



# FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND  
STATISTICS DEPARTMENT

2021-III

## Summary

According to sectoral financial balance sheets, the financial net worth of the Turkish economy as a percentage of GDP improved by 2,7 points in the third quarter of 2021 compared to the previous quarter. As of the end of the third quarter, sectors' total financial assets and liabilities amounted to TRY 25,4 trillion and TRY 28,1 trillion, respectively.

In this period, the ratios of households' and non-financial corporations' debt to GDP were down from 16% to 15% and from 69% to 65%, respectively, placing Turkey among countries with low indebtedness levels in terms of both households and corporations.

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## I. Overview

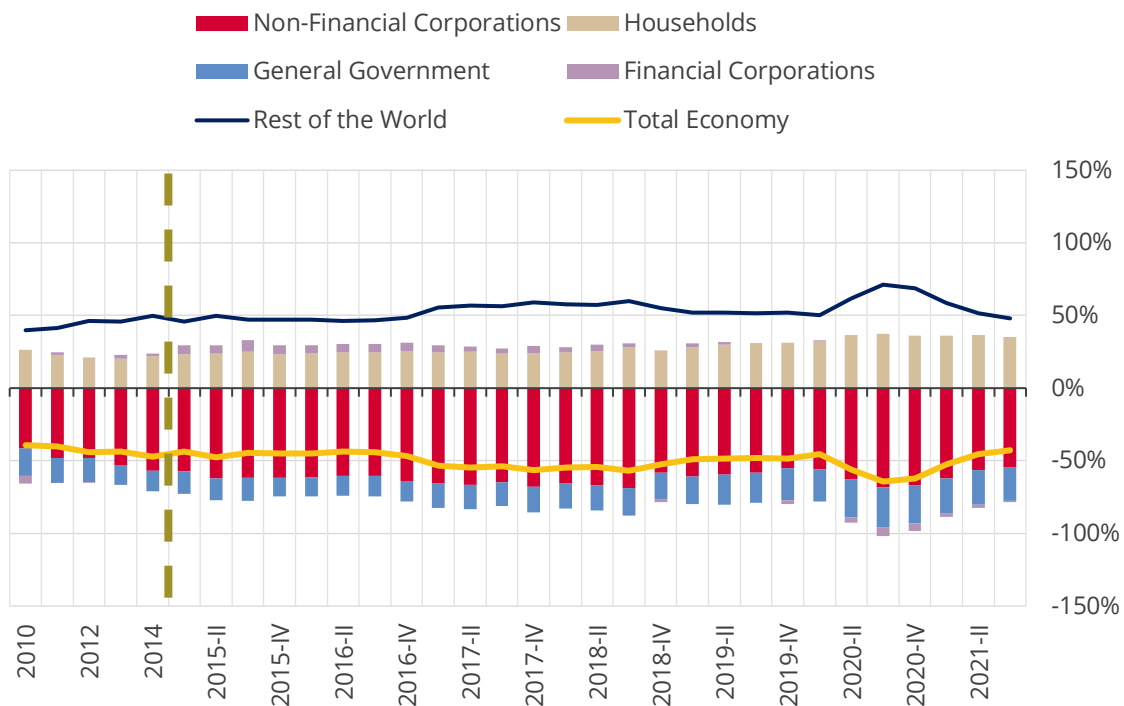
**Table 1: Financial Net Worth by Sectors (TRY Billion)<sup>1,2</sup>**

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the World
Financial Assets	25,359	10,301	10,341	1,341	3,375	2,397
Liabilities	28,112	13,818	10,394	2,798	1,101	5,491
Financial Net Worth	-2,753	-3,517	-53	-1,457	2,274	3,094

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2021Q3 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 (%)<sup>2</sup>**

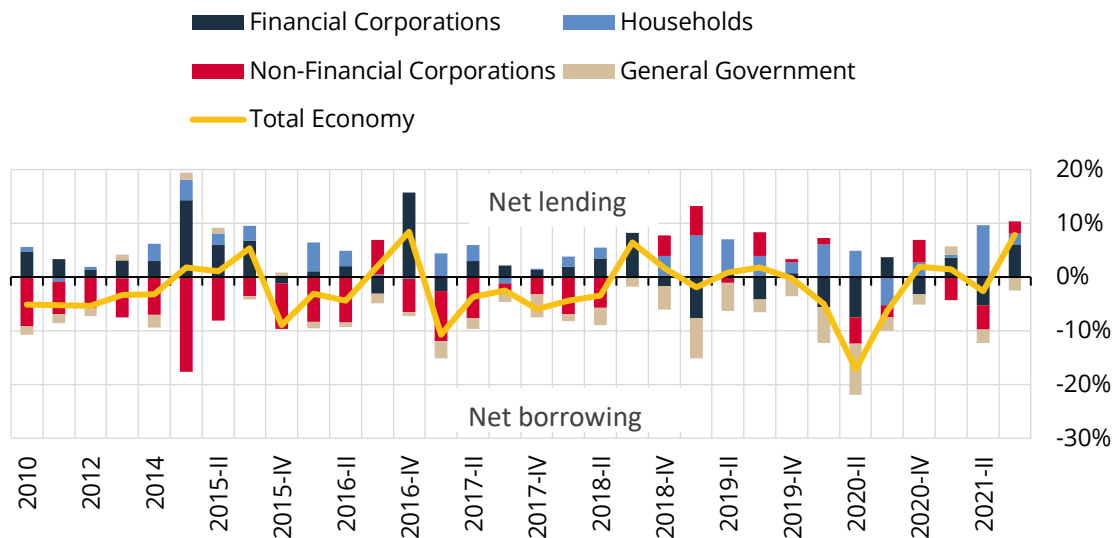


Sources: CBRT, TURKSTAT.

Last Observation: 2021-III

<sup>1</sup> 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.

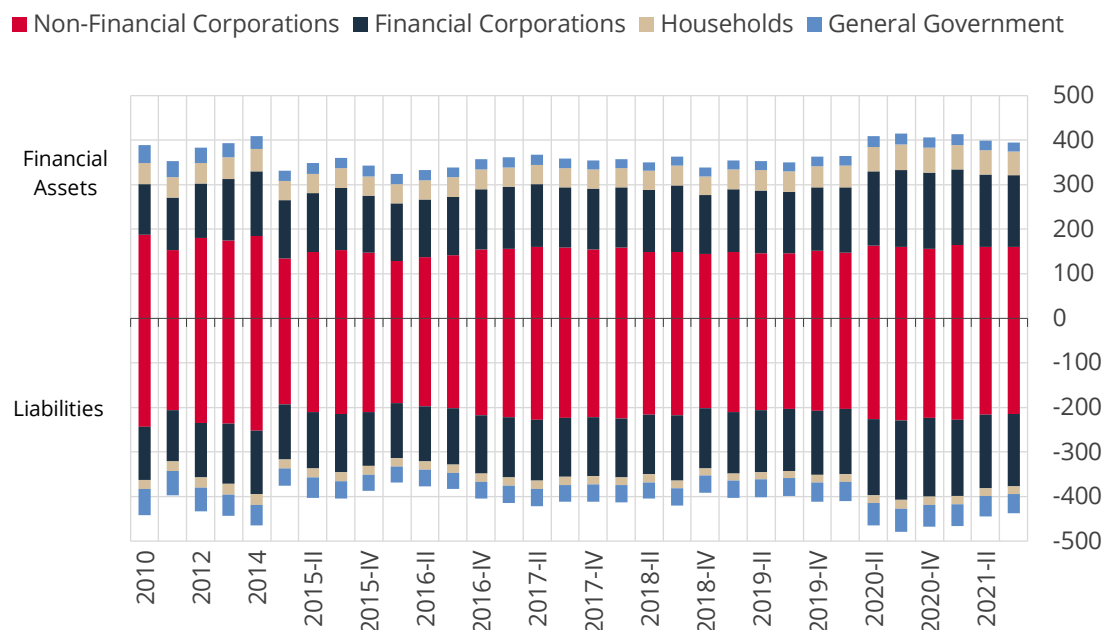
<sup>2</sup> The households sector also covers non-profit institutions serving households.

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

Sources: CBRT, TURKSTAT.

Last Observation:2021-III

According to net financial transactions conducted by sectors, the total economy, which was a net borrower of 2,6% of GDP in the previous quarter, became a net lender of 7,9% of GDP in the third quarter of 2021. In terms of contributions to this ratio, financial corporations stood as the biggest lender in this quarter with 6% of GDP, followed by non-financial corporations and households with a lending of around 2% of GDP. General government, on the other hand, was a net borrower of 3% of GDP (Chart 2).

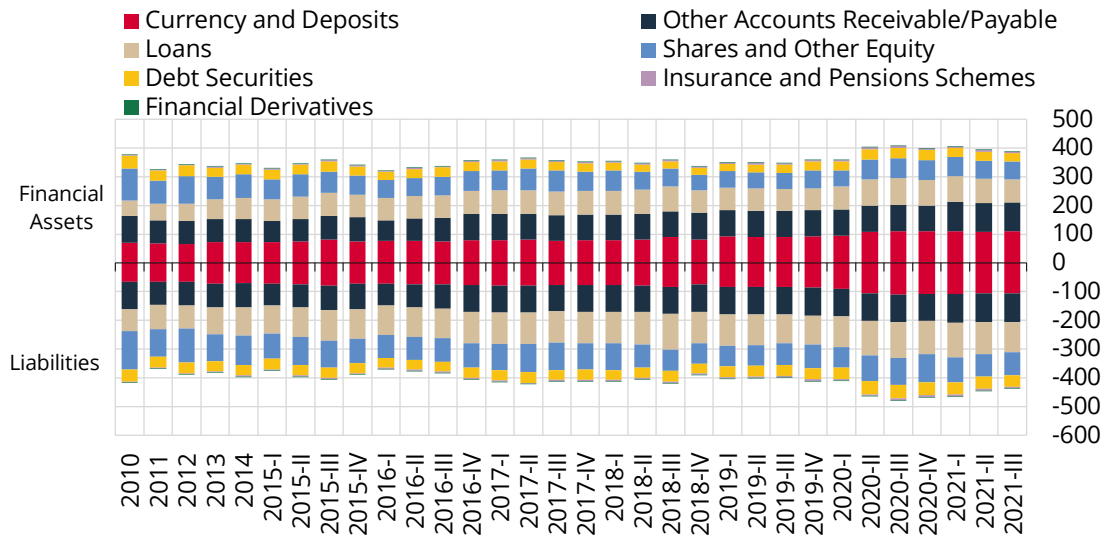
**Chart 3: Financial Assets and Liabilities to GDP by Sectors (%)**

Sources: CBRT, TURKSTAT.

