

# Financial Stability Report

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TÜRKİYE CUMHURİYET  
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CENTRAL BANK OF THE REPUBLIC OF TURKEY

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This report, which is aimed at informing the public, is based mainly on March 2014 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 made based on the information and data provided therein.

## Foreword

The normalization of the monetary policies of central banks in advanced economies continues to have an impact on global capital flows. It is important for emerging economies to reinforce financial stability in their countries in the light of the new phase that the normalization process is likely to take in 2015 once the Fed starts interest rate hikes. Since the issue of the Financial Stability Report in November 2013, the Turkish financial system has remained resilient against fluctuations at the national as well as international level and there has been no significant change in its risk profile. Turkey's financial system is expected to gain further strength and to operate effectively even under adverse conditions, with the contribution of the macro-prudential measures introduced by the relevant authorities.

The Central Bank's recent evaluations of financial stability as a complementary factor to the Bank's primary objective of price stability are presented in this 18th issue of the Financial Stability Report. I hope that the report, discussing the national and international developments that are likely to affect Turkey's financial system as well as the Turkish banking system's resilience against prospective shocks, will be of benefit to all readers.

Erdem BAŐCI  
Governor

