

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Three Essays on Financial Development
Type of Defense:	DEFENSE
Date of Pre-Defense	February 26, 2020
Opponent:	Doc. PhDr. Adam Geršl Ph.D.

Address the following questions in your report, please:

- a) Can you recognize an original contribution of the author?
- b) Is the thesis based on relevant references?
- c) Is the thesis defensible at your home institution or another respected institution where you gave lectures?
- d) Do the results of the thesis allow their publication in a respected economic journal?
- e) Are there any additional major comments on what should be improved?
- f) What is your overall assessment of the thesis? (a) I recommend the thesis for defense without substantial changes, (b) the thesis can be defended after revision indicated in my comments, (c) not-defensible in this form.

(Note: The report should be at least 2 pages long.)

This dissertation thesis is a collection of three well-written empirical papers exploring the links between financial development on one hand and long-term economic growth, wealth inequality, and income inequality, respectively, on the other hand. The author demonstrates strong skills in using up-to-date econometric methods, especially the Bayesian Model Averaging (BMA), to analyze available data on relevant economic phenomena.

There is an original contribution of the author in all three essays, all are based on relevant references, and all would be in my view defensible as a part of dissertation at respected universities. They are all written in a clear language and definitely publishable (actually, the first one has been published already in the World Bank Economic Review and the second in the Journal of International Money and Finance).

I have provided several comments in my referee report to the version submitted for the pre-defense (opponent's referee report from Feb 13, 2020). Especially, I proposed:

- Adding an introductory chapter with the aim to provide a conceptual framework and a background story on why these three topics were selected and how the topics of the three papers are interlinked.
- In the first paper, adjusting the title to reflect what is really done in the analysis; acknowledge a possible problem of endogeneity and provide robustness checks that

would attempt to deal with it; weakening the argument that net interest margin is an indicator of efficiency; using total credit rather than bank credit; and more carefully interpreting the results of the empirical analysis.

- In the second paper, adding references on the possible endogeneity of finance and wealth inequality; and exploring what drives the measure of efficiency used in the analysis.
- In the third paper, better formulating the value added compared to available literature; splitting the sample; discussing whether 3-year or 5-year averaging is a better default option; and discussing more the possible endogeneity.

The author has taken all my comments on board, revised the thesis, and provided additional analysis (including new regressions, charts, and tables) in his reply-to-referees section. I do not have any additional comments.

I fully recommend this thesis for defense without substantial changes.

Date:	Sep 16, 2020
Opponent's Signature:	<i>Adam Geršl</i> <i>Digitally signed on Sep 16, 2020</i>
Opponent's Affiliation:	Doc. PhDr. Adam Geršl Ph.D. IES