

İSLAMİ MENKUL KIYMETLEŞTİRME ÖRNEĞİ: GAYRİMENKUL BORSASI A.Ş. (GABORAS)

Hüseyin ERGUN^a

KTO Karatay Üniversitesi, Türkiye

Saliha ŞAHİN^b

KTO Karatay Üniversitesi, Türkiye

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ÖZ

Bir ekonomide gayrimenkul talebi barınma, kullanma veya işletme amaçlı olabileceği gibi yatırım amaçlı da olabilmektedir. Gayrimenkul yatırımları, diğer yatırım araçlarına nispeten bedeli yüksek olsa da sabit bir fiziki varlığa dayalı olduğundan günümüzde oldukça fazla talep gören bir yatırım aracıdır. Bir yatırımcının gayrimenkul yatırımından beklentisi genellikle kira getirisi veya değer artışına bağlı sermaye kazancıdır. Diğer yandan finansal sistem içerisinde fon talep edenlerle fon arz edenleri karşılaşmasını sağlayan önemli finansal araçlardan birisi de sermaye piyasalarına henüz yeni giren bir finansal araç diyebileceğimiz menkul kıymetleştirmedir.

1970'li yılların ikinci yarısı itibarıyla ve özellikle de 1980'li yıllar süresince küresel ekonomi sistemini etkileyen gelişmelere paralel olarak finans dünyası birçok yenilik ve uygulamalarla tanışmıştır. Bu yıllarda tüm dünyada gelişmeye başlayan söz konusu finansal yenilikler arasında menkul kıymetleştirme (securitization) uygulaması gibi bilanço dışı finansman teknikleri yer almaktadır. Sermaye piyasalarındaki tüm bu gelişmelerle İslam dünyası da kendi kurallarına ve değerlerine uygun yatırım araçları arayışına girmiştir. Gayrimenkulün menkul kıymetleştirilmesi ve İslam iktisadi bağlamında konunun incelendiği bu çalışmada, güncel bir menkul kıymetleştirme örneği olan Gayrimenkul Borsası anlatılmıştır. Bu çalışmanın temel amacı ise, finansal sistemde önemli rol oynayan menkul kıymetleştirme kavramı ve menkul kıymetleştirmenin İslami finans açısından incelenmesi, değerlendirilmesi ayrıca varlığa dayalı bir menkul kıymetleştirme örneği olan GABORAS'ın araştırılmasıdır.

^a Sorumlu Yazar: Dr. Öğretim Üyesi., KTO Karatay Üniversitesi, E-posta: huseyin.ergun@karatay.edu.tr, : <https://orcid.org/0000-0002-2271-0041>

^b Lisans Mezunu, KTO Karatay Üniversitesi, E-posta: salihasahin120@gmail.com, <https://orcid.org/0000-0001-6374-0282>

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**AN EXAMPLE OF ISLAMIC SECURITIZATION: GAYRIMENKUL BORSASI
A.Ş. (GABORAS)**Hüseyin ERGUN^c

KTO Karatay University, Turkey

Saliha ŞAHİN^d

KTO Karatay University, Turkey

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Demand for real estate is driven by not only housing or use for some other operational purposes but also investment purposes. Real estate investments are attractive because they are based on a fixed physical asset although they are costlier than other investment instruments. An investor's expectation from a real estate investment is usually rental income or capital gain arising from the increasing value of the estate. Securitization is a new instrument in the capital markets that enables meeting the needs of fund suppliers and of those requesting funds in the financial systems.

From later 1970s and especially during the 1980s, consistent with the development affecting the global economy, the financial system has witnessed several innovations and practices. These innovations, including off-balance sheet financing techniques such as securitization, progressed rapidly across the world. These developments in the capital markets prompted the Islamic world to seek investment tools consistent with its own rules and values. In the context of the securitization of real estate and Islamic Economics, this study describes GABORAS as an example of securitization. This study also focuses on the Islamic finance study of securitization, which plays a crucial role in the financial system. It investigates GABORAS, an asset-owned securitization.

