



FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND
STATISTICS DEPARTMENT

2021-IV

Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP declined by 3.6 points in the fourth quarter of 2021 compared to the previous quarter. As of the end of the fourth quarter, sectors' total financial assets and liabilities amounted to TRY 32.0 trillion and TRY 35.3 trillion, respectively.

In this period, while the ratio of households' debt to GDP remained flat at 15%, that of non-financial corporations' debt to GDP stood at 74%, placing Türkiye among countries with low indebtedness levels in terms of both households and corporations.

Contents

Summary	1
I. Overview	3
II. From-Whom-to-Whom (Deposits and Loans)	6
III. Households	7
IV. Non-Financial Corporations	9
V. Total Debt and Country Comparisons	11

I. Overview

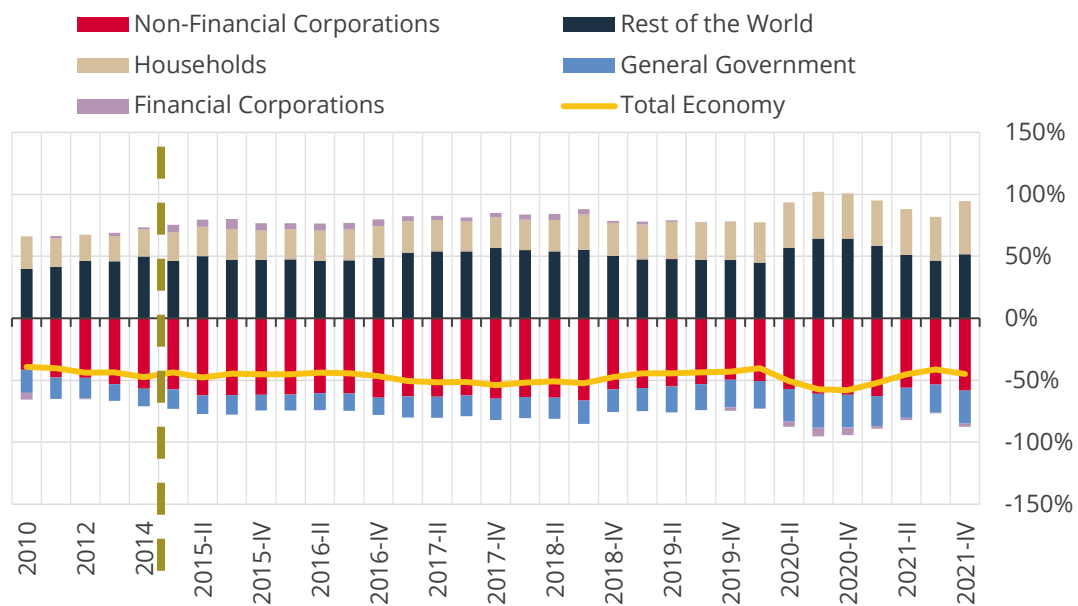
Table 1: Financial Net Worth by Sectors (TRY Billion)^{1,2}

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the World
Financial Assets	32,022	13,112	13,013	1,642	4,255	3,451
Liabilities	35,253	17,314	13,194	3,564	1,181	7,182
Net Financial Worth	-3,232	-4,202	-181	-1,922	3,074	3,731

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2021Q4 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



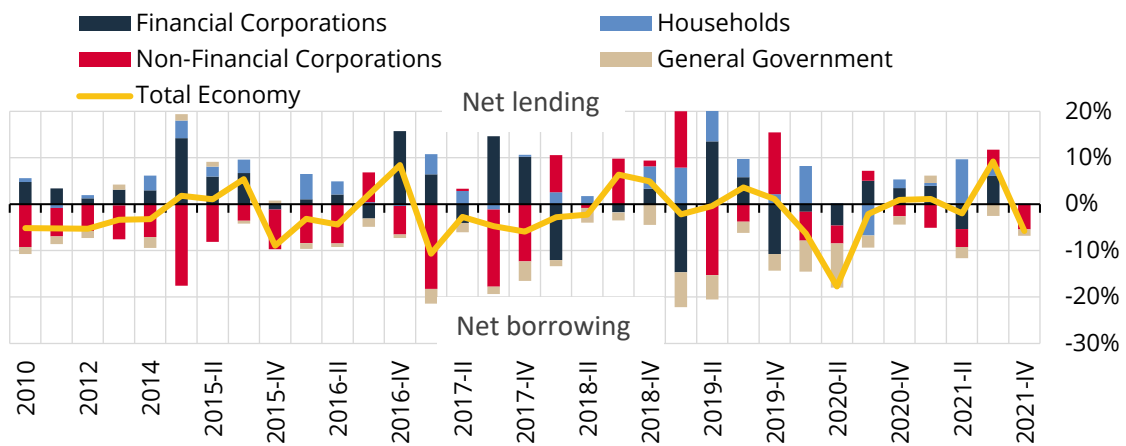
Sources: CBRT, TURKSTAT.

