1.01 Capital account liberalization
This index measures the degree of capital account liberalization within a country, standardized on a scale from 1 (least liberalized) to 7 (most liberalized) | 2012
This variable measures specifically the level of capital controls based on information from the IMF’s Annual Report on Exchange Arrangements and Exchange Restrictions (AREAER). The World Economic Forum then created an interaction term among these data, the Legal and regulatory issues subpillar and the Bond market development subpillar of this Financial Development Index, and standardized the scores on a scale from 1 to 7.


1.02 Commitments to WTO Agreement on Trade in Services
This index measures the extent of commitments to the WTO’s General Agreement on Trade in Services (GATS) within the financial services sector, standardized on a scale from 1 (least liberalized) to 7 (most liberalized) | 2012
Each entry is assigned a standardized score on a 0–100 (least to most liberalized) scale based on its relative restrictiveness. This is done using criteria set out by Bernard Hoekman’s methodology. The World Economic Forum then created an interaction term among these data, the Legal and regulatory issues subpillar and the Bond market development subpillar of this Financial Development Index, and standardized the scores on a scale from 1 to 7.


1.03 Domestic financial sector liberalization
This index measures the degree of domestic financial sector liberalization within a country, standardized on a scale from 1 (least liberalized) to 7 (most liberalized) | 2012
This index was calculated on the basis of whether or not controls (ceilings and floors) on interest rates and credit exist, and whether or not deposits in foreign currency are allowed. Schmukler and Kaminsky updated their results to 2005 for a subset of the sample countries. The World Economic Forum then created an interaction term among these data, the Legal and regulatory issues subpillar and the Bond market development subpillar of this Financial Development Index, and standardized the scores on a scale from 1 to 7.


1.17 Corruption perceptions index
This is a composite index measuring the perceived levels of corruption in a given country, as determined by expert assessments and opinion surveys. Higher scores indicate less extensive corruption | 2011
The CPI is an aggregate indicator that ranks countries in terms of the degree to which corruption is perceived to exist among public officials and politicians. It is a composite index drawing on corruption-related data from 17 different surveys or assessments produced by 13 independent organizations.

Source: Transparency International, Corruption Perceptions Index 2011

1.18 Strength of legal rights index
This index measures the degree to which collateral and bankruptcy laws protect the rights of borrowers and lenders and thus facilitate lending. The index ranges from 0 to 10, with higher scores indicating that collateral and bankruptcy laws are better designed to expand access to credit | 2011
This index includes eight aspects related to legal
rights in collateral law and two aspects in bankruptcy law.


1.19 Central bank transparency
This index measures the degree of transparency that exists in a central bank’s policy actions. The index ranges from 0 to 15, with higher scores indicating that a central bank operates with greater transparency | 2011
This index is the sum of scores for answers to 15 questions assessing transparency along five dimensions: politics, economics, procedure, policy, and operations. Questions are taken from a methodology created by Dincer and Eichengreen in “Central Bank Transparency: Where, Why, and to What Effect?” (2007) and updated by Siklos through 2011. All euro zone countries are assigned the score of the European Central Bank.


1.23 Time to enforce a contract
This variable is the time in days to resolve a dispute related to a contract | 2011
Time is recorded in calendar days, counted from the moment the plaintiff decides to file the lawsuit in court until payment. This includes both the days when actions take place and the waiting periods between.
The average duration of different stages of dispute resolution is recorded: the completion of service of process (time to file and serve the case), the issuance of judgment (time for the trial and obtaining the judgment), and the moment of payment (time for enforcement of judgment).


1.24 Number of procedures to enforce a contract
This variable is the number of procedures from the moment the plaintiff files a lawsuit in court until the moment of payment | 2011
A procedure is defined as any interaction between the parties, or between them and the judge or court officer. This includes steps to file the case, steps for trial and judgment, and steps necessary to enforce the judgment. The World Bank’s survey allowed respondents to record procedures that exist in civil law but not common law jurisdictions, and vice versa. To indicate the overall efficiency of court procedures, one procedure is now subtracted for countries that have specialized commercial courts and one procedure for countries that allow electronic filing of court cases.


1.25 Strength of investor protection index
This index assesses the strength of investor protection on a scale from 0 (worst) to 10 (best) | 2011
This index is the average of the extent of disclosure index, the extent of director liability index, and the ease of shareholder suits index. The index ranges from 0 to 10, with higher values indicating more investor protection.


1.26 Cost of enforcing contracts
This variable is the cost of enforcing contracts as a percent of the legal claim | 2011
This variable is recorded as a percent of the legal claim, assumed to be equivalent to 200 percent of income per capita. Only official costs required by law are recorded, including court and enforcement costs and average attorney’s fees where the use of attorneys is mandatory or common.


2.06 Tertiary enrollment
This variable is the gross tertiary enrollment rate | 2010
The reported value corresponds to the ratio of total tertiary enrollment, regardless of age, to the population of the age group that officially corresponds to the tertiary education level. Tertiary education (ISCED levels 5 and 6), whether or not leading to an advanced research qualification, normally requires, as a minimum condition of admission, the successful completion of education at the secondary level.

