

# Assessment of Master Thesis – Opponent



Study programme: **International Economic Relations**

Field of study: **International Business - Central European Business Realities**

Academic year: **2017/2018**

Master Thesis Topic: **Risk management in financial institutions with a focus on internal processes**

Author's name: **Bc. Kamran Mamedov**

Ac. Consultant's Name: **doc. Ing. Josef Taušer, Ph.D.**

Opponent: **doc. Ing. Štěpán Müller, CSc., MBA**

	Criterion	Mark (1–4)
1.	Overall objective achievement	<b>3</b>
2.	Logical structure	<b>2</b>
3.	Using of literature, citations	<b>1</b>
4.	Adequacy of methods used	<b>3</b>
5.	Depth of analysis	<b>3</b>
6.	Self-reliance of author	<b>2</b>
7.	Formal requirements: text, graphs, tables	<b>1</b>
8.	Language and stylistics	<b>2</b>

## Comments and Questions:

The aim of the thesis, defined as “to investigate the structure and the role of the internal audit processes in financial institutions; to analyse weaknesses and possible threats in relation to risk management, and to come up with relevant recommendations for increasing the effectiveness of internal audit processes”, was undoubtedly well selected. If fulfilled, it would bring an interesting contribution to the never ending discussion concerning risk management in financial institutions. However, the initial good intention eventually shrunk into a description of only one of the risks (not even identified in the theoretical part), cyber risk.

Thesis has a logical structure, but as the text progressed, the author has been limiting his findings and eventually, in Chapter 3 – Case Study, commented only on the cybersecurity. This part contains also answers of the VersaBank manager. However, the interview is intertwined with other information, found in literature or news from the banking sector, limiting thus the credibility of the interview. Frankly speaking, many of the manager's answers could be called “common knowledge”. It was almost certain that a bank manager could not comment in detail on any internal measures taken by his institution in terms of protection against cyber-attacks.

In the subchapter 1.2. author describes functions of financial institutions as practically the only source of finance to companies. A small note that there are also financial markets, whose role in the economy is perhaps in this respect even more important, would put the analyses of financial institutions into a proper perspective. Also, some risks (i.e. credit risk) can be insured, which also would deserve a short note.

In the introduction of Chapter 3, where author presents some historical cases of embezzlement, it would be worth mentioning that the biggest frauds in banking history were due to insufficiently monitored employees and shortcomings in the internal processes, not by cyber-attacks.

The case study itself, i.e. the interview with the manager of a bank, remains on the surface, and understandably so. It would be very strange, if a bank manager would disclose any important bank information over the phone, moreover to a student. Perhaps a case study drawn on the cases also mentioned in that chapter, if more elaborated, could have been a better way of arriving to some conclusions.

Those conclusions that author draws from his text, are undoubtedly correct, but somewhat simplistic; many of them are rather obvious and could be put down even without any previous analyses.

Altogether the thesis represent an effort that satisfies the expectations, required from such work. Therefore I recommend to submit this thesis for defense, during which author could answer the following questions:

1. What is the major difference between the legislation represented by FATF on the one hand, and Basel III and PSD2 on the other? 2. On page 38 it is stated that "In digital banks, all risks are concentrated in the field of cybersecurity". Is this statement completely true?

**Conclusion: The Master Thesis is recommended for the defence.**

Suggested Grade:     **3**

Date: 18/08/2018

**doc. Ing. Štěpán Müller, CSc., MBA**  
Opponent