

An Event Study on the Collapse of Silicon Valley Bank

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Abstract

The failure of Silicon Valley Bank was one of the largest bank runs in American history. In this paper, we conducted an event study to discover the impact of SVB's collapse on the returns of large banks in the US. Our results indicate that the collapse of Silicon Valley Bank had a negative impact on the top 20 banks. Pre-event estimation showed insignificant results as investors could not anticipate the collapse. On the contrary, we uncovered that most banks had significant adverse effects due to unfavorable market reactions in the post-event study.

Keywords: SVB Failure, Event Study, Large Banks, Too Big to Fail

I Introduction and motivation

A number of banks in 2023 encountered deposit runs that, by historical standards, were exceptionally speedy and massive (Rose, 2023). One of the most noteworthy deposit runs in the US banking sector was Silicon Valley Bank's (SVB), as the run led to its collapse. At the time of its collapse, SVB was among the largest US banks¹

At the end of 2022, SVB had substantial assets in "Held-to-Maturity" securities with about half of these securities having maturities of 15 years or more. In March of 2022 the Fed began regularly increasing its target rate from 0% in March 2022 to 4.5% in March of 2023. As rates increased, these securities lost value, but Held-to-Maturity security losses are not recorded in the financial statement because these securities are not marked-to-market. At the same time, 94% of SVB's deposits were uninsured, and these depositors began leaving SVB as rates increased. In response to the exit, SVB announced on March 8th, 2023, that it would liquidate \$21 billion of its bond portfolio, which resulted in a \$1.8 billion loss. SVB attempted to raise capital to cover the loss, but the effort failed. The bank collapsed on March 10, 2023, and was ultimately taken over by the FDIC.² We investigate the market response of large bank stocks to the collapse of SVB.

Our research is guided by Goodhart's (2006) discussion of the need for financial stability in the banking system and the need to assess the virulence and speed of potential shocks. Goodhart is concerned about the banking system not having sufficient liquidity. Our "shock" is the Fed's increase in interest rates at a time when SVB's lacked the liquidity to handle depositor withdrawals and we examine how investors in large banks responded to the closure of SVB.

Our study fits in the literature on large bank failures. O'Hara and Shaw (1990) investigated the effect on bank equity values after the Comptroller of the Currency's announcement that some banks were Too-Big-to-Fail (TBTF). They find a positive reaction to the announcement for the TBTF banks and a negative reaction for other banks. The Dodd-Frank Act includes a provision to

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¹ SVB had \$209 bil. in total assets at the time of its collapse. This would rank SVB as about the 20th largest bank in the US based on total assets.

² Despite the Federal Deposit Insurance Corporation's (FDIC) protection, certain institutions are nevertheless highly susceptible to a bank run (Diamond and Dybvig, 1983).

eliminate TBTF banks. Allen, Cyree, Whitley, and Winters, (2018) examined the Dodd-Frank elimination of TBTF and find no reaction for the largest banks but a negative reaction for smaller banks. They conclude that the market does not believe that TBTF has been eliminated.

We use the event study methods of O'Hara and Shaw (1990) and Allen, Cyree, Whitley, and Winters, (2018) to analyze the impact of the SVB collapse on the stock prices of large banks. Our sample is the 20 largest US financial institutions that take deposits, and for ease of exposition, we refer to these institutions as banks. We select the top 20 banks based on their market value of equity at the end of 2022 and use their daily stock returns from January 24th, 2023, to April 24th, 2023, for our event study. We find that the failure of SVB had an adverse effect on the top 20 banks with 20 significant parameter estimates for the main event, all of which are negative.

Our paper contributes to the recent research on the SVB failure. Yousaf and Goodell (2023) examine the impact of the SVB failure on 11 different sectors of the US economy. All 11 sectors had a negative reaction to the SVB failure with the responses in Financials, Materials and Real Estate being statistically significant. Pandey, Hassan, Kumari, and Hasan (2023) examine global stock market reactions to the failure of SVB. They find that all market indices decline across the March 10, 2023, SVB collapse. We take a more narrow focus and analyze the 20 largest US banks, which include some banks that the market may believe to be TBTF.

