



FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND
STATISTICS DEPARTMENT

2021-I

Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP improved by 5.8 points in the first quarter of 2021 compared to the previous quarter. As of the end of the first quarter, sectors' total financial assets and liabilities amounted to TRY 21.2 trillion and TRY 24.2 trillion, respectively.

In this period, the ratios of households' and non-financial corporations' debt to GDP came in at 17% and 72%, respectively, placing Turkey among countries with low indebtedness levels in terms of both households and corporations.

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Evaluations

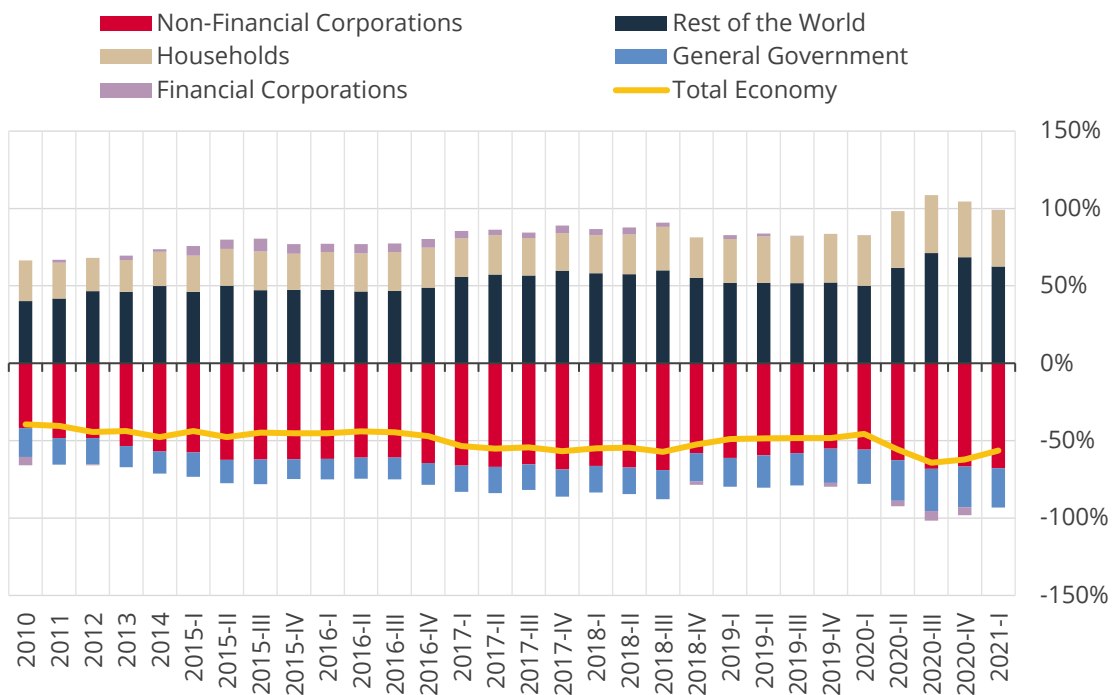
Table 1: Financial Net Worth by Sectors (TRY Billion)^{1,2}

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the World
Financial Assets	21,173	7,797	9,144	1,276	2,956	1,814
Liabilities	24,198	11,433	9,133	2,632	1,000	5,163
Financial Net Worth	-3,025	-3,636	11	-1,356	1,956	3,349

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2021Q1 reveals that the total economy was a financial borrower, 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 to (Stock) GDP by Sectors (%)²



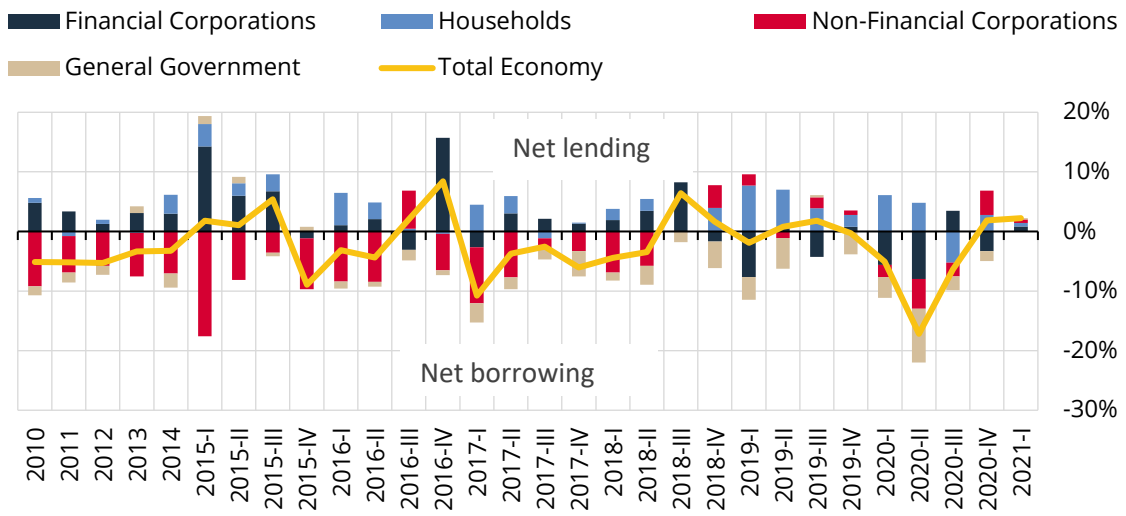
Sources: CBRT, TURKSTAT

Last Observation: 2021-I

¹ Pursuant to the methodology, there is a difference between the financial net worth of the 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 (%)

