

FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND STATISTICS
DEPARTMENT

2023-III



Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP decreased by 1 point in the third quarter of 2023 compared to the previous quarter. As of the end of the third quarter, sectors' total financial assets and liabilities amounted to TRY 78.5 trillion and TRY 88 trillion, respectively.

In this quarter, the ratio of non-financial corporations' debt to GDP was recorded as 50.8%, while the ratio of households' debt to GDP stood at 11.3%, placing Türkiye among countries with low indebtedness levels in terms of both households and corporations.

Contents

| | |
|--|-----------|
| Summary | 1 |
| I. Overview | 3 |
| II. From-Whom-to-Whom (Deposits and Loans)..... | 6 |
| III. Households | 7 |
| IV. Non-Financial Corporations | 9 |
| V. Total Debt and Country Comparisons | 11 |

I. Overview

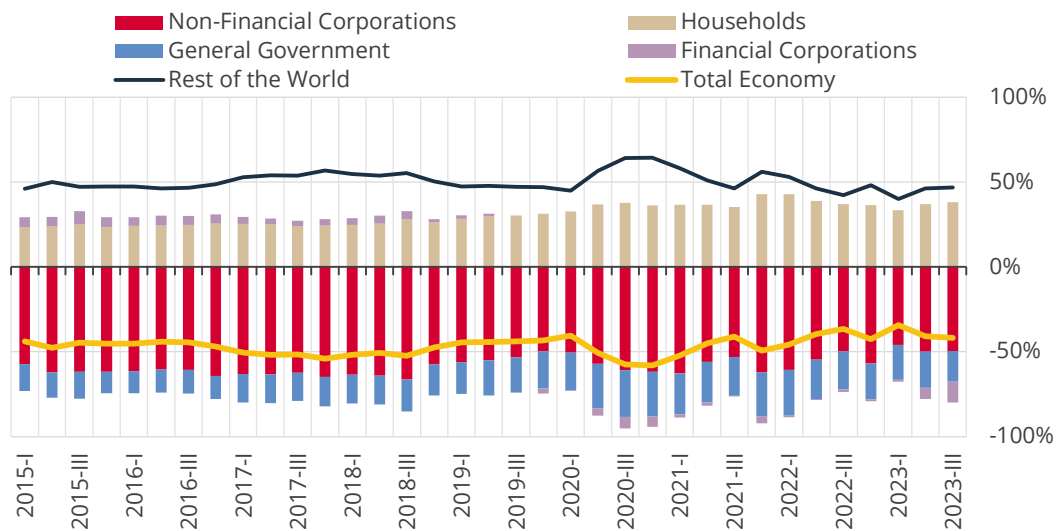
Table 1: Financial Net Worth by Sectors (TRY Billion)^{1,2}

| | Total Economy | Non-Financial Corporations | Financial Corporations | General Government | Households | Rest of the World |
|---------------------|---------------|----------------------------|------------------------|--------------------|------------|-------------------|
| Financial Assets | 78,524 | 33,009 | 29,977 | 4,021 | 11,517 | 7,370 |
| Liabilities | 87,987 | 44,181 | 32,802 | 8,123 | 2,882 | 17,945 |
| Financial Net Worth | -9,464 | -11,171 | -2,825 | -4,102 | 8,635 | 10,576 |

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors for 2023Q3 reveals that the total economy was a financial borrower, while households and the rest of the world were creditors, and non-financial corporations and the general government were debtors. Meanwhile, due to their financial intermediation activities, financial corporations generated a near-balanced financial net worth (Table 1, Chart 1).

Chart 1: Ratio of Financial Net Worth (Stock) to GDP, by Sectors (%)²



Sources: CBRT, TURKSTAT.

