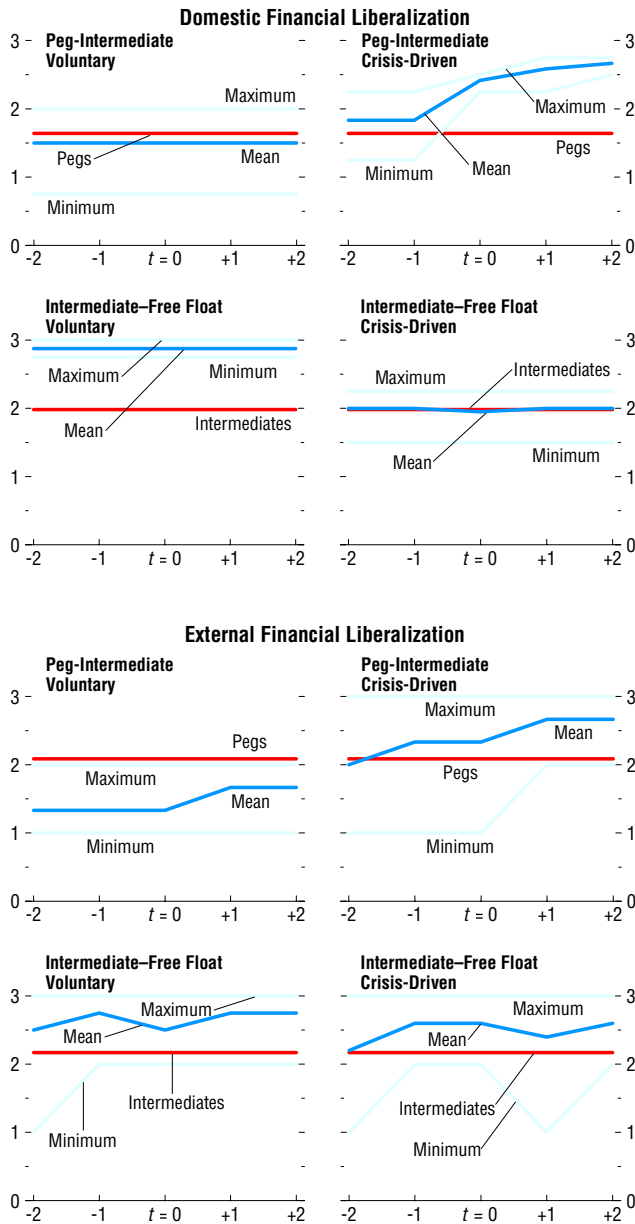


Figure 2.17. Indicators of Financial Sector Liberalization¹

($t = 0$ is year of transition; scale 0 to 3 with 3 representing most liberalized)

Voluntary transitions from pegs to intermediate floats on average had less liberalized domestic and external financial systems than the control group.



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

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