

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Tomáš Fiala</b>
<b>Advisor:</b>	<b>PhDr. Boril Šopov M.Sc., LL.M.</b>
<b>Title of the thesis:</b>	<b>Stability of the Banking Sector: Dependence Beyond Correlation</b>

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

This bachelor's thesis examines the possible threat of contagion from a mother bank to its subsidiary and compares it to a similar threat from the given bank's peers. The thesis is logically distributed into a setup part and estimation part. The setup part provides an adequate literature review plus theoretical background.

As far as the estimation goes, the author uses a non-parametric estimation method. The methodology itself closely follows a preceding paper by Slijkerman et al. (2013), but with different empirical data and simulation. The estimation itself finds that the potential for systemic breakdown between a mother and its subsidiary is on average smaller and significantly different than that between subsidiaries within a country.

For the evaluation, literature review and handling is simply exceptional. Used methodology of distribution-free systemic risk measure based on extreme value theory closely follows recent trends in the field and likely goes beyond expectations.

The main contributions of the paper are the use of a quite novel approach which seemingly fits the systemic risk analysis very well and execution of the analysis on Visegrad four countries (which are often left aside). What is a bit lacking is the interpretation of results – only 2 short paragraphs are dedicated to it, while it is one of the most interesting parts for potential readers.

Form and structure of the thesis perfectly adheres to the standards, the only slight misconception being the fact that there is almost no space dedicated to interpretation of the results and possible comparison of these results to other literature.

For defense, I would suggest the following questions:

- On the case of Czech Republic, what would you say is the main reason for risk of contagion being higher from bank peers than from mother bank?
- What is the reason that these techniques are well-suited for the systemic risk analysis (as stated in the conclusion)?

In the case of successful defense I recommend the grade Výborně – 1.

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

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Tomáš Fiala</b>
<b>Advisor:</b>	<b>PhDr. Boril Šopov M.Sc., LL.M.</b>
<b>Title of the thesis:</b>	<b>Stability of the Banking Sector: Dependence Beyond Correlation</b>

<b>CATEGORY</b>		<b>POINTS</b>
<i>Literature</i>	<i>(max. 20 points)</i>	20
<i>Methods</i>	<i>(max. 30 points)</i>	30
<i>Contribution</i>	<i>(max. 30 points)</i>	28
<i>Manuscript Form</i>	<i>(max. 20 points)</i>	18
<b>TOTAL POINTS</b>	<i>(max. 100 points)</i>	<b>96</b>
<b>GRADE</b>	<b>(1 – 2 – 3 – 4)</b>	<b>1</b>

**NAME OF THE REFEREE:** *Mgr. Tomáš Zelený*

**DATE OF EVALUATION:** 10.6.2013

  
\_\_\_\_\_  
**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

