



# FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND  
STATISTICS DEPARTMENT

2021-II

## Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP improved by 6.3 points in the second quarter of 2021 compared to the previous quarter. As of the end of the second quarter, sectors' total financial assets and liabilities amounted to TRY 23,6 trillion and TRY 26,3 trillion, respectively.

In this period, the ratio of household debt to GDP decreased from 17% to 16% and the ratio of non-financial institutions' debt to GDP decreased from 72% to 69%. According to these ratios, Turkey is among the countries with low indebtedness level in both households and non-financial corporations.

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## Evaluations

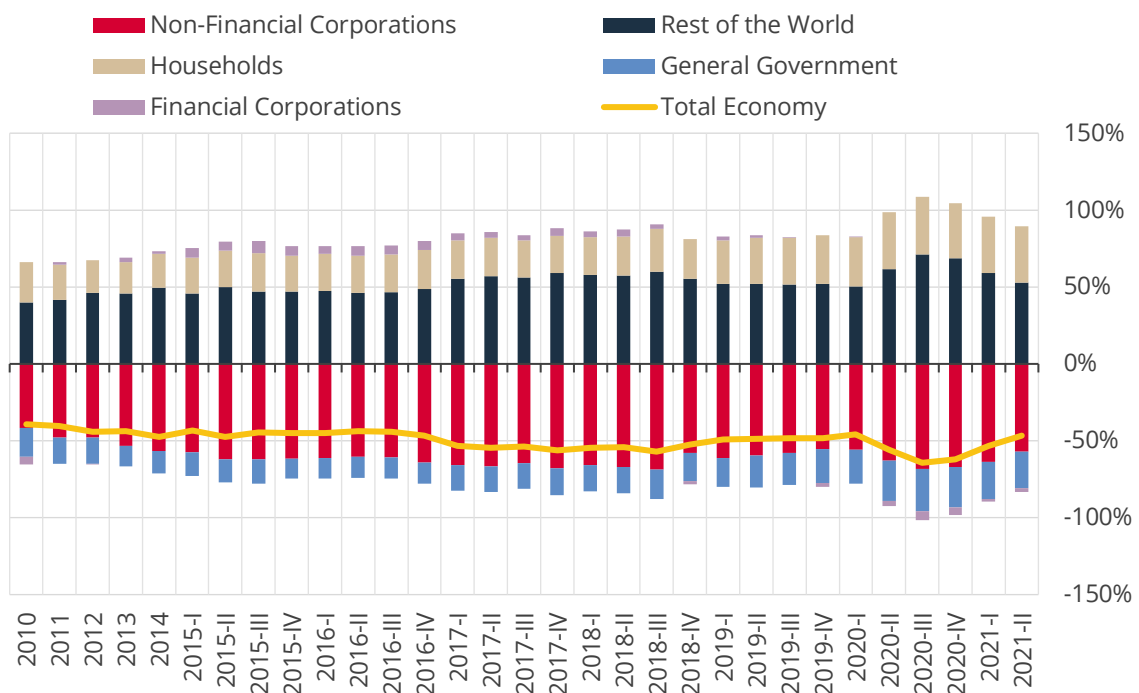
**Table 1: Financial Net Worth by Sectors (TRY Billion)<sup>1,2</sup>**

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the World
Financial Assets	23,568	9,432	9,631	1,306	3,199	2,112
Liabilities	26,335	12,793	9,771	2,729	1,043	5,231
Financial Net Worth	-2,767	-3,360	-139	-1,423	2,156	3,120

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2021Q2 reveals that the total economy was a financial borrower, households and the rest of the world were creditors, and non-financial corporations and the general government were debtors. Meanwhile, due to their financial intermediation activities, financial corporations generated a near-balanced financial net worth (Table 1, Chart 1).

**Chart 1. Ratio of Financial Net Worth to (Stock) GDP by Sectors (%)<sup>2</sup>**

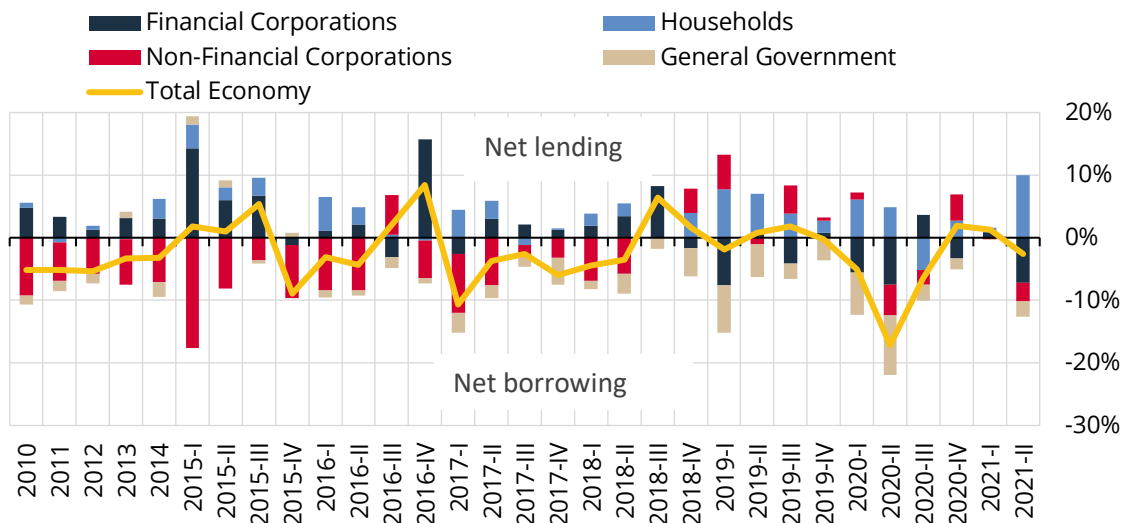


Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

<sup>1</sup> Pursuant to the methodology, there is a difference between the financial net worth of total domestic economy and rest of the world, since there is no counterpart sector for monetary gold. The rest of the world has been reported based on residency, so as to be compatible with the International Investment Position Statistics.

