

NEW GEOGRAPHY OF BRANCH BANKING IN TURKEY

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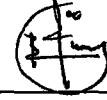
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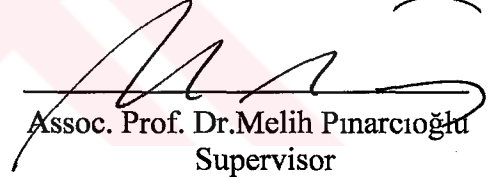
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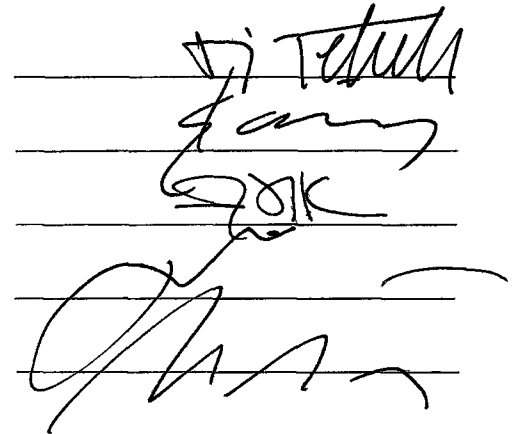
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ABSTRACT

NEW GEOGRAPHY OF BRANCH BANKING IN TURKEY

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This thesis aims at analyzing the spatial processes of money within an institutional framework. Theoretical framework is based on the analysis of four areas: money, power, space and technology. The study deals with the Turkish case on two grounds: geography of money and geography of banking. The components of the study in the Turkish case are banking, banking areas by provinces and regions, branch networks, economic policy, new financial technology and institutional system in particular. This study attempts to answer the question of how the institutional and technological developments in banking have contributed to the processes of financial exclusion, financial concentration and homogenization of financial space in Turkey. To define these processes, a broader spatial analysis on branch banking by the stages of banking development in Turkey and its detailed analysis by a number of geographical-financial variables (branch network, population, bank credits and deposits) in the last decade are made.

Keywords: Geography of Money, Geography of Banking, Spatial Processes of Money, Branch Banking and Financial Technology.

ÖZ

TÜRKİYE’DE, ŞUBE BANKACILIĞININ YENİ COĞRAFYASI

Özbek, Oğuz

Doktora, Şehir ve Bölge Planlama Bölümü

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Bu tez, kurumsal bir çerçeve içinde, paranın mekansal süreçlerini incelemeyi amaçlamaktadır. Teorik çerçeve, dört alanın çözümlemesine dayanmaktadır: para, güç, mekan ve teknoloji. Çalışma Türkiye örneğiyle iki alanda ilgilenmektedir: para coğrafyası ve bankacılık coğrafyası. Çalışmanın Türkiye örneğindeki bileşenleri bankacılık, illere ve bölgelere göre bankacılık alanları, şube ağları, iktisadi politika, yeni finansal teknoloji ve kurumsal sistemdir. Bu çalışma, bankacılıktaki kurumsal ve teknolojik gelişmelerin, Türkiye'deki finansal dışlama, finansal yoğunlaşma ve finansal mekanın türdeşleşmesi süreçlerine nasıl katkıda bulunduğu sorusunu cevaplamaya çalışmaktadır. Bu süreçleri tanımlamak için, Türkiye'de bankacılığın gelişme evrelerine göre şube bankacılığının geniş mekansal çözümlemesi ve bir dizi coğrafik finansal değişkene (şube ağı, nüfus, banka kredileri ve mevduatları) göre son on yıldaki detaylı çözümlemesi yapılmıştır.

Anahtar Kelimeler: Para Coğrafyası, Bankacılık Coğrafyası, Paranın Mekansal Süreçleri, Şube Bankacılığı ve Finansal Teknoloji.

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CHAPTER 1

INTRODUCTION

The aim of this study is to analyze the spatial processes of money in order to find plausible answers to the question of how the technological and economic developments have shaped the geography of branch banking in Turkey. Drawing attention to the notions of money, power, space and technology, the thesis rests on three issues: the geography of money, spatial processes of money and geography of banking. The last indicates that financial innovation, deregulation and structural change have mutually transformed Turkish banking into a complex structure in the last two decades. Here, the problem is that there has been little research into the spatial dimensions of this transformation. Moreover, the institutional geography of money in Turkey is under-theorized, with little attention paid either to spatial processes of money or geographical patterns of branch and unit banking. Thus, this is an attempt to redress this state by studying the evolution of branch networks of Turkish Banks. The study attempts to bring these themes together in the light of their geographic relevance. In so doing, it joins a growing literature in the geography of money that seeks to comprehend and to historicize the geographical patterns of branch banking across the full range of geographical scales (national, regional, intra-regional, urban and intra-urban).

This thesis is mainly based on a grounded theory, which emphasizes “the human dimension of society” at micro level. Grounded theory shares the assumption that “the social world must be discovered using qualitative methods and employing an exploratory orientation” (Layder, 1993: 39). Within this framework, the analysis concentrates both on contextual (objective) and situated characteristics (subjective) of any research field. The research in a grounded theory centers on theory building and mainly requires qualitative data. Participant observation and less structured interview techniques are mostly used in the theory building process. As an inductive study, the thesis mostly uses research map that “describes levels of social organization which are potential areas of research for those who wish engage in exploratory fieldwork” (Layder, 1993). The elements of research map involve self, situated activity, setting, context and history (see Table 1.1).

