# Article information:

Textual Analysis in Finance | Annual Review of Financial Economics  
<https://www.annualreviews.org/doi/abs/10.1146/annurev-financial-012820-032249>

# Article summary:

1. Textual analysis has become an important tool in finance, with a focus on social media, political bias, and detecting fraud.

2. The use of readability as an attribute in textual analysis begs the question of what is being measured and should be replaced with a focus on complexity.

3. The literature can build on measuring complexity to provide more broadly relevant insights into financial data.

# Article rating:

Appears moderately imbalanced: The article provides some useful information, but is missing several important points or pieces of evidence that would be required to present the discussed topics in a balanced and reliable way. You are encouraged to seek a more balanced perspective on the presented issues by exploring the provided research topics and looking at different information sources.

# Article analysis:

The article "Textual Analysis in Finance" provides a comprehensive review of the literature on the use of textual analysis in finance. The authors focus on three broad topics: social media, political bias, and detecting fraud. They argue that readability is an attribute frequently incorporated in contemporary research but that its use begs the question of what we are measuring. Instead, they suggest that complexity is a more appropriate and broadly relevant measure.

Overall, the article provides a balanced and informative overview of the literature on textual analysis in finance. However, there are some potential biases and limitations to consider.

Firstly, the authors focus primarily on studies that use lexicons to analyze text data. While this is a common approach, it may not be the most effective or accurate method for all types of data. For example, machine learning algorithms may be better suited for analyzing unstructured text data.

Secondly, the authors do not provide much discussion of potential risks or limitations associated with using textual analysis in finance. For example, there may be concerns about privacy violations or unintended consequences from relying too heavily on automated analyses.

Thirdly, while the authors acknowledge that political bias can influence textual analysis results, they do not explore this issue in depth or provide examples of how it has been addressed in previous studies. This could be an important area for future research.

Finally, while the authors argue that complexity is a more appropriate measure than readability for assessing text data in finance, they do not fully explore counterarguments or alternative perspectives on this issue.

In conclusion, while "Textual Analysis in Finance" provides a useful overview of current research on this topic, readers should be aware of potential biases and limitations associated with this approach. Further research is needed to fully understand the benefits and risks of using textual analysis in finance.

# Topics for further research:

* Privacy concerns in textual analysis in finance
* Machine learning algorithms for analyzing unstructured text data in finance
* Ethical considerations in using automated analyses in finance
* Addressing political bias in textual analysis in finance
* Alternative perspectives on using complexity vs. readability in textual analysis in finance
* Limitations of lexicon-based approaches in textual analysis in finance

# Report location:

<https://www.fullpicture.app/item/8d7a955981fb66927bb19e143bd20e8c>