

FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND STATISTICS
DEPARTMENT

2023-I



Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP improved by 8 points in the first quarter of 2023 compared to the previous quarter. As of the end of the first quarter, sectors' total financial assets and liabilities amounted to TRY 57.1 trillion and TRY 62.8 trillion, respectively.

In this quarter, the ratio of non-financial corporations' debt to GDP decreased to 52%, while the ratio of households' debt to GDP stood at 11%, placing Türkiye among countries with low indebtedness levels in terms of both households and corporations.

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I. Overview

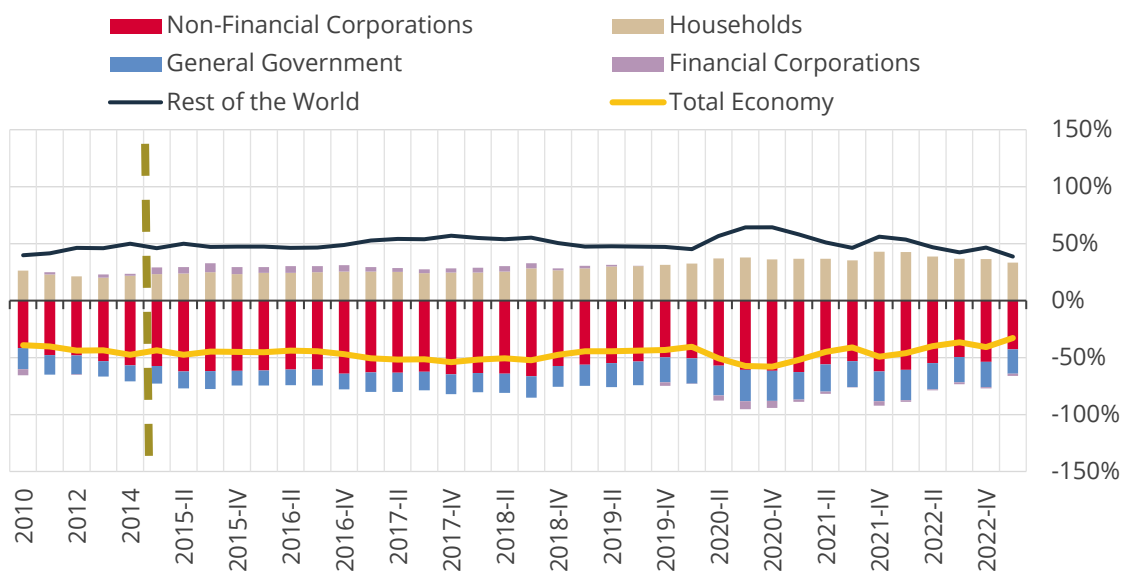
Table 1: Financial Net Worth by Sectors (TRY Billion)^{1,2}

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the Worlds
Financial Assets	57,144	23,812	22,520	2,905	7,906	4,979
Liabilities	62,768	31,154	22,827	6,571	2,215	11,602
Financial Net Worth	-5,624	-7,342	-307	-3,666	5,691	6,623

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2023Q1 reveals that the total economy was a financial borrower, while households and the rest of the world were creditors, and non-financial corporations and the general government were debtors. Meanwhile, due to their financial intermediation activities, financial corporations generated a near-balanced financial net worth (Table 1, Chart 1).

Chart 1: Ratio of Financial Net Worth (Stock) to GDP, by Sectors (%)²



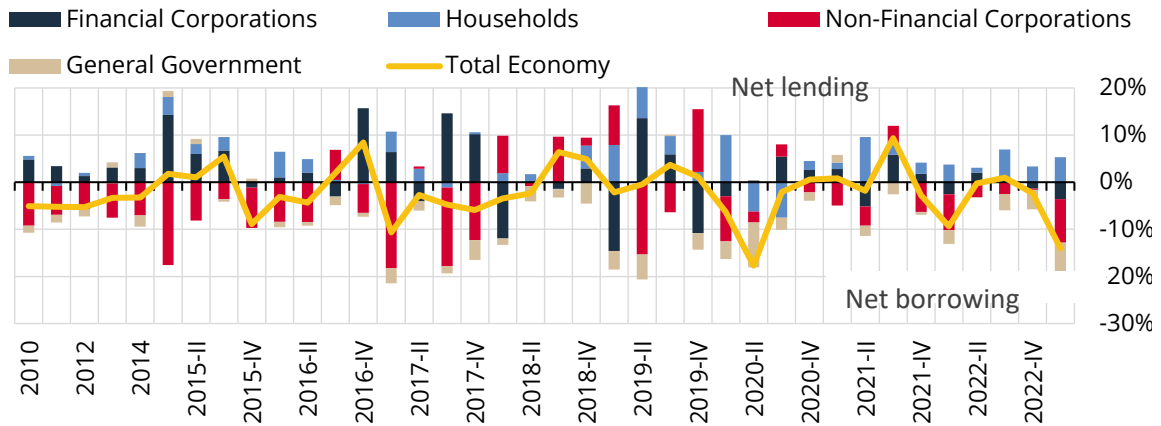
Sources: CBRT, TURKSTAT.

Last Observation: 2023-I

¹ Pursuant to the methodology, there is a difference between the financial net worth of total domestic economy and rest of the world, since there is no counterpart sector for monetary gold. The rest of the world has been reported based on residency, so as to be compatible with the International Investment Position Statistics.

² The households sector also covers non-profit institutions serving households.

