The Impact of Bank Failure: Quantity vs. Quality

What Makes Bank Failure Matter?

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Motivation

Bank failures affect everyone. From business owners to high school students, an impact can be felt throughout every aspect of a community. This begs the question, what makes a bank failure impactful? This poster aims to give insight into that very question.

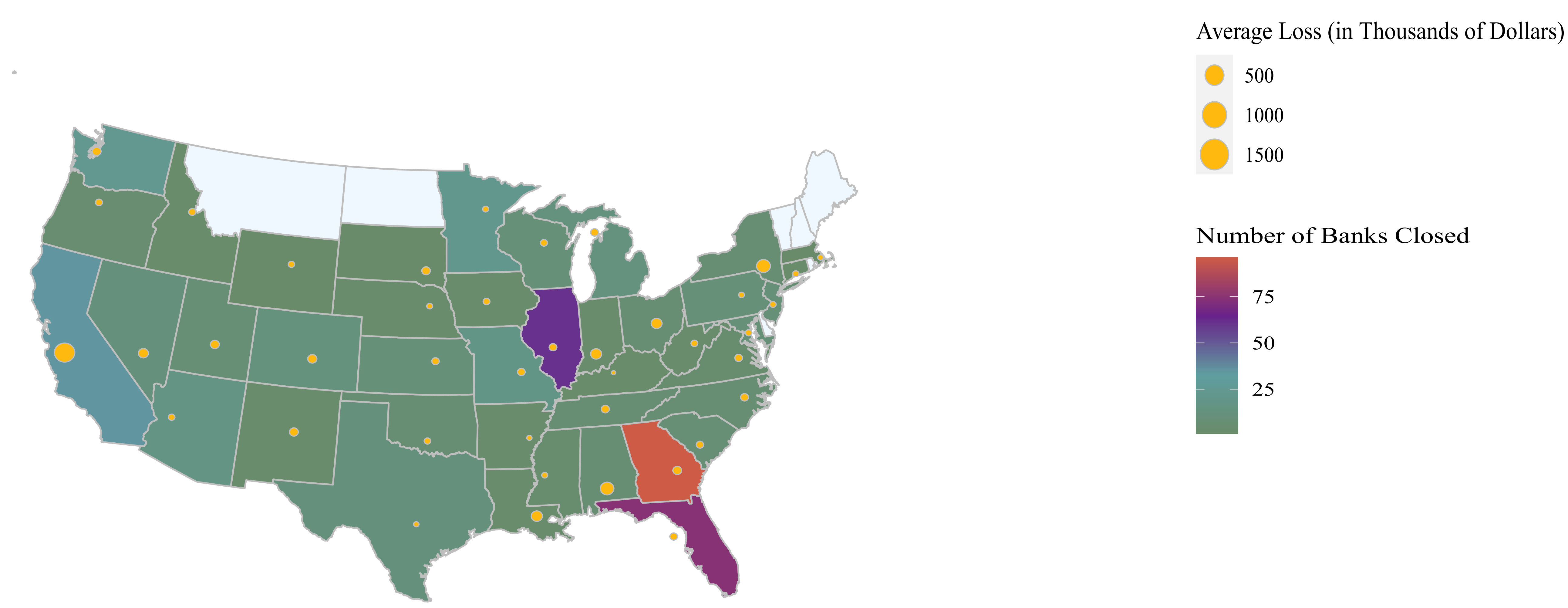
The Story of Our Data

Based on the story provied by the FDIC bank closure data, we can see that even states with fewer bank closures over the time period can have high amounts of fiscal loss. As evidenced by the proceeding plots, Georgia has the highest quantity of bank closures over time, yet, California banks equated to the highest average fiscal loss. This indicates that economic impact can better be predicted based on a bank"s "quality" or asset and deposit amounts rather than the amount of banks that were closed per state.

Does the quantity of banks closed per state determine average fiscal loss?