Source: UNESCO Institute for Statistics (retrieved May 2012); national sources

2.09 Marginal tax variation
This is the variation between the top tax rate on corporate income and the taxes and mandatory contributions paid by a prototypical business as a percent of commercial profits | 2011
The top tax rate on corporate income in a country is compiled by the Heritage Foundation from Ernst & Young, Deloitte, the IMF, investment agencies, and government sources. The profit tax rate is based on the taxes and mandatory contributions payable by a medium-sized company in its second year of...
operation. To make the data comparable across countries, several assumptions about the business are used. These include that the business is a limited liability company and that it is a taxable company with a gross margin (pretax) of 20 percent and a turnover of 1,050 times income per capita.

Source: Corporate tax rate data from the Heritage Foundation, 2012 Index of Economic Freedom; profit tax rate data from The World Bank, Doing Business 2012

2.10 Time to pay taxes
This is the time to prepare, file, and pay or withhold the corporate income tax, the value-added tax, and social security contributions (hours per year) | 2010
The indicator measures the time it takes to prepare, file, and pay three major types of taxes and contributions: the corporate income tax, value-added or sales tax, and labor taxes, including payroll taxes and social contributions. Preparation time includes the time to collect all information necessary to compute the tax payable and to calculate the amount payable. If separate accounting books must be kept for tax purposes—or separate calculations made—the time associated with these processes is included. This extra time is included only if regular accounting work is not enough to fulfill the tax accounting requirements. Filing time includes the time to complete all necessary tax return forms and to file the relevant returns at the tax authority. Payment time considers the hours needed to make the payment online or at the tax authorities. Where taxes and contributions are paid in person, the time includes delays while waiting.


2.13 Internet users
This variable is the percent of individuals using the Internet | 2011
The percent of individuals using the Internet is calculated by dividing the number of in-scope individuals who used the Internet (from any location) in the last 12 months by the total number of in-scope individuals.

Source: International Telecommunication Union, World Telecommunication/ICT Indicators Database 2012

2.14 Broadband Internet subscriptions
This variable is the total broadband Internet subscriptions per 100 inhabitants | 2011
Total fixed (wired) broadband Internet subscriptions refers to subscriptions to high-speed access to the public Internet (a TCP/IP connection) at downstream speeds equal to, or greater than, 256 kbit/s. This includes, for example, cable modem, DSL, fiber-to-the-home/building, and other fixed (wired) broadband subscriptions. This total is measured irrespective of the method of payment. It excludes subscriptions that have access to data communications (including the Internet) via mobile cellular networks.

Source: International Telecommunication Union, World Telecommunication/ICT Indicators Database 2012

2.15 Telephone subscriptions
This variable is the number of fixed-telephone subscriptions per 100 inhabitants | 2011
A fixed telephone subscription (previously called main telephone line in operation) is the sum of active number of analogue fixed-telephone lines, voice-over-IP (VoIP) subscriptions, fixed wireless local loop (WLL) subscriptions, ISDN voice-channel equivalents, and fixed public payphones.

Source: International Telecommunication Union, World Telecommunication/ICT Indicators Database 2012

2.16 Mobile telephone subscriptions
This indicator is the number of mobile cellular telephone subscriptions per 100 inhabitants | 2011
Mobile telephone subscriptions refers to the number of subscriptions to a public mobile-telephone service that provide access to the public switched telephone network (PSTN) using cellular technology. Both postpaid and prepaid subscriptions are included. It excludes subscriptions via data cards or USB modems, subscriptions to public mobile data services, private trunked mobile radio, telepoint, radio paging, and telemetry services.

Source: International Telecommunication Union, World Telecommunication/ICT Indicators Database 2012

2.17 Cost of starting a business
This indicator is the cost of starting a business as a percent of income per capita | 2011
This includes all official fees as well as fees for legal or professional services if such services are required by law. Fees for purchasing and legalizing company books are included if these transactions are required
by law. The company law, the commercial code, and specific regulations and fee schedules are used as sources for calculating costs. In the absence of fee schedules, a government officer’s estimate is taken as an official source. In the absence of a government officer’s estimate, estimates of incorporation lawyers are used. If several incorporation lawyers provide different estimates, the median reported value is applied.


2.18 Cost of registering property
This variable is the cost of registering property as a percent of the property value | 2011
Cost is recorded as a percent of the property value, assumed to be equivalent to 50 times income per capita. Only official costs required by law are recorded, including fees, transfer taxes, stamp duties, and any other payment to the property registry, notaries, public agencies, or lawyers. Other taxes, such as capital gains tax or value-added tax, are excluded from the cost measure. Both costs borne by the buyer and those borne by the seller are included. If cost estimates differ among sources, the median reported value is used.


2.19 Cost of closing a business
This variable is the cost of closing a business as a percent of the estate | 2011
The cost is calculated on the basis of questionnaire responses and includes court fees and government levies; fees of insolvency administrators, auctioneers, assessors, and lawyers; and all other fees and costs.


