



**TÜRKİYE CUMHURİYET
MERKEZ BANKASI**

Istanbul Finance Summit 2012

Erdem Başçı

Governor

September 24, 2012

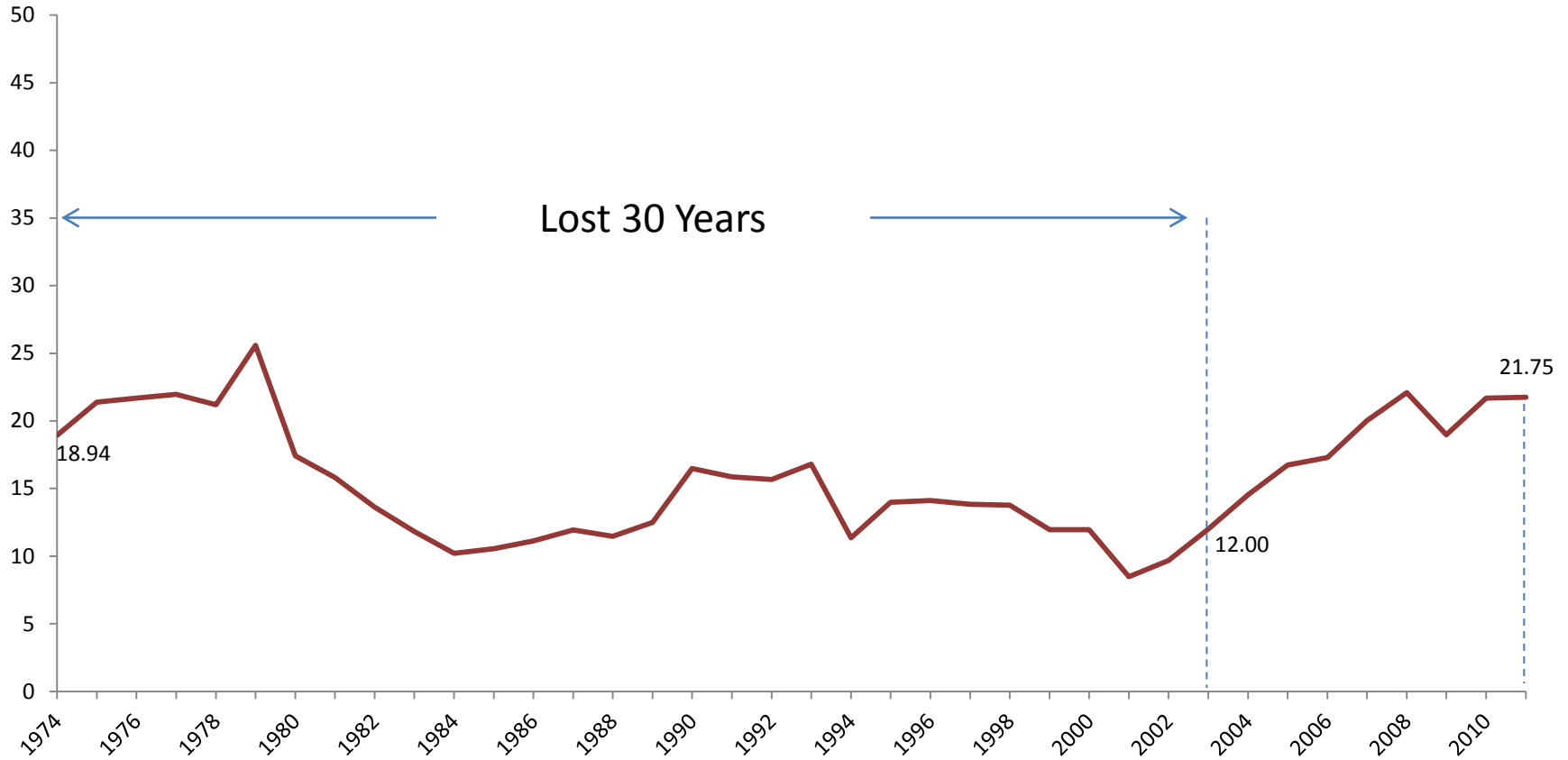
Istanbul

Three Pillars of Growth

- I. Price Stability
