

A Syrian Business Hub in Fatih

The Ancient Heart of Istanbul



SME Snapshot, June 2021

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Introduction and Highlights

This edition of Building Markets' small and medium-sized enterprise (SME) Snapshot takes an exclusive look at Syrian enterprises doing business in Fatih, the oldest neighborhood in Istanbul. This analysis is based on regularly updated surveys with 242 SMEs in the neighborhood. It also benefits from a unique survey of 43 businesses in Fatih that Building Markets interviewed about the effects of the COVID-19 pandemic in the summer of 2020.

COVID-19 hit this market hard. Before the pandemic, many businesses in Fatih did not incorporate digital technology into their operations. While the economy had re-opened at the time of Building Markets' survey, almost 9 in 10 (86%) businesses reported lower sales in the previous 30 days compared to the same time period in 2019. Slightly more than half (51%) cited difficulty accessing customers, thus highlighting the slow recovery for many industries in the neighborhood. Among the surveyed businesses, 70% reported spending their savings in the previous 30 days to cover living expenses. For more on the effects of COVID-19 on Syrian businesses in Turkey, read our full report [here](#).

The vast majority of the 2,000 SMEs in Building Markets' Turkey network (98%) are owned by and employ Syrians. Although Syrian business owners face unique challenges, they have the potential to be significant job creators. In 2017, for example, Building Markets found that Syrians had invested more than \$330 million USD in capital into more than 6,000 new enterprises in the country, and were employing nearly 10 people on average.

Look for our next SME Snapshot in July 2021, which will focus on Syrian export businesses in Turkey.



Spotlight: Fatih



Fatih is located in the part of Istanbul that is named after the Ottoman emperor, Fatih Sultan Mehmed (Mehmed the Conqueror) and means “conqueror” in Turkish. Fatih is bordered to the north by the Golden Horn and the Sea of Marmara to the south. On the east is the Bosphorus Strait.

Home to nearly half a million residents, the district is reminiscent of Damascus, Syria. It is famous for its Grand Bazaar, Topkapi Palace, Süleymaniye and Hagia Sophia, along with numerous other historic mosques, such as the Fatih Mosque, churches, museums, theaters and libraries. Founded in 1453, Istanbul University is also here. Fatih has a long-established Muslim quarter and a thriving food scene. When explored, the neighborhood reveals a micro economy of businesses that rely on walk-in customers, word of mouth, and location to drive revenue.

Known as a hub for Syrian businesses, Fatih offers Arabic speakers a diverse market of services, including legal and accounting, business consulting and administration, along with food services, tourism, medical supply services and IT.

Story of Emir Turizm

Emir Selcukoglu couldn't find a job for months when he first came to Istanbul from Damascus in 2013. Eventually, he started work in tourism companies and in 2019, started his own tourism business. Selcukoglu knew Fatih was very popular among the tourists – both from Syria and around the world, making it the perfect place to start his business.

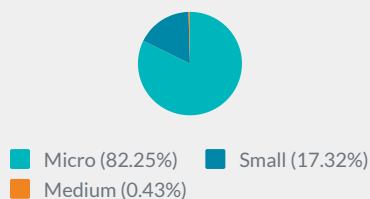
"The streets of Fatih are very similar to those in Damascus. I couldn't think of another place than Fatih to work or to live," he said.

Like many in the industry, Selcukoglu's company has been struggling since the COVID-19 pandemic. "Flights canceled, the tourism industry in the country came to a halt." Selcukoglu's revenue now relies on their international money transfer branch office. "We want to plan ahead, but we don't know how long the pandemic will last and when the trips will return to normal, so we're just waiting."

