

PARTICIPATION BANKS

A Success Story of Financial Inclusion in Turkey

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AGENDA

- Financial Inclusion: Definition and Facts
- Islamic Banking in the World: Facts and Figures
- Participation Banking in Turkey: Facts and Figures
- Conclusion

Financial Inclusion: Definition

- The delivery of financial services and products at affordable costs to sections of disadvantaged and low-income segments of society,
- The antonym of financial inclusion is financial exclusion where those services are not available or affordable.

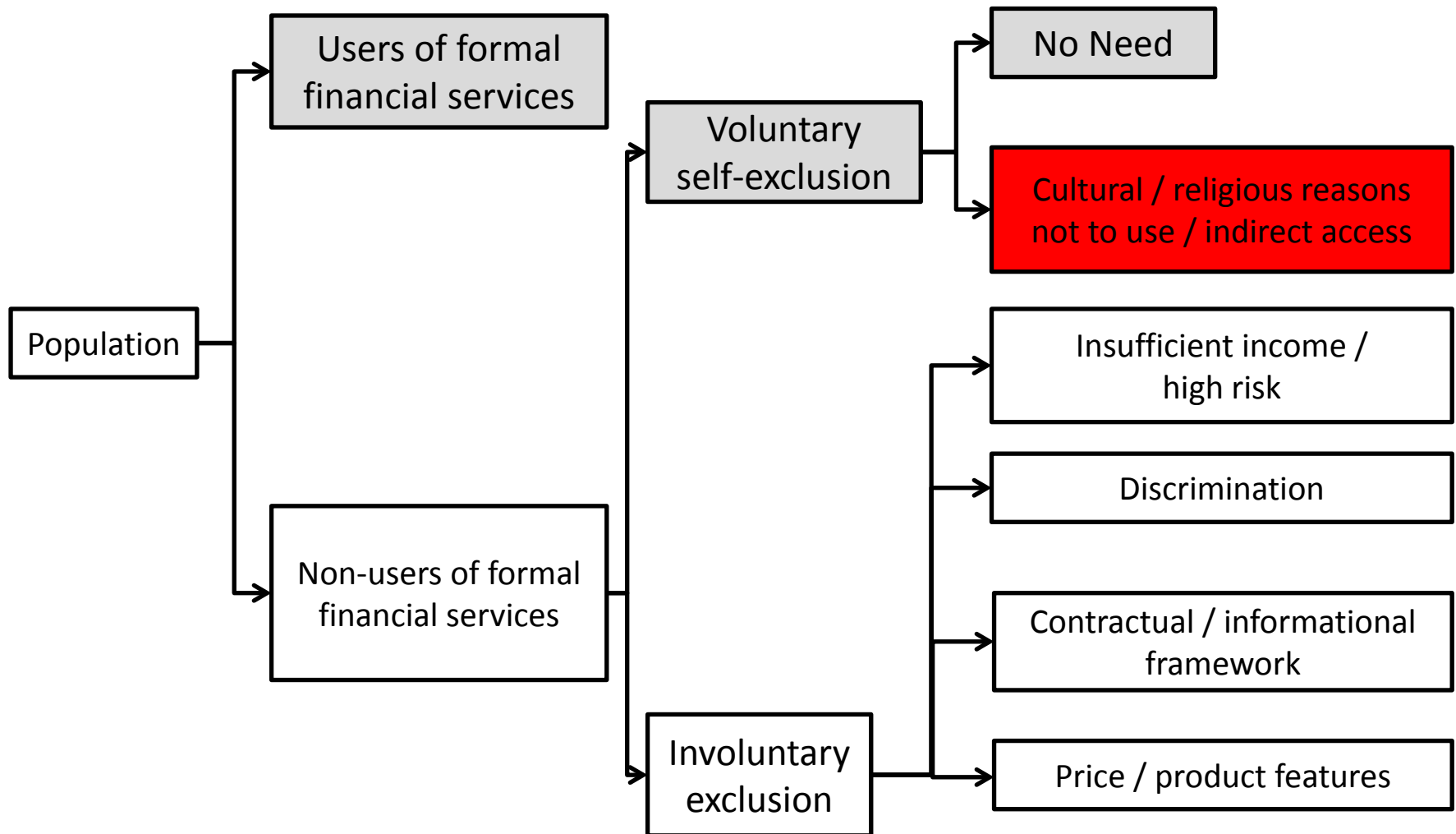
Financial Inclusion: Facts

- Half of the World is unbanked
- Proportion of the Muslim population using financial services is less than their non-Muslim counterparts
- Financial exclusion rate is currently 47% in Turkey.
- Microfinance loans business is almost untapped in Turkey. The volume of microfinance loans is around USD 5 Million per annum.

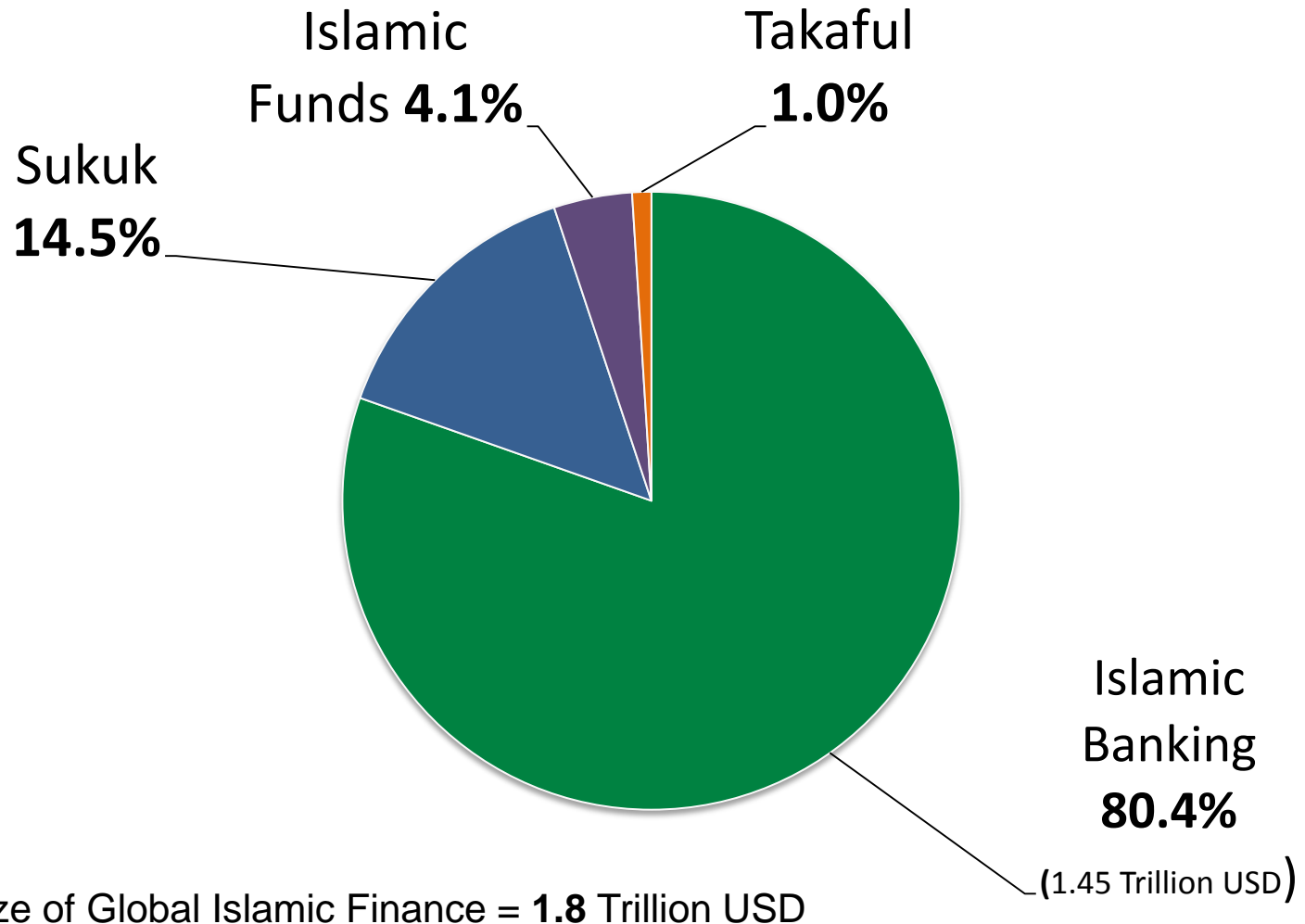
Financial Inclusion: Why?

- There is a strong positive correlation between financial inclusion and GDP per capita
- It is a strong tool to alleviate poverty
- It is an important parameter for economic development and growth of a country
- It curtails unregistered economy

