Öneri.C.8.S.30.
Haziran 2008.177-184.

TURKISH HOUSING LOAN MARKET AND SECONDARY MORTGAGE MARKET PERSPECTIVES

Meltem ULUSAN
İstanbul Kültür Üniversitesi, İ.İ.B.F., İşletme Bölümü, Dr.

TURKISH HOUSING LOAN MARKET AND SECONDARY MORTGAGE MARKET PERSPECTIVES

***Abstract:** Housing finance is a major issue for emerging economies. The approval of "Turkish Mortgage Law" paved the way for an efficient mortgage system in Turkey. However, the system should be supported by a comprehensive legal framework covering laws for foreclosure and title registration, the implementation of a strong secondary market mechanism and stable economy policies for the achievement. This paper begins with giving brief information regarding the key components of mortgage systems and then gives a detailed macro - economic evaluation of Turkish housing loan market, by considering the European Union. In the final section, some secondary market practices are introduced and possible perspectives for Turkey are discussed.*

***Keywords:** Primary Mortgage Market, Secondary Mortgage Market, Housing Loans, Covered Bonds, Mortgage – Backed – Securities*

TÜRK KONUT KREDISI PIYASASI VE İKINCIL "MORTGAGE" PIYASASINA YÖNELIK BIR BAKIŞ AÇISI

***Özet:** Konut finansmanı gelişmekte olan ekonomiler açısından büyük önem arz etmektedir. "Mortgage" Yasası'nın onaylanmasıyla Türkiye için etkin bir mortgage sisteminin önü açılmış oldu. Ancak, sistem, başarı açısından icra ve mülkiyet tescili gibi unsurları da içeren kapsamlı bir yasal çerçeve, güçlü bir ikincil piyasa mekanizması ve istikrarlı ekonomi politikalarıyla desteklenmelidir. Bu çalışma, öncelikle, "mortgage" sistemlerinin temel bileşenleri hakkında bilgi vermekte, daha sonrasında Avrupa Birliği'ni de dikkate alarak, Türk konut kredisi piyasasının detaylı bir makro ekonomik değerlendirmesini sunmaktadır. Son bölümde ise, bazı ikincil piyasa uygulamaları ortaya konmakta ve Türkiye için olası ikincil piyasa perspektifleri tartışılmaktadır.*

***Anahtar Kelimeler:** Birincil 'Mortgage' Piyasası, İkincil 'Mortgage' Piyasası, Konut Kredileri, İpotek Teminatlı Menkul Kıymet, İpoteğe Dayalı Menkul Kıymet*

I. Introduction

It is crucial for emerging economies to find funding resources for housing. As it is the case in developed economies, mortgage is perceived as one of the most appropriate financial instruments for housing finance. "Mortgage" is a long – term – based financial agreement between lender and borrower in which the property is given as collateral for the loan. Mortgage loans differ themselves from other loans, in terms of their secondary market functions. Loan collaterals are sold to investors through securitization and therefore, primary market funding for new loans is provided. Since mortgage is a long – term based agreement, securitized financial instruments (mortgage – backed securities or covered bonds) are suitable for institutional investors, in particular. Through this feature, it could be expected from mortgage system to act on behalf of the stability of capital markets. Furthermore, the increasing demand of investors with long – term – based investment appetite could trigger primary market loan serving and loan originators could be expected to work on economical and longer loan products with lower rates, thanks to their reduced costs. As a result of this rosy picture, mortgage system could also have a declining impact on interest rates.

Turkey, as an emerging country, approved new mortgage law in February 2007 and the second legislation regarding the secondary mortgage market is being prepared. Turkish mortgage system accepts banks, participation banks, consumer finance companies and leasing companies as mortgage loan originators. According to the system, both "on – balance – sheet issuance" and "off - balance – sheet securitization" through Housing Finance Fund are permitted. Through the establishment of Mortgage Finance Companies, it is aimed to provide primary market funding. Turkish mortgage law introduces both fixed and floating interest rates to the housing loan sector, whereas 2% early payment fee is asked for fixed - interest - rate - based loans. Bankruptcy situation and collection procedure for unpaid loans are also arranged by the new law and the process is accelerated on behalf of lenders. A highly negotiated point among the parties is the non - existence of tax relief on behalf of borrowers. Even though tax exemption is important for the attractiveness of the system, current macro economic conditions complicate the issue. However, it could be evaluated in accordance with the income tax reform studies.

