



RECENT DEVELOPMENTS IN GOLD DEPOSIT ACCOUNTS IN TURKEY

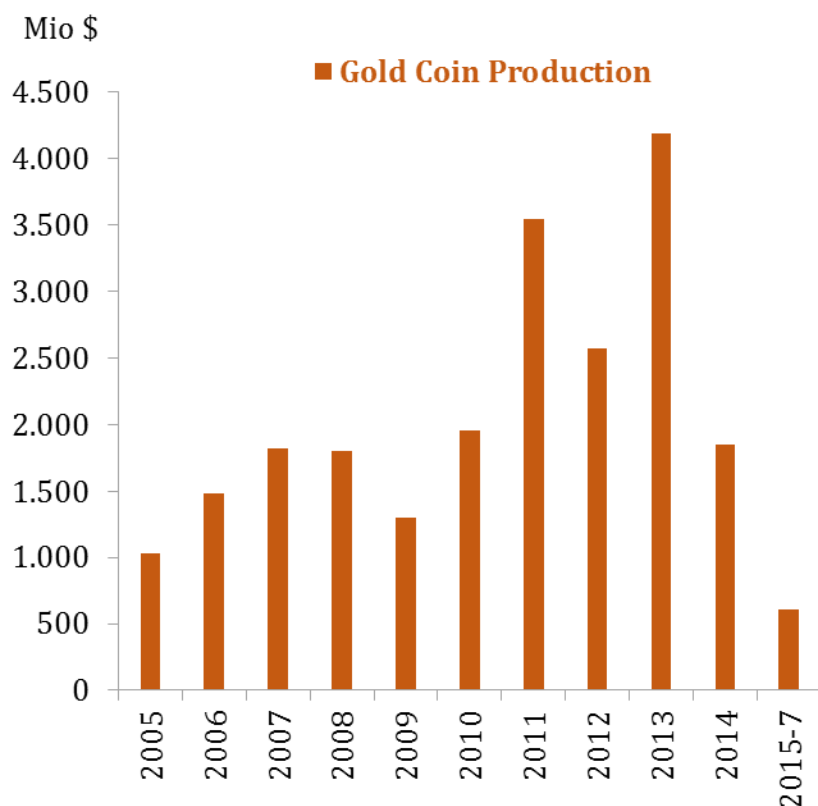
Erkan Kilimci, Executive Director

Central Bank of the Republic of Turkey
22 August 2015



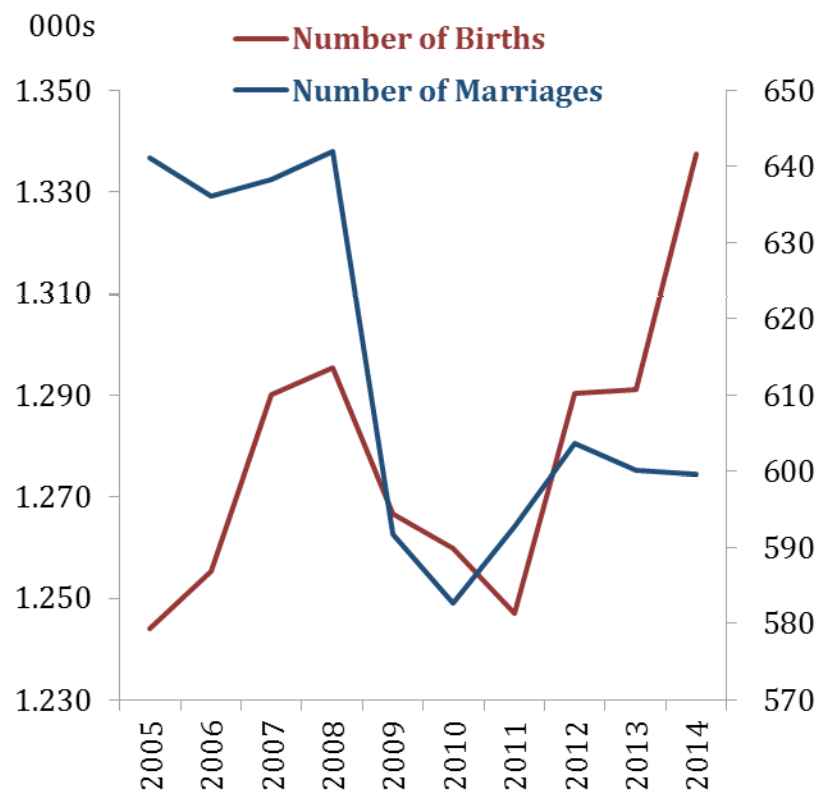
Physical gold is a traditional investment for Turkish people.

Traditional Demand for Gold



Source: Turkish State Mint

Last Observation : July 2015

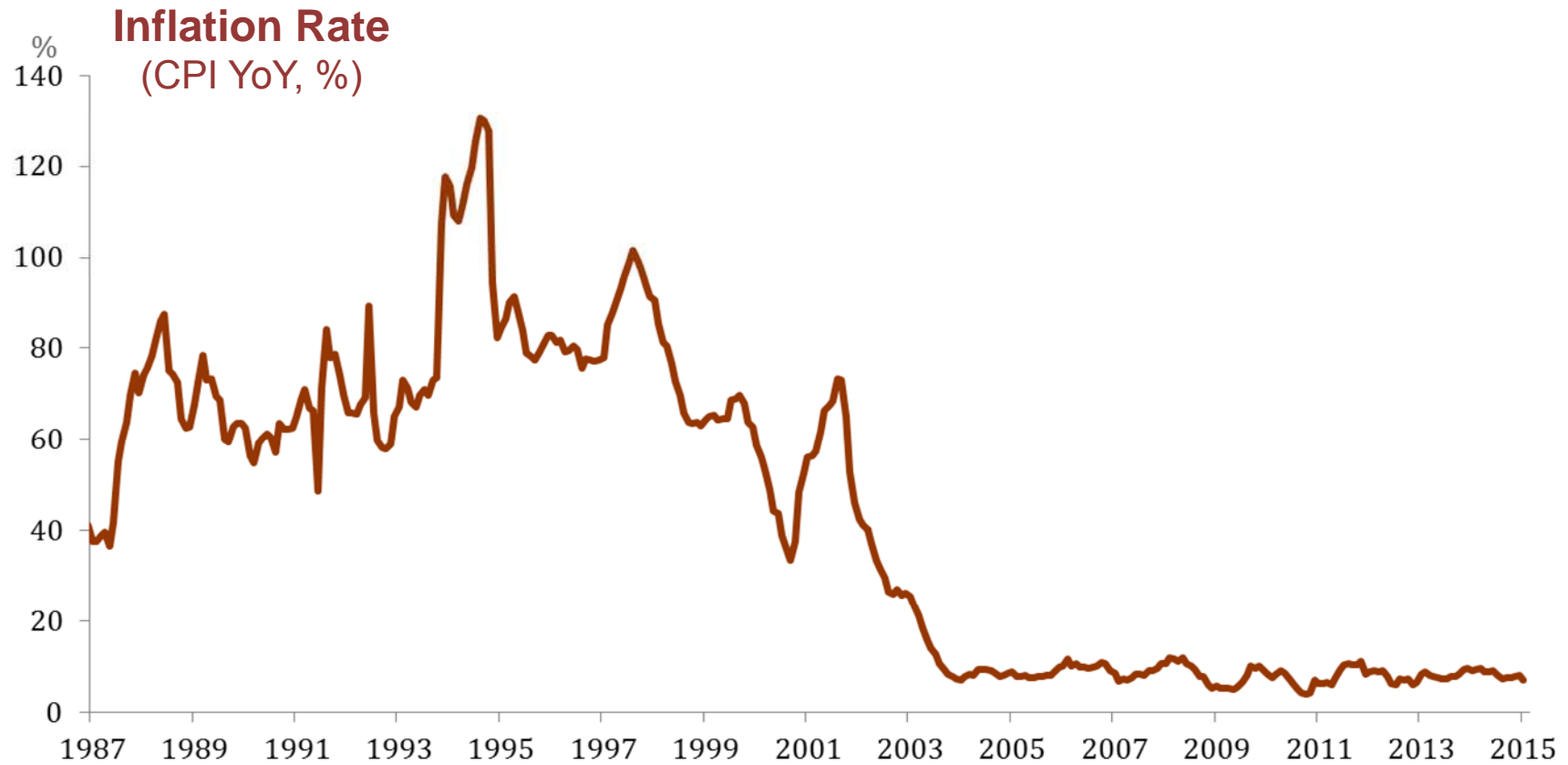


Source: Turkish Statistical Institute

Last Observation : 2014



Sustained high level of inflation for years induced households to hold gold.



