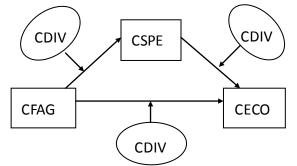*Economics*

Dear readers and editors:

Thank you for your comments on our manuscript entitled "How agglomeration in the financial services industry influences economic growth: Evidence from Chinese cities" that we submitted to *Economics*.

The explanations and modifications are described in the following responses.

1. INTERNAL CONSISTENCY

In this paper, we test and explain the correlation and causality among the following four main variables in a sample of Chinese cities: agglomeration in the financial services industry (CFAG), financial knowledge spillovers (CSPE), diversified Jacobs spillovers (CDIV), and the city's economic growth (CECO) (see the diagram below).

First, we built Model A (Table 5) and Model B (Table 6) in order to test the correlation and causality among these four variables. Specifically, Model A test show CFAG and CDIV influence CSPE, leading us to propose Hypotheses 1 and 2. Hypothesis 1 states that agglomeration in the financial services industry positively affects financial knowledge spillovers. Hypothesis 2 states that diversified Jacobs spillovers also positively affect financial knowledge spillovers. Meanwhile, Model B test show CFAG, CSPE, and CDIV influence CECO, leading us to propose Hypotheses 3 and 4. Hypothesis 3 states that agglomeration in the financial services industry is positively related to the city's economic growth. Hypothesis 4 states that financial knowledge spillovers are positively related to the city's economic growth.

Second, in addition to testing these four hypotheses, we tested other variables at both the city level and the province level.

Following the comments, we will modify the four hypotheses to explicate more clearly the relations tested and consider adding an explanation paragraph about them in the revised version of the manuscript. In addition, our other findings will be

separately illustrated in order to keep consistent the main topics of this study.

2. CORRELATION AND CAUSALITY

Following the comments, we will modify the hypotheses and conclusions in order to clarify the correlation and causality among the tested variables.

3. DATA

We will add more detailed information about the data sources used in this study. Data on 279 cities in China were sourced from the statistical database collated by the Urban Social Economic Survey of the National Bureau of Statistics in 2012.These data are reliable because all such statistics collected in China (e.g., those gathered by the Rural Social Economic Survey and by all the offices of the Bureau of Statistics at the city, province, and national levels) must meet the agreed standards as well as undergo annual inspections.

4. EDITING

We accept that the English in the original manuscript needed to be improved. Hence, we will enlist the help of Editage, an editing company, to edit and proofread the revised version of the manuscript. We will also recheck the entire manuscript ourselves.

We hope we have correctly understood all your comments and explained them sufficiently in this reply. Thank you again for your suggestions.

Best regards,

Lin Liang, Shanglang Lin, and Yong Li

School of Economics and Management, Tongji University, 4800 Cao'an Road, Shanghai 201804, China

Postal address: Spring Garden 3, 313-802, East Xueqian Road, Wuxi City, Jiangsu Province 214101, China

lianglintj2011@163.com