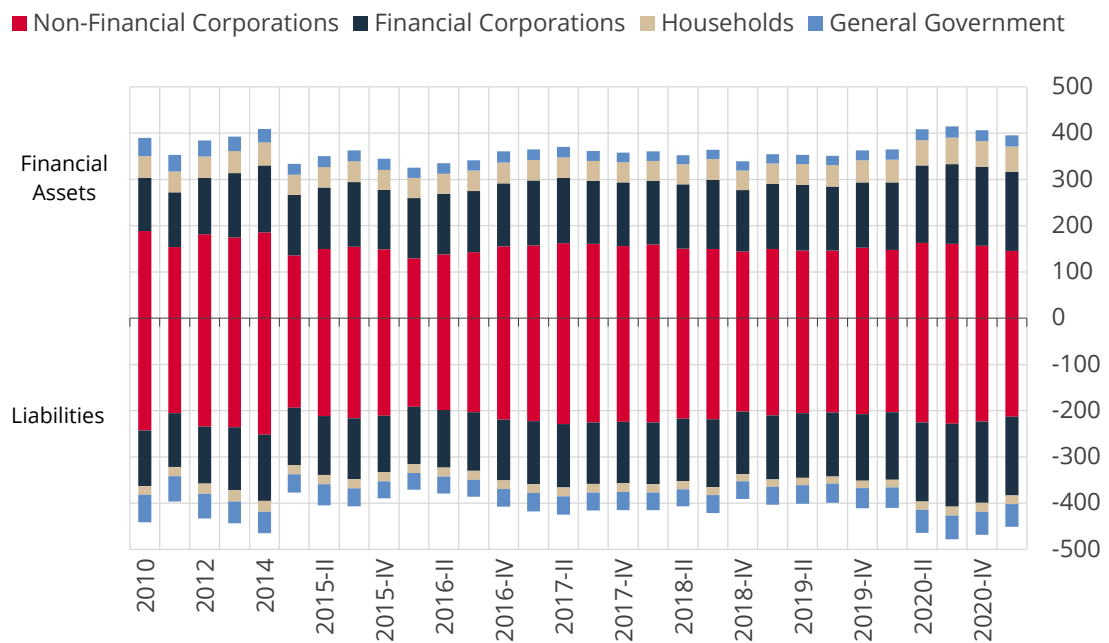


Sources: CBRT, TURKSTAT

Last Observation: 2021-I

According to net financial transactions conducted by sectors, the total economy, which was a net lender of 1.9% of GDP in the previous quarter, provided net lending of 2.2% of GDP in the first quarter of 2021. In terms of contributions to this ratio, financial corporations stood as the biggest lender in this quarter with 0.8% of GDP, followed by non-financial corporations and households with lending of around 0.6% of GDP and general government with lending 0.2% of GDP (Chart 2).

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

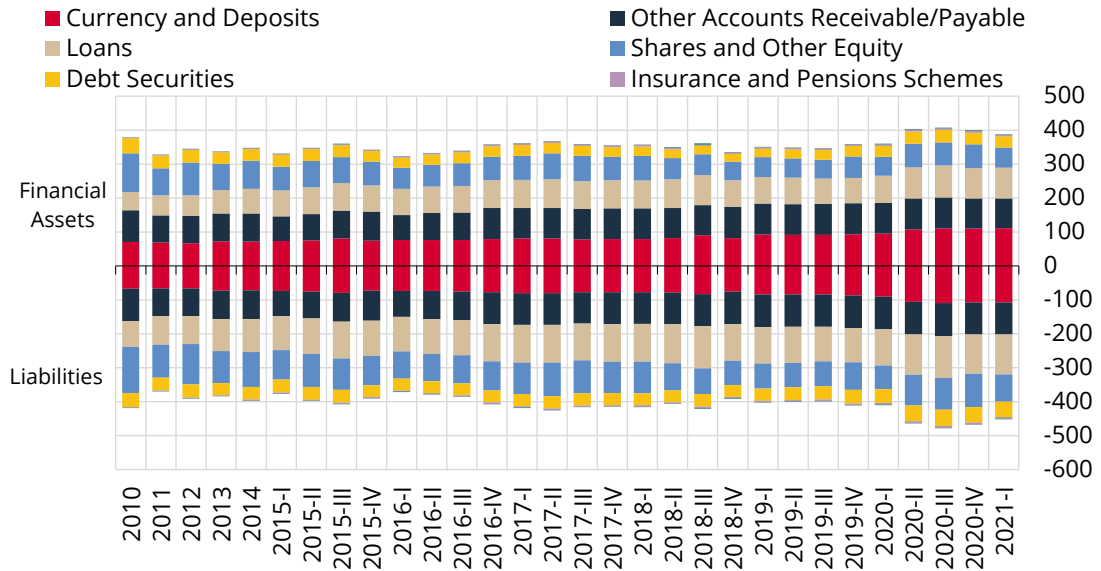


Sources: CBRT, TURKSTAT

Last Observation: 2021-I

An analysis of financial assets and liabilities by sectors over the recent period suggests that financial corporations constituted the largest sector in terms of assets whereas non-financial corporations stood as the largest sector in terms of liabilities (Chart 3).