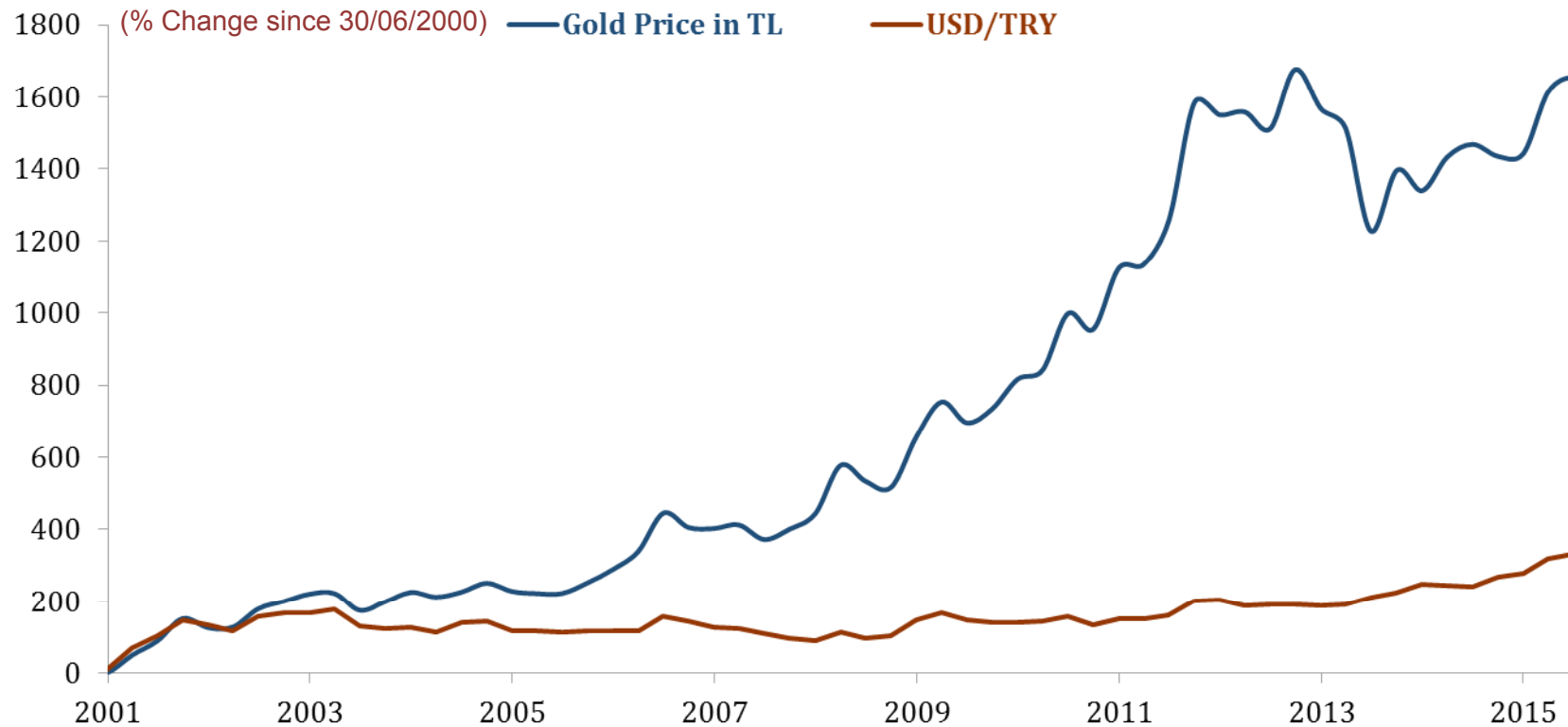
Source: CBRT, Bloomberg

Last Observation : June 2015



Gold served as a safe investment under frequent and sharp FX fluctuations.

Gold and USD Return

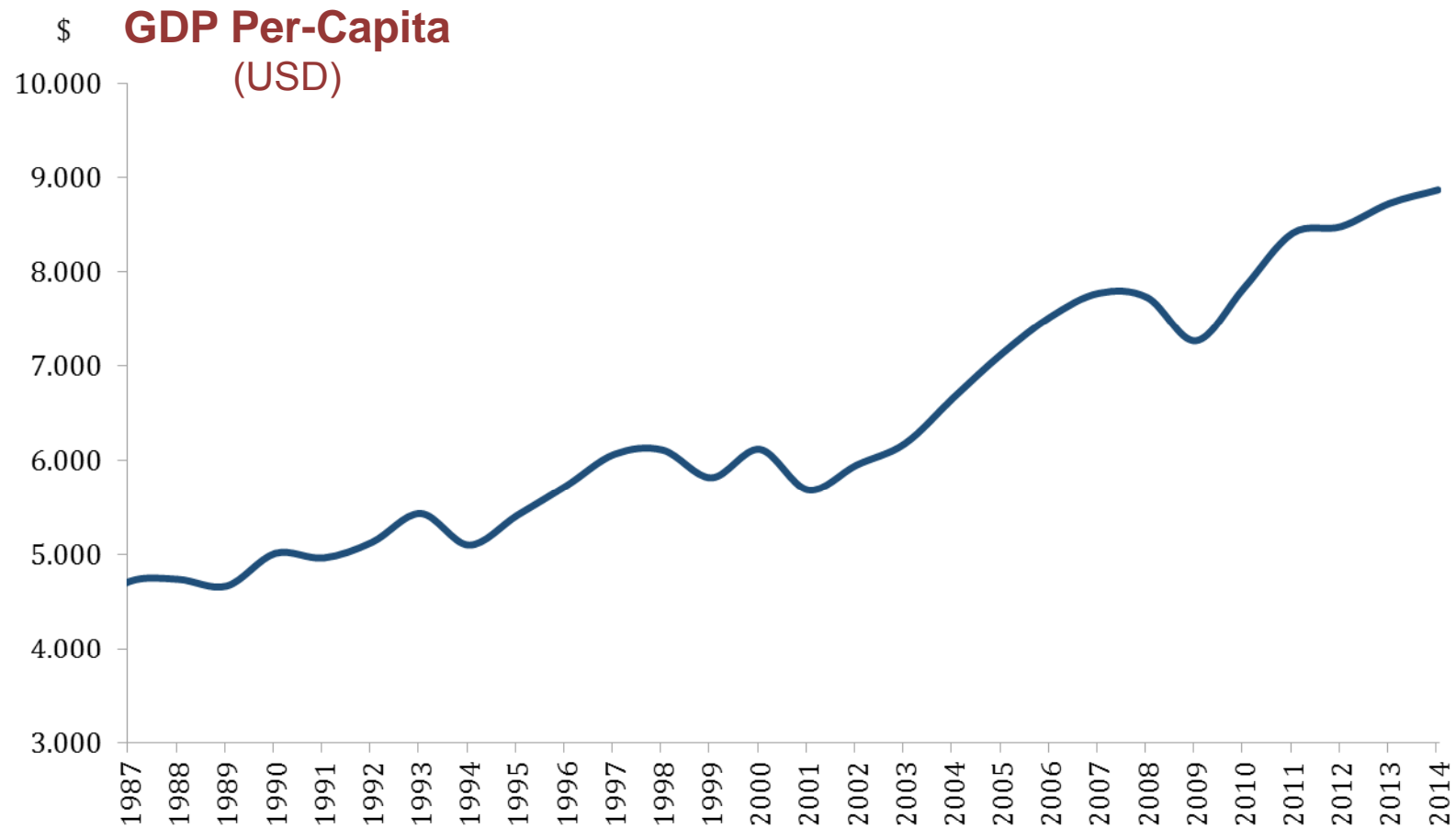


Source: Bloomberg

Last Observation : April, 2015



As the economy prosper gold become available for many.

