

# Financial Accounts 2012

CENTRAL BANK OF THE REPUBLIC OF TURKEY  
STATISTICS DEPARTMENT  
Monetary and Financial Data Division

**Contact Information**

CENTRAL BANK OF THE REPUBLIC OF TURKEY

Head Office,

Statistics Department, Monetary and Financial Data Division

İstiklal Cad. No: 10 Ulus, 06100 Ankara, Turkey

**Prepared by**

Aycan Sultan ÖZEK, [Aycan.Ozek@tcmb.gov.tr](mailto:Aycan.Ozek@tcmb.gov.tr)

Arzu TARMAN TOPKAYA, [Arzu.Topkaya@tcmb.gov.tr](mailto:Arzu.Topkaya@tcmb.gov.tr)

Burcu ÇAKMAK BARCIN, [Burcu.Cakmak@tcmb.gov.tr](mailto:Burcu.Cakmak@tcmb.gov.tr)

Mine PAMUKÇU, [Mine.Pamukcu@tcmb.gov.tr](mailto:Mine.Pamukcu@tcmb.gov.tr)

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## I-Introduction

One of the areas of data gaps that international organizations and G-20 countries recommended filling in over the recent period is that of the statistics on “Financial Accounts” (FA), which mirror financial linkages between sectors. Compilation of the said statistics, which is one of the obligations to be fulfilled by Turkey within the context of the European Union Acquis Chapter18: Statistics, is envisaged to be carried out within the scope of the Official Statistics Program (OSP) and with the coordination of the Central Bank of the Republic of Turkey (CBRT).

FA<sup>1</sup> statistics, a part of the System of National Accounts, are secondary statistics that integrate various data groups such as money and banking statistics, public finance statistics, balance of payments statistics, financial market data, insurance data and CBRT balance sheet data.

An FA set with a thorough sectoral and instrumental breakdown is believed to facilitate not only monetary analysis but also the analysis of long-term financial investments and financing sources, which make it an essential tool in monitoring the monetary policy transmission mechanism. Financial accounts, which provide important clues on the sectoral track of funding as well as the instruments used, can also provide guidance on how sectors behave during financial crises. When data is compiled according to each instrument category for each sector, it is possible to

identify which sector finances which and with the use of which instruments, by calculating the net financial value of institutional sectors in the economy.

In the current practice, these statistics are prepared in Turkey only in the form of annual balance sheets. However, with the availability of longer time series, inclusion of flow data and higher publication frequency, they can be used as an indicator that will shed light on structural changes in the economy. As they are compiled according to international statistical standards, they will also enable comparison of the structure and development of financial activities in Turkey with those in other countries.

As other country examples also reveal, FA can only be completed within the context of long running projects and with inter-institutional cooperation. In this framework, studies that were initiated in 2003 at the CBRT were carried on in 2008 along with the studies on common standards and definitions made jointly with the Financial Accounts Study Group that was formed with the participation of relevant institutions (the Ministry of Finance, Undersecretariat of Treasury and the Turkish Statistical Institute (TURKSTAT)). Financial statements related to the Central Bank and other monetary financial institutions have been produced since 2005; whereas, since 2011, financial leasing, factoring and financing companies listed under financial intermediation sector have been included in financial intermediaries sector and data pertaining to intermediary institutions and the Savings Deposit Insurance Fund have been included in financial auxiliaries sector. Central and local

<sup>1</sup> For further information on FA statistics methodology and practice of Turkey:

([http://www.tcmb.gov.tr/yeni/evds/yayin/finansalhesaplar/finansalhesaplar\\_en.html](http://www.tcmb.gov.tr/yeni/evds/yayin/finansalhesaplar/finansalhesaplar_en.html))

government accounts were also included in the data set as of 2011.

By the help of the studies conducted with relevant institutions, as well as those carried out within the CBRT in relation to consolidation, the counterpart sector and ‘the rest of the world” sector, all sets of the FA statements are aimed to be completed by 2015, as envisaged by the OSP.

## II- Financial Institutions

An analysis of the sub-sectors of financial institutions indicates that their assets and liabilities differ according to field of activity.