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



Sources: CBRT, TURKSTAT

Last Observation: 2021-I

(*) Monetary gold and SDR are excluded.

In 2021Q1, currency and deposits, along with loans, had the largest weight in assets while loans as well as currency and deposits had the largest weight in liabilities (Chart 4).

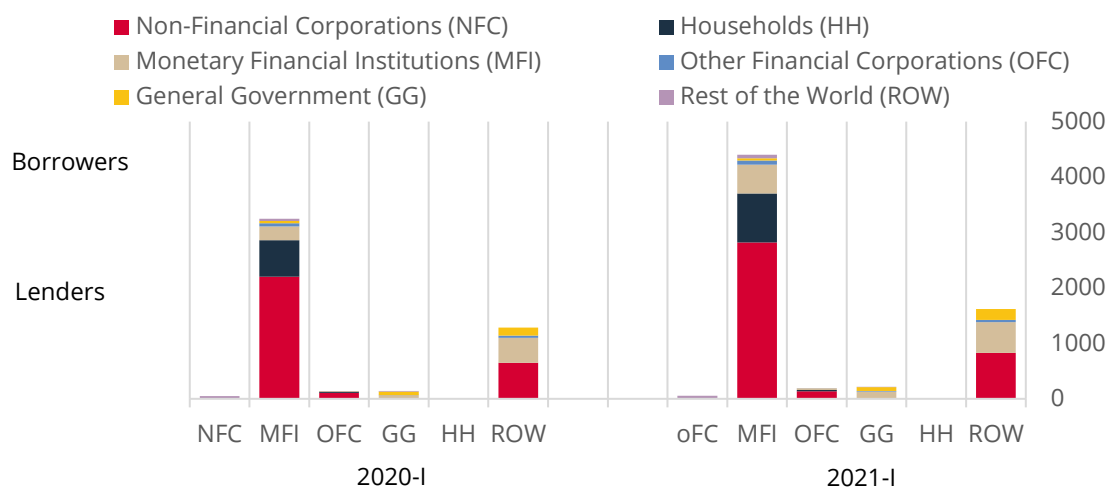
From-Whom-to-Whom (Deposits and Loans)

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 2021Q1 compared to the same period of the previous year. The strongest connection occurred between non-financial corporations and monetary financial institutions. The latter extended a total of TRY 4,405 billion worth of loans, of which TRY 2,821 billion was granted to non-financial corporations and TRY 884 billion to households. Domestic sectors borrowed TRY 1,621 billion from the rest of the world, out of which non-financial corporations received TRY 827 billion, and monetary financial institutions received TRY 558 billion (Chart 5).

In 2021Q1, of the total TRY 6,440 billion worth of deposits, TRY 5,599 billion were taken by monetary financial institutions and TRY 842 billion by the rest of the world. A large portion of deposits taken by monetary financial institutions belongs to households (TRY 2,103 billion), other monetary financial institutions (TRY 1,171 billion) and non-financial corporations (TRY 1,060 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 687 billion) was opened by monetary financial institutions (Chart 6).

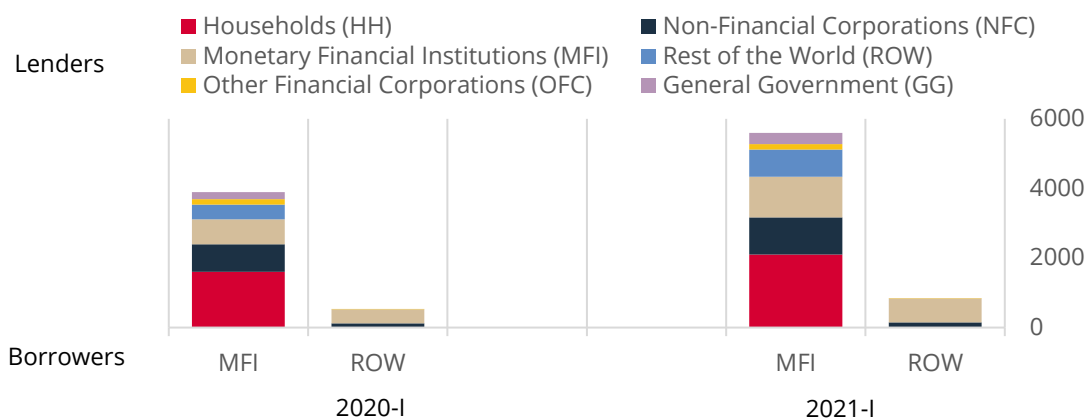
Chart 5: Loans, From-Whom-to-Whom (TRY Billion)



