

# ADFIMI Study Visit to Türkiye

## 4<sup>th</sup> – 6<sup>th</sup> September 2023



## Introduction

Following the launch of the Istanbul Financial Center; our esteemed member, **Türkiye Halk Bankası A.Ş., (Halkbank)** sponsored a study visit to the center in order to introduce institutions within the Istanbul Financial Center on 4-5 September 2023. We would like to thank our sponsor **HALKBANK** for this successfully completed event.

The inaugural study visit training program co-curated by the Association of National Development Finance Institutions in Member Countries of the Islamic Development Bank (ADFIMI) and Association of Development Finance Institutions Malaysia (ADFIM) was an exclusive offering to esteemed members of the both associations. This meticulously organized study tour was propelled by a core objective: to delve into the fundamental success factors, challenges, and the epitome of best practices exhibited by the financial development banks and institutions in Türkiye. A critical focal point of this exploration was to glean insights on repositioning Development Finance Institutions (DFIs) to adeptly navigate the evolving financial landscape in the wake of recent economic recuperation.

The delegation was composed of senior management personnel, encapsulating a diverse spectrum of expertise and experience. A total of 21 distinguished participants were part of this insightful expedition, with representation from eminent financial institutions in Malaysia, Türkiye, Uganda and Turkish Republic of Northern Cyprus. Bank Rakyat was represented by four participants, while SME Bank, EXIM Bank, Malaysian Industrial Development Fund Berhad (MIDF), and Amanah Ikhtiar Malaysia (AIM) each had two participants. Perbadanan Usahawan Nasional Berhad (PUNB), Bank Pembangunan Malaysia Berhad (BPMB), and the Central Bank of Malaysia (BNM) were each represented by one participant. Uganda Development Bank was represented by three participants headed CEO Mrs. Patricia Ojangole Member of Management Committee, ADFIMI. KOSGEB was represented by one participant. The Development Bank of Turkish Republic of Northern Cyprus was represented by two participants. The kaleidoscope of working experience among the participants was vast, with some boasting a rich professional journey spanning over 25 years.

This study visit presented a formidable opportunity for the delegation to augment their acumen across a myriad of dimensions, paramount among them being the essence of sustainable finance and the operational intricacies of DFIs. The tour was meticulously designed to foster an environment conducive for experiential learning and insightful discourse.

A significant focus of the study visit was to scrutinize the aspects of financial sustainability and resilience. It aimed at unearthing innovative business models and strategies that could bridge the funding chasm in strategic economic sectors and underserved segments, among other critical financial realms.

The sojourn in Türkiye accorded the delegation the privilege of engaging in dialogues and visitations with a variety of organizations, each a cornerstone in the Turkish financial ecosystem. These engagements were instrumental in facilitating a rich exchange of ideas, experiences, and best practices, thus significantly contributing towards the broader objective of the study tour.

The ensuing narrative provides a detailed recount of the program's agenda, the organizations visited, and the invaluable insights garnered, all through the lens of a well-structured and enriching professional engagement.

## Day 1

### Türkiye Kalkınma Bankası (Development Investment Bank of Türkiye)

Mr İbrahim Öztop, Chief Executive Officer

Yasin Külahçı, Executive Vice President, Finance and Strategy

Mrs. E. Özlem Cinemre Executive Vice President

The Türkiye Kalkınma Bankası (Development and Investment Bank of Türkiye) has undergone several significant phases since its inception. Initially founded as Devlet Sanayi ve İşçi Yatırım Bankası (State Industry and Laborer's Investment Bank Ltd -DESIYAB) A.Ş., it played a crucial role in Türkiye's journey towards achieving its development targets by engaging in all investment and development banking activities, including profit-sharing-based capital finance. Over the years, its name and structure evolved, reflecting its expanding role in financing various sectors beyond the industrial sector. By 2018, it was restructured and renamed as the Development and Investment Bank of Türkiye (TKYB).