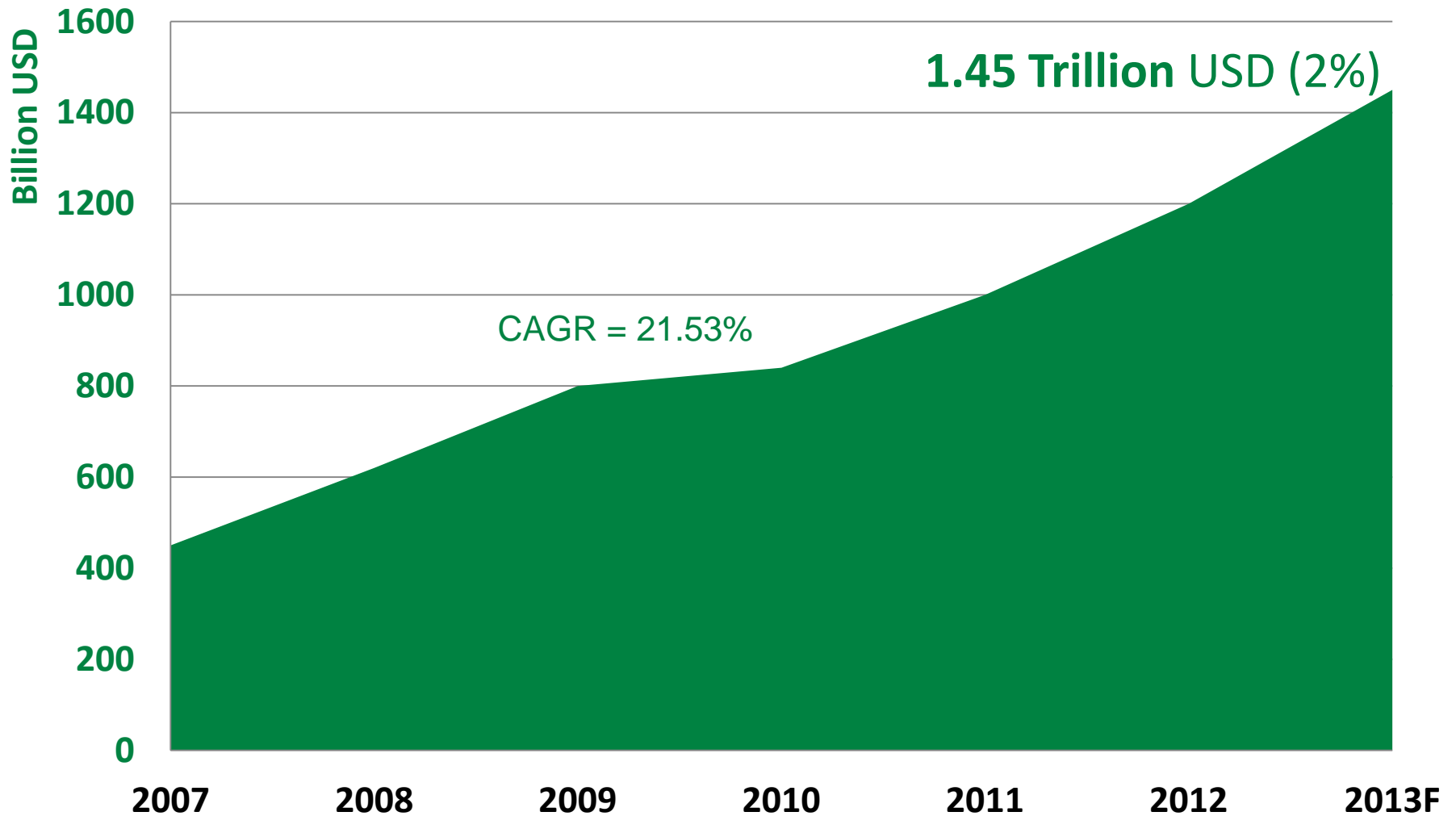
Financial Exclusion: Why?



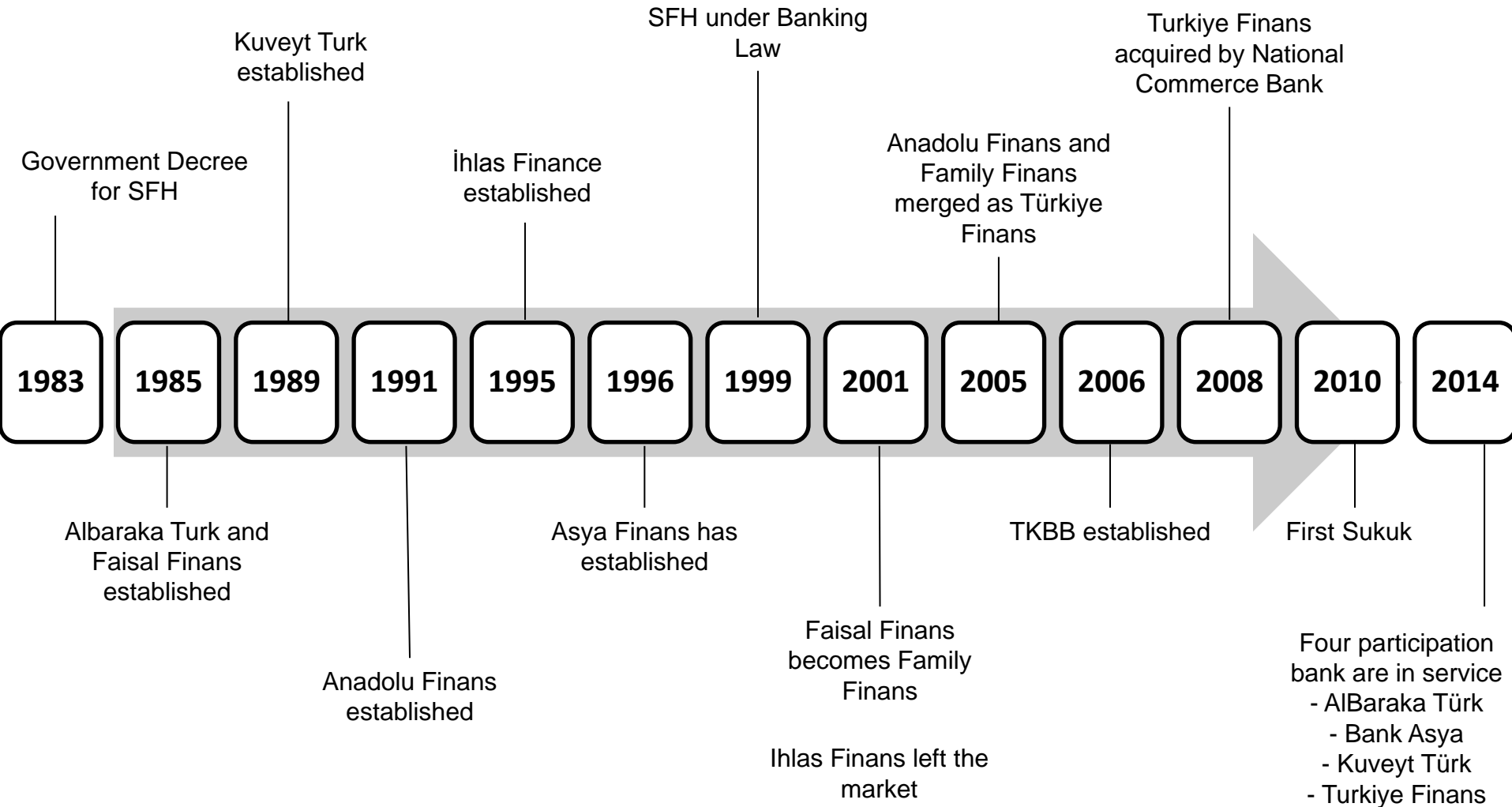
Islamic Banking in the World



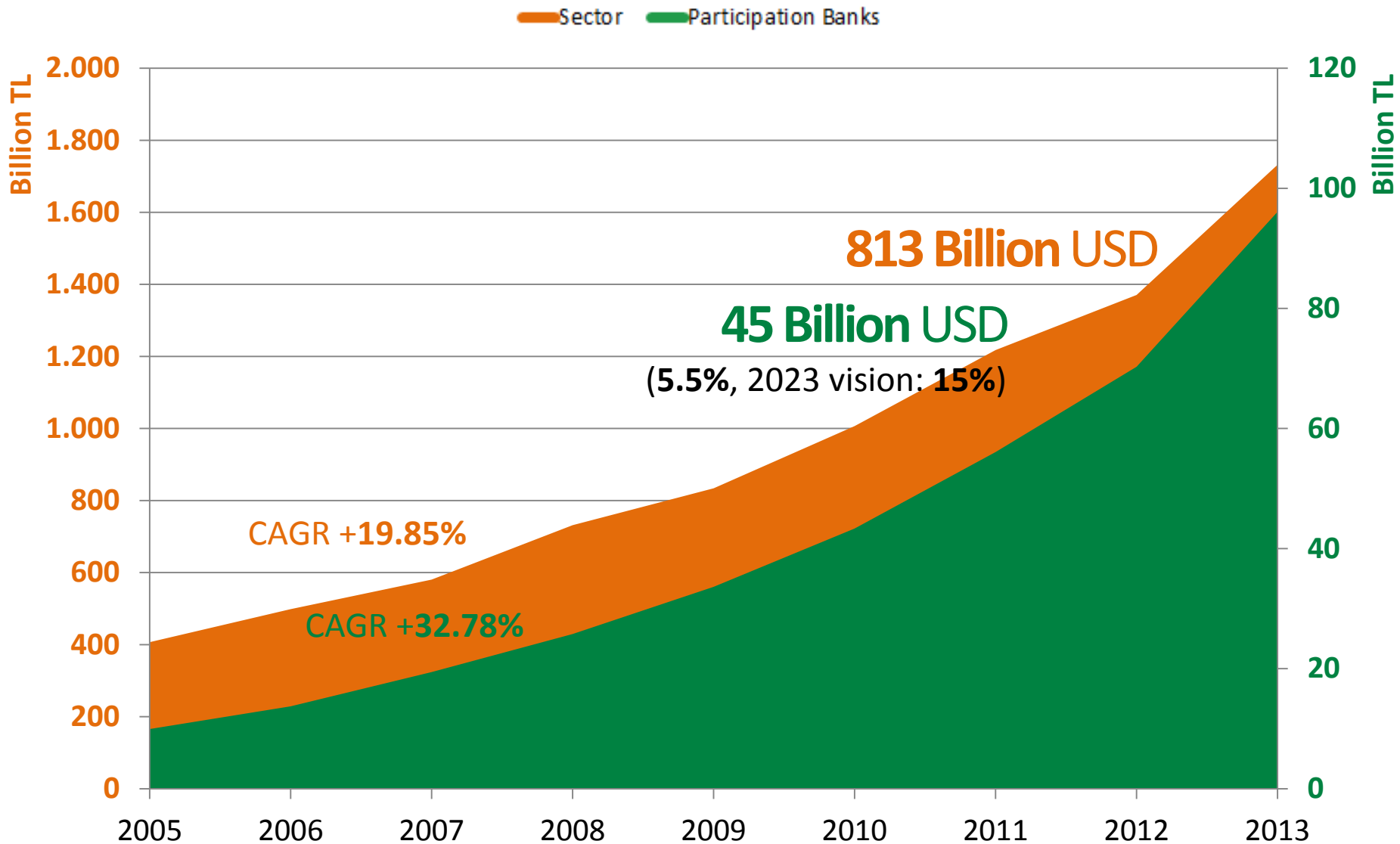
Islamic Banking Assets in the World



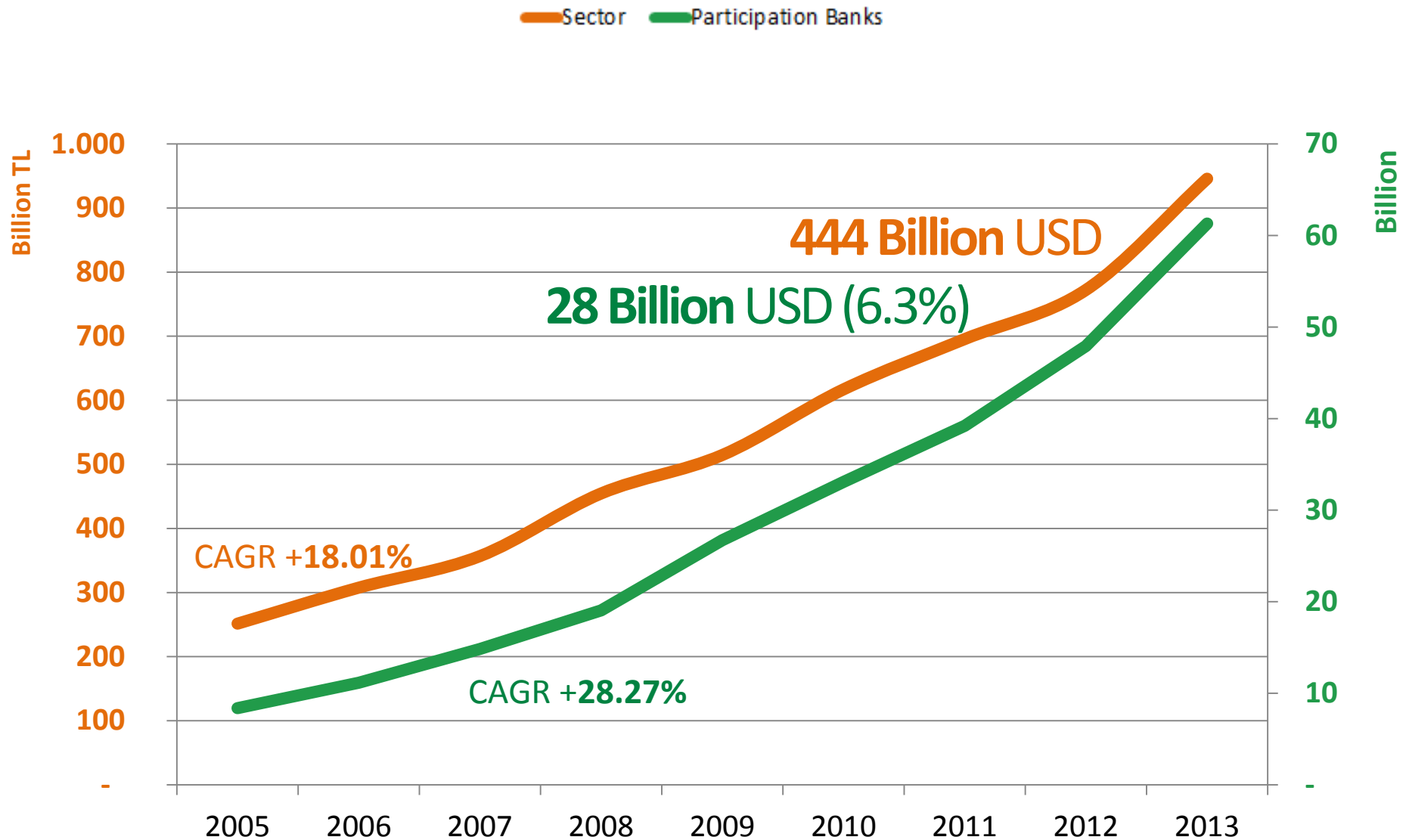
History of Islamic Banking in Turkey



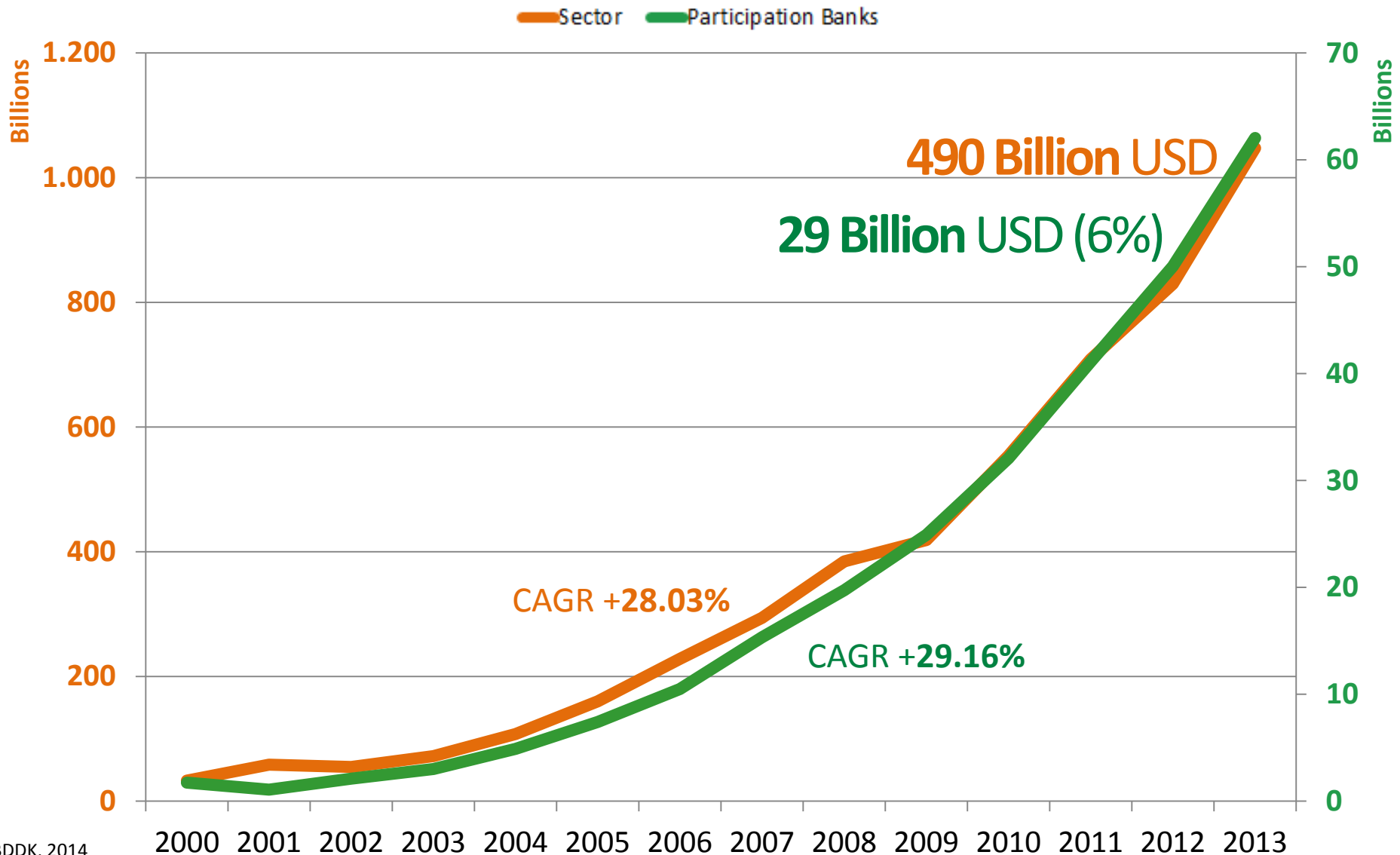
Participation Banks in Turkey (Assets)



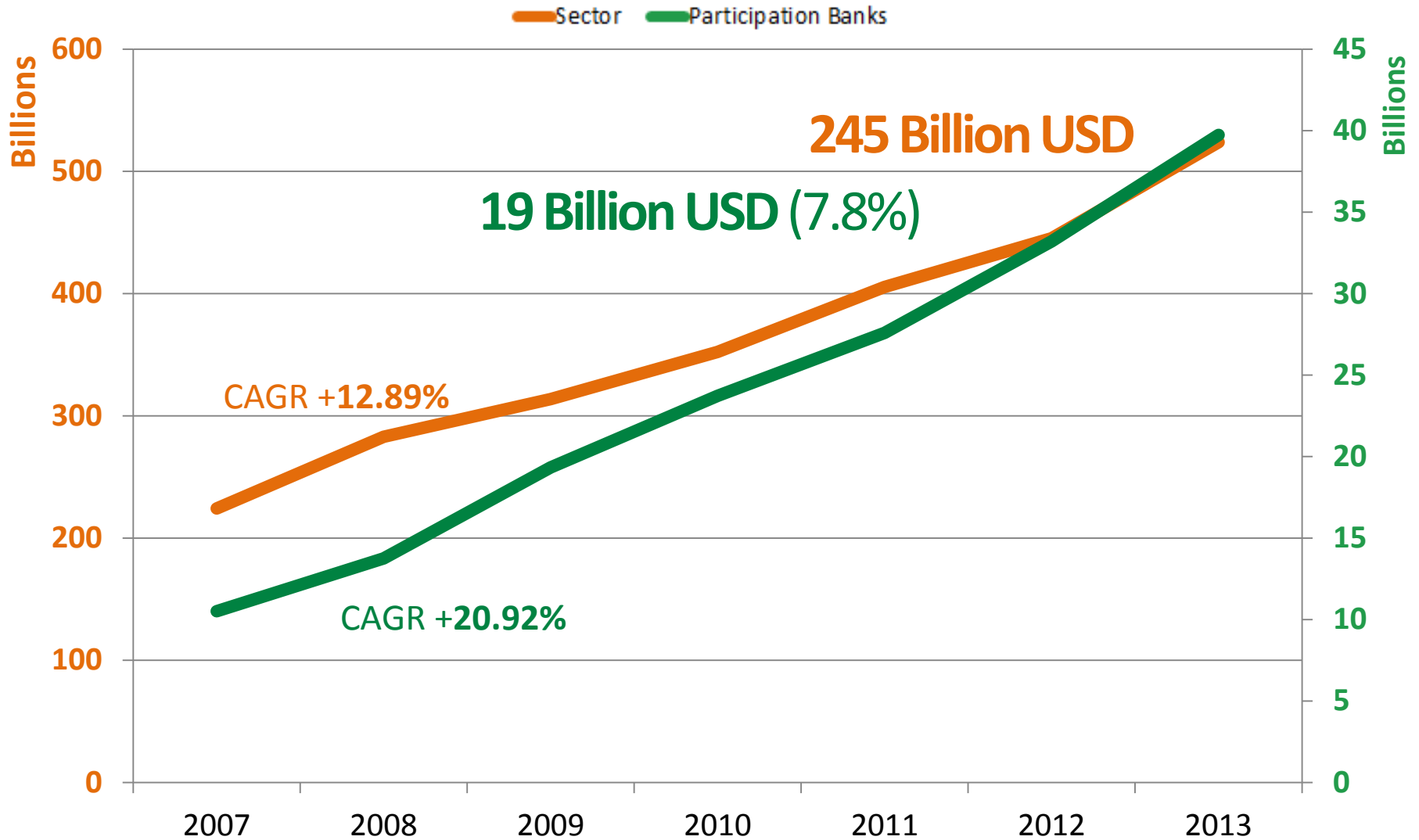
Participation Banks in Turkey (Deposits)