Chart 2: Net Lending/Borrowing (Transaction), Ratio to GDP, by Sectors (%)

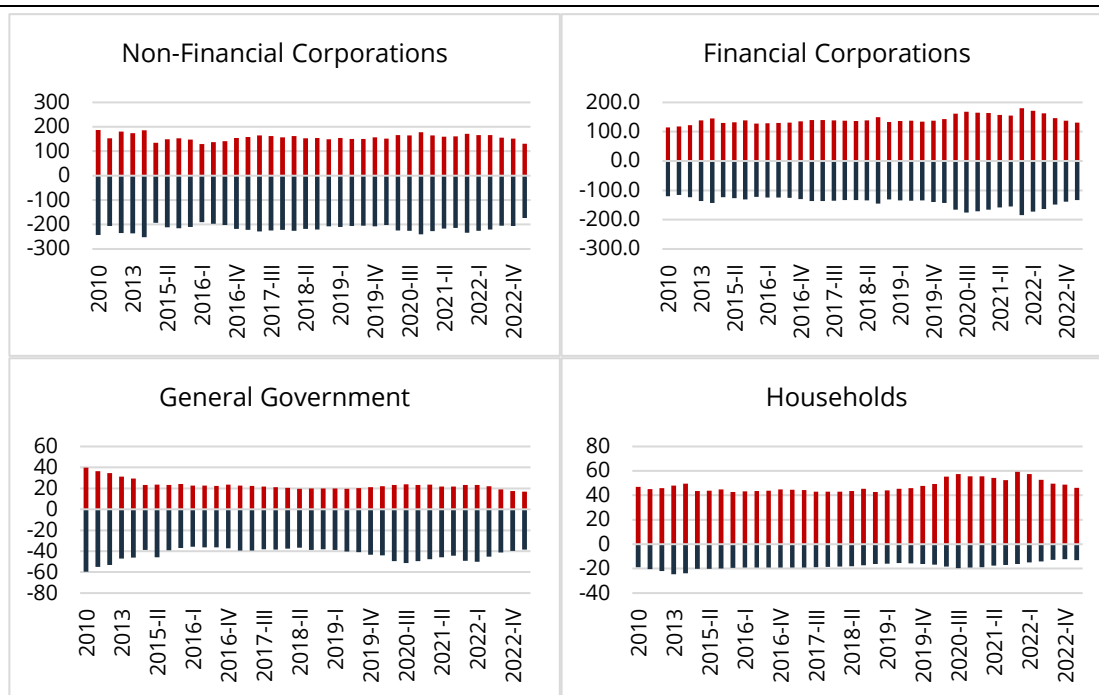


Sources: CBRT, TURKSTAT.

Last Observation:2023-I

According to net financial transactions conducted by sectors, the total economy, which was a net borrower of 2% of GDP in the previous quarter, became a net borrower of 14% of GDP in the first quarter of 2023. In terms of contributions to this ratio, non-financial corporations stood as the biggest borrower in this quarter with 9% of GDP. Households, on the other hand, was a net lender of 5% of GDP (Chart 2).

Chart 3: Financial Assets and Liabilities to GDP by Sectors (%)

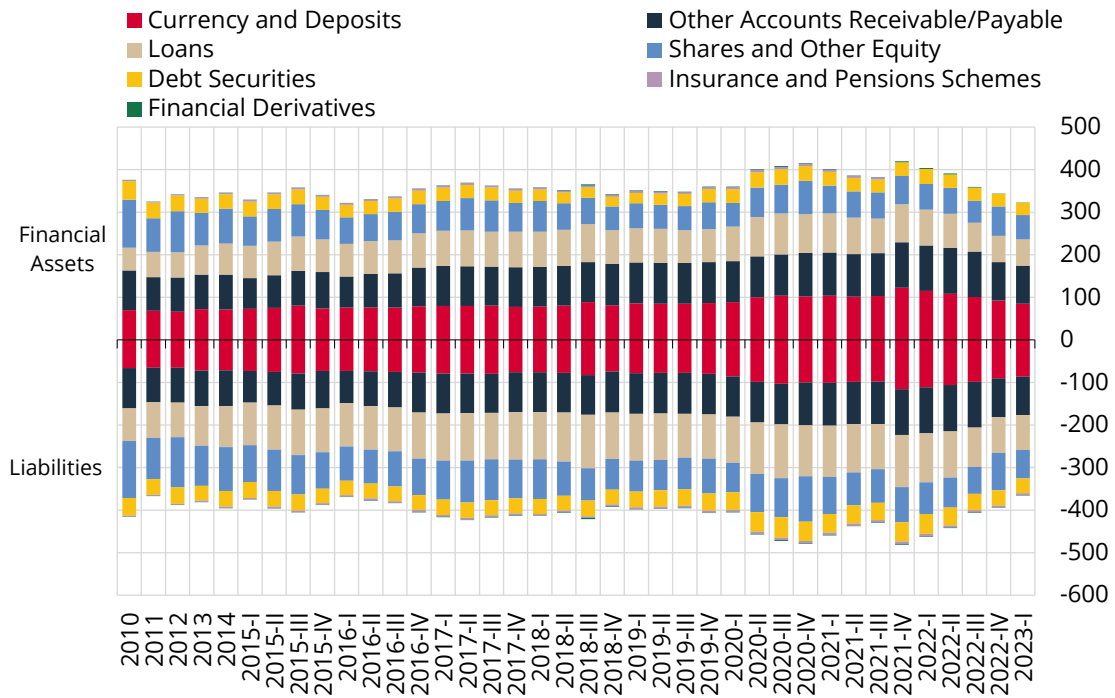


Sources: CBRT, TURKSTAT.

