



BANKING  
REGULATION AND SUPERVISION  
AGENCY

October 11, 2005

## **PRESS RELEASE**

The Banking Regulation and Supervision Agency which was established in August 2000 with a view to protect the rights and benefits of the savings owners and in order to procure the credit system to operate in an effective way, is carrying out activities for the formation of a banking sector which is resistant to internal and external shocks and can compete in international scale.

“Banking Sector Restructuring Program” which aims the restructuring of the banking sector was put into force and to date, significant steps were taken in the direction of restoring the banking sector into a healthy structure. By The Banks Act Nr. 5387, which is expected to become law, renewal of the current Act in accordance with the banking sector’s dynamic structure and forming of an effective regulation and supervision structure which is compatible with EU norms and international standards are aimed.

In the Letter of Intent which was published on April 26, 2005 in accordance with the stand-by agreement signed between our Country and the IMF, by considering the İmar Bankası case and by drawing benefit from the studies made relating to the effective surveillance and supervision of the Turkish banking sector, it is foreseen that the applications which aim at strengthening the organizational structure of the BRSA and increasing the coordination of on-site and off-site audit activities and the personnel’s efficiency shall be initiated within a plan. Within this scope, the Risk Focused Supervision Project will be put into practice by the BRSA in order to ensure more effective surveillance and supervision of the banking system. By the Risk Focused Supervision Project, the BRSA is aimed to have an adequate, efficient, flexible and proactive supervision system which is in compliance with international standards and progresses, and thus to increase the stability of the banks and banking system against the crises and to decrease the supervision burden.

Besides, on-site audit and surveillance units will conduct their activities under the structure of the same Vice-Chairman in order to ensure a more effective supervision to be carried out by the BRSA. The Regulation on the BRSA Organization, which will be published and applied within two-months, following the enforcement of the Banks Act, will also be regulated within this scope.

On the other hand, the Chairman of the Agency will assign an audit team from sworn bank auditors and assistants, banks experts and assistants, information experts and assistants, law experts and assistants that constitute the career personnel of the Agency, in on-site audits to be made. The procedures and principles relating to the supervision and surveillance of the institutions subject to the Banks Act will be determined by a regulation to be prepared by the Agency.

In order to provide confidence, stability and development in the financial markets, a Financial Sector Commission comprised of the representatives of the Ministry of Finance, the Turkish Treasury, the Central Bank, the Capital Market Board, the Savings Deposit Insurance Fund, the Competition Board, the State Planning Organization, Istanbul Gold Exchange, Stock Exchange, Derivatives Exchange and establishment associations will be founded by the Agency, in order to provide the cooperation and coordination in inter-organizations, to advance proposals of common policies and to deliver opinions on the subjects concerning the future of the financial sector.

Within the scope of the principles of transparency and accountability which are among the most important principles of the BRSA, the Agency will publish the annual report concerning the Agency's operations, until the end of May following the concerning period, and will also inform the Grand National Assembly of Turkey the Planning and Budget Commission about its operations once in a year, and the Council of Ministers once in six months about its strategies and the applicability of these strategies. The Agency will also publish consolidated reports quarterly concerning the important developments experienced in the sector and the performances of financial institutions.

Various sub-regulations predicted to be put into force by the Agency are included in 64 articles of the Banking Law. It is planned that these sub-regulations would be classified under 8 main titles and to be put into force as 19 different regulations. The draft texts of these regulations which will be prepared in parallel with the international standards and the European Union directives will be set up to take opinions of the related agencies and institutions. The process of preparing the above-mentioned sub-regulations which will become operative within one year following the publishing of the Law will be available on the web site of our Agency.