2.20 Time to start a business
This variable is the time in days to start a business | 2011
The measure captures the median duration that incorporation lawyers indicate is necessary to complete a procedure with minimum follow-up with government agencies and no extra payments. It is assumed that the minimum time required for each procedure is one day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning.


2.21 Time to register property
This variable is the time in days to register property | 2011
The measure captures the median duration that property lawyers, notaries, or registry officials indicate is necessary to complete a procedure. It is assumed that the minimum time required for each procedure is one day. Although procedures may take place simultaneously, they cannot start on the same day (that is, simultaneous procedures start on consecutive days). It is assumed that the buyer does not waste time and commits to completing each remaining procedure without delay. If a procedure can be accelerated for an additional cost, the fastest legal procedure available and used by the majority of property owners is chosen. If procedures can be undertaken simultaneously, it is assumed that they are. It is assumed that the parties involved are aware of all regulations and their sequence from the beginning.


2.22 Time to close a business
This variable is the time in years to close a business | 2011
Time for creditors to recover their credit is recorded in calendar years. The period of time measured by Doing Business is from the company’s default until the payment of some or all of the money owed to the bank. Potential delay tactics by the parties, such as the filing of dilatory appeals or requests for extension, are taken into consideration.


3.01 Change in real effective exchange rate (REER)
This is the average percent change in real effective exchange rate (REER) from year-to-year over the period 2007–2011. Higher REER represents appreciation | 2007–2011
Real effective exchange rates (REERs) are available only for a subgroup of rated countries and come from
two main sources: JP Morgan and the IMF. The JP Morgan REER index relies on available measures of the prices of domestically produced finished manufactured goods (excluding primary food and energy), while the IMF index is based on consumer prices. Cross-country comparisons are therefore difficult, but changes over time for individual countries still give a rough indication of the evolution of relative costs.

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012

3.02 **External vulnerability indicator**

The external vulnerability indicator is the sum of several measures of external exposure as a percent of foreign exchange reserves | 2011

This variable is:

\[
\text{short-term external debt} + \frac{\text{currently maturing long-term external debt}}{\text{total nonresident deposits over one year}} + \text{official foreign exchange reserves (\%)}
\]

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012

3.03 **Current account balance to GDP**

This variable, which is the three-year average of current account balance to GDP, provides an indicator of the difficulty a country might have in mobilizing the foreign exchange necessary for debt service | 2009–2011

Current account is all transactions other than those in financial and capital items. The major classifications are goods and services, income, and current transfers. The focus of the balance of payments (BOP) data is on transactions (between an economy and the rest of the world) in goods, services, and income.

Source: IMF, World Economic Outlook Database, April 2012

3.04 **Dollarization vulnerability indicator**

This variable measures the risk of payment crisis and default originating from the presence of a large amount of dollarization in the domestic banking system | 2011

This variable is:

\[
\frac{\text{foreign-currency deposits in domestic banks}}{\text{official foreign exchange reserves (\%)} + \text{foreign assets of domestic banks (\%)}}
\]

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012

3.05 **External debt to GDP (developing economies)**

This variable refers to a country’s external debt as a percent of GDP | 2011

This variable measures the total debt held by nonresidents, regardless of the currency in which the debt is denominated, as a share of GDP, for emerging markets only.

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012

3.06 **Net international investment position to GDP (advanced economies)**

This variable refers to a country’s net international investment position as a percent of GDP | 2011

For advanced economies only, this variable measures the role they play in the international movement of capital. The estimate is based on the difference between the market value of an economy’s foreign assets and that of its liabilities relative to GDP.

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012

3.07 **Frequency of banking crises**

This variable is calculated based on the number of banking crises a country experienced from 1970 to 2011. Recent crises are weighted more heavily | 2011

The crisis count includes systemic banking crises (defined as much or all of bank capital being exhausted), excluding banking system distress events that affected isolated banks and were neither fully nor borderline systemic in nature.


3.08 **Financial strengths indicator**

This is the weighted average financial strength rating by bank assets | 2012

This indicator is a measure of a country’s banks’ ability to meet obligations to depositors and other creditors, as viewed by specialized analysts. It incorporates quantitative and qualitative information on a country’s banks’ operating environment. The sample is restricted to larger banks in each country.

Source: Moody’s, Moody’s Country Credit Statistical Handbook, May 2012
3.09 **Aggregate measure of real estate bubbles**

This is the aggregate measure of real estate bubbles based on price-to-income ratio and price-to-rent ratio | 2011

The house price-to-income ratio is the ratio of the cost of a typical upscale housing unit of 100 square meters, compared to the country’s GDP per capita. The house price-to-income ratios published by the Global Property Guide are based on the Global Property Guide’s own proprietary in-house research. The price-to-rent ratio is calculated by dividing the gross rental yield (gross annual rental income, expressed as a percent of property purchase price) by 100.


