

Opponent's Report on Dissertation Thesis

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Title of the Thesis:	Financial Performance of European Cooperative Banks
Type of Defense:	DEFENSE
Date of Pre-Defense	November 9, 2022
Opponent:	Prof. David Tripe Ph.D. (Massey University, New Zealand)

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.)

Major issues in relation to this thesis have already been raised in response to the pre-defense, and the candidate has made some effort to address these, as outlined in his responses to opponents in the appendix to the final version of the thesis. In respect of the thesis itself, the major changes have been in adding some further material in the first chapter to outline more recent developments in the Czech Credit Union sector and to reference a bit more literature, and then to expand a little in Chapter 4 (the third paper of the thesis, which was able to be expanded more straightforwardly as it has not yet been published).

In Chapter 2, the first essay, a couple of minor amendments have been made with clarifying footnotes and a reference, which should mean that this essay is described in terms of an earlier version having been published as described.

Although the additional material provided in Chapter 1 remedies some of the omissions from the earlier version of the thesis, I would have expected to have seen some discussion of how this material related to the research findings of the thesis. I was looking for this to be addressed in a new concluding chapter which would have brought the thesis together from a 2022 or 2023 perspective, but this was not provided. This means that the thesis as a whole is not a particularly satisfactory document, which means that the candidate will be particularly

dependent on a good performance at the final defense, including answering of questions, for him to be able to pass the examination.

I note that there are a number of errors in the English and referencing, including some that remain from the previous version of the thesis. In particular, there are some unusual line and paragraph breaks in Chapter 1 – bottom of page 10, and pages 15, 16, 18 which should be tidied up to enhance readability. All authors should be listed in the reference listing for articles – e.g Goddard et al (2010), which should also have page numbers shown. It would also be good to see consistency in the italicising (or otherwise) of journal titles in the reference listing.

On page 83, the Gortonac & Schmid (1998) reference is incorrectly recorded as Gorton & Schmid. On page 88, the Aigner Lovell & Schmidt reference should be 1977, not 1997.

In Table 2.3, we are told that the figures in brackets are standard errors, which makes it unlikely that the coefficient for the lagged dependent variable in the ROAE regression is significant at the 1% level (unless the estimate for the standard error has been incorrectly transferred to the table).

In the discussion of prior literature on page 86, it would be useful to consider questions as to why scale benefits might have changed over a period of time. In terms of the discussion by Hughes & Mester (2013) and looking at more recent events, it is likely that scale effects have been accentuated by the costs of technology and regulation, which increase to only a quite limited extent with greater volumes of business.

My responses to the specific questions are as follows:

- (1) I believe that there is an original contribution by the author.
- (2) The thesis is now more appropriately based on relevant references, although there is still considerable scope for improvement. An example of this is with the discussion of the Distribution Free Approach on page 87, where it would have been good to have seen reference to Berger (1993), DeYoung (1997) and Bauer, Berger, Ferrier & Humphrey (1998).
- (3) If this thesis was submitted for examination at my home institution, it would be likely to be able to be passed, but with some significant emendations to make it a more coherent whole (incorporating the issues identified and changes made since the first version).
- (4) The results of three of the papers have been published in respectable journals. From my experience of working in the area, it might prove difficult to get the fourth paper published in a high-quality journal, but it is likely to be publishable (the difficulty in achieving publication is because of the large volume of work that has already been published in this and related fields. The paper's contribution to the efficiency literature is quite limited).
- (5) See my comments above.
- (6) The thesis is defensible, although some improvements would be desirable.

References:

Bauer, P. W.; Berger, A. N.; Ferrier, G. D. & Humphrey, D. B. (1998). Consistency conditions for regulatory analysis of financial institutions: a comparison of frontier efficiency methods. *Journal of Economics and Business*. (50). 85-114.

Berger, A. N. (1993). "Distribution-free" estimates of efficiency in the U.S. banking industry and tests of the standard distributional assumptions. *Journal of Productivity Analysis*. 4. 261-292.

DeYoung, R. (1997). A diagnostic test for the distribution-free efficiency estimator: an example using U.S commercial bank data. *European Journal of Operational Research*. 98. 243-249.

Date:	16 April 2023
Opponent's Signature:	
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