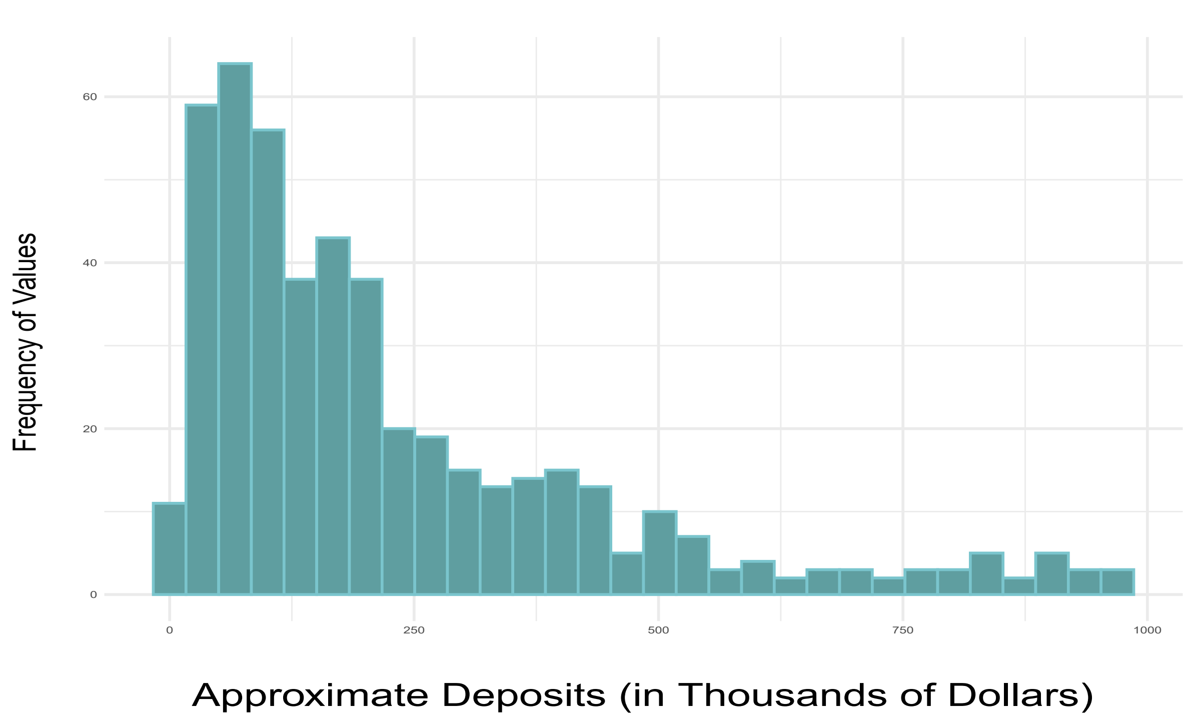
Aggregation Per State

For Banks that Failed from 2001−2023



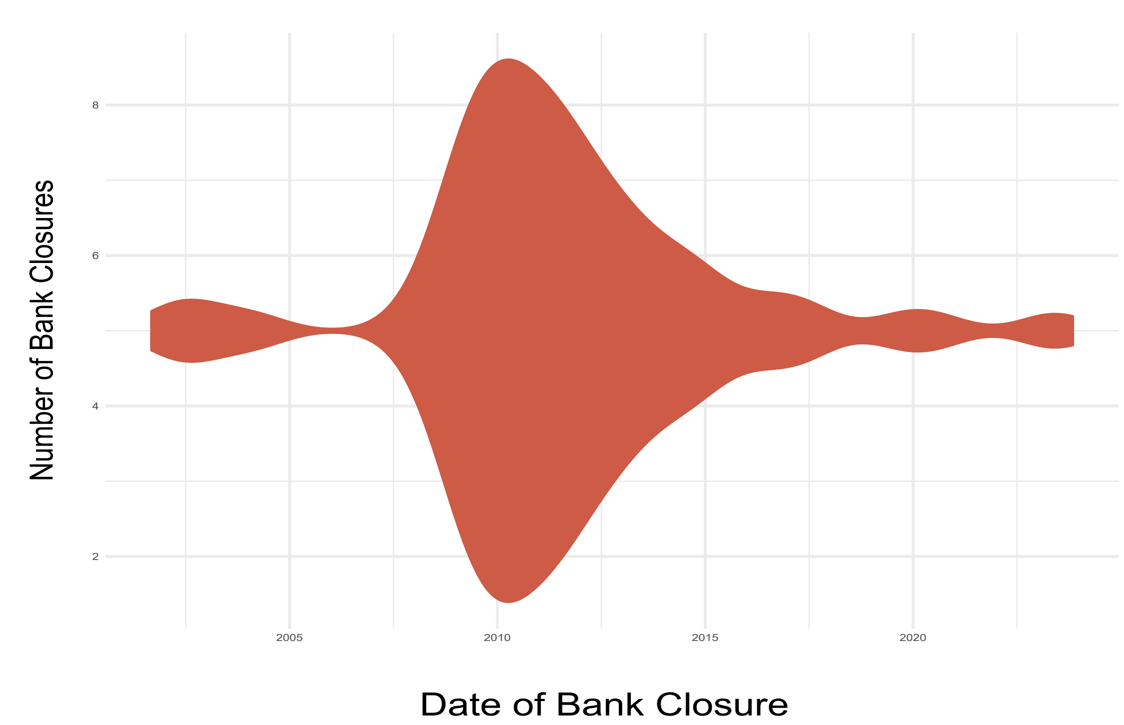
Distribution of Approximate Deposits (in Thousands of Dollars)