Last Observation: 2021-IV

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 (%)

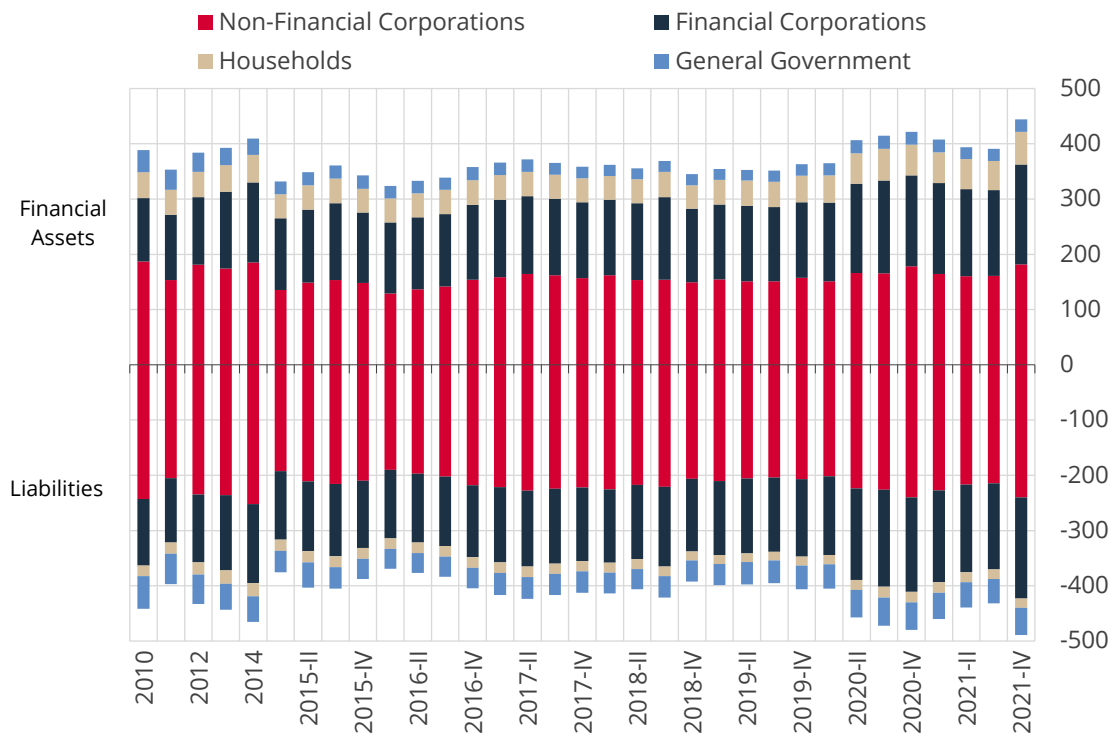


Sources: CBRT, TURKSTAT.

Last Observation:2021-IV

According to net financial transactions conducted by sectors, the total economy, which was a net lender of 9.2% of GDP in the previous quarter, became a net borrower of 5.8% of GDP in the fourth quarter of 2021. In terms of contributions to this ratio, non-financial corporations stood as the biggest borrower in this quarter with 5.4% of GDP, followed by general government with a borrowing of around 1.4% of GDP. Households, on the other hand, were a net lender of 1% of GDP (Chart 2).

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

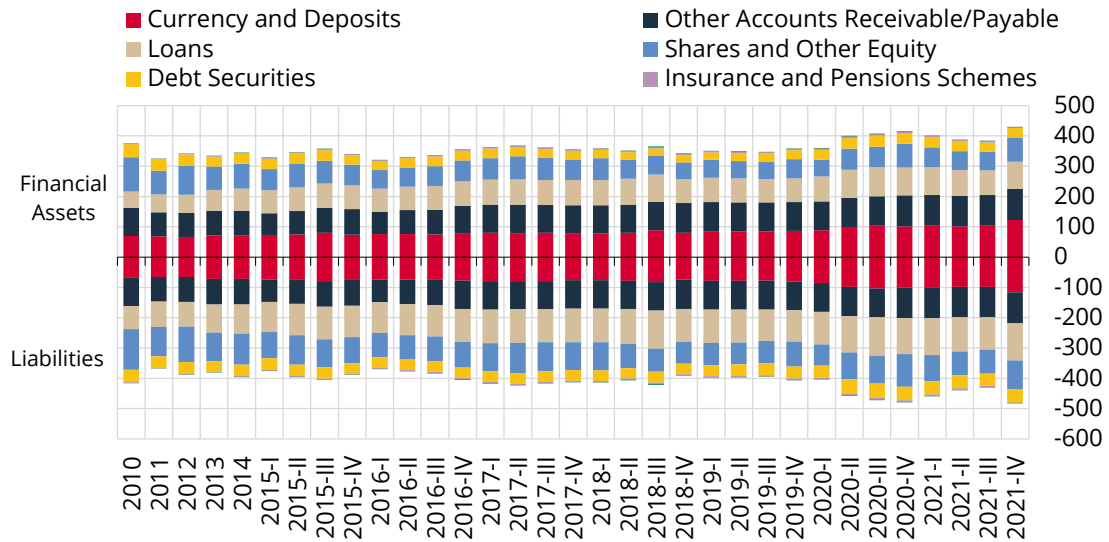


Sources: CBRT, TURKSTAT.

