

Report on Master Thesis

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

Student:	Bc. Filip Fraňo
Advisor:	Doc. PhDr. Petr Teplý, Ph.D.
Title of the thesis:	Bank Efficiency, Risk, and Capital in the Visegrad Group Countries

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

The performance of the global banking industry has been decreasing in last years. Not surprisingly both practitioners and academicians try to explain key reasons. As a result, Filip Fraňo has chosen an interesting topic for his master thesis, which deals with bank efficiency in the Visegrad countries using the stochastic frontier analysis.

The thesis consists of five main chapters. After short introduction the second chapter focuses on basic terms (banks efficiency, risk, capital) including literature review serving as a good basis for Filip's research. The third one introduces bank efficiency measurement from several perspectives. In the key fourth chapter of the thesis the author conducts own empirical research. The last fifth chapter concludes the work and states final remarks.

The thesis fulfills standard format requirements, is worked out nicely, and the estimated model has a high discriminatory power. Filip has applied the standard method on an up-to-date topic, what makes his work outstanding. I believe that a part of the thesis might be published in a journal with an impact factor. The author has been meeting his advisor on a regular basis, cooperated with him closely and reflected his comments to the final version of the thesis.

Questions:

- 1) Filip rejects the hypothesis that the larger banks exhibit higher cost efficiency than small peers. Is this results surprising regarding the recent age of digitalization, commoditization and globalization in banking?
- 2) Figure 4.1 on page 42 shows Kernel density of cost efficiency scores from the panel data model. What is the key weakness of such aggregation of scores of four countries?

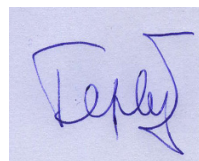
The thesis by Filip Fraňo shows that he has developed a solid academic approach and built own model. The topic chosen is highly attractive subject which makes his contributions valuable. I consider this master thesis as an excellent piece of academic work and support it to be accepted in this form. All in all, I propose **Grade A from this thesis**.

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	27
Contribution (max. 30 points)	28
Manuscript Form (max. 20 points)	18
TOTAL POINTS (max. 100 points)	91
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Petr Teplý

DATE OF EVALUATION: 14. 9. 2015



Examiner Signature

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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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
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