II Background

Collapse of SVB

Silicon Valley Bank (SVB) was a state-chartered commercial bank headquartered in Santa Clara, California. As a Bay Area regional bank, SVB offered services tailored to the demands of the tech industry, and it swiftly rose to become the largest bank by deposits in Silicon Valley and the preferred bank of almost half of all venture-backed tech startups. In March 2023, after the central bank raised interest rate during the 2021–2023 inflation surge, there was a run on its deposits, which led to its collapse and seizure on March 10, 2023, by the California Department of Financial Protection and Innovation (DFPI), its regulator. State officials at the DFPI named the Federal Deposit Insurance Corporation (FDIC) receiver of the bank, citing insufficient liquidity and declaring bankruptcy. This wound up being the third-largest bank failure in American history.

On March 12, 2023, Treasury Secretary Janet Yellen, Federal Reserve Chairman Jerome Powell, and FDIC Chairman Martin Gruenberg issued a joint statement clarifying that all depositors at SVB would be fully protected and would have access to both insured and uninsured deposits beginning the following Monday, March 13. The FDIC subsequently founded Silicon Valley Bridge Bank, N.A., as a bridge bank successor, which instantaneously acquired ongoing business. First Citizens Bank & Trust Company, a subsidiary of First Citizens BancShares, acquired all customer deposits and loans of Silicon Valley Bridge Bank from the FDIC on March 27, 2023, and resumed running all SVB branches. Table 1 shows the timeline for major announcements related to SVB collapse.

With the collapse of SVB from its depositor run and the coverage of all SVB deposits on March 13, 2023, there were questions about deposit protection for other banks if their depositors ran during the stress on banks from rising interest rates. On March 20, 2023, Treasury Secretary Yellen told Congress that she was not considering blanket insurance on deposits.

Table 1: Timeline of major events

Date	Event
March 8	SVB reported that it has raised \$500 million from General Atlantic and intends to sell \$1.25 billion worth of common stock together with an additional \$500 million worth of depository shares.
March 9	As soon as the markets opened, SVB's shares sank 30% (and subsequently 60% that day), and more venture capitalists and startups began to withdraw their funds from the bank.
March 10	On Friday morning, US authorities took control of the bank and shuttered it. This marked the third-largest bank failure in U.S. history.
March 12	A joint statement was issued by Secretary of the Treasury Janet Yellen, Federal Reserve Chairman Jerome Powell, and FDIC Chairman Martin Gruenberg, declaring that all depositors at SVB would be fully protected and would have access to both insured and uninsured deposits beginning the following Monday, March 13.

Reasons for collapse

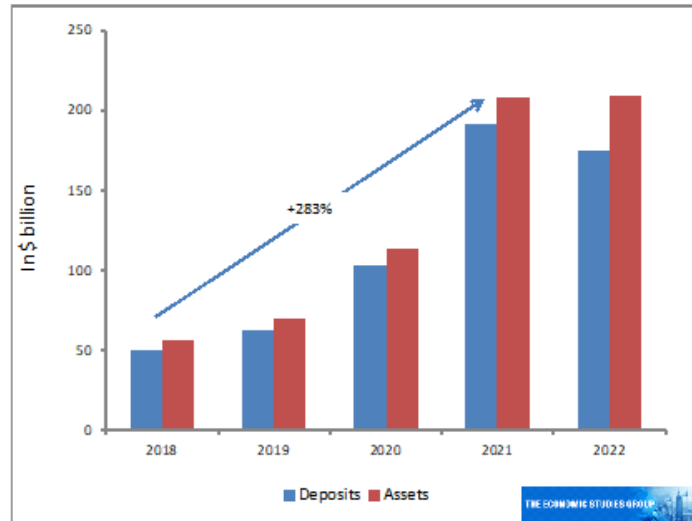
Numerous factors contributed to the failure, including a lack of diversification and a classic bank run, in which a large number of customers withdrew funds immediately out of uncertainty about the bank's stability. According to Allen, Baig, and Winters (2023), before their collapse, SVB should have been able to identify (internally and externally) and reduce (internally or via regulatory oversight) any balance sheet risks that were present. The quantity of uninsured deposits held by the bank is a major factor that contributed to the run on the bank. Nearly 94% of SVB's deposits were not covered by insurance. Many of its loans and depositors are from Silicon Valley, which is a tech-heavy region. Tech startups had a big chunk of loans and deposits at SVB.

