

EXPLANATORY NOTE ON NEW ARRANGEMENTS ON MONEY AND BANKING STATISTICS

The coverage of money and banking statistics, which are being produced according to the Monetary and Financial Statistics Manual of International Monetary Fund until now, have been enlarged and some changes have been introduced **beginning from December 2005**. These new arrangements aim to reflect the financial transactions, which have gained importance as a result of the developments in the money and capital markets, to the statistics; and to achieve harmonization with the European System of Accounts 1995 and European Central Bank statistical principles.

On the other hand, in the framework of the new Uniform Chart of Accounts which is prepared by the Banking Regulation and Supervision Agency, new items have been added to the tables related with money and banking statistics, and changes in the names and classifications of some financial transactions have been made effective from January 2007 onwards.

In the existing statistical presentations, the “monetary sector” covers Central Bank and deposit money banks; “Monetary Survey” and “Monetary Sector Analytical Balance Sheet (Money Supply and Counterpart Items)” tables are prepared in this framework, and hence only these institutions’ monetary liabilities are covered in the money supply.

In this framework:

- Due to the inclusion of funds raised by participation banks, some monetary liabilities of investment and development banks and the amount of B-type liquid funds, which are called “Money Market Funds”, to the money supply; **the monetary sector definition has been enlarged to cover investment and development banks, participation banks and B-type liquid funds as well as Central Bank and deposit money banks.**
- Data of participation banks have been integrated to the system and also investment and development banks that are classified as “other financial institutions” in the existing presentations have been started to be classified under “banking sector”.
- Counterpart sector information of some instruments which were previously not allocated to sectors like “due to/from financial leasing transactions” and “past-due loans” has now become available.

In parallel to the changes mentioned above;

- Balance Sheets (In addition to existing tables, participation banks’ balance sheets have been added.)
- Sectoral Balance Sheets (Sectoral balance sheets of participation banks and B-type liquid funds have been prepared in addition to the existing tables)

- Monetary Survey
- Monetary Sector Analytical Balance Sheet (Money Supply and Counterpart Items) tables have been rearranged,
- Banking Survey
- Money Supplies, Quasi Deposit Liabilities of Banks and Non-Bank Financial Institutions tables will no longer be disseminated and
- Related rearrangements have been reflected accordingly in tables regarding loans, deposits, securities etc.

In the framework of these new arrangements, there are also important changes in the existing **money supply**:

- The monetary liabilities of participation banks and investment and development banks have been added to money supply.
- B-type liquid funds (money market funds) have been added to money supply.
- The foreign currency monetary liabilities that are in M2Y have been shown in M1 and M2 according to the relevant maturity group.
- All money supply items prepared in a way to exclude interbank liabilities. In this framework, the repo amounts that are with B-type liquid funds have been deducted from total funds received from repo transactions.
- Deposits of Central Government followed in "Official Deposits (Time/Sight)" and "Central Bank's Other Deposits" in the existing presentations have been removed from M3 and these deposits have been classified under Counterpart Items - "Central Government Deposits". On the other hand, other general government deposit items (local governments and social security institutions) in M3 have been classified in M1 and M2 according to the maturity.
- In this framework; M2Y, M2YR, M3, M3Y, M3YR money supply definitions, which were being disseminated until now will not be published and new definitions below are in effect beginning from December 2005:

M1= Currency in circulation + Demand deposits (TRY, FX)

M2= M1 + Time deposits (TRY, FX)

M3= M2 + Repo's + Money market funds