Fintech, Bank Branch Closings, and Mortgage Markets *

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Abstract

This paper studies whether bank branch closures affect fintech mortgage lending in the U.S. during the 1999-2016 period. To generate plausibly exogenous variation in the incidence of closings, I use an instrument based on within-county, tract-level variation in exposure to post-merger branch consolidation. I find that branch closures lead to a persistent increase in fintech lending. Fintech mortgages grow by a total of 8% in the 9 years that follow a closing, while bank mortgage lending falls by 44%, off an annual baseline of 340 mortgages. Fintech lending grows faster in areas that are richer, and have relatively smaller populations of women, seniors and minorities.

Keywords: *Fintech, credit markets, branch closings, digital banking*
JEL Classification: D14, G21, G23, G51

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