

70
Yıl



İŞBİRLİĞİ İLE

Dokuz Eylül Üniversitesi İktisadi ve İdari
Bilimler Fakültesi'nin 70. Kuruluş Yılında

**“İİBF ÖĞRENCİLERİ İÇİN FİNANS
DÜNYASINDA YOLCULUK”**

10 Nisan 2014 Perşembe Saat : 09.00 - 18:00

DEÜ.İİBF Konferans Salonu Dokuzçesmeler Kampüsü Buca – İZMİR

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Ege Finans Derneği

Yönetim Kurulu Üyesi



@ckucukozmen

**Finansal Otoriteler
ve**

Küresel Finansa Bakış

coskun.kucukozmen@ieu.edu.tr



1914: 10%
of the world's population
lived in cities.



2014: 50%
of the world's population
lives in cities.



2050: 75%
of the world's population
will live in cities.

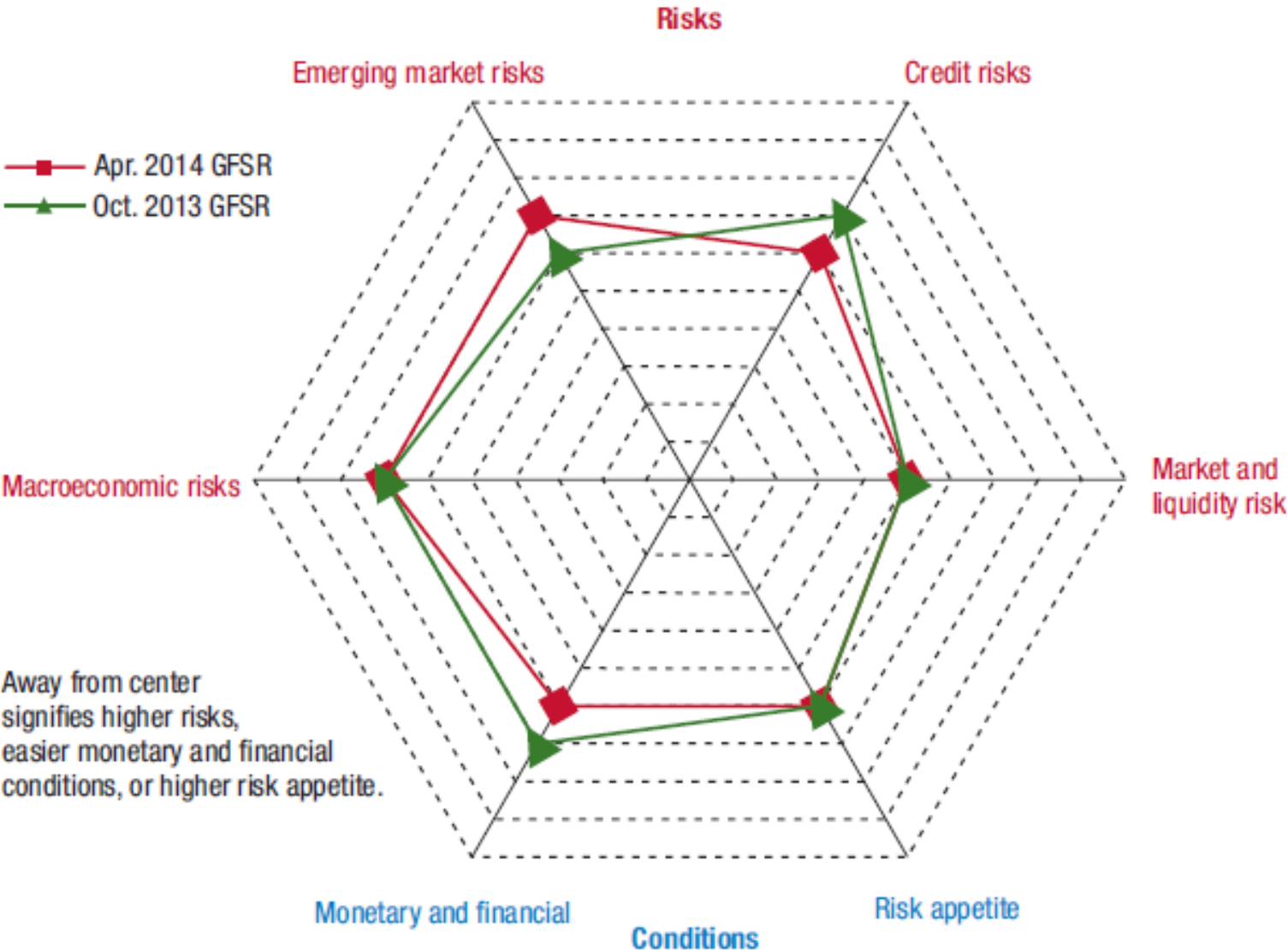


Earthquakes, floods, and fires. Poverty, violence, and waning resources.

Cities have faced acute shocks and chronic stresses since the beginning of the urban age.

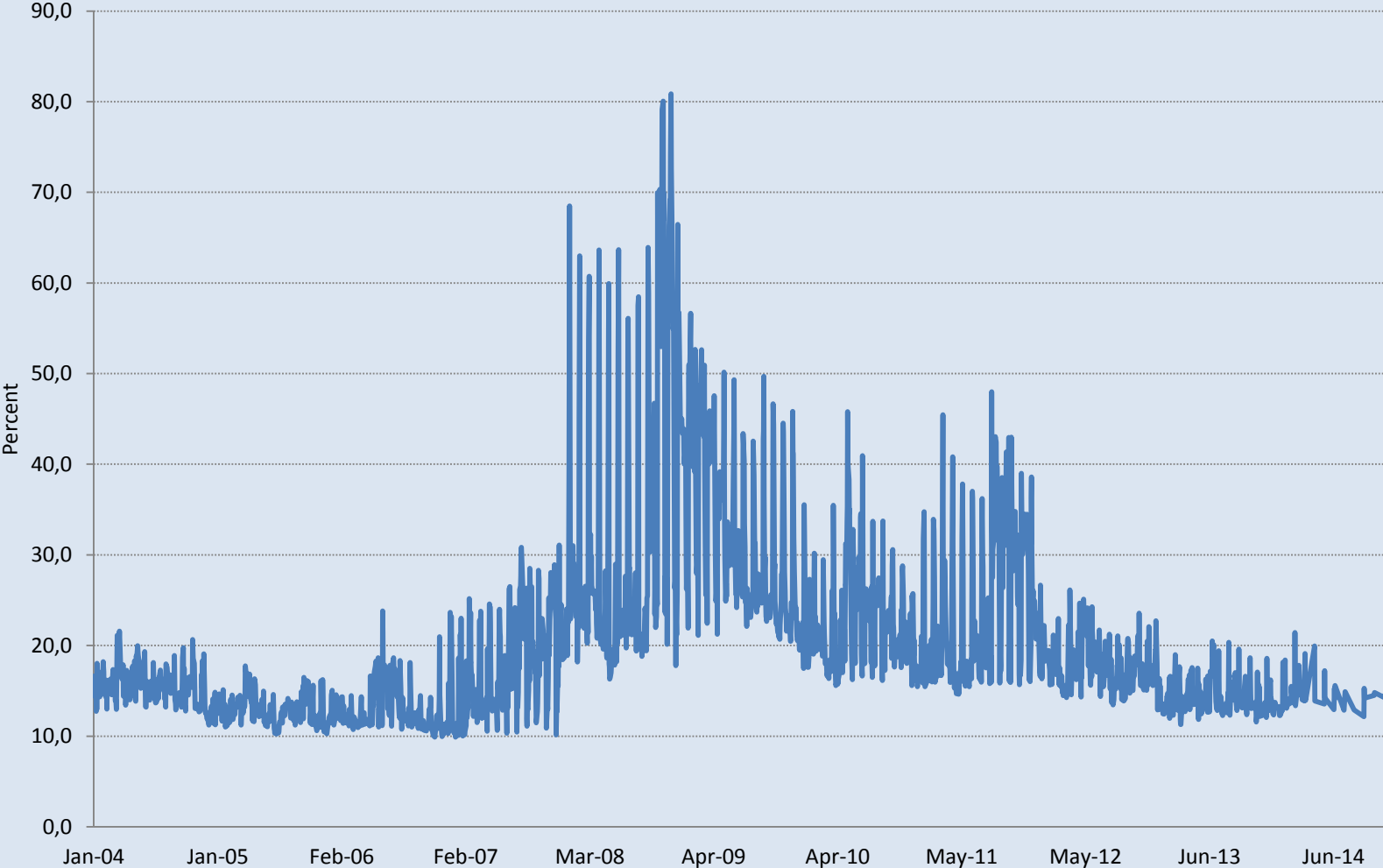
But with climate change and globalization increasing the frequency and intensity of these events, and more people moving to cities and more vulnerable than ever before, cities must build resilience to prepare for, withstand, and rebound more quickly from the next disaster – while creating jobs, improving services, and reducing poverty and vulnerability in between.

Figure 1.1. Global Financial Stability Map



Source: IMF staff estimates.

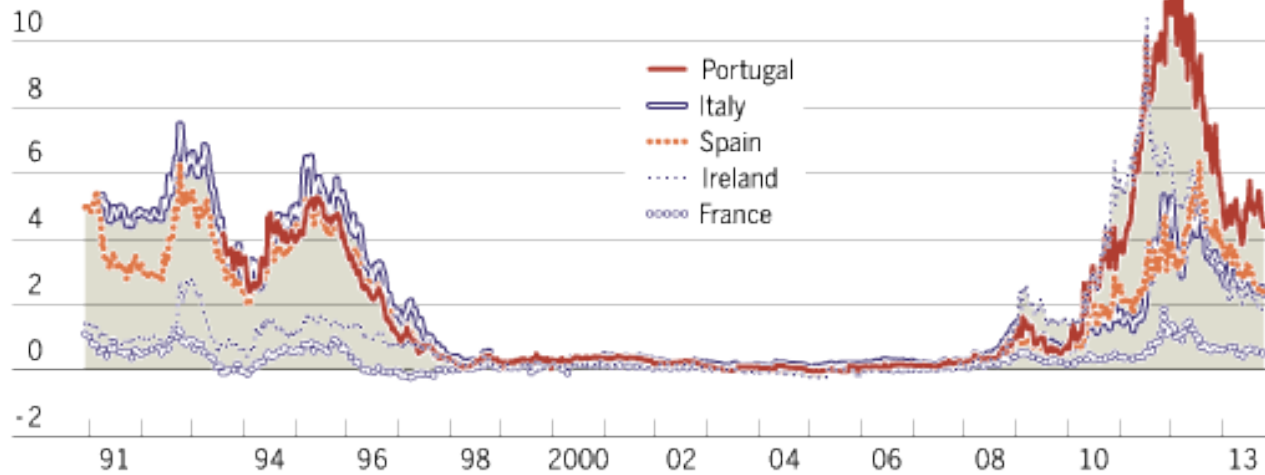
CBOE Volatility Index: VIX



Source: Chicago Board Options Exchange/FRED

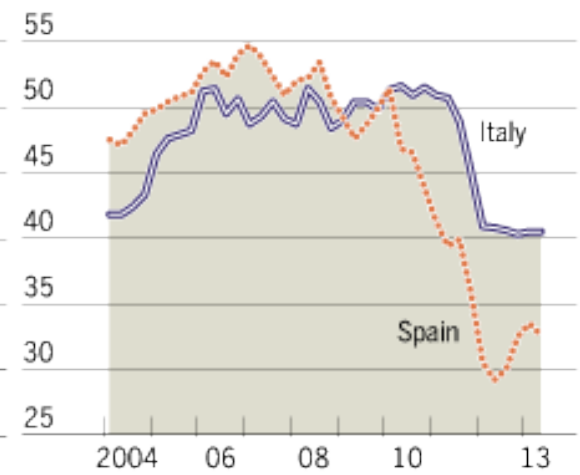
Eurozone government bonds

10-year spreads over German bunds (% points)



Non resident debt securities holdings

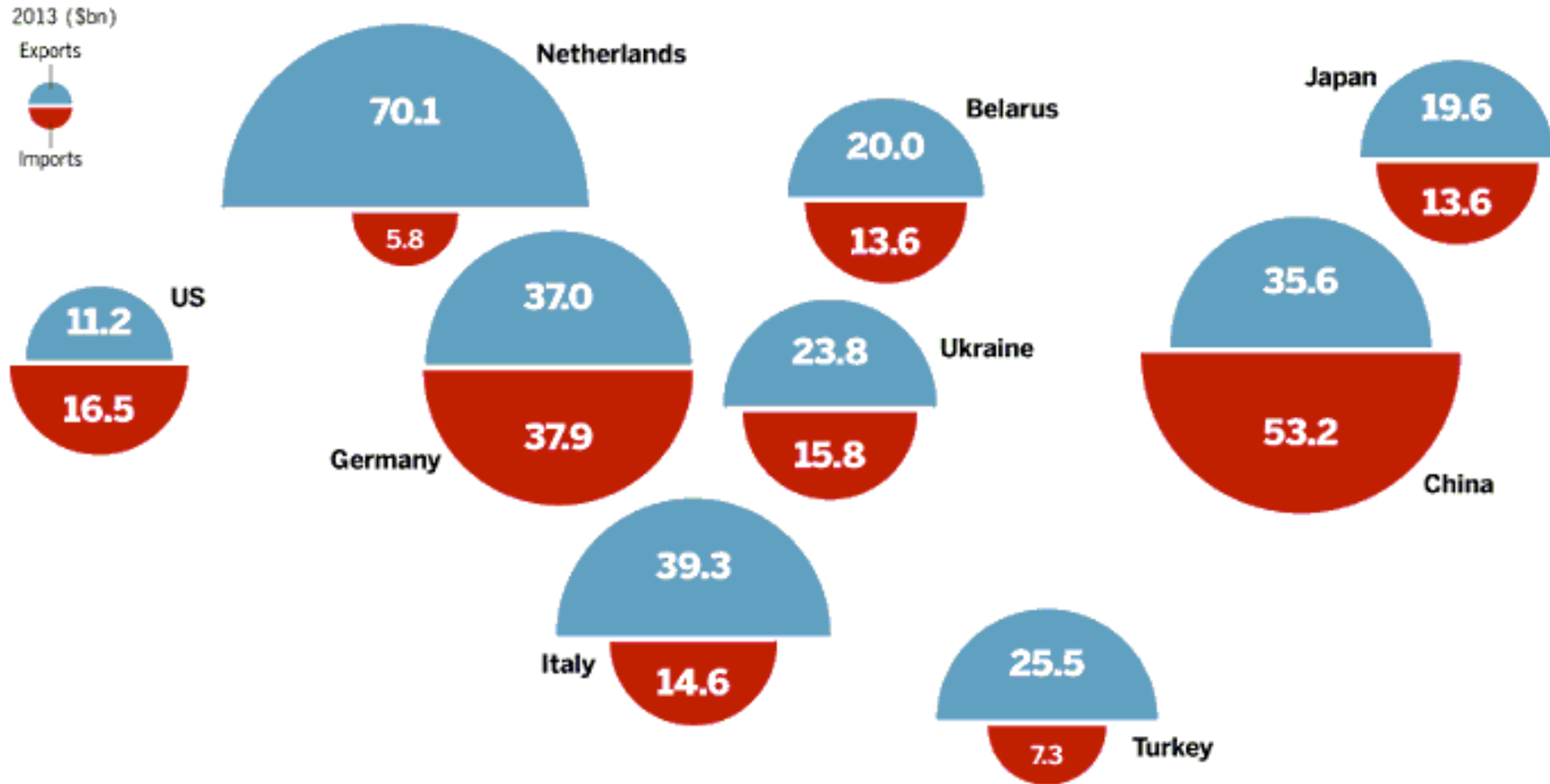
As % of total debt securities



Sources: Thomson Reuters Datastream; IMF, Barclays

Ukrayna, Kırım, Rusya Neler Oluyor, Kim İçin Ne İfade Ediyor?

