CONFERENCE ABSTRACT PROCEEDINGS

**BOOK**

2ND INTERNATIONAL CONFERENCE on

Applied Economics and Finance

**(ICOAEF 2016)**

**5 - 6 December, 2016**

**Girne American University**

**North Cyprus**



**Welcome to ICOAEF 2016**

2nd International Conference on Applied Economics and Finance (ICOAEF 2016) is the second event in the series. We are proud to organise and host this event at the Girne American University. ICOAEF 2016 provided an opportunity for all those interested in the Applied Economics and Finance to discuss their research and to exchange ideas. We received papers from all the following fields: Applied Macroeconomics, Applied Microeconomics, Applied International Economics, Applied Energy Economics, Applied Financial Economics, Applied Agricultural Economics, Applied Labour and Demographic Economics, Applied Health Economics, Applied Education Economics, Applied International Trade, Econometrics, Applied Statistics, Capital Markets, Corporate Finance, Quantitative Methods, Mathematical Finance, Operations Research, Risk Management.

This year, we were together with about 140 young and experienced researchers, Ph.D. students, post-doctoral researchers, academicians, and professionals from business, government and non-governmental institutions from 24 different countries and enjoy about 130 presentations. ICOAEF 2016 attracting such a high number of particiapts is a good indicator of the success and means the conference serving its purpose and offer a good opportunity for scholarly exchange and networking.

We thank Girne American University, again, for hosting ICOAEF 2016. We also thank the Central Bank of the Republic of Turkey for their support and contribution to the Conference.

Dervis Kirikkaleli, PhD

Acting Dean, Business Faculty

Girne American University

Girne, North Cyprus

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SPONSORS

This conference is funded by Central Bank of the Republic of Turkey



GENERAL INFORMATION

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Wool Shin (Samsung Group, Korea)

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Emi Ferra (IMT School for Advanced Studies Lucca, Italy)

Rodolfo Metulini (Universita Degli Studi di Brescia, Italy)

Liang Peng (Penn State University, USA)

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**Halls:**

1. Milenium Senato Hall
2. A3.2 Room
3. A3.3 Room
4. A3.4 Room
5. A3.5 Room
6. A3.6 Room

PROGRAM

5th December, Monday

**08:00-9:30 REGISTRATION**

**09.30-11.00** **KEYNOTE SPEAKERS SESSION**

**Room:** Milenium Senato Hall, GAU

 1. Kutsal Öztürk

2. Asım Vehbi

3. Badi H. Baltagi

4. Talat Ulusever

5. Yakup Asarkaya

6. Alper Özün

**11.00 – 11.30 Coffee Break**

**11.30-13.00 SPECIAL SESSIONS**

Turkısh Economy [Room: Milenium Senato Hall, GAU]

**13:00-14:00 Lunch**

**14.00-15.30 SESSIONS**

1. Islamic Finance. [Room: A3.2]
2. Uygulamalı Ekonomi ve Finans I. (Dil : Türkçe). [Room: A3.3]
3. Applied Finance. [Room: A3.4]
4. Energy Economics [Room: A3.5]

**15.30-16.00 Coffee Break**

**16.00-17.30 SESSIONS**

1. Investment. [Room: A3.2]
2. Uygulamalı Ekonomi ve Finans II. (Dil : Türkçe) [Room A3.3]
3. Economic Development I [Room: A3.4]
4. Monetary Policy [Room: A3.5]
5. Multidisciplinary I [Room: A3.6]

**19.30-21.00 Gala Dinner in Le Chateau Lambousa Hotel**

 6th December, Monday

**9.30-11.00 SESSIONS**

1. International Trade [Room: A3.2]
2. Multidisciplinary II [Room: A3.3]
3. Applied Microeconomics [Room: A3.4]
4. Applied Econometrics and Statistics [Room: A3.5]

**11.00-11.30 Coffee Break**

**11.30-13.00 SESSIONS**

1. Business Economics [Room: A3.2 ]
2. Uygulamalı Ekonomi ve Finans III. (Dil : Türkçe) [Room: A3.3]
3. Energy Economics II [Room: A3.4]
4. Tourism Economics [Room: A3.5]
5. Health Economics [Room: A3.6]

**13.00-14.00 Lunch Break**

**14.00-15.30 SESSIONS**

1. Uygulamalı Ekonomi ve Finans IV. (Dil : Türkçe) [Room: A3.3 ]
2. Financial Crisis and Stability [Room: A3.2]
3. Educaiton Economics and Labour Market [Room: A3.2]
4. Applied Banking [Room: A3.5]
5. Applied Banking II [Room: A3.6]

**15.30-16.00 Coffee Break**

**16.00-17.30 SESSIONS**

1. Multidisciplinary III [Room: A3.2]
2. Uygulamalı Ekonomi ve Finans V. (Dil : Türkçe) [Room: A3.3]
3. Economic Development II [Room: A3.4]
4. Applied Finance II [Room: A3.5]
5. Energy Economics III [Room: A3.6]

**SESSIONS**

**2nd International Conference on Applied Economics and Finance**

**5-6 December, 2016**

**Girne American University, North Cyprus**

**Organized by**

Derviş Kırıkkaleli (Girne American University, North Cyprus)

Hasan Murat Ertuğrul (Undersecretariat of Treasury, Turkey)

**Program**

**Keynote Speakers Session**

Room: Milenium Senato Hall, GAU

Time: 05.12.2016, 09.30-11.00

Openning Speach: Kutsal Öztürk (Rector, Girne American University, North Cyprus)

 Asım Vehbi (Vice Chancellor, Girne American University, North Cyprus)

1. Badi H. Baltagi (Syracuse University, USA)
2. Talat Ulusever (Acting President, Capital Market of Turkey, Turkey)
3. Yakup Asarkaya (Vice President, Banking Regulation and Supervision Agency, Turkey)
4. Alper Özün (Director, HSBC Global, UK)

Moderator: Lazar Stosic (Editor in Chief, IJCRSEE, Serbia)

Guest: Kerim Özdemir (Rector, Balıkesir University, Turkey)

**Coffee Break 11.00 – 11.30**

**Special Session: Turkish Economy**

Room: Milenium Senato Hall, GAU

Time: 05.12.2016, 11.30-13.00

1. Ramazan Sarı (Middle East Technical University, Turkey)

Recent Developments in Energy Markets and Turkey's Energy Outlook

1. Yener Coşkun (Capital Market of Turkey, Turkey)

Recent Developments in Housing Markets and Housing Market in Turkey

1. Yilmaz Kılıçaslan (Anadolu University, Turkey)

What's Wrong with Turkish Economy? Growth, Productivity and Industrial Structure

Moderator: Bulent Guloglu (Istanbul Technical University, Turkey)

**Lunch 13.00-14.00**

**Islamic Finance**

Room: A3.2 Room, GAU

Time: 05.12.2016, 14.00-15.30

1. Accelerating Risk Sharing Finance via Fintech: Nextgen Islamic Finance

 Alaa Alaabed ( INCEIF, Malaysia)

 Siti Muawanah Lajis (The Central Bank Of Malaysia, Malaysia)

1. Gender Effects On Service Quality, Customer Satisfaction And Loyalty In Islamic Banks Of Sudan

Berna Serener (Near East University, North Cyprus)

1. Lack of Standardization in Sukuk Market

Ahmet Ulusoy (Karadeniz Techinacal University, Turkey)

Mehmet Ela (Osmaniye Korkut Ata University, Turkey)

1. Risk-Sharing Banking: Viability and Resilience

 Siti Muawanah Lajis (The Central Bank of Malaysia, Malaysia)

 Abbas Mirakhor (INCEIF,Malaysia)

1. Financial Performance of Islamic Bank vs Conventional Banks: The Case of UAE

Nesrin Ozatac (Eastern Mediterranean University, North Cyprus)

Oubayda El Rifai (Eastern Mediterranean University, North Cyprus)

Chair: Seyed Alireza Athari (Girne American University, North Cyprus)

**Uygulamalı Ekonomi ve Finans I. (Dil : Türkçe)**

Room: A3.3 Room, GAU

Time: 05.12.2016, 14.00-15.30

1. Küresel Finans Ve “Yüksek Etkileşimli” Şirketler

 Mehmet Şişman (Marmara University, Turkey)

 Deniz Şişman (Gelişim University, Turkey)

1. Türkiye'de Beşeri Sermayenin Yoksullukla Mücadele ve Gelir Dağılımı Üzerindeki Etkileri

Ferhat Pehlivanoğlu (Kocaeli University, Turkey)

Sema Yilmaz Genç (Kocaeli University, Turkey)

1. Türkiye’de İç Göçü Etkileyen Faktörler Üzerine Bir Uygulama: Mekânsal Panel Veri Analizi

Gökçe Manavgat (Ege University, Turkey)

R. Fatih Saygili (Ege University, Turkey)

1. Thirlwall Kanunu: OECD Ülkeleri Örneği, 1990-2014

 Fatih Mangır (Selcuk University, Turkey)

 Fatih Ayhan (Selcuk University, Turkey)

 Ş.Süreyya Kodaz (Selcuk University, Turkey)

Chair: Mehmet Şişman (Marmara University, Turkey)

**Applied Finance I**

Room: A3.4 Room, GAU

Time: 05.12.2016, 14.00-15.30

1. Optimal Surrender of Guaranteed Minimum Maturity Benefits under Stochastic Volatility and Interest Rates

 Jonathan Ziveyi (UNSW Business School, Australia)

 Boda Kang (University of York, England)

1. Volatility Transmission among Commodity and Stock Markets: Evidence from Developed and Developing Countries

 Gülin Vardar (Izmir University of Economics, Turkey)

 Yener Coşkun (Capital Markets of Turkey, Turkey)

 Tezer Yelkenci (Izmir University of Economics, Turkey)

1. Private Equity/Venture Capital in High-Technology Sector

 Elżbieta Grzegorczyk (University of Lodz, Poland )

1. Financial Contagion, Flight To Quality And Flight From The Quality Among The Stock Exchange Markets Of Turkey And The Developed And The Developing Countries

Pinar Kaya(Marmara University, Turkey)

Bulent Guloglu (Istanbul Technical University, Turkey)

1. Diversification Benefit and Return Performance of REITs Using CAPM and Fama-French: Evidences from Turkey

Yener Coşkun (Capital Markets of Turkey, Turkey)

Ayse Sevtap Kestel (Middle East Technical University, Turkey)

Bilgi Yilmaz(Middle East Technical University, Turkey)

Chair: Bulent Guloglu (Istanbul Technical University, Turkey)

**Energy Economics I**

Room: A3.5 Room, GAU

Time: 05.12.2016, 14.00-15.30

1. Industrial Production, Co2 Emissions Financial Development; a Case from Thailand

 Dlawar Mahdi Hadi (Eastern Mediterranean University, North Cyprus)

1. The Nexus between CO2 emissions, Economic Growth and Energy Consumption: Empirical Evidence from MINT countries

 Mohammad Rajabi (Eastern Mediterranean University, North Cyprus)

 Mohammadreza Allahverdian (Eastern Mediterranean University, North Cyprus)

1. Bubble Detection in US Energy Market: Application of Log Periodic Power Law Models

Andisheh Saliminezhad (Eastern Mediterranean University, North Cyprus)

Pejman Bahramian (Eastern Mediterranean University, North Cyprus)

1. Hedging Oil Price Risk Between Oil Importer And Oil Exporter Countries, a Case Study for Turkey and Mexico

Nadir Eroğlu (Marmara University, Turkey)

İmran Emre Karagözlü (Marmara University, Turkey)

Ahmet Akça (Bahçeşehir University, Turkey)

1. An Investigation of the Effect of Oil Price on Russian Economy

Esra Balli (Cukurova University, Turkey)

Chair: Hüsnü Tekin (Istanbul University, Turkey)

**Coffee Break 15.30-16.00**

**Investment**

Room: A3.2 Room, GAU

Time: 05.12.2016, 16.00-17.30

1. The Relationship Between Foreign Direct Investment and Intra Industry Trade: An Empirical Analysis on Turkey and EU (15) Countries

Ebubekir Karacayir (Karamanoğlu Mehmetbey University, Turkey)

1. Determinants of Foreign Direct Investments in the CEECS after EU Accession

Gulcin Guresci Pehlivan (Dokuz Eylül University, Turkey)

Esra Balli (Cukurova University, Turkey)

1. The Relationship between Foreign Direct Investment, Economic Growth and Unemployment In Turkey: An Empirical Analysis for the Period of 2008-2015

Faruk Demirhan (Tax Inspection Board, Turkey)

Mustafa Göktuğ Kaya (Tax Inspection Board, Turkey)

Perihan Hazel Kaya (Selçuk University, Turkey)

1. FDI, Industrial Production and Economic Growth; A case from Egypt

Dlawar Mahdi Hadi (Eastern Mediterranean University, North Cyprus)

1. The Impact of Bilateral Investment Treaties (BITS) as a Political Risk Mitigator on Attracting Foreign Direct Investment (FDI)

Zhiyar Ismael (Girne American University, North Cyprus)

Chair: Dilber Caglar (Girne American University, North Cyprus)

**Uygulamalı Ekonomi ve Finans II. (Dil : Türkçe)**

Room: A3.3 Room, GAU

Time: 05.12.2016, 16.00-17.30

1. Türkiye'deki Sistemik Öneme Sahip Bankaların Kantil Regresyon Kullanılarak CoVaR (Koşullu Riske Maruz Değer) Yöntemi İle Tespit Edilmesi

Zehra Civan (Yildiz Technical University, Turkey)

Gülhayat Gölbaşi Şimşek (Yildiz Technical University, Turkey)

Ebru Çağlayan Akay(Marmara University, Turkey)

1. Carry Trade (Ara Kazanç) Strateji Ve Belirleyicileri Üzerine Bir Çalişma

Burçhan Sakarya (Banking Regulation and Supervision Agency, Turkey)

Ferhun Ateş (Banking Regulation and Supervision Agency, Turkey)

1. Evaluation of Tourism Efficiency by Malmquist Data Envelopment Analysis: A Case Study of Cities In Turkey

Ayhan Aydin (Adnan Menderes University, Turkey)

Serpil Gümüştekin (Ondokuz Mayıs University, Turkey.)

1. Türkiye’de İstihdamın Kuşaklara Göre Analizi

 Fatih Çakmak (Kastamonu University, Turkey)

 Mehmet Yunus Çelik (Kastamonu University, Turkey)

 Chair: Ferhat Pehlivanoğlu (Kocaeli University, Turkey)

**Economic Development I.**

Room: A3.4 Room, GAU

Time: 05.12.2016, 16.00-17.30

1. Exploring the Role of the Stages of Development on the Effects of Institutional Quality on Economic Growth.

Seyed Alireza Athari (Girne American University, North Cyprus)

1. Effects of Volatility on Economic Growth: Evidence from the European Union

Gulcin Guresci Pehlivan (Dokuz Eylül University, Turkey)

1. Measuring the Development Level and the Performance of Countries on Achieving Millennium Development Goals

 Ergül Halisçelik (Undersecretariat of Treasury, Turkey)

1. Causal Interactions between Economic Growth, Inflation and Stock Market Development: The Case of Turkey

Nigar Taspinar (Eastern Mediterranean University, North Cyprus)

Bezhan Rustamov (Eastern Mediterranean University, North Cyprus)

Barış Eren (Eastern Mediterranean University, North Cyprus)

1. Capital Market-Growth Nexus: Evidence from Turkey

Yener Coşkun (Capital Market of Turkey, Turkey)

Ünal Seven (Central Bank of the Republic of Turkey, Turkey)

Talat Ulusever (Acting President, Capital Market of Turkey, Turkey)

Hasan Murat Ertuğrul (Undersecretariat of Treasury, Turkey)

Chair: Ergül Halisçelik (Undersecretariat of Treasury, Turkey)

**Monetary Policy**

Room: A3.5 Room, GAU

Time: 05.12.2016, 16.00-17.30

1. Common Currency Unit for Gulf Cooperation Council:

Is it Feasible?

Shekar Shetty (Gulf University for Science & Technology, Kuwait)

Mansour AlShamali (Public Authority for Applied Education and Training, Kuwait)

1. Asymmetries in Monetary Policy Reaction Function and the Role of Uncertainties: The Case of Turkey

Pelin Öge Güneya (Hacettepe University, Turkey)

1. The Relationship Between Exchange Rate and Inflation: The Case of

Western Balkans Countries

Besnik Fetai (South East European University, Republic of Macedonia)

Paul Sergius Koku (Florida Atlantic University/South East European University)

Agron Caushi (South East European University, Republic of Macedonia)

Chair: Vedat Yorucu (Eastern Mediterranean University, North Cyprus)

**Multidisciplinary I**

Room: A3.6 Room, GAU

Time: 05.12.2016, 16.00-17.30

1. Profitability Forecast with Use of Meta Model Approach: the Case of Assessment of Investment Project in Banking

Piotr Miszczynski (University Of Lodz, Poland)

1. Promoting Turkey’s Development: The Role Of Islamic Financial Instruments

 Hüsnü Tekin (Istanbul University, Turkey)

1. The Performance of Health Care Sector: the Case of OECD Countries

Katarzyna Miszczyńska (University Of Lodz, Poland)

1. Sustainability of Public Deficits and Debt in Turkey

 Selim Yildirim (Anadolu University, Turkey)

Fatih Temizel (Anadolu University, Turkey)

Ethem Esen (Anadolu University, Turkey)

S. Fatih Kostakoğlu (Anadolu University, Turkey)

Mehmet Dinç (Anadolu University, Turkey)

1. Employment Relations Challenges in Public Sector: Evidence From European Member States

Ana-Maria BERCU (Alexandru Ioan Cuza University of Iasi, Romania)

Chair: Alla Mostepaniuk (Girne American University, North Cyprus)

**Gala Dinner in Le Chateau Lambousa Hotel 19.30 - 21.00**

**International Trade**

Room: A3.2 Room, GAU

Time: 06.12.2016, 9.30-11.00

1. Application of Destination Brand Equity Model as an Economic Development Tool

Çağatan Taşkin (Uludağ University, Turkey)

1. Examining The Relationship Between Inflation Rates And Import: An Example in Turkey

 Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

 Emre Dünder (Ondokuz Mayıs University,Turkey)

1. Interactions Between Financial Sector Development and International Trade Openness On The Size Of Underground Economy: Empirical Evidence From European Union Countries

 Hatice Imamoglu (Eastern Mediterranean University, North Cyprus)

1. Outward Direct Investments of Turkish Firms

Yılmaz Kiliçaslan (Anadolu University, Turkey)

Zeynep Karal(Anadolu University, Turkey)

Gökhan Önder(Anadolu University, Turkey)

Yeşim Üçdoğruk(Dokuz Eylul University, Turkey)

Chair: Yılmaz Kiliçaslan (Anadolu University, Turkey)

**Multidisciplinary II**

Room: A3.3 Room, GAU

Time: 06.12.2016, 9.30-11.00

1. British Petroleum‘s Deepwater Horizon Oil Spill: Do Press Releases Provide New Information?

 P. Sergius Koku (Florida Atlantic University, Macedonia)

 Besnic Fetai (South Eastern European University, Macedonia)

 Fitim Deari (South Eastern European University, Macedonia)

Izet Zeqiri (South East European University, Republic of Macedonia)

1. Satisfaction with Democracy in Latin America: Do the Characteristics of the Political System Matter?

Selim Jürgen Ergun (Middle East Technical University, Northern Cyprus Campus)

M. Fernanda Rivas (Middle East Technical University, Northern Cyprus Campus)

Máximo Rossi (University of the Republic, Uruguay)

1. Evolution of Corporate Reporting – The Case of Polish Listed Companies

 Dariusz Jedrzejka (University Of Lodz, Poland)

1. Modeling the Nonlinear Dynamics of the Turkish Unemployment Rates

Ismail Onur Baycan (Anadolu University, Turkey)

Chair: Ilhan Bora (Girne American University, North Cyprus)

**Applied Microeconomics**

Room: A3.4 Room, GAU

Time: 06.12.2016, 9.30-11.00

1. Estimating the Constant Elasticity of Substitution Function of Rice Production. The Case of Vietnam in 2012.

 Linh K. Bui (Institute of World Economics and Politics, Vietnam Academy of Social Sciences)

 Huyen N. Hoang, (Crawford School of Public Policy, Australia)

 Hang T. Bui (Vietnam Centre for Sustainable Rural Development, Vietnam)

1. The Effects of Digital Economy on Productivity: A Dynamic Panel Data Analysis

Esra Kabaklarli (Selçuk University, Turkey)

Burak Sencer Atasoy (Undersecretariat of Treasury, Turkey)

1. Short Term Investment Behavior of Turkish Manufacturing Sector: Evidence from BIST Quoted Firms

Omer Tuğsal Doruk (American University of Cyprus & Kadir Has University, Turkey)

1. Consumption And Income Inequality in Turkey

Egemen İpek (Gumushane University, Turkey)

Chair: Aliya Zhakanova Isiksal (Girne American University, North Cyprus)

**Applied Econometrics and Statistics**

Room: A3.5 Room, GAU

Time: 06.12.2016, 9.30-11.00

1. A Comparison of MCMC Convergence Diagnostics and Goodness of Fit Index For Diagnostics

Naci Murat (Ondokuz Mayis University, Turkey)

Emre Dünder, (Ondokuz Mayis University, Turkey)

Mehmet Ali Cengiz (Ondokuz Mayis University, Turkey)

1. Financial Performance Investigation with the Help of the Bootstrap Method: Example of the Eredivisie League

Tolga Zaman (Ondokuz Mayıs University, Turkey)

Emre Yildirim (Ondokuz Mayıs University, Turkey)

1. Forecasting the Turkish Inflation Rate Using Information Criteria

Naci Murat (Ondokuz Mayis University, Turkey)

Emre Dünder (Ondokuz Mayıs University, Turkey)

Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

1. A Dynamic Model of Turkish Electricity Prices

 Mehmet Soytas (Ozyegin University, Turkey)

Chair: Emre Atılgan (Trakya University, Turkey)

**Coffee Break 11.00-11.30**

**Business Economics**

Room: A3.2 Room, GAU

Time: 06.12.2016, 11.30-13.00

1. Complexity, Competitiveness And Technology:

Is There A Link?

Yılmaz Kılıçaslan (Anadolu University, Turkey)

Uğur Aytun (Anadolu University, Turkey)

1. Employees of Stress Levels, The Effect of Job Satisfaction: A Field Study

Adnan Çelik (Selcuk University, Turkey)

Sadife Güngör (Selcuk University, Turkey)

1. An Experimental Approache to Rationality of Consumer Behavior

Ozlem Sekmen (Gumushane University, Turkey)

Haydar Akyazi(Gumushane University, Turkey)

Egemen İpek (Gumushane University, Turkey)

1. The Importance of Effective Socioeconomic Conditions, Government Policies and Procedures Factors for Entrepreneurial Activity using Fuzzy Analytic Hierarchy Process in Eight Developing Countries

Iman Aghaei (Eastern Mediterranean University, North Cypurs)

Amin Sokhanvar (Eastern Mediterranean University, North Cypurs)

Mustafa Tümer **(**Eastern Mediterranean University, North Cypurs)

Chair: Yılmaz Kılıçaslan (Anadolu University, Turkey)

**Uygulamalı Ekonomi ve Finans III. (Dil : Türkçe)**

Room: A3.3 Room, GAU

Time: 06.12.2016, 11.30-13.00

1. Modelling of Dependency Between Industrial Production Indexes and Their Fundamentals Using Stochastic Copula Approach

Emre Yildirim (Ondokuz Mayıs University, Turkey)

Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

1. The Effect On Macro Economic Indicators Of The Financial Crisis As A Paradox Of Neoliberalism: The Case Of Trnc

 Orhan Çoban(Selcuk University, Turkey)

 Nihat Doğanalp (Selcuk University, Turkey)

1. Gümrük Birliği ve Helsinki Zirvesi’nin AB Üyelik Sürecinde Türkiye ve KKTC Açisindan Değerlendirilmesi

 Behive Çavuşoğlu (Near East University, North Cyprus)

Chair: Sema Yilmaz Genç (Kocaeli University, Turkey)

**Energy Economics II**

Room: A3.4 Room, GAU

Time: 06.12.2016, 11.30-13.00

1. What Are the Dynamics of Co2 Emissions in Upper – Middle Income Countries? A Case Study For China, Iran And Turkey

Hasan Rüstemoğlu (Cyprus International University, North Cyprus)

1. Environmental Kuznet’s Curve for Saudi Arabia: An Endogenous Structural Breaks Based on Cointegration Analysis

Mohammad Asif (Aligarh Muslim University, India)

1. The Effect of Ethical Climate Perception of Teachers to Their Organizational Commitment: A Sample Practice

Adnan Celik (Selçuk University, Turkey)

Emine Et Oltulu (Selçuk University, Turkey)

Beyhan Ozgu Cakir (Karatay University, Turkey)

1. Sectoral Impact of Crude Oil Price Shocks on Stock Returns in Selected Crude Oil Exporting and Importing Emerging Economics.

Isah Wada (Eastern Mediterranean University, North Cyprus)

Gulcay Tuna (Eastern Mediterranean University, North Cyprus)

Chair: Hasan Rüstemoğlu (Cyprus International University, North Cyprus)

**Tourism Economics**

Room: A3.5 Room, GAU

Time: 06.12.2016, 11.30-13.00

1. An Investigation the Relationship Between the Exchange Rate Volatility and Tourism Income for Turkish Economy

 Fatih Ayhan (Selcuk University, Turkey)

Fatih Mangır (Selcuk University, Turkey)

1. Implication of The Euro Switch to Tourism Revenue: Evidence from South Cyprus

Andrew Alola (Eastern Mediterranean University, North Cyprus)

Kemal Bağzıbağlı (Eastern Mediterranean University, North Cyprus)

Dlawar Mahdi Hadi (Eastern Mediterranean University, North Cyprus)

1. The Effect of Prosperity on International Tourism Expenditures

Amin Sokhanvar (Eastern Mediterranean University, North Cyprus)

1. Tourism Development and Economic Growth: A Panel Causality Analysis for Emerging Market Countries.

Amin Sokhanvar (Eastern Mediterranean University, North Cyprus)

1. Exploring the Perceptions of Tourism Students about Industrial Career: a Perspective from Tourism Economics of Tourism Industry

 Mustafa Daskin (Sinop University, Turkey)

Chair: Fatih Ayhan (Selcuk University, Turkey)

**Health Economics**

Room: A3.6 Room, GAU

Time: 06.12.2016, 11.30-13.00

1. The Principal-Agent Problem In Health Care Systems: Is It Effected By Performance-Based Supplementary Payment System?

 Emre Atılgan (Trakya University, Turkey)

1. Determinants Of Second hand Smoke Exposure In Turkey: Findings From The Global Adult Tobacco Survey

 Zeynep Elitas (Anadolu University, Turkey)

Didem Pekkurnaz (Başkent University, Turkey)

1. Why The Turkish PPP Contracts in Healthcare Face Difficulty to Achieve Private Finance

Uğur Emek (Başkent University, Turkey)

1. Response Time and Heart Rate in a Moral Dilemma

Olusegun A. Oyediran (University of Castilla-La Mancha, Spain)

 M. Fernanda Rivas (Middle East Technical University, Northern Cyprus Campus)

Chair: Uğur Emek (Başkent University, Turkey)

**Lunch 13.00-14.00**

**Uygulamalı Ekonomi ve Finans IV. (Dil : Türkçe)**

Room: A3.3 Room, GAU

Time: 06.12.2016, 14.00-15.30

1. Dünyadan ve Türkiye’den Finansal Kriz Tecrübeleri: Finansal Kriz Modelleri Ekseninde Bir Karşilaştirma

 Nihat Doğanalp (Selcuk University, Turkey)

 Ayşe Çoban (Selcuk University, Turkey)

1. Comparative Study of Forecasting Methods for Gross National Products in Turkey

Serpil Gümüştekin (Ondokuz Mayıs University, Turkey.)

Emre Dünder (Ondokuz Mayıs University, Turkey)

 Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

1. OECD Ülkelerinin Pisa Puanlari İle Sosyo-Ekonomik Gelişmişliklerinin Karşilaştirmasi

 Hasan Bulut (Ondokuz Mayıs University, Turkey)

 Yüksel Öner(Ondokuz Mayıs University, Turkey)

1. Avrupa Birliğine Üye ve Aday Ülkelerin Bazi Ekonomik Göstergeler Bakimindan Kümelenmesi

 Hasan Bulut (Ondokuz Mayıs University, Turkey)

 Yüksel Öner(Ondokuz Mayıs University, Turkey)

Chair: Mesut Türkay (Undersecretariat of Treasury, Turkey)

**Financial Crisis and Stability**

Room: A3.2 Room, GAU

Time: 06.12.2016, 14.00-15.30

1. Why “Global Crisis” Hit Turkish Banking System Less Than Other Countries ?

 Bulent Gunceler (Okan University, Turkey)

1. Central Banking After Global Financial Crisis: Asset Price Bubbles and Financial Stability

Abdullah Erkul (Balıkesir University, Turkey)

Tunç Siper (Balıkesir University, Turkey)

1. What is the Real Reason of the Propogation of Financial Crises and How it can be Stopped?

Dogus Emin ([Social Sciences University of Ankara](http://mideast.unc.edu/social-sciences-university-of-ankara-turkey-assistant-professor-of-social-sciences/), Turkey)

1. The Effect on Macro Economic Indicators of the Financial Crisis as a Paradox of Neoliberalism: The Case Of TRNC

 Orhan Çoban, (Selçuk University, Turkey)

 Nihat Doğanalp, (Selçuk University, Turkey)

Chair: Ilhan Bora (Girne American University, North Cyprus)

**Education Economics and Labor Markets**

Room: A3.4 Room, GAU

Time: 06.12.2016, 14.00-15.30

1. The Relationship Between Education and Economic Growth in Turkey

Behiye Çavuşoğlu (Near East University, North Cyprus)

1. Education Level and Economic Growth: The European Experience

Mohammad Rajabi (Eastern Mediterranean University, North Cyprus)

Mohammadreza Allahverdian (Eastern Mediterranean University, North Cyprus.)

Mohsen Mortazavi (Eastern Mediterranean University, North Cyprus.)

1. Obstacles Immigrants Faced in Integration to Labor Market: The Sample of Syrian Immigrants in Turkey

Sefa Çetin (Kastamonu University Turkey)

Hasan Hüseyin Büyükbayraktar (Selcuk University, Turkey)

Abdullah Yilmaz (Selcuk University, Turkey)

1. Female Labor Force Participation Problems in Turkey: Causes and Policy Implications

Gulcin Guresci Pehlivan (Dokuz Eylül University, Turkey)

1. The Impact of Syrian Refugee Crisis on Turkish Labour Market

Aliya Işıksal (Girne American University, North Cyprus)

Dilber Çağlar (Girne American University, North Cyprus)

Yossi Apeji (Girne American University, North Cyprus)

Chair: Feyza Bhatti (Girne American University, North Cyprus)

**Applied Banking**

Room: A3.5 Room, GAU

Time: 06.12.2016, 14.00-15.30

1. Catering Incentives and Dividend Policy: Evidence from Turkey

Sefa Takmaz, (Adnan Menderes University, Turkey)

1. Determinants of Non-Performing Loans in Central and Eastern European Countries

Ali Özarslan (Middle East Technical University, Turkey)

1. European Banks Financial Strength Ratings: Evidence from a Parsimonious Ordered Logit Model.

Cem Payaslıoğlu (Eastern Mediterranean University, North Cyprus)

Blerta XHAFA (Eastern Mediterranean University, North Cyprus)

1. The Equipment Leasing as an Alternate Funding Model

 Murat Gulec (Banking Regulation and Supervision Agency, Turkey)

1. The Determinants of Borrowing Behaviors of Turkish Municipalities

Hakan Yas (Trakya University, Turkey)

Emre Atılgan (Trakya University, Turkey)

Chair: Cem Payaslıoğlu (Eastern Mediterranean University, North Cyprus)

**Applied Banking II**

Room: A3.6 Room, GAU

Time: 06.12.2016, 14.00-15.30

1. Distinguishing the Effects of Household and Firm Credit on Income Inequality

Ünal Seven (Central Bank of the Republic of Turkey, Turkey)

Dilara Kılınç (Izmir University of Economics, Turkey)

Yener Coşkun (Capital Markets Board of Turkey, Turkey)

1. The Effect of Foreign Bank Entry on the Financial Performance of the Commercial Banks in Turkey

Ayhan Kapusuzoglu (Yildirim Beyazit University, Turkey)

Nildag Basak Ceylan (Yildirim Beyazit University, Turkey)

1. Corporate Governance and Financial Constraints

 Erkan Solan (Undersecretariat of Treasury, Turkey)

 Cumhur Çiçekçi (Undersecretariat of Treasury, Turkey)

# An Analysis of the Non-Performing Loans of Commercial Banks in Kazakhstan

 Hatice Jenkins (Eastern Mediterranean University, North Cyprus)

 Zhaneta Kassymbekova (Eastern Mediterranean University, North Cyprus)

Chair: Yener Coşkun (Capital Markets of Turkey, Turkey)

**Coffee Break 15.30-16.00**

**Multidisciplinary III**

Room: A3.2 Room, GAU

Time: 06.12.2016, 16.00-17.30

1. The Tourism Sector in Montenegro in the Context of European Integration.

Radosław Dziuba (University Of Lodz, Poland)

1. Impact of Gold Price And Exchange Rate on Immovable Property Index: Empirical Evidence From Turkey

Dervis Kirikkaleli, (Girne American University, North Cyprus)

Seyed Alireza Athari, (Girne American University, North Cyprus)

Ilhan Bora (Girne American University, North Cyprus)

Hasan Murat Ertugrul (Girne American University, North Cyprus)

1. Effect of Islamic Banking on Employment in Punjab, Pakistan

Bilal Ashraf (University of Gujrat (Punjab), Pakistan)

1. The Dual Adjustment Approach with Popular Filters

Mustafa Ismihan (Atilim University, Turkey)

Mustafa Can Küçüker(Atilim University, Turkey)

1. Does Unemployment Rate Have a Unit Root

Mustafa Ismihan (Atilim University, Turkey)

Chair: Seyed Alireza Athari, (Girne American University, North Cyprus)

**Uygulamalı Ekonomi ve Finans V. (Dil : Türkçe)**

Room: A3.3 Room, GAU

Time: 06.12.2016, 16.00-17.30

1. An Application Of Panel Data Analysis For Export In Turkey

Emre Yildirim (Ondokuz Mayıs University, Turkey)

Emre Dünder (Ondokuz Mayıs University, Turkey)

Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

1. Efficiency Assessment Of The Transportation Services In Turkey

Serpil Gümüştekin (Ondokuz Mayıs University, Turkey)

Talat Senel

1. Politika-Ekonomi İlişkileri Üzerine Teorik Yaklaşımlar: Politik Konjonktür Teorileri

 Sema Yilmaz Genç (Kocaeli University, Turkey)

 Duygu Süloğlu (Kocaeli University, Turkey)

1. Yaşayan Efsane Beetle’nin Türkiye Piyasa Fiyatinin Modellenmesi

 Hasan Bulut (Ondokuz Mayıs University, Turkey)

 Tolga Zaman (Ondokuz Mayıs University, Turkey)

 Ebrucan İslamoğlu (Nevşehir Hacı Bektaş Veli University, Turkey)

1. Türkiye’de Enflasyon Ve Ekonomik Büyüme İlişkisi: Granger Nedensellik Analizi

Bedriye Tunçsiper (Balıkesir University, Turkey)

Hülya Erkul (Balıkesir University, Turkey)

Chair: Hasan Murat Ertugrul (Undersecretariat of Treasury, Turkey)

**Economic Development II.**

Room: A3.4 Room, GAU

Time: 06.12.2016, 16.00-17.30

1. Examining the Relationships Among the Antecedents of Innovation Performance: A Research on Turkish Manufacturing Industry

 Çağatan Taşkin (Uludağ University, Turkey)

 Cem Okan Tuncel (Uludağ University, Turkey)

1. The Analysis of Turkey’s Real Effective Exchange Rate and Hazelnut Export to Germany via Bounds Test

Yılmaz Toktaş (Amasya University, Turkey)

Eda Bozkurt (Atatürk University, Turkey)

1. The Level of Financial Knowledge among People with Debt

 Ewa Nastarowicz (University of Lodz, Poland)

Chair: Ikechukwu Nwaka (Girne American University, North Cyprus)

**Applied Finance II**

Room: A3.5 Room, GAU

Time: 06.12.2016, 16.00-17.30

1. A Novel Bayesian Approach for Multivariate Conditional Copula Models With Mixed Outcomes

Mehmet Ali Cengiz (Ondokuz Mayıs University, Turkey)

1. A Markov Autoregressive Dynamic Causality Analysis For World Equity Markets In Crisis Period

Mesut Türkay (Undersecretariat of Treasury, Turkey)

1. Convergence in Financial Measures Across The EU-15

Dilara Kılınça (Izmir University of Economics, Turkey)

Ünal Seven (Central Bank of the Republic of Turkey)

Hakan Yetkiner (Izmir University of Economics, Turkey)

1. Measuring the Financial Contagion: Evidence from Dynamic Betas and Similarity Based Network Structure

Burak Sencer Atasoy (Undersecretariat of Treasury, Turkey)

Onur Polat (Illinois State University, USA)

İbrahim Özkan (Hacettepe University, Turkey)

1. The Relationship between Elements of Internal Financial Flexibility in Market Participant`s Decision Making

Parviz Piri (Urmia University, Iran)

Samaneh Barzegari Sadaghiani (Urmia University, Iran)

Fariba Abeli Habashi (Urmia Azad University, Iran)

Chair: Ünal Seven (Central Bank of the Republic of Turkey)

**Energy Economics III.**

Room: A3.6 Room, GAU

Time: 06.12.2016, 16.00-17.30

1. **Causal Effects of Oil Price Volatility on Stock Exchange Rates: Evidence from Emerging and Developed Economies**

 Bilal Bagis (Bingol University, Turkey)

1. Land Tenure System and Agricultural Productivity: Case of Ukraine

Andriy Popovych (Institute of Agricultural Ecology and Environmental Management,Ukraine)

1. The Green Economy as a Priority Development of Kazakhstan

Shynar Zhakanovna Rakhmetullina (International University of Kyrgyzstan, Kyrgyzstan)

Aliya Zhakanova Isiksal (Girne American University, North Cyprus)

Yossi Apeji (Girne American University, North Cyprus)

1. The Impact of Agriculture on Co2 Emission in China

Nezahat Doğan (Final International University, North Cyprus)

1. Testing Convergence in Research Output in Biotechnology for G7 Countries

Serhat Yaşgül (Marmara University, Turkey)

Chair: Aliya Zhakanova Isiksal (Girne American University, North Cyprus

**ABSTRACTS**

**ACCELERATING RISK SHARING FINANCE VIA FINTECH: NEXTGEN ISLAMIC FINANCE**

**Alaa Alaabed**

INCEIF, Malaysia

**Siti Muawanah Lajis**

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**Abstract**

### From New York and San Francisco to London, Dubai, Singapore and beyond, the emergence of financial technology (fintech) start-ups promises a change in the face of finance as we know it. Defined broadly as the use of technological innovation in the provision of financial services, fintech is not a new phenomenon. Wire transfers, Automatic Teller Machines[[1]](#footnote-1) (ATMs), internet and mobile banking are all examples of technological innovations that have transformed financial services thus far. The novelty of this wave of innovations, however, lies in its largely dis-intermediated model and much praised democratisation of finance.

Take peer-to-peer finance, also known as crowdfunding, for example. Innovation has made it possible for small surplus units to pool resources online in order to fund deficit units without the need to go through a traditional financial intermediary, such as a bank. And this is done “without the friction, cost or heavy regulatory hurdles of traditional banking” (Wall Street Journal, 2015). Moreover, innovative risk assessment models allow for assessing risk where banks have not been able to do so, based on non-traditional data and analyses, such as social media, phone records, satellite data and psychometric analysis. As a result, crowdfunding has been successful in filling the funding gap for previously under-served markets of Micro, Small, and Medium Enterprises (MSMEs).

In a similar fashion, new digital technologies, stricter banking regulations and increasing consumer demands for convenience and immediacy amidst falling trust in banks due to the legacy of the 2008 financial crisis have strengthened the case for innovative alternatives in the fourth industrial revolution[[2]](#footnote-2).

All in all, the inter-marriage of finance and technology is disrupting mainstream finance and threatening the substitutability of all of its services[[3]](#footnote-3). The spectrum runs the gamut from deposits and lending to fundraising and wealth management, including invoice financing, supply chain financing and trade finance.

Rather than looking at the fintech revolution as a strategic threat to many of the core competitive advantages that banks once had over new market entrants and their net interest margins, incumbents ought to embrace it as an opportunity. The adoption of financial technologies can bypass the complexities and rigidities of traditional banking model (significant regulatory overheads, legacy IT expenses and outdated collections and recoveries functions that are needed to service an aged book). Effective collaboration and partnership with technology-enabled startups can help reduce transaction costs, improve transparency, enhance customer experience and increase overall access to finance.

Turning to Islamic banking and finance, the Shari’ah compliant industry has more to gain from adopting technological innovations. At the one hand, Islamic intermediation costs are even higher than conventional counterparts due to legal costs and more complicated product structures. On the other hand, the core markets for Islamic finance, that is the Organization of Islamic Conference group of 57 countries, have the lowest rates of financial inclusion worldwide. More than one billion Muslims are unbanked and remain financially-excluded, according to World Bank estimates.  Fintech, therefore, provides a means for Islamic banks to capitalize on innovations in financial technology, to better deliver on their promise of inclusive financial services and real economic activities.

Furthermore, it can be argued that fintech is more aligned with the spirit of Shari’ah as it eliminates two fundamental risks in banking: mismatched maturities and leverage. Whereas banks convert short-term deposits into long-term loans through leverage, their digitized counterparts match assets and liabilities in terms of maturity, value and risk profile in a direct flow model, for a fee. Adoption of such technology can further strengthen Islamic banks’ contribution to financial stability and ends an “Alchemy” that has long sown the seeds of Radical Uncertainty in mainstream finance[[4]](#footnote-4).

More importantly, “Fintech solutions have the opportunity to tackle one of Islamic finance’s oldest critiques: being a white label for conventional financial products,” says Mohammed Raafi Hossein, CEO of Dubai-based Islamic fintech advisory firm Finocracy. In particular, fintech may differentiate Islamic banking and finance by creating a quantum leap in the design and adoption of truly risk-sharing Islamic financial instruments.

Risk sharing is the essence of Islamic finance.This proposition was central to the Kuala Lumpur Declaration 2012, where internationally reputable Shari’ah scholars, Muslim economists and industry practitioners declared that “Shari’ah emphasizes risk sharing as a salient characteristic of Islamic financial transactions” and that practices of risk transfer and risk shifting, which have caused much instability and widening inequality in many economies, violate Shari’ah principles. The same view echoed in Jeddah declaration in April 2013 and was reemphasized more recently in the Kuala Lumpur declaration 2016.

That said, trust and social capital are cornerstones of risk sharing finance. However, an empirical examination of the current state of affairs in the contemporary Muslim world reveals lack of prerequisite trust and sub-optimal levels of social capital (Ng, 2014). Both of which have hindered the development of truly risk sharing Islamic banking and finance hitherto. Creating trustful societies in the Muslim world of today could be enormously challenging.

Against this backdrop, smart contracts, blockchain, and distributed ledgers technologies have the potential to revolutionize Islamic finance and revive risk sharing, at the heart of Islamic finance principles. The proposed paper, thus, suggests a way forward to modelling a more globally and intrinsically viable Islamic financial system, paying special attention to the role of facilitative and proportionate regulations.

**Key words:** Fintech, Islamic finance, risk sharing, globally viable model.

**GENDER EFFECTS ON SERVICE QUALITY, CUSTOMER SATISFACTION AND LOYALTY IN ISLAMIC BANKS OF SUDAN**

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**Abstract**

 The purpose of this study is to investigate how gender differences affect customer’s perceptions of six service quality dimensions of the CARTER model, religiosity, customer satisfaction and loyalty for Islamic banks of Sudan among Sudanese students in Northern Cyprus. 192 Sudanese students were surveyed in four different universities in Northern Cyprus. Reliability, empathy and compliance dimensions of the CARTER model loaded; however, tangibility, responsiveness and assurance dimensions failed to load. Results indicate that there were significant differences between males and females in terms of reliability, empathy, compliance, satisfaction and loyalty. There were no significant differences between males and females in the case of religiosity. Females were more satisfied and loyal towards Islamic banks in Sudan. In addition, females perceived Islamic bank services to be more reliable, more empathetic and compliable.

**Keywords :** Islamic Banking; Sudan; Carter; religiosity

**RISK-SHARING BANKING: VIABILITY AND RESILIENCE**

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**Abbas Mirakhor**

INCEIF, Malaysia.

**Abstract**

The present Islamic banking model is inherently fragile owing to its unmatched balance sheet which exposes the banks to various risks on daily basis. To mitigate the risks, similar to the conventional banks, Islamic banks operate on risk-transfer mode where risks are transferred to the counterparty or the public. Risk-transfer banking however induces negative behaviors such as excessive risk taking and socially unproductive financial intermediation. This paper proposes risk-sharing based banking model where the balance sheet are matched in terms of maturity, value, risk and materiality. The risk-sharing model is envisaged to provide the opportunity for Islamic banks to completely move away from risk-transfer banking mode. It offers greater stability, firmly anchors banking sector to real economy, has greater resilience to shocks, and capable of reducing financial oppression and predatory lending. As such, this paper undertakes an empirical investigation to illustrate the viability and resilience of risk-sharing model vis-à-vis the risk-transfer model. The methodology used is simulation of balance sheet and the results are stress tested.

**Keywords**: Risk sharing, risk transfer, balance sheet, simulation, stress test

**FİNANCİAL PERFORMANCE OF ISLAMİC BANK VS. CONVENTİONAL BANKS: THE CASE OF UAE**

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**Abstract**

Banks play a curial role in financial system of countries as an intermediary. Banks are very important for a country’s economic and financial stability as they are managing and monitoring risk. Efficient financial performance of banking sector is one of the main factors behind stabilizing the economy especially in developing countries. Therefore, the aim of this study is to investigate the financial performance of banking sector in United Arab Emirates (UAE) by comparing two banking systems which are Islamic and conventional banking systems. For this purpose, Islamic and 7 conventional banks in the UAE are chosen to compare the Islamic and conventional banking systems. Profitability ratios are used as a proxy for the financial performance and the data is collected from the banks’ yearly financial reports for the years of 2005-2014. Regression analysis for panel data is adopted to investigate the financial performance of the two banking systems. Results of this study suggest that there are some differences in the determinants of profitability when the different structures of banking systems are taken into consideration.

