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IN COLLABORATION WITH  
**MONTPELLIER BUSINESS SCHOOL**

**ICBFP'2019**  
**4<sup>TH</sup> INTERNATIONAL CONFERENCE ON**  
**BANKING AND FINANCE PERSPECTIVES**

**CONFERENCE ABSTRACT BOOK**

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Prof. Dr. Thorsten Beck, Cass Business School in London, UK

Prof. Dr. Duc Khuong Nguyen, IPAG Business School, France

### **Welcome Message by the Conference Chair of ICBFP'2019**

We are delighted that the 4<sup>th</sup> International Conference on Banking and Finance Perspectives (ICBFP'2019) organized by the Department of Banking and Finance (Eastern Mediterranean University) jointly with Montpellier Business School (France) brought together a large number of distinguished academics and professionals in Famagusta, North Cyprus.

120 papers were submitted to ICBFP'2019 from 24 different countries. The conference served as an important platform for discussions on diverse finance themes such as banking and insurance, capital markets and Islamic banking, corporate governance and corporate finance, econometrics and financial modeling, SME finance and economics. This conference abstract book includes 54 abstracts.

We are grateful to our colleagues and assistants at the Department of Banking and Finance of Eastern Mediterranean University who helped us to organize this conference with such high standards and professionalism. We are also grateful to the keynote speakers, Prof. Dr. Thorsten Beck and Prof. Dr. Duc Khuong Nguyen who shared their latest research findings with the conference participants and stimulated a lot of fruitful discussions.

We also would like to thank our sponsor who provided us financial support. It would not be possible to organize this conference without the financial support of our sponsor the Central Bank of the Turkish Republic of Northern Cyprus.

Last but not least, we would like to thank all the conference participants who contributed to the ICBFP'2019. We hope to meet you again in future ICBFP conferences in the coming years.

Conference Chair:

Prof. Dr. Nesrin Özataç

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**ICBFP-001:**

**Determinants of Financial Inclusion: The Case of 146 Countries from 2004 to 2017**

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**ABSTRACT**

This paper attempts to investigate the effects of GDP growth (annual %), GDP per capita (current US\$), Inflation, consumer prices (annual %) and interest rate spread (lending rate minus deposit rate, %) on financial inclusion. Financial inclusion has been measured by account ownership at a financial institution or with a mobile-money-service provider (% of population ages 15+), account ownership at a financial institution or with a mobile-money-service provider, older adults (% of population ages 25+), automated teller machines (ATMs) (per 100,000 adults), depositors with commercial banks (per 1,000 adults) and borrowers from commercial banks (per 1,000 adults). This has been conducted using a sample of 146 countries, over the period from 2004 to 2017. Results indicate that hypotheses regarding the significance of this effect could be accepted using panel analysis according to the GMM technique. Moreover, robustness check assures these findings.

**Keywords:** Financial Inclusion, GMM Technique, Panel Analysis.



**ICBFP-003:****Efficiency and Productivity Analysis of United Arab Emirates Banking System****Welcome SIBANDA**

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E-mail: [wsibanda@hct.ac.ae](mailto:wsibanda@hct.ac.ae)**ABSTRACT**

This paper explores the United Arab Emirates banking sector's relative efficiency and productivity. The study employs Data Envelopment Analysis and the Malmquist productivity index on a sample of 46 banks in the UAE for the sample-period 2000 – 2017 and sub-sample periods: 2000 – 2007; 2008 – 2012 and 2013 - 2017, to identify static technical efficiency frontier and account for any dynamic swings. While sample-period results indicate that aggregate efficiency is attributable to pure technical efficiency rather than scale efficiency, technical efficiency based constant returns to scale indicate that foreign-domiciled banks exhibit better pure efficiency and operate at the desirable scale compared with locally-domiciled banks. Further, large local banks are more efficient on all measures than local small banks across the sample period. Islamic banks, irrespective of size and measure employed, suffer from both technical and allocative inefficiency across the sample period and sub-sample periods. Islamic banks tend to deploy less capital and do so inefficiently than conventional banks, which somewhat compromises their efficiency levels. Sub-sample results indicate the same trends, except that due to the disproportionate leverage effect, foreign banks' efficiency levels decline terribly during the 2008 Financial Crisis than local banks.

Keywords: Financial Crisis, Malmquist Index, Allocative Efficiency, Unconditional Bootstrapping, Technical Efficiency, Pure Efficiency, Scale Efficiency, Data Envelopment Analysis.

**ICBFP-006:**

**Corporate Governance: Achieving Good Corporate Governance in Order to Deal with the Contagion Effects of Financial Crisis**

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**ABSTRACT**

This paper investigates the contagion effects of the financial crisis between selected stock markets using the ARCH and ARMA models. Further investigation has been conducted to pursue the importance of corporate governance elements involved in the proposed research models, and a set of mediator variables (dummy variables) have been used to capture the variations, significantly accounting for variations in the financial market contagion. The statistical outcomes revealed that corporate governance performance is positively related to internal and external governance behavior and negatively associated with financial market contagion. The empirical evidence exhibits, after controlling for corporate culture and corporate legality elements, that there has been a significant decrease in the financial market contagion during and post-crisis.

The results also imply that it is more important to establish the right firm based corporate governance mechanism for companies prior to reforming capital market provisions to deal with the complexities of market contagion. Also, the objective of establishing the right legal system will continue to be a main priority on the politician's agenda in order to prevent the impact of financial market contagion. The results could be helpful for investors in portfolio analysis for decision-making and for policymakers for reducing financial instability in crisis periods.

Keywords: ARCH, ARMA, Corporate Culture, Corporate Legality, Market Contagion, Portfolio Analysis.

**ICBFP-007:**

**Unveiling the Causal Relationship between US Economic Policy Uncertainty and Exchange Market Pressure of Large Emerging-Market Economies**

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**ABSTRACT**

Economic history has shown that the US and Large Emerging-Market (LEM) economies are interconnected; in this regard, the study shows causal relationships between the US Economic Policy Uncertainty (EPU) and the LEM Exchange Market Pressure (EMP). A panel of fourteen countries was examined from 1995 M01 to 2018 M02 using bootstrap Granger causality test. We find a feedback relationship between US EPU and EMP for four countries, while one-way causality runs from EMP to US EPU for five and no causality for five countries. The empirical results show that economic policy uncertainty in the US induces EMP of the LEM economies without feedback. This shows that the LEM countries should be concerned about the US policy changes as it could spark up pressures in their foreign exchange markets.

Keywords: EMP, EPU, United States, LEM Economies.

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**ICBFP-008:**

**Impact of Economic Policy Uncertainty on the Exchange Market Pressure**

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**ABSTRACT**

Capturing changes in foreign reserves and exchange rates through the exchange market pressure (EMP), this paper investigates whether economic policy uncertainty (EPU) plays any role in EMP movements while controlling for the effects of domestic and external factors. A panel of 20 countries was examined from 2003Q1 to 2017Q4 using panel techniques that are consistent in the presence of heterogeneity and cross-sectional dependence. The study finds that a long run relationship exists between exchange market pressure and economic policy uncertainty. Our estimation results reveal that a rise in economic policy uncertainty, CPI, trade openness, and financial openness increase the severity of the exchange market pressure in the long run. However, GDP growth, domestic credit, and FDI inflows can cushion the effect of the pressure. Therefore, irrespective of whether a country operates fixed, flexible, or intermediate exchange rate regime, its foreign exchange market is still significantly affected by economic policy uncertainty.

