

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Topics in central banking
Type of Defense:	DEFENSE
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Opponent:	Doc. Balázs Égert Ph.D.

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

Referee report

I have submitted a number of referee comments for the pre-defence. My referee report acknowledged that the submitted Phd dissertation:

1. Has an original contribution (linked to the author)
2. Has all the relevant references
3. Is defensible at any respected university in the world
4. Contains papers of very high quality, the publication of which in excellent academic journals is warranted.
5. No more comments at this stage.
6. Is suitable for defense without changes

Overall, I am very satisfied with how my comments have been addressed by the author. I have no additional comments and I absolutely recommend the defense of the Phd dissertation.

For a reminder, I copy below my earlier comments:

**Reviewer report on the PhD dissertation entitled „Topics on Central Banking” prepared by Václav Brož, under the supervision of Evžen Kočenda
Balázs Égert**

The dissertation submitted by Václav Brož contains three separate papers, dealing with various aspects of monetary policy. Two papers have been published in high quality economic journals (the first one in JIMF, a first tier international journal, the second one in the top Czech economics journal, the Czech Journal of Economics and Finance. The third paper is under review for a top 20 journal (JMBC). This is a very strong indication about the great quality and the massive solidity of the papers included in the dissertation. The review hereafter will ask questions rather than raise comments, given that it is very unlikely that the already published papers will get revised (maybe in a second life?). The only weakness of the dissertation I can think of is that none of the three papers are single authored and for co-authored papers it is always difficult to appreciate the contribution of individual co-authors. Against this background, I would suggest putting in each paper's footnote the contribution of Václav.

Overall, this is a dissertation that certainly meets very high academic standards. I therefore recommend that it is accepted for pre-defence and the normal defence, leading to a PhD title to Václav Brož with the highest honours.

Some (friendly) questions about the papers

First paper: The first paper looks at inflation convergence in the European Union. It uses country-specific unit root tests. The paper discusses that part of the explanation for the empirical evidence on inflation convergence might be due to a persistently low inflation at the global level. In country-specific test, it is very difficult to account for such an effect (the paper therefore does not control for this effect). But using panel estimation methods would allow the introduction of a common global component. Therefore, panel unit root tests could be used, if not for the whole EU then for sub-groups of more similar countries (East, South, core, North, small open vs. large more closed economies etc.). Using more conventional cross-country time-series panel regression analysis could also be explored (there are various ways of testing for convergence), and in such an approach, some common trend could be included. But perhaps the best would be to estimate the global trend on a worldwide sample and use this as an input for the estimations carried out for EU countries to disentangle global and purely European convergence.

Second paper: The second paper looks at the determinants of the bank-level distribution dynamics of consumer loan interest rates in the Czech Republic. This is a very new and interesting field of research. The paper provides some very interesting insights about the drivers of the distribution of those interest rates. The paper finds for instance that market concentration (the decrease of it) has some relation to consumer loan rates. It would be nice to see the relative contribution of the individual driving factors (market concentration, unemployment rate, NPL rate, market rate). The paper uses the PMGE estimator and argues it is the best suited for the purpose of the paper. There is a test that shows that the long-term coefficients do not differ across banks. How about the short-term dynamics? If they are not different either, an alternative estimator to the PMGE estimator could be more suitable.

Third paper: The third paper investigates the link between mortgage-related regulatory penalties levied on banks and the level of systemic risk in the U.S. banking industry. A major finding is that systemic risk stemming from banks receiving penalties increases after the announcement of the penalty. If I understand it correctly, systemic risk and interconnectedness is derived from stock market volatility (spillover). Given this, I wonder

to what extent an increase in interconnectedness and systemic risk reflects market perception rather than hard data, which banking supervision would be looking at. I wonder whether the conclusion (and perhaps the empirical setting and analysis) would change if systemic risk and interconnectedness would be measured through data on bank balance sheets.

Date:	
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