Last Observation: 2021-III

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

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



Sources: CBRT, TURKSTAT.

Last Observation: 2021-III

(\*) Monetary gold and SDR are excluded.

In 2021Q3, 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).

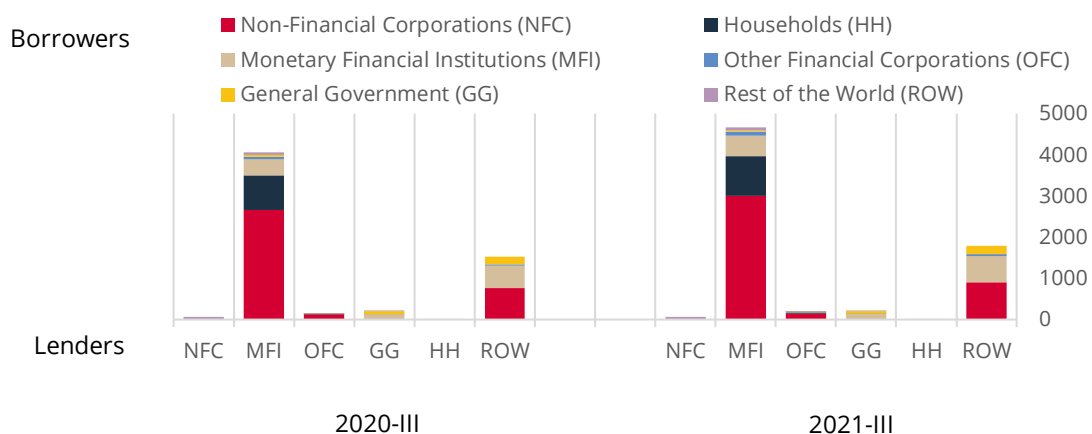
## II. From-Whom-to-Whom (Deposits and Loans)

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 2021Q3 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 4,662 billion worth of loans, of which TRY 2,994 billion was granted to non-financial corporations and TRY 996 billion to households. Domestic sectors borrowed TRY 1,790 billion from the rest of the world, out of which non-financial corporations received TRY 903 billion, and monetary and financial institutions received TRY 639 billion (Chart 5).

In 2021Q3, of the total TRY 7,670 billion worth of deposits, TRY 6,535 billion were taken by monetary and financial institutions and TRY 1,135 billion by the rest of the world. A large portion of deposits taken by monetary and financial institutions belongs to households (TRY 2,405 billion), other monetary and financial institutions (TRY 1,540 billion) and non-financial corporations (TRY 1,198 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 975 billion) was opened by monetary and financial institutions (Chart 6).

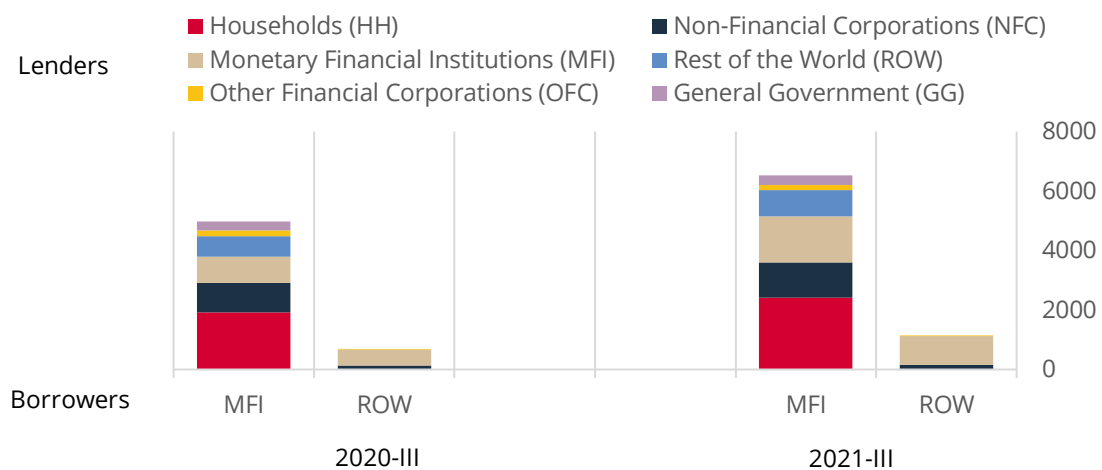
**Chart 5: Loans, From-Whom-to-Whom (TRY Billion)**