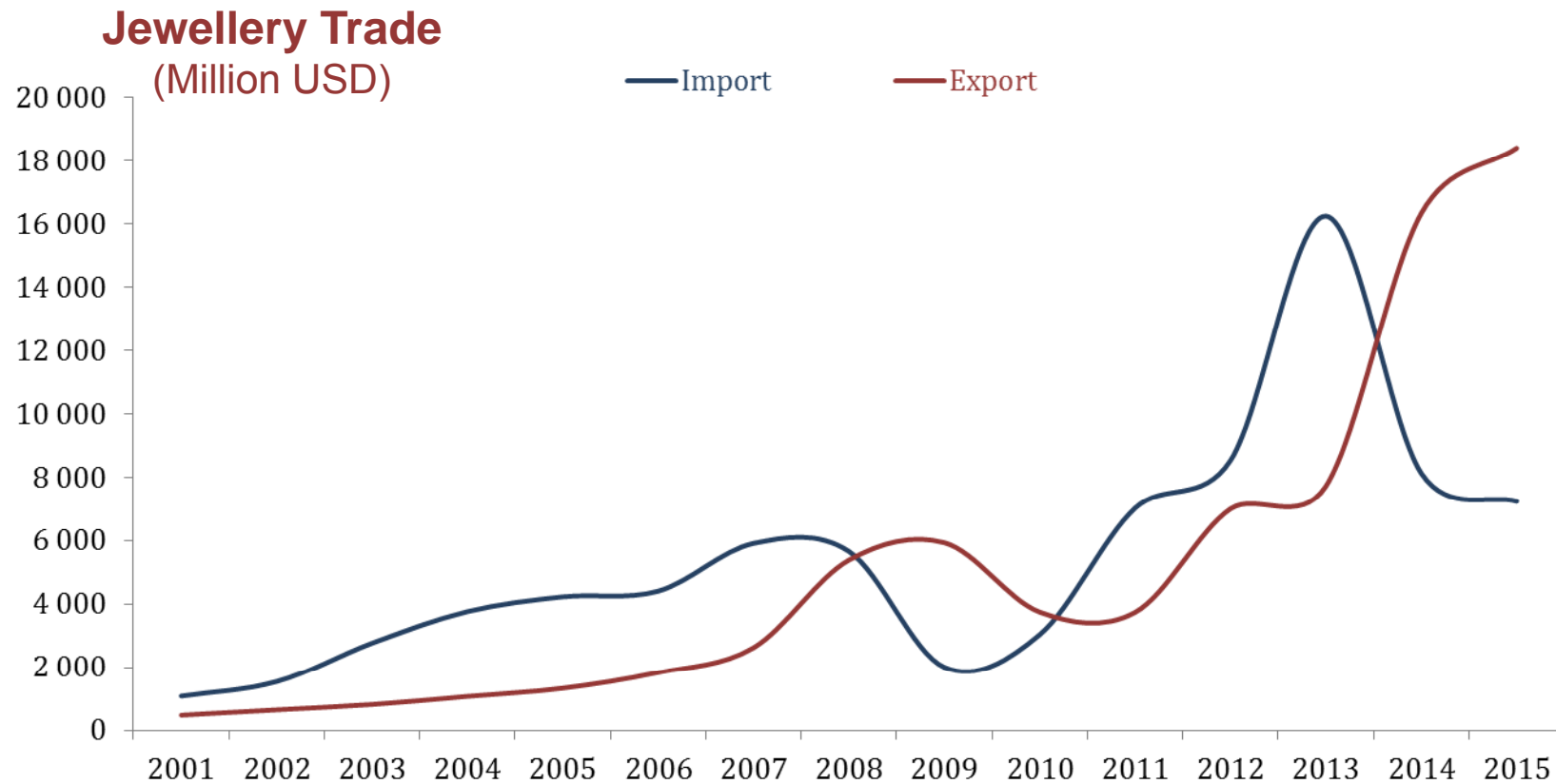


Source: World Bank, Bloomberg

Last Observation : 2014



Turkey covers its domestic demand and some of its export production with imports.

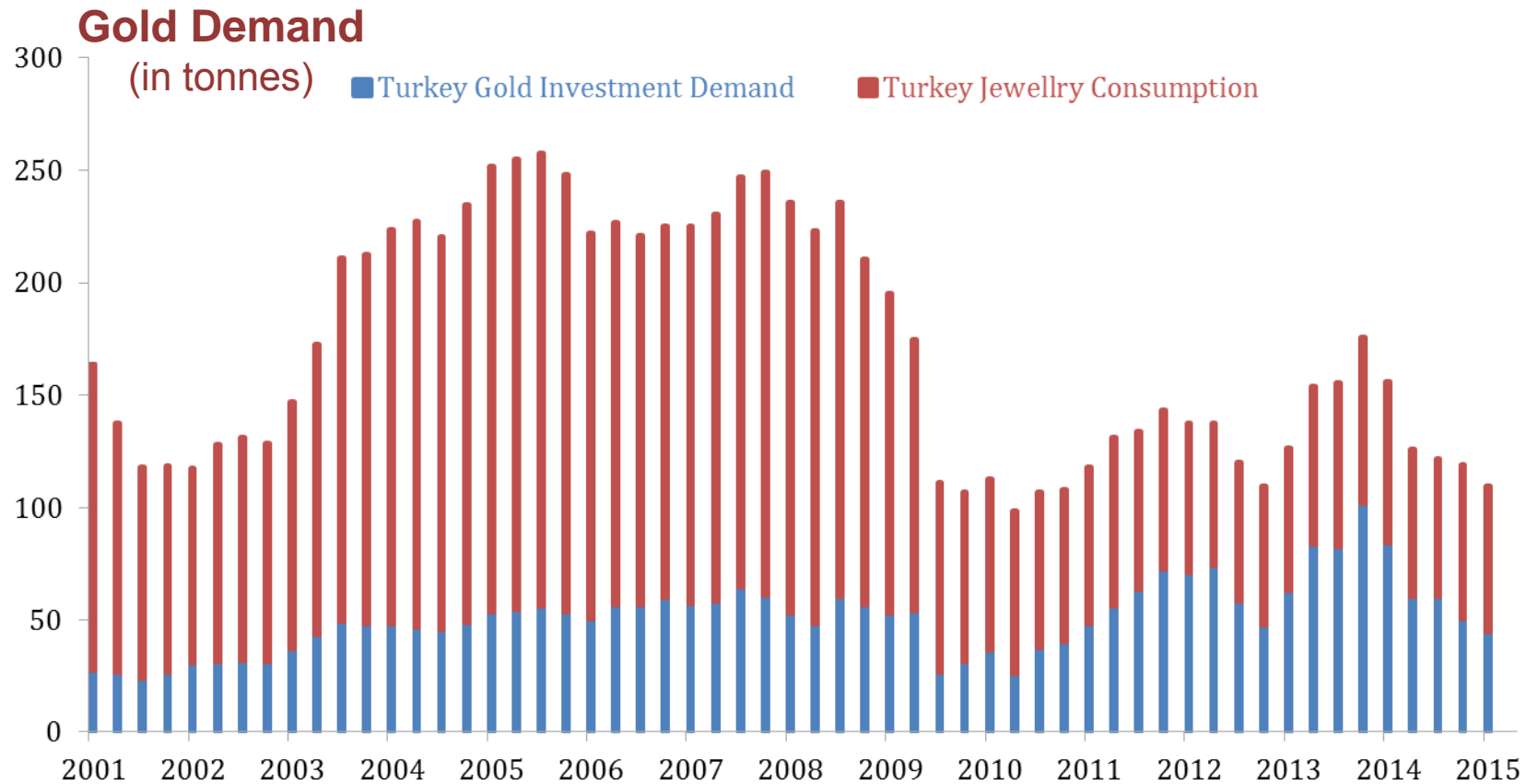


Source: Turkish Statistical Institute

Last Observation : June 2015



Turkey has a fair amount of gold demand.

