



TÜRKİYE CUMHURİYET
MERKEZ BANKASI

MONETARY POLICY IN A FRAGMENTED WORLD

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BASEL



Why Communication Matters More in a Fragmented World

**Fragmented
World**

**Noisier
Inflation
Signals**

**Attention
Becomes
More Valuable**

**Expectations
Matter
More**

**Communication
Strengthens
Transmission**

**Effective communication is not only about
transparency—it is about attracting attention to the
policy signal.**

Expectations are part of monetary transmission.

- Expectations influence firms' pricing, financing and investment decisions

Akarsu, Aktuğ and Torun; 2025

- Communication shapes expectations—and the medium matters.

Akarsu, Aktuğ, Karahan, Torun; 2026

- Direct engagement strengthens expectation management.

Seven and Yassa; 2026

Testing the Effect of Communication Format

We randomly assigned firms to receive the same policy message in different formats.

“Our forecasts for end-2026 indicate that inflation will decline to the 13 to 19 percent range.”



Control



Text



Text + Photo



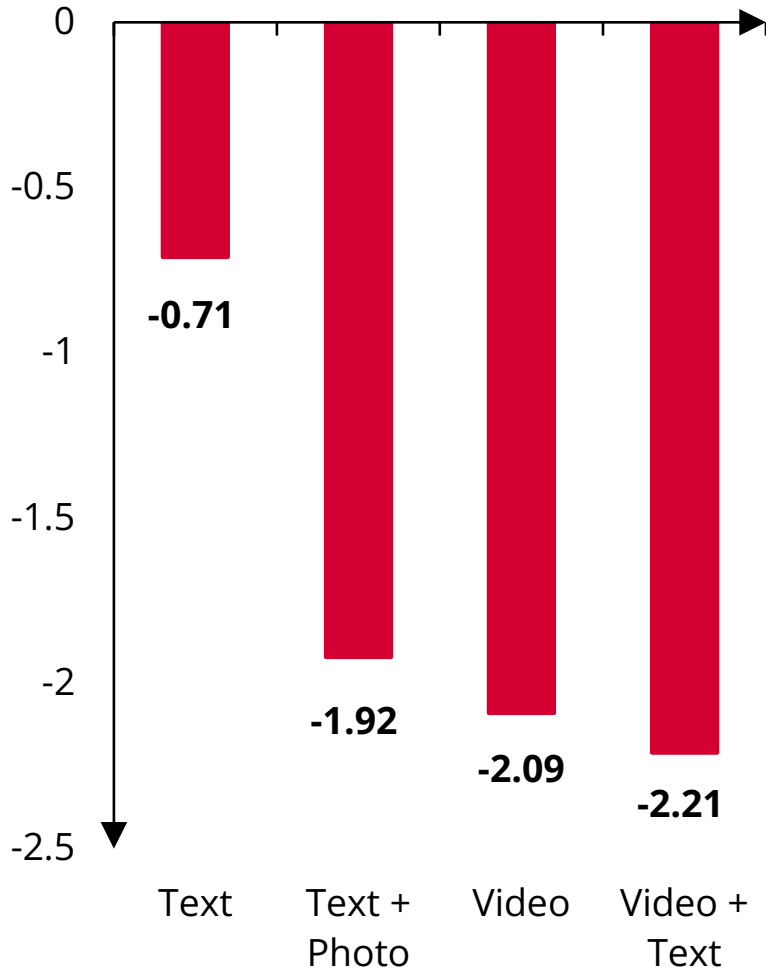
Video



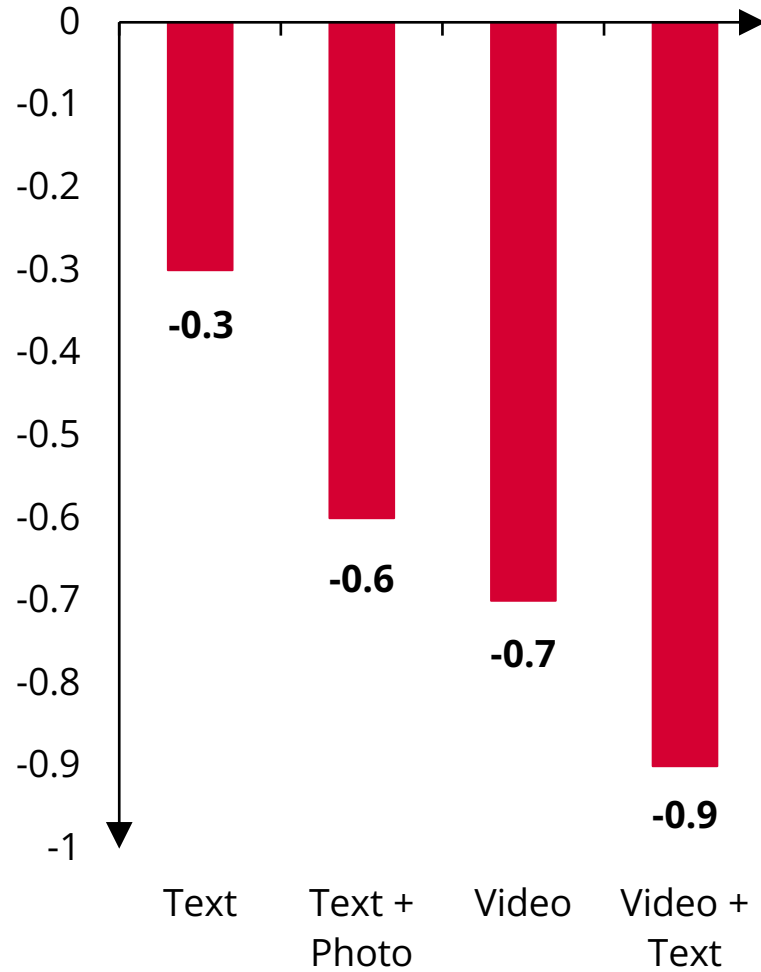
Video + Text

Video-based communication produces the largest improvement in expectations.

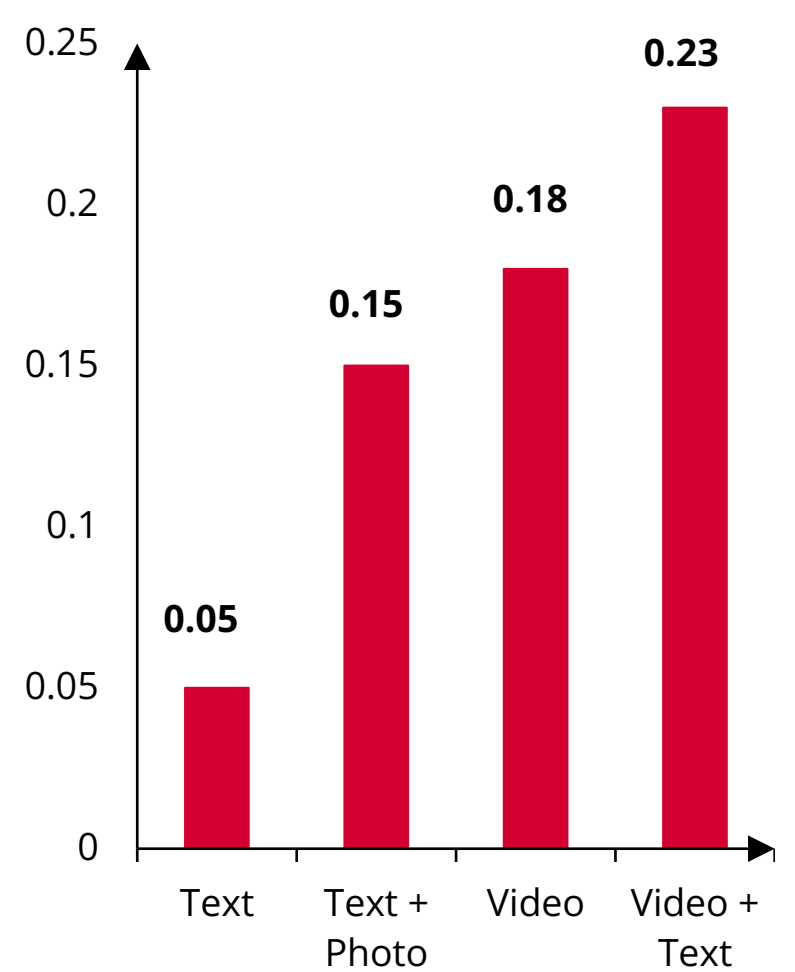
Inflation Expectations



Exchange Rate Expectations



Trust in the Central Bank*



Does face-to-face communication matter?