Last Observation: 2021-IV

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

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



Sources: CBRT, TURKSTAT.

Last Observation: 2021-IV

(*) Monetary gold and SDR are excluded.

In 2021Q4, currency and deposits, along with other receivables, had the largest weight in assets, while loans, as well as currency and deposits, had the largest weight in liabilities (Chart 4).

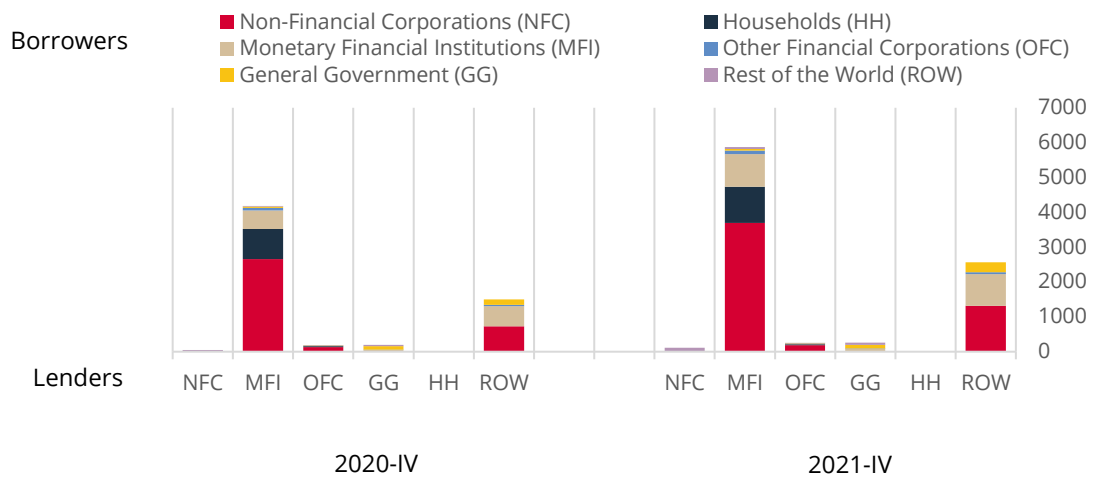
II. From-Whom-to-Whom (Deposits and Loans)

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 2021Q4 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 5,873 billion worth of loans, of which TRY 3,697 billion was granted to non-financial corporations and TRY 1,032 billion to households. Domestic sectors borrowed TRY 2,572 billion from the rest of the world, out of which non-financial corporations received TRY 1,318 billion, and monetary and financial institutions received TRY 904 billion (Chart 5).

In 2021Q4, of the total TRY 9,699 billion worth of deposits, TRY 8,164 billion were taken by monetary and financial institutions and TRY 1,534 billion by the rest of the world. A large portion of deposits taken by monetary and financial institutions belongs to households (TRY 3,043 billion), other monetary and financial institutions (TRY 1,635 billion) and non-financial corporations (TRY 1,617 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 1,309 billion) were opened by monetary and financial institutions (Chart 6).

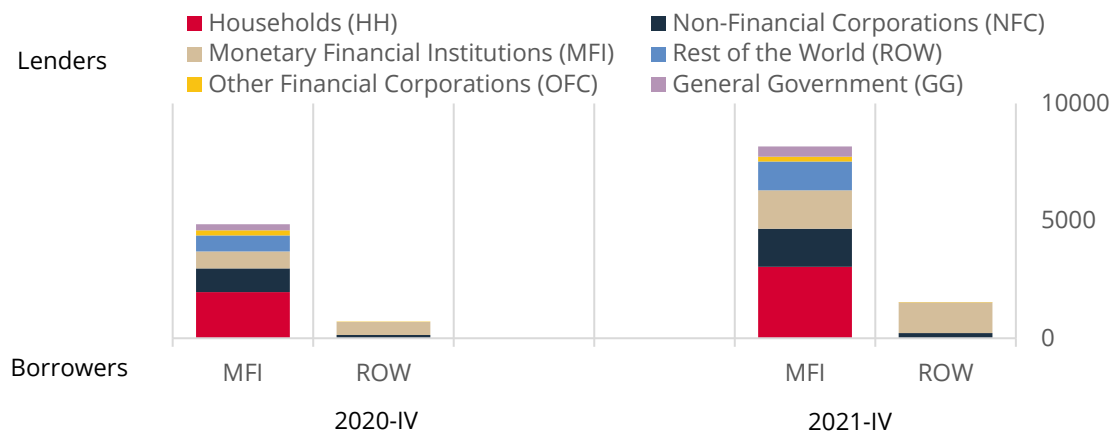
Chart 5: Loans, From-Whom-to-Whom (TRY Billion)