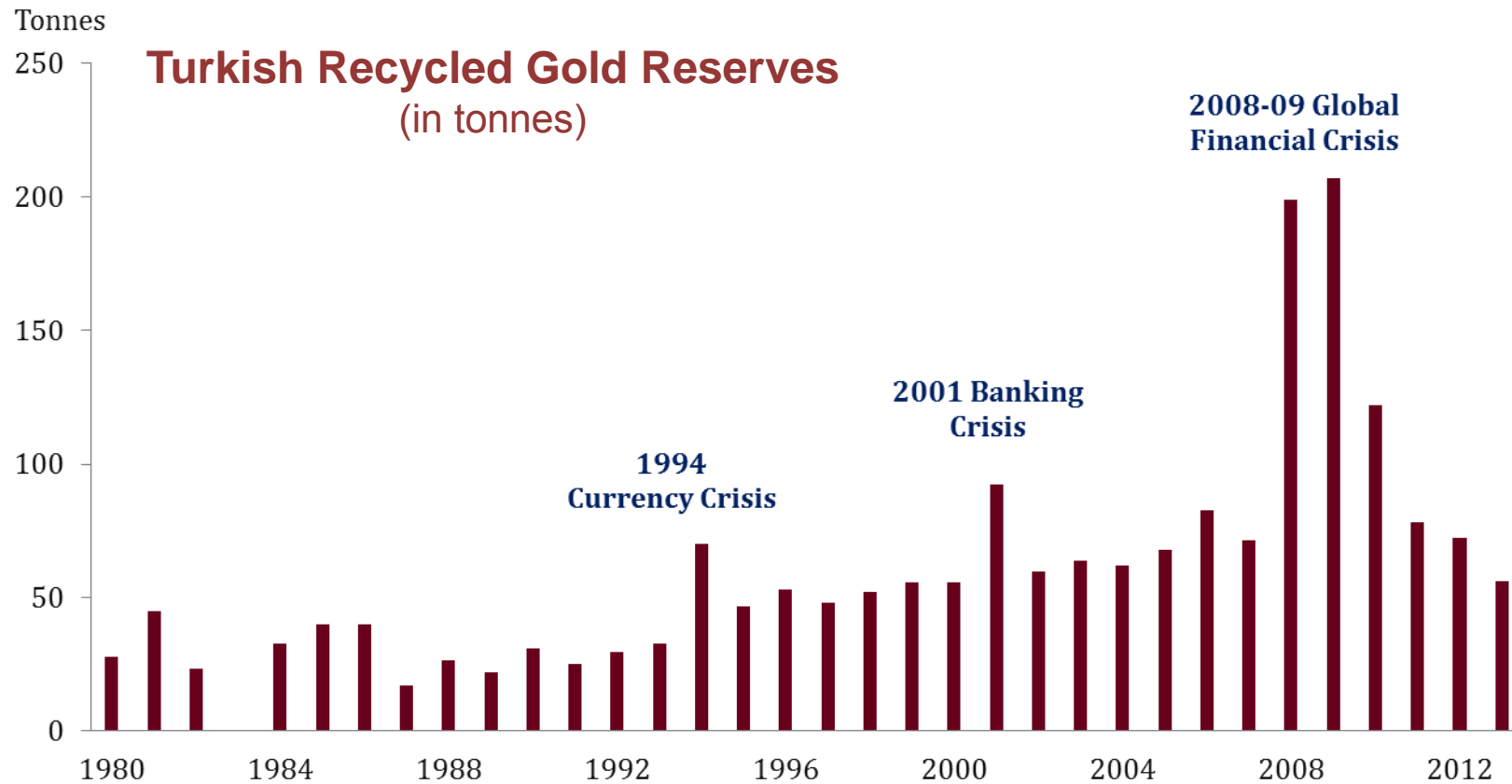


Source: Reuters

Last Observation : March 2015



Mining and recycled gold reserves are not enough to meet the demand for gold.

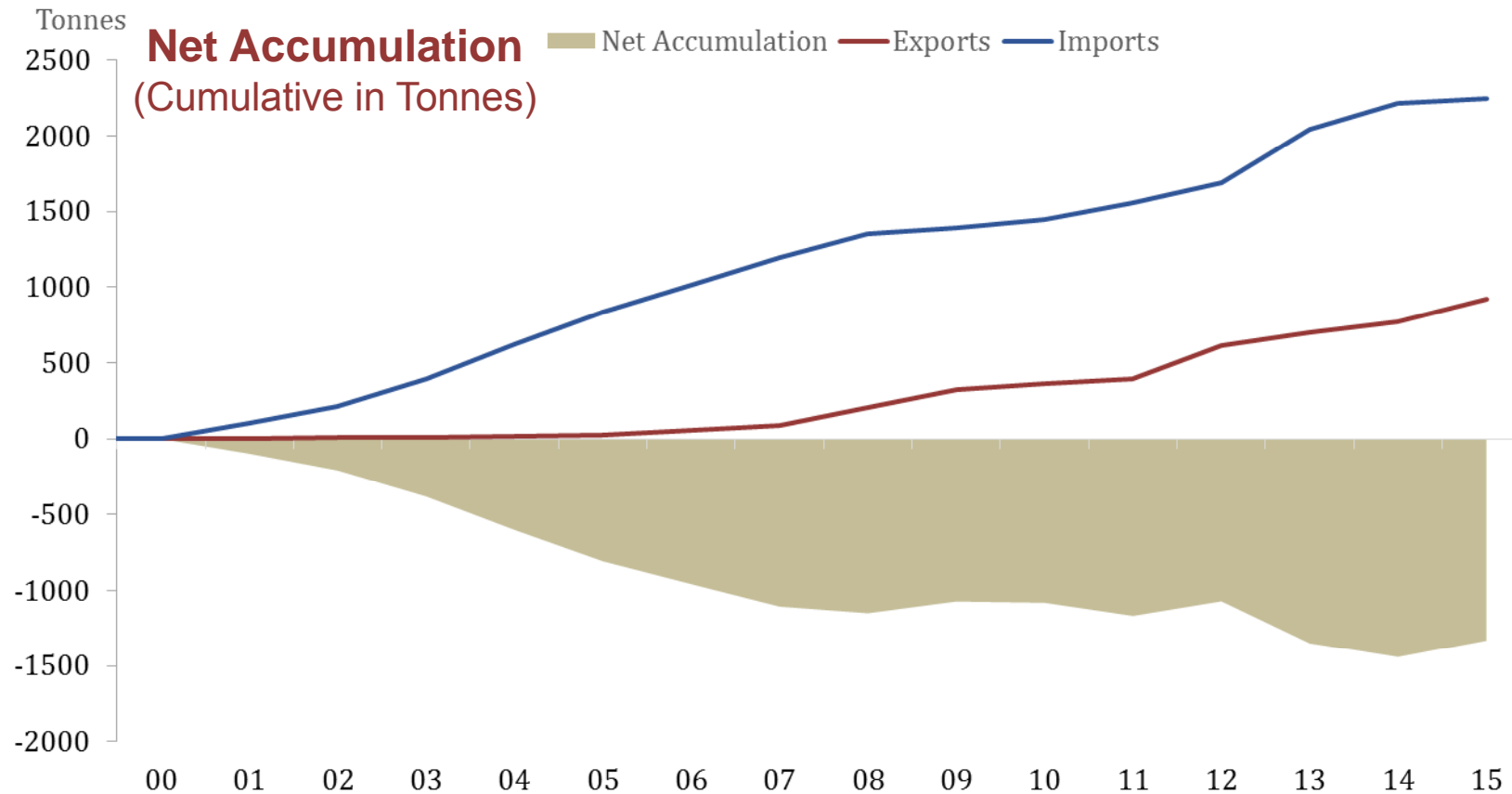


Source: World Gold Council

Last Observation : 2013



Turkey accumulated physical gold for long years.

