

# Report on Bachelor / Master Thesis

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

<b>Student:</b>	<b>Bc. Daniel Džmuráň</b>
<b>Advisor:</b>	<b>Petr Janský, Ph.D.</b>
<b>Title of the thesis:</b>	<b>Financial Secrecy and Its Impact on Cross-Border Deposits</b>

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

### **Contribution**

Daniel Džmuráň wrote an excellent, policy-relevant empirical thesis on the importance of financial secrecy for cross-border bank deposits. His research contributes to the still relatively small, but rapidly expanding academic literature on tax havens and tax avoidance. Daniel builds upon (extends and generalises) the first empirical evaluation of the 2009 crackdown by Johannesen and Zucman (2014) (who published their paper in *American Economic Journal: Economic Policy*).

Daniel's specific contribution is in updating (larger data set and more years) and extending the earlier estimates (he confirms a negative impact of information exchange treaties on the value of funds placed in tax havens and he finds that the money from tax havens placed on non-havens' bank accounts declines after signing a treaty) and providing novel estimates with the use of the Financial Secrecy Index (he finds that a decrease in financial secrecy score corresponds to a decline in deposits). All his findings support the hypothesis that weakening the financial secrecy is associated with a significant outflow of cross-border deposits.

### **Methods**

In terms of methodology, Daniel applies the state-of-the-art methodological approach to a dataset merged from a number of the most relevant sources. Daniel hand-collected data on bilateral treaties from the database of OECD, which was a very time-demanding task, but also an important contribution in its own right. He provides robustness checks (various definitions of tax havens). Although it is in line with Johannesen and Zucman, I am myself not fully persuaded by his arguments that in the first part of the analysis he showed the relationship to be causal and I would prefer to be a bit more careful in the interpretation (as he is in the second part of his analysis).

### **Literature**

Daniel made a good use of the existing relevant literature and applied empirical methods standard in the existing literature carefully, using a novel dataset. Unfortunately, the sections 2 and 3 seem to me too long (already seemed too long when I saw them in the draft, but there was not sufficient time for Daniel to revise them), not very well structured and very often not as much to the point and the main research question of the thesis as they should be.

### **Manuscript form**

Daniel's writing is good, with an obviously good use of English, but sometimes his writing is too lengthy and not concise. The presentation of the results is standard.

Overall, I am very happy with the results of Daniel's work. I believe that his thesis is of high quality and will be of interest to researchers working in the field of tax havens (and he has already been in touch with some foreign researchers, who expressed interest). I encourage him to pursue a publication of parts of his thesis (especially sections 5 and 6) in an academic journal so that his results are better accessible for the academic audience. I believe that the quality and relevance of his work warrants a submission to some of the leading academic journals in the relevant fields of economics such as *International Tax and Public Finance* or *FinanzArchiv/Public Finance Analysis*.

In short, Daniel did a great job of writing a thesis and I recommend a grade of **excellent (výborně)**.

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

CATEGORY	POINTS
Contribution (max. 30 points)	30
Methods (max. 30 points)	25
Literature (max. 20 points)	17
Manuscript Form (max. 20 points)	18
<b>TOTAL POINTS</b> (max. 100 points)	<b>90</b>
<b>GRADE</b> (1 – 2 – 3 – 4)	<b>1</b>

**NAME OF THE REFEREE:** Petr Janský, Ph.D.



**Referee Signature**

**DATE OF EVALUATION:** 13<sup>th</sup> June, 2017

**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