index across states, and t is an index across years. We estimate equation (1) separately for each of the three sample years (therefore allowing each coefficient to vary by year). In the original paper we report weighted least squares coefficients, using the survey weights provided in the *SSBF* data that account for the disproportionate sampling of larger firms and unit nonresponse. In this appendix we also report unweighted results for comparison.

The dependent variable is the interest rate on the most recent loan. This variable is only available for about 40% of the firms in the sample. Our state branching restriction is *Branching Restrictions*, which varies between zero and four. Note that the branching restriction index does not vary across firms operating in the same state. Since there may be a common element to the regression error across all firms operating in the same state, we cluster by state in constructing our standard errors.

We include the following control variables: interest rate variables observed during the month in which the loan was approved, borrower and lender characteristics, relationship characteristics, and market characteristics. For interest rate controls, we include the prime rate, a corporate bond default spread equal to the difference between the corporate bonds rated BAA and the yield on the 10-year government bonds, and a term structure spread equal to the difference between the yield on the same 10-year government bonds minus the three-month constant maturity Treasury bill yield. We include an indicator if the lender is a bank and another indicator if the lender is a nonfinancial firm. For loan terms, we include an indicator for floating rate loans.

As additional controls for market structure (beyond the branching restrictions), we include an indicator for urban markets, a measure of concentration in the local market, and the growth rate of local output during the five years prior to the survey year. The concentration measure equals the Herfindahl index (HHI) from deposits in the local market, which has been used for antitrust enforcement in bank mergers. Local output is measured by the average lagged per capita personal income growth rate during the preceding five years. Urban markets are defined as Metropolitan Statistical Areas (MSAs), rural markets are defined as Counties, and for

consistency across the three survey years. We use the 2003 market definitions from the U.S. Census Department.

For borrower control variables, we include firm size (log of assets) and firm age (in years), the lender's risk assessment of the borrower, an indicator for corporations, indicators for the two-digit SIC code of the borrower (this adds upwards of 50 variables to the model), return on assets (net income/assets), the length of the relationship between the borrower and lender (in years), the number of information- and non-information-based services that come from the lender, the number of unique relationships the borrower has with all of its lenders, and an indicator equal to one if the borrower has a deposit account with the lender. Information services are defined as those services that the borrower can purchase from the lender that can be used by the lender to monitor the firm (such as cash management services or credit card processing). Non-information services are those services, also purchased by the borrower, that arguably do not give the lender additional information with which to monitor the borrower (Petersen and Rajan (1994)). Finally, we include the credit risk rating of the borrower, which varies from one to five, with one indicating the safest type of borrower and five the riskiest. This credit risk rating is derived from the Dun and Bradstreet credit score of the company and is available in all survey years.

Table II reports the summary statistics on the interest rate on the most recent loan, the branching restrictions index, and all of the control variables.

Table III reports the weighted regression results from the original paper, and Table IA.III reports a parallel set of results that are not weighted. These regression results link the interest rate paid on the most recent loan to branching restrictiveness and the other variables. Columns 6

report these regressions for 1993, 1998, and 2003. As noted earlier, 1993 represents the control or placebo group. We assign the 2003 branching index to each observation in the 1993 equation.

Next, we pool our three sample years. In the pooled model, we include both year and state fixed effects, so the coefficient on the branching restriction index is generated solely by within-state variation over time. In this case, we code the branching restriction index in 1993 equal to four, its most restrictive value, for all states. The pooled model allows us to control for trends by adding year effects, and for persistent differences in states by incorporating state fixed effects, as follows:

$$Y_{i,j,t} = \alpha_t + \gamma_j + \beta Branching\ Restrictions_{j,t} + Interest\ rate,\ lender,\ firm\ and\ market$$

$$controls_{i,j,t} + \varepsilon_{i,j,t}\ , \tag{2}$$

where α_t are the year-specific fixed effects and γ_j are the state fixed effects. Because we only have variation in the branching variable across states and over time, but not across observations within the same state-year, we cluster the error at the state-year level in building standard errors. Columns 7 and 8 of Table III report the pooled, fixed effects results of equation (2) using the survey weights (as in the original paper), and columns 7 and 8 of Table IIIA report the same models without using the survey weights.

What drives the branching index? (Tables IV and V)

Table IV reports the correlation between a set of interest group, political and economic factors with the branching index (as in the original paper). In choosing the set of factors possibly related to deregulation, we follow Kroszner and Strahan (1999), who show that the size of the

insurance sector relative to banking, the size of small banks relative to large, the capital-to-asset ratio of small banks relative to large, and the fraction of small nonfinancial firms in the state are all related to the timing of intrastate branch reform. Kroszner and Strahan also find a limited role for ideology – states controlled by Democrats were slower to deregulate intrastate restrictions, all else equal. For the relative size of insurance, we use the ratio of value added from insurance to value added from insurance plus banking; these data come from the Bureau of Economic Analysis. For small bank share, we compute the fraction of total assets in the state held by banks with assets below the state median, and we compute the size-weighted average difference in the capital-to-asset ratio of small banks minus large ones (again using the median asset size to define 'small'). Both of these are built from the Call Reports. We use the fraction of total establishments with fewer than 20 employees in the state, as reported by the Census Bureau, as a proxy for the share of small nonfinancial firms (i.e., the share of bank-dependent borrowers). To measure political ideology, we compute an indicator equal to one if the Governor is a Democrat, and we also build the fraction of State Legislators who register as Democrats, both taken from the *Book of the States*. We compute all of these as of 1993, the year before passage of IBBEA so that the variables themselves are not affected by restructuring that may occur as a result of deregulation.

Table V re-estimates the year-by-year interest rate regressions after adding each of the potential state characteristics related to political or ideological factors just described weighted by the survey weights (as in the paper), and Table IA.V reports the same models without weighting the regression. We include each of the variables identified by Kroszner and Strahan, in turn, and report the coefficient on the branching index and the coefficient on the alternative state characteristic – small bank share (Panel A), the share of insurance relative to insurance plus

banking (Panel B), small firm share (Panel C), the difference between small and large banks' capital-to-asset ratio (Panel D), an indicator for Democrat as Governor (Panel E), and the share of Democrats in the state legislature (Panel F).

Firm Finance – Pooled Models (Tables VI and IA.VI)

Tables VI and IA.VI (columns 1and 2) report Probit regressions, where the dependent variable equals one if the firm borrows from a bank. The sample for these regressions includes *all* of the firms in the SSBF. Table VI results are weighted (as in the paper), and Table IA.VI results are unweighted. The structure is the same as before, except we drop all of the loan and interest rate variables and include just firm and market characteristics as explanatory variables. Thus, we include the branching restrictions index along with the measure of market concentration, the urban dummy variable, and borrower characteristics (log of assets, age in years, return on assets, risk rating, an indicator for corporations, and the two-digit SIC indicators). We also incorporate a measure of bank relationships equal to the length of the firm's *longest* relationship with a lender. Since the dependent variable is qualitative—equal to one if a firm borrows from a bank and zero otherwise—we estimate a Probit model. We report the marginal effects.