^c **Corresponding Author:** Assistant Professor, KTO Karatay University, huseyin.ergun@karatay.edu.tr, ORCID: 0000-0002-2271-0041

^d Bachelors Degree on Islamic Economy and Finance, KTO Karatay Universtiy, salihahin120@gmail.com , ORCID: 0000-0001-6374-0282

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INTRODUCTION

Securitization issuance is a major financing resource for companies. Therefore, the significance of securitization and the issue volume has continuously increased over time. The volume of securities issuance in America and Europe has tripled in the past decade. Securitization is a financial tool in which a dedicated company pool away from bankruptcy collects the assets and subsequently converts them into commercial bills (Gorton & Metrick, 2013). Thus, the companies established for a specific purpose form the most important tool in this process. However, in Turkey, the securitization process is different than the US because of the lack of legal regulation and supervision (Uğur & Erkuş, 2007).

When we consider the US or Europe, securitization is a large and attractive common way for housing or mortgage markets. On the other hand, in Turkey, the lack of a modern housing financial system besides the 2007 mortgage law restricts securitization and its advantages. (Atay & Taşçı, 2012). With GABORAS system, the advantages of securitization on the housing system will be more effective.

Besides securitization, the real estate sector is growing rapidly in Turkey since 2005, which has led to increased diversity of projects and the subsequent need for financial resources. The developments in the sector has revealed the need for new resources besides the conventional ones. The capital market is the most convenient market for developing new resources.

In the second half of the 1970s and especially during the 1980s, there were several innovations and practices in the field of finance concurrent with the developments affecting the global economic system. Off-balance sheet financing techniques such as securitization were being developed across the world (Keys, Mukherjee, Seru, & Vig, 2010). With these developments in the capital markets, the Islamic world sought investment tools that complied with its own rules and values.

This study focuses on asset-backed securities, which are among the most important new financial instruments. This study describes Gayrimenkul Borsası (GABORAS)- an example of securitization that examines real estate and Islamic economics in the context of real estate. “Real Estate Exchange” is key for the development of alternative capital markets and for Turkey to emerge as a center in the field of Islamic Economics.

Islamic economics is a fair and holistic system that stipulates a unique model of social and economic behavior of individuals based on the Qur'an and Sunnah. It deals with various issues such as property rights, incentive systems, resource allocation, types of economic freedoms, economic decision-making, and ideal roles of management (Khan, 2003). The system mainly targets unique models of social justice, income, and distribution of wealth. It is a branch of social science that prohibits injustice in the acquisition and disposition of material resources to satisfy individuals and fulfill their obligations to Allah (c.c.) and society, which is the most appropriate model for human nature and creation, acting in accordance with the rules of Islamic law and instructions. Islamic economics examines people's economic problems considering Islamic values and deals with prosperity and production, distribution, and wealth acquisition, in addition to how they should be spent or used for the benefit of society and individuals. Therefore, Islamic economics emerged as a result of various religious and economic factors; it is based on the prohibition of interest, activities with high levels of uncertainty in terms of commercial transactions, gambling, production, or sale of forbidden products and services, and prohibition of immoral behavior. Securitization is seen as an important element of the interest-free financial investment instrument market in Islam, where interest is haram (forbidden).

Securitization transforms the role of resource organizations from accumulators to distributors (McMillen, 2008). This feature has been a stimulating factor in Islamic finance. Every day, new applications/products are being developed for investors to enable interest-free processing based on the rules of Islam in these sectors/products alongside further development and securitization of the real estate sector in Turkey. The first and only real estate exchange of the world, Gayrimenkul Borsası Inc. emerged as the youngest member among these products and services.