Source: CBRT

Last Observation:2021-IV

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



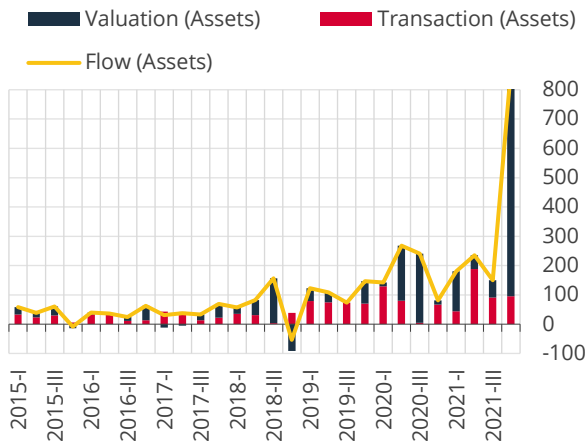
Source: CBRT

Last Observation:2021-IV

III. Households

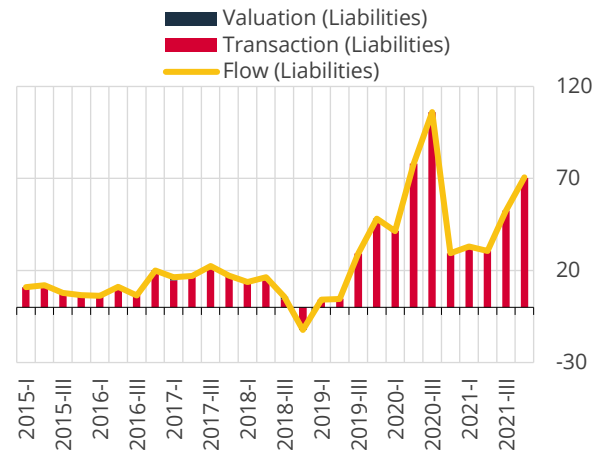
In 2021Q4, household financial assets increased by TRY 869 billion quarter-on-quarter, TRY 773 billion of which was driven by valuation and TRY 96 billion by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter rise of TRY 71 billion, almost all of which resulted from an increase in transactions (Chart 8).

Chart 7: Financial Assets, Flow (TRY Billion)



Source: CBRT Last Observation:2021-IV

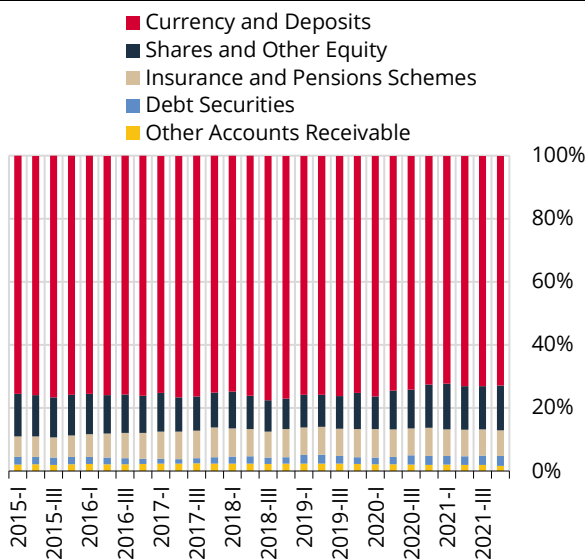
Chart 8: Liabilities, Flow (TRY Billion)



Source: CBRT Last Observation: 2021-IV

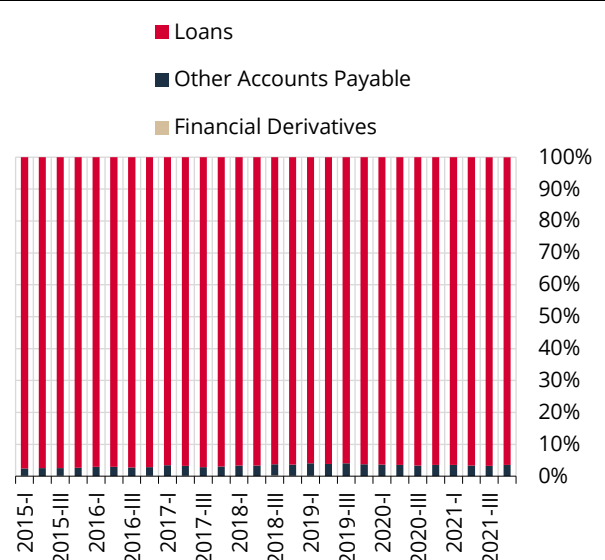
In 2021Q4, the distribution of household financial instruments did not change significantly. The leading instrument in household financial assets was currency and deposits with a share of about 73%, followed by shares and other equity (Chart 9). As for household liabilities, almost all were composed of loans (Chart 10).

