

This thesis deals with the current legislation of banking regulation in the Czech Republic. It analyzes both Czech and relevant European regulation that has increasing importance in the area. Moreover, the most significant amendments enacted as a result of the Basel III implementation are pointed out. The issue is viewed from an interdisciplinary perspective therefore, in addition to the analysis of current legislation, its economic impact on the Czech banking sector is also evaluated.

Due to the enormous breadth of the banking regulation field, this thesis focuses on examining the areas considered most essential by the author. The first introductory chapter lays down the theoretical foundations of banking and banking regulation and thoroughly defines the term “bank”, both legally and economically. The second chapter deals with banking licensure, which plays a crucial role in the regulation of accessing the activity of banks. It analyzes the requirements that have to be met in order to be authorized, as well as the issue of the single EU passport and the withdrawal of the authorization. The third chapter deals with the wide and significant area of banking risks. The discussion assesses the nature of each risk, as well as methods for their measurement and management, and capital requirements. The predominant focus is on risks that are relevant from a capital requirements perspective, i.e. credit risk, market risk, and operational risk. In addition to the primary focus listed above, liquidity risk will also be discussed as its regulation has been subject to major changes recently. The fourth chapter deals with two components of a financial safety net, namely the framework for the recovery and resolution of banks and the deposit guarantee scheme. Both of these areas have also been amended significantly.

The author concludes that banking regulation in the Czech Republic is solid and contributes to the stability of the Czech banking sector. Its stability is, among other things, the result of a specific and conservative business model of Czech banks. They have adopted a majority of Basel III changes without major difficulties and any negative impact on their lending activity has not been identified. However, the author warns of the growing complexity of the regulation and also of the long-term decline in ROE of the Czech banking sector. He also considers new indicators - NSFR and MREL - a potential threat due to the specific business model of Czech banks.