

COVID-19 OUTBREAK MEASURES AND PRACTICES ADOPTED IN THE TURKISH FINANCIAL MARKETS¹

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Abstract

Starting from March 2020, the measures taken by the Presidency, Central Bank of the Republic of Turkey (CBRT), Banking Regulation and Supervisory Agency (BRSA) and deposit banks as public banks and private banks against the possible effects of the outbreak have been announced in Turkey. Turkish financial institutions and regulators responded rapidly to Corona Virus (Covid-19) outbreak by providing liquidity solutions while protecting the health and safety of the customers. The economic package titled “Economic Stability Shield” announced by the Presidency on March 18, 2020 is the most important of the measures. On the other hand, the policy rate cut by the Central Bank is also major topic for the outbreak. For instance, [Capital Markets Board of Turkey \(CMB\)](#) banned short selling at the beginning of the outbreak. Deposit banks updated the ATM cash withdrawal and contactless payment limits and provided consumer loans with favorable conditions such as travel loans. Especially public banks announced many consumer loan opportunities towards tradesmen, low-income persons etc. Health insurance companies announced that they would pay Covid-19 expenses even though it is an exempt clause in the insurance contracts. Many private and public institutions continue to take economic measures against the Covid-19 outbreak, which affects the whole world and our country. The aim of this paper is to discuss the recent practices adopted by Turkish financial institutions and the measures issued by the regulatory institutions such as CBRT, BRSA and CMB. The effects of these all measures on the financial market are expected to be felt in the coming period. The measures aim to provide both the liquidity and maturity in financial markets and to prevent the spread of the outbreak.

Keywords: Covid-19 outbreak, Central Bank of the Republic of Turkey (CBRT), Banking Regulation and Supervisory Agency (BRSA), Capital Markets Board of Turkey (CMB), deposit banks

COVID-19 SALGINININ TÜRK FİNANSAL PİYASALARINDAKİ GİDERME ÖNLEMLERİ VE UYGULAMALARI

Özet

Mart 2020'den itibaren Türkiye'de, Cumhurbaşkanlığı, Türkiye Cumhuriyet Merkez Bankası (TCMB), Bankacılık Düzenleme ve Denetleme Kurumu (BDDK) ve; kamu bankaları ve özel bankalardan oluşan mevduat bankalarının salgının olası etkilerine karşı aldığı önlemler açıklanmıştır. Finansal kurumlar ve düzenleyicileri, müşterilerin sağlığını ve güvenliğini korurken likidite çözümleri sunarak Corona Virüsü (Covid-19) salgınına hızla tepki vermiştir. Başkanlığın 18 Mart 2020'de ilan

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ettiği “Ekonomik İstikrar Kalkanı” başlıklı ekonomik paket, önlemlerin en önemlisidir. Öte yandan Merkez Bankası'nın düşürdüğü politika faizi de salgının ana konusudur. Örneğin, Sermaye Piyasası Kurulu (SPK) salgının başlangıcında açığa satışları yasaklamıştır. Mevduat bankaları ATM nakit çekimini ve temassız ödeme limitlerini güncellemiş ve tüketici kredilerine seyahat kredileri gibi elverişli koşullar sağlamıştır. Özellikle kamu bankaları esnaf, düşük gelirli kişiler vb. için pek çok tüketici kredisi fırsatı açıklamıştır. Sağlık sigortası şirketleri, sigorta sözleşmelerinde muaf tutulan bir madde olmasına rağmen Covid-19 giderlerini ödeyeceklerini açıklamıştır. Birçok özel ve kamu kurumu, tüm dünyayı ve ülkemizi etkileyen Covid-19 salgınına karşı ekonomik önlemler almaya devam etmektedir. Bu çalışmanın amacı, Türk finans kurumları tarafından benimsenen son uygulamaları ve TCMB, BDDK ve SPK gibi düzenleyici kurumlar tarafından alınan tedbirleri tartışmaktır. Tüm bu önlemlerin finansal piyasa üzerindeki etkilerinin önümüzdeki dönemde hissedilmesi beklenmektedir. Önlemler finansal piyasalarda hem likidite hem de vadeyi sağlamayı ve salgının yayılmasını önlemeyi amaçlamaktadır.

