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Department of Banking and Finance

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CONFERENCE ABSTRACT BOOK

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Welcome Message by the Conference Chair of ICBFP'2023

We are delighted that the 7th International Conference on Banking and Finance Perspectives (ICBFP'2023) by the Department of Banking and Finance organizing a platform for a large number of distinguished academics and professionals all over the world.

There are 33 papers that were submitted to ICBFP'2023 from 10 different countries. The conference served as an important platform for discussions on diverse finance themes such as banking and insurance, capital markets, energy economics, Fintech, corporate finance, econometrics, financial modeling, SME finance and macroeconomics. This conference abstract book includes 33 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. Sabir Boubaker and Prof. Dr. Arman Eshraghi 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 with financial support. It would not be possible to organize this conference without the financial support of our sponsor Garanti BBVA Bank.

Last but not least, we would like to thank all the conference participants who contributed to the ICBFP'2023. We hope to meet you again in future ICBFP conferences in the coming years.

Conference Chair:

Prof. Dr. Nesrin Özataç

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Analysis of Banking Soundness in Terms of Country Effect: A Worldwide Evidence using the Bankers Top 1000 Banks' Database

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ABSTRACT

This paper attempts to investigate banking soundness indicators using the Bankers top 1000 banks' database that includes 638 High Income countries, 233 Upper-Middle Income countries, 111 Lower-Middle Income countries and the remaining 2 Low Income countries. This has been conducted using data of 984 banks during the period from 2002 to 2021, where banking soundness has been measured mainly by CAMELS approach. The income-performance relationship is still a controversial topic. According to the traditional view, banks of high-income countries may enhance profits and reduce financial fragility by maintaining higher levels of capital that protects them from external economic and liquidity shocks. In contrary, the proponents of the other view argue that rich banks are more likely to take on risky investments with the knowledge of being protected resulting in the solid economic position. Investments may be inefficiently managed due to moral hazard problem and thereby lowering the banking soundness indicators. Using panel data analysis according to GMM model, the results have not supported any significant effects of income level on each of banks' capital adequacy and liquidity. Besides, findings indicate significant positive effects on each of asset quality and management, which means that banks of high-income countries seem to have high non-performing loans ratio and high staff costs ratio. In addition, these countries seem to have lower profitability and sensitivity to risk indicators. Robustness checks have been conducted and results have been supported.

Keywords: CAMELS Approach, Country Effect, GMM Technique, Panel Analysis, Size Effect.

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The Controversy of Concentration-Stability in Banking Industry: A Worldwide Evidence in Terms of Country Effect

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ABSTRACT

This paper attempts to investigate the relationship between Banking Concentration and Financial Stability using the World Bank data on 120 countries that includes 43 High Income countries, 42 Upper-Middle Income countries, 34 Lower-Middle Income countries and the remaining 21 Low Income countries. Banking Concentration has been measured by the banking concentration index while Financial Stability has been measured by Z-Score. The study also includes financial development index, net interest margin and the ratio of overhead cost to total assets as control variables. The concentration-stability relationship is still a controversial topic. According to “concentration-stability” view, a concentrated banking structure is less prone to financial crises. Besides, banks operating in uncompetitive banking systems may enhance profits and reduce financial fragility by maintaining higher levels of capital that protects them from external economic and liquidity shocks. In contrary, the proponents of the "competition-fragility” view" argue that larger banks are more likely to receive public guarantees by managers who take on risky investments with the knowledge of being protected under the government’s safety net. Investments may be inefficiently managed due to moral hazard problem and thereby raising the probabilities of failure. Using panel data analysis GMM model, the results has indicated that the effect of banking concentration index on Financial Stability is insignificant in all countries sample as well as across different income groups except for the high-income countries group where a significant negative effect of banking concentration on financial stability has been detected. As for the control variables, net interest margin seems to have a positive effect on financial stability across all groups while financial development index has a positive effect only in low-income countries group and insignificant in the rest, in contrast, the ratio of overhead cost to total assets has a significant negative effect on financial stability in the lower-middle income countries group and insignificant in the rest. The robustness check using OLS model supports the results of the GMM model.

Keywords: Banking Concentration, Financial Stability, Financial Development, GMM Technique, Panel Analysis.

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The Impact of Size and Book-to-Market Ratio on Excess Return Using Fama-French 5-Factor Model: The Case of Egypt

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ABSTRACT

This paper attempts to investigate the relationship between the stock / portfolio excess return and the five factors of Fama-French (market excess return, size, value, operating profitability, and investment) using a sample of 24 listed firms in EGX30 of the Egyptian Exchange and its 11 sectors, over the period from the 2015 to 2022. Stock/Portfolio excess return is measured by deduct the risk-free rate from the stock/portfolio rate of return (SPER), Market excess return is measured by subtracting the risk-free rate from the rate or return to the certain market index (MER), size and value factors is measured by market capitalization and book to market ratio as a proxy factor to compute the SMB and HML respectively, while the profitability factor ty is measured by return on equity (ROE) and the investment factor is measured by total assets growth (TAG). The forecasting for stocks and portfolios return is still a controversial topic to enhance the stock market and help the investors need to identify the factors affecting these returns. According to the previous studies to evaluate the validity of Fama-French five-factor model some of these studies provide no evidence to evaluate this model but the others find their ability to predict the yields with deferent significant level and sign, while in this study it`s clearly showing that the efficiency of the five-factor approach of Fama-French with explanation power of 48.27% which overcome the three-factor approach of 47.27% to explain the stocks and portfolios returns with differing R2 according to the industry sector under study, as it varies from 15.77 % to 79.90%. The results support the significance of each of market and value factors on stocks and portfolios return in the Egyptian market with higher explanation power for Fama-French five-factor model than the three-factor approach, without any evidence regarding the effect of other factors in general. Besides, for each industry it had its own significancy and sign of regression coefficient toward the model`s factors.