- II. Financial Stability
- III. Productivity Growth

Per Capita Income: Turkey

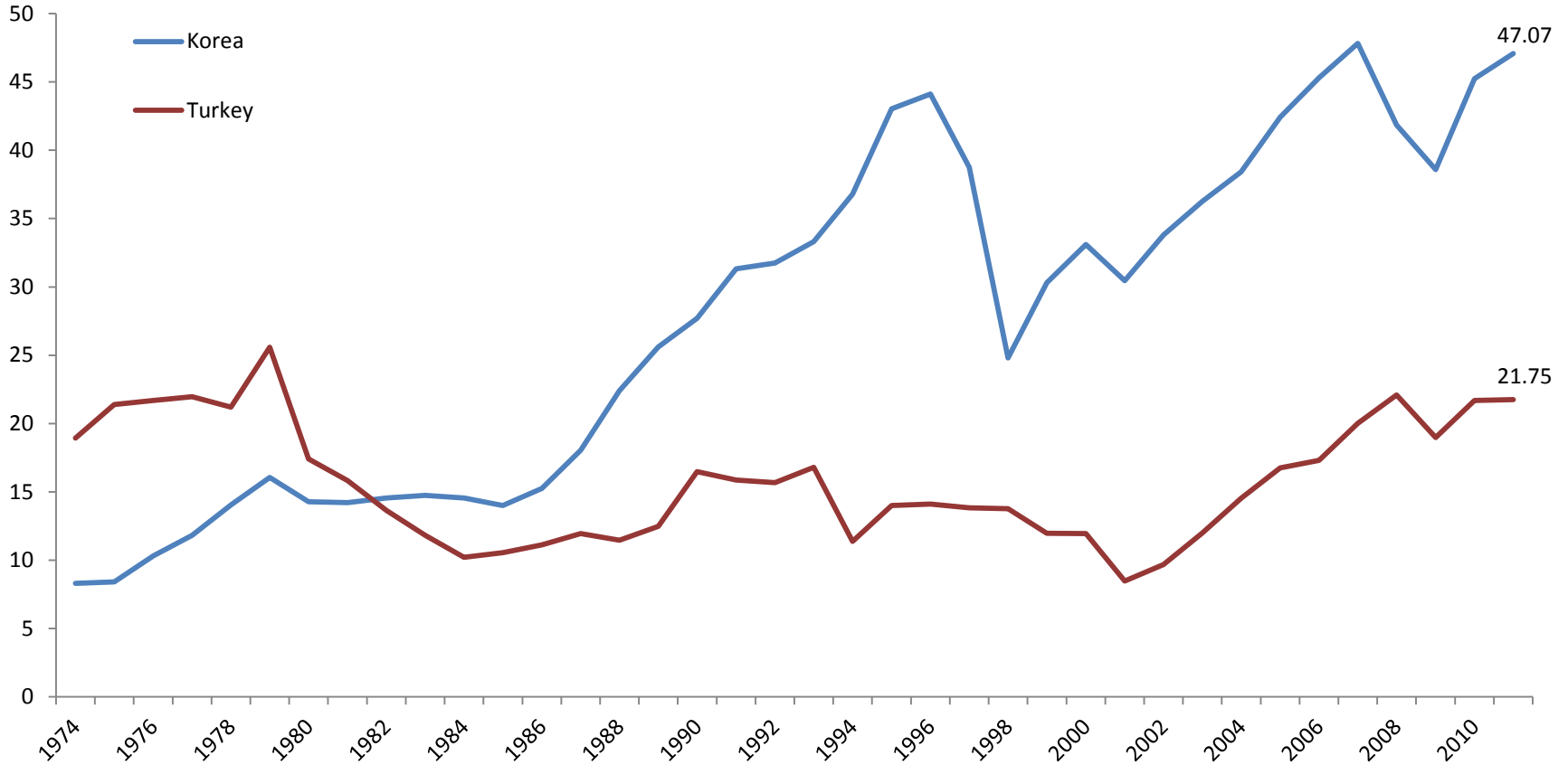
Per Capita Income with Respect to the US (Percent)



Source: UN, CBRT.