Columns 4 through 8 of Tables VI (weighted) and IA.VI (unweighted) report regressions of total debt, measured as log of (1+total debt); a denial indicator equal to one if a firm was denied credit or was discouraged from applying for credit; and the percent of trade credit paid late. For this variable, however, we include only firms that have some trade credit. We regress these three measures (log of total debt, denial of credit, late trade credit) on the same set of firm and market conditions. All of these models are pooled, with both year and state fixed effects.

Loan Terms - Pooled Models (Tables VII and IA.VII)

Tables VII (weighted, as in the paper) and IA.VII (unweighted) regress nonprice loan terms on the branching index and control variables. For this analysis, we return to the sample of firms with detailed loan information (40% of the surveyed firms), and report three contracting terms: an indicator for loans with collateral, an indicator for loans personally guaranteed by the firm's owner (meaning that the lender has some claim against nonbusiness assets in default), and loan maturity (in years). Our regressors are the same as those included in the pricing regressions (Table III).

Firm Finance – Year-by-year Models (Tables IA.VIIIA and IA.VIIIB through IA.XIA and IA.XIB)

Tables IA.VIIIA (weighted) and IA.VIIIB (unweighted) through IA.XIA and IA.XIB report the firm finance variables in the year-by-year models as an alternative to the pooled regressions reported in the original paper (Table VI). The 'A' tables are weighted, and the 'B' tables are unweighted. As in the earlier year-by-year approach, 1993 represents the control group (or the falsification test) in which we assign the branching index of 2003 to each state. In these tables we introduce each of the political-economy variables in turn to rule out alternative explanations for the results and report the coefficient on the branching index and the political variable, including the same set of control variables as in Tables VI and IA.VI.

Loan Terms – Year-by-year Models (Tables IA.XIIA and IA.XIIB through IA.XIVA and IA.XIVB)

Tables IA.XIIA (weighted) and IA.XIIB (unweighted) through IA.XIVA and IA.XIVB report the loan term variables in the year-by-year models as an alternative to the pooled

regressions reported in the original paper (Table VII). As in the earlier year-by-year approach, 1993 represents the control group in which we assign the branching index of 2003 to each state. In these tables we introduce each of the political-economy variables to rule out alternative explanations for the results and report the coefficient on the branching index and the political variable, including the same set of control variables as in Tables VII and IA.VII.
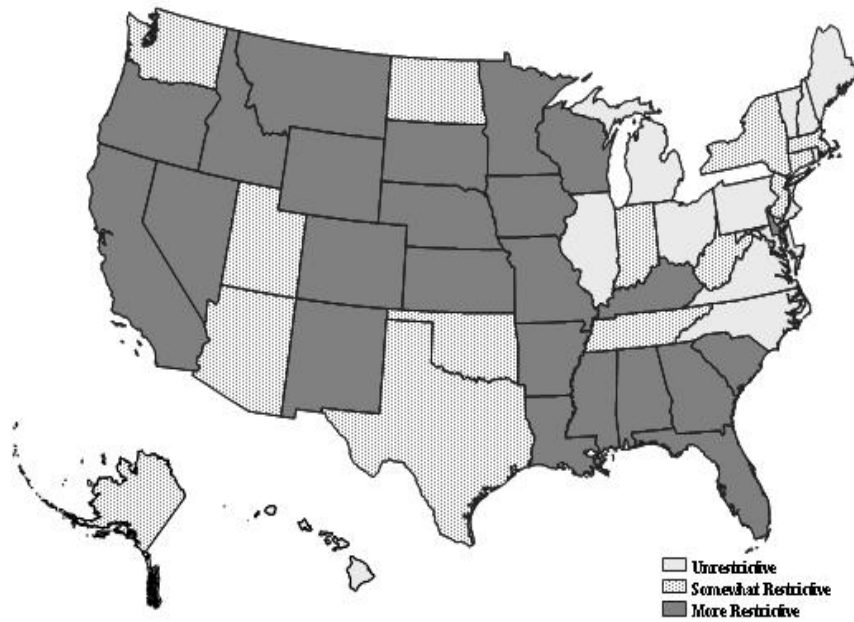
Figure IA.1: State branching restriction index, 2005.

Table II
Summary Statistics
Summary statistics are based on data from the 1993, 1998, and 2003 Surveys of Small Business Finance.

	1993		1998		2003	
	Mean	Standard Deviation	Mean	Standard Deviation	Mean	Standard Deviation
Loan Terms						
Interest Rate on Most Recent Loan	8.47	2.21	9.04	2.37	5.79	2.68
Share with Collateral	0.72	0.45	0.63	0.48	0.55	0.50
Share Guaranteed	0.56	0.50	0.56	0.50	0.60	0.49
Loan Maturity (years)	3.28	4.38	4.57	5.49	3.76	4.95
Index of branching restrictions						
4 is most, 0 least, restricted	1.99	1.35	2.43	1.41	2.05	1.34
Interest Rates						
Prime interest rate	6.00	0.00	8.35	0.27	4.13	0.12
Term structure (10-year government bond - 3-month t-bill)	2.84	0.36	0.35	0.14	2.94	0.39
Default premium (BAA - 10-year government bond)	4.91	0.42	2.31	0.35	2.75	0.29
Borrower characteristics						
Log of borrower assets	13.25	2.11	12.75	2.25	13.51	2.13
Borrower is a corporation?	0.46	0.50	0.33	0.47	0.33	0.47
Borrower ROA	0.33	0.65	0.66	1.10	0.46	0.82
Borrower risk rating	2.94	1.16	3.00	1.14	2.74	1.18
Loan characteristics						
Floating-rate loan?	0.58	0.49	0.34	0.47	0.55	0.50
Lender characteristics						
Lender is a bank?	0.88	0.33	0.77	0.42	0.87	0.34
Lender is a nonfinancial company?	0.03	0.16	0.05	0.21	0.02	0.14
Line of Credit Renewal?		N/A			0.46	0.50
Relationship variables						
Length of lender-borrower relationship (years)	8.07	8.34	5.48	7.09	10.37	10.56
Borrower age (years)	16.27	14.24	13.90	10.95	18.32	13.08
Number of information services from lender	0.26	0.44	0.17	0.37	0.39	0.49
Number of non-information services from lender	0.26	0.44	0.32	0.47	0.48	0.50
Borrower has deposit with lender?	0.72	0.45	0.53	0.50	0.75	0.43
Number of relationships	1.94	1.44	2.10	1.71	2.19	1.57
Market characteristics						
Market concentration (Local HHI)	0.16	0.09	0.17	0.09	0.17	0.10
MSA Indicator	0.77	0.42	0.74	0.44	0.93	0.26
5-Year Local Economic Growth Rate	0.22	0.06	0.25	0.06	0.19	0.06