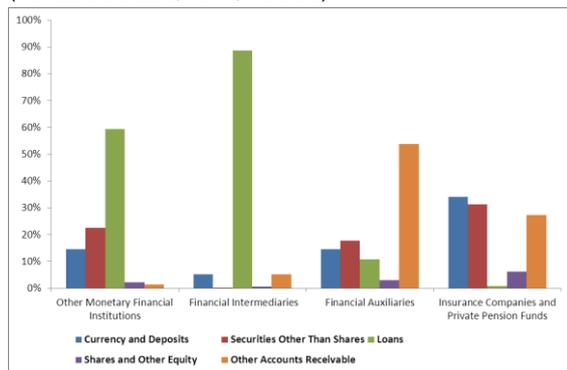
On the liability side, the monetary financial institutions (MFI) sector<sup>2</sup> has liabilities consisting of currency and deposits; whereas, on the asset side, other MFI's assets mainly consist of loans and securities, while the Central Bank's assets are mainly composed of securities. The financial assets of financial intermediaries are predominantly loans, while the liabilities of insurance companies and private pension funds are predominantly technical reserves.

### Main Assets and Liabilities of Financial Institutions

Sub-Sectors	Financial Assets	Financial Liabilities
Central Bank	Securities	Currency and Deposits
Other Monetary Financial Institutions	Loans, Securities	Currency and Deposits
Financial Intermediaries	Loans	Loans, Shares and Other Equity
Financial Auxiliaries	Other Accounts Receivable/Payable	Other Accounts Receivable/Payable, Shares and Other Equity
Insurance Companies and Private Pension Funds	Currency and Deposits, Securities Other Than Shares	Insurance Technical Reserves

### Financial Institutions, Asset Structure, Sub-Sector and Instruments

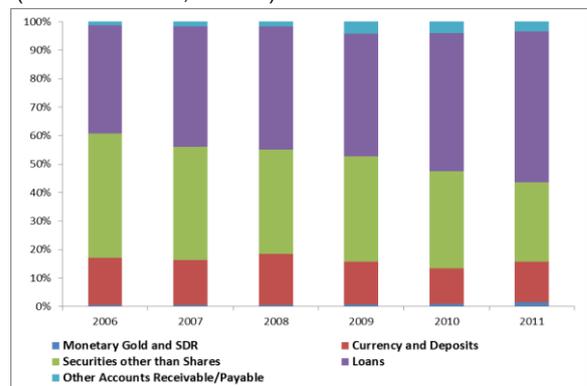
(Nonconsolidated, 2011, Percent)



Source: CBRT.

### Financial Institutions, Asset Structure, By Years

(Nonconsolidated, Percent)



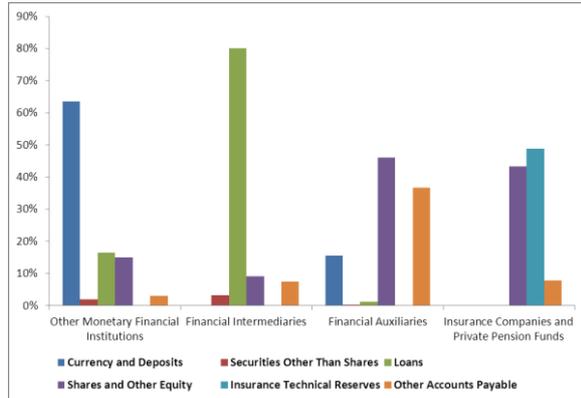
Source: CBRT.

The asset structure of financial institutions has not displayed a notable change over the years, yet it is observed that the share of loans in total assets increased to 51% from 37% and the share of “securities other than shares” in assets declined to 27% in 2011 from its level of 42% in 2006.

<sup>2</sup> MFI sector includes the Central Bank and other MFI, while the other MFI sector includes banks and B type liquid funds.

**Financial Institutions, Liability Structure, Sub-Sector and Instruments**

(Nonconsolidated, 2011, Percent)

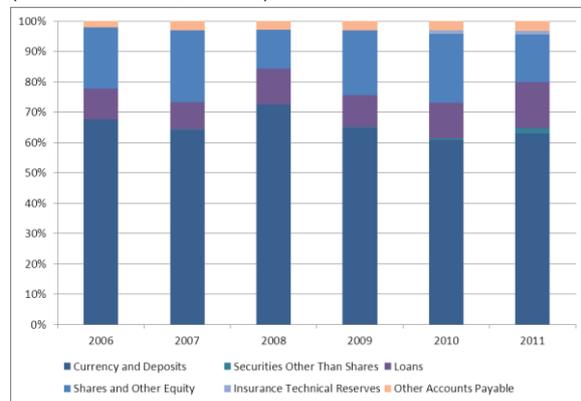


Source: CBRT.

When the liability structure is analyzed by financial instruments, it is seen that currency and deposits, standing at an average level of 65% were determinant in the liability structure during the reporting period. The other two important items were loans as well as shares and other equity, each with a share of approximately 15%.

