

**Abstract:**

This thesis evaluates the regulation of credit institutions. Its aim is to answer the question of how the regulation of credit institutions evolved and how this development influenced current regulation. This thesis examines the potential of credit institution regulation to prevent further financial crises. At first the author deals with the development of the market of financial services and subsequently with the development of regulation of credit institutions. In the first part the author analyses the positive and negative aspects of each piece of legislation, reasons for their adoption, changes or their further use.

This thesis deals particularly with capital adequacy requirements. It analyses their gradual development and reason for their amendments, especially in the context of the recent financial crisis.

The author concludes that that current set-up of the credit institution regulation and its expected development puts too much emphasis in increasing of the capital adequacy requirements. The author sees this aspect especially in the directive on capital requirements from 2013 which presents new buffers that the credit institutions are required to hold and in the resolution directive from 2014 which adds new, yet similar requirements. The author particularly disagrees with the assessment of capital adequacy requirements as an omnipotent solution to the problems on the market.

The author shares the view that there is no evidence or consensus amongst scientist and experts that the financial crisis was caused by low capital requirements. The author concludes that the direction of the regulation of credit institution needs to be changed in order to encourage credit institutions to conduct their business in a prudent and safe manner.