For Banks that Failed from 2001−2023



Total Bank Closures Over Time

For Banks that Failed from 2001−2023

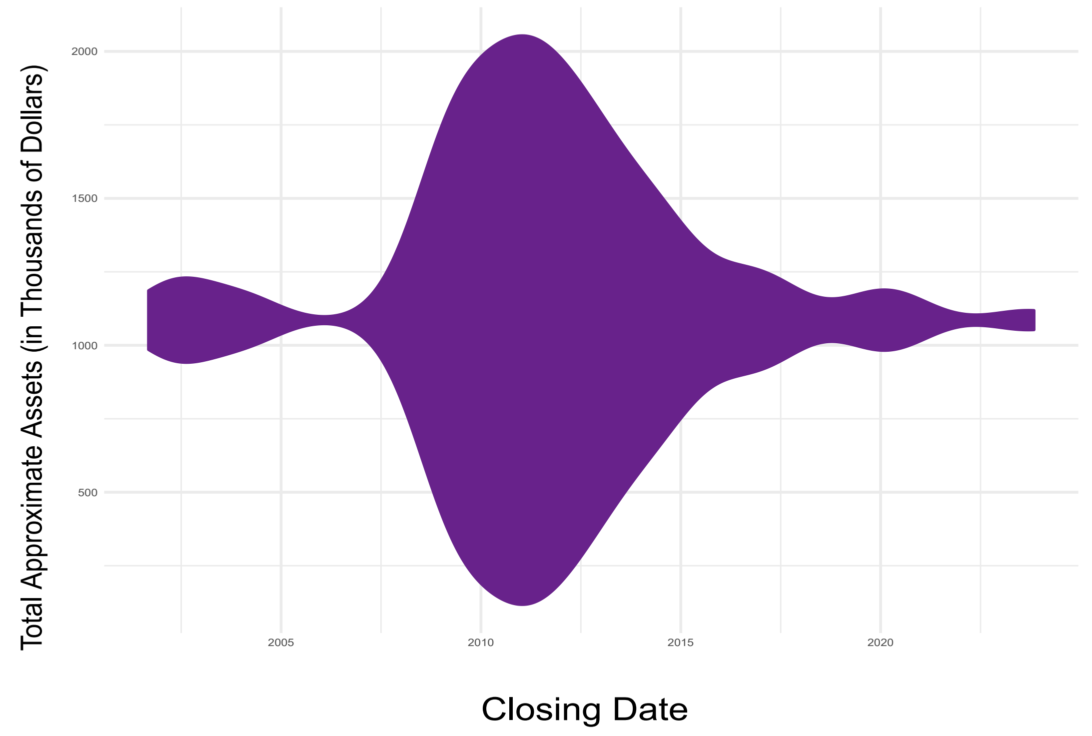


Data Description

The dataset comes from the FDIC website and details bank closures across the United States from 2001-2023, including the name of the institution, the date closed, the state, and the acquiring institution. The data columns of interest were gathered via merging with another FDIC dataset to include the approximate assets and deposits held by the closing bank, as well as fiscal loss. Overall, the dataset contained 14 columns and 547 rows.

