

## **Accounting Research Workshop (ARW) – summer 2023**

Speaker: Rimmy Tomy

University: Associate Professor of Accounting and Kathryn and Grant Swick Faculty Scholar, University of Chicago Booth School of Business

Date: July 6, 2023

Topic: *“Supervisory Transparency and Depositor Diversity: Bank Oversight in Developing Economies?”*

Rimmy Tomy’s talk gives an overview of her own previous work on bank regulators in developing markets and the adverse outcomes of their supervisory action. After reviewing the broader literature her paper contributes to the literature on bank transparency and gender differences regarding depositors’ reaction in developing markets.

Using Indian branch-level data on the deposits of commercial banks the paper addresses the question of how depositors respond to the disclosure of significant regulatory penalties. Their findings suggest that “that news of penalties on some banks leads depositors to lose trust in the banking system overall and withdraw funds from offending and neighbouring banks”. Moreover, they explore “heterogeneity in depositors’ responses”.

Analysing the gender differences in depositor behaviour they find that “men respond to such monetary penalties by withdrawing their deposits, whereas women do not. However, relative to other women, those in matrilineal societies who are more empowered and manage household finances withdraw their deposits from troubled banks.” Additionally, their results show that “economic activity declines in regions that witness a decrease in deposits.” Given the results they state that “control of household finances is crucial to depositors’ reaction to negative news.”

Hence, focusing on developing countries the paper intends to inform regulators regarding their decision to disclose the outcome of their respective supervisory efforts.