Table III

Regression of Interest Rate on Most Recent Loan on State, Bank, and Borrower Characteristics

All regressions are weighted by the survey weights, which account for disproportionate sampling and unit nonresponse, and include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state (state-year in pooled model). The pooled model includes both state and year fixed effects. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003		Pooled, with State Fixed Effects	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)	0.01	0.15	0.21	3.01	0.25	3.62	0.22	3.84
Interest Rates								
Prime interest rate	N/A		-2.70	3.05	-1.12	0.35	-0.84	2.23
Term structure (10-year government bond - 3-month t-bill)	-0.39	0.28	0.25	0.27	0.43	0.72	0.02	0.11
Default premium (BAA - 10-year government bond)	0.11	0.10	-1.68	2.95	0.63	0.77	-0.09	0.66
Borrower characteristics								
Log of borrower assets	-0.23	4.12	-0.25	3.26	-0.27	5.62	-0.28	7.78
Borrower is a corporation?	-0.18	1.39	-0.30	1.08	-0.34	1.69	-0.17	1.60
Borrower ROA	-0.23	2.34	0.02	0.18	0.01	0.04	-0.06	0.71
Borrower risk rating	0.14	2.17	0.08	1.00	0.24	2.39	0.19	3.19
Loan characteristics								
Floating-rate loan?	-0.51	3.23	-0.17	0.74	-0.94	4.55	-0.61	5.00
Lender characteristics								
Lender is a bank?	-0.26	0.47	-0.66	1.29	-1.13	2.33	-0.75	2.48
Lender is a nonfinancial company?	-0.30	0.38	-0.21	0.27	-1.13	0.67	-0.75	1.01
Relationship variables								
Length of lender-borrower relationship (years)	0.00	0.33	-0.03	2.54	0.01	1.13	0.00	0.66
Borrower age (years)	0.00	0.29	-0.01	1.19	-0.02	2.51	-0.01	2.05
Number of information services from lender	-0.47	2.71	-0.34	0.99	0.10	0.45	-0.13	0.85
Number of non-information services from lender	0.07	0.39	-0.14	0.45	0.10	0.53	0.00	0.04
Borrower has deposit with lender?	-0.37	2.12	0.18	0.74	0.30	1.27	0.11	0.78
Number of relationships	0.09	1.36	0.07	1.02	0.06	0.89	0.04	0.94
Market characteristics								
Market concentration (Local HHI)	0.39	0.40	-1.59	1.11	0.78	0.83	0.42	0.58
MSA Indicator	0.06	0.32	-0.54	1.91	-0.26	0.70	-0.08	0.69
5-Year Local Economic Growth Rate	-0.45	0.33	0.98	0.45	-0.46	0.18	0.46	0.50
N	1,636		788		1,737		4,161	
R^2	16.31%		20.06%		23.51%		31.65%	

Regression of Interest Rate on Most Recent Loan on State, Bank, and Borrower Characteristics: Unweighted Regressions

All regressions include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state (state-year in pooled model). The pooled model includes both state and year fixed effects. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003		Pooled, with State Fixed Effects	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.04	0.92	0.10	1.69	0.12	2.93	0.06	1.95
Interest Rates								
Prime interest rate	N/A		-1.33	2.33	-0.06	0.03	-0.63	2.72
Term structure (10-year government bond - 3-month t-bill)	-1.10	1.60	-0.66	1.03	0.19	0.51	-0.22	1.94
Default premium (BAA - 10-year government bond)	0.65	1.14	-0.71	1.70	0.28	0.70	-0.03	0.35
Borrower characteristics								
Log of borrower assets	-0.25	7.73	-0.31	4.93	-0.30	9.44	-0.30	13.41
Borrower is a corporation?	-0.11	1.16	0.09	0.53	-0.09	0.76	-0.05	0.80
Borrower ROA	-0.17	2.24	-0.04	0.32	-0.01	0.14	-0.09	1.56
Borrower risk rating	0.13	4.34	0.12	1.83	0.12	2.05	0.14	4.62
Loan characteristics								
Floating-rate loan?	-0.36	2.82	0.07	0.51	-0.97	8.25	-0.54	7.02
Lender characteristics								
Lender is a bank?	-0.54	1.49	-0.74	1.90	-0.44	1.32	-0.47	2.35
Lender is a nonfinancial company?	-0.11	0.17	-0.74	1.14	0.87	1.02	-0.01	0.03
Relationship variables								
Length of lender-borrower relationship (years)	0.00	0.55	-0.02	2.18	0.00	0.65	0.00	0.16
Borrower age (years)	0.00	0.51	-0.02	1.97	-0.02	3.37	-0.01	2.28
Number of information services from lender	-0.33	3.02	-0.26	1.21	0.03	0.19	-0.12	1.46
Number of non-information services from lender	0.18	1.53	0.09	0.41	-0.01	0.09	0.05	0.62
Borrower has deposit with lender?	-0.09	0.70	0.09	0.44	0.22	1.35	0.01	0.08
Number of relationships	0.06	1.83	0.09	1.78	0.03	0.86	0.05	1.86
Market characteristics								
Market concentration (Local HHI)	0.01	0.01	-0.41	0.41	0.84	1.14	0.34	0.65
MSA Indicator	0.00	0.04	-0.26	1.35	0.08	0.50	0.05	0.62
5-Year Local Economic Growth Rate	-0.26	0.25	1.59	1.04	-0.44	0.43	0.39	0.74
N	1,636		788		1,727		4,161	
R^2	15.86%		19.19%		20.68%		38.27%	

Table IV

Correlation between Interest Group Factors, Political Factors, and Economic Conditions with Index of Branching Restrictions

These statistics are built from 51 observations, one per state (including DC). With the exception of the economic growth variables, all state characteristics are measured as of 1993, the year before passage of the Interstate Banking and Branching Efficiency Act. **Denotes significance at the 1% level.

