Report on Master Thesis

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

Student:	Bc. Filip Juřena
Advisor:	doc. PhDr. Ing. Ing. Petr Jakubík, Ph.D. Ph.D.
Title of the thesis:	Impact of the low yield environment on banks and insurers: Evidence from equity prices

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

The recent low-interest environment has been affecting financial institutions around the globe and has got attention of both academics and practitioners in past years. Filip Juřena investigates the topic through static and dynamic models for both banking and insurance industry, what makes his thesis valuable.

The work consists of six main chapters. After short introduction, the second chapter presents a literature review on relationship of banks and of insurers and interest rates. Section 2.3 describes the applied economic approach (GMM estimators), data analysis and overview of variables. Static models are discussed in Chapter 3 (all institutions), while Chapter 4 deals with banks and insurers separately. In the fifth chapter dynamic models are tested. The data sample encompasses data of 84 financial institutions meaning 761 observations (banks and insurers together). Finally, the last chapter concludes the work.

Filip has developed a solid academic approach, reviewed the existing literature, identified and investigated open questions and drew relevant conclusions from that. His thesis meets standard format requirements, while figures and tables well illustrate discussed issues.

Questions to the defense:
1) Table 3.8 on page 37 reveals that both expected GDP and asset turnover proved to be significant in random effects models for all institutions, what is not surprising. What about correlation between these variables?
2) The author concludes that for life insurers a decrease in short-term interest rates leads to an 18% decrease in equity prices, i.e. deeper decrease than for banks and non-life insurers. How can this effect be diminished by life insurers´ management in terms of negative duration gaps?
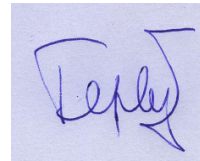
To conclude, the thesis by Filip Juřena is written on highly attractive subject, what makes his contribution valuable. After some adjustments, I believe that a part of the thesis might be published in a respected journal. I consider this master thesis as a solid piece of academic work and therefore I propose **"výborně"/Grade 1 from this thesis.**

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	17
Methods	*(max. 30 points)*	27
Contribution	*(max. 30 points)*	26
Manuscript Form	*(max. 20 points)*	15
TOTAL POINTS	*(max. 100 points)*	**85**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: Doc. PhDr. Petr Teplý, Ph.D.
DATE OF EVALUATION: August 30, 2017

_____

Report on Master Thesis

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

Student:	Bc. Filip Juřena
Advisor:	doc. PhDr. Ing. Ing. Petr Jakubík, Ph.D. Ph.D.
Title of the thesis:	Impact of the low yield environment on banks and insurers: Evidence from equity prices

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