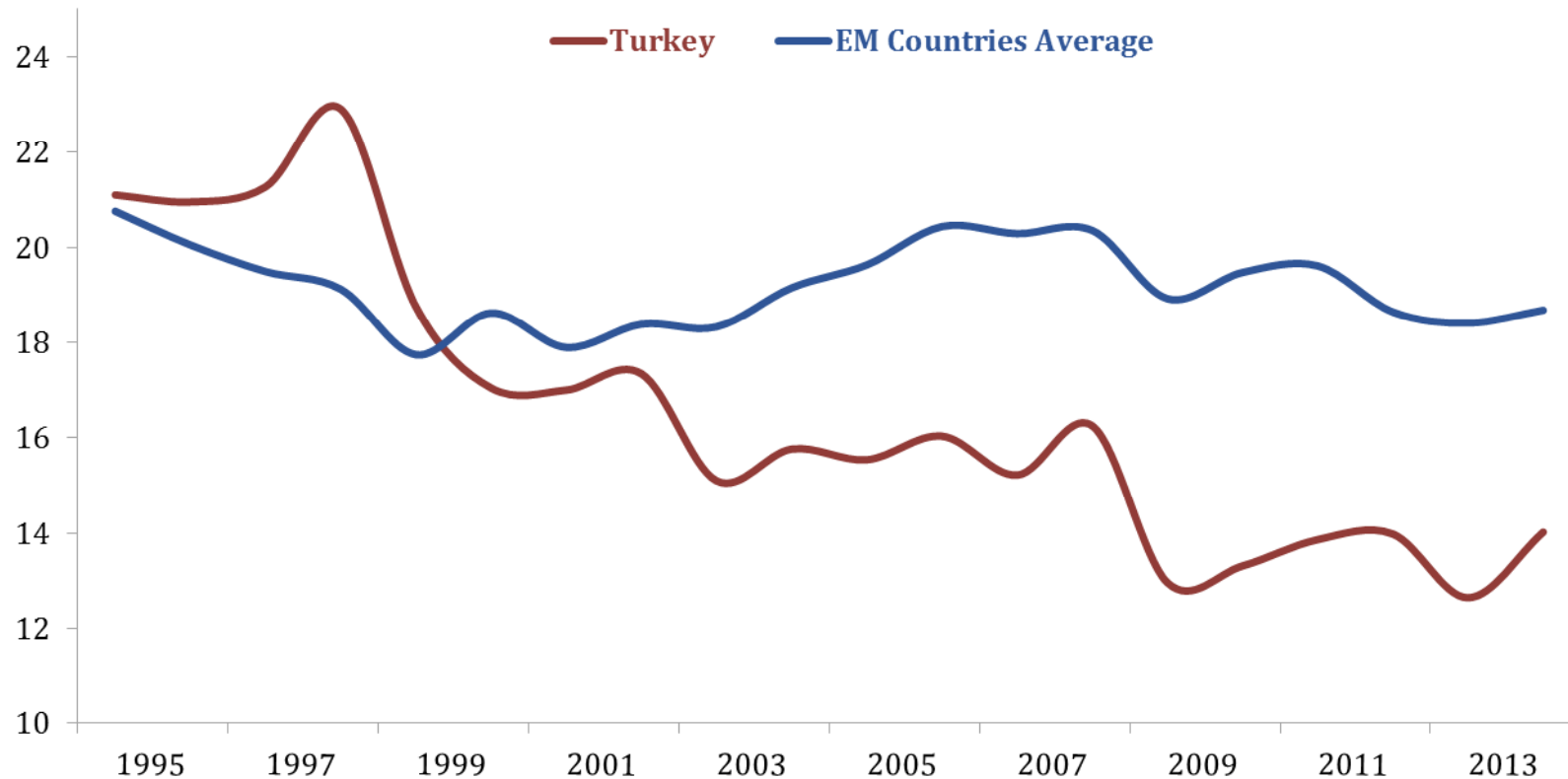


Source: Turkish Statistical Institute

Last Observation : May 2015



On the other hand Turkey like many other emerging economies suffers from low levels of savings.



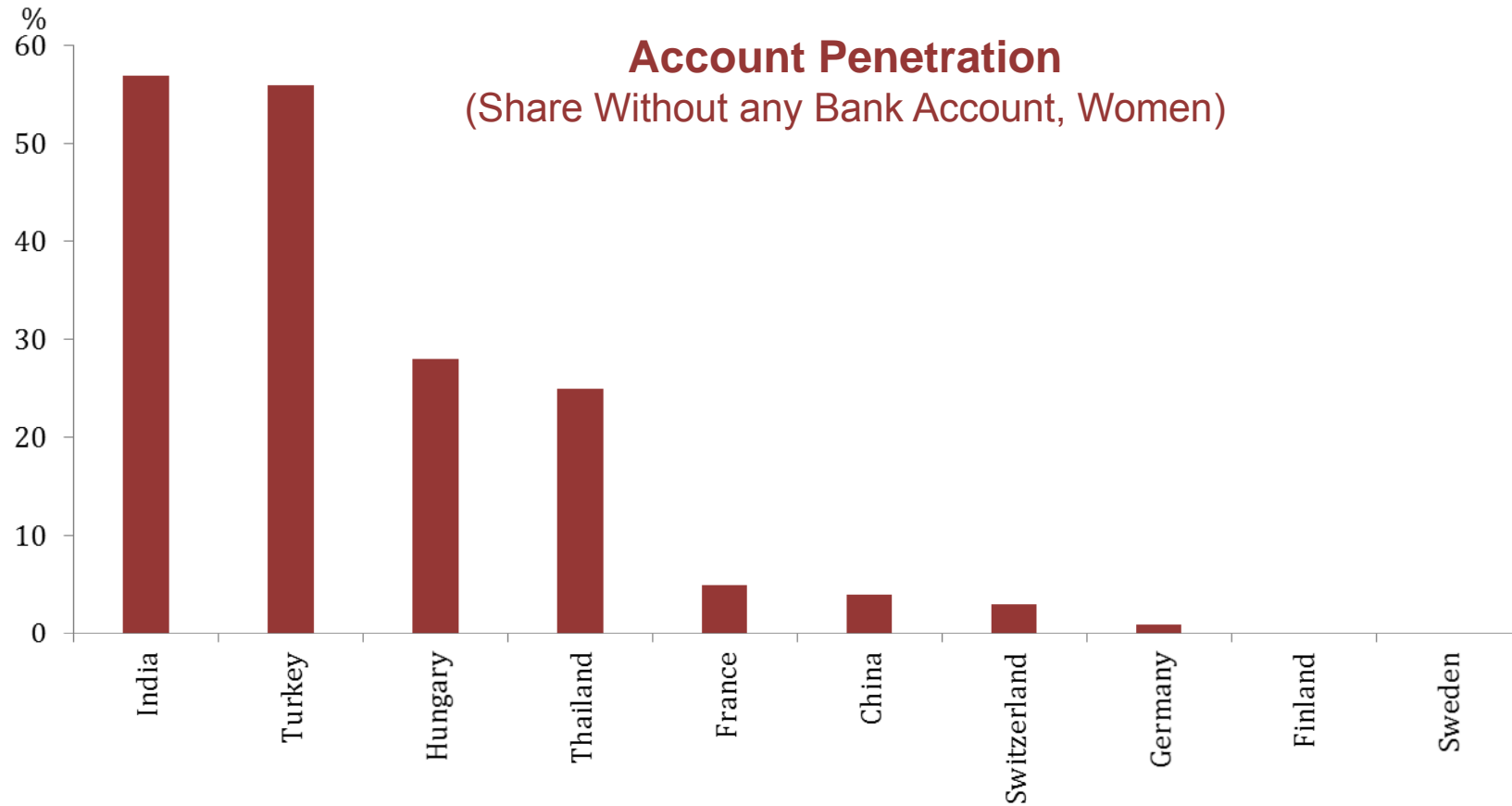
Source: IMF, Bloomberg

EM countries : S.Africa, Hungary, Brazil, Argentina, Colombia, Chile, Mexico; Czech Rep. , Poland

Last Observation 2014



Financial inclusion policies should target the unbanked women population.



Source: Global Findex Database, World Bank.

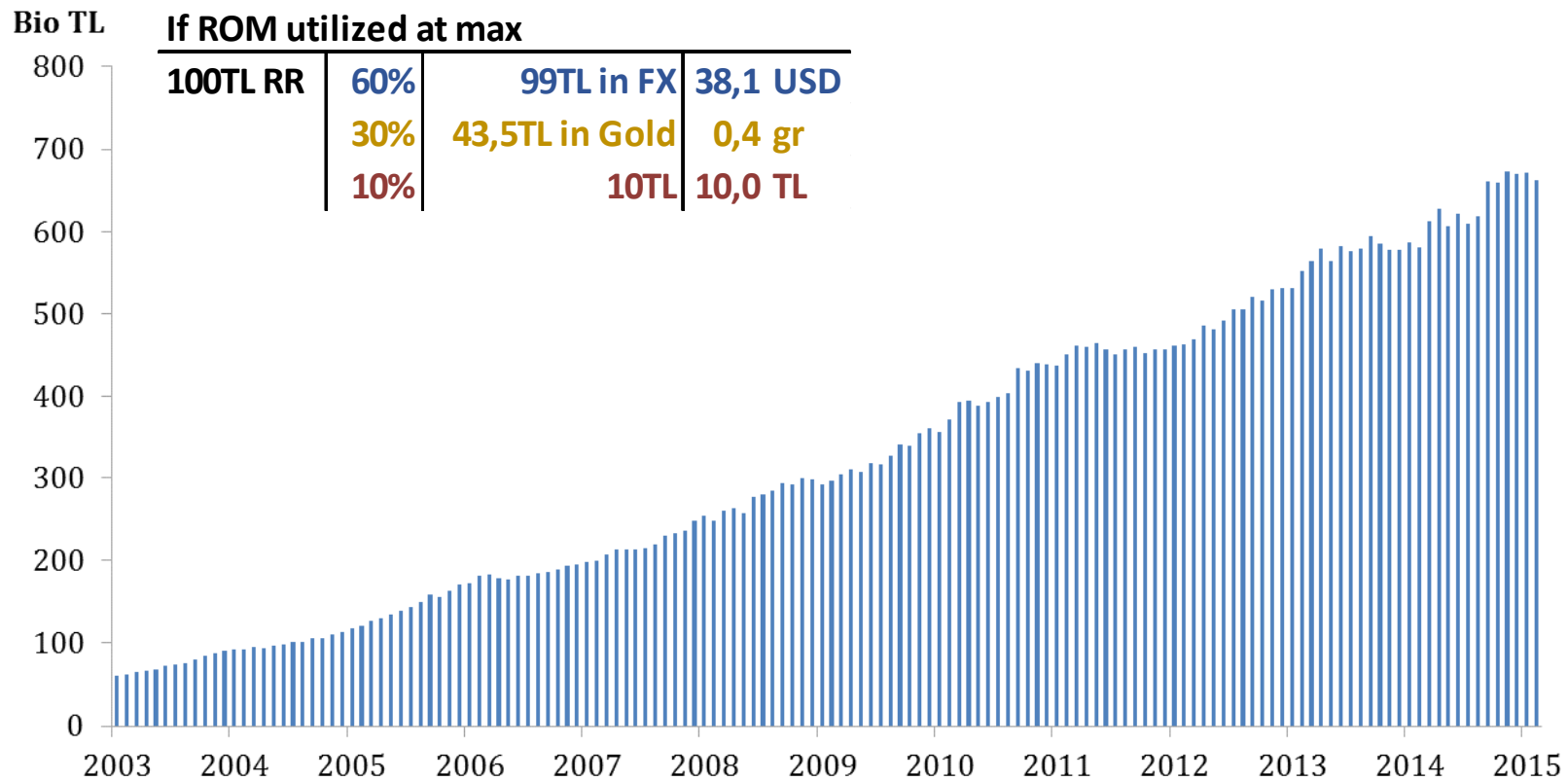
Last Observation : 2014



Reserve Option Mechanism in Turkey



CBRT allowed banks to hold a fraction of their reserve requirements for TL liabilities in gold and FX.

