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# The Interest Ecology of Financial Regulation: Interest Group Plurality in the Design of Financial Regulatory Policies

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## *Abstract*

Existing literature has offered a variety of claims regarding why financial regulatory politics features a relative dominance of the regulated financial industry. In this article we explore the broader interest group environment in which financial industry advocacy operates. Using new data on interest group participation in financial regulatory consultations, we provide the first comprehensive analysis of the ecology of interest groups that populate financial regulatory policymaking. Through a new measure of ‘mobilized dissent’ we find evidence that the level of interest group pluralism in financial regulatory policymaking is constrained by the limited mobilization of voices outside of the business community. We analyze how mobilized dissent toward the regulated financial industry changes in response to different institutional environments. While technical complexity, institutional context, and the global financial crisis are found to impact the level of mobilized dissent, the impact of these environmental conditions varies across different groups. This analysis reveals not only that organized opposition to the financial industry is relatively weak but also that it is relatively disjointed.

*Keywords:* financial regulation, interest groups, lobbying, political economy

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The global financial crisis has triggered an explosion of scholarly and journalistic articles about the political economy of finance and financial regulation. This scholarship is extensive and diverse. Yet within much of this literature, the specter of interest groups looms large. Many analyses of the design and implementation of financial regulatory policies in particular have focused on the wide array of resources that financial industry groups deploy in attempt to shape public policies, such as the significant lobbying war chests (Johnson & Kwak, 2010; Hacker & Pierson, 2010), their informal social ties to their regulators (Seabrooke & Tsingou, 2009), and the structural power that financial industry groups exercise in contemporary capitalist economies (cf Stephen Bell & Hindmoor, 2014).

The financial industry however does not operate in a vacuum. A key dimension of the politics of financial regulation is the broader interest group environment in which financial industry advocacy operates. Existing literature on financial industry power emphasizes not only the resources that the financial industry can deploy to shape the content of regulatory policies but also the fact that it frequently finds itself relatively uncontested. Many have lamented in this context how the involvement of civil society organizations has been sporadic and weak when it comes to financial regulation (Scholte, 2013; Helleiner & Porter, 2010; Mügge, 2010, p. 9; Mooslechner, Schubert, & Weber, 2006), and the lack of countervailing forces has reinforced the “unchecked might of global finance” (Anheier, 2014). Such depictions of the financial regulatory policymaking environment has not remained uncontested, as a variety of case studies have highlighted how financial industry groups have been facing opposition from outside as well as within the financial industry since the crisis (Kastner, 2014; Clapp & Helleiner, 2012; Pagliari & Young, 2014; Young, 2012; Helleiner & Thistlethwaite, 2013). These and other observations have called into question what McKeen-Edwards and Porter (2013) call the “unified dominance model” of financial regulatory politics.

At the heart of this discussion is an empirical issue related to a classical dimension of the study of the policy making process: the question of how diverse or pluralistic is the interest group environment within a given policy area. To what extent is financial regulatory policymaking characterized by interest group pluralism, whereby different groups act as countervailing voices against the preferences of the regulated financial industry? To what extent does the regulated financial industry simply dominate the regulatory policymaking process, and crowd out other,

potentially dissenting, voices? What factors might affect the amount of dissent faced by the regulated financial industry? Answering these questions is critical if we are to understand the financial industry dominance of the policymaking process and the conditions under which this is contested.

This paper makes a contribution to the literature on the political economy of financial regulation by examining the variable levels of interest group pluralism in financial regulatory politics and assessing which conditions affect this plurality. While financial regulatory politics is an expansive terrain and involves a wide variety of relationships between the industry and government institutions, our analysis focuses specifically on financial regulatory policies developed by specialized regulatory agencies, and the interest group advocacy that organize their policymaking activity.

Three aspects of our approach differentiate us from existing studies. First, most studies of interest groups in financial regulation have focused on specific policies, institutions or actors through in-depth qualitative case studies (Lall, 2012; Quaglia, 2008; Woll, 2013; Mügge, 2006), thus making a general overview of this terrain difficult to ascertain. While this qualitative literature has greatly informed the hypotheses we test, our analysis complements existing scholarship through a quantitative analysis aimed at observing general but context-varying trends in the participation of interest groups in financial regulatory politics (see also Young and Pagliari 2015). Using new data from financial regulatory consultations from 1999 to 2013 we develop a broad survey of which groups are mobilizing during financial regulatory policymaking in this arena.

Second, our analysis takes strong cues from existing ‘population ecology’ approaches to the study of interest groups. The basic premise of the population ecology literature is that the mobilization of interest groups over a given issue or in a given jurisdictional space is not simply the result of the individual incentives and resources of each group, but is often conditioned by the environments in which interest groups find themselves (Gray & Lowery, 1996, p. 40).<sup>2</sup> Along the same lines, a few analyses of the political economy of financial markets since the financial crisis have stressed the need for a broader view of how financial industry actors are embedded in complex interdependent relationships with a range of different actors, much like relationships in an

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<sup>2</sup> While ecologically-derived theories of interest group activity exist (such as the ‘energy stability area’ model), we do not seek to test these here (Gray & Lowery, 1996; Messer, Berkhout, & Lowery, 2011).

ecosystem.<sup>3</sup> As a result, rather than zooming in on the resources and characteristics of individual groups, we are interested in understanding, using real-world observational data, how interest group populations change in response to different environmental conditions.

Third, unlike existing population ecology literature, our approach seeks to understand how interest groups relate to one another across these varied environments. In order to assess ‘interest group plurality’ in financial regulatory policymaking, we need to investigate not only which groups mobilize, but also how different groups (if and when they are present) express preferences that are aligned or in conflict with the financial industry targeted for regulation. Because of the particular methods that we deploy in this analysis, our focus is on the traceable efforts of interest groups as they mobilize in the policymaking process.<sup>4</sup> We focus herein on arenas of regulatory policymaking in which the literature has found extensive formal involvement of interest groups in policy formulation and involvement, in the US, EU and within transnational regulatory bodies.

The structure of the paper is as follows. Section 1 reviews the existing literature on interest group plurality in financial regulatory politics and discusses the ‘environmental conditions’ that are understood to constrain the opposition faced by the financial industry in this domain. Section 2 then describes our data, which allows us to assess both which kinds of interest groups mobilize and what these groups’ preferences are – two factors that we synthesize to produce a new indicator of interest group plurality, ‘mobilized dissent’. Section 3 then conducts a series of empirical tests of how mobilized dissent varies across a range of different environmental conditions specified within the literature.

Our analysis leads us to several conclusions about the broader interest group ecology within which the financial industry operates. First, depictions of financial regulatory politics as

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<sup>3</sup> For instance, Seabrooke and Tsingou (2009, 2014) draw on Abbott’s (2005) notion of ‘linked ecologies’ to think through the professional connections within finance – shedding new light on ‘old’ dynamics, like ‘revolving doors’. Holmes (2009) also uses the language of a financial ecosystem to describe the relationship between the financial industry and the broader economy. Haldane and May (2011) conceptualize to ‘banking ecosystems’ in a similar relational frame.

<sup>4</sup> It might be argued that the mobilization of interest groups within the financial regulatory consultation process is only secondary to other factors that ex ante shape the regulatory agenda in favor of the financial industry, such as dominant norms or the structural power of the financial industry. While we acknowledge that we can only observe mobilized responses to regulatory policies that are already on the agenda, it is widely acknowledged within the literature that interest group plurality space plays an important role in influencing the design and implementation of regulatory policies (Halpin & Grant, 2012) and in constraining financial industry influence (Kastner, 2014; Woll, 2013; Pagliari & Young, 2014). Even recent interventions on the ‘structural power’ of the financial industry suggest that industry’s mobilization efforts can be seen in a complementary way to their prominence and agenda-setting powers (Culpepper & Reinke, 2014; S Bell & Hindmoor, 2014).

dominated by business are broadly supported in our empirical evidence. Non-business civil society groups certainly express divergent preferences toward the regulated financial industry; however their infrequent mobilization means that they seldom represent a significant share of mobilized dissent. The broader business community, outside the regulated financial industry, has strongly concordant preferences with the financial industry; yet because business groups represents the most frequent voices in the policymaking process, conflict within the business community serves as the most common source of interest group pluralism. Second, while interest group plurality may be low it is also highly variable. After examining the conditions under which mobilized dissent changes we find that hypothesized conditions such as the level of technical complexity, institutional context, and the global financial crisis are found to impact the level of mobilized dissent, the impact of these environmental conditions varies across different groups. These ‘differentiated reaction norms’ of interest groups highlight not only that organized opposition to the financial industry is relatively weak but also that it is relatively disjointed. As we discuss in the conclusion, the effectiveness of interest group pluralism in balancing the position of the financial industry is kept in check by the disjointedness of its opposition.

