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TRANSPARENCY AS A CORPORATE GOVERNANCE PRINCIPLE AND TRANSPARENCY LEVELS OF FINANCIAL INSTITUTIONS TRADED IN BIST*

Kurumsal Yönetim İlkesi Olarak Şeffaflık ve BİST'te İşlem Gören Mali Kuruluşların Şeffaflık Düzeyleri

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Abstract

The aim of this study is to determine of the transparency levels of financial institutions registered in Borsa Istanbul as of 2018. In accordance with the purpose of the study, the frequency distribution of the data obtained by surveying financial institutions was revealed. The "Transparency and Disclosure Index" methodology developed by Standard & Poor's (S&P) was used in this survey. As a result, the average transparency level of financial institutions within the scope of the research was determined as 81%. When all the results are analyzed, the company group with the highest transparency rate is Banks and Private Finance Institutions, with a transparency rate of 85%. Intermediary Institutions are in second place with a transparency rate of 80%, Financial Leasing and Factoring Companies are in third place with 79%, and Insurance Companies are in fourth place with a transparency rate of 78%. In addition, the number of employees, year of operation, free float ratio, and balance sheet sizes have been

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examined by regression analysis. According to the results obtained, it was seen that none of the variables affected the level of transparency. In the study, the analyzes were made using the SPSS package program.

Keywords: Corporate governance, transparency, public disclosure, financial institutions.

JEL Codes: M14; M40; O16.

Öz

Bu çalışmanın amacı; Borsa İstanbul'da kayıtlı olan mali kuruluşların 2018 yılı itibariyle şeffaflık düzeylerinin belirlenmesidir. Çalışmanın amacına uygun olarak mali kuruluşlara anket yapılarak elde edilen verilerin frekans dağılımları ortaya konulmuştur. Bu ankette Standart & Poor's (S&P) tarafından geliştirilen "Şeffaflık ve Kamuya Açıklama Endeksi" metodolojisi kullanılmıştır. Sonuç olarak araştırma kapsamındaki mali kuruluşların şeffaflık düzeylerinin ortalaması %81 olarak tespit edilmiştir. Tüm sonuçlar incelendiğinde en yüksek şeffaflık yüzdesine sahip şirket grubu %85 şeffaflık oranı ile Banka ve Özel Finans Kurumlarıdır. %80'lik şeffaflık oranıyla Aracı Kurumlar ikici sırada, %79'la Finansal Kiralama ve Factoring Şirketleri üçüncü, %78'lik şeffaflık oranıyla Sigorta Şirketleri dördüncü sıradadır. Ayrıca çalışmada şirketlerin çalışan sayısı, faaliyet yılı, halka açıklık oranı ve bilanço büyüklüklerinin şeffaflık düzeylerine etki edip etmediği regresyon analizi ile incelenmiştir. Elde edilen sonuçlara göre hiçbir değişkenin şeffaflık düzeyine etki etmediği görülmüştür. Çalışmada analizler SPSS paket programı aracılıyla yapılmıştır.

Anahtar Kelimeler: Kurumsal yönetim, şeffaflık, kamuyu aydınlatma, mali kuruluşlar

JEL Kodları: M14; M40; O16.

1. Introduction

Technological developments that have increased rapidly in recent years have created the phenomenon called globalization. With globalization, the importance of physical borders between countries has decreased, and capital movements have become free. In this process, capital security has gained importance as much as the return of capital for countries and companies. As a result, many international organizations, especially the OECD, have worked to ensure capital security in the international arena.

Although various studies have been carried out in the field of corporate governance in the USA, England and Germany, the study that has had the greatest impact in the international arena is the "Corporate Governance Principles" published by the OECD in 1999. These principles were adopted quickly and put into practice by the countries. In our country, the CMB (Capital Markets Board), IMKB (Istanbul Stock Exchange, and TUSIAD (The Turkish Industry' and Business Association) pioneered Corporate Governance.

