



FINANCIAL ACCOUNTS REPORT

DATA GOVERNANCE AND
STATISTICS DEPARTMENT

2020-III

Summary

According to sectoral financial balance sheets, in the third quarter of 2020, sectors' total financial assets and liabilities amounted to TRY 19.6 trillion and TRY 22.6 trillion, respectively.

In the same period, the ratios of households' and non-financial corporations' debt to GDP came in at 18% and 77%, respectively. Based on these ratios, Turkey is among countries with low indebtedness levels in terms of both households and corporations.

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Evaluations

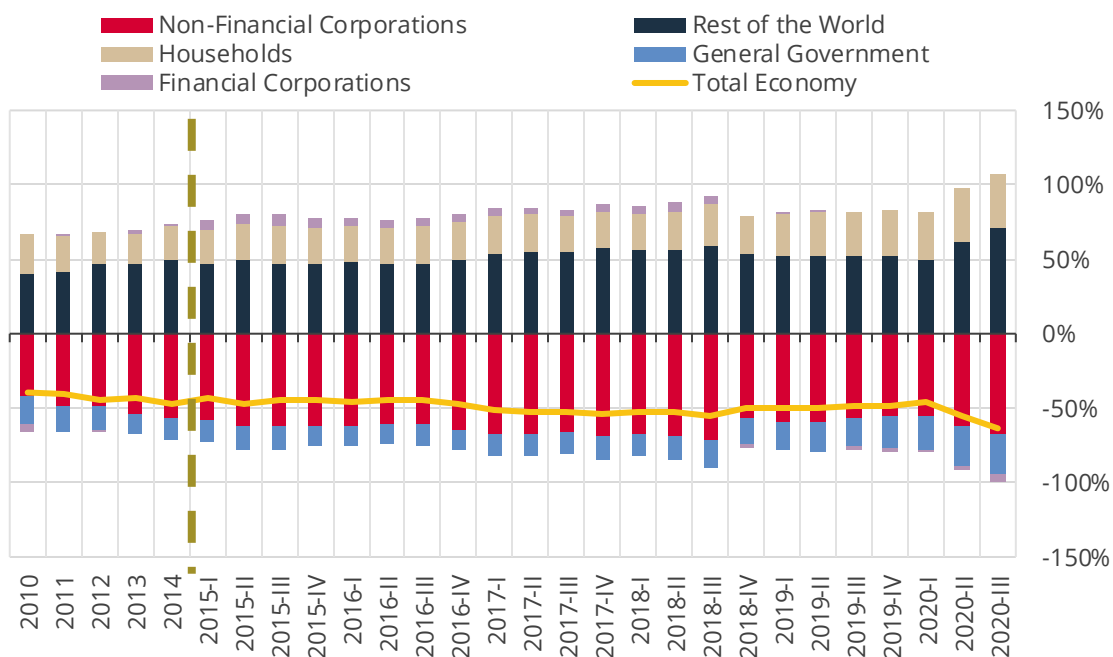
Table 1: Financial Net Worth by Sectors (TRY Billion)^{1,2}

	Total Economy	Non-Financial Corporations	Financial Corporations	General Government	Households	Rest of the World
Financial Assets	19,581	7,598	8,175	1,142	2,667	1,501
Liabilities	22,597	10,780	8,457	2,430	931	4,844
Financial Net Worth	-3,016	-3,182	-282	-1,288	1,736	3,343

Source: CBRT

An analysis of the domestic economy's financial balance sheets by sectors as of 2020Q3 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



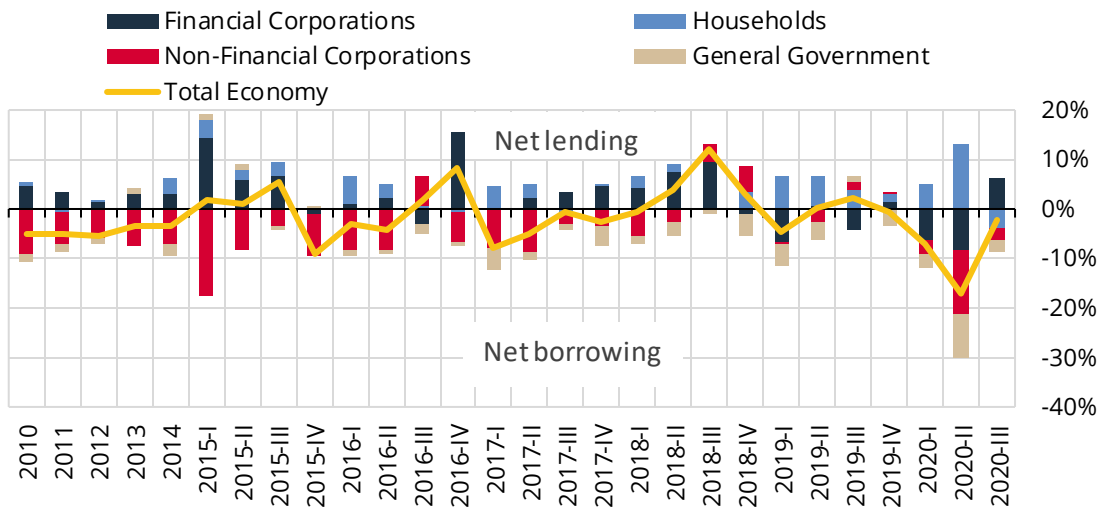
Sources: CBRT, TURKSTAT

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¹ Pursuant to the methodology, there is a difference between the financial net worth of the 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 (%)

