

Report on Bachelor / Master Thesis

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

Student:	Bc. Jan Kreidl
Advisor:	PhDr. Milan Rippel
Title of the thesis:	Implementation of Basel III: Impact on the Behavior of the Banking Sector

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

Content:

The diploma thesis presented by Jan Kreidl provides a thorough overview of Basel III regulations which is to be implemented by internationally active financial institutions in upcoming years. In the theoretical part of the thesis author compares the Basel III requirements with the requirements of previous regulatory frameworks (Basel II and Basel I) and highlights which failures of the previous frameworks are addressed by Basel III.

In the empirical part of the thesis author tries to evaluate a potential impact of Basel III on financial institutions from Czech Republic, Slovakia, Hungary and Poland. He tests the following hypothesis:

- Interest rates will increase
- The amount of granted loans will be lower
- The stability of banking sector will increase

The outcome of the third hypothesis is in line with the main goal of Basel III. The second hypothesis is the expected negative impact of Basel III. Author confirms the second and third hypothesis in most of the countries. The first hypothesis end unconfirmed as none of the explanatory variables is significant.

Comments:

- From a methodology point of view author calibrates an econometrical models used by other researchers. It would be appreciated to explain the model in more details. I.e. on page 41 there is no explanation of what rSP means in the Equation 5.
- Page 39: Author uses return to market portfolio as a proxy for the state of the economy. It's questionable if this is a good choice of variable, especially in cases of illiquid markets as Slovakia. Why not to use a GDP growth rate?
- The methods and results of the regressions are discussed very briefly comparing to the extent of the theoretical part. In some cases the results are not very well explained – i.e. author does not define what level of significance is he using for determining if a variable is significant or not.

Conclusion:

The presented diploma thesis satisfies the IES qualitative requirements. Author is able to calibrate an econometrical model for evaluation of Basel III impact and he is able to use relevant econometrical methods for working with data sets. The diploma thesis provides a valuable insight into problematic of Basel III. The thesis is outstanding from the manuscript point of view. The methodology part is satisfactory.

I recommend the diploma thesis for the defense and I propose to grade it as „**excellent (1)**“.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	19
<i>Methods</i> (max. 30 points)	20
<i>Contribution</i> (max. 30 points)	25
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	84
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE:

DATE OF EVALUATION:

Referee Signature

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.*

Strong Average Weak
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.*

Strong Average Weak
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.*

Strong Average Weak
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.*

Strong Average Weak
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