



БУРГАСКИ СВОБОДЕН УНИВЕРСИТЕТ

BURGAS FREE UNIVERSITY

REVIEW

By: Gergana Vasileva Nikolova

Academic position: associate professor

Scientific degree: doctor

Scientific specialty: Accounting, control and analysis of economic activity

Professional field: 3.8. Economy

Workplace: Burgas Free University, Faculty of Business studies, professional Program
Accounting and Finance

Subject: dissertation work for the award of the educational and scientific degree doctor in professional field: Economics, scientific speciality Economics and Management (Industry) at the Burgas Free University.

Reason for presenting the review: participation in the composition of the scientific jury for the defense of a dissertation according to the Order of the Rector of BSU No. UMO 30/6.10.2022

Author of the dissertation: Kairat Bolatovich Koishibekov

Topic of the dissertation: “METHODODOLOGICAL ASPECTS OF STRESS TESTS IN THE FINANCIAL INDUSTRY AND THEIR APPLICABILITY TO SYSTEMS IN THE REPUBLIC OF KAZAKHSTAN”

1. Information about the doctoral candidate.

The doctoral candidate Kairat Bolatovich graduated his secondary school in the city of Zhambul, Republic of Kazakhstan (1995). He obtained a bachelor's and master's degree in Economics with a specialization in Finance at the Burgas Free University (2001). Kairat Bolatovich studied independently for the period 2019-2020 in the doctoral program Economics and Management (Industry) at the Faculty of Business studies, educational program Accounting and Finance of the Burgas Free University. He was dismissed with the right of defense according to Order No. UMO 31/1.10.2020.

He has extensive professional experience. From the completion of his higher education to the present, he has held various management positions:

For the period 2001 - 2004, he worked as assistant financial director of Zhambil regional branch, director of the Southern Regional Center.

From 2004 to 2006 - general director of Tamerlan Trans Service LLP.

From 2006 to 2009 - director of the marketing department at Atyrau Refinery, LLP.

From 2009 to 2010 - general director of “BM Atyrau” LLP.

From 2010 to 2012 - general director of Gural LLP.

From 2012 to 2017 - chairman of SPK Caspii.

Currently, he is the director of the Marketing department at Atyrai oil refinery.

From my personal meetings and conversations with the doctoral student, my impressions are that he is an exceptional specialist with a very deep knowledge of the issues considered in the dissertation work. Such qualities as: mastery of several languages (Bulgarian, Turkish, Russian, English), good communication skills, and also a number of organizational and management skills are highly valued in his development. Doctoral student Kairat Bolatovich research interests are in the field of finance.

It is clear from the submitted Reference for the fulfillment of the minimum requirements, to the materials for the defense of the dissertation, that the doctoral student fulfills the national minimum requirements for acquiring the educational and scientific degree doctor in professional field 3.8. Economics, in the PhD program Economics and Management (Industry). My opinion is entirely positive regarding the fulfillment of both the quantitative and qualitative requirements for the acquisition of the ESD Doctor: In addition to the dissertation work and the author’s abstract on it, three reports, six scientific articles and two studies published in peer-reviewed journals have been presented or in edited collective volumes. The mandatory exams for the doctoral minimum were also successfully passed.

Doctoral student Kairat Bolatovich has submitted an abstract on the dissertation, Reference to publications on the topic, Reference to scientific contributions and results, Reference to originality.

2. General characteristics of the presented dissertation work.

The dissertation work presented for review has a volume of 222 standard pages, of which 180 main text, 22 appendices and 20 page bibliography, which includes 178 titles, of which 52 are in Cyrillic and 126 are in Latin. The structure of the dissertation is presented in an introduction, four chapters and a conclusion. The presentation in ch. 1 and in ch. 2 is structured by points, and in the next two chapters – the third and fourth in parts and to each of them in points. The main text of the dissertation includes 30 tables, 35 diagrams, 2 schemes and 1 figure, which are author’s. In our opinion, the structure is logical, appropriate literary sources have been studied and used, related to research in the dissertation problem, which is a basis for conducting an in-depth dissertation research.

Undoubtedly, the topic of the dissertation work is formulated on an under-researched scientific field, and any new knowledge and shared experience are, to say the least, interesting.