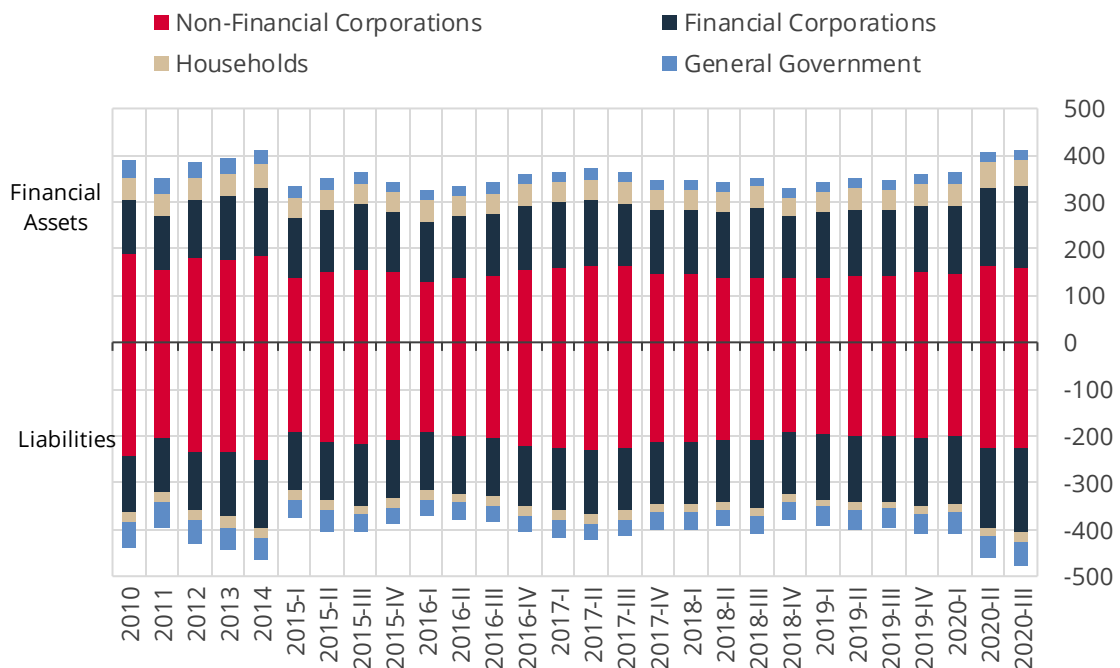


Sources: CBRT, TURKSTAT

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According to net financial transactions conducted by sectors, the total economy became a net borrower of 2.4% of GDP in the third quarter of 2020, down from 17% of GDP in the previous quarter. In terms of contributions to this ratio, households stood as the biggest borrower in this quarter, borrowing 3.7% of GDP, followed by non-financial corporations and the general government with a borrowing of around 2.7% and 2.2% of GDP, respectively. Financial corporations, on the other hand, recorded a net lending of 6.2% of GDP (Chart 2)

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

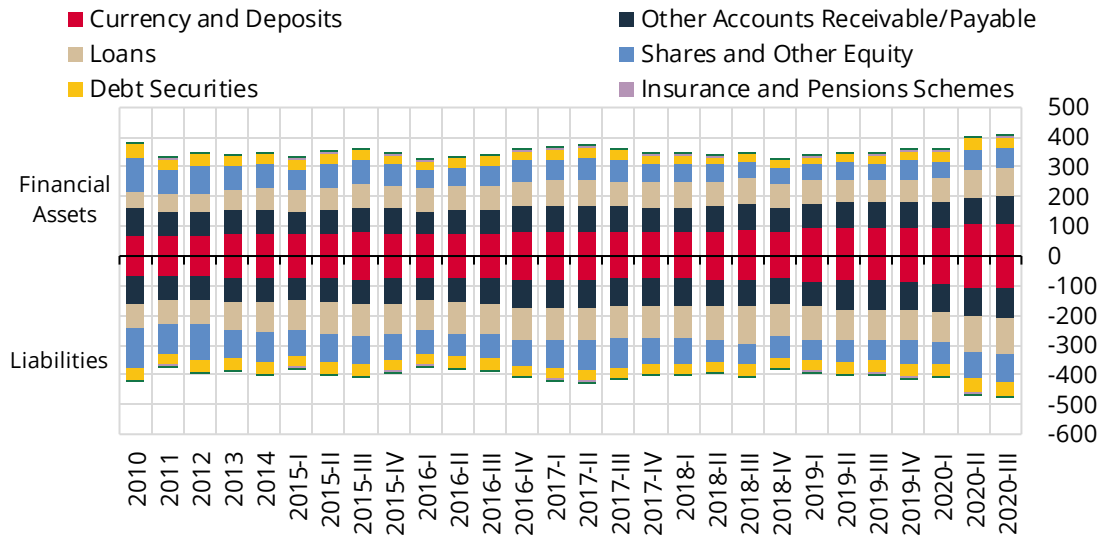


Sources: CBRT, TURKSTAT

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An analysis of financial assets and liabilities by sectors over the recent period suggests that financial corporations remained the largest sector in terms of assets, and non-financial corporations in terms of liabilities (Chart 3).