The year 2021 witnessed significant funding raised for start-ups through venture capital firms. Deposits at SVB climbed dramatically over the previous four years, from \$50 billion in 2018 to about \$191 billion in 2021, before dropping to \$176 billion at the end of 2022 (graph 1). Deposits increased by 280%, compared to 30% for all insured banks. SVB was inundated with deposits, predominantly from start-ups and tech businesses, which created in a specific client/deposit base that held large percentages of uninsured deposits. This specific client/deposit base exposed SVB to the risk of a depositor run.

SVB's customer base created a large unstable deposit base and moderate demand for loans. With the moderate loan demand SVB chose to generate additional returns through investing in long-term securities rather than holding shorter-term instruments or cash (Siokis, 2023). Silicon Valley Bank placed a significant amount of its bank deposits in long-term US Treasury bonds and agency mortgage-backed securities.

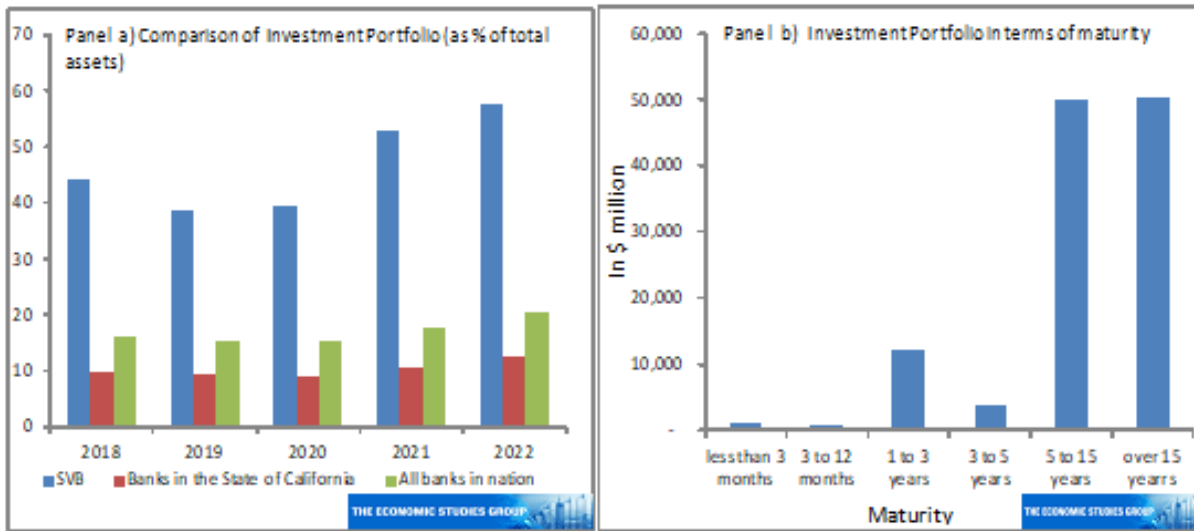
The value of the securities owned was a large percentage total asset. The ratio increased from 39% in 2020 to 57% in 2022, far higher than the average of 13% for banks in California and 20% nationwide (graph 2, left panel). Since more than 85% of the money was invested in securities with an average duration of more than five years, one could argue that SVB failed to hedge risk by diversifying its investment portfolio (right panel).

Graph 1: Deposit and assets trend of SVB



Source: Federal Financial Institutions Examination Council, Schedule RC-Balance Sheet

Graph 2: Comparison of SVB’s Investment Portfolio with peer groups and maturity



Source: Federal Financial Institutions Examination Council, Schedule RC-Balance Sheet and Securities

As SVB customers made withdrawals, SVB lacked the liquidity necessary to cover the withdrawals. They started selling their bonds at a huge loss, distressing buyers and investors. The bank failed 48 hours after revealing the sale of assets (Hetler, 2023).

