ISLAMIC BANKING STATISTICS IN TURKEY

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1. History and General Information

2. CBRT Statistics on Islamic Banks

3. Analysing Islamic Banking Statistics

4. Conclusions
1983
- Establishment of Special Finance Houses disseminated in the Official Gazette at 19 December 1983.

1984
- First Special Finance House in Turkey was founded.

2005
- According to 5411 Banking law, Special Finance Houses became Participation Banks.
General Information

Turkish Banking Sector (49)

- Deposit Money Banks (32)
- Investment and Development Banks (13)
- Participation Banks (Islamic Banks) (4)
Turkish Banking Sector/ GDP (%)

<table>
<thead>
<tr>
<th>Year</th>
<th>Banking Sector</th>
<th>GDP</th>
</tr>
</thead>
<tbody>
<tr>
<td>2005</td>
<td>382</td>
<td>680</td>
</tr>
<tr>
<td>2006</td>
<td>465</td>
<td>758</td>
</tr>
<tr>
<td>2007</td>
<td>543</td>
<td>843</td>
</tr>
<tr>
<td>2008</td>
<td>680</td>
<td>951</td>
</tr>
<tr>
<td>2009</td>
<td>775</td>
<td>953</td>
</tr>
<tr>
<td>2010</td>
<td>943</td>
<td>1.099</td>
</tr>
<tr>
<td>2011</td>
<td>1.146</td>
<td>1.298</td>
</tr>
<tr>
<td>2012</td>
<td>1.307</td>
<td>1.416</td>
</tr>
<tr>
<td>2013*</td>
<td>1.658</td>
<td>1.581</td>
</tr>
</tbody>
</table>

* 2013 Q4 GDP data is prediction

Source: CBRT
General Information

Banking Sector Assets - 2005

- Participation Banks: 3,3
- Deposit Money Banks: 2,6
- Investment and Development Banks: 94,1

Banking Sector Assets - 2013

- Participation Banks: 4,2
- Deposit Money Banks: 5,8
- Investment and Development Banks: 90,0

Source: CBRT
CBRT Law Article 4/g:

“The Bank shall, in order to monitor financial markets, be authorized to request necessary information and to gather statistical information from banks, other financial institutions and from establishments and institutions assigned to regulate and supervise these.”
Central Bank of Republic of Turkey (CBRT) disseminates statistics of Islamic Banks in the name of “Participation Banks”.

- Weekly Money and Banking Statistics.
- Monthly Money and Banking Statistics.
- Both statistics include only resident branches of banks.
- Monetary liabilities of Participation Banks was added to money supply beginning from 2005 data, in 2007.
- In the CBRT’s data delivery system, users can reach participation banks data beginning from December 2005 data.
CBRT Statistics on Islamic Banks

• How can you reach our statistics?

1) [http://www.tcmb.gov.tr/yeni/eng/](http://www.tcmb.gov.tr/yeni/eng/) Data Periodic Data

• Weekly Money and Banking Statistics
• Monthly Money and Banking Statistics
CBRT Statistics on Islamic Banks

• How can you reach our statistics?

2) [http://evds.tcmb.gov.tr/yeni/cbt-uk.html](http://evds.tcmb.gov.tr/yeni/cbt-uk.html)
Participation Banks have been grown rapidly than other commercial banks in the 2005 – 2013 period.
Analysing Islamic Banking Statistics

Loans / Assets (%)

Source: CBRT

- Participation banks' loans ratio in assets is higher than other commercial banks' loans ratio.
When we add securities to loans, the previous ratio is very similar between participation banks and other commercial banks.

What does it mean?
Participation banks’ bad loans ratio in loans portfolio has been higher than other commercial banks ratio since 2011.
Participation banks’ funds ratio in liabilities have been decreasing rapidly than other commercial banks.

While funds is decreasing, which instrument is increasing in the liability side?
Participation banks have been receiving loans from abroad since 2009 in a remarkable way.

Source: CBRT
At the end of 2013, participation banks’ deposits almost same with their loans portfolio.
Other commercial banks shareholders' equity ratio in the liabilities has been more than which participation banks has, since 2009.
Analysing Islamic Banking Statistics

Since 2010 participation banks’ foreign liabilities is more than their foreign assets.

Source: CBRT
Other commercial banks’ net profit ratio in liabilities is higher than participation banks ratio.
Conclusions

- 2005 – 2013 period, Turkish banking sector has been grown faster than GDP and Participation (Islamic) Banks have been grown faster than other commercial banks.

- According to CBRT law, all banks in Turkey (including participation banks) have to send their data to the CBRT.

- CBRT disseminates participation and other commercial banks statistics at weekly and monthly frequency.

- Participation Banks use their funds to give credit, instead of buying securities. The amount of their funds in liabilities and loans in assets side are almost same.
 Participation Banks have more past-due loans in their loan portfolio than other commercial banks.

 Shareholders’ equity ratio in participation banks liability is less than other commercial banks in recent years.

 Other commercial banks’ net profit ratio in liabilities is higher than participation banks ratio.

 Public Deposit Banks (Ziraat Bankası, Halkbank and Vakıfbank) are also planning to found participation banks in Turkey.
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