

# Press Release on Reserve Requirements

19 August 2019, No: 2019-34


With the intention of using reserve requirements more flexibly and effectively as a macroprudential tool to support financial stability, the Central Bank of the Republic of Turkey (CBRT) has decided to change the ratio of and the remuneration applied to required reserves. Accordingly, the reserve requirement ratios for Turkish lira liabilities and the remuneration rates for Turkish lira-denominated required reserves are linked to the annual growth rates of the total of banks' Turkish lira-denominated standardized cash loans and cash loans under close monitoring, excluding foreign currency-indexed loans and loans extended to banks.

For banks whose loan growth is between 10% and 20% (reference values), the reserve requirement ratios for Turkish lira liabilities in all maturity brackets excluding deposits and participation funds with 1-year or longer maturity (excluding deposits/participation funds obtained from banks abroad) and other liabilities with longer than 3-year maturity (including deposits/participation funds obtained from banks abroad), will be set at 2%. The reserve requirement ratios for other banks are left unchanged.

Additionally, the current remuneration rate of 13% applied to Turkish lira-denominated required reserves, is set at 15% for banks with a loan growth between the reference values and at 5% to others.

According to the new arrangement, loan growth rates will be calculated in each reserve requirement period and the banks whose loan growth is between the reference values will be subject to the related reserve requirement ratios and remuneration rates in the next three-months (six reserve requirement periods).

	Annual growth rate of TL cash loans excluding foreign currency-indexed loans and loans extended to banks	
	Between 10%-20%	Other
TL reserve requirement ratios	2% (Excluding deposits and participation funds with 1-year or longer maturity and other liabilities with longer than 3-year maturity)	Current ratios
TL reserve requirement remuneration rates	15%	5%



With this revision, approximately TL 5.4 billion and USD 2.9 billion equivalent of gold and FX liquidity are expected to be provided to the market initially.

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**Contact**

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