**A Reputation in Ruins: The Aftermath of Silicon Valley Bank (SVB) Collapse and Its Impact on Financial Markets**

**Abstract**

This study examines the financial contagion effects of the collapse of SVB on developed and developing financial markets using an event study approach. The findings indicate that most economies experienced negative market reactions with significant negative abnormal and cumulative abnormal returns in post event days. Regional analysis shows that European and Asian markets were significantly affected, with delayed effects observed in Latin America and more transient effects in the Middle East and Africa. The study highlights the need for monitoring and minimizing financial contagion risk due to the increased interconnectedness of financial systems. It also suggests the importance of strong regulatory frameworks and risk management policies to mitigate the adverse impact of financial contagion across markets.

Keywords: Bank Default, SVB collapse, Event study, Financial Markets

JEL Code: G2, G11, G14, G15

1. **Introduction**

The interconnection of financial markets has grown in the last decade, spurred by the rising globalization of the world economy and technological advancements. This has resulted in stronger market links and increased cross-border investment, raising the prospect of financial contagion and systemic risk (Corbet & Goodell, 2022). As a result, policymakers, scholars and investors continue to express interest in gaining a deeper understanding of the nature and dynamics of financial market interdependence (Bouzzine & Lueg, 2020; Corbet, Hou, Hu, & Oxley, 2022). The improved level of connectedness results in improved efficiency and optimal allocation of capital with competitiveness which spurs financial innovation (Nguyen & Nguyen, 2022). However, this increased level of connectivity also causes serious challenges. Because markets are linked, shocks on one market can rapidly spread to others, potentially causing a domino effect of market disruptions and financial fragility (Yousaf & Goodell, 2023). This may be especially troublesome if the shocks are caused by systemic risk, such as the failure of a major financial institution (Goodell, Li, & Liu, 2023). The impact of such disruptions can spillover rapidly across borders, potentially affecting the entire global financial system (Kim, Kim, & Lee, 2015).

The most recent failure of Silicon Valley Bank (SVB) has sent shockwaves through the global financial system, raising grim fears about the fragility of the banking system and the possibility of a more widespread catastrophe. The collapse of Silicon Valley Bank (SVB) has been witnessed as second-largest bank to run in the American history, following the 2008 run on Washington Mutual Bank. The SVB collapse triggered significant concern about the resilience of the banking system and contain the potential for contagion effects to other financial markets (Kim et al., 2015). Being the sixteenth biggest commercial bank in the United States and a vital provider of services to the high-tech firms and healthcare industries, the failure of SVB might have far-reaching implications for financial markets worldwide[[1]](#footnote-1).

The collapse of SVB has already had far-reaching consequences, with financial markets around the world showing signs of distress. It can trigger financial contagion to global financial markets because its operations were spread around different regions. It has already caused stress in global equity markets and weakened the US dollar. SVB collapse has led to increased volatility in the stock market, with the "fear index" (VIX) and the ICE BofA Move Index both rising to their highest levels[[2]](#footnote-2). In Australia, the S&P/ASX 200 dropped 1.41%, primarily due to losses in the banking sector. Accordingly, the impact of collapse has also been witnessed on financial markets of UK, where the government is scrambling to reduce the damage to the tech sector, which relies heavily on SVB's UK subsidiary. Likewise, China, the collapse of SVB has left many tech start-ups in the stumble, as the SVB remain key financer for startups operating between China and the U.S.[[3]](#footnote-3) Therefore, its default trigger off uncertainty in Chinese financial market also. In Asia, Japan's Topix and Nikkei 225 led losses, largely due to the decline in shares of Softbank Group, which fell to their lowest point since 2022. Additionally, South Koreai and Kosdaq also fell, while Hong Kong's Hang Seng index and Hang Seng Tech index both slumped adversely[[4]](#footnote-4).

The collapse not only hit developed economies but also pose serious challenges to developing economies for example India where a large portion of venture funding was backed by SVB. Overall, the collapse of Silicon Valley Bank has had a significant impact on financial markets across the globe, with the potential for lasting effects on the economies of the U.S., UK, Australia, China, Japan and beyond. Therefore, considerable attention to the SVB collapse provides an ideal natural experiment to investigate this further. Therefore, this study aims to evaluate the impact of the SVB collapse on the global financial markets by examining both developed and developing markets. In recent years, the interconnectivity of financial markets has expanded, resulting in a closer relationship between markets and a greater likelihood of financial contagion and systemic risk (Bouzzine & Lueg, 2020).

The study contributes to the literature by being the first to examine the impact of SVB's collapse on developed and developing financial markets. Previous literature has explored the impact of firm collapses at different times on financial markets (Bouzzine & Lueg, 2020; Li, Zhang, & Zhao, 2022; Nguyen & Nguyen, 2022), but this study adds to the literature by examining the impact of SVB's collapse on other financial markets.

The collapse of SVB has sparked distress through the global financial markets, causing widespread concern about the stability of the banking industry. As one of the largest banks in the United States, with $210 billion in assets[[5]](#footnote-5), SVB's downfall would have catastrophic consequences for the global financial markets. By examining the effects of the SVB collapse on global financial markets, the study could provide insights into the nature and magnitude of spillover effects and how they propagate through interconnected financial systems. Additionally, the study could provide valuable insights for financial institutions in terms of identifying and managing contagion risk and enhancing their risk management practices.

Our study uses a more comprehensive approach by assessing the total impact of unobservable stress on financial markets during a period of uncertainty, as opposed to focusing on specific news or events linked with the SVB bankruptcy. This methodology enables us to give a more detailed view of the possible ripple effects of the demise of a large financial institution on multiple financial markets. We employ the basic event methodology proposed by MacKinlay (1997), to determine the influence of SVB's collapse on a diverse array of financial markets. Therefore, our study provides a more rigorous and thorough examination of the possible systemic risk associated with linked financial markets and underscores the need for improved risk management methods and regulatory frameworks to limit the risk of contagion.

Results of the study reveal that both developed and developing economies responded negatively to the default of SVB, with clear evidence of financial contagion effects. Although abnormal returns were mostly insignificant before and after the collapse of SVB, the significant negative cumulative abnormal returns after the event suggest a strong market reaction to the collapse of SVB. Furthermore, our regional analysis shows that the European and Asian markets reacted negatively, while delayed negative effects observed in Latin America. Accordingly, the response of Middle Eastern and African markets was minimal and short lived. These findings emphasize the significance of monitoring and minimizing the risk of financial contagion, particularly given the increased interconnectedness of financial systems. Policymakers and regulators must take measures to mitigate the impact of such systemic risks on other financial institutions and markets. Policymakers and regulators must take steps to mitigate the impact of such systemic risks on other financial institutions and markets, as evidenced by the significant negative market reaction to the default of SVB and the resulting financial contagion effects on both developed and developing economies.

The rest of the study is organized as follows: Section 2 provides context and relevant literature. The third section addresses data and methods. Section 4 contains the results and discussion, while section 5 provides the conclusion.