This bank has initiated various programs and financial products to support Türkiye's economic development. For instance, in 2018, TKYB established the Asset Finance Fund, which provided liquidity to banks and investment opportunities to investors by issuing Asset-Backed Securities. It also obtained the "Climate Friendly Institution" certificate, emphasizing its commitment to environmental, social, and financial sustainability. In 2021, the bank was the first institution in Türkiye to sign the operating principles for impact management under the Global Impact Investing Network (GIIN) leadership, illustrating its focus on sustainable and impactful investments.

TKYB's role extends to fostering innovation and supporting Small and Medium-sized Enterprises (SMEs), as evidenced by its €50-million loan agreement with the Black Sea Trade and Development Bank to finance SMEs, and the establishment of various funds such as the Türkiye Development Fund, Regional Development Fund, and Technology and Innovation Fund under its umbrella.

Additionally, the bank has shown a focus on sustainability and transparency with publications of sustainability and integrated reports, emphasizing its ongoing efforts towards achieving a sustainable financial sector and economic growth in Türkiye.

The Türkiye Kalkınma ve Yatırım Bankası (Development and Investment Bank of Türkiye) has disclosed its financial results for the third quarter of 2023 through the Public Disclosure Platform (KAP). For the first nine months of 2023, the bank has increased its assets by 56.78%, reaching a total of 123.6 billion TL. Moreover, the non-consolidated net profit for the bank during the first nine months of 2023 amounted to 2.91 billion TL,

a significant rise compared to the 1.16 billion TL of net profit during the same period in 2022. In the second quarter of 2023, the net profit was reported as 1.91 billion TL, marking a 158% increase compared to the previous year, aligning with investor expectations. Some key information presented:

#### Financial Highlights (2023):

- Loan Portfolio Growth: From 2018 to 2023, the loan portfolio witnessed a growth of 503% with a CAGR of 49.1%.
- As of the first half of 2023, TKYB's assets stood at 91.1 billion TRY, with loans amounting to 82.7 billion TRY. The bank's net profit for this period was 8.6 billion TRY.
- Key financial metrics for 2023 include a Capital Adequacy Ratio (CAR) of 15.3%, Return on Assets (ROA) of 3.1%, Return on Equity (ROE) of 42.0%, Net Interest Margin (NIM) of 5.0%, and Non-Performing Loans (NPL) at 1.0%.

#### Core Activities & Services:

- TKYB specializes in Project Finance & Corporate Loans, focusing on sectors like industrial investments, renewable energy, energy efficiency, environmental projects, tourism, education, health, and wholesale banking.
- The bank also offers services like Merger & Acquisition Advisory, Capital Markets Advisory, Financial Advisory, and Debt Restructuring Advisory.

#### Sustainability Initiatives:

- TKYB has been recognized as a leader in Environmental, Social, and Governance (ESG) risk rating by Sustainalytics, an international sustainability rating agency.
- The bank has made significant contributions to sustainability, preventing 4.4 million tons of greenhouse gas emissions and achieving a B score in the Carbon Disclosure Project (CDP) Climate Change 2021 program.
- 80% of TKYB's loan portfolio is dedicated to sustainability-themed loans, and the bank has directly and indirectly contributed to 15 of the 17 United Nations Sustainable Development Goals.

#### Funding & Investments:

- In September 2022, TKYB made its debut Eurobond issuance, securing funds from AFD - Agence Française de Développement. These funds, amounting to Euro 100 million for 11 years, will be channeled into green and social projects.
- The bank also offers the "Investment Support" TRY loan, which originates from the Central Bank of the Republic of Türkiye. This loan is aimed at bolstering investments that enhance exports, employment, and address the current account deficit.

Additionally, the bank continues to focus on various initiatives such as project funding, corporate loans investment banking, and sustainable finance under the Türkiye Development Fund, aligning its operations with sustainable development goals.