SECURITIZATION IN ISLAMIC FINANCE

With the start of financial engineering in the 1990s, new methods for building financial instruments and innovating existing ones were sought to compete in the global market in Islamic finance. The asset securitization method has led to billions of dollars in the financial sector. The acceptability of risky capital investments without generating interest has led to the emergence of various financial techniques according to Islamic law (Jobst, 2007). Islamic financing methods can be categorized

into three basic forms for both investment and trade financing: (1) with debt-based loans through a sale–repurchase agreement or the succession of assets held by the borrower or a third party, (2) a sale–leaseback contract (operating lease) agreements or through lease agreements (asset-based) to third parties with purchase obligation components (financial leasing), and (3) profit-sharing contracts for future assets (equity-based). Unlike equity-based contracts, both debt and asset-based contracts are initiated by a temporary transfer of existing assets from the debtor to the lender or by the lender on behalf of the debtor for the acquisition of assets to a third party. (McMillen, 2008)

Islamic finance can synthesize close equivalents to equity, mortgage, and derivatives known in conventional finance. Thus, it relies on the structural arrangements of asset transfer between borrowers and lenders to simulate traditional interest-bearing financial contracts. As lending transactions under Islamic law are based on the concept of asset support and specific credit participation in the identified business risk, the Sharia-compliant asset-backed securities (ABS) structure offers a risk–return profile similar to traditional structures appears relatively appropriate (Uğur & Erkuş, 2007). However, traditional securitization has been developed in non-Islamic economies and has always been included interest-bearing debt. (Ayub, 2005)

Islamic securitization is a process of transforming dual risk sharing between borrowers and lenders in Islamic finance into market-based refinancing of one or more of the underlying Islamic financial transactions. Sukuk is an alternative source of funding, especially for governments and corporate investors. The Sukuk market has grown through Islamic law and strong interest in the global capital market. S&P Global Rating identified a \$400 billion market for Islamic financial products such as banking, housing loans, equity funds, sukuk, takaful, and project finance. As an alternative to traditional fixed income securities, sukuk is an Islamic capital market instrument that is issued by large enterprises to ensure their expansion investments and capital expenditures enable Islamic financial institutions and investors to manage liquidity profitably (Djebbar, 2016).

Traditional securitization that occurs in conventional economies includes interest-bearing debt. Security holders have often set conditional requirements to qualify for predetermined interest and principal repayment relative to the performance of the securitized assets. However, the issuance of interest-bearing debt securities through a secured

redemption method cannot be reconciled with Islamic finance principles if the profit from debt, and speculation is prohibited. Islamic securitization should provide clearly identifiable rights and obligations in securitized assets to allow direct participation in any distribution of risks and rewards between lenders and borrowers with limited risk reduction or compensation through credit enhancement (McMillen, 2008). Therefore, from a procedural and concrete perspective, Islamic securitization should enable the transformation of uncertain commercial direct investment revenues to actual economic activity subject to religious sanctions.

Therefore, to adapt the fundamentals of traditional securitization for Islamic purposes, the following main conditions should be considered:

- There must be a distinct purpose for raising funds through securitization, and the type of cover assets that constitute the securitized revenues must be clearly defined (or definable) and must be non-consumable,
- Each transaction participant should share both risk and return, and the investor should only receive positive payments from profitable ventures,
- Collateral assets should be allowed as debt, cash, or haram (sinful activity) and should not be associated with unethical or exploitative operations or speculation and uncertainty (garar) from unproductive investments.
- The structure should compensate an investor for business risk rising from direct participation in securitized assets and not mean a debt replacement for interest-bearing return on investment (unless the securitized assets are sold at an interest-free and nominal value).
- Investors should have an unconditional and unsecured payment obligation, not a guaranteed bill.
- An adequate element of ownership should be transferred to investors.
- Proceeds from securities issued from investors (and returns from managing collateral assets by the issuer) cannot be reinvested into short-term cash instruments or interest-bearing debt.
- The underlying assets and securitized liabilities should not be used for speculative purposes, and turnover should be kept low; takaful (Islamic solidarity and mutual aid-based insurance) should be used instead of the traditional insurance as it violates the Sharia provisions.

- Any credit enhancement or liquidity support and limitations of prepayment risk should be in a permitted form.