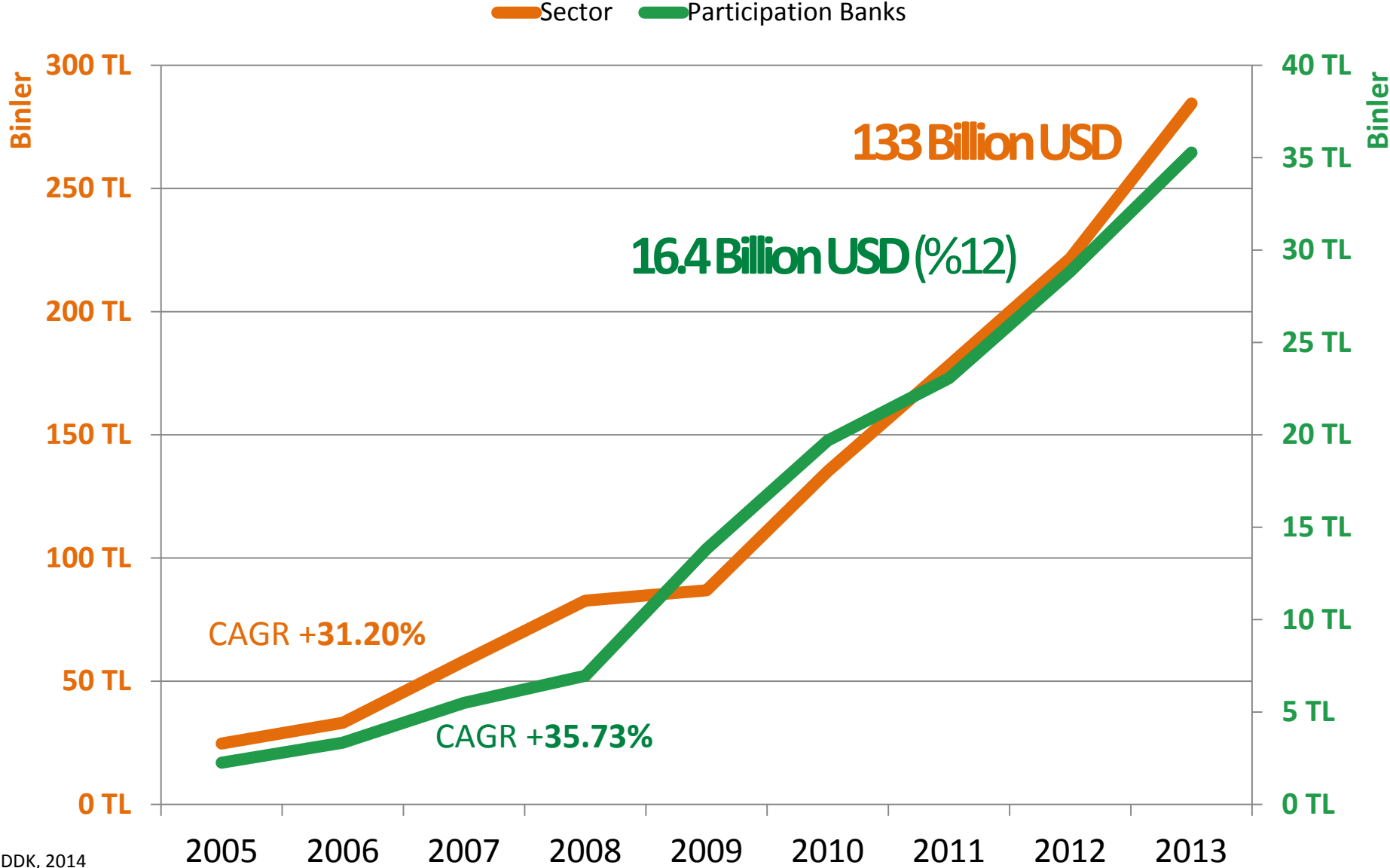
Participation Banks in Turkey (Loans)



Participation Banks in Turkey (Saving Deposits)

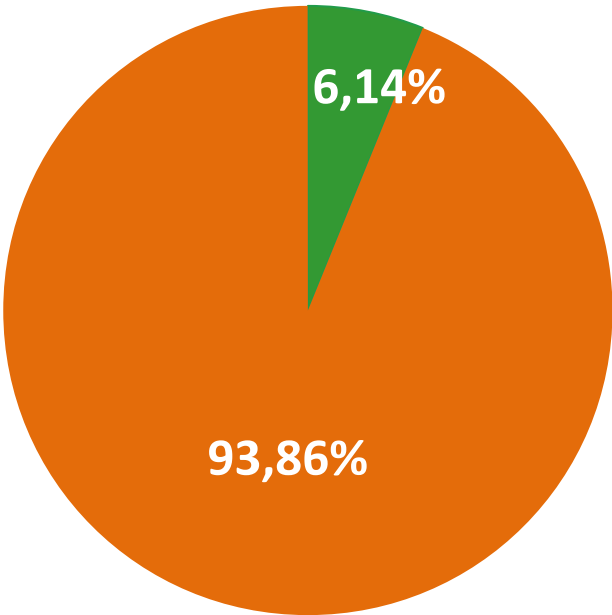


Participation Banks in Turkey (SME Loans)



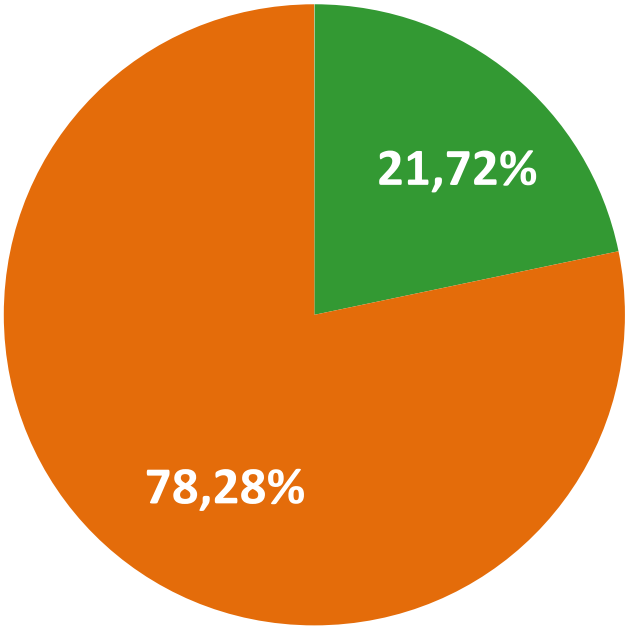
Participation Banks in Turkey (Gold Deposits)