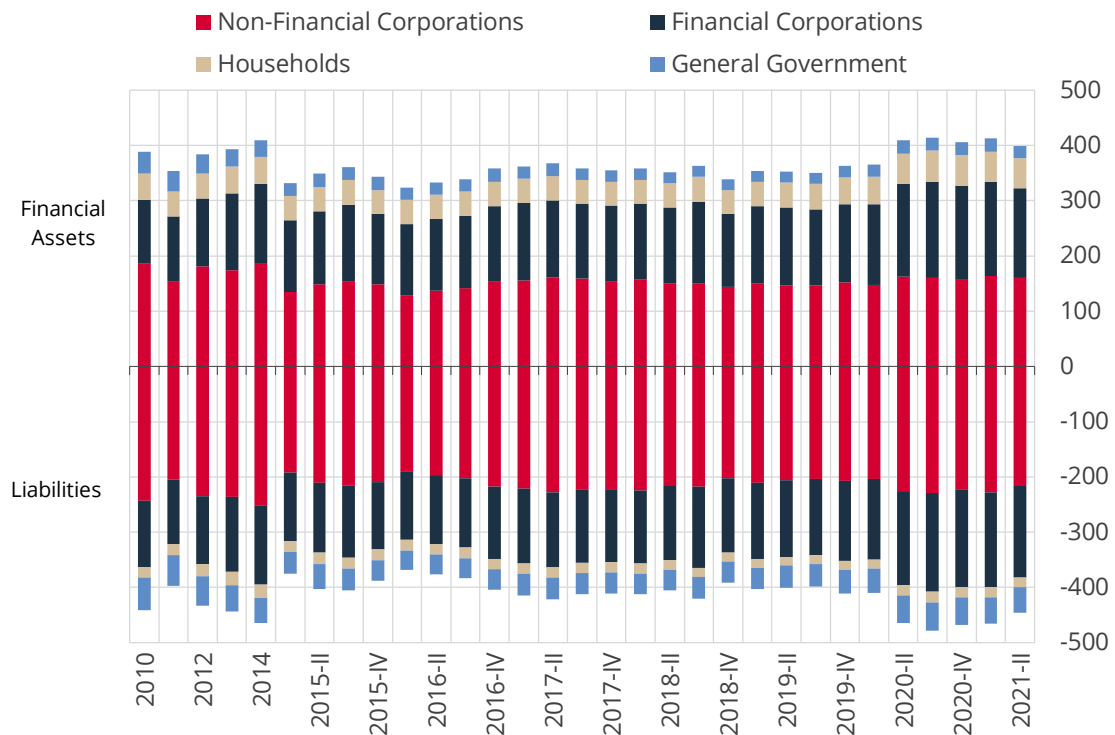
<sup>2</sup> The households sector also covers non-profit institutions serving households.

**Chart 2: Net Lending/Borrowing (Transaction), Ratio to GDP, by Sectors (%)**

Sources: CBRT, TURKSTAT.

Last Observation:2021-II

According to net financial transactions conducted by sectors, the total economy, which was a net lender of 1.3% of GDP in the previous quarter, became a net borrower of 2.6% of GDP in the second quarter of 2021. In terms of contributions to this ratio, financial corporations stood as the biggest borrower in this quarter with 7.2% of GDP, followed by non-financial corporations and general government with a borrowing of around 3% of GDP. On the other hand, household sector is net lender of 10% of GDP due to the increase in TRY deposits. (Chart 2).

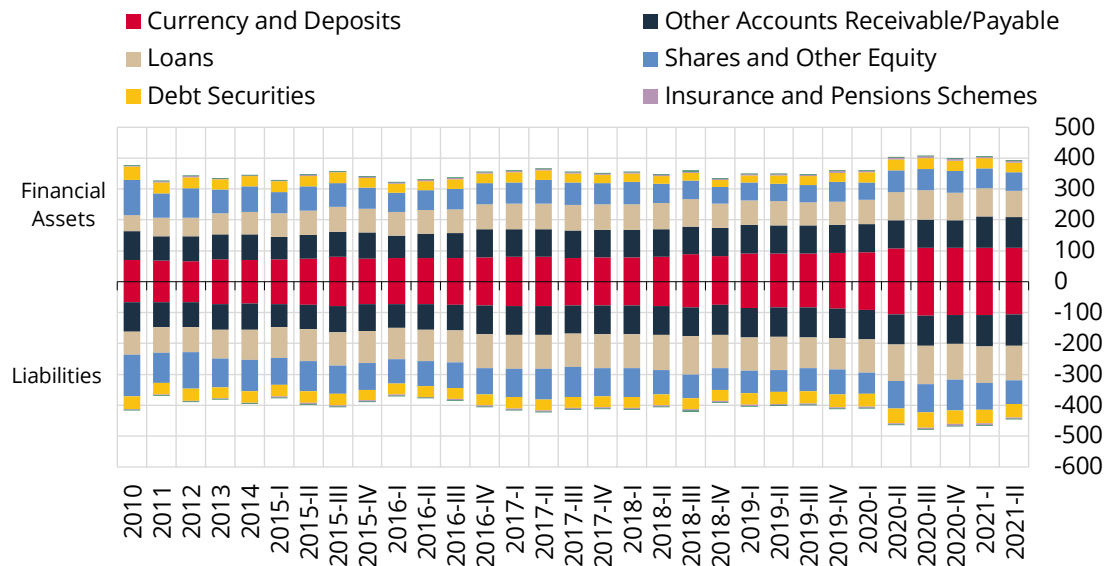
**Chart 3: Financial Assets and Liabilities to GDP by Sectors (%)**

Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

An analysis of financial assets and liabilities by sectors over the recent period suggests that financial corporations constituted the largest sector in terms of assets whereas non-financial corporations stood as the largest sector in terms of liabilities (Chart 3).

**Chart 4: Distribution of Financial Instruments-Total Economy, Ratio to GDP\* (%)**



Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

(\*) Monetary gold and SDR are excluded.

In 2021Q2, currency and deposits, along with other receivables, had the largest weight in assets while loans as well as currency and deposits had the largest weight in liabilities (Chart 4).

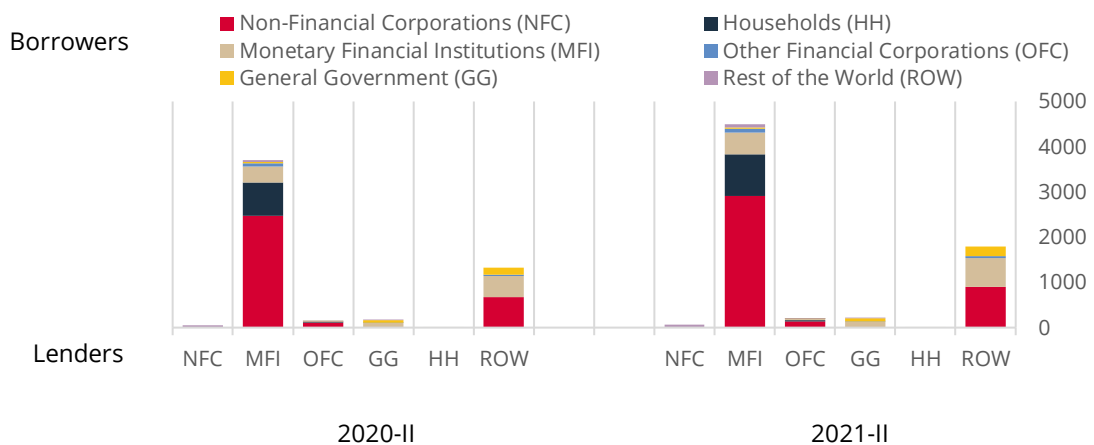
## From-Whom-to-Whom (Deposits and Loans)

Below is the breakdown of relations among economic sectors compiled as deposits and loans according to from-whom-to-whom matrices.

From-whom-to-whom matrices of loans indicate no major change in inter-sectoral connections in 2021Q2 compared to the same period of the previous year. The strongest connection occurred between non-financial corporations and monetary and financial institutions. The latter extended a total of TRY 4,503 billion worth of loans, of which TRY 2,909 billion was granted to non-financial corporations and TRY 915 billion to households. Domestic sectors borrowed TRY 1,787 billion from the rest of the world, out of which non-financial corporations received TRY 896 billion, and monetary and financial institutions received TRY 645 billion (Chart 5).

In 2021Q2, of the total TRY 7,015 billion worth of deposits, TRY 6,065 billion were taken by monetary and financial institutions and TRY 950 billion by the rest of the world. A large portion of deposits taken by monetary and financial institutions belongs to households (TRY 2,282 billion), other monetary and financial institutions (TRY 1,295 billion) and non-financial corporations (TRY 1,097 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 796 billion) was opened by monetary and financial institutions (Chart 6).

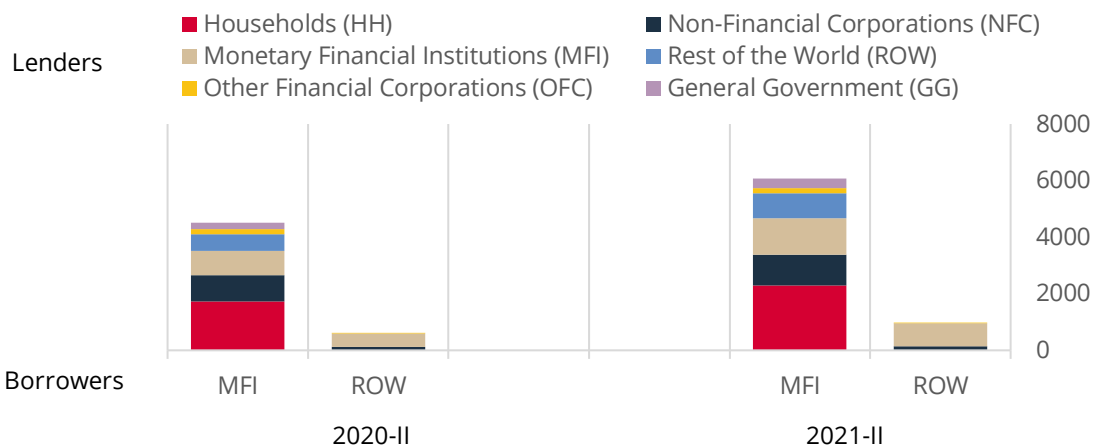
**Chart 5: Loans, From-Whom-to-Whom (TRY Billion)**



