

Report on Bachelor Thesis

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

Student:	Lucia Mária Hatalová
Advisor:	doc. Petr Janský, M.Sc., Ph.D.
Title of the thesis:	The impact of Brexit on the activity of banks: 2013-2021 country by country reporting data

OVERALL ASSESSMENT:

Short summary

In her thesis, Lucia Mária Hatalová examines the impact of Brexit on the banking activity of European banks and differentiate between banks with headquarters in the UK and in the EU. She collected bank-level data for post-Brexit period and merged them with existing dataset covering years 2013-2019 which contains 44 European banks in 128 countries. Then, she applied the gravity model with the use of Poisson Pseudo Maximum Likelihood estimator and OLS to estimate the effect of Brexit on banking activity proxied by banks' turnover. She finds that turnover of UK-based banks in partner countries declined by 24% compared to domestic turnover. At the same time, EU-based banks experienced an increase of the turnover abroad compared to the domestic by 30%.

Contribution

The thesis contributes to the stream of literature studying the effect of Brexit on the financial services. Lucia Mária follows on from the thesis by Moravec (2022) which focused on the effects of British referendum on Brexit and extend this research to previously unexplored post-Brexit period after 2019. With the use of a unique dataset covering period until 2021, she examines the effect of Brexit on banks' turnover. Her results are new in the context of existing literature.

Methods

The author applies gravity model to test the three hypotheses. The model is estimated using Poisson Pseudo Maximum Likelihood estimator and its validity is verified by OLS. Several tests are performed to validate properties of the model. Potential problem of these methods are discussed with proposed solutions. The methods used are relevant to the research question, and adequate to the author's level of studies.

Literature

The literature review contains the background rationale and the overview of the most important studies which proves the author's good knowledge of the subject matter. The relevant literature is quoted properly. The thesis follows on from the work of Moravec (2022), and the own contribution is highlighted.

Manuscript form

The thesis is well written and structured, using appropriate language and style, including academic format for graphs and tables. Referring to tables with results could be more straightforward. For example, in the Chapter 5 author refers to Tables 1-3, but actual results are in Tables A.1-A.3 in the Appendix.

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Overall evaluation and suggested questions for the discussion during the defense

Lucia Mária has produced a thorough academic research, identified gap in the existing literature, demonstrated ability to use advanced econometric methods and presented interesting results. The results of the Turnitin analysis do indicate higher text similarity with the master thesis of Moravec (2022) which is understandable since the bachelor thesis of Lucia Mária is the extension of this work. In my view, the thesis fulfills the requirements for a bachelor thesis at IES, Faculty of Social Sciences, Charles University, I recommend it for the defense and suggest a **grade A**.

I suggest following questions for the defense:

- You claim that EU-based banks experienced a 30% higher turnover in partner countries than domestically. What do you think explain this increase? Also taking into account the study by ONS (2021) which shows that countries such as the Netherlands, France, Germany, and Ireland experienced declines in exports of financial services in 2021.
- The post-Brexit period overlaps with the COVID-19 period. Does this fact influence your results somehow?

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

CATEGORY	POINTS
<i>Contribution (max. 30 points)</i>	27
<i>Methods (max. 30 points)</i>	30
<i>Literature (max. 20 points)</i>	17
<i>Manuscript Form (max. 20 points)</i>	18
TOTAL POINTS (max. 100 points)	92
GRADE (A – B – C – D – E – F)	A

NAME OF THE REFEREE: Mgr. Soňa Sivá

DATE OF EVALUATION: August 29, 2023

*Digitálně podepsáno (29.8.2023):
Soňa Sivá*

Referee Signature

EXPLANATION OF CATEGORIES AND SCALE:

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.*

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.*

LITERATURE REVIEW: *The thesis demonstrates author's full understanding and command of recent literature. The author quotes relevant literature in a proper way.*

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.*

Overall grading:

TOTAL	GRADE
91 – 100	A
81 - 90	B
71 - 80	C
61 – 70	D
51 – 60	E
0 – 50	F