Source: CBRT

Last Observation:2021-III

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



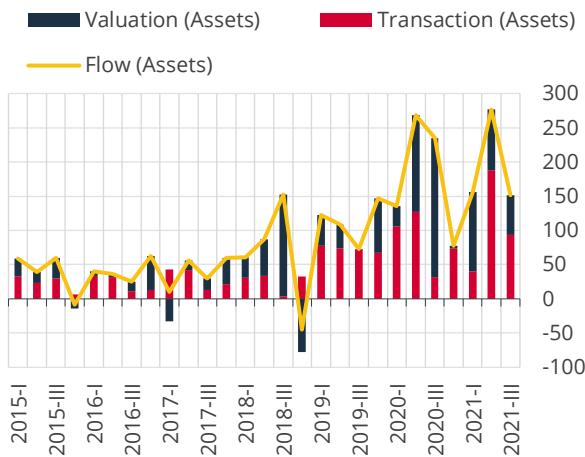
Source: CBRT

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### III. Households

In 2021Q3, household financial assets increased by TRY 152 billion quarter-on-quarter, TRY 59 billion of which was driven by valuation and TRY 93 billion by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter rise of TRY 52 billion, almost all of which resulted from an increase in transactions (Chart 8).

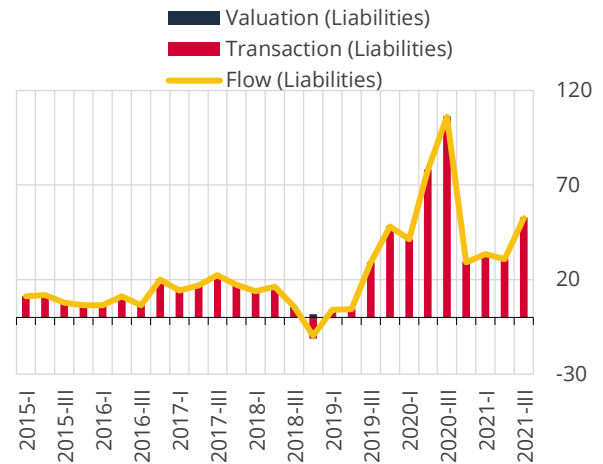
**Chart 7: Financial Assets, Flow (TRY Billion)**



Source: CBRT

Last Observation: 2021-III

**Chart 8: Liabilities, Flow (TRY Billion)**

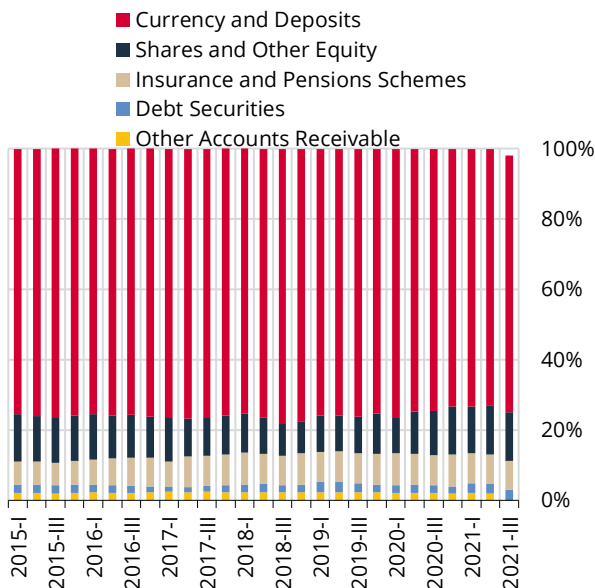


Source: CBRT

Last Observation: 2021-III

In 2021Q3, 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 of them were composed of loans (Chart 10).

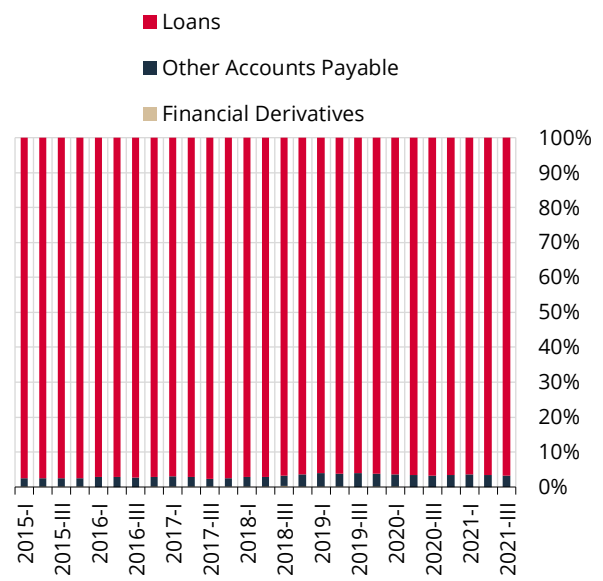
**Chart 9: Breakdown of Financial Assets by Instruments (%)**