## Türk EXIMBANK (Export Credit Bank of Türkiye)

F.Zehra Turkoz Sayar, Director, International Loans and Relations

Türk Eximbank, established in 1987, serves as Türkiye's official export credit agency and commenced its operations at the start of 1988. The bank caters to the financial needs of export sectors, aligning its services with both global and Turkish economic developments. In doing so, Türk Eximbank extends its services to a wide range of customers, embodying its role in facilitating and enhancing Türkiye's export activities.

The bank operates under the Registered Equity System in accordance with Turkish Trade Law No.6102. The capital structure of Türk Eximbank is divided into thirty billion units of registered share certificates, each with a nominal value of 1 Turkish Lira, making the upper limit of the bank's capital 30,000,000,000.00 Turkish Liras.

Being a fully state-owned entity, Türk Eximbank acts as a significant export incentive instrument for the Turkish government, aiming to augment sustainable export practices within the country.

Türk Eximbank has a global presence, extending its services and projects beyond the Turkish border, marking its footprint in the international export credit landscape.

On a related note, Türk Eximbank's creditworthiness was affirmed by Fitch Ratings with a Long-Term Foreign-Currency Issuer Default Rating (LTFC IDR) of 'B+' and a stable outlook as of May 2021, reflecting the bank's financial stability and its standard practice in line with other development banks.

The bank provided a detailed presentation on their operations. Here are some additional points to consider:

- The bank mentioned that the Behavioral Rating POV is measured monthly and reflects only the change in non-financial scoring of a company (except till the official publication of finalized year-end financial data). This means that the behavioral rating is a useful tool for monitoring the credit worthiness of a company over time.
- the rating default total percentage and the rating sum of risk (USD) for different ratings, including AAA, AA, A, BBB, BB, B, CCC, CC, C, and D. This table provides a clear picture of the risk associated with different ratings.

- the credit models used for credit analytics and validation are based on segmentation and sector. Segmentation is based on net sales, while sector is based on NACE codes (Statistical Clustering of Economical Services within EU). This means that the credit models take into account both financial and non-financial parameters of companies.
- the weights of financial and non-financial parameters for different company segments. For example, the weight of financials is 50% for micro companies, 55% for small companies, 60% for medium companies, and 65% for large companies. This information is useful for understanding how the credit models work.
- the financial ratios used for credit analytics and validation are calculated based on the sectoral ratios of TCMB (Central Bank of the Republic of Türkiye). This means that the credit models take into account the specific characteristics of different sectors.
- the different financial and non-financial parameters used for credit analytics and validation. For example, financial parameters include liquidity ratios, financial structural ratios, turnover ratios, profitability ratios, and performance ratios, while non-financial parameters include company activity time, black records (consolidated loans debt, cheque score, Credit Registry score, consolidated credit insurance score, etc.), and cash and non-cash utilization rates.
- the credit analytics and validation process use both internal and external data sources. Internal data sources include the Eximbank Credit Monitoring System and the Eximbank Insuring Monitoring System, while external data sources include the Consolidated Credit Risk Limit and Risk Information (*Memzuç*), The Banks Association of Türkiye - Credit Risk Center, Credit Risk Center (for legal persons), and Cheque Center. This means that the credit analytics and validation process is comprehensive and takes into account a wide range of data sources.
- the total borrowings (except CBRT) and the subordinated loan (TIER 2) of the funding directorate. This information provides context for understanding the scale of the credit analytics and validation process.

Overall, the presentation provides a detailed overview of credit analytics and validation, including information on data sources, behavioral rating POV, credit models, financial and non-financial parameters, and internal and external data sources. The information presented is useful for understanding how credit worthiness is assessed and monitored in the context of a financial institution.



## Ziraat Participation Bank

Ziraat Katılım Bankası A.Ş., established with the authorization of the Banking Regulation and Supervision Agency on 10 October 2014 under the directive number 6046, commenced its operations with a capital of 675,000,000 Turkish Lira (TRY), entirely funded by the Treasury of the Turkish Republic. This establishment was officially documented in the Official Gazette on 15 October 2014 under the document number 29146. Following this establishment, an operational license was acquired through the decision of the Banking Regulation and Supervision Agency on 12 May 2015, as per directive number 6302, and was published in the Official Gazette on 14 May 2015 under the document number 29355.

