

PhD THESIS ABSTRACT

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Abstract

In Chapter 1, the competitive conditions for the Turkish banking industry is examined by using the Panzar-Rosse (1987) model and considering the foreign investments to the banking industry. Within the liberalization of the financial markets, foreign direct investment activities have grown very quickly especially in the banking sector. Acquisition by foreigners has been linked to introduction of new technology and expansions in products and service range. This suggests that the inflow of foreign capital can alter the competitive structure of an industry. I plan to investigate the quantitative importance of this phenomenon using the data from the Turkish banking industry. To measure the competition upon increase in foreign ownership, I will use the Panzar and Rosse (1987) model that allows to test for market structure relying solely on information from the financial statements of the banks. The results indicate a monopolistic competition for the Turkish banking industry.

In Chapter 2, the effects of credit supply in increasing demand of a durable good (car market) by vector auto-regression (VAR) is examined. After the devaluation of the Turkish Lira against Euro and US Dollar, automobile prices in Turkey rose substantially. Despite this context, car sales also increased. In this paper, I explore the role of credit supply of the Turkish banks. Throughout this period, consumer credit increased due to the modernization of the Turkish banking sector. The results indicate that car credits first boost car sales and then affects the latter negatively.