



Number: 2008/16

July 11, 2008

Structural Developments in Banking Sector–II Has Been Published

The said issue of Structural Developments in Banking Sector ,in which the comparisons of data with EU member countries is included, in which analysis are made in the differentiation of scale and function groups, which is published annually and of which the second thereof is prepared with data of December 2007, is comprised of the following sections ; (1) Banking Sector Market Structure, (2) intermediation activities, (3) Capacity Indicators Relating to Banking, (4) Non-bank Financial Sectors and (5) Developments relating to Strategy and Policies.

Number of banks displaying activity in Turkish Banking sector , deposit banking is weighted herein, has shown a tendency to decrease ,due to restructuring and consolidation realized in banking sector, in 2002-2006 period. Since there were not any recent entry/ exit to banking industry, the number of bank in banking sector has not changed in 2007 but by reason of a new foreign capital participation entered to the market, there observed an increase in foreign capital banks' favor in respect of ownership. Nevertheless, there observed a tendency to increase, in all scale and function groups in access ways (branch office, personnel and ATMs) to financial system, in banking sector, developing in parallel with economic extension. 75.6% of total profit which the banking sector made was gained by large-scaled banks in 2007. When analyzed in respect of functional group, it can be observed that 90.6% of period net profit thereof was made by deposit banks. While the highest the asset income was in small scaled banks and investment and development banks, it can be seen that the highest own fund income was in large scaled banks and participation banks group.

The intermediation activities of the banking sector have become more efficient following the financial stability has strengthened. 66% of commercial loan is extended by large scaled banks and 88% thereof is extended by deposit banks in 2007. 66.1% of housing loans having a share amounting to 11.4% within the total loans were extended also by large scaled banks within the same period. Besides, when Turkey is compared with EU-25 countries, by its total housing loan extension amounting to Euro 12.6 billion, Turkey is 17th and it can be seen that it has a significant potential of expansion.

While total deposit size, sector's main fund resource, has continued to increase by 2007, 35.4% thereof is comprised of foreign exchange deposit. There observed a development in favor of large scaled banks in the distribution of commercial deposit and public funds as to scale as of 2005.

On the other hand, it can be seen that medium and small size banks and participation banks remains quite above the sector's average in respect of loan/deposit ratio. The tendency of condensation in non-bank financial sector, assets, loans, own funds and profitability of leasing firms has carried out also in 2007. While the condensation indicators of factoring firms has shown a decrease in assets and receivables as to the previous year, it has shown an increase in own



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funds and profitability. On the other hand, the tendency to decrease in condensation indicators of consumer financing firms has carried out also in 2007. Besides, the activities of non-bank financial institutions which do not comply with new regulations were called off.

Structural Developments in Banking Sector-II is available in our official web-site http://www.bddk.org.tr/turkce/Raporlar/Bankacilikta_Yapisal_Gelismeler/Bankacilikta_Yapisal_Gelismeler.aspx

as of July 11, 2008.