Source: CBRT

Last Observation: 2021-II

**Chart 6: Deposits, From-Whom-to-Whom (TRY Billion)**



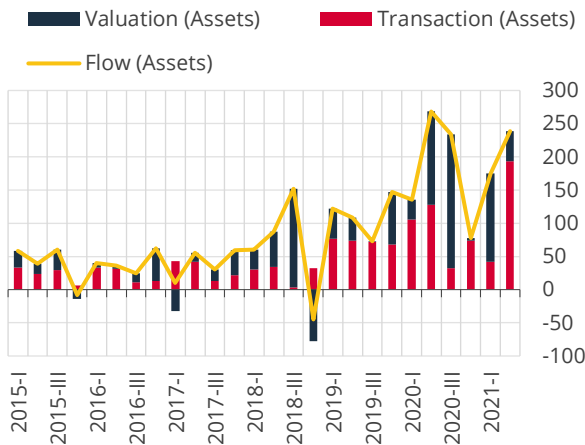
Source: CBRT

Last Observation: 2021-II

# Households

In 2021Q2, household financial assets increased by TRY 238 billion quarter-on-quarter, TRY 45 billion of which was driven by valuation and TRY 193 billion by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter increase of TRY 31 billion, almost all of which resulted from an increase in transactions (Chart 8).

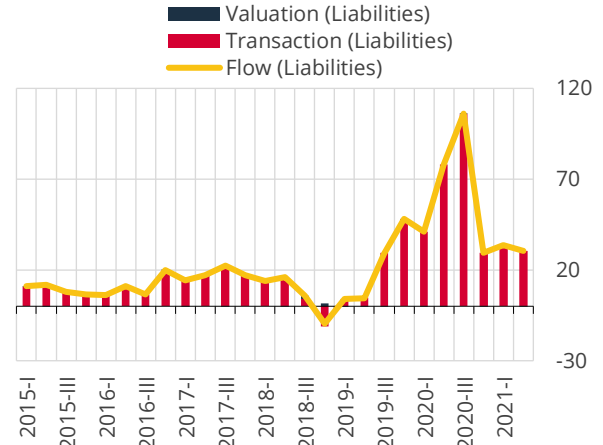
**Chart 7: Financial Assets, Flow (TRY Billion)**



Source: CBRT

Last Observation: 2021-II

**Chart 8: Liabilities, Flow (TRY Billion)**

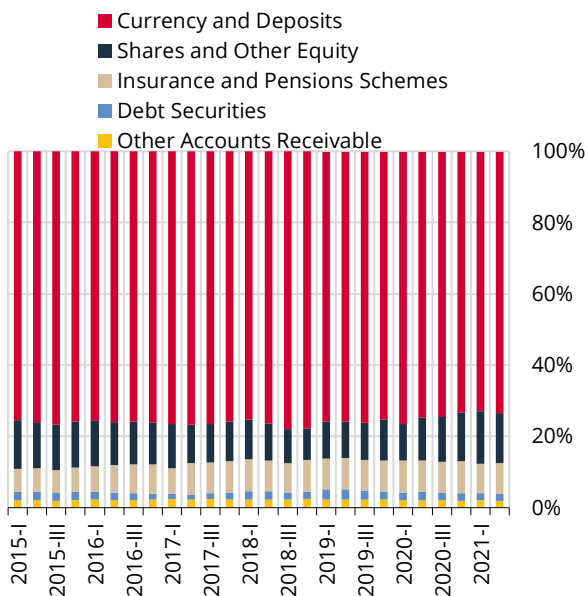


Source: CBRT

Last Observation: 2021-II

In 2021Q2, the distribution of household financial instruments did not change significantly. The leading instrument in household financial assets was currency and deposits with a share of about 73%, followed by shares and other equity (Chart 9). As for household liabilities, almost all of them were composed of loans (Chart 10).

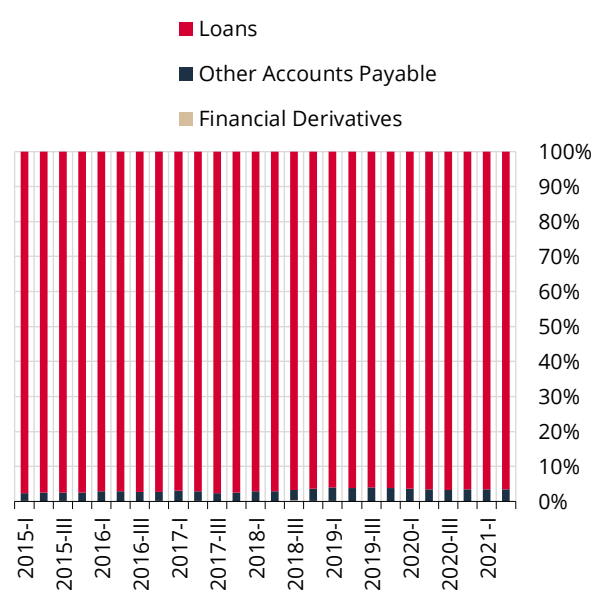
**Chart 9: Breakdown of Financial Assets by Instruments (%)**