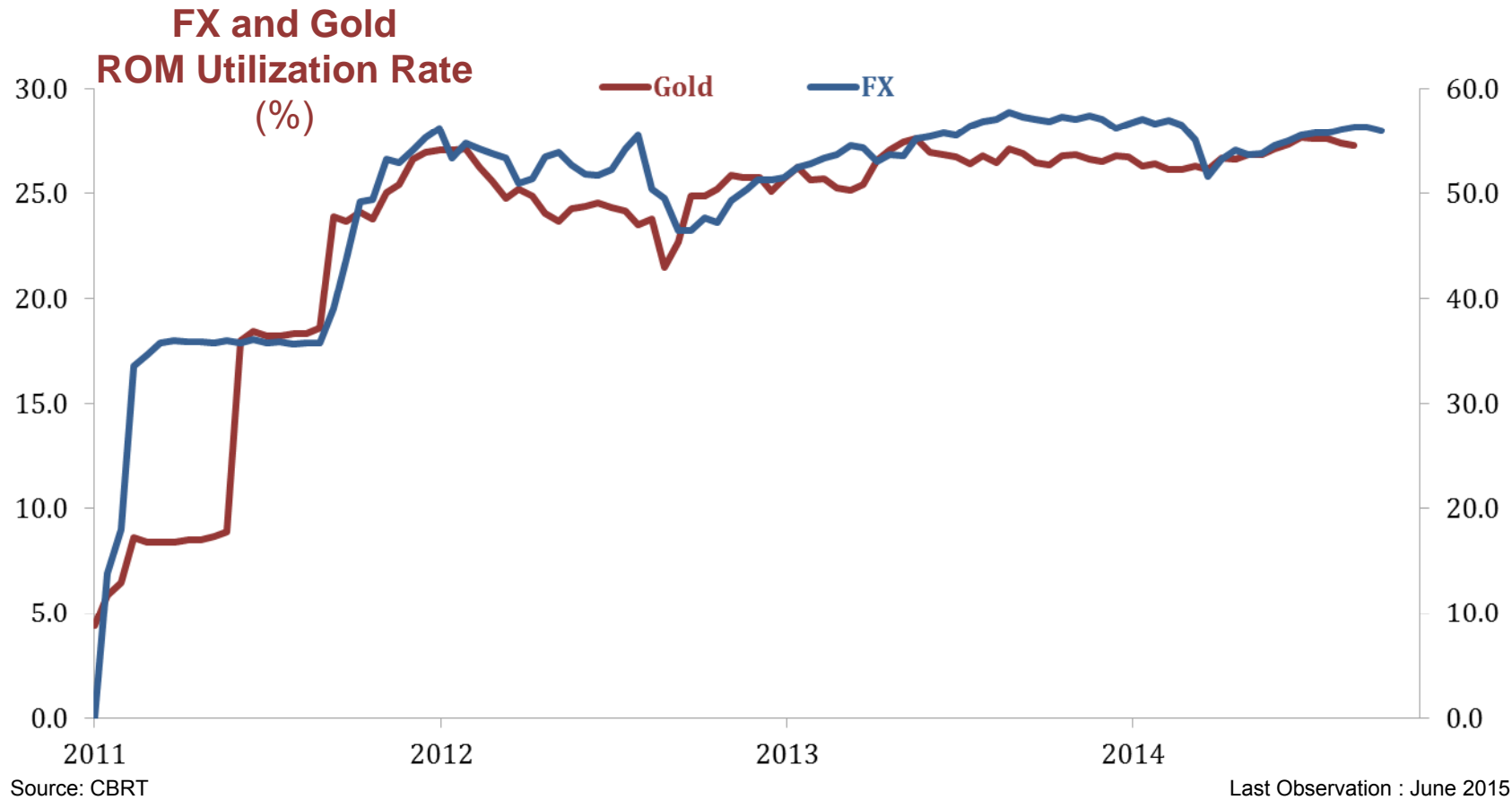


Source: BRSA

Last Observation : May 2015



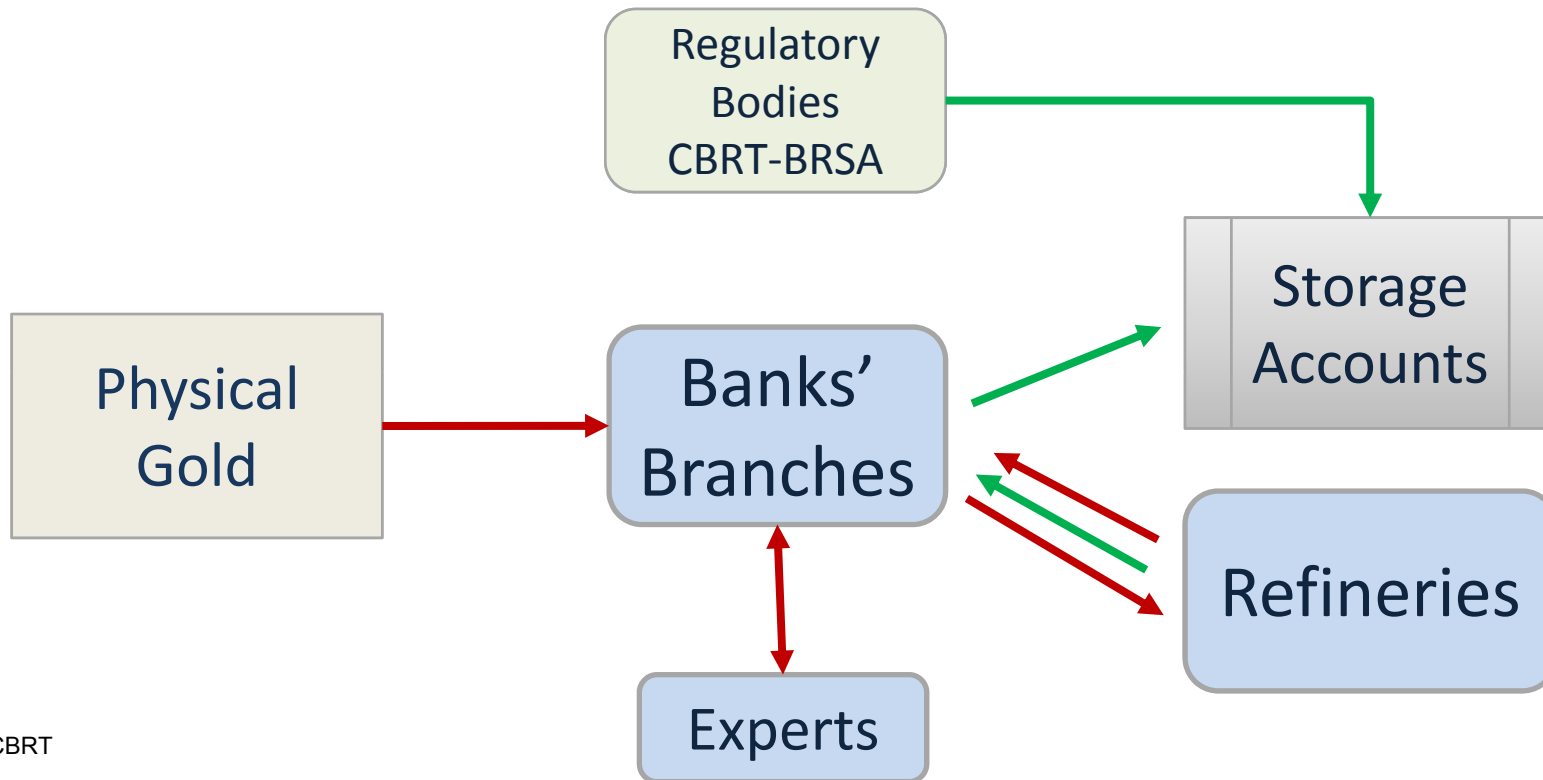
Banks fully utilized the option to hold Gold instead of Turkish Lira.