In recent years, most company scandals, such as Enron and Worldcom, were caused by the fact that the company managers concealed the real situation and did not provide sufficient information to the stakeholders. In other words, these scandals were caused by a lack of transparency. The results of this situation affected the companies and caused severe damage to the economies of the countries they are in. Therefore, transparency studies continue to prevent the reoccurrence of past company scandals and develop information-sharing networks for companies.

The aim of this study is to determine the transparency levels of financial institutions registered in Borsa Istanbul in Turkey, which has been integrated with the world with globalization. For this purpose, a survey was conducted with the companies in question. Thus, it has been tried to learn at what stage the level of transparency of financial institutions in our country, which is in a competitive environment with companies from developed countries. As a result, the average transparency level of financial institutions within the scope of the research was determined as 81%. In addition, the number of employees, year of operation, free float ratio and balance sheet sizes of the companies have been examined by regression analysis in the study. According to the results obtained, it was seen that none of the variables affected the level of transparency. Therefore, this study's findings will benefit the stakeholders, people, and institutions working on this issue.

2. Literature

Corporate governance has been a highly debated topic in recent years, both in the business world and academia. Scientific studies in the Western world have shown that good corporate governance practices contribute positively to investor protection, cheap capital cost, market value of the company, return of stocks and even the economic growth of the country (Porta et al. 2000; Ashbaugh-Skaife et al. 2004; Black et al. 2004, Brown and Caylor 2004).

During the crisis, especially during the financial crisis, corporate governance and transparency attracted more attention, and studies focused on this issue. In one of their studies, Fan and Wong (2002) found that financial information transparency is generally low in firms in seven Asian countries. Bae and Jeong (2003) reached similar results for Korean firms in another study.

Ball et al. (2005) conducted research on the transparency of publicly traded firms in Hong Kong, Malaysia, Thailand, and Singapore, where there are relatively high accounting standards. According to the results they obtained, they stated that there is a lack of transparency in the earnings reported by the companies. This revealed that the application of International Accounting Standards alone is not sufficient for transparency.

Chebbi (2009) examined the relationship between the increase in the productivity of companies and the increase in transparency. He found a positive relationship between the completeness of the information disclosed and productivity. Hsiu (2006) investigated the role of the company's financial information transparency in demand for its shares in the stock market. According to the results, the transparency of the company's financial, board of directors and ownership structure affects the behavior of investors. Investors attach greater importance to the transparency of the company's financial information from these three groups.

Chiang (2005) researched Financial information transparency and Signal theory in Taiwan. According to their findings, there is a direct relationship between corporate financial transparency and corporate performance. Good corporate governance practices have a significant relationship with corporate performance.

In another study, Lang et al. (2009) used a large data set to measure corporate transparency. These are earnings management, accounting standards, auditor quality, etc. According to the results of the study, companies with high transparency have low transaction costs, high liquidity, low capital cost and high market value.

When the studies conducted in Turkey are examined, Güzeldere (2014) has created a corporate transparency index by considering the public disclosures and transparency of companies whose stocks are traded in BIST30. He investigated the relationship between the obtained index scores and firm value, financial performance and operating performance. According to the results, statistically significant relationships were obtained between the transparency index created and the market value book value, return on assets and return on equity.

Aksu and Kösedağ (2006), in their study with Standard and Poors, evaluated the 52 largest and most liquid companies traded in the BIST in terms of the information they disclosed to the public. According to the results they obtained, the transparency levels of these 52 companies were quite low.

Churaev (2003) examined the effect of corporate governance practices on the performance of companies traded in the BIST-30 index. They applied a survey to these companies, and according to the results they obtained, they stated that companies with advanced corporate governance practices gave more confidence to their creditors.

Özbay (2007) investigated the relationship between the transparency levels of companies whose stocks are traded in the stock exchange and their liquidity, and according the results, there was a significant relationship between the transparency levels of the companies and their liquidity, and 2% of the changes in the liquidity of the companies were explained by the changes in the transparency levels.