Russian exports and imports with main trading partners
2013 (\$bn)



Ukrayna, Kırım, Rusya Neler Oluyor, Kim İçin Ne İfade Ediyor?

Big companies' exposure to Russia



Russian trading partners

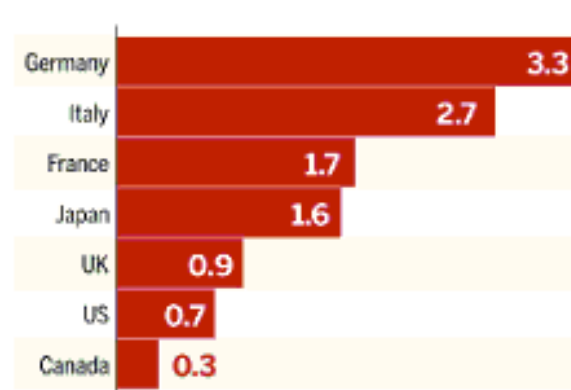
% total Russian exports and imports, rolling 12-month sum



Sources: Thomson Reuters Datastream; Unctad

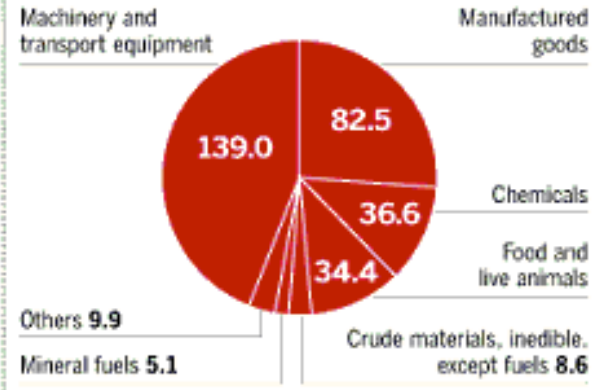
G7 countries' share of exports to Russia

12 months to Oct 2013 (%)

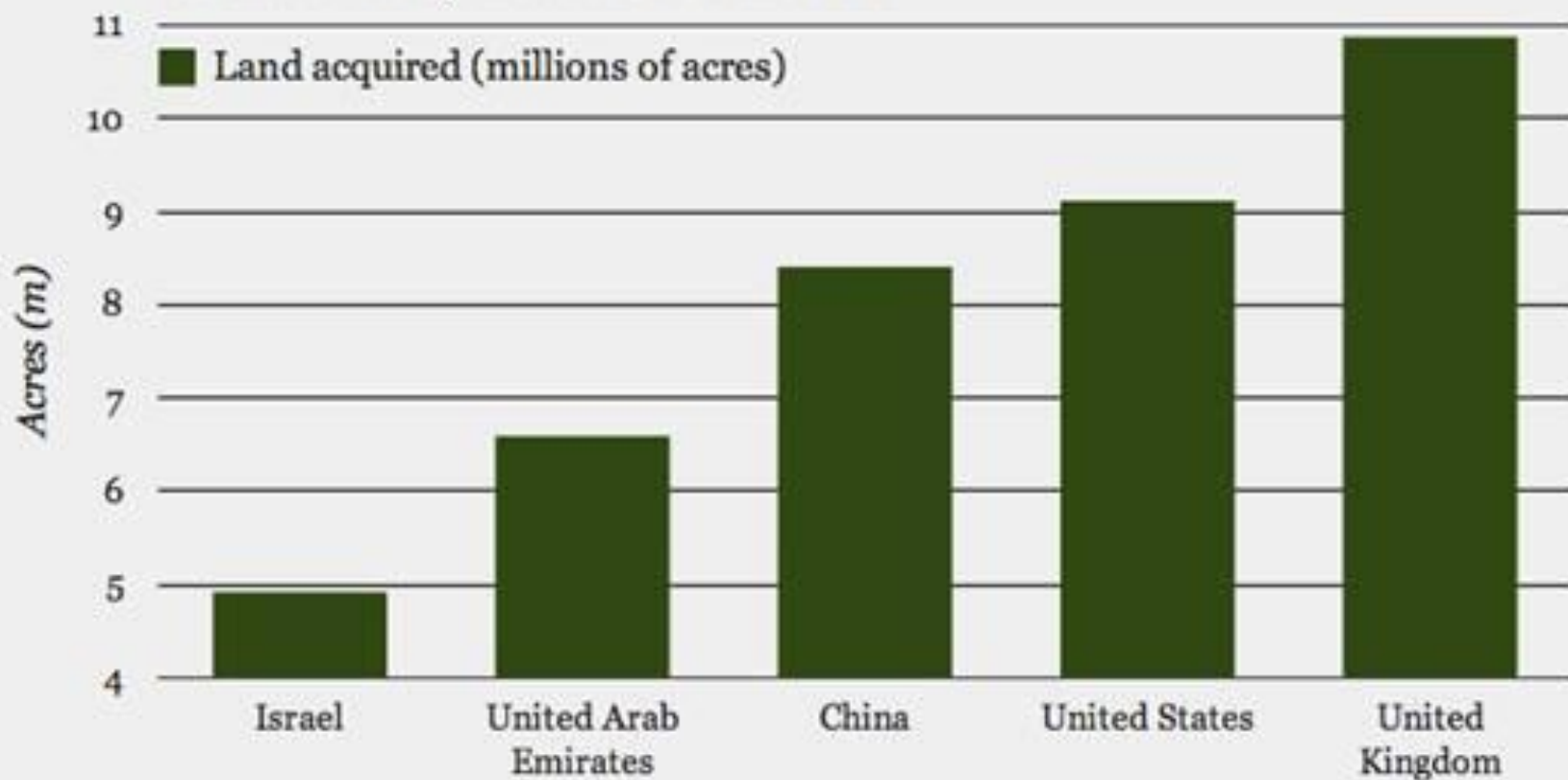


Charts are based on different trade sources causing potential discrepancies

Russian imports 2012 (\$bn)

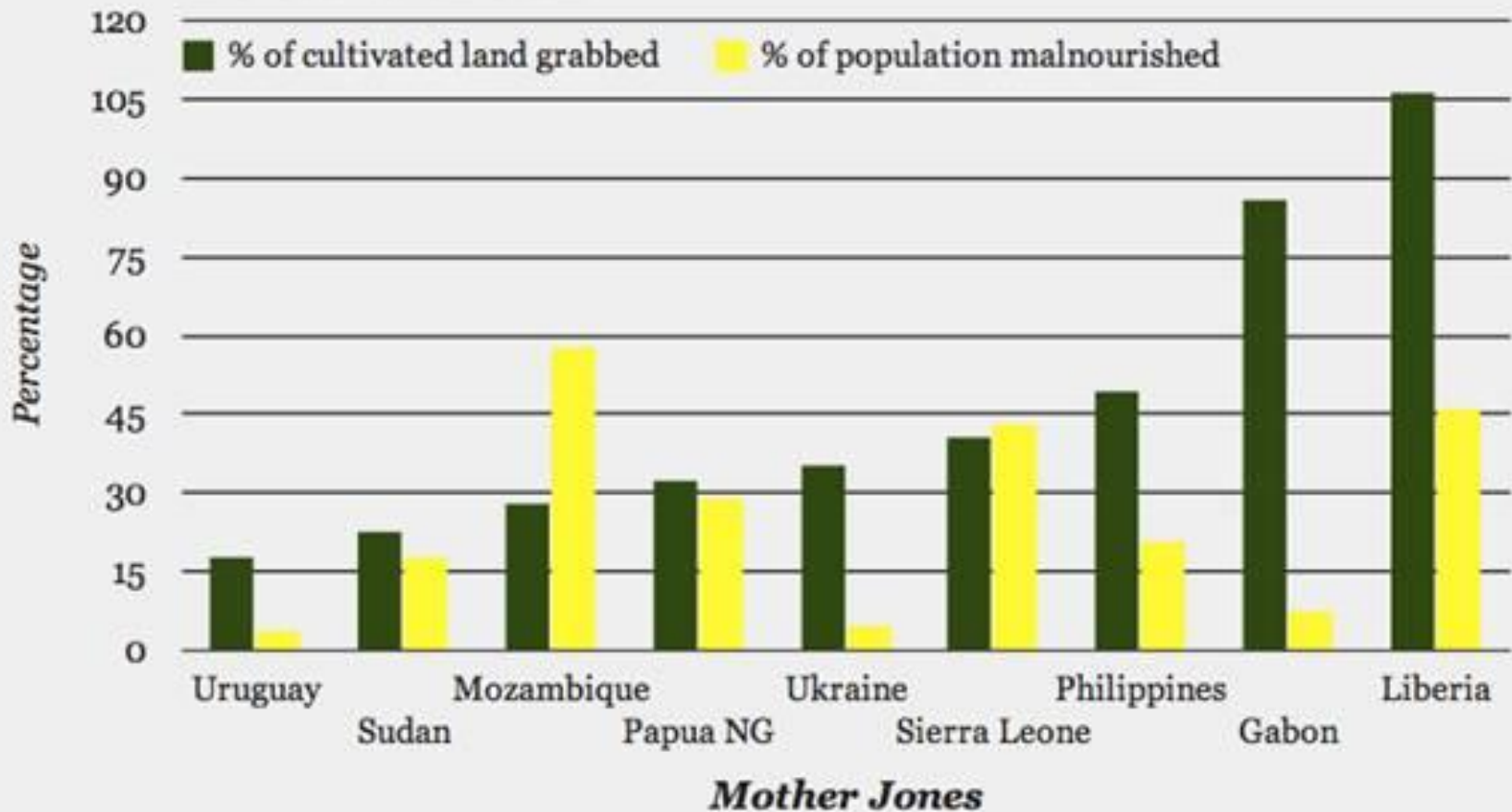


Top Global Land Poachers by Area Grabbed, 2002 to 2012



Mother Jones

Land Losses in Malnourished Countries, 2002 to 2012



Major UN/western sanctions

Currently active



Sources: Targeted Sanctions Consortium; Peterson Institute for international Economics; US Treasury; Office of Foreign Assets Control; UN; EU

* Primarily not against ruling regime

Defences down

Military expenditure, 2012 (figures in brackets show 2002-2012 % change in real expenditures)



Source: SIPRI

Foreign currency debt as % GDP

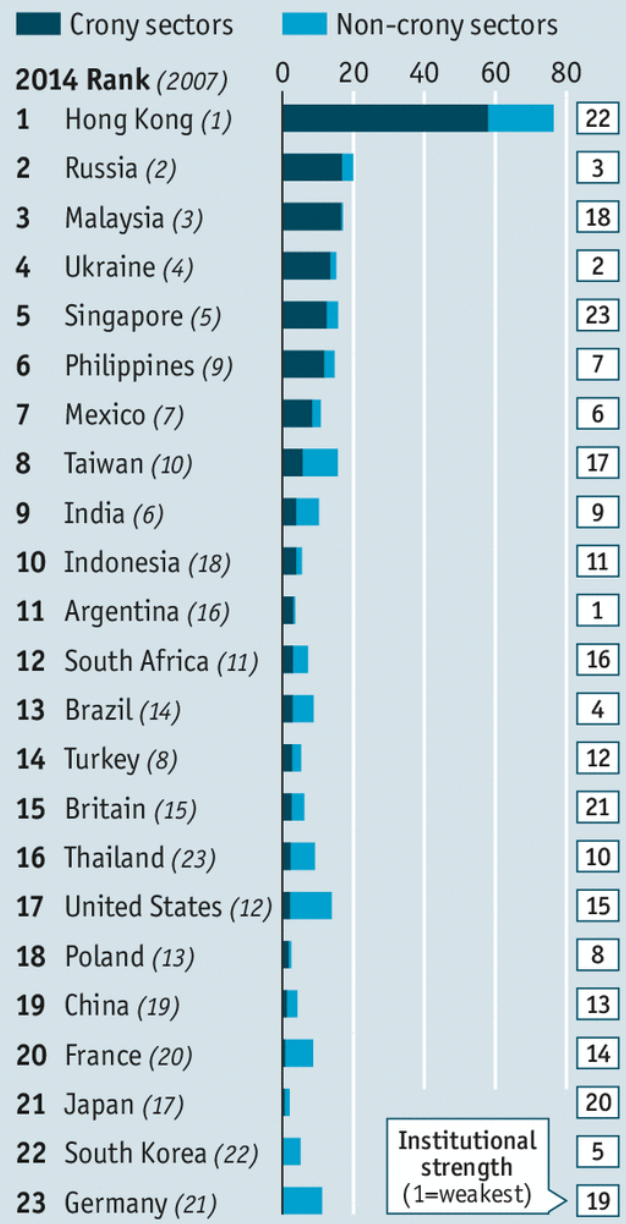
Troubled currencies			
	1996	2007	Sep-13
Brazil	26%	15% ↓	17% ↓
India	7%	16% ↑	14% ↑
Russia	19%	19% ↑	13% ↓
South Africa	15%	20% ↑	16% ↑
Turkey	17%	28% ↑	30% ↑
Average	17%	20% ↑	18% ↑

More robust currencies			
	1996	2007	Sep-13
Chile		35%	45%
China	9%	7% ↓	10% ↑
Colombia	22%	16% ↓	17% ↓
Czech Republic	17%	29% ↑	40% ↑
Hungary	67%	97% ↑	83% ↑
Indonesia	30%	16% ↓	20% ↓
Israel	9%	61% ↑	20% ↑
Korea	27%	32% ↑	31% ↑
Malaysia	31%	43% ↑	39% ↑
Mexico	47%	20% ↓	30% ↓
Philippines	30%	41% ↑	29% ↓
Poland	19%	37% ↑	40% ↑
Thailand	51%	13% ↓	19% ↓
Average	30%	34% ↑	33% ↑

Source: Nomura, Bloomberg. Note: Arrows indicate increase or decrease since 1996.

