

Press Release on Reserve Requirements

7 March 2020, No. 2020-12

A revision is made to the reserve requirement regulation that links the reserve requirement ratios and remuneration rates to loan growth rates.

The CBRT continues to use reserve requirements flexibly and effectively as a macroprudential tool to support short-term interest rates – its main monetary policy tool.

In view of the likely impacts of the recent surge in consumer loans on growth composition, inflation and external balance, as well as the increase in loan growth triggered by TL loans that were extended to facilitate early repayment or early restructuring of FX cash loans, the CBRT has decided to introduce some changes in the [reserve requirement regulation](#).

Accordingly, banks will be able to benefit from reserve requirement incentives under the following conditions:

- For banks with a real annual loan growth rate above 15%: If their adjusted real loan growth rate, which is calculated by deducting the entire real changes in loans with a longer-than-two-year maturity extended to selected sectors and housing loans with a five-year and longer maturity from the numerator of the growth rate formula, is below 15%,
- For banks with a real annual loan growth rate below 15%: If their adjusted real loan growth rate, which is calculated by deducting 75% of the real change in retail loans excluding housing loans with a five-year and longer maturity and the entire TL loans extended -starting from 9 March 2020 to facilitate early repayment or early restructuring of FX cash loans from the numerator of the growth rate formula, is above 5%.

Selected sectors have been determined according to the Statistical Classification of Economic Activities in the European Community (NACE) as follows:

Section	Definition
A	Agriculture, Forestry and Fishing
B	Mining and Quarrying
C	Manufacturing (excluding 11.01-Distilling, rectifying and blending of spirits, 11.02-Manufacture of wine from grape, 11.03-Manufacture of cider and other fruit wines, 11.04-Manufacture of other non-distilled fermented beverages, 11.05-Manufacture of beer, 11.06-Manufacture of malt and 12-Manufacture of tobacco products)
D	Electricity, Gas, Steam and Air Conditioning Supply
H	Transportation and Storage

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I	Accommodation and Food Service Activities
J	Information and Communication

It is considered that the new practice will help channel loan supply towards productive and production-oriented sectors that will support sustainable growth, rather than consumption, affect the current account balance positively and support financial stability.

The revisions will take effect from the calculation period of 6 March 2020 with the maintenance period starting on 20 March 2020.

Contact

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