TÜRKİYE CUMHURİYET MERKEZ BANKASI

Press Release on the Simplification of the Macroprudential Framework

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In its decision of 26 October 2023, the Monetary Policy Committee announced that to increase the functionality of market mechanisms and strengthen macro financial stability, it continues to simplify and improve the existing micro- and macroprudential framework. The Committee also stated that guided by impact analyses, the simplification process is advancing gradually, and in this context, monetary transmission mechanism will be further strengthened by taking additional steps to increase the share of Turkish lira deposits.

Accordingly, the Bank has decided to proceed with the following simplification steps:

- The securities maintenance practice applied to banks at a rate of 30 percent based on the Turkish lira denominated cash loans they extend is terminated. Likewise, the types of loans excluded from this practice will no longer be subject to the securities maintenance in case they are not extended against expenditure.
- The securities maintenance practice applied at a rate of 30 percent on securities issued by the real sector and purchased by banks is terminated.
- The securities maintenance practice that banks are subject to for Turkish lira commercial loans based on the interest rate/dividend rate that banks apply above 1.8 times the reference rate will be abolished.
- The securities maintenance practice that factoring companies are subject to for factoring receivables based on the interest rate that these companies apply above 2.7 times the reference rate is ended.
- Access to export loans will be facilitated by exempting imports of investment goods from the net exporter requirement.
- Articles pertaining to renewal of FX-protected deposit accounts (converted from FX accounts) and conversion to Turkish lira accounts to increase the share of Turkish lira deposits have been excluded from the securities maintenance regulation.

Meanwhile, it has been decided to take the following steps to increase the share of Turkish lira deposits:

- Changes will be made to the practice of charging commissions on reserve requirements for FX deposits in order to increase the share of Turkish lira through the renewal of FX-protected accounts (converted from FX accounts) and their conversion to Turkish lira. For banks with a Turkish lira conversion rate higher than 10 percent, the portion exceeding the target will be counted towards the conversion target.
- The target rise for the share of real persons' Turkish lira deposits, which was set at 2.5 percent, will be increased to 3.5 percent.

The technical details of the decisions above will be explained in related regulations.

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