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AP STATISTICS – MS. KLIMCZUK

Chapter 19: Just Checking

1. A bank is testing a new method for getting delinquent customers to pay their past-due credit card bills. The standard way was to send a letter (costing about $0.40) asking the customer to pay. That worked 30% of the time. They want to test a new method that involves sending a DVD to customers encouraging them to contact the bank and set up a payment plan. Developing and sending the video costs about $10.00 per customer. What is the parameter of interest? What are the null and alternative hypotheses?
2. The bank sets up an experiment to test the effectiveness of the DVD. They mail it out to several randomly selected delinquent customers and keep track of how many actually do contact the bank to arrange payments. The bank’s statistician calculates a P-value of 0.003. What does the P-value suggest about the DVD?
3. The statistician tells the bank’s management that the results are clear and that they should switch to the DVD method. Do you agree? What else might you want to know?