The crony-capitalism index

Billionaire wealth as % of GDP
Ranked by crony-sector wealth, 2014

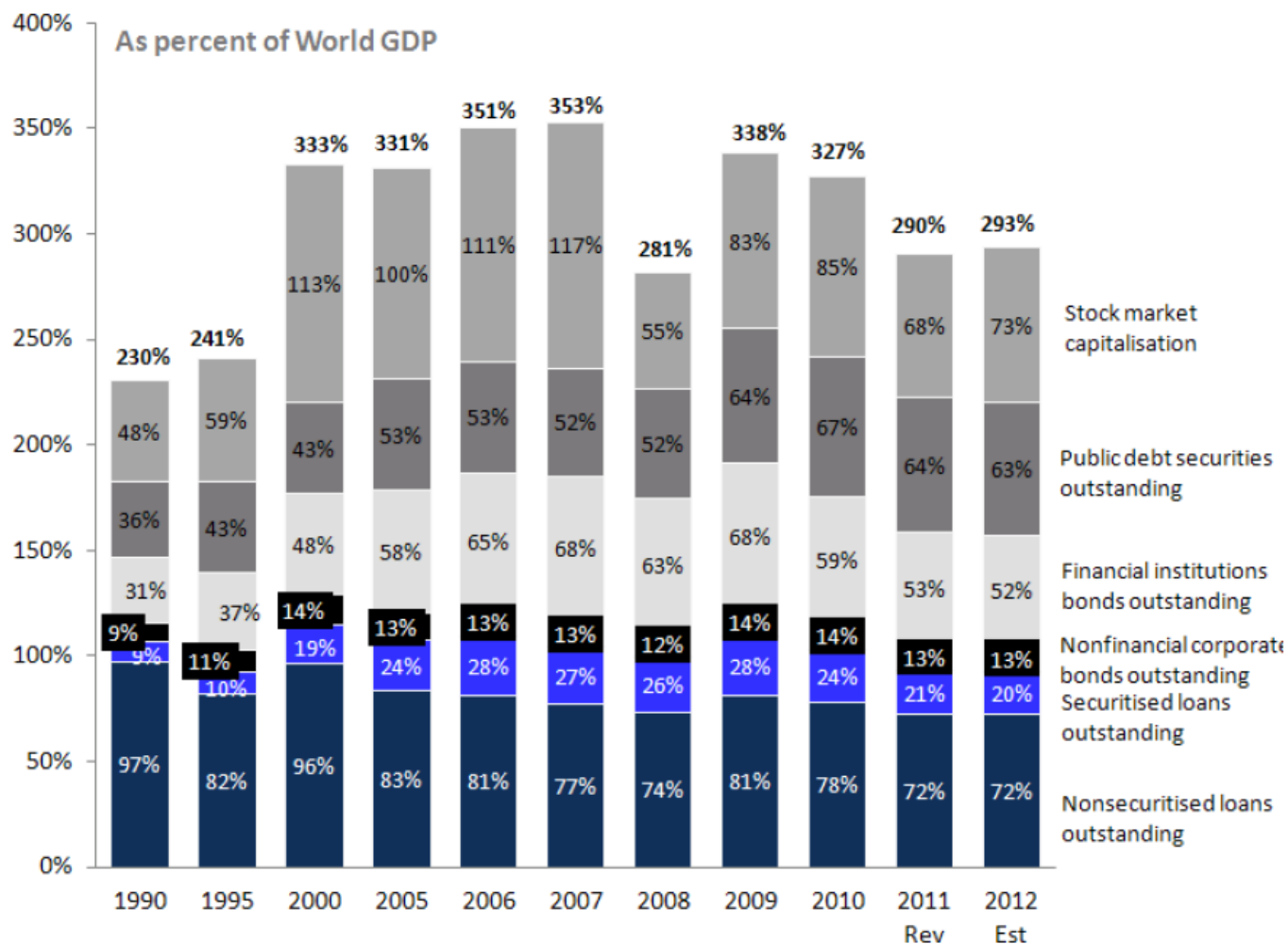


Sources: Forbes; IMF; World Economic Forum; *The Economist*

ARA DEĞERLENDİRME:

1. Risk unsurlarının başında **asimetrik bilgi** gelmektedir.
2. Hane halkı ve firmaların çoğu riskler konusunda kamu ve bankalara göre daha fazla **eksik bilgiye ve bundan doğan risklere maruzdur.**
3. Öte yandan bankaların yanı sıra **kamu kesimi de** finansal araçlar konusunda uluslararası sermayeye göre eksik bilgi ve bunun risklerine tabidir.
4. Genel olarak bakıldığında ülkenin tüm kurumları da bir şekilde **eksik bilgi riskine** tabidir.
5. Bu sorun sadece ülkemize özgü değildir. Birçok ülkede ve kurumlarda farklı şekilde yaşanmaktadır.
6. Önemli olan **Asimetrik Bilgi** kavramının öneminin yeterince anlaşılmasıdır. **Unutmayalım! Asimetrik Bilgi çağında yaşıyoruz!**

Figure 2: Global Financial Assets as percent of World GDP

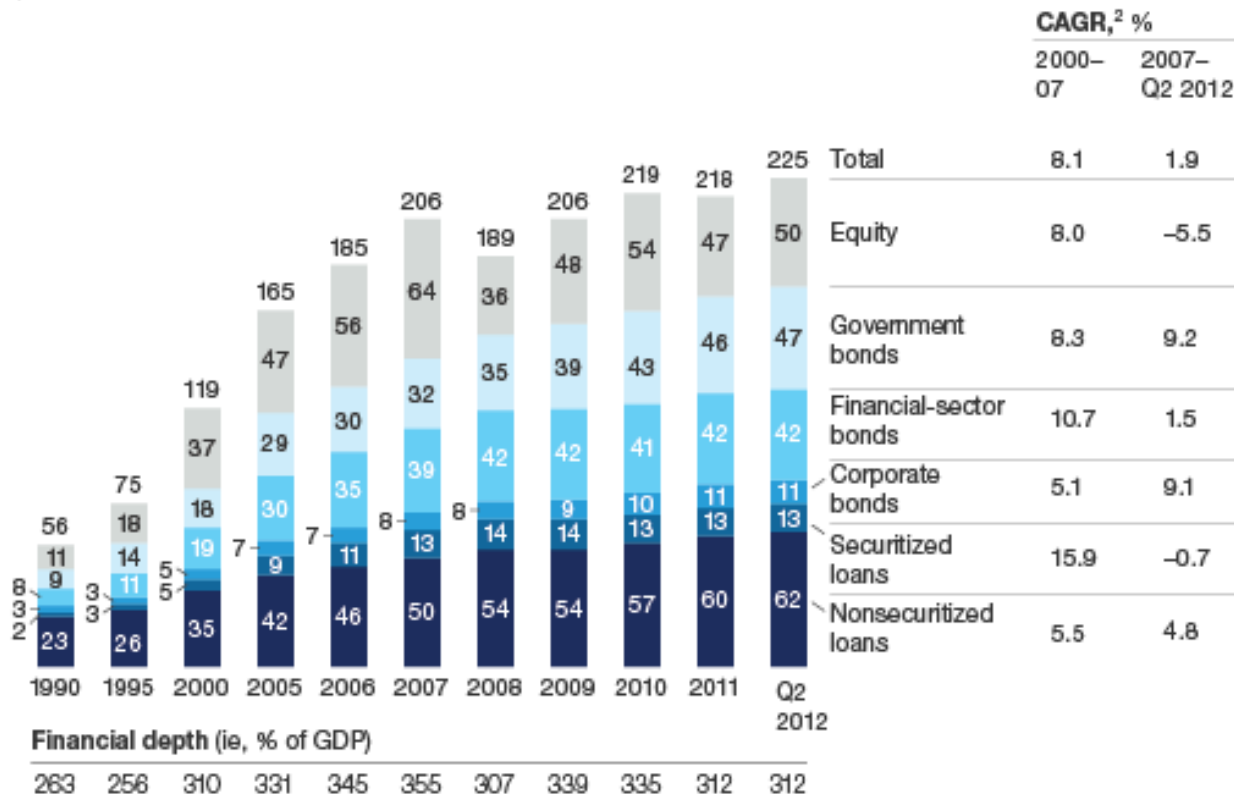


Source: McKinsey Global Institute, Haver, BIS, DB estimates, IMF

Exhibit 1

Global financial assets have grown to \$225 trillion, but growth has slowed since 2007.

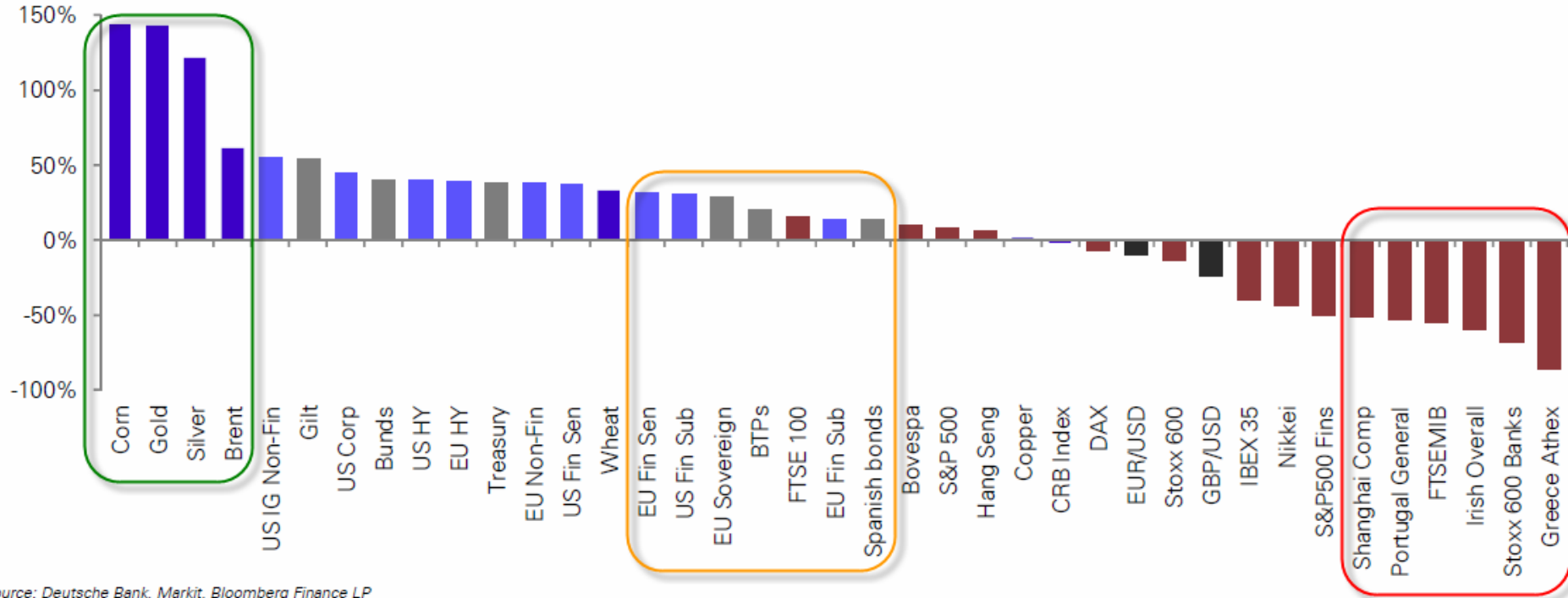
Global stock of debt and equity outstanding, \$ trillion¹



¹End-of-year figures for a sample of 183 countries, based on constant 2011 exchange rates. Figures may not sum to totals, because of rounding.