Keywords: Exchange Market Pressure, Economic Policy Uncertainty, Long-run Relationships.

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**ICBFP-010:**

**The Effects of Tourism Sector on Food Prices: Empirical Evidence from Turkey**

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**ABSTRACT**

This study investigates the role of tourism growth in food prices. Turkey has been selected for searching this nexus. Data covers monthly figures from 1994 (January) to 2018 (June). It is found that tourism growth in Turkey exerts generally positively significant effects on food prices, no matter which regression methodology is selected. Consumer prices and real exchange rates have been added to the analyses as control variables, and it has been found that consumer prices are positively correlated with food prices as expected while exchange rates are negatively correlated with food prices in Turkey. Depreciation in Turkish Lira exerts reducing effects on food prices according to the findings of this study.

Keywords: Food Prices, Tourism, Time Series Analysis, Turkey.

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**ICBFP-011:**

**Volatility Effects of Oil Prices on Banking Stock Index: Evidence from Amman Stock Exchange**

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**ABSTRACT**

This study searches the volatility effects of international oil prices on the banking stock index from the Amman Stock Exchange (ASE). Using the daily data which range from July 3rd, 2006 to April 12th, 2018, it is found that the stock index is generally downturn during this data period and oil prices do not significantly impact on banking stock index of the ASE. It is mainly found that downward movement of banking stock index in the ASE is independent of the volatility in international oil prices.

Keywords: Banking Stock Index, Oil Prices, VAR, Amman Stock Exchange.

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**ICBFP-015:**

**Foreign Trade and Exchange Rates: A Study on BRICS-T Countries**

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**ABSTRACT**

The world trade volume has increased rapidly with the impact of globalization that emerged in the 1970s. After this period, countries have begun to shape foreign trade policies; one of the most important determinants of economic growth. The positive effect of both exports and imports, especially raw material, on national income shows the importance of foreign trade on sustainable growth. As a matter of fact, foreign trade has become an important weapon for the countries in “Weakening Global Growth” environment with the effect of the Global Crisis and the European Debt Crisis.

In recent times, climbing in commercial tensions have pushed the countries to various quests. The positive direction of political relations between Russia, China, and Turkey suggests that it will increase trade relations between these countries. Moreover, the instability in exchange rates brought about the making of the national currency of trade. In this study; the relationship between foreign trade and exchange rate will be investigated from 2005 to 2017 specific to BRICS-T countries.

Keywords: Foreign Trade, Exchange Rates, BRICS-T Countries.

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**ICBFP-017:**

**Role of Financial Development in Globalization: Evidence from Global Panel**

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**ABSTRACT**

The present study examines the role of financial development in globalization using the global panel data set. Annual data that ranges from 1980 to 2014 has been selected for 181 countries. Panel econometric procedures reveal that in general, financial markets have positive impacts on economic, political, and social globalization aspects as proposed by the KOF classification criteria. However, when macroeconomic fundamentals such as national income, inflation, capital, and population growth are taken into consideration, this effect sometimes becomes negative depending on the type of macroeconomic factor and methodology used. This study concludes at the end that financial development is a significant driver for globalization all around the world.

Keywords: Financial Development, Globalization, Panel Data.

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**ICBFP-018:**

**Education Matters for the Bottom of the Pyramid in Economic Development**

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**ABSTRACT**

The research article is addressed around the education initiatives undertaken by the local non-profit sectors for the poor and marginalized population in Pakistan. The research also focuses on education initiatives and constraints faced by poor students, untrained teachers, and non-profit organizations. Child labor, family relocation, poor health and sanitation practices, and poor leadership are among the many hurdles. It is a world of actions, reactions and it continues to cycle. Decisions to attend school are not a choice, but a necessity for poor students. It is observed that children are confident, friendly, and have a burning desire for a better standard of living. Overall, the children are learning in both philanthropic and self-help approach, but learning levels are not meeting the goals set by the Higher Education Commission in Pakistan. To bring a paradigm shift in the system, parent-teacher meetings, and training teachers on elite-oriented curricula, English-spoken classes, giving financial incentives to both students and their parents can work as an incentive to motivate learning and overall economic development of Pakistan. The future of a nation is only bright when people are considered an asset.

**Keywords:** Education, Economic Development, the Bottom of the Pyramid, Pakistan, Poverty, Education Innovation, Educational Policy, Poor and Marginalized Population, Constraints, Education Outcomes.

**ICBFP-019:****The Effects of the Macroprudential Policies on Turkish Banking Sector****Murat MAHMUTOĞLU\***

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Aftermath of the global crisis, the new monetary policy, which doesn't have traditional features, started to be implemented from the middle of 2010 and has been going on as of the beginning of 2019 in Turkey. Accordingly, the Central Bank of Turkey (CBRT) has determined financial stability as a goal in addition to price stability in the framework of the new monetary policy and it has carried out and developed new tools in accordance with this secondary objective. This application has been carried out in coordination with the Banking Regulation and Supervision Agency (BRSA). The high rate of credit growth in the banking sector, the extreme volatility of short-term foreign capital movements and the high-unsustainability of current account deficits have all led as financial fragility indicators and threats to financial stability. In this direction, the CBRT and the BRSA implemented macroprudential policies such as active use of Debt to Income (DTI), Loan to Value ratio (LTV), required reserve ratios, capital requirement, foreign currency lending limits, credit growth limits, interest rate corridor in order to mitigate financial vulnerabilities. The purpose of the research is testing that macroprudential policies have been implementing different tools and aiming financial stability. These effects have been analyzed and tested with the econometric time series methods in the paper. The data consist banking groups that are Turkish banking sector, deposit banking, development&investment banking. These groups have been analysed separately in the empirical part of the paper.

Keywords: Macroprudential Policies, Financial Stability, Fragility.

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**ICBFP-024:**

**Stock Prices Reaction on Dividend Announcement in NASDAQ**

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**ABSTRACT**

Announcing dividend payout policy by a company will change its stock according to dividend signaling theory. This paper aims to analyze the effect of dividend announcement for five companies listed in NASDAQ through employing event study methodology from 2014 to 2018. The purpose of this study is to investigate how the stock price reaction to dividend announcement for 40 days around the event. Results indicated from the adjusted market model in this research do not support the dividend-signaling theory, as the announcement of dividend has a significant effect on the price of shares. In general, the results are consistent with the dividend irrelevance hypothesis (Miller, M.H & Modigliani, F, 1961).