Korea vs. Turkey

Per Capita Income with Respect to the US (Percent)



Source: UN, CBRT.

TWO APPROACHES TO FINANCIAL STABILITY

Two Approaches to Financial Stability

- The Greenspan Doctrine:
 - Financial crises are *unavoidable*.

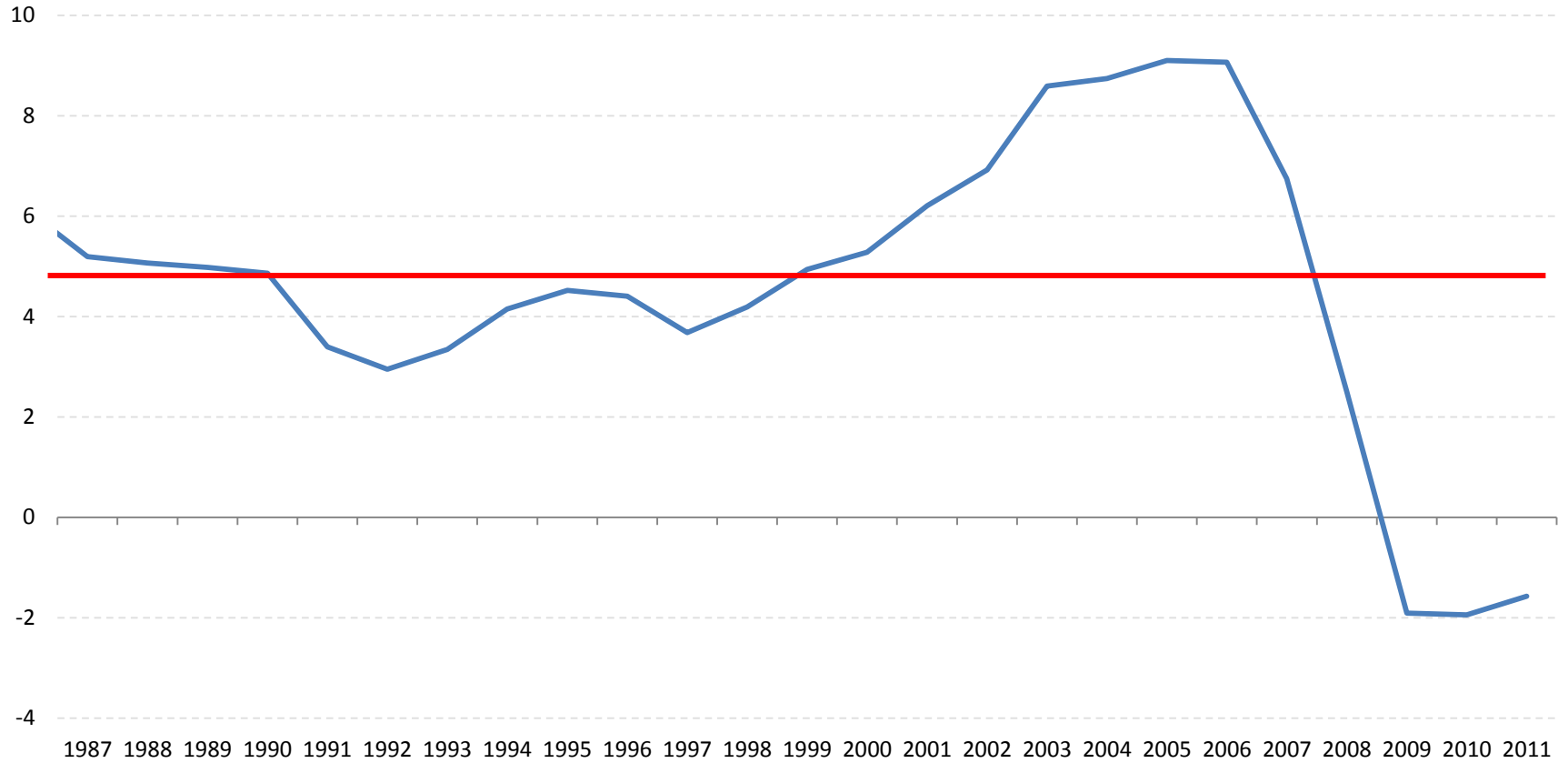
- The Ingves Doctrine:
 - Financial crises are *avoidable*.