1. **Background and Literature**

Silicon Valley Bank (SVB) maintained a prominent position in the American banking market and provided banking services to over half of all venture-backed US technology and healthcare firms. The failure of SVB had enormous effects on the banking industry, as well as the technological and healthcare industries it supported. Its assets, which include loans, more than quadrupled between the end of 2019 and the end of March 2022, from $71 billion to $220 billion[[6]](#footnote-6). During this time span, deposits increased from $62 billion to $198 billion as hundreds of tech entrepreneurs deposited capital with the lender. In a classic run on the bank, consumers withdrew deposits from SVB in a frenzied 48-hour period, precipitating the bank's abrupt demise. On March 9, 2023, the bank's price dropped 60%, dragging other bank stocks with it, as investors feared a repetition of the 2008 global financial crisis. California regulators intervened, closing the bank and placed it under the Federal Deposit Insurance Corporation's receivership (FDIC). US financial regulators took emergency steps to stop the collapse of Silicon Valley Bank from spreading to other banks. In the context of a SVB failure, US regulators have ensured that depositors can access their funds as quickly as possible it remains critical to mitigate the potential contagion effects and maintaining public confidence in the financial system. The US federal government has stepped in to guarantee customer deposits on 13th March 2023, but SVB’s downfall continues to reverberate across global financial markets.

The SVB collapse has already caused ripples in the financial markets. Trading in shares of First Republic Bank (FRC) and PacWest Bancorp (PACW) was briefly stopped because their prices fell by 65% and 52%, respectively. Likewise, stock prices for Charles Schwab (SCHW) also went down by 7%. The Stoxx Europe 600 Banks index, which tracks 42 big banks in the EU and UK, also shrinks by 5.6%[[7]](#footnote-7). Additionally, SVB was not just the largest lender of unicorns, startups, and techs but was also home to some of the crypto companies' reserves. Hence, in addition to traditional markets, markets that include digital assets may also be at risk from the collapse of SVB.

SVB's collapse was caused by a combination of factors, including its over-reliance on the tech sector, exposure to the bond market, and changing economic conditions. The bank invested billions of dollars into US government bonds during a time of near-zero interest rates, which quickly became a liability as the Federal Reserve aggressively hiked rates to curb inflation, causing the value of SVB's bond portfolio to decline. Additionally, SVB's dependence on the tech industry may be risky, as economic conditions changed and the sector's fortunes shifted. These factors led to a run on the bank and ultimately its collapse, with potential consequences for banking sector and financial markets. Fears of contagion grow following the biggest bank failure since 2008.

* 1. **Reputational Contagion**

The impact of reputational contagion can be particularly severe for financial institutions, given the crucial role they play in the global economy. The loss of confidence in one bank can lead to a loss of confidence in the entire banking system, potentially triggering a wider financial crisis (Basaran-Brooks, 2022; Corbet & Goodell, 2022; Fabrizi, Huan, & Parbonetti, 2021). Past studies have probe the contagion of business entity level stress events on other related entities and industries (Kim et al., 2015; Morrison & White, 2013). Accordingly, the study of Goodell et al. (2023), examine the reputational contagion effect of Colonial Pipeline ransomware attack, and studies such as (Fabrizi et al., 2021; He, Pittman, & Rui, 2016), have evaluated the dynamics of reputational contagion, particularly examining the extent to which significant financial and reputational events have spillover effects on other markets. Therefore, insights regarding contagion effect of SVB collapse on banking sector and others financial markets remain significant. The concern of this study is to determine the contagion effect of SVB collapse on financial markets and provide inclusive empirical evidence with broader managerial and regulatory implications.

1. **Data and Methodology**
   1. **Data**

We use the daily data of the stock index of major economies of the world. The data is taken from *investing.com*. We choose March 09, 2023 as the event date, when the stocks prices of SVB declined by 60%. The estimation window in 120 days from (t-126 to t-6) and the event windows comprises 10 working days from March 1, 2023 to March 16, 2023 (t-5 to t+5). For analysis purpose, we only consider the trading days only. The event has impacted many economies of the world; however, we focus on examining the impact on the stock exchanges of G20 and relevant economies. These Economies are the world’s largest economies, including both industrialized and developing nations, holds around 90% of gross world product (GWP), 75%–80% of international trade and two-thirds of the global population.

Figure 1 displays the returns of all the equity markets on the event data. We can observe that apart from Australian equity market, all the other equity market have negative returns suggesting the contagion effect of the SVB collapse on other economies. To provide more indepth analysis, we categories the selected 34 countries based on the level of economic development (Developed and emerging) and regions (Latin America, Europe, Asia, North America and Middle East and Africa), so that we can understand which economies/region is affected the most due to this event.

**3.2. Methodology**

To test the reputational impact of the collapse of SVB, Signature and Silvergate banks on the international equity returns, we employe event study approach. Similar to Dyckman, Philbrick, and Stephan (1984)we estimate the normal returns using the OLS model:

(1)

Here,and represent the returns of assets and benchmark index (MSCI world equity index) on day t, respectively.

**3.2.1. Abnormal returns**

After calculating the actual and estimated returns, we then compute the abnormal returns, which are as follows:

(2)

Here, is the abnormal returns for asset *i* on day *t*.

**3.2.2. Aggregate abnormal and cumulative aggregate abnormal returns**

Next, we examine the aggregate abnormal and cumulative abnormal returns to investigate the impact of this event on various markets.

(3)

We then use the average abnormal returns to compute the cumulative abnormal returns, which is the summation of abnormal return over the event window from to .

(4)

1. **Results & Discussion**

Table 1 reports the abnormal returns on event day for developed economies (Panel A) and developing economies (Panel B). The abnormal returns on SVB collapse for Australia (-2.03%), Canada (-0.48%), Hong Kong (-0.33%), Norway (-0.67%) Switzerland (-0.24%), United Kingdom (-0.42%), United States (-0.37%) remain negative but insignificant. Panel A of Table 1 also shows that Israel, Denmark, Germany, France, Japan, Netherlands, and Sweden had positive but insignificant abnormal returns on the event day. Israel had the largest positive abnormal return at 1.21%, followed by Denmark at 1.53%. The remaining countries returns ranged from 0.54% to 0.83%. Likewise, from Panel B, the abnormal returns on the event day of SVB collapse for a selection of developing economies also remain insignificant. The results indicate that developing countries experienced negative as well as positive abnormal returns. The negative and insignificant abnormal returns were observed in Brazil (-1.38%), Argentina (-1.13%), and the Philippines (-1.58%). Accordingly, positive abnormal returns were observed in Russia (0.09%), Indonesia (0.56%), Thailand (0.25%), and Saudi Arabia (0.82%). In summary, the abnormal returns for China, India, South Korea, Poland, Malaysia, and the UAE were negative but insignificant, indicating a decline in stock prices following the SVB collapse. By contrast, the abnormal returns for Russia, Mexico, Indonesia, Turkey, Thailand, South Africa, and Saudi Arabia were positive but insignificant, indicating an increase in stock prices.

Table 2 exhibit aggregate market AARs, CAARs (Panel A) and BHAAR (Panel B). Panel A shows the AARs for t-6 to t-1 which are not statistically significant since all p-values are greater than 0.05. However, for t and t+1, there are statistically significant and negative AARs at a 1% level of significance. In the context of the SVB collapse, the results from Table 2, Panel A suggest that there were no statistically significant abnormal returns in the six days leading up to the collapse of the bank (t-6 to t-1). However, the statistically significant and negative AARs reported on the day of event and t+1 however, the effect of event does not remain persistent because though AARs remain negative but insignificant which suggest that markets do not react strongly to the news of the bank's collapse. However, the fact that the effect of the event does not remain persistent because the AARs remain negative but insignificant implies that the market eventually stabilized, and the initial shock wore off. This could infer that investors may have adjusted their portfolios and taken a more long-term view of the situation, rather than reacting to the news in the short-term (Yousaf & Goodell, 2023).

