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This paper studies the allocation of the functions and responsibilities of prudential supervision on public

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authorities, including the central bank. In particular, it is argued that there are interdependencies in the design of institutions; political decisions on the supervisory structure are not taken in isolation. Analyzing a panel data set of prudential supervision regimes in 98 countries over the period from 1999 to 2010, I find that central banks play a smaller role in supervision and tasks are more decentralized if the central bank is independent and transparent. Measures of firm and fiscal decentralization are typically associated with a greater centralization of supervisory functions outside of the central bank.