classification[54] , with different German and Scandinavian law jurisdictions[55] (Table 14). The legal effect still holds.

Finally, the choice of policymakers to establish the concentration of supervisory powers could be facilitated by an institutional environment characterized by good governance. The relationship between good governance and the supervision concentration process could be explained, if we suppose that a policymaker who cares about soundness and efficiency would prefer the single financial authority as the optimal one in the face of the blurring challenges.

6. Conclusions

The objective of this paper was to analyse the role of central bank institutional position in influencing the recent tendency to unify the powers of financial supervision, highlighting the robustness of the central bank fragmentation effect.

The results seem particularly interesting for future research developments. It will be important to go in depth in the analysis of the determinants of the central bank fragmentation effect. In this paper the central bank fragmentation effect is an independent variable in explaining the supervision unification level.

The next step forward will be to consider the degree of central bank involvement as a dependent variable, in order to identify consistent proxies of the potential different causes (blurring

[54]Pistor (2000) instead of La Porta et al. (1998).

[55]In La Porta et al (1999) the German and Scandinavian jurisdictions are: Austria, Denmark, Finland, Germany, Iceland, Japan, Korea, Norway, and Sweden. For historical reasons Pistor (2000) also includes: Croatia, Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Slovak Republic.

hazard effect, bureaucracy effect, reputation endowment effect) that could explain the decision of the policymaker to maintain or reform the supervision responsibility of the monetary authority[56].

Finally, from the theoretical point of view, the future effort will be to model the policymaker decision framework, in order to better highlight the features of the institutional and political process that leads a supervisory regime to assume given characteristics. Using the principal agent approach for addressing the architecture of financial supervision seems a very promising avenue.

[56] Completely and satisfactorily identifying what the consistent proxies could be is not a simple problem: first because the policymaker preferences or beliefs on the pros and cons of reforming the central bank involvement in supervision are not easily captured in concrete indicators. Examples are the political perceptions of the blurring hazard risks, the central bank reputation endowment or the bureaucratic power. The point is that generally these kinds of variables are not available for a large cross countries sample. To do an example, the author looking for proxies for the central bank power, in order to capture the bureaucracy effect and/or the reputation endowment effect. Regarding the central bank power, a central bank independence index (Cukierman Index, sample = 56 countries) has been proved as proxy, but the variable was not significant. Furthermore the author proved also as a power proxy the central bank age (sample= 89 countries) but the variable was not significant. Finally the power of central banks could be measured in number of employees, relative to overall financial authorities' employees (sample= 42 countries), or to the financial industry size (sample= 44 countries), but again the variable was not significant. The tables are available on request.