Accordingly, Panel A reports the cumulative average abnormal returns (CAARs) and significance level (p-values) for the six days before and after the collapse of SVB. The event appears to have occurred on day t, as that is when the CAAR turns negative and significant. Before the event CAARs are mostly positive but not significant, indicating that there was no significant market reaction leading up to the collapse of SVB. However, on the event day and six days after the event (t+1 to t+6), the CAARs are all negative and significant, indicating that there was a significant market reaction to the default of SVB, and that this reaction persevered for several days. From t+1 to t+6, the study found significant CAARs. Specifically, there was a decrease in the average abnormal return of (-2.06%) at t+1 with significance level of 0.017, (-2.51%) at t+2 with significance level of 0.014, (-3.61%) at t+3, 0.002, (-3.63%) at t+4, (-3.58%) at t+5, (3.69%) at t+6 at 0.007 also remain significantly negative. Our results confirm the notion of financial contagion effect of the collapse of SVB on the financial markets and the contagion effect persisted for several days. The significant negative CAARs indicate that there was a widespread market reaction to the default of SVB and that markets reacted strongly to the collapse of SVB. The results also highlight the importance of monitoring the potential for financial contagion in the aftermath of a significant event like the default of SVB. Investors and policymakers need to be vigilant in order to minimize the impact of contagion and prevent it from spreading to other financial institutions and markets (Corbet & Goodell, 2022; Morrison & White, 2013).

Additionally, we have also used BHAAR model to determine the return over a specific period of time. Panel B shows the BHAAR results which indicates that before the event AAR and CAARs remain insignificant and negligible. However, statistically significant, and negative AARs reported on the day of event and t+1. Even though the effect of the event does not remain persistent because though AARs remain negative but insignificant which implies that markets do not react strongly to the news of the bank's collapse. Conversely, the results of CAARs indicate that market responds negatively to the default of SVB as indicated by the negative and significant CAAR values. These results suggest that the market reaction to the default persisted for several days after the event. Specifically, the study found that the CAAR values from t+1 to t+6 were all negative and significant, providing strong evidence of abnormal negative returns during this period. The results indicate that financial markets responded negatively, and this remains persistent which signify the collapse of SVB and its potential for contagion and systemic risk in the financial system (Bouzzine & Lueg, 2020; Corbet & Goodell, 2022; Yousaf & Goodell, 2023). This suggests that the collapse of a single institution can have a ripple effect throughout the market and underscores the importance of effective risk management and oversight in the financial industry. Additionally, result also implies that markets may not always be perfectly efficient, and there may be opportunities for investors to generate abnormal returns through careful analysis and investment strategies. This has implications for the nature of market efficiency and the development of new investment strategies. Moreover, our findings also signify the role of information asymmetry in financial markets. The fact that negative AARs were significant only on the day of the event and t+1 suggests that investors quickly incorporated the news of the bank's collapse into their investment decisions.

Table 3 provides a snapshot of the abnormal returns of developed economies six days before and after the collapse of SVB. the abnormal returns vary widely across countries and time periods. Before the event (t-1 to t-6) mostly returns remain positive and insignificant for all the developed economies. However, returns after the collapse of SVB (t+1 to t+6) vary across countries. For example, returns on t+1 to t+3 for Japan, Germany, United Kingdom, France, Italy, Israel, Australia and Netherlands remain negative and significant but not persistent for longer period of time. The possible reason why some of the developed countries remain less effected as compared to others would be due to the regulatory reason. This variation in abnormal returns across different countries after the collapse of SVB is the difference in regulatory responses and preparedness of each country's financial regulators. Countries with more effective and efficient regulatory frameworks and risk mitigation strategies may have been better equipped to manage the impact of the collapse of SVB on their financial markets. For instance, countries that had stricter regulations in place to manage systemic risks and prevent the spread of contagion following the failure of a financial institution may have experienced a less severe impact on their markets (Nguyen & Nguyen, 2022; Soenen & Vander Vennet, 2022). Additionally, countries that had more robust emergency response plans and mechanisms, such as coordinated efforts between financial regulators and central banks, may have been able to mitigate the impact of the collapse of SVB on their markets.

Accordingly, Table 4 states the abnormal returns of developing economies before and after the collapse of SVB. The result remain divergent across time and economies however largely before the event returns remain insignificant not showing any pre effect of the SVB collapse on financial markets of developing economies. Accordingly, return are negatively insignificant in most of the post event days for most of the economies except South Korea, Indonesia, Thailand , Philippine and UAE which react negatively significant at t+2. However, the negative returns does not endure for longer period of time. Our findings indicate that the negative returns did not last for an extended length of time, implying that the SVB collapse's effects on the financial markets of developing nations were fleeting. Additionally, results in Table 4 suggest that the collapse of SVB did not trigger a widespread contagion effect on developing economies' financial markets. The negative returns observed in some countries were short-lived and did not persist for a longer period of time. The CAAR of all the economies for the entire event window are reported in Figure 2, which reveal that most of the economies have negative and some cases even significantly negative CAAR. Which further strengthen our point that failure of SVB has widespread impact on economies. Our results have several implications for investors and policymakers. For investors, it suggests that the impact of events like the collapse of SVB on developing economies' financial markets may be limited and short-lived. Therefore, investors may not need to adjust their investment strategies significantly in response to such events. On the other hand, for policymakers, the result indicates that the financial systems of developing economies may be relatively resilient to external shocks, at least in the short term. However, regulators may still need to monitor the potential risks and vulnerabilities in their financial systems to ensure their stability and resilience in the long run.

Table 5 showcases a holistic overview of the financial markets under scrutiny, presenting the aggregate AARs and CAARs, accompanied by their respective p-values . Panel A of Table 5 reports the AARs and CAARs of developed economies. From t-1 to t-6, both AARs and CAARs remain positive but insignificant. However, after the collapse of SVB (t-+to t+6), the AARs remain negative (-1.85%) at t+1 with significant value of (0.005). AARs aftermath remain negative but insignificant. Contrary, the CAARs at t+1, t+3, t=4, t+5 and t+6 remain negative and significant. The results indicate that developed economies negatively responded to the collapse of SVB. The significant and negative cumulative average abnormal returns also signify the financial contagion in developed economies due default of SVB. The failure of SVB had a short-lived but large negative influence on the AARs of developed economies, but the CAARs remained negative and significant for a longer length of time, demonstrating that the financial contagion produced by SVB affected the whole market.

Panel B of Table 5 exhibit AARs and CAARs of developing economies. The AARs before and after the event remain negative but insignificant with only exception on event day and t+2 where AARs remain negative and significant. Conversely, CAARs before the event remain insignificant however, remain negative and significant. From t+2 to t+6 the cumulative average abnormal returns remain negative and significant on the bases of p-value. The reason why the market responded insignificantly based on AARs and significantly based on CAARs is likely due to the cumulative effect of the event on the market. AARs are calculated based on the average returns of individual securities, and therefore may not fully capture the overall impact of a specific event on the market. On the other hand, CAARs consider the cumulative effect of the event on the market over time and may provide a more accurate representation of the overall impact of the event.