**Financial Institutions, Liability Structure, By Years**

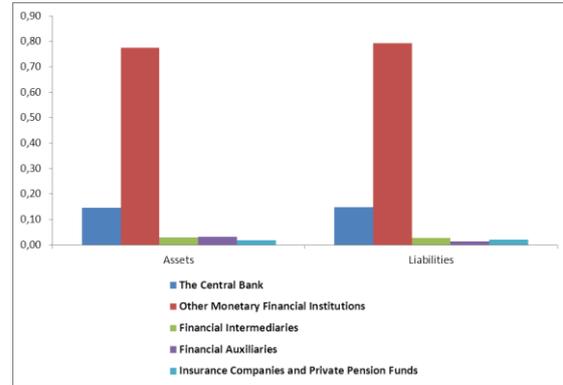
(Nonconsolidated, Percent)



Source: CBRT.

**Financial Institutions, Assets and Liabilities, Breakdown by Sub-Sectors**

(Nonconsolidated, 2011, Percent)

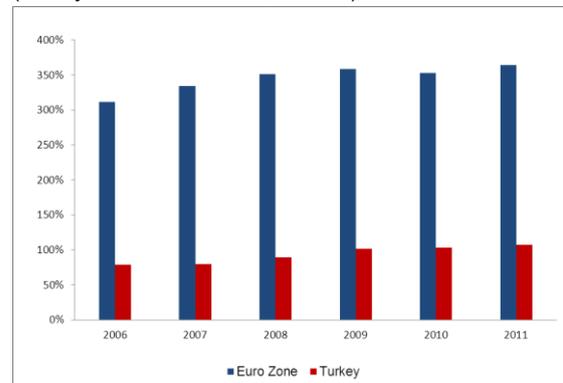


Source: CBRT.

An analysis of the asset and liability structure of sub-sectors listed under financial institutions suggests that the other MFI sector, standing at approximately 80%, has the largest share in assets and liabilities, followed by the Central Bank with a share of 10%.

**Monetary Financial Institutions, Ratio of Financial Assets to GDP**

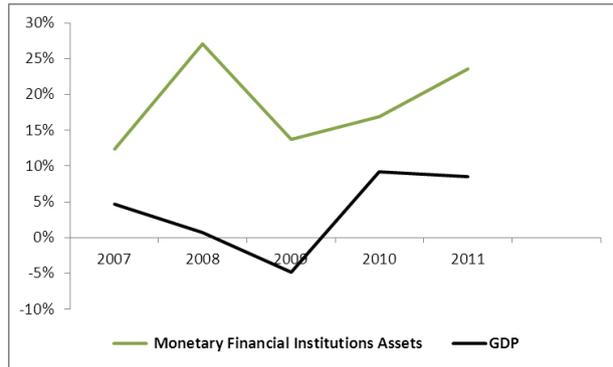
(Turkey and the Euro Area, Percent)



Source: ECB, EUROSTAT, CBRT, TURKSTAT

The total volume of assets of MFIs in overall economy steadily rose throughout 2006-2011. When compared to the euro area, it is observed that the ratio of financial assets of MFIs to nominal GDP, which was 78% in 2006, reached 107% by end-2011; meanwhile the same ratio for the EU countries was 311% and 364%, respectively.

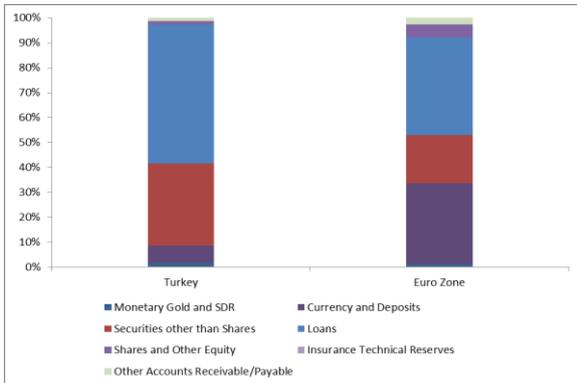
**Monetary Financial Institutions, Assets and GDP Growth (Percent)**



Source: CBRT, TURKSTAT

A comparison between the financial assets of MFIs and GDP growth reveals that while GDP growth decelerated in 2008, growth in MFI assets increased. After 2008, growth rates of the mentioned items followed a parallel course; as of 2010, GDP growth decelerated while the growth rate of MFI assets increased.