**Keywords:** Abnormal Returns, Event Study, Dividend Announcement, Market Adjusted Model.

**ICBFP-025:**

**Capital Budgeting and Risk Management in Libya's Oil Sector**

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**ABSTRACT**

Oil sector is different from other sectors with large capital investment requirements and due to the fact that there is high risk involved. There may be large spending during searching and exploring operations, but oil quantities discovered may not be economic or feasible. Decisions are characterized by a combination of uncertainty and incomplete information. These facts make it necessary to have good planning and control through the implementation of some quantitative techniques for capital budgeting. In this context, oil industry is a traditional case of an uncertainty decision-making process; it provides the best environment for investigation in corporations' behavior towards risk and its effects on their performances.

Keywords: Capital Budgeting, Risk and Uncertainty, Libya's Oil Sector, Survey.

**ICBFP-027:**

**Family Decision Making for Health Spending: New Evidence from Survey Data for Nigeria**

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**ABSTRACT**

This study examines the determinants of health expenditures by households in Nigeria. Data from the Nigerian General Household Survey, Panel 2012-2013, Wave 2 was used and a double hurdle model was employed for the analysis. It was found that the key variables determining healthcare expenditures by households are the level of their total expenditures, the gender of the head of household, whether the age of the head of household and other members of the household are over 60 years of age, and the size of the household. It is found that the income elasticity of demand for healthcare expenditures is 0.68; the marginal propensity to spend on healthcare is large for female-headed households and for households with either heads or other members of the household who are more than 60 years of age. The size of the household has a significant negative effect on the level of healthcare expenditures made by the household. Clearly, in Nigeria, other expenditure related to the size of the household and on food, for example, affects family healthcare expenditure.

Keywords: Household Expenditures, Health Expenditure, Double Hurdle Model, Nigeria.

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**ICBFP-028:**

**The Research on Internal Budget Control among Administrative Institutions: Henan Science and Technology Association as an Example**

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**ABSTRACT**

The important goal of administrative institutions is to seek benefits for the public by providing public services. With the development of economy, people pay more attention to the rationality of fiscal expenditure. Due to the particularity of administrative institutions and the development of internal control of administrative institutions in our country lags behind the current situation of the west, it is necessary to improve the level of internal control construction. As one of the six operations of internal control, the budget business is also the first line of defense against corruption and building integrity. The financial department requires the administrative institutions to carry out the budget in strict accordance with the requirements in carrying out all the business activities related to the economy. Thus, the most important thing in the internal control construction of the administrative institutions is to carry out the internal control construction of the budget business.

This paper has five parts; the first part shows the current domestic and foreign internal control research status and budget business internal control research status. The second and third parts are the theoretical part, which introduces the relevant theories about internal control of administrative institutions and internal control of the budget business. The fourth part analyzes the internal control construction and implementation effect of Henan science and technology association in recent years, and found out a series of problems such as; unscientific budget preparation methods, the budget management process is not systematic and so on. The fifth part is the conclusion of the study, based on the theory of internal control and the construction and implementation effect of internal control in the budget business of Henan science and technology association, the main conclusions are as follows: The internal control construction of administrative institutions should take the budget management as the main line, strengthen the risk prevention, improve the level of information, and establish and improve the internal supervision mechanism.

**Keywords:** Budget, Business Administrative Institutions, Internal Control.

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**ICBFP-030:****Exchange Rate Driven Balance Sheet Effect: Evidence on Emerging Market Firms****Can KADIRGAN**

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Firm-level balance sheet data indicates that firms borrowing from domestic banks have a higher degree of currency mismatch than firms borrowing directly from international financial markets. Higher FX exposure for the former group implies that their balance sheets are more likely to deteriorate when the local currency depreciates. This risk might, in turn, spillover onto creditors, potentially affecting the financial health of domestic banks. In a set of emerging market economies, I indeed find that when global liquidity tightens, domestic banks are more adversely affected by the above-described channel, than firms with direct access to international financial markets. When the US\$ index is countercyclical over the global credit cycle, countries whose foreign currency liabilities are heavily weighted in US\$ experience a larger valuation effect. Using this variation to identify the exchange rate driven balance sheet effect, I find that banking sectors in countries heavily indebted in US\$ have more difficulties accessing foreign funds when global liquidity tightens. In the same countries, this additional hindrance is, however, absent for firms with direct access to international financial markets. The results favor the implementation of FX-related macroprudential policies during abundant times. These policies should reinforce the financial stability of the banking system at potential reversal global funds.

Keywords: Exchange Rate, Emerging Market Firms, Currency.

**ICBFP-032:****The Role of Shadow Economies in Ecological Footprint Quality: Empirical Evidence from Turkey****Cihat KÖKSAL**

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E-mail: [ckoksal@ticaret.edu.tr](mailto:ckoksal@ticaret.edu.tr)**ABSTRACT**

This study aims to investigate the role of shadow economies in ecological footprint levels for the case of Turkey. Annual data that ranges from 1961 to 2014 has been selected with this respect. Results of this study confirm the long-term effects of shadow economic activities on the levels of ecological footprint in Turkey. It is found that the volume of shadow economies exerts positively significant and elastic effects on ecological footprint; that is, one percent change in shadow economic activities leads to 1.008 percent change in ecological footprint in the same directions. Therefore, this study reaches a major conclusion that shadow economies in Turkey are long-term and significant drivers of environmental pollution in the case of Turkey. In order to capture Turkey's historical experience, demographic changes and international trade on environmental degradation, traditional income-emissions model with variables such as energy consumption, urbanization, financial development, real exchange rate and trade openness which is calculated as international trade as a percentage of GDP have been augmented. Empirical conclusions reveal that the evidence of EKC hypothesis in the long-run. All variables except urbanization have been found significantly effective on ecological footprints of Turkey.

Keywords: Ecological Footprint; Shadow Economy; Environmental Pollution; EKC; Turkey; International Trade.



**ICBFP-033:**

**The Effects of Tourism Growth on the Overall Stock Market Performance: Evidence from Major Tourist Destinations**

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**ABSTRACT**

This study investigates the effects of tourism growth in the major tourist destination countries on their stock market performances. Top 10 tourist countries have been selected based on the United Nation's World Tourism Organization as of 2017 with this respect. Both time series and panel data analyses reveal that tourism is a long-term catalyst for stock market movements for tourist countries under consideration. Generally, it has been found that the effect of tourism growth on stock variations is significantly positive.

Keywords: Tourism, Stock Market, Stock Variations, Top Tourist Countries.

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**ICBFP-034:**

**Corporate Governance Models: The Anglo-Saxon Model versus the Continental European Model**

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**ABSTRACT**

This article is a review of the literature on the different characteristics of the two main corporate governance model; The Anglo-Saxon Model and The Continental European Model. Continental Europe model is implemented in Germany, France, Austria, Italy, Japan, and Belgium while the countries implementing the Anglo-Saxon model are the United States, the United Kingdom, Canada, and Australia. The way in which corporate governance is organized differs according to both country-specific and company-specific factors, but it is possible to outline the general characteristics of a countries' corporate governance model. The corporate governance provisions, the legal protection of shareholders, the share ownership pattern, the structure of the board, key players in the corporate environment and the public disclosure regulations are some of the issues that differ according to the corporate governance models. Understanding the differences between these two models will contribute to a better understanding of the concept of corporate governance.

**Keywords:** Corporate Governance, Anglo-Saxon Model, Continental European Model, Ownership Structure, Board of Directors.

