TÜRKİYE CUMHURİYET MERKEZ BANKASI

Press Release on Selective Credit and Quantitative Tightening Decisions

25 July 2023 **No: 2023-28**

In its decision of 20 July 2023, the Monetary Policy Committee stated that the simplification process, which would strengthen macrofinancial stability and increase the functionality of market mechanisms, would continue gradually, and that selective credit and quantitative tightening decisions were taken to support the monetary tightening process.

Within the scope of quantitative tightening to support the monetary policy stance, the reserve requirement ratio of 15% on FX-protected accounts was published in the Official Gazette dated 21 July 2023.

The following steps have been taken as part of the simplification process:

1. To complement the steps supporting the tightening process, it has been decided to set the monthly growth limit for TL commercial loans at 2.5%, which was previously 3% under the securities maintenance practice based on loan growth. Export, investment, agriculture and tradesmen loans are excluded from this limitation.
2. To increase the functionality of the market mechanism, it has been decided to simplify the securities maintenance practice based on interest rates, and accordingly to remove the first tier for TL commercial loans excluding export and investment loans and to apply the interest rate cap as a single tier.
3. To support the efficient use of financial resources, it has been decided to set the growth limit for vehicle loans at 2%, down from 3%, and to keep the 3% limit for general purpose loans unchanged. Moreover, to control inflation and to balance domestic demand, the monthly maximum interest rate applied to credit card cash utilization and overdraft accounts has been raised to 2.89%.

Export and investment loans as well as loans for the earthquake zone will be exempted from all credit restring measures of the Central Bank.

In addition to these steps, the following decisions have been taken to support exporters' access to financing:

1. The daily limit for rediscount credits has been raised to TRY 1.5 billion.
2. The SME share in rediscount credits will be increased and export growth performance will be taken into account when extending credits.
3. As part of the simplification process, conditions to access resdiscount credits have been facilitated. Accordingly,
    a. The requirement to sell additional 30% of export proceeds to use rediscount credits has been abolished.
    b. Foreign currency purchases for import payments have been exempted from the scope of the commitment not to buy foreign currency during the rediscount credit term.

Türkiye Cumhuriyet Merkez Bankası
(Central Bank of the Republic of Turkey)
Head Office
Hacı Bayram Mahallesi
İstiklal Caddesi 10 06050 Ulus Altındağ / Ankara
+90 (312) 507 50 00
www.tcmb.gov.tr

Contact
For further information, please send an e-mail to basin@tcmb.gov.tr.

Türkiye Cumhuriyet Merkez Bankası
(Central Bank of the Republic of Turkey)
Head Office
Hacı Bayram Mahallesi
İstiklal Caddesi 10 06050 Ulus Altındağ / Ankara
+90 (312) 507 50 00
www.tcmb.gov.tr