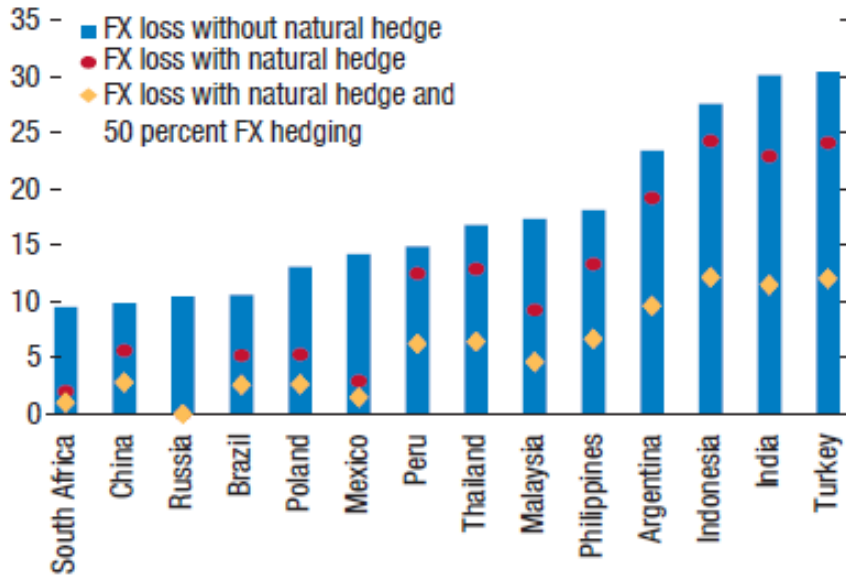
²Compound annual growth rate.

Figure 1: Five Year Total Return Performance of Major Global Financial Assets



Source: Deutsche Bank, Markit, Bloomberg Finance LP

9. Net Foreign Exchange Loss on Debt Principal and Interest (percent of EBITDA)



10. Corporate Bond Spreads and Sensitivity to Shocks (basis points)

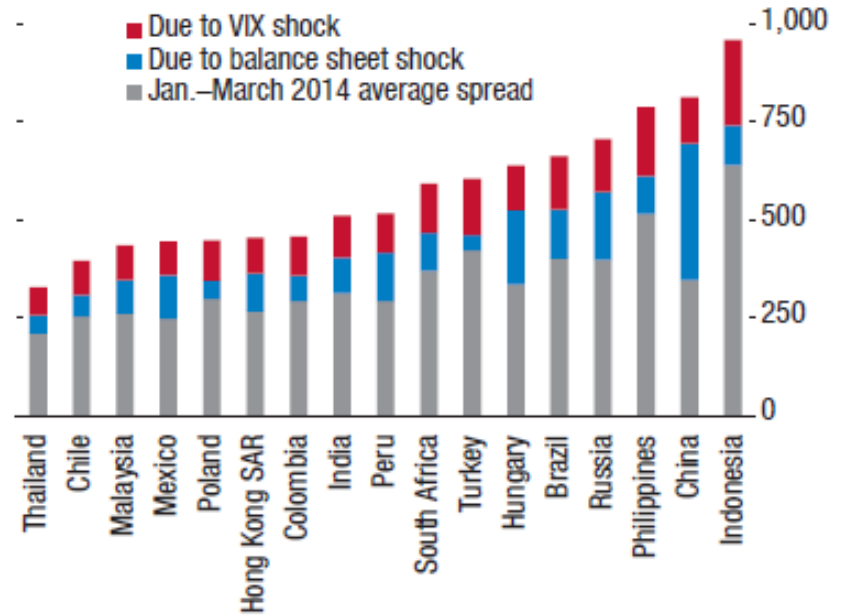


Figure 3.4. Concentration in the Banking Sector
(Assets of the three largest banks as a share of total banking assets; percent)

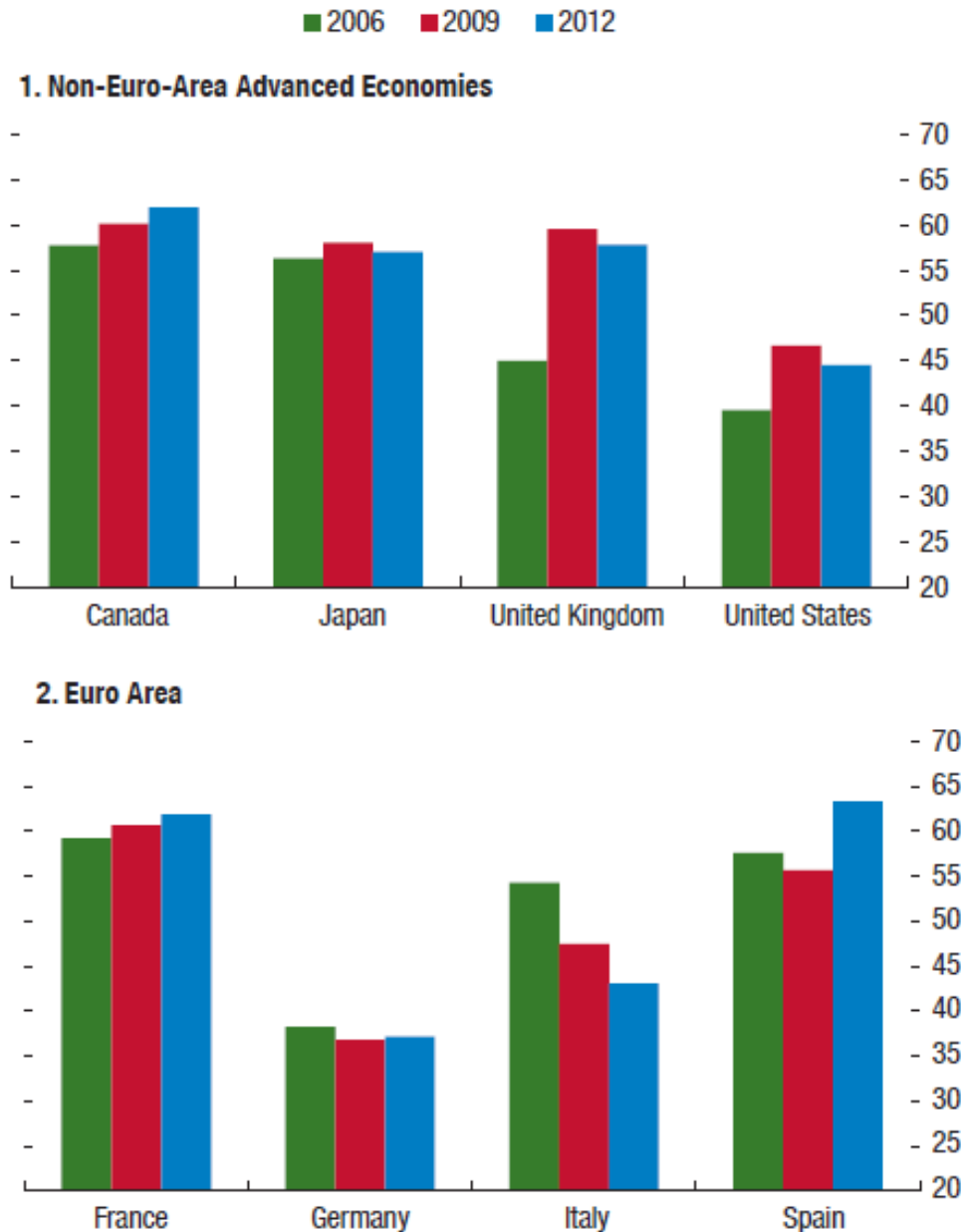
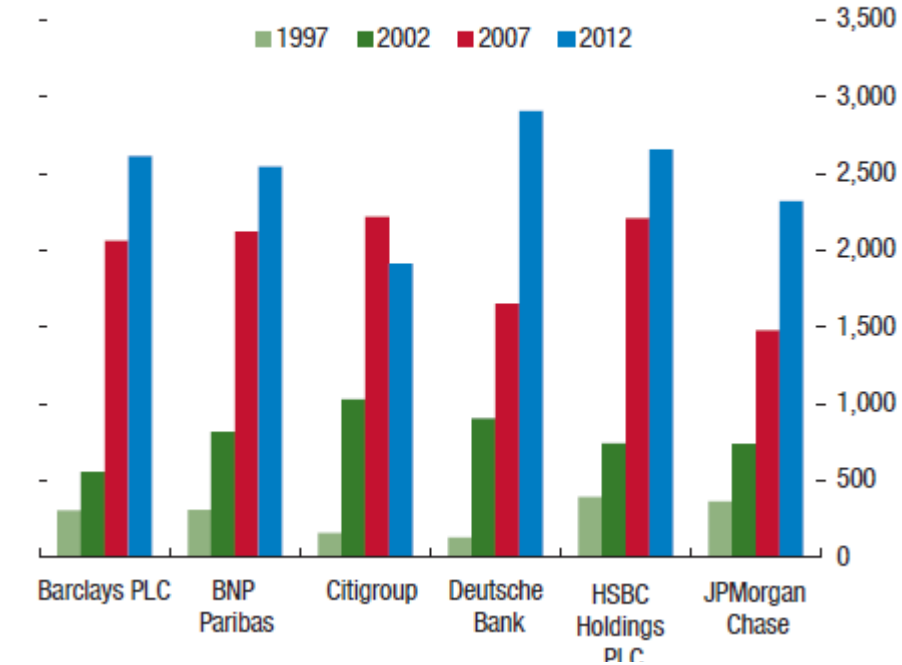


Figure 3.3. Total Assets of Large Banks¹
(Billions of U.S. dollars)



3. Emerging Market Economies

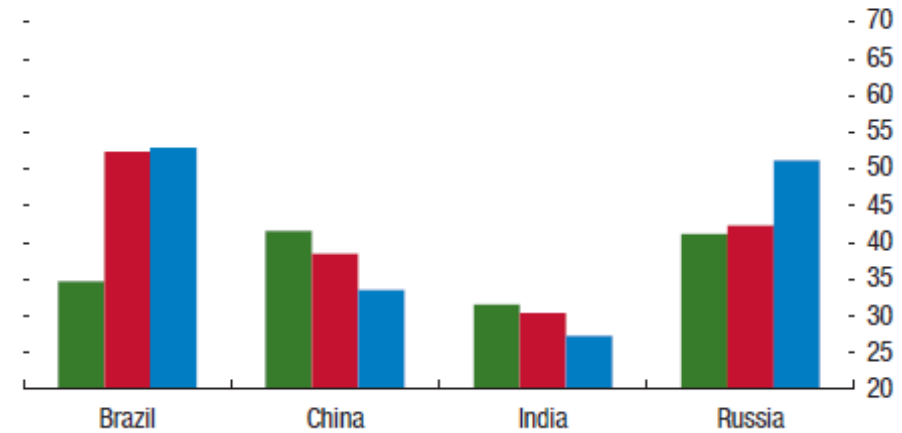
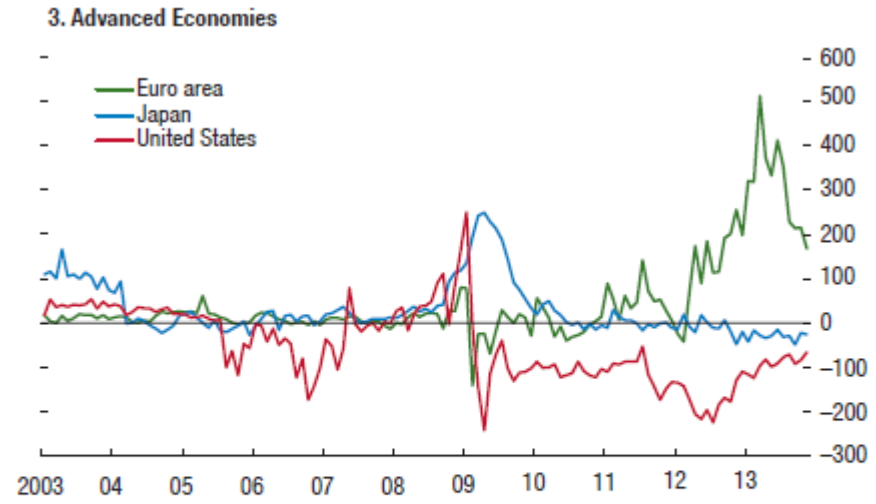
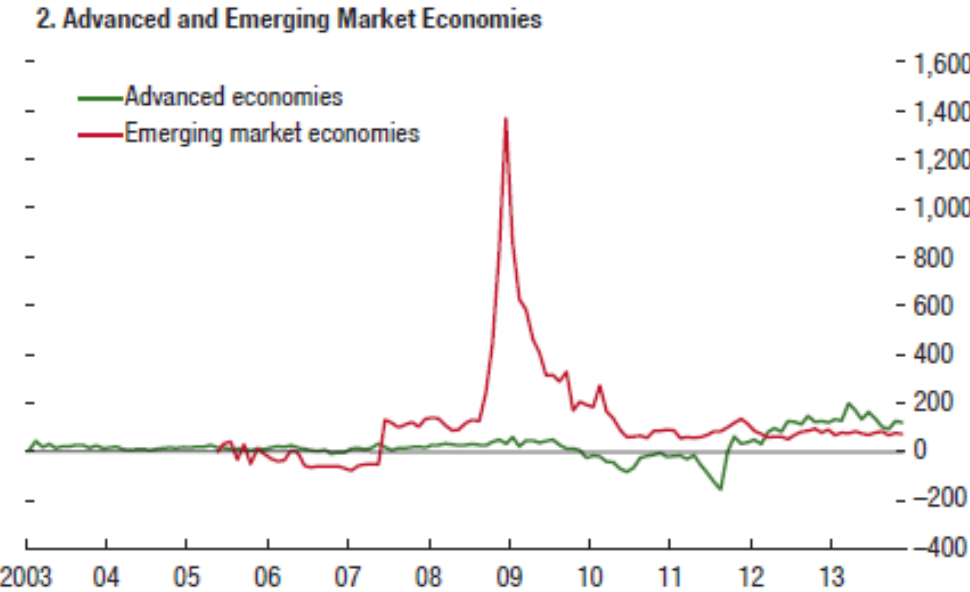


