This Project is co-funded by
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TECHNICAL ASSISTANCE FOR PROMOTING DECENT FUTURE OF WORK APPROACH WITH A FOCUS ON GENDER EQUALITY

(EuropeAid/140341/IH/SER/TR)

TURKEY

QUANTITATIVE DESK RESEARCH REPORT

BANKING AND FINANCE SECTOR

HUMAN RESOURCES DEVELOPMENT OPERATING STRUCTURE

REPUBLIC OF TURKEY MINISTRY OF FAMILY, LABOUR AND SOCIAL SERVICES

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LIST OF ABBREVIATIONS

Abbreviation	Meaning
AI	Artificial Intelligence
BIST	Borsa Istanbul
BRSA	Banking Regulation & Supervision Agency
CAGR	Compound Annual Growth Rate
CMB	Capital Markets Board
CML	Capital Markets Law
FDI	Foreign Direct Investment
FOF	Flow of Funds
GDP	Gross Domestic Product
GFC	Global Financial Crisis
ILO	International Labour Organisation
IMF	International Monetary Fund
MKK	Anadolu Agency – Central Registry Agency
MTPL	Motor Third Party Liability
OECD	Organisation for Economic Cooperation and Development
ROE	Return on Equity
TCMA	Turkish Capital Market Association
TÜIK	Turkish Statistical Institute (TURKSTAT)
WB	World Bank

1. EXECUTIVE SUMMARY

This sector includes: Banking, Capital Markets, and Insurance. Banking dominates the Turkish financial sector, accounting for more than 70 percent of overall financial services (According to the World Bank, the size of the banking industry was 88.2% in 2016), while insurance services and other financial activities also shows significant growth potential too.

Turkish capital markets have been undergoing a profound transformation, in 2020 drew growing interest from domestic investors, with 782,367 people investing in the markets. The number of local real investors reached 2 million, up an average of 65,200 per month, with the total portfolio value reaching 210.3 billion Turkish liras. During the pandemic, several crucial amendments were introduced to Turkish capital markets laws to reduce the impact of the epidemic on capital markets and carry Turkish capital markets into more modern level. The amendments are intended to attract domestic investors to capital markets, and the most important are technological advances, the ease of trading in capital markets, and the high return of public offerings.

The Turkish insurance market is still underpenetrated (1.5 percent of GDP) compared to other OCDE countries. It is set to capitalize on its significant potential as new insurers set up shop and acquire a share of the relatively untapped Turkish market. Turkey has seen strong economic growth fuelled in part by a young and dynamic population that is increasingly in need of financial products and services. (Presidency of the Republic of Turkey | Investment Office, 2021) Insurance ecosystem in Turkey consists of several key stakeholder groups – Associations & Committees, Regulator & Supervisor, Consumers, Ministries, Insurance companies, Distributors, and various supporting entities such as loss adjusters, pools, and sector chambers.

Women represent more than 50% of the total number of employees in Banking. Thinking that the future of banking is digital, there are many coming digital banking skills to achieve: Knowledge in Artificial Intelligence, Big Data Analytics, Programming skills, Blockchain Engineering, Technical Banking Knowledge and Cybersecurity. These Skills constitutes a real challenge for education for employment, particularly for women (even when participation of women in careers linked to technology and information technology is still lower than that of men, there are many cases where the Bank offers education on this area to their employees).

To fully realize the digital promise in financial sector, banks for instance, should use various levers to elevate customer engagement. These can include creating an optimal mix of digital and human interactions, using data intelligently, establishing novel partnerships, and deploying compelling service delivery models. The net impact of these megatrends, combined with macroeconomic realities such as the low-interest rate environment in the decade ahead, should fundamentally reconfigure the sector. The employment has probabilities to grow up with a new model of relations between employee and employer and employee and clients. Going forward, banks could look to institutionalize some of the COVID learnings to create more agile workforces. Deloitte express that the Banks should develop new talent models to facilitate flexible, self-organizing teams that come together for a common purpose.
The integration of technology and new skills is at the heart of the future of work in this sector. It must be a continuous process improvement, leading to competitive differentiation. About the mismatch of skills needed and offered, there are an important consideration on the Eleventh Development Plan of Turkey (2019 – 2023) that includes an expected "digital transformation" (such as the inclusion of artificial intelligence, advanced data analytics, simulation, and optimization) and the creation of Digital Transformation Centres.

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All the three subsectors, Banking, Capital Markets, and Insurance are prepared to get into an authentic digital revolution. According to some studies, employers expect nearly two in five (37%) job roles to alter significantly or become redundant because of new digital technology and automation in the next five years. Employers need to be more concerned about cyber security, integrating new technologies and cloud-based technology, and organisations need starting to see the benefits of lifelong learning when it comes to digital skills.

2. AN INTRODUCTION TO THE SECTOR

Banking dominates the Turkish financial sector, accounting for more than 70 percent of overall financial services (According to the World Bank, the size of the banking industry was 88.2% in 2016), while insurance services and other financial activities also shows significant growth potential too[1]. There are 54 banks in Turkey[2] (34 deposit banks, 13 development and investment banks, 6 participation banks). Out of 54 banks, 28 are classified as foreign banks (27% of total assets in the sector are held by foreign investors). The Turkish insurance market is still underpenetrated (1.5 percent of GDP) compared to other OECD countries. It is set to capitalize on its significant potential as new insurers set up shop and acquire a share of the relatively untapped Turkish market. Turkey has seen strong economic growth fuelled in part by a young and dynamic population that is increasingly in need of financial products and services. (Presidency of the Republic of Turkey | Investment Office, 2021).

The adverse effects of the pandemic are ongoing, and it will take some time for the Turkish market, including the country's financial markets, to recuperate from its aftermath. COVID-19 shaped this year and presented a scenario that required businesses to adapt more quickly than they had planned to remote and digital-based operations, while trying to maintain the status quo in terms of the volume of transactions, and therefore income. The Turkish banking sector will hopefully maintain a level of awareness that allows it to act tactfully in response to any situation to come.

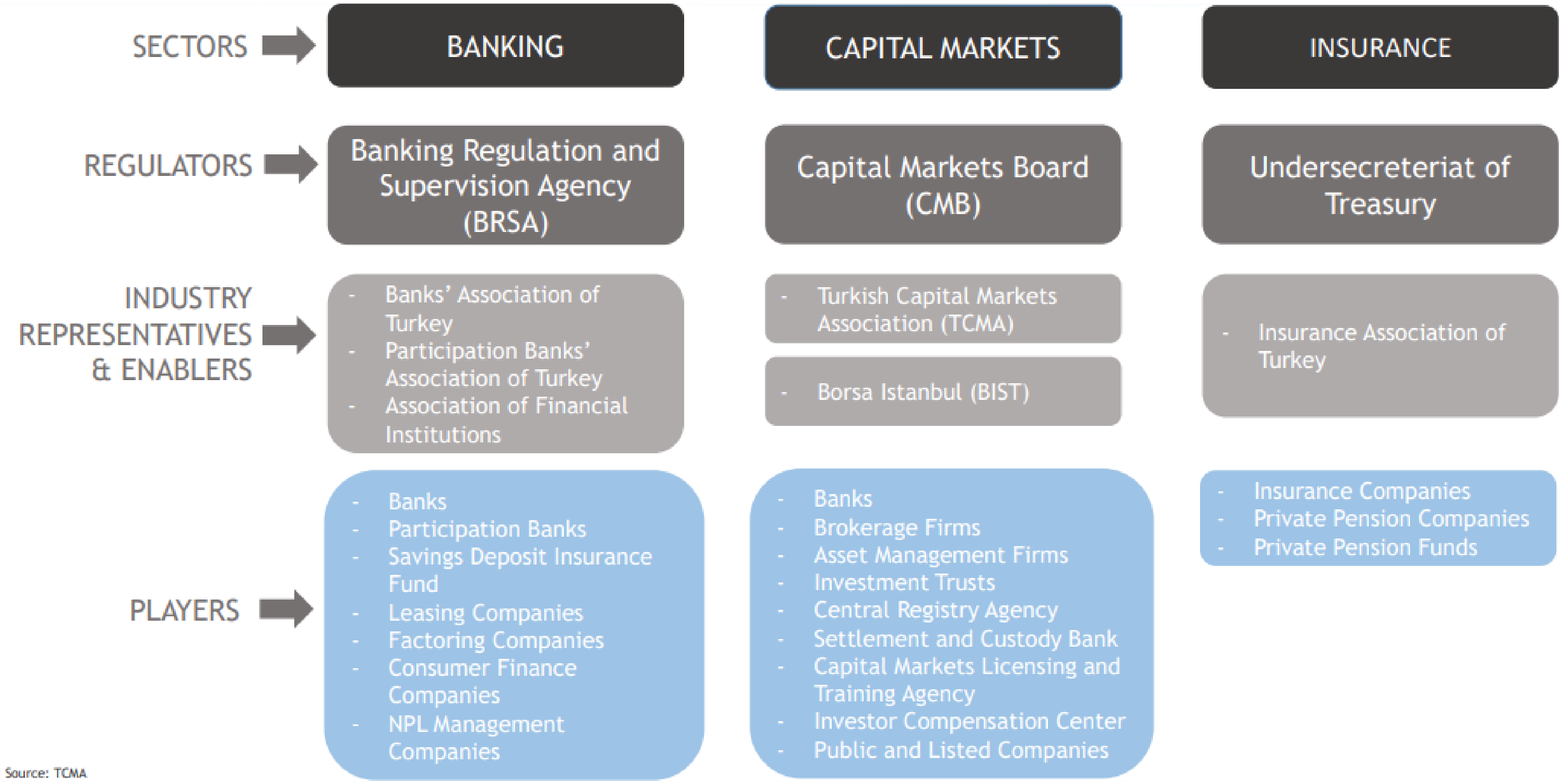
One important issue in the financial market is the Istanbul Financial Centre. Turkey has set specific economic targets to achieve in 2023: One of them is to transform Istanbul into a prominent financial centre[3]; the others are: the goal of making Turkey one of the world's top-10 economies; becoming a global leader in the delivery of health services, developing at least 10 globally recognized Turkish brands, and becoming an energy hub in its region.

1 Presidency of Turkey – Investment Office, 2019

2 *Excluding the banks under the administration of the Savings Deposit Insurance Fund of Turkey.