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



Sources: CBRT, TURKSTAT

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(*)Monetary gold and SDR are excluded.

In 2020Q3, currency and deposits, along with loans, had the largest weight in assets, while loans and currency and deposits, respectively, had the largest weight in liabilities (Chart 4).

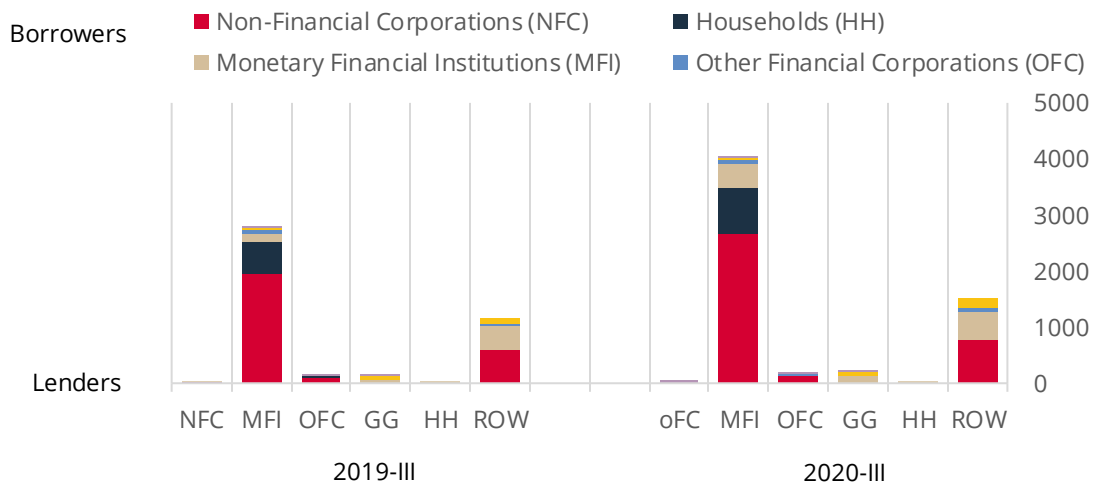
From-Whom-to-Whom (Deposits and Loans)

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 2020Q3 compared to the same period of the previous year. The strongest connection occurred between non-financial corporations and monetary financial institutions. The latter extended a total of TRY 4,057 billion worth of loans, of which TRY 2,658 billion was granted to non-financial corporations and TRY 832 billion to households. Domestic sectors borrowed TRY 1,503 billion from the rest of the world, out of which non-financial corporations received TRY 763 billion, and monetary financial institutions received TRY 524 billion (Chart 5).

In 2020Q3, of the total TRY 5,620 billion worth of deposits, TRY 4,964 billion were taken by monetary financial institutions and TRY 656 billion by the rest of the world. A large portion of deposits taken by monetary financial institutions belongs to households (TRY 1,910 billion) and non-financial corporations (TRY 1,005 billion). Meanwhile, the majority of deposits taken by the rest of the world (TRY 525 billion) was opened by monetary financial institutions (Chart 6).

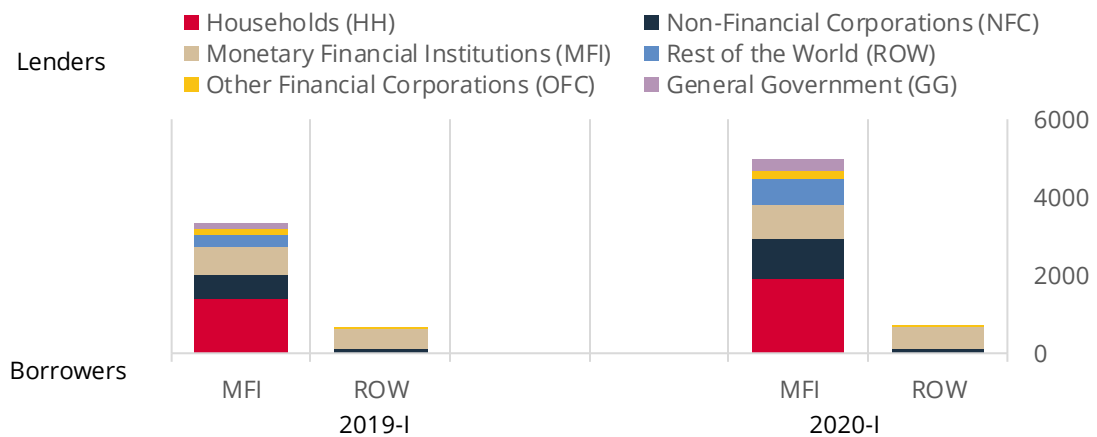
Chart 5: Loans, From-Whom-to-Whom (TRY Billion)