Anahtar Kelimeler: Covid-19 salgını, Türkiye Cumhuriyet Merkez Bankası (TCMB), Bankacılık Düzenleme ve Denetleme Kurumu (BDDK), Sermaye Piyasası Kurulu (SPK), mevduat bankaları

1. INTRODUCTION

New Coronary Virus Disease (Covid-19) is a virus identified on January 13, 2020 as a result of research conducted in a group of patients who first developed respiratory tract symptoms (fever, cough, shortness of breath) in Wuhan in late December. The outbreak was initially detected in those in the seafood and animal market in this region. Then it spread from person to person and spread to other cities in the province of Hubei, mainly Wuhan, and other provinces of China and other countries of the world. As of March 11, World Health Organization (WHO) declared Covid-19 as a pandemic disease (McKibbin-Fernando, 2020: 1). It is observed that Covid-19, which spreads all over the world, has a corrosive effect on both human health and economic stability. It is not clear yet how long the coronavirus will last, but many countries already have hit hard on their economies.

Covid-19 outbreak affects the economy through many sides. The major increase in government spending, especially the additional costs caused by direct and indirect health spending, is one of these sides. The outbreak will also affect the labor market and have a negative impact on the economy and household income. Since Covid-19 outbreak occurred, especially in mid-March, economic activities in Turkey has started to limit. Covid-19 outbreak, which still maintains its effect as a serious health problem, has brought about global economic effects (Çakmaklı et al., 2020: 1)

Recently, many governments have taken important steps to tackle the economic problems created by the outbreak. Decisive and coordinated actions are important to stabilize the global economy and financial markets, increase confidence and prevent deep and long-term economic impacts (Baldwin-Mauro, 2020: 2). After the recognition of Covid-19, changes have occurred in the world order, economic bottlenecks have begun, many sectors have faced problems, and great changes have occurred in the way people live and work in organizations. It has been proved that the separation of any country from the global economy is not possible with the Covid-19 outbreak. Global cooperation is essential, especially in public health and economic issues. Regulators and institutions should aim to maintain financial stability and the soundness of the banking system by ensuring the continuity of economic activities (Pueyo, 2020: 1). If these measures are not taken, there will be a deep contraction in the economy and loss of employment. When the Covid-19 passes, states will shed light

on the new world order, both with their health systems and with their arrangements to eliminate the effects of the outbreak in the economy.

Economic difficulties arising due to the impact of the outbreak has also affected Turkey. The presidency announced a support package named as the "Economic Stability Shield" on March 18, 2020 in Turkey (Bostan et al., 2020: 3). Credit principal and interest payments of the companies whose cash flows are disrupted to the banks are delayed for at least three months within the package. Stock financing support was given to the exporter. The limit of Credit Guarantee Fund increased from 25 billion Turkish lira to 50 billion Turkish lira. April, May and June principal and interest payments of the loan payables of tradesmen and craftsmen to Halkbank were postponed for 3 months with no interest. Short Work Allowance was activated. 2 months compensatory working time increased to 4 months. April, May and June payments of certain sectors, withholding and [value added tax](#) (VAT) withholding and [Social Insurance Institution](#) (SSI) premiums have been postponed for six months. Accommodation tax will not be applied until November. Easement fees and revenue share payments for hotel rentals are delayed for six months for April, May and June. The lowest pension increased to 1500 Turkish lira. The holiday bonus of retirees was paid at the beginning of April and promotional payments were deposited directly into their accounts. An additional 2 billion Turkish lira resource was allocated for the financial aid to families in need according to the determined criteria. In domestic air transportation, the VAT rate has been reduced to 1% for 3 months. "Work Attendance Credit Support" for firms was launched to use credit under favourable financing conditions. On the other hand, it has seen the depreciation of the Turkish lira and increased exchange rate volatility and Turkey's sovereign risk premium due to Covid-19 outbreak. While consumer loans have lost some momentum since mid-March, the acceleration in commercial loans continued. Due to the outbreak, a decrease in growth rate, an increase in unemployment rate, an increase in inflation rate, a disruption in the balance of payments, a deterioration in the budget balance and difficulties in foreign financing are occurred (Açikgöz-Günay, 2020: 1). Turkey has taken economic measures at a serious level in order to minimize the outbreak of Covid-19. This study explains what kind of measures and practices taken by financial institutions and regulators in Turkey within the scope of Covid-19. In this process, many businesses and financial institutions have serious difficulties. Correct steps must be taken by financial institutions and regulatory agencies to support the system and help stabilize the situation.

