

Press Release on Fees That Banks Can Charge Commercial Clients

10 February 2020, No: 2020-07

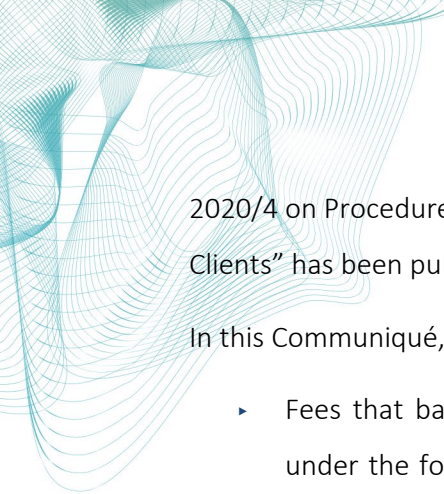
Fees that banks can charge their commercial clients for products and services, offered under four categories as “Commercial Loans”, “Foreign Trade”, “Cash Management” and “Payment Systems”, have been limited to 51 items.

Pursuant to the Council of Ministers Decision No. 2006/11188, the Central Bank of the Republic of Turkey issued the “Communiqué No. 2006/1 on the Deposit and Loan Rates, the Profit and Loss Participation Rates for Participation Accounts, and Other Non-Interest Benefits to be Received via Credit Transactions”. Article 4 of this Communiqué stipulates that the characteristics and limits of other non-interest benefits to be received and charges to be collected shall be determined freely. However, it was observed over time that banks collect numerous fees, commissions and charges of the same characteristic under different names, and the collected amounts are far from being comparable and might lead to overcharging. Consequently, client complaints have increased significantly.

Therefore, the Banking Regulation and Supervision Agency (BRSA) issued the “Regulation on Procedures and Principles Regarding the Fees to be Charged on Financial Consumers” on 3 October 2014, which simplified the fees that can be charged on financial consumers, and ensured transparency in charges. However, problems persisted regarding the charges imposed on commercial clients.

Following comprehensive evaluations, it has been decided to make a regulation to render the fees that can be collected more transparent, lucid and comparable by determining the types and characteristics, maximum amounts or rates of fees that banks can charge their commercial clients for products and services as well as the standards thereof. To this end, the “Communiqué No.

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2020/4 on Procedures and Principles Regarding the Fees That Banks Can Charge Their Commercial Clients” has been published.

In this Communiqué,

- ▶ Fees that banks can charge their commercial clients for products and services, offered under the four categories as “Commercial Loans”, “Foreign Trade”, “Cash Management” and “Payment Systems”, have been limited to 51 items,
- ▶ Quantitative or qualitative restrictions have been introduced to some fee items,
- ▶ Obligation to inform has been imposed on banks for transparency purposes.

Provisions in the Communiqué shall be effective as of 1 March 2020. These provisions shall also apply to transactions to be conducted after the effective date under the contracts made before this date.

The amounts and rates limited in the Communiqué are upper limits, and the fees and rates to be applied will certainly be determined by competitive market conditions as well as by the business relations between banks and commercial clients.

Moreover, it has been decided to repeal the Communiqué No. 2006/1 on 1 March 2020 and to replace it with the “Communiqué No. 2020/3 on the Deposit and Loan Rates and the Profit and Loss Participation Rates for Participation Accounts”, to be effective 1 March 2020. With the Communiqué No. 2020/3, the provisions of the repealed Communiqué excluding those on other non-interest benefits to be received are broadly preserved, and provisions are changed regarding the profit and loss participation rates to be applied in participation accounts, taking into account the BRSA regulations and international interest-free finance principles and guidelines.

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