**ICBFP-035:**

**Credit Market Development and Economic Growth in Nigeria**

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**ABSTRACT**

This study empirically investigates the long-run relationship between credit market development and economic growth in Nigeria from 1981-2016. The measures of credit market used are domestic credit to the private sector, broad money, trade openness, foreign direct investment, and urbanization. The measure for economic growth used is the real gross domestic product. To the best of our knowledge, no study has been in place before, examining these relationships with all these listed indicators. Therefore, this study proposes to close this gap in the literature. To capture long-run effects, we used ARDL, FMOLS, and DOLS estimators approach. Findings **uncover** that (i) long-run equilibrium relationship exists between credit market development and economic growth, (ii) economic policymakers are required to seek developing the credit market with the main intention of guaranteeing that banks and other money-related establishments are enabled and empowered to give the essential funds to the beneficial parts of the economy which are urban and the private sector.

Keywords: Credit Market, Economic Growth, Nigeria.

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**ICBFP-038:****Investigating the Impact of Real GDP, Foreign Direct Investment, Energy Consumption, Trade, and Tourism Investment on CO2 Emissions by Considering Cross-Sectional Dependence: A Panel Study for the Top 10 Major Tourist Destination Countries****Farid IRANI**

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E-mail: [seegool01@gmail.com](mailto:seegool01@gmail.com)**ABSTRACT**

The aim of this study is to analyze the long-run dynamic relationship between carbon dioxide emissions, real gross domestic product (GDP), energy consumption, trade, foreign direct investment, tourist arrivals and capital investment in tourism for top 10 tourist destination countries namely France, Spain, United States, China, Italy, Mexico, United Kingdom, Turkey, Germany and Thailand. Since we find the existence of cross-sectional dependence within the time series data of the panel, we apply unit root tests of the second generation, cointegration tests, and causality tests that can deal with cross-sectional dependence issues. The cross-sectionally augmented Dickey-Fuller (CADF) and Im-Pesaran-Shin (CIPS) unit root tests confirm that the variables are stationery at their first differences, or the variables are in order I(1). The Westerlund (2007) panel cointegration test shows the existence of a long-run relationship between the analyzed variables. The Dynamic Ordinary Least Squares (DOLS) shows that GDP, FDI, tourism, energy consumption contributes positively to CO<sub>2</sub>, but trade is negative and significantly contributes to CO<sub>2</sub>. Also, Dumitrescu –Hurlin (2012) causality tests exploit a variety of causal relationships between the variables analyzed.

Keywords: Energy Consumption, Tourism, Environmental Impacts, Cross-Sectional Dependence, Tourism Investment.

**ICBFP-039:**

**Spillover Effect of Interest Rate Volatility on Banking Sector Development in Nigeria: Dynamic ARDL Bound Test Approach**

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**ABSTRACT**

This study investigates the dynamic spillover effect in the United States (US) interest rate volatility on the Nigerian banking sector development. The study adopts the bounds test approach in the context of the dynamic autoregressive distributed lag model (ARDL) and the modified Granger causality test. Empirical results support the dynamic impact in the spillover effect of US interest rate volatility on the banking sector development in Nigeria — over the short and long run time horizons. The research reveals that the spillover in the US interest rate volatility affects the development of the Nigerian banking sector through numerous channels—most significantly—via the real interest rate channel. Thus, the empirical results in the current research confirm the spillover impacts of US interest rate volatility consistent with other empirical studies—and is of interest to central bank monetary policy decisions.

Keywords: Autoregressive Distributed Lag Model (ARDL), Banking Sector Development, Interest Rate Volatility, Modified Granger Causality, Nigeria.

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**ICBFP-040:**

**Does Market Structure Matter on Banking Performance? Case of Eurasian Economic Union Countries**

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**ABSTRACT**

The aim of this study is empirically evaluating the determinants of the financial performance of banks in the new classification of transition countries - Eurasian Economic Union. We used bank specific, market structure, and macroeconomic variables to see the impacts on the profitability of banks in the above-mentioned countries. System GMM Dynamic approach employed to do the empirical analysis for the period of 2011-2017. The result showed that there is profitability persistency in the banking market. Risk management, such as liquidity and credit risk significantly explain the performance of the banks. Market structure plays a significant role in determining the profits of banks in these countries.

Keywords: Market Structure, Bank Performance, Eurasia.

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**ICBFP-041:**

**How does Environmental Performance affect Financial Performance? Empirical Evidence from Oil and Gas Firms**

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**ABSTRACT**

This study aims to investigate the effect of environmental performance (EP) on financial performance (FP) for Oil and Gas companies employing second generation panel data regression models over the period 2005q1-2016q4. The results show that investment (INV) and research and development (R&D) have a positive and significant effect on EP in the long-term, whereas training (TR) has a positive and significant effect on EP in the short-term. On the other hand, EP has a positive and significant effect on FP in the long-run. This finding is consistent with the Porter hypothesis and the existing theoretical framework suggests that environmental strategy improves EP in short-run, whereas FP has a long-term improvement. Overall, this study offers the companies' manager a comprehensive idea that they can apply and measure environmental strategy as well as a better understanding of how strategy's action affects both EP and FP.

Keywords: Environmental Performance, Financial Performance, Oil and Gas Companies, Second Generation Panel Data Analysis.

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**ICBFP-043:**

**Estimating the Rate of Return to Capital in Tanzanian Economy**

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**ABSTRACT**

The rate of return to capital is a central parameter in the economy of any country as it is one of key elements in estimating the opportunity cost of capital at the society level as well as it provides a basis for evaluating the contribution of capital investment to the economic growth. The main aim of the study is to estimate the rate of return to investment in the Tanzanian economy. Incorporating the national accounting system as well as the reproducible capital stock, the result suggests that the gross-of-tax rate of return to investment has averaged 16.27% over the period 1999 – 2016.

Keywords: Capital Return, Investment Rate, Tanzania.



**ICBFP-044:**

**Estimating the Role of Climate Changes on International Tourist Flows: Evidence from Mediterranean Island States**

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**ABSTRACT**

This article examines the role of climate changes on tourist flows to Malta, Cyprus (North) and Cyprus (South) which are major tourist destinations in the Mediterranean. Results from time series analyses reveal that climate change positively impacts on foreign tourist flows to these island states. Thus, this finding is reasonable where we argue that global warming leads to increases in international tourist arrivals to small island states. This paper has also found statistically significant effects of overall energy consumption on foreign tourist arrivals to Malta and Cyprus, revealing that energy efficiency policies are essential in small island states.

Keywords: Climate Change, Carbon Emissions, Tourism, Islands.

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**ICBFP-045:**

**Bitcoin and Risk Aversion**

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**ABSTRACT**

This study contributes to the literature by evaluating Bitcoin's role as an alternative asset. For that purpose, we have compared the behavior of the Bitcoin returns and the US stock market returns during times of high and low-risk appetite and uncertainty. The results show that in some periods, Bitcoin behaves like stocks, but this association is not sustainable. Bitcoin investors are not following the risk perceptions of other investors and they have different dynamics in making their investment decisions. A further avenue of research would be to investigate these different dynamics using different asset classes as a comparison. Besides, there is a need for more studies on other cryptocurrencies. Although bitcoin is the most famous cryptocurrency with the highest market capitalization, there are some other strong alternative cryptocurrencies such as Ripple, Litecoin, Ethereum. Futures studies will be needed to see if results obtained using Bitcoin data can be generalized for other cryptocurrencies.

