

**Review of the PhD dissertation by Kalizhan Kaliyev titled  
“Analysis of Bank Risks and Performance across Transitional Economies”  
submitted to fulfill requirements for PhD degree**

**Thesis Relevance**

A well-functioning financial system is fundamental to a modern economy, and banks perform important functions for society. Development of financial sector plays vital role for economic development of the country. A banking system as a part of the overall financial industry is the key to economic growth and development. It is essential to unlocking wealth, creating opportunities, providing jobs, and facilitating commerce. It provides a mechanism for individuals and businesses to participate in the global economy. Banks should be able to lend money to consumers and businesses in both upturns and downturns. In addition, payments for goods and services should be processed swiftly, safely and at low cost. Banks must therefore be secure. If banks fail to perform these tasks, the consequences for the entire economy could quickly become so wide-reaching that even the banking system would be exposed to large shocks. It is therefore important that banks are able to absorb losses and meet their current payment obligations. To ensure this, banks must comply with strict regulatory requirements. This is specifically important for countries in transition as banks, when they do their jobs correctly, allow their customers to have a vested interest in a strong and stable society. Therefore, researching the factors that affect the profitability of banks and stability the banking sector are of a high interest and importance for many countries, including Kazakhstan.

**Thesis Novelty**

Transition economies are considered as a separate block in the emerging markets and the novelty of this research is that it focuses on identifying what factors play an important role for the banking

comparison to the transition economies of the European region. Thus, results accumulated for other geographic regions might not be applicable in Kazakhstan. Overall, the dissertation has valuable practical implications for regulation of banking sector in Kazakhstan. Moreover, this dissertation opens up the venue for further research studies on banking sector in Kazakhstan.

Dissertation work of Kalizhan Kaliyev titled “Analysis of Bank Risks and Performance across Transitional Economies” submitted to fulfill requirements for PhD degree is a completed research work. In my opinion, Kalizhan Kaliyev is an established researcher and deserves the awarding him a Doctor of Philosophy degree.



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sector in transition economies. Previous research mostly focuses on both advanced and emerging markets and there is a lack of research on transition economies.

This research examines how bank regulations affect bank performance. One of important questions that is investigated in this dissertation is how bank regulation impacts risk-taking and profitability of banks in economies of transition. There are three main elements that contribute to the existing literature, the first is the sample that consist of quarterly data for over ten years, the second is the GMM technique to conduct the empirical analyses and the third is the subsample analysis.

### **Thesis Structure and Coherence**

In terms of the contribution to the field and scientific language the work is very well written. However, writing style should be revised to follow the guidelines of scientific work and the structure of the dissertation should be rearranged following scholarly standards of research papers, such as Introduction, Literature review, Methodology, Results, and Conclusion.

### **Thesis Key Findings**

The research findings are analytical and follow the logic of theoretical framework. The results of the dissertation demonstrate significant effect of Reserve Requirements on bank's performance. Capital Regulation and Activity Restrictions are found to be significant for bank's performance in case the Crisis effect is incorporated into the model. Transition economies have weaker financial markets and bank requirement should be in place to guarantee the stability of banking sector.

The investigation of the ownership structure's effect on financial institutions is specifically important for emerging markets. This feature is common for all types of the banking markets whether developed or developing. However, the ownership factor in emerging markets is closely related with concentration of both political and economic power which has essential effect on overall market development.

For the robustness check of the key findings the following measures are employed:

1. Five different regional samples with different banking industry specifications are utilized.
2. The empirical model offers seven different model specifications.

The questions raised in this dissertation are specific for the transition markets and are important for Kazakhstani economy as former Soviet Union countries might have significant difference in