**Do Security Investments Displace Crime? Theory and Evidence from Italian Banks**

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**Abstract:**

Security measures intended to deter crime may unwittingly displace it to neighboring area.

However, evidence of displacement is scarce.

We exploit precise information on the timing and locations of all bank robberies in Italy over a 10-year period along with the decisions by bank branches to hire private guards to estimate deterrence and displacement effects of policing.

We find that hiring a security guard lowers the likelihood that a bank is robbed by between 31 and 50 percent, though over half of this reduction is immediately displaced to nearby banks that are unguarded.

Our findings suggest that policies that restrict the use of guards in certain markets and that require the use of guards in other markets could be socially beneficial.