Source: CBRT

Last Observation: 2021-II

**Chart 10: Breakdown of Liabilities by Instruments (%)**



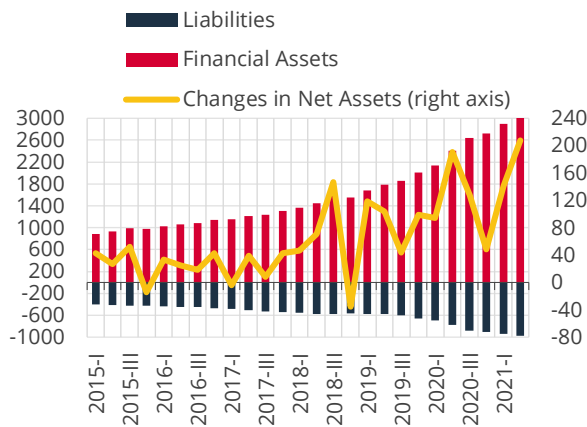
Source: CBRT

Last Observation: 2021-II



In 2021Q2, household financial net worth increased by TRY 208 billion (Chart 11). Household indebtedness indicators suggest that the ratios of household debt to GDP and to disposable income decreased slightly to 16% and 46% on a quarterly basis, respectively, whereas the ratio of debt to total financial assets remained flat at 30% (Chart 12).

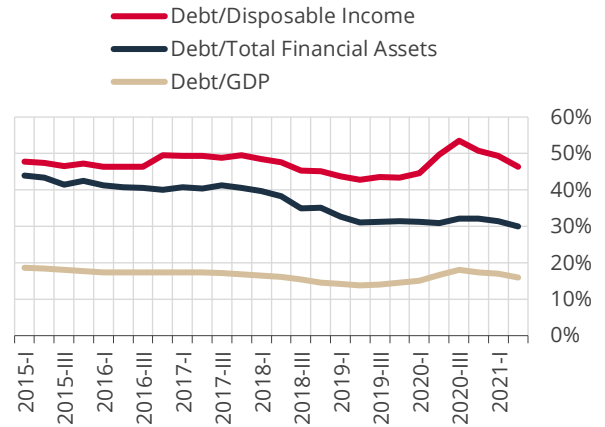
**Chart 11: Change in Net Assets of Households (TRY Billion)**



Source: CBRT

Last Observation: 2021-II

**Chart 12: Household Debt\* (%)**



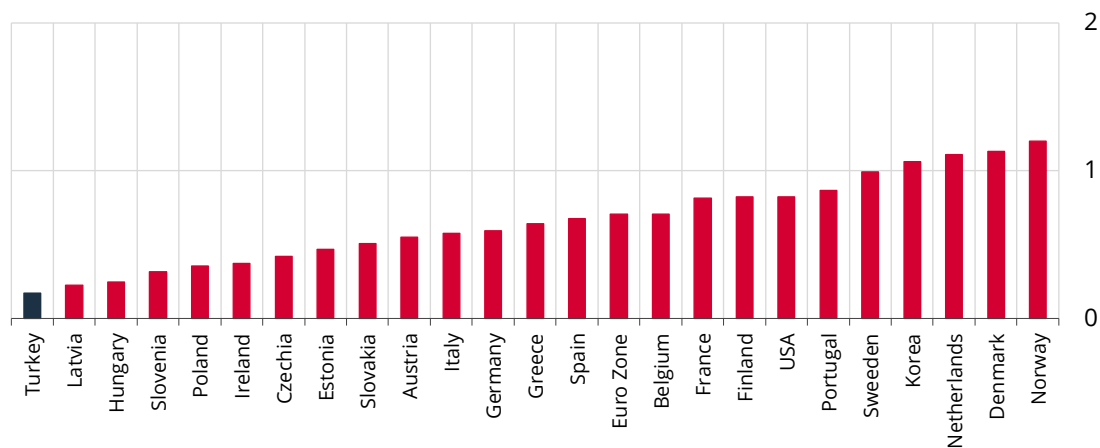
Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

\*Household debt is composed of loans.

The ratio of household liabilities to GDP indicates that Turkey stood out as the country with the lowest level of indebtedness among the countries compared in 2021Q2 (Chart 13).

**Chart 13: Household Liabilities/GDP, Comparison**



Sources: CBRT, TURKSTAT, OECD.

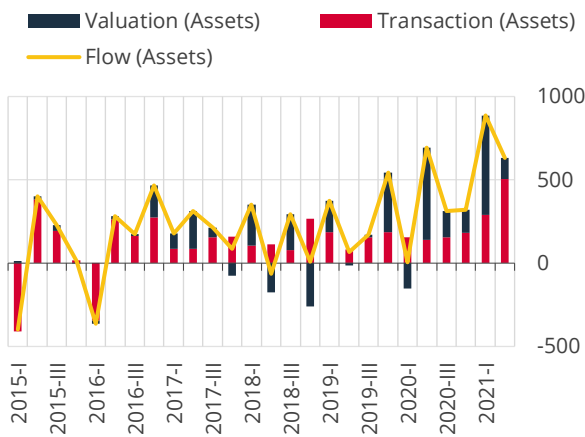
Last Observation: 2021-II

Note: Other country data is as of 2021Q1.