Banks use «golden days» to collect gold.

Golden Days



Source: CBRT



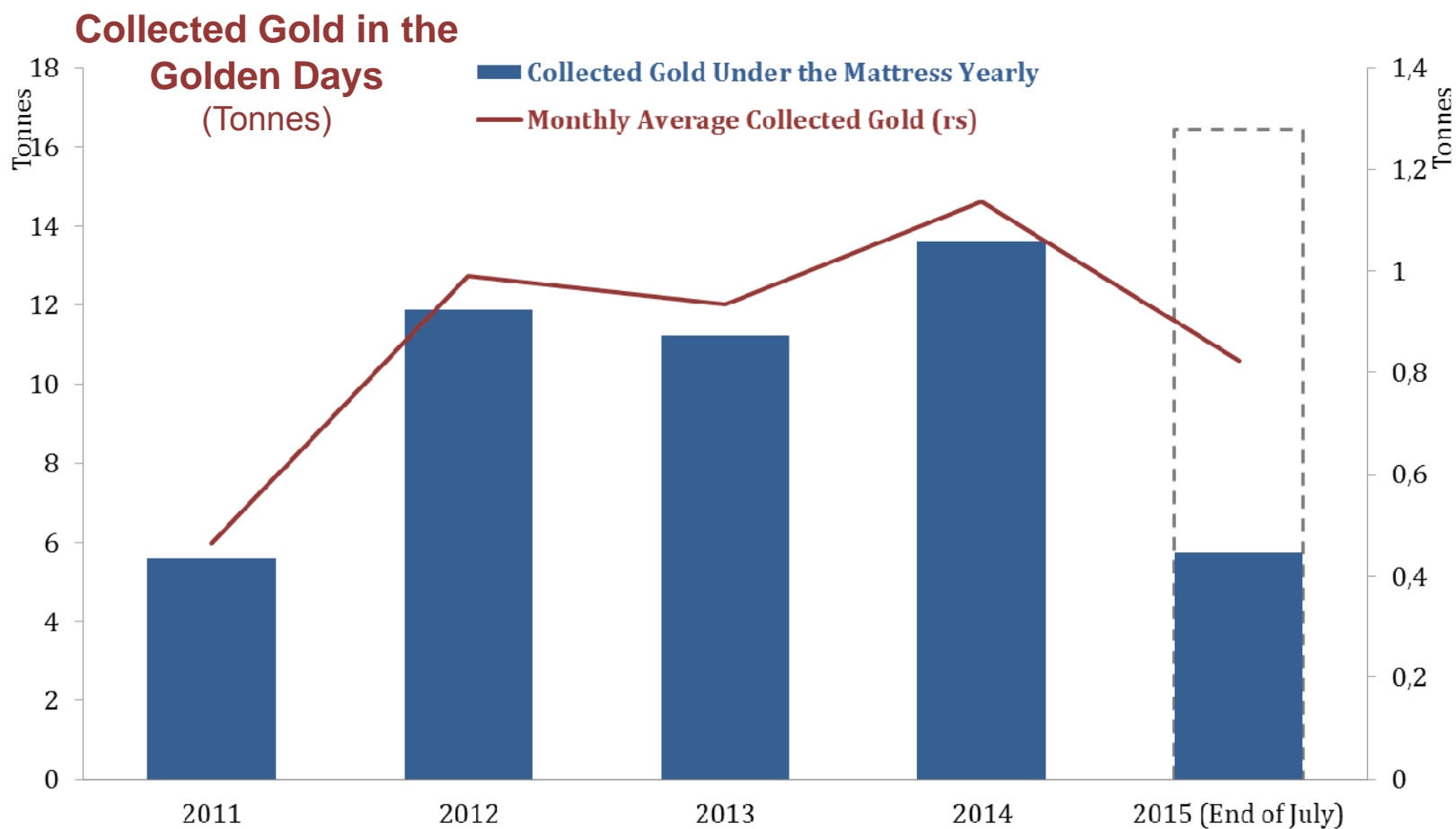
Gold accounts and transactions are regulated.

Gold Accounts

- Accounts can consist of at least 995/1000 pure bar and ingot of raw golds.
- Accounts can be open as time deposit or demand deposit
- Bankbooks are given to customers.
- Interest payments can be done via TL, FX or gold.
- Bank can buy golds from the customers by paying TL or FX.
- Customer can withdraw in TL or gold ingot.



Golden days practice stands as a simple yet effective way of bringing gold back in the economy.

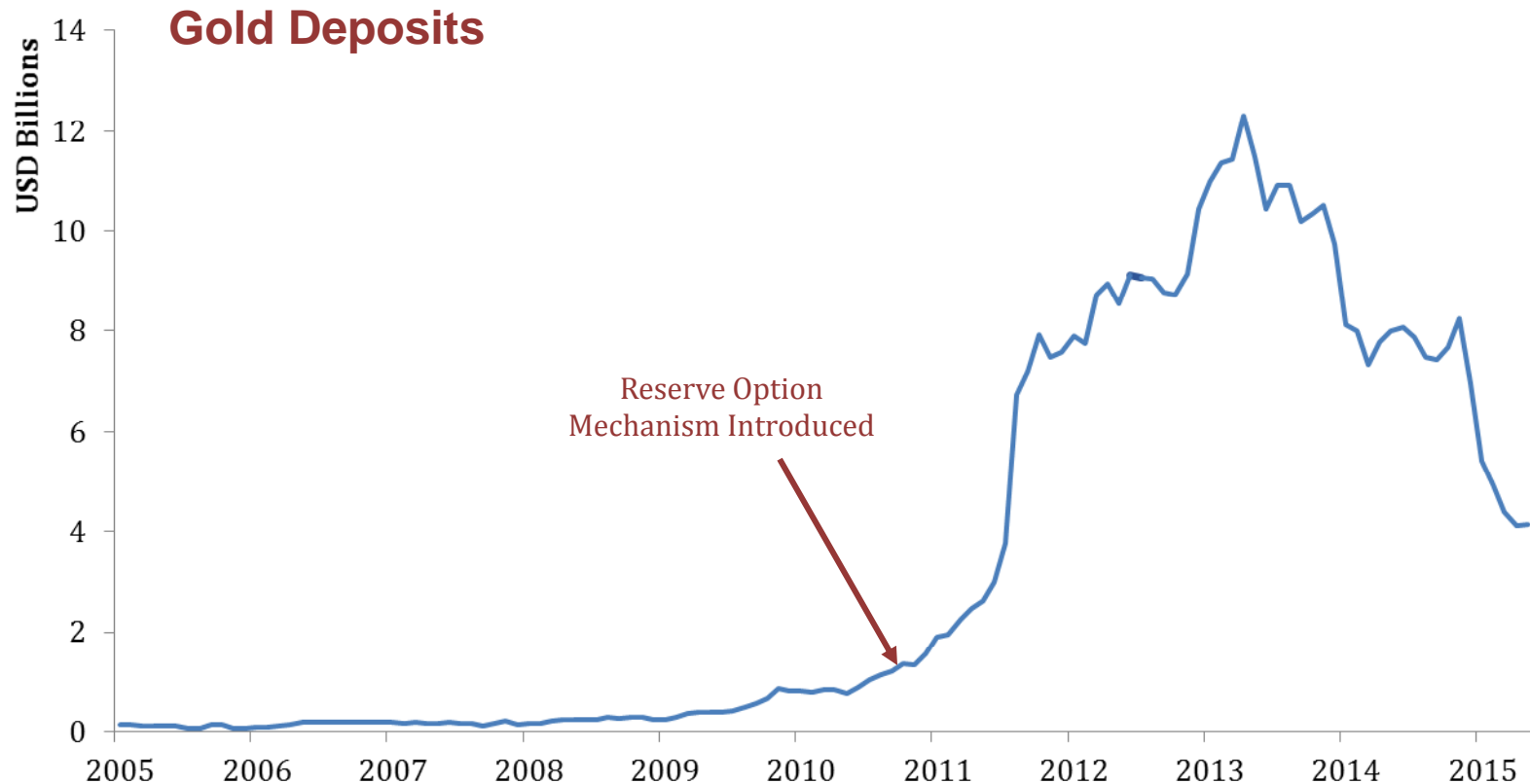


Source: Istanbul Gold Refinery

Last Observation : July 2015



Gold deposit accounts increased substantially by pulling physical gold in to the financial system.