Two Approaches to Financial Stability

- The Greenspan Doctrine
- The Ingves Doctrine

Credit Impulse (US)

(Change in Household Debt)/GDP
(Percent)

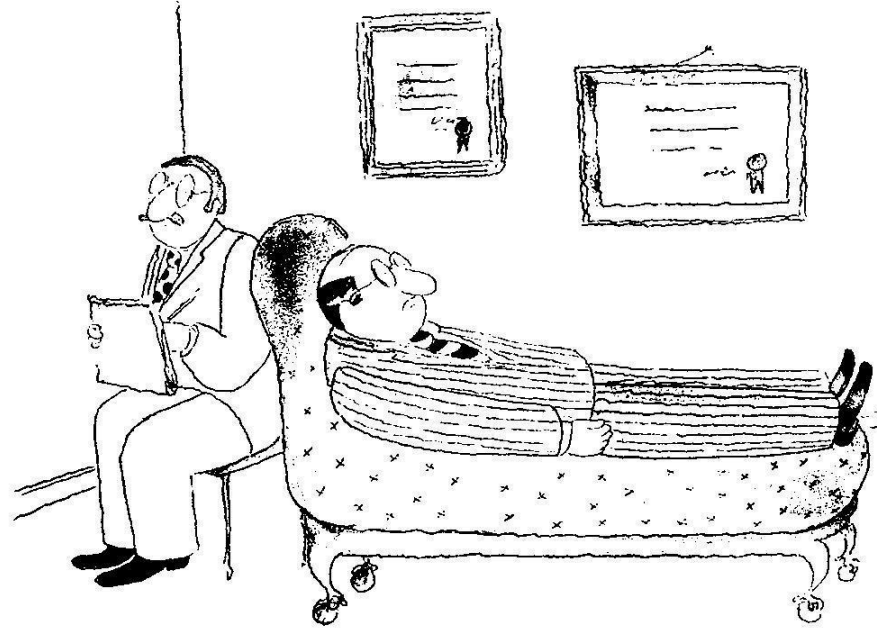


Source: FED-St. Louis, Bloomberg, CBRT.

An Ignored Financial Bubble Leads to...



THE NEW YORKER



Victoria Roberts

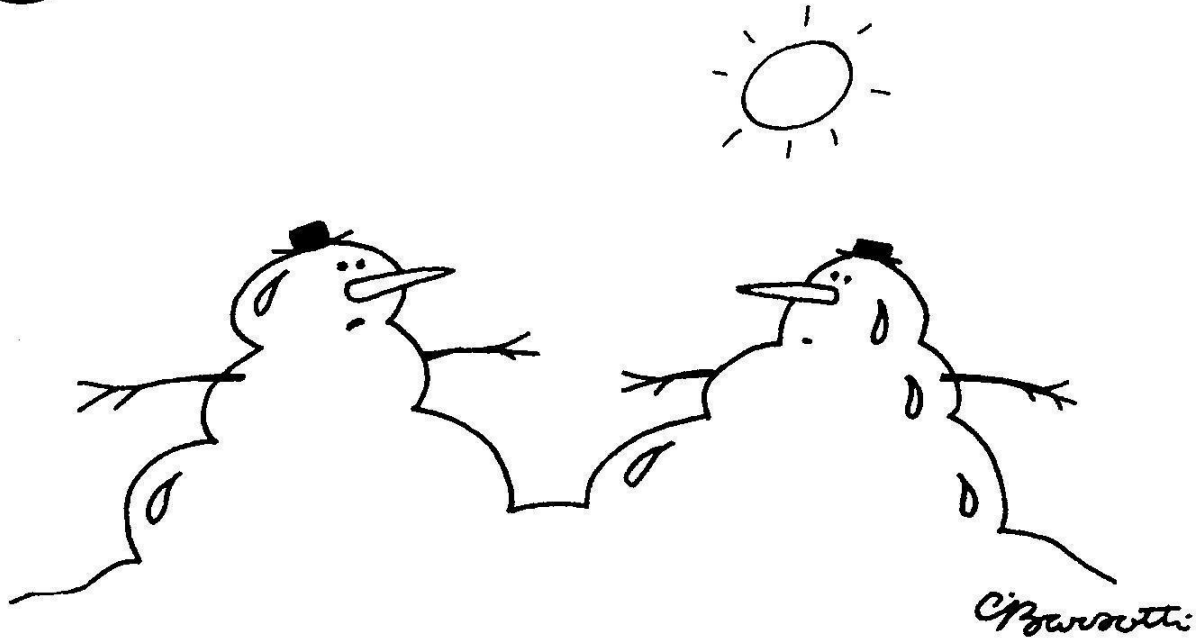
"The things that should bother me don't—should I be worried?"

