

Monetary Policy Committee Decision

September 11, 2025

No: 2025-47

Participating Committee Members

Yaşar Fatih Karahan (Governor), Osman Cevdet Akçay, Elif Haykır Hobikoğlu, Hatice Karahan, Fatma Özkul.

The Monetary Policy Committee (the Committee) has decided to reduce the policy rate (the one-week repo auction rate) from 43 percent to 40.5 percent. The Committee has also lowered the Central Bank overnight lending rate from 46 percent to 43.5 percent and the overnight borrowing rate from 41.5 percent to 39 percent.

The underlying trend of inflation slowed down in August. While GDP growth was above projections in the second quarter, final domestic demand remained weak. Recent data indicate that demand conditions are at disinflationary levels. Food prices and service items with high inertia are exerting upward pressure on inflation. Inflation expectations, pricing behavior, and global developments continue to pose risks to the disinflation process.

The tight monetary policy stance, which will be maintained until price stability is achieved, will strengthen the disinflation process through demand, exchange rate, and expectation channels. The macroeconomic framework outlined in the Medium-Term Program will contribute to this process. The Committee will determine the policy rate by taking into account realized and expected inflation and its underlying trend in a way to ensure the tightness required by the projected disinflation path in line with the interim targets. The step size will be reviewed prudently on a meeting-by-meeting basis with a focus on the inflation outlook. Monetary policy stance will be tightened in case of a significant deviation in inflation outlook from the interim targets.

In case of unanticipated developments in credit and deposit markets, monetary transmission mechanism will be supported via additional macroprudential measures. Liquidity conditions will continue to be closely monitored and liquidity management tools will continue to be used effectively.

The Committee will make its policy decisions so as to create the monetary and financial conditions necessary to reach the 5 percent inflation target in the medium term. The Committee will make its decisions in a predictable, data-driven and transparent framework.

The summary of the Monetary Policy Committee Meeting will be released within five working days.