The remainder of the study is organized as follows. Section 2 involves a review of the conceptual framework about Covid-19 outbreak. Section 3 discusses many practices of Turkish financial institutions and measures of Turkish financial regulators in covid-19 pandemic. Section 4 presents the conclusion.

2. EVALUATION AND THE EFFECTS OF COVID-19 OUTBREAK IN THE TURKISH FINANCIAL MARKETS

Coronaviruses are a large family of viruses that can cause disease in animals or humans. In humans, several coronaviruses are known to cause respiratory infections, from the common cold to more severe diseases such as the Middle East respiratory syndrome and severe acute respiratory syndrome. SAR-CoV-2 virus is caused by the new Coronavirus Disease (<https://www.pwc.com.tr/todays-issues/covid-19>, 2020).

It is transmitted by inhaling droplets scattered in the environment by coughing and sneezing of sick individuals. After touching the surfaces contaminated with the respiratory particles of the patients, the virus can be removed by taking the hands to the face, eyes, nose or mouth without washing. It is risky to touch the eyes, nose or

mouth with dirty hands. The most common symptoms are fever, cough and shortness of breath. In severe cases, pneumonia, severe respiratory failure, kidney failure and death may develop. The information obtained so far about Covid-19 infection has shown that some people are at greater risk of getting sick and developing serious symptoms. The disease generally affects people aged 60 and over. The disease in children seems rare and mild (<https://www.pwc.com.tr/todays-issues/covid-19>, 2020).

The molecular tests required for the diagnosis of new coronavirus are available in Turkey. The diagnostic test is performed only in the National Virology Reference Laboratory of the General Directorate of Public Health and the designated Public Health Laboratories. The basic principles proposed to reduce the overall risk of transmission of acute respiratory infections also apply to Covid-19 (<https://covid19bilgi.saglik.gov.tr/tr/covid-19-yeni-koronavirus-hastaligi-nedir>, 2020).

Financial institutions are important for the financial system to operate in a country's economy and to channel resources into the right areas. The effects of Covid-19 outbreak, that has global and serious health risks, on banks can be categorized as operational impacts, credit risk, loss of income and liquidity, change in customer behavior, funding structure and cost. Financial institutions prepare and implement emergency/crisis management action plans, ensure that employees continue their jobs safely and take actions to enable technical infrastructure. As the crisis continues, financial institutions such as banks begin to experience difficulties in collecting loans as a result of the decreasing trust environment. In addition, a decrease in revenues will be expected with decreasing transaction volumes. All of these will have a negative impact on liquidity, risk assets, profitability and capital adequacy. In this environment, financial institutions aim to manage future financial effects by making scenario analysis under different assumptions. Covid-19 lead to changes in customers' needs, consumption and behavior. Along with the decrease in spending trends, alternative distribution channels are expected to be used more actively. Financial institutions diversify their service areas according to changing customer behavior and offer special opportunities to their customers by segmenting their customers according to different criteria. With influences of Covid-19 in Turkey and abroad, changes in risk perception and investment choices of individual and corporate customers and financial institutions also lead to changes in the funding structure and costs (Zeren-Hizarci, 2020: 78).

