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Impacts of Globalization on Turkey's Banking Sector: Foreign Penetration and Concentration Level

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ABSTRACT

Globalisation changed the rules of financial markets deeply. Especially technologic developments created new financial tools, new possibilities and new basis for finance. Banking sector is the most powerful and respondent to structural / dramatic shifts in financial markets domestically and internationally. Globalisation removed the legal and physical distances for capital movements in all over the world by neoliberal policies. Neoliberal policies are raised the domestic and international competition in the banking sector. Hence, notably banking sector in emerging economies attracts foreign capital. During the 2007 global financial crisis, the role of globalisation and financial instability on competition of banking sector became one of the debateable issue as a part of crisis. Globalisation made more visible the link between capital concentration and penetration of foreign in banking sector. However, there is a clear causal relation between globalisation, foreign penetration and capital concentration. Nevertheless, the globalisation and neoliberal policies are crucial for enhancing these developments. This paper aims to analyse the impacts of globalization on Turkish Banking Sector and the level of foreign penetration in the sector and its effects on concentration level of banking system. Also this study tries to figure out Turkish Banking System performance after 2007 economic crisis.

KEYWORDS Capital Concentration; Banking Globalization; Foreign Penetration; Turkish Banking Sector

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