

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Three Essays on Asymmetric Information in SME Finance and Microfinance
Type of Defense:	DEFENSE
Date of Pre-Defense	March 16, 2022
Opponent:	Prof. Josef Brada (W. P. Carey School of Business, Arizona State University)

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.)

In three related essays the author examines the role of information asymmetry in the difficulties that SMEs (small and medium enterprises) face in obtaining the external financing needed for their growth. In the fourth essay or section the author presents a theoretical justification of the empirical work and provides a number of explanations and clarifications of the original versions of these three essays and suggests avenues for further research on the topic addressed by the thesis and also the practical implications for policies that could be used to address limitations on credit availability for small and medium-sized businesses.

Essay 1 uses a World Bank survey of SMEs to identify the main obstacles to growth. The author cites and well describes the general theories of information and other asymmetries in borrower-lender situations. The empirical work uses a probit model to show that financial constraints seem the most frequent ones. This generally confirms previous work using different data sets. This work is generally correct and the author's explanations and clarifications fully address the specific questions that I addressed to the original version of this essay.

Essay 2 uses a large data set on P2P lending in China. There is a good literature survey, including both of the empirical work and of the theory underpinning it. The author does a good job of explaining the institutional set up of P2P. Models of credit supply and of credit

repayment are specified. Determinants are categorized as “hard” and “soft”. This is a nice distinction, and the distinction is well implemented in the empirical work. The results that lenders make type II errors and that soft factors lead to greater accuracy are interesting and should serve as an impetus for further research on this emerging topic. Overall, this paper is quite original and a good contribution to the literature.

Essay 3 looks at the value of soft and hard information in predicting defaults again P2P data. The author does a good job of reviewing the data, providing appropriate institutional background and laying out the hypotheses and empirical strategy. The use of hard and soft data to predict failure to repay is shown to be appropriate. The author provides a number of robustness checks. Overall, this is a sound contribution to the literature.

Essay 4, as I mentioned above, provides a theoretical basis for the work reported in the three foregoing essays, clarifies the work carried out in these essays and proposes additional research that is suggested by the results reported.

Overall, each of the three essays individually represent valuable and interesting contribution to the field of microfinance and taken together they represent a thesis that would be acceptable for satisfying the requirements for a doctoral degree in either economics or finance at my university, Arizona State University. As the three essays have already been accepted for publication by reputable scholarly journals, it would be superfluous to comment further on the potential for such publication.

I appreciate the candidate’s work in developing original and novel work on information asymmetries in credit markets and on her ability to develop the data and empirical methods for verifying the hypotheses drawn from theory. I have no suggestions for additional revision, and I fully recommend the thesis for defense without substantial changes.

Date:	May 29, 2022
Opponent’s Signature:	(
Opponent’s Affiliation:	Prof. Josef Brada (W. P. Carey School of Business, Arizona State University)