Last Observation: 2023-I

An analysis of financial assets and liabilities by sectors over the recent period reveals that non-financial corporations constituted the largest sector on both assets and liabilities side (Chart 3).

Chart 4: Distribution of Financial Instruments-Total Economy, Ratio to GDP* (%)



Sources: CBRT, TURKSTAT.

Last Observation: 2023-I

(*) Monetary gold and SDR are excluded.

In 2023Q1, other accounts receivable, and currency and deposits had the largest weight in assets, while other accounts payable, currency and deposits, and loans had the largest weight in liabilities (Chart 4).

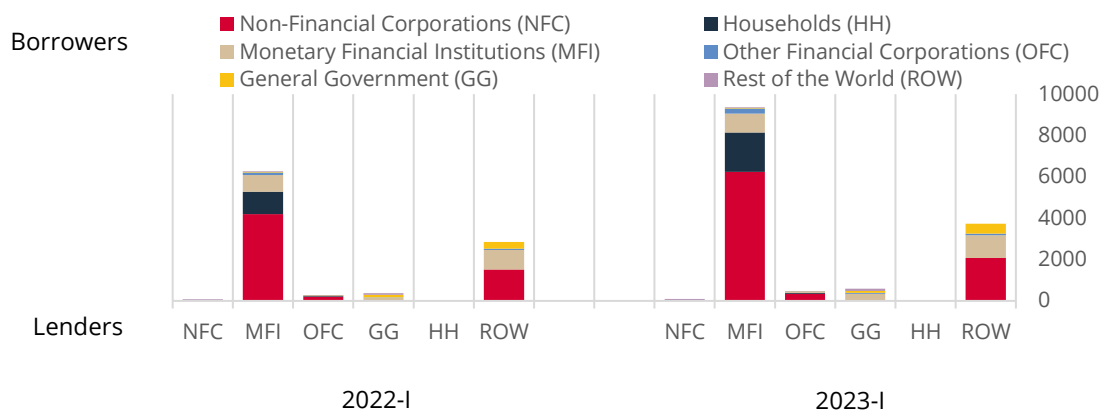
II. From-Whom-to-Whom (Deposits and Loans)

Below is the breakdown of relations among economic sectors compiled as deposits and loans according to from-whom-to-whom matrices.

From-whom-to-whom matrices of loans indicate no major change in inter-sectoral connections in 2023Q1 compared to the same period of the previous year. The strongest connection occurred between non-financial corporations and monetary and financial institutions. The latter extended a total of TRY 9,388 billion worth of loans, of which TRY 6,238 billion was granted to non-financial corporations and TRY 1,913 billion to households. Domestic sectors borrowed TRY 3,733 billion from the rest of the world, out of which non-financial corporations received TRY 2,076 billion, and monetary and financial institutions received TRY 1,107 billion (Chart 5).

In 2023Q1, of the total TRY 16,518 billion worth of deposits, TRY 14,451 billion were taken by monetary and financial institutions and TRY 2,067 billion by the rest of the world. A large portion of deposits taken by monetary and financial institutions belongs to households (TRY 5,269 billion), non-financial corporations (TRY 2,932 billion), and other monetary and financial institutions (TRY 2,306 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 1,764 billion) were opened by monetary and financial institutions (Chart 6).

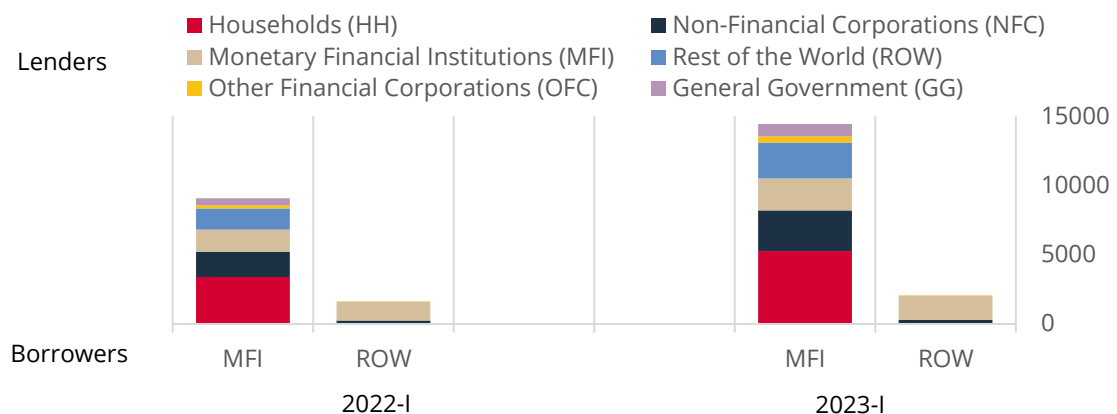
Chart 5: Loans, From-Whom-to-Whom (TRY Billion)



Source: CBRT

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Chart 6: Deposits, From-Whom-to-Whom (TRY Billion)



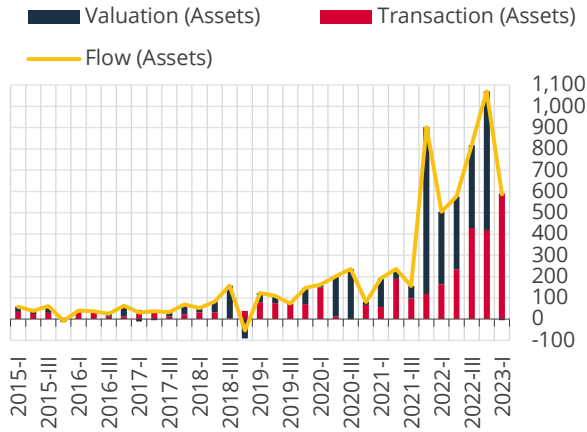
Source: CBRT

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III. Households

In 2023Q1, household financial assets increased by TRY 585 billion quarter-on-quarter, TRY 591 billion of which was driven by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter rise of TRY 341 billion, almost all of which resulted from an increase in transactions (Chart 8).