This paper begins with giving brief information regarding the key components of mortgage systems and then gives a detailed macro - economic evaluation of Turkish housing loan market. In the final section, secondary market perspectives for Turkey are discussed.

II. BUILDING STONES OF MORTGAGE SYSTEMS

II.1. Primary Markets

Primary markets are the markets where mortgage loan originators and borrowers meet. An efficient and a sustainable primary market is the key factor behind the success of a secondary mortgage market. High – qualified, significant volume of mortgages, including the attractiveness for investors, positive, real and risk – adjusted interest rates are the most important prerequisites of primary markets, in order to justify the up – front costs of developing the secondary market infrastructure [1]. High – qualified loan origination and investors' risk appetite on secondary markets mostly depend on lenders' risk judgment, in other words, on underwriting procedure. All loan applications should be evaluated comprehensively, in order to state the eligibility of borrowers. Credit requirements of borrowers are needed to be determined, due to their ability to pay, in accordance with their credit analysis. Lenders' approval is enhanced by rating agencies' credit score, determined by borrowers' credit history and their actual credit payments. As a result of agencies' credit scoring, originators could clarify the picture, in terms of eligibility.

II.2. Securitization and Issuance

Securitization is the financial transformation of illiquid assets, receivables or financial instruments into securities, which can be bought and sold by investors on secondary markets and are backed by cash flows or the value of underlying assets. In other words, securitization is a financial intermediation between fund suppliers and fund demandants [2]. In 70s, the rapid development of American Mortgage Market has accelerated the securitization process. There are two basic secondary market procedures for mortgages. According to the mortgage securitization, banks or other originators of mortgage loans such as leasing or consumer finance companies sell their "pooled" mortgage receivables to an entity and the entity issues Mortgage – Backed - Securities (MBS) and sells them to investors. Since it is an "off – balance – sheet" process, credit, pre-payment and market risks are undertaken by investors, risk is removed from originators' balance – sheets and therefore it is also enabled for them to provide relatively cheaper funding.

Mortgages could also be issued through an "on – balance – sheet" process. In this case, mortgage receivables are kept on originators' balance – sheets, they realize the issuance of covered bonds and sell them directly to investors. Thus, credit and pre-payment risks are highly associated with their balance – sheets.

II.3. The Role of Secondary Markets

Secondary Mortgage Markets (SMM) enable the flow of funds to primary market and therefore, enhance risk management for lenders. An increase in the supply of funds could also reduce the relative cost of mortgage finance and the accessibility to the system increases. The increase in liquidity could lead to lengthening of loans' maturities on primary markets, which could comfort borrowers, in terms of their payment schedules. Since banks, as major financial institutions, predominantly fund mortgages with deposits, they confront maturity mismatch. On the other hand, capital market funding cuts out the disadvantages of mismatch, diversifies fund resources and provides an efficient asset – liability management.

The continuity of secondary markets is strongly correlated with the existence of institutional investors. Their long – term – based investment feature could be the key issue for the efficiency of the whole mortgage system. High – qualified mortgage loan origination, due to underwriting procedure, could attract institutional investors like pension funds and insurance companies, in terms of their effective risk management functions.

III. THE EVALUATION OF TURKISH HOUSING LOAN MARKET BY CONSIDERING THE MACRO – ECONOMIC INDICATORS

Aftermath of a 2001 financial crises, Turkish economy exhibited an improvement, due to the International Monetary Fund's (IMF) restructuring program and the government's determinacy in applying the European Union (EU) adjustment reform packages.

Table.1. The Distribution of Consumer Loans

Year	Vehicle Loans (US$*thousand)	Housing Loans (US$*thousand)	Others (US$*thousand)
1997	1,659,278	195,017	1,072,331
1998	1,497,061	219,866	2,043,051
1999	828,063	86,126	1,398,894
2000	3,482,966	1,002,239	3,981,803
2001	197,712	33,245	561,876
2002	730,815	157,357	1,134,496
2003	3,365,605	577,783	3,580,897
2004	6,328,306	2,029,957	7,613,968
2005	5,094,738	9,663,539	14,593,463
2006	4,738,190	16,631,434	12,476,522

**Central Bank of Turkey exchange - rates (buying)*

***Source:** Turkish Banking Association, Banking Regulation and Supervision Agency, (http://www.bddk.org.tr/). [14.05.2007]. [3]*

Therefore, also housing loan segment got its share from the positive atmosphere and increased by 373% in 2002. As seen from the stable course of an increase trend continued and reached to its peak level with 376%, by the end of 2005. However, rosy indicators were slightly shaded by the increasing inflation in 2006 and the rise in interest rates affected the housing loans. Thus, the expansion of housing loans slowed down and indicated a 72% growth in 2006.

