

Report on Master Thesis

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

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| Student: | Bc. Andrea Kufnerová |
| Advisor: | PhDr. Tereza Fišerová |
| Title of the thesis: | Bank regulatory standards and supervision: The impact on the banks' efficiency |

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

The submitted work examines bank efficiency and the impact of the regulatory and supervisory instruments on the efficiency of banks in the countries of European Union over 2005 - 2013 thus covering the Global Financial Crisis period. Interaction of sovereign crisis and the bank and the regulatory response in particular is currently often discussed on both academic and professional level. This thesis is in its scope one of the first expert studies on the topic, which makes the author's conclusions unique.

The thesis is divided into seven chapters. After the introduction, the author deals with the theoretical framework of bank regulation in the second chapter (2.1) and brings extensive literature review of the topic in the third (2.2). The fourth chapter is dedicated to methodological approach of the author discussion the Stochastic frontier Analysis (2.3). The empirical part of the work is divided into two parts, the model specification (3.1) and econometric analysis (3.2) in which the author discusses and examines seven hypotheses and provides analyses of banks operating in all 28 EU countries.

Overall 1616 banks enter the analyses. The author estimates the efficiency scores using Stochastic Frontier Analysis and then deploys Random Effects to investigate the hypotheses stated by her. The author comes inter alia to the conclusion that high cost bank efficiency does not necessarily imply also high profit efficiency or that presence of independence of supervisory authority is important determinant of banks' efficiency while sensitivity of banks to the supervisory independence increases in the period of the Global Financial Crisis.

The author gathered enough relevant data and materials to perform the analyses, processed large quantities of data and demonstrates her deep knowledge of banking, bank regulation and adequate knowledge of econometrics. She justifies her approach appropriately, uses advanced methods and draws relevant inference. Also, the author enriches the current state of knowledge especially regarding the impact of bank regulation on performance of banks in the EU while covering the Crisis period.

The form of the work meets the demands placed on the thesis contains a standard citation, a note and a table apparatus and a list of references. Work includes a number of tables and figures which contribute to its clarity and intelligibility. The work is written in comprehensible language and while the English is not perfect as the author is not a native speaker, it does not affect the overall impression and result. Taking this into account, after adjustments by a native speaker, parts of the work have in my opinion a potential for publication in journals.


In the course of preparation of the thesis, the Andrea consistently demonstrated her high dedication and independence looking at the subject from many different angles and working on her expertise both in terms of regulatory environment, bank performance and econometric approach to the subject. Andrea has proven that she is very competent in research and academic writing: she proceeded systematically, cooperated with the supervisor with ease and discussed issues when in doubt. Overall, I believe that the submitted work is very good and in its scope and amount of analytical work that had to be carried out exceeding IES standards. For reasons mentioned above I suggest the work to be awarded the grade Excellent.

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) | 25 |
| <i>Manuscript Form</i> (max. 20 points) | 17 |
| TOTAL POINTS (max. 100 points) | 85 |
| GRADE (1 – 2 – 3 – 4) | 1 |

NAME OF THE REFEREE: *PhDr. Tereza Fišerová*

DATE OF EVALUATION: 5.9.2016



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 |