

Report on Bachelor / Master Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague

Student:	Sabina Mammadli
Advisor:	Petr Teplý
Title of the thesis:	Application of Islamic Banking Principles in Azerbaijan

OVERALL ASSESSMENT (provided in English, Czech, or Slovak):

Please provide your assessment of each of the following four categories, summary and suggested questions for the discussion. The minimum length of the report is 300 words.

The thesis studies Islamic Banking, which is an interesting topic. It aims to test three hypotheses. 1. Islamic banks are more profitable than conventional banks. 2. Islamic banks are more unstable. 3. Women's financial participation is an important factor in spreading of Islamic banking. The author uses bank-level data from 2011-2016, across Europe and Asia. She compares means of variables capturing efficiency, profitability, stability and asset quality, and then performs a regression analyses, which contains controls for several bank-level and country-level characteristics. The author finds that Islamic banks are more profitable as compared to conventional banks, consistent with Hypothesis 1, while she does not find support for the other two hypothesis.

I should note that I have reviewed this thesis in January. It was still in the very preliminary form – it lacked literature review and the data analysis was not convincing, among other issues. I was pleased to see the thesis improved substantially, as compared to the previous version.

Contribution

The author studies an interesting but widely studied questions, especially Hypothesis 1 and Hypothesis 2 have been tested many times. The thesis provides a similar analysis, but focuses on a different sample and perhaps a more updated time period.

The third hypothesis seems new, but I had hard times to grasp the reasoning behind it in the first place. Why should participation of women in particular depend on availability of Islamic banking? Is there some evidence that women are more likely to adhere to Islamic religious practices and social norms? Or the Islamic financial products are better tailored to their needs?

Methods

The data analysis has improved from what I saw in the previous version, that's very good. Nevertheless, the regressions do not control for country fixed effects. Is there a particular reason for this? As is, it is hard to say whether any the observed relationships in bank outcomes across Islamic and conventional is simply not a spurious correlation reflecting unobserved cross-country differences in culture, economic conditions, affecting both the prevalence of Islamic banking and bank outcomes.

Literature

The literature review is fine, the author makes effort to compare her work with earlier contributions.

Manuscript form

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Overall, the manuscript form is fine. That said, several aspects of the manuscript are misleading. --- The title is „Application of Islamic banking principles in Azerbaijan“, while the thesis is not about Azerbaijan, but it is based on cross-country data on financial performance of conventional and Islamic banks in Europe and Asia. There might be some lessons from this analysis for Azerbaijan, but it is not the main focus of the thesis.

Section 2 is labeled „Theoretical framework“, but it does not contain any theory or conceptual reasoning. It is purely descriptive chapter on historical background, and financial product differences between Islamic banks and conventional banks.

Summary and suggested questions for the discussion during the defense

This is a good thesis and I suggest a grade D. I can also imagine C, if defence is convincing.

SUMMARY OF POINTS AWARDED (for details, see below):

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	18
<i>Methods (max. 30 points)</i>	18
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	16
TOTAL POINTS (max. 100 points)	69
GRADE (A – B – C – D – E – F)	D

NAME OF THE REFEREE: *Michal Bauer*

DATE OF EVALUATION: *May 21, 2019*



Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

CONTRIBUTION: *The author presents original ideas on the topic demonstrating critical thinking and ability to draw conclusions based on the knowledge of relevant theory and empirics. There is a distinct value added of the thesis.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

METHODS: *The tools used are relevant to the research question being investigated, and adequate to the author's level of studies. The thesis topic is comprehensively analyzed.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

MANUSCRIPT FORM: *The thesis is well structured. The student uses appropriate language and style, including academic format for graphs and tables. The text effectively refers to graphs and tables and disposes with a complete bibliography.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F