

Group Project 2: Estimating the effect of a banking regulation (Due Sunday, 3 November, 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 (both of these files are on LumiNUS). For more information on this modeling and data, please see the related presentation and paper on LumiNUS.

The maximum length of the report is 4 pages, not including possible appendixes. The analysis can be done by Python or R. Submit the report and the estimation file by LumiNUS, one submission per group. Please have the names and the student numbers on the cover page.