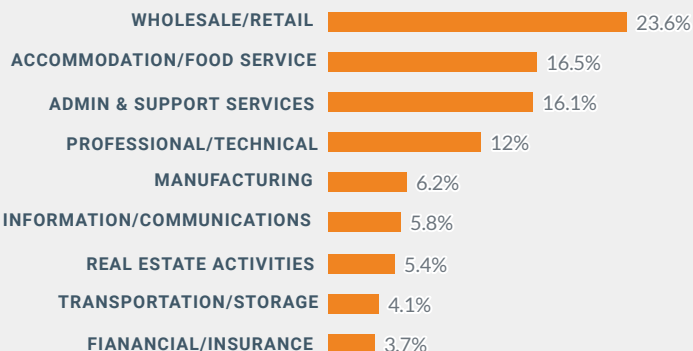


Small Business Environment

BUSINESS SIZE BY EMPLOYMENT



TOP BUSINESS SECTORS



HAVE AN ENGLISH SPEAKER

40.4%

HAVE A TURKISH SPEAKER

23.7%

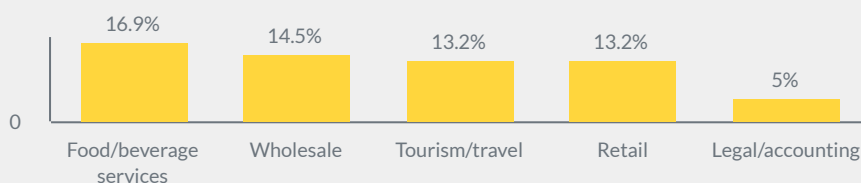
More than 240 businesses in Building Markets' SME network are located in Fatih, Istanbul. On average, they have been operating for five years (starting in 2016) and most are micro enterprises (86.2%), with fewer than 10 employees.

Businesses in Fatih are concentrated in the food service, tourism and business administration, professional services, and wholesale/retail sectors. The neighborhood is such a hub for these industries that nearly one-third of all legal and accounting SMEs and nearly 40% of all tourism businesses in Building Markets Turkey-wide network are located in Fatih.

Female employment rates in Fatih are low. Of the 1,610 people employed by this business sample, only 13% are women. This also follows broader trends related to female business ownership and management.

In addition to serving the local Syrian community, these businesses are international. Nearly half (48%) report having an international client in the past six months. Many also hire bilingual staff, including Turkish and English speakers.

TOP BUSINESS SUBSECTORS



Story of Seyhoglu Honey

In his hometown of Damascus, Kemal Seyhoglu, a father of three, sold honey and owned a packaging facility. When he moved to Turkey to escape the conflict in Syria, he decided to continue this business in his new country. "Since all Syrians and Arabs in Turkey were living in Fatih, we decided to establish our business here," Seyhoglu said.

Seyhoglu opened his first honey shop in Turkey in 2018 and began selling to both local and foreign consumers. The worldwide pandemic caused a nearly 50% cut to his business. He confessed that they arrived late to online selling. "Yet we are trying to keep pace with the technology and improve our e-commerce skills. We also want to send goods to UAE, Qatar, Kuwait, but the certification process for the honey trade is difficult. We are currently working on that," Seyhoglu participates in mentoring from Building Markets and hopes to open a branch of his business in Syria, even if he does not have the chance to return himself.



Small Business Challenges and Future Plans



While no SMEs in Fatih have received a formal business loan, 13.6% are interested in receiving one.



55% of the SMEs interested in loans are looking for \$10-50k USD.



36% are interested in an investor or business partner.



Nearly 40% see international corporations, governments, and nonprofits as a good business opportunities.

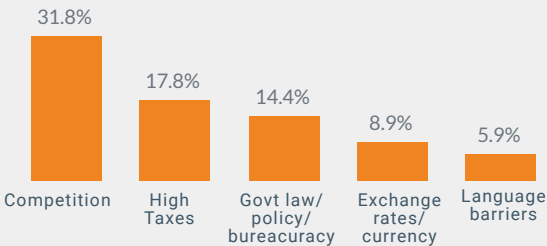


1 in 3 SMEs believe their profits will increase in the next six months.



Two-thirds believe their total number of staff will stay the same for the next six months.

TOP CHALLENGES, NEXT SIX MONTHS



Less than 1% of all SMEs in Building Markets' Turkey network have received a formal business loan. It is therefore not a surprise that access to formal finance is also low in Fatih. Access to finance is not one of the top six business challenges identified by SMEs. However, there is interest in obtaining loans. Of the 13.6% of interested SMEs, almost a third (30%) are interested in more than 50,000 USD.

Story of Rahaf Saad

Rahaf Saad's first intention upon arrival in Turkey was to continue to Germany for her master's degree. When she couldn't find a proper school, Saad stayed in Turkey, and for four years, worked for different NGOs. In 2019, she launched her own exporting business. According to Saad, "Business has decreased by 70 percent since the beginning of the pandemic. I lost contact with most of my clients. When Turkey was open, there were restrictions in other countries, and it was same during otherwise."

Now, Saad and her husband from Egypt focus their attention on e-commerce to drive revenue. She and her husband have attended training and mentorship from Building Markets.

"We opened an online shop at Etsy and gradually started to upload our products," said Saad with a hopeful smile on her face.



Small Business Operations



This sample employs 252 managers. On average, each business has 1.15 managers.



In 54.5% of SMEs, the owner manages all finances. 37.6% have full-time finance staff.



27.4% have additional branches of their business.



Less than one-fourth export goods or services.

