Report on Bachelor / Master Thesis

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

Student:	Gledis Kazaziová
Advisor:	Roman Horváth, PhD.
Title of the thesis:	Interest Rate Pass-Through: Does It Change with Financial Distress? The Czech Experience

OVERALL ASSESSMENT *(provided in English, Czech, or Slovak):*

„Interest Rate Pass-Through: Does It Change with Financial Distress? The Czech Experience" is very well written diploma thesis which efficiently covers both theoretical and applied issues of the studied topic. The thesis consists of four chapters, an introduction and a conclusion with a total volume of 71 pages (24 pages of theoretical part with introduction and 47 pages of applied part with conclusions and summary).

The main aim of the thesis is to examine the effect of the current financial crisis on the transmission mechanism of interbank rates (PRIBOR and EURIBOR with various maturities) to retail bank interest rates (broad portfolio of loans/mortgages/deposits rates). To efficiently do so, the author firstly describes the basic facts about different transmission mechanisms with a main focus on the interest rate channel and adds a literature review. Secondly, the most important characteristics of the Czech market are described. The author then turns to the applied part and uses tehniques of simple OLS, recursive OLS and Impulse response functions from standard Vector autoregression models (VAR). The fact that the author uses various methods strongly improves the analysis and makes the results quite robust (in addition, the sample period is divided into different subsamples).

In general, the thesis is well organized and structured with only several typos. The text can be easily read, which is, however, more true for the theoretical part. I have only several issues with the thesis, which should be mainly taken as recommendations if the author wills to continue in research or to submit the thesis as the rigorosis one. Firstly, the stationarity of the data set should be tested in more rigorous way. The pure statement that the series is stationary without any test statistics can raise serious questions (more so if the series look non-stationary by the „naked eye test"). Secondly, the applied part (mainly chapter 5) is quite lengthy and monotonous and a reader can easily loose his/her focus as the type of results is almost the same. Thirdly and lastly, the last chapter (Summary and Conclusions) is very long for a conclusion, which is normally expected to be 3 pages at most. The best way to solve this

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problem is to move the summary of the results of the applied part to a short subchapter at the end of chapter 5 (i.e. chapter 5.4 most likely).

I have only one further question for the defense as the thesis is of a high standard and quality – „What do you think is main reason for usually different results of various papers and studies you cited in the thesis?".

In the case of successful defense, I recommend **"vyborne" (excellent, 1)**. I recommend the thesis for the Award of the Dean of FSV UK.

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

CATEGORY		POINTS
Literature	*(max. 20 points)*	18
Methods	*(max. 30 points)*	27
Contribution	*(max. 30 points)*	30
Manuscript Form	*(max. 20 points)*	19
TOTAL POINTS	*(max. 100 points)*	**94**
GRADE	**(1 – 2 – 3 – 4)**	**1**

NAME OF THE REFEREE: PhDr. Ladislav Krištoufek

DATE OF EVALUATION: 15.6.2010

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Referee Signature