Non-Gold Deposits



Gold Deposits

200K Gold Customers

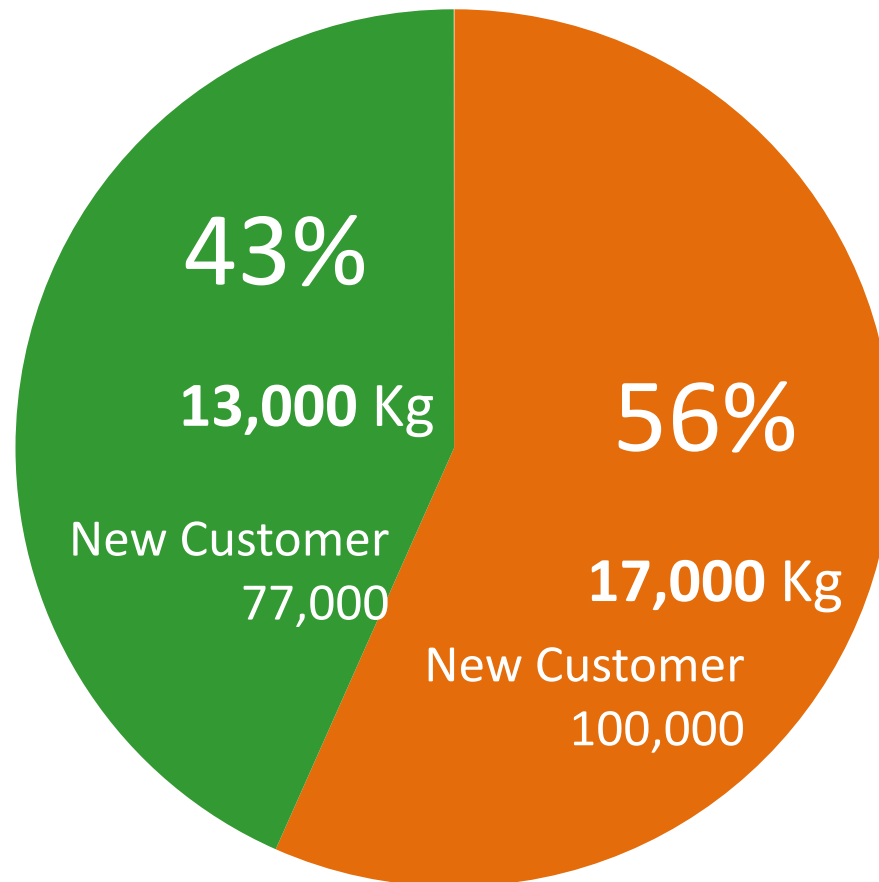


■ Islamic Banks

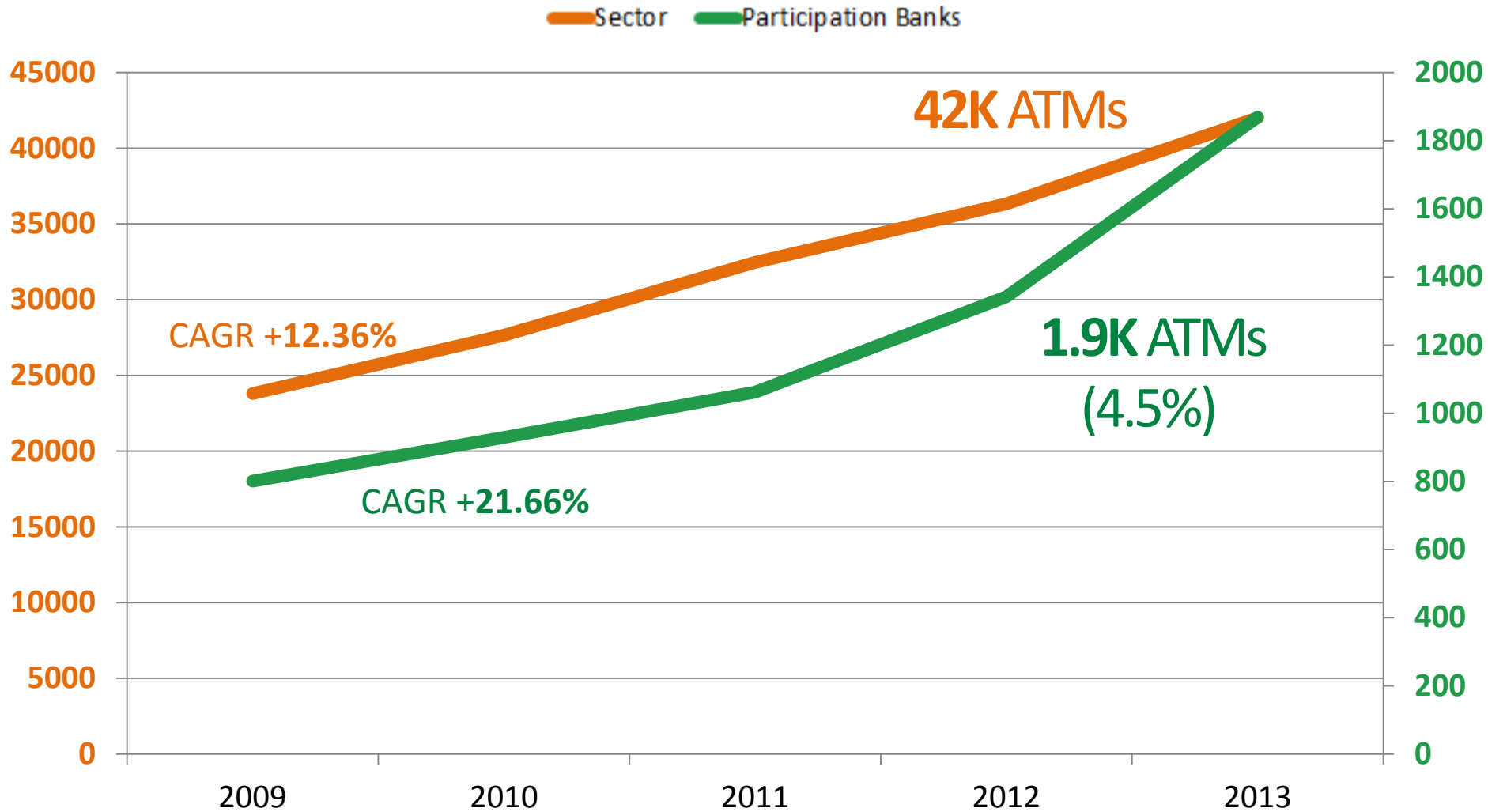
■ Conventional Banks

Participation Banks (Scrap Gold Collection)

■ Conventional Banks ■ Participation Banks

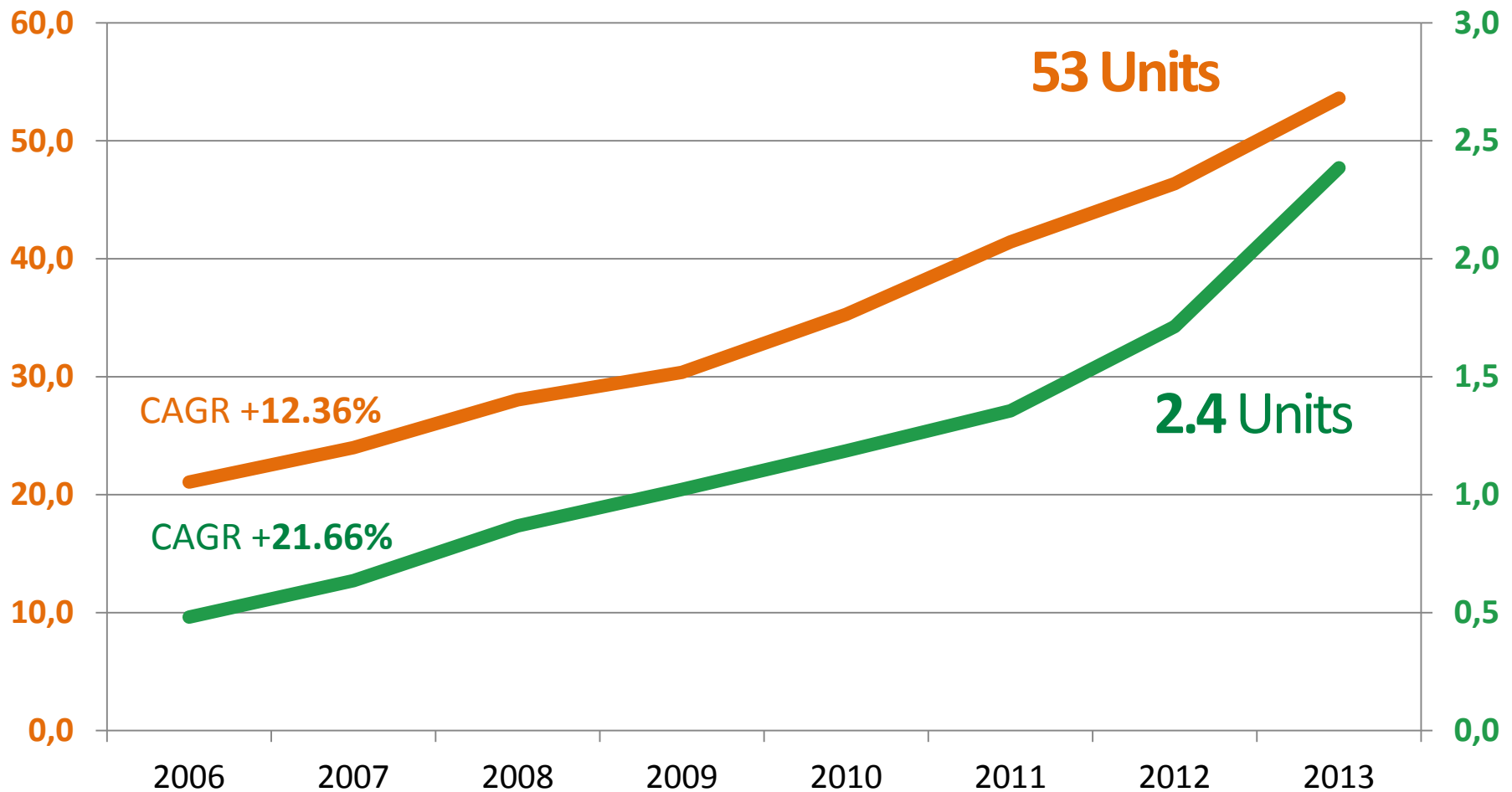


Participation Banks (ATM)