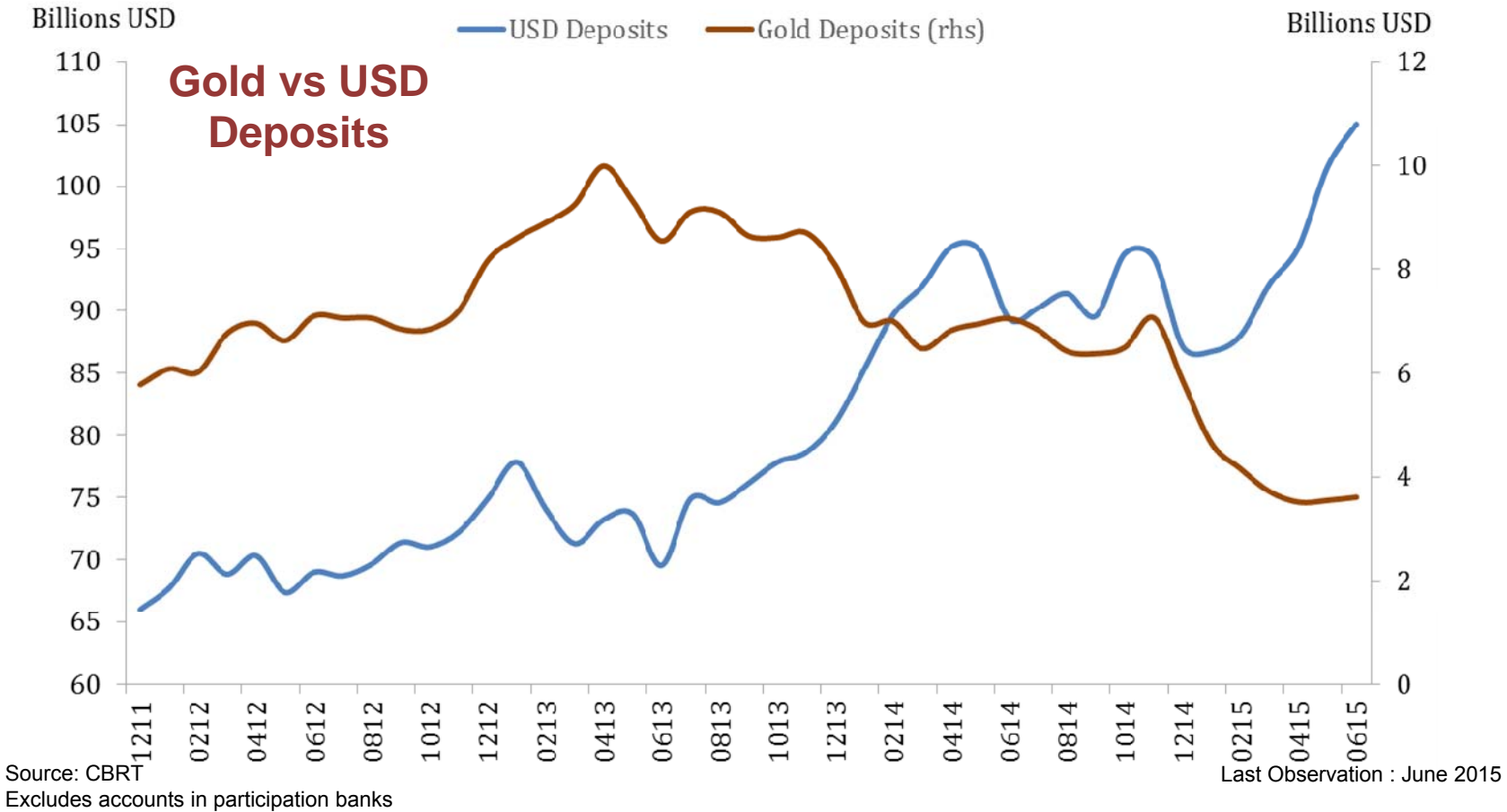


Source: CBRT

Last Observation : June 2015

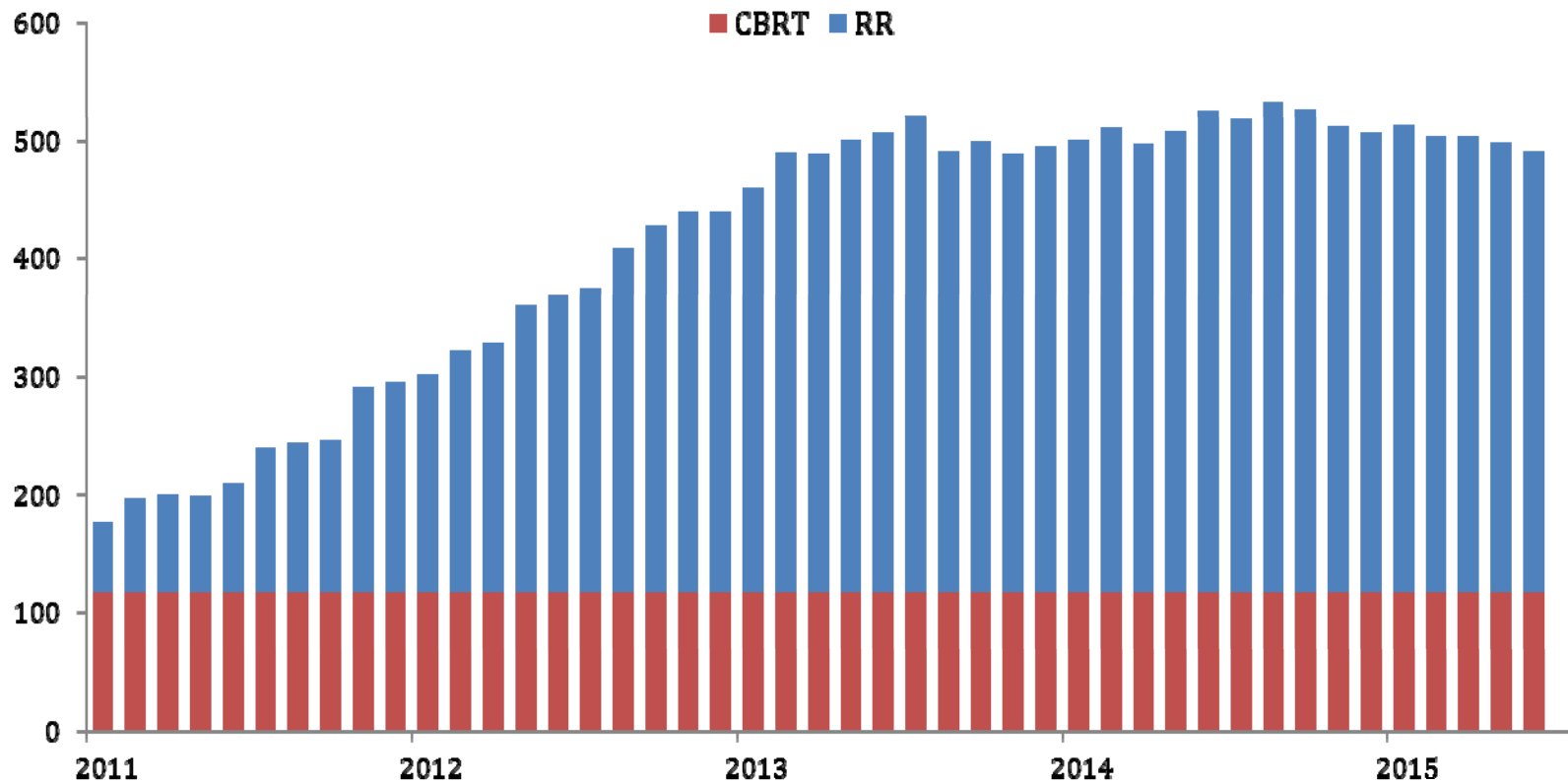


Once people used to gold accounts it is easier for them to invest in other forms.





International gold reserves increased from 176 tonnes to 462 tonnes.



Source: CBRT.

Last Observation : May 2015



Gold is a unique reserve asset which makes it a viable choice for portfolio *diversification*

	Current	A year Ago	% Change
Total	29,124	29,041	0.29
Euro Area	9,835	9,829	0.06
US	7,413	7,413	0.00
Germany	3,084	3,085	-0.02
Italy	2,235	2,235	0.00
France	2,220	2,220	0.00
China	961	961	0.00
Switzerland	948	948	0.00
Japan	697	697	0.00
Netherlands	558	558	0.00
India	508	508	0.00
Turkey	462	453	1.92

Source: Bloomberg

Last Observation : May 2015