As a result, the basic condition for aligning securitization with Islamic law is that most of the underlying assets do not represent debt with interest (Bayındır, 2012). Sukuk issued by its holders based on partnership and leasing represents ownership in the underlying asset. Therefore, it can be bought and sold in the secondary market at a price determined under the market conditions. A typical conventional debt market provides fixed returns and trading opportunities in the secondary market. Sukuk issued based on the pools of intangible assets such as leasing, fixed assets, and receivables can provide the same opportunities if certain criteria are met. Thus, alternatives to traditional bonds can be developed by the securitization of assets. The instruments created through the securitization of assets represent proportional ownership of the assets by those holding those instruments.

GAYRIMENKUL BORSASI INC.

President Recep Tayyip Erdogan proposed the Real Estate Exchange process in the 30th meeting of the Organization of Islamic Cooperation Economic and Commercial Cooperation Standing Committee (COMCEC) in December 2014 (COMCEC, 2014). However, institutional inactivity and various bureaucratic obstacles hindered its progress. In 2018, the Independent Industrialists and Businessmen Association (MUSIAD), Yıldız Technical University and SenYap Investment Trust collaborated and assumed responsibility for the Real Estate Exchange. GABORAS was established in partnership with MUSIAD, SenYap and Yıldız Technical University (GABORAS, 2019). It is a fast, technological, measurable, comparable, and safe project realized entirely using domestic and national capital. Gayrimenkul Borsası Joint Stock Company realized with the convergence of the public, nongovernmental organizations, private sector, and universities is a real estate stock exchange that aims to be a model for the world, gathering all business and transactions on a single platform with its high technological infrastructure, big-data dominance, and processing infrastructure.

Foreign investors have recognized the emergence of the real estate market along with the Turkey-based real-estate securitization initiatives in countries where MUSIAD is organized and based on real estate products, index, and business models (GABORAS, 2019). Continuing its efforts to bring a holistic perspective to the real estate sector, GABORAS

securitizes and regulates ongoing real estate transactions, makes the transactions measurable and transparent enables buying and selling of real estate in smaller units, and establishes a secure market for investors. While 65% of the Real Estate Exchange process has been completed, after reaching its final goal, Turkey's real estate potential will be realized, and real estate issuance will be easier and more attractive. Moreover, GABORAS is a pioneer in the sector as the world's first and only Real Estate Stock Exchange.

GABORAS Products and Services

This study discusses the products of the Real Estate Exchange under two headings as GABORAS Private and GABORAS Corporate. Initially, individual investors can add their real estate to their portfolios and benefit from the stock exchange services and all other comprehensive services from all platforms with their user interfaces with the GABORAS Private. Individual users view and evaluate their real estate, including their homes, businesses, or plots easily, quickly, and comprehensibly using stock market data. Real estate professionals benefit from the GABORAS Corporate platform, the second product of Gayrimenkul Borsası Inc. They can access data using this platform for all real estate in Turkey, covering a scale from 1/1 up to 1/100 (GABORAS, 2019). This system helps real estate professional investors in locating thousands of real estate under its coverage on a map using tracking and warning systems. GABORAS Corporate has been developed for all organizations undertaking a large number of real estate deals, and real estate properties can be accessed from the whole platform with the system and managed on a single screen. Special reports that can be monitored and scaled are prepared for real estate.

The services of Gayrimenkul Borsası are discussed under eight main headings (GABORAS, 2019). Deed Tracking Warning System determines the decisions published in the official gazette about real estate in any part of Turkey with data octopus technologies and notifies investors; when a decision on real estate is made, investors are given the opportunity to exercise their objection rights without delay by sending an SMS. The current market values of the real estate are monitored regularly, developments are reported to investors and properties that have reached a price saturation can be included in the trade with the opportunity of high profitability.

A novel and unique service called The Video Narrative Report (VAR) system is another significant service provided. Gayrimenkul Borsası analysts videotape and comment on the reports prepared specifically for real estate. These reports help investors make correct and clear decisions regarding their properties. Another service offered is the Instantaneous Value and Status Inquiry. Properties are instantly evaluated online on the Gayrimenkul Borsası screens, and the current square meter prices are presented. Price ranges and sectoral analysis that vary according to the age of the building and the floors are presented to investors with comprehensive tables and graphics. The Local Service Network (Regional Consultancy System) is another service provided by Gayrimenkul Borsası where all real estate sector service providers align with the local networks. Buyers counter all their needs, thanks to the accredited experts with service areas divided into zones of 1 km² each.