In this sense, I find the topic of the dissertation to be extremely relevant, significant and useful in a professional aspect, especially given the fact that the theoretical-methodological part of the research is oriented towards certain empirical specifics related to the study of stress testing of the main sectors of the financial industry of The Republic of Kazakhstan, with a specific financial system that assimilates into itself:

- traditional banking and Islamic banking systems, i.e. the financial industry has a hybrid structure;

- financial portfolio of part of the stress-tested organizations, includes both Western and Islamic investors and

- exclusively state monopoly in the person of the National Bank of Kazakhstan and an essential role of the country's president.

Certainly, the presented dissertation has a very broad cognitive effect on the readers, regarding the financial industry of the Republic of Kazakhstan. Although as a foreigner, the doctoral student Kairat Bolatovich has complied with the requirements for developing a dissertation work in our country. The development clearly defines: object and subject of the research, research thesis, main goal and specific tasks for its achievement, research

The research objective of the dissertation is "... to make a simulation modeling of the results of stress testing of the implementation of the prudential standards of the Basel Accords, respectively the implementation of Basel 1 and 3 in the Kazakhstan financial industry". In order to achieve the goal of the study, the dissertation researcher determines the implementation of seven specific tasks.

The research thesis is clearly and precisely formulated. The object of the study is very well defined. The subject of the dissertation is focused on stress testing simulations of organizations from the financial industry of the Republic of Kazakhstan. Certainly, both the subject and the object of the research are very precisely selected, which allows the realization of the set main goal of the dissertation research.

The author reduces the limitations in the development of this dissertation to three, which indisputably reflect the results presented by the dissertation. To realize the research, the dissertation student applies the system approach and a wide variety of methods, such as: "intelligent data analysis", mathematical-statistical, analytical and graphic historical techniques, comparative, inductive and deductive method, the method of synthesis analysis, radar diagrams, multiple discriminant analysis for predicting default states, ratings and more.

In summary, I will note that the presentation of the topic in the dissertation fully corresponds to professional field 3.8. Economy. It is characterized by thoroughness, to a large extent by originality and significance for theory and practice. Undoubtedly, the doctoral student deserves high praise for the choice of the topic, the approach to its development, for his scientific and practical awareness of this very important and topical problem.

3. Evaluation of the achieved scientific and scientific-applied results

In the first chapter, entitled "Essence, concepts and discussion points in stress tests of the financial industry" the doctoral student makes an in-depth analysis of the opinions expressed by a number of authors about the essence and manifestation of stress tests. He very competently

presents various assessments of the definition of stress testing in financial systems, as a result of which he concludes that:

1. Stress testing is “a set of methods for assessing the sensitivity of a given portfolio to significant changes in macroeconomic indicators or to exceptional but plausible events.”

2. Stress testing “evaluates the adverse and unexpected consequences associated with a range of risks by providing information on the capital required to absorb losses should the assumed shocks occur”.

3. Stress testing of financial systems is a term used to describe “various methods that financial institutions use to assess their vulnerability to exceptional but plausible events.”

4. Stress tests represent one of the methods for interrelationships between different risk factors and establishing between risk concentrations.

In the second chapter “Prudential requirements of stress tests of financial systems”, as well as in the previous, first chapter of the dissertation, the doctoral student first presents different opinions on the essence and manifestation of the concept of prudential, after which the detailed presentation of the “prudential” standards in the financial industry of the Republic of Kazakhstan, and separately:

- for the banking institutions of the second level;
- for organizations engaged in brokerage and/or dealer activity on the securities market;
- for insurance (reinsurance) companies;
- for voluntary pension savings funds and
- for microfinance organizations.

In a separate point, minimum financial regulatory requirements for risk management, called MaRlisk, put into effect by the Federal Financial Supervisory Authority (BaFin) are presented.

The third chapter “Stress scenarios for testing financial institutions” examines the application of different types of methods for assessing types of risks, after which stress scenarios for assessing the stability of financial and credit institutions are successively described. This chapter concludes with general conclusions drawn regarding pandemic reflections on stress testing of financial industries in the Republic of Kazakhstan.

In the fourth chapter Simulation model for analysis of results of conducted stress testing of sectors of the financial industry of the Republic of Kazakhstan, first, although briefly, presents the banking industry in the Republic of Kazakhstan, with its specifics and features, namely: The banking industry of The Republic of Kazakhstan is a collection of various types of interconnected banks and other credit institutions operating within the framework of a unified Kazakh financial and credit mechanism. Entirely in a practical-applied aspect, based on data from the author’s own (the author’s) empirical research, using the methods of descriptive research, “Data Mining” – “data extraction” and intelligent data analysis, mathematical-statistical, analytical and graphic techniques PhD student Kairat Bolatovich, presents in tables and diagrams the results of conducted stress testing of sectors of the financial industry of the Republic of Kazakhstan. The conclusions and generalizations made are substantiated and reasoned.

