Report on Bachelor / Master Thesis

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

Student:	Ivana Krouparová
Advisor:	Doc. Petr Janský, Ph.D.
Title of the thesis:	Money Laundering and Suspicous Activity Reporting in the United States

OVERALL ASSESSMENT

Short summary

Ivana Krouparová focuses in her thesis on the topic of Anti money laundering (AML) with a special attention on U.S. suspicious activity reporting (SAR) system. In the first part of the thesis Ivana describes the concept of AML in the USA. In the rest of the thesis author provides an analysis of effectiveness of SAR system.

Contribution

Author has chosen an important topic. On the other hand, it was quite difficult for me to evaluate the originality of the topic, because author gave only few comparision of her results with the results of existing studies.

Methods

Author used a random effects model to estimate her regression, which seems to be an appropriate method for a bachelor student. However, the econometric part of the thesis has several mistakes that should not to appear in the bachelor thesis:
1. Table 3.4 cannot be correct – if you use HC standard errors then your coefficient estimates remain the same, only standard errors might change. The factor(year)2015 variable seems to be wrong.
2. Author writes that "The results of a Breusch-Pagan test (1979) showed signs of heteroskedasticity, or non-constant variance of the error term." I would expect Breusch-Pagan test result in the thesis, at least in the appendix. Same holds for the Hausman test.
3. Author argues that financial crime statistics "were obtained via The United States Sentencing Commission (USSC, Federal Sentencing Statistics 2014-2020, Table 1)." I looked into the USSC report, but I didn`t find any financial crime statistics neither in the Table 1, nor in the rest of the report.

Literature

As I write above, I would expect more comparison of author`s results with existing literature. Moreover, bibliography part is not structured well. It is confusing that author mixed articles, laws and central banks` press releases together. Last, not least, author`s citation style is not consistent through the thesis. Sometimes she uses name & year format (e.g. Levi *et al.* 2018, page 20) sometimes just name format (e.g. Levi *et al., page 15*).

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Manuscript form

The thesis uses good-quality English, but I have several comments to the manuscript form of the thesis:

1. Figures should have labels on both axes. For example, it is not clear to me, what units are displayed on Y axis in the Figure 1.A.
2. Chapter 3 – I cannot find footnotes 11 and 12. Last footnote that is explained below the line is number 10 on the page 28 and the next is number 13 on the page 30.
3. Table 3.4 - author writes that statistical significance lower than 0.1 is labeled with *, but is seems that it is labeled with a dot (variables restrictions and crime).
4. Table 3.4 - Variables should be named "financial crime", not "fc" etc. Moreover, it seems that author just copy-paste regression output from R, without renaming dummy variable names. In other words, „factor" is a r-object that stores data as a vector of integers, but in the thesis author should replace „factor(year)2015" with „Year 2015" etc.

Overall evaluation and suggested questions for the discussion during the defense

In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a grade C. The results of the Urkund analysis do not indicate significant text similarity with other available sources.

Suggested question for the discussion during the defense:

1) In short, can you compare AML attention systems in the USA and in the EU? What are the main differences?
2) Based on your results, do you have any recommendations on how to make SAR more effective?

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

CATEGORY	POINTS
Contribution (max. 30 points)	25
Methods (max. 30 points)	20
Literature (max. 20 points)	15
Manuscript Form (max. 20 points)	15
TOTAL POINTS (max. 100 points)	**75**
GRADE (A – B – C – D – E – F)	C

NAME OF THE REFEREE: Vojtěch Mišák

DATE OF EVALUATION: 15.8.2021   *Digitally signed, 15.8.2021, Vojtěch Mišák*

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Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F