Source: CBRT

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



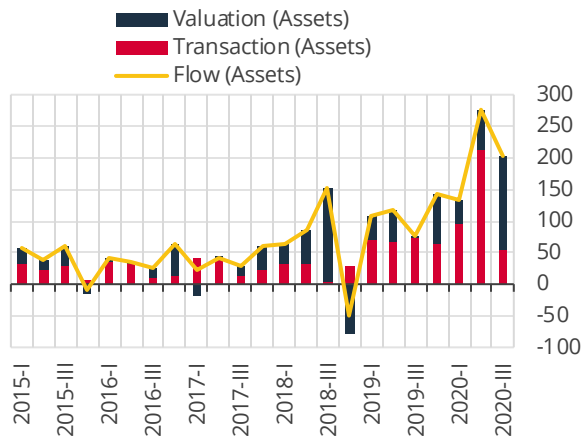
Source: CBRT

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Households

In 2020Q3, household financial assets increased by TRY 202 billion quarter-on-quarter, TRY 148 billion of which was driven by valuation and TRY 54 billion by transactions (Chart 7). Meanwhile, household financial liabilities recorded a quarter-on-quarter increase of TRY 106 billion, almost all of which resulted from the increase in transactions (Chart 8).

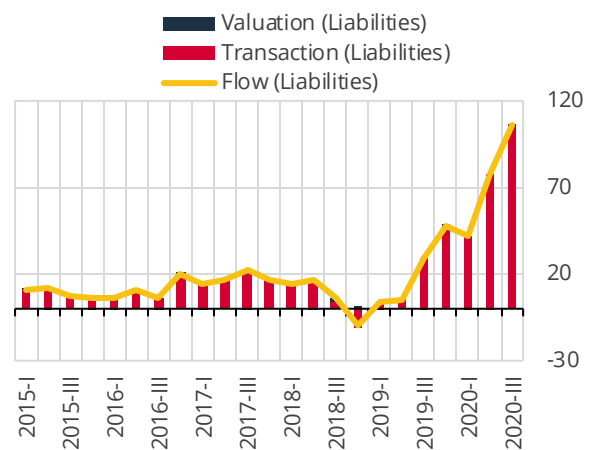
Chart 7: Financial Assets, Flow (TRY Billion)



Source: CBRT

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Chart 8: Liabilities, Flow (TRY Billion)

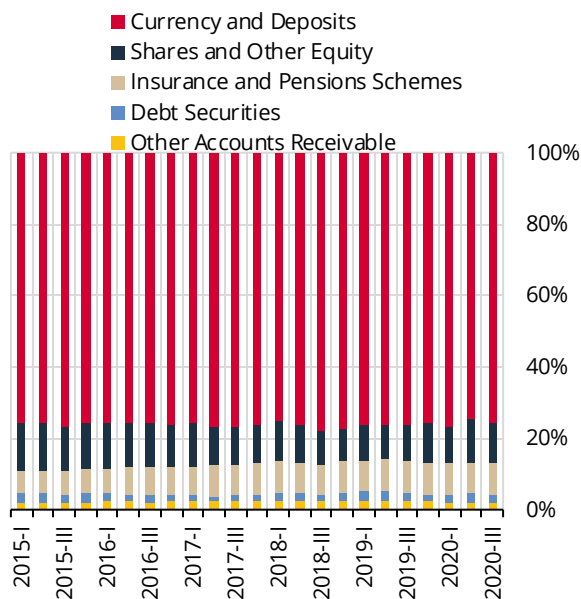


Source: CBRT

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In 2020Q3, 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 75%, followed by shares and other equity (Chart 9). As for household liabilities, almost all of them were composed of loans (Chart 10).

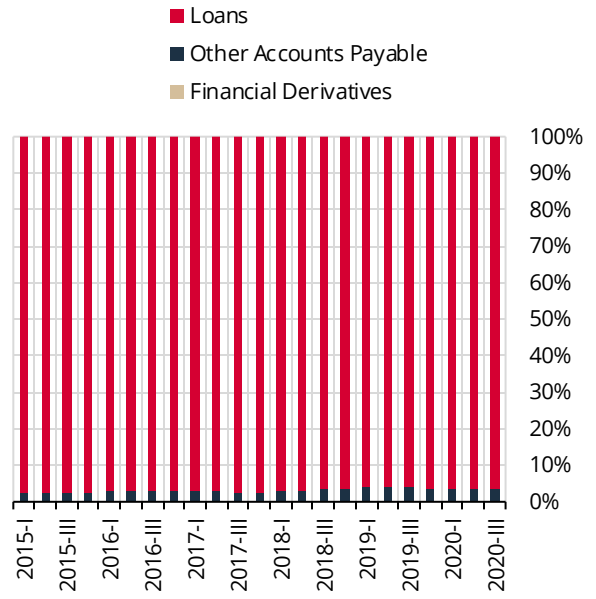
Chart 9: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

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Chart 10: Breakdown of Liabilities by Instruments (%)