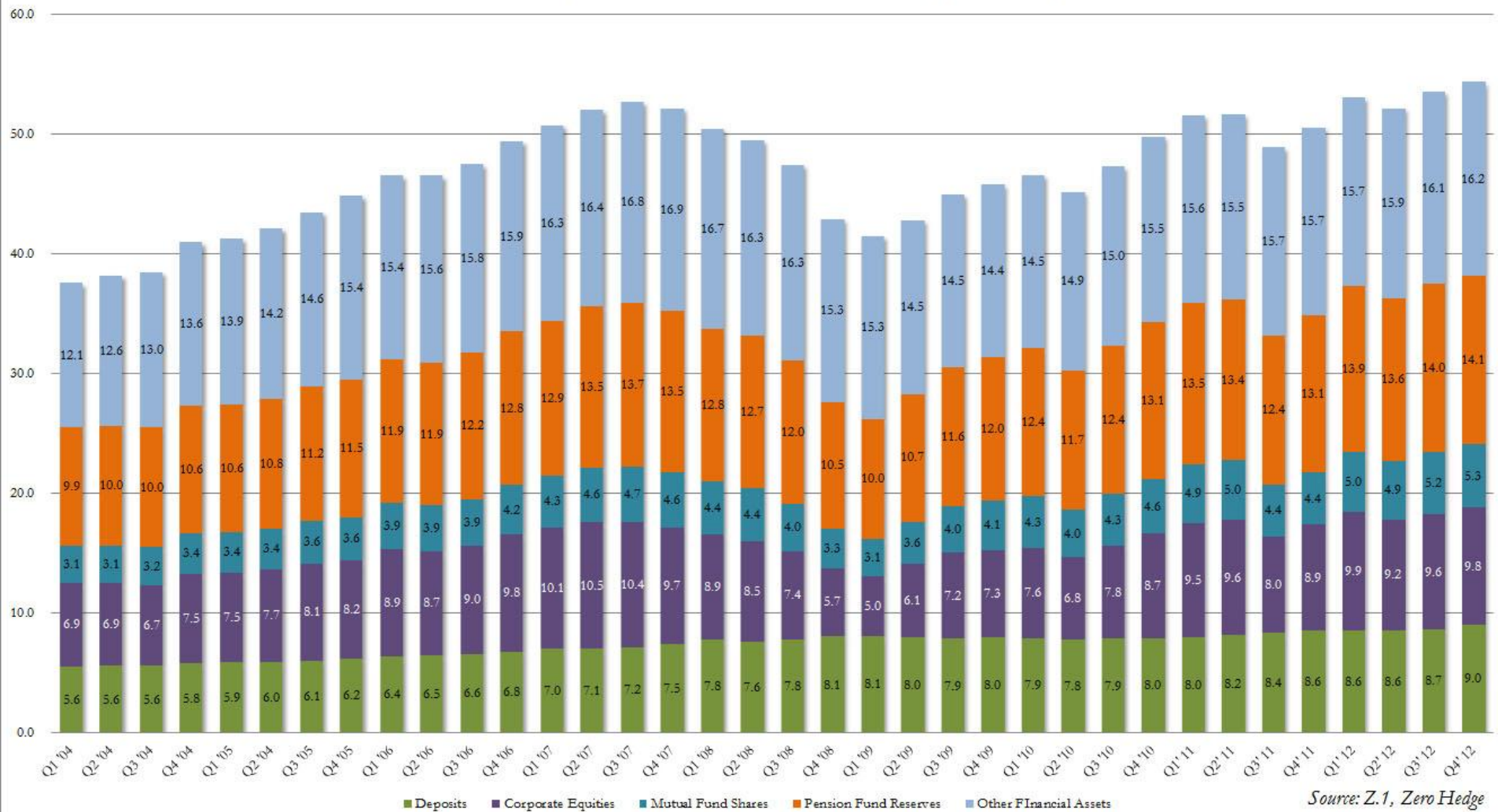
Figure 3.5. Bond Spread Differential between Systemically Important Banks and Other Banks
(Basis points)



Sources: Moody's CreditEdge; and IMF staff estimates.
 Note: The lines represent the funding cost advantage of systemically important banks (SIBs) relative to other banks. SIBs = systemically important banks, defined as G-SIBs plus the three largest banks by asset size in each country.

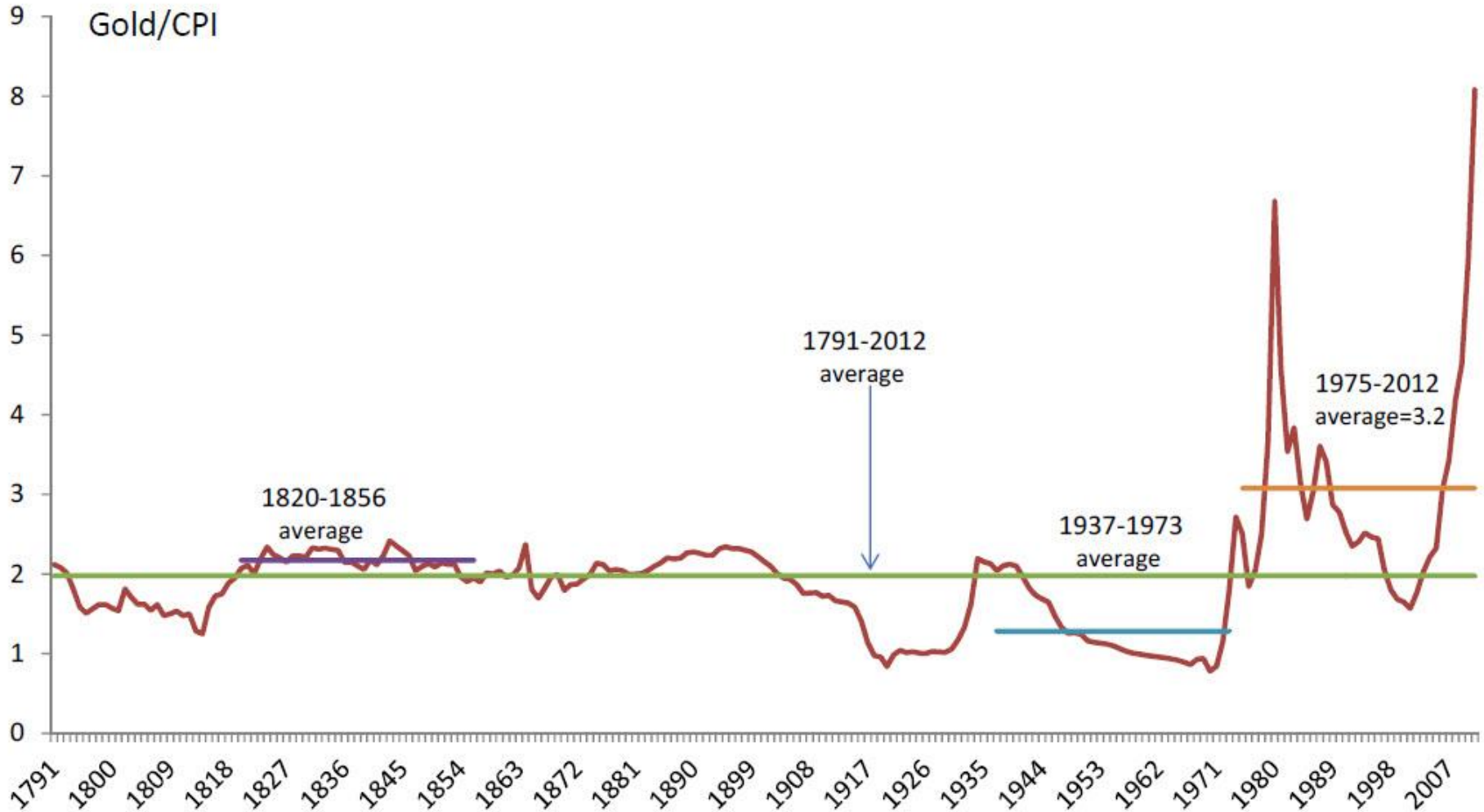


Total US Household Financial Assets (\$ Trillion)



Source: Z.1, Zero Hedge

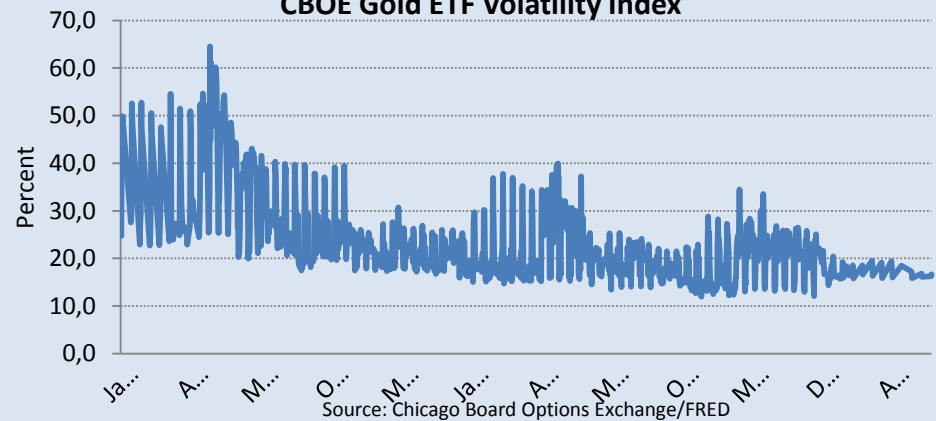
Exhibit 8. The Real Price of Gold over 200 Years



Gold Fixing Price 10:30 A.M. (London time) in London Bullion Market, based in U.S. Dollars



CBOE Gold ETF Volatility Index



US financial system: caught in a regulatory web

The Office of Thrift Supervision (OTS)

A Treasury agency founded in 1989 'on the bedrock of the American dream of homeownership', according to its website. Primary regulator of federal savings associations (thrifts)

State banking regulators

One for each state. Regulate state-licensed and state-chartered financial entities, including domestic banks, foreign agencies, savings institutions and trust companies. Established in 1851, the New York State Banking Department is the oldest in the country

The Office of the Comptroller of the Currency

A Treasury agency established in 1863, it charters, regulates and supervises all national banks. Its remit extends to 50 federal branches of foreign banks in the US

The Federal Reserve

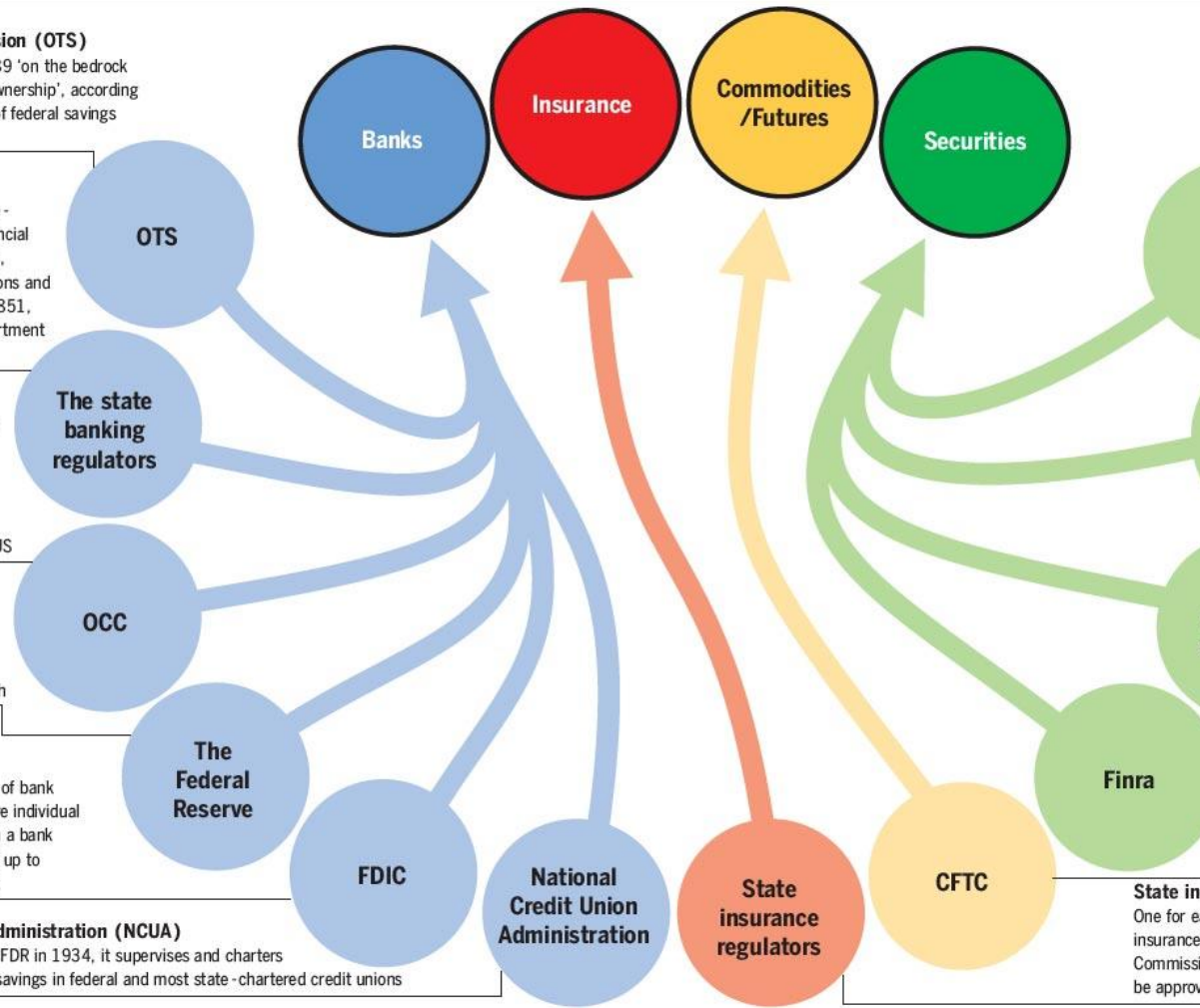
The central bank of the US. Created in 1913, its mandate, broadly speaking, is to promote stable prices and economic growth