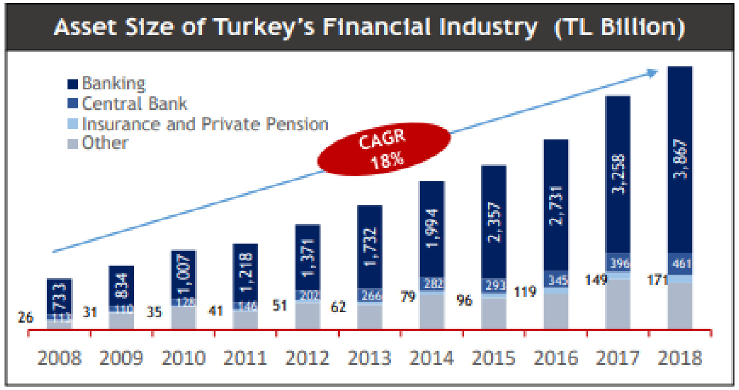
3 "Turkey's large and young population, qualified labour force, and rapidly developing markets along with its geo-strategic location, all make Istanbul an ideal candidate for an international financial hub. Since the government launched the project[3] for the Istanbul Financial Centre[3], Istanbul has rapidly made progress and is now considered to be one of the emerging financial centres of the world" (Presidency of Turkey – Investment Office, 2021)

Figure No. 1. Structure of Financial Services



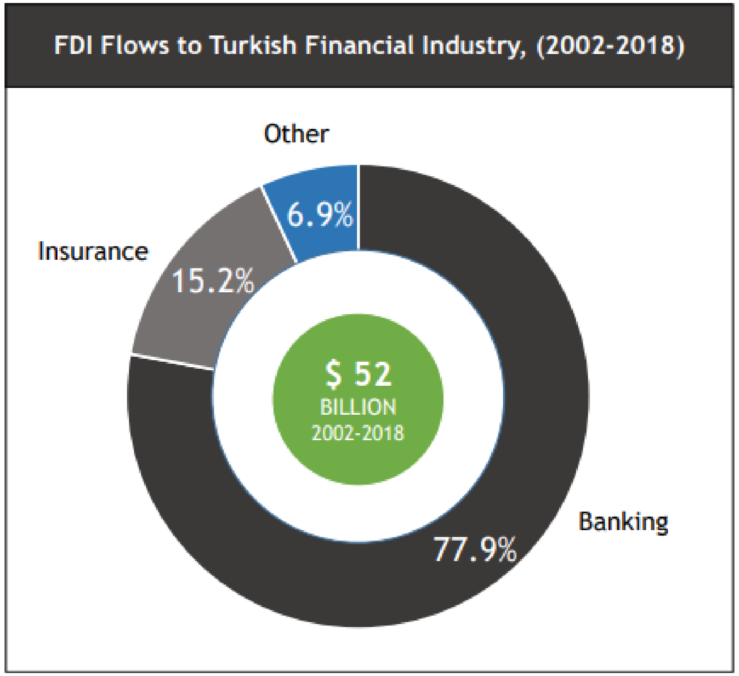
Source: Presidency of the Republic of Turkey – Investment Office

Figure No.2. Performance of Financial Services



	CAGR 2008-2018	Share 2018
Banking	**18**	**71**
Central Bank	**15**	**8**
Insurance & Pension	**21**	**3**
Other	**18**	**18**

Other includes: BIST capitalization, securities, consumer finance, real estate investments, investment trusts, asset management and venture capital investment trust assets



Source: CBRT, BRSA, TCMA, IAT, CBRT, AFI, BIST
*Activities of Holding Companies and Other Activities Auxiliary to Financial Services

Source: Presidency of the Republic of Turkey – Investment Office (2019)

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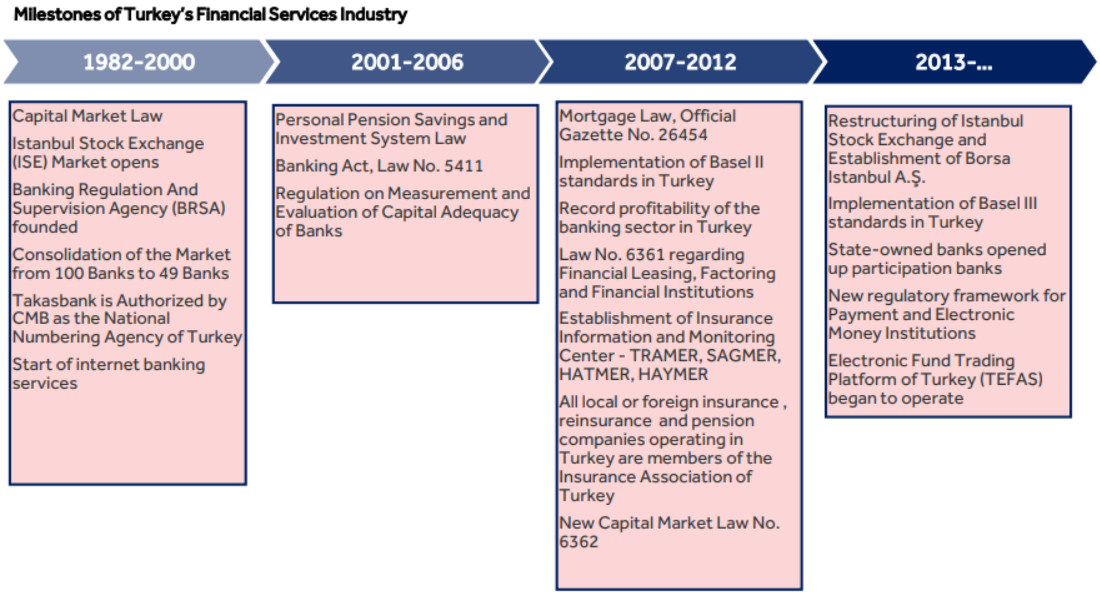
Led by banking, Turkish financial industry has been rapidly growing while attracting tremendous amount of foreign direct investment (FDI).

3. BANKING SECTOR

3.1 Economic Data

According to the Document “Financial Services Sector in Turkey” (Prime Ministry of Investment, Support, and Promotion Agency, 2017), the evolution of the financial sector in Turkey can be summarised in **Figure 3**, as follows:



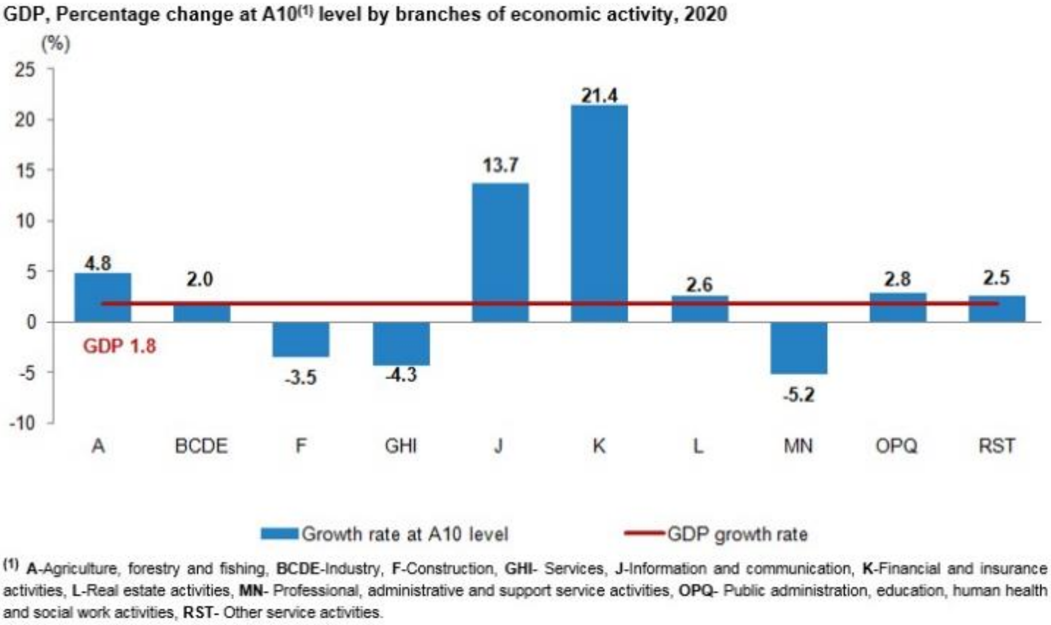
Source: Financial Services Sector in Turkey, 2017

The main legislative instrument governing the banking sector, the current banking law, “Banking Law No. 5411” was enacted in October 2005. The Banking Law lays out the main principles and procedures to govern the banks and ensure financial stability, a working credit system and protect depositors´ rights and interests. Since then, the Banking Law is supported with additional regulations, communiqués, and financial sector- related laws to make it up to date and comprehensive vis-á- vis international standards and the changing regulatory environment of the global banking system.

Currently, the Turkish Banking sector consists of 54 banks: 34 Deposit Banks, 14 Development and Investment Banks, and 6 Participation Banks. Based on data of September 2020, the number of branches and personnel in banking sector decreased by 106 and increased by 110, respectively when compared to the previous quarter. As of December 2020, period, number of branches realized as 11.189 while number of personnel realized as 203.214 (European Banking Federation, Dec. 2020). A list of Banks is included as Annex 1 of this document.

According to TUIK, financial and insurance activities increased by 21.4% in 2020, 13.7% in the information and communication activities, 4.8% in agriculture sector, 2.8% in public administration, education, human health and social work activities, 2.6% in real estate activities, 2.5% in other service activities and 2.0% in industry sector. Professional, administrative and support service activities decreased by 5.2%, services (wholesale and retail trade, transport, storage, accommodation, and food service activities) and construction sector decreased by 4.3% and 3.5%, respectively.

Figure No. 4. GDP Percentage change at A10 level by branches of economic activity, 2020



Source: TUIK (2021)

The value-added was the growth of financial and insurance activities of 21.4% and the information and communication activities of 13,7%, according to Turk Stat. Turkey's economy expanded 1.8% year-on-year in 2020 amid the economic fallout from the coronavirus pandemic. In the last quarter of 2020, the economy posted an annual growth rate of 5.9%, Turk Stat data showed. It also revealed that seasonally and calendar-adjusted GDP increased 1.7% compared to the previous quarter.[4][5]

Performance in the last quarter pushed up cumulative GDP at current prices by 16.8% from the previous year. In 2019, the country's growth rate was 0.9%.

The start of 2020 was filled with optimism towards Turkish banks on the global stage after a challenging couple of years. The sector had accessed to foreign financial assets boosted confidence and made it stand out among other industries, which continue to face difficulties due to fluctuations in the value of the Turkish lira. Their dependence on foreign currency income proved to be problematic in many sectors, while the banking sector remained healthy in comparison.

The pandemic, however, changed the parameters of maintaining a healthy business in most sectors. Just as the economy raced to digitalize and ensure continuity in service provision, so banks as well changed their tactics and increased efforts to ensure a fast and smooth transition to digital platforms. With curfews and reduced working hours in bank branches and workplaces, customers needed to perform transactions in the virtual space. Some banks have reported that transactions through digital channels increased 30% or more during the pandemic period. On a macro level, the slowdown in operations and loss of income in many sectors led to concerns both from the banks and borrowers about loan repayments.

As might be expected, the sector asked for a financial restructuring as another alternative to deferred repayments. The principles and methods of such restructurings are based on Decree No. 32 on the Protection of the Value of the Turkish Currency (amended with effect from 2 May 2018 to bring limitations on borrowings. In 2018 also, BRSA issued a decree to outline guidelines for loan restructuring to assist companies with financial difficulties mainly in the energy and housing sectors following the sudden

[4] Turkey and China were the only countries that posted a growth rate among all G20 countries for which data are available, while the rest saw a shrinkage during the same period.

[5] TUIK, Quarterly Gross Domestic Product, Quarter IV: October-December 2020, published in March 2021

depreciation of the Turkish Lira, [6] and regulating the restructuring of debts owed to the financial sector. This piece of legislation, as amended, also made it possible for foreign banks to participate in the restructuring phase, if they are preferred, and made it possible for borrowers to eliminate the risk of execution proceedings initiated by the banks that signed on to a so-called “framework agreement” with them. In some cases, the risk of bankruptcy was avoided. The adverse effects of the pandemic are ongoing, and it will take some time for the Turkish market, including the country’s financial markets, to recuperate from its aftermath. (The Banks Association of Turkey, 2020).

As might be expected, financial restructurings emerged as another alternative to deferred repayments, and in some cases further financing from banks was obtained. The principles and methods of such restructurings are based on a Turkish law that entered effect in 2018, regulating the restructuring of debts owed to the financial sector. This piece of legislation, as amended, also made it possible for foreign banks to participate in the restructuring phase, if they are preferred, and made it possible for borrowers to eliminate the risk of execution proceedings initiated by the banks that signed on to a so-called “framework agreement” with them. In some cases, the risk of bankruptcy was avoided.

While banks were focused on the remedies available to them under the applicable law and the contractual arrangements to which they were parties, in March the banking watchdog – the Banking Regulatory and Supervisory Agency – introduced certain measures to enable banks to provide relief on their minimum liquidity requirements. These measures will stay in effect until the end of 2020. The liquidity relief was followed by the introduction of a new asset ratio calculation formula in April 2020 that aims to minimize the effects of the pandemic period on bank balance sheets and, ultimately, to increase liquidity in the market with bank-injected funds.

As the BRSA incentivized the banks to provide financing to the Turkish market, it has also applied monetary sanctions on several financial institutions which chose not to act in line with its instructions and the measures it introduced.

3.1.1 Employment

About the Labour Force in the Sector, for the European Banking Federation (Dec. 2020) the number of personnel is 203.214. According to the TUIK, the number of employees is 200.623. On its website they present some socio-demographic variables (gender and level and field of education). It is not possible to find occupation (standard classification) for the employed or income or length of current employment. But it allows to make a gender analysis on the sector. The complete table is included as Annex 2 of this document.

