


Information Transmission in Finance

Paul C. Tetlock (/search?value1=Paul+C.+Tetlock&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true)¹

 View Affiliations and Author Notes

Vol. 6:365-384 (Volume publication date December 2014)

First published as a Review in Advance on August 13, 2014

© Annual Reviews

 View Citation

Abstract

Because theories in finance rely critically on what agents know, designing powerful tests of these theories requires measuring information transmission. In this review, I characterize the rapidly growing subfield directly analyzing information in financial markets. Its three hallmarks are the examination of (a) a wide array of informative events, (b) different mechanisms for transmitting information, and (c) measures of information content based on nonnumeric information. Recent research directly measures flows of information to shed light on diverse phenomena in asset pricing, such as market reactions to news and nonnews, investors' portfolio choices, and mutual fund flows and returns, and in corporate finance, such as mergers and acquisitions, initial public offering (IPO) underpricing, and executive compensation. Continued improvements in access to data and computing power are likely to propel this line of research for years to come.

Keyword(s): [attention \(/search?value1=%22attention%22&option1=pub_keyword\)](/search?value1=%22attention%22&option1=pub_keyword), [investor sentiment \(/search?value1=%22investor+sentiment%22&option1=pub_keyword\)](/search?value1=%22investor+sentiment%22&option1=pub_keyword), [media coverage \(/search?value1=%22media+coverage%22&option1=pub_keyword\)](/search?value1=%22media+coverage%22&option1=pub_keyword), [news tone \(/search?value1=%22news+tone%22&option1=pub_keyword\)](/search?value1=%22news+tone%22&option1=pub_keyword), [textual analysis \(/search?value1=%22textual+analysis%22&option1=pub_keyword\)](/search?value1=%22textual+analysis%22&option1=pub_keyword).

Most Read This Month

Long-Run Asset Returns (/content/journals/10.1146/annurev-financial-082123-105515)

David Chambers, Elroy Dimson, Antti Ilmanen and Paul Rintamäki
pp. 435–458 (24)

Climate Finance (/content/journals/10.1146/annurev-financial-102620-103311)

Stefano Giglio, Bryan Kelly and Johannes Stroebel
pp. 15–36 (22)

Retail and Institutional Investor Trading Behaviors: Evidence from China (/content/journals/10.1146/annurev-financial-082123-110132)

Lin Tan, Xiaoyan Zhang and Xinran Zhang
pp. 459–483 (25)

Generative AI and Finance (/content/journals/10.1146/annurev-financial-112923-020503)

Andrea L. Eisfeldt and Gregor Schubert
pp. 363–393 (31)

Retail CBDC: Implications for Banking and Financial Stability (/content/journals/10.1146/annurev-financial-082123-105958)

Sebastian Infante, Kyungmin Kim, Anna Orlik, André F. Silva and Robert Tetlow
pp. 207–232 (26)

Most Cited

 (/rss/content/journals/financial/mostcitedarticles?fmt=rss)

The Real Effects of Financial Markets (/content/journals/10.1146/annurev-financial-110311-101826)

[Philip Bond \(/search?value1=Philip+Bond&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](/search?value1=Philip+Bond&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true), [Alex Edmans \(/search?value1=Alex+Edmans&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](/search?value1=Alex+Edmans&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true) and [Itay Goldstein \(/search?value1=Itay+Goldstein&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](/search?value1=Itay+Goldstein&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true)

Vol. 4 (2012), pp. 339–360

Climate Finance (/content/journals/10.1146/annurev-financial-102620-103311)

[Stefano Giglio \(/search?value1=Stefano+Giglio&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Bryan Kelly \(/search?value1=Bryan+Kelly&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Johannes Stroebel \(/search?value1=Johannes+Stroebel&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).
Vol. 13 (2021), pp. 15–36

Financialization of Commodity Markets (/content/journals/10.1146/annurev-financial-110613-034432)

[Ing-Haw Cheng \(/search?value1=Ing-Haw+Cheng&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#) and [Wei Xiong \(/search?value1=Wei+Xiong&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).
Vol. 6 (2014), pp. 419–441

A Survey of Systemic Risk Analytics (/content/journals/10.1146/annurev-financial-110311-101754)

[Dimitrios Bisias \(/search?value1=Dimitrios+Bisias&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Mark Flood \(/search?value1=Mark+Flood&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), [Andrew W. Lo \(/search?value1=Andrew+W.+Lo&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#), and [Stavros Valavanis \(/search?value1=Stavros+Valavanis&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).
Vol. 4 (2012), pp. 255–296

CEO Compensation (/content/journals/10.1146/annurev-financial-120209-133958)

[Carola Frydman \(/search?value1=Carola+Frydman&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#) and [Dirk Jenter \(/search?value1=Dirk+Jenter&option1=author&noRedirect=true&sortField=prism_publicationDate&sortDescending=true\)](#).
Vol. 2 (2010), pp. 75–102

+ More

About Annual Reviews:

[What We Do \(/about/what-we-do\)](#)

[Press and News \(/about/press-center\)](#)

[Careers \(/page/about/careers-at-annual-reviews\)](#)

[Contact Us \(/page/about/contact-us\)](#)

[FAQ \(/page/about/faq\)](#)

[Help \(/help/main\)](#)

Discover Content:

[Journals A-Z \(/content/publications\)](#)

[Impact Factor Rankings \(/about/impact-factors\)](#)

[Publication Dates \(/journal/pubdates\)](#)

[Online Events \(/page/events\)](#)

[Article Collections \(/page/collectionarchive\)](#)

[Knowable Magazine \(https://knowablemagazine.org/\)](#)

[Katina Magazine \(https://katinamagazine.org/\)](#)

[Against the Grain \(https://www.charleston-](#)

[hub.com/about/about-against-the-grain/\)](#)

Libraries and Institutions:

[Subscribe to Open \(S2O\) \(/S2O\)](#)

[Librarian Resource Center \(/page/librarians/librarian-resource-page\)](#)

[Institutional Account Administration \(https://www.annualreviews.org/registration/signin-or-register.action?signInTarget=%2Fadmin\)](#)

[Institutional Pricing \(/page/subscriptions/instchoice\)](#)

[Usage Statistics \(/action/showInstitutionUsageReport\)](#)

[Charleston Hub \(https://www.charleston-hub.com/\)](#)

[Katina | Librarianship Elevated \(https://katinamagazine.org/\)](#)

[Charleston Advisor \(Archive\) \(https://annurev.publisher.ingentaconnect.com/content/annurev/tca/\)](#)

[Against the Grain \(https://www.charleston-hub.com/about/about-against-the-grain/\)](#)

Author Resources:

[Article Preparation and Submission \(/page/authors/general-information\)](#)

[Editorial Principles and Policies \(/page/authors/editorial-policies\)](#)

[Contact Us \(/page/authors/contact-us\)](#)

[Copyright and Permissions \(/page/about/copyright-and-permissions\)](#)

[Article Proposals \(/page/authors/author-instructions/unsolicited-authors\)](#)

© Copyright 2026 (/page/about/trademark) | [Contact Us \(/page/about/contact-us\)](#) | [Email Preferences \(/userpreferencecenter\)](#) | [Annual Reviews Directory \(/db/directory\)](#) | [Multimedia \(/topic/multimedia?target=do-topic\)](#) | [Supplemental Materials \(/db/suppl\)](#) | [FAQs \(/page/about/faq\)](#) | [Privacy Policy \(/page/about/privacy\)](#) | [Cookie Settings](#)

in

 (https://www.linkedin.com/company/annual-

(https://pubs.annualreviews.org/)