Keywords: Bitcoin, Risk, Litecoin.

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**ICBFP-047:**

**Detecting Price Explosivity (Bubble) in Turkey's Stock Prices: Evidence from an Radf Technique**

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**ABSTRACT**

Most of the historic economic and financial crises have resulted from the negligence of financial asset bubbles (overpricing of an asset above its fundamental value). Hence, this has drawn much attention to the need for bubble detection in these financial asset prices in order to avert a future financial crisis.

This study would employ the second-generation base Right-tailed Augmented Dickey-Fuller test technique (Standard ADF, Sup ADF, Rolling ADF, and the Generalized Sup ADF) to detect the presence of price explosivity in Turkey's stock market prices. Employing the entire RADF would help date stamp both single and multiple price bubble periods in stock prices.

This study covers weekly data of Turkey's BIST 100 from 200W1 to 2019W4 in order to capture the before and after periods of the 2008 financial crisis.

A presence of multiple bubbles is expected in the series since the data covers a range of financial crisis period associated with the stock market. If the null hypothesis of no bubble is significantly rejected, expansionary monetary policies, transparency in the economic agents and prudential macro policy would be possible recommendations for policymakers to deflate the existing bubble.

Keywords: RADF, GSADF, Sup ADF, Rolling ADF, Bubble, Stock Price, Turkey.

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**ICBFP-049:**

**The Firm-Specific Determinants of Capital Structure in the Beverage Industry in Europe**

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**ABSTRACT**

This study investigates the firm-specific capital structure determinants for the listed firms operating in the beverage industry in Europe. The financial data related to the period 2010-2018 are obtained from Orbis. A total of 83 companies with 747 observations are used. According to the results, profitability is negatively correlated with total debt ratio, long-term debt ratio, and short-term debt ratio. Tangibility and liquidity are also negatively correlated with both total debt ratio and short-term debt ratio. Also, it is found that growth has a statistically significant negative impact on both total debt ratio and long-term debt ratio. On the other hand, the results underline that non-debt tax-shield is positively correlated with total debt ratio and short-term debt ratio. Similarly, size is positively correlated with both total debt ratio and long-term debt ratio. To sum up, growth, tangibility, liquidity, profitability, size, and non-debt tax shield have statistically significant influences on debt ratios. This study may help managers and policy makers interested in capital structure determinants to make accurate decisions. Creditors may also utilize this study to analyze the capital structure of borrowers while they are considering the issues related to lending money.

Keywords: Beverage Industry, Capital Structure, Debt, Profitability.

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**ICBFP-052:**

**Smooth Break Detection and De-Trending in Unit Root Testing: Application to Financial Data**

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**ABSTRACT**

This study explores the methods to de-trend the smooth structural break processes while conducting the unit root tests. Two most commonly applied approaches for modeling smooth structural breaks; namely, the smooth transition and the Fourier functions are considered. We perform a sequence of power comparisons among alternative unit root tests that accommodate smooth or sharp structural breaks. The power experiments demonstrate that the unit root tests utilizing Fourier function lead to unexpected results due to the over-filtration problem. Further, through simulation studies, we investigate the source of such unexpected outcomes. We find that the selection of de-trending function is pivotal for unit root testing with structural breaks.

Keywords: Structural Break, Nonlinear Unit Root Tests, Flexible Fourier Form, Smooth Transition Regression.

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**ICBFP-054:**

**Sunk Costs and Exporting Behavior: A Sectoral Analysis**

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**ABSTRACT**

This article examines the hysteresis behavior due to sunk costs in exports of the Turkish manufacturing sector. The results of the analysis using the Preisach method for 2006Q1 to 2018Q2 reveal hysteresis for only one sector: The manufacturing of wearing apparel, dressing and dyeing of fur (*clothing*). To shed more light on this result, we provide detailed information on the multi-layered production structure of the clothing sector. We argue that the sub-contracting capacity of intermediaries with their previous export experience and established connections, low importance of plant size in the entry decision, easier financing conditions and price advantage due to real exchange rate depreciation are the main determinants of relatively lower sunk costs in this sector.

Keywords: Sunk Costs, Sectoral Analysis, Preisach Method.

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**ICBFP-055:**

**Asymmetric Effects of Credit Growth on the Current Account Balance: Panel Data Evidence**

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**ABSTRACT**

Expanding current account balances (both surpluses and deficits) prior to the global economic crisis dominated academic and policy debates over the past decade. Understanding the role of credit growth on the current account balance has become a priority particularly with the rebalancing experience in the post-crisis period. In this study, we adopt a comprehensive framework by constructing an empirical model that accommodates asymmetric adjustments of current account balance to total and household credit growth. We consider the asymmetric effects in two dimensions. When we discriminate between credit expansion and contraction episodes, our results show that credit growth has a larger negative impact on current account balance during credit expansion periods. Furthermore, negative effects of total and household credit growth on current account balance are more pronounced during current account deficit episodes.

Keywords: Credit Growth, Current Account Balance, Loan Growth, Global Imbalances, Household Credit, and Panel Data Econometrics.

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**ICBFP-056:**

**An Analysis to Detect Exuberance in Regional House Prices in Turkey**

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**ABSTRACT**

This paper aims to find out whether there is exuberance in regional house prices in Turkey. For this purpose, we analyze real hedonic house prices and price to rent ratios for the whole country and 26 geographic regions at the NUTS2 level from January 2010 to February 2018. We perform Generalized Supremum Augmented Dickey-Fuller (GSADF) tests for exuberance and Backwards Supremum Augmented Dickey-Fuller (BSADF) tests to determine periods of explosive price increases following Phillips et al. (2015). Our econometric results indicate that there is exuberance in house prices in İstanbul and its surrounding regions and also in İzmir for multiple periods after 2013.

Keywords: House Prices, Hedonic House Prices, Price to Rent Ratio, Bubble, Right-tailed Unit Root Tests.

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**ICBFP-058:**

**Nonlinearity in Emerging European Markets: Pre and Post Crisis Periods**

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**ABSTRACT**

Investigating the efficiency of emerging markets has been a popular research trend in the past decade, showing implications on both the economy and the policies of the countries in question. Market efficiency, in other words, informational efficiency, states that if markets are fully efficient, then all information is instantly reflected the prices of stocks. However, there are many arguments for and against this theory, especially on the discussions of the 2008 Global Financial Crisis. These past studies are seen to be showing mixed results. It is important the note that there is a nonlinear movement among the stock prices within stock markets and this needs to be incorporated in the tests that are used to measure their efficiency in order to obtain more accurate results. Therefore, in this study, we have tested the weak form efficiency of the emerging markets located in Europe, namely, Czech Republic, Greece, Hungary, Poland, Turkey, and Russia. Effects of the 2008 Global Financial Crisis were put forward by taking two different time periods (Pre: November 2005 – September 2008 and Post: October 2008 – February 2019 – Crisis) and applying newly developed nonlinear unit root tests. Results of the study supported previous research and showed that the efficiency of most markets changed in the post-crisis period from efficient to inefficient.