Source: CBRT

Last Observation: 2021-I

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



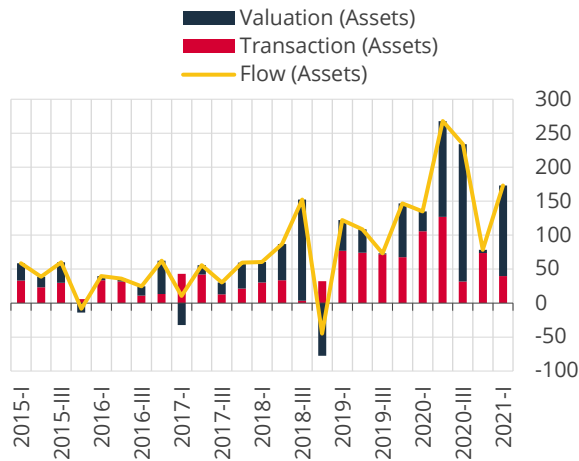
Source: CBRT

Last Observation: 2021-I

Households

In 2021Q1, household financial assets increased by TRY 173 billion quarter-on-quarter, TRY 133 billion of which was driven by valuation and TRY 40 billion by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter increase of TRY 33 billion, almost all of which resulted from the increase in transactions (Chart 8).

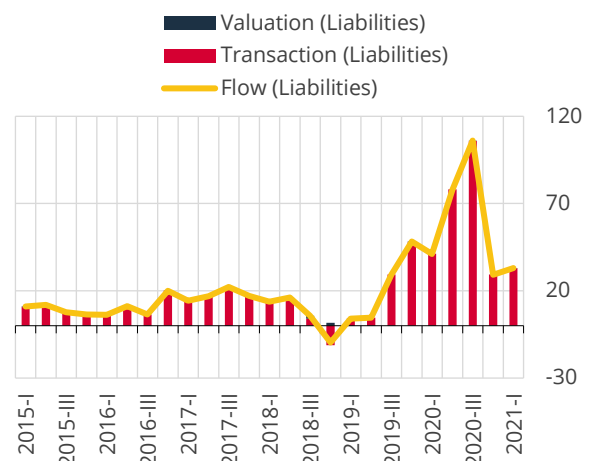
Chart 7: Financial Assets, Flow (TRY Billion)



Source: CBRT

Last Observation: 2021-I

Chart 8: Liabilities, Flow (TRY Billion)

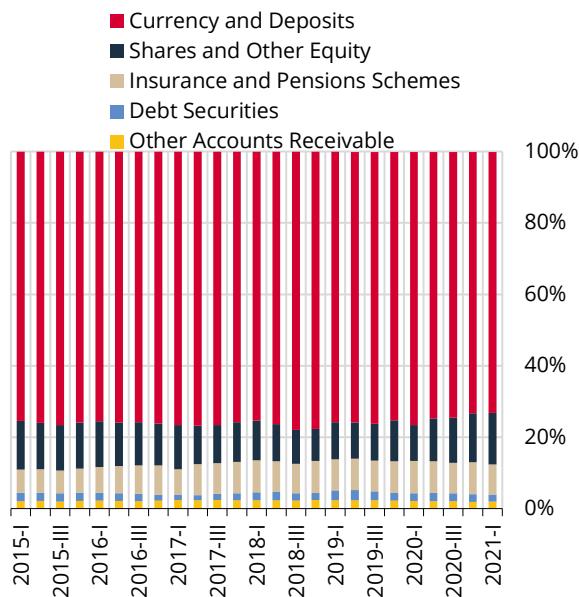


Source: CBRT

Last Observation: 2021-I

In 2021Q1, 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 around 73%, followed by shares and other equity (Chart 9). As for household liabilities, almost all of them were composed of loans (Chart 10).

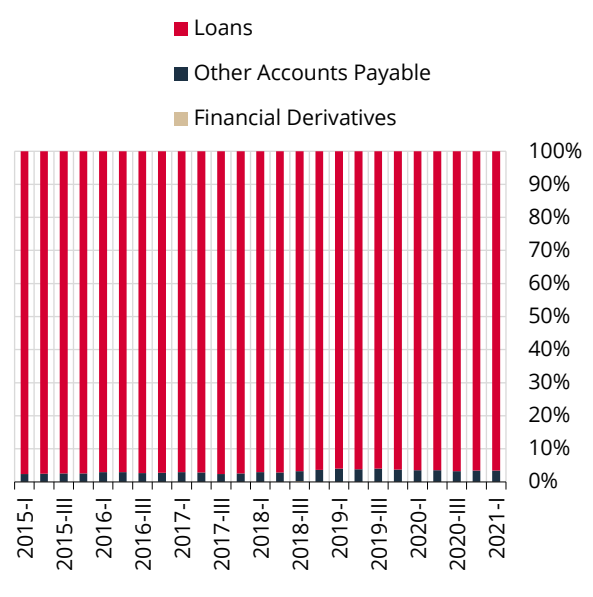
Chart 9: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2021-I

Chart 10: Breakdown of Liabilities by Instruments (%)

