

# Press Release on Macroprudential Measures

20 August 2022

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Reserve requirement and liquidity requirement practices involving the appropriate on and off-balance sheet items of banks and other financial institutions are among the fundamental duties and powers of the Central Bank as laid down by Article 4 of the Law No. 1211 on the Central Bank of the Republic of Türkiye.

In order to support financial stability and strengthen the monetary transmission mechanism, the Central Bank has been strengthening its macroprudential toolkit with reserve requirement and Turkish lira denominated securities maintenance practices, involving both asset and liability items.

In its [press release of 26 May 2022](#), the CBRT announced that it would implement collateral and liquidity policy actions, the review process of which is finalized. Accordingly, pursuant to the Communique No. 2022/20 of 10 June 2022, banks started to maintain Turkish lira-denominated securities for foreign currency deposits/participation funds. Within the scope of this regulation, banks maintain securities at ratios set according to their targets of conversion to Turkish lira deposit/participation accounts. The first maintenance period started on 29 July 2022.

In its [press release of 18 August 2022](#), the Monetary Policy Committee announced that the rate of credit growth and allocation of funds for real economic activity purposes were closely monitored and the recent increase in spread between policy rate and the loan interest rate was considered to reduce the effectiveness of monetary transmission. In this context, the Committee announced that the macroprudential policy set would be further strengthened, and the credit, collateral and liquidity policy actions, of which the review process is finalized, would continue to be implemented to support the effectiveness of the monetary transmission mechanism.

As a result of the evaluations, the CBRT has made the following decisions for loans subject to the reserve requirement practice the Bank stated [in its press release of 23 April 2022](#):

- The reserve requirement maintenance being applied [at a ratio of 20%](#) will be replaced by maintenance of securities at 30% for banks to enhance the efficiency of the practice,
- Securities equaling the loan amount exceeding the loan growth rate of 10% as of 30 December 2022 compared to 29 July 2022 will be maintained for a period of one year,
- In case the types of loans that are excluded [are not](#) extended against expenditure, such loans will be subject to the securities maintenance practice.

Additionally the CBRT has decided that:

- For commercial loans to be extended from the publication date of the Communique until the end of 2022, securities will be maintained based on:
  - 20% of the loan amount to be extended at an annual compound interest rate 1.4 times higher than the CBRT-released annual compound [reference rate](#), and
  - 90% of the loan amount to be extended at an annual compound interest rate 1.8 times higher than the CBRT-released annual compound [reference rate](#).

Technical details regarding the decisions above will be given in the relevant regulations.

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