The Federal Deposit Insurance Corporation

Created in 1933 following a wave of bank closures, it was designed to ensure individual savings would not disappear when a bank did. Provides deposit insurance of up to \$250,000 per depositor per bank

The National Credit Union Administration (NCUA)

An independent agency set up by FDR in 1934, it supervises and charters federal credit unions and insures savings in federal and most state-chartered credit unions



The US Securities and Exchange Commission

An independent government agency created in 1934 responsible for overseeing US securities markets, enforcing securities law and monitoring exchanges for stocks, options and other securities

State attorneys - general

Sometimes regulate markets and companies, independent of the SEC. Elliot Spitzer, for instance, a former New York State attorney general, pressed to prosecute several high-profile executive-pay cases

State securities regulators

One for each state. Regulate many of the same activities as the SEC, such as the sale of securities and those who sell them, but only in that state

Financial Industry Regulatory Authority

A self-regulatory body set up in 2007, it oversees all securities firms doing business in the US, including around 4,900 brokerage firms, 173,000 branch offices and 651,000 registered securities representatives

Commodity Futures Trading Commission

An independent agency created by Congress in 1974 to regulate commodity futures and option markets

State insurance regulators

One for each state. Responsible for supervising and regulating all insurance business in that state. The National Association of Insurance Commissioners develops rules and regulations, many of which must be approved by state legislatures

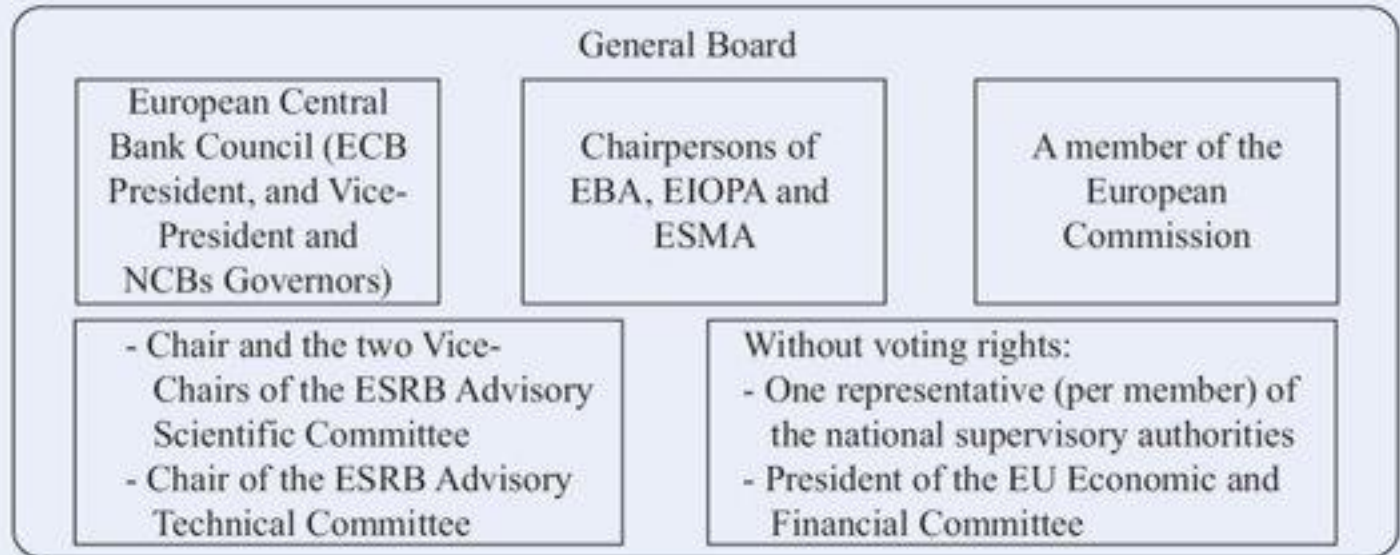
Case study: Citigroup

Regulated by **Federal Reserve, OCC, SEC, FDIC and Treasury (for TARP) . . .** plus over 140 national agencies in countries where Citi does business

The new supervisory framework in the European Union

Macroprudential supervision

European Systemic Risk Board (ESRB)



Microprudential



Information Exchange



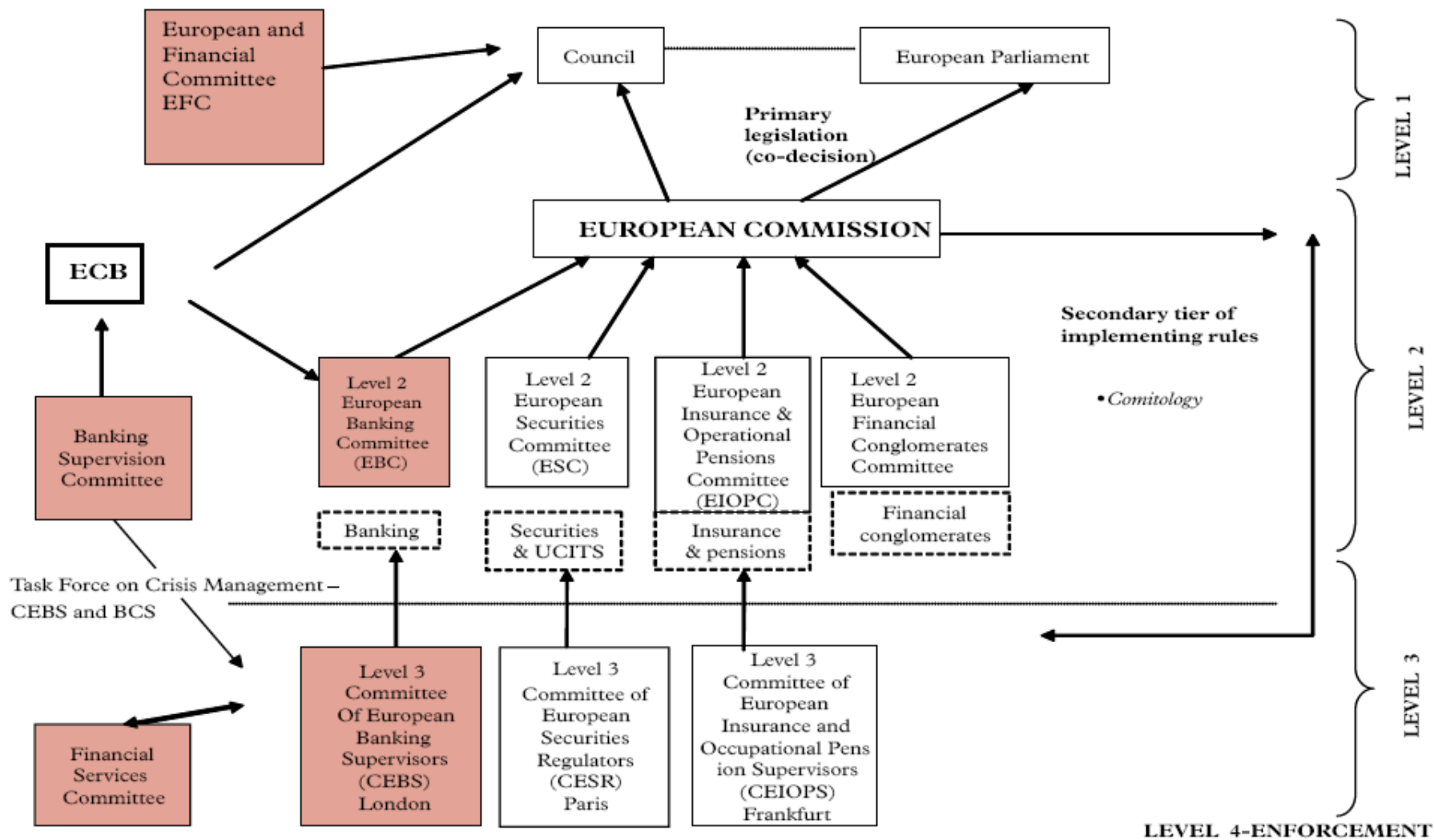
Systemic risk

Microprudential supervision

European Supervisory Authorities (ESAs)

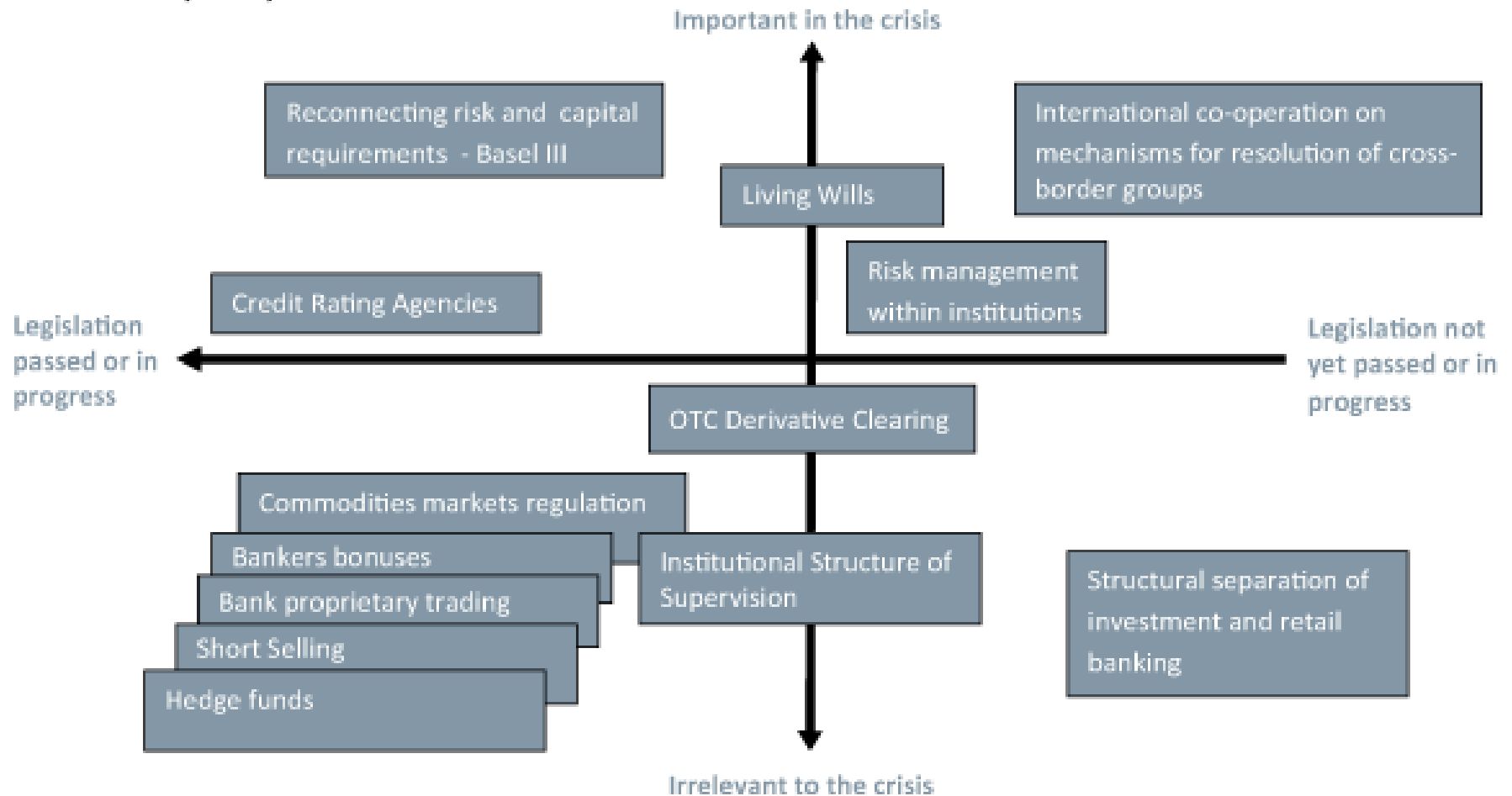
National Supervisory Authorities





Politicians, regulators bark at the wrong tree – critics say

Much of the new financial services regulation has focused on areas that didn't directly cause the credit crunch, bankers and lawyers say.



DOUBLE ISSUE

NOVEMBER 28, 2011

The Year's
50 Best
Inventions

Euro Crisis:
A Critical
New Phase

Why Chinese
Factories
Can't Pay
Their Bills

Russia's
Olympic
Dreams

TIME

Turkey's pro-Islamic leader has built his (secular, democratic, Western-friendly) nation into a regional powerhouse ...

...but can his example save the Arab Spring?

