



CENTRAL BANK OF THE REPUBLIC OF TURKEY



# Financial Stability Report

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This report, which aims to inform the public, is based mainly on March 2009 data. However, the report also includes the developments and evaluations until the publishing date of the report in Turkish. This text is fully available at the CBRT web site. The CBRT cannot be held accountable for decisions taken based on the information and data provided in this report.

## FOREWORD

*Our financial system, which was reinforced in the light of the past experience, helped curb the impact of the global financial crisis that emerged in the second half of 2007 on Turkish financial markets. However, the contraction in global trade volume accompanied by troubles in credit channels continues to affect economic activity in Turkey adversely. In the face of deteriorated growth performance and increased unemployment, counter-cyclical monetary and fiscal policies have been implemented in a coordinated manner and some improvement, albeit limited, has recently been observed in economic indicators.*

*On international platforms it is discussed that the exit strategy from the policies implemented against the crisis should be well designed so as to ensure a sound and lasting global recovery. The same problem applies for Turkey as well and maintaining fiscal discipline and accelerating the structural reform process in the medium and long run are essential.*

*Even if the crisis emerged and spread suddenly due to accumulated problems and instability, the exit from the crisis will not be as easy and fast as its start. Actually, significant efforts are underway on various platforms to find a solution to the global problems. Along with some other developing countries, Turkey has also become a member of the Financial Stability Board, one of the most important international bodies working on this issue. Therefore, in the forthcoming period, Turkey will play an active role in efforts to develop policies intended to restore global financial stability and confidence.*

*The period we are going through can also be regarded as an opportunity for all market participants to review their shortcomings and vulnerabilities, and I hope the opinions that we present in this Report will contribute to these evaluations.*



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