### **Section 1: Interest Group Plurality and Financial Regulation**

Within the broad literature on the political economy of financial regulation, a large body of work has investigated the variety of structural, discursive and instrumental variants of power that different groups deploy in an attempt to influence the design of financial regulatory policies, as well as the numerous formal and informal channels of access through which these groups are capable to participate to policymaking process (Johnson & Kwak, 2010; Young, 2012; Sennholz-Weinhardt, 2014; Woll, 2013; Baker, 2010; Tsingou, 2014). Mechanisms to incorporate the voices of different groups in the design of regulatory policies have been institutionalized, such as the practice of seeking comments on exposure drafts of policies and inviting groups to testify in legislative hearings as a way of soliciting feedback on regulatory policies.

This literature has argued that it is not only the composition of interest groups in the policymaking process that matters in shaping policy outcomes, but also the diversity of their voices. The absence of interest group plurality has been presented as conducive to the development of regulatory policy outcomes that favor “the narrow few” (for a review see Mattli & Woods, 2009;

Kroszner & Strahan, 2000), an outcome frequently associated with “regulatory capture” (Stigler, 1971; Carpenter & Moss, 2013). In contrast, the presence of interest group plurality is understood to reduce the risks that policymakers find themselves exposed to one-sided evidence from the industry being targeted for regulation (Carpenter & Moss, 2013), and to mitigate against the risk of groupthink and intellectual capture (Kwak, 2013).

From this perspective, an overwhelming consensus within the literature on the politics of financial regulation seems to be that the landscape of interest groups engaged in this policy domain is one where – as Baker puts it - the “plurality of active participation is severely restricted” (Baker 2009). In particular, while powerful organized interests within the financial industry are often characterized as securing disproportionate access to high-level policymakers, other stakeholders such as smaller financial institutions, non-financial corporations, and diffuse interests such as deposit holders, small investors and taxpayers are often perceived as excluded from the policymaking process (Lall, 2012; Underhill & Zhang, 2008; Johnson & Kwak, 2010). As a result, several policy proposals designed to improve financial regulation have focused on enhancing the plurality of interest groups involved in the design of regulatory policies in an attempt to add countervailing voices to the dominance of the financial industry and restore balance to the process (Morgan, 2011, p. 595; Baxter, 2011; Pagliari, 2012).

Existing literature suggests four main ‘environmental conditions’ constraining the degree of interest group plurality in the financial regulatory policymaking. The first of these conditions is the technical complexity of financial regulatory policies. In particular, the complexity of an issue area is understood to create substantial ‘information asymmetries’ between different interest groups – in particular between the regulated industry and other stakeholders – and therefore to increase the mobilization costs for those groups lacking technical expertise (Broscheid & Coen, 2007; Rasmussen & Carroll, 2013). In the case of financial regulation, the increasingly information-intensive and complex nature of this area makes the distribution of technical expertise between different stakeholders “heavily asymmetric” (Lall, 2015, p. 128). The level of expertise required to contribute to most financial regulatory issues is seen to hinder the participation of those stakeholders outside of the financial industry that lack significant technical expertise to be able to monitor the regulatory process and develop a position (Baker, 2010; Heinemann & Schüler, 2002; Scholte, 2013).

A second environmental condition seen as constraining interest group pluralism in the financial regulatory policymaking process is the degree of salience. The salience of any given policy domain can be defined as the importance that the general public will assign to a specific issue compared to other issues on the political agenda (Wlezien, 2005). Based on this definition, financial regulatory policymaking has been identified in most scholarly accounts as usually a very low salience area (Woll, 2013). Thus a situation of “quiet politics” (Culpepper, 2011; Gormley, 1986) is understood to constrain the capacity of groups beyond the financial industry to mobilize in response to different financial regulatory proposals (Baker, 2010; Scholte, 2013). As Baker has argued, during normal times, “the wider public has little interest in financial regulation—the distributional consequences remain highly technical, and therefore unclear to the general public”, while financial industry groups “find themselves relatively unopposed because countervailing societal interests are largely absent” (Baker, 2010, p. 652).

Importantly, salience is an environmental condition that can change. Policy domains which usually remain outside of the spotlight can rise to one of the main priorities on general public’s agenda as a result of events such as crises. Mattli and Woods have argued that crises may favor the mobilization of societal actors besides the targeted actors by producing a ‘demonstration effect’ and reveal the distributional implications of regulatory policies and opening new channels of access to the regulatory process (Mattli & Woods, 2009). The recent global financial crisis clearly changed the salience of financial regulation, increasing the level of media coverage of the media around financial regulatory policies and affecting the ways that both everyday citizens and organized interest groups dealt with financial regulatory issues (Thirkell-Whittle, 2009; Woll, 2013; Kastner, 2014). However, the impact of a crisis in increasing the level of salience of financial regulatory policymaking is not permanent but it is likely to wax and wane in accordance with the “issue attention cycle” whereas issues that leaps into prominence inevitably fades from the center of the public attention (Downs, 1972; Knecht & Weatherford, 2006, p. 710).

Third, the institutional context within which financial regulatory policies are designed may also constrain interest group plurality. In particular a key trend that has characterized much financial regulatory policymaking over the last few decades is the emergence of transgovernmental networks of regulators such as the Basel Committee and the International Organization of Securities Commissions where independent regulatory authorities coordinate their policies with

their foreign counterparts (Slaughter, 2004). Such a shift in the financial regulatory policymaking from the national to the transnational level is understood to put pressure on the organizational resources required to mobilize, thus making regulatory policymaking less plural at the transnational level (Kahler & Lake, 2003; Mattli & Woods, 2009).

A fourth aspect of the institutional environment that is expected to affect interest group pluralism in financial regulatory politics is the *stage* of the policymaking process. Because financial industry ‘insiders’ are understood to exploit their informational advantages and their network of personal connections with financial regulators, their early mobilization crowds out other kinds of stakeholders (Lall, 2012). This “first mover advantage” however decreases during later stages of the policymaking process as more information regarding the impact of different regulatory proposals become available to other stakeholders. On the other hand, other authors have suggested that when the design of regulatory policies is characterized by a high degree of salience, market insiders will have an incentive to concentrate their lobbying efforts on the less transparent and more technical implementation phase during which they are likely to face less opposition from other groups (Culpepper, 2011; Pagliari & Young, 2013).

In summary, existing literature has suggested that the financial regulatory policymaking landscape is dominated by financial industry voices. Different environmental conditions such as the level of technical complexity, issue salience, the governance level and stage of policymaking are all understood to affect the extent to which financial regulation is dominated by the regulated financial industry or facing the dissent from other interest groups mobilizing. These conditions are however not fixed: the interest group environment in financial regulatory policymaking may be dynamic and changing. For instance, different empirical studies have documented how the regulated financial industry has occasionally been constrained by the opposition faced different groups – for example by NGOs and other non-business groups (Clapp & Helleiner, 2012; Kastner, 2014), as well as other business groups inside and outside the financial industry (Mügge, 2006; Young, 2012; Pagliari & Young, 2014).

While much theorization of each of the environmental conditions described above exists, and while some qualitative scholarship has explored them in single case studies, we are not aware of any empirical tests which systematically assess the level of interest group plurality in financial

regulatory politics and how this changes in response to different environmental conditions. In what follows below, we develop an empirical strategy that can help to address this lacuna in the literature.

## Section 2 – Empirical Data on Interest Group Plurality

In this section we seek to account for the claim concerning the limited interest group plurality in financial regulatory politics advanced by the political economy literature discussed above. We do so with attention to two dimensions of interest group pluralism: what groups speak up, and what they say. The first we call mobilization; the second we call preferences.

In order to assess the mobilization and preferences of interest groups which become active around different financial regulatory issues, we generated a dataset composed of comment letters submitted by interest groups in response to financial regulatory consultations. The kinds of interest groups that respond are highly varied but include business associations of all kinds, NGOs, labour unions, research institutes and consumer protection groups. Much industry lobbying is conducted by individual firms and thus like most extant literature we consider individual firms, as well as coalitions of firms, to be interest groups.