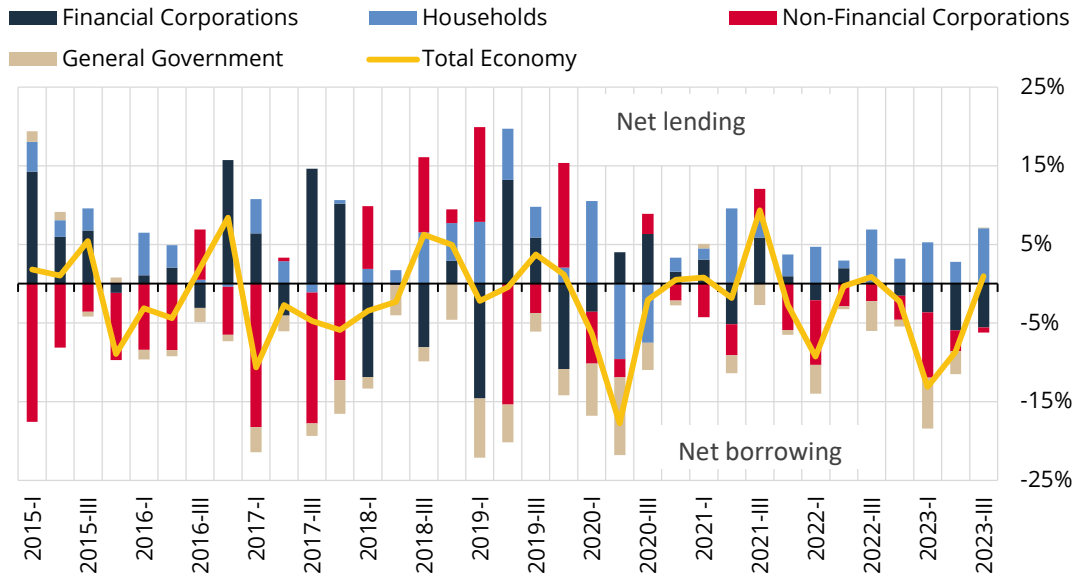
Last Observation: 2023-III

¹ Pursuant to the methodology, there is a difference between the financial net worth of total domestic economy and rest of the world, since there is no counterpart sector for monetary gold. The rest of the world has been reported based on residency, so as to be compatible with the International Investment Position Statistics.

² The households sector also covers non-profit institutions serving households.

According to net financial transactions conducted by sectors, the total economy, which was a net borrower of 8.7% of GDP in the previous quarter, became a net lender of 1% of GDP in the third quarter of 2023. In terms of contributions to this ratio, households stood as the biggest lender in this quarter with 7% of GDP. Financial corporations, on the other hand, were a net borrower of 5.6% of GDP (Chart 2).

Chart 2: Net Lending/Borrowing (Transaction), Ratio to GDP, by Sectors (%)

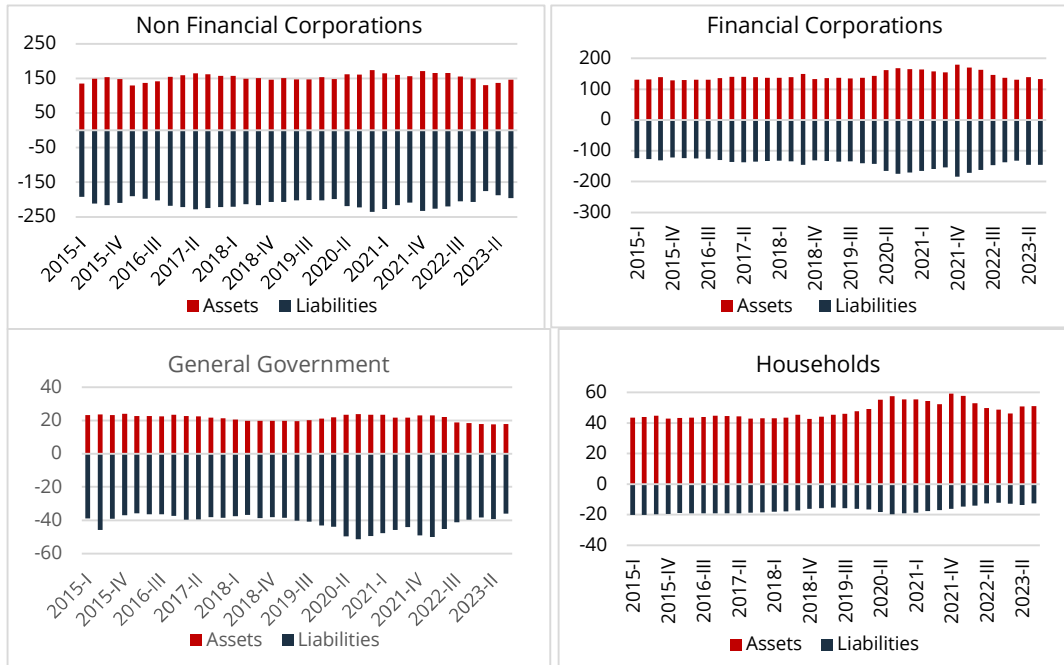


Sources: CBRT, TURKSTAT.

Last Observation: 2023-III

An analysis of financial assets and liabilities by sectors over the recent period reveals that non-financial corporations constituted the largest sector on both assets and liabilities sides (Chart 3).

Chart 3: Financial Assets and Liabilities to GDP by Sectors (%)

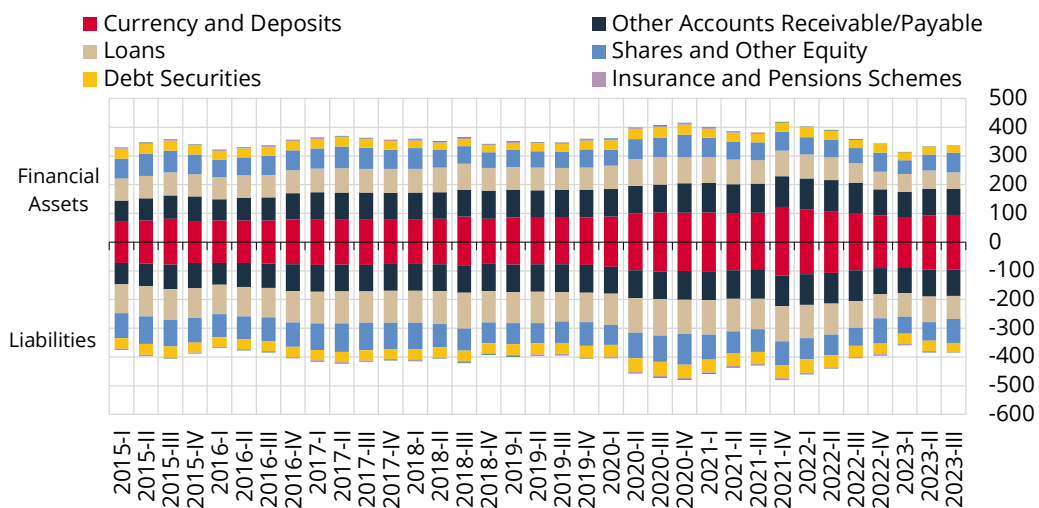


Sources: CBRT, TURKSTAT.