Source: CBRT

Last Observation: 2021-III

**Chart 10: Breakdown of Liabilities by Instruments (%)**



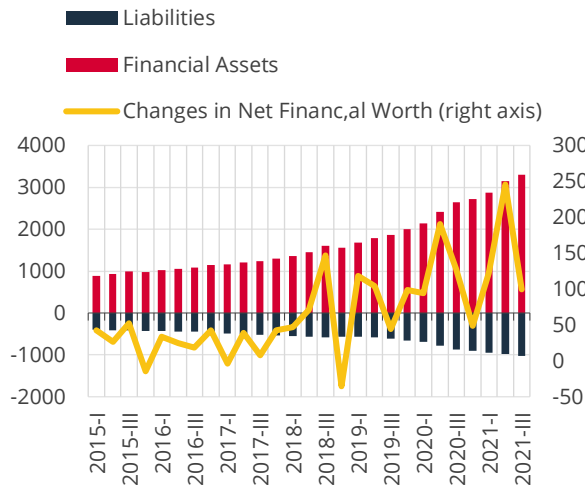
Source: CBRT

Last Observation: 2021-III



In 2021Q3, household financial net worth increased by TRY 99 billion (Chart 11). Household indebtedness indicators suggest that the ratios of household debt to GDP and to disposable income decreased slightly to 15% and 45% on a quarterly basis, respectively, whereas the ratio of debt to total financial assets remained flat at 30% (Chart 12).

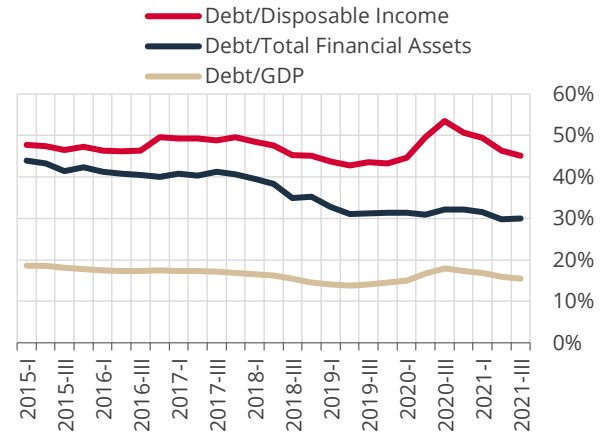
**Chart 11: Change in Net Financial Worth of Households**  
(TRY Billion)



Source: CBRT

Last Observation: 2021-III

**Chart 12: Household Debt\* (%)**



Source: CBRT, TURKSTAT

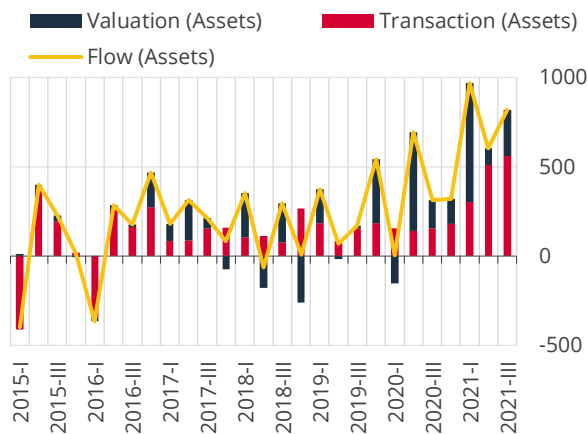
Last Observation: 2021-III

\* Household debt is composed of loans.

## IV. Non-Financial Corporations

In the third quarter of 2021, financial assets of non-financial corporations increased by TRY 817 billion quarter-on-quarter. Transactions growing by TRY 561 billion due to the increase in other receivables and TRY 256-billion increase in valuation made a positive contribution (Chart 13). Meanwhile, liabilities of non-financial corporations increased by TRY 1,007 billion, which was driven by the TRY 516-billion rise in transactions and the TRY 490-billion rise in valuation (Chart 14).

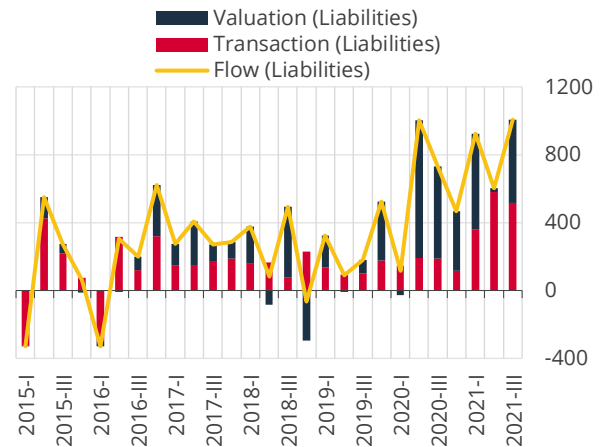
**Chart 13: Financial Assets, Flow (TRY Billion)**