3.10 **Tier 1 capital ratio**

This is the weighted average Tier 1 regulatory capital ratio at the 10 largest banks | 2011

This ratio is calculated based on the weighted average of assets held by the top 10 bank holding and holding companies, commercial banks, cooperative banks, Islamic banks, savings banks, and specialized governmental credit institutions in each country. The ratio is excluded for countries in which data are not available for the majority of the top 10 banks by assets.

Source: BankScope database (data retrieved July 2012)

3.11 **Output loss during banking crises**

This is the percent difference between actual and trend real GDP during a banking crisis. Output loss during recent crises is weighted more heavily | 2011

The crisis count includes systemic banking crises (defined as much or all of bank capital being exhausted), excluding banking system distress events that affected isolated banks and were neither fully nor borderline systemic in nature. Output losses are computed as the cumulative sum of the differences between actual and trend real GDP over the period \([T, T+3]\), expressed as a percent of trend real GDP, where \(T\) is the starting year of the crisis. Trend real GDP is computed by applying an HP filter (with \(\lambda=100\)) to the log of real GDP series over \([T-20, T-1]\). No output losses are reported for crises in transition economies that took place during the period of transition to market economies.


3.12 **Local currency sovereign rating**

This variable measures the probability that a country will pay its local currency borrowing in a full and timely manner | 2012

Local currency sovereign credit ratings of Standard and Poor’s were converted on a linear numerical scale from 0 (SD) to 20 (AAA). Credit outlooks were given either a positive 0.3 or a negative 0.3 to be added to the actual rating of a country.

Source: Standard and Poor’s (data retrieved July 2012)

3.13 **Foreign currency sovereign rating**

This variable measures the probability that a country will pay its foreign currency borrowing in a full and timely manner | 2012

Foreign currency sovereign credit ratings of Standard and Poor’s were converted on a linear numerical scale from 0 (SD) to 20 (AAA). Credit outlooks were given either a positive 0.3 or a negative 0.3 to be added to the actual rating of a country.

Source: Standard and Poor’s (data retrieved July 2012)

3.14 **Aggregate macroeconomic indicator**

This is an aggregate measure of macroeconomic soundness based on real GDP growth, deposit interest rate, inflation volatility, and inflation level | 2011

This measure is calculated as the mean of four normalized variables: year-over-year growth of real GDP, deposit interest rate, standard deviation of month-over-month change in consumer price index during a one-year period, and annual percent change in average consumer prices. All data are as of 2011 except deposit interest rates, for which the latest available data are as of 2010.

Source: GDP data from IMF, World Economic Outlook Database, April 2012; inflation data from IMF, International Financial Statistics (data retrieved July 2012); deposit rate from World Bank, World Development Indicators and Global Development Finance (data retrieved July 2012); inflation volatility data from Thomson Reuters Datastream (data retrieved July 2012)

3.15 **Manageability of public debt**

This variable is based on total debt owed by the government to domestic residents, foreign nationals, and multilateral institutions as a percent of GDP | 2011

The total debt includes both local and foreign currency...
owed by the government to domestic residents, foreign nationals, and multilateral institutions such as the IMF, and is expressed as a percent of GDP. Source: Public debt data from the Economist Intelligence Unit, CountryData Database (data retrieved July 2012); GDP data from the IMF, World Economic Outlook Database, April 2012

3.16 Credit default swap spreads
This measure shows the spreads on sovereign credit default swaps | 2012
This indicator reflects the average of daily prices of five-year senior credit default swaps for the government sector over the past year.

Source: Markit CDS; Bloomberg; Thomson Reuters Datastream; data retrieved July 2012

4.01 Deposit money bank assets to GDP
These are claims on the domestic real nonfinancial sector by deposit money banks as a share of GDP | 2010
The ratio is calculated using the following deflation method:

\[
(0.5) \times \frac{\left( F_t \frac{P_{et}}{P_{a}} + F_{t-1} \frac{P_{et-1}}{P_{a}} \right)}{\frac{GDP_t}{P_{a}}},
\]

where \( F \) is deposit money bank claims, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.


4.02 Central bank assets to GDP
These are claims on the domestic real nonfinancial sector by the central bank as a share of GDP | 2010
The ratio is calculated using the following deflation method:

\[
(0.5) \times \frac{\left( F_t \frac{P_{et}}{P_{at}} + F_{t-1} \frac{P_{et-1}}{P_{at}} \right)}{\frac{GDP_t}{P_{at}}},
\]

where \( F \) is central bank claims, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.


4.03 Financial system deposits to GDP
This variable shows the demand, time, and savings deposits in deposit money banks and other financial institutions as a share of GDP | 2010
The ratio is calculated using the following deflation method:

\[
(0.5) \times \left[ \frac{F_t}{P_{et}} + \frac{F_{t-1}}{P_{et-1}} \right],
\]

\[
\frac{GDP_t}{P_{et}},
\]

where \( F \) is demand, time, and savings deposits, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.