Keywords: Firm Size, Book to Market Ratio, Fama-French 5-Factor, Panel Analysis, Egyptian Exchange.

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The Effect of Ownership Concentration and Board of Directors' Characteristics on Financial Stability: The Case of Egypt

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ABSTRACT

This paper attempts to investigate the relationship between Ownership Concentration, Board of Directors' Characteristics and Financial Stability using data on 7 listed banks in the Egyptian Stock Exchange for the period 2013-2022. Ownership Concentration was measured by the HHI for ownerships above 5%, while BOD Characteristics were measured by Chairman/CEO separation, independences and gender diversity ratios. As for Financial Stability, the researchers build an aggregated index for banking stability that counts for four aspects of bank performance: capital adequacy, asset quality, profitability and liquidity. Using panel data analysis GMM model, the results indicated significant positive effects of both Chairman/CEO separation and BOD independence on Financial Stability. However, to correct for serial correlation the researchers developed a second model that included a lagged value of ABSI as an independent variable, the second model only showed significant positive effects of BOD independence on Financial Stability. The robustness check using OLS model supports the results of the GMM model.

Keywords: Ownership Concentration, Board of Directors' Characteristics, Chairman/CEO Separation, Independences, Gender Diversity, Financial Stability, GMM Technique, Panel Analysis.

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The Effect of COVID-19 on the Relationship between Environmental Performance and Financial Performance: Insight from the US Tourism Sector

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ABSTRACT

In times of financial distress, companies are forced to cut their expenditures to survive. The devastating effects of the COVID-19 on the global economy once again brought this issue to the fore. Therefore, this study investigates the effect of environmental performance spending on the financial performance of US tourism firms. Empirical results reveal a U-shaped relationship between these variables. Our findings imply that although under financial distress the environmental targets may cease to be a priority for the company in the short run, better environmental performance will enhance financial performance in the long run.

Keywords: Environmental Performance, Financial Performance, COVID-19, ESG, Economic Recession.

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Dynamic Connectedness between Uncertainty and Energy Cryptocurrencies: Evidence from TVP-VAR Connectedness Approach

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ABSTRACT

Although cryptocurrencies gain increasing investor interest, their high energy consumption raises sustainability concerns, prompting the emergence of eco-friendly alternatives. Given that academic research on these new coins remains notably limited, we investigated the connectedness between the top three energy cryptocurrencies; Powerledger, GridPlus, and SunContract, and major uncertainty indices; Climate Policy Uncertainty (CPU) and Economic Policy Uncertainty (EPU). We used the time-varying parameter vector autoregression (TVP-VAR) monthly dataset spanning the period from January 2018 to April 2023. The empirical results suggest that the interdependence between the energy cryptocurrencies and the uncertainty indices is moderate. EPU tends to be the highest transmitter of shocks, followed by CPU, while energy cryptocurrencies are the net receivers of shocks. Furthermore, we illustrate the total connectedness index which reveals a high level during the COVID-19 pandemic period. Our research offers insights regarding the ongoing sustainability discussions from a different perspective. Also, our findings have significant implications for asset allocation and portfolio diversification as discussed in the conclusion section.

Keywords: Energy Cryptocurrencies, Climate Policy Uncertainty, Economic Policy Uncertainty, TVP-VAR.

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The Dynamic Impact of Biodiversity on Tourism: Empirical Evidence from Gambia

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ABSTRACT

The recent infrastructural development and industrial actions around tourism development areas has increased which led to the degradation of coastal sites and protected areas in the Gambia, posing a threat to biodiversity loss and ecotourism. Thus, this research aims to investigate the impact of biodiversity on tourism in The Gambia using the Autoregressive Distributed Lag model between the periods of 1995-2020. The analysis has shown that biodiversity promotes tourism both in the short and long term. Similarly, economic growth has a positive impact on tourism. One of the policy implications is that, since tourism industry depends on the existence of biodiversity, therefore, biodiversity preservation should be a major interest for business sustainability by allocating resources for its preservation, in order to increase the viability of the sector.

Keywords: Biodiversity, Tourism Sector, The Gambia, ARDL, Economic Growth.

Driving Financial Performance: Exploring the Impact of ESG Policies in Telecommunication Companies within the CIS Region

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ABSTRACT

The purpose of the paper is to find whether macroeconomic and firm-specific factors in the country, have effects on telecom companies' profitability in region Commonwealth of Independent States (CIS), period was chosen as of 2010-2021.
Methodology. For empirical analysis, total number of 18 firms were selected for data observations. After correlation, regression, multicollinearity and Hausman tests, it was decided to apply generalized least square (FGLS) method.
Originality. This study has been made due to the huge growth in fintech technologies in CIS region and its implementation in telecom industry. Right now, there are only few research were conducted on such topic in CIS region countries. Furthermore, to understand and determine the variables that have a main effect on profitability, this research was conducted. Findings. The study shows that a negative impact on profitability comes from leverage, while a positive effect can be achieved by liquidity, and both are significant towards the profitability of the firm. GDP has a negative effect, and it should be noted that it is significant and vice versa size has a positive but not significant effect on profitability. Overall, it can be concluded that companies should maintain their leverage and liquidity and not forget about the macroeconomic factor while budgeting and planning financial performance.

