

Report on Bachelor / Master Thesis

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

Student:	Gent Jusufi
Advisor:	Mgr. Magda Pečená Ph.D.
Title of the thesis:	The impact of macroeconomic factors on financial institutions credit risk during the global financial crisis, case in Czech Republic

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

The presented diploma thesis tries to evaluate the relationship between various macroeconomic variables (inflation, unemployment rate, GDP growth etc.) and non performing loans (NPL) ratio which author uses as a proxy for modeling credit risk. This relationship is measured by stress testing methodology – i.e. application of impulse response function on particular macroeconomic variables.

From the methodology point of view it is quite questionably if NPL is a good measure for credit risk in banking sector, LGD modeling might be more appropriate. Author does not state a clear hypothesis of his research so it is not clear what he aims to model. The conclusion of the paper is very vague – author states that some of the macroeconomic variables have negative impact to NPL why other do not.

Although author uses some econometrical methods like VaR and impulse response function for stress testing, he does not explain the results very well – it seems more like a plain application of econometrics on some data set without a real investigation of the results.

The thesis itself is quite poorly arranged. Author repeats the same statements about triggers of the recent financial crises over and over. The quality of language is very low which makes it hard to understand what author is trying to say. Moreover, the logical connections between sentences/paragraphs are sometimes completely missing, especially in the introductory parts. Some parts of the paper seem to be redundant (i.e. development of Czech banking sector in 1990's).

Overall, author has to prove that the thesis is reaching at least the satisfactory level during the defense. I evaluate the thesis as being „**poorly satisfactory (3-4)**”.

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

CATEGORY	POINTS
Literature (max. 20 points)	15
Methods (max. 30 points)	12
Contribution (max. 30 points)	10
Manuscript Form (max. 20 points)	4
TOTAL POINTS (max. 100 points)	41
GRADE (1 – 2 – 3 – 4)	Satisfactory (3)

NAME OF THE REFEREE: PhDr. Milan Rippel

DATE OF EVALUATION: 18/6/2012

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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

Strong Average Weak
20 10 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.*

Strong Average Weak
30 15 0

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.*

Strong Average Weak
30 15 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.*

Strong Average Weak
20 10 0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě