Studying the Relation Between Market Structure and Co-efficient of Profitability in Banking System of Iran (The SCP Approach)

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Abstract

The main aim of this research is to investigate the relationship between market structure and market performance variables viz-a-viz using Structure-Conduct-Performance (SCP) paradigm. In this context, the relation between co-efficient of concentration of banking deposits and instability of market share of banks assets from one hand and the co-efficient of profitability of state and private banks in the organized money market for the period 2008-2012 have been tested per se.

The statistical sample of population comprises 17 banks (11 private banks and 6 state banks). To test the hypothesis, we have utilized the panel data as well as the parametric statistical models. The results prima facie indicate that if the sizes of market share of banks assets augment, their profitability will increase pro rata. Besides, the "t" statistics results show that the coefficient of profitability of private banks is greater than the state banks and the raison deter for this phenomenon is the robust management of costs in private banks compared to state ones. Thus adaptation of the economic liberalization and competition oriented privatization in banking system should de facto be deemed as the main priority for banks authorities. Similarly, with respect to "t" statistics of mono sample, we can derive the conclusion that the coefficient of market share of banks assets for those banks with small scale activities in the period under the study (2008-2012) bears relative stability which has tarnished the institutional elements of competition in organized money market, Ipso facto

Keywords: Profitability, Structure-Conduct-Performance (SCP), Concentration, Market Share, Instability of Market Share, Panel Data.

JEL Classification Codes: F36, G21, L1.

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Studying the Optimal Operational Structure of Islamic Banking System (Implication for Revising the Iranian Usury-Free Banking Operation Law)

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Abstract

This paper tries to evaluate the problem of stipulating an optimal operational structure of Islamic banking system in Iran, viz-a-viz identifying the main loopholes of the previous theoretical models. Moreover by appraising the efficacy of the system in Iran, we have postulated a new plausible structure, quid pro qua. Besides, we have propounded some specific policy recommendations for revising the Iranian Usury-Free Banking Operation Law in context to restructuring the banking system for more authentic implementation of Islamic Banking principles. For this purpose, we have applied an analytical-descriptive approach. The results prima facie indicate that the last 30 years experience of Iranian banking system in executing the Usury- Free Banking Law, could designate that almost all the Iranian banks, irrespective of their proportion and size, which utilized the Islamic contracts commensurately, for mobilization and allocation of resources have not been much successful. Thus the distinction between different banks and non-bank credit institutes and assigning the appropriate contract with specific bank for enacting thereto, could pave the way for specialization of banking network and better implementation of Islamic banking rules, Ipso facto.

Keywords: Structure of Banking System, Banking Network, the Usury-Free Law, the Central Bank, Islamic Banking

JEL Classification Code: E52.

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The Impact of Financial Crises on Duration of Economic Recession in Iran (Duration Models Approach)

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Abstract
Studying the impact of financial crises on duration of Economic recession is one of the important issues in the macroeconomics literature and in recent years it has been deemed per se as an interesting subject for most of the economists across the globe. Meanwhile, the world financial crises as impressive variable on duration of economic recession are bearing a specific weight in toto. In this paper, an attempt is made to investigate the impact of financial crises on duration of economic recession in Iran for the period of 1971-2013. For this purpose, we have applied the Weibull Distribution Model as an appropriate parametric approach to estimate the model. The empirical results prima facie indicate that among the explanatory variables, the financial crises and inflation have positive and significant impacts and oil income and gross capital formation have negative but significant impacts on duration of recession in the Iranian economy for the period of study, quid pro qua.

Keywords: Global Financial Crises, Duration of Recession, Duration Models Approach, Iran.

JEL Classification Codes: C22, E32.