## Non-Financial Corporations

In the second quarter of 2021, financial assets of non-financial corporations increased by TRY 632 billion quarter-on-quarter. Transactions growing by TRY 504 billion due to the increase in other receivables and TRY 128-billion increase in valuation made a positive contribution (Chart 14). Meanwhile, liabilities of non-financial corporations increased by TRY 577 billion, which was driven by the TRY 551-billion rise in transactions and TRY 26 billion rise in valuation (Chart 15).

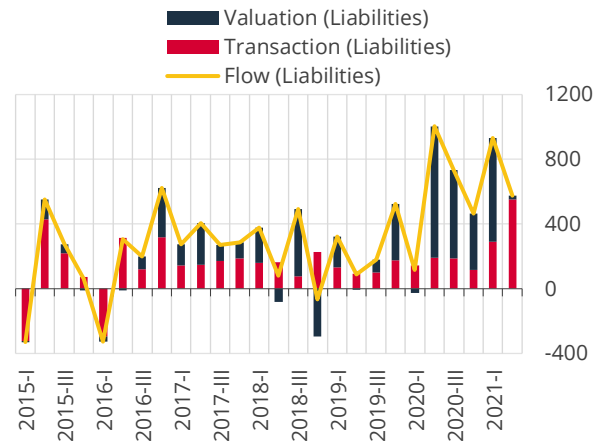
**Chart 14: Financial Assets, Flow (TRY Billion)**



Source: CBRT

Last Observation: 2021-II

**Chart 15: Liabilities, Flow (TRY Billion)**

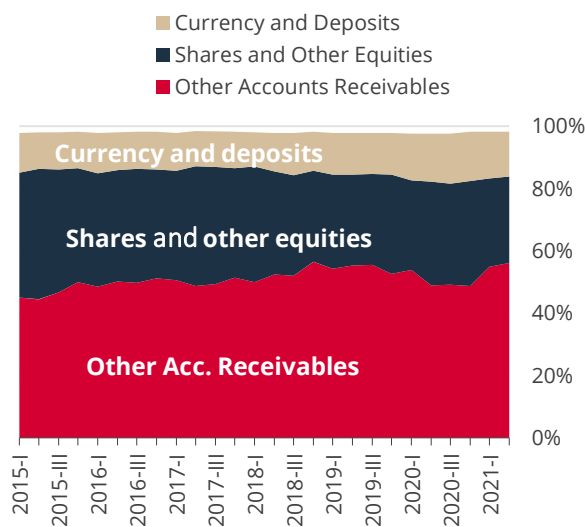


Source: CBRT

Last Observation: 2021-II

In 2021Q2, no significant change was observed in the distribution of non-financial corporations' financial transactions. The most important item on the assets side was the other accounts receivable item (56%) composed of the sum of trade credits and advances and other items. The share of the shares and other equity item was 28%, and that of currency and deposits was 14% (Chart 16). On the liabilities side, the share of other accounts payable stood at 41% while the share of loans was 31%. The share of financing through the shares and other equity item was 27% (Chart 17).

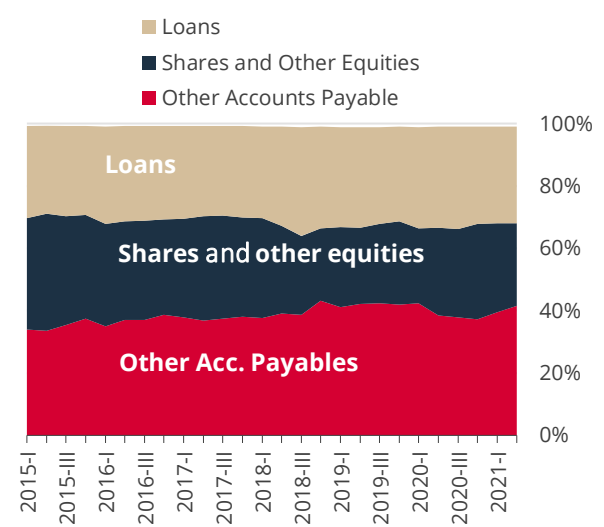
**Chart 16: Breakdown of Financial Assets by Instruments (%)**



Source: CBRT

Last Observation: 2021-II

**Chart 17: Breakdown of Liabilities by Instruments (%)**

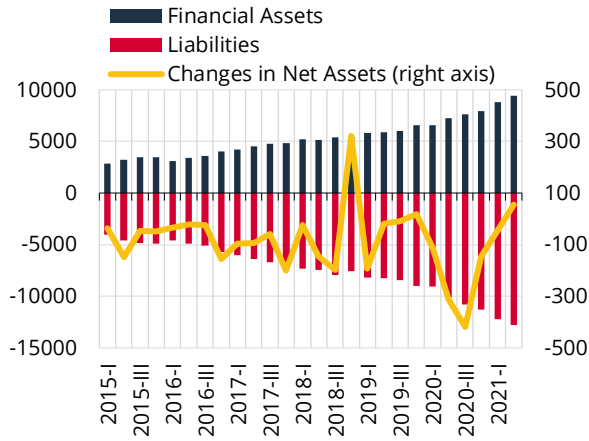


Source: CBRT

Last Observation: 2021-II

In 2021Q2, the financial net worth of non-financial corporations rose by TRY 56 billion quarter-on-quarter (Chart 18). The ratio of debts to GDP decreased from 72% to 69%. In addition, the ratio of debts to total financial assets remained flat around 43% (Chart 19).