**Keywords:** Islamic Banking, Conventional Banking, Profitability.

**KÜRESEL FINANS VE “YÜKSEK ETKILEŞIMLI” ŞIRKETLER**

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 **Deniz Şişman**

Gelişim University, Turkey

Dünya Ekonomisinde 1980’lerden beri uygulamaya konan Neoliberal Finansallaşma süreci; finans kesiminde farklı eşitsizlik boyutlarıyla sürmektedir. S. Vitali, J.B. Glattfelder ve S. Battiston‘un “şirketlerin küresel denetim ağı” çalışmasıyla; çekirdek içinde yer alan 147 Ulusötesi Şirketin etkileşim içinde olduğu ve en tepede yer alan 50 “yüksek etkileşimli şirket”in 48 tanesinin finans şirketi olduğu gözlenmektedir. 2008 Küresel Krizi’nde gözlendiği gibi, aynı zamanda Ulusötesilik endeksi (GSI) sıralamasında üst sıralarda yer alan ABD yatırım bankaları, “yüksek etkileşimli şirketler” olarak birbiriyle bağlantılı sorunlar yaşamışlardır, bunlardan Lehman Brothers iflas etmiş, diğer yatırım bankaları ABD devleti tarafından yapılan destekle ayakta kalabilmişlerdir. Küresel Kriz sürecinde ABD ve AB Merkez Bankaları bilançolarını sırasıyla 6 ve 2 kat artırarak niceliksel veya parasal genişleme yapmışlardır. Özellikle yüksek etkileşimli finans şirketlerinden tedrici olarak azaltma yoluyla tahvil alımı (tapering) süreci olarak anılan bu dönemde; 12 trilyon dolar sisteme enjekte edilerek yüksek etkileşimli şirketlerdeki güç yoğunlaşmasının devam ettirildiği varsayılabilir. Bununla birlikte, 1,9 trilyon dolarlık bilançosuyla, AB’deki üçüncü büyük banka olarak Deutsche Bank ve İtalyan Bankalarının yaşadığı sorunlar bize krizin ABD’den Avrupa’ya doğru etkisinin sürdüğünü göstermektedir. Geline noktada, IIF’in saptamasına göre Dünya borçluluk düzeyi 216 trilyon dolara çıkarak Dünya GSYİH’nın %327’ne ulaşmıştır. Finansallaşmanın şimdiye kadar ortaya çıkan verilere göre, krizlere ortam hazırlamakta olduğu kanısı güçlenmektedir. Bu çalışmada, “yüksek etkileşimli şirketler” aracılığıyla finansallaşmanın getirdiği eşitsizlik boyutunun hızlandırıldığı ve uluslararası borçluluğun artışıyla bu sürecin yeni finansal kriz çıkarma olasılığının yükseldiği öne sürülecektir.

**TÜRKİYE'DE BEŞERİ SERMAYENİN YOKSULLUKLA MÜCADELE VE GELİR DAĞILIMI ÜZERİNDEKİ ETKİLERİ**

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**Sema Yilmaz Genç**

Kocaeli University, Turkey

**Özet**

Neoklasik iktisat teorisi başta teknoloji olmak üzere yenilikçi faktörleri ihmal etmesine rağmen içsel büyüme modelleri teknolojinin de ekonomik gelişme üzerinde etkili olabileceği tezi üzerinde yoğunlaşmıştır. Günümüzde ise geleneksel üretim faktörlerinden ziyade çağdaş faktörlerin üretimi ve ekonomik gelişmeyi belirlediği neredeyse tüm ekonomiler tarafından kabul edilmektedir. Bu kapsamda beşeri sermaye yatırımları bir ekonomide kalkınmanın temel unsurlarından birisi olmuştur. Yoksulluk sadece ilgili kişilere değil, ortaya çıkardığı ekonomik sonuçlar dolayısıyla toplumun geneline yayılan sonuçlar üretmektedir. Eğitim harcamaları, inovasyon ve AR-GE harcamaları her geçen gün önemli bir ekonomik değişken olmaya devam etmektedir. Bu çalışmanın amacı yoksullukla mücadele politikalarının yönlendirilmesinde ve gelir dağılımındaki adaletin sağlanmasında beşeri sermayenin rolünü incelemektir.

**Keywords :** Beşeri Sermaye, Yoksulluk, Gelir Dağılımı

**TÜRKIYE’DE İÇ GÖÇÜ ETKILEYEN FAKTÖRLER ÜZERINE BIR UYGULAMA: MEKÂNSAL PANEL VERI ANALIZI**

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**Özet**

Göç içinde barındırdığı pek çok dinamik bakımından, gerek ekonomik gerekse çevresel, kültürel ve sosyal açıdan değişimlere neden olan bir olgudur. Bu bakımdan hem gelişmiş hem gelişmekte olan pek çok ülkede iç göçün sebepleri farklı etmenlere dayanmakla birlikte, bölgelerin yapısında meydana getirdiği sorunlar ve fırsatlar da farklılaşmaktadır. Bu çalışma, Türkiye’deki nüfusun göç hareketlerinde itici ve çekici faktörlerin etkisini analiz etmektedir. Bu çalışmada, Türkiye’nin İİBS Düzey 2’de yer alan 26 alt bölgesinde 2008-2011 döneminde farklı sosyo-ekonomik değişkenlerin iç göç üzerindeki etkileri, bölgeler arası mekânsal etkileşimi dikkate alan Mekânsal Panel Veri modelleriyle incelenmiştir. İİBS Düzey 2’de yer alan bölgeler, net göç alan ve veren bölgeler olarak belirlenmiş ve modellerde kullanılan değişkenlerin etkisi bu açıdan ayrı ayrı analiz edilmiştir. Çalışmanın bulguları, Türkiye’de net göç alan ve göç veren bölgelerde mekânsal yayılma (spillover) etkisinin olduğunu, yani komşu bölgenin göç dinamiğinin, o bölgenin göç kararında da anlamlı bir etkiye sahip olduğunu ortaya koymaktadır. Bu etki özellikle bölgeler arası sosyo-ekonomik farklıklara dayanmakta ve iç göçün belirli bölgelerde yoğunlaşmasına neden olmaktadır. Diğer yandan göç dinamiğinde, bölgenin gelir farkının Türkiye ortalamasından ıraksaması, işsizliğin artması, işlenen tarım alanlarının azalmasıyla göç arasında anlamlı bir ilişki vardır. Göç üzerindeki etkisi bakımından, net göç alan bölgelerin yüksek gelir düzeyine sahip olmasından çok, net göç veren bölgelerin düşük gelir düzeyine sahip olması daha güçlü bir etkiye sahiptir. Net göç oranında işsizlik anlamlı itici bir faktörken, özellikle göç veren bölgelerde bu etki daha fazladır.

**Anahtar Kelimeler**: Türkiye’de içgöç, göç politikası, bölgesel göç, mekânsal panel veri analizi

**THIRLWALL KANUNU: OECD ÜLKELERI ÖRNEĞI, 1990-2014**

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**Özet**

A. P. Thirlwall (1979) tarafından geliştirilen dışa açık makroekonomik büyüme modeli, dış talebin ekonomik büyüme üzerinde önemli bir etkiye role sahip olduğunu savunmaktadır. Thirlwall Kanunu uluslararası iktisat literatüründe dışa açık makroekonomik dinamikleri incelemek için kullanılan en önemli yaklaşımlardan biridir.

Bu çalışmada 1990-2014 dönemi itibariyle, Thirlwall Kanunu’nun OECD ülkeleri için geçerli olup-olmadığını test etmek üzere dinamik panel veri yöntemleri (Havuzlanmış En Küçük Kareler Tahmincisi-PMG, Ortalama Grup Tahmincisi-MG ve Dinamik Sabit Etkiler-DFE) kullanılarak analiz edilmiştir. 1990-2014 döneminde OECD ülkelerinde Thirlwall Kanunu’nun geçerliliğin analiz edilmesinde kullanılan test sonuçlarına göre, bu ülke grubunda söz konusu kanunun geçerli olduğunu göstermiştir.

**Anahtar Kelimeler:** Ekonomik Büyüme, Ödemeler Bilançosu Kısıtı, Thirlwall Kanunu, Dinamik Panel Veri Yöntemi

**OPTIMAL SURRENDER OF GUARANTEED MINIMUM MATURITY BENEFITS UNDER STOCHASTIC VOLATILITY AND INTEREST RATES**

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In this paper we analyse how the policyholder surrender behaviour is influenced by changes in various sources of risk impacting a variable annuity (VA) contract embedded with a guaranteed minimum maturity benefit rider that can be surrendered any time prior to maturity. We model the underlying mutual fund dynamics by combining a Heston (1993) stochastic volatility model together with a Hull and White (1990) stochastic interest rate process. The model is able to capture the smile/skew often observed on equity option markets (Grzelak and Oosterlee, 2011) as well the influence of the interest rates on the early surrender decisions as noted from our analysis. The annuity provider charges management fees which are proportional to the level of the mutual fund as a way of funding the VA contract. The fair management fees to be charged by the annuity provider are computed with aid of the Fourier Cosine expansion (COS) method which is a proven computationally efficient algorithm. To determine the optimal surrender decisions, we present the problem as a 4-dimensional free boundary partial differential equation (PDE) which is then solved efficiently by the method of lines (MOL) approach. The MOL algorithm facilitates simultaneous computation of the prices, optimal surrender boundaries and hedge ratios of the variable annuity contract as part of the solution at no additional computational cost. A comprehensive analysis on the impact of various risk factors in influencing the policyholder’s surrender behaviour is carried out, highlighting the significance of both stochastic volatility and interest rate parameters in influencing the policyholder’s surrender behaviour.

**VOLATILITY TRANSMISSION AMONG COMMODITY AND STOCK MARKETS: EVIDENCE FROM DEVELOPED AND DEVELOPING COUNTRIES**

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**Abstract**

Despite its growing importance revealed by the increase in the size of trading, the cross-border linkages among commodity and stock markets from the perspective of developed/developing country clusters have been an untapped area. This particular research aims to fill this gap by exploring the volatility linkages by capitalizing on whether there is a volatility spillover effect among these particular markets. The volatility linkages among commodity markets (namely, crude oil, natural gas, gold, silver and platinum) and selected developing/developed countries’ stock markets have been tested by utilizing multivariate VECH-MGARCH model. The volatility linkage analyses confirm the existence of volatility transmission among the majority of commodity and stock markets. Empirical findings illustrate important policy implications for portfolio managers and policy makers.

**Keywords**: Volatility spillover, Commodity market, Stock market, Multivariate GARCH, Developing countries, developed countries.

**PRIVATE EQUITY/VENTURE CAPITAL IN HIGH-TECHNOLOGY SECTOR**

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**Abstract**

The development of private equity/venture capital market (PE/VC) is perceived as an opportunity for economic growth, especially in the area of high-technology projects. The main objective of the following study is to verify if the Venture Capital investments relate in a wide extent to high-tech sector, to analyse the level of high-tech investments share in total PE/VC investment amount and its’ trend, in chosen European countries and to identify the areas of the high-tech, which are the most desirable by investors in Europe and the particular high-tech projects that are currently financed or co-financed by PE/VC funds. That can show the path of high-tech development in particular countries. Special emphasis will be placed on determining the share of investment in high-tech in the total value of PE/VC investments; identifying types of high-tech projects, products or services most effectively attracting VC, as well as, presenting the differences and similarities between the European countries in these terms. The article is based on latest available statistical data collected by EVCA, as well as, the latest research reports on the PE/VC market. Analysis of PE/VC funds’ portfolios are based on the information about investments that each funds publish on their websites. The proper specification of this market is extremely important as it allows an understanding of the mechanisms affecting the analysed sector. It proves that the area of communication and IT, as well as, medicine sectors are the ones, where the number of projects financed by VC is the biggest, and at the same time, the ones that produce the biggest number of high-tech projects, which attract venture capital.

**Keywords**: high-tech, private equity, venture capital, PE/VC

**FINANCIAL CONTAGION, FLIGHT TO QUALITY AND FLIGHT FROM THE QUALITY AMONG THE STOCK EXCHANGE MARKETS OF TURKEY AND THE DEVELOPED AND THE DEVELOPING COUNTRIES**

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**Abstract**

The main purpose of this paper is to analyze the risk spillovers, “financial contagion”, “flight to quality” and “flight from the quality” among the stock exchange markets of Turkey and the developed and the developing countries by using the recently developed econometric techniques. This paper consists of followings: Firstly, we will investigate the “contagion”, “flight to quality” and “flight from quality” effects for Turkey and the other regions and the markets by using the Granger causality tests in moments, recently developed by Chen (2016). These tests differ from the Granger causality tests in means and variances in describing the causality in the tails of the distribution and describing their risk spillovers. Thus we can determine whether a negative shock to a market influences the other market positively or not. Throughout the study, to represent Turkish Stock Market we will use BIST 100, to represent regional stock markets we will use; Standard and Poor’s Europe Stock Market Index (SPEU), Standard and Poor’s Asia Stock Market Index (SPAS50), S&P Africa 40 and Dow Jones Islamic Market Index (DJIM) and national stock markets will be represented by (S&P 500) USA, DAX-100 (Germany), FTSE-100 (UK), NIKKEI 225 (Japan), MERVAL (Argentina), BOVESPA (Brazil), COLCAP (Columbia), IPC (Mexico), IPSA (Chile), JCI (Indonesia), S&P BSE SENSEX Index (India), FTSE Bursa KLCI (Malaysia), STI (Singapore) SHCOMP(China), DFMGI (UAE), JALSH (South Africa), DSM (Qatar). The results of this study would be helpful for analyzing the sensitivity of the risks of the Turkish stock market relative to the other markets over time. They would also be helpful to understand whether there is a flight to quality (flight from Turkish market to the other markets) or a flight from quality when the financial markets are exposed to a risk.

**Keywords**: Financial contagion, Causality in moments, equity markets, GARCH

**DIVERSIFICATION BENEFIT AND RETURN PERFORMANCE OF REITS USING CAPM AND FAMA-FRENCH: EVIDENCES FROM TURKEY**

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This paper aims to analyze return enhancement quality of Turkish REITs (T-REITs) from various perspectives over the period of July 2008-March 2015 and yields comparative analyses on emerging markets. We assess adopted diversification benefit of investing REIT stocks, return variability of REITs by comparing CAPM and Fama-French three-factor models, and expand Fama-French model with Turkish market specific new influential variables, such as political and currency risks. We additionally investigate whether property focus and risk taking strategies of T-REITs have specific effects on return enhancement. Five pieces of evidence are specifically noteworthy. First, T-REITs portfolio provides slightly lower level of risk diversification than the investment trusts, but higher than the banks. Second, the knowledge deriving from the CAPM is supported by the Fama-French model, which may provide better information to explain the return variability of T-REITs. Third, the explanation power of Fama-French model can be improved by employing additional variables. Fourth, majority of T-REITs show defensive, small and financially distressed characteristics. Finally, there are mixed observations on the linkages between property focus and risk taking/yield improvement. From the emerging market perspective, these evidences suggest several practical implications for the efficient asset allocation.

**Keywords :** REIT, CAPM, Fama-French three-factor model, risk diversification, portfolio management

**INDUSTRIAL PRODUCTION, CO2 EMISSIONS FINANCIAL DEVELOPMENT; A**

**CASE FROM THAILAND**

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**Abstract**

The present paper examines the empirical relationship between carbon dioxide emissions, industrial production and financial development in Thailand that is among one of the very poor climate protection performance countries (2016). For this matter, annual data covering 1960-2011 time interval and time series techniques are used. The data of the present study are found to be at the similar order at I(1) and the long run equilibrium relationship between the variables is examined by using Johansen cointegration test. Finally, Granger causality test is employed to specify the directions of the causality between the variables. The finding of the present study indicates a long run relationship between carbon dioxide emissions, industrial production and financial development in Thailand. The finding also indicates for the presence of unidirectional

causal relationship from industrial production to financial development as well as a bidirectional causal relationship between carbon dioxide emissions and financial development in Thailand.

**Keywords**: co2; industrial production; financial development; Granger Causality; Thailand

**THE NEXUS BETWEEN CO2 EMISSIONS, ECONOMIC GROWTH AND ENERGY CONSUMPTION: EMPIRICAL EVIDENCE FROM MINT COUNTRIES**

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Throughout past three decades, two challenging environmental issues for government are air pollution as well as global warming. The main cause of these problems is due to the fact that carbon dioxide (CO2) emissions is increased around the world. This paper tries to explore the nexus between CO2 emissions, energy consumption as well as economic growth based on the environmental Kuznets curve (EKC) hypothesis in the MINT countries (Mexico, Indonesia, Nigeria, and Turkey) over the period from 1981 through 2013. For achieving the aim of this study, Pedroni residual cointegration test, panel fully modified ordinary least squares (FMOLS), panel dynamic ordinary least squares (DOLS) as well as panel causality test have been exerted. The results demonstrate that there is a positive significant long-term relationship between CO2 emissions with energy consumption as well as economic growth. Furthermore, the results also depict that energy consumption and economic growth homogeneously cause CO2 emissions and CO2 Granger-causes energy consumption and economic growth and CO2 have bidirectional causal relationship.

**Keywords**: CO2 emissions, panel fully modified ordinary least squares, panel dynamic ordinary least squares, panel causality test

**BUBBLE DETECTION IN US ENERGY MARKET: APPLICATION OF LOG PERIODIC POWER LAW MODELS**

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**Abstract**

Andisheh Saliminezhad , Pejman Bahramian In the recent centuries the economists worldwide have been confounded due to the increased occurrence and the unpredictable speculative bubbles on financial markets. These crashes have convulsed the belief in the capitalist financial system and disintegrated the lives of millions of people. Though the speculative bubbles’ phenomenon in various markets has long been identified by economists and policy makers however the unpredictability of crashes still remains. Sornette et al. (1996) proposed that during a speculative bubble, asset prices increase as a power law decorated with log-periodic fluctuations leading to a critical point that describes the beginning of the new market regime. In this study we focus on bubble behavior of the US energy market by means of the LPPL models and using a long historical dataset of the three major energy prices, namely the daily US dollar crude oil price of West Texas Intermediate (WTI) and the US dollar natural gas price and also the US dollar coal price spanning from 1987:05:15\_2015:01:30. We prove that LPPL models are a useful tool in recognizing the behavior of an energy market bubble and they have predictive abilities for the critical point of bubble.

**Keywords** : Complex systems, financial bubble , log periodic power law

**HEDGING OIL PRICE RISK BETWEEN OIL IMPORTER AND OIL EXPORTER COUNTRIES, A CASE STUDY FOR TURKEY AND MEXICO**

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**Abstract**

Substantial and unpredictable movements in oil prices could harm the macroeconomic performance of oil exporting and importing countries. Some countries try to take precautions against this exposure, yet solutions have not proliferated. This paper tries to propose a mitigation solution to the adverse effects of volatility in oil market. In this regard, macroeconomic effects of oil price changes on oil exporting and importing countries are outlined first. Then, a bilateral contract between Mexico and Turkey, two oil trading countries, is drafted. The hedge model in this contract is composed of a couple of different hedge strategies which are valued via Monte Carlo simulations. The performance of proposed hedge strategies with respect to the government revenues and expenditures are calculated through three years. Results show that zero-cost collar strategy might serve as an effective protection against oil price fluctuations for both countries.

**Keywords**: Hedging, Oil Price Risk, Monte Carlo Simulation

**AN INVESTIGATION OF THE EFFECT OF OIL PRICE ON RUSSIAN ECONOMY**

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Abstract

Russian economy is heavily dependent on oil and natural gas export, as the latest figures from International Energy Agency (IEA) shows that Oil and natural gas revenues constituted 50% of Russia's federal budget revenues and 68% of total exports in 2013. Therefore a more volatile oil price can have serious implications on Russian economy. This pattern can be seen in Russia’ 4.7% average growth rate between 2001‐12 including 6.6% growth rate in the period 2001‐08. This paper examines the economic effects of oil price on Russian economy, including Gross Domestic Product (GDP), Consumer Price Index, unemployment rate, central government total revenues and Real Effective Exchange Rate using quarterly data from 1995Q1 to 2015Q3. All variables except for GDP extracted from International Financial Statistics database. GDP obtained from Goskomstat. First of all, ADF, KPSS, PP unit root tests and Zivot-Andrews unit root test allowing for structural breaks are used to characterize the properties of time series. The results show that there are bidirectional casual relationships between variables.On the other hand, it is evident that an increase in oil prices has positive impact on GDP, while an appriciation in real effective exchange rate of the ruble causes a decrease in GDP.

**Keywords :** Russian economy, oil price, time series

**THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENT AND INTRA INDUSTRY TRADE: AN EMPIRICAL ANALYSIS ON TURKEY AND EU (15) COUNTRIES**

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**Abstract**

Nowadays, the importance of intra-industry trade has increased to explain global trade more than traditional foreign trade theories. Determination of intra-industry trade indicatives which is accepted as development index of foreign trade is also important in terms of foreign trade policies. For this reason, intra- industry trade and research of the relations between directly foreign investment which is thought to be effect intra-industry trade theoretically constitutes the topic of this study. Direct foreign investment which comes to Turkey from EU(15) countries and transportation tools in foreign trade to again these countries with correlation of intra-trade industry level which is calculated for base metal industry sectors, are searched using monthly data in 2007:01-2015:10 period. While it was reached that intra-industry trade level which was calculated of base metal industry sector is granger reason of direct foreign invesment in empirical results, no causality relations was reached between intra-industry trade which was calculated for transportation tools and direct foreign investment. These correlations are tested according to variance composition, impulse response analysis and the results support granger causality test.

**Keywords** : Intra Industry Trade, Foreign Direct Investment, Granger Casuality Test

**DETERMINANTS OF FOREIGN DIRECT INVESTMENTS IN THE CEECs AFTER EU ACCESSION**

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**Abstract**

Foreign direct investments are important especially for developing countries and transition economies. This study aims to examine the determinants of foreign direct investment inflows to Central and Eastern Europe countries after the European Union accession with using panel data tests, and shows how the size of foreign direct investment changed after the European Union membership. In this paper we especially interested in the countries which are Cyprus, Czech Republic, Hungary, Latvia, Lithuania, Malta, Estonia, Poland, Slovak Republic, and Slovenia. We used the data from 1994 to 2015. We examined the determinants of foreign direct investment inflows to Central and Eastern Europe countries, and our results show that all variables employed effect FDI inflows during this period. We found that especially transition specific determinants have important power to determine the foreign direct investment inflows. And it gives some important policy implications both for Central and Eastern Europe countries and candidate countries.

**Keywords**: foreign direct investment, Central and Eastern Europe countries, policy objectives, European Union, panel data

**THE RELATIONSHIP BETWEEN FOREIGN DIRECT INVESTMENT, ECONOMIC GROWTH AND UNEMPLOYMENT IN TURKEY: AN EMPIRICAL ANALYSIS FOR THE PERIOD OF 2008-2015**

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**Abstract**

Foreign direct investment has an important role for many developing countries. Because foreign direct investment inwards may provide a positive contribution to economic growth, employment and technology. So foreign direct investment is extremely important for Turkey economy. Nevertheless, global financial crisis has affected the foreign direct investment negatively both in Turkey and in the world. In this study, the effect of foreign direct investment on the economic growth and unemployment after the global financial crisis in Turkey has been analyzed. The analysis used quarterly data from the period 2008-2015, the ADF unit root test, the PP unit root test, stationary, test, impulse-response analysis, variance decomposition and Granger causality tests, has been applied. As a result, in parallel similar studies in the literature, it has been observed that foreign direct investment has a positive impact on economic growth and unemployment. The other words, the increase in foreign direct investment not only trigger economic growth but also decrease unemployment by creating employment.