From the perspective of regulators, responses to such consultations provide important technical feedback as well as a much-needed source of information about private sector sentiment over policies and about the possible impact that the regulatory policy may have over different groups. Interest groups have a strong incentive to contribute to these policy consultations and to leave a record of their positions, because it leaves a marker which demonstrates to their members that they are actively working for a given advocacy cause, and communicates policymakers what their position is with respect to a given policy in development.<sup>5</sup>

For our purposes, written comment letters serve as a useful indicator of interest group mobilization. Although such responses do not represent the only mechanism available for advocacy<sup>6</sup> and do not allow us to weigh the relative importance of individual respondents, these

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<sup>5</sup> In addition, some existing research suggests that such written responses constitute the most influential ‘mode’ through which interest groups can *influence* the content of policy (see Godwin, Ainsworth, & Godwin, 2012). While influence is not our immediate focus in this paper, we do consider this further compounding evidence for the quality of our data source.

<sup>6</sup> Personal meetings with policymakers represent an alternative important channel through which interest groups seek to influence the content of regulatory policies. This is more empirically challenging to track for obvious reasons. However existing analyses of meetings between regulators and interest groups in the US reveal a similar lack of plurality to the one emerging from our analysis of letters to regulators (Drutman,

responses do nevertheless provide a relatively systematic ‘trace’ of what actors tend to mobilize in response to different regulatory policies as well as what their specific positions are. We acknowledge that one drawback of using mobilization data is that the underlying population of interest groups selecting themselves for mobilization is itself unknown.<sup>7</sup> Some existing studies of interest group population dynamics utilize official lobbying registrars to analyze the existence of different kinds of interest groups – literally their birth and death (Gray & Lowery, 1996; Gray, Lowery, & Benz, 2013). However, following Rasmussen, Carroll and Lowery (2014), we are interested in the decisions and abilities of interest groups to become politically active on a given issue. Yet there is a wide precedent for using policy consultation data such as ours to trace the mobilization of interest groups in both qualitative studies of financial regulatory politics (Wood, 2005; Young, 2012) as well within quantitative analyses of interest group activity more generally (Klüver 2009; Yackee and Yackee 2006; McKay and Yackee 2007; Nixon, Howard, and DeWitt 2002; Préfontaine, Desrochers, and Godbout 2010; Rasmussen and Carroll 2013; Rasmussen, Carroll, and Lowery 2014), although none of this to date has focused on financial regulation (for an exception, see Chalmers, 2015).

We selected a wide diversity of consultations on financial regulatory policy taking place between 1999 to 2013, organized by the most important regulatory authorities in the United States, Europe and at the transnational level. The range of government agencies and specialized financial regulatory bodies from which our data are derived are outlined in the Appendix. Our analysis is centered specifically on the design and implementation of financial regulatory policies, and not the broader array of financial policies. Our criteria for selecting a regulatory policy consultation was relatively simple: each consultation had to propose a potential formal regulatory change in the financial sector and needed to give a relatively clear sense of which financial industries were being considered for regulation. In total we collected 11,866 comment letters in response to 250 different financial regulatory consultations.<sup>8</sup> The range of regulated financial industries being regulated is substantial, as these consultations cover everything from banking regulation to hedge fund

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2013). While informal and formal channels might coincide in the cases we examine here, this should not imply that they should coincide elsewhere.

<sup>7</sup> The fact that our data is drawn from different institutional contexts makes this infeasible. Legal forms for interest group registration vary considerably across jurisdictions (see Martens, 2002), while at the transnational level, we cannot use registrars or directories where none exist.

<sup>8</sup> Given the focus of our study on private sector mobilization, we have excluded those responses coming from public actors, such as governments, regulatory agencies, or public international organizations, as well as individuals.

regulation to more specialized areas like consumer finance and credit rating agencies. The different regulated financial industries and their presence in our data are depicted in the Appendix. For each comment letter submitted to a regulatory consultation,<sup>9</sup> we first coded the identity of the authoring group, differentiating respondents who were from business groups from those groups that we would consider non-business groups, such as NGOs, consumer protection organizations, labour unions, and research institutions such as specialized think tanks and universities.<sup>10</sup>

Table 1 offers a simple breakdown our initial findings on the basis of the distribution of business to non-business respondents. Organized business clearly dominates, as non-business respondents, such as trade unions, consumer protection groups, research institutes and NGOs represents overall less than 6% of the responses received by policymakers around financial regulatory policies on aggregate. This supports the argument advanced by a number of scholars in the literature on the politics of financial regulation regarding the under-representation of non-business societal actors in the financial regulatory policymaking (Scholte & Schnabel, 2002; Scholte, 2013; Anheier, 2014)

To make these figures more meaningful, we can calibrate our findings to existing studies. In a recent comprehensive review, Boehmke et al. remarked that “[m]ost major studies of representation in the interest group universe put the proportion of business interests anywhere from 50 percent to 80 percent, depending on how broadly those interests are construed” (Boehmke, Gailmard, & Patty, 2013, p. 28). Similar results have also presented by Golden (1998), three different studies listed in Baumgartner and Leech for the US context (Baumgartner & Leech, 2001), and a recent study Rasmussen and Carroll which analyzes lobbying in the European Union (Rasmussen & Carroll, 2013). When we compare the results of these studies with ours (see Table 1), it appears that while business representation usually dominates, the under-representation of civil-society relative to business voices is particularly strongly in the case of financial regulation.

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<sup>9</sup> We were unable to classify 1.75% of the comment letters in our dataset, usually due to insufficient information concerning the groups’ name or other information in their comment letter.

<sup>10</sup> We used an id variable to reduce the possibility that we engaged in double counting of the same actor mobilizing in the same consultation.

Table 1: Distribution of Business to Non-Business Groups in Existing Studies<sup>11</sup>

	Golden 1998	Baumgartner and Leech 2001	Boehmke et al 2013	Rasmussen and Carroll 2013	Financial Consultations
Business	88.83	80	82.9-84.4	81	94.39
Non-Business	11.17	20	13.6-21.4	18.7	5.60
Of which Unions	0	2.33	1.40	2.8	0.87
Of which NGOs	11.17	9.30	10.96	15.9	1.89
Data Source	Randomly selected US federal policy consultations across a variety of issue areas	Pooled US federal lobbying registration data across a variety of issue areas	Pooled US federal Lobbying registration data across a variety of issue areas	Pooled policy consultations launched by the European Commission	Policy consultations that target the financial industry specifically
Total Sample	225	19,692	5,772	5,992	13,189

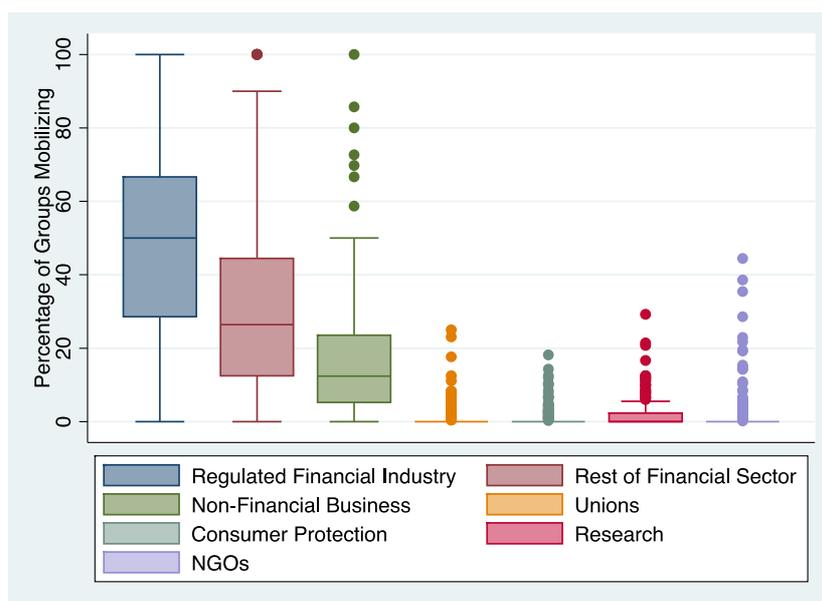
While the studies summarized in Table 1 differentiate the business community from other kinds of interest groups, equally important is to differentiate the business community itself, given the potential for ‘business conflict’ in shaping the design of regulatory policies (Lindblom, 1977; Baumgartner, Berry, Hojnacki, Kimball, & Lebon, 2009). In order to identify differences in the mobilization of business groups, we differentiated the business community along industry and sectoral lines. Specifically, we differentiated the regulated financial industry – i.e. those business actors who are the targets of the regulation in question and whose behavior is directly modified by the regulation (e.g. a bank in the case of a banking regulation) – from financial industries which are not the ‘targets’ of regulation (e.g. an insurance company in the context of a bank regulation), and business groups who are outside of the financial sector altogether (for a similar approach see Pagliari and Young 2014; Rasmussen and Carroll 2013).<sup>12</sup>

This coding procedure allows us to assess the extent to which different categories of groups mobilize in response to financial regulatory proposals. Our results, illustrated in Figure , suggest that while regulated financial industries are the largest group of actors mobilizing, more than half of the groups mobilizing are not, as they include other financial sector groups and also business groups outside of the financial industry.

