

Report on Bachelor Thesis

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

Student:	Jan Hloušek
Advisor:	Petr Jánký
Title of the thesis:	Taxation in Financial Sector

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

This thesis focuses on the issue of taxation in financial sector and the new taxation tools introduced in the EU in the aftermath of the 2008 financial crisis. The thesis provides original contribution by empirically testing the impact of introducing Financial Transaction Taxes (FTT) on the volumes of derivatives by French and Italian banks affected (to a different extent) by the new regulations.

I am not familiar with the existing research in this area, but based on my review of the thesis, it offers an excellent motivation and a clear introduction of the topic, presenting a strong and relevant research question with a clear contribution to the existing research in this area.

Chapter 1 gives a comprehensive description of the new financial taxation, setting the scene for the research of the impact of one specific taxation measure on the volume of derivative instruments traded.

Chapter 2 provides an overview of different forms of financial taxation, as well as a summary of key empirical literature. It would probably be better to present these two topics in separate chapters and ensure the literature overview is easier to follow.

The empirical part of the thesis in Chapter 3 is well structured, with a detailed description of the data used and the econometric method applied. The author provides a thorough descriptive analysis of the dataset before moving into the regression analysis.

The empirical analysis in Chapter 3.4 is executed well and documented clearly. The thesis would probably benefit from a more detailed discussion of the robustness of the econometric results. For instance, the author includes four specific explanatory variables to address potential omitted variable bias, which has a positive impact on the ability of the model to explain the variation in volumes of derivatives (dependent variable), with R-squared increasing from ca. 30% to ca. 50%. Nevertheless, there is still 50% of the variation in the data not explained by the current model, which could impact the reliability/robustness of the key empirical findings. In addition, the author should question more directly the weakness of the empirical analysis relying on the panel dataset from two EU countries only.

Overall, I think this is a very good piece of work which meets the academic requirements of our institute for a Bachelor thesis and could even, with some additional work on the empirical part, be turned into a publishable paper in a peer reviewed journal. On that basis, I recommend the grade 1.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	20
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	81
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Goran Serdarević

DATE OF EVALUATION: 8.6.2016

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