**Keywords**: Foreign Direct Investment, Economic Growth, Unemployment, Turkey, VAR Analysis

**FDI, INDUSTRIAL PRODUCTION AND ECONOMIC GROWTH; A CASE FROM EGYPT**

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**Abstract**

The present study investigates the interaction and association between foreign direct investment, industrial production and economic growth in Egypt that is one of the biggest economies among North Africa and Arabic countries. The considered time horizon is covering 1977-2011 periods due to the availability of data. Time series methodology is utilized to capture the aim of the study. Variables are found to be at the same order I(1) and Johansen cointergration test confirmed the long run equilibrium association between the variables, hence, granger causality method employed to reveal the direction of the long run relationship between the variables whereby, the result revealed a unidirectional causality running from FDI and Industrial Production to Economic Growth.

**Keywords**: FDI; industrial production; economic growth; Granger Causality; Egypt

**THE IMPACT OF BILATERAL INVESTMENT TREATIES (BITS) AS A POLITICAL RISK MITIGATOR ON ATTRACTING FOREIGN DIRECT INVESTMENT (FDI)**

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**Abstract**

This study tries to explore the role of BITS as a type of International Investment Agreements (IIAS) on protecting cross- border investment and global operation businesses. The study asks whether or not BITS mitigate political risks among countries solicitous of this type of agreements and whether they stimulate FDI to host countries. Several efforts have presented in this field of study through examining many variables that affect the relationship between BITS and FDI. This study reveals about the different results have extracted in this field of literature.

**Keywords**: Risk Management, International Investment Agreements (IIAs), Foreign Direct Investment (FDI)

**TÜRKİYE'DEKİ SİSTEMİK ÖNEME SAHİP BANKALARIN KANTİL REGRESYON KULLANILARAK CoVaR (KOŞULLU RİSKE MARUZ DEĞER) YÖNTEMİ İLE TESPİT EDİLMESİ**

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Bu çalışmanın amacı Türkiye’de faaliyet gösteren bankaları sistemik risk açısından analiz etmek ve sistemik öneme sahip bankaları tespit etmektir. Türk finansal sektörü incelendiğinde sektörün ulaştığı aktif büyüklüğün yaklaşık %75’lik kısmını yedi büyük banka oluşturmaktadır. Çalışmada halka açık olan beş büyük bankanın verileri incelenmiştir. Çalışma 2010-2015 dönemini kapsamakta olup söz konusu bankaların haftalık aktif getiri oranları, haftalık BIST100 getiri endeksinden hesaplanan getiri değişim oranları ve sermaye volatilitesi (her ayda 21 gün baz alınarak BIST100 endeksinin 21 gün üzerinden aylık standart sapması olarak hesaplanan ve Borsa İstanbul A.Ş. tarafından yayınlanan tarihsel volatilite değerleri) değişkenleri kullanılmıştır. Finansal kuruluşların sistemik riskini hesaplamada Koşullu Riske Maruz Değer (CoVaR) yaklaşımı ele alınmıştır. Öncelikle, çalışmada yer alan beş büyük bankanın riske maruz değeri (VaR) ve koşullu riske maruz değerleri kantil regresyon yöntemiyle tahmin edilmiştir.  Sonrasında ise, çalışmada yer alan bankaların sistemik riski hesaplanmıştır.

**Anahtar Kelimeler:** sistemik risk, koşullu riske maruz değer (CoVaR), riske maruz değer (VaR), kantil regresyon.

**CARRY TRADE (ARA KAZANÇ) STRATEJI VE BELIRLEYICILERI ÜZERINE BIR ÇALIŞMA**

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Küreselleşme, yurtiçi finansal gelişmelerde uluslararası piyasa aktörlerinin de belirleyici rollar üstlennemesine neden olmaktadır. Bu piyasa oyuncularının getirilerini atırmak yolunda düşük maliyetli (düşük faizli) para birimleri cinsinden borçlanmaları ve bu fonları getirisi (faizi) yüksek olan başka ülke para birimi cinsinden plase ettikleri ve carry trade (ara kazanç) olarak adlandırılan yatırım stratejisine imkan tanımaktadır. Ayrıca, özellikle küresel likidite bolluğu ortamında (küresel kriz öncesi oluşan great moderation dönemi ve küresel krizi sonrası gerçekleşen para politikası uygulamaları döneminde) başta gelişmiş ekonomilerde faiz oranlarının tarihsel düşük düzeylerde seyretmesi, gelişmekte olan ekonomilere yönelik carry trade stratejilerini teşvik eden bir ortam yaratmıştır. Bu çalışmada 2011 sonrası dönemde söz konusu yatırım stratejinin belirleycilerini çeşitli gelişmekte olan ülkeler için ve Türkiye’de yurtdışı yerleşiklerin portföyü üzerindeki etkileri incelenmektedir.

**Anahtar Kelime**: Carry Trade, Ülke Riski, Faiz Oranları

**EVALUATION OF TOURISM EFFICIENCY BY MALMQUIST DATA ENVELOPMENT ANALYSIS: A CASE STUDY OF CITIES IN TURKEY**

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**Abstract**

Tourism is the basis of economic and cultural development. Therefore, tourism efficiency is an important indicator of a country’s development. In this study, we have compared the performance of a number of Decision Making Units (DMUs) that operate at a particular point in time. There are at least two ways of using Data Envelopment Analysis (DEA) in a time series mode : Window Analysis and Malmquist Productivity Index (MPI). We analyzed the efficiencies using DEA method and MaxDEA software to calculate and rank the overall tourism efficiency of the cities in Turkey. Then, we used MPI to calculate and rank the change of tourism efficiencies of all cities in Turkey from 2005 to 2015. Data were collected via the annual tourism statistics of the cities and the Ministry of culture and tourism website. Annual data were collected for the period of 2005-2015. The findings provide a new perspective for tourism research and management practice in Turkey.

**Keywords** : Malmquist Index, Tourism, Time Series, Efficiency

**LACK OF STANDARDIZATION IN SUKUK MARKET**

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**Abstract**

Sukuk market has been growing very fast in recent years. But some challenges hinder the development of sukuk market. As one of the challenges, lack of standardization in sukuk documentation and Sharia interpretation regarding sukuk makes secondary market thin, increases the uncertainty in sukuk market, and boosts issuance cost of sukuk. Hence, both sukuk issuers and investors shy away from sukuk market and so sukuk market is at the dead end nowadays. Although some countries and international regulatory institutions have been making an effort to standardize the sukuk market, lack of standardization problem hasn’t been solved completely. Thus, ,n this study it is offered to establish a unified-international Sharia which have binding rules and standards to guide sukuk market. Following the establishment of this Sharia board it is expected to have more standardized and developed sukuk market in near future.

**Keywords:** Sukuk, Standardization, Islamic Finance.

**TÜRKIYE’DE İSTIHDAMIN KUŞAKLARA GÖRE ANALIZI**

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**Özet**

Bu çalışmada Türkiye’de kuşaklara göre istihdam üzerindeki yaş, kuşak ve yıl etkisini incelemek için kohort analizi yapılmıştır. Analize göre istihdam üzerinde yaş, yıl ve kuşak etkilerinin varlığı tespit edilmiştir. Çalışmada kuşakların ayrıntılı tanıtımı yapılmış ve kuşaklar doğum yıllarına göre ayrıştırılmıştır. Ayrıca kuşakların toplam nüfus içerisindeki payı tespit edilmiş, işgücü ve istihdam içerisindeki payları incelenmiştir. Kohort Analizi ayrıntılı bir şekilde ele alınarak incelenmiştir. Bununla birlikte uygulama örneğinde 1990, 1995. 2000, 2005 ve 2010 yıllarına ait TÜİK verileri kullanılarak Türkiye’deki istihdam yapısı incelenmiş ve Beaudry-Lemieux modeli kullanılarak istihdam üzerindeki yaş, kohort(kuşak) ve yıl etkileri tespit edilmiştir.

**Anahtar Kelimeler:** İstihdam, Kohort Analizi, Baby Boomer Kuşağı, X kuşağı, Y Kuşağı

**EXPLORING THE ROLE OF THE STAGES OF DEVELOPMENT ON THE EFFECTS OF INSTITUTIONAL QUALITY ON ECONOMIC GROWTH**

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**Abstract**

This study explores the role of the stages of development on the effects of institutional quality on economic growth, using annually data from 2006 to 2014. Estimation results show that institutional quality does matter and has statistically positive significant impact only on economic growth of innovation countries. Furthermore, the results of investor protection sub-indices show that only the liability index is statistically significant and it is one of driving forces behind the economic growth of innovation-driven countries. The results maintain their significance and consistence by using two-stage least squares (2SLS) estimation methods

**EFFECTS OF VOLATILITY ON ECONOMIC GROWTH:**

**EVIDENCE FROM THE EUROPEAN UNION**

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**Abstract**

In this paper, the relationship between volatility and economic growth for the period from 1970 to 2015 is examined. Panel data analysis for the European Union countries is used. At the literature net economic growth effect of volatility is ambiguous. Firstly, the factors which are gradually affect the economic growth and estimate the model are determined. This paper also contributes to the literature by focusing on how volatility affects economic growth and gives some policy implications. It is found that economic growth is lower in the presence of volatility at the European Union countries. This shows that smoother fiscal policy is crucial for the stable economic growth. Uncertainty effects economic growth negatively.

**Key words:** volatility, economic growth, European Union, panel data

**MEASURING THE DEVELOPMENT LEVEL AND THE PERFORMANCE OF COUNTRIES ON ACHIEVING MILLENNIUM DEVELOPMENT GOALS**

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**Abstract**

In this study, poverty and development terms are analyzed by using not only monetary (per capita income) but also non-monetary indicators within a multi-dimensional perspective of Millennium Development Goals (MDGs). A multi-dimensional MDGs index is created by considering the average of 44 indicators, 19 targets and 8 goals related to 187 countries (covered also by the Human Development Index-HDI) for the period of 1990-2015. MDGs index is the most multi-dimensional development index in the current literature. In this study, sub-indexes for every indicators, targets and goals are also available. In addition to this, the development level and the performance of the selected countries on achieving the MDGs are measured. The results are also compared with other indexes such as the HDI. The useful and applicable recommendations are given as to the effective use of funds and implementation of necessary selective policies by both international funding organizations and decision makers of the beneficiary countries to implement.

**Keywords:** Millennium Development Goals, Non-Monetary Indicators, Quality of Life, Emerging Markets, Poverty, International Organizations, Human Development Index, Public Expenditures.

**CAUSAL INTERACTIONS BETWEEN ECONOMIC GROWTH, INFLATION AND STOCK MARKET DEVELOPMENT: THE CASE OF TURKEY**

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**Abstract**

This study investigates the long run equilibrium and causal relationship between economic growth, inflation and stock market development for the case of Turkey between the years of 1993-2015 by adopting quarterly data. The long run equilibrium relationship among economic growth, inflation and stock market development is revealed using the bounds test under autoregressive-distributed lag (ARDL) mechanism. The Toda–Yamamoto (1995) causality test results imply that there is a bidirectional causal relationship between economic growth and stock market development. Our findings suggest that when there is a change in stock market development, there is a change in economic growth and vice versa. Therefore, economic growth is stock market development driven in Turkey. On the other hand, there is a unidirectional causal relationship running from inflation to stock market development. Our causality test results also indicate that inflation and economic growth are the determinants of stock market development and inflation has an indirect impact on economic growth via stock market development for the case of Turkey.

**CAPITAL MARKET-GROWTH NEXUS: EVIDENCE FROM TURKEY**

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Despite rising negative perceptions after global financial crisis, the linkage between capital market and growth is still priority for policy makers in developed and emerging countries. The aim of the study is to explore capital market and growth nexus over the period of 2010:1 and 2016:7 for Turkey by utilizing innovative methodologies. We find that stock, corporate bond, mutual fund, and pension funds have positive but weak contribution to the growth in Turkey.

**COMMON CURRENCY UNIT FOR GULF COOPERATION COUNCIL:**

**IS IT FEASIBLE?**

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**Abstract**

Common currency has been a common cry for over a century, starting from John Stuart Mill (1894), and the common currency unit received its inception through the debut of Euro for the European economic zone in 1999. Robert Mundell’s classic work (1961) gave the final push for Euro thirty eight years later. Further interest evolved since the birth of Euro, and Gulf Cooperation Council (GCC) has become a nesting place for another common currency unit since 2005, or one may contend since 2010. This work attempts to examine the feasibility of creating a common currency unit for GCC members. Euro is a fixed-share structure of component national currencies. Here we re-take the same view and further extend flexible share structure with the central zonal bank. The paper also tries to correct some misgivings that came into being in the existing literature.

**ASYMMETRIES IN MONETARY POLICY REACTION FUNCTION AND THE ROLE OF UNCERTAINTIES: THE CASE OF TURKEY**

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We analyze the effects of inflation and growth uncertainty on the monetary policy reaction function of the Central Bank Republic of Turkey (CBRT), considering possible asymmetries in the reaction function over the business cycle. We follow Bec et al.’s (2002) approach in order to specify an asymmetric reaction function suggesting that central banker interventions are influenced by business cycles. Our results reveal that the CBRT has asymmetric preferences. We find that the CBRT targets inflation stabilization both in recession and expansion periods. Moreover, the CBRT reacts more aggressively to any inflation gap during recessions than during expansions. On the other hand, the CBRT tries to smooth fluctuations in output both during recessions and expansions. We further discover that the CBRT reacts to inflation and growth uncertainties more aggressively in expansion periods.

**Keywords**: monetary policy; reaction function; uncertainty; asymmetry; business cycle

**THE RELATIONSHIP BETWEEN EXCHANGE RATE AND INFLATION: THE CASE OF WESTERN BALKANS COUNTRIES**

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**Abstract**

The paper investigates empirically the relationships between exchange rates and inflation in Western Balkans countries. Exchange rates have played a significant role in the macroeconomic stabilization in Western Balkans which are characterized by the low inflation rates and stable domestic currencies. The literature on the transition countries has recently focused on exchange rate as a shock absorber and downplayed its costs to macroeconomic stabilization. However, the decision to apply a different exchange rate regime depends on the costs and benefits in giving up an exchange rate instrument. With this in mind, the objective of this study is to determine whether fixed exchange rates play a significant role in the inflationary performance or whether flexible exchange rates perform as a better shock-absorbing instrument in the Western Balkans. The result reveals that an exchange rate is still the main source of the inflationary pressures in the Western Balkans countries. Thus policy makers must weigh the relative costs and benefits associated with introducing a flexible exchange rate in small open economies because such regime is likely to incur more costs than benefits.

**Keywords**: Transition economies, Western Ballkan countries, Exchange Rate, Inflation

**PROFITABILITY FORECAST WITH USE OF META MODEL APPROACH: THE CASE OF ASSESSMENT OF INVESTMENT PROJECT IN BANKING**

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**Abstract**

In the new banking projects the main effect of the investment, and the key success factor is a customer portfolio which brings value. Therefore it is important to estimate the profitability of current sell of newly projected banking products. Among the products offered by retail banks particularly there are considered loans with fixed maturity. In this case creating value of new project means building the so-called credit portfolio with structured risk and profitability. The key issue related to the practical application of the financial profitability forecast model is the ability to quick and possibly the most comprehensive way of reporting outputs. The credit portfolio is assessed with use of complex financial model which is hard to implement in reporting everyday ongoing business. In the paper there is considered metamodel approach. The metamodel is simplified version built with the use of the dataset of inputs and outputs of the complex model. The key benefit of the metamodel approach is that it is possible to reach the desired prediction accuracy faster than by the initial model. What is more it is much easier to apply the metamodel to automatic reporting in information management system.

**Keywords** : profitability forecast, banking, metamodel approach

**PROMOTING TURKEY’S DEVELOPMENT: THE ROLE OF ISLAMIC FINANCIAL INSTRUMENTS**

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**Abstract**

Turkish financial sector has grown and got stronger in the last decade owing to the measures taken by the government after the financial crisis in 2001, however, there are still some structural weaknesses in the Turkish economy which hinder it from achieving sustainable growth in the long-run. Low savings rates and relatively underdeveloped banking sector are two important challenges which also represent an opportunity. Taken together, they point to the importance of the financial sector as a way to deal with low saving rates. With the right kind of policy support, the financial sector could provide new financial instruments compatible with the socio-cultural structure of Turkey, where 99% of population is Muslim. After assessing all aspects of the potential implementation of Islamic financial instruments to the Turkish financial industry and considering the successful implementations in other countries and including all stakeholders to the process, it seems that it could be possible, with some careful adaptation, to employ Islamic financial instruments as a tool to increase the domestic saving rates in Turkey. However, since there are numerous institutions involved in this policy implementation, collaboration among these institutions is a must for the success of this policy. This study will determine policy issues related to issuing Islamic financial instruments to the Turkish financial system. For this aim, we will first analyze the rationale behind issuing Islamic financial instruments. Then, after underlining the importance of insufficient financial instruments for both savers and investors in the Turkish financial system, we will present some brief information about Islamic finance and touch on relative advantages of Islamic financial instruments over the conventional instruments, together with the some challenges in this field. After determining the stakeholders of this policy, we will assess the cost of implementing this policy considering the risks in the implementation process.

**Keywords**: Islamic finance, Sukuk, Islamic financial instruments, financial exclusion

**THE PERFORMANCE OF HEALTH CARE SECTOR: THE CASE OF OECD COUNTRIES.**

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**Abstract**

The analysis of health care sector tends to be very complicated and requires detailed financial and economic data. However, it constitutes a very important aspect of each countries functioning that should constantly be improved. The effectiveness of health care can be analysed both on macro- and microeconomic levels and it is widely performed in the literature. The popularity of this analysis is connected with the fact that the protection of patients’ health and life constitutes the priority of all health care systems and, as a consequence , of all countries.

The aim of the article is to examine and analyse the effectiveness of health care sector performance of OECD countries. For the purpose of this article the analysis on macroeconomic level was carried out. The performance evaluation of the countries in question covered years 2009-2014 and was based on factors concerning four different areas: health expenditure and financing, society’s health, health care resources and healthcare utilization. The article does not only summarize the performance of health care sectors dynamically but also points out those countries which health care sectors constitute benchmarks for other countries. The research results are very important in the context of constant improvement of quality of health care services. The main source of data presented in the article originated from publicly available databases of international organizations such as WHO and OECD. For the purposes of the paper, a non-parametric method for testing the economic effectiveness of units (Data Envelopment Analysis) has been applied in health care environment. This method has gained a wide acceptance in recent years due to the ability to deal with multidimensional nature of variables. What is more, it is more and more often used as a tool for comparing performance of units in health care sectors.

**Keywords**: health care systems, performance evaluation, Data Envelopment Analysis

**SUSTAINABILITY OF PUBLIC DEFICITS AND DEBT IN TURKEY**

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Sustainability is an accomplishment of governments on the administration of their responsibility on public expenditures for today and future according to budget policies. Sustainability of debts points out if the goverment has power to cover the entire budget deficits and its own debts or the debts are much bigger than goverment can cover. In another words sustainability of debts help us to be able to measure the possibility of insolvency of goverment. If a goverment is trying to cover its continuous budget deficits with run up debts, this policy will cause rapid increasing in borrowing costs and interest rates and finally this kind of borrowing policy will be failed. On the another hand, increasing in the rate of budget deficit per national revenue will affect negatively the main macro economic variables and the expectations which have a very important role on sustainability. In this paper sustainability of debt and public deficits in Turkey after 2006 is investigated by cointegration with breaks and nonlinear unit roots.

**EMPLOYMENT RELATIONS CHALLENGES IN PUBLIC SECTOR. EVIDENCE FROM EUROPEAN MEMBER STATES**

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***Abstract***

The current challenges of the European public sector employment relations are directly related to the external market forces, to the necessity of re-inventing the traditional configuration, and a pre-existing trend of introducing the private sector human resource management practices in the public sector. Practices as variable individual pay, performance-related-pay, working time, recruiting and selection systems, and social dialog was parts of the reforms plans of the governments after the world crises. Measures as wage freezes, reducing the expenditure, reduction of staff and wage cuts was taken by the European governments in order to improve cost effectiveness and diminish the negative impact of the world crises. Our paper aims to identify the changes in the European public sector employment relations as a response to the governmental measures and the effects at the country level. Countries like Romania, Portugal, Hungary, Lithuania, Latvia, Greece, Ireland, Estonia implemented radical solutions and didn’t adopted the social dialog as a measure to increase the citizens confidence. Other countries like Denmark, Germany, France, the Netherlands, Finland, and Sweden have taken measure as pay freezer, limit on recruitment plan, and social dialog was a path to negotiate with the unions. The Romanian public sector employment relations were confronted with serious limitations in terms of cut wages and freezing the accession in the system for the period 2008-2014.The methodological approach will follow the European Commission Reports, OECD database, Romanian National Institute of Statistics. Even if the concrete measures was taken by the majority of governs, the pressures on public budgets remains and the economic recovery take time. In this regard, the European public sector employment relations remain strained and need a re-interpretation of bureaucratic tradition.

**Keywords:** employment, social dialog, wage, reform

**APPLICATION OF DESTINATION BRAND EQUITY MODEL AS AN ECONOMIC DEVELOPMENT TOOL**

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**Abstract:**

Destinations try to create a “brand” to get more income and develop economically by branding their destinations or cities both in Turkey and in the world. Investors and foreign tourists can generally be the target group for cities or destinations. These target groups in other words market segments are seen as an important resource for economical development. In the related literature, Asplund and İlgüner propose various ways of branding a destination such as focusing on historical and cultural assets, natural beauties, skills and etc. According to Asplund and İlgüner’s approach, a destination can brand itself and develop economically by benefiting from one of those components. Each destination can preserve their existing market position and create branding strategies for the future by using “destination brand equity model”. Destination brand equity model can be used as a decision support tool for marketing and branding destinations. In this research, the “natural beauties” component of Asplund and İlgüner’s approach is taken into account and a destination brand equity model is applied for Uludağ destination, which is known as the capital of winter tourism in Turkey. Destination brand equity model is tested by means of structural equation modeling. Structural equation modeling results indicate that various brand equity dimensions have important impacts on destination brand equity. According to the modeling results, marketing and branding strategies are proposed for economical development of Uludağ and Bursa region.

**Keywords**: Destination Brand Equity Model, Economic Development, Uludağ.

**EXAMINING THE RELATIONSHIP BETWEEN INFLATION RATES AND IMPORT: AN EXAMPLE IN TURKEY**

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**Abstract**

Import and inflation rates are crucial macroeconomic measurements for a country. Also there is a significant relationship between them. Econometric analysis are suitable tools for analysis this type of macroeconomic datasets. In this study we examined this relation using time series analysis techniques for Turkish economy. We applied stationary, causality and co-integration analysis. Specifically we applied Dickey-Fuller stationary, Johansen cointegration and Granger causality tests. Our experimental results demonstrate the level and way of the relationship between Turkish inflation rates and imports. The implementations were carried out with R software.