ERDOGAN'S WAY

BY BOBBY GROSS



www.time.com

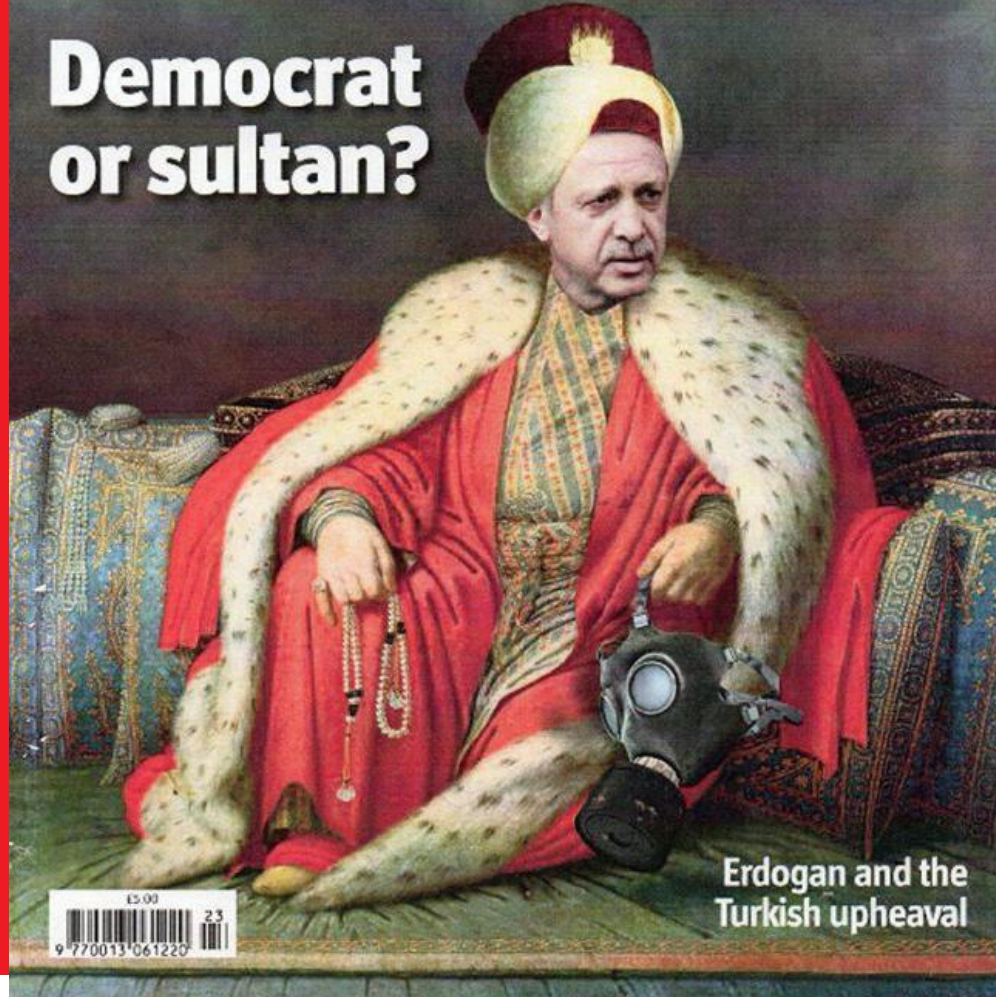
The Economist

JUNE 8TH - 14TH 2013

Economist.com

- The summit: Obama and Xi meet
- Who's buying luxury goods?
- Brazil's mediocre economy
- Iran goes to the polls
- The priestly bodice-ripper

Democrat or sultan?



Erdogan and the Turkish upheaval

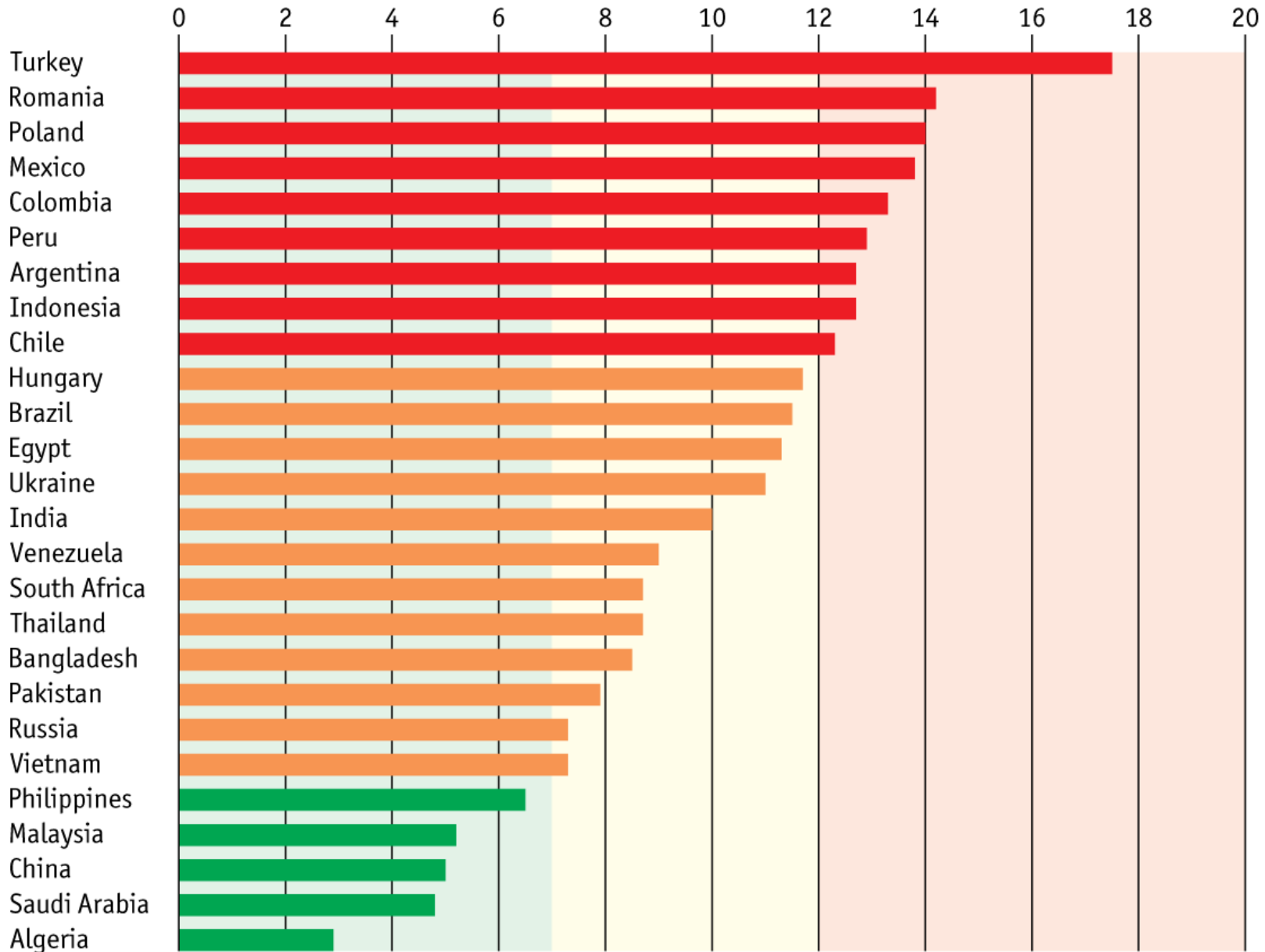
£5.00



23

The capital-freeze index

Vulnerability to a sudden stop in capital inflows in emerging markets*, 2012 or latest, maximum risk=20





March 18, 2014 7:56 pm

Turkey: The Erdogan-Gulen showdown

By FT reporters

FT reporters profile two men locked in conflict that threatens legitimacy of country's government

Turkey's challenge in numbers

By Valentina Romei and David Edgerly

Net direct investment in Turkey has been declining....

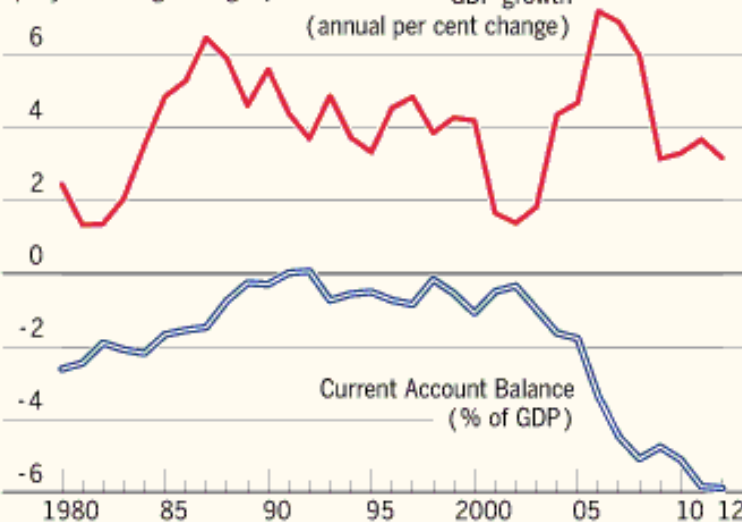
Rolling 12-month sum (\$bn)



Sources: Central Bank of Turkey; Turkey DataMonitor; Dealogic

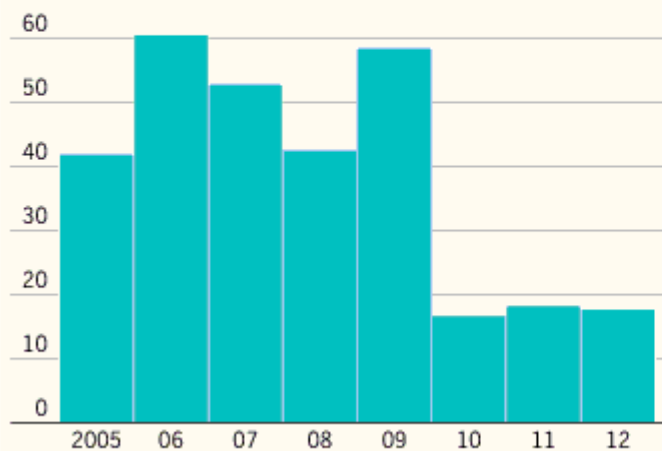
...and its current account deficit is widening again

(5-year rolling averages)



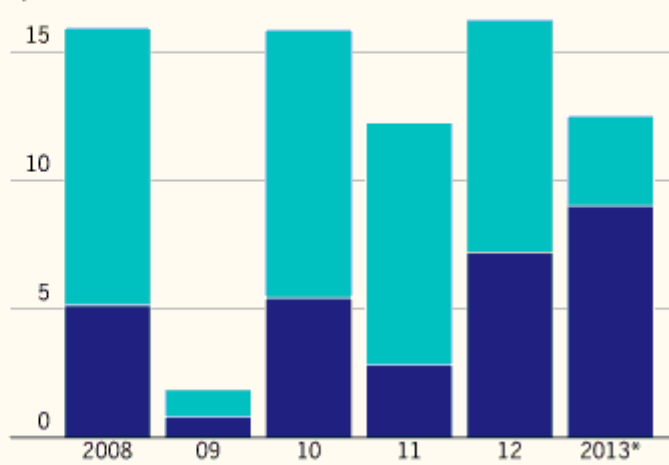
FDI covers a shrinking proportion of the current account deficit...