<sup>11</sup> In this table we have calibrated each of the existing studies based on the percentage reported of raw scores. This means that, since some studies included public actors, while others did not, for example. In such an instance we excluded public actors from the sample to ensure comparability.

<sup>12</sup> We counted cross-sectoral business associations as representing voices within the business community at large, unless they were primarily financial sector associations, in which case we counted these as within the financial sector.

Figure : Distribution of Groups that Respond to Financial Regulatory Consultations



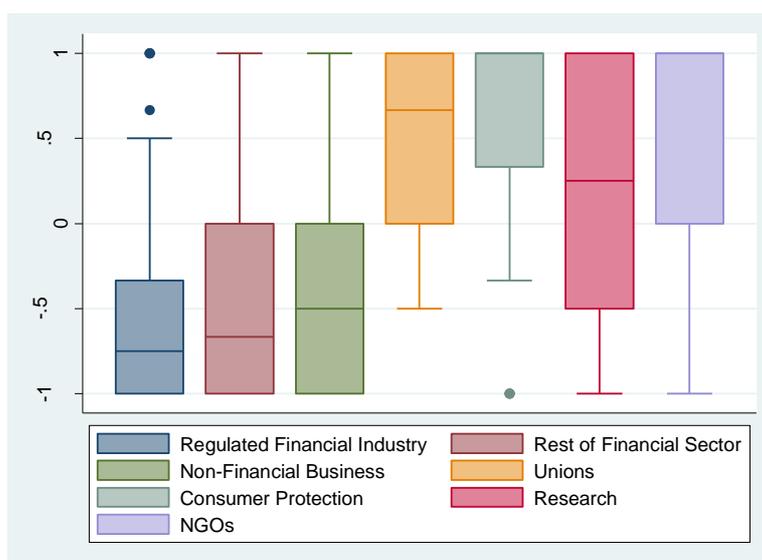
While these results support the notion that the financial regulatory policymaking is characterized by a greater heterogeneity of groups than many studies acknowledge, is this evidence of interest group pluralism in the design of financial regulatory policies? No. To assess such a question, we also need to explore what the *preferences* of respondents are. This is essential in the sense that the notion of pluralism is predicated not just on there being a diversity of interest groups mobilizing, but also that these groups countervail one another and in particular that they countervail the preferences of the dominant group – in this case the regulated financial industry. In order to assess the preferences of the different groups who mobilized we first generated a random sample of 108 different policy consultations from our data from the US, EU and transnational consultations in our sample.<sup>13</sup> We then generated a stratified random sample from within each of these consultations – generating a draw of up to 4 respondents per interest group category. Following Yackee and Yackee (2006, p. 133), we deployed a three-point scale to assess what kind of position each comment letter advocated with respect to the level of regulation proposed in the final rule. Specifically for each letter we asked whether or not a comment letter was advocating ‘more stringency’ in the proposed regulation, agreed with the level of stringency being proposed, or wanted ‘less stringency’ in the proposed regulation. While we recognize that this measure is very

<sup>13</sup> This sample is restricted because we didn’t have sufficient variation country consultations in other countries across other covariates such as pre-post crisis

basic, it fits our research objectives given the need for a standardized metric to assess what is admittedly a wide diversity of different kinds of regulatory policies.<sup>14</sup> We followed a number of procedures to enhance the reliability of our data. Specifically, we randomized the order by which lobbying letters appeared in the text, to reduce any unintentional ‘anchoring effects’ in the coding process;<sup>15</sup> we included a fourth coding category ‘not possible to identify’ so that none of the coding was forced into any one of our three categories; and we ran several inter-coder reliability tests throughout this process.

Our sampling and coding procedure yielded 1391 comment letters in total. 16% of these letters were not possible to classify into the three preference categories. Figure provides a representation of the distribution of preferences of different categories of groups, with values closer to one meaning that sampled groups in a consultation wanted more stringency, and values closer to negative one meaning that they wanted less stringent regulation.

Figure 2: Distribution of Preferences across Groups



The results of this analysis show that the financial groups targeted for regulation are the groups most likely to advocate for less stringency in a given regulatory proposal they are mobilizing over, while other business groups within and outside the financial industry frequently share similar positions. Our findings have face validity and conform to many existing qualitative studies that

<sup>14</sup> We also recognize that this 3-point scale is limited in its ability to account for the ‘intensity’ of preferences. However we saw a larger symmetrical scale (e.g. 5-point or 7-point) as problematic in that it could generate more potential error than meaningful information, especially because interest groups tend to vary in the way they express their preferences.

<sup>15</sup> The randomization of the order by which lobbying letters appeared in the text was introduced only after the beginning of our coding, however.

describe labor unions, NGOs and consumer groups as groups which mobilize in opposition to the interest of the financial industry (Scholte, 2013; Clapp & Helleiner, 2012; Kastner, 2014).

In order to further probe the level of interest group pluralism in financial regulatory politics we have combined our two measures of mobilization and expressed preferences to develop a single measure of ‘mobilized dissent’ that express the extent the regulated financial industry is facing countervailing voices in the policymaking process.<sup>16</sup> In order to account for the relational character underpinning the concept of interest group plurality we calculated every pairwise relationship between all sampled regulated financial industry actors with all other groups sampled in each regulatory consultation.<sup>17</sup> This allows us to produce a measure of preference divergence from the regulated financial industry, for each group category in our analysis. This measure can be combined with the extent of a group’s mobilization to generate a single score of how much ‘dissent’ the regulated financial industry faces in a given consultation from a given group. Our measure of ‘mobilized dissent’ is calibrated based on the Euclidian distance from a hypothetical situation of maximum interest group plurality, whereby a group outside the regulated financial industry is completely dominating the consultation and has completely divergent preferences from the regulated industry. Our calculation also recognizes that slight divergence in preferences is not as meaningful as wide divergence in preferences.

Figure 3 below illustrates different qualities of the distribution of ‘mobilized dissent’ across the different categories of groups. The boxplot shows the distribution of mobilized dissent across different categories of groups, which emphasizes the variation across the range of consultations within our data. The pie chart shows the breakdown of which groups are contributing to mobilized dissent.

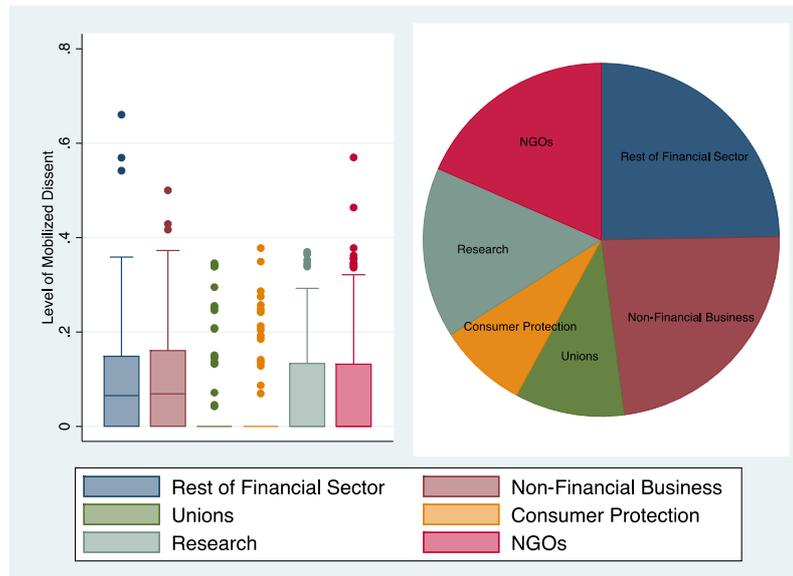
**Figure 3: Boxplot and Pie Representation of Mobilized Dissent by Category of Interest**

**Group**

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<sup>16</sup> This assumes that a necessary condition for interest group pluralism is that for interest groups to ‘count’ as contributing to pluralism they first have to make their voices heard in the institutionalized framework of a regulatory consultation. It makes no assumptions whatsoever regarding whether or not these interest groups are ‘heard’ or whether their presence or action lead to changes in the regulatory outcome.