		Cross-state Correlation with Branching Index	
	Mean	1998	2003
Small bank share of all banking assets in state	0.059	0.49**	0.39**
Relative size of insurance to banking plus insurance	0.443	-0.16	-0.22
Small firm share of the number of firms in the state	0.761	0.16	0.15
Capital ratio of small banks relative to large banks in state (%)	1.39	-0.19	-0.07
Indicator if Governor is Democrat	0.55	0.05	-0.01
Share of state legislature that are Democrat	0.65	0.05	0.04
State annual personal income growth - 1993 to 1997	0.053	0.32**	0.33**
State annual personal income growth - 1998 to 2002	0.051	-	0.07

Table V
Regression of Interest Rate on Most Recent Loan on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.016	0.23	0.250	3.64	0.266	3.50
Small bank share of all banking assets in state	-0.011	0.43	-0.049	1.46	-0.036	1.00
N	1,636		788		1,737	
R^2	16.32%		20.32%		23.60%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.15	0.210	2.93	0.244	3.75
Relative size of insurance to banking plus insurance	0.004	0.40	-0.009	0.60	-0.025	1.77
N	1,636		788		1,737	
R^2	16.33%		20.14%		23.87%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.016	0.25	0.175	2.41	0.230	3.49
Small firm share of the number of firms in the state	-0.058	1.59	0.139	2.04	0.138	2.47
N	1,636		788		1,737	
R^2	16.46%		20.85%		24.10%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.15	0.217	2.87	0.254	3.65
Capital ratio of small banks relative to large banks in state (%)	0.002	0.36	-0.008	0.38	-0.011	1.28
N	1,636		788		1,737	
R^2	16.31%		20.06%		23.56%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.16	0.207	2.80	0.266	3.74
Indicator if Governor is Democrat	0.015	0.09	0.137	0.55	0.315	1.22
N	1,636		788		1,737	
R^2	16.31%		20.13%		23.72%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.04	0.262	3.89	0.263	3.98
Share of state legislature that are Democrat	0.076	0.42	-0.474	1.55	-0.115	0.56
N	1,636		788		1,737	
R^2	16.33%		20.67%		23.53%	

Table IA.V
Regression of Interest Rate on Most Recent Loan on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Regressions

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.034	0.82	0.139	2.43	0.124	2.88
Small bank share of all banking assets in state	0.003	0.20	-0.053	2.10	-0.012	0.52
N	1,636		788		1,737	
R^2	15.86%		20.76%		20.69%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.036	0.94	0.097	1.61	0.119	2.95
Relative size of insurance to banking plus insurance	0.002	0.26	-0.005	0.40	-0.011	1.35
N	1,636		788		1,737	
R^2	15.86%		20.45%		20.77%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.035	0.87	0.075	1.18	0.111	2.94
Small firm share of the number of firms in the state	0.005	0.21	0.103	2.30	0.076	2.32
N	1,636		788		1,737	
R^2	15.86%		20.98%		20.92%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.036	0.93	0.101	1.62	0.119	2.93
Capital ratio of small banks relative to large banks in state (%)	-0.004	0.70	-0.004	0.37	-0.002	0.45
N	1,636		788		1,737	
R^2	15.87%		19.84%		20.68%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.043	1.11	0.087	1.56	0.127	3.20
Indicator if Governor is Democrat	0.128	1.13	0.383	2.15	0.146	1.10
N	1,636		788		1,737	
R^2	15.94%		21.02%		20.74%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.028	0.73	0.146	2.82	0.117	2.94
Share of state legislature that are Democrat	0.089	0.92	-0.502	2.82	0.023	0.19
N	1,636		788		1,737	
R^2	15.89%		21.23%		20.68%	

Table VI

Regression of Log Total Debt, Probability of Denial, and Late Trade Credit on State, Bank, and Borrower Characteristics

All regressions are weighted by the survey weights, which account for disproportionate sampling and unit nonresponse, and include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state-year. A Probit model is estimated for the bank debt and denied/discourage regressions. The marginal effects, rather than the Probit coefficients, are reported.

	Pooled Model							
	1 if Bank Debt		Log 1+Total Debt		Denied / Discouraged		Pct Late on TC	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)	-0.015	1.96	0.045	0.86	-0.002	0.37	-0.542	1.79
Borrower characteristics								
Log of borrower assets	0.043	9.73	0.556	14.89	-0.023	7.39	-0.063	0.29
Borrower is a corporation?	-0.041	2.35	0.132	1.04	0.014	1.23	0.890	1.08
Borrower ROA	0.008	1.34	0.139	2.74	-0.024	4.89	-0.355	0.91
Borrower risk rating	0.013	2.24	-0.059	1.32	0.077	16.54	3.425	8.64
Relationship variables and Age								
Length of longest bank relationship	-0.001	1.37	-0.002	0.31	-0.003	3.78	0.046	1.05
Borrower age (years)	0.000	0.09	-0.015	3.02	-0.003	5.21	-0.043	1.50
Number of relationships	0.320	21.79	1.181	23.79	0.053	11.89	1.334	4.99
Market characteristics								
Market concentration (Local HHI)	0.081	1.05	0.347	0.55	-0.076	1.16	-0.122	0.03
MSA Indicator	-0.079	4.38	-0.326	2.16	0.029	1.81	1.129	1.46
5-Year Local Economic Growth Rate	0.172	1.60	2.020	2.27	-0.043	0.59	-1.075	0.24
N	11,945		11,957		11,939		8,236	
R^2	34.04%		22.59%		12.48%		12.65%	

18

Table IA.VI

Regression of Log Total Debt, Probability of Denial, and Late Trade Credit on State, Bank, and Borrower Characteristics: Unweighted Regressions

All regressions include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state-year. A Probit model is estimated for the bank debt and denied/discourage regressions. The marginal effects, rather than the Probit coefficients, are reported.

	Pooled Model							
	1 if Bank Debt		Log 1+Total Debt		Denied / Discouraged		Pct Late on TC	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)	-0.012	2.13	0.052	1.06	0.004	0.99	-0.373	1.26
Borrower characteristics								
Log of borrower assets	0.041	10.97	0.841	18.80	-0.032	14.81	-0.217	1.55
Borrower is a corporation?	-0.017	1.33	0.312	2.59	0.015	1.64	0.450	1.00
Borrower ROA	-0.003	0.50	0.202	4.27	-0.028	6.45	-0.579	2.14
Borrower risk rating	0.006	1.12	-0.041	0.87	0.074	18.27	3.375	9.71
Relationship variables and Age								
Length of longest bank relationship	-0.002	2.25	-0.012	2.11	-0.002	4.49	0.008	0.29
Borrower age (years)	0.000	0.43	-0.012	2.69	-0.002	4.45	-0.005	0.24
Number of relationships	0.278	19.48	0.978	20.86	0.045	15.52	1.051	5.92
Market characteristics								
Market concentration (Local HHI)	0.086	1.17	-0.294	0.53	-0.047	0.94	1.658	0.68
MSA Indicator	-0.072	4.21	-0.357	2.37	0.038	3.27	1.344	2.34
5-Year Local Economic Growth Rate	0.030	0.35	1.399	1.73	-0.031	0.57	-2.645	0.75
N	11,945		11,957		11,939		8,236	
R^2	31.37%		29.69%		13.69%		13.64%	

Table VII

Regression of Nonprice Loan Terms from Most Recent Loan on State, Bank, and Borrower Characteristics, Pooled Model with State and Year Fixed Effects

All regressions are weighted by the survey weights, which account for disproportionate sampling and unit nonresponse, and include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state-year. A Probit model is for the estimated collateral and guarantee regressions. The marginal effects, rather than the Probit coefficients, are reported.