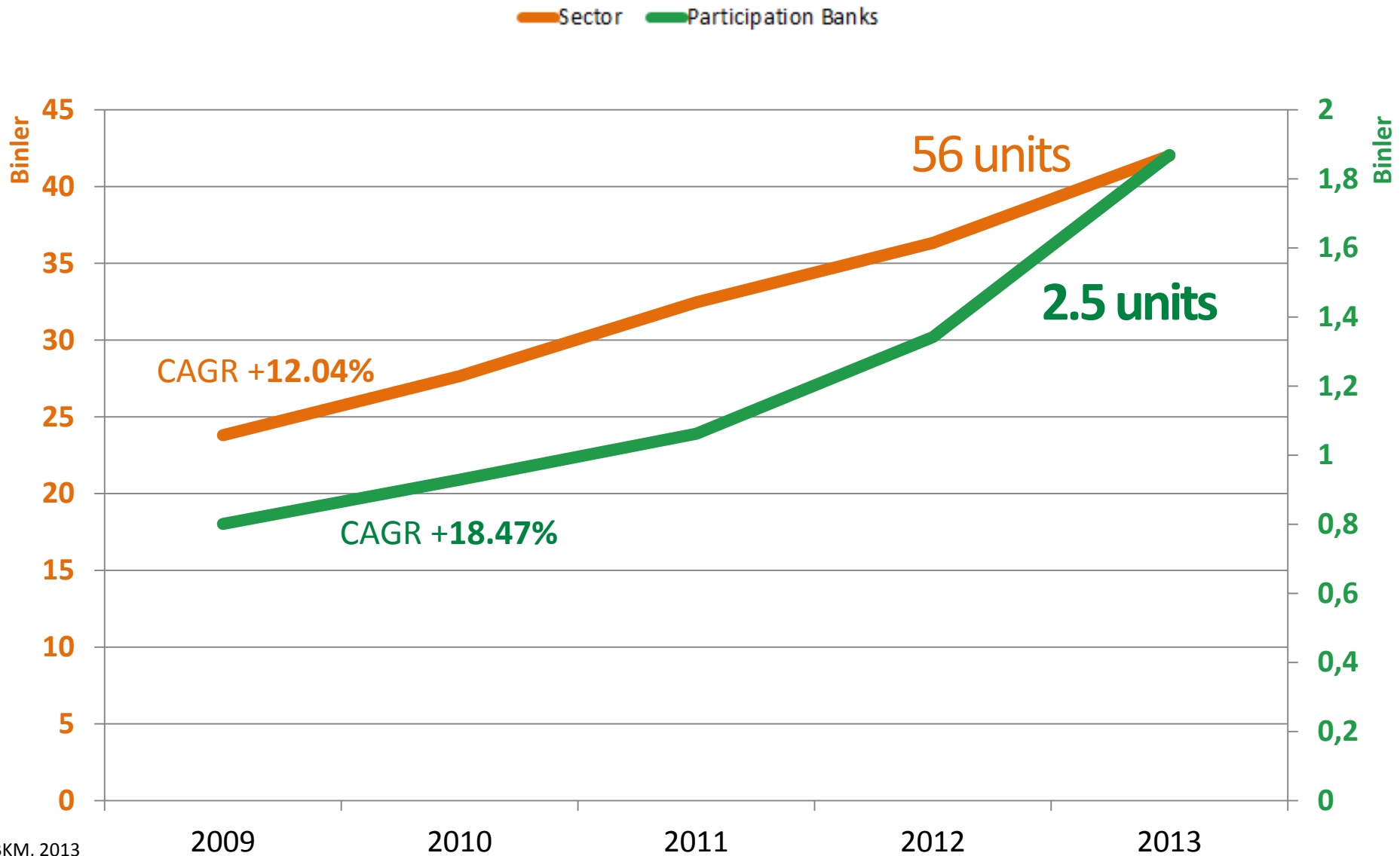


Participation Banks (ATM per 1,000 km²)

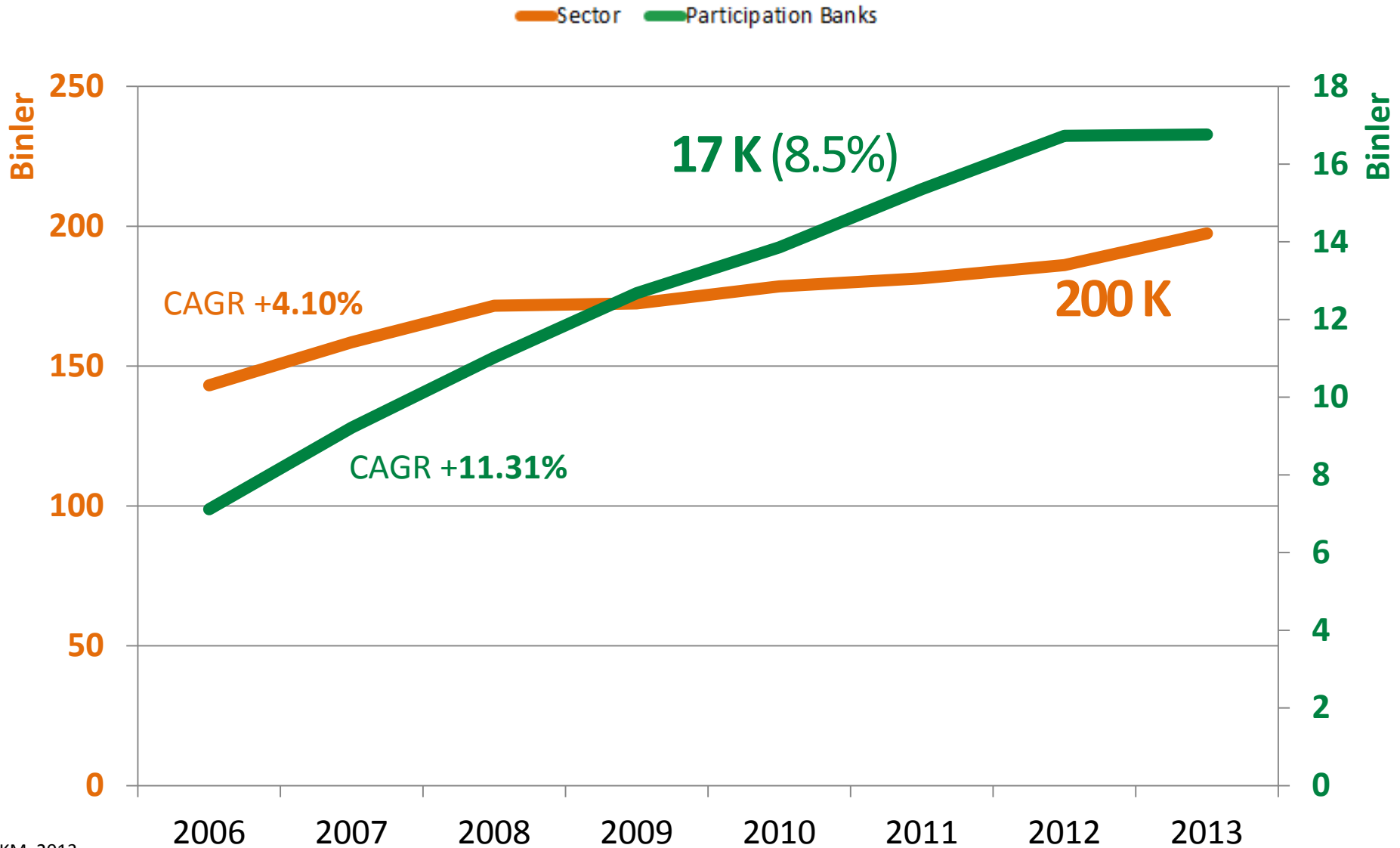
— Sector — Participation Banks



Participation Banks (ATM per 100,000 People)

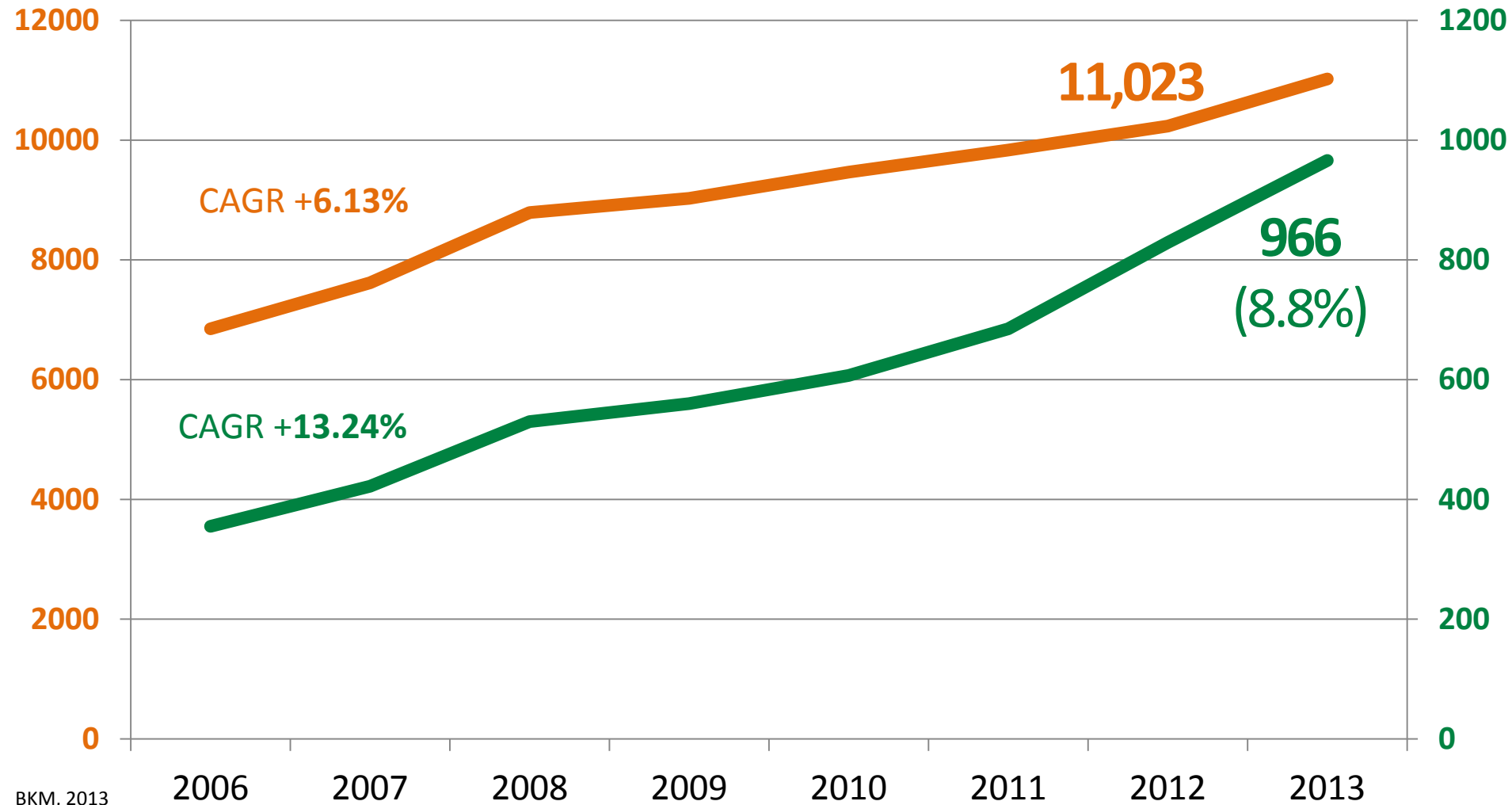


Participation Banks (Staff)

