

Abstract

Regulation of commercial banking by the central bank

The aim of my thesis is to clarify the issue of banking regulation of commercial banks in the Czech Republic and to analyze their functioning. Due to the extent of the topic of this thesis I focused mainly on prudential rules for banks, which are one of the main instruments of banking regulation.

The introduction defines the Czech banking sector. There are described both of its general characteristics, as well as the particular entities that are present, including the Czech National Bank and its competence in the area of banking regulation and supervision.

The second chapter deals with the banking regulation itself. As an introduction it is generally analyzed in theoretical level especially with regard to the reasons for its existence. Further there is also described the current legislation in the Czech Republic in detail, including its link with the rules of international and European law. Then there are presented all its essential parts and its influence to banks is analyzed.

The third chapter deals with prudential rules in detail. As an introduction the concept of prudential business is analyzed and the risks of the banking business are described which represents the main aspect of this part of regulation. Further there are analyzed the individual basic prudential rules in detail, their current legal regulation and their impact on bank operations.

The fourth chapter separately introduces the issue of regulation of financial groups. There I describe both currently applied approaches of their regulation and supervision including the definition of these groups and cooperation mechanism of the relevant supervisors.

The fifth chapter discusses some of the future trends in banking regulation, which have or may have direct influence on the Czech legislation. It presents two main directions, a new (third) version of Basel regulatory framework and the proposal for the creation of a Banking Union within the European Union. There is described the essence of both proposals and analyzed their possible impact on Czech banks.

The conclusion sums up the basic propositions of this thesis and there is an overall assessment of the impact of banking regulation and, in particular prudential rules on commercial banks, including several proposals which direction would be the future of banking regulation to take.