

Supervision of financial activity

Abstract

The activity of entities operating on the financial market is one of the most regulated ones. Economists generally agree that services provided by entities in the financial system are so vital for the functioning of the economy that the overgrown regulatory rules are well-founded. In response to the global financial crisis, there has been a significant development in the regulation and supervision of the financial system, in particular the expansion of the prudential rules of major institutions and the emergence of new areas of macro-prudential supervision and resolution supervision. These are largely the subject of the submitted diploma thesis.

The aim of the thesis is to analyze the supervision of the financial system of the Czech Republic in the perspective of institutional and functional classification and in context with their development after the global financial crisis. While the theoretical part of the thesis defines the characteristics and models of the institutional organization of the supervisory authorities, the analytical part identifies their elements projected into the Czech legal system and analyzes the role of the Czech National Bank as a supervisory body of the financial system of the Czech Republic, integrated both from an institutional and a functional point of view.

A comparative analysis of the legal regulation was carried out on three selected sectors of the financial system - the banking sector, the capital markets sector and the insurance sector. In all three cases it has been demonstrated that the CNB acts as a micro-prudential supervisor and supervisor of business conduct. The subsequent analysis of the macro-prudential regulation and the resolution supervision confirmed the claimed concentration of powers within the CNB. An analysis of the fundamental elements of the institutional supervision of the financial system of the Czech Republic showed that the CNB fulfills the role of the integrated supervisory authority, both in terms of integration of sectoral supervision (institutional classification) and of the integration of supervisory areas (functional classification).

Keywords: financial system supervision, Czech National Bank, macro-prudential supervision