Do depositors monitor banks using accounting information? Evidence from the EDGAR log file

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Paper Overview

What?

- **RQ1**: Do **depositors** monitor banks using **accounting information**?
- **RQ2**: If so, is this associated with future **uninsured deposit flows**?

Why?

- **Depositors** are central to bank funding and stability
- **Accounting rules** are often blamed for amplifying **crises** and **runs**
  - 2007-08 crisis (e.g., Allen and Carletti, 2008), 2023 SVB crisis (e.g., Granja et al., 2024)
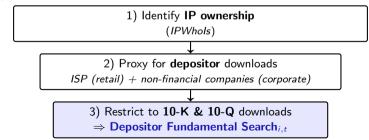- But do **depositors** *actually use* banks' **accounting information**?

How?

1. Create a measure of depositor monitoring through accounting information:
   ⇒ **# downloads of banks' SEC filings** via EDGAR
2. Test whether this measure relates to future **uninsured deposit flows**

Data and Measure

▶ Data: **# downloads** of banks' SEC filings from the **EDGAR log file** (2003-2016).

ip	date	time	cik	accession
199.217.10.aba	03/01/2008	10:01:02	1339040	0000950136-06-001824
66.117.137.hce	03/01/2008	10:06:03	1114483	0001209191-08-000018
72.172.227.ecb	03/01/2008	10:07:04	1188574	0000022356-07-000120

IP address (masked)   Time stamp   Bank ID   Filing ID

▶ Measure:

1) Identify **IP ownership**
(*IPWhoIs*)

⬇

2) Proxy for **depositor** downloads
ISP (retail) + non-financial companies (corporate)

⬇

3) Restrict to **10-K & 10-Q** downloads
⇒ **Depositor Fundamental Search**$_{i,t}$

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Do depositors monitor banks using accounting information? (RQ1)

▶ Descriptive evidence suggests that depositors are the **largest user group** (**49.1**%) of banks' filings.

	Tot. downloads	%
Depositors (proxy)	**20,790,158**	**49.1%**
Other users		
Financial (*banks*)	3,688,302	8.7%
Consulting/rating/law firms	2,523,334	6.0%
Financial (*non banks*)	1,886,524	4.5%
Institutional investors (*13-F*)	1,166,286	2.8%
Information intermediaries	990,684	2.3%
Regulators	320,514	0.8%
Others	10,990,378	25.9%
Tot. classified bank downloads	**42,356,180**	**100%**

▶ Moreover, **26.4%** of depositor downloads relate to **fundamentals** (10-K & 10-Q)
  ⇒ Depositor Fundamental Search$_{i,t}$

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Is this related to their decision to move uninsured deposits? (RQ2)

$$\Delta UninsuredDeposits_{i,t} = \alpha_0 + \beta_1 \text{Depositor Fundamental Search}_{i,t-1} + \beta_2 \text{ROE}_{i,t-1}$$
$$+ \Gamma Controls_{i,t-1} + Bank\ FE_i + Time\ FE_t + \varepsilon_{i,t}$$

		Δ ROE	
	Full Sample	Positive	Negative
	(1)	(2)	(3)
Ln(Depositor Fundamental Search)	-0.257*	0.057	-0.529***
	(0.057)	(0.757)	(0.001)
Control variables	Yes	Yes	Yes
Observations	19,871	8,726	11,095
Adj. R-squared	0.339	0.364	0.315
Bank FE + Year-quarter FE	Yes	Yes	Yes

▶ *Depositor Fundamental Search* is **negatively** related to uninsured deposit flows, especially in the presence of **bad fundamentals** → downside risks.

Conclusion

- Banking theory links **depositors' decisions** to **fundamentals** (e.g., Calomiris and Kahn, 1991; Chari and Jagannathan, 1988; Goldstein and Pauzner, 2005).

- Empirical work documents **associations** between banks' financial characteristics and deposit flows (e.g., Chen et al., 2022, 2024, 2025).

$\Rightarrow$ This paper contributes by providing a **direct measure** of **depositor usage** of accounting information - *EDGAR downloads of 10-K/10-Q* - offering a concrete mechanism consistent with prior findings.

Open questions: how do **different bank stakeholders** *acquire and use* **information** *and what are the implications for* **financial stability***? Stay tuned! :)*

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Thank you!