In its journey to support the financial needs of its clientele, Ziraat Katılım Bankası A.Ş. adheres to the principles of participation banking, thereby offering a range of products and alternative distribution channels. These provisions echo the bank's fundamental philosophy of understanding the unique circumstances of each customer, providing tailored solutions to meet their needs. This customer-centric approach extends beyond merely transactional interactions. Ziraat Katılım Bankası A.Ş. engages in value-added activities that benefit not just its customers and shareholders, but also the broader society and all its stakeholders.

As a testament to its growth and commitment to bolstering its financial position, during the 2023 Ordinary General Assembly Meeting, a resolution was passed to augment Ziraat Katılım's capital to 7,350,000,000 TRY. This significant capital increment reflects the bank's ambition and strategic direction towards a more robust financial framework, ensuring it continues to serve its customers effectively while contributing positively to the wider economic landscape.



## Istanbul Chamber of Commerce (ITO)

Mehmet Develioglu, Vice President

The Istanbul Chamber of Commerce (ICOC), celebrating its 140th anniversary in 2022, has been a significant institution organizing and recording commercial transactions of individuals and commercial establishments located in Istanbul. This long-standing institution has been continuously evolving, aiming to foster and develop the entrepreneurial ecosystem within Istanbul and extending its scope globally. One of the notable ventures in 2022 includes incorporating new phases into projects focusing on women and young people's enterprises.

The establishment of ICOC traces back to the 19th century when the Ottoman State, concerned about the commercial and industrial issues of the time, sought to unify the representatives of the industrial sector. Following the directive of Mehmed Said Pasha, a draft charter for the establishment of a chamber of commerce akin to European models, particularly the French, was prepared and approved by the Council of Ministers in 1880. The chamber, initially referred to as the Ticaret Odası, commenced its organizational processes thereafter, marking the inception of a local chamber of commerce in Ottoman territory.

The role of the ICOC has been crucial in addressing and facilitating commercial operations within Istanbul. It acts as a hub that organizes and records commercial transactions while also keeping records for the associated companies. Moreover, it strives to elevate the values owned by Istanbul and ease the operations of its members in their daily business undertakings, reflecting its central position in Türkiye's economic outlook.

In recent times, the ICOC has been involved in various activities that reflect its active role in economic matters. For instance, it provided data on the rise of retail prices in Istanbul, indicating a 3.83% increase month-on-month in February, showcasing an annual increase of 78.62%. Besides, ICOC, in collaboration with the U.S.-Türkiye Business Council, hosted the 38th annual American-Turkish Conference, a virtual event aimed at fostering economic relations between the two nations.

The ICOC, through its various initiatives, continues to play a pivotal role in bolstering the commercial sector in Istanbul, reflecting its enduring commitment to promoting trade and economic growth within the region.





## Day 2

### TAKASBANK Istanbul Settlement and Custody Bank Inc.

TAKASBANK, officially known as İstanbul Takas ve Saklama Bankası A.Ş., was established in 1988 and serves as the central clearing and settlement house in Türkiye, offering central counterparty clearing services for specific Borsa İstanbul (BIST) markets as designated by the Capital Markets Board of Türkiye. In 2013, its title was updated to "İstanbul Takas ve Saklama Bankası A.Ş." and was designated as the Central Clearing House of Türkiye as per the Capital Markets Law No. 6362.

The major purpose and activity of TAKASBANK is to provide clearing, settlement, and custody services within the framework of capital market and related exchange regulations. Additionally, it renders investment banking services within the scope of the Banking Law and other banking regulations. Operating with "central counterparty" and "banking" licenses, TAKASBANK mainly provides clearing, settlement and custody, central counterparty, and banking services to its members in Turkish capital markets.

TAKASBANK is authorized to provide cash and securities settlement transactions as the central clearing and settlement institution to Borsa İstanbul equities, debt securities, foreign securities, derivatives, and precious metals markets. Securities delivery/receipt as well as cash obligations of Borsa İstanbul members arising from the buy-sell transactions in the related markets are executed via TAKASBANK.