Table No. 1. Bank Employees by Gender

	Total Employees	Women	%	Men	%
SECTOR TOTAL	200.623	102.792	*51,23*	97.831	*48,76*
DEPOSIT BANK	195.251	100.940	*51,69*	94.311	*48,30*
STATE OWNED BANK	58.132	25.596	*44,03*	32.536	*55,96*
PRIVATELY – OWNED BANKS	74.688	40.790	*54,61*	33.898	*45,38*
BANKS UNDER DEPO. INSURANCE FUND	218	77	*35,3*	141	*64,6*
FOREIGN BANKS	62.213	34.477	*55,41*	27.736	*44,58*
DEVELOPMENT AND INVERSION BANKS	5372	1852	*34,47*	3520	*65,52*

Source: MC&SB on TUIK, Bank Employees by Gender and Education, as of March 31, 2016

This table shows that women represent more than 50% of the total number of employees (thanks to the contribution of Deposit banks specifically Privately - owned banks, and foreign banks). The sector Total is

[6] In 2018, Turkey suffered a crisis primarily caused by the big depreciation of the Turkish Lira mainly due to the exodus of international funds of emerging countries. The Turkish government launched restrictions for foreign currency denominated loans to control Turkish companies’ exposure and prevent systematic risks due to growing non-performing loans.

the summatory of Deposit Bank and Development and Inversion Bank[7][8]. The second table shows the level of education of employees, also per gender.

[7] Development and Investment banking is a specific division of banking related to the creation of capital for other companies, governments, and other entities. They underwrite new debt and equity securities for all types of corporations, aid in the sale of securities, and help to facilitate mergers and acquisitions, reorganizations, and broker trades for both institutions and private investors. Investment banks also provide guidance to issuers regarding the issue and placement of stock.

Main characteristics:

- Investment banking deals primarily with the creation of capital for other companies, governments, and other entities.
- Investment banking activities include underwriting new debt and equity securities for all types of corporations, aiding in the sale of securities, and helping to facilitate mergers and acquisitions, reorganizations, and broker trades for both institutions and private investors.
- Investment bankers help corporations, governments, and other groups plan and manage financial aspects of large projects.

[8] In Turkye e.g., Merrill Lynch Yatırım Bank A.Ş. and GSD Yatırım Bankası A.Ş.

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Table No. 2. Bank Employees per level of education and Gender (with Women %)

BANKS	Primary				High School				Undergraduate				Postgraduate			
	M	W	%	T	M	W	%	T	M	W	%	T	M	W	%	T
SECTOR TOTAL	1013	208	**17,03**	1221	19441	10508	**35,08**	29949	70585	85373	**54,67**	156158	6592	6703	**50,41**	13295
DEPOSIT BANKS	780	183	**19,0**	963	18943	10393	**35,42**	29336	68690	84159	**55,0**	152849	5898	6205	**51,26**	12103
STATE OWNED BANKS	231	7	**2,94**	238	5721	2045	**26,33**	7766	24472	21445	**46,70**	45917	2112	2099	**49,84**	4211
PRIVATELY – OWNED BANKS	213	15	**6,57**	228	5805	3797	**39,54**	9602	25886	34883	**57,40**	60769	1994	2095	**51,23**	4089
BANKS UNDER DEPO. INSURANCE FUND	14	4	**22,22**	18	71	27	**27,55**	98	53	44	**45,36**	97	3	2	**4,0**	5
FOREIGN BANKS	322	157	**32,77**	479	7346	4524	**38,11**	11870	18279	27787	**56,63**	49066	1789	2009	**52,89**	3798
DEVELOPMENT AND INVESTMENT BANK	233	25	**10,72**	258	498	115	**18,76**	613	2095	124	**3,74**	3309	694	498	**41,77**	1192

Source: MC&SB on TUIK, Bank Employees by Gender and Education, as of March 31, 2016

This Table includes the total sector, also made up of Deposit Banks and Development and Investment Banks. It is interesting to reflect on this table, which clearly shows that of the graduated staff employed in banks, 54,67 % are women, and that of the postgraduate staff 50,41 % are women. The representation is higher than the average in private or foreign banks.

3.1.1 Education (related to labour market)

The future of banking is digital[9] according to many international sources (ILO, World Bank, OCDE, USAID) and consultancies or networks (Deloitte, Accenture, Alliance for Financial Inclusion). There are many coming digital banking skills to achieve:

3.1.2 Knowledge in Artificial Intelligence

The digital bank's need for personalized, quick responses also means that there is a need for **artificial intelligence (AI)**. Additionally, AI will also be able to transform the face of banking by helping with fraud detection and risk management, Credit risk assessment, pricing, and underwriting; AI chatbots and Customer engagement. The current wave of technological change based on advancements in artificial intelligence (AI) has created widespread fear of job losses and further rises in inequality. For organisations as ILO (2018), the rationale for these fears must be discussed, highlighting the specific nature of AI, and comparing previous waves of automation and robotization with the current advancements to make possible by a wide-spread adoption of AI. It can ensure large opportunities in terms of increases in productivity, but at the same time, risks in the form of further increases in inequality need to be addressed if the benefits from AI-based technological progress are to be broadly shared. For this, skills policy is necessary but not sufficient. In addition, new forms of regulating the digital economy are called for that prevent further rises in market concentration, ensure proper data protection and privacy, and help share the benefits of productivity growth through a combination of profit sharing, (digital) capital taxation and a reduction in working time. It could think in creating a new sector of its own.

3.1.2.1 Big Data [10]Analytics

Banks have a lot of data spread across multiple sources. This makes the data difficult to understand and analyse. Which is why big data is the main driver of innovation within the banking industry. Big data analytics allows for better customer service experiences, improved service response time, and making crucial business decisions. They do this by tracking customers to calculate predicted risks, as well as create tailored investment offerings to meet diverse customer needs.

3.1.2.2 Programming skills

Programming skills are in demand within the growing banking and fintech sector. Of course, as the banking sector gets more and more technologically advanced, there is a need to develop websites and mobile applications to reach more customers in the digital age. According to CFTE (Centre for Finance, Technology and Entrepreneurship), an individual with proficient coding skills, as well as expertise in artificial intelligence and machine learning (a.k.a. "full stack quant") are also in high demand. Programming languages currently in demand include C++, Python, R, Java, and Kotlin to name a few. Additionally, knowledge in operating systems such as Windows and Linux might also be useful. Sample careers within the fintech industry for programmers include website developer (full stack), app development, app maintenance, and UI/UX designer to name a few.

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[9] **Digital** is related to using digital signals and computer technology; using or relating to computers and the internet; and showing information in the form of an electronic image. It is important to differentiate this noun from **digitalise** (change something such as a document to a digital form or to to start to use digital technology such as computers and the internet to do something) and **digitise (**to put information into the form of a series of the numbers 0 and 1, usually so that it can be understood and used by a computer)

[10] To really understand big data, it is helpful to have some historical background. Here is Gartner's definition, circa 2001 (which is still the go-to definition): Big data is data that contains greater variety arriving in increasing volumes and with ever-higher velocity. Put simply, big data is larger, more complex data sets, especially from new data sources. These data sets are so voluminous that traditional data processing software just cannot manage them. But these massive volumes of data can be used to address business problems you would not have been able to tackle before. Today, big data has become capital. (A large part of the value the Tech companies offer comes from their data, which they're constantly analysing to produce more efficiency and develop new products.

3.1.2.3 Blockchain Engineering

Blockchain has been on the rise since 2018 and is allegedly quite common amongst banks based in Asia. Blockchain refers to the passing of information from point A to point B in a secure and automated way. Some skills crucial in blockchain engineering include: **Web Development; Data Structure and Data Architecture, and Cryptography**

3.1.2.4 Technical Banking Knowledge

The unique thing about fintech is that employees in this field will need to understand how both banking and IT work, how ledgers are made, and what flow of funds mean (FoF) to name a few.

3.1.2.5 Cybersecurity

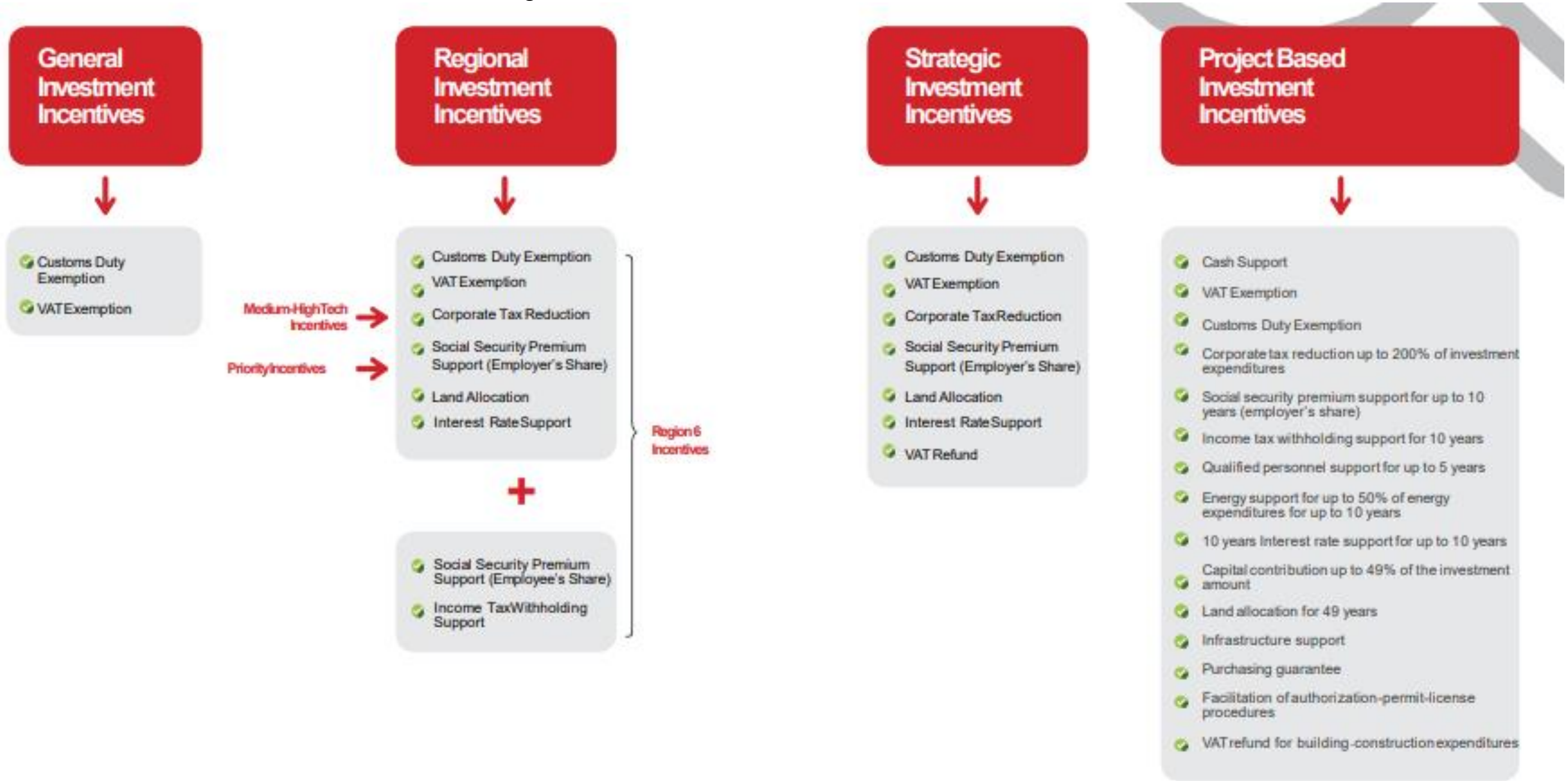
Cybersecurity specialists and professionals are integral when it comes to sustaining the growth of the fintech industry.