Keywords: Telecom, Profitability, Political Stability, Performance, Commonwealth of Independent States (CIS), Environment, Social and Governance (ESG), Gross Domestic Product (GDP), Digitalization.

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Climate Policy Uncertainty and Firm-Level Carbon Dioxide Emissions: Assessing the Impact in the U.S. Market

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ABSTRACT

This paper examines the impact of climate policy uncertainty (CPU) on carbon dioxide (CO_2) emissions of 1,007 publicly traded firms over 2003–2021. As the urgency to combat climate change and implement effective policies may create uncertainty, it focuses on the U.S., a significant emitter with a complex policy landscape. Using the two-step system generalized method of moment's estimation, the analysis reveals a negative CPU–CO_2 emissions relationship, indicating that increased CPU incentivizes firms to adopt sustainable practices, leading to emissions reductions. Capital expenditures have similar effects on emissions, accompanied by increased corporate sustainability engagement. However, no significant relationship is found between research and development (R&D) expenditure and CO_2 emissions, nor does CPU significantly moderate the R&D–CO_2 emissions nexus. Firms with substantial fixed assets exhibit higher CO_2 emissions, while heavy emitters demonstrate limited CPU responsiveness. These findings provide valuable insights for policymakers encouraging corporate participation in emissions reduction efforts.

Keywords: Climate Policy Uncertainty, CPU Index, Climate Change, Carbon Emissions, Environmental Management, R&D Expenditures.

Non-Fungible Tokens: Evidence on Long-Memory

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ABSTRACT

We tested for univariate and multivariate long memory in returns and volatility of NFTs using daily data from four NFTS and for comparison purposes, we included Bitcoin. From the results, we observed that while Bitcoin exhibited true long memory in returns and volatility, the NFTs exhibited spurious long memory in both returns and volatility. Next, we tested for multivariate spurious long memory for the NFTs and found the presence of multivariate spurious long memory among the four NFTs under analysis even with the inclusion of Bitcoin. From our results, it is evident that the long memory observed in NFTs are spurious in nature.

Keywords NFT, Long Memory, Spurious, Bitcoin, Efficiency.

Driving Fintech Revenue through ESG Policy Factors and Bank-Specific Variables: Insights from Kazakhstan's Banking Sector

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ABSTRACT

The purpose of this study is to observe drivers of fintech revenue and assess the effects of bank-specific variables through ESG policies in Kazakhstan over the past 2018-2023. Methodology. In order to empirically investigate fintech profitability determinants, we employed the FGLS panel-data model. The originality/value of the research is an empirical examination of factors influencing fintech profitability in the banking industry. The findings show the significance of the fintech trend and ESG Policy factor contributing to the profitability of the banking sector. The convergence of green finance with digitalization can lead to potential long-term profitability and an increase in revenue. Furthermore, analysis reveals revenue growth corresponding to previous years without ESG policies has a significant difference in numbers.

Keywords: Banks of Kazakhstan, Fintech, Revenue Drivers in Fintech, ESG Policies.

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Analysing Market Structure and Cost Efficiency: Impacts on Financial Sustainability in the Telecommunication Sector of Kazakhstan

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ABSTRACT

This research paper investigates the key drivers of financial performance within the telecommunication sector of Kazakhstan, with a particular focus on the profound impact of market structure and cost efficiency and other macroeconomic factors. Over a five-year period spanning from 2015 to 2020, we have meticulously compiled and analyzed data from all 10 telecommunication companies operating within the Kazakhstan market. Utilizing advanced econometric techniques such as Feasible Generalized Least Squares (FGLS) and Panel Corrected Standard Errors (PCSE), we conduct a comprehensive regression analysis to discern the intricate relationships between various firm-specific and macroeconomic variables and their influence on the financial sustainability of these companies. This study addresses a notable gap in the existing literature, as there has been a scarcity of research focused on identifying the determinants of profitability within the pharmaceutical industry, particularly within the South Korean context. Our findings reveal significant insights into the factors driving financial performance within this industry. Notably, the research underscores the substantial impact of both firm-specific variables and macroeconomic factors, with a particular emphasis on the effects of competition and cost efficiency. These results provide valuable insights for telecommunication companies, policymakers, and investors seeking a deeper understanding of the dynamics shaping the financial landscape of the South Korean pharmaceutical sector.

Keywords: Financial Sustainability, Competition, Cost Efficiency, Telecommunication, GDP Growth.

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Unraveling Profitability Determinants of Insurance Companies in Kazakhstan: Exploring Firm-Specific and Macroeconomic Factors

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ABSTRACT

Aim of this study is to examine factors that influence the drivers of financial performance and the effect of variables on financial performance of insurance companies in Kazakhstan for the past 10 years, from 2011 to 2021. List of 32 companies in this time period was chosen. Data and Methodology on insurance companies of Kazakhstan was retrieved from the available public sources of information such as, The Agency for Strategic planning and reforms of the Republic of Kazakhstan Bureau of National statistics, World Bank, The Agency of the Republic of Kazakhstan for regulation and development of financial market and National Bank of the Republic of Kazakhstan. To conduct this analysis, the Feasible generalized least squares (FGLS) methodical approach was used with implementation of STATA software. Originality is that the contribution is twofold. Firstly, to identify the factors of profitability of insurance companies in Kazakhstan. Secondly, the uniqueness of this research is that there have not been any studies that empirically investigated and analyzed elements that measure insurance businesses' financial performance using the application of FGLS model. Results of this research analysis state that some insurance-specific variables such as gross written insurance premiums, firm size, capital adequacy and liquidity ratio are significant in determining the profitability. This study depicted that size and gross written insurance premiums have had a considerable effect on insurance organizations in positive and negative ways respectively. Also, macroeconomic variables such as GDP growth and population growth are more likely to have a significantly influence the profitability of insurance companies. Although for this research paper, it was shown that only growth rate of GDP has shown a substantial and positively affected insurance companies' financial performance, whether population growth had no effect on the profitability. Time dummy for this article was chosen from 2020 to 2021, which is the COVID-19 pandemic crisis period.

