

Report on Master Thesis

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

Student:	Bc. Romana Vildová
Advisor:	Doc. Roman Horváth, Ph.D
Title of the thesis:	How Bank Competition Influences Financial Stability

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

An analysis of the nexus between financial stability and bank competition has got attention of both academics and practitioners in past years. Unlike the other researchers, Romana Vildová's research covers a new and comprehensive data set, what makes her thesis valuable.

The work encompasses four main chapters. After short introduction the first chapter presents theoretical background needed for Romana's work and includes three research hypotheses as well as literature review. In the key second chapter, the author undertakes own research and presents methodological approach, data description and econometric analysis. Finally, the last chapter summarizes the work and states final remarks. She reveals, among others, a positive link between financial stability and bank competition, what is not so surprising, though. The key author's contribution stems from an analysis based on a large data set covering the 2000-2014 period through the Arellano-Bond GMM model.

Romana has developed a solid academic approach, reviewed the existing literature, investigated competition-stability hypothesis (rejected) and competition-fragility hypothesis (rejected), and drew relevant conclusions from that. Her thesis meets standard format requirements on bibliography and notes, figures and tables well illustrate discussed issues.

Questions to the defense:

- 1) Could Romana compare her calculated results with other researchers apart from Arellano & Bond (1991)?
- 2) Romana uses The Lerner index as proxy of bank competition. Why the Herfindahl-Hirschman Index was not used, although it is a widely-applied measure of competition in banking?

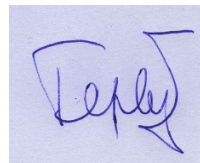
All in all, the thesis by Romana Vildová is written on highly attractive subject, what makes her contribution valuable. After some adjustments, I believe that a part of the thesis might be published in a respected journal. I consider this master thesis as an outstanding piece of academic work and therefore I propose **"výborně"/Grade 1 from this work.**

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	18
<i>Methods</i> (max. 30 points)	27
<i>Contribution</i> (max. 30 points)	27
<i>Manuscript Form</i> (max. 20 points)	18
TOTAL POINTS (max. 100 points)	90
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Doc. PhDr. Petr Teplý, Ph.D.

DATE OF EVALUATION: February 2, 2017



Examiner Signature

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EXPLANATION OF CATEGORIES AND SCALE:

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

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
30	15	0

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.*

<i>Strong</i>	<i>Average</i>	<i>Weak</i>
20	10	0

Overall grading:

TOTAL POINTS	GRADE		
81 – 100	1	= excellent	= výborně
61 – 80	2	= good	= velmi dobře
41 – 60	3	= satisfactory	= dobře
0 – 40	4	= fail	= nedoporučuji k obhajobě