



University of Economics, Prague

Faculty of Finance and Accounting
Study programme "Finance and Accounting"

Master Thesis Evaluation

Please select

Student name: *Anna Ttuyan*

Title of the thesis: *Basel III and its Impact on the Banking Sector in Russia*

Year of the defence: *2018*

Supervisor name and affiliation: *prof. Jiri Witzany, University of Economics, Prague*

Reviewer name and affiliation: *prof. Karel Janda, University of Economics, Prague*

THESIS CONTENT SUMMARY:

Thesis first provides a concise overview of Basel III banking regulation. Then it describes Russian banking sector and implementation of Basel III in Russia. In the empirical part, working with Russian data, the thesis focuses on 3 major questions:

1. Impact of Basel III on Russian banking sector stability.
2. Satisfaction of Basel III capital requirements in Russia.
3. Satisfaction of Basel III liquidity requirements in Russia.

In general the thesis provides a very positive picture of Russian banking sector: the general health of Russian banking sector is improving, the banking sector is in general compliant with Basel III.

OBJECTIONS AND REMARKS:

Russian banking sector is definitely a very interesting topic with a relevance for a future. If nothing else, Russia still presents an important acquisition potential for major Western or Chinese banks.

This thesis is a technical thesis, not a political science discussion, however the question of government policies and politics is an important part of Russian financial sector. Since this thesis aims on providing some insightful information about Russian banking, drawing on both Russian and English language resources, it would be good if the thesis could shed some light on important economic question whether the confrontational politics of Putin regime extends also to banking sector. The thesis briefly mentions (pages 24, 30) the western sanctions (escalating after Russian Crimean annexation), however it does not really include them both in general discussion and in the empirical analysis. Similar comment applies to important exogenous shock of lower oil prices (mentioned on page 30).

Should we view Russian central bankers as competent technocrats with western education and mainstream (western) economic thinking aiming on long term support of Russian banking sector or as just a part of Kremlin dominated government institution? Associated question is whether Russian central bankers (and leading commercial bankers) view a future of Russian banking as a part of global business, fully conforming to Basel III and other international regulations, institutions and operational frameworks, or whether Russian financial (and banking) policymakers and major stakeholders would prefer to define some alternative future for Russian banking and financial sector.

Did the western sanctions and Russian counter-measures impacted Russian banking sector? Is the strict implementation of Basel III regulation fully consistent with self-interests of Russian business (and banking sector) and with Kremlin natural attempts to build stable and strong Russia? I.e. it would be interesting if the author attempt to tackle an interesting question of incentive compatibility of Basel III for Russia. Is compliance with Basel III rational and incentive compatible not only for Russian bankers, but also for Russian government and president Putin? (That is actually how it should be by design of Basel III, as self-enforcing and incentive compatible mechanism for individual countries).

While the thesis provides a good description of Basel III and its implementation in Russia, it stops short of posing (and answering) interesting innovative original research questions.

Technically, there is no need for copy—pasting of original formulas with Russian letters. All this may be written in standard English letters.

Thesis is very much institutionally oriented. The references focus on Russian and international institutional documents without paying much attention to scholarly debate on Basel III in general and on Russian banking in particular.

QUESTIONS FOR THE DEFENCE:

Is Russian banking sector (in particular Central Bank of Russia) working towards stronger integration of Russian banking sector, including higher institutional, procedural and legal alignment with global (US and EU) banking? Or is Russia sliding towards some “independent” financial system, isolated from Western banking? To say it differently, does Russia (government, Central Bank, financial sector) sincerely, in its own interest, fully embraces and accepts Basel III framework in the same way as for example US or EU do?

A clear strong evolution pattern of Russian banking is the process of significant decrease of number of operating bank. Do we observe significantly higher concentration of Russian banking sector as a consequence of this trend? Or is it that banks purged out of system were actually small, unimportant, or that together with decrease of number of banks in Russia there is some trend towards putting de-concentration?

Author mentioned on several places “private banks”. Could she elaborate more on the definition and characterization of “private bank” in Russian context? Also the role of international banks (UniCredit, Raiffeisenbank, Rosbank (as part of Societe Generale) could be elaborated more.

ASSESSMENT:

Criterion	Excellent	Very good	Good	Insufficient
Aim formulation and fulfilment	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Work with literature	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Methods and data used	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Results and their discussion	<input type="checkbox"/>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>
Formal aspects	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Proposed overall grading: 3 - Good				

Canberra, June 3rd 2018

Karel Janda

Signature