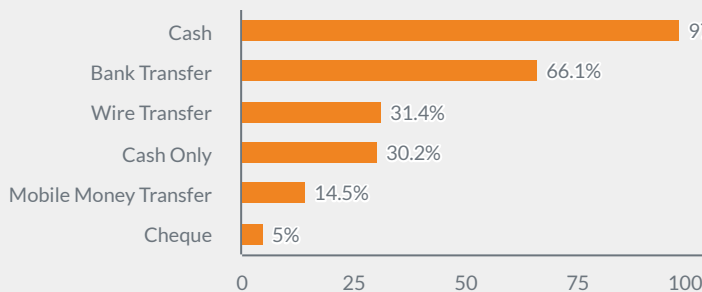


Only 6.2% import goods or services.



95.7% of SMEs pay their suppliers within 30 days.

ACCEPTED MODES OF PAYMENT



For the businesses that import, China and India are reported as the most common countries of origin for their goods. For exporting, businesses generally sell goods in the Middle East, with 30% of exporting businesses selling to Iraq and 18.5% to Qatar.

Nearly all businesses in Fatih accept cash, with 1 in 3 identifying as cash-only operations. This is followed by bank and wire transfers as other accepted forms of payment.

Story of Fasi Education Center

The year was 2012 when Hulud Halabi, a 26-year old teacher of middle and high school teenagers from Damascus, made Turkey her second home. She worked as an Arabic teacher for a private course until 2016, when Turkish authorities decided to limit the operations of private courses for Syrian children. It was a sign for Halabi to start her own business.

"I thought we should go to our students since they couldn't come to our course building. We started to search ways for digitalizing our classes," she said. Halabi started with video classes, and with increasing numbers of students, her team shifted to online courses. Now, Fasih Education Center, which Halabi owns, has a base in Fatih and provides classes to more than 1,000 students.



"Since all our instructors live in Fatih, we decided that locating our building here would be convenient," Halabi said while touring the education center. According to her, Fatih is especially popular among Syrians from Damascus since it resembles their old town with narrow streets and mosques. "We feel at home here. Being surrounded by people you know from Syria and hearing Arabic every time is great. That's why we live and work in Fatih," she explained.

Recommendations for Businesses

Prior to COVID-19, Fatih had a thriving wholesale/retail and service-based economy that could rely on walk-in customers and word of mouth. This was a vulnerability during the pandemic, as people stayed inside, relied on E-commerce and remote working, and practiced social distancing. While restaurants, cafés and tourism are slowly recovering, the past year has been incredibly difficult for many Fatih.

Given that SMEs report competition as their biggest challenge in the next six months, identifying new buyers, clients, and consumers will help these businesses sustain their operations in the aftermath of COVID-19. This will require innovation, and in some cases, it may also necessitate more significant changes to business plans and practices.



1 E-COMMERCE

In the age of COVID-19 recovery, it remains crucial for businesses to offer digital services. This is especially relevant to the cafés and restaurants in Fatih, which could greatly benefit from offering food delivery services.

To learn more, contact Building Markets and inquire about our E-commerce training for Syrian businesses.

2 DIGITAL MARKETING

To reach new clients and drive business growth, SMEs in Fatih should consider integrating digital marketing into their business plans.

As a first start, businesses can get a free profile set up on entrepreneurs.buildingmarkets.org. Additionally, Syrian SMEs can sign-up for digital marketing training.

3 EXPORTING

Arabic speaking SMEs are uniquely positioned to export goods and services within the region. But Turkish export regulations can be a barrier to SMEs unfamiliar with government policy.

Syrian SMEs can access export regulation training by contacting Building Markets.

How We Work

POINT 04

Include another blurb on why you.

Founded in 2004 and headquartered in New York City, Building Markets creates jobs and encourages economic growth by finding, building, and connecting competitive local SMEs to supply chains and investment. Through its model, the organization has supported more than 26,000 SMEs, assisted those businesses in winning USD 1.35 billion in contracts, \$21 million in loans, and helped create 70,000 full-time equivalent jobs.

In Turkey, Building Markets has built a unique network of more than 2,000 Syrian-owned SMEs. Verified businesses can access services that increase their visibility, improve their performance, and connect them to new opportunities. Since 2017, our programs in Turkey have led to SMEs winning over USD \$3 million in new contracts and capital.

Are you a small business operating in Turkey?

INCREASE VISIBILITY



Get verified and create a unique profile on our business directory

ACCESS TRAINING



Enroll in online and in-person courses that target your company's growth

CONNECT TO OPPORTUNITIES



Locate tenders in your sector and win new contracts and capital

Interested in Learning More?
Contact our supply chain and finance experts:

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