“Digital Real Estate Literacy and Corporate Training” program is an important service delivered by Gayrimenkul Borsası, especially during the COVID-19 pandemic. This program is important for investors to make economic decisions and determine the data to be used to start a real estate business. Gayrimenkul Borsası, which is the most important technological step in achieving Turkey’s targets for 2023, has paved the way for the securitization process with comprehensive data in the online environment of a secure real estate trade platform. Online real estate trade is conducted in secure environments with blockchain-based technologies and public or market data (Katılım Analiz, 2020). In the Secure Real Estate Trade platform, potential buyers and sellers benefit from the same information pool, based on the principle of equal opportunity, and undertake buying and selling, renting, or leasing transactions safely with insurance. The City Analyses system is the other service offered by Gayrimenkul Borsası. GABORAS presents data to investors to include cities in world leagues and prepares report cards by evaluating local governments according to their fields of activity. The organization contributes to the regulation and measurement of the sector, considering the big-data pool it manages in the real estate sector. In addition, it cooperates with Yıldız Technical University and offers the City Analysis and Municipality Rating system data set to the service of all decision-making users. It allows investors to make decisions about their cities at the upper scale using big data (GABORAS, 2019).

In collaboration with Yıldız Technical University Technopark, GABORAS City Analyses gathered and explained data required by the

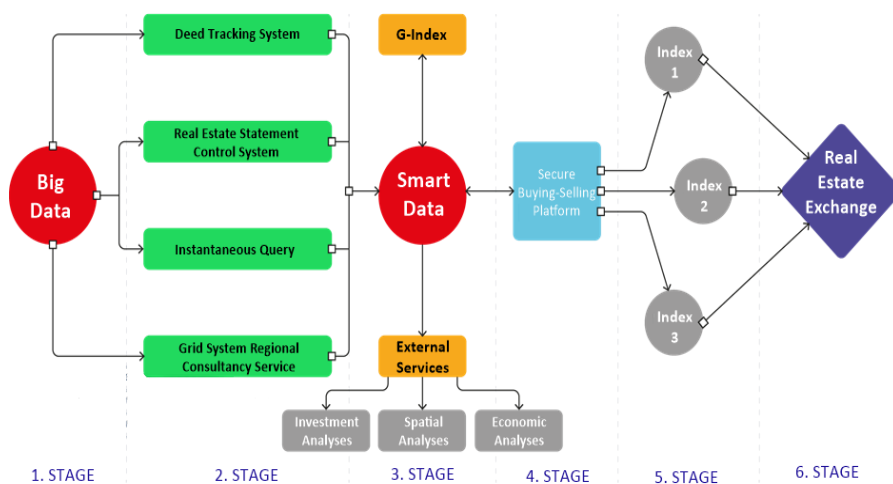
real estate technology sector and provided online accessibility to the analyses of all districts and neighborhoods in Turkey’s 81 provinces. The following service headings are used in Real Estate City Analyses: foreign currency and value index sales figures, map data construction costs, housing market expert comments, value change maps, smart charts and tables, population analysis, foreign exchange, household analysis value maps, value analysis, socioeconomic status analysis, value and value change simulations, age analyses, world comparison in the form of issue number analyses, and municipal rating systems.

GABORAS Business Model

The operation process of GABORAS consists of six different stages. All the processes follow a certain system until Gayrimenkul Borsası is reached. The first stage consists of a big-data network, where the system data are available (GABORAS, 2019). This infrastructure has now reached the capacity to serve 184 million title deeds. Current technology, along with local and national software with the system’s business intelligence feature, enables rapid reporting (overall Turkey title / 0-2 min.). Furthermore, continuous updating is ensured with machine learning.

With the open source coding and database structure of the system, real estate buying and selling occur on a single platform 24/7 in Turkish, English, Arabic, German, and Russian. Thus, these features facilitate a strong potential for international growth.