3. Methodology

The main purpose of the study is to determine the level of transparency as of 2018, which is one of the corporate governance principles, of companies with financial institutions, which are publicly traded on Borsa Istanbul and one of the locomotives of our developing economy. In the research, banks and private financial institutions, insurance companies, financial leasing and factoring companies and intermediary institutions, which are companies with financial institutions traded on the BIST, were included in the study. A survey study was prepared to determine the transparency levels of the companies, and the survey study was sent to the company managers responsible for corporate governance via e-mail. In order to ensure the return of the questionnaires, executives responsible for corporate governance were personally called by phone. Altough there are 32 companies in total, feedback was received from 29 of these 32 companies. The ethics committee approval document for the study was obtained from the Human Research Ethics Committee of Erzincan Binali Yıldırım University, with the decision numbered 02/08 on 22/02/2018.

The survey study, which is the primary data collection method in the study, was prepared based on the transparency scale of Standards and Poors (2005). In this context, the results of the studies initiated by the Sabancı University Corporate Governance Forum in 2004 to research the transparency and public disclosure standards of Turkish companies in cooperation with S&P are "Corporate Governance: Turkish Transparency and Disclosure Survey" published in the report (Balic and Bradley, 2005). Later, this study was repeated in 2006 and 2007, and the trends in the transparency levels of companies between these years were tried to be measured. In obtaining the transparency index scores used in this study, the transparency table developed by S&P in accordance with the legal, institutional, cultural and economic environment in Turkey and the transparency and public disclosure recommendations in the Corporate Governance Principles announced by the CMB was used. There are a total of 106 expressions in this table, and 35 of these expressions were used in the study. The aim of doing this is to choose the appropriate criteria for financial institutions. When the literature is examined, there are studies that create a transparency index score using these expressions. (Black et al., 2012; Jiamsagul, 2007; Patel and Dallas, 2003; Chen et al., 2009; Chen at al., 2007; Khanna at al., 2004; Carline at al., 2009; Gompers at al., 2003; Balic, 2007; Balic and Bradley, 2005; Balic and Kochetygova, 2006; Aksu, 2005).

Although the questionnaire consists of two parts, the second part is also divided into three parts. In the first part, demographic questions, including information about companies, were asked. These questions consist of the company's operating year, free float ratio, balance sheet size and number of employees. In the second part, 35 questions were asked to determine the transparency levels. These thirty-five questions are divided into three categories. These are questions of transparency regarding ownership structure and investor relations, financial transparency, and transparency regarding the board and its structure and processes. In the test of transparency regarding ownership structure and investor relations, questions were asked about who the shareholders are, the ownership structure of the shareholders, the corporate governance charter, the articles of association and the general assembly. In the part related to financial transparency, the company's accounting policies, financial and non-financial information, sector analysis, profit forecasts, independent audit and future expectations were tested. In the last part, a transparency test was created on who the members of the board of directors are, their duties and responsibilities, their shares in the company and senior managers. All of the questions in the second part of the questionnaire were asked on two-point Likert scale (Yes, No). The percentage of yes answers to the survey also indicates the percentage of transparency.

In the study, whether demographic data affects the transparency levels of companies was examined by regression analysis.

4. Findings

4.1. Reliability Analysis

The Cronbach Alpha coefficient was calculated to measure the reliability of the survey questions belonging to the second part, which was not included in the demographic information, and its value was found to be 0.664. This ratio shows that the survey is quite reliable. Alpha (α) is classified as follows (Akgül and Çelik, 2003); If $0.00 \leq \alpha < 0.40$, the scale is unreliable, if $0.40 \leq \alpha < 0.60$, the reliability of the scale is low, if $0.60 \leq \alpha < 0.80$, the scale is highly reliable, $0.80 \leq \alpha < 1$, If it is 00, the scale is highly reliable.

4.2. Participation Status

The participation status of the companies participating in the study is presented in Table 1 below.

