

BUILDING MARKETS BUSINESS SURVIVAL GUIDE #1

BANKING PRACTICES IN TURKEY

The information presented in this document has been compiled as a guide for businesses and foreign investors looking to do business in Turkey. Rules, regulations and incentives are subject to change without notice. Always check with the information source to confirm authenticity before making any financial decisions for your business.



Banking Laws & Regulations

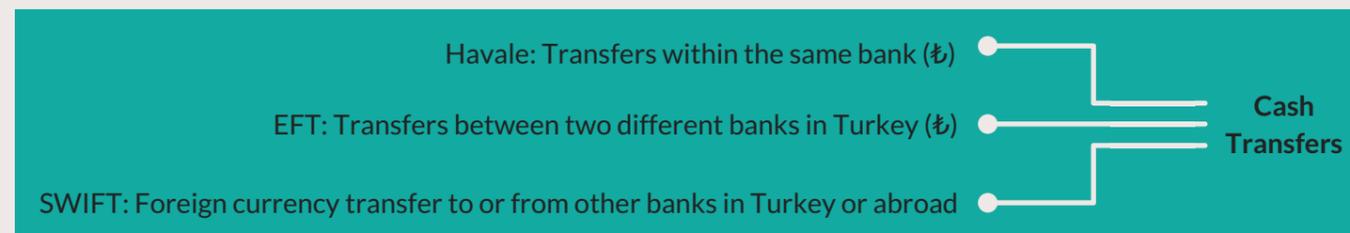
All 47 foreign and domestic banking institutions in Turkey are subject to Turkish Banking Law and are accountable to Turkey's Credit Bureau, which ensures financial transparency and accountability.

Day-to-Day Banking Transactions

If you're struggling to understand the day-to-day banking practices in Turkey, this section will provide more details on the most common transactions you or your business can do with banks.

Cash Transfers

These types of transactions involve the transfer of money from one account to another. These transfers can be used to pay rent, bills, or other services.



- You can transfer money from mobile applications, online tools, or by using an ATM. If you use one of these methods, the transfer fee is cheaper than transferring money at bank branches.
- To avoid higher fees, make transfers using the bank's mobile application, website, or ATM, and only make EFT transfers between 9am - 4pm.
- At Turkey's largest banks, if you set up an automatic payment for at least one of your bills (electricity, gas, etc.), then you can pay all of your bills without paying extra transfer fees.

Checks

A traditional check is a written, dated, and signed order from the drawer that instructs a bank to pay that sum of money to a payee. In Turkey, it is very challenging to open a checking account and most banks only offer checking services to businesses.

- Barcode Check (Karekodlu Çek): Because of the problems with check fraud in Turkey, this is more useful than a traditional check because you are able to scan its barcode with your mobile phone and get verified information directly from the bank to determine its validity.
- Bounced Check: If a check has been returned it means that there was not enough money in the origin bank account to cover the check.
- Cashing a check early: This is an option for those that need the cash quickly, before the date indicated on the check. Factoring firms are able to cash checks early, for a small commission fee. However, you always need to ensure that you do these types of transactions through registered, verified factoring firms (which are most times banks).

Do you need a loan?

Do you need to take out a loan to either start a new business or grow your current one? In Turkey, there are many different loan options for business owners.

Commercial Loans

Before applying for a commercial loan, compare the interest rate, commission fees, and repayment terms of different financial institutions. For the application, you will need:

- Tax registration certificate
- Balance sheet
- Trial Balance
- Authorized Signatory List
- Registration of Turkish Trade Registry Gazette
- Valid resident permit
- Credit Score

Types of Loans

Secure loans can be taken from all banks in Turkey and they require some collateral from the borrower. There are five types of secure commercial loans in Turkey:

1. Cash Mutual Commercial Credits (Karşılıklı Nakdi Ticari Krediler): Borrowers must deposit a certain amount of money before they give the loan and the deposit is blocked until the loan is paid back.
2. Check & Note Credits (Çek-Senet Karşılığı Krediler): Borrowers must sign a contract with the bank, if they break their loan agreement, they are required to pay a fine.
3. Commodity Loans (Ticari Krediler): Borrowers will need to put up items that their businesses own as collateral (i.e. computers, supplies, etc.).
4. Real-Estate Loans (İpotek Karşılığı Krediler): Borrowers need to put up any property they own as collateral.
5. Machinery & Equipment Loan (Makine / Ekipman Karşılığı Krediler): Borrowers need to put up machines or equipment owned by their business as collateral.

Non-cash loans are guarantees that a bank can provide to demonstrate that you will be able to execute contractual agreements.

1. Letter of Guarantee (Taminat Mektubu): The bank will make a commitment on behalf of the business that if the contract is not carried out, the bank will be accountable to deliver the agreed upon payment.
2. Letter of Credit (Akreditif): If you want to buy a product abroad, this is a guarantee from the bank that they will accept the import on behalf of their client.

Overdraft loans are short-term loans where you withdraw money from your account. The amount that you can withdraw depends on your bank and needs to be paid back by the end of the month. For example, if you overdraw on the 4th day of the month you will need to pay 26 days of interest but if you overdraw on the 18th day of the month you will need to pay 12 days of interest, etc.

Leasing is when someone else purchases assets (i.e. factory equipment, vehicles, etc.) for you and you must pay a rental fee to use those assets during the contract period.

References

1. For more information on banking laws and regulations visit: <https://www.tbb.org.tr/english/TBBBrosur10032005englishi.pdf>
2. For more information on cash transfers visit: <https://www.akbank.com/havale-eft>
3. For more information on checking visit: <https://www.kkb.com.tr/hakkimizda>
4. For more information on applying for a loan in Turkey visit: <https://www.nkolayofis.com/ticari-kredi-nedir-nasil-alinir/>
5. For more information on your financing options visit: <http://www.invest.gov.tr/en-US/investmentguide/investorguide/Pages/FinancingABusiness.aspx>
6. For more information on factoring and leasing visit: <http://www.rtsfinancial.com/guides/what-factoring>