Factors Affecting the Profitability of Deposit Banks in Turkey

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Abstract

In this study, we empirically analyses the factors that determine the profitability of Turkish banks for the period of 2006–2014. The results indicate that, credit risk and liquidity management indicators seem to have a negative influence, but bank capital, net interest income and non-interest income ratios appear to have a positive influence on return on average assets of deposit banks. The findings also suggest that there is an inverted U-shaped association between banks’ assets and profitability. When the findings are examined in terms of macroeconomic variables, we find that the profitability variable is affected positively by economic growth variable.

Keywords: Deposit Banks, Bank Profitability, Turkey