Figure 1. GABORAS Business Model (GABORAS, 2019)



The second phase of GABORAS continues as a “Derivative Product.” At this stage, title qualifications and derivatives can be exchanged, and concurrently, all buying, selling, and leasing transactions can be undertaken. The system also provides the Deed Tracking System, which helps monitor 184 million deeds in Turkey. The Real Estate Statement Control System provides the necessary control mechanism for the control and regulation of all trade. In addition, all statements can be audited at a rate of 24 million per year in total.

The third phase reaching Gayrimenkul Borsası consists of applications that are a veritable revolution in Turkey’s real estate sector, namely, “the G-index,” “Asset Tracking and Regulations,” and “Analysis Maps.” The “Findeks of Real Estate” application, which is abbreviated as G-Index, provides a usable scoring service for investors by rating the risks for each real estate investment. Considering asset tracking and regulations, all deeds can be tracked, all declarations and all real estate traders can be audited. Moreover, the values of the current land market and official current land can be determined. Value and status determination, reporting, and presentation can be instantly made. Analysis maps, however, ensure that decision support services for domestic and foreign investors, created with technical investment and development data, are transferred to investors live on maps.

The “Secure Buying, Selling and Leasing Platform” is the fourth phase of the system, and it is the most important step in the transition to the Real Estate Stock Exchange. Real estate transactions are made in an informed, transparent, and secure manner on the GABORAS secure trading platform. Trust is established in real estate transactions because of the establishment of the Secure Buying, Selling, and Leasing Platform. Thanks to the algorithms generated with the most contemporary data, data that affect the decision-making processes, such as current market values, comparison tables, and profit-loss expectations, can be accessed. They can be included in the real estate market with the Secure Buying, Selling and Leasing Platform, sales, purchase, or lease statements can be made and all real estate can be managed on a single screen with advanced technological systems. Investors who want to invest in real estate can make decisions based on transparent, objective, and up-to-date data. The decision, loss, and expectation comparisons will be presented easily and comfortably with periodical reporting to investors.

The fifth stage of GABORAS consists of the “Indices” that can be considered an important and a new feature for the real estate sector.

Various indices are established on the Secure Trading Platform at this stage. Domestic and foreign investors can invest in these indices. The following are the main index types determined at present: "Channel Istanbul Index, Airport Index, Turkey Housing for sale Index, Turkey Rental Housing Index, Istanbul Housing for sale Index, Izmir Land for Sale Index, Index-5 (5 Metropolitan), Index-25 (25 Metropolitan), Index-TR, the National Garden Index, Shopping Mall Index and Small Hotels Index." Furthermore, domestic and foreign investors can invest in provincial, district, and neighborhood performances, and data sets containing values such as shopping mall indices with the established indices.

In the sixth stage, which is formed at the end of all these stages, the final goal of GABORAS will be reached with the establishment of the "Real Estate Stock Exchange." Thanks to the Real Estate Stock Exchange, provincial values can be followed by live systems. Besides, the values of current projects, buying and selling operations, and performance analysis are displayed instantly. The Real Estate Exchange follows the process but before real estate development. The manufacturing and subsequent real estate processes are monitored by the system and realized with real-time ERP & CRM exchange integration. The control and live manufacturing processes are followed with project clouds after real estate manufacturing (GABORAS, 2019).

The Targets of GABORAS and Its Contribution to the Turkish Economy

The initial target of Gayrimenkul Borsası (GABORAS) established in cooperation with Yıldız Technical University, MUSIAD, and SenYap is to resolve the value confusion in the real estate sector and establish an environment of trust. The organization regulates, indexes, and exchanges the real estate sector with big data, artificial intelligence, and blockchain systems (Katılım Analiz, 2020). Gayrimenkul Borsası provides the basis for the regulation and transparency of the real estate sector by eliminating informality and irregularity. It paves the way for the emergence of a common stock exchange by registering real estate subject to buying/selling or leasing, securitizing, buying and selling in small units, and providing an atmosphere of trust for domestic or foreign investors.

