



53rd Meeting of EBF Associate Members
**Best Practices and Latest Developments in Turkish
Banking Sector**
30 May 2022, Istanbul

Presentation Content

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Part I: Best Practices



1. Sustainability in Turkish Banking Sector



I. Sustainability

- ▶ In the field of sustainability, our Association develops activities in order both to inform the sector and to develop best practices with international developments. To this end we have established a Working Group on Sustainability with the participation of our members already back in 2009 and we also updated our 2014 Guidelines on Sustainability in Banking Sector in March 2021.
- ▶ **Sustainability Working Group** has the main objective to guide banks to manage the environmental and social predictability, transparency and traceability of their activities in a more systematic way.



I. Sustainability

- Periodic meetings are held with BRSA officials on a monthly basis, where presentations on our members' best practices on sustainability are held.
- In addition, studies for the Preparation of Heat Map Methodologies and Establishment of Green Asset Ratio are carried out based on the BRSA request. For this purpose, we established a working group with BRSA. In this context, consultation meetings are organized with the Banking Regulation and Supervision Agency (BRSA) as well.
- Within the scope of these studies, it is envisaged to prepare a Guide by taking into account international best practices.



I. Sustainability

We organized four webinars regarding below following issues in 2021:

A. Possible effects of risks and opportunities arising from climate change on the banking sector in cooperation with EBF, EBRD, and UNEP FI.

B. EU Green Deal.

C. Sustainable Banking Conference with BRSA



I. Sustainability

- ▶ **“Sustainable Banking and Environment” Distance Education Program**

Two sustainability training modules; basic and advanced, are prepared for banking sector.

- ▶ **Our Association’s Sustainable Banking Website**

A website has been prepared which includes the studies, reports and publications made by national and international organizations and our members in the sector on sustainability.



2. Digitalization



II. Digitalization

Türkiye is very much advanced in electronic banking services and considerable investments are made by the banks for secure client-oriented services. During this process, our Association is constantly updating itself in terms of preparations towards digitalization, information systems and electronic banking services as a whole.

- ▶ As of December 2021, the number of active customers using digital banking transactions reached 78 million. 97 percent of the customers were individual, and 3 percent were corporate.
- ▶ In 2021, the volume of online banking transactions increased by 27 percent to TL 9.6 trillion, while mobile banking increased by 60 percent to TL 15.5 trillion.



II. Digitalization

Some of the current digitalization best practices we can mention within the sector are;

► **Remote Banking**

The Regulation on Remote Identity Detection Methods to be used by Banks and Establishment of a Contractual Relationship in the Electronic Environment has been published. Accordingly, efforts are being made to prepare informative and guiding works for customers on remote banking applications.

In addition, work is continuing for enhancing the capability of SMEs to acquire customers remotely.

For full digitalization of banks, the regulatory framework is further enhanced with participation of wider base of stakeholders and it is about to be completed.



II. Digitalization

▶ Remote Customer Acceptance

The banking sector started to accept remote customers as of May 1, 2021. 2.9 million customers applied during the eight months from May to December 2021 and 0.8 million of these applications were approved. 1 million customers were accepted through remote application and courier delivery methods during the same period. 5.6 million Customers were accepted from branches and 0.9 million customers were accepted through bulk acquisition during the same period.



II. Digitalization

► **Deposit and Participation Scheme for Non-Resident Turkish Citizens (YUVAM) TL Accounts**

Studies on remote identification for YUVAM accounts were carried out and submitted to the BRSA. “Regulation Amending the Regulation on Remote Identification Methods to be used by Banks and the Establishment of Contract Relationship in Electronic Environment” (Regulation) has been published.



II. Digitalization

We are working with public sector for regulatory environment around different aspects of open banking.

► **Open Banking Applications**

A comparative work on the regulation of Open Banking activities in accordance with the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions No. 6493 and the sub-regulations was completed. The detailed report prepared as a result of the study was shared with the CBRT, BRSA and banks. In parallel, efforts to inform citizens about Open Banking continue.



II. Digitalization

Open Banking Services Draft Communiqué was prepared together with our Banks and submitted to the BRSA. In addition, studies on Open Banking were carried out in three areas: administrative, technical and legal, and the results were submitted to the BRSA.

Based on the CBRT's request, studies on the details of remuneration in banks and open banking continue.



II. Digitalization

Fighting Potential Fraud during Digitalization

- In close collaboration with the banks and the BRSA, we are working on a Fraud Alert Form for systematic reporting of fraud cases.
- Our Association has prepared an e-book titled "Fraud Actions and Protection Methods" in order to raise awareness about fraudulent activities that have increased due to the widespread use of digital channels in recent years and to inform the public about the security measures that can be taken for them.

The book, which is added to the website of our Association can be accessed at www.tbb.org.tr/Content/Upload/Dokuman/7328/TBB-Dolandircilik-Eylemleri-veKorunma-Yontemleri.html.



PART II: Latest Developments Overview



Latest Developments

► Framework Agreements on Financial Restructuring (FAFR)

Pursuant to our Banking Law and the associated laws and regulations, our Association prepared four framework agreements for large scale and small scale in order to improve payment capabilities of the customers willing to pay their debts, but who fail to fulfil their performance on time due to different reasons, banks and other financial institutions, individually or collectively.

Within the scope of FAFR, large-scale and small-scale applications, amounting to a total of TL 98.9 billion loans (USD 6 billion) were structured with 323 companies. In addition, our Association establishes Arbitration Committees within the scope of Framework Agreements upon the applications of the Creditor Institutions and the applications are finalized. Currently, 26 applications have been received.



Latest Developments

► Global IBOR and TLREF Project

As it is known, within the framework of the benchmark interest rate reform carried out by the Financial Stability Board (FSB), the British Financial Management Authority (FCA) has announced that it will not support LIBOR as of the end of 2021, and following this decision, studies have been initiated by the institutions that set the standards to determine alternative reference interest rates.

The IBOR transition process and Turkish Lira Overnight Reference Rate (TLREF) works conducted by the TLREF National Working Committee in coordination with international institutions as part of the benchmark reform have been completed.



Latest Developments

- ▶ We made a Public Announcement on the Transition Timeline to TLREF. In this context, the following timeline has been set for ending the Turkish Lira Interbank Offer Rate (TRLIBOR) and transition to the Turkish Lira Overnight Reference Rate (TLREF):
 - Last publishing date for TRLIBOR: 30 June 2022
 - TRLIBOR/TLREF transition spread announcement: 1 July 2022
 - Transition of active TRLIBOR-indexed transactions to TLREF: 1 July 2022
- ▶ We also made a Public Announcement on The Banks Association of Türkiye Board of Directors “The IBOR Transition Process and TLREF Works” Recommendations.



Thank you for your kind attention

