Exercise on Factors that Drive Consumer Bank Incentives

April 16, 2023

Goal:

We want to understand what factors drive banks to use dollar incentive offers (e.g., a USD 200 bonus for depositing USD3,000) to attract deposits.

Please see two examples by following the links:

- https://www.bankrate.com/banking/best-bank-account-bonuses/checking-citibank
- https://www.bankrate.com/banking/best-bank-account-bonuses/checking-bmo

Datasets:

We have the following two datasets in this analysis (check this link for the variable definitions):

Dataset A

This dataset including banks' promotional offers, named "DatasetA.csv" We have three identifiers in the dataset, Primary Company (which is often a bank), Campaign ID, and Observation ID. For each Primary Company, there might be multiple Campaigns in a month. Within each Campaign, there could be multiple incentives.

Dataset B

This dataset including banks' quarterly financial variables, named "DatasetB.csv". You do not need to make use of all the variables. Please see the variable definitions in the file named "variable definitions".

Tasks:

We have the following tasks for this excercise:

- First, there is a field in dataset A called "Incentive". We need to extract several variables that describe the incentive. One variable we need is the dollar amount of the bonus. Another variable that may be useful is the required deposit amount. Feel free to construct other variables that you think are useful for the analysis

- Second, match datasets A and B based on banks' names. Note that the datasets are from two different sources, so the names do not perfectly line up between the two

- Lastly, explore what factors drive banks to use incentive offers and write a short paper, explaining your findings