4.04 M2 to GDP
This variable is the money and quasi-money supply as a percent of GDP | 2011
This ratio is calculated using the following deflation method:

\[
(0.5) \times \left[ \frac{F_t}{P_{et}} + \frac{F_{t-1}}{P_{et-1}} \right],
\]

\[
\frac{GDP_t}{P_{et}},
\]

where \( F \) is money and quasi-money, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.

Source: M2 supply data from the Economist Intelligence Unit, CountryData Database (data retrieved July 2012); GDP data from the IMF, World Economic Outlook Database, April 2012; inflation data from IMF, International Financial Statistics (data retrieved August 2012)

4.05 Private credit to GDP
This variable shows private credit by deposit money banks and other financial institutions as a percent of GDP | 2010
The ratio is calculated using the following deflation method:

\[
(0.5) \times \left[ \frac{F_t}{P_{et}} + \frac{F_{t-1}}{P_{et-1}} \right],
\]

\[
\frac{GDP_t}{P_{et}},
\]

where \( F \) is credit to the private sector, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.

4.06 Bank deposits to GDP
This variable shows the demand, time, and savings deposits in deposit money banks as a share of GDP | 2010
This ratio is calculated using the following deflation method:

\[
(0.5) \times \left( \frac{F_t}{P_{e,t}} + \frac{F_{t-1}}{P_{e,t-1}} \right)
\]

where \( F \) is demand, time, and savings deposits, \( P_{e} \) is end-of period CPI, and \( P_{a} \) is average annual CPI.


4.07 Money market instruments to GDP
This variable is total money market instruments (US$ billions) as a percent of GDP | 2011
Figures are based on the residence of the issuer.

Source: Bank for International Settlements, BIS Quarterly Review, June 2012

4.08 Aggregate profitability indicator
This variable is based on a three-year average of three measures of profitability: net interest margin, bank return on assets, and bank return on equity | 2008–2010
Net interest margin is the accounting value of the bank’s net interest revenue as a share of its interest-bearing (total earning) assets. Bank return on assets is calculated as net income as a percent of total assets. Bank return on equity is calculated as net income as a percent of total shareholder’s equity.


4.09 Bank overhead costs
This is bank overhead costs as a percent of total assets | 2010
This figure is calculated as the accounting value of a bank’s overhead costs as a share of its total assets.


4.10 Public ownership of banks
This variable is the percent of assets held by the 10 largest banks that is located in banks that are more than 25 percent government-owned | 2011
This figure is based on bank holding and holding companies, commercial banks, cooperative banks, Islamic banks, savings banks, and specialized governmental credit institutions in each country. Banks owned by public authorities in foreign countries are not included in this measure.

Source: BankScope database (data retrieved July 2012)

4.11 Bank operating costs to assets
This is non-interest expense as a percent of average assets in the last reported year | 2011
This ratio is calculated based on the weighted average of assets held by the top 10 bank holding and holding companies, commercial banks, cooperative banks, Islamic banks, savings banks, and specialized governmental credit institutions in each country.

Source: BankScope database (data retrieved July 2012)

4.12 Non-performing bank loans to total loans
This variable is the percent of non-performing bank loans relative to total number of loans outstanding | 2011
Bank non-performing loans to total gross loans is the value of non-performing loans divided by the total value of the loan portfolio (including non-performing loans before the deduction of specific loan-loss provisions). The loan amount recorded as non-performing should be the gross value of the loan as recorded on the balance sheet, not just the amount that is overdue.

Source: IMF, Global Financial Stability Report, April 2012

4.13 Private credit bureau coverage
This variable is the percent of adults covered by a private credit registry | 2011
The private credit bureau coverage indicator reports the number of individuals and firms listed by a private credit bureau with information on their borrowing history from the past five years. The number is expressed as a percent of the adult population (the population age 15 and above) in 2010, according to the World Bank’s World Development Indicators.

A private credit bureau is defined as a private firm
4.14 Public credit registry coverage
This variable is the percent of adults covered by a public credit registry | 2011
The public credit registry coverage indicator reports the number of individuals and firms listed in a public credit registry with information on their borrowing history from the past five years. The number is expressed as a percent of the adult population (the population age 15 and above in 2010, according to the World Bank’s World Development Indicators). A public credit registry is defined as a database managed by the public sector, usually by the central bank or the superintendent of banks, that collects information on the creditworthiness of borrowers (individuals or firms) in the financial system and that facilitates the exchange of credit information among banks and other regulated financial institutions. If no public registry operates, the coverage value is 0.


5.01 IPO market share
This is the three-year average of percent of world initial public offerings (IPOs) issued in a given country, as measured in US dollars | 2009–2011
IPOs are issues where the common stock has never traded publicly in any market and is offered in its initial public offering. Annual volumes accumulate the proceeds amount + over-allotment sold (US$ millions), which is the amount of the issue in this market plus the over-allotment amount (“green shoe”) sold in this market, for all issues based on the issue/announcement date. Market share calculation is based on IPOs in the 62 economies included in the Index.