Additionally, we have also conducted regional analysis which showcase how different regions responded to the collapse of SVB. Panel C of Table 5 reports AARs and CAARs from North America region and the result before and after the event remain insignificant. Likewise, Panel D of Table 5 states the AARs and CAARs of European markets. The European markets reacted negatively and significantly after the collapse of SVB. Likewise, Panel E shows the AARs and CAARs results from Asian region which also responded negatively and significantly at t+1 to t+6. Accordingly, the Panel F demonstrate the negative but insignificant AARs of Latin American markets while its CAARs at t+3 remain negative and significant. Finally, Panel G shows the AARs and CAARs of the Middle East and Africa. The AARs after the collapse of SVB at t+2, t+3 and t+5 remain negative and significant. However, its CAARs before and after the demise of SVB remain negative but insignificant.

Our regional analysis clearly demonstrates the existence of financial contagion, which should be a cause for concern for policymakers and investors alike. The fact that the collapse of one financial institution can have a negative impact on markets across different regions highlights the interconnectedness of financial systems and the potential for systemic risks (Zhao, Li, Lei, & Zhou, 2022). The negative and significant CAARs in European and Asian markets are particularly alarming, as they suggest that the contagion effect was more pronounced in these regions. This may have been due to the exposure of financial institutions in these regions to the events leading up to the collapse of SVB, or the interconnectedness of financial systems across these regions. Accordingly, the South American markets showed negative CAARs at t+3, showing a delayed response to the event, whereas the Middle East and Africa markets had negative and significant AARs at specified time periods but minor CAARs before and after the event, indicating a more transient market impact. Regional disparities in performance can be attributable to a variety of variables, including variances in market structure, exposure level, and economic conditions (Zhao et al., 2022). Regional variations in market structure, exposure level, and economic conditions may influence the magnitude and impact of SVB's collapse on different regions. Additionally, we have used the alternate proxy of buy and hold average abnormal returns (BHAARs), as demonstrated in Table 1A of the Appendix which confirms the robustness of the CAAR results. Conclusive, the results show that there was no significant market reaction leading up to the collapse of SVB based on AARS. However, the CAARs remain negative and significant on the event day and six days after the event, indicating a widespread market reaction and persistence of financial contagion in both developed and developing markets. The study emphasizes the importance of monitoring the potential for financial contagion and taking vigilant measures to minimize its impact on other financial institutions and markets.

1. **Conclusion**

The failure of SVB and following defaults by Signature Bank and Credit Suisse have triggered alarms in the banking sector, with mounting fears about the possibility of a more widespread financial contagion. The immense recent interest of scholars in financial contagion (Corbet & Goodell, 2022; Corbet et al., 2022), and due to significance of banking defaults to financial markets, we examine the financial contagion to developed and developing financial markets surrounding the SVB collapse. We use event study approach to determine the extent of SVB collapse on financial markets. We analyzed the abnormal returns and cumulative average abnormal returns (CAARs) before and after the default of SVB in the context of developed and developing economies. The results reveal that abnormal returns remained negative but insignificant for developed economies, with positive but insignificant returns observed in some countries. Similarly, the abnormal returns on the event day for developing economies remained insignificant, with both negative and positive abnormal returns. The CAARs were mostly positive but not significant before the event, indicating no significant market reaction leading up to the collapse of SVB. However, on the event day and six days after the event, the CAARs were all negative and significant, suggesting a significant market reaction to the default of SVB, and this reaction persisted for several days. The results confirm the notion of financial contagion effect of the collapse of SVB on the developed and developing financial markets. We also conduct regional analysis of SVB collapse on different regions. Results show that there was a significant negative impact on European and Asian markets, indicating financial contagion. Delayed negative effects were observed in Latin American markets, while Middle Eastern and African markets had a more transient impact. The study highlights the interconnectedness of financial systems and the need for policymakers and regulators to monitor and minimize the potential for financial contagion.

The study's findings have significant implications for both developing and developed economies. The existence of financial contagion highlights the need for policymakers in both types of economies to monitor the potential for systemic risks and take measures to mitigate their impact on other financial institutions and markets. Future studies can explore other financial markets such as bond and treasury markets, cryptocurrencies, or decentralized finance to determine the financial contagion triggered by SVB collapse.

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| Figure 1: Country wise returns on event day |

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| Table 1: Abnormal Returns on Event day |  |  |  |  |
| Panel A: Developed Economies | |  | Panel B: Developing Economies | |
| United States | -0.37% |  | China | -0.20% |
|  | (0.412) |  |  | (0.819) |
| Japan | 0.68% |  | India | -0.76% |
|  | (0.468) |  |  | (0.305) |
| Germany | 0.77% |  | South Korea | -0.25% |
|  | (0.211) |  |  | (0.821) |
| United Kingdom | -0.42% |  | Russia | 0.09% |
|  | (0.435) |  |  | (0.917) |
| France | 0.54% |  | Brazil | -1.38% |
|  | (0.420) |  |  | (0.329) |
| Italy | -0.11% |  | Mexico | 0.57% |
|  | (0.877) |  |  | (0.542) |
| Israel | 1.21% |  | Indonesia | 0.56% |
|  | (0.291) |  |  | (0.421) |
| Canada | -0.48% |  | Turkey | 0.04% |
|  | (0.224) |  |  | (0.989) |
| Australia | -2.03%\*\* |  | Poland | -0.24% |
|  | (0.022) |  |  | (0.809) |
| Netherlands | 0.83% |  | Thailand | 0.25% |
|  | (0.190) |  |  | (0.612) |
| Switzerland | -0.24% |  | Argentina | -1.13% |
|  | (0.726) |  |  | (0.631) |
| Norway | -0.67% |  | South Africa | 0.52% |
|  | (0.455) |  |  | (0.624) |
| Denmark | 1.53%\* |  | Philippines | -1.58% |
|  | (0.069) |  |  | (0.201) |
| Singapore | -0.38% |  | Malaysia | -0.22% |
|  | (0.570) |  |  | (0.767) |
| Belgium | -0.15% |  | Saudi Arabia | 0.82% |
|  | (0.804) |  |  | (0.323) |
| Sweden | 0.62% |  | UAE | -0.81% |
|  | (0.467) |  |  | (0.240) |
| Hong Kong | -0.33% |  |  |  |
|  | (0.870) |  |  |  |
| Ireland | -0.20% |  |  |  |
|  | (0.787) |  |  |  |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | |

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| Table 2: Aggregate market AARs and CAARs | | | | | |  |  |  |  |  |
| 2 |  | Panel A: CAAR model | | | |  | Panel B: BHAAR model | | | |
| 1 |  | AAR | p-value | CAAR | p-value |  | AAR | p-value | CAAR | p-value |
| t-6 |  | -0.27% | (0.678) | -0.27% | (0.678) |  | -0.28% | (0.375) | -0.28% | (0.375) |
| t-5 |  | 0.10% | (0.591) | -0.17% | (0.999) |  | 0.09% | (0.772) | -0.19% | (0.677) |
| t-4 |  | 0.49% | (0.179) | 0.32% | (0.412) |  | 0.48% | (0.122) | 0.30% | (0.585) |
| t-3 |  | -0.15% | (0.686) | 0.17% | (0.591) |  | -0.15% | (0.631) | 0.15% | (0.815) |
| t-2 |  | 0.09% | (0.778) | 0.26% | (0.547) |  | 0.08% | (0.793) | 0.23% | (0.747) |
| t-1 |  | -0.08% | (0.826) | 0.17% | (0.661) |  | -0.09% | (0.781) | 0.14% | (0.856) |
| t |  | -0.87%\*\*\* | (0.006) | -0.70% | (0.427) |  | -0.87%\*\*\* | (0.007) | -0.73% | (0.392) |
| t+1 |  | -1.36%\*\*\* | (0.007) | -2.06%\*\* | (0.017) |  | -1.37%\*\*\* | (0.000) | -2.10%\*\* | (0.024) |
| t+2 |  | -0.45% | (0.662) | -2.51%\*\* | (0.014) |  | -0.46% | (0.144) | -2.56%\*\* | (0.010) |
| t+3 |  | -1.10% | (0.121) | -3.61%\*\*\* | (0.002) |  | -1.10%\*\*\* | (0.001) | -3.66%\*\*\* | (0.001) |
| t+4 |  | -0.02% | (0.834) | -3.63%\*\*\* | (0.001) |  | -0.02% | (0.950) | -3.67%\*\*\* | (0.001) |
| t+5 |  | 0.05% | (0.936) | -3.58%\*\*\* | (0.006) |  | 0.04% | (0.890) | -3.63%\*\*\* | (0.002) |
| t+6 |  | -0.11% | (0.863) | -3.69%\*\*\* | (0.007) |  | -0.11% | (0.720) | -3.74%\*\*\* | (0.002) |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | | | | | | | |

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| Table 3: Abnormal returns of Developed Economies | | |  |  |  |  |  |  |  |  |  |  |
|  | t-6 | t-5 | t-4 | t-3 | t-2 | t-1 | t+1 | t+2 | t+3 | t+4 | t+5 | t+6 |
| United States | 0.43% | 0.15% | -0.09% | 0.08% | 0.32% | -0.37% | 0.53% | 0.76%\* | 0.80%\* | 0.38% | -0.26% | 0.23% |
|  | (0.341) | (0.747) | (0.835) | (0.868) | (0.476) | (0.412) | (0.238) | (0.095) | (0.077) | (0.397) | (0.569) | (0.608) |
| Japan | -0.08% | 1.49% | 1.10% | 0.31% | 0.48% | 0.68% | -1.09% | -2.25%\*\* | 0.08% | -0.86% | 1.22% | -1.46% |
|  | (0.932) | (0.114) | (0.239) | (0.740) | (0.605) | (0.468) | (0.244) | (0.017) | (0.931) | (0.358) | (0.192) | (0.119) |
| Germany | -0.20% | 0.59% | 0.24% | 0.24% | 0.43% | 0.77% | -2.81%\*\*\* | 1.13%\* | -2.55%\*\*\* | 0.59% | -0.96% | 0.57% |
|  | (0.748) | (0.337) | (0.695) | (0.697) | (0.483) | (0.211) | (0.000) | (0.067) | (0.000) | (0.338) | (0.118) | (0.354) |
| United Kingdom | 0.17% | -0.41% | -0.37% | 0.11% | 0.05% | -0.42% | -2.58%\*\*\* | 0.85% | -3.69%\*\*\* | 0.46% | -0.94%\* | 0.66% |
|  | (0.742) | (0.444) | (0.479) | (0.832) | (0.923) | (0.435) | (0.000) | (0.111) | (0.000) | (0.384) | (0.078) | (0.212) |
| France | 0.37% | -0.05% | 0.11% | 0.27% | -0.24% | 0.54% | -2.71%\*\*\* | 1.23%\* | -2.98%\*\*\* | 1.15%\* | -1.12%\* | 0.77% |
|  | (0.573) | (0.945) | (0.862) | (0.690) | (0.715) | (0.420) | (0.000) | (0.067) | (0.000) | (0.088) | (0.094) | (0.249) |
| Italy | -0.08% | 0.55% | 0.15% | 0.01% | 0.43% | -0.11% | -3.94%\*\*\* | 1.65%\*\* | -4.09%\*\*\* | 0.42% | -1.38%\*\* | 1.01% |
|  | (0.908) | (0.428) | (0.822) | (0.983) | (0.525) | (0.877) | (0.000) | (0.018) | (0.000) | (0.538) | (0.046) | (0.141) |
| Israel | 0.14% | -0.56% | 3.03%\*\*\* | -2.14%\* | 3.05%\*\*\* | 1.21% | -2.86%\*\* | 0.98% | -0.84% | -0.77% | 0.87% | 0.28% |
|  | (0.900) | (0.624) | (0.008) | (0.063) | (0.008) | (0.291) | (0.013) | (0.388) | (0.461) | (0.499) | (0.444) | (0.802) |
| Canada | 0.16% | 0.34% | -0.45% | -0.30% | 0.41% | -0.48% | -0.60% | 0.01% | -0.80%\*\* | 0.02% | -0.33% | 0.27% |
|  | (0.680) | (0.389) | (0.247) | (0.452) | (0.288) | (0.224) | (0.128) | (0.990) | (0.044) | (0.956) | (0.395) | (0.488) |
| Australia | 0.26% | -0.76% | 1.40% | -0.48% | 0.03% | -2.03%\*\* | -4.13%\*\*\* | 0.60% | -1.20% | 0.06% | -0.29% | -0.35% |
|  | (0.766) | (0.384) | (0.109) | (0.587) | (0.975) | (0.022) | (0.000) | (0.490) | (0.173) | (0.941) | (0.739) | (0.691) |
| Netherlands | 0.45% | -0.34% | -0.31% | -0.16% | 0.25% | 0.83% | -1.82%\*\*\* | 0.73% | -2.03%\*\*\* | 0.48% | -0.20% | 0.38% |
|  | (0.476) | (0.595) | (0.620) | (0.797) | (0.692) | (0.190) | (0.005) | (0.251) | (0.002) | (0.448) | (0.754) | (0.549) |
| Switzerland | 0.87% | -0.25% | -0.45% | -0.25% | -0.31% | -0.24% | -1.04% | 0.50% | -1.42%\*\* | 1.47%\*\* | -0.73% | 0.06% |
|  | (0.195) | (0.705) | (0.502) | (0.711) | (0.644) | (0.726) | (0.121) | (0.454) | (0.037) | (0.031) | (0.275) | (0.927) |
| Norway | 0.58% | -0.14% | -0.18% | -0.30% | -0.21% | -0.67% | -2.65%\*\*\* | 0.98% | -3.88%\*\*\* | -0.50% | -0.17% | 0.73% |
|  | (0.513) | (0.875) | (0.841) | (0.735) | (0.810) | (0.455) | (0.004) | (0.274) | (0.000) | (0.578) | (0.850) | (0.415) |
| Denmark | -0.42% | -0.15% | -0.11% | -0.23% | -0.88% | 1.53%\* | -1.46%\* | 1.33% | -1.53%\* | -0.38% | -0.77% | 0.52% |
|  | (0.610) | (0.858) | (0.896) | (0.783) | (0.291) | (0.069) | (0.081) | (0.112) | (0.069) | (0.652) | (0.357) | (0.528) |
| Singapore | -0.73% | -0.27% | 0.13% | 0.20% | -0.64% | -0.38% | -1.47%\*\* | -0.22% | 1.38%\*\* | -0.72% | 0.84% | -1.50%\*\* |
|  | (0.267) | (0.687) | (0.843) | (0.762) | (0.327) | (0.570) | (0.027) | (0.733) | (0.039) | (0.276) | (0.201) | (0.024) |
| Belgium | -0.84% | 0.03% | -0.24% | -0.17% | -0.09% | -0.15% | -2.14%\*\*\* | 1.40%\*\* | -2.14%\*\*\* | -0.04% | -1.10%\* | 0.41% |
|  | (0.168) | (0.954) | (0.693) | (0.779) | (0.881) | (0.804) | (0.001) | (0.023) | (0.001) | (0.944) | (0.071) | (0.496) |
| Sweden | -0.30% | 0.74% | 0.20% | 0.08% | 0.17% | 0.62% | -1.34% | 0.74% | -3.40%\*\*\* | 0.44% | -1.37% | 0.96% |
|  | (0.718) | (0.386) | (0.814) | (0.923) | (0.843) | (0.467) | (0.115) | (0.379) | (0.000) | (0.608) | (0.106) | (0.256) |
| Hong Kong | -1.38% | -0.24% | -0.21% | 0.01% | -2.62% | -0.33% | 1.89% | -2.98% | 1.81% | -2.61% | 1.66% | -3.27% |
|  | (0.494) | (0.906) | (0.917) | (0.995) | (0.194) | (0.870) | (0.350) | (0.143) | (0.375) | (0.200) | (0.412) | (0.107) |
| Ireland | 1.73%\*\* | -0.35% | 1.09% | 0.98% | -0.27% | -0.20% | -3.20%\*\*\* | 1.64%\*\* | -3.06%\*\*\* | 1.30%\* | -1.66%\*\* | 1.43%\* |
|  | (0.020) | (0.639) | (0.141) | (0.189) | (0.713) | (0.787) | (0.000) | (0.029) | (0.000) | (0.082) | (0.026) | (0.054) |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | | | | | | | | | | |

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| Table 4: Abnormal returns of Developing Economies | | | |  |  |  |  |  |  |  |  |  |
| SECURITY | t-6 | t-5 | t-4 | t-3 | t-2 | t-1 | t+1 | t+2 | t+3 | t+4 | t+5 | t+6 |
|  |  |  |  |  |  |  |  |  |  |  |  |  |
| China | -0.19% | 0.30% | -0.31% | -1.09% | -0.15% | -0.20% | 1.14% | -0.90% | 0.57% | -1.34% | 0.70% | -0.65% |
|  | (0.829) | (0.727) | (0.718) | (0.214) | (0.863) | (0.819) | (0.190) | (0.300) | (0.511) | (0.124) | (0.423) | (0.456) |
| India | -0.87% | 1.40%\* | 0.69% | -0.54% | 0.92% | -0.76% | -1.46%\* | -0.65% | -0.46% | 0.03% | 0.70% | -0.67% |
|  | (0.242) | (0.061) | (0.351) | (0.466) | (0.212) | (0.305) | (0.050) | (0.383) | (0.539) | (0.965) | (0.346) | (0.365) |
| South Korea | 0.90% | -0.23% | 1.15% | 0.34% | -1.31% | -0.25% | 0.76% | -2.86%\*\* | 1.58% | -0.45% | 0.88% | -0.91% |
|  | (0.411) | (0.837) | (0.297) | (0.761) | (0.234) | (0.821) | (0.490) | (0.011) | (0.155) | (0.681) | (0.426) | (0.409) |
| Russia | -1.26% | 0.39% | 0.85% | 0.35% | -0.10% | 0.09% | -0.22% | 0.65% | -0.98% | -0.55% | 2.94%\*\*\* | 2.93%\*\*\* |
|  | (0.126) | (0.635) | (0.301) | (0.671) | (0.905) | (0.917) | (0.790) | (0.433) | (0.240) | (0.509) | (0.001) | (0.001) |
| Brazil | -0.92% | 0.67% | 0.89% | -0.44% | 2.27% | -1.38% | -0.43% | -0.06% | -0.24% | 0.89% | -1.37% | -0.93% |
|  | (0.509) | (0.631) | (0.522) | (0.752) | (0.105) | (0.329) | (0.758) | (0.967) | (0.866) | (0.527) | (0.327) | (0.506) |
| Mexico | -0.47% | 0.95% | -0.62% | -1.06% | 0.59% | 0.57% | 0.60% | -1.02% | -0.66% | 0.21% | -0.86% | 0.78% |
|  | (0.607) | (0.304) | (0.502) | (0.256) | (0.519) | (0.542) | (0.517) | (0.269) | (0.478) | (0.823) | (0.350) | (0.395) |
| Indonesia | 0.18% | -0.77% | -0.08% | -0.37% | 0.20% | 0.56% | 0.43% | -2.23%\*\*\* | 0.01% | -1.07% | 1.83%\*\*\* | -1.03% |
|  | (0.792) | (0.262) | (0.906) | (0.594) | (0.771) | (0.421) | (0.525) | (0.002) | (0.994) | (0.123) | (0.009) | (0.134) |
| Turkey | -1.52% | -1.46% | 3.05% | -0.28% | 0.75% | 0.04% | -1.37% | -2.65% | -1.76% | 1.57% | -2.00% | -3.60% |
|  | (0.565) | (0.584) | (0.250) | (0.916) | (0.777) | (0.989) | (0.606) | (0.320) | (0.509) | (0.555) | (0.453) | (0.177) |
| Poland | -2.17%\*\* | 0.18% | 1.36% | -0.08% | 0.20% | -0.24% | -2.22%\*\* | -0.45% | -2.13%\*\* | -0.90% | -0.93% | -0.34% |
|  | (0.029) | (0.857) | (0.167) | (0.933) | (0.836) | (0.809) | (0.026) | (0.651) | (0.034) | (0.364) | (0.347) | (0.731) |
| Thailand | -0.50% | -0.53% | 0.33% | 0.53% | -0.36% | 0.25% | -1.61%\*\*\* | -3.29%\*\*\* | 2.82%\*\*\* | -0.83% | 0.66% | -0.61% |
|  | (0.312) | (0.289) | (0.510) | (0.291) | (0.471) | (0.612) | (0.002) | (0.000) | (0.000) | (0.101) | (0.187) | (0.220) |
| Argentina | -3.54% | -0.09% | 2.20% | -2.32% | 1.28% | -1.13% | -5.07%\*\* | -3.20% | -4.71%\*\* | 4.95%\*\* | -0.87% | -1.25% |
|  | (0.130) | (0.968) | (0.345) | (0.324) | (0.580) | (0.631) | (0.032) | (0.171) | (0.047) | (0.037) | (0.710) | (0.592) |
| South Africa | -1.76%\* | 0.12% | 0.36% | 0.49% | -1.21% | 0.52% | -1.22% | -1.15% | -2.45%\*\* | -0.65% | -0.42% | 2.14%\*\* |
|  | (0.097) | (0.913) | (0.735) | (0.647) | (0.252) | (0.624) | (0.251) | (0.279) | (0.023) | (0.541) | (0.688) | (0.045) |
| Philippines | 0.14% | 0.37% | 0.15% | 0.47% | 0.02% | -1.58% | -0.76% | -2.45%\*\* | 1.09% | -1.07% | 0.95% | -0.39% |
|  | (0.909) | (0.762) | (0.903) | (0.701) | (0.989) | (0.201) | (0.535) | (0.047) | (0.374) | (0.381) | (0.437) | (0.747) |
| Malaysia | 0.34% | -0.25% | -0.07% | 0.56% | -0.25% | -0.22% | -0.72% | -2.06%\*\*\* | 0.86% | -0.99% | 1.51%\*\* | -0.75% |
|  | (0.642) | (0.737) | (0.928) | (0.457) | (0.731) | (0.767) | (0.328) | (0.006) | (0.252) | (0.184) | (0.043) | (0.308) |
| Saudi Arabia | 0.99% | 1.35% | 0.51% | 0.56% | -0.41% | 0.82% | -0.52% | -0.85% | -1.24% | -0.66% | 2.07%\*\* | 0.71% |
|  | (0.229) | (0.105) | (0.531) | (0.499) | (0.620) | (0.323) | (0.525) | (0.302) | (0.136) | (0.423) | (0.013) | (0.388) |
| UAE | 0.18% | 0.44% | 0.95% | -0.46% | 0.00% | -0.81% | -0.67% | -1.70%\*\* | -0.62% | -0.83% | 2.24%\*\*\* | -1.04% |
|  | (0.787) | (0.519) | (0.165) | (0.503) | (1.000) | (0.240) | (0.325) | (0.015) | (0.368) | (0.231) | (0.002) | (0.130) |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | | | | | | | | | |

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| Table 5: AAR and CAAR’s of different samples | | |  |  |  |  |  |  |  |  |  |  |  |
|  | t-6 | t-5 | t-4 | t-3 | t-2 | t-1 | t | t+1 | t+2 | t+3 | t+4 | t+5 | t+6 |
| Panel A: Developed countries | | |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.07% | 0.02% | 0.28% | -0.09% | 0.02% | 0.05% | -0.75% | -1.85%\*\*\* | 0.51% | -1.63%\* | 0.05% | -0.37% | 0.10% |
| p-value | (0.689) | (0.866) | (0.627) | (0.799) | (0.793) | (0.993) | (0.115) | (0.005) | (0.143) | (0.051) | (0.554) | (0.204) | (0.530) |
| CAAR | 0.07% | 0.09% | 0.37% | 0.28% | 0.30% | 0.35% | -0.40% | -2.24%\*\* | -1.73% | -3.36%\*\* | -3.30%\*\* | -3.67%\*\* | -3.57%\*\* |
| p-value | (0.689) | (0.632) | (0.501) | (0.632) | (0.614) | (0.667) | (0.715) | (0.044) | (0.143) | (0.031) | (0.043) | (0.033) | (0.037) |
| Panel B: Developing Economies | | |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.65% | 0.18% | 0.72%\*\* | -0.21% | 0.16% | -0.23% | -1.01%\*\*\* | -0.82% | -1.55%\*\* | -0.51% | -0.09% | 0.51% | -0.34% |
| p-value | (0.236) | (0.508) | (0.037) | (0.721) | (0.897) | (0.621) | - | (0.163) | (0.019) | (0.853) | (0.250) | (0.179) | (0.701) |
| CAAR | -0.65% | -0.47% | 0.25% | 0.04% | 0.20% | -0.03% | -1.04% | -1.86% | -3.41%\*\* | -3.91%\*\*\* | -4.01%\*\*\* | -3.49%\*\* | -3.83%\*\* |
| p-value | (0.236) | (0.645) | (0.597) | (0.769) | (0.720) | (0.895) | (0.274) | (0.114) | (0.019) | (0.004) | (0.001) | (0.032) | (0.049) |
| Panel C: North America | |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.29%\* | 0.24% | -0.27% | -0.11% | 0.37%\*\*\* | -0.43%\*\*\* | -0.24% | -0.03% | 0.38% | 0.00% | 0.20% | -0.29%\*\*\* | 0.25%\*\*\* |
| p-value | (0.075) | (0.122) | (0.311) | (0.653) | (0.000) | (0.000) | (0.673) | (0.928) | (0.474) | (0.962) | (0.422) | (0.000) | (0.000) |
| CAAR | 0.29%\* | 0.54%\*\*\* | 0.26% | 0.15% | 0.52% | 0.09% | -0.14% | -0.17% | 0.21% | 0.21% | 0.41% | 0.12% | 0.37% |
| p-value | (0.075) | 0.000) (0.000) | (0.378) | (0.823) | (0.273) | (0.908) | (0.867) | (0.891) | (0.975) | (0.995) | (0.956) | (0.983) | (0.966) |
| Panel D: Europe |  |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.02% | 0.03% | 0.13% | 0.04% | -0.04% | 0.19% | -0.98%\*\* | -2.32%\*\*\* | 0.98%\* | -2.74%\*\*\* | 0.38% | -0.94%\*\* | 0.60% |
| p-value | (0.939) | (0.961) | (0.871) | (0.875) | (0.942) | (0.746) | (0.042) | (0.009) | (0.054) | (0.005) | (0.493) | (0.025) | (0.122) |
| CAAR | 0.02% | 0.05% | 0.18% | 0.22% | 0.18% | 0.37% | -0.60% | -2.93%\* | -1.95% | -4.69%\*\* | -4.31%\* | -5.25%\*\* | -4.66%\*\* |
| p-value | (0.939) | (0.910) | (0.858) | (0.856) | (0.881) | (0.780) | (0.709) | (0.068) | (0.229) | (0.023) | (0.061) | (0.025) | (0.049) |
| Panel E: Asia |  |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.32% | -0.08% | 0.81%\*\* | -0.15% | 0.01% | -0.21% | -0.67% | -0.81% | -1.44%\* | 0.36% | -0.68%\*\*\* | 0.90%\*\* | -0.84% |
| p-value | (0.308) | (0.917) | (0.045) | (0.755) | (0.967) | (0.588) | (0.199) | (0.154) | (0.060) | (0.433) | (0.005) | (0.013) | (0.225) |
| CAAR | -0.32% | -0.40% | 0.41% | 0.26% | 0.26% | 0.06% | -0.61% | -1.42% | -2.86%\*\* | -2.50%\*\*\* | -3.18%\*\*\* | -2.28%\*\* | -3.12%\*\* |
| p-value | (0.308) | (0.405) | (0.522) | (0.638) | (0.719) | (0.941) | (0.548) | (0.104) | (0.025) | (0.003) | (0.001) | (0.029) | (0.045) |
| Panel F: Latin America | |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -1.63%\*\* | 0.51% | 0.83% | -1.27%\*\* | 1.38%\* | -0.64% | -2.09%\*\* | -1.60% | -1.42% | -1.85% | 2.04% | -1.03%\*\*\* | -0.46% |
| p-value | (0.046) | (0.269) | (0.668) | (0.025) | (0.057) | (0.674) | (0.018) | (0.607) | (0.150) | (0.219) | (0.229) | (0.007) | (0.867) |
| CAAR | -1.63%\*\* | -1.12% | -0.29% | -1.56% | -0.18% | -0.82% | -2.91% | -4.52% | -5.93% | -7.78% | -5.75% | -6.78% | -7.24% |
| p-value | (0.046) | (0.646) | (0.824) | (0.235) | (0.987) | (0.787) | (0.308) | (0.416) | (0.321) | (0.295) | (0.326) | (0.170) | (0.191) |
| Panel G: Middle East and Africa | | |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.19% | 0.64% | 0.61%\* | 0.20% | -0.54% | 0.18% | -0.57%\*\*\* | -0.80%\*\*\* | -1.23%\*\* | -1.43%\*\*\* | -0.71%\*\*\* | 1.30% | 0.61% |
| p-value | (0.953) | (0.164) | (0.051) | (0.772) | (0.197) | (0.904) | (0.001) | (0.000) | (0.011) | (0.003) | (0.000) | (0.210) | (0.733) |
| CAAR | -0.19% | 0.45% | 1.06% | 1.25% | 0.71% | 0.89% | 0.32% | -0.49% | -1.72% | -3.15% | -3.87% | -2.56% | -1.95% |
| p-value | (0.953) | (0.652) | (0.399) | (0.355) | (0.587) | (0.592) | (0.806) | (0.900) | (0.505) | (0.244) | (0.142) | (0.519) | (0.573) |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | | | | | | | | | | |

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| Table 6: BHAAR’s of different samples | | |  |  |  |  |  |  |  |  |  |  |  |
|  | t-6 | t-5 | t-4 | t-3 | t-2 | t-1 | t | t+1 | t+2 | t+3 | t+4 | t+5 | t+6 |
| Panel A: Developed countries | |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.06% | 0.02% | 0.28% | -0.10% | 0.02% | 0.05% | -0.75%\*\* | -1.85%\*\*\* | 0.51% | -1.63%\*\*\* | 0.05% | -0.37% | 0.10% |
| p-value | (0.855) | (0.958) | (0.412) | (0.781) | (0.952) | (0.893) | (0.032) | (0.000) | (0.140) | (0.000) | (0.882) | (0.280) | (0.775) |
| CAAR | 0.06% | 0.08% | 0.36% | 0.26% | 0.29% | 0.33% | -0.42% | -2.27%\*\* | -1.76% | -3.39%\*\*\* | -3.34%\*\*\* | -3.71%\*\*\* | -3.61%\*\*\* |
| p-value | (0.855) | (0.869) | (0.548) | (0.702) | (0.714) | (0.699) | (0.656) | (0.026) | (0.103) | (0.004) | (0.006) | (0.004) | (0.007) |
| Panel B: Developing Economies | | |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.66% | 0.17% | 0.71% | -0.21% | 0.15% | -0.24% | -1.01%\*\* | -0.83%\* | -1.55%\*\*\* | -0.51% | -0.10% | 0.50% | -0.35% |
| p-value | (0.130) | (0.690) | (0.101) | (0.625) | (0.726) | (0.586) | (0.022) | (0.057) | (0.001) | (0.242) | (0.822) | (0.244) | (0.422) |
| CAAR | -0.66% | -0.48% | 0.23% | 0.02% | 0.17% | -0.07% | -1.08% | -1.91% | -3.47%\*\* | -3.98%\*\*\* | -4.08%\*\*\* | -3.57%\*\* | -3.92%\*\* |
| p-value | (0.130) | (0.433) | (0.763) | (0.986) | (0.866) | (0.948) | (0.361) | (0.135) | (0.012) | (0.007) | (0.008) | (0.027) | (0.020) |
| Panel C: North America | |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.29% | 0.24% | -0.27% | -0.11% | 0.37% | -0.42% | -0.24% | -0.03% | 0.38% | 0.00% | 0.20% | -0.29% | 0.25% |
| p-value | (0.392) | (0.485) | (0.426) | (0.750) | (0.286) | (0.221) | (0.492) | (0.924) | (0.269) | (0.994) | (0.559) | (0.392) | (0.468) |
| CAAR | 0.29% | 0.53% | 0.26% | 0.15% | 0.52% | 0.09% | -0.15% | -0.18% | 0.20% | 0.20% | 0.41% | 0.11% | 0.36% |
| p-value | (0.392) | (0.277) | (0.665) | (0.828) | (0.509) | (0.915) | (0.877) | (0.860) | (0.851) | (0.858) | (0.735) | (0.929) | (0.784) |
| Panel D: Europe |  |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | 0.02% | 0.03% | 0.13% | 0.04% | -0.04% | 0.19% | -0.98%\*\* | -2.32%\*\*\* | 0.98%\*\* | -2.74%\*\*\* | 0.37% | -0.95%\* | 0.60% |
| p-value | (0.973) | (0.946) | (0.797) | (0.934) | (0.935) | (0.698) | (0.049) | (0.000) | (0.048) | (0.000) | (0.445) | (0.055) | (0.222) |
| CAAR | 0.02% | 0.05% | 0.17% | 0.22% | 0.18% | 0.37% | -0.61% | -2.94%\*\* | -1.96% | -4.70%\*\*\* | -4.33%\*\* | -5.27%\*\*\* | -4.68%\*\* |
| p-value | (0.973) | (0.943) | (0.838) | (0.827) | (0.874) | (0.765) | (0.647) | (0.043) | (0.201) | (0.005) | (0.013) | (0.004) | (0.014) |
| Panel E: Asia |  |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.33% | -0.08% | 0.80%\* | -0.15% | 0.00% | -0.21% | -0.67% | -0.81%\* | -1.45%\*\*\* | 0.36% | -0.69% | 0.89%\*\* | -0.85%\* |
| p-value | (0.451) | (0.848) | (0.070) | (0.730) | (0.998) | (0.633) | (0.130) | (0.067) | (0.001) | (0.419) | (0.121) | (0.045) | (0.054) |
| CAAR | -0.33% | -0.42% | 0.38% | 0.23% | 0.23% | 0.02% | -0.65% | -1.46% | -2.91%\*\* | -2.55%\* | -3.24%\*\* | -2.35% | -3.20%\* |
| p-value | (0.451) | (0.508) | (0.618) | (0.795) | (0.816) | (0.984) | (0.588) | (0.260) | (0.037) | (0.083) | (0.037) | (0.147) | (0.060) |
| Panel F: Latin America | |  |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -1.64% | 0.50% | 0.83% | -1.28% | 1.38% | -0.65% | -2.10%\* | -1.61% | -1.43% | -1.86% | 2.04%\* | -1.04% | -0.47% |
| p-value | (0.154) | (0.663) | (0.472) | (0.272) | (0.232) | (0.574) | (0.072) | (0.162) | (0.215) | (0.111) | (0.080) | (0.367) | (0.684) |
| CAAR | -1.64% | -1.14% | -0.31% | -1.59% | -0.22% | -0.87% | -2.97% | -4.58% | -6.01%\* | -7.87%\*\* | -5.83% | -6.87% | -7.34%\* |
| p-value | (0.154) | (0.487) | (0.876) | (0.495) | (0.935) | (0.764) | (0.347) | (0.179) | (0.098) | (0.042) | (0.149) | (0.107) | (0.099) |
| Panel G: Middle East and Africa | | |  |  |  |  |  |  |  |  |  |  |  |
| AAR | -0.19% | 0.63% | 0.61% | 0.19% | -0.54% | 0.18% | -0.57% | -0.81% | -1.23%\*\* | -1.43%\*\* | -0.71% | 1.30%\*\* | 0.61% |
| p-value | (0.738) | (0.280) | (0.299) | (0.741) | (0.352) | (0.764) | (0.329) | (0.168) | (0.036) | (0.016) | (0.223) | (0.027) | (0.295) |
| CAAR | -0.19% | 0.44% | 1.05% | 1.24% | 0.70% | 0.87% | 0.30% | -0.51% | -1.74% | -3.18% | -3.89%\* | -2.59% | -1.98% |
| p-value | (0.738) | (0.597) | (0.307) | (0.295) | (0.599) | (0.551) | (0.851) | (0.768) | (0.341) | (0.104) | (0.059) | (0.229) | (0.378) |
| Note: p-values in parentheses and \*\*\* p-value < .01, \*\* p-value <.05, \* p-value <.1 | | | | | | | | | | | | | |

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| Figure 2:Country wise cummulative average abnormal returns |

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