These Skills constitutes a real challenge for education for employment and particularly for women. the participation of women in careers linked to technology and information technology is still lower than that of men. But there are many cases where the Bank offers education on this area to their employees. For instance, UBS, the Swiss bank, offers a four-year apprenticeship in Information Technology, which aims to deepen apprentices' IT knowledge and allow them to acquire essential IT skills. As part of the training at UBS' Zurich offices, apprentices have a choice of comprehensive training in one of three disciplines: systems engineering: servers, operating systems, networks, hardware and software, software development or mediamatics (digital media, design, maintenance and editing of websites, marketing, communication, and administration). On completion of the training, apprentices are awarded a Federal VET Diploma in Information Technology or Mediamatics.

3.2 State incentives for investments in Turkey on the sector (taxes, etc.)

The Investment Office of the Presidency of the Republic of Turkey (www.invest.gov.tr) offered in its web site many resources to understand how and where to invest, particularly on the sector.
Between the incentives offered by the Ministry of Industry and Technology, they showed these possibilities:

Figure No. 5: Government incentives to inversion



Source: Guide for investment, The Investment Office of the Presidency of the Republic of Turkey

3.3 Projections/Forecasts of Labour Demand/Supply

According to Deloitte, Banks played a crucial part in stabilizing the economy and transmitting government stimulus and relief programs during the COVID in the United States, Canada, the United Kingdom, Japan, and many European countries, among others. Banks' healthy capital levels before the pandemic also helped mitigate the negative impacts from the crisis and should pave the way for the global economy to thrive in the future.

For the banking industry, the economic consequences of the pandemic are not on the same scale as those during the Global Financial Crisis of 2008–10 (GFC), but they are still notable. In addition to the financial fallout, COVID-19 is reshaping the global banking industry on several dimensions, ushering in a new competitive landscape, stifling growth in some traditional product areas, prompting a new wave of innovation, recasting the role of branches, and of course, accelerating digitization in almost every sphere of banking and capital markets.

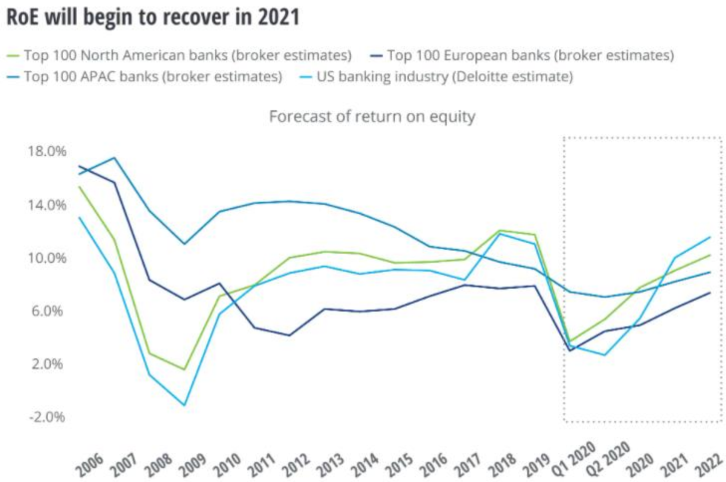
Some of these forces were already in motion before COVID-19. Global GDP growth was waning, but the pandemic exacerbated the slowdown. The International Monetary Fund (IMF) expected global GDP to decline by 4.4%, or almost US$6.2 trillion in 2020. In 2021, global GDP could still be US$9.3 trillion lower than what was expected a year ago. This drastic contraction in the global economy has already meaningfully diminished loan growth and payment transaction volumes. These declines have been largely offset by near-record levels of trading revenues and wealth management fees. But as the pandemic continues, banks will likely be confronted with a greater share of distressed assets on their books.

The Deloitte Centre for Financial Services estimates for instance that the US banking industry may have to provision for a total of US$318 billion in net loan losses from 2020 to 2022, representing 3.2% of loans. While losses can be expected in every loan category, they may be most acute within credit cards, commercial real estate, and small business loans. Generally, these losses are smaller than during the GFC, when US banks recorded a loss ratio of 6.6% from 2008 to 2010.

The average ROE of the top 100 banks in North America, Europe, and APAC could decline by almost 3 percentage points, to 6.8% in 2021. Banks in North America and Europe are not expected to recover to 2019 levels anytime soon, with APAC banks potentially only getting near their pre-COVID-19 ROE [11]average level of 9.2% by 2022. Low rates are expected to keep net interest margins (NIMs) suppressed, creating strong headwinds to banks' interest income growth.

[11] **Return on equity** (ROE) is a measure of financial performance calculated by dividing net income by shareholders' equity. It measures how the profitability of a corporation in relation to stockholders' equity. Whether an ROE is considered satisfactory will depend on what is normal for the industry or company peers. As a shortcut, investors can consider an ROE near the long-term average of the S&P 500 (14%) as an acceptable ratio and anything less than 10% as poor.ROE is also used to Estimate Growth Rates, assuming that the ratio is roughly in line or just above its peer group average.

Figure No. 6. ROE Recovery



Source: Deloitte, on Bank recovery

4. Capital Market

Turkish capital markets have been undergoing a profound transformation. Turkish capital markets in 2020 drew growing interest from domestic investors, with 782,367 people investing in the markets, according to data compiled on Tuesday by Anadolu Agency from the Central Registry Agency (MKK). The number of local real investors reached 2 million, up an average of 65,200 per month, with the total portfolio value reaching 210.3 billion Turkish liras.

In 2020, every country was affected by and felt the impact of the economic and social effects of the COVID-19 epidemic. The economic effects of the epidemic inevitably overflowed into capital markets. During this unorthodox time, several crucial amendments were introduced to Turkish capital markets laws to reduce the impact of the epidemic on capital markets and carry Turkish capital markets into more modern level. The amendments are intended to attract domestic investors to capital markets, and the most important are technological advances, the ease of trading in capital markets, and the high return of public offerings. In 2021, many companies acted to be listed on the Turkish stock exchange, according to some analysts and it seems that interest in capital markets will continue.

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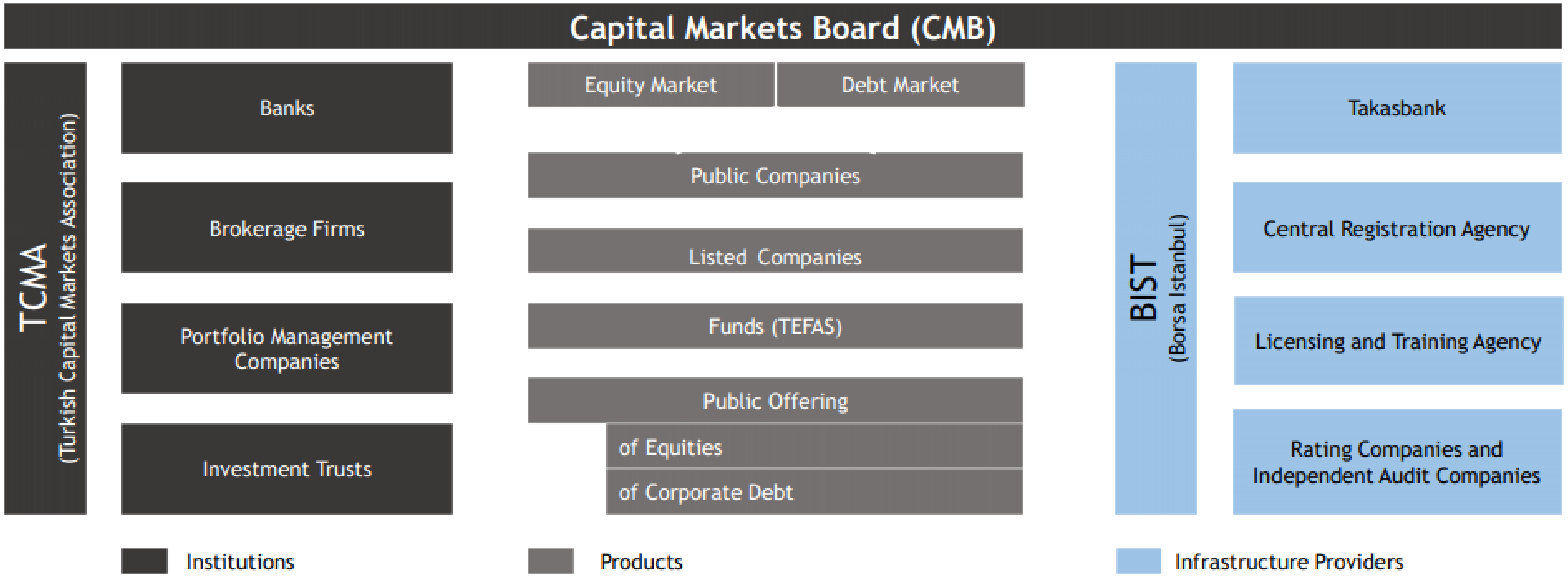
Figure No. 7. Capital Markets Board (CMB)



Source: Turkish Capital Market Association

4.1 Capital Markets Board (CMB)

The CMB is the main regulatory and supervisory authority for the securities markets and institutions in Turkey. Empowered by the Capital Markets Law (CML), which was enacted in 1981[12], the CMB has been making detailed regulations for organizing the markets and developing capital market instruments and institutions.

Based on the main objectives of fair and orderly functioning of the markets and protecting the rights of investors, the CMB has a wide range of responsibilities. Depending upon the development stages of the markets and the state of the country's economy, the list of priorities changes from time to time. However, the major objective remains the same: to take the necessary measures for fostering the development of capital markets, and hence to contribute to the efficient allocation of financial resources in the country while ensuring investor protection.

The legal framework of the Turkish capital markets consists of three major legislations, one of which is specifically devoted to this area, the Capital Markets Law (CML).[13] The others are the Decree with force of Law No. 91[14] concerning the securities exchanges and the Turkish Commercial Code[15].

Apart from the above-mentioned legislation, another important regulation affecting the development process of the securities markets is the Decree No. 32 about the Protection of the Value of the Turkish Currency. [16]

Another important piece of legislation that has been enacted in December 1999, namely the Law No. 4487 brought in a set of amendments to the Capital Market Law. [17] With the amended law CMB is empowered

[12] Following the enactment of the CML in 1981, the necessary regulations have been made by the CMB to organize the markets and the capital market institutions. Joint stock corporations with more than 100 shareholders or which offer their shares to the public were subject to the CML. According to the amendment to the CML made in 1999, the shares of joint stock corporations having more than 250 stockholders are considered to have been offered to the public and such companies are subject to the provisions applicable to publicly held joint stock corporations. In addition to these, issuing of securities by the State Economic Enterprises (SEEs) -including those within the scope of the privatization program- municipalities and related institutions are subject to the disclosure requirements of the CMB as regulated by the amendments to the CML.

[13] The objective of the CML is to regulate and control the secure, fair and orderly functioning of the capital markets and to protect the rights and benefits of the investors.

[14] The principles for the establishment, operation and the auditing of the stock exchanges are determined by the Decree with force of Law No. 91 enacted in 1984. The legal structure pertaining to the operation of the secondary markets is formulated by this Decree.

[15] The Turkish Commercial Code, enacted in 1956, regulates the establishment and operation of companies and defines and regulates financial instruments in general. Thus, joint stock corporations subject to the CML are required to comply with the provisions of the Commercial Code whenever there is no provision in the CML.

[16] This Decree enacted in August 1989, aims at further liberalization of the financial system and allows not only non-residents to invest in the Turkish securities, government bonds and Treasury Bills, but also permits the outflow of domestic capital into foreign securities etc. through financial intermediaries authorized by the CMB.

[17] The duties and the scope of authority of the CMB have been expanded through these amendments and the CMB is now empowered to carry out the following responsibilities in addition to the former ones:

-The new piece of legislation regulates the dematerialization of securities, which will be an especially important step in the development of the Turkish capital markets. Capital market instruments and the rights associated with them will be registered electronically by a "central registry" to be established. The registration of the capital market instruments will take place under the name of each issuer, intermediary and owner. The new system will reduce issuing costs for the issuers, enable publicly owned companies to have access to information about their shareholders, increase efficiency in settlement procedures, and will ease the dividend payments for public companies.