Keywords: Market Efficiency, Emerging Markets, Nonlinear Unit Root Tests, Nonlinearity.

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**ICBFP-061:**

**What Drives Foreign Portfolio Investment Flows in South Africa?**

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**ABSTRACT**

The aim of the research is to examine the macroeconomic variables that pull or push foreign portfolio investment (FPI) flows in South Africa for the period between 1980 and 2017. The push and pull approach is employed to determine if the determinants constitute both internal and external factors. The ARDL method of co-integration and the bounds test are used to establish a dynamic relationship between the variables. The regressors of per capita real GDP, real exchange rate, general government expenditure, real interest rate, the US industrial production index, and the US 3-month Treasury bill rate are used to analyse the impact on the foreign portfolio investment inflows (liability) on FPI and to determine whether they push or pull the FPI. The bounds test revealed that a relationship exists between FPI and all its regressors in the long-run, where all the push and pull variables are significant determinants of FPI. The short-run relationship between FPI and its regressors are also estimated alongside the rate at which diverging variables returns to equilibrium after a short-run shock. The rate of returns internally and externally (real interest rate and US Treasury bill rate) are the only significant determinants of FPI in the short-run, while at the speed of 73%, the diverging variable returns to the long-run equilibrium after a short-run shock.

Keywords: Foreign Portfolio Investment, Push and Pull Factors, ARDL, ECM.

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**ICBFP-062:**

**Practical Tests of Financial Bubbles: Better Critical Values for Detecting Exuberant Behavior**

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**ABSTRACT**

A recent econometric methodology is becoming increasingly popular in policy work as a practical test to identify and date financial bubbles in real time, developed by Phillips et al. [Phillips, P. C., S. Shi and J. Yu (2015), "Testing for Multiple Bubbles: Historical Episodes of Exuberance and Collapse in the S&P 500," *International Economic Review*, 56 (4), 1043-1077]. This methodology is employed to detect both expansions and collapses of financial asset bubbles. However, in many (if not most) applications, the interest is in detecting only expansionary bubbles. We modify the Phillips et al. methodology in a way that focuses only on expansionary episodes and provides new critical values for practical applications that aim only to identify such episodes.

Keywords: Financial Bubbles, Econometric Methodology.

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**ICBFP-063:**

**Does R&D Matter for Unemployment?**

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**ABSTRACT**

The main focus of this paper is to empirically examine the nature of both long-run and short-run relationships between R&D expenditures, output growth, and the unemployment rate in selected European countries both at panel level and individual country level by using annual data over the period 1991-2017. The results of ARDL bounds testing indicate that in the majority of the countries investigated, there exists a long-run relationship between these three variables. Furthermore, the results of panel-data analysis based on Pooled Mean Group (PMG) estimation suggest that even though an increase in R&D intensity is likely to lower the rate of unemployment in the long-run, its short-run effects are likely to be unfavorable.

Keywords: R&D, Unemployment Rate, Economic Growth, Technological Progress.

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**ICBFP-064:**

**Turnover in Tourism Services and Economic Expansion in Emerging European Economies**

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**ABSTRACT**

Using quarterly data from 2001 to 2017 the paper focuses on empirically examining the nature of the relationship between the relative size of the tourism sector and economic expansion by employing the chain linked volumes of turnover in tourism-related services and GDP in a sample of eight Central and Eastern European (CEE) countries. The empirical results based on Block significance testing and impulse responses suggest that even though there exists a causal relationship from the relative size of the tourism sector to economic expansion in four investigated countries, the qualitative nature of this effect is likely to be negative in two of these countries: specifically the results of impulse responses analysis indicate that while the relative expansion of the tourism sector can be growth-enhancing in Czech Republic and Croatia, in Lithuania and Latvia it can have adverse effects on long-run economic growth.

Keywords: Turnover in Services, Tourism Services, Economic Expansion, Impulse Responses, Eastern European Countries.

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**ICBFP-065:**

**Fiscal Sustainability from a Nonlinear Framework: Evidence from 14 European Countries**

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**ABSTRACT**

This study examines the fiscal sustainability of 14 European member countries in the long-run. For this purpose, a linear ADF and a variety of nonlinear univariate unit root tests are applied to the debt-to-GDP series of the 14 European member countries, Belgium, Czech Republic, Denmark, Finland, France, Greece Hungary, Italy, Netherlands, Poland, Portugal, Romania, Slovakia, and Sweden. In addition to that, the nonlinear unit root tests applied in this study are classified according to the source of nonlinearities: i) time-dependent nonlinearity (structural break(s)), ii) state-dependent nonlinearity and iii) time and state-dependent nonlinearity simultaneously (hybrid nonlinearity). Thus, the possible nonlinearities in the data generating process of debt-to-GDP series of every country can be determined. The findings of this study show that the null hypothesis of linear unit root can be rejected for some countries by applying nonlinear unit root tests whereas it cannot be rejected for every country by applying linear ADF. Additionally, the source of nonlinearities in the relevant data differs according to the country. That is to say, for testing the fiscal sustainability, the nonlinearities in the data should be taken into account. Neglecting the nonlinearities can lead to misleading results in the decision of fiscal sustainability in the long run.

Keywords: Fiscal Sustainability, Nonlinearity, Unit Root Tests.

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**ICBFP-066:**

**The Behaviour of the Financing Decision of the Russian Listed Companies**

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**ABSTRACT**

This study investigates the presence of the market timing theory in the case of Russian firms for the periods of 1992-2013 and 2003-2013 using the two-step system GMM panel estimators (Arellano and Bover, 1995; Blundell and Bond, 1998) and the Fama and MacBeth two-step procedure (1973). The main aim of the study is to observe the effect of the market timing on the capital structure by controlling the key determinants of firms' financing decision. The two-step system GMM results imply that the calculated historical market to book measure has a negative coefficient and it indicates the presence of the market timing on capital structure. The persistence effect of market timing is confirmed by employing the Fama and MacBeth two-step procedure (1973). The result of the test reveals that even in 10 years the 55 percent persistency of the initial effect of the market timing on the capital structure for the matured listed Russian firms is observed.

Keywords: Capital Structure, Market Timing, GMM, Tax.

