

METHODOLOGICAL NOTE
ON
MONEY AND BANKING STATISTICS

CENTRAL BANK OF THE REPUBLIC OF TURKEY

STATISTICS DEPARTMENT

Monetary And Financial Data Division

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I. LEGAL FRAMEWORK

Article 43 of the Law No.1211 of January 14, 1970 of the Central Bank of the Republic of Turkey (CBRT) as amended on April 25, 2001 by Law No.4651 provides the legal basis for the collection of statistical information that supports the compilation of money and banking statistics.

The CBRT's responsibility for compiling and disseminating money and banking statistics is reinforced by the Statistical Law No. 5429 of November 10, 2005. The 5-year Official Statistical Program prepared in the context of the Statistical Law defines money and banking statistics as an official statistics that falls under the responsibility of the CBRT.

II. DEFINITIONS AND DATA SOURCES

▪ DEFINITIONS

- **Money and banking statistics** is a group of stock data analyzing money, deposit and other monetary liabilities of the CBRT and banks and also loans extended by these institutions and their external positions. It includes balance sheets, sectoral balance sheets and detailed tables of deposits, loans and securities of the CBRT and banks and monetary survey and monetary aggregates. All statistical presentations, which consist of transactions in Turkish Lira and foreign exchange, are published in Turkish Lira.

The concepts and classifications in the money and banking statistics are based on the principles of the IMF's *Monetary and Financial Statistics Manual, 2000 (MFSM 2000)*. Sector classifications are also in line with the *European System of Accounts 1995 (ESA 95)*.

- **Residency:** Foreign and domestic positions are sectorized on the basis of residency according to the guidelines of the IMF's *Balance of Payments Manual, fifth edition*. A unit is said to be resident when it has a center of economic interest on the economic territory of that country – that is, when it engages for an extended period (one year or more) in economic activities on this territory. Branches of foreign banks in Turkey are regarded as residents, whereas branches of domestic banks abroad are not classified as residents. In

this context; money and banking statistics covers only activities of resident branches of domestic banks. In this respect, the CBRT's banking statistics are not comparable with banking statistics produced by Banking Regulation and Supervision Agency (BRSA) and Turkish Banking Association.

▪ DATA SOURCES

Data source for the CBRT is based on the accounting records of the CBRT. Data sources for banks are based on the monthly reporting forms in the "Supervisory Reporting Package of Banks and Participation Banks" based on the Uniform Chart of Accounts prepared by the BRSA and provided by deposit money banks, participation banks, investment and development banks. Data source for money market funds is the Capital Market Board.

Provisional data is collected within 15 business days for money and banking statistics purposes. Money and banking statistics are disseminated one month after the reference period (except year-end). Please note that there may be some revisions in money and banking statistics, because the data is finalized on 23th business days. If data is revised, it will be updated at the same time with the dissemination of the new month's provisional data.

III. CLASSIFICATION

Sector Classification: In an economy, financial transactions within residents, and between residents and non-residents, are mostly realized through banks which constitute the major part of financial sector. Classification of receivables and payables arising from financial transactions based on sectors is important to follow the distribution of sources and uses between institutional units. For this reason, institutional sectors are classified according to main functions in the economy. In the compilation of money and banking statistics, as guidance to reporting banks, the CBRT has prepared the "**Institutional Sector List**" (see Annex) mostly in line with the *MFSM 2000* and *ESA 95*. Institutional units classified in this framework are as follows:

- A. Domestic
 1. General Government
 - Central Government
 - Local Governments
 - Social Security Institutions
 2. Non-financial Corporations
 - Non-financial public companies
 - Non-financial private companies
 3. Financial Corporations
 - Central Bank of the Republic of Turkey
 - Banks
 - Non-bank Financial Institutions
 - Insurance Companies and Pension Funds
 - Financial Intermediaries
 - Financial Auxiliaries
 4. Households
 5. Non-profit Institutions
- B. Abroad
- **Classification of Financial Instruments:** Financial instruments used in monetary and financial statistics are consistent with the *MFSM 2000* and *ESA 95*.
 - Currency
 - Deposits
 - Loans
 - Securities
 - Financial Derivatives
 - Participations and Subsidiaries
 - Shareholders' Equity
 - Other Accounts Receivable / Payable

IV. CONTEXT

The monetary sector covers CBRT, deposit money banks, investment and development banks, participation banks, and money market funds (Type B liquid funds).