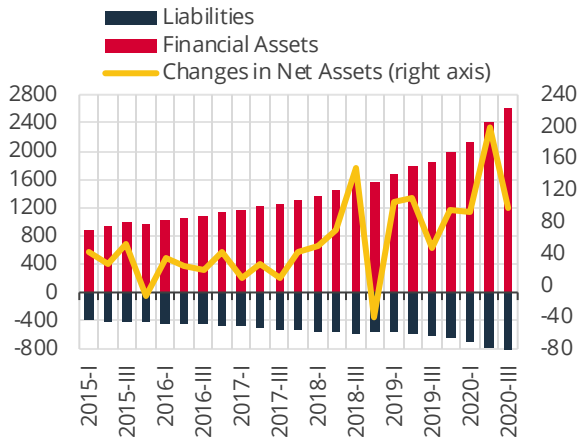


Source: CBRT

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Household financial net worth increased by TRY 96 billion in 2020Q3 (Chart 11). Household indebtedness indicators suggest that the ratios of household debt to GDP and to disposable income increased slightly to 18% and 53%, respectively on a quarterly basis, whereas the ratio of debt to total financial assets remained flat at around 33% (Chart 12).

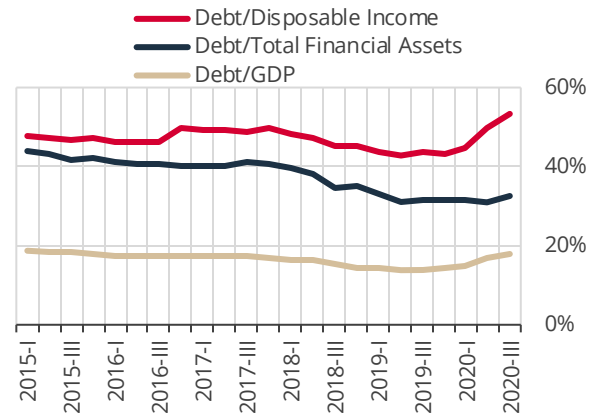
Chart 11: Change in Net Assets of Households
(TRY Billion)



Source: CBRT

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Chart 12: Household Debt* (%)



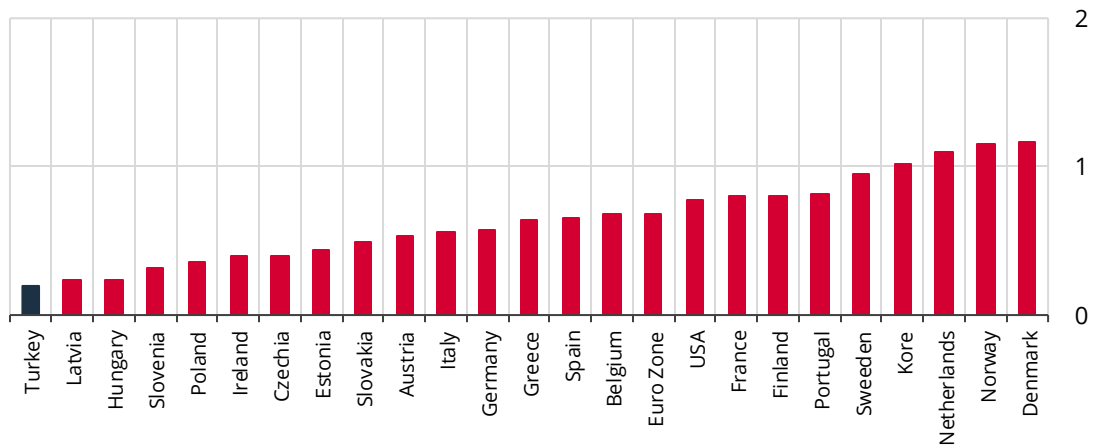
Sources: CBRT, TURKSTAT

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* Household debt is composed of loans.

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 2020Q3 (Chart 13).

Chart 13: Household Liabilities/GDP, Comparison



Sources: CBRT, TURKSTAT, OECD

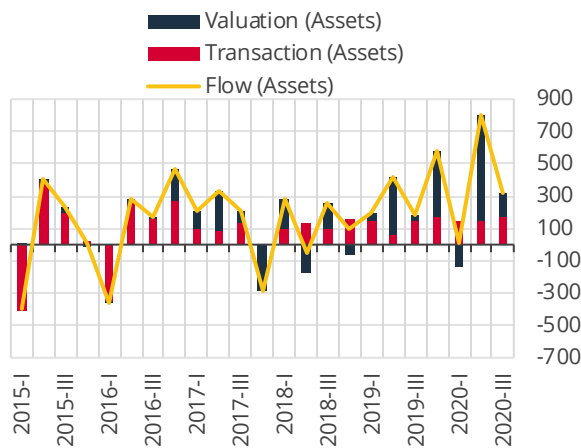
Last Observation: 2020-III

Note: Other country data is as of 2020Q2.

Non-Financial Corporations

In 2020Q3, financial assets of non-financial corporations increased by TRY 318 billion quarter-on-quarter. The positive contribution to this rise came from the TRY 150-billion increase in valuation, while transactions increased by TRY 168 billion (Chart 14). Meanwhile, liabilities of non-financial corporations increased by TRY 697 billion, which was driven by the TRY 490-billion rise in valuation stemming from changes in exchange rate and market prices as well as by the TRY 207-billion increase in transactions (Chart 15).

