

## **Brief description of novel central bank independence variables**

**CBG\_changes:** Number of central bank governor changes.

### **Nature of departure of central bank governor**

**Prem\_CBG\_changes:** Number of central bank governor changes that were replaced prematurely, i.e. before the expiration of his/her official first term in office.

**NonPrem\_CBG\_changes:** Number of central bank governor changes that were not replaced prematurely.

Therefore,  $CBG\_changes = Prem\_CBG\_changes + NonPrem\_CBG\_changes$

### **Nature of replacement of central bank governor**

**Ally\_CBG\_changes:** Number of central bank governor replacements that have strong ties to the executive branch. We proxy this circumstance when central bank governor replacement directly emanates from any ministry or top government agency that relates to the economy, commerce, trade or industry in the executive branch within a one-year frame.

**NonAlly\_CBG\_changes:** Number of central bank governor replacements that do not have strong ties to the executive branch as proxied by the ally measure.

Therefore,  $CBG\_changes = Ally\_CBG\_changes + NonAlly\_CBG\_changes$