

# **Large Regional**

## **Retail Bank Services**

### Effect of Physical Retail Bank Presence On Number of Household Checking Accounts

Francisco Calderon and Andre Duarte

October 5, 2016

#### **Executive Summary**

Physical presence of retail banks on its own does not create demand for checking accounts. However, physical presence may have some predictive power when combined with other key factors. Such factors can include various marketing efforts used to compel households to join Large Regional, as well as the different product offerings available.

The data readily available only spoke to the number of total households in a metropolitan area and whether there was physical presence of a branch or not. Through a simple linear regression model, it became evident that physical presence does not have a significant impact on predicting the average number of households with checking accounts. So whether physical presence exists or not, the number of households with checking accounts does not vary much.

The constructed model showed that 84% of the variation in the number of households with checking accounts is explained by both the presence of a physical bank and the total number households in a metropolitan area. 99% of that explained variability was provided by the total number of households. This is evidence that physical presence of the bank has very low impact in this model. Our recommendation is to look at how different product offerings and marketing efforts affect demand for checking accounts. This allows Large Regional to control the factors that influence demand to achieve the desired level.