- The CMB can decide on the "progressive liquidation" of the securities intermediaries whose financial standing weakens seriously. Progressive liquidation is an accelerated process for terminating the activities of a troubled intermediary that cannot continue its normal course of operations. The purpose of progressive liquidation is to settle the obligations of the intermediary with its customers before other claims are made on the assets of the intermediary.

- The Investor Protection Fund will carry out the progressive liquidation procedure when ordered by the CMB. This fund will facilitate the liquidation procedure and hence will make possible for the receivables of investors to be paid rapidly.

- Investor protection is enhanced by the introduction of the Investor Protection Fund. The progressive liquidation procedure of troubled intermediaries will be carried out by this fund. In doing this, the Investor Protection Fund will cover the obligations to establish a centre for training the staff of capital market institutions. This centre will also be evaluating and certifying their professional competence.

CMB licences intermediary institutions and collective investment institutions, registers corporations issuing securities, and additionally supervises the clearing organization and securities and precious metal exchanges established in Turkey. On the website of the CMB[18], the following were operating under the supervision of CMB:

- 875 corporations registered with CMB for shares issues, of which 301 were actively traded on the Istanbul Stock Exchange,
- 121 brokerage houses,
- 48 banks, which have licence to deal in off-exchange trading and repo transactions,
- 242 mutual funds,
- 40 foreign mutual funds,
- 22 securities investment companies,
- 9 real estate investment companies,
- 1 venture capital investment company,
- 20 portfolio management companies,
- Istanbul Stock Exchange,
- Istanbul Gold Exchange,
- Takasbank (Clearing and Settlement Bank).

Since the beginning of 2020, new regulations and amendments affecting public companies and capital market institutions, in particular the amendments introduced by the Capital Markets Board and Borsa İstanbul A.Ş. ("Borsa İstanbul").

4.2 Innovations and Amendments Concerning All Capital Markets Actors

- The amendments to the **Capital Markets Law No. 6362** ("Capital Markets Law") entered into force on February 25, 2020. The amendments introduced universal institutions to Turkish capital markets laws, strengthened the use and structure of funds, and modernized the structure of Turkish capital markets laws. The amendments introduced establishments such as the noteholders' meeting and security agent and project bonds. Other amendments included the expansion of the scope of crowdfunding, the limitation of the scope of significant transactions of public companies, exit rights, and tender offer bidders.
- **Central Registry Agency's vital role in crowdfunding transactions.** The Central Bank of the Republic of Turkey issued a decision on March 12, 2020 setting forth that the "operation of

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of the troubled securities intermediaries to the investors up to some limited amount if needed. This new institution is like the fund established by the Securities' Investor Protection Act in USA. The fund's income will be mainly based on intermediaries' contributions and thus it will lessen the burden on government sources.

- The new provisions allow corporations to pay interim dividends based on their quarterly financial statements. The amount of the interim dividend will not be more than one half of the previous year's profit. Given the short-term nature of financial investments in Turkey it is expected to stimulate interest in equities, allowing cash return realization in a shorter period.

- The Association of the Capital Market Intermediary Institutions is a professional organisation, and all intermediary institutions are required to be a member of the Association. The Association will set professional standards and rules of conduct for its members. It will also have the power to provide and enforce regulations for the conduct of business by the members, within the framework set by the CML.

- According to the Turkish Commercial Law minority shareholders are granted rights to protect themselves against larger shareholders. The Turkish Commercial Law defined minority shareholders as shareholders representing a minimum of 10 percent of the capital stock. With the new provision minority rights are now granted to the shareholders with 5 percent of the paid in capital.

- With the recent amendments to the CML the establishment of derivatives exchanges has been based on legal footing. The exchanges will be established as joint stock corporations. The derivative instruments, including futures and option contracts, to be traded on these exchanges can be based on economic and financial indicators, capital market instruments, commodities, and precious metals as well as on foreign exchange.

18 CMB official site: https://www.cmb.gov.tr/Sayfa/Index/0/0

crowdfunding systems" will be considered one of the activities of the Merkezi Kayıt Kuruluşu A.Ş. (in English, the Central Registry Agency, "CRA"). The measure provides that crowdfunding systems will be included among the CRA's payment and securities settlement activities.

- **Noteholders' meetings.** The Capital Markets Board presented the Draft Communiqué on Noteholders' Meetings No. II-31/A.1 for public opinion on April 22, 2020, which introduced the concept and regulation of noteholders' meetings into the Turkish capital markets laws. The draft communiqué was revised in accordance with the amendments to the Capital Markets Law and market actors' input, and the Communiqué on Noteholders' Meetings No. II-31/A.1 entered into force on September 11, 2020[19].

- **Changes regarding mortgage financing institutions facilitated the issuance of covered bonds.** The amendments to the Covered Bonds Communiqué No. III-59.1 ("CB Communiqué") entered into force on May 14, 2020. The amendments removed the restriction setting forth that the nominal value of covered bonds ("CBs") in circulation issued by a mortgage finance institution ("MFI") cannot exceed five times the MFI's equity amount stated in its audited financial statements for the last accounting period. In addition, the fees to be paid to the Capital Markets Board during the issuance of CBs were also amended.

Considering the potential economic effects of the COVID-19 epidemic, the Capital Markets Board reduced the MFIs' issuance costs and lifted the ceiling to further incentivize their issuances. In this respect, while the Capital Markets Board encourages MFIs to take a more active role in vulnerable economic conditions, it also provides them with a functional support mechanism through the exemptions introduced by the amendments.

- **Project based securities.** The draft communiqué paved the way for project bonds to finance public services projects such as transportation, infrastructure, energy, industry, technology, communication, or health to be pooled in a special fund and to be traded in capital markets. Project bonds will be issued based on project income and other rights arising from the financing of a project or receivables arising from secured loans provided for financing various projects and the refinancing of those loans.

- **Legal concept of security agent** One of the most important innovations in Capital Markets Law was the introduction of the legal concept of security agent into Turkish laws, which was already used in practice for financing transactions. The Capital Markets Board presented the Draft Communiqué on the Procedures and Principles Regarding the Issuance of Security Backed Capital Market Instruments on September 10, 2020 for public opinion. The draft communiqué aimed to secure the fulfilment of obligations arising from the issuance of security backed capital market instruments and to protect investors' assets subject to collateral by transferring the assets subject to collateral to the security agent in the manner set forth under the draft communiqué.

- **Amendments to the Share Communiqué:** The amendments to Article 27 of the Share Communiqué No. VII-128.1 ("Share Communiqué") entered into force on July 25, 2020. The Capital Markets Board must approve the information form to be drafted by the selling shareholder prior to the proposed transfer of shares if the transfer of the company's shares listed on the exchange exceeds 10% of their share capital in total in any 12-month period, and if the transfer is made on the Borsa Istanbul by a shareholder (or shareholders acting in concert) that directly holds more than 20% of the company's share capital or shareholders holding privileged shares that entitles them to elect or nominate at least one of the members of the board of directors. Wholesales, sales through private orders and sales within the scope of market making activity and secondary public offerings will be exempt from this obligation.

[19] A revolutionary change was introduced to capital markets practices with the communiqué, which regulates details such as the structure and procedures of noteholders' meetings, as well as the determination of noteholders' representatives.

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- **New steps towards sustainability and ESG: P**ublic companies that are subject to the Corporate Governance Principles set out under the Corporate Governance Communiqué No. II-17.1 will now also be subject to the principles set out in the Sustainability Principles Compliance Framework, pursuant to the amendments passed on October 2, 2020. The sustainability principles set out by the Capital Markets Board are built upon three pillars: (i) Environmental Principles, (ii) Social Principles, and (iii) Principles of Corporate Governance.

- **New Market Structure of Borsa Istanbul:** As of October 1, 2020, the Borsa İstanbul market structure was regrouped as follows:

    - The new market structure abolished the existing classifications of the BIST Star Group 1 – Group 2, and BIST Main Group 1 – Group 2.
    - The BIST Star Group 1 and BIST Star Group 2 merged into a single group, the BIST Star.
    - The BIST Main replaced the BIST Main Group 1.
    - The BIST Submarket replaced BIST Main Group 2.

Moreover, the Emerging Companies Market became a part of the BIST Submarket. Accordingly, shares trading in the Emerging Companies Market were quoted on the BIST Submarket.

Although we have not been able to present relevant information on the number of jobs in the sector and what is the percentage of female employment in both institutions and companies listed on the Istanbul Stock Exchange, we have tried to present how the capital market in Turkey is constituted, the updated legal body and its main players as well as future growth trends.

5. INSURANCE MARKET

5.1 Economic Data

Even when Insurance constitutes one of the key pillars of modern societies because it creates social benefit through pooling and distribution of individuals’ and companies’ risks, Turkish insurance sector (which dates to 1870s), is going through critical times. While the premiums in the sector have grown with a CAGR of 20% in the last five years, current **2% penetration rate is low** compared to other countries with similar income levels. Over the past five years, motor branch has been the driver of non-life insurance, credit protection branch and, due to incentives, pensions have been the driver of life insurance.

Furthermore, age demographics and expected population increase rate are promising in terms of the size of the population that will create further demand for insurance products in short and middle term. However, there are number of structural barriers in the way of sector development and penetration increase.

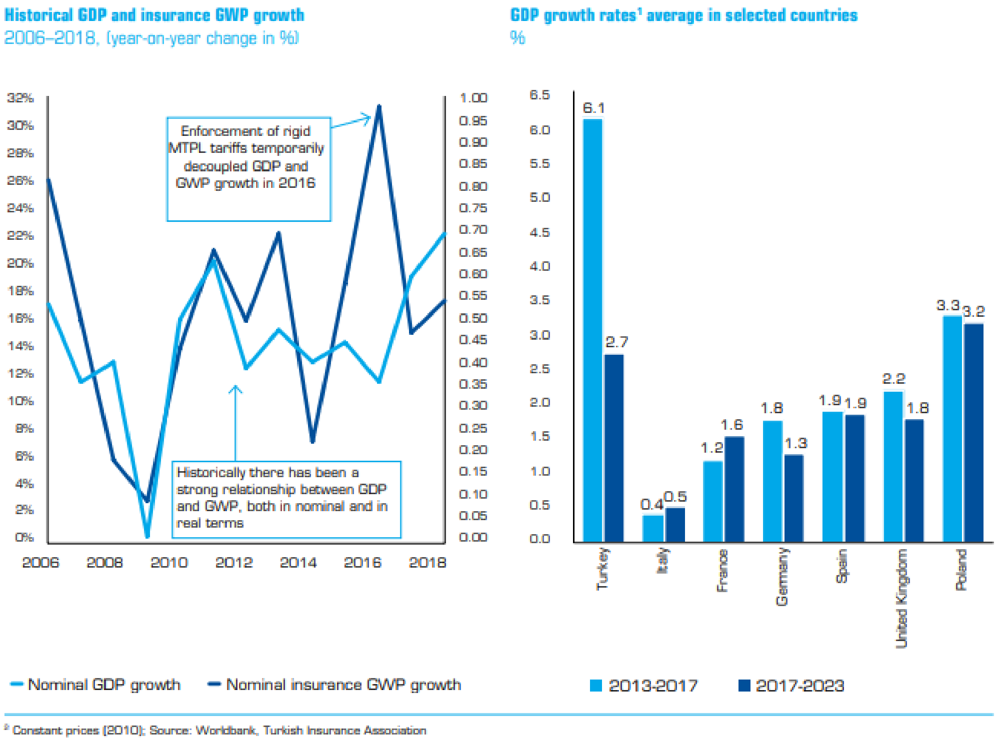
Market can be characterized under 4 main themes:

1. Strong demand fundamentals: Insurance market in Turkey is underpenetrated and possess upside opportunity given its demographics and economic growth potential.
2. Competitive market environment with successful growth: Insurance sector is a prominent sector in Turkey with broad set of stakeholders. The sector has grown with a CAGR of 20% in the last five years, making a clear investment thesis. Competitive market context is established across business branches.
3. Technical profitability is challenged by structural hurdles and the sector is open to the macroeconomic effects: Structural hurdles affect the sector adversely, limiting technical profitability in the non-life branch. Non-life profitability has shrunk over the past years, delivering similar returns to risk-free rate in 2018. Profitability levels are above international markets in life and pensions branch.
4. There is a potential for higher penetration level: Insurance penetration is highly dependent on income levels (i.e., ability to afford insurance) of a country, yet at branch level there are various other drivers for penetration and unique practices emerge to achieve penetration above fair share. In that regard, there is an opportunity to increase the penetration level in Turkey (Insurance association of turkey strategy)[20]

Size of insurance market is closely correlated with overall economic development. Over the past decade, gross written premium evolution resembled GDP growth pattern. GDP growth is promising and is expected to outperform many developed European markets.