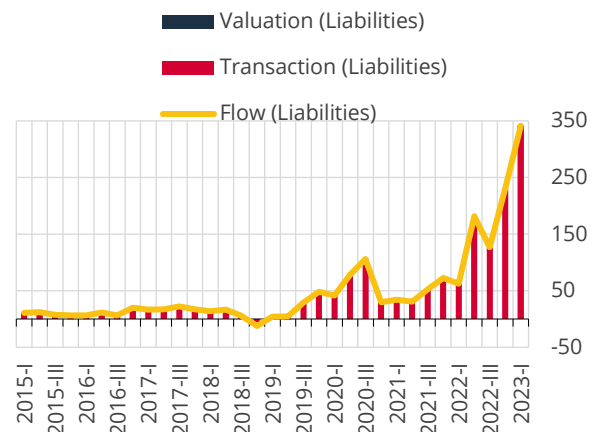
Chart 7: Financial Assets, Flow (TRY Billion)



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Chart 8: Liabilities, Flow (TRY Billion)

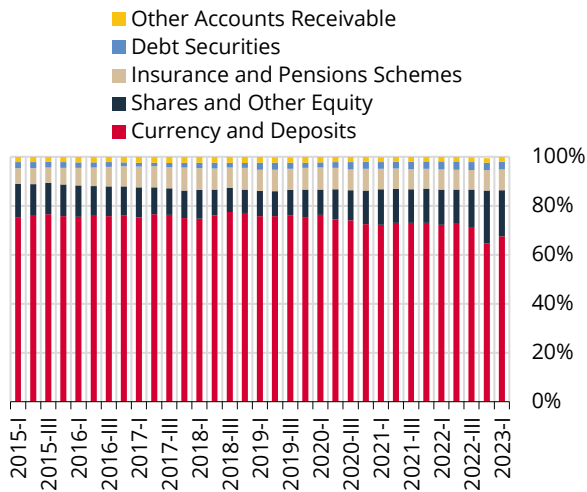


Source: CBRT

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In 2023Q1, the distribution of household financial instruments did not change significantly. The leading instrument in household financial assets was currency and deposits with a share of about 68%, followed by shares and other equity (Chart 9). As for household liabilities, almost all were composed of loans (Chart 10).

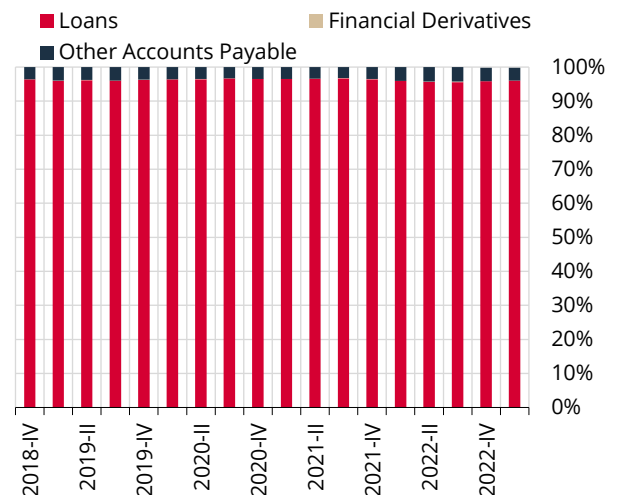
Chart 9: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

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Chart 10: Breakdown of Liabilities by Instruments (%)

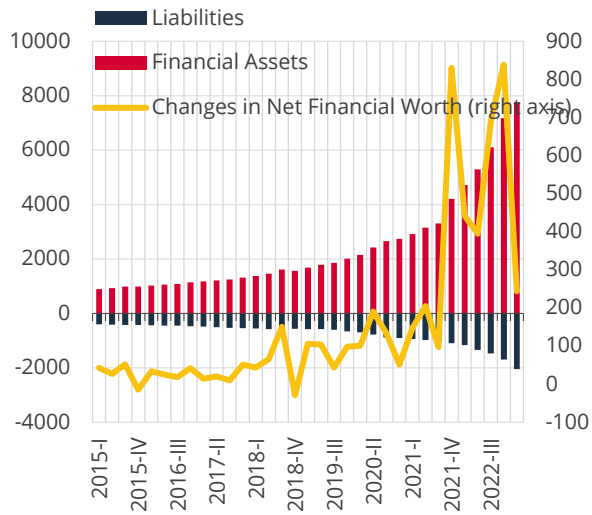


Source: CBRT

Last Observation: 2023-I

In 2023Q1, household financial net worth increased by TRY 244 billion (Chart 11). Household indebtedness indicators suggest that the ratio of household debt to GDP (%11) has been stable, ratio of debt to total financial assets (%25) has been increased and ratio of debt to disposable income continues to decrease by 33% on a quarterly basis (Chart 12).

