

Mgr Jan Pyš

Phd thesis title:

The impact of fiscal and non-fiscal costs on the application of resolution tools under Bank Resolution Framework in the European Union.

The topic of the thesis concerns one of the most important problems of finance science in banking, problems related to stability of large banks and potential systemic risk for the banking sector due to bank failure. The thesis concentrates on the macro level and on the necessity to carry out bank resolution and orderly liquidation by authorized resolution authority, where there is no possibility recovery or other private measures to save the failing bank.

The experience of the global financial crisis of 2008+, when the rescue of systematically important banks was carried out mainly with use of bail-out (recapitalization), led to many major problems in public finances of involved countries, and resulted in in the new banking project of the UE, establishing of the banking union. One of the three pillars is the so-called Single Resolution Framework, i.e. new regulations and provisions regarding the bank resolution which limits the use of public funds. Therefore, the purpose of a doctoral dissertation is a detailed analysis of both the literature and many reports on resolution proceedings, but above all the analysis of the so-called case study, assessing in detail the resolution process and its effectiveness under the SRB in the Monetary Union.

Focus of research on this area comes from the high level of harmonization of the activities and resolution strategies of the SRB. In the last chapter, the new approach to the bank resolution is compared to the past approach, where the key tool used to save the failing banks was bail-out (recapitalization). In the last section, the panel model analysis are used on the group of banks that received bail out. The test analysis carried out showed that there was no improvement in the performance of stability of the bailed-out banks in the period 2006-2020 (except for capital requirements) despite of the large amounts of bail-out. This further confirms that the new regulations based on the BRRD in the EU, despite some implementation problems, are effective and needed. The thesis positively verified the hypothesis that the new resolution framework successfully limits the use of public funds while bail out doesn't have positive impact on banks' performance and stability. It also became apparent that because of large diversity in regulations and bank structures, the choice of resolution tool requires elasticity.