III Data and Methodology

Sample Selection

To analyze the impact of the collapse of Silicon Valley Bank on top banks, we first collect the bank-level data from CRSP of all publicly traded banks for the year 2022. Although there are more

than 12,000 financial institutions in the financial sector, the majority are privately held companies with no active stock trading. We gather data for the banks whose daily stock price data were publicly available and actively traded throughout our estimation period. This results in a sample of 124 banks. Then, we rank all publicly traded banks based on their market value of equity at the end of 2022. Based on this ranking, we select the top 20 banks (excluding SVB) as our sample for our research. The top 20 banks (plus SVB) are shown in Table 2, along with their market equity value (MVE) at the end of 2022.

Table 2: List of the 20 banks in the final sample listed in order of decreasing MVE of 2022

Bank Name	MVE
JPMORGAN CHASE & CO	393342.81
BANK OF AMERICA CORP	265702.94
WELLS FARGO & CO NEW	157335.18
CITIGROUP INC	87603.86
U S BANCORP DEL	64796.74
P N C FINANCIAL SERVICES GRP INC	63700.20
BANK OF NEW YORK MELLON CORP	36792.91
CAPITAL ONE FINANCIAL CORP	35482.74
STATE STREET CORP	28463.54
DISCOVER FINANCIAL SERVICES	26729.70
M & T BANK CORP	25039.24
FIRST REPUBLIC BANK S F NEW	21543.08
HUNTINGTON BANCSHARES INC	20342.55
REGIONS FINANCIAL CORP NEW	20146.66
NORTHERN TRUST CORP	18442.73
KEYCORP NEW	16252.34
SYNCHRONY FINANCIAL	14804.78
SVB FINANCIAL	13602.19
FIRST HORIZON CORP	13151.70
FIRST CITIZENS BANCSHARES INC NC	10237.10
EAST WEST BANCORP INC	9288.410

For our sample of 20 large banks, we collect daily stock price data from Yahoo Finance covering the range of January 24th, 2023, to April 24th, 2023.³ We use the adjusted close price as it is adjusted for dividends. We collect target interest rates from Federal Reserve Economic Data (FRED) for the same period. FRED reports the upper and lower limits of the target interest rates from which we calculate the mid-point for our analysis.

Event Window Determination

Determining the timing of information release to the market is vital for an event study. As mentioned above (see, Table 1), on March 10th, US authorities took control of the bank, proclaiming the bank's collapse and shutting it down. Accordingly, March 10, 2023, is our event day ($t = 0$).

³ Note, we collect price data from Yahoo Finance because the CRSP data for 2023 is not available.

Examination of Stock Price Changes

Examining returns has the drawback that any reported changes might possibly be the result of other ongoing events. However, a review of the *Wall Street Journal* for the days surrounding March 10 did not uncover any indication of confounding pronouncements, so we believe that we have a clean event. We use returns on a broad market index to control overall market movements.

One method for conducting an event study is the event-parameter method, in which the valuation model is estimated for the entire sample period with dummy variables specified for the identified event(s) (Cornett and Tehranian, 1990; Mathur and Sundaram, 1997). We follow the event-parameter method from Allen, Cyree, Whitley & Winters (2018) and estimate the following event study model. We estimate the model for each of the 20 banks in our sample in a system of seemingly unrelated equations (SUR methods).

$$\begin{aligned}
 R_{1,t} &= \alpha_1 + \beta_1 Rm_t + \sum y_1 D_t + \eta_1 I_t + \varepsilon_{1,t} \\
 &\quad \dots \dots \dots \\
 R_{20,t} &= \alpha_{20} + \beta_{20} Rm_t + \sum y_{20} D_t + \eta_{20} I_t + \varepsilon_{20,t}
 \end{aligned} \tag{1}$$

$R_{i,t}$ is the daily return for bank i on day t (t = daily observations from January 24, 2023, through April 24, 2023, which cover 45 days before and after the event). Rm_t is the daily market return on the S&P 500. D_t is a dummy variable equal to one during the event window and 0 otherwise. We test a variety of event windows below. I_t is a dummy variable equal to one on the day of change in the discount window target rates and the day before. An increase in interest rates typically reduces bank stock values, resulting in negative returns, so we need to control for interest rate changes (Flannery and James (1984)).