The revival in construction sector, supported by the decline in interest rates, bared its fruits and led to a significant increase in housing loan segment, by the end of 2005. Even though the ascending trend slowed down in 2006, recent legal arrangements, banking system's retail-based focus [4] and the infrastructural projects regarding the establishment of secondary mortgage market could be expected to boost housing loans.

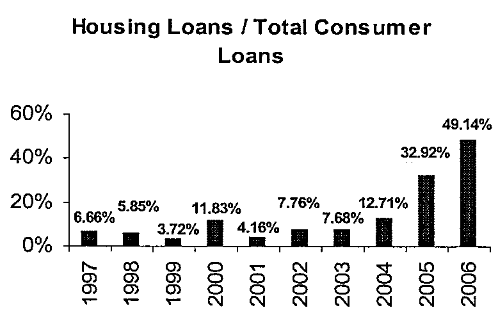

Figure.1a. The Share of Housing Loans in Consumer Loans

Source: Turkish Banking Association. ([14.05.2007]. [5].

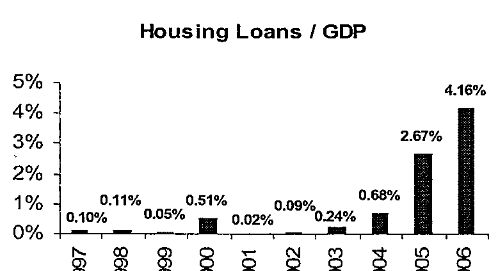

Figure.1b. The Share of Housing Loans in GDP

Source: Turkish Statistical Institute, (http://www.tuik.gov.tr/Start.do). [14.05.2007]. [6].

As it can be seen from Figure.1b, housing loans' contribution in total Gross Domestic Product (GDP) is only 4.1% by the end of 2006. Even though it indicates a significant increase compared to 2005, the value is still weak compared to that of the EU countries and the United States.

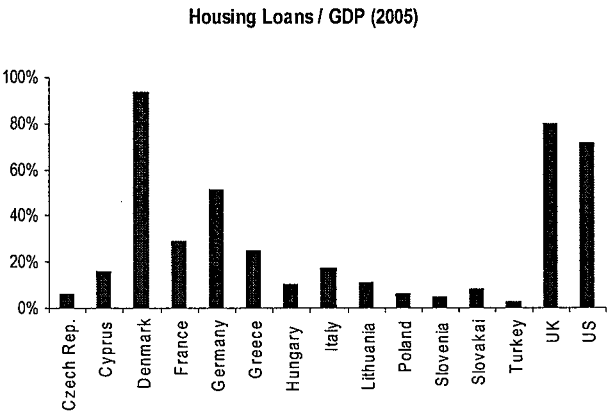

Figure.2. Housing Loans / GDP Ratios in Some of the EU Countries, US and Turkey

Source: European Mortgage Federation, (http://www.hypo.org/Content/Default.asp). [14.05.2007]. [7].

As of 2005, the ratio stands at 47.5% for EU-25 and 71% for the US, whereas it is around 2.5% for Turkey. An efficient secondary mortgage market is the key issue in boosting housing loans. Since the issue and sale of Mortgage – Backed – Securities and Covered Bonds on organized secondary mortgage markets enable continuous funding without maturity mismatch, it is vital for emerging countries like Turkey to develop the infrastructure for the secondary mortgage market and implement trading. Even though retail deposits provide funding for the system, secondary markets are important to avoid the disadvantages of maturity mismatch, to improve risk management, to provide the liquidation of Non-Performing-Loans (NPLs) and to diversify fund portfolio. At this point, lenders' risk judgment on behalf of investors should be put forward. Comprehensive and accredited underwriting procedure could pave the way for a trustworthy trading on secondary markets. Furthermore, tax exemptions from capital market gains in particular for institutional investors could also attract investors for secondary markets. Above all, a functional, competitive and an efficient primary market is the impulsive force of an enhanced secondary market trading.

Figure.3. shows the shares of NPLs in total residential debt on annual base. The ratio stands at 1.58% and 0.11% in 2004 and 2005, respectively. The decline in interest rates had a positive impact on housing loans and NPLs touched down to their minimum levels. The declining trend of NPLs could give some strong clues, regarding the accurate risk judgment of lenders and the reckoning character of Turkish people. The ratio of NPLs could be perceived as encouraging, in terms of projecting the future of Turkish mortgage system.