2.1 Practices of Turkish Financial Institutions during Covid-19 Pandemic

2.1.1 Deposit Banks

Deposit banks are divided into two as public deposit banks and private deposit banks. There are many private deposit banks such as Akbank, Citibank, Denizbank, HSBC Bank, Odea Bank etc. while Ziraat Bank, Halk Bank and Vakıflar Bank are public deposit banks (<https://www.bddk.org.tr/Kuruluslar-Kategori/Bankalar/1>, 2020).

Within the scope of creating an economic stability shield, many changes were made in loans such as translation, additional financing, inventory financing, lowering the force majeure score and extending the rediscount credits. In order to minimize the negative effects of the virus, all measures are tried to be implemented for customers and corporate employees. The necessary measures to prevent the spread of Covid-19 virus should be updated in parallel with the guidance and information letters of the World Health Organization and the Ministry of Health. The role played by banks in such times is quite important. This struggle process starts with central banks and then spreads to economies through banks that provide liquidity to support businesses and

individuals. Banks are implementing a wide variety of measures. They stopped their staff travel and changed their working order so that more staff work from home. Some banks brought shifts. Accordingly, some of the staff work on the field for two weeks, others work remotely and change shifts the next week. For basic activities such as fund transfer. It was decided that the monthly average of the asset ratio for a month should not fall below 100% for deposit banks at the end of that month (<https://home.kpmg/tr/tr/home/gorusler/2020/03/covid-19-krizinde-iki-temel-bankacilik-araci.html>, 2020).

Public deposit banks as Ziraat Bank, Halk Bank and Vakıflar Bank took joint decisions such as postponing payments, establishing additional limits and providing Credit Guarantee Fund support. According to the common support package content of public deposit banks, limit of firms with corporate credit card and Direct Debiting System limit were increased in order to meet the working capital needs. Enterprises were offered the opportunity to configure their loans with a suitable term with a grace period of up to 6 months according to their cash flows. The grace period has been extended up to 12 months in sectors with periodic activities such as tourism. Attendance support loan was 6 months principal and interest free, 36 months term and 7.5% annual interest rate. Credit Guarantee Fund support was provided to companies with collateral deficits. Maximum loan amounts were determined according to the firm's turnover. Additional cash credit limit was allocated by increasing the general credit limits to be used for the payment of checks made by credit customers on the bank. The payments could be postponed upon the demands of the companies that cannot pay the instalments, interest and principal of the period to be paid on 31.03.2020. An additional limit can be established for the next 3 months' salary payments for companies that pay their salaries through the bank and not reduce their current employment as of the end of February 2020 (<https://www.strategyand.pwc.com/tr/tr/medya/covid-19-krizinin-turk-bankacilik-sektoru-uzerindeki-etkileri.html>, 2020).

Private deposit banks also offer customers support for Turkey's economy because of the Covid-19 outbreak. According to the support offered by private deposit banks, Turkey İş Bank, Yapi Kredi Bank and ING Bank supported Small and Medium Enterprises (SMEs) and micro-enterprises with existing limits in order to fulfil the pre-epidemic entered the commercial obligations. Besides, additional limit can be given if necessary. Turkey İş Bank, Garanti BBVA, Akbank, Yapi Kredi Bank, QNB Finansbank, Denizbank, TEB, Şekerbank, Alternative Bank, Odeabank and Burgan Bank has not been charged for a certain period of time (including card-to-card remittance) from EFT/money transfer transactions through digital channels in order to reduce the effect of the virus and reduce the need for customers to come to the branch. Turkey İş Bank, Garanti BBVA, QNB Finansbank assessed each need on a case-by-case basis, without any sector distinction, particularly in the tourism, logistics, shopping malls and retail sectors. They offered payment deferral support. Turkey İş Bank, Garanti BBVA, Akbank, Yapi Kredi Bank, QNB Finansbank, Denizbank, TEB, Şekerbank, Alternative Bank Odeabank and Burgan Bank delayed interest and installment payment without an additional condition until June 30 or 3 months if the principal case of a need to pay the company payment is occurred until April 30 (<https://www.strategyand.pwc.com/tr/tr/medya/covid-19-krizinin-turk-bankacilik-sektoru-uzerindeki-etkileri.html>, 2020).

