Report on Diploma Thesis

Topic: Comparison of Bank Efficiency in China and the United States of America

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Diploma thesis of the student Kai Lui concentrates on comparison of banking efficiency. A well-functioning banking system and stable banks are an important prerequisite for economic development in each country. In recent years, several major banks went bankrupt and many others fell into financial difficulties and so stronger focus is given on assessment and stability of the bank. The bank efficiency is a very timely and useful topic and also corresponds with the topics of diploma thesis at the Department of Finance.

The aim of this diploma thesis is to compare selected banks efficiency in China and the United States of America from 2008 to 2012.

Diploma thesis is divided into five main chapters, where first chapter is introduction, second chapter is descriptive, third chapter is theoretical and methodological, chapter fourth is the application part, and the last chapter is conclusion.

Second chapter is concentrated on description of the characteristic of the banking industry. First, the author describes the evolution and types of banking. Then attention is paid to description of banking in China and the United States, for each country is described banking structure, regulation and payment system. The chapter third is devoted to description of the evaluation methodology. In this part is described six groups of banking ratios (profitability, liquidity, activity, marketability, financial leverage and asset quality).

The most important part of the diploma thesis is the chapter fourth. In this chapter, were analyzed 10 selected banks (five largest banks in China and the five largest banks in the U.S.). Banks in selected countries are compared using selected indicators, including Risk index and Probability of financial insolvency. Results of banking ratios are commented and presented in the tables and by graphs. The obtained results show that Chinese banks had substantially higher profitability and were less risky than U.S.

It is necessary to state, that by author should be used more ratios and also sophisticated approaches for banking comparison. It is also important to note that if the student started working earlier, the resulting level of the theses could be much higher.
Although could be used more ratios and also sophisticated approaches for banking comparison. It is important to appreciate that the author tried to work independently. Because the main aim of this thesis has been fulfilled and author also respects the formal guidelines, the diploma thesis can be recommended to defense.

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