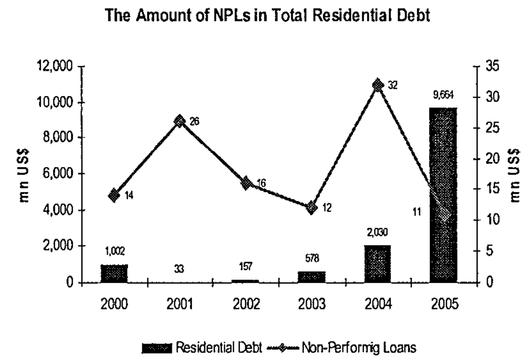

Figure.3. The Amount of Non-Performing Loans in Total Residential Debt

Source: Turkish Banking Association. (http://www.tbb.org.tr/). [14.05.2007]. [5].

As mentioned, the efficiency and soundness of secondary mortgage markets, as the backbone for primary markets, could be determined by institutional investors, due to securities' long – term – based characteristics [9].

Table.2. indicates the combined assets of the investment fund market in Europe. Luxembourg, France and Germany compose more than 50% of total fund assets. Turkey's share stands at 0.2%, slightly below Greece and Poland, and needs to be strengthened by institutional investors, mutual funds and pension funds, in particular.

Net Assets of the European Investment Fund Industry (2006)		
Countries	US$ mn	Share
Austria	222,443	2.2%
Belgium	168,496	1.7%
Czech Republic	7,499	0.1%
Denmark	161,443	1.6%
Finland	80,260	0.8%
France	1,968,424	19.7%
Germany	1,340,513	13.4%
Greece	32,696	0.3%
Hungary	11,907	0.1%
Ireland	945,378	9.5%
Italy	505,061	5.1%
Liechtenstein	19,653	0.2%
Luxembourg	2,430,036	24.4%
Netherlands	134,082	1.3%
Norway	54,074	0.5%
Poland	33,984	0.3%
Portugal	51,232	0.5%
Slovakai	4,048	0.04%
Spain	379,081	3.8%
Sweden	185,508	1.9%
Switzerland	199,777	2.0%
Turkey	17,690	0.2%
UK	1,023,003	10.3%
All Funds	7,573,859	100.0%
UCITS	5,974,126	78.9%
Non - UCITS	1,599,732	21.1%

Table.2: Portfolio of European Fund Industry

Source: The European Fund and Asset Management Association (EFAMA). (http://www.efama.org/). [14.05.2007]. [9].

A stable economy is the basing point of both primary and secondary mortgage markets. The liquidity, depth and continuity of both markets depend mostly on prevailing economic conditions.

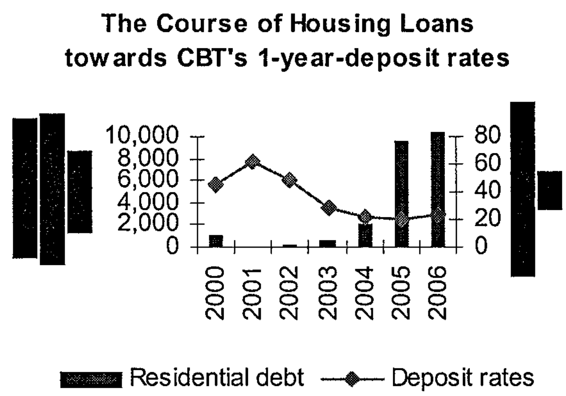

Figure.4a. Relationship of Housing Loans with Deposit Rates

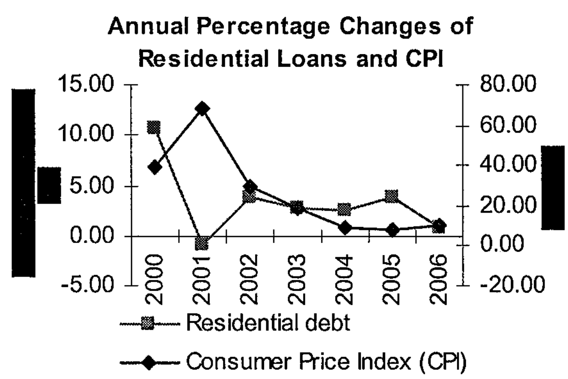

Figure.4b. Relationship of Housing Loans with Consumer Price Index

Source: Turkish Banking Association. (http://www.tbb.org.tr/). [14.05.2007]. [5].
Turkish Treasury and Turkish Banking Association Turkish Treasury (http://www.hazine.gov.tr/). [14.05.2007]. [10].

