

Report on Bachelor/Master Thesis

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

Student:	Bc. Svatopluk Svoboda
Advisor:	PhDr. Adam Geršl PhD.
Title of the thesis:	Financial Stability and Fragile Banking Systems

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

Mr. Svoboda has decided to draft his diploma thesis on the topic of financial stability, which I believe is a very interesting and relevant topic vis-à-vis today's situation. The author has clearly his ability to understand and use of banking stability indicators, especially the Banking Sector Fragility Index (BSFI). He has linked his work on previous papers written by both foreign and domestic experts. Mr. Svoboda decided to use BSFI and apply it to situation in banking sectors of three countries: Czech Republic, Estonia and Japan, which is his own and main contribution to the topic.

In the first three chapters, Mr. Svoboda gives a thorough overview of the theoretical framework underlying the topic, which is well elaborated, although the model based approach is rather short and might need further elaboration. Chapter 4 gives an overview of analytical framework underlying financial stability measuring and monitoring used by e.g. IMF and ECB and is a clearly sketched out basis for further analytical framework of the thesis. In Chapters 5 to 8 Mr. Svoboda uses an index proposed by Mr Kibritcioglu to analyse the situation with respect to banking stability in the Czech Republic, Estonia and Japan. The calculation of index and subsequent analysis and interpretation of the results is nicely written and worth reading.

In the last chapter, Mr Svoboda comes to the finding that banking sector fragility index is able to approximate real evolution of banking sector stability in all three examined countries and identify special pattern in the index with respect to "the model of hypothetical banking crisis".

Maybe one additional remark at the end: the thesis consists of 9 chapters, which I think is rather too much for such a short work. I think the thesis could be better organised in this respect.

I believe the thesis of Mr. Svoboda is a thesis of an excellent quality and in the case of successful defense, I recommend "**výborně**" (excellent, 1)

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

CATEGORY	POINTS
Literature (max. 20 points)	18
Methods (max. 30 points)	26
Contribution (max. 30 points)	25
Manuscript Form (max. 20 points)	19
TOTAL POINTS (max. 100 points)	88
GRADE (1 - 2 - 3 - 4)	1

NAME OF THE REFEREE: Ján Slavíček

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