WEDNESDAY
MAY 18

... A Financial Meltdown



THE NEW YORKER



"Yeah, yeah, maybe it's cyclical but I don't feel any better."

MONDAY
MARCH 28

... Lost Homes



THE NEW YORKER



"Honey, we're homeless."

New Year's Day (observed) (Ireland, NZ, UK, Australia—except NSW)

MONDAY
JANUARY 3

... Lost Jobs



THE NEW YORKER



"Sorry. We don't need anyone at the moment."

SAT/SUN
JUNE 11/12

... Lost Taxpayers



THE NEW YORKER



"A group of taxpayers are here to give you your bonus, sir."

MONDAY
JANUARY 24

... Lost Banks



THE NEW YORKER

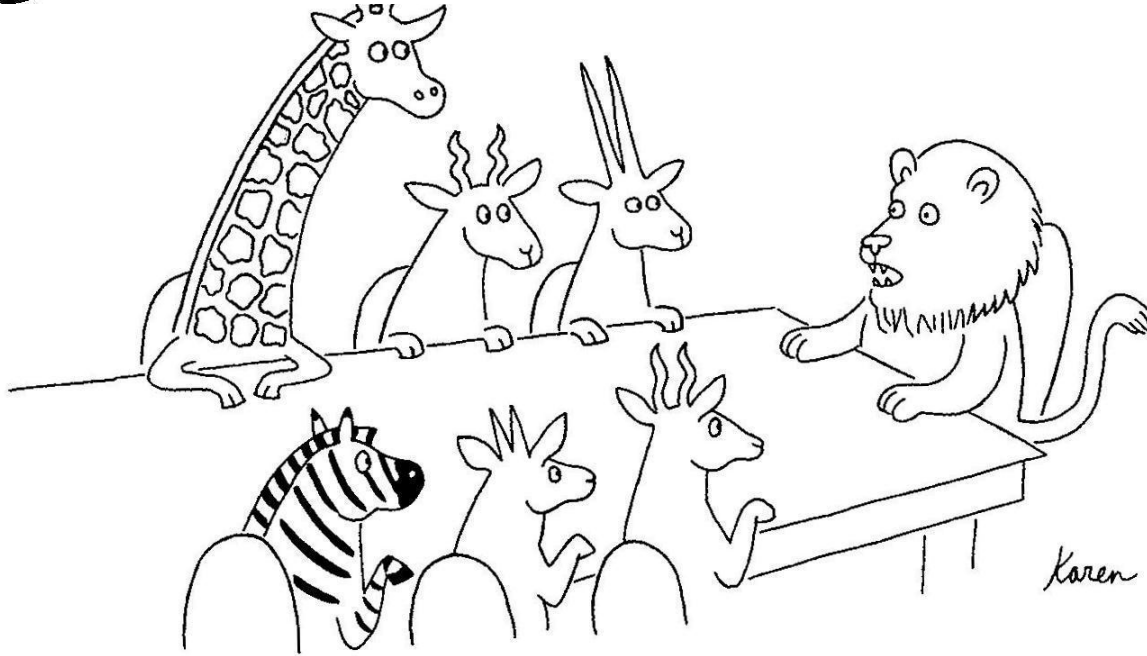


WEDNESDAY
