Report on Master Thesis

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

Student:	**Adelina Hajzeraj**
Advisor:	**PhDr. Petr Gapko**
Title of the thesis:	**Analysing the performance of European commercial banks**

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

The thesis analyses the performance of the European banks in the period 2007-2011 (also in the crisis period). The author stated three hypotheses. First, there is a difference in the performance of banks which were harmed more and less by the crisis. Second, the ownership structure matters for the performance of banks. Third, there is a structural break during the crisis period in the performance of banks. To test these hypotheses the t-tests and the econometric panel data analyses were applied.

I would appreciate especially the topic of the thesis; it is very interesting and praiseworthy in terms of analysing the bank sector during the global financial crisis. I also value that the author set creatively the research questions and provided several methods to find the answers to them

Unfortunately, I found some shortcomings as well. In my opinion, the thesis should be based on more literature than it was employed. I feel the lack of literature background especially in the empirical part; e.g. the majority of the variables of the regression model were chosen according to just one research paper.

Moreover, I find the selection of the variables also questionable. The author mentioned, some preliminary estimation was applied to choose the variables for the regression model. Unfortunately, this procedure is not discussed in the thesis. Furthermore, the econometric model is not based on a theoretical model, so the selection of variables is then crucial because of the possible risk of omitted variable bias (the possible presence of OVB is also not tested in the thesis).

The analyses are provided on panel data set in the period 2007-2011. The time structure of this data set is only 5 years and also includes the special behaving crisis period. This could cause problems; primarily, the Chow test applied on this data could be biased.

I found some shortcomings in the selection and transformation of data as well. For instance, some observations were dropped because there were missing values for one explanatory variable, the information from the other variables is then lost. Further, before the t-tests were applied, the dependent variables (ROA and others) were unusually logarithmic-transformed to avoid negative values. Unfortunately, the motivation and methodology of this transformation was neither explained nor supported with the literature. Last but not least, the transformation is employed for some of the dependent variables and for some of them is not employed. The author also somehow dropped the outliers without providing any details of this procedure.

Further, the author claims to use the robust standard errors to obtain a more accurate estimation. However, this step was not neither explained nor supported by test's results.

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Last but not least, the author sometimes interprets the estimation coefficients incorrectly. For instance: The increase of total interest and non-interest expenses (MA_NIE) decreased the ROAA to 0.13%. (for the coefficient 0.13 of MA_NIE variable in the ROA regression).

The thesis also suffers from some typos. The language quality of abstract (both Czech and English) is poor.

In conclusion, the thesis would succeed better as the bachelor thesis. However, I recommend this work for the defence with the grade satisfactory.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	10
Methods	*(max. 30 points)*	15
Contribution	*(max. 30 points)*	22
Manuscript Form	*(max. 20 points)*	12
TOTAL POINTS	*(max. 100 points)*	**59**
GRADE	**(1 – 2 – 3 – 4)**	**3**

NAME OF THE REFEREE: **Božena Bobková**

DATE OF EVALUATION: **4. září 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