



Central Bank of the Republic of Turkey

FAREWELL SPEECH

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Dear Members of the Central Bank,

As of today, I bid farewell to my working life of twenty-six years at the Central Bank of Turkey, where I started as an officer in 1980, gradually working my way through all echelons, before finally serving as the Governor for the last five years.

So, to put it in a nutshell, I am leaving behind the title of “Governor of the Central Bank”, which I have carried with great honor, and taking on that of “Former Governor of the Central Bank”, which is equally prestigious and which I will also carry with honor throughout my life.

Distinguished Members of the Central Bank,

At this very significant turning point in my life, I would like to share with you some observations and experiences I have had during my career.

Since its establishment, the Central Bank of Turkey has always assumed a leading role, either directly or indirectly, in both Turkey’s economic and social life.

To me personally, one of the most crucial aspects of these leading roles has been to ensure public awareness regarding the importance of institutionalization and the concept of institutional identity, which guarantees not only the success of policy actions, but also credibility and confidence.

In this sense 2001 was a significant turning point. Law No.4651 brought instrument independence to the Central Bank, and the achievement and maintenance of price stability were set as the primary objectives of the Bank. With this legal framework, the concepts of *independence* and *independent institution* were clearly introduced to the public for the first time. It is self-evident that the existence of a legal framework is crucial for independence and institutional identity, which is extremely difficult to achieve, to put it into action and to maintain. However, it should be kept in mind that essentially it is the employees of an institution and the policies in place that set the wheels in motion and make the legal framework function. In this respect, during the past five year period we have been together, having undergone economic and political turbulences from time to time, and furthermore being subject to praise as well as criticism, the confidence and credibility of the Bank has been boosted to the highest levels both domestically and internationally as a result of our

unswerving consistent stance and determined policies. One of the main factors underlying this success is our long-sighted perspective, which we have developed from the start of this whole process, by avoiding the short-term considerations that were entrenched in all areas in our country as a result of the environment created by decades of suffering from chronic inflation.

Dear Colleagues,

Turkey has experienced a lot of firsts in her history in the period from 2001 till today. Inflation targets have been met for four years consecutively and single digit inflation figures, totally unknown to younger generations, have finally been attained after 30 years. As of 2006, our monetary policy is now being shaped within the framework of a medium-term strategy and “Inflation Targeting Regime” with a view to achieving and maintaining price stability, rather than disinflation policies. A strong infrastructure, high level of knowledge and appropriate institutional organization are needed to implement the Inflation Targeting Regime, which is a contemporary monetary policy regime. We are proud to be able to say that to this end, significant intra-organizational changes have been made in the Bank over time, and its technical infrastructure has been strengthened. Consequently, we started to publish two very important reports entitled the “Financial Stability Report” and the “Inflation Report”. These reports assess the general course of the economy in depth, provide detailed analyses relating to the financial sector, by adopting a more forward-looking and medium-term perspective.

Another key ‘first’ in this period was Monetary Reform that had not been achieved for several years, and the removal of six zeros from the Turkish lira. The whole operation, which was extremely comprehensive, involving a number of technical and administrative details, as well as having international repercussions, was carried out smoothly and perfectly due to the experience and painstaking efforts of the related departments. As you all know, Monetary Reform is not limited to the removal of zeros from our currency. It also reaffirms that the success achieved in the fight against inflation is a lasting one, as well as the reflection of this success on the daily lives of Turkish people. Monetary Reform, which is mainly implemented through the coordination and organization of the Central Bank, sets an example for other countries that are currently undergoing similar experiments.

Possessing a straightforward and transparent communication policy was one of the most significant elements of the past five year period, characterized by a process of structural change in Turkey during which time the Bank's policies have helped, accelerated or initiated this process from time to time. It was significant not only in terms of achievements, but also in terms of the continuation and furthering of these achievements.

In this respect, the communication policy pursued by the Central Bank during the last five years within the framework of modern central banking is another 'first' in terms of our Bank and Turkey. Having a clear line of communication with all sections of the public, explaining the policies, their rationale, their benefits and costs in an open, straightforward and confident manner are not only a pre-condition for the success of the policies, but are also conducive to the attainment of the cost-effective targets. I am delighted to be able to say that our communication policy, based on the sound principle of constantly conveying accurate information as responsible central bankers, is the most prominent factor among those underlying the confidence and prestige we have gained during this process.

As Mr. Emir Sencer, who is the oldest central banker living at present, said during my visit to him: *"Be honest, then you will never lose your prestige"*.

Distinguished Members of the Central Bank,

Together, we have attained a number of "firsts" during the past five years. Today, we have come to the end of time we have spent together. However, I would like you to know that, as central bankers, it rests in the hands of each and every one of you to preserve the prestige and confidence we have achieved as an Institution.

Strive to do your best in the duty you have undertaken, try to put something of yourself into the job you are doing, take pains to progress, and be open to innovations. Whatever subject you are dealing with, always benefit from the light of knowledge while forming your opinions, keep abreast of what is going on around the world. Always remember that it is the importance attached to young people and to education that will shape the future of an institution. And never ever forget that the only genuine guide in life is that of science.

As my late uncle Şeref Serdengeçti said: “*Whatever you are meant to do in your life, do it properly, and whatever you want to be, be it fully.*”¹

I am confident that, you, who are destined to achieve numerous successes from now on, will always stay on the path leading to the contemporary civilization drawn by the great leader Atatürk for our country, to your Institutional identity and to the principles of modern central banking.

Dear Members of the Central Bank,

For Turkey to reach lasting economic stability and sustainable growth, I have one request, I ask you to give the same level of support to your next Governor as you have provided to me so far.

Once again I wish to extend my gratitude to you, and to all those who have pulled their weight during these five tough years.

Last but not least, distinguished members of the central bank, it is often said that there is a woman behind every successful man. In my case, I have been lucky enough to have two companions, not behind me, but at my side: Let me thank, in your presence, two more members of our community, my wife Çiğdem and my son Deniz.

Süreyya Serdengeçti
Central Bank of the Republic of Turkey
Governor

¹ Ahmet Cemal, “Şeref Bey Artık Burada Yaşamıyor”, Can Yayınları, İstanbul 1999