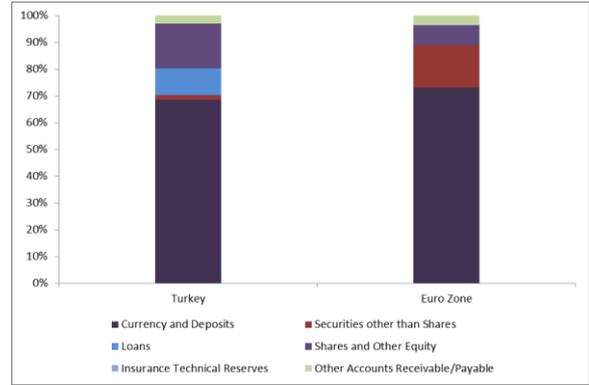
**Monetary Financial Institutions, Asset Structure (Turkey and the Euro Area, 2011 Consolidated, Percent)**



Source: ECB, CBRT

When the asset structure of MFIs is compared to that of the Euro area, it is observed that the share of loans in Turkey is 56% against the 39% in the Euro area. While the share of securities excluding stocks in Turkey is 33%, this ratio is 19% in the Euro area. In the Euro area, the share of currency and deposits in financial assets is 32%, while the same ratio in Turkey is 7%.

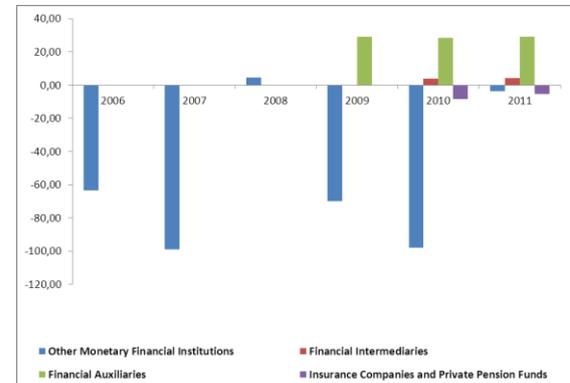
**Monetary Financial Institutions, Liability Structure (Turkey and the Euro area, 2011, Consolidated, Percent)**



Source: ECB, CBRT

A comparison of liabilities reveals that while the share of money and deposits is 68% in Turkey, it is 73% in the euro area. There is a discrepancy in securities excluding stocks item. While the share of these items is over 15% in the euro area, it is approximately 2% in Turkey. Meanwhile, the share of stocks and other capital is 16% in Turkey, against the 7.32% in the euro area.

**Other Monetary Financial Institutions, Net Financial Worth (Nonconsolidated, Billion TL)**



Source: CBRT

The net financial worth calculated by sectors is a method to analyze financial developments. The net financial worth is the difference between the financial assets and the financial liabilities in the financial accounts. As it is calculated by using the values in financial tables, non-financial assets and liabilities (for instance real estate, collaterals etc.) are not included in this calculation. When the net financial worth is calculated for a specific sector, the value shows the sector's "external

financing position”; in other words, whether the sector is a net financial borrower or a net lender. The factors that affect net financial worth are the flows, re-valuations and other changes in the values of assets. Once the Financial Accounts table is completed for all sectors, this indicator will enable the assessment of the financial dimension of the economy’s net savings/investments balance.

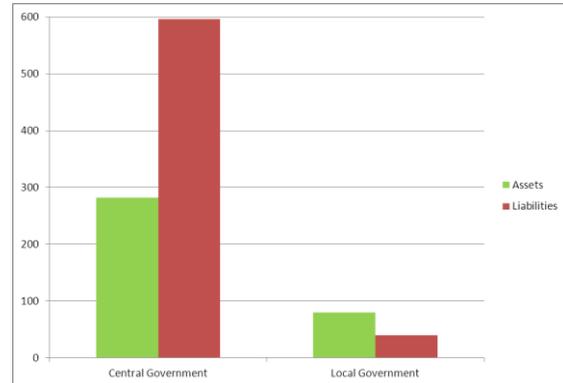
It is observed for the financial institutions sector in the data collection period that the net financial worth of the CBRT, financial auxiliaries (Savings Deposit Insurance Fund and intermediaries) and financial intermediaries (financial leasing, factoring and financing companies) sub sectors was positive. The net financial worth of the other MFIs sector has generally been negative, except for 2008, when the growth in assets exceeded the growth in liabilities. In this period, the growth rate of financial assets was 25%, while that of liabilities remained at 6%.

### III. General Government

The general government sector is composed of the central government, local government and social security institutions. Yet, data pertaining to the financial accounts of only the first two sectors were available in the published version.