Table 1: Participation Status of the Companies Responding to the Survey

Company Group	Number
Banks and Private Finance Institutions	11
Insurance Companies	6
Financial Leasing and Factoring Companies	7
Intermediary Institutions	5
Total	**29**

As seen in the table, a total of 29 companies participated in the study. 11 of these companies are Banks and Private Finance Institutions, 6 of them are Insurance Companies, 7 of them are Financial Leasing and Factoring Companies and finally 5 of them are Intermediary Institutions.

As stated above, although the survey of the study consists of two parts, the second part is also divided into three parts. Thirty five questions were asked to determine the transparency levels of the companies. These thirty-five questions are divided into three categories. These are questions of transparency regarding ownership structure and investor relations, financial transparency, and transparency regarding the board and its structure and processes. All of the questions in the second part of the questionnaire were asked on a two-point Likert scale (Yes, No). The percentage of yes answers to the survey also indicates the percentage of transparency. Accordingly, the transparency scores obtained in line with the answers given by all companies participating in the survey are shown in the table below.

4.3. Transparency Data

In the tables below, the statements in the transparency test in three groups belonging to all companies and the answers to the test are presented.

Table 2: Ownership Structure and Investor Relations Transparency Data of All Companies Participating in the Survey

	Expressions	Answers	Number	Percentage
1	The number of ordinary shares issued and currently held by shareholders are disclosed	Yes	26	89.7
		No	3	10.3
		Total	**29**	**100.0**
2	The par value of each common share is disclosed	Yes	28	96.6
		No	1	3.4
		Total	**29**	**100.0**
3	The nominal values of each other type of shares are disclosed	Yes	23	79.3
		No	6	20.7
		Total	**29**	**100.0**
4	The top 10 shareholders are announced	Yes	16	55.2
		No	13	44.8
		Total	**29**	**100.0**
5	Ownership ratios of major shareholders are disclosed	Yes	27	93.1
		No	2	6.9
		Total	**29**	**100.0**
6	Shareholders by type (such as individual, corporate) are disclosed	Yes	21	72.4
		No	8	27.6
		Total	**29**	**100.0**
7	Discloses whether the corporate governance charter or best practice principles have been complied with	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
8	Information about the main contract is explained	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
9	It is explained by whom and how nominations/appointments are made to the board of directors.	Yes	27	93.1
		No	2	6.9
		Total	**29**	**100.0**
10	The procedure for submitting a proposal to the General Assembly is explained	Yes	27	93.1
		No	2	6.9
		Total	**29**	**100.0**
11	Summaries of the General Assembly meetings are announced	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**

When the ownership structure of the companies and the transparency levels of the investor relations are examined, they are quite willing to disclose the general assembly meeting summaries of all companies, information about the articles of association, and to what extent they comply with the corporate governance charter and principles. However, they are more reluctant to reveal who the ten largest shareholders are.

Table 3: Financial Transparency Data of All Companies Participating in the Survey

	Expressions	Answers	Number	Percentage
1	The company's accounting policies are explained	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
2	Accounting methods/principles used in the accounts are explained.	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
3	Explain according to which accounting standards the financial statements are kept	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
4	Financial and non-financial statements are included in the company's annual reports in a clear and understandable way.	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
5	Profitability rate estimates are announced	Yes	10	34.5
		No	19	65.5
		Total	**29**	**100.0**
6	Disclose monthly, quarterly, or annual financial and non-financial information	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
7	Sector analyzes are made and explained	Yes	20	69.0
		No	9	31.0
		Total	**29**	**100.0**
8	The name of the independent supervisory firm is disclosed	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
9	The report of the independent supervisory firm is announced	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
10	How much audit fee is paid to the audit firm is explained	Yes	1	3.4
		No	28	96.6
		Total	**29**	**100.0**
11	Details of the business line/activity area it is in are given	Yes	28	96.6
		No	1	3.4
		Total	**29**	**100.0**
12	Profitability ratios (ROA, ROE, etc…) are explained	Yes	28	96.6
		No	1	3.4
		Total	**29**	**100.0**
13	Sector ratios are explained	Yes	12	41.4
		No	17	58.6
		Total	**29**	**100.0**
14		Yes	27	93.1