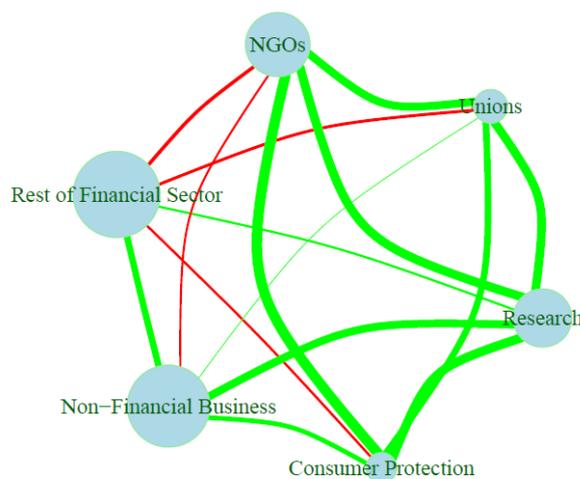
<sup>17</sup> Our grateful thanks to Matt Denny for sharing their R code which made this process easier.



These findings reveal that while civil society groups like NGOs, consumer protection groups and research organizations largely mobilize in opposition to the regulated financial industry, the extent to which these groups present a countervailing force to the financial industry targeted for regulation is constrained by their relatively limited mobilization. As a result almost half of the mobilized dissent toward the regulated financial industry comes from within the business community, not outside it. As a whole, however, the business community is highly solidaristic with the regulated financial industry, as shown in Figure 2 above.

When mobilized dissent emerges from different groups to different extents, it is also the case that it never occurs in isolation. With this in mind we assessed how levels of mobilized dissent among different groups relate to one another. Do NGOs, non-financial business groups and labour unions mobilize dissent in chorus, or at different times? In Figure 4 below we make such an assessment through a visualization of Pearson correlation coefficients of the levels of mobilized dissent expressed by different kinds of interest groups. By plotting the correlation of mobilized dissent between groups as a series of ties between these groups, we can visualize a network of relations of mobilized dissent. The thickness of ties between groups is greater if there is a stronger correlation of mobilized dissent between two groups. Green ties indicate that the correlation between groups' mobilized dissent is positive, while red ties indicate a negative correlation. The size of the nodes for each category of group is adjusted to indicate the mean level of mobilized dissent coming from that group across our sample.

**Figure 4: Correlation Network of Mobilized Dissent Across Different Groups**



What this simple visualization illustrates is that the relationships between different interest groups' levels of mobilized dissent vary in important ways. Mobilized dissent is more correlated across some groups and not others. For example non-business groups such as consumer protection groups, NGOs, unions, and research groups will tend to mobilize dissent more in tandem with one another than in concert with business groups. The mobilized dissent from non-financial businesses groups is more strongly correlated with the mobilization of the rest of the financial sector and research groups than trade unions and consumer protection groups (see also Young and Pagliari 2015). Additionally, some groups' level of mobilized dissent are negatively correlated with one another: in particular between civil society groups and the rest of the financial sector. Substantively, this means that while business and civil society groups can both contribute significantly to opposing the policy preferences of the regulated financial industry, they are not likely to express mobilized dissent at the same time but rather are more likely to act in a disjointed manner relative to one another.

Overall, the analysis of the patterns of interest groups mobilization and preferences in this section has revealed a number of trends that contribute to the limited interest group plurality in finance, such as the limited mobilization of dissenting voices outside of the business community, the largely solidaristic position other groups within the business community, and the fact that these sources of opposition to the financial industry tend to be disjointed. In the section below we dig deeper into exploring these patterns by investigating which factors in the regulatory environment contribute to, or inhibit, interest group plurality in financial regulatory policymaking.

### Section 3 – What Shapes the Interest Ecology of Finance?

As one great ecologist pointed out, mean tendencies can be misleading in that they can omit important variation within a population (Gould, 1996). The boxplot in Figure 3 above reveals how the amount of opposition that the financial industry targeted for regulation will face from different groups actually varies significantly. In this section we empirically test how different environmental conditions proposed by the literature in Section 2 shape interest group plurality. Table 2 below describes the different environmental conditions specified by this literature as empirical hypotheses.

**Table 2: Hypotheses on Which Environmental Conditions Affect Interest Group Plurality**

Key Variable	Hypothesis Derived From Financial Governance Literature	Key authors	Variables	Expected effect on interest group plurality
Saliency	H1: Interest group plurality increases with increases in issue saliency.	Culpepper 2010	SALIENCY POST-CRISIS	+
Governance Level of Regulatory Policymaking	H2: International regulatory policymaking will be associated with less interest group plurality than national regulatory policymaking.	Baker 2010; Kahler and Lake 2003	TRANSNATIONAL	-
Stage in the Policymaking process	H3: The earlier in the policymaking process, the less interest group plurality.	Lall 2012; Mattli and Woods 2009	POLICY CYCLE STAGE	+
Complexity	H4: The more complex the financial regulation, the lower the level of interest group plurality.	Gormley 1986; Helleiner and Porter 2009; Lall 2015; McPhilemy 2013	TECHNICAL COMPLEXITY	-

In order to assess which factors drive interest group pluralism we investigate how these different environmental conditions are associated with different levels of mobilized dissent – the ‘reaction norms’ associated with different conditions. To account for the relative effect of issue saliency across time and across sectors, we measured levels of average attention given to the regulated sector in question within major printed news outlets, for the given year and governance context in which a policy consultation took place (L. Epstein & Segal, 2000; for an application to the analysis of financial policymaking see Culpepper, 2011; Woll, 2013; Young, 2013).<sup>18</sup> Using this method we generated a variable which measures issue saliency in different ways. *SALIENCY* measures the percentage that financial regulation appeared, relative to all news on regulation. One potential

<sup>18</sup> For each sector, for each year of our consultation data, and for each country we selected all English-language articles published which contained the stem word “regulat\*” and the name of the industries that we identified as being targeted regulation in the title or the first paragraph. This search was conducted on Factiva – an international newspaper and journal database - and it was restricted to news sources identified by Factiva as “Major News and Business Publications”.

limitation of these measures of issue salience is the fact that salience is not necessarily the product of an exogenous shock but may be endogenous to interest group activity itself. Indeed some have highlighted how it is common for groups that are disadvantaged by the status quo to engage in what Kollman calls “outside lobbying”, that is adopting strategies aimed at mobilizing the public and increase the salience of a given issue (Kollman, 1998). In order to address this potential for endogeneity we use the financial crisis as a sort of ‘natural experiment’, given the impact of the crisis in increasing the salience around financial regulatory policies in all the jurisdictions analyzed in this study. The variable `POST-CRISIS` captures whether or not a consultation response took place after September 2008, the month widely regarded as the pivotal date in the financial crisis.

To assess whether the mobilization of groups varies when the regulatory policymaking occurs within transgovernmental institution, we generated a dummy variable, `TRANSNATIONAL`. This variable is coded as 1 when it is a transgovernmental body such as the Basel Committee, the International Organization of Securities Commissions, or Financial Stability Board is conducting the consultation in question, and 0 otherwise. To test the hypothesis regarding stage in the policymaking process, we generated the variable `POLICYCYCLESTAGE`. To code this variable we examined the consultation reference document that interest groups are responding to in each instance, and coded it as either an early stage consultation (such as a green paper or a white paper) to late-stage policy adjustments of an already implemented policy, such as the ex-post evaluation of regulation, or amending an already implemented piece of regulation.

