

STATEMENT

**for awarding of an educational and scientific degree "Doctor"
in the D.A. Tsenov Academy of Economics – Svishtov**

This statement has been prepared by Professor Bojidar Violinov Bojinov, DSc:

Author of the dissertation: Yuliyen Sashkov Benov, applying for the educational and scientific degree "Doctor" in the professional field 3.8 "Economics", scientific specialty "Finance, Money Circulation, Credit and Insurance" (Finance)

Topic of the dissertation: "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria"

The statement has been prepared in accordance with the requirements of the Law for development of the academic staff in the Republic of Bulgaria (Закон за развитие на академичния състав в Република България – ЗРАСПБ) including the Regulations for its application as well as the Regulations for development of the academic staff in the D.A. Tsenov Academy of Economics – Svishtov. The statement was prepared on the basis of Order № 210/ 29.04.2021 for approval of the composition of a scientific jury on an open procedure for public defence of the dissertation on research topic "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria" provided by Yuliyen Sashkov Benov for awarding of educational and scientific degree "Doctor" in the professional field 3.8 "Economics", in scientific specialty 05.02.05. "Finance, Money Circulation, Credit and Insurance" (Finance)

The normative requirements for a dissertation work for acquiring of an educational and scientific degree "Doctor" are available in Art. 27 of the Regulations for application of the Law for development of academic staff in the Republic of Bulgaria and art. 68 of the Regulations for development of academic staff in the D.A. Tsenov Academy of Economics – Svishtov, according to which:

(1) The dissertation must contain scientific or applied results that represent an original science contribution. The dissertation must show that the candidate has both in-depth theoretical knowledge in the relevant specialty and abilities for independent research.

(2) The dissertation must be presented in a form and volume corresponding to the specific requirements of the primary unit. The dissertation must contain: title page; content, introduction; statement; conclusion - summary of the results obtained accompanied with a declaration of originality; bibliography.

Art. 72, item 4 of the Regulations for development of academic staff in the D.A. Tsenov Academy of Economics – Svishtov also assumes the requirement for covering the minimum national requirements for acquiring **an educational and scientific degree "Doctor"**.

The starting point of the statement is:

1. The dissertation: "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria" has a volume of 257 pages including appendices. I accept the total volume as sufficient to clarify the author's thesis.

2. The list of the candidate's publications on the topic includes the following publications:

1. Benov, Y. (2020). **Comparative consolidation attractiveness of the banking sphere at state level in the EU.** From "Scientific research of Doctoral Students" Almanac (13th ed.). Svishtov: Academic Edition "Tsenov" - Svishtov (in press).
2. Benov, Y. (2019). **Analysis of the current problems in the banking sphere and its strategic orientation in the context of digitalization of banking services in the EU.** From "Scientific research of Doctoral Students" Almanac (12th ed., p. 157-173). Svishtov: Academic Edition "Tsenov" – Svishtov.
3. Benov, Y. (2018). **Specification and catalysts of the consolidation of the banking sector.** From "Scientific research of Doctoral Students" Almanac (11th ed., p. 247-261). Svishtov: Academic Edition "Tsenov" – Svishtov.
4. Benov, Y. (2020). **Consolidation reasons in the banking sector.** From "Development of the Bulgarian and European economy challenges and opportunities" (3rd ed., p. 158-166). Veliko Tarnovo: VTU "St. St. Cyril and Methodius" - Veliko Tarnovo.
5. Benov, Y. (2019). **Importance and structure of the banking sector in the countries of the European Union and Bulgaria in particular.** From "Proceedings of the International scientific and practical conference "Bulgaria of regions" (2 nd ed., p. 111-116). Plovdiv: UARD - Plovdiv. Downloaded on 28.12.2020 from <https://science.uard.bg/index.php/regions/issue/view/38>.

3. The list of contributions includes 5 defined contributions, namely:

First. Performing a detailed analysis and systematization of research results of numerous leading authors on theoretical aspects and practice in the field of banking consolidation. Special emphasis is placed on the system specifics of banking M&A transactions in Europe and the USA. This allows to highlight the main reasons and catalysts of bank consolidation.

Second. Emphasis on present key problems in the development of the Bulgarian banking systems and the countries of the EU. On this basis, a critical assessment is made on both state and problems of the banking consolidation in the respective countries.

Third. Offering of a ranking of the comparative consolidation attractiveness of the banking sector at national level in the EU. Its determination was achieved through application of a model based on a system of 30 indicators divided into several groups. Some indicators and their individual weights are derived from literature review. Others are resulting from an empirical study in an online format among experts in the field of banking M&A. The research scope is related to M&A banking specialists from the largest credit institutions in Bulgaria, the UK and the DACH region as well as consulting companies with expertise in banking M&A transactions.

Fourth. Calculation of an efficient consolidation interval in the banking sector at national level, which at the same time is optimal not only for banks, but also for all other stakeholder groups: banks, country/ population, shareholders, bank employees, providers, customers, bank lenders and FinTechs.