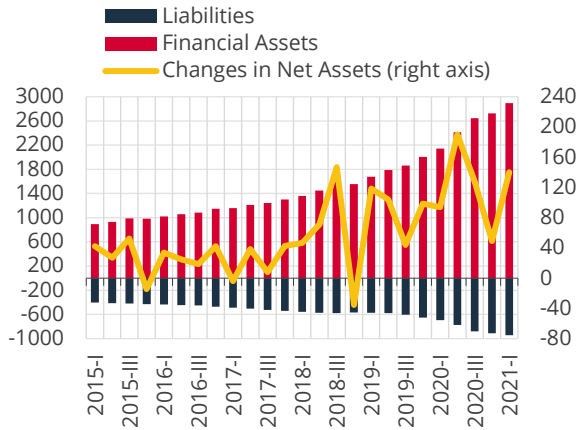


Source: CBRT

Last Observation: 2021-I

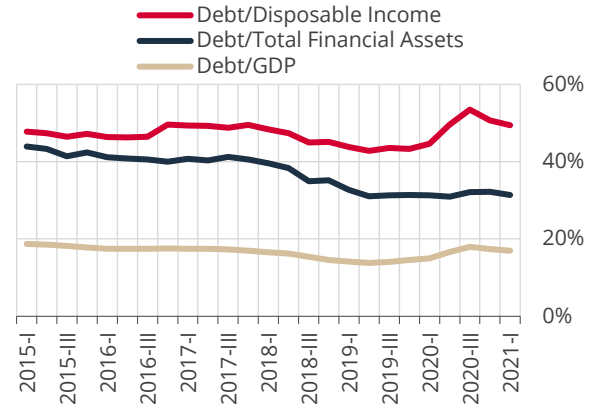
Household financial net worth increased by TRY 140 billion in 2021Q1 (Chart 11). Household indebtedness indicators suggest that the ratios of household debt to GDP and to disposable income decreased slightly to 17% and 49%, respectively on a quarterly basis, whereas the ratio of debt to total financial assets remained flat at around 31% (Chart 12).

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



Source: CBRT Last Observation: 2021-I

Chart 12: Household Debt* (%)

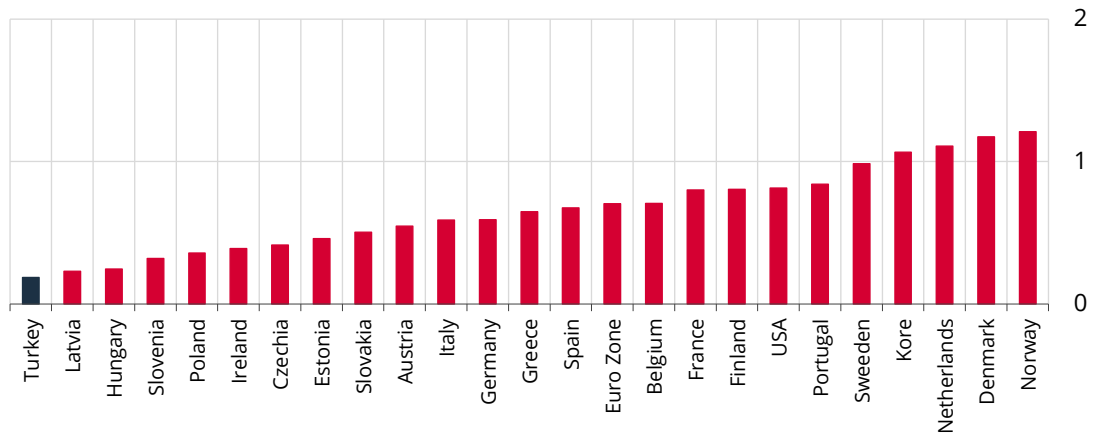


Sources: CBRT, TURKSTAT Last Observation: 2021-I

* Household debt is composed of loans.

The ratio of household liabilities to GDP indicates that Turkey stood out as the country with the lowest level of indebtedness among the countries compared in 2021Q1 (Chart 13).

Chart 13: Household Liabilities/GDP, Comparison



Sources: CBRT, TURKSTAT, OECD

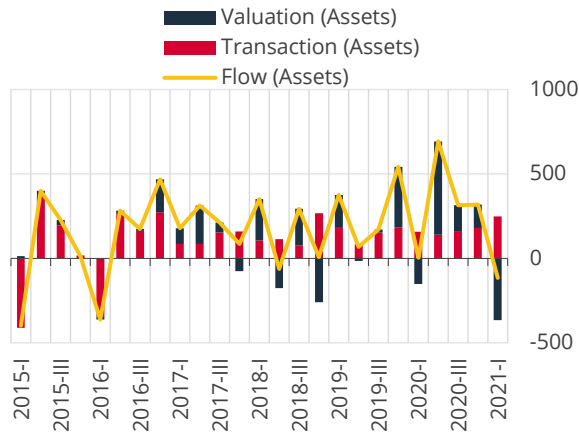
Last Observation: 2021-I

Note: Other country data is as of 2020Q4.

