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Macro and Micro Factors Determining the Ratio of Non-Performing Loans for Deposit Banks in the Turkish Banking Sector / Türk Bankacılık Sektöründe Mevduat Bankaları için Takipteki Kredi Oranını Belirleyen Makro ve Mikro Faktörler

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ABSTRACT

The resistance of economy for unexpected situations that may impair the balances of the financial system can be summarized as financial stability. The fact that the banking sector which has an important place in the financial system effectively distributes resources and performs the transfer of funds safely will contribute to the maintenance of stability. In this case, banking sector should have a strong and solid structure and adequate capital to fulfill its responsibility. It can retrieve its losses faced while maintaining activities only by this way. The Basel Committee issued the Basel-I criteria in 1988 regarding what the capital adequacy ratio would be for banks to be included in the system in an effective way. However, the Basel-I decisions which included only the credit risk in the risk criteria were faced with the criticism that they would be insufficient for the measurement of risks in the crisis environment banks would face. Therefore, the Basel-II regulations in which banking crises are prioritized have been brought to the agenda. The Basel II criteria laid emphasis not only on the capital adequacy ratio but also on the importance of supervision and control, and in addition to these, they emphasized the need for market discipline and made adjustments for this purpose. Sometimes it was not possible to avoid financial crises despite these regulations. In economy, ensuring the continuity of the fund flow between economic units that are fund demand/supply is very important. In other words, debtors constituting the source of the credit are required to fulfill the repayment obligations without any problem. If these obligations are not fulfilled in time, then this means you are faced with non-performing loans. Therefore, an accurate prediction regarding the ratio of the non-performing loan may allow avoiding additional costs that might be faced for the economy and banks. The micro and macro factors affecting the ratio of non-performing loans for deposit banks

KEYWORDS Bank; Time-series; Micro-Macro

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