

Opponent's Report on Dissertation Thesis

Institute of Economic Studies, Faculty of Social Sciences, Charles University in Prague
Opletalova 26, 110 00 Praha 1, Czech Republic
Phone: +420 222 112 330, Fax: +420 222 112 304

Author:	PhDr. Jitka Lešánovská
Advisor:	Doc. PhDr. Adam Geršl Ph.D.
Title of the Thesis:	Interbank markets, monetary transmission and bank efficiency
Type of Defense:	DEFENSE
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Opponent:	Ing. Zuzana Fungáčová M.A., Ph.D.

Address the following questions in your report, please:

- Can you recognize an original contribution of the author?
- Is the thesis based on relevant references?
- Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- Do the results of the thesis allow their publication in a respected economic journal?
- Are there any additional major comments on what should be improved?
- What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

Based on my evaluation of this dissertation, I conclude that it satisfies high academic standards and is therefore suitable for the final defense.

Ms. Lešánovská has carefully answered to all the comments provided by the members of the examination committee. Based on these comments she made the necessary changes to the manuscript.

The first essay "Explaining the Czech Interbank Market Risk Premium" investigates what in general influences the interbank risk premium in the Czech Republic and which factors in particular contributed to increase in the risk premium during the global financial crisis. The results confirm the significance of counterparty risk and market variables accounting for domestic and foreign risk.

It is well-known that the Czech banks did not incur direct subprime-related losses. Nevertheless, since the Czech banks are majority foreign-owned, I suggested to discuss if they possibly might have been hit indirectly through their parent banks so that the risks connected particularly to the parent banks' countries would play more prominent role than the risks stemming from other countries' markets when explaining the risk premium. Following this suggestion a section was

added providing indirect test for spillovers from other countries' risk via including the CDS spreads of parent banks.

Another comment concerned the possibility to extend the results of this study to other emerging economies. The author now discusses the fact that the results of this analysis might be relevant also for other emerging European countries facing the liquidity surplus in the system and having significant foreign ownership of majority of banks. Nevertheless, it is pointed out that further research on the sources of the interbank risk premium in other countries in Europe with similar characteristics might be desirable. In the conclusion the discussion on policy implications is also broadened.

The second essay deals with the effectiveness of the monetary policy transmission for different banking products by investigating the interest-rate pass through from financial market interest rates to the rates charged by banks to both firms and households. The main results on the monetary policy transmission do not seem to hold for the mortgage market. There was a need to provide more explanation for this finding and thus in this final version the author responds to this comment by adding a discussion that concentrates on competition as well as corresponding policy implications.

The third essay studies possible relation between bank capital and bank efficiency and it investigates both directions of causality using the data covering the time period 2002 -2013. The results indicate no significant relation between bank capital and bank efficiency. Here, following my suggestions, the author conducted additional estimations confirming that the non-significant results are not driven by the origin of the foreign-owned banks or the time they have operated at the Czech market.

The interpretation of the results has been modified as the tests confirming that the two main hypothesis are cancelling each other cannot be conducted in this setting. However, the main results are still confirmed by several robustness checks. Additionally, more discussion on the results concerning the crisis period is provided in this updated version of the manuscript.

Ms. Lešanovská has clearly responded to all the comments and therefore I do not have any additional suggestions concerning what could be changed in the manuscript. I recommend this manuscript for the defense in the current form. It satisfies all the requirements for a PhD thesis in economics.

Date:	21.5.2018
Opponent's Signature:	
Opponent's Affiliation:	Ing. Zuzana Fungáčová M.A., Ph.D. Bank of Finland & IES FSV UK