Source: CBRT

Last Observation: 2021-III

**Chart 14: Liabilities, Flow (TRY Billion)**

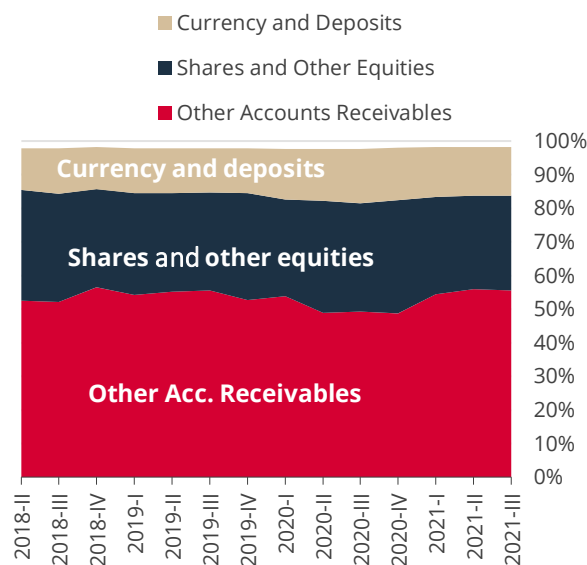


Source: CBRT

Last Observation: 2021-III

In 2021Q3, 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 (56%) 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 14% (Chart 15). On the liabilities side, the share of other accounts payable stood at 42% while the share of loans was 29%. The share of financing through the shares and other equity item was 28% (Chart 16).

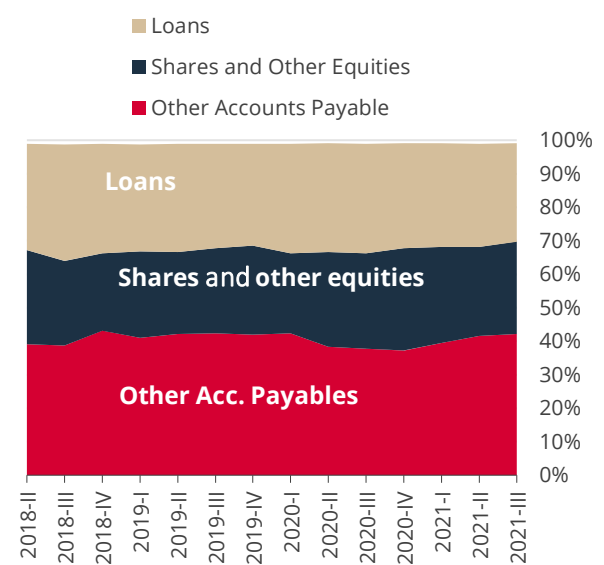
**Chart 15: Breakdown of Financial Assets by Instruments (%)**



Source: CBRT

Last Observation: 2021-III

**Chart 16: Breakdown of Liabilities by Instruments (%)**

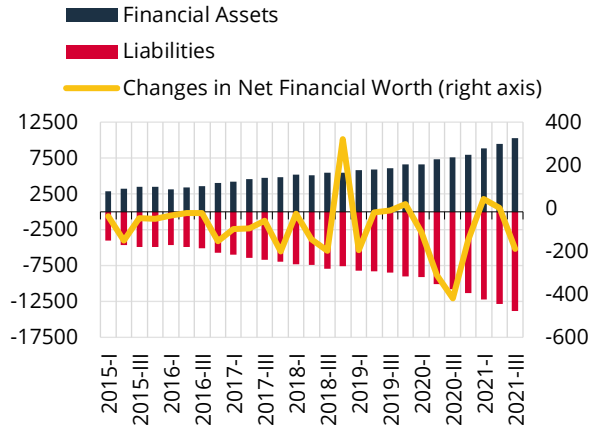


Source: CBRT

Last Observation: 2021-III

In 2021Q3, the financial net worth of non-financial corporations decreased by TRY 189 billion quarter-on-quarter (Chart 17). The ratio of debts to GDP declined from 69% to 65% while the ratio of debts to total financial assets dropped from 43% to 40% (Chart 18).

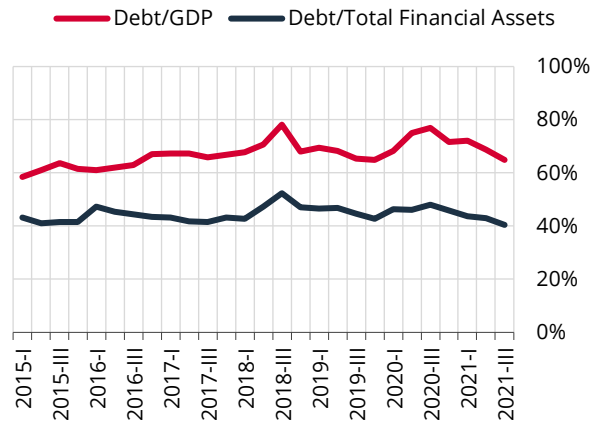
**Chart 17: Change in Net Financial Worth of Non-Financial Corporations (TRY Billion)**