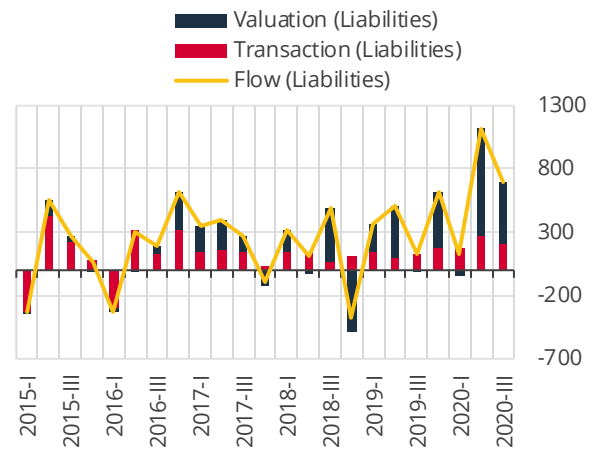
Chart 14: Financial Assets, Flow (TRY Billion)



Source: CBRT

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Chart 15: Liabilities, Flow (TRY Billion)

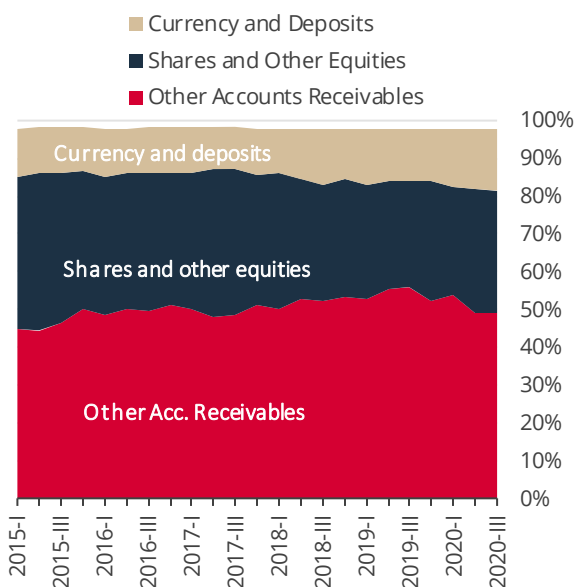


Source: CBRT

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In 2020Q3, 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 32%, and that of currency and deposits was 16% (Chart 16). On the liabilities side, the share of other accounts payable stood at 38% while the share of loans was 33%. The share of financing through the shares and other equity item was 28% (Chart 17).

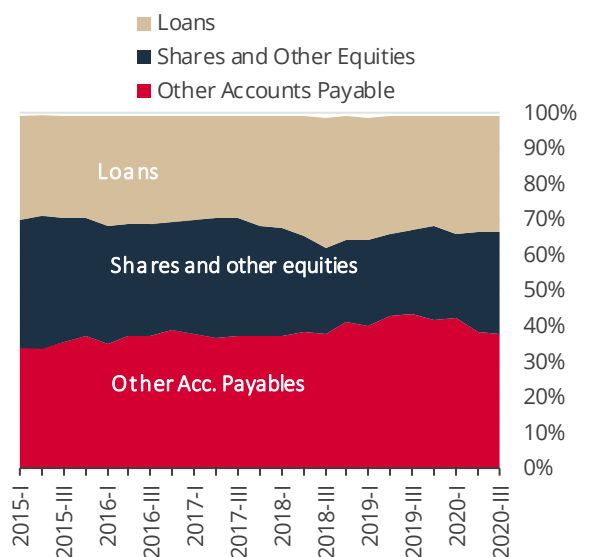
Chart 16: Breakdown of Financial Assets by Instruments (%)



Source: CBRT

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Chart 17: Breakdown of Liabilities by Instruments (%)

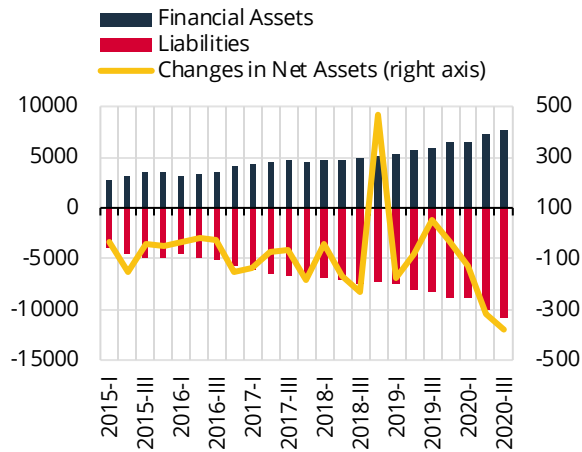


Source: CBRT

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In 2020Q3, the financial net worth of non-financial corporations decreased by TRY 380 billion quarter-on-quarter (Chart 18). Meanwhile, the ratio of non-financial corporations' debt to GDP increased quarter-on-quarter to 77%. In the same quarter, the ratio of non-financial corporations' debt to total financial assets stood at 48% (Chart 19).