To measure the level of the technical complexity of different consultations that interest groups are responding to, we generated a 9-point scale ranging from very simple regulation to very complex, using a coding template to generate the variable `TECHNICALCOMPLEXITY`. To minimize arbitrariness of such a scale we instituted a coding procedure designed to simulate the process by which an individual from an interest group might chose to engage with a regulatory policy or not,<sup>19</sup> and instituted a series of inter-coder reliability checks.<sup>20</sup>

Because our dependent variable, mobilized dissent, is calibrated as a proportion (from zero, no mobilized dissent, to 1, maximum mobilized dissent), we use a generalized linear model

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<sup>19</sup> We limited the viewing time a coder had to view a policy consultation document to 60 seconds and by ensuring that each coder was ‘blind’ to the codes of the other.

<sup>20</sup> Specifically, we used a team of coders, used a standardized coding template, and utilized inter-coder reliability checks at each stage of the process, never proceeding unless inter coder agreement was above 70% (chance-adjusted) agreement according to a concordance correlation coefficient.

with a logit link, as recommended by best practices within the interest groups literature (Papke & Wooldridge, 1996; Baum, 2008; Chalmers, 2014). As emphasized above, mobilized dissent is also relatively rare, and thus has an inflated number of zeros - as such we specified a negative binomial family in these regressions. Each of our models contain dummies for both transnational level governance and EU-level governance, leaving the US as the reference category. We also include a dummy variable that controls for whether or not a given consultation had an implied ‘audience’ restriction, differentiating whether policymakers explicitly invite comments from selected stakeholders from within the financial industry (coded as 1) or not (coded as 0) (see Chalmers 2014; Quittkat 2011).

We ran regressions as a way of testing the reaction norms of mobilized dissent for different kinds of interest groups under different environmental conditions – first with total mobilized dissent (Model 1) and then with mobilized dissent broken down for each actor-category (Models 2-7). Our main results are reported in Table 3 below, with robust standard errors reported. To ensure the robustness of our findings, we also measured mobilized dissent as a binary variable (i.e. either present or absent) and ran simple logit models. The results, reported in the Appendix, yielded the same directional results, usually with the same or higher levels of statistical significance. Figure 7 in the Appendix reports results from alternative model specifications in which we included our continuous measure of salience, which we did not include in the regression analysis below in Table 3 because it introduces multicollinearity.

Our results for Model 1 (Table 3) suggest that while coefficient signs are all in the expected direction, only technical complexity is statistically significant, thus offering support for the hypothesis that the overall level of plurality decreases as the level of technical complexity increases (H<sub>4</sub>).

**Table 3: Regressions Predicting Mobilized Dissent**

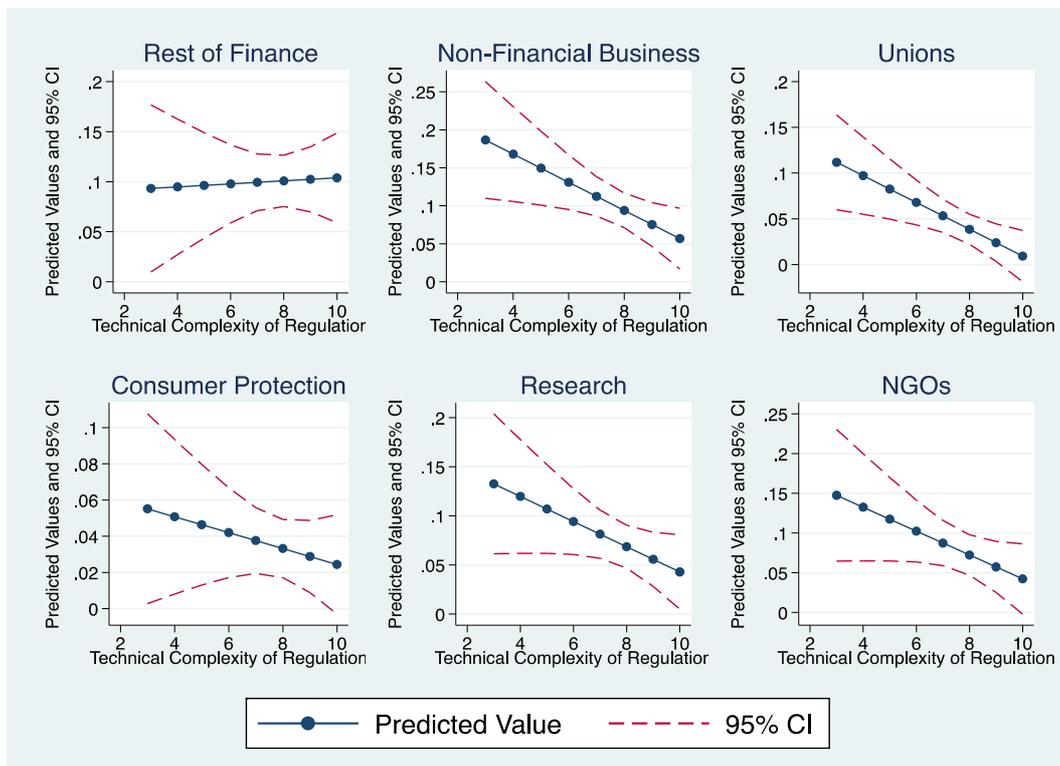
	(1) Total Mobilized Dissent	(2) Rest of Financial Sector	(3) Non- Financial Business	(4) Labour Unions	(5) Consumer Protection	(6) Research	(7) NGOs
Technical Complexity	0.178*** (0.0562)	0.0206 (0.0706)	-0.216*** (0.0727)	-0.423*** (0.130)	-0.255** (0.130)	-0.181* (0.0940)	-0.280** (0.127)
Post Financial Crisis	0.312 (0.204)	-0.110 (0.286)	0.0304 (0.260)	2.716*** (0.815)	0.576 (0.734)	0.698** (0.350)	1.496*** (0.533)
Late Stage Policymaking	0.189 (0.178)	0.351 (0.243)	0.0186 (0.277)	-0.330 (0.479)	-0.491 (0.639)	0.362 (0.329)	0.601 (0.495)
Restricted Audience	-0.0400	-0.0691	-0.122	0.663	1.095**	0.338	0.429

	(0.241)	(0.311)	(0.357)	(0.438)	(0.536)	(0.484)	(0.509)
Transnational Consultation	-0.0819 (0.237)	0.702* (0.361)	-0.604 (0.430)	-15.20*** (0.711)	-15.05*** (0.749)	0.261 (0.570)	-0.911 (0.807)
EU Consultation	-0.106 (0.249)	0.350 (0.340)	-0.462 (0.330)	-0.356 (0.649)	-0.186 (0.650)	0.0617 (0.419)	-0.856* (0.512)
Constant	-0.538 (0.512)	-2.707*** (0.661)	-0.341 (0.654)	-1.854 (1.435)	-1.569 (1.345)	-1.912** (0.848)	-1.337 (1.077)
Observations	104	103	100	100	100	92	102

Notes: Standard errors in parentheses, \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

**Figure** below plots the predicted change in mobilized dissent as the technical complexity of financial regulation increases, for different categories of actors. These results show the consistent pattern across all categories of interest groups outside of financial sector groups not targeted for regulation (we report the results for binary logit models in the Figure 8 in the Appendix). This result suggests that financial industry groups are not inhibited to take countervailing positions on highly technical regulatory proposals, likely because they have greater technical expertise than other groups. This finding offers quantitative support to qualitative research that has suggested that technical complexity plays a role in limiting the capacity of non-financial groups to act as countervailing forces to the financial industry.

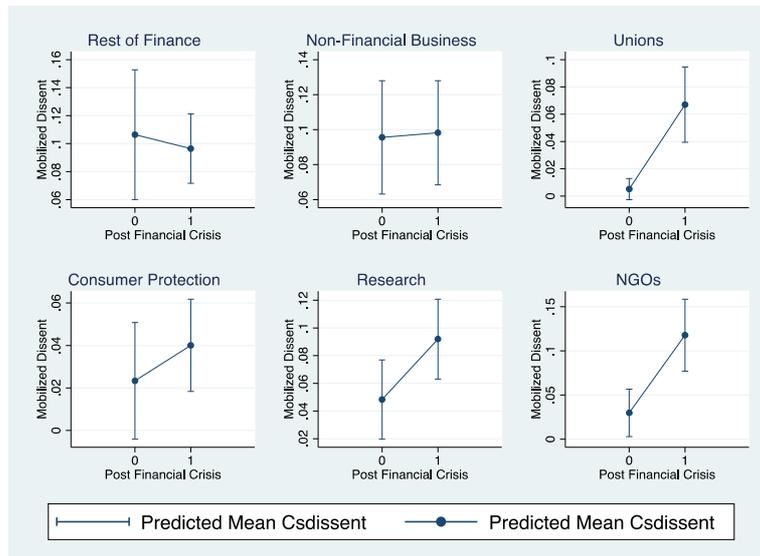
**Figure 5: Effect of Technical Complexity over the dissent faced by the regulated financial industry**



While other environmental conditions are not significantly associated with changes in the overall level of mobilized dissent faced by the regulated financial industry, this does not mean that they not affect the diversity of voices in the regulatory process. An important finding of this analysis is that in general different kinds of interest groups react differently. Looking at the impact of the governance level in which financial regulatory policymaking occurs, financial regulatory policy developed at the transnational level predicts significantly less mobilized dissent among unions and consumer protection groups. Other financial industry groups beyond the financial industry targeted for regulation were less inhibited. This finding offers *conditional* support for H<sub>2</sub> and thus supports notions within extant literature that transnational governance significantly reduces interest group plurality.