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



Source: CBRT Last Observation:2021-IV

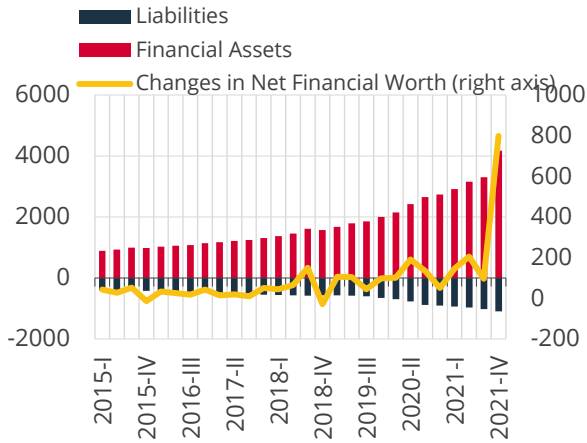
Chart 10: Breakdown of Liabilities by Instruments (%)



Source: CBRT Last Observation: 2021-IV

In 2021Q4, household financial net worth increased by TRY 798 billion (Chart 11). Household indebtedness indicators suggest that the ratios of household debt to total financial assets and to disposable income decreased to 25% and 43% on a quarterly basis, respectively, whereas the ratio of debt to GDP remained flat at 15% (Chart 12).

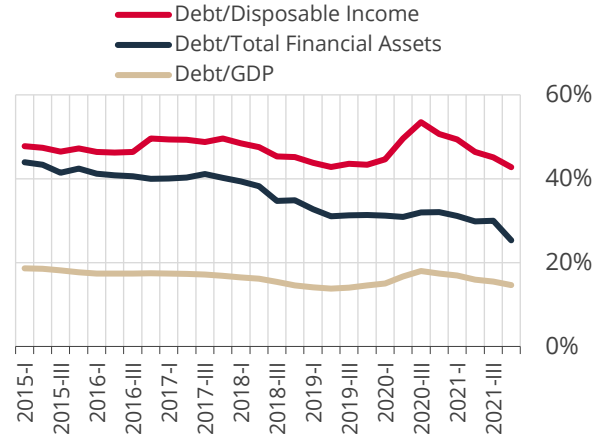
Chart 11: Change in Financial Net Worth of Households (TRY Billion)



Source: CBRT

Last Observation: 2021-IV

Chart 12: Household Debt* (%)



Sources: CBRT, TURKSTAT.

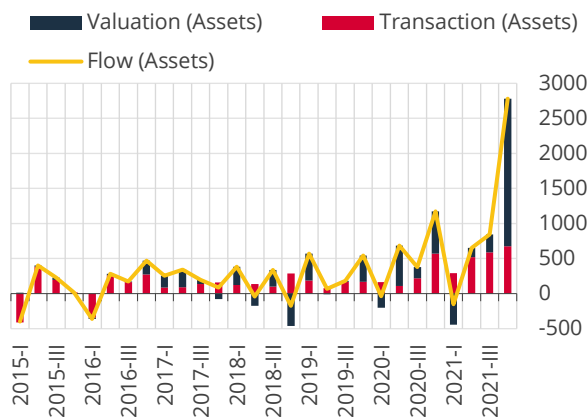
Last Observation: 2021-IV

* Household debt is composed of loans.

IV. Non-Financial Corporations

In the fourth quarter of 2021, financial assets of non-financial corporations increased by TRY 2,780 billion quarter-on-quarter. There were positive contributions from transactions growing by TRY 675 billion due to the increase in other receivables and from the TRY 2,105-billion increase in valuation (Chart 13). Meanwhile, liabilities of non-financial corporations increased by TRY 3,552 billion, which was driven by the TRY 801-billion rise in transactions and the TRY 2,751-billion rise in valuation (Chart 14).

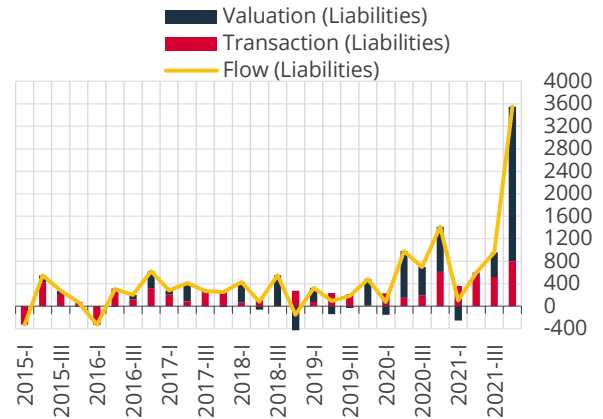
Chart 13: Financial Assets, Flow (TRY Billion)



Source: CBRT

Last Observation: 2021-IV

Chart 14: Liabilities, Flow (TRY Billion)

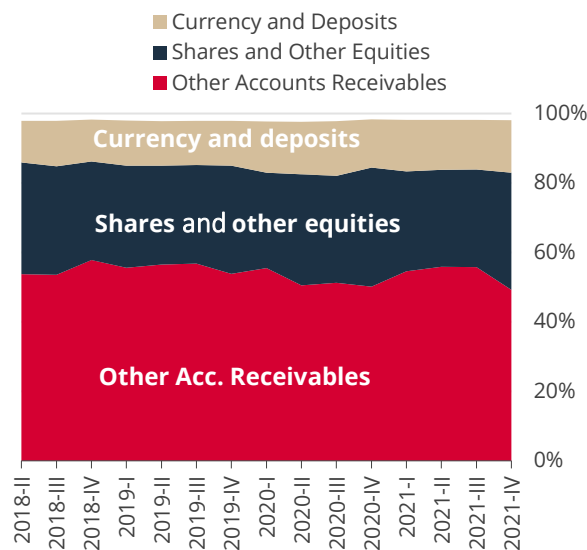


Source: CBRT

Last Observation: 2021-IV

In 2021Q4, 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 (49%) composed of the sum of trade credits and advances and other items. The share of the shares and other equity item was 34%, and that of currency and deposits was 15% (Chart 15). On the liabilities side, the share of other accounts payable stood at 38% while the share of loans was 30%. The share of financing through the shares and other equity item was 31% (Chart 16).