**INTERACTIONS BETWEEN FINANCIAL SECTOR DEVELOPMENT AND INTERNATIONAL TRADE OPENNESS ON THE SIZE OF UNDERGROUND ECONOMY: EMPIRICAL EVIDENCE FROM EUROPEAN UNION COUNTRIES**

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**Abstract**

This paper investigates the empirical relationship between the development in the financial sector and international trade openness concerning the size of underground economy in 20 EU (European Union) Countries. In the first stage, the size of the underground economy will be estimated by using MIMIC model approach. In the second stage, panel data analysis will be conducted using the period of 1994 to 2014, in order to examine the effect of the financial sector development, trade openness and interest rate on the size of the underground economy. To reach the feasible policy implications, the results were obtained using robust fixed-effects estimation which control heteroscedasticity whilst using fixed-effects estimation with Driscoll and Kraay standard errors to control cross-sectional dependency. The main findings of this paper suggest that the financial development and trade openness decrease the size of the underground economy while interest rate increases it.

**Keywords**: Financial Sector Development; Trade Openness; Underground Economy; MIMIC Model Approach; Panel Data Analysis; European Countries.

**OUTWARD DIRECT INVESTMENTS OF TURKISH FIRMS**

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**Abstract**

In the post-2000 period, outflow foreign direct investments (oFDI) from Turkey have increased remarkably as in many other developing countries. While oFDI from Turkey was about 4,5 billion USD in 2001, it reached to 33 billion USD in 2014. The aim of this study is first to examine a descriptive analysis of dimensions and evolutions of oFDI from Turkey. Second is to provide evidences behind the motivation to invest abroad. The third is to explore the factors determining the decision of the firm to invest in a specific country. This research is the first attempt aimed to explore especially the determinants of country selection of Turkish outward FDI at the firm level by using discrete choice models. In this research, we obtained the primary data on 299 outward investments and investment making firms operating in manufacturing, wholesale and retail trade, transportation and storage, and information and communication sectors by conducting in-depth interviews. Our descriptive findings based on the secondary data obtained from Turkish Treasury (2014), Central Bank of Turkey (2015) and UNCTAD (2015) show there are 2321 Turkish investments located in 110 different countries as of 2014. Our findings based on the interviews with 299 investments made in abroad show that 60% of the investments are green-field. We found that 68% of the investments were made in developing countries while the developed countries attracted only 32% of Turkish investments. Our findings show that the main motivation of Turkish firms investing in other counties is willingness to reach to the larger markets (77%). Our econometric findings show that the size of the firm making outward investment is a significant factor in selecting developed countries to invest. Willingness to differentiate the market and strategic assets oriented factors are the main factors in choosing developed market to invest for the firm operating in manufacturing industry. The firms in wholesale and retail sector chose the developed markets due to their limited growth opportunities in domestic market. Finally, while willingness to avoid from tariffs has no significant impact on the probability of investing in developed countries (including EU countries), it increase the probability of investment in the member countries of Shanghai Cooperation Organization.

**Keywords:** Outward Foreign Direct Investment, outward FDI, Probit, Logit, Turkey.

**DO PRESS RELEASES PROVIDE NEW INFORMATION?**

**THE CASE OF BRITISH PETROLEUM‘S DEEPWATER HORIZON OIL SPILL**

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**Abstract**

This study evaluated the informational content of press releases and press conferences using the British Petroleum’s 2010 Deepwater Horizon oil spill incident in which the company gave 52 press releases or press conferences in the 87-day event. The results show that, on average, the market reacted negatively to the news releasing events (press releases or press conferences). The average abnormal return was -0.67% with a t-value of -4.573 which was significant at the -0.01 (two-tailed test). This suggests that new releasing events contained new information which was perceived to be detrimental to the company. Contrary to the popular myth that “there is no news as bad news”, there is indeed “bad news”, at least, in the world of investment and corporate finance.

**SATISFACTION WITH DEMOCRACY IN LATIN AMERICA: DO THE CHARACTERISTICS OF THE POLITICAL SYSTEM MATTER?**

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**Abstract**

This paper analyzes the impact that the rules and characteristics of the political system have on satisfaction with democracy in Latin America. Using individual level survey data provided by Latinobarometer and controlling for both personal characteristics and macroeconomic variables, we find that the rules and characteristics of the political system do matter: Satisfaction with democracy is higher in countries that use a proportional electoral rule for choosing the legislature, where voting is not enforced, and in countries with a federal system. The age of democracy has a negative impact on satisfaction with democracy while the electoral rule used to choose the president does not matter. On the economic side, we find that personal assessments of the economy impact more on satisfaction with democracy than actual macroeconomic data.

**Keywords:** satisfaction with democracy, Latin America, electoral system

**EVOLUTION OF CORPORATE REPORTING – THE CASE OF POLISH LISTED COMPANIES**

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**Abstract**

An ever growing interest in enhancing corporate disclosure and transparency has been observed in recent years. Apart from capital markets participants a variety of other stakeholders are interested in corporate communication and its quality. To meet growing disclosure users’ expectations a number of new approaches to corporate reporting has been proposed in recent years. In particular, different types of non-financial reporting (social, environmental, integrated) are gaining attention. They are intended to complete company’s picture in terms of its performance and impacts made. Most of those propositions result in guidelines and recommendations, which then can be voluntarily applied. It is therefore interesting to investigate to what extent companies recognize and introduce new disclosure approaches into their reports. The paper aims to present the evolution of corporate annual reporting through years 2001-2013 on a sample of Polish listed companies. Own disclosure index regarding financial and non-financial information was used to measure corporate reporting level. Quantification of transparency allowed to point areas, in which companies tend to follow the stakeholder’s expectations and enhance their disclosures. The analysis also revealed disclosure types, that companies seem to be reluctant to improve.

**Keywords** : non-financial reporting, corporate disclosure, corporate reporting

**MODELING THE NONLINEAR DYNAMICS OF THE TURKISH UNEMPLOYMENT RATES**

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**Abstract**

This study utilizes the smoothed regime probabilities that are obtained from modeling the Regime-Switching Dynamics of the Turkish Unemployment Rates. The paper analyzes the dynamic behavior of the unemployment rates and compares its relationship with the financial instruments for each different documented regime in the study. The model parameters are estimated using EM algorithm together with the nonlinear filter to provide the maximum likelihood estimates without imposing any a priori restrictions on model parameters and infer the states through statistical estimation for the Turkish unemployment rates.

**ESTIMATING THE CONSTANT ELASTICITY OF SUBSTITUTION FUNCTION OF RICE PRODUCTION.**

**THE CASE OF VIETNAM IN 2012.**

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**Abstract**

Vietnamese rice production has achieved remarkable success over last decades. By the land and market reforms, known as “Doi Moi”, in which there were noticeable changes in policies such as land and production system were transformed from collective to individual contract system in 1980s, the process of legally privatization of farm properties, huge investment in irrigation system, Vietnam made progress in rice production. The country not only ensured its domestic demand but also started exporting rice and gradually became the second largest exporter in the world. An estimate of the constant elasticity of substitution function (CES) for Vietnam’s rice production is essential for the government to design effective policy on agricultural production. This study makes the first attempt to estimate the nested CES model for Vietnam rice production in 2012. The paper finds that the elasticity of substitution of Vietnam's nested CES model lies between 0.44 to 0.46. The results indicate that the weak substitutability between land and the nest (labor, capital) in the nested CES model. The paper also provides empirical evidence that the nested CES structure in which capital with land are nested inputs and labor plays a role as the third input is rejected. This suggests that it is impossible to take labor as the substitutable factor for land and capital. The findings would partly contribute to design the Vietnam’s effective policies on rice production with the appropriate allocation of inputs factors in order to achieve the optimal output.

**Keywords:** Constant Elasticity of substitution, Levenberg-Marquardt method, Vietnam, rice production.

**THE EFFECTS OF DIGITAL ECONOMY ON PRODUCTIVITY: A DYNAMIC PANEL DATA ANALYSIS**

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**Abstract**

Digital economy has been a hot topic in recent years. It puts knowledge into the epicenter of the production process and builds an efficient production system by employing information and communication technologies. Smart factories are expected to dominate future production trends and increase productivity with aspects such as cyber-physical systems, cloud computing, big data, and internet of things. In this study we examine the determinants of productivity growth in G7 economies with a special focus on digital economy. In this respect, we employ the dynamic common correlated effects mean group (D-CCEMG) estimator proposed by Chudik and Pesaran (2015) using data over the 1998-2014 period. It is found that digital economy significantly improves productivity where the magnitude differs greatly among individual countries. Traditional determinants such as education, health and R&D also have a positive effect on productivity. Our results indicate that promoting digital economy is an effective way to stimulate productivity growth and have important implications for policy makers.

**SHORT TERM INVESTMENT BEHAVIOR OF TURKISH MANUFACTURING SECTOR: EVIDENCE FROM BIST QUOTED FIRMS**

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**Abstract**

Short termism is a key thought for investment, especially in countries in which uncertainty in economic & financial markets is high and not foresighted. In this paper, for 142 manufacturing firms, which are quated in Borsa Istanbul (henceforth BIST), the relation between short term behavior and investment is investigated by using Panel Vector Autoregressive method between 2005 and 2015. The data are quarterly BIST data. I establish an investment function which is defined as I=f(stdt, m, s) where I, stdt,m and s denote investment, short term debt, mark-up rate, and sales. All the variables are deflated by whosale price index, and except mark-up, scaled by lagged capital stock. Obtained findings show that short term debt has played significant role for investment decision in Turkish manufacturing sector.

**Keywords:** Investment, short term debt, Turkish manufacturing sector

**CONSUMPTION AND INCOME INEQUALITY IN TURKEY**

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**Abstract**

In recent inequality literature the argument that consumption is more appropriate measurement rather than income to calculate inequality between households has been gaining increasing attention. From this perspective, in this study the magnitude and trend of both income and consumption inequality between Turkish households are analyzed by calculating Gini, Mehran, Piesch, Kakwani, and Theil indices using the Household Budget Survey data provided by TURKSAT for the period between 2003 and 2014. The main finding obtained from this study is that consumption inequality indices are more equal than indices of income inequality. This result supports the growing literature argued that consumption is more reliable source to measure inequality between households.

**Keywords**: Inequality, Income, Consumption, Households, Turkey.

**A COMPARISON OF MCMC CONVERGENCE DIAGNOSTICS AND GOODNESS OF FIT INDEX FOR DIAGNOSTICS**

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**Abstract**

With each passing day, the data size increases seriously with the advancing technology. Increasing data size causes big data problem in statistical analysis. Especially in multivariate analysis, data size extends the analysis process. For instance financial data set, stock market data, commodity prices etc.. Convergence diagnostics criteria are very important in Bayesian data analysis. It is extremely important to know where the chain is located and to determine the burning period. It takes a lot of time to check convergence for each criterion. In this study, we compared MCMC convergence diagnostics and developed a goodness of fit index for convergence criteria. The applications are performed with R project and Winbugs statistical software. Our dataset consists of inflation rates for the period between 2012 and 2015 for Turkey. In goodness of fit phase, we employ the Cochran Q test. According to results, we see that each criterion suggests a different burning period and processing time. When the Cochran test was used as the cut-off point, the time required to estimate the parameter was set to a minimum. After the burning period, the required updating was also minimized.

**Keywords** : MCMC, Convergence diagnostics, Cochran test

**FINANCIAL PERFORMANCE INVESTIGATION WITH THE HELP OF THE BOOTSTRAP METHOD: AN EXAMPLE OF THE EREDIVISIE LEAGUE**

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Using Bootstrap method depends on obtaining the results from analysis that is difficult to be made manually. The importance of the method has been increased along with developing computer programming technology. In this study, with the help of the bootstrap method financial performance measures for four soccer teams being the champion in between 2005-2006 and 2015-2016 in Eredivisie League are evaluated and that of which club makes its financial performance convenient by spending consciously for criterions which UEFA determined is investigated.

**Keywords:** Bootstrap, Bootstrap Confidence Interval, Bias, Standard Error, Mean Square Error.

**FORECASTING THE TURKISH INFLATION RATE USING INFORMATION CRITERIA**

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**Abstract**

Inflation rate is a fundamental indicator for the macroeconomic structure of the countries. It is very important to obtain knowledge for the changes of the price levels in future times. Inflation rate enables to control the price levels in a country. As in several macroeconomic indicators, forecasting task is a crucial subject for the inflation rate. Because of the uncertainty of economic conditions, predicting the future observations of the inflation rate becomes very problematic. In traditional times series analysis, ARIMA type methods are widely used for the forecasting of macroeconomic indicatiors. In this study, we consider forecasting the future trend of the inflation rate in Turkey using information criteria. The applications are performed with R project statistical software. Our dataset consists of inflation rates for the period between 2012 and 2015 for Turkey. We choose Akaike and Bayesian Information Criteria (AIC, BIC) to determine the optimal models. In modeling phase, we employ the ARIMA type methods. According to results, we see that it is more accurate to utilize information criteria for obtaining more reliable predictions.

**Keywords** : AIC, BIC, ARIMA

**A DYNAMİC MODEL OF TURKİSH ELECTRİCİTY PRİCES**

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**Abstract**

We present a dynamic model of Turkish electricity prices for the period of 2010 to 2015. We fit a nonlinear function of latent excess demand to predict daily electricity prices. Our approach differs itself from pure statistical techniques, by exploring the economics behind the price movements. In this respect a latent demand function which is itself modelled as a stochastic linear function of observable variables in the electricity market is estimated and its movements along with the price prediction is demonstrated The nonlinear structure enables a time varying volatility for the electricity prices and performs better than a linear model in terms of MSFE. The estimation results suggest the nonlinearity in the reaction of the price changes to the excess demand.

**Keywords :** Nonlinear modelling, Excess demand, Electricity prices, Latent variable

**COMPLEXITY, COMPETITIVENESS AND TECHNOLOGY:**

**IS THERE A LINK?**

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**Abstract**

This study aims to investigate whether complexity, which is a function of locally available capabilities, has an impact on manufacturing competitiveness that is said to be a vital source of sustainable economic growth by triggering export and to identify the possible drivers of complexity. Differently from existing studies, the complexity based on application of network theory level has been calculated across industry-country level by using BACI database. Our high dimensional (country, industry and time) fixed effects estimation results combining UNIDO database for 65 selected countries for period of 1990-2010 show that the level of complexity has statistically significant and positive impact on competitiveness when all industries are included. If we split industries into different technological categories, however, this impact has been disappeared in medium-low tech industries, which largely consist of petroleum products, and increased in medium high and high-tech industries. On the other hand, we found that average wage, which is taken into account to test the theory of comparative advantage, has insignificant coefficient in all but high-tech industries, being in favor of Kaldor paradox. Finally, for complexity model, average wage as well as other demand and supply factors such as human capital, investment per capita, resource intensity and import intensity, elasticity of substitution and number of establishments have different significant effects and thus different policy implications even though some of them have no effect on competitiveness.

**Keywords**: Competitiveness, complexity, Kaldor paradox, capabilities

**EMPLOYEES OF STRESS LEVELS, THE EFFECT OF JOB SATISFACTION: A FIELD STUDY**

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**Abstract**

In this study, stress and the effects of these stresses on the academicians working in public hospital by taking the opinions related with the stress and job satisfaction of the academicians working in the health sector. Questionnaire method is used in the collection of the data. For the sampling of our study, academicians targeted which make duty in different department of a state hospital in Konya province of Turkey. The number of the academic personnel working in state hospital is determined as approximately 180 persons. Accordingly, this study shall be carried out over 180 persons, the questionnaire number which is required to be made by considering the Sample Sizes ( α= 0.10) table issued by Yazıcıoğlu ve Erdoğan (2004,) is determined as at least 93 with the sampling failure of ± 0.05. As the result of the examination, 113 questionnaire forms have been obtained. It is observed that the number of questionnaire which is obtained in this respect has the ability of representing the universe. The data which is collected through the scale has been recorded to SPSS 22.0 for Windows package program and the data has been analyzed. For variables, stress and job satisfaction grades; Correlation, T test, F test, simple linear regression analyses were made. The grade value of the five points Likert type items are collected in the questionnaires. The significance level of the research has been taken as p<0,05. The findings which are obtained as the result of the analysis have been commented by being converted into table in accordance with the research questions. As the result; the academicians working in state hospital always face with the stress in their professional lives. This decreases their job satisfaction. When the research- wide is considered, a correlation (relation) in negative and high level is seen between the stress and job satisfaction. No diversity of views is seen in whole demographic variables. In other words, their opinions in stress and job satisfaction factors are in the same direction.

**Keywords**: Stress, Stress Management, Job Satisfaction, Academician

**AN EXPERIMENTAL APPROACHE TO RATIONALITY OF CONSUMER BEHAVIOR**

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**Abstract**

The revealed preferences theory that is one of the approaches used to explain consumer behavior has been gaining increasing attention in the microeconomics literature in recent years. The revealed preferences theory, which has less and reasonable assumptions than classical demand theory, has begun to be empirically tested with developments in the experimental methods. In this study, the rationality of consumers' consumption behavior was tested through Generalize Axiom of Revealed Preferences (GARP) applying an experimental method on 100 subjects randomly selected in college undergraduates. As a result of the study, it was seen that 60% of the participant make choices that are consistent with utility maximization as parallel with previous studies’ results.

**Keywords**: Revealed Preferences, GARP, Rationality, Experimental Design

**THE IMPORTANCE OF EFFECTIVE SOCIOECONOMIC CONDITIONS, GOVERNMENT POLICIES AND PROCEDURES FACTORS FOR ENTREPRENEURIAL ACTIVITY:**

**(USING FUZZY ANALYTIC HIERARCHY PROCESS IN EIGHT DEVELOPING COUNTRIES)**

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**Abstract**

The aim of present research is to determine how environmental factors in terms of entrepreneurial activity can be effective in developing countries. While developing countries are becoming a renowned force in international entrepreneurship; there is a distinct need to know the most important indicators that influence entrepreneurial activities. Lately, there are many literatures about entrepreneurship, but most of them do not consider the features of entrepreneurial activity, especially in developing countries. This research evaluates some effective socioeconomic conditions and government policies and procedures indicators which influence the level of entrepreneurial activity. For this purpose, 287 individuals of population selected as sample from the case countries, thereafter, questionnaires were distributed and collected data among them. This study proposes an integrated approach of multiple criteria decision making (MCDM) method and fuzzy analytic hierarchy process (FAHP) using the pairwise comparisons between criteria to derive the true weights from a fuzzy comparison matrix. Based on the empirical results of this study, commercial and services infrastructure, opportunities to business start-up and unemployment rate have the greatest relative impact on the level entrepreneurial activity summary for the case study, respectively.

**Keywords**: Environmental factors, Entrepreneurial activity, Fuzzy-AHP model, Developing countries

**MODELLING OF DEPENDENCY BETWEEN INDUSTRIAL PRODUCTION INDEXES AND THEIR FUNDAMENTALS USING STOCHASTIC COPULA APPROACH**

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**Abstract**

Determining dependence structure among variable is an important issue in statistic literature. There are a large amount of methods to determine it. One of methods that are used commonly is the classical regression analysis. However, the method has some assumptions such as linearity between response variable and independent variables and independence of error values from each other. New approaches have been improved to avoid from assumptions of the classical regression analysis. Copulas are one of these methods. This method was introduced by Abe Sklar in 1959. In general sense, copula is a function that redefine joint distribution function $I^{2}=[0,1]^{2}$ by means of marginal distribution funcitons when random variables are dependent. Copulas have played crucial role in statistics field including probability and Markov process, nonparametric distributions and multivariate distribution theory (Nelsen, 2006). In this study we examine the dependence between the conditional volatility of the industry production index with the conditional volatility of their fundamentals: producer price index, petrol price and natural gas price.The dependence between the returns will be approached by a particular class of dynamic copula, the SCAR (Stochastic Autoregressive) Copulas, a time varying copula that was first introduced by Hafner and Manner (2012) in which the parameter driving the dynamics of the copula follows a stochastic autoregressive process and takes into account the non- linearity of the data. In consequence of the study, best fitted copulas among variables are determined in pairs. Thus and so, dependence structure among variables is exhibited by means of copulas.

**Keywords:** Dependence, Stochastic copula, Efficient importance sampling

**GÜMRÜK BİRLİĞİ VE HELSİNKİ ZİRVESİ’NİN AB ÜYELİK SÜRECİNDE TÜRKİYE VE KKTC AÇİSİNDAN DEĞERLENDİRİLMESİ**

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**Abstract**

ÖZ Avrupa Birliği ile yapılan Gümrük Birliği Anlaşması ve Türkiye’nin Avrupa Birliği üyeliğine resmi aday olarak kabul edildiği Helsinki Zirvesi, Türkiye’yi Avrupa Birliği’ne yakınlaştıran iki önemli faktör olarak görülmektedir. Fakat; Gümrük Birliği Anlaşması ve Helsinki Zirvesi’nde karşılaşılan yeni şartlar Türkiye’nin Avrupa Birliği tam üyeliğini daha zor bir duruma getirmiştir. Güney Kıbrıs Rum Yönetimi’nin adanın tümünü temsilen Avrupa Birliği’ne tam üye olması, Türkiye’nin Avrupa Birliği sürecinin daha karmaşık bir hale getirmiştir. Bu çalışma, Gümrük Birliği Anlaşmasının ve Helsinki Zirvesi’nin Türkiye’nin Avrupa Birliği üyelik sürecine ve dış ticaretine etkilerini analiz etmektir. Çalışma ayrıca, her iki anlaşmanın Türkiye ve Kuzey Kıbrıs Türk Cumhuriyeti’nin (KKTC) Avrupa Birliği adaylık süreci üzerinde yarattığı engelleri ve olumsuzlukları da ortaya koymaktadır. ABSTRACT The Customs Unions Agreement with the European Union (EU) and Helsinki Summit (in which Turkey became an official candidate country of EU) are seen as two important factors which carried Turkey closer to the EU. But the new conditions that were created by the Customs Unions Agreeement and Helsinki Summit caused the EU membership of Turkey to be a harder process. Moreover, the full membership of South Cyprus Greek Administration to the EU is accepted as one of the most important reason for causing the EU membership process of Turkey to be more complicated. The study aimed at analyzing the effects of Customs Union and Helsinki Summit on Turkey’s EU membership process and foreign trade. The study also points out the obstacles and difficulties which were created by the Customs Union and Helsinki Summit in the process of the EU membership of Turkey and Turkish Republic of Northern Cyprus (TRNC).

**Keywords:** Anahtar kelimeler: Türkiye, KKTC, AB, Gümrük Birliği, Helsinki Zirvesi Key Words: Turkey, TRNC, EU, Customs Union, Helsinki Summit

**WHAT ARE THE DYNAMICS OF CO2 EMISSIONS IN UPPER – MIDDLE INCOME COUNTRIES?**

**A CASE STUDY FOR CHINA, IRAN AND TURKEY**

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**Abstract**

The climate change and global warming is still one of the main issues in world and it is becoming overwhelmingly important as time passes. Thereby decomposing the factors of increasing carbon emissions is a useful tool to identify the roles of different contributors of those emissions and gather important hints to develop some sustainable projects. This paper deals with the carbon emissions of three different upper-middle income countries such as China, Iran and Turkey for the period 1990 – 2013 with a comparative perspective. To do this, first the decoupling factor that is developed by Zhang (in 2000) and verified by OECD (in 2002) was used to check whether there exists a decoupling between real GDP and CO2 emissions in those countries. Secondly, the logarithmic mean Divisa index (LMDI) method was utilized to identify the factors that changing the carbon emissions. Decoupling factor results revealed that 19 out of 23 periods the decoupling was experienced between real GDP and carbon emissions in China. Turkey and Iran followed China in this regard by 12 and 11 periods respectively. LMDI decomposition results showed that per capita income effect was the greatest contributor in CO2 emissions for all research countries. China achieved a remarkable success to reduce the speed of carbon emissions by improving its energy intensity, where for Turkey and especially for Iran, it is still a big problem. Empirical findings also presented that the population effect was a major determinant in Turkey’s and Iran’s emissions, where it followed a minor impact in China’s. Finally the pollution effect indicated that all research countries should reduce their carbon intensities by applying appropriate policies.