2.1.2. Participation Banks

6 participation banks exist in Turkey. Three of them are state-owned as Vakıf Participation Bank, Ziraat Participation Bank and Emlak Participation Bank and others are founded by the gathering of certain individuals, institutions and public

capital as Kuveyt Türk Participation Bank, Turkey Finance Participation Bank and Albaraka Türk Participation Bank. PBAT (Participation Banks Association of Turkey) made many evaluations regarding the measures to be taken against the Covid-19 and it was aimed to reduce the impact of the global problem in Turkey. Various measures were taken with the aim of benefiting the financial services of the customers in a healthy manner within the framework of the “Economic Stability Shield” measures of the participation banks. Cost-effective loans, grace period applications etc. solutions are the supports provided to the real sector and individual customers, especially the public banks. Banks mostly apply to liquid assets in order to provide liquidity for foreign currency. At this point, the higher liquidity of participation banks creates a more advantageous situation (<https://www.tkbb.org.tr/>, 2020).

It was decided that the monthly average of the asset ratio for a month should not fall below 80% for participation banks at the end of that month. Participation banks also took many measures against Covid-19 outbreak on a bank basis. For instance, Turkey Finance Participation Bank postponed 6 months to health care professionals. Kuveyt Türk Participation Bank postponed card debts. Emlak Participation Bank provided additional limit opportunity. Albaraka Türk Participation Bank postponed post fees. Ziraat Participation Bank increased the daily withdrawal limit, postponed debt payments and appropriated term structuring practices. On the other hand, in this process, participation banks also made joint incentive decisions. Participation banks also postponed instalments, dividends and principal payments that should be paid until 31.03.2020 upon request. In addition, staff salaries and Credit Guarantee Fund support were provided, as the incentives of public banks. Participation banks have made suitable term structuring in sectors with periodic activities such as tourism, with an additional period of up to 12 months (<https://www.tkbb.org.tr/>, 2020).

2.1.3. Insurance Companies

Turkish insurance companies state that they will undertake the costs of Covid-19 treatment even though they are out of the coverage with the announcement of this pandemic. Health insurance is a type of insurance that guarantees the health expenditures that may arise, such as medical aid, treatment and medication, through certain limits in case individuals encounter a possible health problem (<https://www.sigortam.net/saglik-sigortasi/ozel-saglik-sigortasi-nedir>, 2020).

Turkey Insurance Association President, announced that the costs are borne by insurance companies when at least 80% of the insured with private health insurance receive Covid-19 associated treatment. Although many insurance companies are not included in the coverage, Covid-19 treatment is included in the coverage of private health insurance and complementary health insurance policies as a payment of grace or by changing their special conditions (<https://www.sigortacigazetesi.com.tr/ozel-saglik-sigortasi-covid-odeme-tedavi/>, 2020).

2.2. Measures of Turkish Financial Regulators during Covid-19 Pandemic

2.2.1. Central Bank of the Republic of Turkey (CBRT)

Regulators responsible for monetary policy implementation are central banks (Bernanke-Gertler, 2001: 254). The main purpose of Central Bank of the Republic of Turkey (CBRT) is to ensure price stability. Other basic duties of the bank are to monitor financial markets, to provide opinions on financial systems, to determine procedures and principles based on the liabilities of non-bank financial institutions and banks, to establish, operate and supervise payment and settlement systems in our country (Özatay, 2011: 29).