In general, there is an inverse relation between the course of housing loans and deposit rates. As seen from Figure.4a, declining deposit rates support housing loans' increase. The interest rates of Government Debt Securities have also a direct impact on housing loan demand. As of 2006, the annual interest rate of Government Debt Securities was around 18%, which could be evaluated as high, in terms of providing high demand for housing loans and therefore, difficulty in creating liquidity and depth on the secondary market. It would be necessary to curb the increase of benchmark rates and to try to keep monthly mortgage rates on the primary market below 1%.

New Turkish mortgage law foresees both fixed and floating interest rates. The course of long – term – based interest rates plays a major role for both borrowers and lenders, especially in terms of floating rates. Lenders are required to determine the rates in line with the stability over the long –term and it's an opportunity for borrowers to predict the future for deciding the floating regime. Thus, the stability is the determinant of floating regimes' achievement.

Figure.4b. highlights the opposite course of Consumer Price Index (CPI), an important indicator of inflation, and housing loans. The lower the CPI, the higher the increase in housing loans. The weight of housing prices in the CPI in 2004, 2005 and 2006 were 14.40, 9.87 and 14.04, respectively. The slight increase of the overall CPI affected also the housing prices and led to a decline in the growth of housing loans.

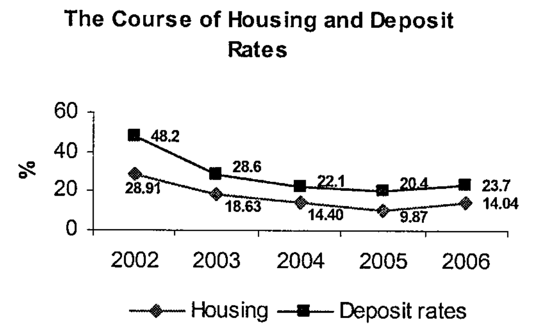

Figure.5a. The Relationship Between Housing Prices weighed in the CPI and 1-Year-Deposit Rates

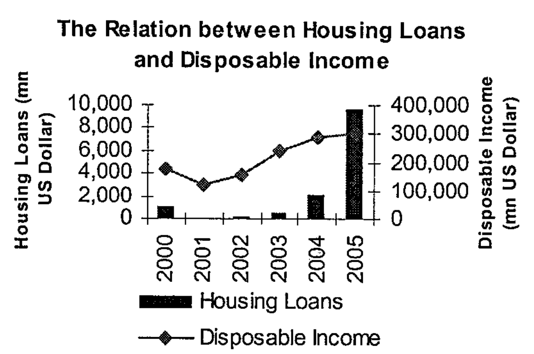

Figure.5b. The Relationship Between Housing Loans and Disposable Income

Source: Turkish Banking Association., (http://www.tbb.org.tr/). [14.05.2007]. [5].
Turkish Treasury. (http://www.hazine.gov.tr/). [14.05.2007]. [10].
Government Planning Organization. (http://www.dpt.gov.tr/). [14.05.2007]. [11].

Changes in economic conditions and employment statistics might put pressure on households' disposable income. The decline in disposable income could lead to a decrease in the growth of residential debt. The inflationary environment, supported by high interest rates, could also move the housing prices and lead to a squeeze in demand. However, as seen in Figure.5b., both housing loans and disposable income reached to their peak levels, by the end of 2005.

IV. SECONDARY MORTGAGE MARKET PRACTICES AND A PERSPECTIVE FOR TURKEY

Secondary markets are very important for mortgage lending, in terms of their primary market funding function. Higher cost feature of secondary markets, compared to retail deposits, [12] could, to some extent, be offset, due to their risk transfer ability.

Turkey, having a dynamic and an efficient stock exchange (Istanbul Stock Exchange), is capable of achieving in mortgage funding through secondary markets. However, it could be useful, to glance at different practices before analyzing Turkish secondary market perspective.

IV.1. An Overview of Some Secondary Market Practices

As it is the case in Turkey, also in the European Union, mortgage funding is predominantly realized by retail deposits. An important issue to mention at this point is that, deposits could cause serious problems for lenders, if they are to fund fixed rate mortgages without adjustable rates. Even though deposit funding is cheaper than capital markets' wholesale funding, the share of securitization increases, due to capital market's enhanced risk management and market discipline [13] features. Europe's capital market funding is heavily achieved by covered bonds, whereas Mortgage – Backed – Securities are dominant in the US.