Being a bridge between money and capital markets by providing reliable and robust cash transfer services with low costs, TAKASBANK renders clearing and settlement services, within the framework of capital market and Borsa İstanbul legislation, for Borsa İstanbul markets in full automation environment via online connection with the organized markets. Over the years, TAKASBANK has expanded its banking product range to support the settlement with instruments that include cash and non-cash loan opportunities. It operates markets such as Takasbank Money Market (TMM), Türkiye Electronic Fund Trading Platform (TEFAS), and Securities Lending Market (SLM) to offer cash and non-cash credit opportunities.

In 2022, TAKASBANK was ranked as the 17th largest bank in Türkiye based on total assets, with total assets amounting to 92,049.59 million TRY and a net income of 1,858.19 million TRY. As of February 17, 2023, Fitch Ratings affirmed TAKASBANK's Long-Term Foreign- and Local-Currency Issuer Default Ratings (IDRs) at 'B' and its Viability Rating (VR) at 'b-', with the Rating Outlooks being Negative.

TAKASBANK also operates various markets and offers banking facilities aiming to complete settlement transactions of Turkish Capital Markets with minimized risks, providing liquidity to the relevant money and capital markets without errors and on time. It has been recognized as a qualified Central Counterparty (CCP) that complies with CPMI-IOSCO Principles for Financial Market Infrastructures since March 23, 2016, and has applied for ESMA recognition as a third country CCP as of August 2016.

Providing cross-border services to market participants, TAKASBANK represents Türkiye in international organizations through the international clearing and settlement institution identity it possesses. In line with the vision to be a preferred institution in international markets, TAKASBANK continues its studies for many projects aiming to develop its technological infrastructure. It's also assigned as the responsible institution with the Central Bank of the Republic of Türkiye for the 17th numbered action plan of Istanbul International Finance Center (IIFC) strategy "integration with international payment and clearing and settlement systems".

TAKASBANK provides custody service for the capital market instruments through its accounts held at international central securities depositories-ICSDs (Euroclear ve Clearstream) and global custodians (Citibank), thus providing access to more than 65 markets around the world. As a national numbering agency, TAKASBANK has been a member of the ANNA since 1995, assigning ISIN codes (ISO 6166) to equities, government bonds, investment/exchange traded/private pension funds, corporate bonds, all kinds of certificates, futures and

options contracts, indices, commodities, electronic product certificates (EPCs), and other securities and financial instruments.





### **Türkiye Halk Bankası (sponsor of the study visit)**

Türkiye Halk Bankası, commonly known as Halkbank, was initially incorporated in 1933 as a state-owned bank in Türkiye. Over the years, the bank grew substantially and began assimilating smaller state banks around the turn of the millennium, transitioning into a publicly traded company. However, the majority stakeholder remains the Turkish government. Halkbank commenced its operations on May 23, 1938, under the Halk Bankası ve Halk Sandıkları Kanunu (Law on People's Bank and People's Funds), with the aim to provide easy and affordable credit to small and medium-sized tradesmen and artisans.

In the early 1990s and 2000s, Halkbank underwent a restructuring process, where banks like Türkiye Öğretmenler Bankası (Töbank) in 1992, Sümerbank in 1993, and Etibank in 1998 were all transferred to Halkbank. This restructuring was aimed at aligning with the requirements of modern banking and international competition, preparing the bank for privatization.

Financially, Halkbank has demonstrated robust growth. As of the first half of 2022, the bank's total assets increased by 52.1%, reaching 1 trillion 90 billion Turkish Liras (TL). During the same period, the total loans rose by 53% to 916.6 billion TL, while the total deposits saw a 47.3% increase, amounting to 747.1 billion TL.



