

## Press release

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### **FSB completes Peer Review of Turkey**

The Financial Stability Board (FSB) published today its [peer review of Turkey](#).

The peer review examined two topics relevant for financial stability and important for Turkey: the macroprudential policy framework and tools, and bank resolution. The review focused on the steps taken by the authorities to implement reforms in these areas, including with respect to relevant recommendations in the 2011 Financial Sector Assessment Program (FSAP) report by the International Monetary Fund and the World Bank.

The peer review concludes that progress has been made in developing the macroprudential policy framework and that the current bank resolution framework has served Turkey well to date. In particular, a Financial Stability Committee has been established to promote information sharing and to coordinate some policy measures among its member institutions;<sup>1</sup> the Central Bank of Turkey has enhanced its focus on financial stability analysis; and the authorities have a broad range of tools at their disposal and have used them in a proactive and flexible manner in recent years for macroprudential purposes. The authorities already have a fairly comprehensive bank resolution framework in place that reflects the significant experience gained from resolving banks during the 2000-01 banking crisis, while legislative amendments have been submitted to Parliament to provide for additional resolution powers.

The peer review also found that there is additional work to be done:

- On the macroprudential side, this involves developing an integrated systemic risk assessment and policy framework by enhancing joint (inter-agency) work and linking the analysis of risks with the selection of policy tools, as well as enhancing public communication of macroprudential policies.
- On the bank resolution side, the current framework can be further strengthened by incorporating other resolution powers (in addition to those proposed in the legislative amendments) and also provisions for cross-border cooperation and information sharing of the FSB's [Key Attributes of Effective Resolution Regimes for Financial Institutions](#). The authorities should also review arrangements for funding of banks in resolution and develop recovery and resolution plans and conduct resolvability assessments for all banks that could be systemic in the event of failure.

The peer review report includes recommendations to the Turkish authorities in order to address these issues.

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<sup>1</sup> The Financial Stability Committee comprises the Undersecretary of Treasury and the heads of the Central Bank, Banking Regulation and Supervision Agency, Capital Markets Board and Saving Deposit Insurance Fund, under the chairmanship of the Minister in charge of the Undersecretariat of Treasury.

## **Notes to editors**

The FSB has been established to coordinate at the international level the work of national financial authorities and international standard setting bodies and to develop and promote the implementation of effective regulatory, supervisory and other financial sector policies in the interest of financial stability. It brings together national authorities responsible for financial stability in 24 countries and jurisdictions, international financial institutions, sector-specific international groupings of regulators and supervisors, and committees of central bank experts. The FSB also conducts outreach with 65 other jurisdictions through its six regional consultative groups.

The peer review of Turkey is the sixteenth country peer review conducted by the FSB. These reviews are based on the objectives and guidelines set forth in the [Handbook for FSB Peer Reviews](#). FSB member jurisdictions have committed to undergo an FSAP assessment every five years and, to complement that cycle, an FSB peer review two to three years following an FSAP. As part of this commitment, Turkey volunteered to undergo this peer review in 2015. The [schedule of completed and planned country peer reviews](#), as well as [all completed peer review reports](#), is available on the FSB website.

Country peer reviews focus on the implementation and effectiveness of regulatory, supervisory or other financial sector standards and policies agreed within the FSB, as well as their effectiveness in achieving desired outcomes. They examine the steps taken or planned by national authorities to address IMF-World Bank FSAP and Report on the Observance of Standards and Codes recommendations on financial regulation and supervision as well as on institutional and market infrastructure that are deemed most important and relevant to the FSB's core mandate of promoting financial stability. Country reviews can also focus on regulatory, supervisory or other financial sector policy issues not covered in the FSAP that are timely and topical for the jurisdiction itself and for the broader FSB membership. Unlike the FSAP, a peer review does not comprehensively analyse a jurisdiction's financial system structure or policies, or its compliance with international financial standards.

The report published today describes the findings and recommendations of the peer review of Turkey. The draft report was prepared by a team of experts drawn from FSB member institutions and led by Nai Seng Wong, Assistant Managing Director in the Monetary Authority of Singapore. The review benefited from dialogue with the Turkish authorities and private sector representatives as well as from discussion in the FSB Standing Committee on Standards Implementation.

The FSB is chaired by Mark Carney, Governor of the Bank of England. Its Secretariat is located in Basel, Switzerland, and hosted by the Bank for International Settlements.

For further information on the FSB, visit the FSB website, [www.fsb.org](http://www.fsb.org).