	Pooled Data: 1993, 1998 and 2003 Surveys					
	Collateral?		Loan Guarantee?		Maturity (years)	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)	-0.011	0.87	0.002	0.15	0.198	1.38
Interest Rates						
Prime interest rate	-0.029	0.31	0.095	1.12	-0.123	0.17
Term structure (10-year government bond - 3-month t-bill)	-0.005	0.13	0.000	0.00	-0.464	1.36
Default premium (BAA - 10-year government bond)	-0.066	1.76	-0.035	1.11	-0.442	1.47
Borrower characteristics						
Log of borrower assets	0.053	6.30	0.022	2.73	0.188	1.72
Borrower is a corporation?	-0.038	1.53	0.089	3.40	-1.172	4.96
Borrower ROA	-0.010	0.57	-0.025	1.93	-0.280	1.72
Borrower risk rating	0.024	2.62	0.024	2.37	0.104	0.81
Loan characteristics						
Floating-rate loan?	-0.023	1.02	0.117	4.53	0.057	0.22
Lender characteristics						
Lender is a bank?	0.052	1.21	0.092	2.03	0.146	0.25
Lender is a nonfinancial company?	-0.131	1.32	0.058	0.55	-0.773	0.75
Relationship variables						
Length of lender-borrower relationship (years)	-0.001	0.40	-0.004	3.19	-0.023	1.58
Borrower age (years)	-0.001	0.89	-0.002	1.70	0.005	0.37
Number of information services from lender	0.017	0.52	-0.015	0.45	-0.775	3.39
Number of non-information services from lender	0.014	0.40	0.023	0.98	-0.755	3.17
Borrower has deposit with lender?	-0.110	3.67	0.032	1.00	-1.586	4.12
Number of relationships	0.009	1.17	0.039	4.41	-0.285	2.90
Market characteristics						
Market concentration (Local HHI)	0.077	0.64	-0.062	0.49	-0.935	0.75
MSA Indicator	0.008	0.27	0.019	0.70	-0.359	1.20
5-Year Local Economic Growth Rate	-0.085	0.45	0.232	1.36	-0.465	0.28
N	4,153		4,156		4,065	
R^2	11.86%		10.02%		15.91%	

Regression of Nonprice Loan Terms from Most Recent Loan on State, Bank, and Borrower Characteristics, Pooled Model with State and Year Fixed Effects: Unweighted Results

All regressions include a set of two-digit SIC indicator variables to control for industry effects. Standard errors are clustered by state-year. A Probit model is for the estimated collateral and guarantee regressions. The marginal effects, rather than the Probit coefficients, are reported.

	Pooled Data: 1993, 1998 and 2003 Surveys					
	Collateral?		Loan Guarantee?		Maturity (years)	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Index of branching restrictions (4 is most, 0 least, restricted)	-0.017	2.07	-0.002	0.21	-0.015	0.18
Interest Rates						
Prime interest rate	-0.046	0.69	0.090	1.50	-0.781	1.43
Term structure (10-year government bond - 3-month t-bill)	-0.026	1.17	0.021	0.84	-0.106	0.51
Default premium (BAA - 10-year government bond)	-0.018	0.83	-0.031	1.51	-0.417	2.40
Borrower characteristics						
Log of borrower assets	0.040	7.20	0.000	0.00	0.082	1.52
Borrower is a corporation?	0.005	0.31	0.048	2.84	-0.644	4.05
Borrower ROA	-0.016	1.29	-0.035	3.12	-0.193	1.88
Borrower risk rating	0.024	4.20	0.027	4.07	0.040	0.58
Loan characteristics						
Floating-rate loan?	-0.017	0.97	0.109	6.04	-0.300	1.64
Lender characteristics						
Lender is a bank?	-0.001	0.04	0.088	3.02	0.316	0.97
Lender is a nonfinancial company?	-0.114	2.05	0.036	0.60	0.333	0.56
Relationship variables						
Length of lender-borrower relationship (years)	-0.002	2.29	-0.002	1.50	-0.006	0.59
Borrower age (years)	-0.001	1.19	-0.003	4.47	0.003	0.49
Number of information services from lender	0.016	0.77	-0.032	1.59	-0.486	3.35
Number of non-information services from lender	0.031	1.48	-0.011	0.56	-0.538	3.43
Borrower has deposit with lender?	-0.073	3.40	0.091	3.72	-1.305	4.73
Number of relationships	0.019	3.29	0.036	6.46	-0.134	2.40
Market characteristics						
Market concentration (Local HHI)	0.095	1.01	0.175	1.83	-0.452	0.47
MSA Indicator	0.012	0.49	0.038	1.74	-0.297	1.42
5-Year Local Economic Growth Rate	0.021	0.16	0.084	0.64	0.786	0.62
N	4,153		4,156		4,065	
R^2	9.52%		7.30%		12.68%	

Table IA.VIIIA
Probit Regressions of Whether Firm Borrows from a Bank on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.004	0.58	-0.019	3.34	-0.018	1.51
Small bank share of all banking assets in state	0.013	5.33	0.015	3.83	0.005	0.83
N	4,506		3,386		4,031	
R^2	11.41%		12.60%		9.80%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.002	0.31	-0.007	0.98	-0.016	1.31
Relative size of insurance to banking plus insurance	0.001	1.31	0.003	1.82	0.001	0.80
N	4,506		3,386		4,031	
R^2	11.12%		12.30%		9.78%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.38	-0.003	0.46	-0.014	1.26
Small firm share of the number of firms in the state	-0.006	1.60	-0.018	3.26	-0.008	1.04
N	4,506		3,386		4,031	
R^2	11.13%		12.45%		9.82%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.002	0.26	-0.006	0.72	-0.017	1.39
Capital ratio of small banks relative to large banks in state (%)	0.002	2.71	0.003	3.29	-0.001	0.98
N	4,506		3,386		4,031	
R^2	11.13%		12.25%		9.77%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.42	-0.008	0.98	-0.017	1.40
Indicator if Governor is Democrat	0.020	1.07	-0.006	0.21	-0.009	0.26
N	4,506		3,386		4,031	
R^2	11.13%		12.15%		9.76%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.001	0.12	-0.009	1.17	-0.016	1.38
Share of state legislature that are Democrat	0.008	0.49	0.009	0.28	-0.003	0.11
N	4,506		3,386		4,031	
R^2	11.10%		12.15%		9.75%	

