

Report on Master Thesis

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

Student:	Yuye Zheng
Advisor:	Karel Janda
Title of the thesis:	Development strategy of commercial banks

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

Please provide a short summary of the thesis, your assessment of each of the four key categories, and an overall evaluation and suggested questions for the discussion. The minimum length of the report is 300 words.

Short summary The core topic of this thesis is very standard and very straightforward. It deals with quantification of the determinants of profitability of commercial banks.

Yuye Zheng communicated with me during the work on the thesis. The student was taking a care to implement my corrections and suggestions. However it is really a pity that even a few days before Christmas the thesis was not fully finished. So at the end we had kind of finished thesis about 2 days before deadline for submissions. So together with the student we did a lot of last minute readings and corrections during the last day before deadline. As a consequence of this, I was not even able to read the final version of some sections in the thesis. And even for the sections which I was able to read and to provide some corrections, I do not feel sufficiently happy with my corrections since simply there was not enough time for me (in cooperation with the student) to provide sufficiently readable thesis. Even in the parts which I relatively well corrected, there is still a lot of deficiencies. In general this is a type of thesis which would need a few more weeks of intensive work to provide a decent product. However given the level of the background of student, getting a really good thesis would require very high level of additional input and support on my side as an advisor.

To be more positive, I observed noticeable improvements over the quality of the thesis during the work on the thesis so I am glad that work on the thesis significantly contributed to the increase of human capital of the student.

Contribution This thesis is not a very original one. It is asking a very standard question – what are the determinants of profitability (expressed as a net interest margin) of commercial banks. So the dimension of own creative original research contribution is not a strong feature of this thesis. The general approach of this thesis follows a previous master thesis of prof. Těplý's IES student Petr Hanzlík. However I have to admit that the work of Petr Hanzlík was better, so the current thesis of Yuye Zheng did not form a noticeable improvement over the previous work of Petr Hanzlík. However given a proper use of an appropriate data (bank specific data from Orbis BankFocus, is an industry standard for this research topic of bank's performance), student provided a new updated empirical evidence. However the way of presentation of this empirical evidence could have been better (for this issue the points both in Methods and Manuscript Form categories are subtracted).

Methods The thesis is using appropriate econometric tools for answering the research questions asked in this thesis. The econometric apparatus used in this thesis is fully relevant to the research questions which are asked here and it is fully adequate to the author's level of studies. The level of comprehensivity of the analysis of the topic is fully adequate for a good IES master thesis. However the level of maturity of the student in the working with the econometric tools employed in this thesis is not a very high. I.e. for getting a really good thesis, student should get used more to the work with the econometric tools used in this thesis (i.e. a few more seminar papers done with the same models as the ones used in this thesis would be very useful).

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Literature Over the work on the subsequent versions of the thesis the use of relevant literature significantly improved. I have to praise the student for an effort to follow my advice with respect to the work with banking literature. So finally over the Christmas 2021 student finally got to gain familiarity with a relevant good quality literature.

Manuscript form For the manuscript form, I rate this thesis below average performance of IES master level students. While the academic style of writing, academic format for graphs and tables and the structure of the thesis is O.K., the quality of English and the stylistic quality of the writing is sub-standard.

Overall evaluation and suggested questions for the discussion during the defense

About a half a year ago, I would consider this thesis on a very low E (barely passing) level. However given the effort of the student over the final period of the work on this thesis, I improve my evaluation to a (week) D level. The student really tried to exercise the best effort.

During my discussions with Yuye Zheng over this thesis, I took the dataset used (yearly data for 252 commercial banks from EU over 2015-2020) as given and I focused my suggestions towards improving the work with this data. However at least now during the defence, the student could explain how does it come that there is so few big and medium size banks in the dataset used in this thesis? I would expect that big banks traded on major stock exchanges have their data in better shape than small banks? Is the issue a merger process, where the bigger size banks go through mergers or acquisitions and consequently we have discontinuities in their data series? How many banks in big or medium size category (as defined in this thesis) do we have in EU?

Obviously a good explanation of economic significance of obtained regression results would be a natural question in this thesis defense. For me, the discussion of the results presented in this thesis still have too much of a flavor of (not fully successful) applied econometrics regression exercise despite the noticeable progress done over this issue during the finalisation of this thesis.

The results of the Urkund analysis do not indicate significant text similarity with other available sources.

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 D.

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	14

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<i>Methods</i>	<i>(max. 30 points)</i>	20
<i>Literature</i>	<i>(max. 20 points)</i>	17
<i>Manuscript Form</i>	<i>(max. 20 points)</i>	10
TOTAL POINTS	<i>(max. 100 points)</i>	61
GRADE	(A – B – C – D – E – F)	D

NAME OF THE REFEREE: Karel Janda

DATE OF EVALUATION: January 6, 2022

Digitally signed January 6, 2022

Karel_Janda_____
Referee Signature