IV Results

Main estimation

Our research question is whether or not large banks' stock prices responded to the shutting down of SVB. We begin with the estimation of Equation 1 on the 20 large banks in our sample in a system of seemingly unrelated equations. The results from the estimation of Equation 1 are reported in Table 3. Table 3 lists the banks in the same order as Table 2 and provides the market value of equity from Table 2 for ease of reference. Table 3 also reports if a bank was identified in Allen, Cyree, Whitley and Winters (2018) as Too-Big-to-Fail (TBTF) (specifically stress-tested banks, which includes GSIBs).

We only report the event's parameter estimates to keep the table manageable. Not reported in Table 3 are the market parameter estimates and the target rate parameter estimates. The parameter estimates for current market returns are significant and positive across all banks. The parameter estimates on the target rate change are mostly insignificant across all banks.

Table 3 shows that the event dummy variable (window from $t-5$ to $t+5$) has 20 significant parameter estimates, and all 20 are negative. Our results suggest that the collapse of Silicon Valley Bank had a negative impact on the returns of the top 20 banks. Our results are consistent with Yousaf and Goodell (2023). Table 3 contains some banks that Allen, Cyree, Whitley and Winters (2018) identify as TBTF (Yes) and some banks that they did not label as TBTF (No).

However, being previously identified for special attention from regulators (i.e. TBTF) did not affect the market's reaction to the collapse of SVB.

Table 3: Regression results

Bank Name	MVE	Event	TBTF
JPMORGAN CHASE & CO	393342.81	-0.0120**	Yes
BANK OF AMERICA CORP	265702.94	-0.0160***	Yes
WELLS FARGO & CO NEW	157335.18	-0.0175***	Yes
CITIGROUP INC	87603.86	-0.0133**	Yes
U S BANCORP DEL	64796.74	-0.0272***	Yes
P N C FINANCIAL SERVICES GRP INC	63700.20	0.0148***	Yes
BANK OF NEW YORK MELLON CORP	36792.91	-0.0142***	Yes
CAPITAL ONE FINANCIAL CORP	35482.74	-0.0158***	Yes
STATE STREET CORP	28463.54	-0.0180***	Yes
DISCOVER FINANCIAL SERVICES	26729.70	-0.0186***	No
M & T BANK CORP	25039.24	-0.0179***	No
FIRST REPUBLIC BANK S F NEW	21543.08	-0.0923**	No
HUNTINGTON BANCSHARES INC	20342.55	-0.0301***	No
REGIONS FINANCIAL CORP NEW	20146.66	-0.0193***	Yes
NORTHERN TRUST CORP	18442.73	-0.0088**	No
KEYCORP NEW	16252.34	-0.0318**	Yes
SYNCHRONY FINANCIAL	14804.78	-0.0192***	No
FIRST HORIZON CORP	13151.70	-0.0317***	No
FIRST CITIZENS BANCSHARES INC NC	10237.10	-0.0387**	No
EAST WEST BANCORP INC	9288.410	-0.0241**	No

This table reports the coefficient results from the SUR model from Eq. (1). Control variables are omitted for readability. The estimates for the event are shown for each bank. The first column lists the banks with their associated MVE (\$ Billions) listed in the second column. Dummy variables are equal to one for an eleven-day window around the event day (the return on the day of the event and five-day window around the event day). Parameter estimate significance is identified with *** < 1%, ** < 5%, * < 10%.

Note: TBTF (Too-Big-to-Fail) designation comes from the sample of Allen, Cyree, Whitley and Winters (2018).

To provide more information about the event response we re-estimate equation (1) with different event windows. Specifically, we define dummy variables for a pre-event window (t-5 to t-2) and post-event window (t+1 to t+5). On the event day (t = 0), the operations of SVB were seized by government authorities. For 19 out of 20 banks, the pre-event window coefficients are insignificant. These results are consistent with relevant news prior to the bank run of SVB not influencing other banks' stock prices or the collapse of SVB not being anticipated by the market. For all 20 banks, the post-event window coefficients are negative and significant, indicating the strong negative impact of the SVB collapse on the other banks. Table 4 reports the results of pre-event and post-event analysis.