Table IA.VIIIB
Probit Regressions of Whether Firm Borrows from a Bank on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.003	0.58	-0.020	3.27	-0.012	1.21
Small bank share of all banking assets in state	0.009	3.95	0.016	4.30	0.005	0.98
N	4,506		3,386		4,031	
R^2	12.45%		15.08%		10.65%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.001	0.21	-0.008	1.06	-0.010	1.02
Relative size of insurance to banking plus insurance	0.001	0.86	0.003	1.72	0.001	0.75
N	4,506		3,386		4,031	
R^2	12.31%		14.72%		10.63%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.48	-0.005	0.71	-0.008	0.88
Small firm share of the number of firms in the state	-0.009	2.69	-0.013	1.92	-0.011	1.97
N	4,506		3,386		4,031	
R^2	12.36%		14.76%		10.73%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.001	0.18	-0.006	0.75	-0.010	1.06
Capital ratio of small banks relative to large banks in state (%)	0.001	1.69	0.003	3.23	-0.001	1.00
N	4,506		3,386		4,031	
R^2	12.31%		14.72%		10.62%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.002	0.32	-0.008	0.99	-0.011	1.11
Indicator if Governor is Democrat	0.014	0.74	-0.011	0.44	-0.013	0.49
N	4,506		3,386		4,031	
R^2	12.31%		14.63%		10.63%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.001	0.18	-0.012	1.54	-0.009	1.00
Share of state legislature that are Democrat	0.021	1.33	0.028	1.03	-0.014	0.51
N	4,506		3,386		4,031	
R^2	12.32%		14.66%		10.63%	

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.001	0.02	0.062	1.00	0.049	0.51
Small bank share of all banking assets in state	0.088	2.88	0.032	1.26	0.105	2.66
N	4,514		3,393		4,050	
R[2]	16.78%		8.47%		18.70%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.043	0.62	0.084	1.49	0.111	1.20
Relative size of insurance to banking plus insurance	0.008	0.85	-0.001	0.13	0.030	1.75
N	4,514		3,393		4,050	
R[2]	16.57%		8.43%		18.61%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.045	0.63	0.094	1.63	0.132	1.39
Small firm share of the number of firms in the state	-0.036	0.82	-0.037	1.09	-0.176	3.68
N	4,514		3,393		4,050	
R[2]	16.57%		8.45%		18.80%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.038	0.55	0.075	1.34	0.089	0.89
Capital ratio of small banks relative to large banks in state (%)	0.002	0.13	-0.014	1.94	0.012	0.44
N	4,514		3,393		4,050	
R[2]	16.55%		8.47%		18.40%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.030	0.46	0.082	1.52	0.089	0.93
Indicator if Governor is Democrat	-0.121	0.69	0.159	1.03	0.017	0.05
N	4,514		3,393		4,050	
R[2]	16.56%		8.46%		18.38%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.018	0.26	0.071	1.13	0.086	0.86
Share of state legislature that are Democrat	0.183	1.13	0.109	0.60	0.028	0.10
N	4,514		3,393		4,050	
R[2]	16.58%		8.44%		18.38%	

Table IA.IXB
Regressions of Log of 1+Total Debt on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.031	0.49	0.005	0.08	-0.006	0.07
Small bank share of all banking assets in state	0.075	2.59	0.023	0.80	0.089	2.75
N	4,514		3,393		4,050	
R^2	26.19%		12.31%		30.26%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.007	0.11	0.023	0.37	0.043	0.57
Relative size of insurance to banking plus insurance	0.006	0.76	-0.017	1.74	0.029	2.17
N	4,514		3,393		4,050	
R^2	26.09%		12.36%		30.24%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.15	0.030	0.47	0.057	0.73
Small firm share of the number of firms in the state	-0.026	0.67	-0.029	0.78	-0.133	2.59
N	4,514		3,393		4,050	
R^2	26.09%		12.30%		30.25%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.004	0.07	0.015	0.24	0.033	0.40
Capital ratio of small banks relative to large banks in state (%)	0.005	0.64	-0.011	1.20	0.016	0.72
N	4,514		3,393		4,050	
R^2	26.09%		12.31%		30.11%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.05	0.021	0.35	0.034	0.44
Indicator if Governor is Democrat	-0.007	0.04	0.107	0.60	0.046	0.19
N	4,514		3,393		4,050	
R^2	26.09%		12.30%		30.08%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.08	0.034	0.54	0.038	0.50
Share of state legislature that are Democrat	0.087	0.55	-0.096	0.52	-0.079	0.34
N	4,514		3,393		4,050	
R^2	26.09%		12.30%		30.08%	

Table IA.XA
Probit Regression of Whether the Firm was Denied a Loan on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.004	0.53	0.003	0.27	-0.002	0.37
Small bank share of all banking assets in state	-0.002	0.71	-0.010	3.35	-0.009	3.26
N	4,505		3,370		3,989	
R^2	9.30%		9.20%		12.89%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.73	-0.005	0.49	-0.004	0.75
Relative size of insurance to banking plus insurance	-0.001	0.44	-0.001	0.77	0.001	0.11
N	4,505		3,370		3,989	
R^2	9.30%		8.80%		12.46%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.007	0.97	-0.008	0.77	-0.006	1.05
Small firm share of the number of firms in the state	0.007	1.48	0.012	2.02	0.007	2.10
N	4,505		3,370		3,989	
R^2	9.30%		9.00%		12.57%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.69	-0.007	0.70	-0.004	0.76
Capital ratio of small banks relative to large banks in state (%)	-0.001	0.42	-0.004	2.39	-0.001	1.85
N	4,505		3,370		3,989	
R^2	9.30%		9.00%		12.49%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.004	0.62	-0.005	0.46	-0.004	0.74
Indicator if Governor is Democrat	0.009	0.55	0.007	0.27	0.004	0.23
N	4,505		3,370		3,989	
R^2	9.30%		8.80%		12.46%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.004	0.50	-0.008	0.84	-0.005	0.78
Share of state legislature that are Democrat	-0.012	0.71	0.021	0.87	0.002	0.12
N	4,505		3,370		3,989	
R^2	9.30%		8.80%		12.46%	

Table IA.XB
Probit Regression of Whether the Firm was Denied a Loan on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.003	0.40	-0.001	0.08	0.003	0.68
Small bank share of all banking assets in state	-0.005	1.48	-0.007	2.70	4.350	-0.01
N	4,505		3,370		3,989	
R^2	10.32%		9.89%		11.94%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.75	-0.006	0.73	0.001	0.01
Relative size of insurance to banking plus insurance	-0.001	0.91	0.960	0.00	-0.001	1.42
N	4,505		3,370		3,989	
R^2	10.27%		9.74%		11.47%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.91	-0.008	1.04	-0.001	0.12
Small firm share of the number of firms in the state	0.004	0.84	0.011	2.27	0.005	1.68
N	4,505		3,370		3,989	
R^2	10.29%		9.91%		11.49%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.004	0.71	-0.008	1.01	0.001	0.06
Capital ratio of small banks relative to large banks in state (%)	-0.001	1.14	-0.004	2.85	-0.001	2.79
N	4,505		3,370		3,989	
R^2	10.28%		9.91%		11.48%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.003	0.54	-0.006	0.74	0.001	0.01
Indicator if Governor is Democrat	0.015	1.03	0.013	0.60	-0.011	0.78
N	4,505		3,370		3,989	
R^2	10.28%		9.72%		11.44%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.004	0.64	-0.007	1.07	0.001	0.08
Share of state legislature that are Democrat	-0.001	0.08	0.012	0.57	-0.001	0.05
N	4,505		3,370		3,989	
R^2	10.26%		9.72%		11.42%	

