

Finansal Gelişme ve Finansal Küreselleşmenin Finansal Piyasalara Etkisi: Türkiye Örneği

The Effect of Financial Development and Financial Globalization on Stock Market Prices: The Example of Türkiye

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Abstract

Many factors affect stock prices. In this global world where capital movements have no borders, development, and globalization constitute the basic elements affecting stock prices and financial returns. Within the framework of the decisions taken in 1980 in Türkiye, import substitution policies were abandoned, and liberalization and globalization efforts became a priority. In this respect, examining the returns of capital markets in Türkiye in the context of development and globalization becomes important. In this study, ISE All Shares Closing Prices, Financial Development Index, and Financial Globalization Index were subjected to econometric analysis between 1997 and 2021. Johansen Cointegration Test, which tests the long-term relationship between variables that become stationary at the first difference, was applied in the econometric analysis. In this study where the hypothesis that “stock prices in Türkiye are affected by globalization and development” was investigated. In this context, a cointegration relationship was found between the dependent variable, ISE All Shares Closing Prices, and the independent variables, Financial Globalization, and Financial Development Indices. However, a long-term causality was found from the Financial Development Index and ISE All Shares Closing Prices to the Financial Globalization Index.

Recipient of Prof. Dr. Mükerrerem Hiç doctoral studies support award.

The full text of this paper presented at the International Congress on Eurasian Economies 2024 was submitted to an academic journal for publication and therefore has been excluded from the congress proceedings.