

Amendment to the Communiqué on Supporting the Conversion of Foreign Currency Deposit Accounts and Participation Funds into Turkish Lira Deposit and Participation Accounts



On September 2, 2024, the Central Bank of the Republic of Turkey (CBRT) issued Communiqué No. 2024/19, published in the Official Gazette No. 32650, amending the Communiqué on Supporting the Conversion of Foreign Currency Deposit Accounts and Participation Funds into Turkish Lira Deposit and Participation Accounts (Communiqué No. 2021/14).

Key Amendments:

- Extension of Eligible Account Balances Date:** The amendment revises Article 4, Paragraph 1 of the original communiqué to include foreign currency accounts held by domestic real and legal persons as of August 31, 2024. Previously, the communiqué applied to accounts existing as of December 31, 2021. This extension allows a broader range of account holders to benefit from the conversion support.

Implications for Account Holders:

1. **Eligibility:** Domestic real and legal persons with U.S. Dollar, Euro, or British Pound accounts existing as of August 31, 2024, are now eligible to convert their foreign currency deposits into Turkish Lira time deposit or participation accounts under the CBRT's support scheme.
2. **Conversion Process:** Eligible account holders can apply to their banks to initiate the conversion at the CBRT's announced conversion rates.
3. **Support Mechanism:** The CBRT will provide support to compensate for potential exchange rate differences during the maturity of the Turkish Lira accounts, aiming to encourage the use of the national currency and enhance financial stability.

Action Items for Financial Institutions:

1. **Update Procedures:** Banks should update their internal procedures and inform eligible customers about the extended eligibility date and the benefits of converting their foreign currency deposits into Turkish Lira accounts.
2. **Customer Communication:** Proactively communicate with account holders to explain the conversion process, applicable rates, and the CBRT's support mechanism to facilitate informed decision-making.

Conclusion:

The CBRT's amendment to the communiqué extends the eligibility date for foreign currency accounts, providing a renewed opportunity for account holders to benefit from the conversion support scheme. Financial institutions and eligible customers should take prompt action to utilize this opportunity, contributing to the broader objective of promoting Turkish Lira utilization and ensuring financial stability.