Table IA.XIA
Regressions of Percent Trade Credit Paid Late on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.011	0.47	-1.250	2.57	0.358	0.76
Small bank share of all banking assets in state	-0.021	2.13	0.240	1.19	-0.232	0.96
N	3,085		2,299		2,852	
R^2	16.63%		8.30%		10.98%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.003	0.12	-1.067	2.47	0.334	0.70
Relative size of insurance to banking plus insurance	0.001	0.23	-0.018	0.24	0.107	1.43
N	3,085		2,299		2,852	
R^2	16.48%		8.24%		11.03%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.002	0.08	-1.040	2.46	0.251	0.51
Small firm share of the number of firms in the state	0.018	1.15	-0.118	0.55	0.062	0.17
N	3,085		2,299		2,852	
R^2	16.53%		8.24%		10.91%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.002	0.08	-1.055	2.48	0.267	0.56
Capital ratio of small banks relative to large banks in state (%)	-0.002	0.31	0.024	0.30	-0.009	0.10
N	3,085		2,299		2,852	
R^2	16.48%		8.24%		10.91%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.003	0.13	-1.077	2.45	0.238	0.52
Indicator if Governor is Democrat	-0.082	1.31	0.527	0.38	-1.088	0.82
N	3,085		2,299		2,852	
R^2	16.56%		8.24%		10.95%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.011	0.44	-0.88	1.78	0.163	0.35
Share of state legislature that are Democrat	-0.082	1.30	-1.467	0.95	1.252	0.90
N	3,085		2,299		2,852	
R^2	16.54%		8.23%		10.96%	

Table IA.XIB
Regressions of Percent Trade Credit Paid Late on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.008	0.41	-1.229	2.61	0.315	0.76
Small bank share of all banking assets in state	-0.021	2.35	0.345	1.83	-0.217	1.32
N	3,085		2,299		2,852	
R^2	18.79%		9.11%		12.33%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.001	0.05	-0.982	2.34	0.238	0.60
Relative size of insurance to banking plus insurance	-0.001	0.11	0.016	0.29	0.078	1.40
N	3,085		2,299		2,852	
R^2	18.64%		8.98%		12.34%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.005	0.24	-0.938	2.36	0.190	0.47
Small firm share of the number of firms in the state	0.017	1.31	-0.097	0.56	0.140	0.50
N	3,085		2,299		2,852	
R^2	18.69%		8.98%		12.28%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.001	0.05	-0.974	2.37	0.219	0.55
Capital ratio of small banks relative to large banks in state (%)	-0.002	0.83	-0.024	0.35	.-6	0.69
N	3,085		2,299		2,852	
R^2	18.65%		8.98%		12.30%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.006	0.31	-0.964	2.29	0.183	0.48
Indicator if Governor is Democrat	-0.081	1.40	0.189	0.17	-0.734	0.66
N	3,085		2,299		2,852	
R^2	18.72%		8.98%		12.29%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.001	0.01	-0.991	2.32	0.109	0.29
Share of state legislature that are Democrat	-0.006	0.09	0.272	0.22	1.547	1.33
N	3,085		2,299		2,852	
R^2	18.64%		8.98%		12.35%	

Table IA.XIIA
Probit Regressions if Most-Recent Loan has Collateral on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.001	0.04	-0.009	0.62	-0.003	0.22
Small bank share of all banking assets in state	0.026	4.58	0.015	1.61	0.018	2.98
N	1,619		748		1,727	
R^2	13.40%		12.15%		10.53%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.013	0.89	0.004	0.24	0.004	0.29
Relative size of insurance to banking plus insurance	0.004	1.92	0.008	2.17	0.003	1.23
N	1,619		748		1,727	
R^2	12.03%		12.72%		10.08%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.013	0.86	0.007	0.40	0.006	0.44
Small firm share of the number of firms in the state	-0.001	0.09	-0.015	0.94	-0.016	1.40
N	1,619		748		1,727	
R^2	11.72%		11.93%		10.16%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.013	0.84	0.002	0.10	0.003	0.25
Capital ratio of small banks relative to large banks in state (%)	-0.001	0.39	-0.002	1.07	-0.001	0.54
N	1,619		748		1,727	
R^2	11.74%		11.81%		9.96%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.013	0.83	0.004	0.28	0.004	0.29
Indicator if Governor is Democrat	0.002	0.06	-0.056	1.01	0.018	0.44
N	1,619		748		1,727	
R^2	11.72%		11.96%		9.96%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.62	-0.006	0.38	0.003	0.22
Share of state legislature that are Democrat	0.041	1.05	0.085	1.75	0.001	0.02
N	1,619		748		1,727	
R^2	11.84%		12.10%		9.94%	

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. These regressions include the same set of other variables, which we do not report to save space in presenting the results. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse.

1 In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

Table IA.XIIB
Probit Regressions if Most-Recent Loan has Collateral on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.008	0.98	-0.019	1.79	-0.004	0.40
Small bank share of all banking assets in state	0.014	3.34	0.013	1.77	0.019	3.67
N	1,619		748		1,727	
R^2	10.06%		10.72%		7.67%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.016	2.03	-0.009	0.77	0.004	0.32
Relative size of insurance to banking plus insurance	0.003	2.96	0.002	0.84	0.002	1.37
N	1,619		748		1,727	
R^2	9.80%		10.47%		7.00%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.017	2.00	-0.007	0.60	0.006	0.57
Small firm share of the number of firms in the state	-0.008	1.49	-0.008	1.08	-0.020	2.21
N	1,619		748		1,727	
R^2	9.56%		10.45%		7.25%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.016	1.83	-0.010	0.86	0.004	0.34
Capital ratio of small banks relative to large banks in state (%)	-0.001	0.09	-0.001	0.80	-0.002	1.37
N	1,619		748		1,727	
R^2	9.49%		10.40%		6.96%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.015	1.67	-0.009	0.76	0.005	0.45
Indicator if Governor is Democrat	-0.015	0.61	-0.011	0.29	0.027	0.82
N	1,619		748		1,727	
R^2	9.51%		10.39%		6.95%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.013	1.51	-0.013	1.09	0.004	0.31
Share of state legislature that are Democrat	0.029	1.27	0.037	1.12	0.001	0.01
N	1,619		748		1,727	
R^2	9.56%		10.45%		6.90%	

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. These regressions include the same set of other variables, which we do not report to save space in presenting the results. The pooled model is not estimated because the state characteristics are not identified with state fixed effects.