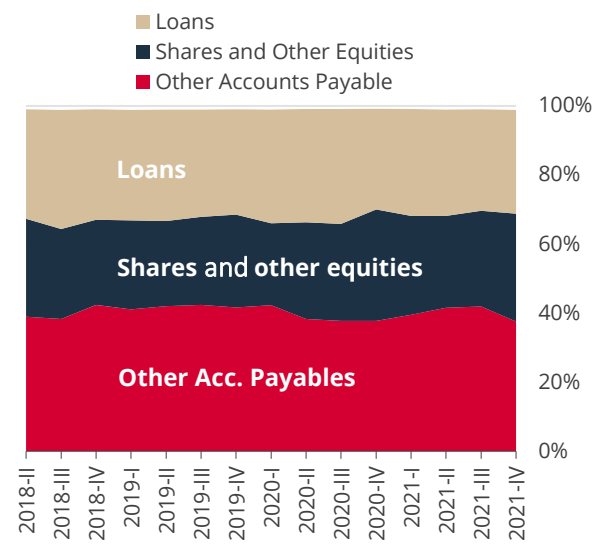
Chart 15: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

Last Observation: 2021-IV

Chart 16: Breakdown of Liabilities by Instruments (%)

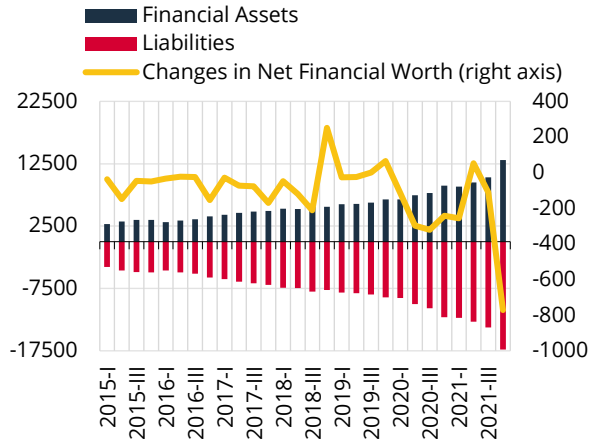


Source: CBRT

Last Observation: 2021-IV

In 2021Q4, the financial net worth of non-financial corporations decreased by TRY 771 billion quarter-on-quarter (Chart 17). The ratio of debts to GDP was 74%, and that to financial assets was 41% (Chart 18).

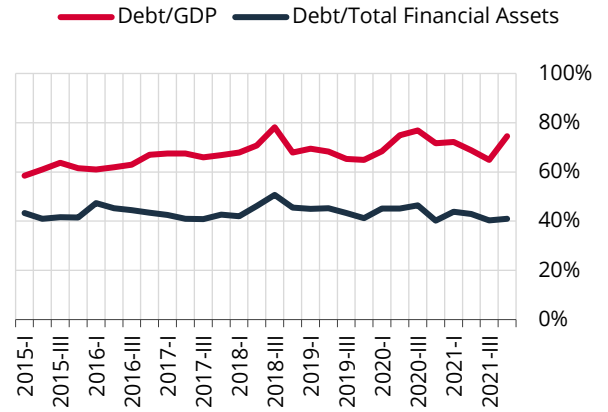
Chart 17: Change in Financial Net Worth of Non-Financial Corporations (TRY Billion)



Source: CBRT

Last Observation:2021-IV

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



Sources: CBRT, TURKSTAT.

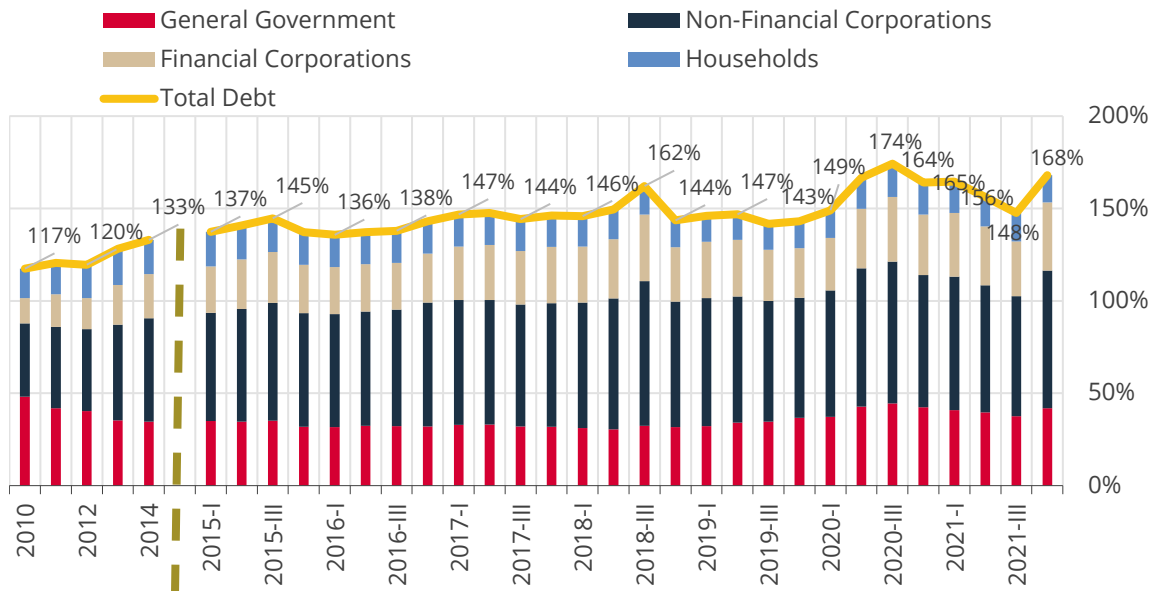
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Note: Debts are composed of loans and debt securities.