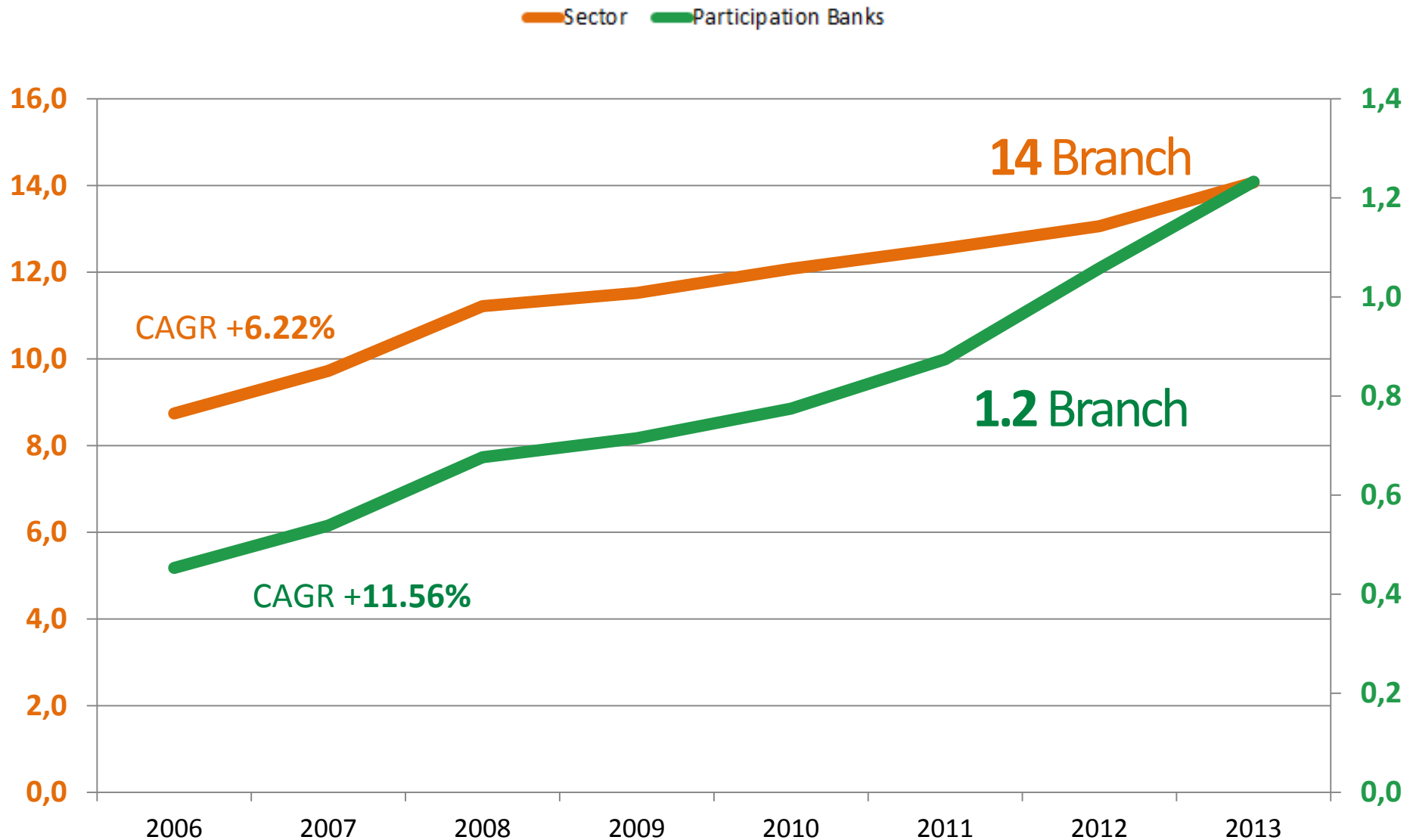


Participation Banks (Branch Network)

Sector Participation Banks

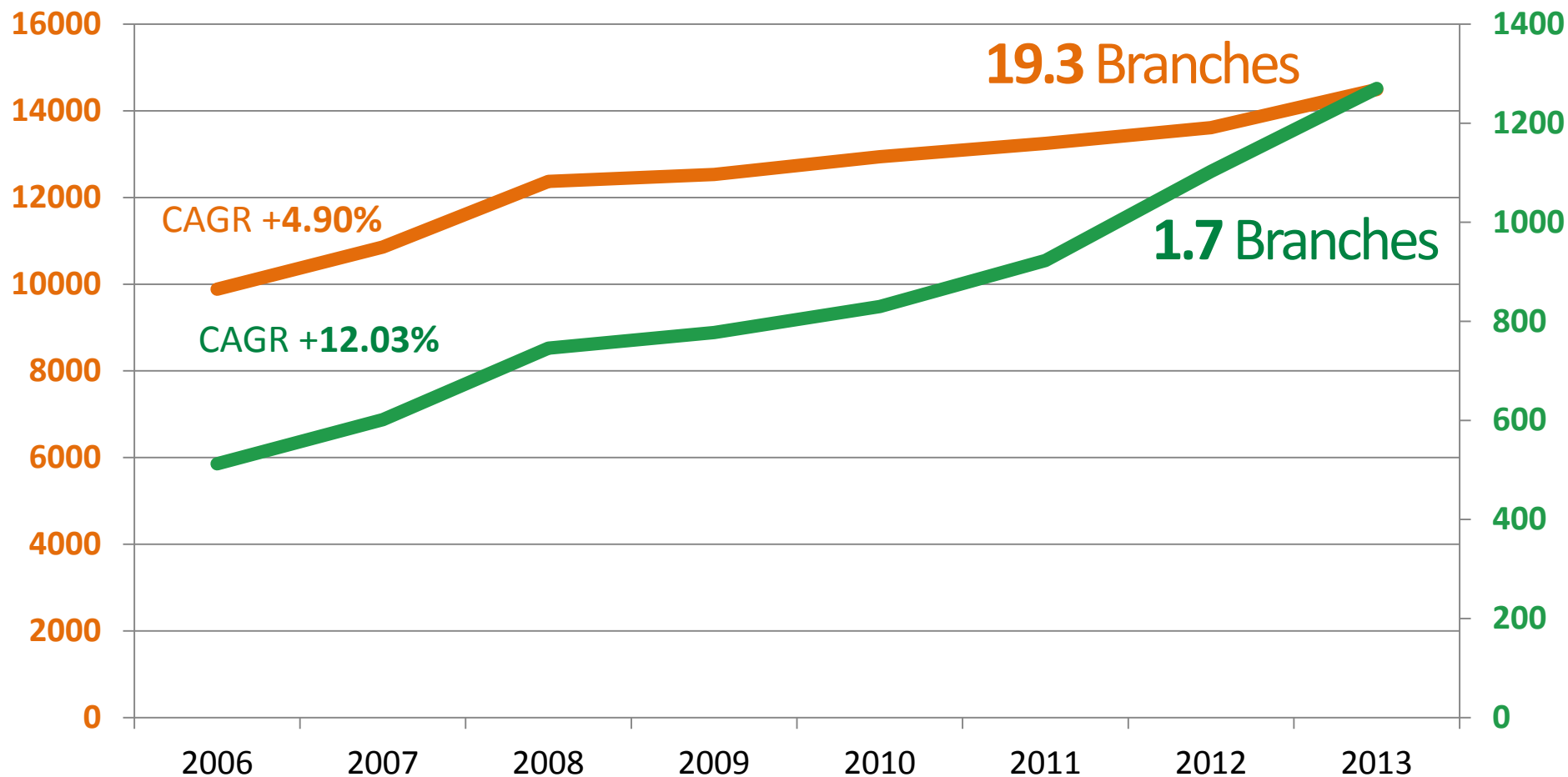


Participation Banks (Branches per 1,000 km²)