Keywords: Insurance, Financial Performance, Profitability Determinants, FGLS, COVID-19.

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The Impact of Green Bond Issuance on Financial Sustainability: A Comparative Analysis of Developing and Developed Countries

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ABSTRACT

Our research aims to investigate the relationship between green bond issuance and the financial sustainability of firms operating in developing and developed countries. In light of the urgent need to address climate change and promote sustainable development, green bonds have gained prominence as a critical financial instrument designed to foster financial responsibility towards environmental objectives in the corporate sector. As such, our study seeks to assess how the effects of green bond issuance vary in developing and developed countries while identifying the factors that contribute to this variability. We will employ quantitative methodology, gathering data from sources such as Bloomberg Terminal, ESG rating agencies, and financial reports of the firms. The results of this study will offer valuable insights for companies contemplating the issuance of green bonds in both developing and developed nations, as well as for investors interested in green bond investments. Furthermore, it will enrich the growing body of literature on green bonds and financial sustainability, offering policymakers valuable perspectives on the potential advantages and risks associated with green bond issuance across various sectors and geographical regions.

Keywords: Green Bonds, Financial Sustainability, Developing Countries, Developed Countries.

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Machine Learning for Cobalt Price Prediction

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ABSTRACT

Cobalt ore is now a valuable commodity due to its high melting temperature, high temperature strength, and use in the creation of cutting materials, super alloys, surface coatings, high speed steels, and a variety of other products. As a result, the value of cobalt, one of the major elements in batteries that power various technological items such as smart phones, tablets, laptops, and electric automobiles, is rising. Electric cars' engines are powered by batteries. As a consequence, no fuel is used, and no greenhouse gases are emitted. Furthermore, as compared to traditional cars, electric vehicles use less engine oil and fluids, which contaminate the environment. As a result, the supply of cobalt metal is critical for the manufacture of next-generation electric cars as well as the environment. The price of cobalt ore was approximated in this study using machine learning approaches such as random forest and gradient boosted trees. The gradient boosted trees approach correctly estimates the price of cobalt, which has recently become an important mineral. Sector investors in need of cobalt ore will profit from the quality estimates based on machine learning in this study.

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Impact of Country-Level Factors on Green Bonds Issuance: Comparison between BRICS and G7 Countries

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ABSTRACT

Sustainable finance products that consider ESG standards have been used in recent years, especially for dealing with the adverse effects of climate change. Investors' demand and awareness of green finance have made Green bonds (GB) highly used as a debt instrument to finance projects with positive environmental impacts. Although the issuance of green bonds has increased globally, the expansion of the green bond market varies among different countries. Therefore, identifying the factors affecting GB issuance in different countries and comparing them can help in better understanding this gap. In this research, the impact of several country-level variables on the issuance of green bonds is studied for the G7 and BRICS countries. For this purpose, data related to macroeconomic, social, and environmental variables from 2014 to 2022 were Gathered and analyzed by regression models for panel data, including pooled OLS, fixed effect, and random effect. The results can show significant relationships between green bond issuance and some of the independent variables such as population, ESG risk index, credit rating, inflation rate, and fiscal balance.

Keywords: Sustainable Finance, Green Bonds, G7, BRICS

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How National Culture May Impact Organizational Commitment and Satisfaction of Employees

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Abstract

Globalization has resulted in organizations facing new and complicated challenges. Human Resource Management (HRM) practices and managerial tasks have to take cultural differences into consideration (Taras, Steel & Kirkman 2911). Managers in general and HR managers in particular have to consider the cultural differences in order to manage the diversity. The factors such as preferred job characteristics that lead to commitment among employees may differ across cultures (Hofstede, 1983). Some managers do not realize that cultural values may alter what kinds of job characteristics, work climate, and other job-related conditions impact employees' organizational commitment. This may expect that management practices that led to commitment in one cultural context would lead to similar results in another. This lack of understanding of the importance that culture may make, often result in premature turnover decisions and poor performance (Chirkov, Ryan & Willness 2005; Gelade, Dobson & Auer, 2008). Therefore, organizational commitment, satisfaction and turnover intentions may have different predictors in different cultural environments (Gelade, Dobson, & Auer, 2008). In modeling how certain job characteristics such as skill variety, task identity, task significance, autonomy and feedback result in employees' commitment and satisfaction (Hackman & Oldham 1976), we may need to include cultural context in our model. The way that job characteristics impact employees' satisfaction needs to be studied not only at the level of individual employees but the cultural context in which employees' groups operate, should also be taken into considerations. There is still a need to better understand how cross-culture variations may alter the effectiveness of managerial practices. For example, certain cultures may value autonomy in their job much more than other cultures that may prefer more direction from management (Andreassi, Lawter, Brockerhoff & Rutigliano, 2914). Also, a better understanding is required to explore characteristics in relation to job satisfaction in cultural context, (Gu, Litan, Amin, Mostafiz, Imtiaz, & Yeoh, 2022; Huang, & van de Vliert, 2004).

