

# Disrupting Distance: Mobile Internet and Local Audit Market Competition

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## Abstract

Motivated by the potential for new technology to remove geographic barriers in auditing, this study examines how mobile broadband expansion affects audit market competition, fees, and quality. We exploit the rollout of high-speed mobile internet across metropolitan areas in the U.S. as the setting. We find that the increased mobile coverage heightened local audit market competition, primarily by enabling more non-local (remote) audit firms to enter previously insulated markets. Audit fees declined on average following connectivity improvements, with sharper fee reductions for engagements handled by remote auditors. However, audit quality also declines, especially for audits conducted by incumbent local auditors. Moreover, we find an increasing likelihood of change in auditor with evidence of low-balling. Our findings indicate that while mobile connectivity lowers travel costs and expands auditors' client reach, it can inadvertently undermine audit quality by intensifying competition.

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