

Writing Bachelor's Theses

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Here are some questions and answers you might find useful when deciding to write your thesis with me. Please read this document before (a) making your decision to write the bachelor thesis with me, and (b) meeting with me to discuss your topic/idea.

1 Some general questions

What is the bachelor thesis about? The bachelor's thesis is an integral part of the Bachelor's program. After having successfully completed a bachelor seminar, you will show your ability to

- (a) research independently under the guidance of a supervisor and to
- (b) discuss your findings in a concise and scientific manner.

Consider your thesis an opportunity to put the knowledge learned during the programme into practice!

Do you have a set of research questions suitable for a Bachelor thesis? Yes. See the end of this document.

What about empirical analysis? Working with data is an integral part! Hence, your topic needs to have some empirical analysis. Showing that you are able to master data in your thesis might help you not only to write a decent thesis, but a very good one. While there is steep learning curve when doing empirical analysis, you should see this as an opportunity. There are some excellent books on software packages and empirical analysis.

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Deadlines You need to register your Master Thesis with the registrar's office (Prüfungsamt) by **July 26th, 2019**. This is a hard deadline.

2 Formatting details

Length and Language I expect a bachelor thesis to have between 20 - 23 pages, excluding(!) figures and tables. I recommend that you write the thesis in English as most of the academic literature is in English as well. This way it might also be easier for you. In any case, make sure you spell-check your thesis before handing it in.

Word processor Probably most of you are familiar with MS Word. An alternative is to write your thesis using LaTeX (<http://www.latex-project.org/>). Latex is a very powerful text processor, and allows you to easily format your thesis.

Formatting and Citations Use Times New Roman, font-size 12pt and 1.5 line spacing. Also make sure that the page margin at the sides, top and bottom is 2.5 cm! I recommend the book on scientific research by Manuel Theisen ([Theisen, 2013](#)). It describes how to approach a research question and provides guidance on formatting and citation.

3 Topics for Bachelor Thesis

Topics in [grey](#) are already taken. (Date: April 14, 2019)

1. *Riskiness of a European portfolio of banks*
(Discuss the theoretical concept of Value-at-Risk and compute it for a portfolio of European Banks.)
2. *Syndicated Lending before and after the financial crisis*
(Discuss theories related to syndicated lending and examine the change for the period 2005-2007 and 2008-2013.)
3. *Diversification Discount of European Banks during the crisis*
(Discuss theories regarding the (corporate) diversification discount and examine it for European banks.)

4. *European exposure to peripheral countries and profitability of European banks*
(Discuss theories regarding the exposure of banks to peripheral European countries and examine their profitability.)
5. *A measure of banks' sovereign credit risk based on CDS-prices*
(Discuss theories regarding banks' sovereign exposures and determine their sovereign risk based on observed market prices.)
6. *Rating implied capital of European banks' sovereign exposures*
(Discuss theories and laws regarding banks' capital regulation and determine their risk weighted assets based on observed ratings of European banks' sovereign exposures.)
7. *Stress testing the sovereign portfolios of European Banks*
(Discuss Basel II capital regulation; examine the capital charge of European banks' sovereign portfolio and examine how it changes when underlying parameters change.)
8. *Market returns of stressed banks*
(Discuss theories and insights regarding stress testing and examine market returns of stressed banks.)
9. *Sources of contagion: joint sovereign exposures of European banks*
(Discuss theories regarding financial contagion due to joint exposures and examine the sovereign exposure of European banks.)
10. *Shifting of European banks' exposure to sovereign risk*
(Discuss theories regarding the investment of European banks in sovereign bonds and examine changes in European banks' sovereign exposure over the period 2007 - 2013.)
11. *The Single Supervisory Mechanism and Bank Returns*
(Present history of the single supervisory mechanism and examine the announcement on the return of European banks.)
12. *Too-big-to-fail and bank returns before and after the Lehman failures*
(Discuss theories and work on too-big-to-fail and examine the failure of Lehman Brothers on the returns of large banks.)

