REPORT ON MASTER THESIS IN FINANCE

Topic: Comparison of Bank Efficiency in China and the United States of America
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The submitted master thesis was written in line with the assigned topic -- *Comparison of Bank Efficiency in China and the United States of America*. The author has sufficiently followed the outline as stated in the Thesis specification and the aim (*to compare selected banks efficiency in China and the United States of America from 2008 to 2012*) fits the topic.

Thus, besides the Introduction and Conclusion, the thesis consists of three chapters. The first one is focused on detailed description of the banking sector. In the next chapter, the author provides basic ratios, which can be calculated from financial statements of a bank to assess its performance. Finally, Chapter 4 is focused on calculation of particular ratios of selected banks and their analysis.

As it was already stated, the author presents personal view on the banking sector in China and the US in Chapter 2, including some general information to familiarize the reader with the basic terms and market structure. The author also provides some differential analysis between these two markets, although it does not look as an original treatment but rather as adopted from sources of various qualities.

In the following chapter, the author characterizes particular ratios, which might be useful to assess a bank’s quality assuming that only basic information from the financial statements are available – the rentability, liquidity and activity ratios, accompanied by asset quality and financial leverage ratios.

Chapter 4 is probably the most important part of the thesis, since here the author calculates several ratios of financial analysis in each group, accompanies them by illustrative charts and provides selected findings, including possible implications.

Although the text is relatively well and correctly written and the author was able to follow the basic guidelines about the form and style, it must be pointed out that the author uses only the basic method, ie. divides a few numbers taken from financial statements, which should not be accepted for master thesis in finance. That is, the text might get very good ranking as bachelor thesis but since it was submitted as a master thesis the ranking will be poor.

Note moreover, that the author overlooked many structure differences not only among particular banks, but especially between both countries – is it reliable to use “net income” to
compare something, which the author calls “efficiency”, in US and China? (by the way, what the author means by “net income”?). The author neither discuss why the results for Chinese banks are so similar – is it given by market restrictions, ie in fact, there is no competition?

Despite these serious objections the thesis might be admitted to defend to allow the author to present a personal view on bank performance in China and the US.

Ostrava, May 13, 2014

[Signature]

Tomáš Tichý
Thesis Reviewer