Last Observation: 2023-III

In 2023Q3, other accounts receivable and currency and deposits had the largest weight in assets, while currency and deposits, other accounts payable, shares and other equity, and loans had the largest weight in liabilities (Chart 4).

Chart 4: Distribution of Financial Instruments-Total Economy, Ratio to GDP* (%)



Sources: CBRT, TURKSTAT.

Last Observation: 2023-III

(*) Monetary gold and SDR are excluded.

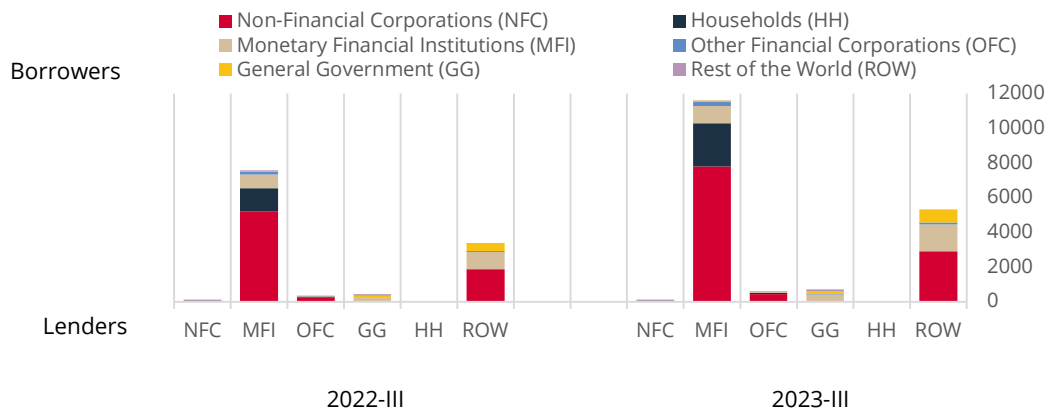
II. From-Whom-to-Whom (Deposits and Loans)

Below is the breakdown of relations among economic sectors compiled as deposits and loans according to from-whom-to-whom matrices.

An analysis of from-whom-to-whom matrices of loans reveals that there has been no major change in intersectoral connections in 2023Q3 compared to the same period of the previous year. The strongest connection occurred between non-financial corporations and monetary and financial institutions. The latter extended a total of TRY 11,640 billion worth of loans, of which TRY 7,807 billion was granted to non-financial corporations and TRY 2,478 billion to households. Domestic sectors borrowed TRY 5,331 billion from the rest of the world, out of which non-financial corporations received TRY 2,906 billion, and monetary and financial institutions received TRY 1,545 billion (Chart 5).

In 2023Q3, of the total TRY 24,488 billion worth of deposits, TRY 21,103 billion were taken by monetary and financial institutions and TRY 3,384 billion by the rest of the world. A large portion of deposits taken by monetary and financial institutions belongs to households (TRY 7,223 billion), non-financial corporations (TRY 3,936 billion), and other monetary and financial institutions (TRY 3,888 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 2,950 billion) were held by monetary and financial institutions (Chart 6).

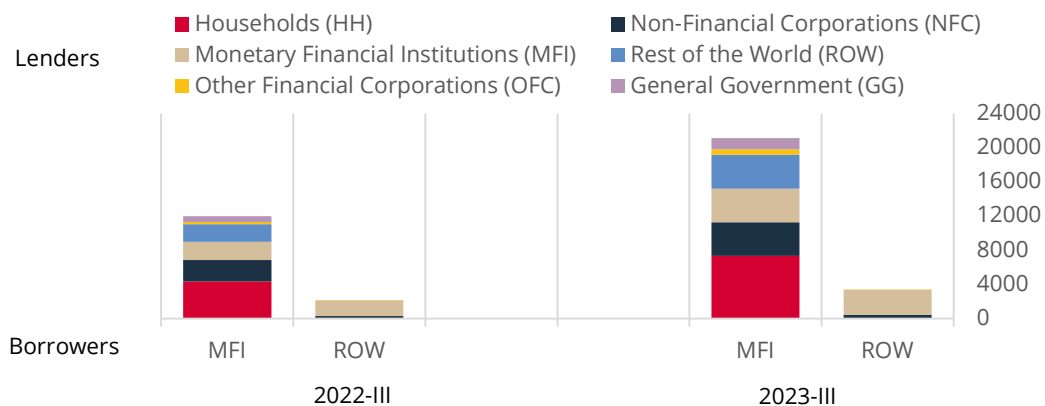
Chart 5: Loans, From-Whom-to-Whom (TRY Billion)



