

Abstract

The aim of submitted thesis *Supervision in banking* is to define the nature and the importance of banking supervision, to justify its existence and to analyze the applicable mechanisms while the system of banking regulation and supervision in this thesis is primarily examined in the European context, with a focus on the Czech Republic. The thesis is divided into five main chapters. The first chapter is devoted to the financial system and the importance of banks in this system, it defines the characteristics of banking systems, provides the definition of the term bank and describes the banking system and the banking environment in the Czech Republic. The second chapter focuses on general aspects of banking regulation and supervision, it defines and distinguishes these concepts; furthermore, it specifies its objectives and deals with the arguments against banking regulation and supervision. The third chapter analyzes the various instruments of banking regulation, in particular the banking license, and other particular requirements, including but not limited to capital adequacy requirement. The chapter also deals with the compulsory deposits insurance and the position of the central bank as a lender of last resort. The fourth chapter focuses on banking supervision, which involves mainly the examination of rules set by banking regulation. This chapter outlines the general methods of banking supervision, the evaluation system of banks and defines banking supervision carried out by the Czech National Bank. This chapter also aims to introduce the complexity of banking supervision; it analyzes the supervision on a consolidated basis, supplementary supervision of financial conglomerates and the principles of supervision over internationally active banks. The end of the thesis is devoted to supervision within the European Union. The chapter briefly describes the history of banking regulation and supervision, and evaluates significant changes in banking supervision in the European Union, where there is a shift of supervisory powers from national supervisory authorities to the European Central Bank.