

Report on Bachelor / Master Thesis

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

Student:	Dominika Šubáková
Advisor:	Martina Jašová
Title of the thesis:	Caps on Loan-to-Value ratio: Can they reduce housing bubble and credit growth?

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

The thesis discusses a very relevant and up-to-date issue of loan-to-value (LTV) ratio limits. Understanding of the effectiveness of macroprudential measures opens many new avenues to policy-oriented research and LTV limits in particular belong to one of the least addressed areas.

In the introduction the author clearly stipulates the contribution of her research to the existing literature: (i) the thesis proposes an innovative LTV index that attempts to capture the complexity of LTV limits; and (ii) it addresses the recent experience with LTV limits in case of developed (European) economies (in contrast to the vast part of research which predominantly focuses on developing markets).

The author builds upon the latest literature published in the field and employs the recent methodology (in line with IMF or BIS research). In addition, Dominika demonstrates her understanding of heterogeneous calibration issues of LTV limits that are triggered by national discretions and can hinder cross-country comparison of LTV measures. To address this problem, she proposes a construction of an LTV index, based on a scoring of specific calibration details. Even though the idea needs to be developed further and in a greater detail, the author independently introduces a number of highly relevant points that would allow for an improvement in cross-country comparison and empirical studies on effectiveness.

In the defense, I would like the author to further focus on the proposed LTV index – present its main strengths and weaknesses and if possible suggest ways to further improve the LTV evaluation in the future (also provided the more granular data would be available). In case of a successful defense, I would propose to evaluate the thesis with **grade A (excellent)**.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	30
<i>Contribution</i> (max. 30 points)	30
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	95
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Martina Jašová

DATE OF EVALUATION: 15.9.2015

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