Source: CBRT

Last Observation: 2023-III

Chart 6: Deposits, From-Whom-to-Whom (TRY Billion)



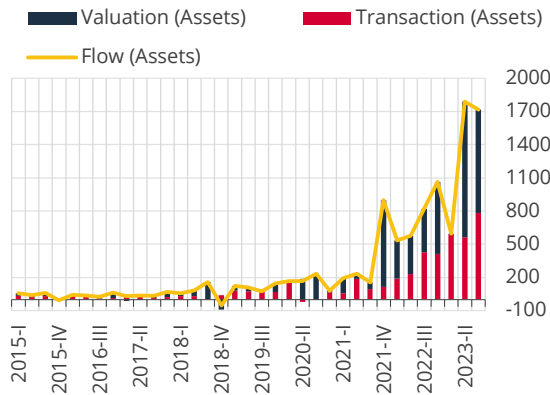
Source: CBRT

Last Observation: 2023-III

III. Households

In 2023Q3, household financial assets increased by TRY 1,718 billion quarter-on-quarter, TRY 784 billion of which was driven by transactions. Out of TRY 933 billion of valuation, TRY 711 billion stemmed from valuation in equities due to price changes, while exchange rate valuation of FX deposits was TRY 127 billion (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter rise of TRY 227 billion, almost all of which resulted from an increase in loans transactions (Chart 8).

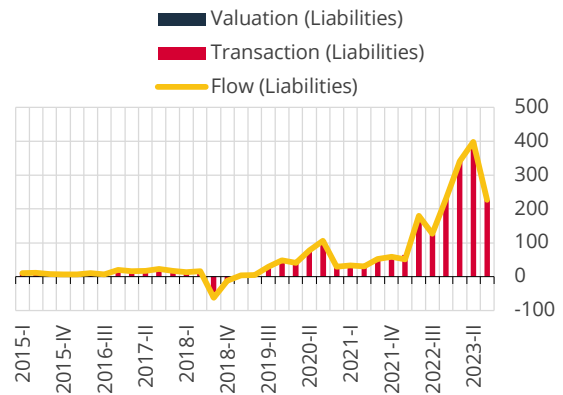
Chart 7: Financial Assets, Flow (TRY Billion)



Source: CBRT

Last Observation: 2023-III

Chart 8: Liabilities, Flow (TRY Billion)

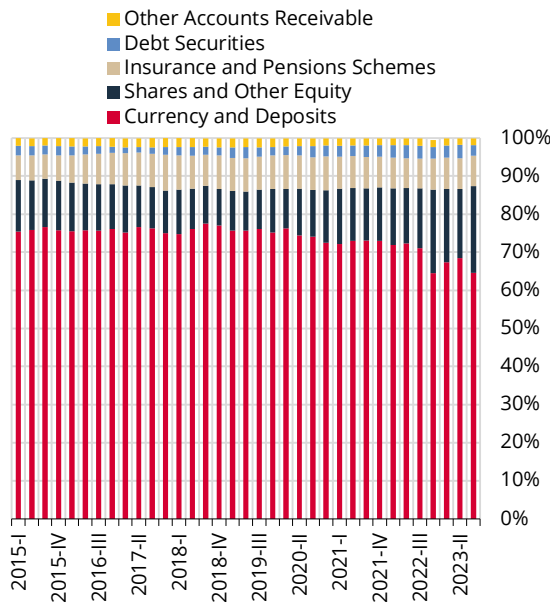


Source: CBRT

Last Observation: 2023-III

In 2023Q3, the distribution of household financial instruments did not change significantly. The leading instrument in household financial assets was currency and deposits with a share of about 65%, followed by shares and other equity (Chart 9). As for household liabilities, almost all were composed of loans (Chart 10).

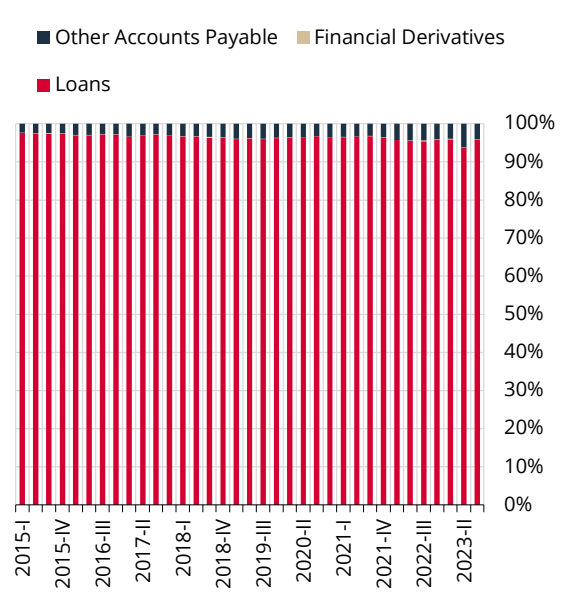
Chart 9: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2023-III

Chart 10: Breakdown of Liabilities by Instruments (%)