**ENVIRONMENTAL KUZNET’S CURVE FOR SAUDI ARABIA: AN ENDOGENOUS STRUCTURAL BREAKS BASED ON COINTEGRATION ANALYSIS**

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**Abstract**

The study attempts to analyse cointegrating relationship between carbon emissions, energy consumption, income and trade openness in case of Saudi Arabia using the time series data for the period 1971-2011. For this purpose, it uses the ARDL cointegrating technique to find out the long run relationships among the variables. The bounds test results indicate that there exist long- run relationships between the variables. The study also used threshold cointegrating test in order to test the environmental Kuznet’s curve hypothesis in the presence of regime shift. This study confirms existence of cointegrating relationship in case of single structural break, but for two structural break there is no cointegration among the variables. The Environmental Kuznet’s curve hypothesis does not hold in Saudi Arabia. The study does not find long run coefficients statistically significant except for trade openness.

**Keywords**: Carbon emissions, energy consumption, Threshold cointegration, Environmental Kuznet’s curve

**THE EFFECT OF ETHICAL CLIMATE PERCEPTION OF TEACHERS TO THEIR ORGANIZATIONAL COMMITMENT: A SAMPLE PRACTICE**

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**Abstract**

Nowadays, organizations are making an effort to minimize the problems that could affect productivity and performance by doing research on human behaviours. To investigate and analyse ethical climate and organizational commitment, which is the subject of the study, are important in terms of contribution of the organizations to this development. With the increase of competition in businesses, each factor of the organization has been required to be handled in a more detailed way. In particular, the human factor has become the key point of the success. A high ethical climate and high level organizational commitment is required also for those who work in education sector to increase their success and performance in the institutions they work. In this study, teachers’ perception of ethical climate on organizational commitment was investigated. The sample of the research is consisted of the teachers who work in primary and high schools of 5 districts of Konya. 337 teachers from different schools participated in this study and a survey of 67 questions were applied to the participants. Obtained data analysed, tabulated and interpreted through statistical programs.

**Keywords**: Ethical Climate, Organizational Commitment.

**SECTORAL IMPACT OF CRUDE OIL PRICE SHOCKS ON STOCK RETURNS IN SELECTED CRUDE OIL EXPORTING AND IMPORTING EMERGING ECONOMICS**.

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**Abstract.**

A general consensus in empirical literature on the significance of crude oil maintains that crude oil is the single most sought after energy source in the global energy mix contributing to economic growth and development in both crude oil exporting and importing countries. Using Markov switching models, the present study examines the sectoral impact of crude oil price shock in selected oil exporting and importing emerging market economics, namely Saudi Arabia, the United Arab Emirates, China and India. The inclusion of S&P 500 volatility index reported by the Chicago Board of Option Exchange (CBOE) to control for the impact of global factor on the dynamic switching regimes constitutes the distinguishing feature of the current study from other empirical studies. This study utilizes weekly returns observation based on the availability of data from 2003 to 2016. The econometric analysis rejects the single regime model in favour of the 2 regime dynamic Markov switching regression models. Thus, the empirical result shows that the impacts of crude oil price shock on sector return varies significantly in term of the magnitude of its impact and its effect in the dynamic switching regimes. The evidence suggest that crude oil importing countries tend to exhibit the longest duration in both stable and recession regimes compared to the crude oil exporters in the sample.

**Keywords:** crude oil; dynamic regimes; econometric analysis; exporters and importers; Markov switching; stable and recession.

**AN INVESTIGATION THE RELATIONSHIP BETWEEN THE EXCHANGE RATE VOLATILITY AND TOURISM INCOME FOR TURKISH ECONOMY**

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**Abstract**

Turkey has special coasts, touristic, historical and geographic facilities. So tourism has special importance for Turkish economy, current account deficit is serious burden for Turkey economy in recent years. Tourism receipt is an important tool for balancing the deficit and also there are several positive externatilities of tourism for Turkey economy. In this paper, exchange rate volatility and tourism receipt relationship is analyzed by theoratically and emprically for the period of 2009M1-2016M9. Exchange rate volatility is calculated by ARCH type model. After analyzing of series traditional unit root tests, the cointegration relationship between the volatility and tourism receipt is investigated by the help of The Bound Test approach and long term relationship is computed by ARDL model. According to results, tourism receipt is positively affected by exchange rate level while exchange rate volatility negatively affects the tourism receipt. But exchange rate volatility is statistically insignificant.

**Keywords:** Tourism Income, Exchange Rate Volatility, Bound Test, ARCH.

**IMPLICATION OF THE EURO SWITCH TO TOURISM REVENUE: EVIDENCE FROM SOUTH CYPRUS**

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**Abstract**

Cyprus entices more than two millions of tourists yearly that has a significant impact on the economy of this small island. On the other hand, changing currency and switching to euro (switching from Cyprus pounds to euro, i.e. euro-switch) may be expected to have significant impact on the tourism revenue in Cyprus (South Cyprus). We have gathered a monthly data set spanning the period of 2002-2013. Our paper aims to assess the relationship between exchange rate, international trade and tourism revenue before and after the euro-switch in Cyprus. A dissimilar order of integration adjusted to structural break point among the variables is confirmed. Hence, the paper employs an Autoregressive Distributed Lag (ARDL) model bound test that shows a long-run equilibrium and causal relationship from both exchange rate and international trade to tourism revenue only in the post euro-switch period. Further preliminary findings indicate that there is lack of evidence or no statistical difference between the average of tourism revenue in Cyprus before and after the euro-switch. Consequently, for the case of Cyprus and against expectations, the euro-switch seems not to have significant impact on Cyprus’ tourism revenue, which is the country’s main source of earnings as also reported by the estimation’s t-statistics. Our model suggests this finding especially with the ‘co-movement’ of tourism revenue with exchange rate and international trade during the post period.

**Keywords**: euro switch; tourism revenue; ARDL model; Cyprus (South Cyprus)

**THE EFFECT OF PROSPERITY ON INTERNATIONAL TOURISM EXPENDITURES**

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**Abstract**

This paper implements a 2SLS estimation method with fixed effects specification to study the prosperity-international tourism expenditures nexus. While studies have focused on the impact of income on international tourism expenditures, none consider the effect of prosperity on tourism expenditures. We apply panel regression analysis, using annual panel data for the sample period between 2009-2013 on 98 countries. The estimation results reveal a statistically significant relationship between tourism expenditures and prosperity, when prosperity is measured using its sub-indices including Entrepreneurship & Opportunities, Government Efficiency, Education, Health, Safety & Security, Personal Freedom, Social Capital and Economy. Education, Safety & Security, and Health are the most significant factors which affect tourism expenditures of the country of origin. Tourism policy implications are also discussed.

**Keywords:** Panel Data, Prosperity, Tourism Expenditure, Entrepreneurship, Economy, Safety, Health.

**TOURISM DEVELOPMENT AND ECONOMIC GROWTH: A PANEL CAUSALITY ANALYSIS FOR EMERGING MARKET COUNTRIES**

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**Abstract**

This paper investigates causal relationships between tourism receipts and economic growth in a sample of 16 emerging market countries. Using annual data for the period of 1995-2014, we applied panel causality analysis, which accounts for dependency and sample heterogeneity across countries. Our estimation results have generated evidence on the direction of causality, and are in line with the growth hypothesis for Brazil, Mexico and Philippines while reverse relationships were found for the China, India, Indonesia, Malaysia, Peru. The neutrality hypothesis holds for 7 of these 16 emerging market countries i.e. Colombia, Hungary, Poland, Russian Federation, South Africa, Thailand and Turkey. The feedback hypothesis also holds for Chile. According to empirical findings, tourism policy implications are also discussed for emerging market countries being studied.

**Keywords**: International tourism receipts, economic growth, emerging market, causality analysis

**EXPLORING THE PERCEPTIONS OF TOURISM STUDENTS ABOUT INDUSTRIAL CAREER: A PERSPECTIVE FROM TOURISM ECONOMICS OF TOURISM INDUSTRY**

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**Abstract**

The purpose of this study is to examine the attitudes and perceptionsof current undergraduate tourism and hospitality students towards careers in the industry. For this study, a sample of 132 undergraduate students from hospitality and tourism management programs in was surveyed in research location. SPSS Version 21 was used to explore the data. Results shows that the career factor items students haveconcerns over include job security, pay and promotion, reasonable workload, and job-family balance offered within the industry. Surprisingly, the most alarming finding to come out of this study is that more than 40% of the tourism students are undecided and not willing to work in the industry, which means the industry lose more than one third of the qualified graduates. This result is not promising for tourism economics of the industry in future. Implications for hospitality and tourism educators and industry employers are discussed.

**Keywords**: career perceptions; human resources; tourism industry; tourism education; hospitality profession.

**THE PRINCIPAL-AGENT PROBLEM IN HEALTH CARE SYSTEMS: IS IT EFFECTED BY PERFORMANCE-BASED SUPPLEMENTARY PAYMENT SYSTEM?**

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**Abstract**

Health service systems exhibit certain features which distinguish them from regular markets. One of the most important features of health care markets is the principle-agent problem that arises from information asymmetries between health care supply and demand. Accordingly, the demand for health care services is argued as a physician-led phenomenon. In Turkey, after implementation of the Health Transformation Program (HTP) in 2003, the demand and also the expenditure for the healthcare services considerably increased, but however the increase in health care supply, e.g. the physician supply, increased in slight scale. The sub reform of performance-based supplementary payment system (PBSPS), which was implemented at the beginning of 2004, is seen as the most important effect of the rise in healthcare services demand, in which the performance payments of physicians are be bound up to the output they generate. The aim of this paper is to empirically investigate the principle-agent problem for the Turkish health system, considering the PBSPS reform. The Bound test approach, autoregressive distributed lag approach (ARDL) and Kalman Filter Modelling are employed for the 1975-2013 period to examine the co-integration relationship, between the health care demand and supply in Turkey.

**Keywords**: Principal-agent problem, Health System Reforms, Bound Test; ARDL Model; Kalman Filter Method.

**DETERMINANTS OF SECONDHAND SMOKE EXPOSURE IN TURKEY: FINDINGS FROM THE GLOBAL ADULT TOBACCO SURVEY**

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**Abstract**

The Global Adult Tobacco Survey (GATS) conducted in 2008 and 2012 reveals that exposure to secondhand smoke (SHS) declined significantly. 38.5% of adults (approximately 6 million) working in indoor workplaces are exposed to SHS in 2008 compared to 15.6 % (2.4 million adults) in 2012 while 59.7% of adults (approximately 30.5 million) are exposed to tobacco smoke at home in 2008 compared to 38.3% of adults (20.8 million adults) in 2012. In order to reduce smoking rates and prevelance of exposure to seconhand smoking, a National Tobacco Control Action Plan (NTCAP) was implemented by Turkey for the years 2008-2012. The aim of this paper is to evaluate the relationship between sociodemographic determinants and exposure to secondhand smoke as well as to see the effects of indoor smoking ban regarding these determinants for the years 2008 and 2012. For this purpose we use the GATS data conducted by the Turkish Statistical Institute (TurkStat). We first apply logit models to analyze the main factors associated with passive smoking. Next, we decompose these determinants of passive smoking according to the place of exposure (at home, in the workplace, in restaurants and bars etc.) using an extended Blinder-Oaxaca decomposition method for nonlinear regression models.

**Keywords**: Turkey, secondhand smoke exposure, Blinder-Oaxaca decomposition, smoke-free policy, nonlinear regression models, GATS

**WHY THE TURKISH PPP CONTRACTS IN HEALTHCARE FACE DIFFICULTY TO ACHIEVE PRIVATE FINANCE**

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**Abstract**

Turkish government has launched a remarkable healthcare reform when the Health Transformation Programme (the HTP) was embraced in 2003 which is, among others, intended to increase the number of modern hospital beds through the construction of new hospitals as well as the renovation of existing health facilities. PPPs have been touted by the higher decision makers as viable means of delivering health facilities as well as other infrastructure services involving transport, energy and school. In theory, a PPP contract may become more value for money than a traditional procurement funded by the public finance, because the former’s design and construction are based on whole-life-cost. Further, it can accelerate the provision of large-scale infrastructure investments in the absence of public funds. In this respect, the first PPP enabling law in the healthcare was enacted in 2005 and a more comprehensive PPP legislation took place to meet disruptions encountered in practice in 2012. The Turkish PPP model in the healthcare enables the private sector to design, finance, construct a new facility -or modernize an existing facility- and operate this facility for a long time in return for the fixed service charge with the ability to make deductions if contractual expectations are not met. Despite the lucrative service fees as well as other generous government contributions in the form of tax deductions and the debt assumption of the government in the case of the failure of private partner, no-PPP project in the healthcare has been taken into operation up until the mid of 2016. This study intends to investigate grounds behind the failure of PPP contracts to reach financial close without delays.

**Keywords**: Public-Private Partnerships, financial close, healthcare, Turkey

**RESPONSE TIME AND HEART RATE IN A MORAL DILEMMA**

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**Abstract**

Can the length of response time taken in a decision process resolve the question of intuitiveness between altruistic responding and selfish responding? Can the pounding heart (or fast heartbeat) experienced during a moral dilemma be influenced by preference between altruistic and egoistic choices? To answer these questions, a dictator game was played where measures of response time and heart rates were taken with treatments that slightly differ only in the cost associated with the choice of an altruistic responding. We find that neither altruism nor egoism is an intuitive process for everyone, rather altruism is intuitive for altruistic-type subjects while egoism is intuitive for selfish-type subjects so that when these subjects are confronted with the choice of the opposite, less-probable options, they become more reflective by taking longer time to respond. Selfish responding is associated with less stressful feelings, while altruistic responding is associated with increased agitation.

**Keywords**: altruism, experiment, heart rate, response time

**IN THE WORLD AND TURKEY, EXPERIENCES OF FINANCIAL CRISIS: A COMPARISON ON THE AXIS OF FINANCIAL CRISIS MODEL**

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**Abstract**

Beginning from the early 20th century, world economies entered a rapid change process. In this process, the unbalances emerging especially in the equation of total production and total consumption revealed the economic problems in countries and nor solving these problems brought crises together with it. The crises of interest are classified under different titles in respect with its main resources.

Together with the increase of the tendency of financial liberalization, the movements of uncontrolled and easy borrowing, especially Latin America, reached the dimensions treating all economies of countries. These developments experienced from financial point of view caused financial crisis experiences to be experienced in many developing and developed economies in respect with the various periods. According to the studies carried out, it was observed that a crisis was experienced one time per 19 months on average.

The aim of this study, especially passt-1990 period, is to reveal the features of financial crises experienced in the world and Turkey and comparatively analyze the crises concerned in the light of the models developed toward accounting for the crises. According to the results of analysis, empirical literature was shaped in the framework of the approach of logit and probit models toward predicting crisis probability, suggested by Frankel and Rose (1996); the studies carried out on the origin and spread of crisis, in the leadership of by Sachs et .al (1996); and statistical studies carried out by Kaminsky et al. (l998) and as known “signal approach”.

**Keywords**: Financial Crisis, Financial Liberalization, Turkey Economy, Signal Approach

**COMPARATIVE STUDY OF FORECASTING METHODS FOR GROSS NATIONAL PRODUCTS IN TURKEY**

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**Abstract**

Gross national product (GDP) is an important indicator about the development of a country. The future direction of GDP provides beneficial information for the economy. Forecasting techniques assist to identify future values of GDP. This study covers the comparison of several forecasting methods. We evaluated the results based on Akaike information criterion (AIC) and Bayesian information criterion (BIC). Within the obtained results, it becomes possible to determine the way of GDP in forthcoming periods. All the implementations were performed via R programming language.

**OECD ÜLKELERİNİN PISA PUANLARI İLE SOSYO-EKONOMİK GELİŞMİŞLİKLERİNİN KARŞILAŞTIRMASI**

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**ÖZET**

PISA testi 2000 yılından bu yana OECD üyesi olan ve olmayan birçok ülkede üç yıllık periyotlar halinde yapılmaktadır. Bu testte 15 yaş grubu öğrencilerine “Okuma Becerileri”, “Matematik okuryazarlığı” ve “Fen Okuryazarlığı” ile ilgili sorular kendi ana dillerinde sorulmaktadır. Hiç şüphesiz ülkelerin geleceği genç nesillerin söz konusu temel alanlardaki başarısı ile yakından ilgilidir. Ülkeler Sosyo-ekonomik olarak gelişmeyi planlamaktadır. Ancak 15 yaş grubu öğrenciler bu planın neresindedir ve ya neresinde olmalıdır. Bu çalışma OECD üyesi ülkelerin PISA puanları ile sosyo-ekonomik gelişmişliklerini karşılaştırmayı amaçlamaktadır.

**Anahtar Kelimeler**: OECD, PISA, Sosyo Ekonomik Gelişmişlik.

**AVRUPA BİRLİĞİNE ÜYE VE ADAY ÜLKELERİN BAZI EKONOMİK GÖSTERGELER BAKIMINDAN KÜMELENMESİ**

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**ÖZET**

Kümeleme analizi çok değişkenli veri yapısına sahip gözlemlere dayanarak hesaplanan benzerlik ya da farklılık ölçütlerine bakılarak söz konusu gözlemlerin sınıflanmasını amaçlamaktadır. Bu çalışma ile Avrupa Birliği’ne üye ve aday olan ülkelerin bazı ekonomik değişkenler bakımından kümeleme analizi ile sınıflandırılmak ve aday olan ülkelerin birliğin neresinde olduğunu ortaya koymak amaçlanmaktadır.

**Anahtar Kelimeler**: Avrupa Birliği, Kümeleme Analizi.

**WHY “GLOBAL CRISIS” HIT TURKISH BANKING SYSTEM LESS THAN OTHER COUNTRIES ?**

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**Abstract**

The global financial crisis can be considered as the worst turbulence that the world has seen since the Great World Depression of the 1930s. For youngsters this Great Depression may not mean anything as the impacts can not be understood or felt after a century. Those who have some interest may look at that happening as some miserable events of those days as distant legend. However, the collapse of some hedge funds and banks starting in summer of 2007 exposed the public to learn the meaning of Global Crisis. The events arising from the subprime mortgage crisis, reintroduced the world an era of bank failures, a credit crunch and mortgage loan defaults. The crisis affected severely almost every part of the world mainly the financial systems. However, Turkey did not face hard-striking economic shocks as the rest of the world was experiencing. The magic behind this outcome was some unique conditions of the country during that period. These conditions can be categorized under 3 headings as: a)Capital increases at banking sector b)Volumes and the types of Derivative Instruments c)Interest Rate Reduction by Central Bank. This paper analyzes the impacts of these reasons and provides information to reader how they prevented Turkish Banking System shaking from global crisis.

**Keywords:** Global Crisis, World Financial Crisis and Turkey, Financial Crisis impact for Turkey Financial System, Why Turkish Banking System was not hit during financial crisis, Stronger Capital Adequacy Ratio at Turkish Banks, Turkey was not effected from Global Crisis, Turkey was hit less than other countries

**CENTRAL BANKING AFTER GLOBAL FINANCIAL CRISIS: ASSET PRICE BUBBLES AND FINANCIAL STABILITY**

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**Abstract**

Financial crisis of 2008 made it crucial for central banks to understand clearly the link between monetary policy and asset prices to sustain financial stability as well as price stability. Earlier literature, by the way, was on consensus that asset price bubbles were not possible to detect (Gürkaynak, 2008). Moreover, central banks were thought to be not aimed to fight with bubbles directly (Bernanke and Gertler, 2000). With the last crisis, it seems that this view has been replaced with the interventionist view (Issing, 2009; ECB, 2010; Gali, 2014). In recent years, European Central Bank and the Bank of International Settlements, notably, developed and drew upon methods that step forward with respect to alternatives. In this paper, we analyzed the methods that central banks could employ to detect asset price bubbles and to intervene. We compared these methods and concluded that under complex international financial relations, central banks should determine optimal monetary policies. Country-specific signaling methods seem to get more accurate predictions for this purpose. In this study, structural model, which gives significant results for developing countries and tests financial instabilities stemming from external shocks, will be applied to Turkish economy.

**Keywords:** financial stability; external shocks; structural model; asset price bubbles.

**WHAT IS THE REAL REASON OF THE PROPOGATION OF FINANCIAL CRISES AND HOW IT CAN BE STOPPED?**

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**Abstract**

Separation of contagion and interdependence may provide crucial insights for policy makers to implement appropriate policies to prevent and/or stop the financial crisis. For example, if the reason of the propagation of a crisis is normal time interdependence with the crisis origin country due to real linkages then by implementing well defined preventive policies, the spread of crisis can be limited. On the other hand, if a crisis propagates due to speculative attacks or irrational behaviours then “national policy makers will face difficulties in protecting their markets from such a crisis” (Kleimeier et al., 2003, p.2). Comparing tranquil and shock periods’ heteroscedasticity corrected conditional correlations, this paper tests the widely-accepted belief of the significance of a ‘contagion effect’ from the US to other markets during the latest global financial crisis.

**THE EFFECT ON MACRO ECONOMIC INDICATORS OF THE FINANCIAL CRISIS AS A PARADOX OF NEOLIBERALISM: THE CASE OF TRNC**

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**Abstract**

This study appeared in the output formats of the financial crisis emerged as a dilemma of Neoliberalism After discussing the basic features of the financial crisis in the TRNC to the impact of macro-economic indicators were examined. Analysis of the cost of the output losses of the financial crisis, according to the results of experiences gained, the increase in the unemployment rate and volume of foreign trade, and in particular has shown itself as the decrease in the level of exports. In particular, arrangements made for the formation of a possible banking crisis in the banking sector is relatively reduced compared to previous periods. But the recent global financial crisis affecting the entire world economy in 2008 has reminded that it is essential, especially some of the structural reforms made in terms of the strength of the real economy.

**Keywords**: Neoliberalism, Great Depression, Financial Crisis, TRNC, Banking Sector

**THE RELATIONSHIP BETWEEN EDUCATION AND ECONOMIC GROWTH IN TURKEY**

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**Abstract**

This study examines the causal relationship between three different education variables and economic growth in Turkey using the time series data for the period of 1983-2014. Higher education enrolment ratio, secondary school enrolment ratio and literacy rate are used as education variables. The Engle-Granger Causality test in VAR model is used to analyze the causal relationship between education and economic growth in Turkey. The empirical findings indicate that there is bi-directional relationship between economic growth and literacy rate, one-way causality from secondary school enrolment ratio to economic growth. The causality test results also indicate bi-directional causality between literacy rate and higher education. Overall, the results suggest that education variables affect economic growth in Turkey.