## Istanbul Financial Center

The Istanbul Financial Center (IFC) is an ambitious initiative by Türkiye, aiming to establish Istanbul as a major hub for financial activities and services. The IFC is envisioned to accommodate a variety of financial institutions and regulatory bodies including the Central Bank of the Republic of Türkiye, banking and non-banking finance institutions, capital market institutions, and financial investment and portfolio management companies. Through the development of the Istanbul International Financial Center (IIFC), Türkiye aims to elevate Istanbul into one of the top 20 financial centers globally. The IIFC is planned to serve as a major business district housing banks, autonomous public institutions, multinational companies, and their associated service firms.

A significant step towards the realization of the IFC was the introduction of a draft law in the Turkish Parliament on June 1, 2022. This draft law marked the formal proposition for the establishment of the IFC, with the objective of promoting Istanbul as an international finance center. This initiative aims to support Türkiye's economic growth by enhancing financial competitiveness and developing high value-added financial products and services. Furthermore, it seeks to strengthen the integration into international financial and capital markets.

In line with Türkiye's ambition to rank its economy among the world's ten largest by 2023, the master plan for the IIFC, designed by HOK, is currently under construction. This plan underscores the strategic importance of the IFC in achieving this ambitious economic goal.

The Istanbul Financial Center is a critical project reflecting Türkiye's long-term economic ambitions and its strategy to position Istanbul as a key player in the global financial landscape. This initiative is likely to contribute significantly to the growth of the country's financial sector and its integration into the international financial community.

A presentation about the Istanbul Financial Center, which is a state-of-the-art, purpose-built financial district that brings together leading international financial institutions. The presentation highlights the following key information:

- **Strategic Location:** Istanbul Financial Center is located within a 4-hour direct flight radius of 40% of global trade. It has access to 1.6 billion population, 30 trillion \$ GDP, and 8 trillion \$ trade volume. It is connected to the region through road, rail, sea, and air, and Turkish Airlines provides connectivity with over 340

destinations in 129 countries. It offers same-day coverage of 16-time zones, allowing investors to follow markets of New York and Tokyo on the same day.

- Türkiye at a Glance: Türkiye has a favorable demographic with the youngest population in the EU and a working-age population expected to hit 82.3 million in 2071. It has a skilled and competitive labor force, with over 900,000 university graduates annually. Türkiye's exports have reached an all-time high with \$252 billion, and its share in global exports has surpassed 1% for the first time in its history. Türkiye's economy is robust, resilient, sustainable, and diversified.
- Advantages: Istanbul Financial Center offers several advantages, including a 60% income tax exemption for personnel with at least five years of professional experience abroad, a one-stop office for processing applications for permits, certification, licenses, and similar approvals, and a 50% deduction from corporate tax for transnational trade.
- IFC Properties: Istanbul Financial Center has several properties, including 21 smart office buildings, a mall with over 350 retail units, a congress and performance center, an academy and research center, and an upscale hotel with 300 rooms and 375 beds. The properties are designed to be smart, sustainable, and environmentally friendly, with features such as openable windows, UV filtered ventilation systems, electric vehicle charging infrastructure, and rainwater harvesting and greywater recycling systems.

Overall, the Istanbul Financial Center offers a unique and untapped investment opportunity for global investors, with its strategic location, favorable demographics, skilled labor force, and robust economy.





## Ziraat Bank

Ziraat Bank, with a legacy spanning over 160 years, stands as a testament to Türkiye's rich banking history. Originating from the establishment of Homeland Funds in 1863, the bank underwent several transformations, including its official establishment as Ziraat Bank in 1888. Over the years, it expanded its international presence with offices in Germany and London and had 21 subsidiaries by the end of the 20th century.

In the early 21st century, Ziraat Bank transformed into a Joint Stock Company, achieving the rank of #1 among state-owned banks in Türkiye for customer satisfaction. It also secured its position as #2 in Western Europe and #5 globally in terms of Average Return on Capital by The Banker. Between 2011 and 2015, the bank embarked on a transformation project, secured its first syndicated loan, and issued its first Eurobond. By 2023, Ziraat Bank emerged as the largest financial institution in Türkiye, emphasizing responsible banking for a sustainable world.