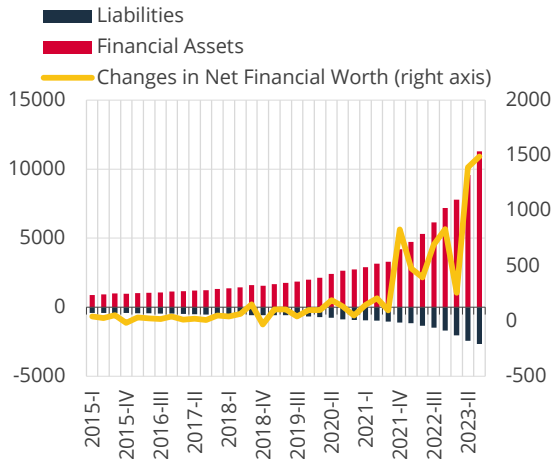


Source: CBRT

Last Observation: 2023-III

In 2023Q3, household financial net worth increased by TRY 1,491 billion (Chart 11). Household indebtedness indicators suggest that the ratio of household debt to GDP (11.3%) has been stable, while the ratio of debt to total financial assets (22.5%) slightly decreased quarter-on-quarter, and the ratio of debt to disposable income (29%) continued to decline (Chart 12).

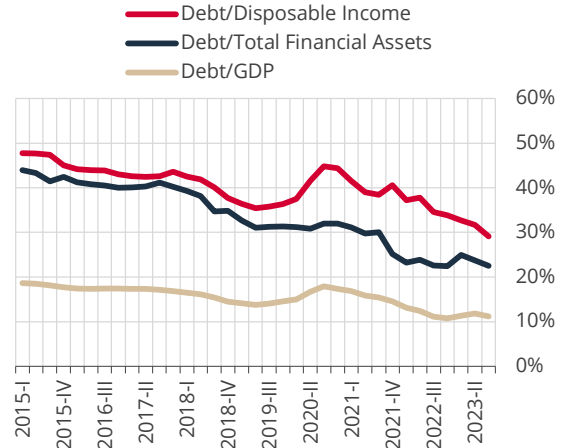
Chart 11: Change in Financial Net Worth of Households (TRY Billion)



Source: CBRT

Last Observation: 2023-III

Chart 12: Household Debt* (%)



Source: CBRT, TURKSTAT.

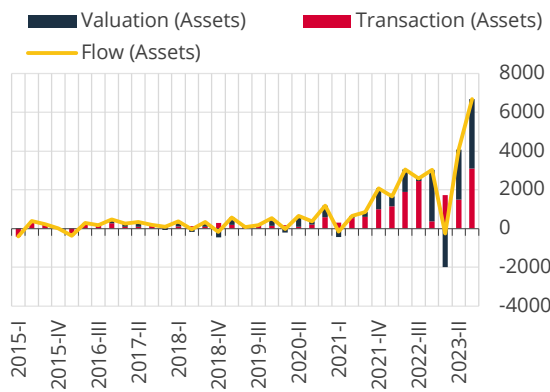
Last Observation: 2023-III

* Household debt is composed of loans.

IV. Non-Financial Corporations

In 2023Q3, financial assets of non-financial corporations increased by TRY 6,683 billion quarter-on-quarter. The increase is due to the TRY 3,595 billion rise in valuation in addition to the TRY 3,087 billion increase in transactions (Chart 13). Meanwhile, liabilities of non-financial corporations increase by TRY 8,289 billion, which was driven by the TRY 5,152 billion increase in valuation and the TRY 3,137 billion rise in transactions (Chart 14). Shares and equity items were the determinants of the increase in valuation on the asset and liability sides while increase in transactions stemmed from other receivables/payables item.

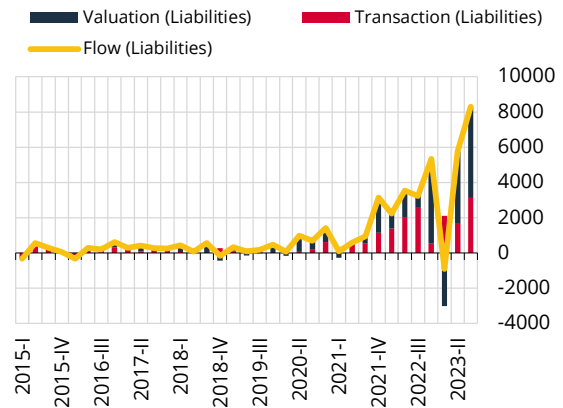
Chart 13: Financial Assets, Flow (TRY Billion)



Source: CBRT

Last Observation: 2023-III

Chart 14: Liabilities, Flow (TRY Billion)

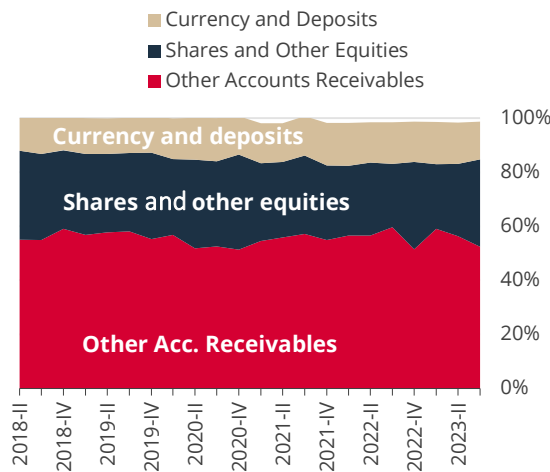


Source: CBRT

Last Observation: 2023-III

In 2023Q3, the most important item of non-financial corporations on the assets side was the other accounts receivable item (52%) composed of the sum of trade credits and advances and other items. The share of the shares and other equity item was 32%, and that of currency and deposits was 14% (Chart 15). On the liabilities side, the share of other accounts payable stood at 42% while the share of loans was 25%. The share of financing through the shares and other equity item was 32% (Chart 16).

