

Report on Master Thesis

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

Student:	Lina Baronaite
Advisor:	Mgr. Adrian Babin M.A.
Title of the thesis:	Cross-Border Contagion in the Banking Sector: The Case of Nordic Countries

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

In this thesis the author tackles the topic of cross-border contagion focusing on the particular case of the Nordic countries. The topic, methodology and the general approach of the thesis are all relevant in the context of the current economic crisis as well as more generally in the context of policy making and financial stability issues. The choice of the country coverage and the sample of banks reflects the data availability issues on one hand and the interest for the Nordic countries banking sectors and their peculiarities on the other.

The main part of the thesis, as is usually the case, is the discussion of the main results and findings. I believe that Lina Baronaite manages to provide a comprehensive discussion of the subject of the cross-border contagion. The discussion starts with the baseline view of the contagion and further expands into a dynamic view, covering the non-crisis and crisis periods. The exercise provides some interesting insights and findings on the dynamics of the contagion and the underlying factors contributing to the strengthening of the contagion effects. More importantly however, the author provides a series of robustness checks which come to strengthen the baseline findings and provide more credibility to the overall results and messages inferred from the exercise. Overall, the thesis contributes to the understanding of the cross-border contagion mechanisms and sheds some light on the dynamics of the current economic crisis. Interestingly, while the Nordic countries were not in the limelight of the economic events, they were not insulated from the woes of the international economy and this was also visible in the results, although with several exceptions.

Several aspects of the thesis need special attention of the author. I would highlight two of them. First, the tables and figures in the text could be further improved while some of the sentences should be shortened to confer readability and clarity to the text. And second, for a more significant contribution to the literature the models could have been enriched with additional variables – an issue discussed in the consultations but which remained unresolved due to data availability constraints.

Finally, I believe that the thesis meets all the requirements and recommend it for defence.

In case of successful defence I recommend grade 1, „výborně”.

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

CATEGORY	POINTS
<i>Literature</i> (max. 20 points)	20
<i>Methods</i> (max. 30 points)	25
<i>Contribution</i> (max. 30 points)	22
<i>Manuscript Form</i> (max. 20 points)	15
TOTAL POINTS (max. 100 points)	82
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Adrian Babin

DATE OF EVALUATION: 06/09/2014


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