[20] The information is available at the website of the institution: www. tsr.org.tr

Figure No. 8. Gross written insurance premiums and GDP growth rate



Source: World Bank – Turkish Insurance Association

Insurance ecosystem in Turkey consists of several key stakeholder groups – Associations & Committees, Regulator & Supervisor, Consumers, Ministries, Insurance companies, Distributors, and various supporting entities such as loss adjusters, pools, and sector chambers. Insurance market is fragment with 62 players, and total premiums or fund size of top 5 player in non-life, life, and pensions market account for 44%, 53% and 72% respectively, indicating competitive market environment. Market has attracted significant foreign investment, and majority of the top players are subsidiaries of global insurance incumbents. Share of the foreign capital in the sector remains high over the past 5 years at around 70%

Recent macro-economic developments are expected to challenge sector in near and mid-term future in three folds:

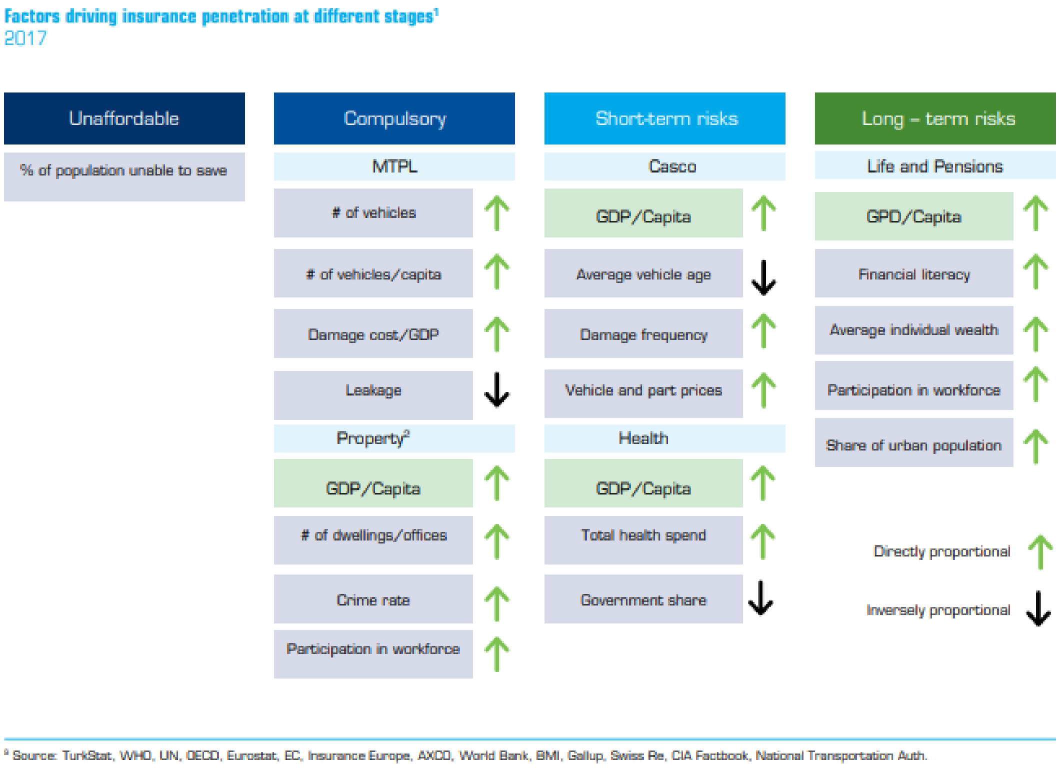
- **Currency depreciation**: Motor lines account for ca. 50% of insurance, devaluation affects insurers in two-folds, first motor demand decreases as vehicles prices spike in local currency terms, second MTPL premiums are linked to Turkish Liras, yet cost of spare parts increase with foreign exchange, resulting in increased claims costs. On the other hand, in the second half of the year, the stabilization in the economy, with the stabilization of exchange rates and the fall in inflation, is seen as a positive development.
- **Inflation**: Affordability is especially important factor in insurance, high inflation results in loss of purchasing power, hence limits disposable income for buying insurance. Furthermore, margins in real terms are severely affected as insurance prices do not adjust real-time given the policy durations. On the other hand, in the second half of the year, the stabilization in the economy, with the stabilization of exchange rates and the fall in inflation, is seen as a positive development.
- **Interest rates**: Life insurance is highly dependent on credit-linked life products. In 2017, credit-linked products account for ca. 75% of premiums and 55% of policies. Interest rates have increased from low 10%s to above 20% in the last few years. High interest rates curb lending volumes which affect credit linked business, such as term-life

dependent life insurance business, casco and property insurance. On the other hand, in the second half of the year, the stabilization in the economy, with the fall in interest rate, is seen as a positive development.

About the Turkey's potential for increasing insurance penetration, according to OCDE is highly dependent on income levels (i.e., ability to afford insurance) of the country, yet at branch level there are various other drivers for penetration and unique practices emerge to achieve penetration above fair share. In that regard, there is an opportunity to increase the penetration level in Turkey. Key factors affecting the insurance penetration can be examined under 3 main categories:

- **Macroeconomic factors**: Income level, workforce participation, insurance affordability, economic growth, population growth, share of urban population.
- **Role of the government**: Government's role in coping with risks (ex: role of government in disaster financing), mechanisms to increase the role of private sector (ex: incentives, compulsory insurance etc.).
- **Cultural and geographical factors**: Frequency of the risk realization (ex: high risk of hailstorm, hurricanes etc.), risk awareness and social solidarity Based on the income levels, Turkey's penetration level – with 2% insurance and annual pensions contribution penetration is slightly below its fair share.

Figure 9 Factors affecting insurance penetration by branch



Source: OECD

Barriers and structural challenges of the sector are assessed under five pillars:

- **General context**: External factors that are often beyond the control of the sector or individual players such as economic development, intra-sector cooperation or understanding of role of insurance in the economy
- **Market infrastructure**: Enabler and infrastructural factors such as market institutions, skilled labour resources, shared data, and analytics capabilities
- **Branches**: Branch specific factors especially in main lines such as innovation, product economics, scope of the coverage by the government
- **Distribution:** Distribution and channel specific factors such as professionalism, economic viability, and digitalization
- **Regulatory**: Regulation and legislation related barriers including products, distribution, financial stability Regulatory set-up There is a lack of separate/ standalone, independent regulatory and supervisory body for insurance (currently residing in the Ministry of Finance, far away from Minister)

In the opinion of some organisations, it is important to also consider three important factors:

- Limited/no platforms to shape the role of private insurers and government in health insurance. **Digital innovation has been limited** in insurance sector compared to other industries in Turkey such as banking
- **Uncertainties in government policies in health** (e.g. City hospitals/PPPs)
- **Low levels of trust in insurers** (e.g. As the healthcare services is a foundational pillar of a social state, authorities tend to be cautious in cooperating with insurers in this domain regarding customer protection)
- **Social security system in Turkey provides one of the most comprehensive coverages**, creating a barrier in the way of PMI

In the "Sector vision, strategic objectives, and road-map insurance association of Turkey Strategy Report (2020-2024)", they recommend some of these strategies:

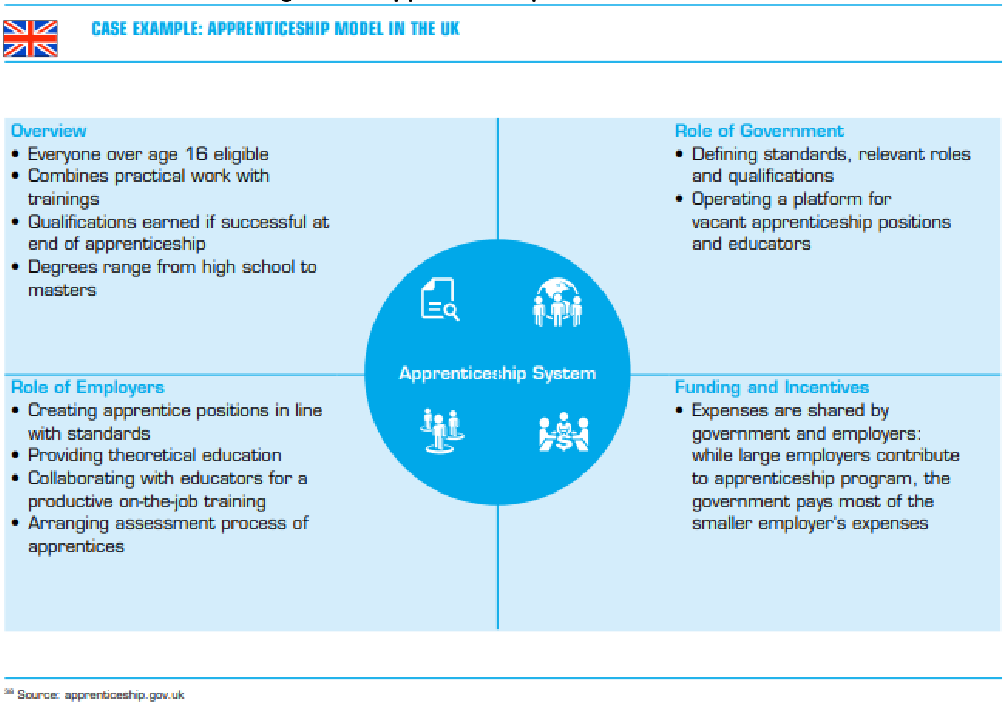
1. **Enhance consumer protection and conduct**: Drive a more consumer-focused approach (through better monitoring of customer satisfaction, simplification, and increased transparency in policy information to increase consumers' confidence and trust in the sector. **Simplification and transparency in contracts**: Simplify contracts and improve transparency in disclosures to make them more consumer centric. **Customer service focus**: Improve service levels of insurers through better reporting and monitoring of customer satisfaction (via TSB)
2. **Develop a strategic communication plan aiming to raise the profile of insurance sector**
3. **Set-up an independent and strong regulator** Ensure strong and independent regulation and supervision through a dedicated insurance regulator and supported by clear and consistent regulations and stricter financial controls
4. **Improve cost efficiency of MTPL** Utilize wide range of data, technologies and preventive measures to decrease total cost of MTPL to the sector and liberalize the market in mid-to-long term

Even when there no specific information on the total of people working in the sector, it is important to consider one of the strategies mentioned: **Enhance skill-set of the sector's talent pool Increase human resources quality & skills of managerial and technical roles in the sector through attracting better talent as well as training existing human resource pool**. For this, OECD and the TSB consider these actions:

- Attract talent pool by systematically covering universities: · Develop a university coverage plan · Run awareness programs involving insurers and association (e.g. management of insurance companies participating and contributing in lectures, workshops, seminars etc.) · Providing guidance on curriculum and participate in scholarship programs through coordination of the association
- Develop sector apprenticeship programs · Define standards with government authorities for the apprenticeship prog. · Create positions for apprenticeships roles in insurers through coordination of the association

In this sense, their Strategy Plan recommends the Apprenticeship Model of the UK:

Figure 10: Apprenticeship Model of the UK



Source: OECD – TBS

Although we have not been able to present relevant information on the number of jobs in the sector and what is the percentage of female employment in both institutions and companies listed on the Istanbul Stock Exchange, we have tried to present how the capital market in Turkey is constituted, the updated legal body and its main players as well as future growth trends.