The establishment of Turkey-based real-estate securitization and the real estate Stock Exchange ensures the issuance of real estate products,

indexes, and business models to more than 100 countries where the Independent Industrialists and Businessmen Association is based. Given the high value-added and technological developments, Turkey's strong real estate potential is manifested in this sector by exchanging real estate and derivatives as an alternative capital market tool (MÜSİAD, 2020). Thus, real estate export is facilitated. Loss and idle capital in the sector due to informality is determined by artificial intelligence and big data software and recovers the absorbed capital in the real estate sector. Gayrimenkul Borsası, which provides services 24/7 in the electronic environment with domestic software, reveals potential values by monitoring and tracking real estate and includes under-the-mattress real estate in the capital. Besides, the environment of trust is established by transparent presentation of real estate products, derivatives, and stocks to investors, and the mobilization of all instruments will help the rapid inflow of foreign exchange into the country.

The solution partners of GABORAS include Turkey Emlak Bank, a new entrant in participation banking in Turkey yet with a well-established history in the property sector. Future studies will be conducted for interest-free housing and the real estate sector. This includes Muslim investors in the Real Estate Exchange in partnership with Emlak Bank and GABORAS, an important institution of the real estate sector operating under interest-free principles in Turkey (GABORAS, 2019).

In addition, GABORAS increases the export capacity to 78 countries. Valuation standards for common banking criteria with Gayrimenkul Borsası can be developed and deliver digital technology services to banks and the Banking Regulation and Supervision Agency along with valuation companies. The “Secure Buying-Selling Platform and Real Estate Stock Exchange” plays an active role in supporting banking resources and the development of alternative capital markets.

The vision of Gayrimenkul Borsası (GABORAS) is to establish and operate a Turkey-based real estate and securities exchange and export to the world with global business models. Its mission is to securitize real estate by establishing a secure buying, selling, and leasing platform. The organization aims to turn real estate and its derivatives into an alternative capital market instrument through the stock exchange. The processes of

GABORAS, the first and unique real estate exchange in the world, lists the overall targets as follows (GABORAS, 2019);

- Enable the monitoring and tracking of real estate and reveal the potential;
- Regain the capital absorbed by real estate through securitization;
- Determine the size of unregistered capital and trade volume thanks to technological solutions;
- Deliver continuous (24/7) service on digital platforms;
- Share up-to-date information on real estate with investors and/or buyers in a transparent, fast, and reliable setup;
- Include under-the-mattress real estate onto the market by completing the securitization and stock exchange processes;
- Export products and indices for real estate in COMCEC member countries and countries where MUSIAD is organized (2019/94 countries).

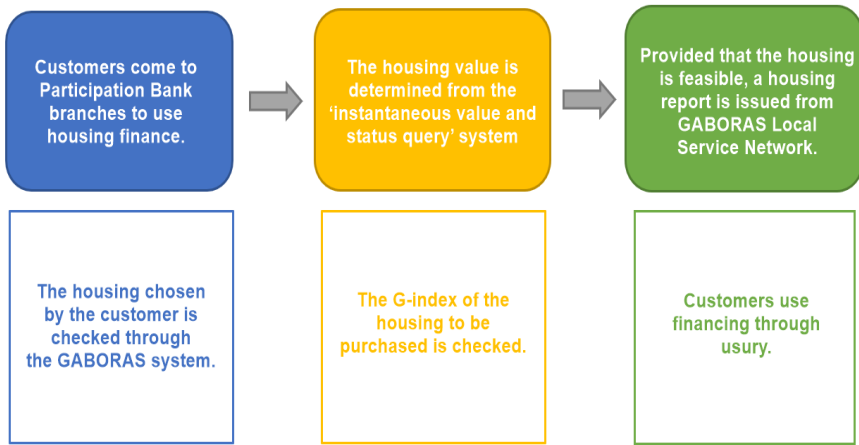
Model Proposal for Participation Banks

This section discusses the main subject of the study and the usability of GABORAS, which is an example of securitization in participation banks. Participation banking has been hindered so far, owing to the variety of products. Combining the strength of the real estate sector in Turkey with the GABORAS Project of participation banks and the most powerful interest-free financial institutions contributes to product diversity and includes off-the-record real estate into the economy –which is among the primary objectives of this project. The main activities expected in the project are as follows:

