

MASTER'S THESIS REPORT

International Economic and Political Studies (IEPS)

Faculty of Social Sciences, Charles University

Thesis title:	Role of Central Bank Digital Currencies in Bridging the Formal-Informal Economy Divide in Developing Countries
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Supervisor's name:	Ladislav Kristoufek

Criteria	Maximum	Points
Contribution and argument (originality, justifiable research question and hypotheses, argumentation)	25	23
Theoretical framework (situating research into the existing knowledge)	25	24
Methodology (methods and data relevant to the research question and appropriately used)	20	19
Referencing to sources	15	14
Formal aspects (structure, logical coherence, layout, tables, figures)	10	9
Presentation (language, style, cohesion)	5	5
Total	100	94

Plagiarism-check (URKUND) match score (if the plagiarism-check (URKUND) match score is above 15%, the reviewer has to include his/her assessment of the originality of the reviewed thesis in his/her review):

The URKUND score is above the 15% threshold. However, after detailed inspection, one can see that this is mainly by using a large set of references and given by the structure and logic of the thesis (being mostly a review of the state-of-the-art, in a sense). I do not see any issues here.

Reviewer's commentary according to the above criteria (min. 1,800 characters including spaces when recommending a passing grade, min. 2,500 characters including spaces when recommending a failing grade):

- **Contribution and Argument**

- **Originality:** The thesis tackles a contemporary issue - the role of Central Bank Digital Currencies (CBDCs) in bridging the gap between formal and informal economies in developing countries. This is a novel and timely research area given the rise of digital currencies.
- **Justifiable Research Question and Hypotheses:** The research question is clearly defined: "How does CBDC adoption formalize the informal economy by enhancing financial inclusion in developing countries?" The hypothesis is well articulated, positing that CBDCs will reveal varying degrees of effectiveness in enhancing financial inclusion and formalization.
- **Argumentation:** The argumentation is structured logically, progressing from a discussion of the informal economy to the potential of CBDCs, supported by case studies from the Bahamas, Nigeria, and China.

- **Theoretical Framework**

- ***Situating Research into Existing Knowledge:*** The thesis effectively situates the research within existing literature, providing a comprehensive review of the informal economy, money dynamics, and CBDCs. It builds on existing theories while identifying gaps that this research aims to fill.
- ***Integration of Theories and Concepts:*** It integrates concepts from economic and social perspectives, providing a multidimensional view of the informal economy and financial inclusion.
- ***Relevance and Depth:*** The theoretical framework is relevant and detailed, addressing the key barriers to financial inclusion and how CBDCs can potentially overcome these barriers.

- **Methodology**

- ***Relevance to Research Question:*** The qualitative research method is appropriate for exploring the nascent field of CBDCs. The use of content and document analysis is justified given the limited quantitative data available.
- ***Appropriateness of Methods:*** The chosen methods are well-suited to the research questions and hypotheses, providing a thorough examination of CBDC projects through case studies.
- ***Data Collection and Analysis:*** The thesis demonstrates a systematic approach to data collection and analysis, drawing on guidelines from key institutions like the BIS and IMF.

- **Referencing to Sources**

- ***Use of Academic Sources:*** The thesis references a wide range of academic sources, including recent studies and authoritative reports from the BIS and IMF.
- ***Citation Style:*** References are properly cited throughout the thesis, adhering to academic standards.
- ***Depth of Research:*** The depth of research is evident from the extensive bibliography, which includes both foundational texts and current research.

- **Formal Aspects**

- ***Structure and Logical Coherence:*** The thesis is well-structured, with a clear progression of chapters from introduction to conclusion. Each chapter logically follows from the previous one.
- ***Layout, Tables, and Figures:*** The layout is professional, and the tables and figures are relevant and well-integrated into the text.
- ***Consistency:*** The formatting is consistent throughout the document.

- **Presentation**

- ***Language and Style:*** The language is clear and academic, with a cohesive style that makes the thesis easy to read.
- ***Cohesion:*** The thesis maintains cohesion across chapters, effectively linking different sections to build a comprehensive argument.

Proposed grade: A

Suggested questions for the defence:

- Can you elaborate on the specific challenges you faced in gathering qualitative data for this research, and how you addressed them?
- How do you foresee the scalability of CBDC projects in larger developing countries with more complex financial systems compared to the Bahamas and Nigeria?
- What are the potential risks associated with the widespread adoption of CBDCs in developing countries, particularly in terms of privacy and security?
- Could you discuss the role of government policies in supporting the successful implementation of CBDCs for financial inclusion?
- How do you envision the future of CBDCs in bridging the formal-informal economy divide in the next decade?

I recommend the thesis for the final defence.

Signature

Overall grading scheme at the Faculty of Social Sciences, Charles University:

Total Points	Grade	Quality standard
91–100	A	= outstanding (high honour)
81–90	B	= superior (honour)
71–80	C	= good
61–70	D	= satisfactory
51–60	E	= low pass at a margin of failure
0–50	F	= failing, the thesis is not recommended for defence