

An Analysis of Post-Deregulation Savings-and-Loan Failures

Patricia M. Rudolph, Bassam Hamdan

First published: March 1988

<https://doi.org/10.1111/1540-6229.00441>

Abstract

A number of studies have looked at the financial characteristics of problem or failed savings and loans but none have used data taken exclusively from the post-deregulation period. In this paper, the financial characteristics of savings and loan associations that failed during the period 1984-II to 1985-I are analyzed, using both univariate difference in means tests and multivariate logistic regression. Both the known unequal population prior probabilities and the estimated unequal misclassification costs are taken into account in the logistic regression. The empirical results are compared to those of recent studies by Benston [7] and Barth, Brumbaugh, Sauerhaft and Wang [5]. The financial ratios that significantly affect the probability of failure are different in the three studies.

REFERENCES

[1] E. I. Altman. Predicting Performance in the Savings and Loan Industry. *Journal of Monetary Economics* 3(4): 443-466, 1977.

| [Web of Science®](#) | [Google Scholar](#) |

[2] E. I. Altman. Predicting Railroad Bankruptcies in America. *Journal of Economics and Management Science* 4(1): 184-211, Spring 1973.

| [Web of Science®](#) | [Google Scholar](#) |

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

[5] J. R. Barth, Jr., R. D. Brumbaugh, D. Sauerhaft and G. H. K. Wang. In *Proceedings of a Conference on Bank Structure and Competition*, 184–216. Federal Reserve Bank of Chicago, 1985.

[6] W. H. Beaver. Financial Ratios as Predictors of Failures. *Empirical Research in Accounting: Selected Studies, Journal of Accounting Research Supplement to Volume 5*: 71–102, 1967.

[7] G. J. Benston. *An Analysis of the Causes of Savings and Loan Association Failures*. Monograph Series in Finance and Economics. Salomon Brothers Center for the Study of Financial Institutions, 1985.

[8] E. Bloch. The Setting of Standards of Supervision for Savings and Loan Associations. In I. Friend, editor, *Study of the Savings and Loan Industry*, 4: 1619–1687. U.S. Government Printing Office, 1969.

[9] M. Blum. Failing Company Discriminant Analysis. *Journal of Accounting Research* 12(1): 1–25, 1974.

[10] E. Brewer and G. G. Garcia. Insolvent S&L's: A Logit Analysis of Recovery or Merger. Paper presented at the American Economic Association Meetings, 1985.

[11] E. Deakin. A Discriminant Analysis of Predictors of Business Failures. *Journal of Accounting Research* 10(1): 167–179, 1972.

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)

[14] J. F. Sinkey, Jr. A Multivariate Statistical Analysis of the Characteristics of Problem Banks. *Journal of Finance* 30(1): 21–36, 1975.

Citing Literature

[Download PDF](#)

ABOUT WILEY ONLINE LIBRARY

[Privacy Policy](#)[Terms of Use](#)[About Cookies](#)[Manage Cookies](#)[Accessibility](#)[Wiley Research DE&I Statement and Publishing Policies](#)

HELP & SUPPORT

[Contact Us](#)[Training and Support](#)[DMCA & Reporting Piracy](#)[Sitemap](#)

OPPORTUNITIES

[Subscription Agents](#)[Advertisers & Corporate Partners](#)

CONNECT WITH WILEY

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)[Accept All](#)[Reject Non-Essential](#)

This website utilizes technologies such as cookies to enable essential site functionality, as well as for analytics, personalization, and targeted advertising. You may change your settings at any time or accept the default settings. You may close this banner to continue with only essential cookies. [Privacy Policy](#)

[Manage Preferences](#)

[Accept All](#)

[Reject Non-Essential](#)