2020

The Effect of Basel Regulations on Market Efficiency: The case of Greece

Georgiou-Ayoub, Christiana

Business Administration Programm, School of Economic Sciences and Business, Neapolis University Pafos

Πανεπιστήμιο
Νεάπολις
Πάφου

SCHOOL OF ECONOMICS, ADMINISTRATION AND COMPUTER SCIENCE

THE EFFECT OF BASEL REGULATIONS ON MARKET EFFICIENCY: THE CASE OF GREECE

Of the Student

Christiana Georgiou-Ayoub

Department of Accounting and Finance

2020

Πανεπιστήμιο
Νεάπολις
Πάφου

SCHOOL OF ECONOMICS, ADMINISTRATION AND COMPUTER SCIENCE

THE EFFECT OF BASEL REGULATIONS ON MARKET EFFICIENCY: THE CASE OF GREECE

Of the Student

Christiana Georgiou-Ayoub

Submitted at the School of Economics, Administration and Computer Science in partial fulfillment

of the requirements for obtaining the Program's Degree Master of Banking, Investment and Finance

November 2020

Page intentionally blank

THE EFFECT OF BASEL REGULATIONS ON MARKET EFFICIENCY: THE CASE OF GREECE

Dissertation

Professor Kostas Giannopoulos

Evaluation Committee

Abstract

The aim of this paper is to provide evidence on the impact of Basel Regulations on market efficiency. The objective is accomplished by examining the weak form of efficiency of the Greek stock market using autocorrelation tests and run tests. The daily stock prices and returns for the periods of 2003 to 2007, before Basel II, and 2008 to 2012, after Basel II, are examined for three Greek banks and the market index (ATHEX).

The study results reveal that the daily return series of the three Greek banks listed in Athens Stock exchange, and market return series did not follow any predictable pattern during or before the implementation of Basel II.

Also, that all information included in the stock price in the past, are held into the current price of the stock. Thus, the impact of Basel Regulations on the opportunity of making abnormal returns based on information on past stock price is ruled out. Based on this empirical finding, several practical recommendations that should improve the market's efficiency are recommended.

KEYWORDS: EFFICIENT MARKET HYPOTHESIS ,ABNORMAL RETURNS, BASEL REGULATIONS