

E. NILAY KAFALI

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EDUCATION

Ph.D., Economics, Boston University, Boston MA, May 2012 (expected)

Dissertation Title: *Essays on Consumer Demand and Market Structure*

Dissertation Committee: Marc Rysman, Randall P. Ellis and Joshua Lustig

M.A., Political Economy, Boston University, Boston MA, May 2010 (GPA 3.5)

B.A., Economics, Cornell University, Ithaca NY, 2007 (GPA 3.9)

Greenhills School, Ann Arbor MI, 2003

FIELDS OF INTEREST

Industrial Organization, Empirical Microeconomics, Health Economics

TEACHING EXPERIENCE

Instructor, Boston University, Department of Economics

Principles of Macroeconomics, Econ 102, Summer 2010

Teaching Assistant, Harvard University, Harvard Summer School

Principles of Economics, Econ S-10ab, Summer 2009

Teaching Assistant, Boston University, Department of Economics

Principles of Microeconomics, Econ 101, Spring 2009

Principles of Microeconomics, Econ 101, Fall 2008

RESEARCH ASSISTANTSHIP

Prof. Jordi Jaumandreu, Boston University, 2009-Present

Prof. Asaf Zussman, Cornell University, 2006

WORK EXPERIENCE

HSBC, Istanbul Turkey, Summer 2005

(Intern) Worked in the Projects and Operations departments on reports tracking the bank's share

United Nations Mission in Kosovo, Klina Kosovo, Summer 2004

(Intern) Assisted the municipal representative in monitoring the urban returns

United Nations Mission in Bosnia, Sarajevo Bosnia, Summer 2002

(Intern) Worked in the Finance Department on the implementation of subsistence allowances

FELLOWSHIPS AND AWARDS

Research Fellowship, Boston University, Fall 2009-Present

Dean's Fellowship, Boston University, 2007-Present

Teaching Fellowship, Boston University, Spring 2009

Teaching Fellowship, Boston University, Fall 2008

Omicron Delta Epsilon, International Economics Honor Society, Cornell University, 2006

WORKING PAPERS

- “Is Branching Still Important to Consumers? A Dynamic Model of Consumer Demand for Banking Deposits,” October 2011.
- “Internet Use, Prices and Market Structure in Yellow Pages Advertising” (with Marc Rysman), March 2010.

WORK IN PROGRESS

- “Consumer Welfare in the Banking Industry”

CONFERENCES AND PRESENTATIONS

- EARIE, European Association for Research in Industrial Economics, Stockholm, Sweden, September 2011
- 2011 Asian Meeting of the Econometric Society (accepted paper), Seoul, South Korea, August 2011
- IIOC, International Industrial Organization Conference, Rising Stars, Boston, MA, April 2011

QUOTATIONS IN THE NEWS

- "JPMorgan Multiplies as Bank of America Shrinks in Deposit Grab," Dakin Campbell, Bloomberg News, June 14, 2011.

LANGUAGES

- Turkish (native), English (fluent), Spanish (intermediate)

COMPUTER SKILLS

- STATA, GAUSS, Scientific WorkPlace, Microsoft Office

OTHER

- Elected President of Cornell University Turkish Student Association, 2005-2007
- Swimming (regional gold and silver medals), Turkey, 95-01

CITIZENSHIP/VISA: TURKEY/F-1

REFERENCES

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Professor Randall P. Ellis

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Professor Joshua Lustig

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E. NILAY KAFALI

Is Branching Still Important to Consumers? A Dynamic Model of Consumer Demand for Banking Deposits (Job Market Paper)

Many experts have noted the importance of branching as the primary method for commercial banks to grow. Today, however, branching may be decreasing in importance due to the widespread use of internet banking. The goal of the paper is to answer two main questions: are branches still attracting deposits from consumers, and how the recent changes in branch characteristics have impacted consumer welfare. Specifically, how did the trends of increase in the number of branches, and decrease in average distance of these branches to consumers affected welfare. To answer these questions, the paper develops a structural dynamic model of consumer demand for bank deposits. Every period, consumers make a discrete choice from a set of banks in a multinomial logit framework, and incur a fixed switching cost when they switch banks. The model is then applied to the commercial banks in Massachusetts to estimate the consumer taste parameters of interest and the changes in consumer welfare. Results show that branching still matters. Even after controlling for bank characteristics such as size and deposit interest rates, market share of a bank responds positively to having more branches; and banks with branches that are closer to consumers on average have higher market shares. In addition, the switching cost is found to be an important factor in consumers' decision process. The estimated switching cost is equivalent to having a 4% increase in deposit interest rates. Comparing the static model results with the dynamic ones reveals that ignoring the switching cost leads the static model to underestimate the price sensitivity of consumers to deposit interest rates. Average consumer welfare is found to be 4.2% higher in 2009 compared to the year 2001. Estimation of two counterfactuals reveals that both the change in the number of branches and the average distance to consumers has been beneficial to consumer welfare.

Internet Use, Prices and Market Structure in Yellow Pages Advertising (with Marc Rysman)

With the rapid expansion of internet use at the start of the 21st century a rather important economic question has been the extent of competition created by the online retail sector. The goal of this paper is to estimate how the extensive use of the internet has affected prices and the market structure in the Yellow Pages advertising market. In contrast to most of the recent empirical literature studying how internet has affected *either* prices or the market structure in a particular market, this paper considers the impact on *both* prices and market structure. The data comes from three main sources: the Rate and Data publication of the Yellow Pages Publishers Association, CPS Internet Use Supplement 2007, and the Decennial Census. We find that a 1% increase in internet use in a directory's coverage area is associated with about 10% increase in advertising prices in that directory. We also find that a 1% increase in internet use in a given zipcode is associated with one less publisher in that zipcode, hence a reduction in the level of competition.

Consumer Welfare in the Banking Industry

Deregulation in the banking industry in the United States, marked by the 1994 Riegle-Neal Act, has substantially changed the branching behavior of banks. The change in the structure of the industry was not limited to the years following the deregulation; the industry structure has been changing continuously. The purpose of this paper is to measure the impact of changes in the banking industry from 2001 to 2009 on consumer welfare. The paper develops a structural model of demand for commercial bank deposits. Specifically, a standard multinomial logit model of demand is estimated. This paper differs from the previous related literature in two main aspects. First, it analyzes the effects of recent changes in the industry, as opposed to the period right after the deregulation. Second, it allows the consumer utility to depend on the consumer's distance to bank's branches. It is found that average consumer welfare rose by about 4% between the years 2001 and 2009.