Group Project 2: Estimating the effect of a banking regulation (Due Friday October 20 at 23:59)

In this project you are asked to estimate the announcement effect of Volcker Rule (new banking regulation in US) on US banks. More specifically, analyze at least:

(i)   Did the banks decrease their trading assets after the announcement of the new regulation?

(ii)   If they responded to the regulation, which banks responded most and which banks least? Why?

(iii)   Remember robustness, and how should banks or regulators use these results?

The data is in DiD_data.csv, the data items are explained in Readme.pdf (these files are on Canvas). For more information on this modeling and data, please see the related presentation and paper on Canvas.

The maximum length of the report is 4 pages, not including possible appendixes. The analysis can be done by Python or R (with an LLM such as ChatGPT, please include your prompt in the appendix). **Submit 2 files on Canvas: 1) report in pdf, and 2) code in html. Please do not zip them, and there should be only one submission per group. Please have the names and the student numbers on the cover page.**