In the conclusion of the dissertation work, the most important conclusions and results of the dissertation research are presented in a synthesized form, in a scientific-theoretical and in a practical-applied aspect. Some of them:

- Stress tests are an important tool of the professional risk management of a certain financial and credit institution.

- The prudential requirements launched by the Basel Accords are perceived as international financial standards for financial stability.

- Conducted simulations of stress testing sectors of the financial industry of Kazakhstan, with few exceptions, show a certain stability, as about 95 percent of institutions meet prudential requirements.

- The results of the conducted pandemic stress tests show that the majority of second-tier banks in Kazakhstan are well capitalized and have a significant level of liquidity. Undoubtedly, the dissertation work achieved the research goal defined in the introduction and the resulting tasks. Detailed, wide-ranging, comprehensive, and, it should be noted, in many places critical, analyzes the state of the banking sector in the Republic of Kazakhstan. Certainly, Kairat Bolatovich as a young scientist shows possibilities for carrying out scientific research.

4. Evaluation of the scientific-applied results and contributions

In the presented materials for the defense of the dissertation work on the topic: “Methodological aspects of stress tests in the financial industry and their applicability to the systems of the Republic of Kazakhstan” a total of 9 practical-applied results and contributions were formulated, which I accept. They are definitely the result of the doctoral student’s in-depth scientific research:

- a significant volume of specialized literature and regulations, both of the Republic of Kazakhstan and of a number of other countries, including the USA, Germany, etc., related to research in the dissertation problem, was studied and analyzed;

- separate statements related to the nature and specificity of stress tests in the financial industry have been further developed;

- specialized research has been done;

- a considerable volume of empirical research was carried out regarding the problem considered in the dissertation;

- simulation models were developed and approved for the analysis of the results of conducted stress testing of sectors of the financial industry of the Republic of Kazakhstan, including the banking sector, the insurance sector, the micro-finance sector and the pension insurance sector;

- problems and guidelines for their solution in the system of the financial industry of the Republic of Kazakhstan are presented;

- own opinions are expressed on a number of sides of the problem considered in the dissertation.

5. Evaluation of the publications on the dissertation.

According to the Reference for scientific publications submitted by the doctoral student, it can be seen that they are completely sufficient: 2 independent studies, 6 articles, one of which is co-authored and 3 scientific reports, all directly related to the topic of the dissertation work. It is also worth noting the fact that, among other materials for the defense of the dissertation, the doctoral student submitted a separate Reference for citations, from which it is clear that for the period from 2011 to 2021 he was cited a total of 8 times.

6. Evaluation of the abstract.

The abstract of the dissertation work has a volume of 45 standard pages and sufficiently reflects clearly, in detail, accurately and reliably the content of the topic and the achieved results of the dissertation research.

7. Critical remarks and recommendations.

Regarding the dissertation work submitted for defense, I have no significant remarks. I take the liberty of recommending to PhD student Kairat Bolatovich Koishibekov, in addition to his direct administrative duties, to continue enriching the acquired scientific research experience, knowledge and skills in the development of scientific reports, articles, studies and, of course, scientific research in the nature of monographic works.

8. Conclusion.

The dissertation submitted for review on the topic “Methodological aspects of stress tests in the financial industry and their applicability to systems in the Republic of Kazakhstan” with author Kairat Bolatovich Koishibekov, represents a completed scientific study of a specific scientific problem. The author has the necessary qualities, knowledge, skills and experience to carry out independent scientific research. That is why I express my full positive assessment of the dissertation work and with full confidence I will vote for the awarding of the educational and scientific degree doctor in professional field 3.8. Economics, PhD programme Economics and management (industry) of Kairat Bulatovich Koishibekov. I propose to the members of the esteemed Scientific Jury to support the awarding of the ESD Doctor in professional direction 3.8. Economics of Kairat Bolatovich Kaishibekov.

15.12.2022

City of Burgas

Reviewer:

Assoc. Prof. Ph.D. Gergana Nikolova