

Report on Bachelor Thesis

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

Student:	Tomáš Bajcár
Advisor:	doc. PhDr. Ing. et Ing. Petr Jakubík, Ph.D., Ph.D.
Title of the thesis:	Impact of COVID-19 fiscal measures on Non-Performing Loans

OVERALL ASSESSMENT

Short summary

We have here a solid thesis investigating the impact of the COVID-19 outbreak on credit risk. The dataset used for the study is rather short but sufficient to bring relevant results on the efficiency of policy measures. Other than that there are no major issues and this thesis can be easily defended.

Contribution

The contribution can be seen in several perspectives: the factors estimation of NPLs is updated for the last years, then bank specific and macroeconomic factors are assessed alongside each other, and last but not least, the effect of the pandemics is studied. Evidence on the efficiency of different policy measures to combat NPLs growth is therefore provided: efficiency of tax reliefs and controversy around loan moratoria. On the other hand, the study also shows some surprising results such as the ROE's and economic growth's positive effects on NPLs.

Knowing the complexity around the data collection, requesting a higher granularity would be a too ambitious request. However, a longer observed time range would be more beneficial.

Methods

For the analysis quarterly data ranging from 2019 till 2021, incorporating EU countries has been analysed. Despite the shorter time-frame it should be valued that the panel is not only assessed from static, but also dynamic perspective to capture the persistency properties of NPLs. For this purpose, a range of methods is applied: from standard fixed and random effects estimations to more elaborate GMM estimation. Regardless of the challenges brought by the different sources and properties of the data, the procedure is explained well and the author shows a good grasp of the theory. This can be illustrated by the way the author pays attention to details and strives to investigate and explain results that may not be making sense at first sight (e.g. the negative effect of loan moratoria by further adding the effects of lockdowns in the estimation).

Literature

The study provides a solid summary of both bank-specific and macroeconomic determinants of NPLs. It links well the above topics to the current policy-related efforts to mitigate the economic impacts of the COVID-19 pandemic.

Manuscript form

There is nothing major to disturb the eye of the reader with the texts, formulas and graphs fitting properly in the document. The only remark here would be to the structure of the Empirical results chapter (one of the most important parts) which could have been divided into more sections/paragraphs to improve the clarity of the interpretation.

Report on Bachelor Thesis

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

Student:	Tomáš Bajcár
Advisor:	doc. PhDr. Ing. et Ing. Petr Jakubík, Ph.D., Ph.D.
Title of the thesis:	Impact of COVID-19 fiscal measures on Non-Performing Loans

Overall evaluation and suggested questions for the discussion during the defense

I consider the submitted work a solid bachelor thesis at IES, Faculty of Social Sciences, Charles University. I therefore recommend it for the defense and suggest grade A. The Urkund analysis for plagiarism does not indicate any significant text similarity with other available sources.

For the defense I suggest the following points to be addressed:

- A longer time-frame would be really valued in terms of the dataset. Was there a specific reason for choosing such a short time period to analyse? Could the short time-period be partially the reason for some of the unexpected results?
- In the current literature we can find the term zombie lending. Discuss the pros and cons of helping companies in distress vs. letting the market cure itself without interventions.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	20
<i>Manuscript Form</i> (max. 20 points)	17
TOTAL POINTS (max. 100 points)	93
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE:

Nicolas Fanta

DATE OF EVALUATION:

Digitally signed (29.5.2022):
Nicolas Fanta

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.*

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.*

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

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.*

Overall grading:

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