13. *Cash holdings of European firms over the last two decades*
(Discuss theories regarding corporations' cash holdings and examine the development of corporate cash holdings in Europe over the last two decades.)
14. *Larger Shareholders of European Banks*
(Discuss theories regarding shareholder incentives and large block holders and present evidence on the shareholder structure of European banks. Source: [Holderness \(2003\)](#))
15. *Development of Real Wages in Europe over the last two decades*
(Examine the development of real wages in Europe over the last two decades.)
16. *Differences in Productivity across Europe*
(Discuss theories and measuring of Total Factor Productivity. Present evidence on productivity differences in Europe. Source: [Bravo-Biosca \(2011\)](#))
17. *Schumpeterian Growth in Europe*
(Explain (modern) growth theories based on creative destruction. Present and discuss evidence on firm entry and exit in Europe. Source: [Weil \(2008\)](#); [Bravo-Biosca \(2011\)](#))
18. *Bail-in and Bank bond yields*
(Present and discuss bail-in tool and provide overview of cross-section of bank bond yields by status.)
19. *Stock Market Indices: Overview and Construction*
(Discuss composition and construction of DAX. Re-construct DAX based on 20 companies and compare.)
20. *Stocks and Politics*
(Discuss market efficiency and perform event study of U.S. presidential election on selected (regulated) sectors. Source: [MacKinlay \(1997\)](#))
21. *Financial Development and the Legal System*
(Discuss how financial development affects economic growth and what role the legal system plays. Present cross-country evidence on the link between financial development and a selected feature of the legal system. Sources: [Levine \(1997\)](#), [LaPorta et al. \(1998\)](#))

22. *Human Capital and Firm Performance*
(Discuss role of human capital in production function. Perform event study of U.S. travel ban on firm performance. Source: [MacKinlay \(1997\)](#))
23. *Shareholder Activism and firm performance* (Discuss corporate governance and role of shareholder activism. Describe Carl Icahn's activism in Apple.)
24. *Financial Crises in Europe*
(Discuss spillover of financial crises. Examine possible spillovers in Europe: <https://www.esrb.europa.eu/pub/financial-crises/html/index.en.html>.)
25. *Systemic risk and Growth*
(Describe the trade-off between systemic risk and growth and implement [Ranciere et al. \(2008\)](#) using the European Financial crisis database: [Link to ESRB website](#))
26. *Heterogeneity in regulation - Basel II*
(Discuss Basel II and motives for implementation. Describe heterogeneity in the implementation of Basel II across countries and explore determinants for implementation: [Link to BIS website](#))
27. *Heterogeneity in regulation - Basel III*
(Discuss Basel III and motives for implementation. Describe heterogeneity in the implementation of Basel III across countries and explore determinants for implementation: [Link to BIS website](#))
28. *Countercyclical Capital Buffers - Status Quo I*
(Discuss macroprudential capital regulation with a focus on countercyclical capital buffer. Describe status quo and explore determinants for implementation: [Link to ESRB website](#))
29. *Firm pollution and political economy*
(Discuss the impact of household/investor preferences on firm pollution behavior. Examine the link between political characteristics and firm/facility pollution using information from U.S. facilities.)
30. *Corporate Environmental Responsibility and Deregulation*
(Discuss firms' motives to engage in Corporate Social Responsibility

(CSR). Examine the link between firms' CSR investment and the (surprise) election victory of Donald Trump.)

31. *(Large) Bank Failures in Germany during the Financial Crisis*
(Discuss origins and (international) transmission of the the financial crisis of 2007-09 to the German banking sector. Provide an overview of (large) bank failures during the financial crisis.)
32. *Unconventional monetary policy and bank lending*
(Present theory and evidence regarding the bank lending channel with a focus on unconventional monetary policy Source: [Altavilla et al. \(2018\)](#))

References

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- LaPorta, Rafael, Florencio Lopes de Silanes, Andrei Shleifer, and Robert W. Vishny**, “Law and Finance,” *Journal of Political Economy*, 1998, *106* (6), 1113–1115.
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Weil, David N., *Economic Growth*, Pearson Addison-Wesley, 2008.