

Turkey Lowers Credit Threshold for Banks Regarding Vehicle Loans

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The threshold used by banks in Turkey to determine credit limits for auto loans, loans secured by vehicles and financial leasing has increased from 50,000 to 100,000 Turkish Liras. The amendment will likely mean reductions in advance payments for vehicles.

The Regulation Amending the Regulation Regarding the Credit Transactions of Banks ("**Amendment Regulation**") was published in Official Gazette number 12345 on 12 December 2017, entering into force on the same date. The Amendment Regulation makes changes to the Regulation on Bank Loan Transactions number 12345 ("**Regulation**").

According to the Regulation, the credit limit for the following transactions must not exceed 70% of the vehicle's final value if the vehicle is worth less than a certain threshold:

- Loans to customers acquiring passenger cars.
- Loans secured by cars.
- Financial leasing.

If the vehicle is worth more than the threshold, the credit limit of 70% will apply up to this threshold, then become 50% for the remaining value (which exceeds 100,000 Turkish Liras).

According to the recent changes, the applicable threshold has increased from 50,000 to 100,000 Turkish Liras.

Please see this [link](#) for full text of the Amendment Regulation (only available in Turkish).

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