



# Financial Stability Report

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This report, aimed at informing the public, is based mainly on March 2013 data. Nevertheless, the Report includes developments and evaluations up to its date of publication in Turkish. The full version of this text is available on the CBRT website. The CBRT cannot be held accountable for any decisions taken based on the information and data provided therein.



## ***FOREWORD***

Global uncertainties have persisted since the release of the previous Financial Stability Report. Problems triggered by the global crisis at the end of 2008 have taken on diverse forms for advanced and emerging countries starting from end-2010. Monetary policies and historically low levels of interest rates in advanced economies have led international investors to search for yield. This has caused a re-acceleration of capital inflows to emerging economies as well as an increase in volatility as of the second half of 2012. Now the authorities in emerging economies are trying to lift the pressure of the volatility on internal and external balance by putting macroprudential policies into practice. Accordingly, policy instruments that were effectively put in use have produced the desired results in Turkey.

Along with its main objective to achieve price stability, the Central Bank of Turkey also has a duty to contribute to financial stability. The Bank closely monitors the likely effects of uncertainties in the global economy on the Turkish economy. The new monetary policy framework adopted at the end of 2010 aims to reduce financial fragilities. In this context, to safeguard financial stability in Turkey, related authorities are working in cooperation on various platforms like the Financial Stability Committee, towards enhancing the macroprudential policy framework.

The CBRT has been closely following the financial reform efforts on the international platform and actively contributing to the studies conducted. These contributions will possibly increase as Turkey takes over the Presidency of the G20 in 2015 and the CBRT takes over the chair of the Financial Stability Board Regional Consultative Group for the Middle East and North Africa (MENA) in July 2013 for a two-year period.

I hope that the sixteenth volume of this Report, which assesses the Turkish financial system in light of global and domestic developments, will be of benefit to all readers.



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