**Keywords:** education, economic growth, Engle-Granger Causality Test, VAR Model, Turkey

**EDUCATION LEVEL AND ECONOMIC GROWTH: THE EUROPEAN EXPERIENCE**

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**Abstract**

This paper tried to investigate the nexus between economic growth and education level of the 14 selected European countries (Austria, Czech Republic, Finland, France, Hungary, Italy, Netherlands, Norway, Poland, Portugal, Spain, Sweden, Switzerland, and United Kingdom) over the period 1990 through 2013 on the yearly basis by exerting panel unit root tests, panel cointegration, panel fully modified ordinary least squares (FMOLS), panel dynamic ordinary least squares (DOLS), and panel causality test. In this paper as dependent variable, GDP has been exerted as a gauge of economic growth. On the other hand, government expenditure on education as well as enrollment of student (primary and secondary) as measure of education level have been used as independent variables. Furthermore, capital and labor force have been exerted as control variables. The empirical results of FMOLS as well as DOLS demonstrate that government expenditure on education as well as number of enrollment of student have significant positive impact on economic growth. The results of common coefficient panel causality test determine that the relationship between enrollment and economic growth is bilateral causality. On the other hand, the findings of individual coefficient panel causality test depict that economic growth homogeneously causes both government expenditure on education as well as enrollment of student in uni-directional way.

**Keywords**: Education, economic growth, FMOLS, DOLS, panel causality test

**OBSTACLES IMMIGRANTS FACED IN INTEGRATION TO LABOR MARKET: THE SAMPLE OF SYRIAN IMMIGRANTS IN TURKEY**

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**Abstract**

The integration of immigrants into the labor market in economic sense makes it possible for the immigrants to maintain their lives by earning their income. This labor market integration is extremely important for the fact that this integration paves the way for both immigrants and the native people to live together in peace and prosperily. With this in the mind, the aim of this study is to establish the obstacles which are encountered by the immigrants in the process of integration into host country labor market. For this purpose, primarly, these obstacles investigated by lliterature review. Then, the obstacles which are faced by Syrian immigrants living in Konya province have been determined by a qualitative study. The sample of this study consists of the Syrian immigrants (n=20) living in Konya province. For this study, Qualitative data was collected through semi-structured interview forms. As the conclusion, the most important obstacles appeared are as follows; wages lower than they deserve, remaining in the event of non-payment, abuse by employer in terms of excessive working hours and heavy working conditions, lack of work safety and continuity, abasement in the workplace environment, difficulties related to not knowing the Turkish language and not having the opportunity of practicing their profession, so having feeling of propertylessness. These obtacles are largely similar with the ones experienced by immigrants in other countries.

**Keywords**: Immigrant, Syrian Immigrants, Labor Market, Integration, Obstacles.

**FEMALE LABOR FORCE PARTICIPATION PROBLEMS IN TURKEY: CAUSES AND POLICY IMPLICATIONS**

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**Abstract**

Female labor force participation is an important driver for economic growth and development. For this reason increasing female labor force participation is important for Turkish economy. How can we improve female labor force participation in Turkey? At his paper, it is investigated. In Turkey, during the last decades, economy’s composition of production has changed, and women have become more educated and started to live urban areas. As we know that higher the women get in the job, economic growth increases and poverty reduces. This paper firstly shows the importance of female labor force participation and how can we improve the capacity of female labor force, giving some country evidences and policy implications.

**Keywords:** Female Labor Force Participation, economic policy, growth.

**THE IMPACT OF SYRIAN REFUGEE CRISIS ON TURKISH LABOUR MARKET**

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**Abstract**

The Syrian civil war started as a result of the Arab spring which refers to a series of democratic protests that happened in 2011. Turkey has been severely challenged by the influx of the Syrian refugees most of whom come from the borders close to Greece. The paper empirically investigates the effects of Syrian refugees’ influx into Turkey’s labor market. In this research we retrieved the data on unemployment rates, employment rates, and labor force participation, the number of refugees, and economic activity of the regions with the highest number of the Syrian refugees. The data used in this study are monthly data for the period of 2012-2015. The Vector Autoregressive (VAR) methodology is used to examine time series data from the most affected parts in Turkey. The Granger causality tests and impulse response functions test results show that there is significant relationship between the influx of Syrian refugees and the Turkish labor market.

**Key words**: Turkish Labour market, Syrian refugees, Granger Causality.

**CATERING INCENTIVES AND DIVIDEND POLICY: EVIDENCE FROM TURKEY**

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**Abstract**

This study examines the role of catering incentives in the firms’ dividend payment decision by using a sample of listed Turkish firms. The sample includes all publicly owned companies listed on the Borsa İstanbul between the years 2009 and 2015, except financial and utility firms. The sample covers the period of abolishment of mandatory dividend policy in Turkey and the aftermath of global financial crisis, which is expected to have significant effects on dividend payout policy of firms. The data used in this study, namely, financial and accounting data, is obtained from DataStream and Public Disclosure Platform. Baker and Wurgler (2004) argue that firms pay dividends in order to cater investors demand for dividends, in their theory known as catering. Following their work, dividend premium is used to measure catering incentives. It is the difference of the natural log of the book-value weighted-average market-to-book ratio of dividend payers and non-payers. The decision of firms to pay dividends is measured by propensity to pay dividends as in Fama and French (2001). Propensity to pay dividends is the difference between actual proportion of dividend payers and expected proportion of firms paying dividends. Expected proportion depends on firm characteristics. In this study, size, profitability, growth rate of assets and market-to-book ratio are used as firm characteristics. Leverage, liquidity, life-cycle and risk are also control variables. This study offers evidence on catering theory in an emerging market. Turkey as an emerging market faces some unique factors such as legal structure and economic environment, e.g. financial liberalization, economic and structural reforms. In addition, catering incentives (the theory of Baker and Wurgler) determining the payout policy of firms in Turkey is not considered in the existing literature. This theory is based on market imperfections which is a relatively stronger phenomenon in emerging markets. The results indicate that there is a link between catering incentives and firms’ dividend payment decisions of Turkish firms. But once firm characteristics, particularly idiosyncratic risk, is taken into account the role of catering theory in explaining payout policy diminishes.

**Keywords**: Payout Policy, Dividends, Catering, Risk

**DETERMINANTS OF NON-PERFORMING LOANS IN CENTRAL AND EASTERN EUROPEAN COUNTRIES**

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**Abstract**

The paper investigates the main determinants of non-performing loans (NPLs) in Central and Eastern Europe (CEE) in the period of 1998–2011. The variables used are macroeconomic, bank-specific and transition variables. The macroeconomic variables include GDP growth, unemployment rate and gross fixed capital formation while bank-specific variables are bank capital to assets ratio, bank credit to deposit ratio, return on assets and share of foreign banks. Reform developments in countries are tracked by transitional indicators which are expected to play significant role on the solvency of the banks. Two of them; governance and enterprise restructuring and competition policy are used as transitional factors. After the application of the method of panel data for 10 CEE countries, it is explored that non-performing loans significantly vary with the three categories of the factors. Results are revealed in the discussion part.

**Keywords**: Non-performing loans, Macroeconomic determinants, Bank specific determinants, Transitional indicators, Panel data analysis

**EUROPEAN BANKS FINANCIAL STRENGTH RATINGS: EVIDENCE FROM A PARSIMONIOUS ORDERED LOGIT MODEL.**

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**Abstract**

Cem Payaslıoğlu and Blerta Xhafa This paper estimates and tests ordered logit model alternatives for financial strength ratings of European banks which include both country-specific indicators and bank-specific financial indicators. Empirical findings support the hypothesis that the individual ratings assigned by Moody’s Ratings Agency are underpinned by fundamental bank specific and major macroeconomic effects. Our study indicates that adoption of a more parsimonious categorical specification is viable and shown to provide accurate predictions of major European bank ratings for the period prior to the 1998–2014 information. Our results also provide additional insights by probing into the compact model while allowing a partial relaxation of proportional odds assumption typically adopted in ordinal models. Corresponding author. Department of Economics, Eastern Mediterranean University, TRNC, Mersin 10 Turkey. cem.payasli@emu.edu.tr.

**Keywords**: Financial strength, bank ratings, Ordered logit model

**THE EQUIPMENT LEASING AS AN ALTERNATE FUNDING MODEL**

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**Abstract**

The aim of this study is to examine the future effect of process of equipment leasing by evaluating its prominent function in leasing sector of non-banking financial market all over the world. In order to fulfill this aim, this “new” model is analyzed on the theory and its abroad implications. Furthermore, a relation between economical rationale of the equipment leasing and its social outcomes for market players is studied. The result of this study highlights that equipment leasing is very advantageous based on the aspects of economical externalities and the return on capital.

**Keywords**: Leasing, Wholesale Finance, Equipment Leasing, Finance

**THE DETERMINANTS OF BORROWING BEHAVIORS OF TURKISH MUNICIPALITIES**

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**Abstract**

Municipalities in Turkey being categorized as metropolitan, nonmetropolitan and district and town municipalities, have substantially increased their borrowing amounts in the past ten years. Having regard to the fact that the flypaper theory exists in municipalities in Turkey, they are spending pretty much under the influence of non-matching financial transfers. The more the borrowing amounts of local governments increase, the more the public expenditures grow. Moreover, Turkish municipalities may respond more impulsively in borrowing as there is not a golden rule confining them regarding the quantity of borrowing. Thus, the substantial growth in local borrowing may have a boosting effect on total public expenditures. The object of this paper is to analyze whether any other determinants or factors are affecting the behaviors of municipalities in Turkey. The determinants of the borrowing behavior relating to the analysis are selected as financial transfers, own revenues, and expenditures of municipalities, to achieve the object. The Bound test and autoregressive distributed lag (ARDL) approaches are employed for the 2007 – 2014 period quarterly to examine the co-integration relationship between the borrowing and its determinants.

**Keywords:** Intergovernmental transfers, local borrowing, flypaper effect, ARDL Model

**DISTINGUISHING THE EFFECTS OF HOUSEHOLD AND FIRM CREDIT ON INCOME INEQUALITY**

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**Abstract**

We study the role of credit to private sector by financial system (private credit) in reducing income inequality. Specifically, we focus on the distinction between household and enterprise credit and investigate whether these two types of credit have adverse effects on income inequality. We argue that analysing the separate effects of household and enterprise credits is more important for explaining the role of finance in income inequality than the size of total domestic credit for two main reasons. First, although private credit is vital for the real economy, more than half of credit extended by financial systems to the private sector in a sample of 34 developing and developed countries is to households. The expansion of household credit may lead to inefficient use of resources. Furthermore, it may also lead to asset bubbles since a large portion of household credit is mortgage credit. Second, rapid growth in private sector credit is a common factor associated with financial crises in developing countries. The literature shows that credit expansion can create both currency and banking crises through several channels. Moreover, an increasing proportion of household credit raises the demand for consumption and household indebtedness, which may create macroeconomic misbalances. On the other hand, if private credit to firms increases, then financially dependent firms lower the cost of external finance and grow faster thus promoting investment and economic growth. As regards the policy implication, the distribution of credit can support policymakers by enabling them to understand whether, and in which context private credit is an instrument that can influence macroeconomic indicators. The results suggest that understanding the specific factors increasing income inequality in an economy is critical for tailoring policy advice.

**Keywords**: Household credit; entrepreneur credit; income inequality

**THE EFFECT OF FOREIGN BANK ENTRY ON THE FINANCIAL PERFORMANCE**

**OF THE COMMERCIAL BANKS IN TURKEY**

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**Abstract**

Due to the globalization and financial market integration, the investors are more fascinated to make their investments to foreign countries where there are opportunities. In this sense, the purpose of this study is to analyze the effect of foreign banks’ entry on the commercial banks’ financial performance participating in the domestic financial market for the case of Turkey. Our analysis are carried out for the period 2003:01-2013:04. The data span used are quarterly and due to the availability of data 33 commercial banks are included in the study. The effect is estimated by using Ordinary Least Square (OLS) method. The main findings of the study suggest that foreign bank entry increases loss reserve measured as loss reserve / total gross loans, maturity mismatch and decreases non performing loan of the commercial banks.

**Keywords:** Bank performance, foreign bank entry, OLS method

**CORPORATE GOVERNANCE AND FINANCIAL CONSTRAINTS**

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**Abstract**

Industrial sector has a crucial role in development process of economies, especially by means of establishment of growth capacity. Establishment of growth capacity is possible with the help of value added creation via investments. Companies, in general, resort to external financing at times of inadequacy of internal financial resources. According to Modigliani-Miller Theory, within perfect market conditions, investment decisions of companies materialize independent from the capital structure of the company. However, complications stemming nature of the actual market, affect companies’ preferences on their capital structure. Asymmetric information in particular, accompanied by various market failures, cause a differentiation in external versus internal financing costs. It is evaluated that corporate governance perspective has an important role in overcoming such market failures. In this thesis, it is examined whether corporate governance level of companies has an impact on financial constraints of companies in Turkish manufacturing industry. This analysis has been performed with the help of panel data econometric methods using the quarterly data of companies in question, covering the period of 2005-2015. Findings of the work indicate that, there is a positive relation between investment and cash flows for Turkish manufacturing companies, and companies which have high levels of corporate governance have lower investment-cash flow sensitivity. In other words, increasing levels of corporate governance facilitate access to external finance for companies. Results show that, adoption of corporate governance principles by companies, especially through the channels of removing asymmetric information and credibility perception from the side of investors, has a decreasing impact on costs of external financing. Other empirical finding of the work is that companies increase their investments when the market value of their assets exceeds the book value of the assets. However, the impact in question is not so decisive depending on the level corporate governance.

**Keywords**: Financial Constraints, Corporate Governance, Investment-Cash Flow

Sensitivity

**AN ANALYSIS OF THE NON-PERFORMING LOANS OF COMMERCIAL BANKS IN KAZAKHSTAN**

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**Abstract**

Commercial banks in Kazakhstan had high non-performing loans (NPLs) for a prolong time. This forced the government to buy most of those bad loans during the last four years in order to prevent a possible banking crises in Kazakhstan. Although the global financial crises contributed to the high NPL levels of banks in 2008 and 2009, banks continued to have serious problems with the bad loans even after the economy was recovered. This research analyzes the cause of high and persistent NPL levels of commercial banks in Kazakhstan. One of the important findings of the analysis is that the large business loans of commercial banks have higher NPL rates than their SME loans. This finding is against the conventional wisdom that SME loans are more risky than the large enterprise loan. Furthermore, our econometric analysis indicated that high NPL rates in Kazakhstan is positively and significantly related to high corruption levels in the country and the devaluation of the local currency, whereas negatively related to high GDP growth rates.

**Keywords**: Bank lending, SMEs, large business, NPLs, Kazakhstan, corruption

**THE TOURISM SECTOR IN MONTENEGRO IN THE CONTEXT OF EUROPEAN INTEGRATION.**

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**Abstract**

Program of socio-economic development of the European Union (EU 2020 Strategy) for 2010-2020 was approved by the European Council on 17 June 2010 replacing, implemented in 2000-2010 Lisbon Strategy. One of the sectors of the European economy affecting the effective implementation of the Strategy for Europe 2020 services sector is tourism. The candidate countries to the European Union, of which a significant share of GDP comes from the tourism industry must take particular take into account their development and investments with pre-accession funds for tourism infrastructure, so that they can in the long-term strategy to effectively achieve the indicators. An example of a candidate country to the European Union, of which a significant share of GDP comes from the tourism industry is Montenegro. The aim of the article is to introduce the tourist potential of Montenegro in the context of European integration.

**Keywords**: European integration, tourism, sustainable development;

**IMPACT OF GOLD PRICE AND EXCHANGE RATE ON IMMOVABLE PROPERTY INDEX: EMPIRICAL EVIDENCE FROM TURKEY**

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**Abstract:**

We aim to explore the impact of exchange rate vulnerability and gold price on immovable property index in the Turkish stock market, using monthly data from 2004M01 to 2016M05, while controlling for Turkish stock market index (BIST100). We performed DOLS, FMOLS, ARDL, Markow Switching and Block Exogeneity Wald tests to investigate short-run and long-run impact of exchange rate vulnerability and gold price on the immovable property index. We found that (i) the combination of exchange rate and gold price has long-run effect on the immovable property index; (ii) immovable property index is negatively affected by exchange rate and gold price; (iii) changes in exchange rate and gold price lead to change in the immovable property index

**Keywords**: Immovable Property Index; Turkey; Gold Price; Exchange Rate; Time Series Analysis

**EFFECT OF ISLAMIC BANKING ON EMPLOYMENT IN PUNJAB, PAKISTAN**

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**Abstract**

The study was conducted at the Department of Economics and Agriculture Economics, PMAS ARID University, Punjab, Pakistan during 2013-15 with an objective to identify the impact of Islamic finance/banking on employment in Punjab, Pakistan.  Islamic banking system is sub-component of conventional banking system in various countries of the world; however, in Pakistan it has been established as a separate Islamic banking system.  The Islamic banking operates under the doctrine of Shariah.   It is claimed that the referred banking is free of interest (Riba) and addresses the philosophy and basic values of Islam in finance that reduces the factors of uncertainty, risk and others speculative activities. Two Islamic bank’s; Meezan Bank Limited (Pakistan) and Al-Baraka Bank Limited(Pakistan) from north Punjab (Bahawalnagar) and central Punjab (Lahore) west Punjab (Gujrat), Pakistan were randomly selected for the conduct of research.  A total of 206 samples were collected from the define areas and banks through questionnaire.  The data was analyzed by using the Statistical Package for Social Sciences (SPSS) version 21.0.  Multiple linear regressions were applied to prove the hypothesis. The results revealed that the assets formation had significant positive; whereas, the technology, length of business (experience) and bossiness size had significant negative impact with employment generation in Islamic finance/banking in Punjab, Pakistan. This concludes that the employment opportunities may be created in the country by extend the finance to business/firms to start new business and increase the Public awareness by the Islamic banks through intensive publicity. However; Islamic financial institutions may be encouraged by Government as it enhances the employment in the country.

**Keywords*—***Assets formation, Borrowers, Employment Generation, Islamic Banks.

**THE DUAL ADJUSTMENT APPROACH WITH POPULAR FILTERS**

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**Abstract**

Ismihan (2016) has developed the dual adjustment approach which enables one to consider separate dual co-movements – for transitory and permanent components of the observed variables – and hence the possibility of dual adjustment [Ismihan, M. (2016). "The Dual Adjustment Approach With an Application to the Consumption Function", Atılım University Department of Economics Discussion Paper Series No. 1601, July 2016]. The concept of common Hodrick Prescott (HP) trend – i.e., the series which are stationary around the common HP (Co-HP) trend – and a simple test for the existence of such relationship are also provided within the domain of this approach. However, the methodology of the dual adjustment approach and the related idea of co-trending can be easily extended to incorporate other popular filters like Baxter-King (BK) and Christiano-Fitzgerald (CF) filters. This paper, therefore, extends the dual adjustment approach by considering BK and CF with an application to the consumption function for the USA.

**Keywords:** Dual adjustment approach; common Hodrick Prescott (HP) trend; Baxter-King (BK) filter; Christiano-Fitzgerald (CF) filter

**DOES UNEMPLOYMENT RATE HAVE A UNIT ROOT?**

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Abstract

Most of the empirical studies in the existing literature have focused on the univariate time series properties of the unemployment rate. For instance, the hysteresis hypothesis is usually verified with unit root tests. While the presence of unit roots in the unemployment rate series are considered to be evidence in favour of the hysteresis hypothesis, its rejection (i.e. stationarity of unemployment rate) is taken as a validation of the unique natural unemployment rate. Overall, the empirical results are mixed. While many recent studies emphasized that standard unit root tests may have low power due to possible structural breaks and small sample size, they do not take into account the possibility that unemployment rate shares a common trend with other variables (e.g. in goods market). This paper will, therefore, attempt to apply the concept of common Hodrick-Prescott (HP) trend to the analysis of unemployment rate in the USA. Considering the fact that there is a crucial interdependence between the labor market and goods market, the concept of common HP trend will, in turn, allow us to link apparent trends to the underlying phenomena. This is critical since it is difficult to characterize the trends of most time series variables –such as unemployment rate– in isolation, particularly in univariate analysis like unit root tests.

**Keywords:** Unemployment rate; Dual adjustment approach; Common Hodrick-Prescott trend.

**AN APPLICATION OF PANEL DATA ANALYSIS FOR EXPORT IN TURKEY**

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**Abstract**

Panel data analysis is a incessantly developing area in econometrics. Since the panel data has become available, the increasing importance has been appearing. Panel data analysis leads to understand the relationship among economic variables via special model specifications. In this study we investigate the relationship between export and several macroeconomic variables in Turkey. Experimental results introduce the explanatory economic variables which have statistically significant effects on export amounts. Two panel data models are constructed for the analysis process. The models are satisfactory in terms of explanatory because determination coefficient values are rather high. Consequently, this application study provides a way to understand the connection between export and economic variables with panel data analysis.

**EFFICIENCY ASSESSMENT OF THE TRANSPORTATION SERVICES IN TURKEY**

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**Abstract**

Transportation has a significant influence on the economy of the countries. Therefore, effective management of the transportation sector is very important for efficient use of resources and the provision for the investments. When transportation systems are efficient, they provide **economic opportunities and benefits**that result in positive multipliers effects. The main objective of this study is to investigate and examine the impact of air transportation, railways transportation, road transportation and maritime transportation on Turkey, over a period of 2003 – 2015. We used Data Envelopment Analysis (DEA) which has become one of the most used approaches in measuring efficiency due to its robustness in finding optimal efficiency scores for different problems. We analyze the technical efficiency of Decision Making Units (DMUs) using DEA. It evaluates the technical efficiency of DMUs but doesn’t allow for a ranking of the efficient units themselves. Therefore, a super efficiency model is based on “slacks – based measure of efficiency (SBM)” is used in the analysis. The data and transportation indicators used in the analysis were taken from [Ministry of Transport, Maritime affairs and Communication](http://tureng.com/tr/turkce-ingilizce/ministry%20of%20transport%2C%20maritime%20affairs%20and%20communication) annual statistics reports. Finally, technical and super efficiency scores and rank of DMUs are examined and evaluated.

**Keywords :** Super Efficiency, SBM Model, Transportation, Data Envelopment Analysis

**POLITIKA-EKONOMI İLIŞKILERI ÜZERINE TEORIK YAKLAŞIMLAR: POLITIK KONJONKTÜR TEORILERI**

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**Özet**

Politikanın ekonomi üzerindeki yadsınamaz yönlendirme gücü, özellikle iktidarın seçim zamanlarında yeniden seçilebilme amacıyla birlikte ortaya çıkmaktadır. Bu süreçte bir manipülasyon aracı görevi üstlenen politik konjonktür teorileri, ekonomiyi parasal ve mali politikalarla etkileyip politik çıkarları ön plana çıkarmayı amaçlar. Politik konjonktür teorileri, politikanın ekonomi üzerindeki etkisinin ve bu etki sonucu mevcut ekonomilerde meydana gelen değişimlerin araştırıldığı çalışmalardır. Politik konjonktür teorileri, “Geleneksel Partizan Politik Konjonktür Teorisi”, “Geleneksel Fırsatçı Politik Konjonktür Teorisi”, “Rasyonel Partizan Politik Konjonktür Teorisi” ve “Rasyonel Fırsatçı Politik Konjonktür Teorisi” olmak üzere dört farklı teori temelinde irdelenmektedir. Çalışmada öncelikle politika ve ekonomi etkileşimleri değerlendirilerek politika-ekonomi ilişkileri iktisadi yaklaşımlar temelinde açıklanacaktır. Devamında konjonktürlerin tahlili ve aşamaları anlatılarak politik konjonktür teorisi türleri temellendirilmeye çalışılacaktır.