Province-level Meetings



7 Provinces visited

In 2025, CBRT held province-level meetings across Türkiye.



Interactive format

Firms ask questions and discuss sector-specific concerns. Direct, personalized.



What the meetings involved

Governor & senior officials visited provincial chambers of commerce and industry



Topics

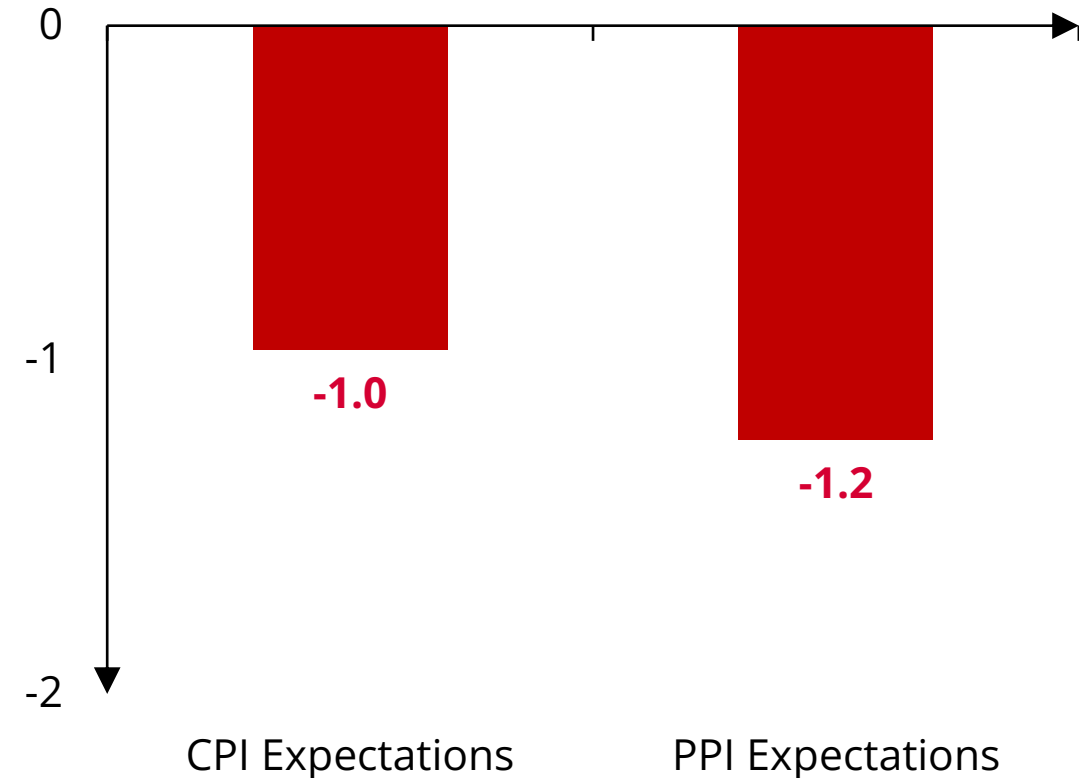
Inflation dynamics, financing conditions, producer costs, etc.

Face-to-face engagement produces meaningful decline in inflation expectations.

Main Themes of the Outreach Presentation



The Effect of Outreach on Firms' Inflation Expectations (% points)



What have we learned?

- 1 Fragmentation makes inflation signals noisier.
- 2 Expectations become more important for monetary transmission.
- 3 Communication affects expectations—and economic behavior.
- 4 Effective communication must be credible, salient and accessible.



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