CBRT has revised the factors affecting the inflation, monetary policies and risks. CBRT support demand and confidence in the economy by preventing tightening of

financial conditions, reducing borrowing costs for households and firms and ensuring market liquidity. Firstly, CBRT took action and implemented monetary policy measures. CBRT reduced the one-week interest rate, which is the policy rate, from 10.75% to 9.75% and made additional policy decisions to this discount (Tosunoğlu-Kasal, 2020: 40). Depending on the inflation outlook, the one-week repo auction rate was reduced to 8.75 percent on April 22, 2020 and to 8.25 percent on May 21, 2020. It provided all the liquidity banks needed. Liquidity with repo auctions was provided up to 91 days maturity to the market when it is needed. The limits were increased regarding the recognized liquidity opportunity. Swap auctions against the US dollar could be held in Euro and gold. The US dollar exchange auctions, which are currently held with a term of one, three and six months, will continue and these auctions will also be held in euro and gold. It also provided targeted liquidity opportunities to banks to ensure uninterrupted credit flow to the real sector. It provided maturity extension opportunities for rediscount credits, which will be due between 18 March 2020 and 30 June 2020, of export and foreign currency earning services. It has been extended by up to 90 days in order to support the cash flow of exporting firms (<https://www.tcmb.gov.tr/wps/wcm/connect/tr/tcmb+tr/main+menu/duyurular/basin/2020/duy2020-16>, 2020).

The liquidity is provided by CBRT within the framework of the ready-to-date and overnight maturity facilities. In order to support the market-making system, limits on the liquidity available to market-making banks, within the framework of Open Market Operations, have been increased. The maximum amount of funds that banks can receive from new liquidity facilities will be associated with the amount of loans they provide. It is anticipated that the total amount of these facilities will be limited to 25% of the system's funding needs. CBRT also took additional measures to select the depth of the market, the strengthening of the monetary transmission mechanism and supports the Primary Dealership (TCMB, 2020).

The general evaluation made by CBRT at the Monetary Policy Committee 2020-II Inflation Report Information Meeting was on April 30, 2020 (TCMB, 2020). It is considered that monetary and financial measures will contribute to financial stability and post-epidemic recovery by supporting the production potential of the economy (TCMB, 2020). Entering of CBRT to the cuts in policy rates also led to the gradual decline in interest rates of housing loans.

2.2.2. Banking Regulation and Supervisory Agency (BRSA)

Banking Regulation and Supervisory Agency (BRSA) was established in 1999. Its aim is to contribute to the long-term growth and stability of the country, to protect the rights and interests of savers in Turkey, to create a favourable environment for the operation of banks and private financial institutions in a healthy, effective and world-competitive structure within the market discipline (<https://www.bddk.org.tr>, 2020).

The Active Ratio decision taken by BRSA within the scope of additional measures to increase flexibility in banks Turkish lira and foreign currency liquidity management, to ensure the uninterrupted continuation of the credit flow to the real sector and to support the exporters of goods and services affected by the epidemic with a SME-oriented approach, increases the banks' lending potential. BRSA aims to alleviate the negativities expected in the activities due to Covid-19 economic and commercial by providing flexibility for loan defaults and financing conditions. BRSA, due to the Covid-19 outbreak, has taken measures to facilitate the calculation of capital adequacy ratio and net foreign currency position in bank balance sheets and announced to banks on fluctuations in financial markets. Due to the epidemic, fluctuations in the financial markets provided ease of calculating the capital adequacy ratio and net foreign currency position in the bank balance sheets, while the measures were deemed

appropriate by the banks until 31 December 2020 (Tosunoğlu-Kasal, 2020: 44). BRSA has decided to limit the total amount of money swaps, forwards, options and other derivatives transactions to 1 percent of last calculated legal equity of the banks.

The 90-day default period envisaged for the provision of special provisions for financial institutions is increased to 180 days for factoring and financing companies and 240 days for financial leasing companies. The 90-day default period envisaged for the financial companies to set aside general provisions for consumer loans, vehicle loans as well as all types of commercial loans is increased to 180 days. These measures are valid until December 31, 2020. Financial institutions will continue to set aside their own risk models for the receivables that they have not transferred to their “receivables to be liquidated” account despite the 90-day default (<https://www.bddk.org.tr>, 2020).

2.2.3. Capital Markets Board of Turkey (CMB)

Capital Markets Board of Turkey (CMB) ensure that the savings are invested in securities and that the people participate in economic development effectively and widely. It also provides operating of the capital market in confidence and the protection and control of the rights and benefits of savers (<https://www.spk.gov.tr/>, 2020).