Source: Dealogic Analytics (data retrieved July 2012)

5.02 IPO proceeds amount
This is the three-year average of total initial public offering (IPO) proceeds as a percent of GDP | 2009–2011
This variable represents IPO proceeds as a percent of GDP. The IPO proceeds amount is calculated when the common stock has never before traded publicly in any market. Annual volumes accumulate as the proceeds amount + over-allotment sold (US$ millions), which is the amount of the issue in this market plus the over-allotment amount (“green shoe”) sold in this market, for all issues based on the issue/announcement date.

Source: IPO proceeds data from Dealogic Analytics (data retrieved July 2012); GDP data from IMF, World Economic Outlook Database, April 2012

5.03 Share of world IPOs
This is the three-year average of the number of initial public offering (IPO) issues as a percent of total global number of issues | 2009–2011
This variable counts the number of IPO issues as defined in the IPO proceeds amount variable and shows the percent of the total global issuance in number of issues attributable to that country. Share calculation is based on IPOs in the 62 economies included in the Index.

Source: Dealogic Analytics (data retrieved July 2012)

5.04 M&A market share
This is the three-year average of the dollar value of mergers and acquisitions (M&As) occurring in a given country as a percent of the total global value | 2009–2011
This indicator is the percent of the total world rank value of the transaction in US dollars attributable to a given country. The rank value is calculated by subtracting the value of any liabilities assumed in a transaction from the transaction value and adding the target’s net debt (US$ millions). Net debt is straight debt + short-term debt + preferred equity – cash and marketable securities as of the date of the most current financial information prior to the announcement of the transaction. Preferred equity is not included if the cost to acquire preferred shares (CSTPFD) is filled in. Market share calculation is based on M&A transactions in 62 economies included in the Index.

Source: Dealogic Analytics (data retrieved July 2012)

5.05 M&A transaction value to GDP
This variable is the rank value of the three-year average of mergers and acquisitions (M&A) transactions in US dollars as a percent of GDP | 2009–2011
The rank value is calculated by subtracting the value of any liabilities assumed in a transaction from the transaction value and adding the target’s net debt (US$ millions). Net debt is straight debt + short-term debt + preferred equity – cash and marketable securities.
securities as of the date of the most current financial information prior to the announcement of the transaction. Preferred equity is not included if the cost to acquire preferred shares (CSTPFID) is filled in.

Source: M&A transaction value data from Dealogic Analytics (data retrieved July 2012); GDP data from IMF, World Economic Outlook Database, April 2012

5.06 Share of total number of M&A deals
This is the three-year average of the percent of world mergers and acquisitions (M&A) deals occurring in a given country, as measured by the share of the total number of global M&A deals | 2009–2011
This variable counts the number of M&A transactions as defined in the M&A transaction value to GDP variable and shows the percent of the total global M&A deals attributable to that country. Share calculation is based on M&A deals in the 62 economies included in the Index.

Source: Dealogic Analytics (data retrieved July 2012)

5.07 Life insurance penetration
This variable is the ratio of direct life insurance premiums from domestic sources to GDP | 2011
Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included.

Source: Swiss Re, World Insurance in 2011: Non-life Ready to Take Off, 2012; GDP data from IMF, World Economic Outlook Database, April 2012

5.08 Non-life insurance penetration
This variable is the ratio of direct non-life insurance premiums from domestic sources to GDP | 2011
Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included.

Source: Swiss Re, World Insurance in 2011: Non-life Ready to Take Off, 2012; GDP data from IMF, World Economic Outlook Database, April 2012

5.09 Real growth of direct insurance premiums
This is the annual real rate of growth, in percent, of direct premiums (life and non-life) based on local currency prices | 2011
Real growth rates are calculated using premiums in local currencies and adjusted for inflation using the consumer price index for each country.

Source: Dealogic Analytics (data retrieved July 2012); GDP data from IMF, World Economic Outlook Database, April 2012

5.10 Life insurance density
This is the ratio of direct domestic premiums for life insurance to per capita GDP | 2011
Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included.

Source: Swiss Re, World Insurance in 2011: Non-life Ready to Take Off, 2012; GDP per capita data from IMF, World Economic Outlook Database, April 2012

5.11 Non-life insurance density
This is the ratio of direct domestic premiums for non-life insurance to per capita GDP | 2011
Only premium income from domestic risks is used to calculate insurance penetration and density. Cross-border business is not included.

Source: Swiss Re, World Insurance in 2011: Non-life Ready to Take Off, 2012; GDP per capita data from IMF, World Economic Outlook Database, April 2012

5.12 Relative value added of insurance to GDP
This is the value added by insurance and pension services to the economy, after costs are subtracted, as a percent of GDP | 2011
This indicator represents what remains of total sales revenue after the costs of providing insurance and pension products are taken out, signifying the value that the insurance and pension sector creates in the economy. Figures are preliminary and subject to change.