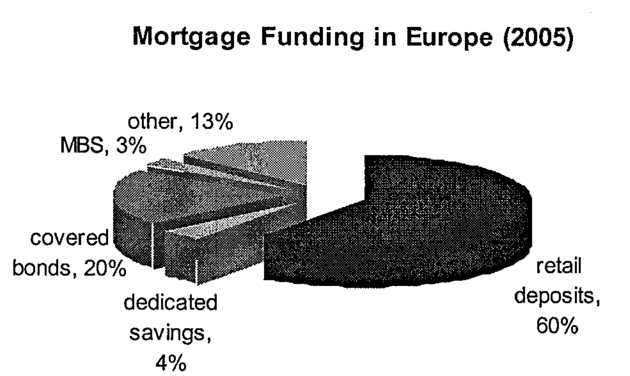

Chart.1. Mortgage Funding in Europe in 2005

Source: Council of Mortgage Lenders, UK, (http://www.cml.org.uk/cml/home). [14.05.2007]. [14].

Germany is leading in Europe, in terms of both covered bonds issuance and outstanding with € 173 and 979 billion, respectively. The type of mortgage bonds in Germany are known as "Hypothekenbriefe" and public mortgage bonds as "öffentliche Pfandbriefe" [15]. Germany is followed by Denmark and Spain. Figure.6a and 6b show that emerging markets such as Hungary, Poland and Lithuania are significantly distant from developed markets.

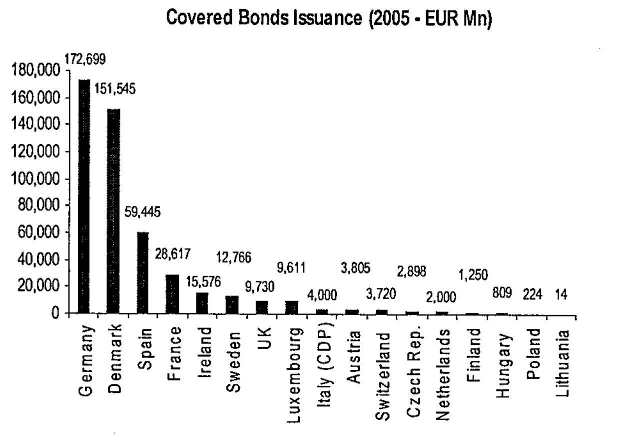

Figure.6a. Covered Bonds Issuance in Europe in 2005

Source: European Mortgage Federation. (http://www.hypo.org/ Content/ Default.asp). [14.05.2007]. [7].

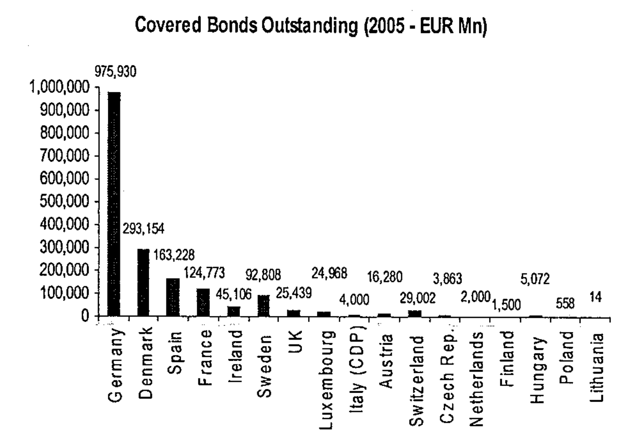

Figure.6b. Covered Bonds Outstanding in Europe in 2005

Source: European Mortgage Federation. (http://www.hypo.org/ Content/ Default.asp). [14.05.2007]. [7].

Since covered bonds' and MBSs' efficient trading is strongly correlated with prevailing economic conditions of countries, emerging markets' volatile structures constrain long – term – based investment. Emerging markets should take lessons from the case of Argentina. Argentinean Government was supported by the International Finance Corporation (IFC) for the establishment of its secondary mortgage market. However, the prevailing economic conditions of the country shaded the development and the government's defaulting in 2001 caused devastating effects on secondary mortgage market [16]. Hence, it is important to set up both the economic measures and legal infrastructures and to develop long – term - based investments, such as private pension funds, insurance companies, mutual funds and hedge funds in countries, before the issuance and securitization of mortgage instruments.