Covid-19 developments in Turkey regarding the epidemic are closely followed by CMB. It takes the necessary measures to ensure the smooth functioning of the Turkish capital markets and to prevent any fluctuations that may adversely affect the players in the markets. Investors, public companies and investment institutions are supported in taking necessary measures with these measures taken by the CMB. CMB took measures to reduce the effects of Covid-19 outbreak on financial markets and capital market employees.

There are some restrictions and bans on market according to measures. The annual reports of 2019 of mutual funds and pension mutual funds can be announced until April 30. In credit transactions, equity protection rate is 35%. If the current collateral rate falls below this value, the collateral is completed to 35%, not 50%. In other saying, the statement, which regulates the completion of the equity protection rate in minimum of 35% in credit transactions and the collateral rate below 50%, stated that it was decided to apply it to 35% until a second announcement is made. It was postponed to notify the people who did not fulfil the obligation to complete or swap equity to Istanbul Stock Exchange and to announce their information to Istanbul Stock Exchange. The publicly held partnerships were allowed to perform the repurchase of the shares traded on the stock exchange without any limits (<https://www.strategyand.pwc.com/tr/tr/medya/covid-19-krizinin-turk-bankacilik-sektoru-uzerindeki-etkileri.html>, 2020).

The short selling ban began to be implemented. Public companies buy back their shares from the stock exchange without any restrictions. Accordingly, public partnerships are able to use existing repurchase plans to take back companies, as well as implement a new repurchase plan with a board decision. It has been provided to notify the financial reports of the companies and brokerage firms for the period 01.01.2019-31.12.2019 that have not been notified within the scope of the relevant legislation until the end of the month following the final reporting period specified in the capital market legislation (<https://www.strategyand.pwc.com/tr/tr/medya/covid-19-krizinin-turk-bankacilik-sektoru-uzerindeki-etkileri.html>, 2020).

3. CONCLUSION

It is not possible to monitor the deep economic contraction caused by the Covid-19 outbreak with partial measures based on the market mechanism, without extensive

public intervention to meet the falling demand of the public. It seems that the world will experience a troubled process for a long time. There is still considerable uncertainty about the final scale of the pandemic and what its economic consequences will be, and particularly how the worst-case scenario will take place (Barro et al., 2020: 3). Waiting for the end of a global epidemic, which is not clear when it will end, can result in a difficult economy to repair. Covid-19 partially halted economic activities. For this reason, there is an increase in unemployment and inflation rate, a decrease in growth rate, a deterioration in the balance of budget and payments, and difficulties in foreign financing. Therefore, it is necessary to focus on a solution that will keep all businesses running. Measures such as tax and credit facilities, income transfers, debt delays, guaranteed debt and direct funding may need to be increased. CBRT, BRSA, CMB, insurance companies and banks implemented comprehensive measures in order to eliminate the adverse effects of the outbreak. The policy actions of them balance the difficulties in the financial system. Foreign exchange interventions and capital flow management measures can complement the interest rate and other monetary policy actions in a beneficial way. Therefore, flexibility and predictability have been increased in Turkish lira and foreign currency liquidity management. Additional liquidity opportunities were provided to banks. Rediscount credit arrangements have been made. Steps have been taken to support the Government Domestic Debt Securities (GDDS) Market Liquidity. On the other hand, a different approach would be required if the social distance measures become more widespread due to the Covid-19 outbreak, and especially if it applies to employees of institutions producing storable goods. Developing a set of measures to quickly manage the possible economic impacts of the global outbreak will make it easier to take the right measures against the global outbreak.

Today, every country in the world is going through an examination to protect the health of its people and economy. The direction and amount of economic supports and the effectiveness of health systems have a very important effect in overcoming the epidemic. In this regard, Turkey is trying to work out with the lightest destruction by implementing certain measures for outbreak. This study sheds light on those who are interested in this matter.

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