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 168% in 2021Q4 (Chart 19)

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



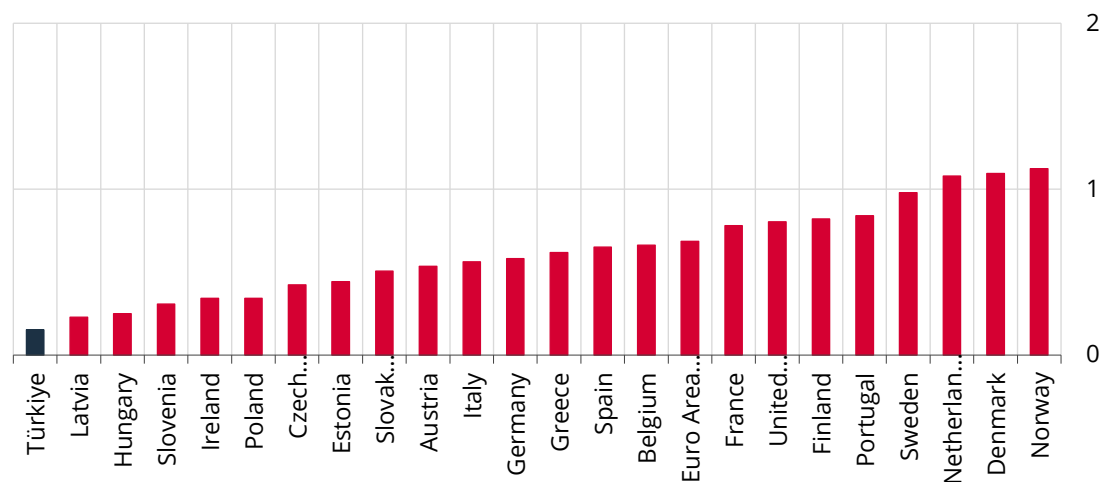
Sources: CBRT, TURKSTAT.

Last Observation: 2021-IV

(* 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 2021Q4 (Chart 20).

Chart 20: Households Liabilities/GDP, Comparison



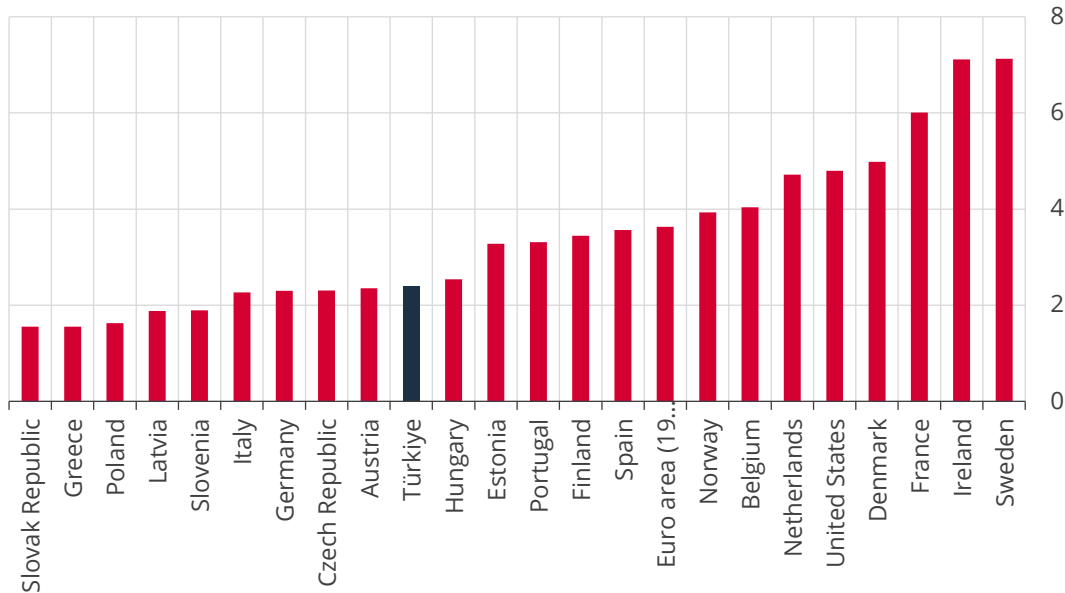
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2021-IV

