

Accepted Manuscript

Competition or manipulation? An empirical evidence of determinants of the earnings persistence of the U.S. banks

Chi-Hsiou D. Hung , Yuxiang Jiang , Frank Hong Liu , Hong Tu

PII: S0378-4266(18)30016-5
DOI: [10.1016/j.jbankfin.2018.01.010](https://doi.org/10.1016/j.jbankfin.2018.01.010)
Reference: JBF 5286



To appear in: *Journal of Banking and Finance*

Received date: 21 February 2017
Revised date: 9 December 2017
Accepted date: 17 January 2018

Please cite this article as: Chi-Hsiou D. Hung , Yuxiang Jiang , Frank Hong Liu , Hong Tu , Competition or manipulation? An empirical evidence of determinants of the earnings persistence of the U.S. banks, *Journal of Banking and Finance* (2018), doi: [10.1016/j.jbankfin.2018.01.010](https://doi.org/10.1016/j.jbankfin.2018.01.010)

This is a PDF file of an unedited manuscript that has been accepted for publication. As a service to our customers we are providing this early version of the manuscript. The manuscript will undergo copyediting, typesetting, and review of the resulting proof before it is published in its final form. Please note that during the production process errors may be discovered which could affect the content, and all legal disclaimers that apply to the journal pertain.

Competition or manipulation? An empirical evidence of determinants of the earnings persistence of the U.S. banks

Chi-Hsiou D. Hung^a, Yuxiang Jiang^a, Frank Hong Liu^{a*}, Hong Tu^b

^aAdam Smith Business School, University of Glasgow

^bSchool of Finance, Nankai University

*Corresponding author: Frank Hong Liu; University of Glasgow, Adam Smith Business School, Room 471, Gilbert Scott Building, Glasgow G12 8QQ, E-Mail: Hong.Liu@glasgow.ac.uk.

Abstract

We examine the impact of competition on bank earnings persistence by exploiting a natural experiment following interstate banking deregulation that increased bank competition. We find that bank earnings adjustment speed increases after the state where the bank locates implements the deregulation. This relationship is weakened, however, with the increase of banks' abilities to sustain earnings, as reflected in size, diversification, managerial efficiency and safety. We further find that competition directly impacts bank earnings adjustment speed, and does not indirectly go through the channel of earnings management.

Keywords: Competition; Geographic Expansion Index; Earnings persistence; Earnings adjustment speed, Earnings management

JEL Classification: G20, G21, G38

1. Introduction

Financial crisis raises the recent intense debate on the association between accounting changes and financial crisis. For instance, the accusation of market value accounting after the 2007-2009 financial crisis, along with the economic significance of

Download English Version:

<https://daneshyari.com/en/article/7356690>

Download Persian Version:

<https://daneshyari.com/article/7356690>

[Daneshyari.com](https://daneshyari.com)