**ICBFP-067:****Spillover Effect of US Government Bond Yield Structure on Stock-Bond Correlations: Evidence from G7 Country Markets****Abobaker Al. Al. HADOOD**

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E-mail: [Abobaker2010@yahoo.com](mailto:Abobaker2010@yahoo.com)**ABSTRACT**

This paper investigates the impact of the US-government bond yield structure on the dynamic correlation between US bond market return and G7 country stock market returns, based on daily data from 26 November 2008 to 29 June 2018, and utilizing bootstrapped quantile regression approach. The empirical results reveal that the dynamic correlation between bond and stock markets respond differently to government bond yields structure across countries and quantiles. The dynamic correlations between stock and bond markets are negatively and positively affected by the US government bond risk premium and risk-neutral yield components respectively across most quantiles in the UK market, while they react positively and negatively to the two components mostly at lower quantiles scenarios in Germany markets. However, only the US government bond risk premium component positively drives the dynamic correlation between stock and bond markets at lower quantiles in the Canadian market, while in the Italian market, the US government bond risk premium and risk-neutral yield components positively and negatively influence the dynamic correlation across most quantiles. My findings provide new insights into cross country-cross market correlation determinants and offer essential information for financial communities with regards to international diversification and hedging.

Keywords: Bond-stock Market Correlations, Dynamic Correlation, US Government Bond Yield Structure, Quantile Regression Model.



**ICBFP-068:**

**Global Movements of Crypto-Currencies: A Causality Analysis**

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**ABSTRACT**

In this paper, we discuss the importance of the cryptocurrency market along with its growing effect the global economy. Bitcoin is a digital currency with extremely high volatility. There is an ongoing debate that is evaluating this new medium as an alternative to conventional currencies or investment tools in the global market. This article analyzes asymmetric causality effects involving Bitcoin and selected currencies. Applications include information obtained from the aforementioned analysis along with the inclusion of an explanatory variable (the gold price). The Hatemi-J (2012) method is used to detect the asymmetric causality relationship between positive and negative shocks within the market. The results that a causal relationship does not exist between Bitcoin to other currencies. The other results show that there is a two-way negative causal relationship between the gold price and Bitcoin.

Keywords: Crypto-currency, Bitcoin, Global Impact, Asymmetric Causality.

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**ICBFP-071:**

**Unconventional Monetary Policy and Portfolio Allocation**

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**ABSTRACT**

International financial institutions have a critical role in intermediating and allocating capital across countries and therefore facilitating the cross-border transmission of monetary policy. This paper examines the international transmission of monetary policy through financial institutions. Using quarterly data on individual institutional investors from 2001 to 2015, this paper studies the international transmission of the monetary policy conducted by major advanced economies on the cross-border portfolio allocation of large institutional investors. The results reveal that in response to unconventional monetary policies, large institutional investors contributed to the surge in capital flows to emerging markets and developing countries. While institutional investors contributed to the international transmission of monetary policy, the results also reveal that these policies prompted institutional investors to increase allocation at home. The results show cross-border transmission effects supportive of the portfolio balance and risk-taking channels of monetary policy transmission.

Keywords: Unconventional Monetary Policy, Institutional Investors, Portfolio Balance Channel, Asset Allocation.

**ICBFP-073:****A Time Series Analysis of Unemployment Dynamics in Six Developed Countries: A New Approach****Mustafa İSMİHAN**

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E-mail: [mustafa.ismihan@emu.edu.tr](mailto:mustafa.ismihan@emu.edu.tr)**ABSTRACT**

The natural rate hypothesis generally implies that there is a fixed (or stable) and a historical equilibrium for the unemployment rate. However, a number of economists emphasized the sensitive dependence of the unemployment rate on recent and past events (the hysteresis hypothesis). While the presence of unit roots in the unemployment rate series are considered to be evidence in favor of the hysteresis hypothesis, its' rejection –that is, the stationarity of unemployment rate– is taken as a validation of the unique natural unemployment rate. Broadly speaking, the empirical evidence is mixed. Nevertheless, it is difficult to characterize the "trends" of most time series variables –such as unemployment rate– in isolation, particularly, in a *univariate* analysis like unit root tests. Many studies emphasized that standard unit root tests may have low power, e.g., due to possible structural breaks and small sample size; however, they did not take into account the possibility that unemployment rate may have a related trend and cyclical components with other variables, e.g., in the goods market.

Considering the fact that there is a crucial interdependence between the labor market and goods market, it is important to link apparent trends and cycles to the underlying phenomena. This paper, therefore, attempts to offer a new approach to the analysis of unemployment dynamics. Our results, for six countries, indicate that the unemployment rate could be better characterized by a *history-dependent moving equilibrium*. Our results also lend some support to the hysteresis hypothesis. More importantly, this study suggests a new approach for modeling unemployment dynamics in line with the notion of path dependency.

Keywords: Unemployment Rate, Natural Rate Hypothesis, Hysteresis, Moving Equilibrium, Path Dependency.

**ICBFP-074:**

**Diagnosing How Japanese Banks' React to Unconventional Monetary Policy Announcements during the Japanese Deflationary Decade**

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**ABSTRACT**

This study examines the impacts of the unconventional monetary policy announcements conducted by the Bank of Japan, on the Japanese bank stock returns between the years of 1999 and 2016. Central banks are very powerful government based institutions that can print money, control the interest rates and liquidity, even in many countries, can regulate the banking system (Amzallag, 2015). However, since the 2008 global financial crisis, the main challenge that all central banks worldwide are facing can be stated in one idiom as "how to overcome the zero lower bound" (Nakaso, 2018). Before the 2008 global financial crisis, many academicians (researchers) and economists viewed this zero lower bound problem but were not widely perceived as an actual serious policy challenge.

By examining the impacts of the selected five unconventional monetary policy announcements on the ten biggest Japanese financial institutions, we tried to measure the effectiveness of the unconventional monetary policy actions against low growth and inflation in Japan economy.

We find that the unconventional monetary policy announcements did not meet the BOJ's expectations in terms of the effectiveness. The ineffectiveness of the implemented unconventional monetary policy announcements also creates a discussion point about whether the Monetary Transmission Mechanism works or not. This will be a further research topic that will be examined in the future.

Keywords: Bank of Japan, Unconventional Monetary Policy, Deflationary Decade, Event Study.

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**ICBFP-079:**

**PPP Hypothesis and the Nonlinearities: Evidence from Selected Countries**

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**ABSTRACT**

In this study, we have studied the PPP hypothesis by using a newly proposed test highly dynamic structures inherited in their testing process. The results shed more light on the prevailing literature by examining the different nonlinearities by using newly proposed test. For this purpose, we propose a new unit root test procedure that allows for both gradual structural break and asymmetric nonlinear adjustment towards the equilibrium level. We then apply this new test along with other unit root tests to examine stationarity properties of real exchange rate series of the sample countries. Our test rejects the null hypothesis of a unit root in more cases when compared to alternative tests. Overall, we find that the PPP proposition holds in majority of the XXX countries examined in this paper.

Keywords: Smooth Break, Nonlinear Panel Unit Root, PPP.

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**ICBFP-080:**

**Does the Financial Performance of Banks Change during the Global Financial Crisis? The Case of Palestine**

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**ABSTRACT**

The main goal of this study is empirically evaluating the financial performance of Palestinian banks during the period 2005-2011. The main purpose of these selected periods is to capture the global financial crisis time effect fully. Both bank-specific and macroeconomic variables are used to investigate the financial performance of banks during the global financial crisis. Fixed-effects and Random-effects methodologies are used to do empirical analysis. The study concluded that the macroeconomic factors have more impact on the profitability of the banks in Palestine, in contrast with bank-specific profitability determinants.