1 In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

Table IA.XIIIA
Probit Regressions if Most-Recent Loan is Guaranteed on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.015	0.84	-0.024	1.51	0.014	0.93
Small bank share of all banking assets in state	0.007	1.06	-0.004	0.64	0.007	1.17
N	1,631		770		1,720	
R^2	10.96%		14.89%		11.68%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.020	1.18	-0.027	2.07	0.012	0.80
Relative size of insurance to banking plus insurance	0.001	0.40	0.001	0.32	0.001	0.44
N	1,631		770		1,720	
R^2	10.86%		14.86%		11.60%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.019	1.14	-0.033	2.66	0.013	0.86
Small firm share of the number of firms in the state	0.007	0.70	0.022	1.87	-0.008	1.15
N	1,631		770		1,720	
R^2	10.89%		15.19%		11.64%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.019	1.18	-0.025	1.82	0.011	0.75
Capital ratio of small banks relative to large banks in state (%)	-0.001	0.07	0.004	2.44	0.002	0.95
N	1,631		770		1,720	
R^2	10.85%		14.98%		11.61%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.020	1.23	-0.030	2.50	0.011	0.75
Indicator if Governor is Democrat	0.015	0.36	0.095	2.75	-0.002	0.05
N	1,631		770		1,720	
R^2	10.86%		15.36%		0	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.011	0.76	-0.028	1.90	0.013	0.77
Share of state legislature that are Democrat	0.097	2.55	0.001	0.02	-0.013	0.30
N	1,631		770		1,720	
R^2	11.33%		14.86%		11.59%	

Table IA.XIIIB
Probit Regressions if Most-Recent Loan is Guaranteed on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	0.018	1.47	0.002	0.16	0.021	1.80
Small bank share of all banking assets in state	0.002	0.27	-0.005	0.88	-0.001	0.46
N	1,631		770		1,720	
R^2	8.94%				6.36%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	0.019	1.46	-0.002	0.21	0.020	1.87
Relative size of insurance to banking plus insurance	-0.001	0.42	-0.002	1.22	-0.002	1.04
N	1,631		770		1,720	
R^2	8.95%		10.88%		6.40%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	0.017	1.31	-0.006	0.60	0.021	1.85
Small firm share of the number of firms in the state	0.010	1.20	0.014	1.14	-0.002	0.33
N	1,631		770		1,720	
R^2	9.01%		10.96%		6.36%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	0.019	1.47	-0.003	0.25	0.021	1.91
Capital ratio of small banks relative to large banks in state (%)	-0.001	0.80	-0.001	0.36	-0.002	1.29
N	1,631		770		1,720	
R^2	8.96%		10.81%		6.41%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	0.020	1.44	-0.004	0.40	0.020	1.92
Indicator if Governor is Democrat	0.016	0.47	0.110	1.90	-0.002	0.09
N	1,631		770		1,720	
R^2	8.95%				6.36%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	0.010	0.95	-0.004	0.39	0.020	1.80
Share of state legislature that are Democrat	0.109	3.52	0.019	0.66	0.006	0.18
N	1,631		770		1,720	
R^2	9.55%		10.83%		6.36%	

Table IA.XIVA
Regressions if Most-Recent Loan Maturity on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Weighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)[1]	-0.053	0.51	0.090	0.49	0.005	0.03
Small bank share of all banking assets in state	0.039	0.68	-0.119	0.99	-1.070	1.82
N	1,636		788		1,641	
R^2	16.85%		17.73%		24.41%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.032	0.32	-0.005	0.03	-0.036	0.23
Relative size of insurance to banking plus insurance	-0.016	1.17	0.019	0.80	0.009	0.42
N	1,636		788		1,641	
R^2	16.87%		17.52%		24.18%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.028	0.27	-0.200	0.11	-0.031	0.19
Small firm share of the number of firms in the state	-0.023	0.39	0.055	0.35	-0.048	0.42
N	1,636		788		1,641	
R^2	16.80%		17.48%		24.18%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.031	0.29	0.028	0.15	-0.043	0.27
Capital ratio of small banks relative to large banks in state (%)	-0.008	0.58	0.050	0.69	0.030	1.74
N	1,636		788		1,641	
R^2	16.81%		17.65%		24.27%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.049	0.45	-0.006	0.03	-0.046	0.29
Indicator if Governor is Democrat	-0.344	1.36	-0.012	0.02	-0.192	0.39
N	1,636		788		1,641	
R^2	16.91%		17.46%		24.19%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.017	0.16	-0.066	0.32	0.020	0.13
Share of state legislature that are Democrat	-0.145	0.52	0.549	1.00	-0.662	1.26
N	1,636		788		1,641	
R^2					24.39%	

Table IA.XIVB
Regressions if Most-Recent Loan Maturity on State, Bank, and Borrower Characteristics
Controlling for Possible Determinants of the Branching Index: Unweighted Results

Each panel reports regression results that add one of the possible determinants of the branching index (from Table IV) to the interest rate models from Table III. Aside from the determinants listed below, these regressions include the same set of variables listed in Table III. The pooled model is not estimated because the state characteristics are not identified with state fixed effects. All of the regressions are weighted by the sample weights that account for disproportionate sampling and unit nonresponse. In the 1993 sample, we assign the 2003 value for the branching index; in the pooled model, in contrast, we assign the value of four to all states in 1993 since this is the most restrictive value that the variable takes.

	1993 (Control Group)		1998		2003	
	Coefficient	T-stat	Coefficient	T-stat	Coefficient	T-stat
Panel A						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.041	0.54	-0.027	0.20	-0.131	1.25
Small bank share of all banking assets in state	-0.029	0.56	-0.080	1.00	-0.082	2.23
N	1,636		788		1,641	
R^2	15.96%		16.20%		15.07%	
Panel B						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.052	0.76	-0.090	0.72	-0.169	1.75
Relative size of insurance to banking plus insurance	-0.010	0.73	-0.010	0.43	0.001	0.01
N	1,636		788		1,641	
R^2	15.97%		16.07%		14.85%	
Panel C						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.038	0.55	-0.085	0.68	-0.166	1.76
Small firm share of the number of firms in the state	-0.069	1.22	-0.024	0.18	-0.025	0.24
N	1,636		788		1,641	
R^2	16.01%		16.06%		14.86%	
Panel D						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.051	0.75	-0.077	0.60	-0.171	1.83
Capital ratio of small banks relative to large banks in state (%)	0.019	3.19	0.018	0.47	0.027	1.82
N	1,636		788		1,641	
R^2	16.02%		16.09%		15.00%	
Panel E						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.048	0.66	-0.097	0.80	-0.185	1.84
Indicator if Governor is Democrat	0.055	0.32	0.261	0.67	-0.313	1.07
N	1,636		788		1,641	
R^2	15.95%		16.10%		14.94%	
Panel F						
Index of branching restrictions (4 is most, 0 least, restricted)	-0.045	0.62	-0.126	0.86	-0.164	1.70
Share of state legislature that are Democrat	-0.063	0.33	0.360	0.69	-0.069	0.24
N	1,636		788		1,641	
R^2	15.95%		16.13%		14.86%	