Keywords: Globalization, job satisfaction, cultural context, organizational commitment

Role of Finance, Human Capital, and Technologies in Scaling up the Clean Energy Transition in Morocco: A Fourier Bootstrap ARDL Approach

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ABSTRACT

The urgency for transition to a low-carbon economy has intensified the need for most emerging economies, including Morocco, to adopt sustainable energy growth policies. However, Morocco faces significant challenges in this transition, as fossil fuels still account for 90% of its total energy mix. With a 37% proportion of renewable energy in its capacity, Morocco now is one of the top producers of clean energy in Africa and the MENA region. Thus, we investigated the effect of finance development, human capital, and technologies innovations in scaling up the clean energy transition in Morocco using the novel Fourier Bootstrap Autoregressive Distributed Lag approach from 1990-2021. The analysis revealed that financial development has a positive impact on clean energy transition, this implies an increase in both short and long run in Morocco. Human capital was also found to decelerate the energy transition in Morocco; this can be attributed to the lack of climate change coping capacity. In addition to, innovative technologies facilitate the scaling up of the energy transition. Furthermore, we found one-way causation from finance, human capital, and innovative technologies in the clean energy transition. Policymakers should prioritize the strengthening of financial institutions and human capital capacity to facilitate the transition to sustainable energy.

Keywords: Clean Energy, Technology Innovation, Financial Development, Human Capital, ARDL

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How Did Post-Covid Policies Affect Sectoral Export Dynamics in Türkiye: An Analysis within the Framework of Ricardian Trade Theory

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ABSTRACT

The last few years have witnessed both global and domestic risks. Disruptions in global supply chains, drastic changes in global interest rates and inflation as well as unconventional policies implemented domestically to attain stability ine exchange rates have created significant pressures on foreign trade. In this study, we examine the impact of recent developments on the relations between export and its determinants within the framework of Ricardo's theory of comparative advantages. We use Turkiye's 18 manufacturing sectors export data for the period 2013q1-2023q2. We apply panel cointegration techniques to investigate the long-run relationship between exports and unit labor costs as well as cost related variables. Additionally, we estimated the coefficients in a time-varying manner to examine the impact of changes in economic dynamics after the covid-19 pandemic on the export equation. The panel data analyzes point to several important findings. First, export performance varies according to the capital and labor intensity of the sectors. Second, contrary to the theory, the impact of unit labor costs on exports showed an increasing trend between 2013 and 2021. We found that the risks that emerged after 2021 had weakened this relationship. Third, the relationship between exports and productivity showed an increase, while that of gross wages showed decreasing trend in the post-Covid period. Fourt, while the negative relationship between exchange rates and exports tended to strengthen throughout the analysis period, there has been a loss of momentum in recent years.

Behavioral Black Swan Investment Strategy and Global Stock Market Contagion Dynamics

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ABSTRACT

This paper examines the profitability of the Black Swan investment strategy via the index portfolio formed and investigates international stock market contagion dynamics through players' proportion and their interaction in the black swan investment strategy context based on the game theory by using 14 international equity market indices from developed and developing stock markets and, through the application of the different scenarios that play out over various time horizons. The research finding shows the Black Swan investment strategy had superior returns in developing countries' financial markets in the six-month horizon. This investment strategy's excessive return is accompanied by a higher risk degree in the same investing time horizon in developed countries' stock markets. Furthermore, the simultaneous application of the cooperative game theory to the black swan strategy has led to outperforming this strategy over market index strategy performance for most investment periods except one month. In terms of contagion analysis, the economic and pandemic events have different persistence patterns in developing and developed markets. Finally, contagion effects typically appear more in developing stock markets and, become maximum in the short-term for negative black swan events occurrence in developing stock markets.

Keywords: Black Swan Investment, Game Theory, Contagion Effect, Scenarios.

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Convergence Hypothesis Testing for Tourism Markets of North Cyprus in a Nonlinear Fashion

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ABSTRACT

In this study, we test the validity of convergence hypothesis for tourism markets of North Cyprus by using monthly data covering 2014:01 and 2023:08. For this purpose, we apply several traditional nonlinear unit root tests developed mainly based on logistics transition function and smooth transition autoregressive function, after applying the linear ADF test. The findings of this study, which is mainly conducted on the availability of data, reveals that series for both markets are stationary. That is, we find strong evidence supporting the convergence hypothesis for tourism markets of North Cyprus. This suggests that measures to increase visitor numbers from any tourism source markets will increase the number of visitors to the North Cyprus.

Keywords: Convergence Hypothesis, Tourism Market, Unit Root Test, North Cyprus.

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The Effects of Environmental Knowledge, Green Brand Image, and Attitude towards Green Products on Purchase Intention: The Moderating Role of Perceived Risk

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ABSTRACT

The intent of this study is to investigate the interconnected dynamics between environmental knowledge, green brand images, and attitudes towards green products, and how they collectively impact consumers' intention to purchase green products. Understanding these factors' intricate relationships is essential for businesses and policymakers to develop effective strategies that encourage sustainable consumer behavior. Additionally, we will be conducting an analysis on the moderating effect of perceived green risk on the correlation between attitudes towards green products and intentions to make green purchases. The data utilized in this study was obtained from individuals residing in Northern Cyprus and it was analyzed by conducting PLS-SEM. Based on the analysis performed utilizing the available data, the findings demonstrate that Environmental Knowledge, Green Brand Image, and Attitude towards Green Products exert favorable influences on the intention to purchase environmentally friendly products. Furthermore, the association between individuals' Attitude towards Green Products and their Green Purchase Intention remains unaffected by Green Perceived Risk moderating influence. The conclusion of this research encompasses a comprehensive examination of the constraints inherent in this study and the managerial implications and suggestions for future investigations pertaining to the subject matter at hand.