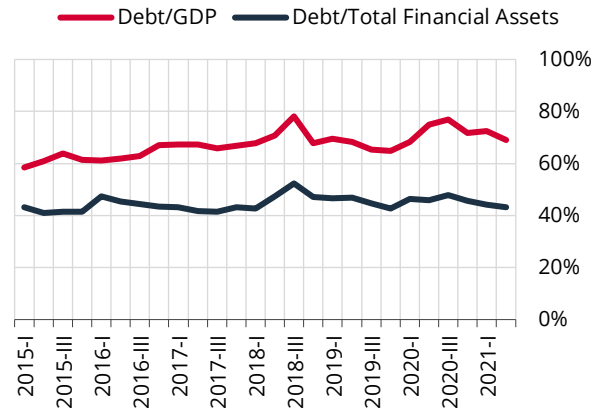
**Chart 18: Change in Net Assets of Non-Financial Corporations (TRY Billion)**



Source: CBRT

Last Observation: 2021-II

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



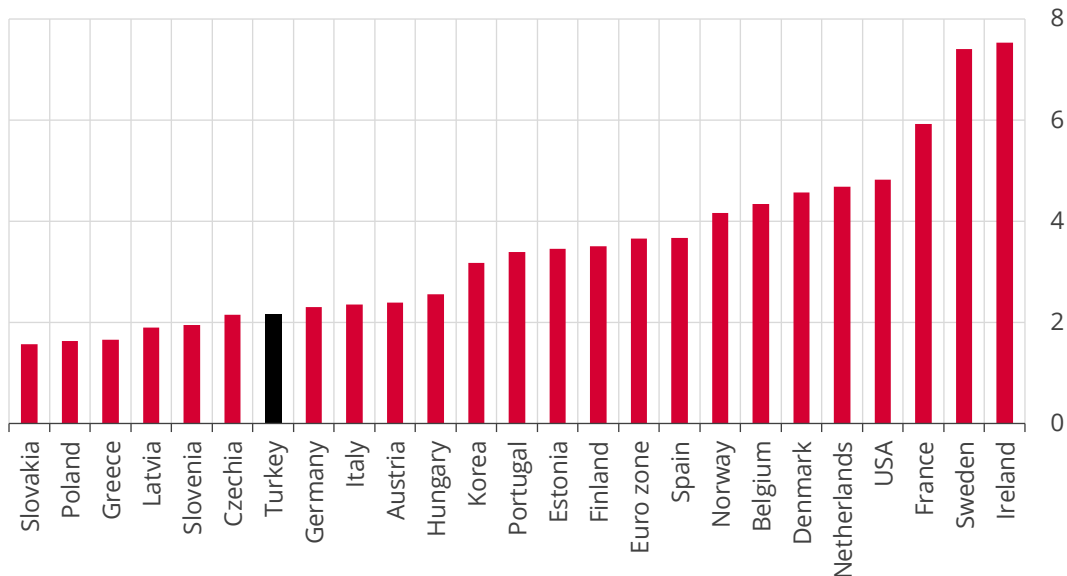
Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

Note: Debts are composed of loans and debt securities.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2021Q2, Turkey was among the countries with low indebtedness levels (Chart 20).

**Chart 20: Non-Financial Corporations' Liabilities / GDP, Comparison**



Sources: CBRT, TURKSTAT, OECD.

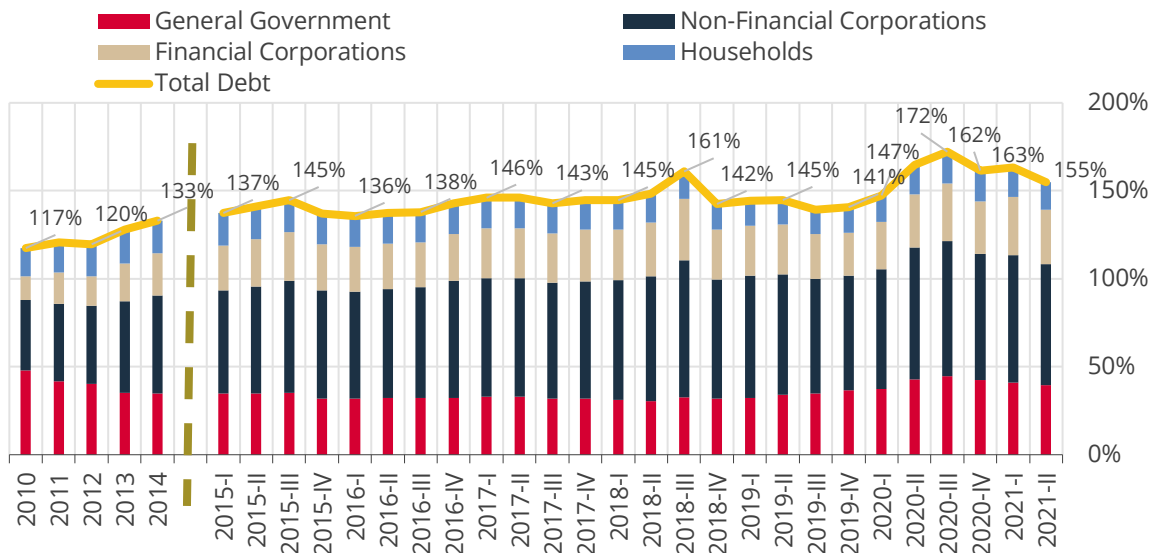
Last Observation: 2021-II

Note: Other country data is as of 2021Q1.

