

Press Release on Turkish Lira Liquidity Management

19 November 2020, No: 2020-69

In order to simplify the operational framework of the monetary policy, starting from 20 November 2020, the funding currently provided by the Central Bank via traditional method repo auctions with one month maturity and late liquidity window facilities will instead be provided via quantity repo auctions with one-week maturity, which constitute the principal monetary policy tool of the Central Bank. Within the scope of liquidity management operations, to limit the volatility that may occur in the secondary market overnight interest rates and to ensure a balanced distribution of liquidity among different days of the week, for a one-week transition period, the overnight lending interest rate will be set as the policy rate of 15% from 20 November 2020 to 26 November 2020 (including these dates).

During this transition period and afterwards, banks will be able to borrow at the Central Bank overnight lending interest rate from the Central Bank Interbank Money Market within their limits applicable on 17 August 2020 and from Borsa İstanbul's Repo and Reverse Repo Market and Committed Transactions Market. Also, in case of liquidity surplus, banks will be able to lend to the Central Bank at the Central Bank overnight borrowing interest rate without any limit. In addition, all participants will be able to utilize the overnight repo facility provided through quotation at the Central Bank overnight lending interest rate against TL denominated lease certificates issued by the Asset Leasing Company of the Turkish Treasury.