

Report on Master Thesis

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

Student:	Bc. Barbora Kolomazníková
Advisor:	PhDr. Michal Hlaváček, Ph.D.
Title of the thesis:	Interaction between Macroprudential and Monetary Policies, and Bank Runs

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

Contribution

The thesis describes very well the interaction channels between monetary and macroprudential policy and simulates these interactions within a micro-based model built by the author by modifying an existing approach. This is sufficient value added for a diploma thesis. It contributes to the growing literature on interaction of various macro policies with the newly established macroprudential policy.

Methods

The type of the model selected for the analysis is fully appropriate. The author is demonstrating a good command of modelling skills.

Literature

The overview of literature is good, but could benefit from a somewhat more targeted approach (focusing on papers that deal directly with the topic of the thesis and omitting literature which is only partially related, such as systemic risk or Basel III papers).

Manuscript form

The format of the thesis is appropriate. The thesis is well structured and easy to read. Formulas and charts are well formatted and clearly described.

Comments:

1. The introductory chapters on macroprudential policy objectives, tools, and systemic risk (measurement) are not that elaborated as the part with the model and simulations, and, in my view, could have been omitted or considerably shortened. For example, the „ex ante“ systemic risk measures part talks about the stress tests, which are not good ex ante / predictive tools, while the section does not cover at all the recent work on early warning indicators for macroprudential policy (such as credit to GDP gap or growth, which is actually de facto used in the model). Also, the part on tools is sometimes quite superficial.
2. The value added of the thesis needs to be clearly specified in the introduction. I believe it is mainly in building her own model, but perhaps it is also in extending the scenarios and analysis by the bank run dimension, a feature that is not present in other papers?
3. The statement that the model is based on Angelini, Neri and Panetta (2014) but modified by using a different approach how to model the banking sector (p. 22) should be mentioned already in the introduction. Also, the thesis should clearly say how does it differ from papers with similar focus cited in the thesis such as De Paoli and Paustian (2013).
4. The key conclusion (that cooperative policies are inferior to separation of policies) is interesting, but it should be better supported by explaining what leads to this result. The author tries to hypothesize by citing arguments from De Paoli and Paustian (2013) (see Conclusions), but the reader should learn what is really causing this results and not what „might“ cause it.

Overall, it is a nice diploma thesis and **I fully recommend it for defense.**

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

CATEGORY	POINTS
<i>Contribution</i> (max. 30 points)	25
<i>Methods</i> (max. 30 points)	25
<i>Literature</i> (max. 20 points)	15
<i>Manuscript Form</i> (max. 20 points)	20
TOTAL POINTS (max. 100 points)	85
GRADE (1 – 2 – 3 – 4)	1

NAME OF THE REFEREE: Doc. PhDr. Adam Geršl, Ph.D.

DATE OF EVALUATION: Sep 1, 2017



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