	A statement is made about the corporate strategy	No	2	6.9
		Total	**29**	**100.0**
15	Information is given about investment plans for the coming years.	Yes	18	62.1
		No	11	37.9
		Total	**29**	**100.0**

When the data is examined, all the companies said yes to most of the statements in this section. When the financial transparency results are examined, the most striking results are that only a company discloses how much the company pays to the audit firm, and they are reluctant to disclose its future expectations. As a matter of fact, when the answers given are examined, 62.1% of the companies make explanations about their investment plans for the following years. Only 34.5% of the companies inform the public about their future profitability ratio estimates.

Table 4: Transparency Data of the Structure and Processes of the Board of Directors and Management of All Companies Participating in the Survey

	Expressions	Answers	Number	Percentage
1	Detailed explanation is given about the members of the board of directors.	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
2	Details about the role of the board of directors in the company are explained	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
3	The names and duties of the committees of the board of directors are disclosed	Yes	29	100.0
		No	0	0
		Total	**29**	**100.0**
4	The number of shares owned by the members of the board of directors is announced	Yes	21	72.4
		No	8	27.6
		Total	**29**	**100.0**
5	Details of the remuneration of the members of the board of directors are disclosed	Yes	23	79.3
		No	6	20.7
		Total	**29**	**100.0**
6	Detailed explanations are made about senior managers	Yes	28	96.6
		No	1	3.4
		Total	**29**	**100.0**
7	Explanations are made about the details of the CEO's contract.	Yes	0	0
		No	29	100.0
		Total	**29**	**100.0**
8	The number of shares held by the directors in the company's subsidiaries is disclosed	Yes	15	51.7
		No	14	48.3
		Total	**29**	**100.0**
9	Strengths and weaknesses in the financial system or company management are disclosed in the company's annual reports.	Yes	20	69.0
		No	9	31.0
		Total	**29**	**100.0**

When the transparency data of the structure and processes of the board of directors and management are examined, the most striking result is the disclosure of the details of the CEO's contract to the public. In the study, none of the companies make a public statement about the details of the CEO's contract.

In general, the transparency of all companies in these three groups is shown in the table below.

Table 5: Transparency Distribution of All Companies Participating in the Survey

Transparency Group	Percentage
Ownership Structure and Investor Relations Transparency	89%
Financial Transparency Ratio	80%
The Structure and Processes of the Board of Directors and Management Transparency Rate	74%
TOTAL TRANSPARENCY RATE	**81%**

As can be seen, the section with the highest total transparency in all companies participating in the survey is the Ownership Structure and Investor Relations section, which is 89%. The part with the lowest level of transparency is the part related to the Board of Directors, the Structure and Processes of the Management. The rate of this is 74%. The average transparency rate is 81%.

The table above shows the generality of all companies, and information on the transparency distribution of each sector is presented in the table below.

Table 6: Comparative Transparency Distributions of All Companies

	Banks and Private Finance Institutions	**Insurance Companies**	**Financial Leasing and Factoring Companies**	**Intermediary Institutions**	**All Companies**
Ownership Structure and Investor Relations	91%	91%	83%	89%	89%
Financial Transparency	87%	73%	79%	73%	80%
Structure and Processes of the Board of Directors and Management	76%	69%	75%	78%	74%
Total	85%	78%	79%	80%	81%

When Table 6 is examined, the transparency distributions of all companies in terms of Ownership Structure and Investor Relations, Financial Transparency, Board of Directors, Management Structure and Processes are given comparatively. As can be seen, the Ownership Structure and Investor Relations section of all companies is the section with the highest transparency. The company group that has the same value as the average in this section is the Intermediary Institutions. The second highest level of transparency is Financial Transparency. In this section, the company group closest to the average is Financial Leasing and Factoring Companies. For other company groups, excluding Intermediary Institutions, the section with the lowest transparency is the Structure and Processes of the Board of Directors and Management. Again in this section, the company group closest to the average is Financial Leasing and Factoring Companies.