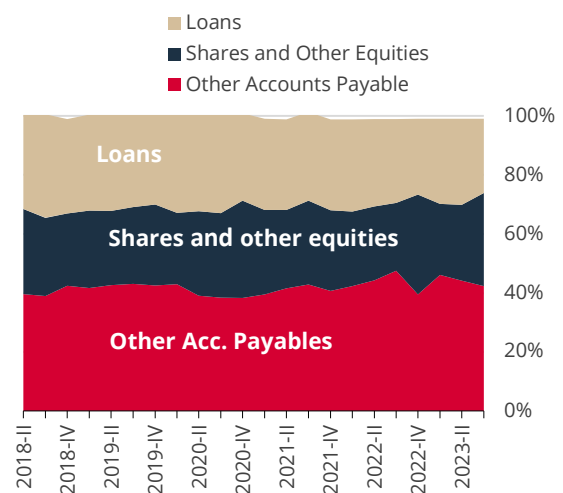
Chart 15: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2023-III

Chart 16: Breakdown of Liabilities by Instruments (%)

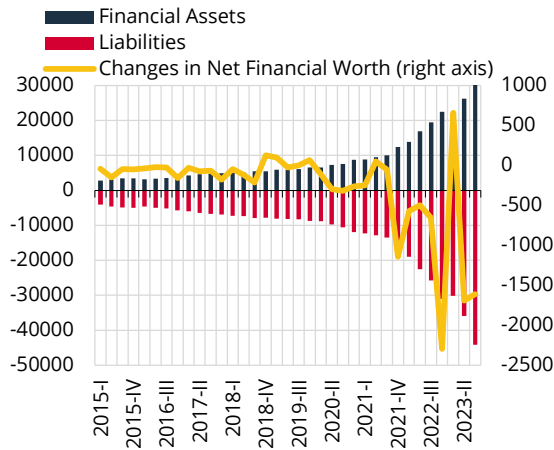


Source: CBRT

Last Observation: 2023-III

In 2023Q3, the financial net worth of non-financial corporations decreased by TRY 1,607 billion quarter-on-quarter (Chart 17). The ratios of the sector's debts to GDP and to total financial assets decreased to 51% and 35%, respectively (Chart 18).

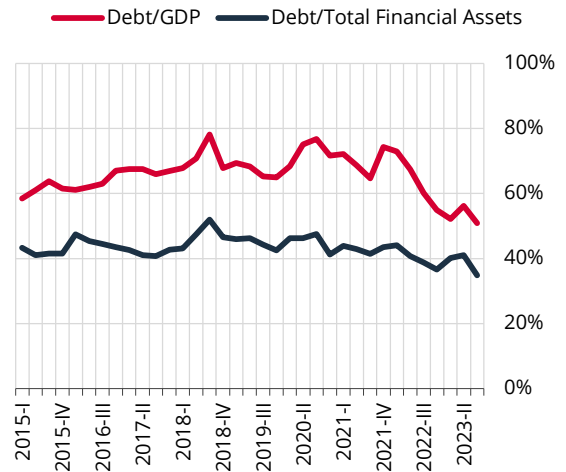
Chart 17: Change in Financial Net Worth of Non-Financial Corporations (TRY Billion)



Source: CBRT

Last Observation: 2023-III

Chart 18: Non-Financial Corporations' Debt (%)



Source: CBRT, TURKSTAT.