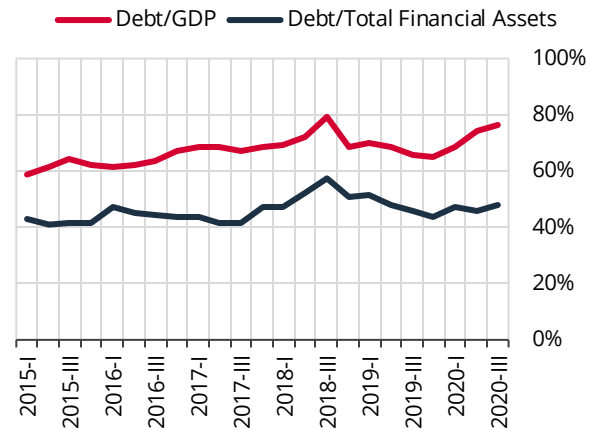
Chart 18: Change in Net Assets of Non-Financial Corporations (TRY Billion)



Source: CBRT

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Chart 19: Non-Financial Corporations' Debt (%)



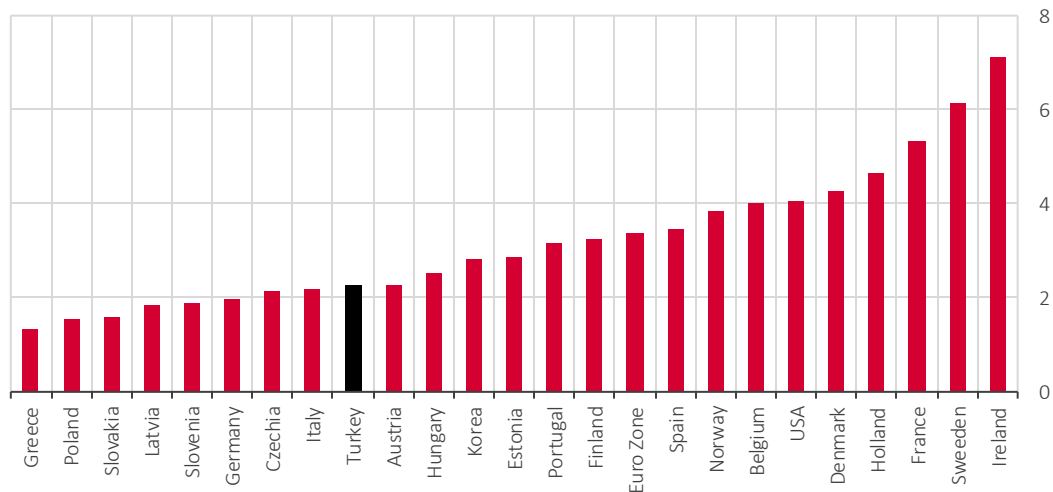
Source: CBRT

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Note: Debts are composed of loans and debt securities.

A cross-country comparison of non-financial corporations' liabilities to GDP ratios shows that in 2020Q3, Turkey was among the countries with low indebtedness levels (Chart 20).

Chart 20: Non-Financial Corporations' Liabilities / GDP, Comparison



Sources: CBRT, TURKSTAT, OECD

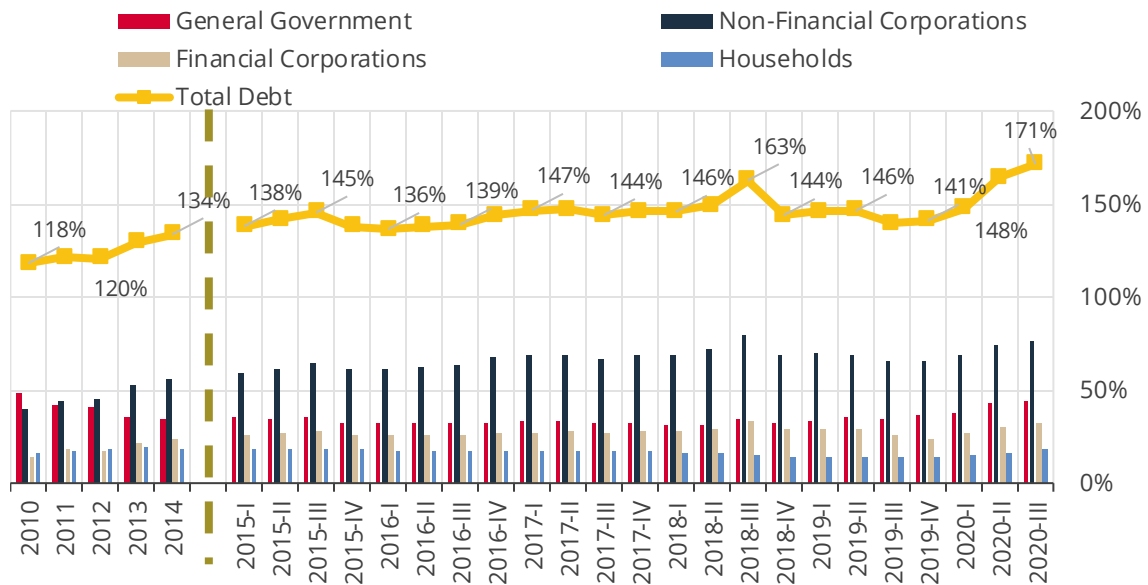
Last Observation: 2020-III

Note: Other country data is as of 2020Q2.

