



The Turkish Banking Sector

Caught Between Economic Performance and Political Patrons

Current trends in the wider Turkish commercial environment indicate growing concerns about political exposure. Banking is one such sector that is experiencing political interference vis-à-vis the interests and broader political agenda of President Erdoğan. The nature of political exposure in the banking sector is not altogether straightforward but incorporates various dynamics. For example, some Turkish banks have increasingly become tied to political decisions made in Ankara – ostensibly through individuals in their own structures that are AKP-loyalists. Further, the economic viability of banks is being tested, particularly those that are tied to the President's circle, and who are directed to act as guarantors of large (politically-linked) infrastructure projects.

Publication Date: 7th February 2018





Table of Contents

<u>THE TURKISH BANKING SECTOR: CAUGHT BETWEEN ECONOMIC PERFORMANCE AND POLITICAL PATRONS</u>	<u>2</u>
THE TOP 5 BANKING POWER PLAYERS	3
ZIRAAT BANKASI	3
TÜRKİYE İŞ BANKASI	4
GARANTI BANK	5
YAPI VE KREDİ BANKASI	6
HALKBANK.....	7
PROFILING THE BANKING SECTOR	8
LEGAL AND BANKING REFORMS AS INFORMAL MECHANISMS	9
BANKING REFORMS.....	10
EMPOWERING REGULATORY AGENCIES.....	10
POLITICAL EXPOSURE AND POWER ACCUMULATION.....	11
BANKS AND AKP ECONOMIC POLICY: INFORMAL MECHANISMS AT PLAY	11
FROM BOOM TO CRONY CORRUPTION	12
INFRASTRUCTURE PROJECTS.....	12
NATIONAL WEALTH FUND.....	14
TURKISH BANKS À LA CARTE	14
HALKBANK'S IRANIAN AFFAIRS	14
THE CASE OF BANK ASYA	16
"OPPOSITION" TRIGGERS AN UNCERTAIN FUTURE.....	17
BANKING FOR A POLITICAL AGENDA?	17