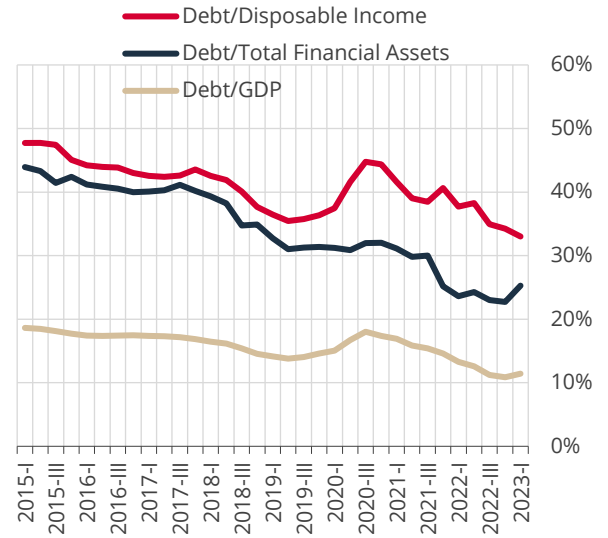
Chart 11: Change in Financial Net Worth of Households (TRY Billion)



Source: CBRT

Last Observation: 2023-I

Chart 12: Household Debt * (%)



Sources: CBRT, TURKSTAT

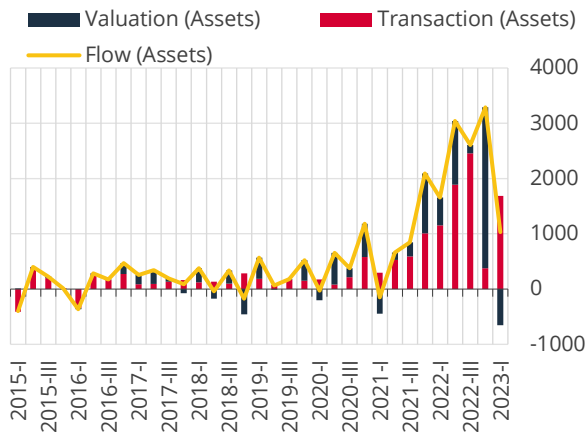
Last Observation: 2023-I

* Household debt is composed of loans.

IV. Non-Financial Corporations

In 2023Q1, financial assets of non-financial corporations increased by TRY 1,031 billion quarter-on-quarter. The increase is due to the TRY 1,683 billion increase in transactions which outpaced the TRY 653 billion decrease in valuation (Chart 13). Meanwhile, liabilities of non-financial corporations increase by TRY 304 billion, which was driven by TRY 2,112 billion increase in transactions and TRY 1,808 billion decrease in valuation (Chart 14).

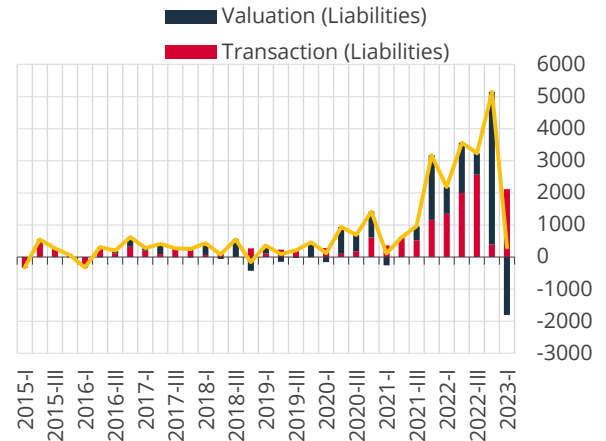
Chart 13: Financial Assets, Flow (TRY Billion)



Source: CBRT

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Chart 14: Liabilities, Flow (TRY Billion)

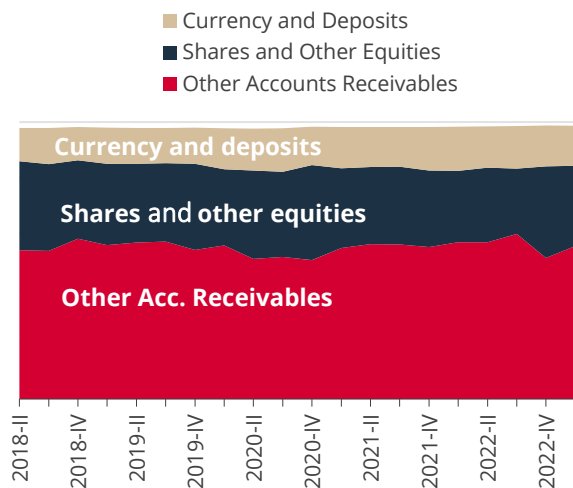


Source: CBRT

Last Observation: 2023-I

In 2023Q1, the most important item of non-financial corporations on the assets side was the other accounts receivable item (55%) composed of the sum of trade credits and advances and other items. The share of the shares and other equity item was 29%, and that of currency and deposits was 14% (Chart 15). On the liabilities side, the share of other accounts payable stood at 44% while the share of loans was 28%. The share of financing through the shares and other equity item was 27% (Chart 16).