6. ANALYSIS OF THE SECTOR

One of the most notable effects of the pandemic is the scale and acceleration of several megatrends related to the future of work (ILO), and the deceleration of others (figure 11). Until the pandemic hit, almost everyone believed certain societal forces were here to stay, such as the sharing economy, urbanization, and globalization. But remarkably, the pandemic seems to have slowed these global megatrends. On the other hand, it is now abundantly clear that COVID-19 has acted as a catalyst for digitalisation. In addition to accelerating digital adoption, the crisis has also served as a litmus test for banks' digital infrastructure. While institutions that made strategic investments in technology came out stronger, laggards may still be able to leapfrog competitors if they take swift action to accelerate tech modernization.

Figure 11: How COVID 19 has affected Megatrends globally

Source: Deloitte

To fully realize the digital promise in the front office, banks for instance, should use various levers to elevate customer engagement. These can include creating an optimal mix of digital and human interactions, using data intelligently, establishing novel partnerships, and deploying compelling service delivery models. The net impact of these megatrends, combined with macroeconomic realities such as the low-interest rate environment in the decade ahead, should fundamentally reconfigure the banking industry. First and foremost, traditional revenue sources and business growth in established segments will likely be moderate at best, which would force banks to find new pathways to profitable growth. Second, scale, more than ever, could become critical as profitability pressure will put costs into greater focus. And third, advanced technology is expected to be at the heart of everything banks do. For these reasons, the requirement of new skills of the employees is essential.

In the first analysis of the sector, we have emphasized the following issues:

1.The employment has probabilities to grow up with a new model of relations between employee and employer and employee and clients. Going forward, banks could look to institutionalize some of the COVID learnings to create more agile workforces. Deloitte express that the Banks should develop new talent models to facilitate flexible, self-organizing teams that come together for a common purpose. Institutions should also focus on workplace redesign to help strike the right balance between in-person work environments and remote arrangements, which should be based on the specific needs of various roles or jobs. Of course, the goal of these changes should be to boost productivity, creativity, and collaboration.

Banks may also need to transform their talent strategies to enable employees to learn better, faster, and more frequently new skills. Programs that focus on “learning how to learn,” curated learning, and learning via experiences should lead to better retention and more positive organizational results overall. Success in the post-COVID-19 world will likely demand a new set of skills, but simply reskilling the workforce is not expected to be enough.

2. The integration of technology and new skills is at the heart of the future of work. It must be a continuous process improvement, leading to competitive differentiation. About the mismatch of skills needed and offered, there are an important consideration on the Eleventh Development Plan of Turkey (2019 – 2023) that includes an expected "digital transformation" (such as the inclusion of artificial intelligence, advanced data analytics, simulation, and optimization) and the creation of Digital Transformation Centres.
All the three subsectors, Banking, Capital Markets, and Insurance are prepared to get into an authentic **digital revolution**. According to some studies[21], employers expect nearly two in five (37%) job roles to alter significantly or become redundant because of new digital technology and automation in the next five years.
For one place, **this means the need that organisations increase digital training budgets** to keep pace with technological change and avoid a significant negative impact on productivity, efficiency, and competitiveness. Employers need to be more concerned about cyber security, integrating new technologies and cloud-based technology[22], especially in this sector.
For the other, the organisations need starting to see the benefits of **lifelong learning** when it comes to digital skills. It will become necessary to move to a model of lifelong learning in future, where employees are constantly developing and building new skills.
As the digital revolution continues, the skills required to succeed will continue to change. Experts of the ILO suggest that now is the time for all employers develop a strong base of digital skills, in addition to any specialist skills required, so that workers become more resilient, flexible, and adaptable to future needs. Jane Dickinson, Digital Skills Lead at The Open University, says: "With an uncertain future posing a challenge to the future workforce, it is crucial that employers access the wealth of talent already within their organisation. By using training budgets to develop workers, including local skills re-training funding and apprenticeship levy funding, organisations can build up the skills they need to become resilient, flexible and adaptable in the face of future challenges."
3. One interesting hypothesis is that It could wait for a significant reduction in high-street banking jobs (the lower skilled face-to-customer-face jobs), which have, traditionally absorbed many lower-educated (i.e., not graduates) young people. And related to that, we could think that a good part of those lower-educated (i.e., not graduates) can be easily qualified to attend for instance mobile banking.
4. In Banking it is important to know that more than the 50% of the graduate and postgraduates' employees are women but we haven´t an exact idea about which are the jobs women have in Finances and banking. In a study made by Deloitte on women and finances, they said that most financial firms listed relationship-oriented skills that are often undervalued—like leading through complexity and ambiguity, leading through influence, and managing remotely—as top leadership requirements in the future. The panellists almost unanimously championed the importance of relationship-oriented skills and that leaders of the future will be strong communicators and connectors who can unite and motivate people to action quickly. The gender imbalance in leadership at the top in financial services could be a missed opportunity for many institutions. Why? A Harvard study revealed that women outscore men in 17 of 19 leadership capabilities, as taking initiative, building relationships, collaboration and teamwork, leadership speed, powerful and prolific communication, and innovation. Moreover, it is these skills that could facilitate the entry of more women into this sector.
5. There is a need to have more specific data on women working in Banking, and to know which the possibilities are to have more women in banking leading the sector. In the world, the proportion of women in financial services leadership could reach only 31 percent in 2030[23] —an improvement, but still well below parity.

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[21] For instance, Open University (2020), Bridging the Digital Divide: A Report on Digital Skills Gap, available at: http://www.open.ac.uk/business/bridging-the-digital-divide

[22] Cloud computing technology gives users access to storage, files, **software**, and servers through their internet-connected devices: computers, smartphones, tablets, and wearables. Cloud computing providers store and process data in a location that's separate from end users.

[23] In 2019, fewer than a quarter (21.9%) of senior **leadership** roles within **financial services** firms were held by **women**.

7. FINANCIAL AND BANKING SECTOR FACTSHEET

	QUANTITATIVE AND QUALITATIVE DATA
BASELINE	• Banking dominates the Turkish financial sector, accounting for more than 70 percent of overall financial services, while insurance services and other financial activities also shows significant growth potential too. • There are 54 banks in Turkey (34 deposit banks, 13 development and investment banks, 6 participation banks). • Led by banking, Turkish financial industry has been rapidly growing while attracting tremendous amount of foreign direct investment (FDI). • Turkish capital markets in 2020 drew growing interest from domestic investors, with 2 million people investing in the markets. 875 corporations registered with CMB for shares issues, of which 301 were actively traded on the Istanbul Stock Exchange. • In 2020, several crucial amendments were introduced to Turkish capital markets laws to carry Turkish capital markets into more modern level attracting new investments. • Women represent more than 50% of the total number of employees in Banks and that of the graduated staff employed in banks, 54,67 % are women, and that of the postgraduate staff 50,41 % are women. There are not a percentage in Capital Markets. • Turkish insurance sector (which dates to 1870s), is going through critical times. While the premiums in the sector have grown with a CAGR of 20% in the last five years, current 2% penetration rate is low compared to other countries with similar income levels. Age demographics and expected population increase rate are promising in terms of the size of the population that will create further demand for insurance products in short and middle term. However, there are number of structural barriers in the way of sector development and penetration increase.
POTENTIAL	• The Development Plan includes a digital transformation and the creation of Digital Transformation Centres in the sector (All the three subsectors, Banking, Capital Markets, and Insurance are prepared to get into an authentic digital revolution). • Creation of an optimal mix of digital and human interactions using data intelligence in Banking. • Istanbul transformed into a prominent financial centre and Turkey in an important country for capital markets. • Turkey increase insurance penetration, as consequence of macroeconomic factors, role of the government in coping with risks, mechanisms to increase the role of private sector (ex: incentives, compulsory insurance etc. • The employment has probabilities to grow up with a new model of relations between employee and employer and employee and clients (more agile workforces). • It could wait for a significant reduction in high-street banking jobs (the lower skilled face-to-customer-face jobs), which have, traditionally absorbed many lower-educated (i.e., not graduates) young people. And related to that, we could think that a good part of those lower-educated (i.e., not graduates) can be easily qualified to attend for instance mobile banking.
SKILLS	• Banks may also need to transform their talent strategies to enable employees to learn better, faster, and more frequently new skills. Programs

	that focus on "learning how to learn," curated learning, and learning via experiences. • The organisations need starting to see the benefits of lifelong learning when it comes to digital skills. • There are many coming digital banking skills to achieve: Knowledge in Artificial Intelligence, Big Data Analytics, Blockchain Engineer. • These Skills constitute a real challenge for education for employment and particularly for women. the participation of women in careers linked to technology and information technology is still lower than that of men. • New training of European languages of capital markets, behaviour of financial conduct. • Centres prepared for cybersecurity, new technologies.
AREAS FOR POSSIBLE POLICY INTERVENTION	• Working women need care services to be part of the digital transformation. It is a gender request from the world of technology. • Policies on education of new skills are needed with prepared centres with new technologies.

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- Ministry of Treasury and Finance: http://www.treasury.gov.tr
- Participation Banks Association of Turkey: http://www.tkbb.org.tr
- Public Disclosure Platform: http://www.kap.org.tr
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- Turkish Capital Markets Association: http://www.tspb.org.tr
- Turkish Institutional Investment Managers' Association: http://www.tkyd.org.tr/
- Turkish Investor Relations Society: http://www.tuyid.org
- Turkish Payment and Electronic Money Institutions Association: http://www.oded.com.tr

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1	List of Turkish Banks
2	Bank Employees by Gender and Education, as of March 31, 2016

Annex 1. List of Turkish Banks

Banks	Groups	Date of Estab.	Total Assets	Total Loans*	Total Deposits	Total Share-holders' Equity	Paid-in Capital	Net Income/Loss	Off Balance Sheet Commit.	No.of Branch Offices	No.of Emp'ees
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	State-owned Deposit B.	1863	105.857	73.196	74.594	10.289	929	285	413.172	1.757	24.642
Türkiye İş Bankası A.Ş.	Privately-owned Deposit B.	1924	77.923	48.272	46.887	8.909	685	222	233.612	1.265	23.930
Türkiye Halk Bankası A.Ş.	State-owned Deposit B.	1938	74.771	52.963	49.806	5.010	190	126	288.513	1.006	18.823
Türkiye Vakıflar Bankası T.A.O.	State-owned Deposit B.	1954	70.583	50.153	40.941	5.094	381	261	805.954	940	16.743
Türkiye Garanti Bankası A.Ş.	Foreign B.	1946	63.537	41.101	40.596	8.353	639	248	339.750	912	18.811
Yapı ve Kredi Bankası A.Ş.	Privately-owned Deposit B.	1944	62.753	38.469	37.167	6.384	1.286	172	190.900	845	16.540
Akbank T.A.Ş.	Privately-owned Deposit B.	1948	59.963	31.897	37.823	8.205	792	199	285.854	758	12.682
QNB Finansbank A.Ş.	Foreign B.	1987	31.316	19.757	18.552	2.440	510	117	210.682	518	11.943
Türk Eximbank	Dev't and Inv't B.	1987	26.355	22.586	0	1.460	1.090	76	53.031	20	732
Denizbank A.Ş.	Foreign B.	1997	25.580	17.703	16.204	3.077	867	95	156.814	709	12.318
Türk Ekonomi Bankası A.Ş.	Privately-owned Deposit B.	1927	18.914	12.280	12.677	1.539	336	60	55.942	471	8.906
ING Bank A.Ş.	Foreign B.	1984	8.747	5.450	6.015	1.300	531	47	53.439	207	3.705
Türkiye Sınai Kalkınma Bankası A.Ş.	Dev't and Inv't B.	1950	7.186	5.188	0	833	426	24	109.700	3	383
HSBC Bank A.Ş.	Foreign B.	1990	5.781	2.871	4.576	492	99	25	50.212	77	1.997
İller Bankası A.Ş.	Dev't and Inv't B.	1933	5.618	4.292	0	3.343	2.639	82	3.883	19	2.433
Odea Bank A.Ş.	Foreign B.	2011	4.891	2.719	3.303	488	501	5	30.910	48	1.108