Non-Financial Corporations

In 2021Q1, financial assets of non-financial corporations decreased by TRY 116 billion quarter-on-quarter. The negative contribution to this decrease came from the TRY 365-billion decline in valuation (mostly resulting from the fall in share prices), while transactions increased by TRY 249 billion (Chart 14). Meanwhile, liabilities of non-financial corporations increased by TRY 151 billion, which was driven by the TRY 241-billion rise in transactions (Chart 15).

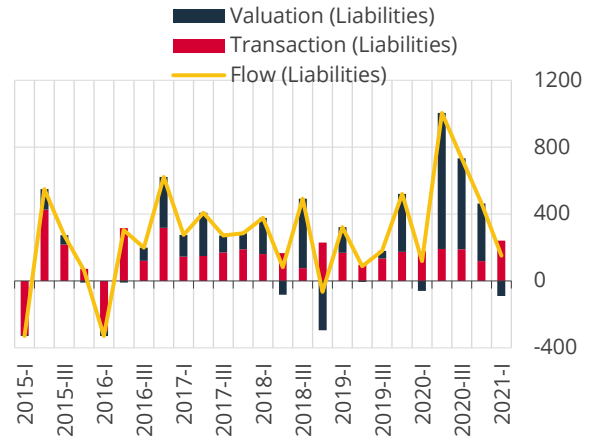
Chart 14: Financial Assets, Flow (TRY Billion)



Source: CBRT

Last Observation: 2021-I

Chart 15: Liabilities, Flow (TRY Billion)

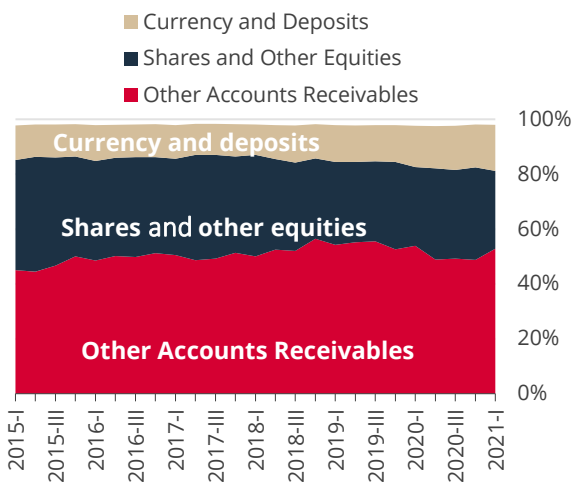


Source: CBRT

Last Observation: 2021-I

In 2021Q1, no significant change was observed in the distribution of non-financial corporations' financial transactions. The most important item on the assets side was the other accounts receivable item (53%) composed of the sum of trade credits and advances and other items. The share of the shares and other equity item was 28%, and that of currency and deposits was 17% (Chart 16). On the liabilities side, the share of other accounts payable stood at 38% while the share of loans was 33%. The share of financing through the shares and other equity item was 27% (Chart 17)

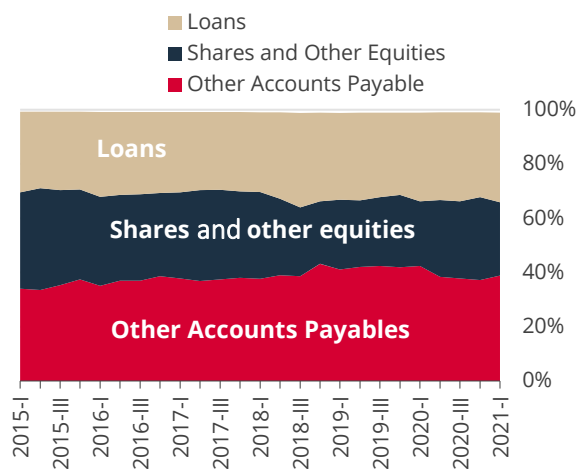
Chart 16: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2021-I

Chart 17: Breakdown of Liabilities by Instruments (%)

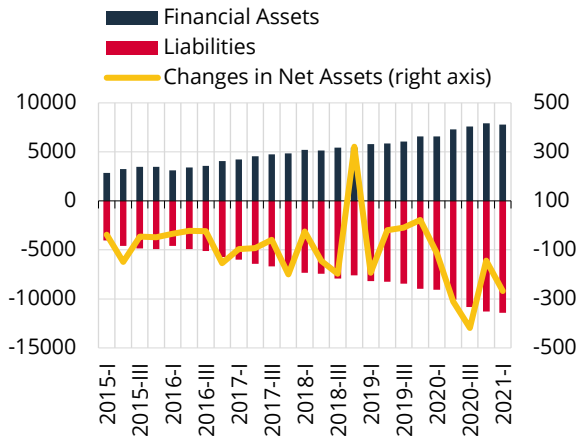


Source: CBRT

Last Observation: 2021-I

In 2021Q1, the financial net worth of non-financial corporations decreased by TRY 267 billion quarter-on-quarter (Chart 18). Meanwhile, the ratio of non-financial corporations' debt to GDP remained flat at 72%. In the same quarter, the ratio of non-financial corporations' debt to total financial assets rose to 50% (Chart 19).