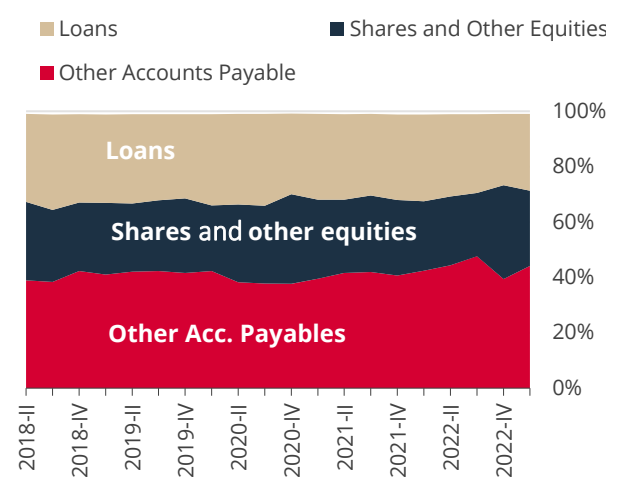
Chart 15: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2023-I

Chart 16: Breakdown of Liabilities by Instruments (%)

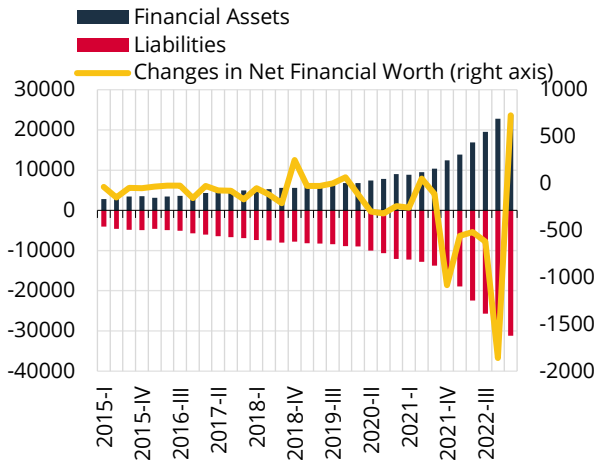


Source: CBRT

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In 2023Q1, the financial net worth of non-financial corporations increased by TRY 727 billion quarter-on-quarter (Chart 17). The ratios of the sector's debts to GDP and to total financial assets were 52% and 37%, respectively (Chart 18).

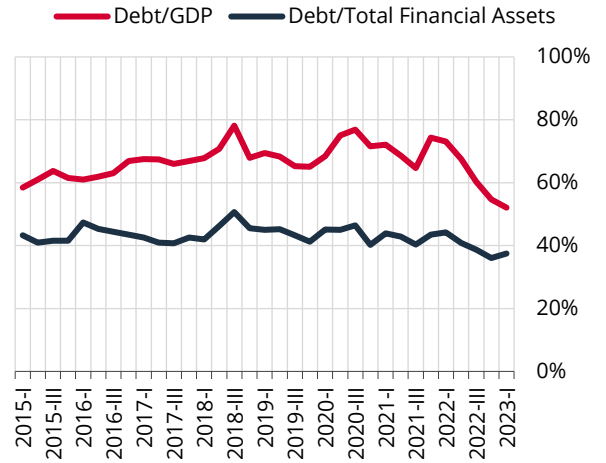
Chart 17: Change in Financial Net Worth of Non-Financial Corporations (TRY Billion)



Source: CBRT

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Chart 18: Non-Financial Corporations' Debt (%)



Sources: CBRT, TURKSTAT.

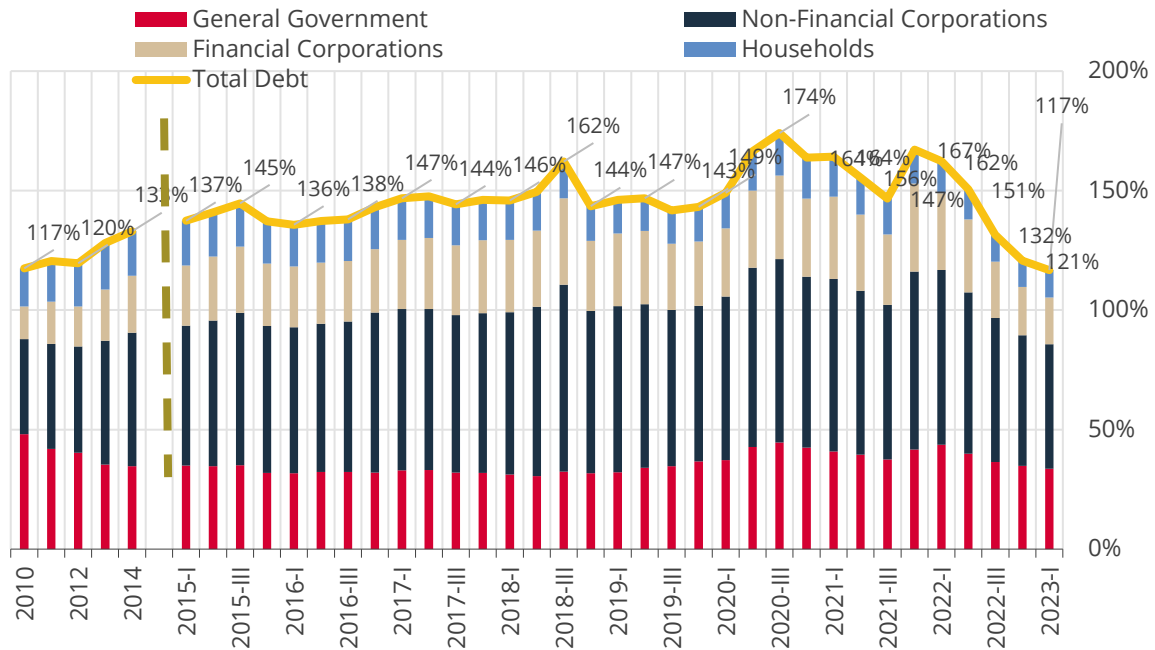
Last Observation: 2023-I

Note: Debts are composed of loans and debt securities.