Fifth. Specific proposals for efficient consolidation of the banking sector in Bulgaria are represented by exploring various alternatives for its consolidation. All possible options are evaluated on the basis of their consolidation potential and the overall implementation time frame.

4. **Abstract** with a volume of 50 pages.

5. **Information on the implementation of the minimum national requirements and publications on the dissertation**, with 5 publications, allowing the collection of 50 points according to the national requirements.

6. **List of doctoral student's participations in scientific forums**, with indicated participations in 6 scientific forums, namely:

Participation in the "Scientific research of Doctoral Students" 2018, held in Svishtov.

Participation in the "Scientific research of Doctoral Students" 2019, held in Svishtov.

Participation in the "Scientific research of Doctoral Students" 2020, held in Svishtov.

Participation in the annual conference of the Faculty of Economics of VTU "St. St. Cyril and Methodius", held on October 17-18, 2019 in Veliko Tarnovo.

Participation in the international scientific and practical conference "Bulgaria of regions" 2019 of UARD, held in Plovdiv.

Participation in Town Hall of UBS AG for the region of Switzerland, held on January 28, 2019 in Zurich.

In fulfillment of **my duties as a member of the scientific jury**, I present the following findings and conclusions:

I. General presentation of the dissertation

The title of the dissertation "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria" fully corresponds to the content. I believe that the volume of 215 pages of body text is sufficient to clarify the author's thesis. The subject of the study, formulated on page 10, concerns the current problems and possible solutions related to the consolidation of the banking sector.

In structural terms, the dissertation is well structured and logical - three chapters, introduction, conclusion and additional appendices. In my opinion, the structure of the dissertation, the balance between the parts, and especially their content present the doctoral student as an extremely conscientious researcher.

First chapter "THEORETICAL AND APPLIED ASPECTS OF THE BANK CONSOLIDATION" in which the author represents review of both literature and practice on the researched topic, on this basis outlining the main reasons as well as methods and problems of bank capital consolidations, catalysts and specifics of banking sector consolidation in comparison with companies from other industries

Second chapter "STUDY OF THE PRACTICE AND PROBLEMS OF BANK MERGERS AND ACQUISITIONS IN THE COUNTRIES OF THE EU" on the structure and current problems in the development of the banking sector in the EU countries as well as on the strategic orientation in the context of the digitalization of banking services. Particular attention is paid to the state and problems of the consolidation of the banking sector in the EU countries and the approaches for assessing the efficiency of the concentration of bank capital.

Third chapter "CONSOLIDATION PROBLEMS OF THE BANKING SECTOR IN BULGARIA" examines the structure and current problems of the banking sector in Bulgaria. The comparative consolidation attractiveness of the banking sector in the EU has been measured through empirical testing of the model for assessing the efficiency of bank capital concentration and an efficient consolidation interval in the EU countries. All this has served as a basis for the preparation of a process recommendation for the effective completion of the bank consolidation in Bulgaria.

I accept the structure (and its corresponding logic of research) as completely successful and sufficiently balanced, and the presented assessments and conclusions - accurate and correct formulated.

The literature used includes 436 literature, information and internet sources, of which 53 in Bulgarian, 146 in German and 237 in English. In my opinion, the sources are correctly used in the dissertation.

The study also includes 2 appendices - final results of the empirical study and comparative consolidation attractiveness of the EU banking sector.

II. Assessment of the form and content of the dissertation

The topic of the research is dissertable, actual and significant from a theoretical and practical point of view. The author's view on page 10 allows me to confirm that the topic is original and current.

The *research's object* of the dissertation is the bank consolidation.

The *subject* of the research stated on page 10 is focused on current problems and possible solutions related to the banking sector's consolidation.

The research thesis has been formulated as follows: the assessment of the comparative consolidation attractiveness and the determination of an efficient consolidation interval of a banking system can be used as a basis for developing of a process recommendation for its rational consolidation (p. 10).

The main research purpose is to perform a comparative theoretical and empirical analysis of the consolidation process in the countries of the European Union and Bulgaria. The corresponding main research tasks are also correctly described (p. 11). I find that both the purpose and the main tasks are properly formulated and provide sufficient opportunities for conclusions and recommendations.

The dissertation's researches in their theoretical and empirical part are limited by the author to: 1) the study focuses on the state and development of the EU banking systems and 2) the time horizon of the analysis covers the period 2015-2020. All other banking sectors including their specifics as well as all previous and subsequent periods remain outside of the scope.

In the dissertation are used different research methods: the methods of analysis and synthesis, the comparative method, the inductive and deductive methods, the method of observation, the descriptive method, the questionnaire method and others. Tables and figures are also included to illustrate the results and to achieve better visibility.