- **Monetary Survey and Monetary Sector Analytical Balance Sheet**

In the process of creating Monetary Survey and Monetary Survey Balance Sheet tables, starting from the balance sheets of the CBRT, Deposit Money Banks, Investment and Development Banks and Participation Banks in line with Uniform Chart of Accounts which classify assets and liabilities, detailed sectoral balance sheets are prepared distinguishing sources and uses of financial sector according to sectors of the economy. Sectoral accounts are the balance sheets classified according to assets and liabilities of banking sector in relation with other sectors and serves as a basis for Monetary Survey table. Aggregates in the balance sheets presented according to accounts (deposits, loans, securities, participations and subsidiaries etc.) are arranged so as to reflect all receivables and payables of banking sector from/ to other sectors.

Monetary Survey table is an analytical presentation of aggregated sectoral balance sheets of monetary authorities (CBRT and Treasury) and banking sector. In this table, receivables and payables between monetary sector are netted and the amount of resources used by other sectors can be followed. Monetary Sector Analytical Balance Sheet table is presented to identify monetary liabilities and counterpart items of money supply.

- **Monetary Aggregates**

In official money supply definitions prepared in line with CBRT balance sheet and detailed accounts, and banking system data, liabilities of monetary sector are identified in terms of degrees of liquidity. In this content, monetary liabilities of monetary sector defines the monetary aggregates and this is in harmony with the definitions of the European Central Bank.

MONETARY AGGREGATES
M1=
Currency in Circulation (Coins and Banknotes in Circulation – Banks' Vaults)
Demand Deposits (TRY, FX)
M2= M1+
Time Deposits (TRY, FX)
M3= M2+
Funds Received From Repo Transactions
Money Market Funds
Debt Securities Issued

- **Other**

Information about main balance sheet items of the banking system is presented by means of detailed tables like deposits (sector, maturity and type), loans (sector), securities (sector and type), participations and subsidiaries (sector) , foreign assets/foreign liabilities.

Bankacılık sistemi temel bilanço kalemlerine ilişkin bilgiler; mevduat (sektör, vade ve tür), krediler (sektör), menkul kıymetler (sektör ve tür), iştirakler ve bağlı ortaklıklar (sektör), dış varlıklar/dış yükümlülükler gibi detaylı istatistik tablolar aracılığı ile sunulmaktadır.

V. ACCOUNTING CONVENTIONS

- **Recording:** Data from banking system is provided within the context of the Uniform Chart of Accounts, which is prepared according to the International Financial Reporting Standards and recorded on accrual basis. Loans and deposits are recorded at nominal value.
- **Valuation:** Securities in domestic currency are valued at prevailing market prices at the end of the reference period. Regarding the valuation of foreign-

currency-denominated instruments, each bank uses its own rate to convert foreign-currency-denominated assets and liabilities into national currency. CBRT uses CBRT buying rate to convert foreign-currency-denominated assets and liabilities into national currency. Monetary gold is valued on a quarterly basis.

- **Grossing/Netting:** In the Monetary Survey, financial assets and liabilities of the financial sector is shown in gross terms, however, “Foreign Assets” and “Claims on Central Government” is shown in net terms. Transactions between monetary sector are netted under “Other Items.”

VI. DATA ACCESSIBILITY

The monthly money and banking statistics are also disseminated in the CBRT web site through Electronic Data Delivery System, and “Monetary and Financial Statistics /Money and Banking Statistics” title under Data / Periodic Data. Monthly data are reported to BIS, EUROSTAT, OECD and IMF. Monthly reporting forms that are sent to the IMF are prepared fully in line with MFSM 2000. The data is also disseminated under Special Data Dissemination Standards at the IMF website. (<http://dsbb.imf.org/Pages/SDDS/CtyCtgList.aspx?ctycode=TUR>)

Due to delay in reporting of banks at year-ends, December and January data are released with 2-month lag.

VII. DEVIATION FROM INTERNATIONAL STANDARDS

In the Monetary Survey, accrued interests regarding financial transactions are shown separately under “Other Items (net)”. However, in the MFSM 2000, it is recommended to include accrued interests in the underlying instrument.