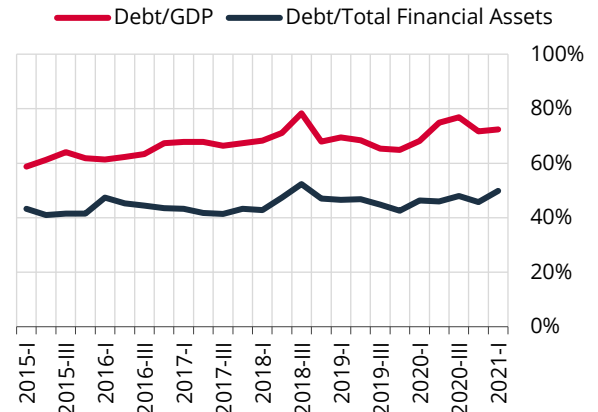
Chart 18: Change in Net Assets of Non-Financial Corporations (TRY Billion)



Source: CBRT

Last Observation: 2021-I

Chart 19: Non-Financial Corporations' Debt (%)



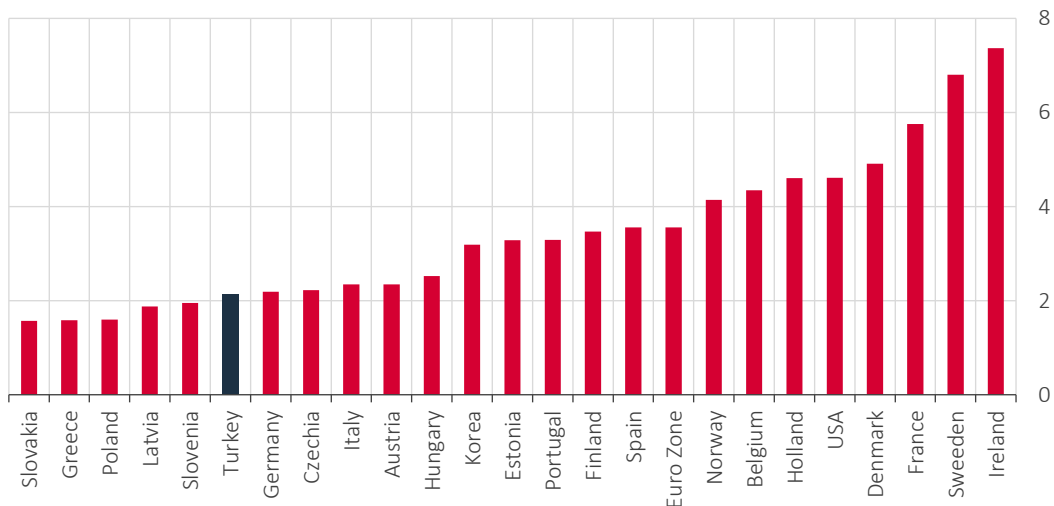
Source: CBRT

Last Observation: 2021-I

Note: Debts are composed of loans and debt securities.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2021Q1, Turkey was among the countries with low indebtedness levels (Chart 20).

Chart 20: Non-Financial Corporations' Liabilities / GDP, Comparison



Sources: CBRT, TURKSTAT, OECD

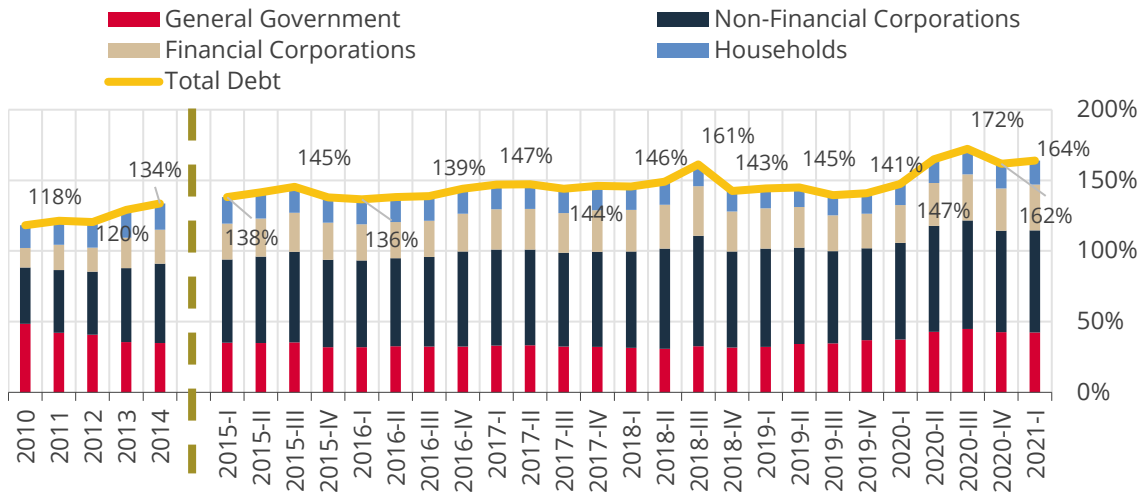
Last Observation: 2021-I

Note: Other country data is as of 2020Q4.

Total Debt of Resident Sectors

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 increased by 2 points to 164% in 2021Q1 (Chart 21).