Source: IHS, World Industry Services (data retrieved August 2012); GDP data from IMF, World Economic Outlook Database, April 2012

5.13 Securitization to GDP
This is the three-year average of the sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans’ deal value as a percent of GDP | 2009–2011
This figure is calculated based on a three-year average of securitization deals and GDP.

Source: Dealogic Analytics (data retrieved July 2012); GDP data from IMF, World Economic Outlook Database, April 2012
5.14 **Share of total number of securitization deals**  
This is the three-year average of the sum of asset-backed securities (ABS), mortgage-backed securities (MBS), high-yield bonds, and highly leveraged loans deals as a percent of total deals | 2009–2011  
This figure is calculated based on a three-year average of securitization deals.

Source: Dealogic Analytics (data retrieved July 2012)

6.01 **Spot foreign exchange turnover**  
This is the percent share of the world total of spot foreign exchange turnover | 2010  
Transactions are measured in US dollars and involve the exchange of two currencies at a rate agreed upon on the date of the contract for value or delivery (cash settlement) within two business days. Percents are based on the 62 economies included in the Index.


6.02 **Outright forward foreign exchange turnover**  
This is the percent share of the world total of outright forward foreign exchange turnover | 2010  
Transactions are measured in US dollars and involve the exchange of two currencies at a rate agreed on the date of the contract for value or delivery (cash settlement) at some time in the future (more than two business days later). This category also includes non-deliverable forwards and other forward contracts for differences. Percents are based on the 62 economies included in the Index.


6.03 **Foreign exchange swap turnover**  
This is the percent share of the world total of foreign exchange swap turnover | 2010  
Transactions are measured in US dollars and involve the actual exchange of two currencies (principal amount only) on a specific date at a rate agreed at the time of the conclusion of the contract (the short leg), and a reverse exchange of the same two currencies at a date further in the future at a rate (generally different from the rate applied to the short leg) agreed at the time of the contract (the long leg). Percents are based on the 62 economies included in the Index.


6.04 **Interest rate derivatives turnover:**  
**Forward rate agreements**  
This is the percent share of world total of over-the-counter single-currency forward interest rate agreements turnover | 2010  
Transactions are measured in US dollars and involve interest rate forward contracts in which the rate to be paid or received on a specific obligation for a set period of time, beginning at some time in the future, is determined at contract initiation. Percents are based on the 62 economies included in the Index.


6.05 **Interest rate derivatives turnover:** Swaps  
This is the percent share of the world total of over-the-counter single-currency interest rate swaps turnover | 2010  
Transactions are measured in US dollars and involve agreements to exchange periodic payments related to interest rates on a single currency; these can be fixed for floating, or floating for floating based on different indices. This group includes those swaps whose notional principal is amortized according to a fixed schedule independent of interest rates. Percents are based on the 62 economies included in the Index.


6.06 **Interest rate derivatives turnover:** Options  
This is the percent share of the world total of over-the-counter interest rate options turnover | 2010  
Transactions are measured in US dollars and involve option contracts that give the right to pay or receive a specific interest rate on a predetermined principal for a set period of time. Percents are based on the 62 economies included in the Index.


6.07 **Foreign exchange derivatives turnover:**  
**Currency swaps**  
This is the percent share of the world total of over-the-counter foreign exchange currency swaps turnover | 2010  
Transactions are measured in US dollars and involve contracts that commit two counterparties to exchange streams of interest payments in different currencies for an agreed period of time and to exchange principal amounts in different currencies at a pre-agreed
exchange rate at maturity. Percents are based on the 62 economies included in the Index.

Source: Bank for International Settlements, Triennial Central Bank Survey, December 2010

6.08 Foreign exchange derivatives turnover: Options
This is the percent share of the world total of over-the-counter foreign exchange options turnover | 2010
Transactions are measured in US dollars and involve contracts that give the right to buy or sell a currency with another currency at a specified exchange rate during a specified period. This category also includes exotic foreign exchange options, such as average rate options and barrier options. Percents are based on the 62 economies included in the Index.

Source: Bank for International Settlements, Triennial Central Bank Survey, December 2010

6.09 Stock market turnover ratio
This is the ratio of the value of total shares traded to average real market capitalization | 2010
The denominator is calculated using the following deflation method:

\[
\frac{T_t}{P_e t} \cdot \left[ \frac{M_t}{P_e t} + \frac{M_{t-1}}{P_e t-1} \right]
\]

where T is total value traded, M is stock market capitalization, P_e is end-of period CPI, and P_a is average annual CPI.


6.10 Stock market capitalization to GDP
This indicator is the value of listed shares as a percent of GDP | 2010
The ratio is calculated using the following deflation method:

\[
\frac{(0.5) \times \left[ \frac{F_t}{P_e t} + \frac{F_{t-1}}{P_e t-1} \right]}{\frac{\text{GDP}_t}{P_a t}}
\]

where F is amount outstanding of private domestic debt securities, P_e is end-of period CPI, and P_a is average annual CPI.


6.11 Stock market value traded to GDP
This is the total value of shares traded on stock market exchanges as a percent of GDP | 2010
Value of shares traded and GDP are measured over the same time period.