Keywords: Banks, Inflation, Profitability, Global Financial Crisis.

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**ICBFP-081:**

**Tourism-Led Growth Hypothesis: The Case of North Cyprus**

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**ABSTRACT**

This paper empirically investigates the tourism-led-growth hypothesis for the case of North Cyprus by employing the Johansen cointegration test, fully modified ordinary least squares (FMOLS) and Granger causality test using annual data from 1977-2016. The results confirm the existence of a long-run equilibrium relationship among tourism revenues, real exchange rates, and economic growth for the case of North Cyprus. Granger causality test results also support the existence of the tourism-led growth hypothesis. Results of this study can be a guideline for other tourism destination emerging economies to create effective policies around economic growth.

**Keywords:** Tourism Revenues, Real Exchange Rates, Economic Growth, North Cyprus.

**ICBFP-082:**

**Product Market Competition and Labor Investment Efficiency**

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**ABSTRACT**

In this paper, we analyze the link between product market competition and labor investment efficiency. Using a large panel of U.S. listed firms over the 1998-2017 period, we document that product market competitive pressure leads to higher deviations of actual net hiring from its optimal level predicted by economic fundamentals, i.e., lower labor investment efficiency. This result is consistent with the prediction that, since competition reduces profit margins, it increases concerns over the firm's short-term performance, which in turn leads managers to under-invest in human capital as a way to meet earnings targets. We provide further support for the causal relation between competition and labor investment efficiency by exploiting an exogenous source of variation in product market competition, i.e., large reductions in import tariff rates. Our findings stand up to a battery of robustness checks, including the use of alternative variable definitions and additional control variables and accounting for the effect of other concurrent investments. Furthermore, our additional analysis shows that the role of competition in deteriorating labor investment efficiency is stronger for firms with higher exposure to competitive pressure, tighter financial constraints, and higher labor adjustment costs.

Keywords: Product Market Competition, Risk Exposure, Labor Investment, Investment Efficiency, Import Tariffs, Crisis.

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**ICBFP-083:**

**Acquirer Returns in the Context of Corporate Governance: Evidence from an Emerging Market**

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**ABSTRACT**

We investigate the impact of mergers and acquisitions announcements on acquirer firms' short-term stock performance in Turkey. Based on event study results, from more than 200 acquisitions initiated by Turkish companies listed in Borsa Istanbul (BIST) over 2007–2018, post-announcement cumulative abnormal returns are found consistently significant and positive for Turkish acquirers. We observe a considerable increase in CARs in the pre-announcement period as well, which refers to information leakage. According to G20/OECD Principles of Corporate Governance, however, mergers and acquisitions are among extraordinary transactions that should be clearly articulated and disclosed so that investors understand their rights and recourse. Such transactions should occur at transparent prices and under fair conditions that protect the rights of all shareholders. In this regard, we re-run our event study for acquirer firms that adopt high corporate governance standards proxied by inclusion in the Corporate Governance Index (XCORP) specifically developed by BIST to measure the price and return performances of the firms with high corporate governance ratings. The results are interesting in that neither pre- nor post-announcement CARs are significant anymore, which proves that transparency matters.

Keywords: Mergers and Acquisitions, Corporate Governance, Event Study.

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**ICBFP-085:**

**Credit Portfolio Diversification and Bank Performances during the Recent Crisis Period in Turkey**

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**ABSTRACT**

This study investigates the relationship between credit portfolio diversification and financial performance of Turkish commercial banks for the period 2002-2012. Increasing in the number and volume of credits into different industries would decrease profitability, but a well-diversified credit portfolio can absorb potential losses because of risk reduction role of diversification strategy. We focus on the riskiness of credit growth in industries to control the role of systematic risk, which has been ignored or defined differently in the recent literature. Therefore, in our empirical analysis, we pay attention to the recent financial and economic crisis with different negative consequences over economic activities for different industries to test the benefits of credit portfolio diversification strategies.

Keywords: Credit Portfolio Diversification, Bank Performance, Bank Risk, Financial Crisis.

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**ICBFP-087:**

**The Impact of Financing Decisions on the Growth of Industrial Jordanian Public Shareholding Companies**

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**ABSTRACT**

This study aimed to investigate the impact of financing decisions on the growth of Industrial Jordanian Shareholding Companies. The sample included all shareholder companies listed at Amman Stock Exchange for the period 2011-2018. Data were analyzed through SPSS to find the normal distribution of the variables, the heterogeneity test, multicollinearity test, and simple and multiple regression analysis was carried out. The findings show that there is a significant effect of the financing decisions on the growth of the industrial shareholder companies; there is statistically significant coefficient associated with the financing decision variable, represented by retention ratio on the earnings-price ratio. Also financing decision represented by increasing the capital through increasing the number of outstanding share on the price to earnings ratio is also significant; and finally, there was no significant effect for debt ratio on price-earnings ratio. In conclusion, the study recommends that companies should match their sources of funding and ways of employing these funds and keep a dynamic change in the capital structure according to market needs.

Keywords: Financial Inclusion, GMM Technique, Panel Analysis.

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**ICBFP-088:****Control Enhancing Mechanisms and Corporate Value in Family-Controlled Companies: Evidence from Turkey****Seniha BESİM**

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E-mail: [seniha.besim@emu.edu.tr](mailto:seniha.besim@emu.edu.tr)**ABSTRACT**

This study examines the effect of control structures on the corporate value of family-controlled BG companies listed on Borsa İstanbul (BIST). Turkey is a civil law country with weak shareholder protection. Turkish business settings are characterized by family-controlled business group companies which are the product of a slow privatization program. 80% of non-financial companies traded on BIST are ultimately controlled by families. Families control business group companies by means of pyramid structures and dual-class shares. This results in a divergence between control and ownership (cash flow) rights of the controlling shareholders. Also, families use board mechanisms to achieve control over the BG companies. Within the framework of agency cost theory, this study analyses the impact of control enhancing mechanisms (CEMs), namely pyramid wedge and dual-class share wedge, on corporate value. A panel data set of 122 family controlled non-financial BG companies for eight years, 2009-2016, is analyzed. The empirical results, using fixed and random effects estimation methods, show that after controlling for age, size, financial leverage and growth opportunities, control-ownership (cash flow) wedge has a negative impact on the corporate value. When the control-ownership wedge is decomposed into its components, we find that dual-class share wedge has no effect on corporate value, but pyramid wedge lessens value.

Keywords: Family Companies, Control, Ownership, Expropriation, Corporate Value.

**ICBFP-090:**

**Natural Resource Abundance and Economic Growth: The Case of Azerbaijan**

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**ABSTRACT**

This study examines the impact of the natural resource abundance on economic growth in the case of Azerbaijan for the period of 1991-2018. We applied the Bayer-Hanck (2013) combined cointegration and the autoregressive distributed lag bounds testing (Pesaran et al. 2001) empirical methodologies. They confirm that there is a long run relationship between natural resource abundance and economic growth. The important implication for policymakers is to take into account also education and capital formation to induce economic growth in the short and long run.

Keywords: Natural Resources, Economic Growth, Education, Capital Formation.

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