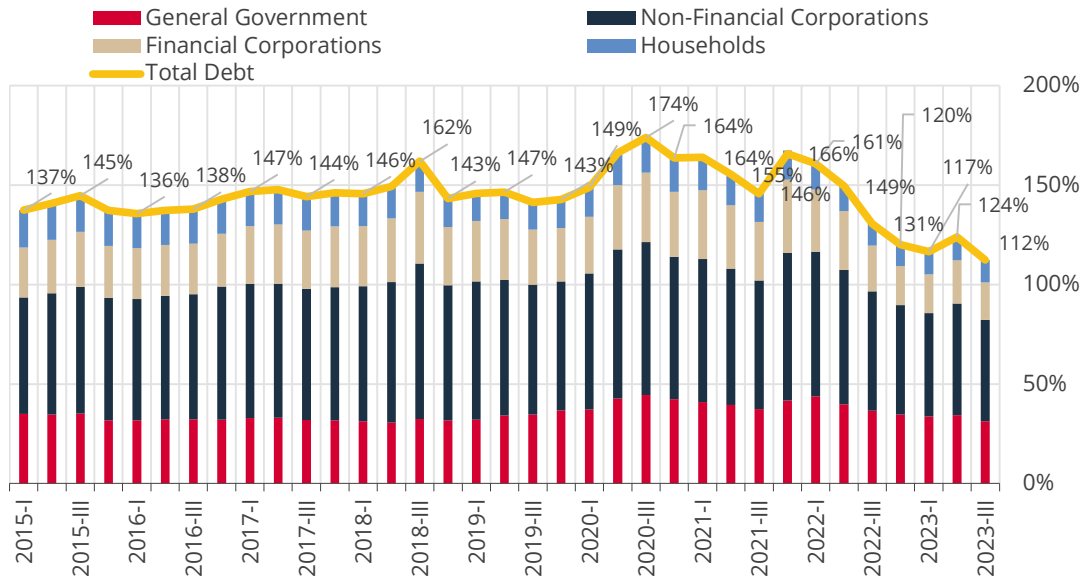
Last Observation: 2023-III

Note: Debts are composed of loans and debt securities.

V. Total Debt and Country Comparisons

The ratio of resident sectors' financial accounts-defined total debt, which is the sum of loans they utilize and the debt securities they issue, to GDP stood at 112% in 2023Q3 (Chart 19).

Chart 19: Total Debt of Resident Sectors/GDP* (%)



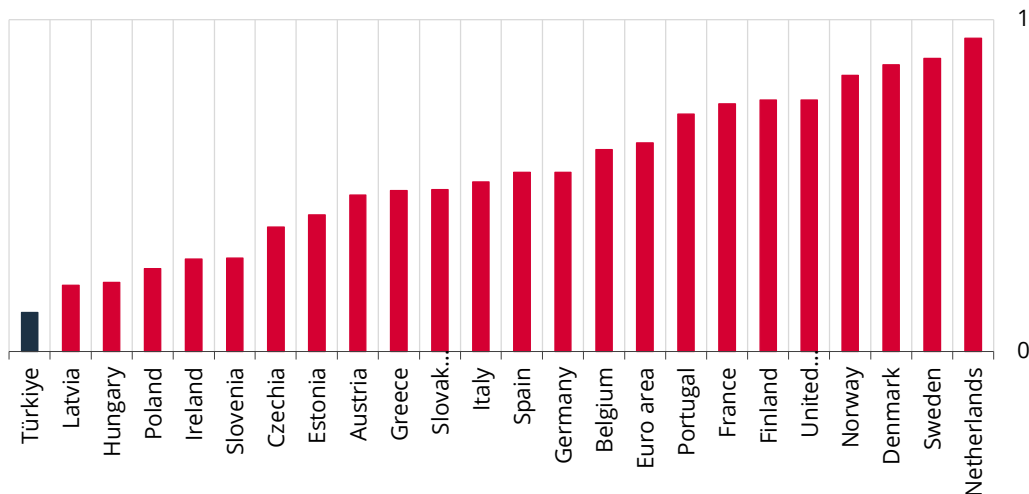
Sources: CBRT, TURKSTAT.

Last Observation: 2023-III

(*) Debts are composed of loans and debt securities.

The ratio of household liabilities to GDP indicates that Türkiye stood out as the country with the lowest level of indebtedness among the countries compared in 2023Q3 (Chart 20).

Chart 20: Household Liabilities/GDP, Comparison



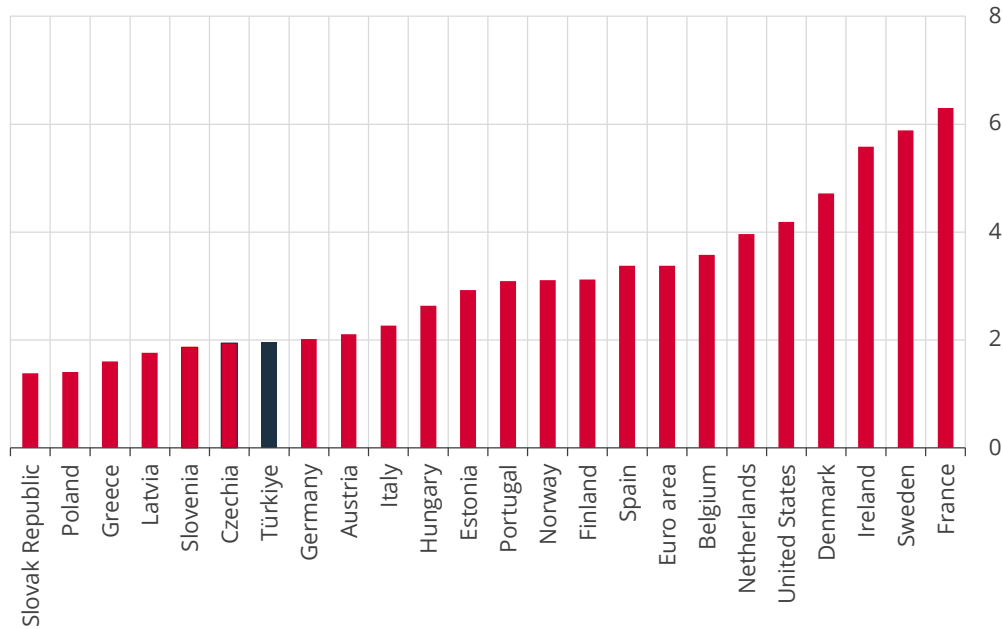
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2023-III

Note: Other country data is as of 2023Q2.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2023Q3, Türkiye was among the countries with low indebtedness levels (Chart 21).