Keywords: Environmental Knowledge, Green Brand Image, Attitude towards Green Products, Green Perceived Risk, Green Purchase Intention, Northern Cyprus.

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The Impact of COVID-19 on Capital Structure of UK Firms

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ABSTRACT

The present study examines the impact of COVID-19 on the capital structure of UK-listed firms. We use a dynamic two-step Generalized Method of Moments (2SLS system-GMM) to eliminate endogeneity bias. This study covers 2018 to 2021 with quarterly data, focusing on the pandemic period 2020-2021. We employ three capital structure measures: short-term, long-term, and total debt, and three proxies to assess financial performance, namely: return on asset, return on equity, and Tobin's Q. We also examine four measures of corporate social responsibility, including the combined score (ESG), environment (E), social (S), and governance (G). Our findings show that the pandemic resulted in a debt reduction. Tobin's Q is the most significant explanatory variable among financial performance proxies in reducing capital structure. The ESG and decomposed E, S, and G factors all negatively impact debt during the pandemic. Our study highlights that the high uncertainty surrounding the pandemic led firms to adopt a less debt-heavy policy.

Keywords: capital structure; corporate financial performance; corporate social responsibility; COVID-19

JEL Classification: G32, G34, L21, L25, M14.

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Understanding Drivers of Boom and Bust in Cryptocurrency Markets

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ABSTRACT

The market capitalization of cryptocurrencies has significantly increased despite their high volatility and concordantly professionals and scholars are interested in discovering price dynamics of cryptocurrencies. In this study, we examine the determinants of large-price swings (more than 10, 15, and 20 percent) given that price changes in cryptocurrency market are in large magnitude. More specifically, we aim to determine whether past or market return has the power to predict subsequent daily large price movements ("jumps" or "dumps") in cryptocurrency. The study also investigates the impact of co-explosivity, size, and uncertainty on the large price movements. To do so, we employ daily price, market capitalization, and volume of the largest 1200 cryptocurrencies (excluding stable coins) based on their market capitalization. Given that large price movements are recurring phenomena in the cryptocurrency market, we adopt Cox proportional hazards model. The empirical findings reveal that likelihood of experiencing large price increases is higher if the return of cryptocurrency is positive on the previous day. On the other hand, the risk of facing significant price increases (decreases) is lower (higher) when the market return is positive on the previous day. Our results also show that price increases in large magnitude experienced in the ten highest cryptocurrencies based on market capitalization do not have a significant impact on the large price increases. When we turn our attention to the size, we find that one-day lag market returns are mostly insignificant for large price increases whereas they are rather positive and significant (except for small-cap groups) for large price drops. Regarding uncertainty, we ascertain that there are no significant changes between high and low uncertainty period especially for large price increases. Our results are robust the variables used in the analysis. Both in-sample and out-of-sample assessments also affirm that our estimation models exhibit comparable predictive power.

Keywords: Cryptocurrency Markets, Large Price Movements, Cox Proportional Hazard Model

JEL Codes: C24; G10, G12

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The Influence of Brand Trust on Donors' Brand Loyalty and eWOM toward NGOs in Morocco: An Extension of the Theory of Planned Behavior

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ABSTRACT

Nowadays, many non-profit organizations in Morocco are dedicated to achieve a meaningful impact in society by working on several philanthropic actions, contributing to solve economic and social issues, to promote the advancement of society, and to inspire the population to take action. Given the importance of non-profit organizations and in order to understand the interactive experience between donors and those organizations, our present study aims to investigate the influence of brand trust, brand loyalty, and eWOM on donors giving intention toward NGOs in Morocco. Due to the difficulty of finding an inclusive list of donors to charity organizations in Morocco, data is gathered from followers/fans of Moroccan non-profit organizations (charity foundations), through an online survey. The pre-test phase (Pilot study) is undertaken to evaluate the feasibility of the study. Non-profit organizations' different social media pages (LinkedIn, Twitter, Instagram, and Facebook) are used to reach potential donors. A convenience sampling approach is adopted. The data will be analyzed using structural equation modeling (SEM). Theoretical and practical implications will be discussed as well as recommendations for further research.

Keywords: eWOM, Brand Loyalty, NGOs, Morroco

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Navigating a New Environment. The Push - Pull Paradigm's Impact on Foreign Students' University Choice

