IMESS DISSERTATION

Note: Please email the completed mark sheet to Year 2 coordinator (jiri.vykoukal@post.cz)

Please note that IMESS students are <u>not</u> required to use a particular set of methods (e.g. qualitative, quantitative, or comparative) in their dissertation.

Student:	Yefeng Sun
Dissertation title:	Determinants of Commercial Bank Efficiency in 11 CEE Countries: An External Two-stage Bootstrap DEA Approach

	70+	69-65	64-60	59-55	54-50	<50
	A	B	C	D	E	F
Knowledge *Knowledge of problems involved, e.g. historical and social context, specialist literature on the topic. Evidence of capacity to gather information through a wide and appropriate range of reading, and to digest and process knowledge.*	X					
Analysis & Interpretation *Demonstrates a clear grasp of concepts. Application of appropriate methodology and understanding; willingness to apply an independent approach or interpretation recognition of alternative interpretations; Use of precise terminology and avoidance of ambiguity; avoidance of excessive generalisations or gross oversimplifications.*	X					
Structure & Argument *Demonstrates ability to structure work with clarity, relevance and coherence. Ability to argue a case; clear evidence of analysis and logical thought; recognition of an argument limitation or alternative views; Ability to use other evidence to support arguments and structure appropriately.*		X				
Presentation & Documentation *Accurate and consistently presented footnotes and bibliographic references; accuracy of grammar and spelling; correct and clear presentation of charts/graphs/tables or other data. Appropriate and correct referencing throughout. Correct and contextually correct handling of quotations.*		X				
Methodology *Understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.*	X					

ECTS Mark:		**UCL Mark:**	70	**Marker:**	Svetlana Makarova
Deducted for late submission:				**Signed:**	*Ullad*
Deducted for inadequate referencing:				**Date:**	10 September 2024

MARKING GUIDELINES

A (UCL mark 70+): *Note: marks of over 80 are given rarely and only for truly exceptional pieces of work.*
Distinctively sophisticated and focused analysis, critical use of sources and insightful interpretation. Comprehensive understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

B (UCL mark 65-69):
A high level of analysis, critical use of sources and insightful interpretation. Good understanding of techniques applicable to the chosen field of research, showing an ability to engage in sustained independent research.

C (UCL mark 60-61):
Some evidence of critical analysis, knowledgeable interpretation. Wide range of sources used to develop a logic and coherent argument. Good understanding of techniques applicable to the chosen

field of research, the extent of independent research could have improved.

D (UCL mark 59-55):
Employ relevant sources and show ability to engage in systematic inquiry. Little critical analysis of the material. It demonstrate methodological awareness but the standard and rigor of the analysis can improve.

E (UCL mark 54-50):
Mostly descriptive argument. Employ relevant but limited sources. The structure, logic and overall quality of the argument needs improvement.

F (UCL mark less than 50):
Demonstrates failure to use sources and an inadequate ability to engage in systematic inquiry. Inadequate evidence of ability to en-

The dissertation examines empirically the determinants of bank efficiency using a two-stage approach combining Data Envelope Analysis (DEA) with Double Bootstrap Truncated Regression (DBTR). The balanced panel data for 80 banks from 11 Central and East European (CEE) countries is utilised for constructing banks' efficiency scores and analysing their determinants for the group of The Visegrad Group (V4) three Baltic states (B3) and four Balkan countries (B4).

The thesis consists of an introduction, three chapters (mainly devoted to literature review, data and methodology description and discussion of empirical findings) and final conclusions. The general approach, logic, and relevance of the analysis are well explained and comprehensively referenced. The author clearly exhibits good technical skills and competence. Deep understanding of various forms of the DEA for analysing banks' efficiency, high skills in non-linear modelling and a deep understanding of real data are demonstrated in the first two chapters. This provides a solid basis for the quantitative analysis in the third chapter. The third empirical chapter is also well executed. Analysis of regional specifics is well explained and critically analysed from various angles. In addition, I liked that the empirical part of the model introduced and discussed the nonlinear hypothesis, which is sometimes overlooked in the analysis.

In my opinion, the main and significant shortcoming of the dissertation is that it is poorly grounded in the general economic context as well as the countries/regions and the period under review. For example, efficiency scores are constructed using the DEA. However, nothing is said in the dissertation about other more traditional measures of efficiency and how they could be related to those constructed under the DEA approach. In the sample there are mixture of countries that use different currencies and mixture of banks of different sizes. How might this (or not) affect efficiency and why? The period of analysis ends in 2021, including the pandemic period. How could this affect bank efficiency? This should be, I believe, discussed or empirically investigated. Additionally, some relevant literature that uses a similar approach to analysing bank efficiency is omitted from the reference list (see e.g. Jiménez-Hernandez et al., 2019).

My other critique of the dissertation concerns its presentation. For example, acronyms and abbreviations should be explained at the place where they are used for the first time, not somewhere later in the text (e.g. 'CAMEL' acronym is used throughout the text from page 6, but is explained for the first time only on page 26, etc.). There are plenty of typos (see e.g. 'precious literature' on page 56). The list of presentation mishmashes could be extended. Also, general academic writing style should be improved, in particular, referencing to the bibliography should be excluded from the Abstract.

Overall, despite the critical comments above, I think this is a good and thoughtful Master thesis.

References
Jiménez-Hernandez, I., G. Palazzo, and F. J. Sáez-Fernández (2019), 'Determinants of bank efficiency: evidence from the Latin American banking industry', *Applied Economic Analysis*, 27, pp. 184-206.

Specific questions you would like addressing at the oral defence (*at least 2 questions*):
1. Please explain the formulas (1)-(4) on page 47. In particular, comment on which subscript should be used in (1) and what is meant by "score" (without a subscript) in (2).

2. Describe the regional specifics of efficiency in V4, B3 and B4 (please refer to the thesis tables).