Chart 21: Total Debt of Resident Sectors/GDP* (%)



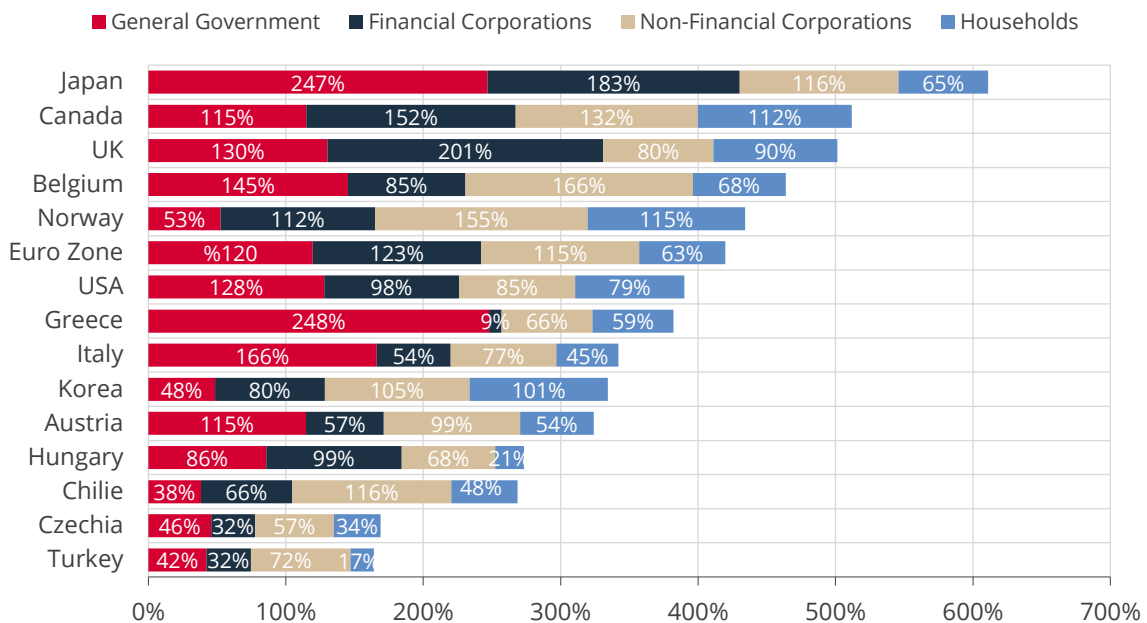
Sources: CBRT, TURKSTAT.

Last Observation: 2021-I

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

A cross-country comparison of this indebtedness ratio reveals that the total debt of resident sectors in Turkey was low in 2021Q1 (Chart 22).

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



Sources: CBRT, TURKSTAT, OECD.

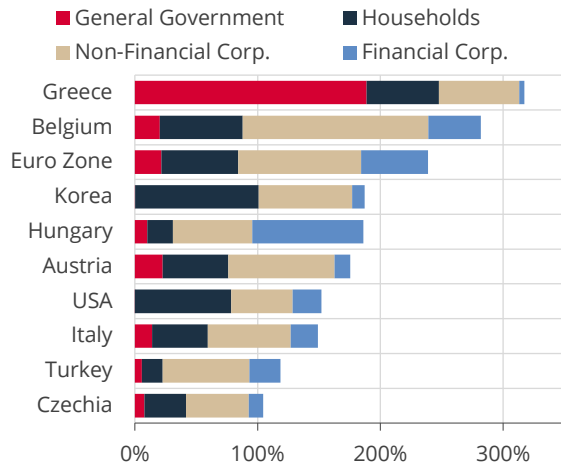
Last Observation: 2021-I

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

Note: Other country data is as of 2020Q4.

A cross-country comparison of indebtedness ratios by financial instruments shows that Turkey had relatively low levels of loan/GDP and debt securities/GDP ratios in 2021Q1. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 71% of GDP, the general government stood as the leading sector in debt securities with a ratio of 37% (Charts 23 and 24).

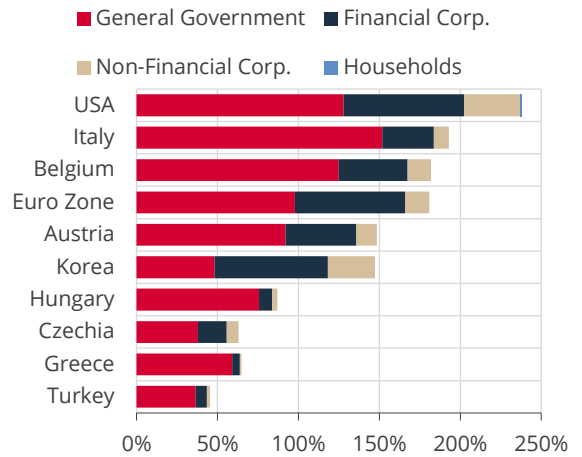
Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation:2021-I OECD.

Note: Other country data is as of 2020Q4.

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



Sources: CBRT, TURKSTAT, Last Observation: 2021-I OECD.

Note: Other country data is as of 2020Q4.