Note: Other country data is as of 2021Q3.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2021Q4, Türkiye was among the countries with low indebtedness levels (Chart 21)

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



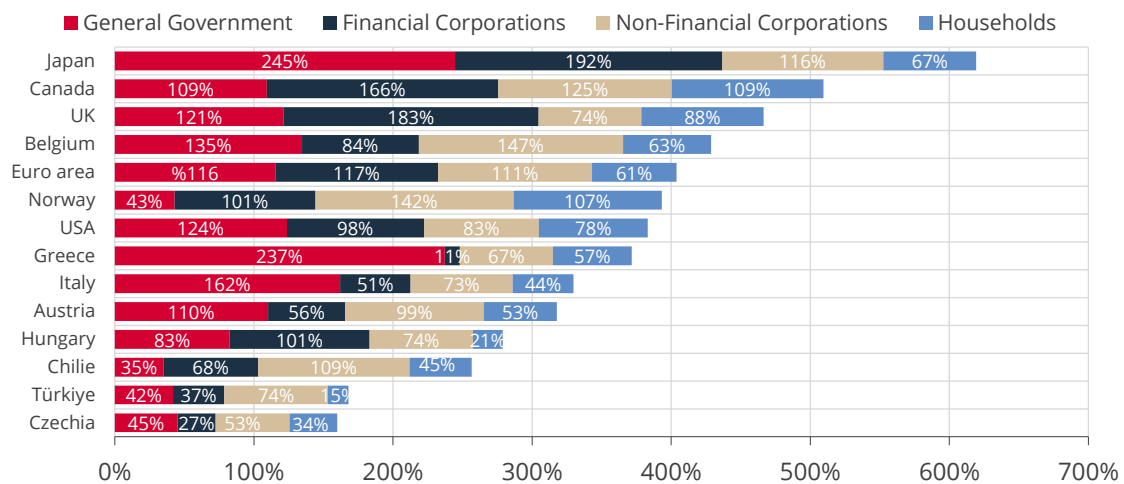
Sources: CBRT, TURKSTAT, OECD.

Last Observation:2021-IV

Note: Other country data is as of 2021Q3.

A cross-country comparison of this indebtedness ratio reveals that the total debt of resident sectors in Türkiye was low in 2021Q4 (Chart 22).

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



Sources: CBRT, TURKSTAT, OECD.

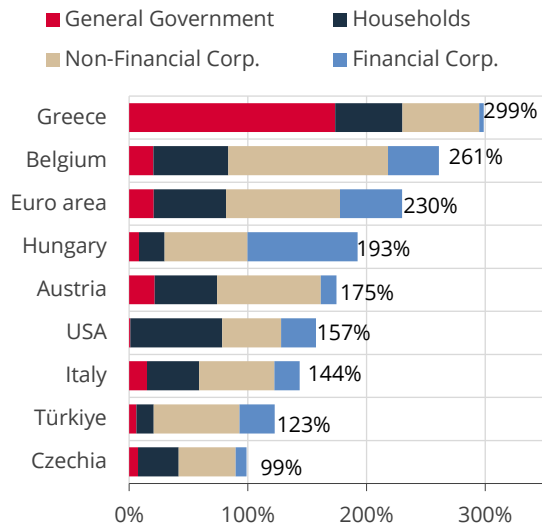
Last Observation:2021-IV

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

Note: Other country data is as of 2021Q3.

A cross-country comparison of indebtedness ratios by financial instruments shows that Türkiye had relatively low levels of loan/GDP and debt securities/GDP ratios in 2021Q4. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 72% of GDP, the general government stood as the leading sector in debt securities with a ratio of 36% (Charts 23 and 24).

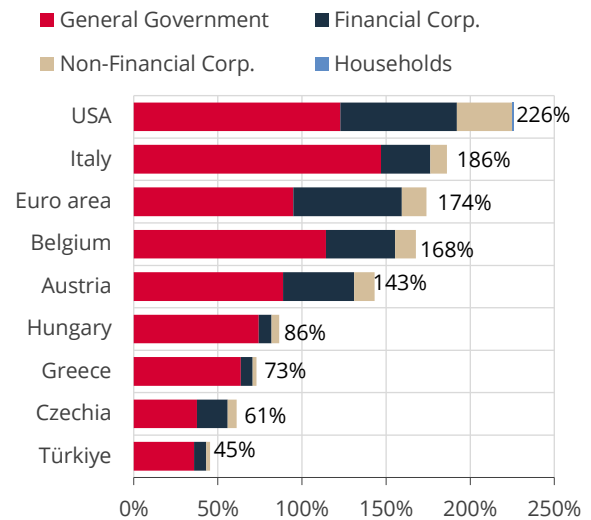
Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)



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

Note: Other country data is as of 2021Q3.

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



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

Note: Other country data is as of 2021Q3.