

# Report on Bachelor / Master Thesis

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

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

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

*Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.*

### **Short summary**

The thesis copes with the recent COVID-19 crisis. In particular, the author investigates the impact of different fiscal measures aiming to contain the crisis on non-performing loan (NPL) developments. Despite, the unprecedented drop in economic activities for European economies, contrary to the crisis in 2007, it was not associated with any substantial increase in NPLs. In this respect, the thesis try to analyse the impact of extensive fiscal measures on this new phenomena.

### **Contribution**

The thesis brings a unique analysis based on the data covering the pandemic period. In this respect, the EBA Risk Dashboard data on NPL ratios and the ESRB database providing information on fiscal measures with the break down by country and economic sectors (NACE) were instrumental for the study. The thesis clearly contributes to better understand how different fiscal measures affect NPL ratios. This has clear policy implications and could also help in estimation of credit risk models using data covering also the pandemic period. Without taking those effects into account, the estimated credit risk models might underestimate credit risk in the future.

### **Methods**

First, the author use static panel model with both fixed and random effects. Second, the dynamic panel model using Arellano and Bond estimates are employed. The author use R to proceed with all estimates. The methods and approaches used in the paper reflect the current practices used in similar cases.

### **Literature**

The thesis well covers all relevant literature including the latest papers dealing with the topics of NPLs. Author made very extensive investigation on the available literature well justifying his approaches used in the thesis.

### **Manuscript form**

The paper is well written using latex. Overall, it resembles a diploma thesis rather than bachelor. It is also well structured and providing all information needed to make the final conclusions.

### **Overall evaluation and suggested questions for the discussion during the defense**

The thesis deals with widely discussed, but so far unexplored topic. It is well written and connected to the relevant literature with interesting conclusions that could inform the ongoing discussions of researchers and policy makers alike. In my view, the thesis fulfils the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I highly recommend it for the defense and suggest a grade A. The thesis could be also considered to be awarded as an extraordinarily good bachelor thesis with some potential for a future publication. The results of the Urkund analysis do not indicate significant text similarity with other available sources. As the thesis is well written addressing all possible questions, I would suggest that the author could talk about potential further research during his defense.

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

CATEGORY	POINTS
Contribution (max. 30 points)	29
Methods (max. 30 points)	29
Literature (max. 20 points)	20
Manuscript Form (max. 20 points)	19
<b>TOTAL POINTS</b> (max. 100 points)	<b>97</b>
<b>GRADE (A – B – C – D – E – F)</b>	<b>A</b>

**NAME OF THE REFEREE:**

**DATE OF EVALUATION:**

Digitally signed (30.5.2022)  
Petr Jakubík

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**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