#### General Government, Asset and Liability Structure, Breakdown by Sub-Sector

(Nonconsolidated, 2011, Billion TL)



Source: CBRT

#### Asset Structure of General Government, by Years

(Nonconsolidated, Percent)

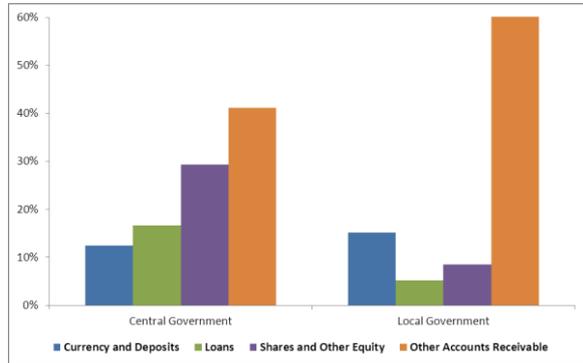


Source: CBRT

While 78% of the financial assets of the general government come from the central government; 22% emanates from the local governments. As for liabilities, similarly, the central government has financial liabilities to other sectors (94%).

**General Government, Asset Structure, Sub-Sectors and Instruments**

(Nonconsolidated, 2011, Percent)

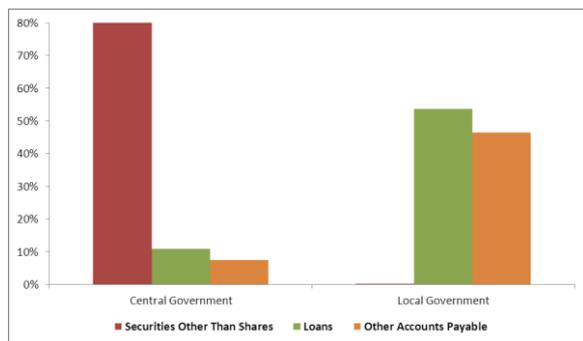


Source: CBRT

An analysis of the breakdown of the general government’s asset structure by instruments reveals that approximately 40 percent of assets are comprised of other receivables (income receivables) and 25 percent is composed of stocks and other securities. In local governments, the other receivables item is the largest asset item with a share of 60 percent and the share of currency and deposits is 15 percent.

**General Government, Liability Structure, Sub-Sectors and Instruments**

(Nonconsolidated, 2011, Percent)



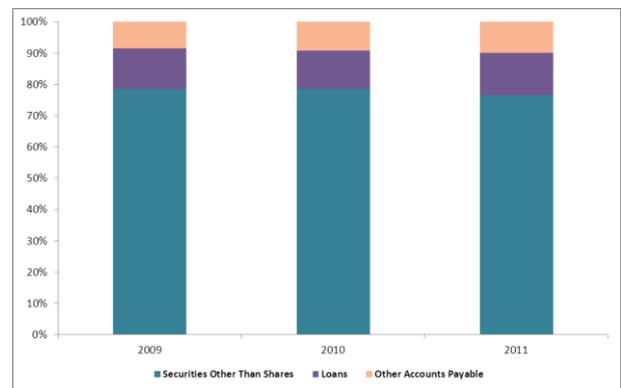
Source: CBRT

As for the breakdown of liabilities: securities other than stocks (government domestic debt securities) count for 80 percent of total liabilities, to be followed by the ‘loans and other receivables’ item. The securities excluding stocks item count for 75 percent of general government liabilities and 80 percent of central government liabilities.

Local governments, the assets of which are predominantly composed of currency and deposits and liabilities of which are composed of loans and other debts, account for 22 percent of the assets and only 6 percent of the liabilities of the general government sector. The net financial worth of local governments has been positive throughout 2009-2011.

**General Government, Liability Structure, by Years**

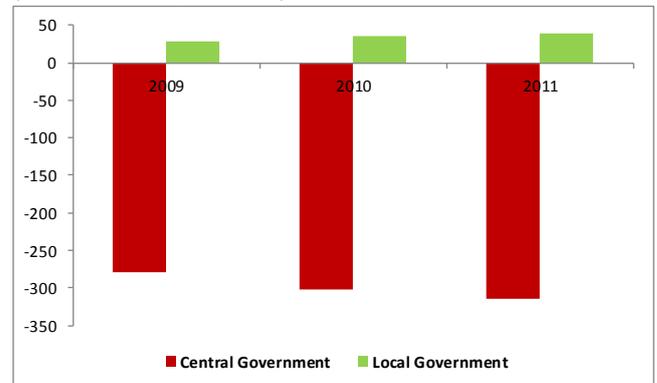
(Nonconsolidated, Percent)



Source: CBRT

**General Government, Net Financial Worth**

(Nonconsolidated, Billion TL)



The net financial worth of the central government in the general government sector was negative while that of the local governments was positive in the 2009-2011 period.