Thank you very much for your useful comments. We will answer each of them.

Major comments:

1) We would restructure the first section in order to address your suggestions.

2) The residuals are not white noise. The residuals are obtained by a WC-robust estimator derived by Windmeijer (2005), which is a bias-corrected robust estimator for two-step VCEs from GMM estimators. This estimator avoids possible heteroscedasticity problems.

3) We will modify the Equation 3.

4) You are right, we have used Im–Pesaran–Shin and Phillips–Perron unit-root tests and we have found a unit root problem. We have re-estimated the models with dependent variables in differences, because we have obtained stationarity for the differences of these variables, and the results for the interest variable are maintained: financial VAT does not influence on financial sector size.

Minor comments:

1) We are updating Table 1. We will also clarify the table, eliminating the methods which have never been applied.

2) We will eliminate Table 3.

3) You are right; we will rename the variable in the table as "*bsize t-1*".

4) We will use three decimals in all the tables.

5) Thank you, we will write "residuals".

References

Im, K. S., M. H. Pesaran, and Y. Shin (2003): "Testing for unit roots in heterogeneous panels", *Journal of Econometrics,* 115: 53–74.

Windmeijer, F. (2005): "A finite sample correction for the variance of linear efficient two-step GMM estimators", *Journal of econometrics*, 126(1): 25-51.