## Total Debt of Resident Sectors

The ratio of resident sectors' financial accounts-defined total debt, which is the sum of loans they utilize and the debt securities they issue, to GDP dropped by 8 points to 155% in 2021Q2 (Chart 21).

**Chart 21: Total Debt of Resident Sectors/GDP\* (%)**



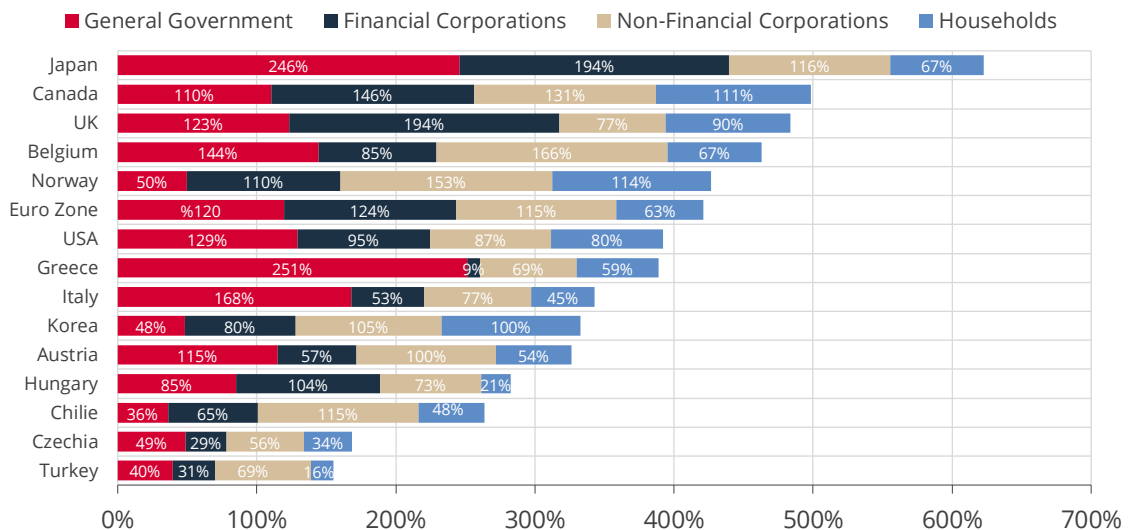
Sources: CBRT, TURKSTAT.

Last Observation: 2021-II

(\*) Debts are composed of loans and debt securities.

A cross-country comparison of this indebtedness ratio reveals that the total debt of resident sectors in Turkey was low in 2021Q2 (Chart 22).

**Chart 22: Cross-Country Comparison of Debt/GDP by Sectors\* (%)**



Sources: CBRT, TURKSTAT, OECD.

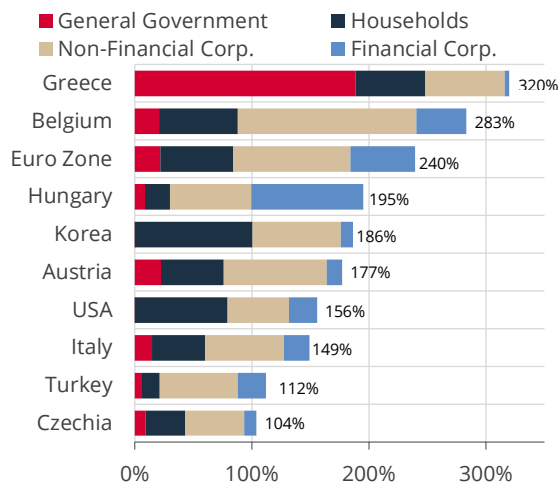
Last Observation: 2021-II

(\*) Debts are composed of loans and debt securities.

Note: Other country data is as of 2021Q1.

A cross-country comparison of indebtedness ratios by financial instruments shows that Turkey had relatively low levels of loan/GDP and debt securities/GDP ratios in 2021Q2. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 67% of GDP, the general government stood as the leading sector in debt securities with a ratio of 34% (Charts 23 and 24).

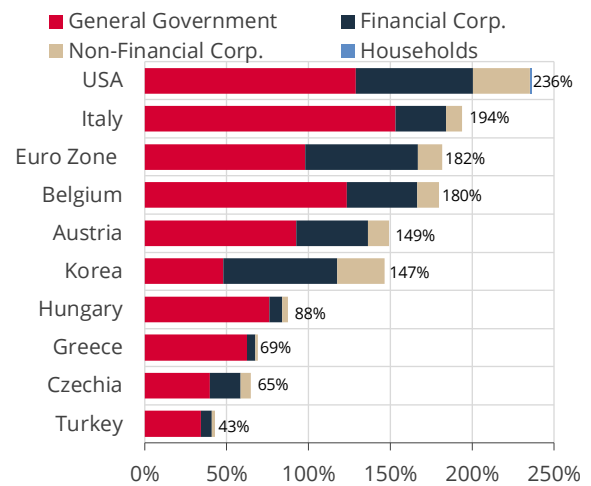
**Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)**



Sources: CBRT, TURKSTAT, Last Observation: 2021-II OECD.

Note: Other country data is as of 2021Q1.

**Chart 24: Cross-Country Comparison of Debt Securities/GDP Ratio by Sectors (%)**



Sources: CBRT, TURKSTAT, Last Observation: 2021-II OECD.

Note: Other country data is as of 2021Q1.