

Two Centuries of Systemic Bank Runs

by R. Jamilov, T. König, K. Müller, and F. Saidi

Discussion by **Mariassunta Giannetti**

Stockholm School of Economics, CEPR & ECGI

June 11, 2026

The paper in one slide

- **Question:** What are the macroeconomic consequences of bank runs, as distinct from banking crises?
- **Obstacle so far:** no long-run, cross-country measure of *runs* — existing chronologies capture *crises* (solvency + liquidity), not runs per se.
- **Contribution:** a new database of bank runs covering 185 countries since 1800, built from
 - narrative evidence from 659 sources (405 run episodes), and
 - a new dataset of banking-sector deposits (1,265 deposit-contraction episodes).
- **Key measure — “systemic runs”:** a narrative run *accompanied by* an aggregate deposit contraction $\Rightarrow$ 174 systemic vs. 156 non-systemic.
- **Headline result:** systemic runs are followed by $\approx 9\%$ lower GDP over 5 years — and the loss persists even when the run looks *non-fundamental*.

My Assessment

What I take away

“Fundamentals are sufficient but not necessary for runs to have real costs.”

- A genuinely **landmark dataset**: a global, two-century “census” of bank runs, with a transparent, theory-mapped definition of *systemic* runs.
- A clean and important message: **bank liabilities matter independently of solvency**. Watching deposits should complement watching credit and capital.
- Careful, well-executed empirics with extensive robustness.

What do we already know? Banking Crises

Bank runs are related to:

- ① **Banking crises.** 27/174 systemic runs have no identifiable fundamental cause, yet still see $GDP \approx -5\%$ and $credit \approx -35\%$.
 - Cause distribution nearly identical across systemic/non-systemic.
- ② **Runs without crises / failures.** Systemic runs predict output losses even outside banking crises or widespread failures; and unlike crises, they are **not** accompanied by bank-equity crashes (liquidity, not solvency).

Is this mismeasurement of banking crises in previous literature? Does the paper provide a different measure of banking crises based on bank runs?

What is a “banking crisis”? Four papers, four definitions

- **Reinhart & Rogoff (2009)**: runs leading to closure/merger/takeover of institutions, *or* government assistance to a key institution to prevent spillovers.
- **Laeven & Valencia (2018)**: large-scale defaults that **erode banking-sector capitalization** (“in some cases triggered by depositor runs”).
- **Jordà et al. (2017)**: major bank failures, panics, substantial losses, recapitalization, *and/or* significant government intervention.
- **Baron et al. (2021)**: intermediation severely impaired — a **large fall in bank equity prices** is usually *necessary*.

The definitions differ — and they disagree

- The well-known “**classification uncertainty**” (Jalil 2015; Bordo & Meissner 2016; Baron et al. 2021).

This paper proposes *bank runs* as another measure of banking distress.

We need to understand *how* it differs from previous definitions — and *how* it improves and whether it misses something.

What do we already know? Bank failures

Bank failures are related to fundamentals (Correia, Luck & Verner, 2026):

- 1 **Weak fundamentals.** Failing banks show rising NPLs, eroding solvency, and reliance on expensive noncore funding *years* before they fail.
- 2 **Predictability.** Failures are highly predictable from simple accounting metrics — AUC of 86% (pre-FDIC) and 90–95% (modern).
- 3 **Runs close insolvent banks.** Runs were common pre-FDIC, but failures *with* runs are as predictable as those without; low recovery rates ($\approx 52\%$) imply most run-failed banks were *fundamentally insolvent*.

If failures are predictable from fundamentals, how can systemic runs be non-fundamental? Is the “sunspot residual” just unobserved fundamentals?

Fundamentals or liabilities? Two readings of similar events

- **This paper (JKMS):** systemic runs even when banks are well capitalized and equity does not crash $\Rightarrow$ **liabilities matter independently of solvency**.
- **Correia–Luck–Verner (2026):** failures (even those with runs) reflect weak fundamentals; “looks solvent” $\neq$ “is solvent” — low recovery rates reveal hidden insolvency $\Rightarrow$ **non-fundamental runs are rare**.

The readings disagree — and on the same U.S. data

- Both use the National Banking Era and modern U.S. banks. One infers non-fundamental runs from **narrative silence**; the other recovers fundamentals that narratives and equity prices *miss*.

Narrative silence on a cause $\neq$ absence of a cause.

Would the “non-fundamental” runs survive a bank-level solvency check (recovery rates, NPLs, noncore funding)?

My comments

- I strongly believe that liquidity is important and that illiquidity can lead to distress
- Compare bank level runs and failures
- Which runs lead to failures in Correia–Luck–Verner (2026)?
- We do not observe failures due to government interventions when systemic bank runs are driven by liquidity reasons?
- **Data collection in existing literature may lead to a misleading interpretation of the empirical evidence**

Other comments

- Can declines in total deposits depend on shocks to investment opportunities or monetary policy?
 - How would this be classified? Sunspot systemic run or fundamental run?
 - Discuss more what the fundamentals are in fundamental runs?
- With deposit insurance, sunspot runs should become less prevalent. Do they?
- Why don't we observe runs for all banking crises? Government interventions?

A Quibble

- . . . Bank runs imply a drop in deposits. You can't tell whether they are more frequent when deposit growth is low.

Conclusion

- ... All financial crises are at the root bank runs.....
- This paper can provide a potentially better or influential measure of banking crises...
- ...and deepen our understanding of bank failures

My comment in the essence: Build more on what we know and how you are changing that knowledge to make the findings more influential