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Gauteng

SOUTH AFRICA

0046

22 January 2014

Professor S. Koch

Editor in Chief

South African Journal of Economic and Management Sciences

Department of Economics

University of Pretoria

Pretoria

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Dear Prof. Koch,

I herewith attach a manuscript titled “*The role of cost of capital in regulatory capital discrepancies among developing countries*”. It is a follow-up article to one that was accepted for publication in your journal in 2013, Manuscript 568 entitled “*Is regulatory capital a legitimate, comparable and objective global standard? Evidence from 51 institutions across 17 countries”.*

The manuscript explores whether regulatory capital requirements lead to unequal competitive conditions between developing countries based on their costs of capital. It also attempts to identify drivers of such discrepancies. Data of 52 financial institutions from 20 countries spread across 4 geographical regions are used for the analysis. The results are based mainly on banking information, but the article also aims to apply its findings to a wider spectrum and discusses its relevance to Solvency II and the insurance industry too.

Please find the authors’ information disclosed below:

|  |  |  |
| --- | --- | --- |
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I hereby confirm that the manuscript is original work and that it is not currently being considered for publication in any other journal and hereby request that this manuscript be considered for publication in the South African Journal of Economic and Management Sciences.

As per your Journal’s submission requirement, please see details below of three potential referees:

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I thank you in advance and look forward to hearing from you regarding this submission request.

Sincerely,

Johann Jacobs