V. Total Debt and Country Comparisons

The ratio of resident sectors' financial accounts-defined total debt, which is the sum of loans they utilize and the debt securities they issue, to GDP stood at 117% in 2023Q1 (Chart 19).

Chart 19: Total Debt of Resident Sectors/GDP* (%)



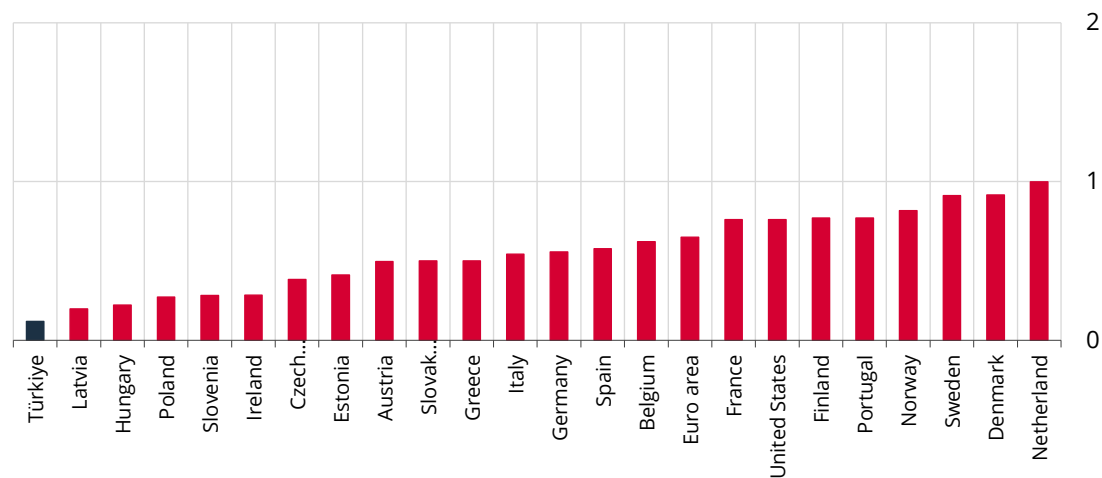
Sources: CBRT, TURKSTAT.

Last Observation: 2023-I

(*)Debts are composed of loans and debt securities.

The ratio of household liabilities to GDP indicates that Türkiye stood out as the country with the lowest level of indebtedness among the countries compared in 2023Q1 (Chart 20).

Chart 20: Household Liabilities/GDP, Comparison



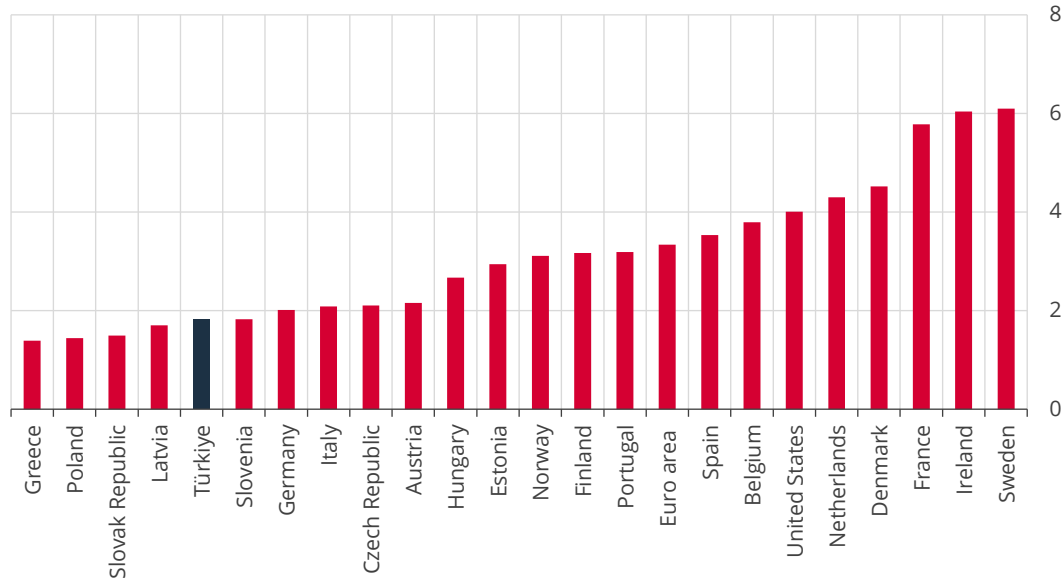
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2023-I

Note: Other country data is as of 2022Q4.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2023Q1, Türkiye was among the countries with low indebtedness levels (Chart 21).