There are also encouraging stories among emerging markets, such as South Korea. South Korea established its legal framework for mortgage securitization by the end of 1990s. A fully government – supported secondary mortgage market enterprise was launched and both domestic and cross – border deals were achieved. Korea Housing Finance Corporation (KHFC), as a secondary market enterprise, facilitated the provision of mortgages on a long – term and stable basis. Standard underwriting guidelines, required by KHFC, helped to increase the eligibility of borrowers. Long – term – based mortgages were issued and therefore Korean bond market was supported [17].

IV.2. A Secondary Market Perspective for Turkey

Following the approval of Turkey's new mortgage law in February 2007, the secondary mortgage legislation, regarding the collateral securitization of mortgage loans, establishment of a mortgage – financing institution and union of market participants, is being prepared and aimed to be finished in the near future.

Legislations target to provide the efficient and effective trading on the secondary market. Since mortgage products are long – term – based investment instruments, they are expected to attract both domestic and international corporate investors, namely private pension funds, insurance companies and hedge funds. According to the Capital Markets Board of Turkey, Turkish private pension system is growing, in terms of both net asset value and investors. The participation of investors with long duration liabilities could strengthen the stability of Turkish capital markets over the long term.

Legislations permit the issuance of both covered bonds and mortgage – backed – securities (MBS). At the beginning, covered bonds could be more attractive for investors, since lenders undertake credit and prepayment risk. At this point, mortgage credit insurance could be a solution on behalf of lenders [18]. Mortgage credit insurance could also improve credit affordability, which could lead to higher Loan to Value ratios [19]. Lenders' risk judgment is also vital, in terms of defining eligible borrowers. The declining trend of NPL ratio encourages the system however, lenders' balance – sheets are also required to exhibit a strong profile. Basel II criteria could be the key issue for Turkish banks to improve their equity structures. In case of default, Banking Regulation and

Supervision Agency is authorized to put Investors' Protection Fund in circuit and decide for the back payment procedure. However, the law allows no direct government involvement (as guarantee) on securities and Küçükkocaoğlu (2006) believes that the defect of government guarantee would slow down securitization process, as it is the case in Europe [20]. A model proposed by Karakaş and Özsan (2004), regarding the issuance of mortgage instruments for Turkish secondary market, suggests 'on – balance sheet' instruments as initial issues, in line with the European Union UCITS (Undertakings for Collective Investment in Transferable Securities) Directive. According to their opinion, 'off – balance sheet instruments' (MBSs) should be introduced, in accordance with the EU acquis communitaire [21]. In general, the economic stability and investors' confidence formed by repeat issuance of standardized securities would lead to the acceptance of MBSs on Turkish secondary market over the long - term.

Mortgage instruments, tailored to the needs of both domestic and international investors could pave the way to a liquid and deep market. The existence of mortgage instruments, as long –term-based debt instrument, would enhance the stability prevailing on the market. A major issue to be considered is that, the rates of the instruments should be market – priced with real and risk – adjusted returns to attract investors over the long – term [22]. Under these consequences, a growing bond market would ease the financing of public debt.

V. CONCLUSION

Turkey is a promising emerging market for mortgages. A comprehensive legal framework, covering laws for foreclosure and title registration [23], an efficient secondary market mechanism and stable economy policies are the three major pillars of a successful mortgage system for Turkey. Current economic conditions indicate that, it could be quite difficult to recognize the significant impacts of mortgage demand in the short – time period. However, legal framework is being prepared in the fastest pace and secondary mortgage trading is planned to be introduced in the near future. An efficient mortgage system, supported by all of these components, could pave the way for international capital flow and corporate investors to secondary market. In line with the stable economic conjuncture and tax incentives, accommodation problem for low – income group could also be eased over the long – term period.

BIBLIOGRAPHY

[1] Lea, M. (2000). *The Role of the Primary Mortgage Market in the Development of a Successful Secondary Mortgage Market.* Washington, D.C.: Inter – American Development Bank, Sustainable Development Department Best Practices Series.

[2] Koçak, D. (2007). *Konut Finansmanı Kanunu Öncesi ve Sonrası Mortgage. Türk Uzun Vadeli Konut Finansman Sisteminde Varlığa Dayalı Menkul Kıymetlerin Rolü.* İstanbul: Beta Basım Yayım.

[3] Turkish Banking Association. Banking Regulation and Supervision Agency. (http://www.bddk.org.tr/). [14.05.2007].