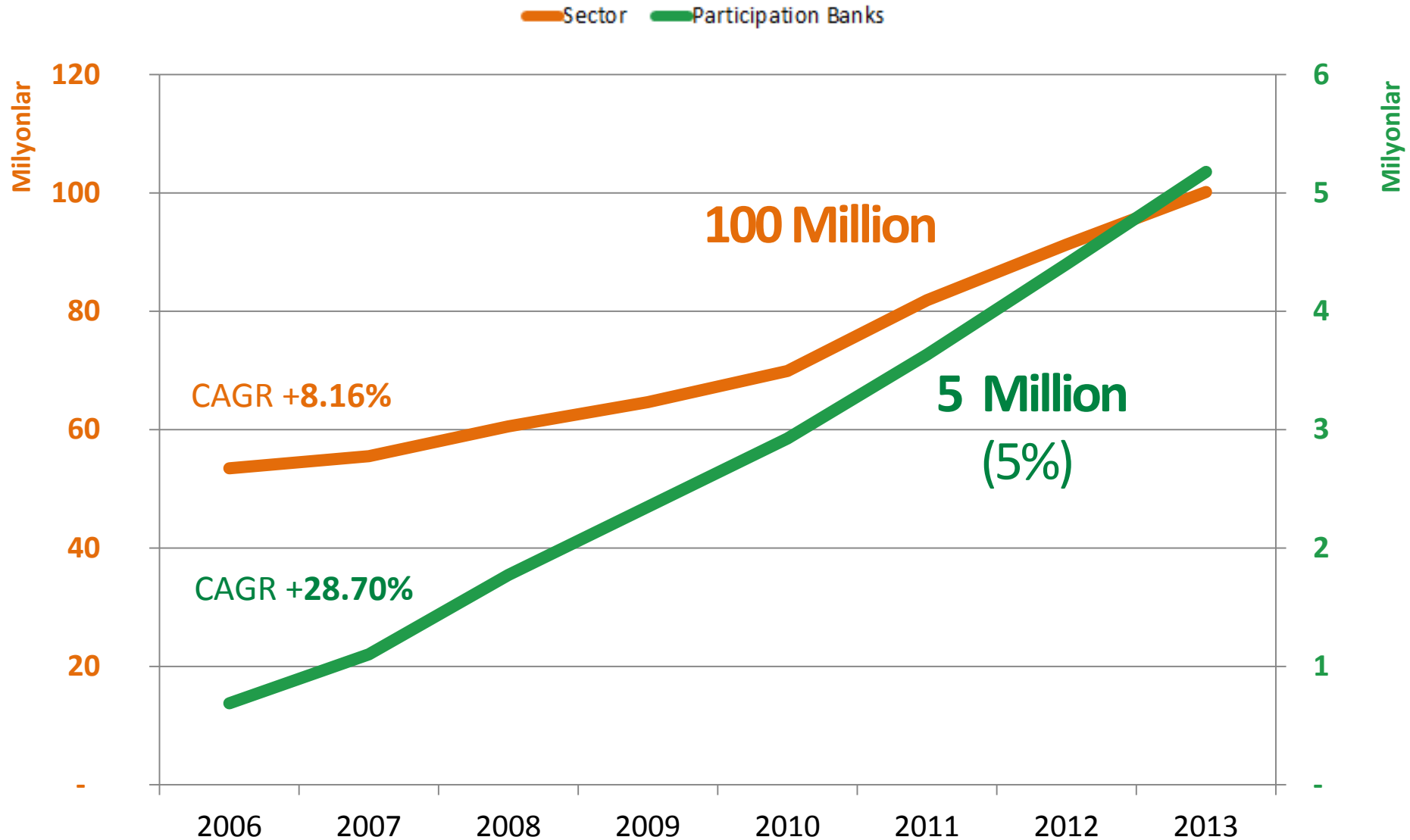


Participation Banks (Branches per 100,000 People)

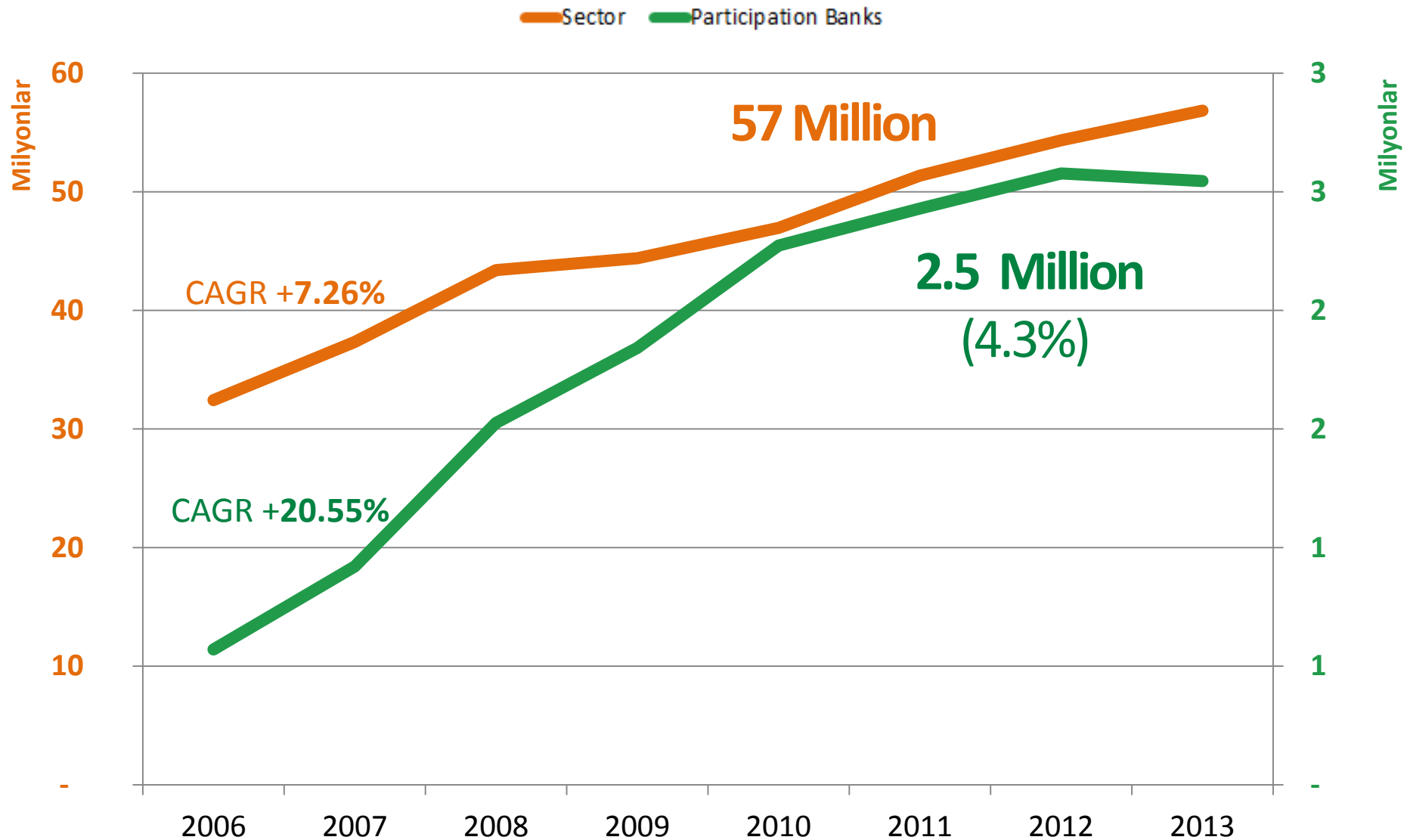
— Sector — Participation Banks



Participation Banks (Debit Card)

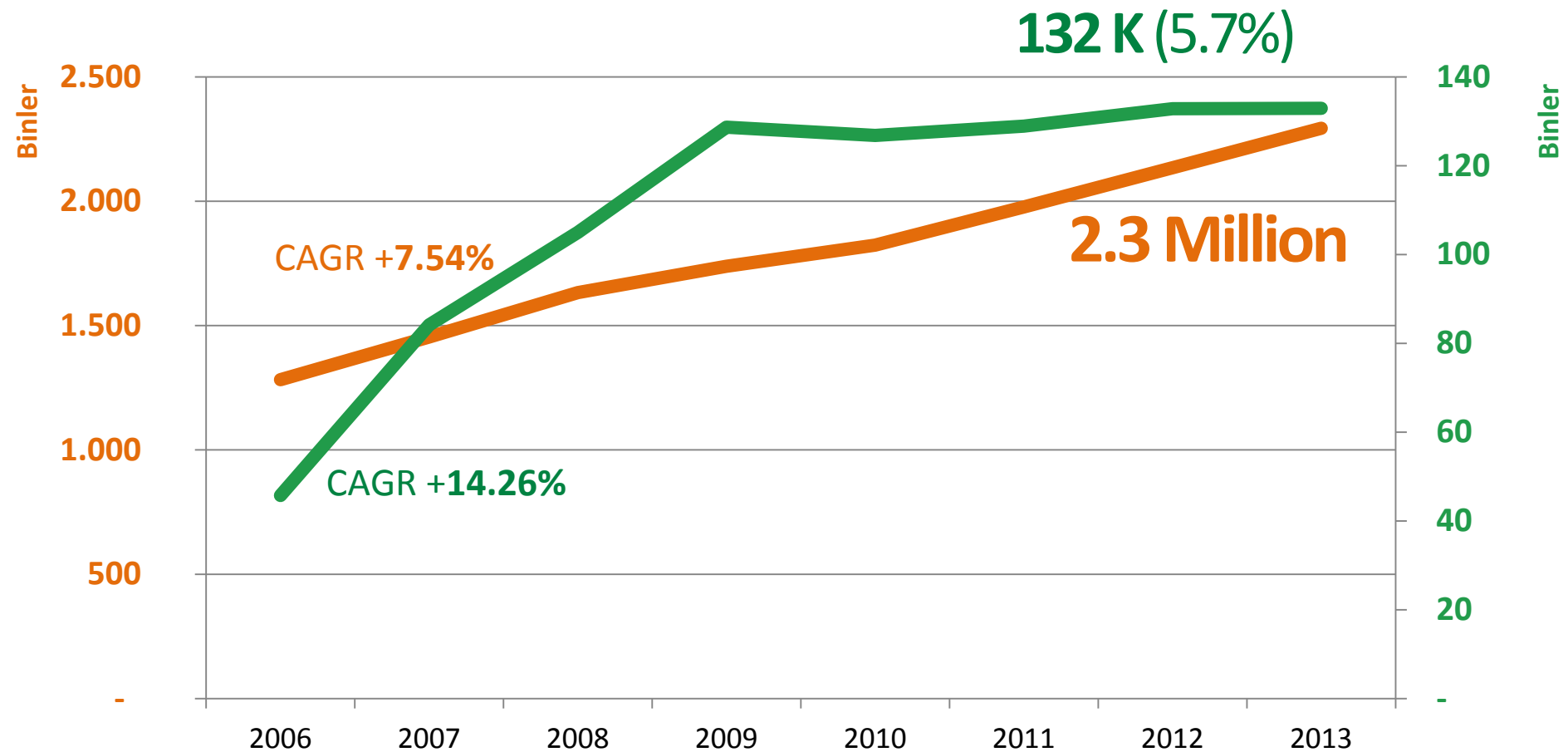


Participation Banks (Credit Card)



Participation Banks (POS Terminals)

Sector Participation Banks



Conclusion

- Without appropriate regulations and ethical approach to financial inclusion, undeserved consumer may become overdebted. Remember subprime mortgage crash in US.
- Financial inclusion is to create an environment for disadvantaged people to access financial services if they need, it is not to force them to become overbanked.
- Participation Banks in Turkey have great potential to embrace a big deal of unbanked people with solid and ethical Islamic Banking arguments
- The most ignored part of financial inclusion tools is microfinance loans in Turkey

Thank You