

Turkey Lowers the Maximum Period for Consumer Loans, Plus Credit Card Instalment Schemes

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Turkey's Banking Regulatory and Supervisory Authority ("Authority") has lowered the cap on consumer loans. Accordingly, from 1 September 2018, the maximum term for consumer loans becomes 36 months (previously 48 months), with some exceptions. The Authority has also reduced payment periods for credit card instalment schemes.

36-Month Cap for Consumer Loans

From 1 September 2018, the maximum term for consumer loans becomes 36 months (previously 48 months).

The 36-month cap does not apply to:

- Loans for purchasing or renovating houses.
- Financial leasing for houses.
- Loans for other real estate purchases.
- Loans for financing education fees.
- Loans for financing debts owed to public authorities and institutions (provided such payment is made directly to the public authorities or institutions' account).

Other new caps for loan periods (including loan restructures) are:

- Auto loans and loans secured by vehicles: 48 months.
- Loans to purchase mobile phone, tablets and computers: 6 months.

The aim of these amendments is to promote conscious consumption.

Existing consumer loans (before 1 September 2018) can be restructured for up to 48 months, if the borrower requests the restructuring by 1 September 2019. Any additional loans granted during a restructure are subject to a 36-month cap.

The Regulation Amending the Regulation on Bank Loan Transactions was published in Official Gazette number 30510 on 15 August 2018. Please see this link for the full text (only available in Turkish).

Credit card installment periods

The Authority has also reduced payment periods for credit card instalment schemes.

The new caps for credit card payment instalment periods are:

- Purchasing electronic appliances: 3 months (previously 6 months).
- Payments to clubs and associations, flights, travel agencies, transportation and accommodation: 6 months (previously 9 months).
- Payments for corporate credit cards: 9 months (previously 12 months).

Jewellery purchases could previously be made via monthly instalment schemes for up to four months. However, jewellery purchases are now prohibited from being paid via instalments.

The Regulation Amending the Regulation on Bank Cards and Credit Cards was published in Official Gazette number 30510 on 15 August 2018. Please see this [link](#) for the full text (only available in Turkish).

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