

No: 2013-24

May 25, 2013

**PRESS RELEASE ON INTEREST RATES CHARGED ON
OVERDRAFT ACCOUNTS**

Broadly speaking, the monetary transmission mechanism works well in Turkey and hence global developments and the monetary policy currently implemented by the Central Bank of the Republic of Turkey (CBRT) are quite effective on the general level of interest rates. However, it is noteworthy that for the overdraft accounts, which are of similar nature to credit cards and which have reached an approximate balance of 10 billion Turkish liras after a recent surge in volume, the interest rates charged by banks remain sticky at relatively high levels, in comparison to interest rates charged on credit cards.

Based on this observation, in order to strengthen the monetary transmission mechanism and to address financial stability risks in this area, the CBRT identified a need for regulatory action in order to impose a cap on the interest rates charged for overdraft accounts.

In this regard, with the amendment to the CBRT Communique No. 2006/1, contractual and overdue interest rates on the overdraft accounts will be subject to the upper limits of contractual and overdue monthly interest rates on credit card transactions. This regulation will be effective starting on Monday, May 27 2013.