

## REFEREE'S REVIEW

<b>Program:</b>	Master in International Business
<b>Student:</b>	Rotar Vadim
<b>Title of thesis:</b>	Utilizing electronic cash to improve the profitability of business: case of Bitcoin

<b>Justification of the topic choice. Accuracy in defining the aim and objectives of the thesis.</b> Justification of the topic choice; accuracy in defining the aim and tasks of the thesis; originality of the topic and the extent to which it was covered; alignment of the thesis' topic, aim and objectives.	5			
<b>Structure and logic of the text flow.</b> Logic of research; full scope of the thesis; alignment of thesis' structural parts, i.e. theoretical and empirical parts.		4		
<b>Quality of analytical approach and quality of offered solution to the research objectives.</b> Adequacy of objectives coverage; ability to formulate and convey the research problem; ability to offer options for its solution; application of the latest trends in relevant research are for the set objectives.	5			
<b>Quality of data gathering and description.</b> Quality of selecting research tools and methods; data validity adequacy; adequacy of used data for chosen research tools and methods; completeness and relevance of the list of references.	5			
<b>Scientific aspect of the thesis.</b> Independent scientific thinking in solving the set problem/objectives; the extent to which the student contributed to selecting and justifying the research model (conceptual and/or quantitative), developing methodology/approach to set objectives.	5			
<b>Practical/applied nature of research.</b> Extent to which the theoretical background is related to the international or Russian managerial practice; development of applied recommendations; justification and interpretation of the empirical/applied results.	5			
<b>Quality of thesis layout.</b> Layout fulfils the requirements of the Regulations for master thesis preparation and defense, correct layout of tables, figures, references.		4		

Each item above is evaluated on the following scale, as applicable: 5 = excellent, 4 = good, 3 = satisfactory, 2 = poor .

### Additional comments:

The topic of the thesis is relevant. This thesis is intended to analyze existing payment systems that employ electronic money transfers replacing cash payments, focusing on the recent innovation in this field – Bitcoin cryptocurrency. The author claims that this instrument of payments helps to decrease transactions costs and attract new customers for companies operating internationally.

The topic of electronic payments systems is analysed in academic studies and well-known in business practice. But it is not so for the Bitcoin that virtually represents innovation in international payments and is still not widely recognized due to the lack of awareness of opportunities that it potentially could provide.

Thus the research is both interesting and making a contribution to existing studies, as well as it provides managerial implications.

The goal of the research is stated clearly. Objectives are consistent with the goal.

The structure in general is logical.

Author starts with the research problem statement, provides a review of existing non-cash payments instruments, including Bitcoin, highlighting a growing volume of non-cash payments in emerging markets including Russia. A review in this chapter contains analysis of recent academic papers and articles from professional literature. Rotar V. provides a thorough analysis of modern payment systems

and instruments, presents their advantages and risks. The advantage of this analysis is that the student covers all existing instruments of non-cash payments that are available today. Chapter 2 contains profound literature review on the Bitcoin concept, nature, sources of value, its advantages and risks for users. Analysis of the theoretical background of money is conducted in this part of paper. In the following chapter the author provides hypotheses, methodology, data description, followed by the empirical results, and further by cases of the Bitcoin use by companies. The student provides detailed conclusions and managerial implications with regard to advantages, risks, prospects of this currency use in business practice.

The thesis has a research nature and contains practical implications. It is written in a good style and language. The material in theoretical parts is presented in a clear way, tables and graphs support the analysis conducted.

The quality of the thesis content could be evaluated as high. This research makes an important contribution to studies on international money and payments, since there are no similar studies analysing Bitcoin from both theoretical prospective and practical view. The author performed empirical analysis of Bitcoin price and provided original case studies estimating Bitcoin as a business instrument with its potential financial effect.

Theoretical conclusions made in this paper are although worth noting.

It should be noted that the author used relevant contemporary literature and sources of practical information.

#### Critical comments:

- P. 18: Table 2, the line named "Value of transactions a day a month"? What does the author mean?
- P. 44: in his substantiation of variables chosen for the empirical analysis, the author states that these variables were used in other studies. It would be reasonable to refer to particular studies.
- Hypotheses for empirical study are too broad. What does it mean – "by fundamental factors?". It could be a lot of fundamental factors that impact a dependent variable.
- P.45: "The empirical used is similar to the one used in the article by Phillips et al. (2013a)". The "empirical" what? It is important what the author meant – the model or the whole methodology.
- The model for empirical research is not written.
- The way of measuring variables is not provided, thus it is not clear what is the dimension of variables, who to interpret results of descriptive statistics.
- Estimation results are not always clearly described.
- A part of information on the Bitcoin, including "Legislation" part (pp. 61-62) was reasonable to include in the second chapter, where Bitcoin is analysed.
- The third chapter is not very well-structured. The author presents mini-cases of companies first, then provides more information about the Bitcoin, followed by analysis of cases again.

#### General conclusion:

Master thesis of Rotar Vadim meets the requirements of MIB program, and deserves an "excellent" (B) grade, thus the author can be given the desired degree.

Date

14/06/2015

Referee:

Asc. Prof. Yulia Ilina