Financially, Ziraat Bank boasts an asset size of approximately USD 118 billion and holds a market share of around 16%. It has maintained robust asset quality with limited NPL formation and a prudent provisioning approach, resulting in a 78% Stage 3 coverage ratio. The bank has been the foremost provider of agricultural financing in Türkiye, with a market share of 76% in agro loans.

On the digital front, Ziraat Bank has made significant strides, with 95% of banking transactions conducted through non-branch channels. The bank introduced various digital banking innovations, including a new payment system called "Ziraat Pay," an AI-supported virtual assistant, open banking services, and a metaverse branch.

Sustainability is at the core of Ziraat Bank's operations. The bank adopted its Sustainability Policy in 2014, emphasizing long-term environmental and social perspectives and financing climate change action. As part of its green initiatives, the bank plans to build a solar power plant in Kayseri with an installed capacity of 53 MWe. Additionally, Ziraat Bank offers a wide range of sustainability-linked loan products, catering to various environmental and social needs.

Globally, Ziraat Bank has a presence in 17 countries with 120 service points. It operates through various local and overseas subsidiaries, ensuring a wide reach and diverse service offerings. In conclusion, Ziraat Bank, with its rich history and commitment to innovation, continues to play a pivotal role in Türkiye's banking sector, positioning itself as a forward-thinking institution ready to meet future challenges.



## Day 3

### KOSGEB

KOSGEB, the Small and Medium Enterprises Development Organization of Türkiye, its establishment goes back to KÜSGEM in 1973. It merged with SEGEM (Industrial Training and Development Center General Directorate) under a new law in 1990 to form KOSGEB. This organization expanded its support to all SMEs, not just those in the production industry, in 2009.

KOSGEB's role is instrumental in bolstering SMEs by providing technical consultancy, instilling modern administrative principles, fostering quality awareness, and aiding in technology upgradation. It also endeavors to strengthen the technical infrastructure and management skills of these enterprises while preparing training programs for new graduates to enhance their professional skills and addressing industrial organizations' specific needs.

Although specific financial details were not presented for KOSGEB, the organization has been active on the international front. It has forged Memorandums of Understanding (MoUs) with various countries like Rwanda, Bosnia and Herzegovina, Angola, and Azerbaijan, among others, to enhance cooperation between SMEs. These MoUs encompass a range of areas including sharing best practices on SME support mechanisms, entrepreneurial experiences, and exploring cooperative opportunities between SMEs of the involved countries.

A presentation was given on September 5th, 2023, to delegations from Malaysia and Uzbekistan in Ankara. The presentation covers information about SMEs (small and medium-sized enterprises) in Türkiye and the activities of KOSGEB, a government agency that supports entrepreneurship and SME development. Key information from the file includes:

- **Business Ratios:** The presentation includes data on the distribution of SMEs by size and their share of turnover. It also shows the number of exporter SMEs and their export amounts from 2017 to 2021, as well as the export rate by scale.
- **R&D Expenditures:** The presentation includes information on the percentage of R&D employees by size of enterprise and the share of SMEs in employment.

- KOSGEB Activities: The presentation provides an overview of KOSGEB's entrepreneurship, R&D, technological and local production, business development and growth, and SME financing support programs. It also lists the number of personnel, tech centers, representative offices, and directorates that KOSGEB has in Türkiye.
- International Relations: The presentation mentions that KOSGEB has implemented 103 MoUs and 20 action plans with 98 SME institutions from 73 countries and 5 international organizations. It also discusses KOSGEB's collaboration with the COMCEC (Committee for Economic and Commercial Cooperation of the Organization of the Islamic Cooperation) on an SME program to increase the competitiveness of SMEs in participating countries.
- Comp-Net Project: The presentation briefly mentions the Comp-Net project, which aims to establish an SME networking platform among OIC (Organization of the Islamic Cooperation) member states for internationalization.

Overall, the presentation provides a comprehensive overview of the state of SMEs in Türkiye and the activities of KOSGEB to support their development.