When the total transparency levels are analyzed, the company group with the highest level of transparency is Banks and Private Finance Institutions, with 85%. Intermediary institutions are in the second place with 80%, and Financial Leasing and Factoring Companies are in third place with 79%. Insurance companies are in the last place with 78%. The total transparency average of all companies is 81%. The closest company group to this average, with 80%, is Intermediary Institutions. Banks and Special Finance Institutions are above the average, while all other company groups are below the average.

Another subject examined in the study is whether the number of employees, free float ratio, balance sheet size and operating year, which are the demographic data of the company, affect the transparency levels of the companies. For this, regression analysis was performed in the study and the results are given below.

4.4. Regression Analysis

Regression analysis is one of the areas of greatest interest in statistics (Bardossy, 1990: 1). Regression analysis is mostly used to examine the relationship between variables and to find the most appropriate coefficients for a function (Xue et al., 2005: 1137). While regression analysis explains the relationship between a dependent variable and an independent variable, simple regression uses multiple regression mathematical models to explain the relationship between more than one dependent variable (X1,X2,X3…Xii) and one dependent variable (Y) (Erkan, 2002:67).

Although the simple linear regression model is suitable for many situations, since more than one variable is needed to explain many models in real life, the multiple regression model, which is a model with more than one explanatory variable, is used (Kalaycı, 2011: 259).

In statistical theory, this multiple regression relationship is generally expressed as follows;

$$Y = \alpha + \beta_1 X_1 + \beta_2 X_2 + ... + \beta_k X_k + \varepsilon_i \qquad (1)$$

In equation (1), X1, X2…,Xk represent independent variables, while β represents the parameters to be estimated and ε represents the error term (Akkaya and Pazarlıoğlu, 2000:238).

Multiple regression analysis was preferred because there was one dependent variable and more than one independent variable in the study. In this study, the dependent variable is the transparency levels of the companies, independent variables are the number of employees, free float ratio, balance sheet size and operating year.

The reason for choosing the above independent variables is the thought that the size and rootedness of the company increase transparency. The fact that companies have more shareholders forces companies to be accountable to more stakeholders. For this reason, the free float ratio was chosen as the independent variable. Similarly, since employees are also stakeholders, companies must be transparent to their employees as a requirement of corporate governance. It takes a long time for companies to gain a corporate identity and internalize corporate governance. Therefore, the activity year was chosen as another variable. Since the size of the companies is also measured by the size of the balance sheet, this has been another variable of ours. The regression analysis results are shown below.

Table 7: Descriptive Statistics

	Mean	**Standart Deviation**	**Sample Size**
Transparency Score	28,3448	2,93106	29
Number of Employees	5322,90	8044,029	29
Year of Activity	47,03	25,792	29
Free Float Ratio	27,56	15,330	29
Balance Sheet Size	82,655,805,535	131,952,331,978	29

The descriptive statistics of the variables are given above. The transparency score of the companies obtained by the survey is the dependent variable of the study. Other variables are independent variables. The effect of the independent variables on the transparency rate is given below.

Table 8: Correlation Table

Variables	Transparency Score	Number of Employees	Year of Activity	Free Float Ratio	Balance Sheet Size
Transparency Score	01,000	0,360	0,308	0,414	0,379
Number of Employees	0,360	1,000	0,643	0,338	0,974
Year of Activity	0,308	0,643	1,000	0,307	0,636
Free Float Ratio	0,414	0,338	0,307	1,000	0,378
Balance Sheet Size	0,379	0,974	0,636	0,378	1,000

The correlation coefficients of the variables of the study are given in the correlation table. It is not desirable to have a high correlation between independent variables. This is called multicollinearity problem. But since the company's balance sheet size represents how big the company is, it is inevitable that some other data about the company will be large as well. One of them is the number of employees. The larger the company, the larger the number of employees is normal. Therefore, there is a 97.4% correlation between the size of the balance sheet and the number of employees. The variables with the least correlation among the independent variables are between the free float rate of 30.7% and the operating year.

