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Review of the Doctoral Thesis

of Bartholomä Rouven Julian Waltermann, M.Sc.

**title: Increased Banking Supervisory Regulations in the European Union –
the Case Study of German Banking**

Supervisor: Dr hab. Eugeniusz Gostomski, prof. of University of Gdansk

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1. General description

The submitted PhD thesis presents the consequences of increased banking supervisory regulations in the European Union, particularly with an impact on the German banking sector between 2008-2020. The thesis consists of abstract (in Polish and in English), introduction, eight chapters, conclusion, 274 references, list of 6 tables, list of 50 figures, list of 71 abbreviations and appendix. The structure is appropriate and logical and helps to receive the results. The thesis is written in English on 272 pages all together.

The PhD dissertation contains many contributions to an assessment of the European banking regulatory measures. The main purpose of the reviewed doctoral dissertation by Bartholomä R.J. Waltermann is critical examining the newly created supervisory banking framework to be applied at the EU level (p. 11). This assessment was performed conducting 30 expert interviews (in the period from late 2019 to mid-2020) with executives of German credit institutions. Author verified four research hypotheses (p.11):

- I. “Increased regulatory requirements in the aftermath of the financial crisis have contributed to greater financial market stability in the German banking industry.
- II. After the financial crises, increased banking regulation has led to a major change in the balance sheet structure of German banks (both on the asset and liability side).
- III. The organizational structure (structural and process organization) of German banks has changed over time as a result of increased regulatory requirements.
- IV. The costs associated with banking regulation exceed the benefits and advantages they generate for the financial market and German financial institutions.”

The first research hypothesis was rejected and the second, third and fourth hypothesis was accepted. Having in mind the above hypotheses, as well as their validation, the research presented in this dissertation is important for a better understanding of the increasing banking regulations effects on the German credit institutions. In addition, the Author’s intention was to derive the findings from the German banking sector to the European Union level. The main

body of the work, centred around the EU banking regulations framework, presents significant contributions that make the overall assessment of this thesis extremely positive.

2. Specific comments

The reviewed dissertation provides valuable evaluation of the EU banking regulations framework with different perspectives, using a German case study. The topic is very important not only for science but for many practical approaches. The subject of this dissertation is of principal importance not only for German, but also for EU banking regulators. The dissertation has contemporary and topical aspects described by the research goal.

The PhD thesis of Mr. Bartholomä R.J. Waltermann is thematically homogeneous and consists of theoretical and empirical parts. The theoretical part consists of chapters 1-5. Author describes the theoretical foundations of financial intermediation, the role of banks in the economy and the banking transformation functions. In this part Author also described the main business activities of banks, credit, liquidity, market and operational risk, types of banking systems and banking structures as well as the last global financial crisis. This part is well written and provides a very good background for understanding the rest of the thesis. It is worth praising the fact that Author cites many valuable articles, the list of which fits well the subject of this dissertation. Author represents the ideas and knowledge with sufficient theoretical background. The dissertation written by Mr. Bartholomä R.J. Waltermann shows his knowledge on the publications related to the PhD topic as well as the fact that he is aware of the current state of knowledge in this topic.

Chapters 6-7 are more empirical than epistemological. Author indicates the EU banking regulations (from Basel I to Basel IV) and the role of European Banking Supervision. In this context Author focuses on the implemented banking regulatory measures in the EU after the last global financial crises. Very good critical analyses are made in this part of the thesis, and they become the base for Author's contributions to the discipline of economics and finance.

The chapter 8 presents empirical results of the findings obtained from the expert interviews. This is the most important component of the PhD thesis that indicates the Author's contribution to the assessment of increasing banking regulations through the interviewed experts' perspective. The merit of this approach has to be emphasized, because many authors just rely on literature studies without such an empirical verification from banking practice. Although the number of interviews is not impressive (only 30), the experts are executives with or without staff responsibility in the German banking sector and represent the three-pillar structure. These experts during the interviews were employed in saving banks (Sparkassen-Finanzgruppe - 57% of interviewees), private banks and Volksbanks (27% of interviewees) or Genossenschaftsbanks (16% of interviewees). The respondents represent three areas: customer-related front office, processing-related front office, and the supporting middle office. All selected interviewees are senior executives working on the department head level, division head level and board level, with more than ten years of professional experience. It should be underlined that 77% of interviews were conducted face-to-face (before the onset of the pandemic), which was very demanding (the average time of the interview lasted more than one hour). Hence, the using semi-structured interviews, as a research method, is appropriate and



very well justified. Other qualitative methods of research work are also considered appropriate to the main goal and hypotheses formulated in this dissertation.

In the final section the general conclusions of the work are summarized. The results of the PhD thesis are relevant to current needs of the scientific community and of banking practice. What is more, they are important for the further development of the field of costs and benefits of implementing banking regulations after financial crises. In concluding, Mr. Bartholomä R.J. Waltermann has done important and demanding work contributing to a better understanding of the consequences of the increased prudential requirements in the EU banking sector (especially in Germany). The Author finds mutual relations between measures in semi-structured interview variables. The results of the research may accelerate work and discussion on the consequences of further implementation of banking regulations (e.g., in case of the next financial crises) on the EU level as well as the member countries level.

The thesis is prepared in good editing standard. All 50 figures are clearly presented, despite the fact, that the thesis is printed in black and white, and in text Author refers to the red cross in figure 44 (p. 206), the green, yellow, and red labels in figure 47 (p. 215) and in figure 49 (p. 219). The language is comprehensive and coherent while errors and inaccuracies are relatively rare.

3. Questions

Concerning the empirical part of the thesis I would like the PhD candidate to answer the following minor points during the defence:

1. Considering your professional experience in the banking sector, how much your personal opinions and answers to the questions formulated in the interviews differs from the answers of the 30 respondents?
2. Supposing the next global financial crisis will start in the middle of 2023, what kind of EU banking regulations should be implemented or changed nowadays and why or why not?

4. Final evaluation statement

This PhD thesis represents a very good deal of work. The Author proved his ability to perform research and to achieve scientific results, which are well presented, and their interpretation is at a sufficient scientific level. I appreciate the PhD candidate expertise in the field of banking supervisory regulations. The research it describes is of the international standard. This thesis is ready to be defended orally and certainly meets the requirements laid down for the degree of PhD in discipline of economics and finance by the statutes in the Act of 14 March 2003 on Academic Degrees and Academic Title and Degrees and Title in Art (Journal of *Laws* of 2017, item 1789, as amended). Therefore, I declare that the PhD thesis of Mr. Bartholomä Rouven Julian Waltermann meets all formal and customary requirements for the doctoral dissertations, and I am applying for admission to Mr. Bartholomä R.J. Waltermann to the next stages of the PhD procedure.

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