## Republic of Türkiye Ministry of Treasury and Finance

The Republic of Türkiye Ministry of Treasury and Finance, known in Turkish as T.C. Hazine ve Maliye Bakanlığı, serves as a critical governmental arm responsible for managing the nation's finance and tax affairs. As of the latest update, Mehmet Şimşek has been holding the position of Minister since 3 June 2023. The Ministry operates several departments subordinate to it, though the specific departments were not detailed in the presentation.

Financially, a glimpse into the Ministry's operations is provided through the data as of 30 September 2023, where the stock of Treasury receivables stood at TL 26 billion. Local Governments held the largest share of Treasury receivables with a stock of TL 10.4 billion, and the collection of Treasury receivables was reported at TL 2.7 billion by the end of September 2023.

The Ministry is housed in Ankara, Türkiye and operates within the realm of government administration, boasting a substantial workforce of over 10,001 employees.



## Presidency of the Republic of Türkiye Investment Office

The Presidency of the Republic of Türkiye INVESTMENT OFFICE is the official organization designated for promoting investment opportunities in Türkiye to the global business community. It provides assistance to investors before, during, and after their entry into Türkiye, directly reporting to the President of Türkiye. The primary mission of the Investment Office is to encourage investments that significantly contribute to Türkiye's economic development. In this vein, it supports high-tech, value-added, and employment-generating investments, providing facilitation and follow-up services throughout the whole processes of relevant investments. The Investment Office is particularly active on a global scale, operating with a network of local consultants based in numerous locations including China, France, Germany, Italy, Japan, Malaysia, Qatar, Saudi Arabia, Singapore, South Korea, Spain, the UAE, UK, and USA. Through a one-stop-shop approach, it offers an extensive range of services to investors, ensuring they obtain optimal results from their investments in Türkiye. The team of professionals at the Investment Office is capable of assisting investors in a variety of languages, including English, German, French, Italian, Spanish, Arabic, Japanese, and Chinese.

Furthermore, the Investment Office plays a critical role in promoting investments in Türkiye, as it is highlighted by various external sources. It's emphasized that Türkiye promotes investments through the Investment Office and encourages investments through incentive programs administered by the Ministry of Industry and Technology. The Investment Office's objective aligns with Türkiye's broader efforts to foster a favorable demographic and market scenario for business establishments, considering the sizable domestic market and regional markets that potentially allow access to 1 billion consumers.

In terms of recent activities, a notable mention is the "Türkiye Fintech Outlook Study – September 2023" which was coordinated and published by the Finance Office of the Presidency of the Republic of Türkiye. This study reflects a sector-specific focus, potentially hinting at the broader scope of financial and investment analysis undertaken by the offices under the Presidency to bolster the investment environment in Türkiye.



This marked the conclusion of an enlightening and engaging study visit that not only provided insights into the key success factors, challenges, and best practices of financial development institutions in Türkiye but also paved the way for potential collaborations and shared learning between the financial sectors of Türkiye and participating nations to this study visit.

## Conclusion

The study visit to Türkiye by ADFIMI and ADFIM members has undoubtedly provided a platform for enhancing mutual understanding and fostering stronger ties between the host nation and the participating nations in the financial domain.

In retrospect, the program has demonstrated a significant level of success, primarily underpinned by the vigorous engagement from the participants, an attribute greatly enhanced by the commendable organization and fervor from both the participants and the host banks. The structure and content of the program were meticulously tailored to foster a conducive atmosphere for insightful interactions and experiential learning.

The post-program evaluation yielded substantial feedback, providing a nuanced understanding of the participants' experiences and the program's alignment with their professional objectives. An overwhelming positive response was recorded regarding the program's relevance to their current job roles and its instrumental role in unveiling potential investment opportunities in Türkiye for Malaysian entrepreneurs. This affirmation underscores the program's critical role as a conduit for exploring synergies between the Malaysian and Turkish financial and entrepreneurial landscapes.

We would like to thank again our sponsor **HALKBANK** for this successfully completed event.

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