

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Aneta Mohylová</b>
<b>Advisor:</b>	<b>Doc. Roman Horváth, Ph.D.</b>
<b>Title of the thesis:</b>	Does Financial Development Alleviate Poverty?

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

*Please provide your assessment of each of the following four categories. The minimum length of the report is 300 words.*

The M.A. thesis of Aneta Mohylova focuses on the determinants of poverty alleviation and specifically examines whether financial development may be conducive in this respect.

### **Contribution**

The thesis provides an original contribution for the literature of poverty alleviation. Using the cross-country dataset and dozens of explanatory variables with the Bayesian model averaging, it can provide the ranking of importance of various variables for poverty alleviation worldwide. It confirms the previous findings showing that factors such as political stability, rule of law or education matter for reducing poverty. However, what is really novel is that financial development matters equally to these well-known factors. But what type of financial development matters? The common wisdom as well as some micro-experimental evidence typically puts forward that it is the access to finance, which matters. However, this thesis fails to find that access to finance would be a major factor for poverty alleviation. To the contrary, it is the efficiency and stability of financial intermediaries, which matter. This is indeed original finding, which in addition to the quality of applied empirical work, makes this thesis outstanding.

### **Methods**

The thesis is primarily empirically oriented and uses a large cross-country dataset to examine the determinants of poverty using nearly 40 regressors covering economic, political, institutional, financial and other country characteristics. Given that there is large regression uncertainty in terms of determinants of poverty alleviation, Aneta uses Bayesian model averaging to address this issue. Bayesian model averaging represents advanced econometric technique, which is especially fruitful in this respect. In contrast to traditional model selection approach, Bayesian model averaging – as its name suggests – averages various regression models and essentially assigns each model a different weight with the models of greater fit having a higher weight.

The results may depend on different prior structure within the Bayesian model averaging and Aneta undertakes all necessary sensitivity analysis in this respect (e.g. using the state-of-the-art models).

Importantly, the Bayesian model averaging not only provides the coefficient estimate and its standard error but also so-called posterior inclusion probability, which – intuitively said – provides the probability with which the regressor should be included in the ideal regression model of poverty alleviation.

### **Literature**

The literature is covered very well and all important references are cited and properly discussed.

### **Manuscript form**

The manuscript form as well as organization of the thesis is standard. The thesis is written well and easy to follow for the reader.

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Aneta Mohylová</b>
<b>Advisor:</b>	<b>Doc. Roman Horváth, Ph.D.</b>
<b>Title of the thesis:</b>	Does Financial Development Alleviate Poverty?

Overall, I find this thesis outstanding and recommend the grade „výborně“ (A).

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

<b>CATEGORY</b>	<b>POINTS</b>
<i>Contribution</i> (max. 30 points)	30
<i>Methods</i> (max. 30 points)	30
<i>Literature</i> (max. 20 points)	18
<i>Manuscript Form</i> (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>96</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** *Doc. Roman Horváth, Ph.D.*

**DATE OF EVALUATION:** *May 25, 2017*



---

**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	<b>1</b>	= excellent	= výborně
61 – 80	<b>2</b>	= good	= velmi dobře
41 – 60	<b>3</b>	= satisfactory	= dobře
0 – 40	<b>4</b>	= fail	= nedoporučuji k obhajobě