Chart 21: Non-Financial Corporations' Liabilities / GDP, Comparison



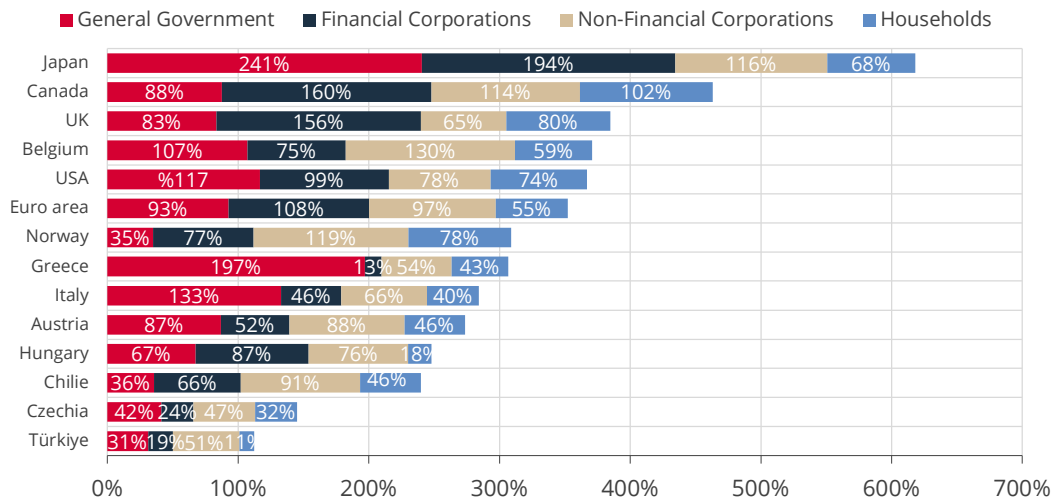
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2023-III

Note: Other country data is as of 2023Q2.

A cross-country comparison of indebtedness ratios for all sectors reveals that the total debt of resident sectors in Türkiye was low in 2023Q3 (Chart 22).

Chart 22: Cross-Country Comparison of Debt/GDP by Sectors* (%)



Sources: CBRT, TURKSTAT, OECD.

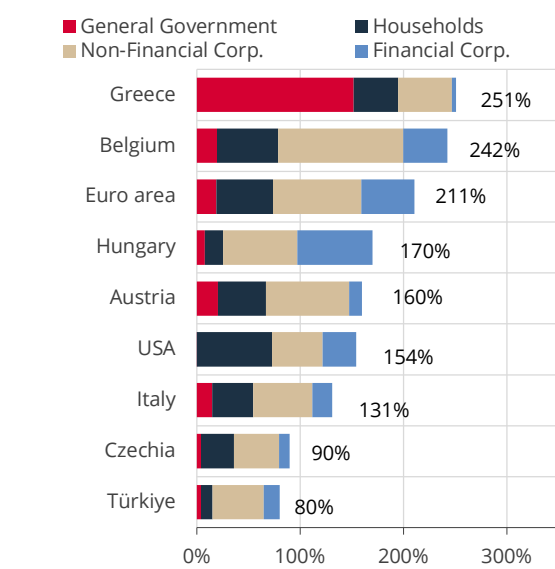
Last Observation: 2023-III

(*) Debts are composed of loans and debt securities.

Note: Other country data is as of 2023Q2.

A cross-country comparison of indebtedness ratios by financial instruments shows that Türkiye had the lowest level of loan/GDP and debt securities/GDP ratios in 2023Q3. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 49% of GDP, the general government stood as the leading sector in debt securities with a ratio of 27% (Charts 23 and 24).

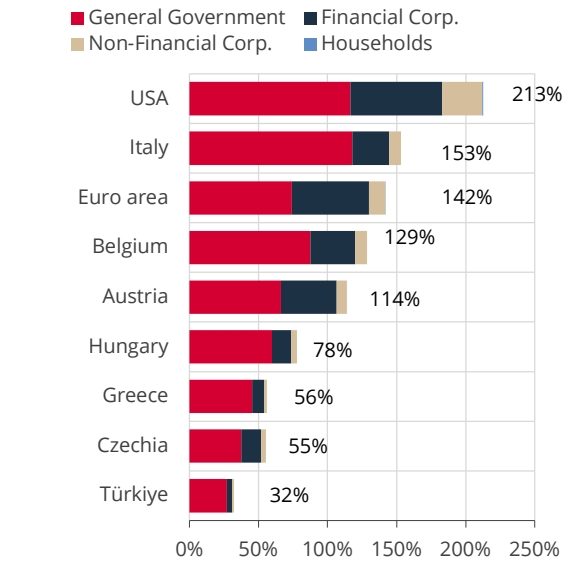
Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation: 2023-III OECD.

Note: Other country data is as of 2023Q2.

Chart 24: Cross-Country Comparison of Debt Securities/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation: 2023-III OECD.

Note: Other country data is as of 2023Q2.