Total Debt of Resident Sectors

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 rose to 171% in 2020Q3 (Chart 21).

Chart 21: Total Debt of Sectors/GDP* (%)



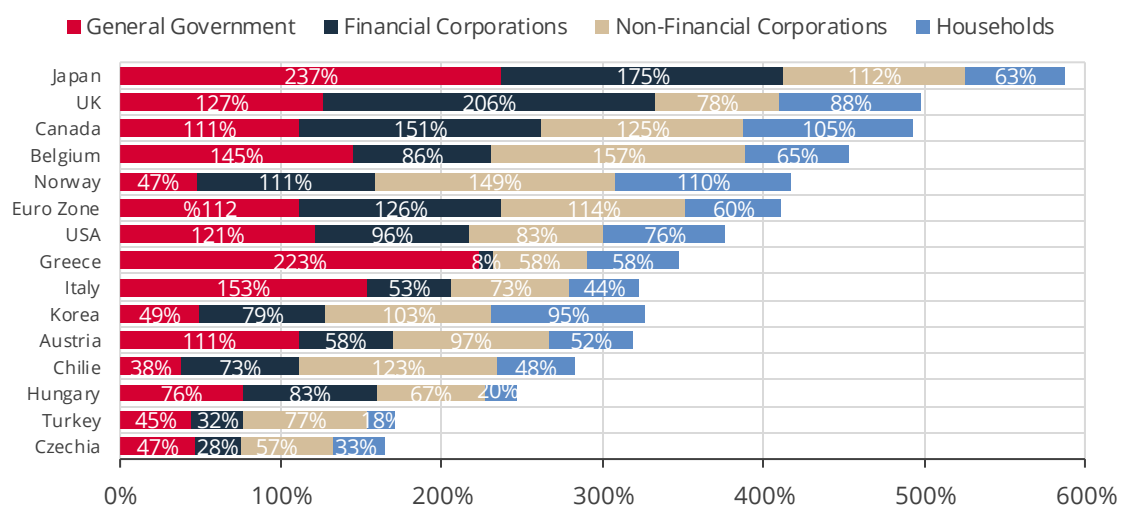
Sources: CBRT, TURKSTAT.

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(*Debts are composed of loans and debt securities.

A cross-country comparison of this indebtedness ratio reveals that the total debt of resident sectors in Turkey was low in 2020Q3 (Chart 22).

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



Sources: CBRT, TURKSTAT, OECD.

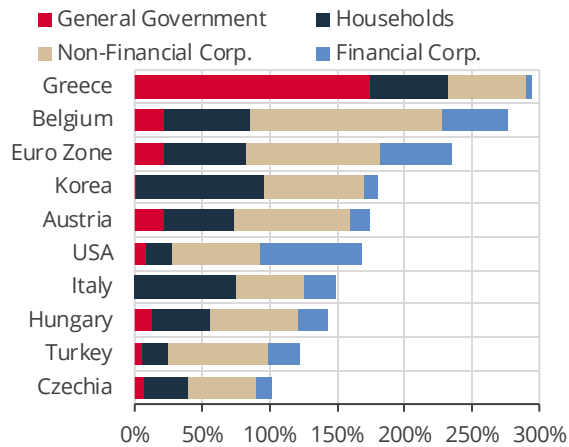
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(* Debts are composed of loans and debt securities.

(**) Other country data is as of 2020Q2.

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 2020Q3. While non-financial corporations constituted the largest sector in terms of loan indebtedness with a ratio of 75% of GDP, the general government stood as the leading sector in debt securities with a ratio of 39% (Charts 23 and 24).

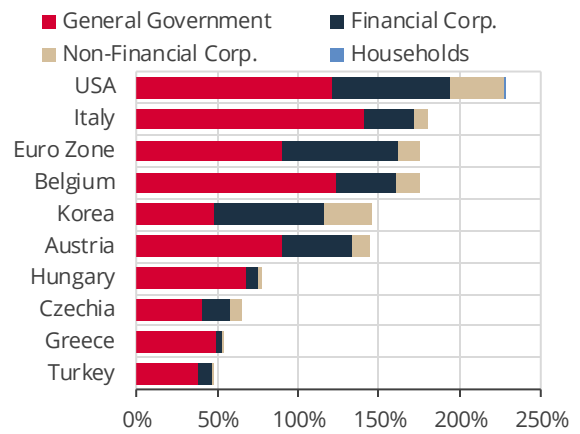
Chart 23: Cross-Country Comparison of Loan/GDP Ratio by Sectors (%)



Sources: CBRT, TURKSTAT, Last Observation:2020-III
OECD.

Note: Other country data is as of 2020Q2.

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



Sources: CBRT, TURKSTAT, Last Observation: 2020-III
OECD.

Note: Other country data is as of 2020Q2.