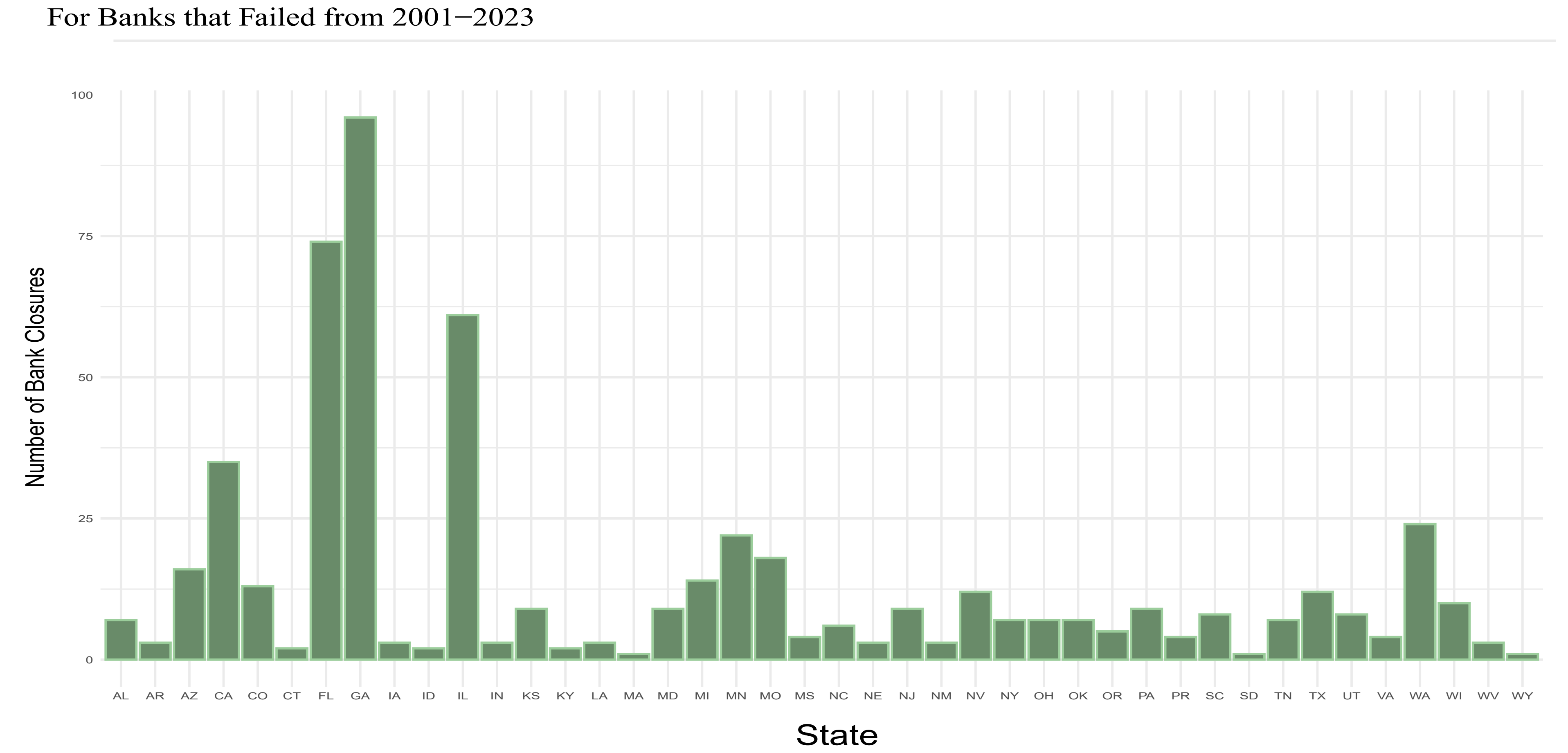
Total Approximate Assets (in Thousands of Dollars) Over Time

For Banks that Failed from 2001−2023



Bank Closures per State

For Banks that Failed from 2001−2023



Sources: https://www.fdic.gov/resources/resolutions/bank-failures/failed-bank-list/index.html
https://banks.data.fdic.gov/explore/failures?aggReport=de-
tail&displayFields=NAME%2CCERT%2CFIN%2CCITYST%2CFAILDATE%2CSAVR%2CRESTYPE%2CCOST%2CRESTYPE1%2CCHCLASS
1%2CQBFDEP%2CQBFASSET&endFailYear=2024&sortField=FAILDATE&sortOrder=desc&startFailYear=2000

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