

**An Overview of the BRSA
and its Activities
November 2002**



“Strong Banking Sector, Strong Economy”

What is BRSA?

- A public legal entity having financial and administrative autonomy
- Established to:
 - Safeguard the rights of depositors
 - Ensure banks to operate in a healthy and efficient manner
 - Ensure efficient functioning of the credit system
- Has a seven-member Board (Banking Regulation and Supervision Board) as its decision-making body
- The chairman of the BRSA is also the chairman of the Board.

What is SDIF? SDIF-BRSA relations?

- SDIF is a public legal entity charged to:
 - Insure savings deposits
 - Restructure banks intervened by the BRSA
 - Transfer these banks to third parties
- Decision-making body of the SDIF is the Board of Directors of the SDIF.
- Chairman of the Board of Directors of the SDIF is the Chairman of the BRSA.
- Second - chairman and 3 members of the Board, 1 Vice-President of the BRSA and 1 Vice-President of the SDIF are other members of the Board of Directors of the SDIF.
- The SDIF is being administrated and represented by the BRSA.

International developments point to a tendency towards an independent/autonomous financial sector regulatory authority.

Independent Authority	Independent Authority + Central Bank	Central Bank
Great Britain-FSA	Germany	Argentina
Canada-OSFI	United States of America	Austria
South Korea-FSC/FSA	France	Czech Republic
Switzerland-SFBC	Thailand	Netherlands
Australia-APRA		Spain
Sweden		Portugal
Denmark		Greece
Turkey-BRSA		
Finland		

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What do we understand from “autonomy”?

- **Regulatory independence in**
 - Bringing international standards to the Turkish Banking system
- **Supervisory independence in**
 - Granting and revoking licenses
 - Performing its operations
 - Applying sanctions
 - Guaranteeing the appeal rights of the supervised establishments
- **Institutional independence in**
 - Appointing or dismissing personnel
 - Managing the Agency
 - Ensuring clarity and transparency of its decisions
 - Planning the salaries and careers of its personnel
- **Financial independence in**
 - Managing its financial resources



Personnel of the BRSA;

- The BRSA has 325, the SDIF has 433 employees.
- Chairman of the BRSA is also the Chairman of the Board and is appointed for 6 years by the Council of Ministers.
- Members of the Board are appointed for maximum 6 years by the Council of Ministers. 2 of the Board members are replaced on a 2 year term basis.
- Experienced specialist personnel transferred from;
 - The Undersecretariat of the Treasury
 - The Central Bank of the Republic of Turkey
 - The State Planning Organization
 - The Ministry of Finance
 - The State Institute of Statistics
 - Private Sector
- Assistant specialists are recruited through an examination of competition.

Educational Qualifications of the BRSA Personnel

Service Group	University Graduate	Master's Degree	Ph.D Degree
(A) Executive Personnel Group	35	24	3
(B) Specialized Personnel Group	163	27	1
(C) Administrative Personnel Group	49		
Total	247	51	4
Share in Total (%)	76	16	1

Financial Resources

- Expenditures are realized according to the Agency's annually-prepared budget.
- Income of the Agency consists of the participation shares collected from banks.
- According to the Banks Act, participation share cannot exceed .03 % of banks' balance sheets.
- Participation share was applied as .03 % in 2000 and 2001, and as .0275 % in 2002.

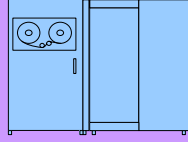
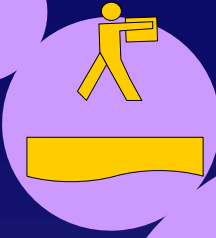
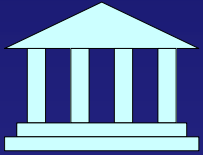
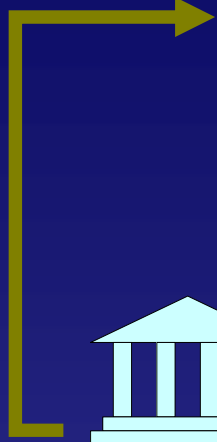
How is the BRSA inspected?

- All of the BRSA's activities and operations are subject to judicial inspection.
- Budget results are audited by the Council of Ministers.
 - The control is made by a commission comprising;
 - An Auditor from the Supreme Council of Public Accounts (Prime Ministry High Inspection Board)
 - An Inspector from the Prime Ministry
 - An Inspector from the Ministry of Finance
 - Results are submitted to the Council of Ministers for acquittal.
 - Related minister takes necessary measures in accordance with the audit results.
- Annual presentation is made to the Planning and Budgeting Council of the Parliament.
- The President of the Republic of Turkey may supervise the BRSA through the State Supervision Board.

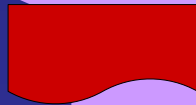
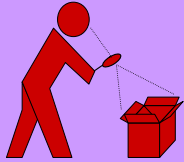
How does the BRSA supervise a bank?

- Infrastructure
- Processes
 - On-site Audit
 - Off-site Surveillance
 - Evaluation and Enforcement
- Team Work
- Quality Assurance
- Participatory Decision-Making Mechanism

How does the BRSA supervise a bank?

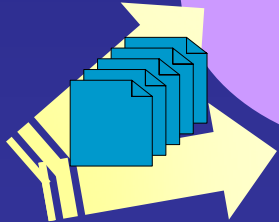


DIŞ DENETİM
Dış Denetim Raporu



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GÖZETİM VE RİSK VERİLERİ



"Strong Banking Sector, Strong Economy"
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