FDI as % of current account deficit



... while cross-border M&A falls and local deals are on the rise

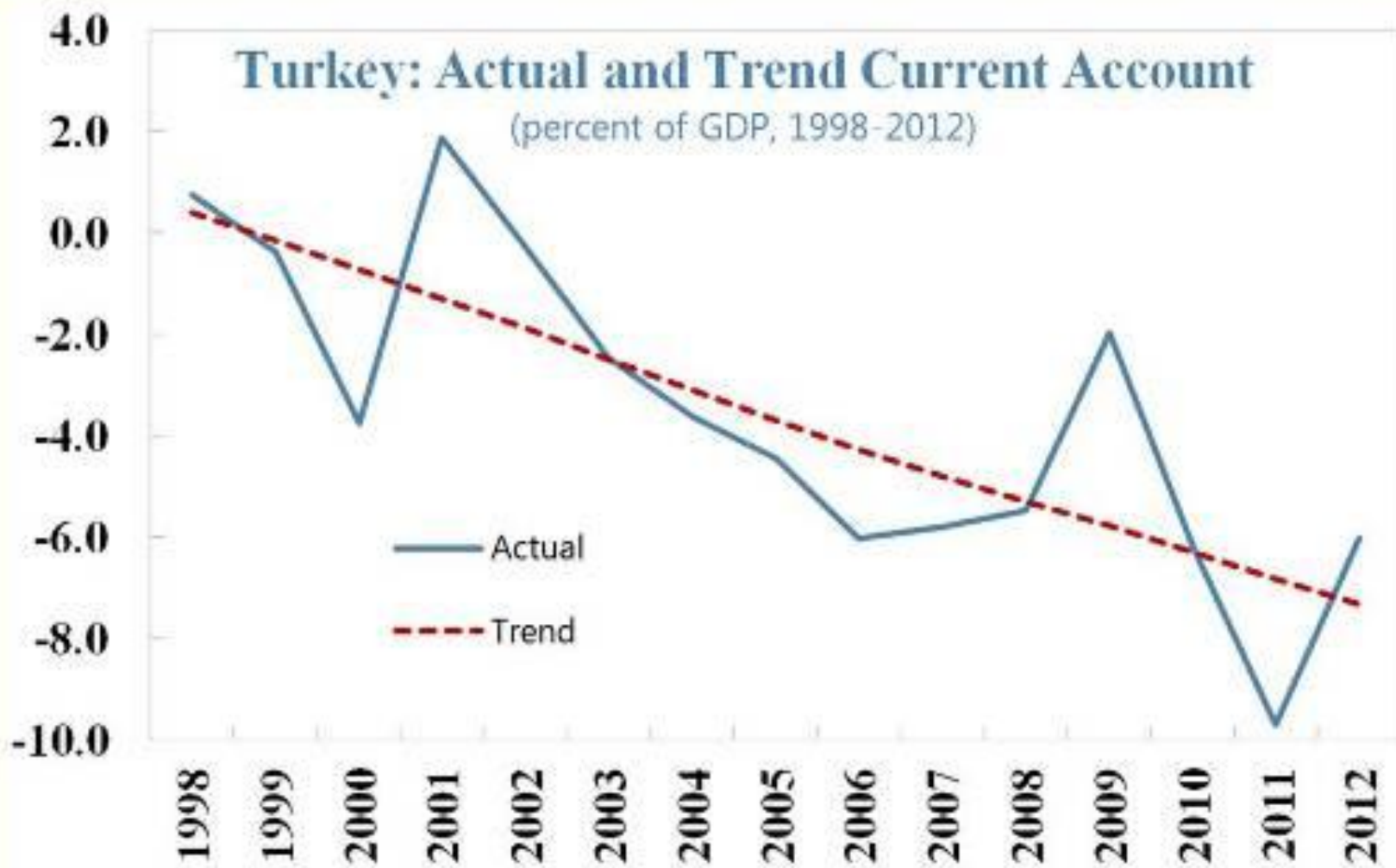
\$bn



* Year to date
FT graphic

Turkey: Actual and Trend Current Account

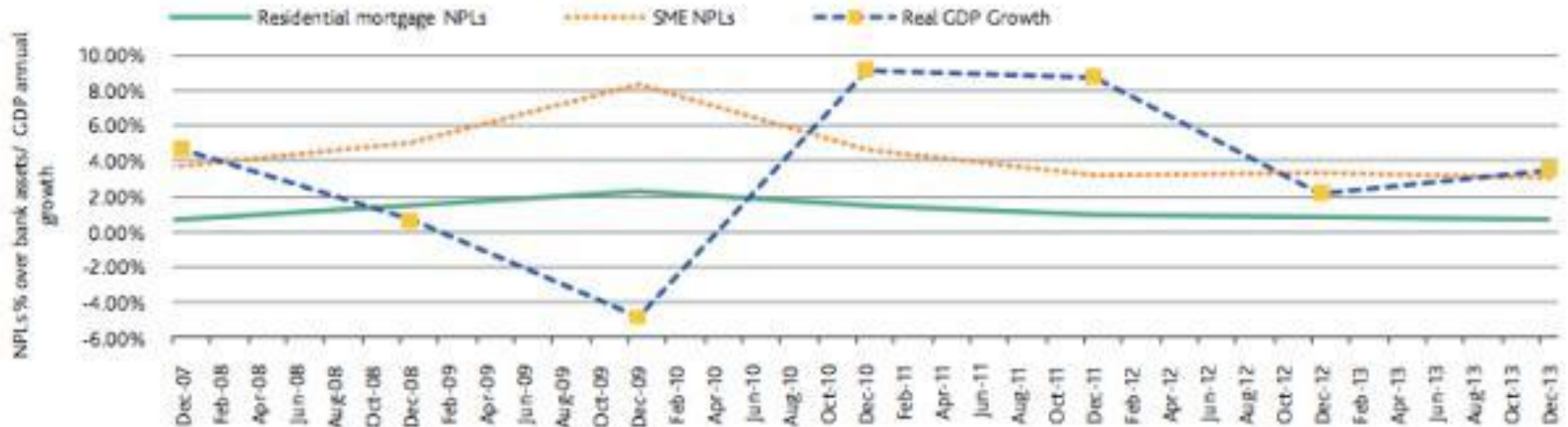
(percent of GDP, 1998-2012)



Source: Haver; WEO; IMF staff calculations.

EXHIBIT 1

SME NPLs Have Been Four Times Residential Mortgage Loans Since 2007



Consumer loans have expanded the fastest and, in our view, demonstrate the highest credit risk vulnerability in Turkey, particularly to the potential of an economic slowdown and the associated increase in unemployment. The low amount of problem credit card loans is somewhat misleading, as borrowers tend to refinance card loans with consumer loans that carry lower interest rates. This explains the more pronounced rise in problem consumer loans.

Turkey and its trading partners

GDP growth estimates, 2013 Annual % change

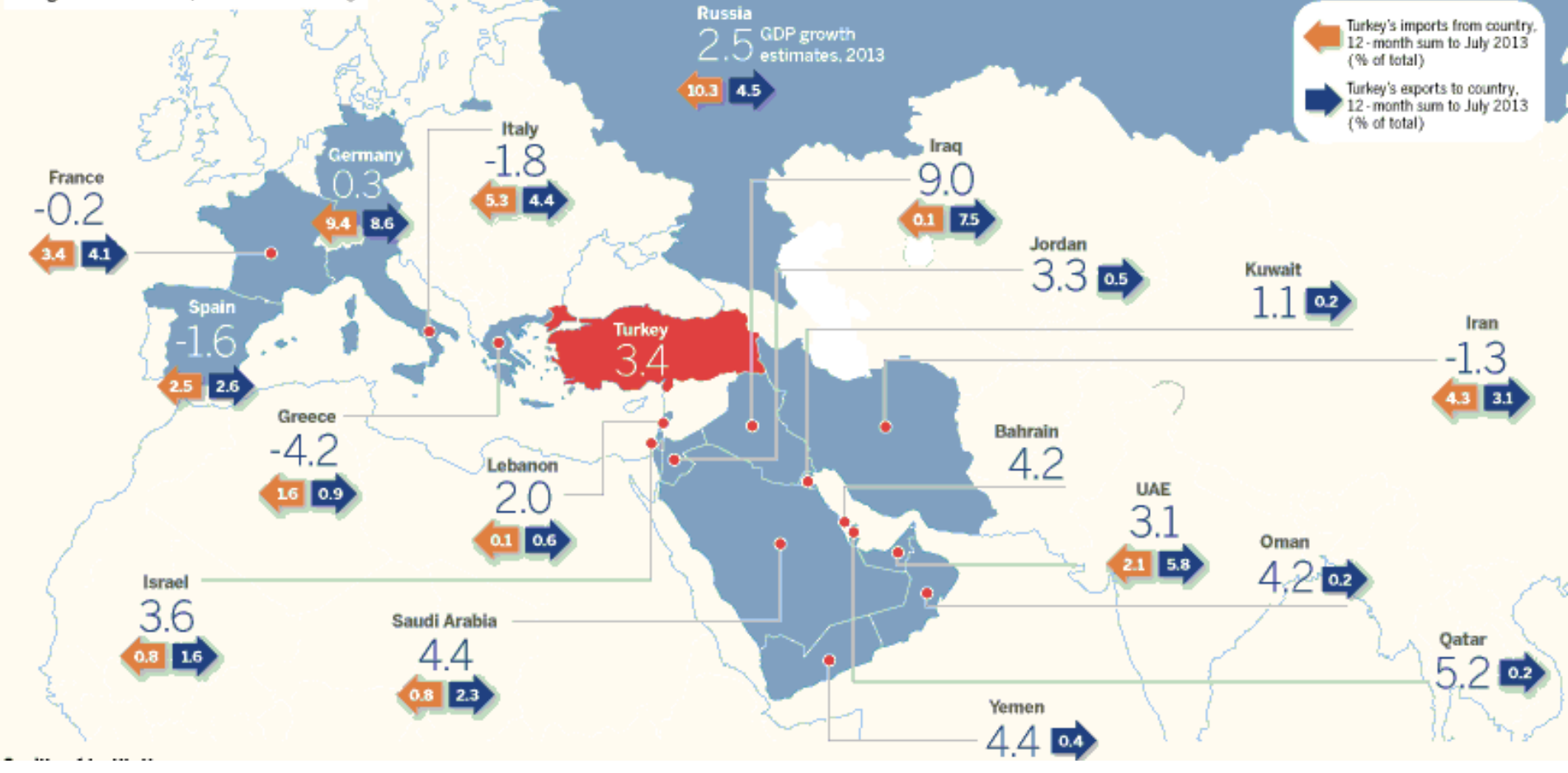
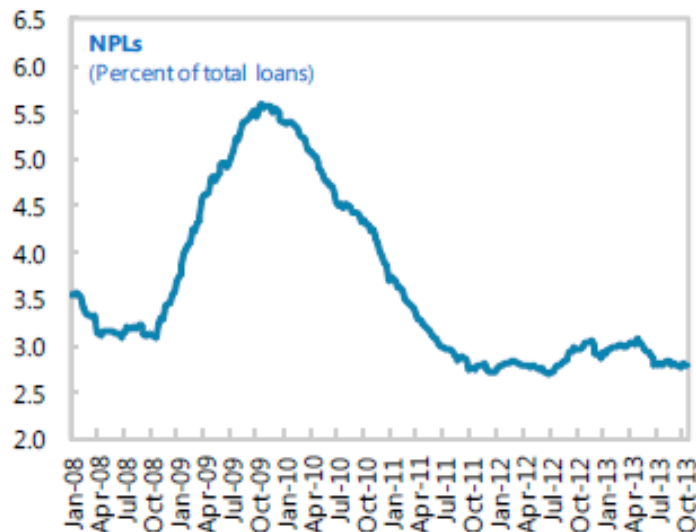
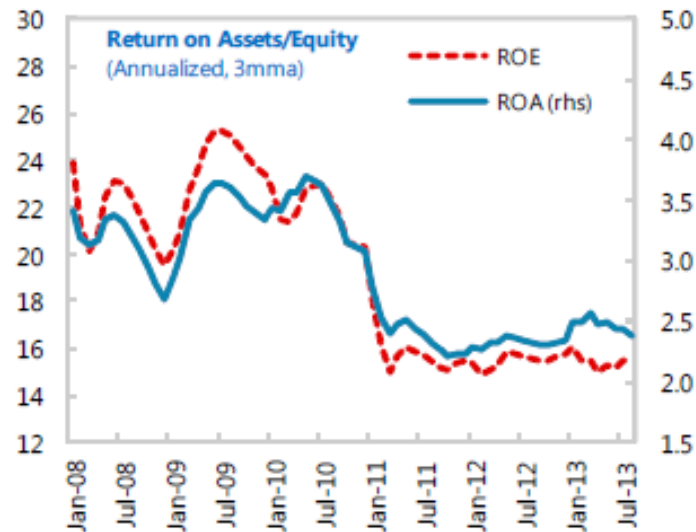


Figure 4. Turkey: Financial Sector

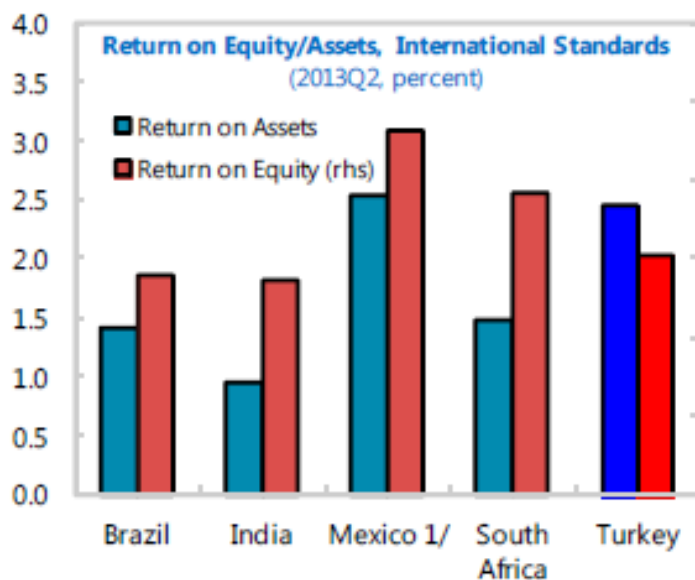
NPL ratios remain near historic lows.



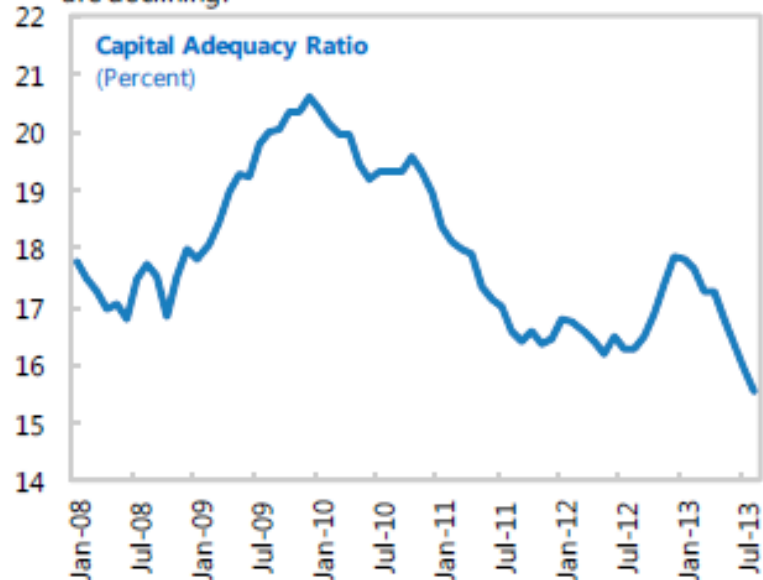
Profitability has fallen from its 2009-10 peak...



...but remains comfortable by international standards...



...while capital ratios remain above regulatory minima but are declining.



Turkey Public DSA Risk Assessment

Heat Map

Debt level ^{1/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability shock
Gross financing needs ^{2/}	Real GDP Growth Shock	Primary Balance Shock	Real Interest Rate Shock	Exchange Rate Shock	Contingent Liability Shock
Debt profile ^{3/}	Market Perception	External Financing Requirements	Change in the Share of Short-Term Debt	Public Debt Held by Non-Residents	Foreign Currency Debt

- **Combined shock.** A combined shock incorporates the largest effect of individual shocks on all relevant variables (real GDP growth, inflation, primary balance, exchange rate and interest rate).

In the case of Turkey, a combined shock would increase debt to around 45 percent of GDP, still below Turkey's average debt of 52.1 percent of GDP between 2002 and 2010.

Turkey Public Sector Debt Sustainability Analysis (DSA) - Baseline Scenario

(in percent of GDP unless otherwise indicated)

Debt, Economic and Market Indicators ^{1/}

	Actual			Projections						As of August 30, 2013		
	2002-2010 ^{2/}	2011	2012	2013	2014	2015	2016	2017	2018	Sovereign Spreads		
Nominal gross public debt	52.1	39.1	36.2	35.4	34.4	33.2	32.6	32.0	31.6	Spread (bp) ^{3/} 300		
Public gross financing needs	19.7	10.2	9.3	10.4	9.8	9.0	11.3	11.0	11.4	CDS (bp) 240		
Real GDP growth (in percent)	5.1	8.8	2.2	3.8	3.5	4.3	4.4	4.5	4.5	Ratings	Foreign	Local
Inflation (GDP deflator, in percent)	13.2	8.6	6.8	6.9	6.9	6.0	6.0	6.0	6.0	Moody's	Baa3	Baa3
Nominal GDP growth (in percent)	19.0	18.1	9.1	11.0	10.6	10.6	10.7	10.8	10.8	S&Ps	BB+	BBB
Effective interest rate (in percent) ^{4/}	17.9	9.4	9.8	10.3	10.0	9.2	10.1	10.1	9.7	Fitch	BBB-	BBB