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Şekerbank T.A.Ş.	Privately-owned Deposit B.	1953	4.792	3.287	3.726	306	176	1	112.936	238	3.120
Alternatifbank A.Ş.	Foreign B.	1991	4.771	2.966	2.497	339	310	5	20.481	49	904
Fibabanka A.Ş.	Privately-owned Deposit B.	1984	3.634	2.629	2.219	256	143	10	40.401	61	1.612
Burgan Bank A.Ş.	Foreign B.	1991	3.252	2.346	1.955	295	234	2	21.887	35	970
Türkiye Kalkınma ve Yatırım Bankası A.Ş.	Dev't and Inv't B.	1975	3.175	2.485	0	369	129	14	6.784	1	293
ICBC Turkey Bank A.Ş.	Foreign B.	1986	3.110	1.254	1.556	200	131	14	8.090	40	727
İstanbul Takas ve Saklama Bankası A.Ş.	Dev't and Inv't B.	1995	2.941	3	0	368	91	17	658.585	1	298
Anadolubank A.Ş.	Privately-owned Deposit B.	1996	2.849	1.984	2.277	432	91	19	23.983	113	1.643
Aktif Yatırım Bankası A.Ş.	Dev't and Inv't B.	1998	2.552	1.310	0	304	182	18	14.703	10	725
Citibank A.Ş.	Foreign B.	1981	2.431	787	1.931	407	5	29	8.051	3	374
Intesa Sanpaolo S.p.A.	Foreign B.	2013	2.097	1.677	991	251	103	8	39	1	29
MUFG Bank Turkey A.Ş.	Foreign B.	2012	1.614	1.096	654	162	80	6	2.400	1	79
Arap Türk Bankası A.Ş.	Foreign B.	1977	875	314	487	161	67	3	779	7	274
Birleşik Fon Bankası A.Ş.	B. Under the Dep.Ins.Fund	1958	564	318	26	109	70	1	492	1	223
Turkland Bank A.Ş.	Foreign B.	1991	534	340	413	80	152	9	2.347	17	351
Nurol Yatırım Bankası A.Ş.	Dev't and Inv't B.	1998	522	323	0	66	46	6	1.531	1	63
Deutsche Bank A.Ş.	Foreign B.	1988	404	149	275	116	21	4	5.312	1	104
Pasha Yatırım Bankası A.Ş.	Dev't and Inv't B.	1987	289	189	0	82	76	1	465	1	61
Bank of China Turkey A.Ş.	Foreign B.	2017	275	83	19	229	160	5	306	1	43
Rabobank A.Ş.	Foreign B.	2013	264	110	0	158	104	3	255	1	33
Turkish Bank A.Ş.	Privately-owned Deposit B.	1981	201	125	140	32	27	0	2.603	10	178

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Bank Mellat	Foreign B.	1984	153	11	79	71	30	1	343	3	46
BankPozitif Kredi ve Kalkınma Bankası A.Ş.	Dev't and Inv't B.	1998	137	106	0	46	51	0	1.316	1	55
JPMorgan Chase Bank N.A.	Foreign B.	1984	104	0	11	90	15	1	63	1	54
Merrill Lynch Yatırım Bank A.Ş.	Dev't and Inv't B.	1992	93	5	0	80	8	2	67	1	39
GSD Yatırım Bankası A.Ş.	Dev't and Inv't B.	1998	53	50	0	41	8	2	1.942	2	38
Habib Bank Limited	Foreign B.	1982	34	10	16	12	5	0	48	1	21
Diler Yatırım Bankası A.Ş.	Dev't and Inv't B.	1998	27	12	0	24	9	0	43	1	20
Société Générale (SA)	Foreign B.	1989	20	0	0	9	20	-1	118	1	35
Standard Chartered Yatırım Bankası Türk A.Ş.	Dev't and Inv't B.	1990	18	0	0	16	6	1	0	1	30
Adabank A.Ş.	Privately-owned Deposit B.	1984	9	0	0	9	12	0	0	1	26
Total			**691.569**	**452.868**	**408.412**	**72.335**	**14.463**	**2.223**	**4.218.737**	**10.161**	**188.164**

Source: TUIK- Consult on March 2021

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Annex 2. Table Bank Employees by Gender and Education, as of March 31, 2016

	Primary School			High School			Undergraduate			Postgraduate			Total		
Banks	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**	**Male**	**Female**	**Total**
Sector Total	**1.013**	**208**	**1.221**	**19.441**	**10.508**	**29.949**	**70.785**	**85.373**	**156.158**	**6.592**	**6.703**	**13.295**	**97.831**	**102.792**	**200.623**
Deposit Banks	**780**	**183**	**963**	**18.943**	**10.393**	**29.336**	**68.690**	**84.159**	**152.849**	**5.898**	**6.205**	**12.103**	**94.311**	**100.940**	**195.251**
State-owned Banks	**231**	**7**	**238**	**5.721**	**2.045**	**7.766**	**24.472**	**21.445**	**45.917**	**2.112**	**2.099**	**4.211**	**32.536**	**25.596**	**58.132**
Türkiye Cumhuriyeti Ziraat Bankası A.Ş.	38	2	40	2.771	690	3.461	11.656	8.375	20.031	1.099	1.029	2.128	15.564	10.096	25.660
Türkiye Halk Bankası A.Ş.	65	1	66	2.140	765	2.905	6.975	6.116	13.091	570	526	1.096	9.750	7.408	17.158
Türkiye Vakıflar Bankası T.A.O.	128	4	132	810	590	1.400	5.841	6.954	12.795	443	544	987	7.222	8.092	15.314
Privately-owned Banks	**213**	**15**	**228**	**5.805**	**3.797**	**9.602**	**25.886**	**34.883**	**60.769**	**1.994**	**2.095**	**4.089**	**33.898**	**40.790**	**74.688**
Adabank A.Ş.	1	0	1	5	4	9	8	12	20	0	0	0	14	16	30
Akbank T.A.Ş.	31	0	31	430	213	643	5.463	6.722	12.185	537	553	1.090	6.461	7.488	13.949
Anadolubank A.Ş.	4	1	5	219	81	300	690	613	1.303	42	50	92	955	745	1.700
Fibabanka A.Ş.	11	0	11	163	67	230	456	558	1.014	53	55	108	683	680	1.363
Şekerbank T.A.Ş.	23	1	24	223	163	386	1.612	1.696	3.308	93	77	170	1.951	1.937	3.888
Turkish Bank A.Ş.	11	0	11	20	16	36	58	90	148	17	10	27	106	116	222
Türk Ekonomi Bankası A.Ş.	23	7	30	985	532	1.517	3.347	4.484	7.831	323	283	606	4.678	5.306	9.984

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Türkiye İş Bankası A.Ş.	92	2	94	2.748	1.635	4.383	8.944	10.656	19.600	473	529	1.002	12.257	12.822	25.079
Yapı ve Kredi Bankası A.Ş.	17	4	21	1.012	1.086	2.098	5.308	10.052	15.360	456	538	994	6.793	11.680	18.473
Banks Under Depo. Insurance Fund	**14**	**4**	**18**	**71**	**27**	**98**	**53**	**44**	**97**	**3**	**2**	**5**	**141**	**77**	**218**
Birleşik Fon Bankası A.Ş.	14	4	18	71	27	98	53	44	97	3	2	5	141	77	218
Foreign Banks	**322**	**157**	**479**	**7.346**	**4.524**	**11.870**	**18.279**	**27.787**	**46.066**	**1.789**	**2.009**	**3.798**	**27.736**	**34.477**	**62.213**
Alternatifbank A.Ş.	11	1	12	103	42	145	305	376	681	63	44	107	482	463	945
Arap Türk Bankası A.Ş.	11	1	12	50	12	62	84	86	170	23	21	44	168	120	288
Bank Mellat	3	0	3	9	0	9	27	7	34	4	0	4	43	7	50
Bank of Tokyo-Mitsubishi UFJ Turkey A.Ş.	1	0	1	4	1	5	17	20	37	14	6	20	36	27	63
Burgan Bank A.Ş.	8	0	8	51	47	98	321	471	792	46	45	91	426	563	989
Citibank A.Ş.	0	0	0	28	8	36	161	201	362	32	57	89	221	266	487
Denizbank A.Ş.	139	143	282	2.572	2.497	5.069	3.146	3.877	7.023	263	308	571	6.120	6.825	12.945
Deutsche Bank A.Ş.	0	0	0	2	0	2	39	48	87	19	15	34	60	63	123
Finans Bank A.Ş.	62	5	67	1.667	662	2.329	3.756	6.020	9.776	318	413	731	5.803	7.100	12.903
Habib Bank Limited	2	0	2	4	0	4	5	4	9	0	1	1	11	5	16
HSBC Bank A.Ş.	2	0	2	346	296	642	1.292	2.546	3.838	146	169	315	1.786	3.011	4.797
ICBC Turkey Bank A.Ş.	15	3	18	89	31	120	258	357	615	36	46	82	398	437	835

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ING Bank A.Ş.	19	1	20	359	205	564	1.930	2.553	4.483	198	184	382	2.506	2.943	5.449
Intesa Sanpaolo S.p.A.	1	0	1	0	0	0	5	7	12	8	5	13	14	12	26
JPMorgan Chase Bank N.A.	4	1	5	0	2	2	16	15	31	10	6	16	30	24	54
Odea Bank A.Ş.	6	1	7	81	18	99	537	739	1.276	98	83	181	722	841	1.563
Rabobank A.Ş.	0	0	0	3	1	4	7	6	13	16	3	19	26	10	36
Société Générale (SA)	7	0	7	7	13	20	27	32	59	12	2	14	53	47	100
The Royal Bank of Scotland Plc.	0	0	0	4	0	4	14	20	34	10	3	13	28	23	51
Turkland Bank A.Ş.	4	0	4	81	41	122	176	283	459	31	23	54	292	347	639
Türkiye Garanti Bankası A.Ş.	27	1	28	1.886	648	2.534	6.156	10.119	16.275	442	575	1.017	8.511	11.343	19.854
Development and Investment Banks	**233**	**25**	**258**	**498**	**115**	**613**	**2.095**	**1.214**	**3.309**	**694**	**498**	**1.192**	**3.520**	**1.852**	**5.372**
Aktif Yatırım Bankası A.Ş.	3	0	3	56	18	74	301	190	491	52	46	98	412	254	666
BankPozitif Kredi ve Kalkınma Bankası A.Ş.	2	1	3	5	5	10	61	43	104	12	3	15	80	52	132
Diler Yatırım Bankası A.Ş.	0	0	0	2	0	2	3	9	12	1	1	2	6	10	16
GSD Yatırım Bankası A.Ş.	0	0	0	4	2	6	14	9	23	0	0	0	18	11	29

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İller Bankası A.Ş.	144	9	153	289	49	338	1.070	447	1.517	379	230	609	1.882	735	2.617
İstanbul Takas ve Saklama Bankası A.Ş.	3	1	4	19	6	25	112	85	197	33	31	64	167	123	290
Merrill Lynch Yatırım Bank A.Ş.	0	0	0	1	0	1	11	9	20	7	10	17	19	19	38
Nurol Yatırım Bankası A.Ş.	1	1	2	2	1	3	17	11	28	4	3	7	24	16	40
Pasha Yatırım Bankası A.Ş.	0	0	0	1	0	1	10	13	23	4	3	7	15	16	31
Standard Chartered Yatırım Bankası Türk A.Ş.	2	2	4	2	5	7	3	11	14	2	6	8	9	24	33
Türk Eximbank	34	9	43	51	10	61	183	112	295	84	73	157	352	204	556
Türkiye Kalkınma Bankası A.Ş.	34	0	34	48	15	63	222	163	385	70	43	113	374	221	595
Türkiye Sınai Kalkınma Bankası A.Ş.	10	2	12	18	4	22	88	112	200	46	49	95	162	167	329

Source. TUIK- Consult on March 2021

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