[4] Lea, M. (2006a). New Opportunities for Mortgage Finance in Turkey. Cardiff Consulting Services. *Turkey Housing Finance Workshop*, 29 June, Istanbul, 1-12.

[5] Turkish Banking Association. (http://www.tbb.org.tr/). [14.05.2007].

[6] Turkish Statistical Institute, (http://www.tuik.gov.tr/Start.do). [14.05.2007].

[7] European Mortgage Federation, (http://www.hypo.org/Content/Default.asp). [21.05.2007].

[8] EFAMA. (2006). *Trends in the European Investment Fund Industry. EFAMA Quarterly Statistical Release.* 28 (Fourth Quarter of 2006).

[9] The European Fund and Asset Management Association (EFAMA). (http://www.efama.org/). [21.05.2007].

[10] Turkish Treasury and Turkish Banking Association Turkish Treasury (http://www.hazine.gov.tr/). [14.05.2007].

[11] Government Planning Organization. (http://www.dpt.gov.tr/). [14.05.2007].

[12] Lea, M. (2006b). Developing Mortgage Capital Markets in Emerging Economies. *26th IUHF World Congress*, Vancouver, September, 1-13.

[13] Mortgage Funding. (2005). Proceedings of Public Hearing on Mortgage Credit. Brussels, 7 December. (http://serviciodeestudios.bbva.com/TLBB/fbin/051207_PresentacionesEuropa_04_tcm268-108020.pdf). [24.12.07].

[14] Council of Mortgage Lenders, UK, (http://www.cml.org.uk/cml/home). [06.02.2007].

Haziran 2008.177-184.

[15] Suárez, J.L. & Vassallo, A. (2004). European Mortgage Market: An Overview 1992 – 2003, IESE Business School, *Working Paper No: 562*. Also available at SSRN: (http://ssrn.com/abstract=673249) [25.05.07].

[16] Agarwal, S.; Chomsisengphet, S. & Hassler, O. (2005). The Impact of the 2001 Financial Crisis and the Economic Policy Responses on the Argentine Mortgage Market. *Journal of Housing Economics*, 14(3), 242–270.

[17] You, S.D. (2005). Korean Mortgage Markets: Transition to Securitizations. *Housing Finance International*, March, 27–34.

[18] Güven, U. (2007). A new and exciting journey. - An interview - Mortgage Finance Gazette, European Supplement. (http://www.mfgonline.co.uk/ccstory/20726/180/A_new_and_exciting_journey.htm). [22.05.07].

[19] Chiquier, L. (2004). Housing Finance for Lower – Income Groups, The World Bank, Housing Finance Business Group Financial Sector Operations and Policy Department. *OECD Conference – Housing Finance in Transition Economies*, December, 1-8.

[20] Küçükkocaoğlu, G. (2006). Bireysel Emeklilik Bağlantılı Konut Finansman Sistemi. *Active – Bankacılık ve Finans Dergisi*, 8(48), Mayıs – Haziran, 1-6. (http://www.makalem.com/Search/ArticleDetails.asp?nARTICLE_id=4341). [25.05.07].

[21] Karakaş, C. & Özsan, O. (2004). Türkiye'de ve Doğu Avrupa Ülkelerinde İpoteğe Dayalı Menkul Kıymet Piyasalarının Durumu. *Active - Bankacılık ve Finans Dergisi*, (36), Mayıs – Haziran, 1-16. (http://www.makalem.com/Search/ArticleDetails.asp?nARTICLE_id=3027). [22.05.07].

[22] Chiquier, L.; Hassler, O. & Lea, M. (2004). *Mortgage Securities in Emerging Markets*. Washington, D.C.: The World Bank, Financial Sector Operations and Policy Department, World Bank Policy Research Working Paper 3370.

[23] Van Order, R. (2001). The Structure and Evolution of American Secondary Mortgage Markets, with Some Implications for Developing Markets. *Housing Finance International*, 16(1), 16–31.

Meltem ULUSAN (m.ulusan@iku.edu.tr) was graduated from Marmara University, Faculty of Economics and Administrative Sciences, Business Administration Department. Following the graduation thesis "Diplomarbeit" in Vienna University of Economics and Business Administration (Title: Capital Market Laws of the EU, Austria and Turkey), she worked as Research Analyst at Is Investment Securities. She completed her PhD studies in Vienna University of Economics and Business Administration in 2006 with the thesis "Efficiency in Electronic Stock Exchanges by Considering the Situation in the Istanbul Stock Exchange". Her academic interest areas are capital markets, international finance and corporate finance.