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Studying the Asymmetric Impacts of Oil Price Fluctuations on Stock Market of Tehran Stock Exchange-Application of MS-EGARCH Model

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Abstract

In this study, an attempt is made to investigate the role of oil price fluctuations on construing the behavior of stock market returns, using the monthly data for the period 2000-2012. For this purpose, we have applied the MS.EGARCH (1,1) two regimes model. The results prima facie indicate that there is a high dependency of stock market returns on regime changes. In this context, we observe that the first regime is associated with low Variance and Mean, which illustrates the depression and the second regime is assigned with high Variance and Mean which demonstrates the boom, quid pro qua. In the first regime, oil price shock has a negative impact on stock returns, while in the second regime, the fluctuation of oil prices has significant and positive effect on the average level of stock returns, sine qua non. Thus, we conclude that, there are asymmetrical impacts of crude oil prices on the stock returns in two regimes of recession and boom, ipso facto.

Keywords: Oil Shocks, Tehran Stock Exchange, Markov Switching, Transmission Regime

JEL Classification Codes: Q43, Q41, D58, D21, D12, C68.

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Shale Oil and Gas Industry: Opportunity or Threat

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Abstract

The development of shale oil and gas industry and its role in ensuring the world energy security has attracted the interest of many people in this area, in toto. Studies prima facie indicate that the shale oil and gas reserves could enhance about 92 percent of the world natural oil and gas reserves per se. Besides, utilization of new technologies to exploit the new resources, could improve the extraction of existing resources, which in turn will boost the supply of unconventional oil and gas reserves in the global level, sine qua non. However, the expansion of shale oil and gas industry, irrespective of paving grounds for escalation of world oil and gas supply, accretion of energy security, generating new job opportunities in the field, and adaptation of sophisticated apparatus in energy area, it may encounter serious challenges, quid pro qua. In this context, the mitigation of world oil prices and its volatility, which is widely felt globally, has imposed de jure certain backlash in the economy i.e. changing the hold arrangements of main agents in energy market, growing pollution of environment, deterioration of access to fresh water resources and rising the likelihood of an earthquake, etc pro rata. In this paper an attempt is made to investigate the efficacy of threats and opportunities emanating from a leading shale oil and gas industry Sui generis.

Keywords: Shale Oil, Shale Gas, Unconventional Oil, Energy Security, Energy Reserves.

JEL Classification Codes: Q41, Q33, Q53.

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The Rationale for Inflation Targeting

Translated By:
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Abstract

The main idea of inflation targeting is that the price stability must be the primary long-term goal of monetary policy. The rational for inflation targeting rests on three arguments. First, the inflation rate is the only macroeconomic variable that monetary policy can affect in the long run. Second, the maintenance of a low and stable inflation rate is important, and perhaps necessary, for achieving the other macroeconomic goals. Finally, this framework helps policy makers to communicate their intentions to the public and to impose some degree of accountability and discipline on the Central Bank and on the government thereto.
Nonetheless, inflation targeting is not a policy rule in the classical sense instead, inflation targeting is a framework for policy making within "constrained discretion" can be exercised. Inflation targeting acts as nominal anchor and keep the economy in the desired level in the long run, while permitting it to respond in the short run to unpredictable developments.

Keywords: Monetary Policy, Inflation Targeting, Rule, Discretion.

JEL Classification Codes: E31, E52, E58.

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Inflation Targeting and the Global Financial Crisis: Successes and Challenges

Translated By:
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Abstract

Inflation targeting has become the predominant monetary approach across the globe. In a very real sense, “we are all inflation targeters now.” Before, during, and after the financial crisis, nearly all Central Banks following an inflation-targeting approach—whether explicit or implicit—have been highly successful at achieving price stability and anchoring inflation expectations. Recent events, however, highlighted two critical issues for inflation targeting going forward: the constraint of the zero lower bound on nominal interest rates and the appropriate role of monetary policy in supporting financial stability. This has led to the development of alternative approaches to inflation targeting that offer, in theory, potential advantages with respect to the zero lower bound and financial stability.

Keywords: Monetary Policy, Inflation Targeting, Price Stability, Global Financial Crisis.

JEL Classification Codes: E52, E31, G15.

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