Our results for salience effects are more complex, since we find support for pre- post-crisis changes but no statistically significant results for our continuous measure of media salience. Similarly to the impact of technical complexity and the governance level, our results for the impact of the financial crisis vary considerably across different groups. Figure 6 below shows the norms of reaction to the financial crisis across different groups by plotting the predicted means and associated 95% confidence intervals. The ‘demonstration effect’ of the financial crisis of 2008 has positively affected the level of mobilized dissent generated by both NGOs and labour unions, and while other non-business groups such as consumer protection and research groups have also stepped up their mobilized dissent the effect is not significantly different within a 95% confidence interval.

**Figure 6: Pre/Post-Crisis Norms of Reaction for Different Kinds of Interest Groups**



Finally, the notion that interest group plurality is conditional on the ‘stage’ of policymaking ( $H_3$ ) does not seem to be borne out by our evidence. Policymaking stage was found to be non-significant for each category of actor, with high standard errors in each instance. This non-effect persists whether or not we code policy stage as a binary variable (contrasting ‘early’ with ‘late’ – stage policymaking) or as a 1-5 scale. We should stress that these results do not provide exhaustive evidence against  $H_3$ , since the policy consultations from which we gathered data is likely to be past the very earliest agenda-setting stage of policymaking during which the first mover advantage of the financial industry is more likely to be significant. Our overall findings suggest a complex picture: while factors like technical complexity of regulation inhibit mobilized dissent in general, other factors affect the extent of mobilized dissent coming from some groups and not others.

## Conclusion

While numerous studies have focused on the role of the financial industry and have highlighted the manifold power resources of the financial industry as an interest group, the financial industry does not operate in a vacuum. Our analysis has contributed to the literature on the political economy of financial regulation by exploring the ecology of interest groups that populate the financial regulatory policymaking space, with a particular focus on understanding the extent of interest group plurality. To be sure, there are many different dimensions to financial industry power; yet as we outlined above, interest group plurality is frequently assumed to be a vital component to many political economy analyses. Through an analysis of extensive new data from

regulatory policy consultations in the United States, the European Union and at the transnational level of policymaking, this paper has mapped the extent to which financial industry groups targeted for regulation face the mobilization of dissenting voices in the financial regulatory policymaking process and the conditions under which this varies. A variety of major findings emerge from our empirical analysis, each with implications for the literature on the political economy of financial regulation.

Our analysis reveals that while non-business civil society groups largely mobilize in opposition to the financial industry, their role as a countervailing force to the financial industry targeted for regulation is constrained by their limited mobilization. This finding provides empirical support to a wide variety of literature in recent years which has emphasized the striking absence of civil society voices in financial regulatory policymaking (Scholte, 2013; Helleiner & Porter, 2010; Mügge, 2010, p. 9; Mooslechner et al., 2006). This limited mobilization of civil society groups has important and unexpected consequences on where existing interest group pluralism actually ends up coming from. The business community outside the regulated financial industry has a complex role in contributing to interest group plurality as we have measured it. Our analysis empirically confirms the widely-held notion that financial regulatory policymaking is dominated by business groups. Yet their role is not simple. On the one hand, because they mobilize so much in comparison with civil society groups, business groups contribute significantly more to interest group plurality than do civil society organizations. At the same time, the vast majority of business mobilization around financial regulation is solidaristic: business expresses preferences which are closely aligned with those of the financial industry targeted for regulation.

We also found that when mobilized dissent emerges, it emerges in a *disjointed* way among groups. The circumstances when NGOs act as a countervailing voice to the financial industry, for example, are not the same circumstances as when non-financial businesses do, and trade unions mobilize dissent at different times as do consumer protection and research groups. Thus while there are some important moments of greater interest group pluralism, dissenting voices from the financial industry targeted for regulation rarely mobilize together in sync. Thus while interest group pluralism within financial regulation is highly variable, and not static, it rarely if ever cascades into a large oppositional force. This is a striking finding, since it suggests that with a disjointed opposition financial industry groups can enjoy a situation of not only numerous power resources and

institutional conditions keyed to their advantage, but also face very little by way of mobilized opposition. Overall, our analysis thus provides empirical support to those studies which have identified in the limited presence of “countervailing forces” as a key element reinforcing the policy influence of financial industry groups (Anheier, 2014)..

Dissenting voices to the regulated financial industry are not only infrequent but also that they are highly variable. Through an indicator of ‘mobilized dissent’, we have examined the particular sets of conditions under which interest group plurality changes. One of our key findings is that the higher technical complexity of financial regulation is associated with lower interest group plurality. This finding thus supports the notion within the literature that technical complexity is a complementary aspect of financial industry power (McPhilemy, 2013; Lall, 2015; McCarty, 2013). In demonstrating the variability of mobilized dissent our findings complement recent interventions on the theme of regulatory capture and financial hegemony which suggest that finance has been subject to greater challenge since the global financial crisis (Kastner, 2014; Clapp & Helleiner, 2012; Pagliari & Young, 2014; Young, 2012; Helleiner & Thistlethwaite, 2013). Our empirical evidence suggests that we should expect to find financial regulatory policymaking processes to be less dominated by the regulated financial industry when regulation is generated after the global financial crisis, is relatively non-complex and is situated away from transnational policymaking fora. This finding is concordant with the recent case studies which find evidence of labour unions and civil society groups effectively mobilizing as a countervailing group to the regulated financial industry in the US and EU in the context of consumer financial protection reforms (Kirsch & Mayer, 2013; Kastner, 2014). Yet technical complexity has by no means abated since the crisis. Neither has the extent of financial regulatory policymaking taking place at the transnational level. In other words, while there are interest group environments that lead to greater interest group pluralism, these environments are relatively rare.

While certain environmental conditions in the regulatory environment will increase the degree of dissent faced by the regulated financial industry, this reaction will vary significantly across different interest groups types. The effect of the financial crisis has increased mobilized dissent emerging from unions and NGOs, for example; however this effect does not exist for other categories of groups, such as non-financial business groups, research groups and consumer protection groups. The migration of regulatory policies to the transnational level hinders the

mobilized dissent of unions and consumer protection groups, but does not inhibit the mobilization of financial industry groups outside the financial industry targeted for regulation.

Overall, the fact that the environmental conditions under which the financial industry is more likely to be challenged do not co-occur with great frequency and trigger differential responses from different groups can be interpreted as a factor contributing to the significant clout that the financial industry has exercised both before and after the financial crisis. The disjointedness of interest group responses to financial regulatory policymaking processes is not simply just about a lack of coordination but rather relates to the fact that they have different ‘norms of reaction’ to different environmental conditions.

Further research is needed to provide a more complete explanation of the characteristics of the interest ecology of finance detailed in this contribution, and to understand what factors contribute to the variations in the level of mobilized dissent faced by the financial industry revealed in this paper. Providing a full explanation of the origins of the different “norms of reaction” that different types of stakeholders have to the changes in the policymaking environment would require an investigation of both group-level characteristics, such as the different organizational, financial, and informational resources that different groups can mobilize, as well as relational factors such the linkages between different groups. While this analysis remains outside the scope of this paper, further research is needed to better understand what factors influence the capacity of different groups to overcome the different environmental constraints limiting plurality in financial regulation discussed here. Moreover, further research is also needed to explore additional environmental conditions which may influence the level of mobilized dissent faced by the financial industry but which the nature of data did not allow us to investigate – such as the variations within countries between independent regulatory agencies and more directly more politically-controlled venues (McKay, 2010; Rasmussen & Carroll, 2013) and across countries characterized by different structures of the financial system (Hall & Soskice, 2001; cf. Hardie, Howarth, Maxfield, & Verdun, 2013).