APPENDIX:

INSTITUTIONAL SECTOR LIST

In an economy, financial transactions of residents between each other and with nonresidents take place in banks which constitute a large part of the financial system. Sectoral classification of assets and liabilities due to financial transactions is important to examine the distribution of resources and degrees of usage between institutional units.

Therefore; in **“money, banking and finance”** statistics institutional units are classified according to the basic functions they undertake in the economy. The sectors used in the monetary and financial statistics, which are prepared according to the standards recommended by international institutions such as the International Monetary Fund and the European Central Bank, definitions of the main and sub-sectors and examples of institutional units are provided in the **“Institutional Sector List- March 2007”**.

DOMESTIC

I. GENERAL GOVERNMENT

1. CENTRAL GOVERNMENT

- 1.1. General Budget Administrations
- 1.2. Special Budget Administrations
- 1.3. Regulatory And Supervisory Corporations

“Banking Regulation and Supervision Agency” and “Capital Markets Board” is classified under “iii.3.3. Financial Auxiliaries”.

- 1.4. Funds

“Saving Deposit Insurance Fund” and “Unemployment Insurance Fund” is classified under “iii.3.3. Financial Auxiliaries” and “3.1. Social Security Institutions” respectively.
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2. LOCAL GOVERNMENT

- 2.1. Special Provincial Administrations
- 2.2. Municipalities

- 2.3. Metropolitan Municipalities
- 2.4. Village And District Administrations
- 2.5. Subsidiaries Of Metropolitan Municipalities
- 2.6. Local Government Unions
- 2.7. Other

3. SOCIAL SECURITY INSTITUTIONS

II. NONFINANCIAL CORPORATIONS

1. NONFINANCIAL PUBLIC ADMINISTRATIONS

- 1.1. Public Economic Enterprises
 - Public Economic Corporations
 - State Economic Enterprises
- 1.2. Corporations Within the Context of Privatisation
- 1.3. Corporations Within the Context and Program of Privatisation
- 1.4. Public Capital Corporations Under Special Laws
- 1.5. Revolving Fund Companies
- 1.6. Commercial Enterprises of Municipalities
- 1.7. Other Nonfinancial Public Corporations

2. NONFINANCIAL COMPANIES (PRIVATE SECTOR)

- 2.1. Commercial Corporations
- 2.2. Individual Corporations
- 2.3. Cooperatives
- 2.4. Agricultural Sales Cooperatives
- 2.5. Agricultural Credit Companies in Turkey

III. FINANCIAL CORPORATIONS

1. CENTRAL BANK OF THE REPUBLIC OF TURKEY

2. BANKS

- 2.1. Deposit Money Banks
- 2.2. Investment and Development Banks
- 2.3. Participation Banks

3. NONBANK FINANCIAL SECTOR

3.1. INSURANCE COMPANIES AND PENSION FUNDS

- Insurance Companies
- Pension Trusts
- Private Pension Funds
- Reinsurance Companies

3.2. FINANCIAL INTERMEDIARIES

- Financial Leasing Companies
- Factoring Companies
- Consumer Finance Companies
- Securities Investment Funds
- Other Financial Intermediaries:
 - Investment Trusts
 - Saving Funds
 - Post Administration Checking Account

3.3. FINANCIAL AUXILIARIES

- Saving Deposits Insurance Fund
- Intermediary Corporations
- Portfolio Management Companies
- Other Financial Auxiliaries

IV. HOUSEHOLDS

V. NONPROFIT CORPORATIONS

- Nonprofit Corporations Serving Households
- Nonprofit Corporations Serving Business Environment

VI. OTHER

ABROAD

The definition of “abroad” is based on residency concept in the Monetary and Financial Statistics Manual of the International Monetary Fund used as a guide in the preparation of the monetary and financial statistics. It defines all real and legal persons resident abroad for more than one year as “nonresidents”.

- I. MONEY AUTHORITIES ABROAD
- II. BANKS ABROAD
- III. HEADQUARTERS AND BRANCHES ABROAD
 - 1. HEADQUARTERS ABROAD
 - 2. BRANCHES ABROAD
 - 3. OTHER