- Use the extensive expertise network of GABORAS and the "Real Estate Findex: G-Index" to determine the risk ratios in real estate and land financing;
- Ensure that the securities in GABORAS are shown as collateral for corporate and individual financing and other banking transactions;
- Undertake leasing transactions subject to real estate on this platform with the establishment of Gayrimenkul Borsası;

- Ensure that transactions such as Real Estate Exchange buying and selling can be conducted through the bank (Branch, Mobile Branch, Internet Branch, Trade Plus, etc.);
- Insure real estate traded in GABORAS with the takaful method;
- Ensure that customers who purchase through GABORAS use “GABORAS Financing” with the usury method;
- Benefit from GABORAS analysis and reports (City Report, Property Inspection, Video Narrative Report, etc.).

Figure 2. *The Functional Operation of GABORAS in Participation Banks Housing Finance*



The first activity in the project is the use of GABORAS's wide expertise network in real estate and land financing and determining the risk ratios of real estate through Real Estate Findeks: G-index. Appraisal checks are ensured during the lending phase of real estate, such as housing finance and land financing, which is currently being used by Participation Banks, will be performed by the Local Service Network of GABORAS. Thanks to the GABORAS "Instantaneous Value and Status Query" system, when the customer seeking financing arrives at the branch, a pre-check is made and the price ranges and sectoral analysis of the relevant real estate is determined according to the age of the building and the relevant floor. The "Findeks of Real Estate" application, which is abbreviated as G-Index offers a usable scoring service for investors by rating the risk for each real estate investment.

This practice enables checking the credit risk score of the customers and that of the real estate subject to the loan. Thanks to the "Asset Tracking and Regulations" feature of GABORAS, all deeds can be tracked, and declarations and real estate traders can be audited.

The second main activity in the project is to provide collateral for corporate and individual financing and other banking transactions for securities traded in GABORAS. Securitized assets of a GABORAS investor who wants to borrow from Participation Banks can show collateral for the applied financing. GABORAS technology is used for instant tracking and measuring the value of secured real estate thanks to the common technological infrastructure of GABORAS and Participation Banks. These guarantees can be used for usury and other Islamic financing methods such as leasing and exemptions and collateral transactions of securities. In addition, the GABORAS system will be used to control the values of the relevant assets and use the rights on these assets in the process after they are shown as collateral.

Another field of activity is to ensure that transactions such as Gayrimenkul Borsası buying and selling can be made by Participation Banks. The product range is widened by ensuring that transactions such as buying, selling, and leasing through GABORAS can be undertaken and alternative distribution channels within investment accounts through Participation Banks. Concurrently, customers who desire to invest in their real estate by securitizing it with GABORAS will be provided services.

Customers who purchase through GABORAS will be provided "GABORAS Financing" with the usury method. In this context, "GABORAS Financing" for customers who want to buy real estate securitized in GABORAS will enable investing with the usury method.

Finally, the last activity is the process of insuring real estate traded in GABORAS with the takaful method. For each real estate that has been securitized to be subject to the transaction within GABORAS, the necessary insurance transactions are processed through interest-free insurance companies for customers who want interest-free service. Moreover, strategies are made to market interest-free life insurance and interest-free Private Pension System (IPS) products to these customers.

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AUTHORS' PERCENTAGE-BASED CONTRIBUTION

The contributions of each author to the study by percentages are as follows:

The percentage-based contributions of the 1st author and 2nd author are %50, respectively.

Hüseyin Ergun (1st Author): Literature review, data analysis, writing, English translation.

Saliha Şahin (2nd Author): Research design, model construction, writing.

DECLARATION OF CONFLICTING INTEREST

There is no financial or individual relationship with a person or an institution in the context of the study. Also, conflicting interests do not exist.

ETHICS APPROVAL OF THE STUDY

All rules within the scope of “Instruction on Research and Publication Ethics for the Higher Education Institutions” were observed throughout the study. No actions mentioned in the Instruction's second chapter titled “Actions Against to Scientific Research and Publication Ethics” were taken in the study.