Chart 21: Non-Financial Corporations' Liabilities / GDP, Comparison



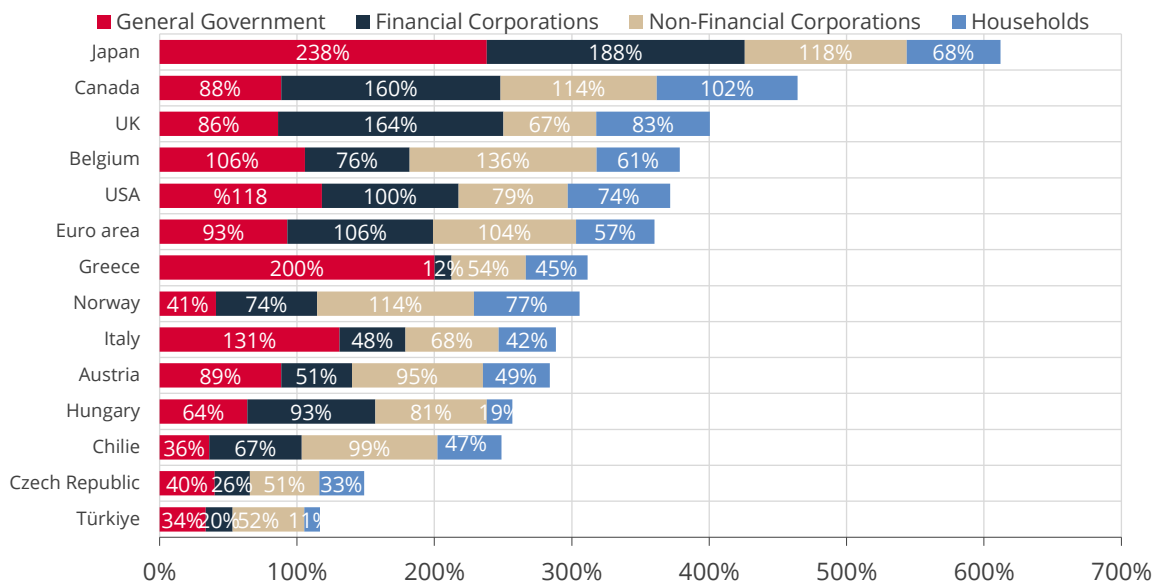
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2023-I

Note: Other country data is as of 2022Q4.

A cross-country comparison of indebtedness ratios for all sectors reveals that the total debt of resident sectors in Türkiye was low in 2023Q1 (Chart 22).

Chart 22: Cross-Country Comparison of Debt/GDP by Sectors* (%)



Sources: CBRT, TURKSTAT, OECD.

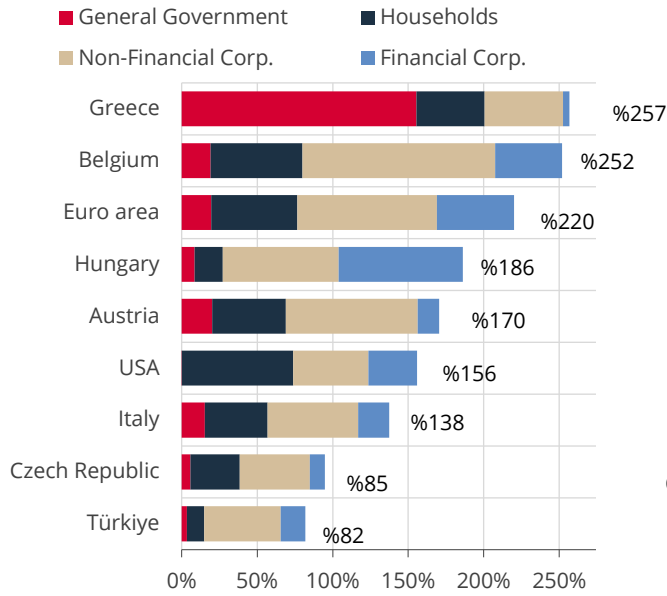
Last Observation: 2023-I

(*)Debts are composed of loans and debt securities.

Note: Other country data is as of 2022Q4.

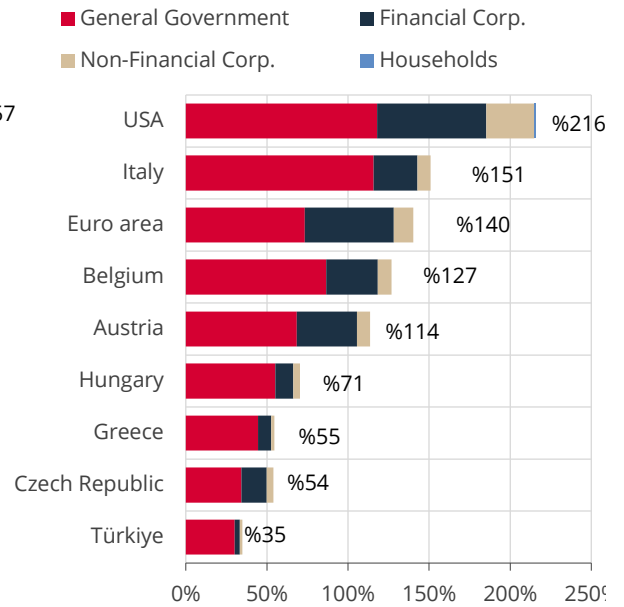
A cross-country comparison of indebtedness ratios by financial instruments shows that Türkiye had the lowest level of loan/GDP and debt securities/GDP ratios in 2023Q1. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 51% of GDP, the general government stood as the leading sector in debt securities with a ratio of 30% (Charts 23 and 24).

Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation: 2023-I OECD.
 Note: Other country data is as of 2022Q4.

Chart 24: Cross-Country Comparison of Debt Securities/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation: 2023-I OECD.
 Note: Other country data is as of 2022Q4.