**Anahtar Kelimeler:** Konjonktür, Politik Konjonktür Teorisi, İktisadi Düşünce Teorileri, Fırsatçı ve Partizan Modellerler

**YAŞAYAN EFSANE BEETLE’NIN TÜRKİYE PİYASA FİYATININ MODELLENMESİ**

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**ÖZET**

İlk üretimi 1938 yılına dayanan ve 2003 yılına kadar üretimi süren, dünyada 25 milyondan fazla satılan, kısacası yaşayan bir efsane olan Beetle, dünyada olduğu gibi Türkiye’de de çok tutulan ve hayranları olan bir otomobildir. Türkiye’de “vosvos” ya da “kaplumbağa” olarak isimlendirilen Beetle özellikle ikinci el piyasasında son model araçlardan daha pahalı olabilmektedir. Otomobiller heterojen özelliklere sahip oldukları için fiyatlarını etkileyen faktörlerin belirlenmesinde Hedonik Fiyat Modeli kullanılabilir. Bu çalışmanın amacı Beetle’nin fiyatını etkileyen faktörlerin hedonik fiyat modeli ile incelenmesi ve otomobilin fiyatlanmasında kullanılabilecek bir model elde edilmesidir.

**Anahtar Kelimeler**: Beetle, Hedonik fiyat Modeli, Çoklu Regresyon Analizi.

**TÜRKİYE’DE ENFLASYON VE EKONOMİK BÜYÜME İLİŞKİSİ: GRANGER NEDENSELLİK ANALİZİ**

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**Özet**

Bu çalışmada hem gelişmiş hem de gelişmekte olan bütün ülkeleri yakından ilgilendiren ve iktisat literatürünün temel tartışma konularından biri olan her zaman her yerde parasal bir olgu olarak tanımlanan enflasyon ve ekonominin üretim kapasitesinde meydana gelen artışları temsil eden ekonomik büyüme kavramları arasındaki ilişkinin yönü Türkiye ekonomisi için ekonometrik olarak analiz edilmiştir. 2003:01-2015:04 dönemini kapsayan bu çalışmada kullanılan değişkenler enflasyon düzeylerini temsil eden tüketici fiyatları endeksi ve ekonomik büyümeyi ifade eden GSYH’dır. Türkiye’de ilgili dönem için enflasyon ve ekonomik büyüme arasındaki ilişkinin yönü Granger nedensellik analizi ile tespit edilmiştir. Analiz sonuçlarına göre Türkiye’de 2003:01-2015:04 dönemi için enflasyon ve ekonomik büyüme arasında herhangi bir nedensellik ilişkisine rastlanılmamıştır. Türkiye ekonomisinin geçmiş dönemleri kapsayan çalışmalardan farklı olarak bulunan bu sonuç ise Türkiye’nin 2000li yıllardan sonra enflasyon oranlarında meydana gelen iyileşmelere işaret etmektedir. 2003 yılından itibaren enflasyonda meydana gelen iyileşmeler enflasyonu ekonomik büyümenin nedeni olmaktan çıkarmıştır.

**Anahtar Kelimeler:** ekonomik büyüme, enflasyon, Granger nedensellik analizi.

**EXAMINING THE RELATIONSHIPS AMONG THE ANTECEDENTS OF INNOVATION PERFORMANCE: A RESEARCH ON TURKISH MANUFACTURING INDUSTRY**

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**Abstract**

This paper analyses the university-industry connections based on the role of technological capabilities’ accumulation and innovation performance in Turkish Manufacturing Industry. Countries can sustain industrial growth in an increasingly globalized world, only if the firms operating in these countries are able to develop their technological capabilities. This study focuses on “technological capability approach” which has been conceptualized in the early 1980s. The term "technological capabilities" encompasses the wide range of knowledge and skills required to acquire, assimilate, utilize, adapt, change and create technology. Building these capabilities requires many arduous technological efforts and conscious learning technologies employed by the firms in developed countries efficiently. Close relationships between the university and industry are very important because the relationship between those two can contribute to the development of the technological capabilities of a nation. In this study, quantitative investigation methods are preferred. A structured questionnaire is formed and data is collected from Turkish manufacturing firms. The impact of university-industry relations on technological capabilities building and innovation performance will be measured by means of structural equation modeling. According to the obtained results, technology policies will be proposed.

**Keywords:** University-Industry Linkages, Technological Capabilities, Innovation performance, Manufacturing Industry, Structural Equation Modelling.

## THE ANALYSIS OF THE RELATIONSHIP BETWEEN TURKEY’S REAL EFFECTIVE EXCHANGE RATE AND HAZELNUT EXPORT TO GERMANY VIA BOUNDS TEST

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**Abstract**

In this study, for 1996Q1-2016Q2 period, the relationship between the real effective exchange rate of Turkey and hazelnut export to Germany was examined using bounds test. The unit root tests of parameters were performed using ADF and PP unit root tests. According to the results of ADF and PP tests, all of the parameters were observed to be stationary at different levels. According to the results, it was concluded that the long-term changes in real effective exchange rates in Turkey affect Turkey’s hazelnut export to Germany. It was determined that 1% increase in long-term effective exchange rate would decrease the hazelnut export by 1.5411%. But, in short term, no significant relationship between the real effective exchange rate of Turkey and hazelnut export to Germany could be observed. On the other hand, ECM coefficient was found to be -0.53338, which indicates that 53% of the imbalance in short-term will be recovered in next period.

**Keywords**: Foreign Trade, Real Exchange Rate, Time Series, Bounds Test

**THE LEVEL OF FINANCIAL KNOWLEDGE AMONG PEOPLE WITH DEBT**

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**Abstract**

Finance plays an important role in everyday life. Not everyone, however, have sufficient knowledge to properly manage their own finances. The crisis on the US mortgage market in 2008 showed that the effects of the lack of financial literacy translate into a deterioration of the financial situation of households and subsequently influent the stability of the worldwide financial system. The aim of this article is to analyze the phenomenon of aware money borrowing. An attempt is made to answer the question of how financial literacy influences decisions in the area of personal finance and how it translates into managing personal finances in the long term.

**Keywords :** financial literacy, financial knowledge, debt market, personal finance

**A NOVEL BAYESIAN APPROACH FOR MULTIVARIATE CONDITIONAL COPULA MODELS WITH MIXED OUTCOMES**

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**Abstract**

Generalized linear models introduced by [1] provide a unified theoretical and conceptual framework for many of the most commonly used statistical methods, including simple linear regression, multiple linear regression, analysis of variance, analysis of covariance, logistic regression, probit analysis and log-linear models for contingency tables. They offer convenient and highly applicable tools for modelling and predicting the behaviour of random variables in terms of observable factors and covariates. Similarly, multivariate analysis improves power and precision by modelling dependencies between random variables. If two random variables are correlated, knowledge of the behaviour of one provides some knowledge about the behaviour of the other. Multivariate analysis has spread rapidly over the past 20 years because of advances in computing power and easy accessibility of sophisticated software.These concepts are unified in multivariate regression models, which are still quite new to the applied literature. They have considerable potential value because of their ability to reveal data structures typically disregarded by a univariate analysis. These advantages are enhanced further if we adopt a Bayesian approach to combine observational data with personal or subjective beliefs. This approach has also become widespread over recent years and many researchers in mathematical statistics now regard it as the standard method of inference. In many situations, multivariate response vectors consist of mixtures of discrete and continuous response variables. Despite associations between multivariate response variables, they are often analysed separately using general and generalized linear models. In recent years dependence modelling using Copula models, which represent a flexible alternative in which one can bypass the use of multivariate distributions by using Sklar’s theorem [2] to model separately the marginal distributions and the joint dependence structure, has become very popular. Specially, conditional copula models are flexible tools for modelling complex dependence structures. Copula models have been mostly used for dependence between continuous random variables ([3],[4],[5]) but there is growing interest in the study and applications of copula models for mixed (discrete and continuous) data ([6],[7],[8]). More recent works by [9] and [10] show that extra care is requested in performing statistical inference for copula models when some of the marginal distributions are discrete. In spite of many advantages there are a few studies on Bayesian copula modelling for dependence between mixed outcomes. The main goal of this study is to develop a novel Bayesian model for studying the influence of covariate on mixed outcomes using Copula. A new Bayesian approach was constructed for the conditional copula model adapted to regression settings in which the multivariate outcome is mixed (binary and continuous). The usefulness of our approach is illustrated in a simulation study and in a real financial dataset.

**Key Words**: Bayesian approach, Copula, Mixed outcome, Dependence.

**A MARKOV AUTOREGRESSIVE DYNAMIC CAUSALITY ANALYSIS FOR WORLD EQUITY MARKETS IN CRISIS PERIOD**

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**Abstract**

We apply the Markov process for causality analysis proposed by Psaradakis et al. (2005) on world equity markets. By estimating a Markov switching autoregression model, we test the existence of a dynamic causality relationship between major equity indices. The empirical evidence shows that the proposed dynamic model successfully captures the causality relationship in equity markets controlling for the global volatility (VIX) index in crisis periods. The research has originality in applying Markov switching autoregression model in equity markets and providing recent empirical evidence on causality relationships in equity markets in crisis periods.

**Keywords**: equity markets, causality, Markov models, financial crisis

**CONVERGENCE IN FINANCIAL MEASURES ACROSS THE EU-15**

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**Abstract**

This paper aims to quantify whether the banking and stock market measures among 15 European Union countries (EU-15) have been subject to convergence process. By controlling for the quality of country level institutions and a range of macroeconomic variables, we show that banking and stock market measures tend to converge across the EU-15 over time. We conclude that the integration of financial markets across EU has been successful in terms of the convergence of financial measures, and therefore it seems logical to accelerate rather than to slow financial integration to completion.

**Keywords**: Financial integration, convergence, EU-15 countries, panel data analysis, System GMM

**MEASURING THE FINANCIAL CONTAGION: EVIDENCE FROM DYNAMIC BETAS AND SIMILARITY BASED NETWORK STRUCTURE**

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**Abstract.**

Beta (β) is the sensitivity of asset returns to underlying sources of risk which cannot be eliminated through portfolio diversification. It is usually used as a measure of systematic risk in the financial system. In 2008, the world economy witnessed the most severe economic downturn since the Great Depression. The crisis first emerged in the subprime mortgage market of the U.S. and quickly dispersed into other sectors. Then it spread to almost all other open economies due to the size of the U.S. economy and increased integration between markets. After almost eight years, catastrophic effects of the crisis are still felt and the world economy has not reached to a healthy and sustainable growth path yet. The contagion of financial crisis has been one of the hot topic in financial economics since then. Financial contagion could be defined as transition of financial shocks between markets. As extensively investigated in the literature, shocks could be transmitted by various channels such as trade, financial instruments, exchange rates and commodities. Contagion and its transmission channels gained further prominence after 2008 as the crisis first emerged in financial markets and spread to the real sector. In our study we define financial contagion as the spillover of systemic risk between finance industries of highly financially integrated countries. In this respect, we analyze the contagion dynamics for 24 OECD countries by using daily banking sector betas covering the 2006 May - 2016 August period. We base the theoretical foundations of our study on Merton’s (1973) well-known Intertemporal Capital Asset Pricing Model (ICAPM). In the study, we first calculate time varying betas by employing the DCC-GARCH methodology developed by Engle (2002) within the scope of the ICAPM. In contrast to studies that use conventional betas, dynamic betas allow us to capture the time-varying nature of the systemic risk and make inference on how the markets behave during times of financial stress. After finding betas and analyzing their behavior we take up detecting possible contagious effects such as contagion from advanced economies to emerging economies or from major markets to small markets. To do that, we employ a similarity based network structure that uses dynamic correlations as inputs. Our unique methodology yields important results. Accordingly, contagion is observed mostly among advanced economies, where magnitudes are strongest between US-Mexico, UK-France and Australia-Mexico. The core of the network constitutes of 10 advanced economies and Mexico. As expected, the US and UK have the strongest linkages with other markets whereas Japan surprises by remaining outside of the core with low correlations. As for the emerging markets, the correlations are low and contagious relationship is weak, contrary to the common belief.

For our further research, we aim to use methodologies stated below:

1. Using distance measures such as the Longest Common Subsequence, Euclidian Distance and Dynamic Time Warping to detect further similarities between betas. Distance measures are expected to help us to classify countries by their betas based on their co-movements.
2. Employing causality tests to detect the direction of the causality.
3. Using diffusion models to analyze the dynamics of contagion.

**THE RELATIONSHIP BETWEEN ELEMENTS OF INTERNAL FINANCIAL FLEXIBILITY IN MARKET PARTICIPANT’S DECISION MAKING**

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**Abstract**

Financial flexibility is one of the most important issues in the analysis of financial market activists, especially in investing managers’ focus to assess the capital resource risk. The aim of this paper is to examine the relationship between the components of internal financial flexibility for optimal decisions of the investors. Hence, the present study examines the relationship between the components of internal financial flexibility of 92 firms listed at Tehran Stock Exchange during 2005 up to 2014. Therefore, the extracted data were tested and analyzed with descriptive statistical methods and panel data approach. The results indicate that the debt capacity is not effective in predicting the retention amount of cash resources; yet, the amount of cash resource retention is considered as one of the factors which influences the determination of the debt capacity of firms.

**Keywords:** cash holdings, debt capacity, financial market, internal financial flexibility

**CAUSAL EFFECTS OF OIL PRICE VOLATILITY ON STOCK EXCHANGE RATES: EVIDENCE FROM EMERGING AND DEVELOPED ECONOMIES**

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**Abstract**

Integration of and deepening in the financial markets has generated transmission effects among markets. Despite its importance, there are only a few works on the relationship and causalities between financial markets and the oil market. This paper studies the volatility in the global crude oil prices and its effects on the stock returns from certain developing and developed countries. I employ an ARCH model to generate variances and Granger causes of the daily data from 2003 to 2006. The effects are examined through different approaches to provide a better view. Of the three largest equity markets, only NYSE does not show any significant effect, while LSE is affected by oil price volatility in all cases. This might be because of the companies that exist in that market and the market’s role in setting the oil prices. Tokyo is affected in 5 lag intervals in the logarithmic case, while daily changes in oil prices seem to be more effective in nearly all lags. Developing countries’ equity markets (Istanbul, Seoul and Brazil) are mostly affected by daily changes in oil prices, at a 1% significance. ISE and Seoul are relatively more stable though. They show no significant effects, except in logarithmic sequences. Oil price volatility, on the other hand, affects both volatility and daily changes in stock exchange rates. It has an especially greater effect on stock exchange volatility. Oil price volatility seems to be effective particularly on LSE and Tel-Aviv. However, except oil-dependent Israel, there is no particular evidence of effect from oil price volatility in developing countries. Tel-Aviv, as an outlier example neighboring oil rich gulf countries, is affected by oil prices more than any other developing country’s stock market.

**Keywords:** Oil Prices, Stock Prices, Granger Causality.

**LAND TENURE SYSTEM AND AGRICULTURAL PRODUCTIVITY: CASE OF UKRAINE**

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**Abstract**

The land tenure security is an important condition for enabling agricultural development supporting country’s food safety and improving rural livelihood. The formal land ownership is conditional on state proper land management policy, well-organized governmental administration and maintenance of land property rights. The efficient land tenure system decreases the riskiness of farmer’s investment in agriculture which boosts innovation and leads to better utilization of land resources and directly affects the standards of living and food security in rural areas and the country as a whole. The weak security of the land tenure makes it prone to conflicts over land access and creates the conditions for illegal land markets and emergence of environmental problems. The land tenure problems are usually observable in the developing countries as a result of rapid social changes. The land reforms with land-rights certification are usually introduced in the countries experiencing tenure insecurity. Ukraine’s land reform has been going on for over two decades and number of attempts to change tenured regimes based on sharing the farm lands and certification by the state and was aimed to contribute to the development of agriculture and rural territories. The transition from the state possession of agricultural lands to the individual ownership brought significant changes to the functioning of agriculture sector and behavior of farmers. Although the land reform in Ukraine still remains incomplete because of moratorium on agricultural land sale levels of productivity increased markedly after the completion of the main phase of certification because the changes in the land tenure system have positive effect on agricultural investment and productivity, however, the results may differ according to the scale of farms. Despite the fact that Ukraine’s agricultural sector showed significant productivity growth the agricultural land remains underestimated as monetary rent and land value are ones of the lowest not only in the region but in the world.To test the effects of tenure system change and recognition of land property rights econometric analysis was used on the official data on agricultural sector statistics. The result of estimation identified positive effects of land tenure change on their productivity for small scale agricultural enterprises while no effect the differences in machine power capacity. This is in line with the supposition that the family and other small farms benefited from new land tenure system much more in comparison with large agricultural companies.

**THE GREEN ECONOMY AS A PRIORITY DEVELOPMENT OF KAZAKHSTAN**

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**Abstract**

Kazakhstan is an industrial country with a very rich natural resources. For many decades Kazakhstan was based mostly of raw materials system with extremely high anthropogenic impact on the environment. New political course of the state is the adoption of the Strategy "Kazakhstan-2050". "Strategy 2050" forms a clear direction for the construction of an efficient and sustainable economic model, whose main objective is the country's transition to a "green" way of development. In 2017 the exhibition "EXPO-2017" will be held in Kazakhstan. The main area of the exhibition is "Energy of the Future" will broadly highlight the problems and prospects of development of alternative energy sources, energy conservation, as well as the principles of the solution of environmental problems of our time. In addition, EXPO-2017 is effective way to attract foreign direct investments necessary for further economic development.

At the heart of the green economy are "green" technologies. The development of "green" economy will avoid our country ecological crisis, which has affected many post-industrial countries. It is estimated that by 2050 the conversion in the "green economy" will further increase the GDP by 3%, create about 500 thousand new jobs, and create new industries and services, to ensure high standards throughout the life of the population.

**Key words**: Kazakhstan, green economy, EXPO 2017.

**THE IMPACT OF AGRICULTURE ON CO2 EMISSION IN CHINA**

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**Abstract**

This study empirically analyses the long run relationship between agricultural production and carbon dioxide emission in China by using annual data covering 1971-2010. China as a leading developing country is the biggest carbon dioxide emitter in the world with 10,975 million metrics tons of CO2 equivalent in 2012, with agriculture accounting for 7% of this. Agriculture may have effect on environment both negatively by generating greenhouse gases (GHG) through the direct use of fossil fuels and direct or indirect use of energy, however, positively by increasing oxygen production in atmosphere through photosynthesis. Therefore, the net balance of CO2 emission level from agricultural production is not clear. When estimating the relationship between agriculture and CO2 emission, this study additionally includes real income and energy consumption as variables in the model in line with the EKC hypothesis. To show the existence of long run relationship between CO2 emission and agriculture, the bounds test approach for cointegration and Autoregressive Distributed Lag (ARDL) method will be used. In order to check the robustness of the results, other single equation cointegration methods such as FMOLS, DOLS, and CCR will also be used.

**Keywords:** Agriculture, CO2 emission, Cointegration, China

**CONTRADICTIONS IN PUBLIC-PRIVATE PARTNERSHIP DEVELOPMENT WITHIN TRANSITIONAL ECONOMIES**

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**Abstract**

The paper is devoted to the study of the public-private partnership (PPP) development process within transitional and advanced economies. Based on successful practice of PPP projects in advanced countries, implementation of appropriate practical steps to expand PPP practice in transitional economies was provided. Moreover, the key contradictions of PPP development within transitional economies were identified as well as the methods to solve or minimize them. The main channels of financial investments in infrastructure of transitional economies and the distribution of investments within sectors of infrastructure were analysed. The empirical analysis has shown the impact of economic freedom and the living standards levels on private investments (domestic and foreign) in infrastructure projects within transitional economies.

**Keywords:** Transitional economy, public-private partnership (PPP), PPP projects, contradictions of PPP, infrastructure.

**THE DEVELOPMENT OF E-COMMERCE AND THE INFLUENCE OF CONSUMER CONFIDENCE ON THE ECONOMY OF IRAN**

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**Abstract**

The electronic era of commerce is a fundamental and vital part of businesses worldwide. The explosion of E-commerce has generated a vast array of opportunities for businesses to thrive, utilising the ability to pass information electronically. The exploitation by businesses of this method of conducting commercial transactions has established a core business practise allowing companies to conduct their business in this Dot.Com age. However, these practises are not prevalent with in The Islamic Republic of Iran due to the compulsory government restrictions and the external sanctions enforced by the remainder of the world. This study has explored the influential factors that have prevented the enhancement of consumer confidence within Iran however the growth of e-commerce although sporadic has not been allowed to flourish. The restrictions that are currently affecting Iran are inhibiting the development of an e-commerce industry that in turn is restricting the economy of both corporations and the country. In this research, the author has highlighted the effects that the restrictions imposed on the e-commerce and e-marketing sectors could, if removed or loosened, dramatically improve the economics of Iran. The potential technological advancements in Iran are vast, and the result of this study indicates that consumer confidence within e-commerce, if permitted to thrive could generate a huge impetus with the economy of Iran.

**Keywords:** electronic commerce; consumer confidence, data security; Iran

**THE DETERMINANTS OF NON-PERFORMING LOANS IN NIGERIA**

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**Abstract**

The study examines the determinants of nonperforming loans in Nigeria. Secondary data were extracted from the Central Bank of Nigeria Statistical Bulletin and the Annual Reports of all commercial banks. The study employs an ordinary least square multiple regression analysis given that the data are cross – sectional and time series in nature. The findings of the study are that, the Gross Domestic Product is not a significant determinant of bad debt ratio, and poor credit risk management contributes significantly to non – performing loans in the Nigerian banking sector. We therefore insistently recommend that,Nigerian government should establish positive banking regulations that would contribute to oversee the administration of loans, and banks should adopts efficient loan appraisal techniques consisting of conventional investment analysis and risk measurements.

**Keywords:** Determinants loans, Non-performing loans, Commercial Banks, lending

Rate, Nigeria .

**TESTING CONVERGENCE IN RESEARCH OUTPUT IN BIOTECHNOLOGY FOR G7 COUNTRIES**

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**Abstract**

This study aims to analyze whether research output in biotechnology has converged in G7 countries. Biotechnology has become one of the crucial priorities in terms of economic growth. The priority for this potential to emerge is research activities. Research activities lead to the growth of scientific knowledge stock. Within this context, production of scientific publication has significant importance regarding research activities aimed at relatively new technologies like biotechnology. However, an empirical study that analyzes the convergence of the production of scientific publication (research output) in biotechnology has not been encountered in literature. Moreover, this study aims to complete this deficiency observed in literature. Accordingly, from the case of G7 countries, the convergence in research output in biotechnology was analyzed via nonlinear unit root tests.

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Zhiyar Ismael

1. In 2009, Paul Volcker, former chairman of the US Federal Reserve, is reported to have said: “The most important financial innovation that I have seen the past 20 years is the automatic teller machine, that really helps people and prevents visits to the bank and it is a real convenience.” [↑](#footnote-ref-1)
2. A remarkable quote from Walter Bagehot’s Lombard Street (1873) is worth repeating here: “The peculiar essence of our financial system is an unprecedented trust between man and man; and when that trust is much weakened by hidden causes, a small accident may greatly hurt it, and a great accident for a moment may almost destroy it.” [↑](#footnote-ref-2)
3. Notwithstanding this, some commentators, including Deloitte, do not perceive fintechas a serious challenge to banks, on the grounds that they lack economies of scale and significant competitive advantage. [↑](#footnote-ref-3)
4. Recently, the former Governor of the Bank of England, Mervyn King, published a book called “The End of Alchemy: Money, Banking, and the Future of the Global Economy,” in which he calls the power of banks to create money out of thin air Alchemy. King argues that banking lives in a state of Radical Uncertainty. [↑](#footnote-ref-4)