Table 9: Model Summary

Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	0,482[a]	0,233	0,105	2,77321

In order to see how much the independent variables explain the dependent variable as a percentage, it is necessary to look at the adjusted R square value. This rate was 10.5% in the study, which is a very low value. In other words, the independent variables explain only 10.5% of the transparency score. In order to find out whether this ratio is significant, it is necessary to look at the Anova table.

Table 10: Anova Table

Model		Sum of Squares	df	Mean Square	F	Sig.
1	Regression	55,975	4	13,994	1,820	0,158[b]
	Residual	184,577	24	7,691		
	Total	240,552				

In the Anova table, it is necessary to look at the significant value to see if at least one of the independent variables has an effect on the dependent variable. When the table is examined, no independent variable has a significant effect on the dependent variable at the 95% significance level. Because the significance value is 15.8%. In order to say that at least one independent variable has an effect on the dependent variable, the level of significance must be less than 5%.

If this ratio was significant, the coefficients table had to be examined to see which variable or variables had an effect on the dependent variable.

Table 11: Coefficients

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	25,911	1,399		18,52	0,000
	Number of Employees	-1,125E-5	0,000	-0,031	-0,038	0,970
	Year of Activity	0,009	0,027	0,079	0,337	0,739
	Free Float Ratio	0,059	0,038	0,309	1,571	0,129
	Balance Sheet Size	5,375E-12	0,000	0,242	0,298	0,768

As can be seen in the table, the significance level of none of the independent variables is less than 5%. That is, no independent variable has any effect on the transparency score. It can only be said that the free float ratio has the most effect on the dependent variable among the variables. But this is not a significant effect either.

5. Conclusion and Discussion

The aim of this study is to determine the transparency levels of financial institutions registered in Borsa Istanbul in Turkey, which has been integrated with the world with globalization. For this purpose, a survey was conducted with the companies in question. Thus, it has been tried to learn at what stage the level of transparency of financial institutions in Turkey, which is in a competitive environment with companies from developed countries. As a result, the average transparency level of financial institutions within the scope of the research was determined as 81%. When all the results are analyzed, the company group with the highest transparency rate is Banks and

Private Finance Institutions with a transparency rate of 85%. The transparency rates of other company groups are very close to each other. Intermediary Institutions are in the second place with a transparency rate of 80%, Financial Leasing and Factoring Companies are in the third place with 79%, and Insurance Companies are in the fourth place with a transparency rate of 78%. Banks and Private Finance Institutions and Insurance Companies share information about Ownership Structure and Investor Relations with the public at the same rate, and the highest transparency rate is in this category. The company group with the highest level of Financial Transparency is again Banks and Private Finance Institutions. Intermediary institutions are one step ahead of other company groups with a rate of 78% in terms of the transparency of the Structure and Processes of the Board of Directors and Management. In general, company groups share information about Ownership Structure and Investor Relations more with the public, and they are more reluctant to disclose information in the other category compared to this category. In addition, the number of employees, year of operation, free float ratio and balance sheet sizes of the companies have been examined by regression analysis in the study. According to the results obtained, it was seen that none of the variables affected the level of transparency.

When the whole study is examined, some results are noteworthy in general. One of these is the uncertainty of the fee paid to the audit firm. It is inconsistent with transparency that only one company among all companies discloses the amount of the fee paid to the audit firm. In addition, no company shares information about the agreement of the CEO, who is a senior manager, with the public. Stakeholders in the company, especially shareholders, do not know who the manager of the company in which they hold shares is, and under what conditions they work. Another striking point is that while almost all of the companies are more willing to disclose the ownership ratio of the major shareholders, they are reluctant to reveal who the ten largest shareholders are.

Only the financial institutions registered in the BIST were studied in this study. A similar study should be carried out in other sectors of the BIST.

Ethics Statement: The authors declare that ethical rules are followed in all preparation processes of this study. In case of detection of a contrary situation, BİİBFAD Journal does not have any responsibility and all responsibility belongs to the authors of the study

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