Source: CBRT

Last Observation: 2021-III

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



Source: CBRT, TURKSTAT

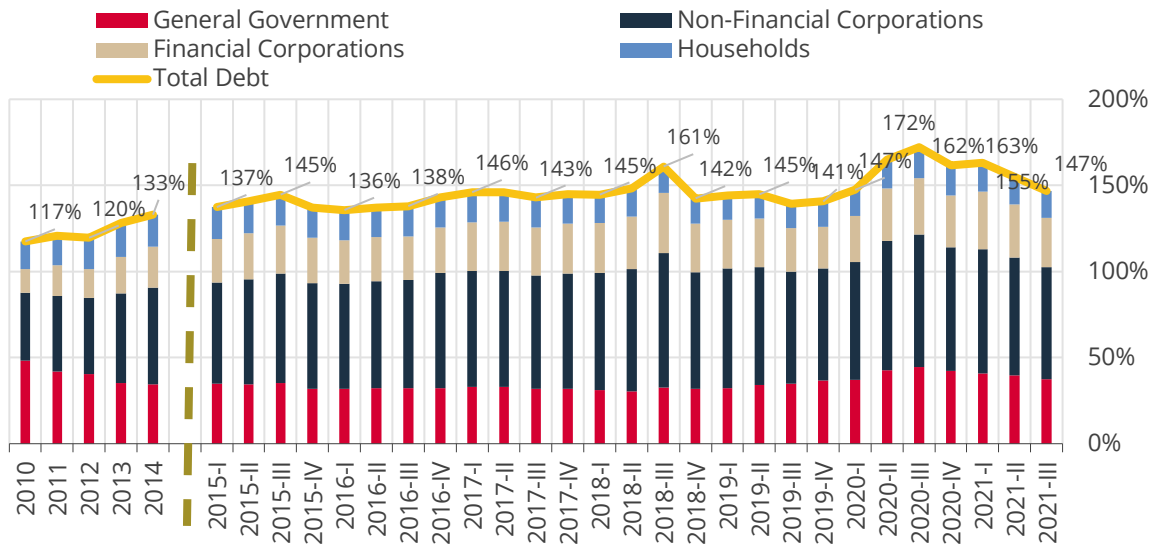
Last Observation: 2021-III

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 dropped by 8 points to 147% in 2021Q3 (Chart 19).

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



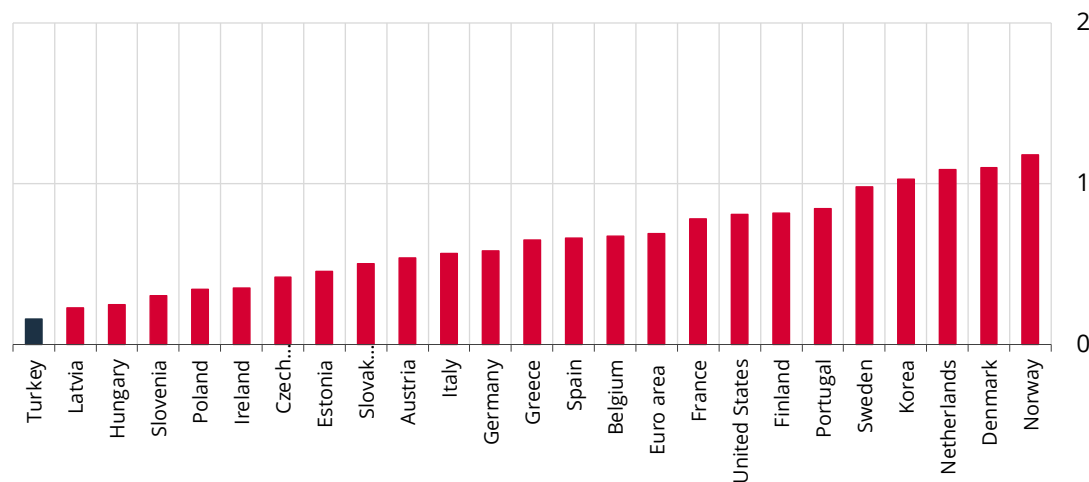
Source: CBRT, TURKSTAT

Last Observation: 2021-III

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

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 2021Q3 (Chart 20).

**Chart 20: Household Liabilities/GDP, Comparison**



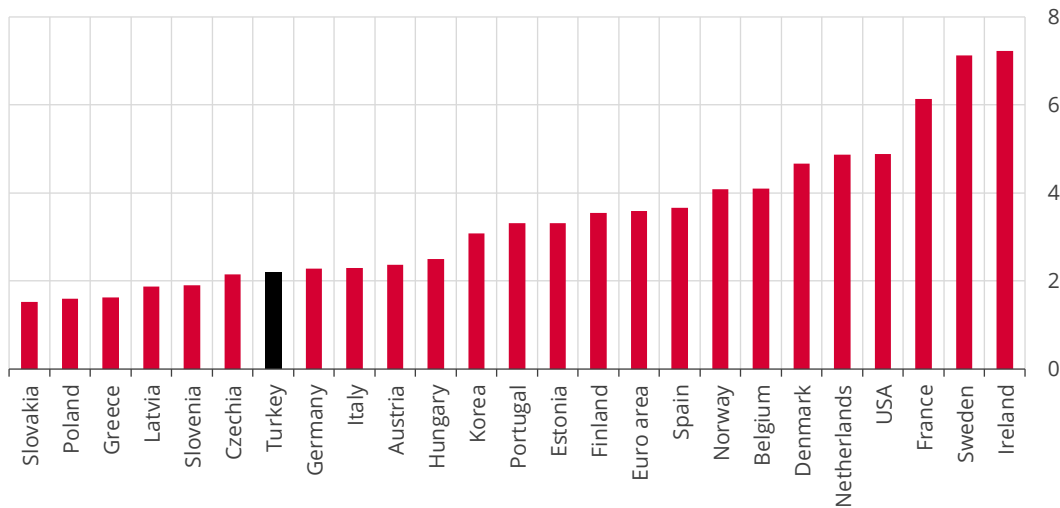
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2021-III

Note: Other country data is as of 2021Q2.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2021Q3, Turkey was among the countries with low indebtedness levels (Chart 21).

