Banks' Images: Evidence from Financial Advertising*

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Abstract

This paper examines how banks strategically develop their brand images, and how these image-building efforts influence both franchise value and the transmission of monetary policy. Analyzing over a decade of TV commercial videos via transformers and video embeddings, we find that banks consistently build their images around one of three dimensions: pricing advantages, superior service quality, and a trustworthy, life-aspirational focus. Banks with strong local market shares emphasize service and life aspirations. Banks generally truthfully advertise pricing and service advantages but rely on emotional appeals when lacking these advantages. They also tailor their images to local demographics, increasing minority representation in targeted areas. Using a border discontinuity design, we show that advertising intensity and style significantly affect deposit quantities and spreads, a factor that becomes especially important during monetary policy transmission. These findings suggest that banks build images to strengthen their market positions and boost franchise value.

JEL Classification: G2, M3, G5

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