Our findings diverge from Allen, Cyree, Whitley, and Winters (2018). Their event study examines the market's reaction to the legal elimination of TBTF through the implementation of Dodd-Frank Act. They find that the returns of the largest banks and those getting special attention (stress-tested banks), generally did not respond to the implementation while smaller banks generally exhibited negative returns following the elimination of TBTF. Their results for the

largest banks support the contention that the TBTF policy has not been eliminated for the very largest systemically important banks. Investors had confidence that the TBTF would continue to exist and that authorities would continue to bail out them when they were in crisis; therefore, these banks' stock prices did not decline. We have similar banks to Allen, Cyree, Whitley, and Winters (2018) in our sample. However, we find that all the largest banks show a negative reaction from the market when SVB failed. Our results suggest that the collapse of SVB signaled a weakening of the fundamentals of large banks and may suggest that investors do not believe that the authorities will continue to bail out TBTF banks.

Table 4: Estimated results for pre-event and post-event analysis

Bank Name	MVE	Pre-event	Post-event
JPMORGAN CHASE & CO	393342.81	-0.0079	-0.0168**
BANK OF AMERICA CORP	265702.94	-0.0063	-0.0196***
WELLS FARGO & CO NEW	157335.18	-0.0114	-0.0220***
CITIGROUP INC	87603.86	-0.0042	-0.0215***
U S BANCORP DEL	64796.74	-0.0008	-0.0438***
P N C FINANCIAL SERVICES GRP INC	63700.20	-0.0068	-0.0229***
BANK OF NEW YORK MELLON CORP	36792.91	-0.0013	-0.0243***
CAPITAL ONE FINANCIAL CORP	35482.74	-0.0077	-0.0227***
STATE STREET CORP	28463.54	-0.0054	-0.0248***
DISCOVER FINANCIAL SERVICES	26729.70	-0.0048	-0.0257***
M & T BANK CORP	25039.24	-0.0166*	-0.0181**
FIRST REPUBLIC BANK S F NEW	21543.08	-0.0098	-0.1650***
HUNTINGTON BANCSHARES INC	20342.55	-0.0062	-0.0499***
REGIONS FINANCIAL CORP NEW	20146.66	-0.0113	-0.0276***
NORTHERN TRUST CORP	18442.73	-0.0001	-0.0114**
KEYCORP NEW	16252.34	-0.0043	-0.0563***
SYNCHRONY FINANCIAL	14804.78	-0.0083	-0.0275***
FIRST HORIZON CORP	13151.70	-0.0024	-0.0565***
FIRST CITIZENS BANCSHARES INC NC	10237.10	-0.0139	-0.0514
EAST WEST BANCORP INC	9288.410	-0.0047	-0.0298**

This table reports the coefficient results from the SUR model from Eq. (1). Each bank's estimates for the event are shown. The first column lists the banks with their associated MVE (\$ Billions) listed in the second column. For pre-event analysis, dummy variables are equal to one for a four-day window (-5 -2) before the event day. For post-event analysis, dummy variables are equal to one for a five-day window (+1 +5; the return on a five-day window after the event day). Parameter estimate significance is identified with *** < 1%, ** < 5%, * < 10%.

Robustness

We conduct another test for robustness. We look at alternate event windows (t+3 t-3) in the model to determine whether the main analysis's findings were consistent. The robustness test results are shown in Table 5. As we can see, the outcomes of these tests did not create materially different results. The robustness test displays that all the parameters have a negative impact, and 18 out of 20 are statistically significant, consistent with the main analysis.

Table 5: Robustness test with an event window of t+3 t-3

Bank Name	MVE	Event
JPMORGAN CHASE & CO	393342.81	-0.0129**
BANK OF AMERICA CORP	265702.94	-0.0200***
WELLS FARGO & CO NEW	157335.18	-0.0204***
CITIGROUP INC	87603.86	-0.0160**
U S BANCORP DEL	64796.74	-0.0287***
P N C FINANCIAL SERVICES GRP INC	63700.20	0.0203***
BANK OF NEW YORK MELLON CORP	36792.91	-0.0157***
CAPITAL ONE FINANCIAL CORP	35482.74	-0.0132*
STATE STREET CORP	28463.54	-0.0213***
DISCOVER FINANCIAL SERVICES	26729.70	-0.0182***
M & T BANK CORP	25039.24	-0.0220***
FIRST REPUBLIC BANK S F NEW	21543.08	-0.1000**
HUNTINGTON BANCSHARES INC	20342.55	-0.0394***
REGIONS FINANCIAL CORP NEW	20146.66	-0.0310***
NORTHERN TRUST CORP	18442.73	-0.0067
KEYCORP NEW	16252.34	-0.0430***
SYNCHRONY FINANCIAL	14804.78	-0.0215***
FIRST HORIZON CORP	13151.70	-0.0353***
FIRST CITIZENS BANCSHARES INC NC	10237.10	-0.0407
EAST WEST BANCORP INC	9288.410	-0.0230**

