

ELROI HADAD

Shamoon college of Engineering (SCE), Israel

INSTITUTIONAL REFORMS AND DEBT MARKET LIQUIDITY: EVIDENCE FROM ISRAEL

Abstract:

This paper focuses on the impacts of pension funds and market structure on debt market development and liquidity. We show shreds of evidence of major developments of the Israeli government and corporate bonds market depth and liquidity, which were found to be associated with gradual changes in the Israeli financial system. These changes include ongoing reforms in the structure of the local debt market, changes in the structure of pension funds savings, and changes in institutional investments' regulations, which have boosted local savings and promoted debt market development. The Israeli case suggests that policymakers in countries with low debt market development should strive for better regulation in pension funds savings and market structure, in order to enhance the debt market efficiency and increase market liquidity.

Keywords:

Pension Funds, Debt Market Development, Regulations, liquidity

JEL Classification: G10, G38, G14