

Reputational concerns in globally systemically important US banks

Irene Gialouris

Athens University of Economics and Business (AUEB)
Department of International and European Economic Studies (DIEES)

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- Annual 10-K bank filings over 2004-2025 contain quantitative information (numbers) and qualitative information (words)
- Reputation is an important intangible asset for financial institutions.
- How much do banks discuss reputation in their annual 10-K filings?
- How does the frequency of reputation-related terms differ across banks and over time ?

- Collecting and processing of annual 10-K filings from the six US financial institutions.
- Construction of a reputation-focused lexicon to identify reputation-related terms.
- Calculation of reputation-related term frequencies as a percentage of total words in each 10-K filing.
- Compare the results across financial institutions and over time.

Main Findings

- Among traditional banks, JPMorgan Chase generally shows the highest reputation-related term frequencies, while Citigroup records the lowest.
- Among shadow banks, Goldman Sachs records the highest frequencies, followed by Morgan Stanley, while AIG remains at low levels.
- Institutions expressing stronger reputational concerns generally experienced better market capitalization outcomes.
- Overall, the market capitalization results are qualitatively consistent with the linguistic findings.

Related Literature

- **Doan et al. (2020):** Examine the relationship between media reputation and bank financial performance. They find a positive relationship, particularly for large and listed banks and banks with stronger risk-management capacity.
- **Heidinger and Gatzert (2018):** Use text analysis of annual reports from US and European banks and insurers to examine reputation-risk management. They find that larger and European firms are more likely to implement reputation-risk management programs.
- **Brown et al. (2020):** Examine deposit withdrawals from distressed banks. They find that strong pre-existing bank-client relationships substantially reduce withdrawal risk.

Data Description

- Annual SEC Form 10-K filings over 2004-2026.
- Six US financial institutions.
- Traditional Banks:
 - JPMorgan Chase, Bank of America, Citigroup
- Shadow banks:
 - Goldman Sachs, Morgan Stanley, AIG.
- The 10-K filings were collected from the SEC EDGAR database.

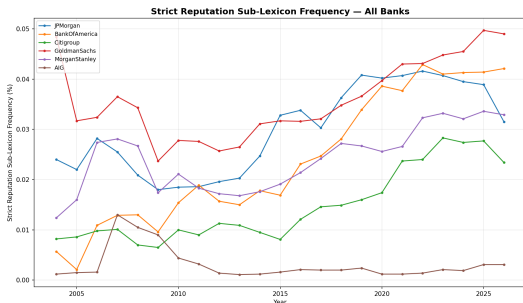
- A reputation lexicon was constructed to analyze the language used in each 10-K filing.

Representative terms from the lexicon:

- Explicit Reputation Terms: reputation, reputational risk, reputational damage
- Trust, Confidence & Perception: public trust, customer confidence, public perception
- Brand & Goodwill: value of our brand, customer relationships
- Customer / Client Base: customer base, customer retention, client relationships
- Credibility & Image: credibility

- The reputation lexicon was applied separately to each bank's 10-K filings for each year.
- Reputation-related terms were identified and counted.
- The frequency is expressed as a percentage of the total words in each 10-K filing, allowing comparison across banks and over time.

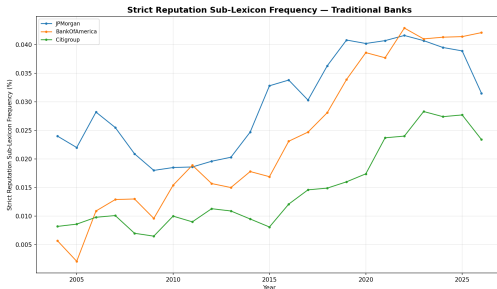
Results: All Financial Institutions



- Goldman Sachs generally records the highest frequencies, while AIG remains at the lowest levels.
- Most institutions show an increase in reputation-related language after 2015.

Year-end market capitalization (2014–2024): JPMorgan +189%, Morgan Stanley +167%, Goldman Sachs +113%, Bank of America +79%, Citigroup -19%, AIG -42%.

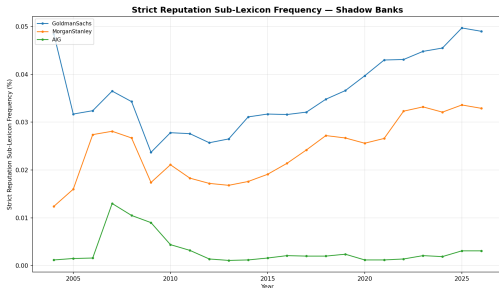
Results: Traditional Banks



- JPMorgan Chase presents the highest reputation-related frequencies, with a rapid increase after 2014.
- Bank of America shows the fastest growth, mainly after 2012.
- Citigroup records the lowest frequencies, with an increase only after 2015.

Year-end market capitalization (2014-2024): JPMorgan +189%, Bank of America +79%, Citigroup -19%.

Results: Shadow Banks



- Goldman Sachs records the highest reputation-related frequencies, with an increase after 2010.
- Morgan Stanley also increases after 2010, but remains at lower levels than Goldman Sachs.
- AIG reaches a minimum around 2010 and remains at very low levels thereafter.

Year-end market capitalization (2014–2024): Goldman Sachs +113%, Morgan Stanley +167%, AIG -42%.

- Reputation-related language differs across financial institutions and over time.
- Institutions expressing stronger reputational concerns experienced smaller losses during the global financial crisis.
- Institutions with less emphasis on reputation generally experienced larger declines.
- Linguistic patterns are broadly consistent with changes in market capitalization.
- Textual analysis of 10-K filings can provide additional information about banks' resilience, market performance, and attention to stakeholder confidence.

Thank you!