Secondary event

SVB collapsed from a deposit run. Specifically, a run on uninsured deposits. On March 13, regulators stepped in to cover all SVB deposits to stem the run. This move led to questions about whether regulators might provide a blanket endorsement on all deposits to prevent contagion. On March 20, Treasury Secretary Yellen told Congress that regulators had no intention of providing blanket coverage of banking deposits. Accordingly, we add a second event for the March 20 announcement to Equation (1) and re-estimate our regressions to determine how the market responded to this announcement. Our results on the second event appear in Table 6.

Our results show that only one of the 20 banks has a significant (and negative) parameter estimate. In other words, the market did not react to the Treasury Secretary's announcement. Our combination of results suggests that the market fully reacted to the SVB failure when it collapsed, that the market is comfortable with the stability of the largest banks, and that the size of the parameter estimates in Table 3 are not large enough to suggest that the market was concerned about a collapse of all the largest banks.

V Conclusion

Silicon Valley Bank (SVB) was one of the largest US banks and its failure was significant in the US banking industry. The bank run of SVB was influenced by several factors, including the hikes in interest rates, a high-risk deposit base, poor interest rate risk management, the sale of bonds at a significant loss, and regulatory failures (Gortsos, 2023).

Table 6: Regression results

Bank Name	Event
JPMORGAN CHASE & CO	-0.0005
BANK OF AMERICA CORP	-0.0139
WELLS FARGO & CO NEW	-0.0213
CITIGROUP INC	-0.0169
U S BANCORP DEL	0.0308
P N C FINANCIAL SERVICES GRP INC	0.0181
BANK OF NEW YORK MELLON CORP	0.0054
CAPITAL ONE FINANCIAL CORP	-0.0099
STATE STREET CORP	0.0099
DISCOVER FINANCIAL SERVICES	0.0021
M & T BANK CORP	-0.0204
FIRST REPUBLIC BANK S F NEW	-0.5246***
HUNTINGTON BANCSHARES INC	0.0154
REGIONS FINANCIAL CORP NEW	-0.0033
NORTHERN TRUST CORP	0.0181
KEYCORP NEW	-0.0068
SYNCHRONY FINANCIAL	-0.0165
FIRST HORIZON CORP	0.0102
FIRST CITIZENS BANCSHARES INC NC	0.0829
EAST WEST BANCORP INC	-0.0197

This table reports the coefficient results from the SUR model from Eq. (1) for the second event dummy variable. Control variables and the first event variables are omitted for readability. The estimates for the second event are shown for each bank. Parameter estimate significance is identified with *** < 1%, ** < 5%, * < 10%.

Using event study methods, we analyze the impact of SVB failure on the stock prices of the top 20 banks. With an event window period of $t-5$ $t+5$, we observed negative abnormal returns for all 20 banks. For the pre-event window period ($t-5$ $t-2$), most of the parameters have insignificant results, indicating no leakage of information on or anticipation of the collapse of SVB. On the other hand, for the post-event window period ($t+1$ $t+5$), most banks had negative abnormal returns, suggesting that the collapse of SVB had a significant impact on the stock prices of the top 20 banks.

Our results suggest that investors see the collapse of SVB as a negative market event. However, the lack of any additional reaction to the Treasury Secretary stating there would be no blanket coverage of deposits suggests that the negative market reaction for large banks at the SVB failure is about the weakening of bank values and not concern over the collapse of the US banking system.

Investors and portfolio managers could utilize our findings to better understand the impact of the SVB collapse on various financial institutions, while regulators can benefit from an enhanced understanding of the SVB disaster's ramifications.

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