My general opinion about the dissertation of doctoral student Benov is that the author has clearly and precisely defined his views and ideas and within the dissertation has managed to argue and defend his views. A distinction is made between the science achievements so far and the author's contribution to the researched issues.

The presented dissertation has a volume of 257 pages (215 body text) structured in three interconnected and upgrading chapters. I believe that the volume of the research is sufficient for the doctoral student to develop and defend his vision on the researched issues.

In support of the presentation in the dissertation are formed 19 tables and 38 figures, which are sufficiently informative and are directly related to the thesis and views of the doctoral student.

The dissertation is written in understandable language with correct usage of specialized scientific terminology. There are no significant deviations from the thesis, repetitions of views and passages, as well as the presence of logical contradictions and disproportionality. The calculations in the dissertation are based on established mathematical and statistical approaches and models, which are correctly and appropriately applied to the analysed data.

I believe that the author has adhered to the rules of scientific ethics in the creation of scientific research, correctly quoting the literature used according to the APA style adopted by D.A. Tsenov Academy of Economics – Svishtov.

Regarding the content and volume of the author's abstract, I believe that it is in sufficient volume and correctly, fully and accurately reflects in summary the content and achievements in the author's dissertation research.

III. Scientific and scientific-applied contributions to the dissertation

The dissertation submitted for review is a completed scientific study on the topic "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria".

Within the framework of the conducted research, the author conclusion and upgrades are separated within 5 contributions, indicated in the attached abstract.

Among the author's achievements we can highlight the following:

- The main reasons and specifics of the bank consolidation are defined through a systematic comparative research's analysis by leading authors in the field of banking sector consolidation;
- Based on a critical analysis of the banking sector development in the EU incl. and through an online survey among experts from the largest credit institutions in Bulgaria, the UK, Austria, Germany and Switzerland, the state of the consolidation process and the consolidation attractiveness of the banking sector in the studied countries is assessed;
- Calculation of an efficient consolidation interval in the banking sector at national level, which at the same time takes into consideration the interest of all stakeholders;
- Specific options for future consolidation of the banking sector in Bulgaria are justified through an analysis of their advantages and disadvantages.

Personally, I do not know whether the ideas and results proposed by the author have found resonance and recognition in the specialized scientific literature.

IV. Critical comments, questions and recommendations on the thesis

In science, there is never a study that we can say is definitively complete and has no potential for future development and refinement. The same applies to the dissertation of doctoral student Yuliyana Benov.

Although the research has its undeniable merits, I believe it would definitely benefit from the removal of some weaknesses. In this connection, I would make the following critical remarks in the nature of recommendations:

1. The practical application of the research would be enhanced, if a checklist of specific activities and process steps for successful banking integration of target credit institutes is developed, based on the outlined problems of the banking sector consolidation in the EU countries;
2. There are opportunities for practical verification of the efficient consolidation interval for Bulgaria, which is justified in the dissertation, in order to establish a generally accepted standard for approving or rejecting of a banking M&A transaction;
3. There is a discrepancy between the total model weight of the "Others" indicator group on page 186 of the dissertation (16.70%) and that reflected in both tables 4 and 12 of the Appendix 2 (20.64%). The same discrepancy is present in the abstract on page 28

The mentioned weaknesses are remediable and therefore we believe that the comments and recommendations made neither underestimate the importance of the dissertation, nor put in doubt the future prospects of its further development.

I would ask the doctoral student to take a stand on the following questions in the course of the defence:

1. Which are the most pronounced problems of the banking sector in Bulgaria from your point of view and which specific recommendations would you give for their solution?
2. The process recommendation for effective consolidation of the banking sector in Bulgaria takes into account banking cooperatives or assimilations with FinTechs, UniCorns and BigTechs. How would you define the future role of these new market participants in the banking sector in Bulgaria?

V. Summary conclusion and Statement

My general statement is: the author has developed a dissertation that has a clearly formulated problem, purpose and tasks, suggesting scientific research; the dissertation is a proof that Yuliyen Sashkov Benov knows the scientific literature and the achievements in this scientific field, has highlighted significant problems, has systematized the researched problems, has correctly interpreted the results of the scientific research, has both shaped and presented them understandably and logically. The dissertation contains scientific or applied results, which represent an original contribution to science and shows that the candidate has in-depth theoretical knowledge in the relevant specialty and abilities for independent research.

This is a reason to give my support through a **positive assessment** of the dissertation of **Yuliyen Sashkov Benov** and **to recommend to the members of the scientific jury** on the procedure of public defence of a dissertation on the topic "Current consolidation problems of the banking sector - comparative analysis for the European Union and Bulgaria" **to award to the doctoral student Yuliyen Sashkov Benov the educational and scientific degree "Doctor" in the professional field 3.8 "Economics", in scientific specialty 05.02.05. "Finance, Money Circulation, Credit and Insurance" (Finance)**

Date: 10.06.2021

Reviewer:
(Professor B. Bojinov, DSc)