6.12 Number of listed companies per 10,000 people
This is the number of publicly listed companies per 10,000 people | 2010
Number of publicly listed companies per capita. This indicator does not include investment companies, mutual funds, or other collective investment vehicles.


6.13 Private domestic bond market capitalization to GDP
This variable is the domestic debt securities issued by financial institutions and corporations as a share of GDP | 2011
This ratio is calculated using the following deflation method:

\[
\frac{(0.5) \times \left[ \frac{F_t}{P_e t} + \frac{F_{t-1}}{P_e t-1} \right]}{\frac{\text{GDP}_t}{P_a t}}
\]

where F is amount outstanding of private domestic debt securities, P_e is end-of period CPI, and P_a is average annual CPI.

Source: Bank for International Settlements, Triennial Central Bank Survey, December 2010

6.14 Public domestic bond market capitalization to GDP
This variable is the domestic debt securities issued by the government as a share of GDP | 2011
This ratio is calculated using the following deflation method:

\[
\frac{(0.5) \times \left[ \frac{F_t}{P_e t} + \frac{F_{t-1}}{P_e t-1} \right]}{\frac{\text{GDP}_t}{P_a t}}
\]

where F is amount outstanding of public domestic debt securities.
debt securities, $P_e$ is end-of period CPI, and $P_a$ is average annual CPI.


### 6.15 Private international bonds to GDP

This variable is the international debt securities issued by financial institutions and corporations as a share of GDP | 2011

The ratio is calculated using the following deflation method:

$$
\left[ \frac{0.5 \times \left[ \frac{F_t}{P_e t} + \frac{F_{t-1}}{P_{e t-1}} \right]}{GDP_t} \right] P_e_t
$$

where $F$ is amount outstanding of private international debt securities, $P_e$ is end-of period CPI, and $P_a$ is average annual CPI.


### 6.16 Public international bonds to GDP

This variable is the international debt securities issued by the government as a share of GDP | 2011

The ratio is calculated using the following deflation method:

$$
\left[ \frac{0.5 \times \left[ \frac{F_t}{P_e t} + \frac{F_{t-1}}{P_{e t-1}} \right]}{GDP_t} \right] P_e_t
$$

where $F$ is amount outstanding of public international debt securities, $P_e$ is end-of period CPI, and $P_a$ is average annual CPI.


### 6.17 Local currency corporate bond issuance to GDP

This is investment-grade and high-yield issuance corporate bonds as a share of GDP | 2011

Corporate bonds consist of industrial and utility businesses; this variable excludes all financial firms.

Source: Dealogic Analytics (data retrieved July 2012); GDP data from IMF, *World Economic Outlook Database*, April 2012

### 7.06 Foreign direct investment to GDP

This variable is comprised of equity capital, reinvested earnings, and intra-company loans | 2011

Equity capital is the foreign direct investor’s purchase of shares of an enterprise in a country other than that where the investor resides. Reinvested earnings are comprised of the foreign direct investor’s share (in proportion to direct equity participation) of earnings not distributed as dividends by affiliates or earnings not remitted to the foreign direct investor. Such retained profits by affiliates are reinvested. Intra-company loans or intra-company debt transactions refer to short- or long-term borrowing and lending of funds between foreign direct investors (parent enterprises) and affiliate enterprises.


### 7.07 Market penetration of bank accounts

This is the percent of the population (15 years or older) with an account at a formal financial institution | 2011

These data are collected as part of a survey of financial inclusion administered by the World Bank. More than 150,000 nationally represented and randomly selected adults age 15 and above were interviewed. Responses were received from 148 economies during the 2011 calendar year.

7.08 **Commercial bank branches**
This is the number of commercial bank branches per 100,000 adults | 2010
These data are collected as part of an access to finance survey administered by the IMF in 2011. Responses were received from approximately 140 countries.


7.09 **Total number of ATMs**
This is the total number of ATMs per 100,000 adults | 2010
These data are collected as part of an access to finance survey administered by the IMF in 2011. Responses were received from approximately 140 countries.


7.10 **Debit card penetration**
This is the percent of respondents with a debit card | 2011
These data are collected as part of a survey of financial inclusion administered by the World Bank. More than 150,000 nationally represented and randomly selected adults age 15 and above were interviewed. Responses were received from 148 economies during the 2011 calendar year.


7.11 **Loan accounts at MFIs**
This variable indicates the total number of active borrowers from microfinance institutions (MFIs) per 1,000 adults | 2011
The total number of people registered as active borrowers at an MFI divided by the total population.

Source: Microfinance Information Exchange, Inc. (MIX) (data retrieved August 2012)

7.12 **Loan from a financial institution**
This is the percent of respondents who have borrowed from a financial institution in the past year | 2011
These data are collected as part of a survey of financial inclusion administered by the World Bank. More than 150,000 nationally represented and randomly selected adults age 15 and above were interviewed. Responses were received from 148 economies during the 2011 calendar year.