Use of Financial Accounts
at the Central Bank of the Republic of Turkey

Cansu Gokce Zeybek,
Central Bank of the Republic of Turkey

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1 This presentation was prepared for the meeting. The views expressed are those of the author and do not necessarily reflect the views of the BIS, the IFC or the central banks and other institutions represented at the meeting.
Use of Financial Accounts at CBRT

Cansu Gokce Zeybek

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Outline

Use of Financial Accounts in Turkey

Future Work
Use of Financial Accounts in Turkey
Use of Financial Accounts

ASSESSING SECTORAL BALANCE SHEETS
- Changes in households’ financial wealth
- Changes in households’ indebtedness
- Changes in non-Financial corporations’ indebtedness
- Risk transfer analysis

FINANCIAL STRUCTURE ANALYSIS
- Balance sheet positions of resident sector
- Monitoring the allocation of risk and imbalances
- Leverage measures
- Identification of shadow bank entities

MONETARY, FINANCIAL AND FISCAL ANALYSIS
- Portfolio shifts between monetary assets and other financial instruments
- Bank intermediation ratio
- Sectoral classification of monetary aggregates
- Monitoring fiscal developments

MACROPRUDENTIAL AND FINANCIAL STABILITY ANALYSIS
- Financial soundness indicators
- Network analysis
- Vulnerability indicator
- Systemic risk indicator
Financial balance sheets of sectors indicate that total financial assets of the Turkish economy were TRY 12,798 billion, while its liabilities reached TRY 14,805 billion in 2018Q3. Net liabilities to the rest of the world increased by TRY 197 billion quarter-on-quarter to TRY 2,007 billion.

Financial flows between the second and third quarter of 2018 reveal that net transactions amounted to TRY 125 billion while a net valuation decrease worth TRY 322 billion was observed due to the change in exchange rates and market prices.

A cross-country comparison in terms of indebtedness ratios of households and non-financial corporations suggests that Turkey maintained its place among countries with low indebtedness levels in the third quarter.

Against this background, Turkey’s household debt to GDP ratio reached 16.6 percent in March 2018 (Chart III.1.16). Accordingly, Turkey ranks below selected EMEs that have a household indebtedness of 29.2 percent on average. Moreover, the spreads of the last two years reveal that Turkey’s household indebtedness decreased at a faster rate than the average for selected EMEs.
Cakmak and Dursun (2016)

Chart 1. Total Debts* By Sectors/GDP (2010-2016 Q1)

*Debts are composed of currency and deposits, debt securities and loans.

Source: CBRT

Chart 2. Debt Structure By Sectors (Billion TL)

Source: CBRT

Cakmak and Dursun (2016)

Chart 3. Debt Structure By Sectors (Billion TL)


*Debts are composed of currency and deposits, debt securities and loans.


Source: CBRT, OECD Statistics Portal

Kılıç and Egemen (2018)

Assessing Sectoral Balance Sheets

Chart 12: Household Debt* (%)

Chart 19: Non-Financial Corporations’ Debt * (%)

Source: CBRT, TURKSTAT.
*Household debt is composed of loans.

Source: CBRT, TURKSTAT.
(*) Debts are composed of loans and government debt securities
Macroprudential and Financial Stability Analysis

Chart 5: Loans, From-Whom-to-Whom (2018Q3, TRY Billion)²

Chart 6: Deposits, From-Whom-to-Whom (2018Q3, TRY Billion)²

## Financial Balance Sheet Risk Indicators (2018Q3)

<table>
<thead>
<tr>
<th>Risk Category</th>
<th>MFI</th>
<th>OFC</th>
<th>NFC</th>
<th>HH</th>
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<tbody>
<tr>
<td><strong>Solvency Risk</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Financial Worth (Billion TRY)</td>
<td>212</td>
<td>24</td>
<td>-2,585</td>
<td>1,023</td>
</tr>
<tr>
<td>Liabilities/ GDP</td>
<td>1.32</td>
<td>0.13</td>
<td>2.12</td>
<td>0.17</td>
</tr>
<tr>
<td>Liabilities/ Financial Assets</td>
<td>0.96</td>
<td>0.95</td>
<td>1.52</td>
<td>0.38</td>
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<tr>
<td><strong>Capital Structure Mismatch</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Debt/GDP</td>
<td>0.66</td>
<td>0.04</td>
<td>0.8</td>
<td>0.16</td>
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<tr>
<td>Debt/ Equity</td>
<td>5.03</td>
<td>1.11</td>
<td>1.54</td>
<td>-</td>
</tr>
<tr>
<td><strong>External Risk</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net External Financial</td>
<td>-353</td>
<td>-60</td>
<td>-1,175</td>
<td>-</td>
</tr>
<tr>
<td>External Liabilities/ GDP</td>
<td>0.35</td>
<td>0.02</td>
<td>0.45</td>
<td>-</td>
</tr>
<tr>
<td>External Liabilities/ Liabilities</td>
<td>0.26</td>
<td>0.14</td>
<td>0.21</td>
<td>-</td>
</tr>
</tbody>
</table>

Source: CBRT Financial Accounts
Debt is composed of Currency and Deposits, Debt Securities and Loans.
Risk Indicators/ Maturity Mismatch

Total loans by maturity (%)

Total deposits by maturity (%)

Total debt securities by maturity (%)

Source: CBRT Financial Accounts
Risk Indicators

Non-Financial Corporations

Debt/ GDP
Liabilities / Financial Assets
Foreign Liabilities / GDP
Foreign Liabilities / Liabilities

Source: CBRT Financial Accounts
Debt is composed of Currency and Deposits, Debt Securities and Loans.
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Risk Indicators

Other Financial Corporations

Source: CBRT Financial Accounts

Debt is composed of Currency and Deposits, Debt Securities and Loans.
Risk Indicators

Households

Source: CBRT Financial Accounts

Debt is composed of Currency and Deposits, Debt Securities and Loans.
Capital Position of the Financial Corporations (ratio)

Difference: Net worth to financial assets
Equity to financial assets

Source: CBRT Financial Accounts
Equity comprises listed and unlisted shares and other equity, excludes IF shares.
Future Work
Future Work

«The more granular the sector breakdown, the more useful the analytical possibilities brought by FWTW information become.»

Understanding Financial Accounts (2017)

need for developed whom to whom matrices
Future Work

Figure 11.2. Accumulation of households’ net assets: changes in household net worth, 2002-17
EUR per capita; changes over four quarters


need for coherent Integrated Accounts
Future Work

need for longer series

Annually 2009 - 2014
Quarterly 2015Q1-...
Future Work

need for improved data awareness
Future Work

Financial assets held by financial corporations (Billion TRY)

The increased role of MFI and OFI in financial intermediation reflects both cyclical & structural factors

=> interest rates, regulatory changes, demographic trends & transition to ESA 2010.

need for more granular info

Source: CBRT Financial Accounts
Future Work

Financial assets held by ICPFs(%)

- Currency and Deposits
- Debt Securities
- Loans
- Shares and Other Equity
- MMF and IF share
- Insurance and Pensions Schemes
- Financial Derivatives
- Other Accounts Receivable

need for split of Pension Funds in Defined Benefit-Defined Contribution schemes

Source: CBRT Financial Accounts
Future Work

need further work for encouraged breakdowns

NFCs and FCs according to ownership/control

loans and debt securities according to remaining maturity

financial derivatives as options and forwards
Please contact for further information

Thanks

Cansu.Gokce@tcmb.gov.tr