Finally, while our analysis has investigated how the degree of mobilized dissent faced by financial industry varies across particular environmental conditions, further research is needed to understand how our findings relate to the broader socio-economic context and the changes in the role of finance in contemporary capitalist economies. We note how our findings are complementary

with those of recent contributions to the analysis of “financialization” (G. Epstein & Jayadev, 2005; van der Zwan, 2014). In particular, Callaghan suggests that the greater financialization of the economy generates growing acquiescence by expanding the range of groups with a stake in the continuation of these rules that favour the financial industry, while making it more difficult for challengers to draw attention to the issue (Callaghan, 2015). Indeed, a variety of studies have suggested that the non-financial firms are increasingly behaving like financial firms by generating a greater share of their profits through financial channels than productive activities (Krippner, 2005) or engaging in the provision of financial services (Baud & Durand, 2012), in what the literature has called the ‘financialization of non-financial corporates’ (Tomaskovic-Devey, Lin, & Meyers, 2015; van der Zwan, 2014). Along the same lines, other studies have suggested that pro-finance industry orientations have been positively affected by the fact that households across the socio-economic distribution in the US and other jurisdictions have become increasingly integrated into the financial economy through the access to a greater range of financial products such as mortgages, mutual funds, student loans, private pensions (Fligstein & Goldstein, 2015; Langley, 2008). Future scholarship should investigate to what extent the transformations in the structure of contemporary capitalist economies and the so-called process of financialization of the economy can also account for the limited dissent faced by the financial industry in financial regulatory policymaking.

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## Appendix I: Description of the Data

Table 5 - Institutions Coded in Our Dataset

<b>Name of the Institution</b>	<b>Country</b>
Basel Committee on Banking Supervision	International
Commodity Futures Trading Commission	US
Comptroller of the Currency	US
Consumer Financial Protection Bureau	US
Department of Housing and Urban Development	US
European Commission	EU
European Banking Authority	EU
European Securities Markets Authority	EU
Federal Reserve Board	US
Financial Stability Board	International
Financial Stability Oversight Council	US
International Organization of Securities Commissions	International
Office of Thrift Supervision	US
Securities and Exchange Commission	US
Small Business Administration	US

Figure 6 - Financial Industries Being Targeted for Regulation

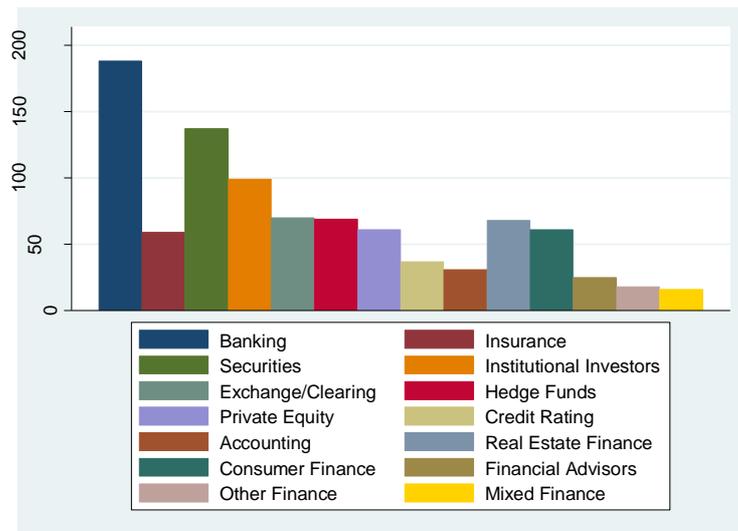


Figure 7: Effect of Salience on Mobilized Dissent

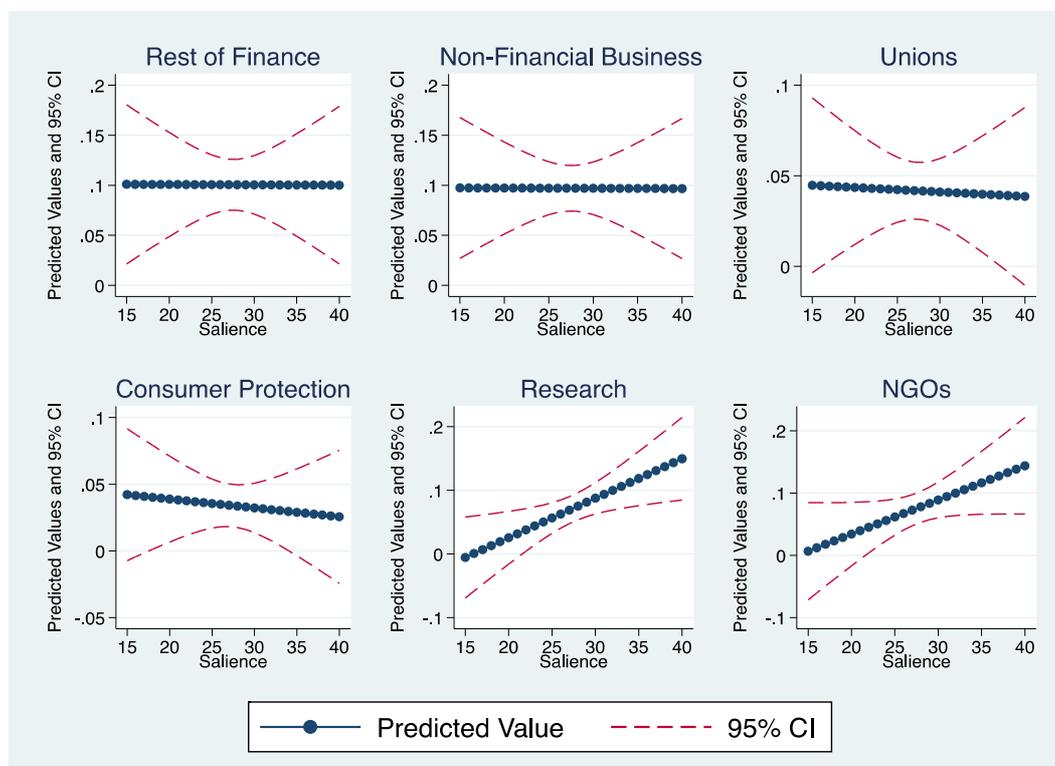


Table 7: Logit Replication of Main Regression Reported in Paper

	(1) Total Mobilized Dissent	(2) Rest of Financial Sector	(3) Non- Financial Business	(4) Labour Unions	(5) Consumer Protection	(6) Research	(7) NGOs
Technical Complexity	-0.424** (0.170)	-0.0240 (0.130)	-0.316** (0.137)	-0.603*** (0.214)	-0.468** (0.184)	-0.169 (0.136)	-0.603*** (0.214)
Post Financial Crisis	0.848* (0.460)	0.0941 (0.451)	0.0102 (0.426)	3.394*** (1.167)	0.912 (0.712)	1.153** (0.461)	3.394*** (1.167)
Late Stage Policymaking	-0.417 (0.481)	-0.0971 (0.450)	-0.304 (0.451)	0.138 (0.691)	-0.190 (0.712)	0.388 (0.504)	0.138 (0.691)
Restricted Audience	-0.511 (0.695)	0.155 (0.660)	-0.464 (0.637)	1.534* (0.876)	1.587** (0.741)	-0.0193 (0.597)	1.534* (0.876)
Transnational Consultation	0.596 (0.677)	1.681** (0.677)	-0.113 (0.661)			0.625 (0.710)	
EU Consultation	0.198 (0.621)	0.622 (0.566)	-0.0685 (0.568)	-0.160 (0.851)	-0.0948 (0.728)	0.295 (0.579)	-0.160 (0.851)
Constant	3.423** (1.508)	-0.791 (1.198)	2.384* (1.276)	0.582 (2.065)	1.402 (1.687)	-0.253 (1.217)	0.582 (2.065)
Observations	104	104	104	88	88	104	88

Notes: Standard errors in parentheses, \*  $p < 0.10$ , \*\*  $p < 0.05$ , \*\*\*  $p < 0.01$

Figure 8: Effect of Technical Complexity over the dissent faced by the regulated financial industry, using binary version of mobilized dissent