APRIL 13

... Leads to Fiscal Expansion



THE NEW YORKER



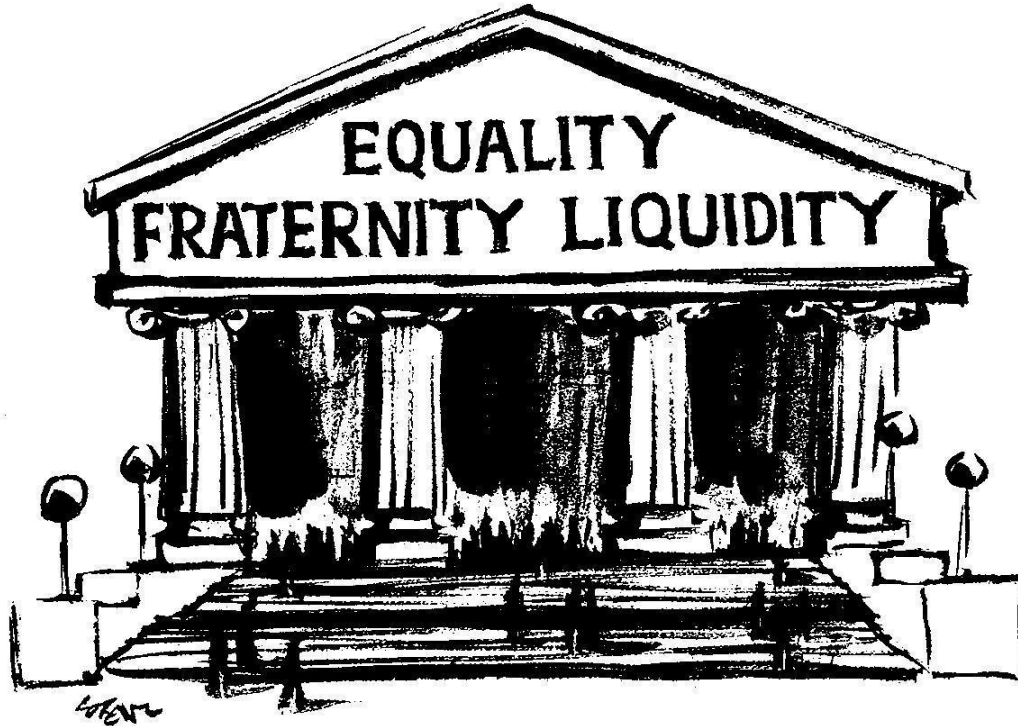
"In light of recent events, I'm afraid I'm going to have to eat some of you."

THURSDAY
AUGUST 18

... and to Monetary Expansion



THE NEW YORKER



TUESDAY
MAY 17

... with QE.



THE NEW YORKER



"You'll see, this is going to cause real trouble."

MONDAY
NOVEMBER 14

Two Approaches to Financial Stability

- The Greenspan Doctrine
- **The Ingves Doctrine**

Macroprudential policy helps...



THE NEW YORKER



"Oh my God—I just remembered I can fly."

TUESDAY
MAY 10

... if not circumvented.



THE NEW YORKER



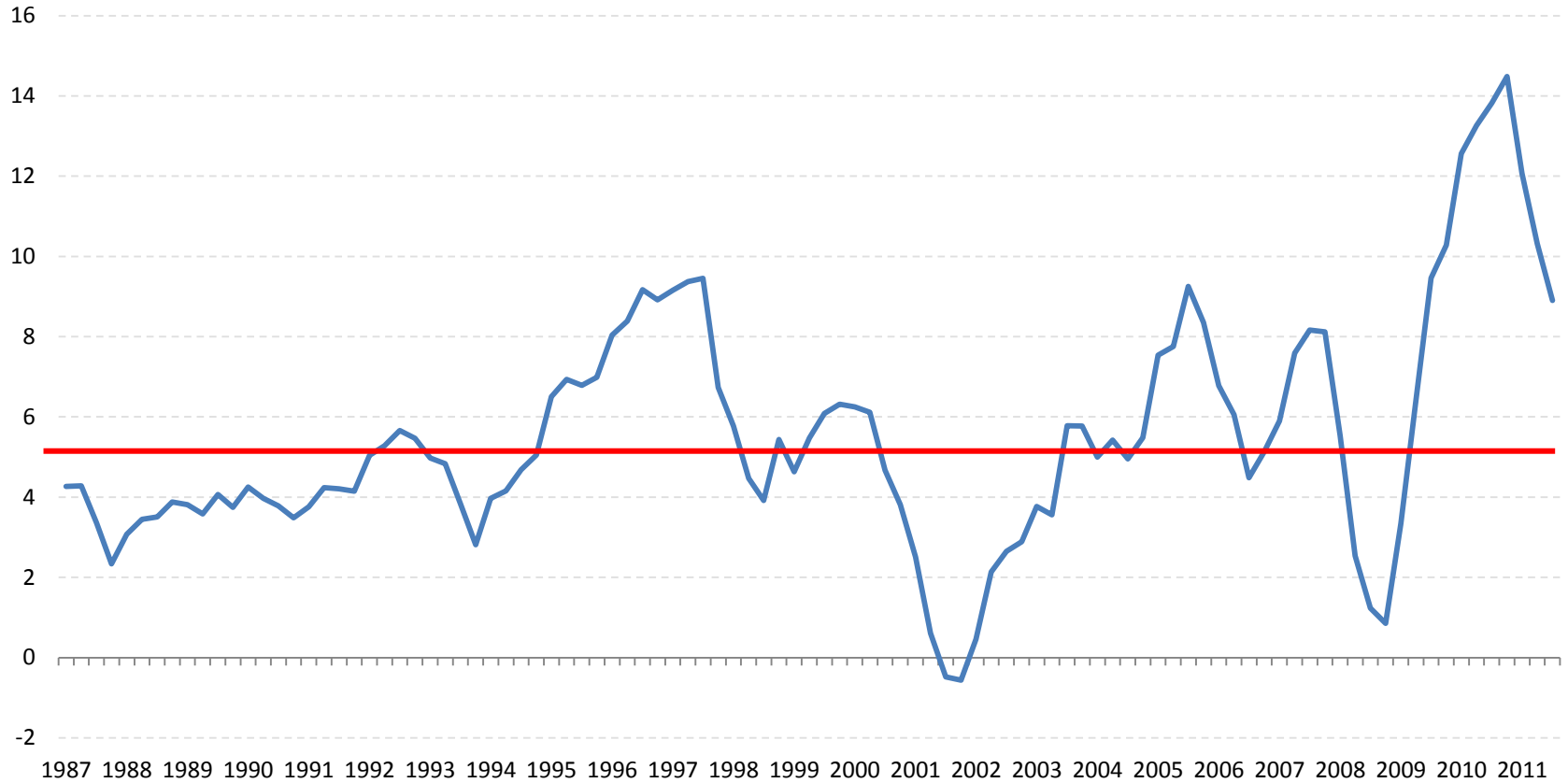
"These new regulations will fundamentally change the way we get around them."

FRIDAY
JUNE 3

FINANCIAL STABILITY IN TURKEY

Credit Impulse (Turkey)

(Change in Total Debt)/GDP
(Percent)



Source: TurkStat, CBRT.

Latest Data: 2012 Q2

TURKEY'S CONTRIBUTIONS TO GLOBAL FINANCIAL STABILITY

Turkey's Contributions to Global Financial Stability

Financial Stability Board (FSB)	2009
Governors and Heads of Supervision (GHOS)	2009
Basel Committee on Banking Supervision (BCBS)	2009
G20 Troika	2014
G20 Presidency	2015
FSB Steering Committee	2014 - 2016
IMF New Constituency Executive Director	2014 – 2016 2018 - 2020



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