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ABSTRACT

In a globalized economy, higher education has become increasingly important for individuals seeking to advance their careers and gain a competitive edge in the world market. Undoubtedly, the consumer psychology of international students is undergoing a significant transformation, primarily due to push-pull dynamics. Consequently, learning institutions are obligated to enhance their recruitment strategies, service delivery, and administration to stay viable in the market. Hence, the study seeks to investigate the push-pull paradigm and its impact on the choice of universities among foreign students within the region of Sub-Saharan Africa, particularly in Tanzania. Based on the proposed conceptual framework established from the model together with the empirical studies, the article consists of two research objectives that seek to assess the relationship between the pull factors, i.e., institutional factors, and the push factors, i.e., socio-economic factors, and how they impact the foreign students' choice of university. The study utilized a cross-sectional research method. Centered on positivism philosophy, the article had a quantitative-based research approach whereby proportionate and convenient sampling methods were used for the target population. Focused on deductive research strategy, the data collection method involved a structured, closed-ended questionnaire, of which a sample size of 255 subjects was deliberated and used in the survey. Based on the model specification, data analysis was executed through the use of SPSS v.20, performing principal component analysis and testing multiple linear regression assumptions, primarily to measure the correlation and multiple linear regression of the independent and dependent variables. Analysis revealed that pull factors, i.e., institutional factors (cost of education, location, university reputation), and push factors, i.e., socio-economic factors (friends, secondary school personnel, and employment opportunity), were statistically significant and had a positive relationship with university students' choice of university as their p-values were less than 0.01. However, the institutional factor, i.e., academic program, had no significant correlation with the dependent variable. The findings suggest that there is a need for investigation into the choice-making practices of foreign students and how these practices shape their selection of a destination for higher education. Given that students' push and pull factors have a significant potential to benefit host country economies, higher learning institutions ought to be critical and conduct extensive studies from the consumer's perspective that will assist universities in considering offering creative and innovative programs to attract and retain qualified scholars. Study data on the dynamics and information on attributes raised by the foreign students will contribute towards a sustainable financial sector and economy within the scope of Sub-Saharan Africa

Keywords : Sub-Saharan African, Push-Pull Paradigm, University , Education

The Impact of Board Characterıstıcs on R&D Investments: The Role of Educatıon Level and Age

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ABSTRACT

In the current dynamic competitive landscape, R&D investments emerge as essential drivers for innovation and sustained growth, offering firms a distinctive competitive edge. This research delves into the determinants of these pivotal investments, emphasizing the influential role of a firm's board in shaping its strategic direction and resource allocation. Recognized as the strategic helm of an organization, the board's composition, expertise, and perspective can significantly influence a firm's direction, particularly in areas as critical as R&D investments. To this end, the study takes into consideration two primary characteristics of the board: their educational background and their age. These attributes are pivotal as they often reflect the board's collective experience, risk appetite, knowledge base, and foresight—all of which can directly or indirectly shape the firm's R&D priorities. R&D investments of firms are measured by two different variables, namely R&D expenditure ratio (R&D1) and R&D investment ratio (R&D2). In the study where the panel data analysis method is applied, it is determined that the average education status of the board of directors at the graduate level has a positive effect on the R&D investments of the firm. In addition, it is also observed that the fact that the board members consist of young members has a positive effect on R&D investments. Furthermore, an interaction effect between education level and age concerning the R&D investments has been documented. The study offers insights into how board structures can shape firms to increase their investment in R&D.

Keywords: R&D Investment, Educational Level, Age, Board, Panel Data Analysis,

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Detecting Manipulation: Anomaly Analysis of Annual Reports of Firms Listed on Borsa Istanbul Using Benford's Law

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ABSTRACT

In the field of financial analysis, the analysis of firms' annual reports plays an important role in assessing firm stability and overall financial health. These reports contain information on the firm's operational activities and strategies as well as its financial data. Nowadays, organizations may perform manipulative transactions on some values while communicating their true financial position to stakeholders. Different tools can be used to detect such manipulative transactions. Among these techniques, Benford's Law is a mathematical principle that argues that the numbers in each digit of the data in the sample should have a certain frequency of occurrence. This study aims to identify anomalies in the data by applying Benford analysis on the annual reports of non-financial enterprises operating in Borsa Istanbul in 2019 and 2020. According to the findings, it is observed that the 2019 reports are most likely to comply with Benford's Law. However, more anomalies were detected in 2020, when firm activities were severely damaged due to the covid-19 pandemic, compared to the previous year. The increase exceeding the anomaly threshold in 2020 compared to 2019 emphasizes the importance of volatility in this period. Such deviations point to potential anomalies and remind us of the significant effects that external factors experienced during the pandemic may have on financial data. In conclusion, this study underlines that Benford's Law can be used as a potential tool to detect manipulation in firms' financial data.

Keywords: Accounting, Benford Law, Fraud, Annual Reports.

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Macro-micro Level Determinants of Capital Structure: Evidence from Manufacturing Firms

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ABSTRACT

Capital structure is an important feature of financial management and attracts the interest of many researchers. However, the influence of macroeconomic factors in determining capital structure is under-researched. This study analyses the influence of the macroeconomic factors, together with company-specific determinants, on capital structure, carrying out a panel data analysis of 1383 observations from 141 listed manufacturing firms in Germany from 2012 to 2021. The study also examines the non-linear relationship between company age and capital structure. Empirical results reveal that indeed macroeconomic factors have a pronounced influence on the capital structure of the listed manufacturing companies in Germany. Inflation rate and interest rate affect short-term debt and leverage positively but the effect on long-term debt is negative. GDP growth on the other hand has a weak effect on short-term debt only. The importance of company-level determinants of capital structure, tangibility, liquidity, growth, size, and age is confirmed in line with the capital structure theories. Besides, the results show that the relationship between company age and capital structure is non-linear.