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



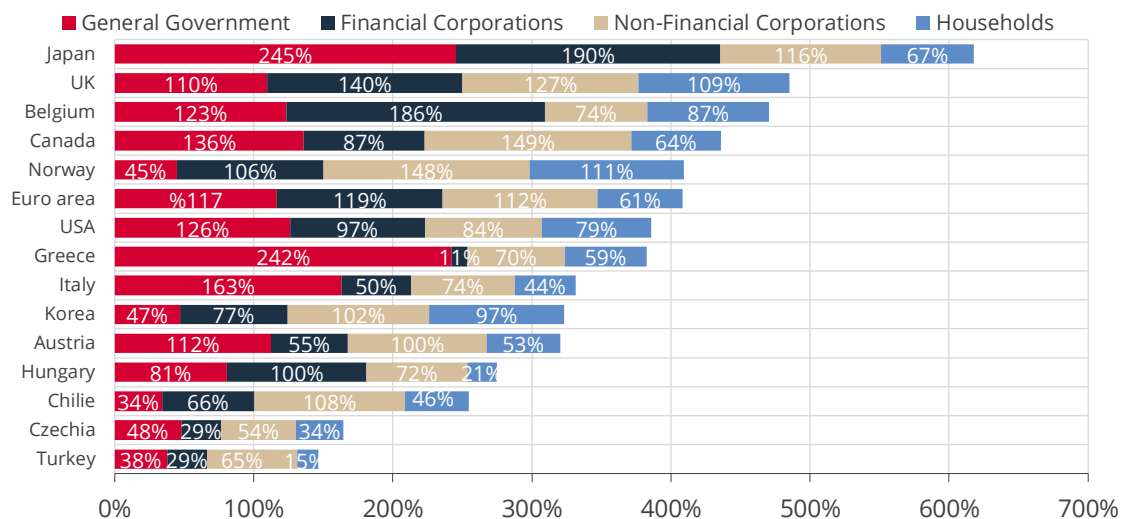
Sources: CBRT, TURKSTAT, OECD.

Last Observation: 2021-III

Note: Other country data is as of 2021Q2.

A cross-country comparison of this indebtedness ratio reveals that the total debt of resident sectors in Turkey was low in 2021Q3 (Chart 22).

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



Sources: CBRT, TURKSTAT, OECD.

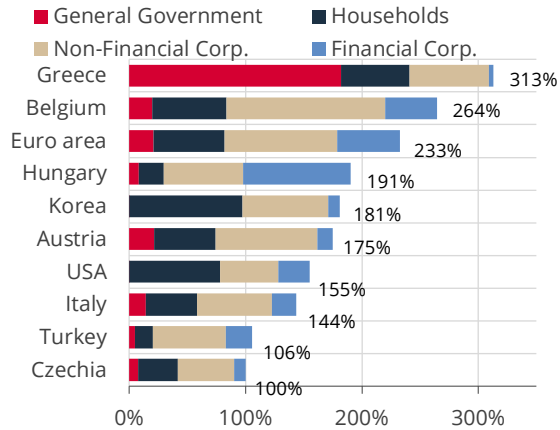
Last Observation: 2021-III

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

Note: Other country data is as of 2021Q2.

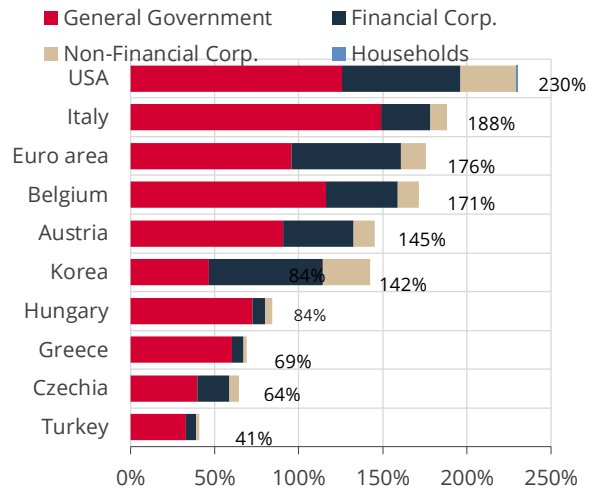
A cross-country comparison of indebtedness ratios by financial instruments shows that Turkey had relatively low levels of loan/GDP and debt securities/GDP ratios in 2021Q3. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 63% of GDP, the general government stood as the leading sector in debt securities with a ratio of 33% (Charts 23 and 24).

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



Sources: CBRT, TURKSTAT, Last Observation: 2021-III  
 OECD.  
 Note: Other country data is as of 2021Q2.

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



Sources: CBRT, TURKSTAT, Last Observation: 2021-III  
 OECD.  
 Note: Other country data is as of 2021Q2.