Report on Diploma Thesis

**Topic:** Shadow Banking, Financial Risk and Regulation in China

**Student:** Bc. Hang Xia

Diploma thesis of the student Hang Xia concentrates on shadow banking, financial risk and regulation in China. Shadow banking system is a term for the collection of non-bank intermediaries that very often provide similar services as commercial banks. Shadow banking very often include hedge funds, money markets funds, securitization and finance company, etc. Shadow banking has an influence on the stability of the financial system in the World and it is considered a possible cause of the global financial crisis. The shadow banking is a very timely and useful topic and also corresponds with the topics of diploma thesis at the Department of Finance.

The aim of the theses is to identify both the positive effect of the shadow banking bring and more importantly the potential risks of this activity.

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

Second chapter is concentrated on description of the characteristic of the shadow banking system. First, the author describes tradition banking system and the role of central bank, commercial bank and investment bank. Then attention is paid to description of non-bank financial institution. At the end of this chapter is also shadow banking and their role and function in financial system. The chapter third is devoted to description of the shadow banking system in US and China. There is also describe the influence of shadow banking on the last global financial crises.

Probably the most important part of the diploma thesis is the chapter fourth. In this chapter are described potential risks and regulation of shadow banking system in China. Attention is also paid to description possible risk indicators of a financial crisis and solution to minimize the risk of shadow banking system.

It is necessary to state, that this theses is nearly descriptive and comments are very general. On the other hand, this topic is new and specific and there isn’t many literature about this topic.
Because the main aim of this thesis has been fulfilled and author mostly respects the formal guidelines, the diploma thesis can be recommended to defense.

In Ostrava, 20th May 2015

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