Keywords: capital structure, manufacturing firms, macroeconomic factors, company-specific determinants

Spillovers, Correlations and Hedging Among Green Bonds, Clean Energy Stocks and Fossil Fuels: The Effects of COVID-19 Pandemic and Russia-Ukraine War

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ABSTRACT

The uncertainties surrounding the fossil fuel commodity markets coupled with their adverse environmental impacts, the need for clean energies and sustainable finance has become stronger among investors, portfolio managers who attempts to construct new or reconstruct their portfolios on socially responsible investment. Thus, this study aims to investigate the volatility and return spillovers, correlations and hedging opportunities between green bonds, clean energies, and fossil fuel commodities (coal, natural gas, and crude oil). To the aim of the study Diebold and Yilmaz (2012) and DCC-APARCH and FIAPARCH was apply on daily data from December 03, 2012, to November 14, 2022. The time-varying results from the Diebold and Yilmaz revealed that volatility and return spillover among these markets were higher during crises reaching 42.5% during the COVID-19. The time-invarying analysis reveal clean energy index as the highest net volatility and return transmitter and coal as the highest receiver of volatility while Green bonds is net transmitters of volatility but net receivers of return spillovers. The DDC results revealed that clean energy and natural gas have negative conditional correlations over the sampled period, whereas the conditional correlation between green bonds and natural gas are all positive and close to zero. However, the lowest correlation (-0.36) was observed between green bonds and crude oil in November 2021 during escalating tension between Russia-Ukraine. Furthermore, results showed that short position in natural gas is the cheapest hedge for both green bonds and clean energy whereas crude oil is the most expensive.

Keywords: Green Bonds, Clean Energy Stocks, Fossil Fuels, Spillovers, Volatility, Correlations, Hedging, DCC and DY

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Effects of Unconditional Release of Order Cancellation in the Equity Market

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ABSTRACT

The regulation that allows limit price (passive) orders sent to the Electronic Buying and Selling System (System) for shares traded in the Equity Market markets and remaining in the order files without being processed can be unconditionally canceled at any time during the session, came into force on October 8, 2010. The regulation allows passive orders to be canceled partially as well as completely. Within the framework of this rule, it is possible to reduce the amount of the passive order without canceling it completely. In the first part of the study, the effects of the unconditional release of order cancellation on market activity in general were examined. In the second part, the effect of the practice on the returns of the BIST 100 Index, which represents the general level of stock prices, was examined. In comparative analyses for the pre-and post-implementation periods, it was determined that nearly half of the orders were executed at the best buy and best sell levels, and orders executed at these levels and in high amounts reduced liquidity and, as a result, increased volatility. In the analysis of order durations, it was calculated that the waiting time for orders in the System was less than 1 minute, and the rate of order cancellations was 16.4% on the buying side and 18.8% on the selling side. The results show that approximately half of the buy and sell orders are canceled after waiting in the System for at least ten minutes. In the volatility analysis, it was determined that after the regulation, intraday return volatilities calculated with five-minute transaction prices increased, and daily volatility values (fluctuation range) decreased. In the short and long-term analysis, it was determined that the return averages were not affected much, but the intraday volatility values increased by 22.4% in the short term and 12.5% in the long term.

Keywords: equity market, regulation, volatility, BIST 100 Index

The Emergence of Cryptocurrency (Bitcoin): An Empirical Evidence

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ABSTRACT

For over a decade Bitcoin mining has increased in popularity due to the understanding that it is a profitable industry. By processing transactions on a block-chain using complex algorithms which are then verified. Through the verification process miners earned substantial rewards. However, as the cryptocurrency industry continued to evolve and expand the true economic, social, environmental, and hidden costs and consequences of the mining process are rarely discussed or fully understood. In this paper we argue that the mining of Bitcoin is incurring substantial losses that no one is talking about – we will be exploring the concept of Bitcoin, the fixed and variable costs associated in the mining process and finally conclude if Bitcoin is a profitable venture, or if the costs outweigh its overall benefits. This paper will undertake a 3-phase empirical study which argues that the Bitcoin mining process incurs substantial loses that are rarely discussed nor examined. In the first stage we incorporated the cost of production model used by Hayes' to estimate how many Bitcoins can be mined a day while using the Latest ASIC units. In the second stage we calculate the actual cost incurred by the miner and finally we compare the cost of production to the daily market price of Bitcoin. If the market price is greater than the cost of production that means the miners are profiting from mining Bitcoin, on the other hand if the cost of production is higher than the market price of Bitcoin then miners are incurring a loss due to the lack of transparent information of the mining process.

Keywords: Cryptocurrency, Bitcoin, Cost of Production, Hayes' Formula

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Does Renewable Energy Innovation a Key to Reduce Ecological Footprint? Empirical Evidence from the United States

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ABSTRACT

This study investigates the impact of long-term renewable energy innovation on the ecological footprint in the United States spanning from 1975 to 2015. Employing the ARDL technique, bounds tests confirmed the relationship among the variables. The model's error correction mechanism revealed that various explanatory factors cause short-term ecological footprint values to annually converge to the long-run equilibrium at a rate of 66.9%. This underscores the significance of GDP, population, energy consumption, and renewable energy innovation in shaping the ecological footprint. The STIRPAT base model used in this study with the contribution of renewable energy innovation and our results indicate that GDP, energy usage, and population exert a positive influence on the ecological footprint. A pivotal contribution of this study is the identification of renewable energy innovation as a key factor in reducing the ecological footprint in the United States. The research underscores that increased investment in research and development in renewable energy, acting as a proxy for renewable energy innovation, leads to a long-term decrease in the ecological footprint. Result supported by the Toda Yamamoto causality test, which demonstrates a one-way causal relationship from renewable energy innovation to the ecological footprint, our findings emphasize the need for strategic policy interventions.

Keywords: Renewable Energy Innovation, Ecological Footprint, United States.

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