Table 1.1 Research Map for Thesis

	Research element	Research focus
HISTORY	CONTEXT	<i>Macro social organization</i> Financial organization Regulation Geography of money Institutional geography of money Financial technology
	SETTING	<i>Intermediate social organization</i> Banks Branch network
	SITUATED ACTIVITY	<i>Social activity</i> Financial transactions Geographical circuitry of money
	SELF	<i>Self-identity and individual's social experience</i>

Both contextual (economic-political system and financial organization) and situated (branch banking and geographical scope) characteristics of the Turkish case require theory construction in the grounded theory. The spatial processes of money within an institutional framework need to establish a relationship between state, technology, money and geography. As there has been relatively little integration of this work by economists and by geographers in Turkey, the study may be evaluated as a first attempt in this field. The study is targeting to adopt a qualitative rather than a quantitative analysis and therefore, this research makes use of personal interviews together with an extensive literature review.

Literature review aims at establishing a theoretical foundation on the following issues: the spatial transformation of financial markets, the restructuring in banking, the evolution of Turkish banking, the historical and contemporary geography of the Turkish branch banking and the evolution of branch networks.

Personal interviews are important to gain information and provide a basis for the questionnaire surveys. In that respect, the executive officers of Turkish banks (state-owned and privately owned) were interviewed. For the selection of the interviews “purposive or judgmental sampling” will be used. Neuman explained this type of sampling in the following way: “it uses the judgement of an expert in selecting cases, or selects cases with a specific purpose in mind” (1991: 203). Interviews occupy a key position in the drawing of general picture on the institutional structure and spatial organization of Turkish banking and in the determination of internal factors in the reorganization of banking functions.

Personal interviews are classified according to research fields of the case. One of them focuses on the historical patterns of branch networks, which involve the banks’ own institutional geographies, urban and national distribution of branches and

the nature of the relationship between branch networks of Turkish banks (a comparison between the geographical scope of banks and the historical development), financial technology and economic policy. Depending upon the tendencies of financial globalization, deregulation and structural change, the other set of interviews are intended to draw the contemporary picture of spatial restructuring and banking reorganization. Here, three types of findings are important: change in institutional structure, change in location patterns and change in network structure. These are generalized in the branch system of Turkish banking at national, regional and urban levels.

Theoretical background depends on the study of three interrelated areas: the historical geography of money and banking, new geography of banking and spatial reorganization of the Turkish branch banking.

The historical development of banking in the 20th century signifies the existence of an important phenomena: a development path of banking in which state, technology, space and economic policy play their crucial roles in the change of internal and external organization of banks. The growth of international banking in the post-World War II era, the oil crisis and the less developed countries crisis constituted important turning points in the last 40 years and financial innovation, deregulation and structural change became the main actors in the evolution of banking. Dow (1999) draws attention to the spatial implications of this transformation in particular to the parallels in the evolution of banking and financial systems over time and differentiation of these over space. The internal restructuring means the changing schemes of banks both on administrative organization and on the relationship between bank-client relationship. Traditionally, the relationship between the bank and its customers is on a one-to-one level via branch network and the core

banking systems based around the branch are unable to provide detailed financial information in real time. In other words, centralized nature of traditional branch networks constitutes an important organizational obstacle for the banks' adaptation to new financial procedures and real time transactions. Technology now offers bank new ways of organizing their structures and of controlling their diverse activities both in retail and wholesale markets. It is also becoming one of the main determinants of how banks interact with customers. Information and communication technology makes it possible for banks to develop a "micro marketing strategy" that meets the specific needs of individual customers instead of traditional mass marketing (Gandy and Chapman, 1997). Technology radically leads to a transformation of branch structure and to change of the status of banking. Despite the existence of risks in the change of the bank's public face, the continuous evolution of banking practice and information technology force banks to adapt to a new branch banking system as a foundation of a new technical architecture: from the traditional extensive branch networks to mostly decentralized, specialized and relationship based branch structures called as "free branches" (Gandy and Chapman, 1997). Free branches involve a wide range banking units from the traditional branches with new functions to completely virtual branches. Hub and spoke branch system also exemplifies these technologically determined institutional systems. The system consists of market branches (spokes) which serve basic retail needs as well as small business customers and a regional center (hub) which offer full retail services (Borowsky and Colby, 1993). Today, technological mediated financial developments bring about a redefinition of role of banking firms in financial environment and a restructuring of their organizations, but this does not mean the end of physical entity of banks in urban areas. A need for survival of banks as a brand represents a degree

of confidence and a financial entity in the urban environment. However the cost of high street branch networks forces individual banks to redesign their branch structures.

The external restructuring involves the relocation of banking firms in cities and the change of their economic and spatial status in the financial centers. Relocation process accompanied with a number of developments of branch and headquarters. At branch level, the 1990s saw a financial concentration process in which the centralized and extensive structure of branches led to the areas of financial exclusion. Despite the fact that new information and communication technologies and deregulation of financial markets jointly make remote trading away from large international centers possible, the same developments also contribute to the territorial embeddedness of these centers (Budd, 1999; Dow 1999; Mackay and Molyneux, 1996 and Martin, 1999a). The concentration of banking in financial centers as a result of deregulation and financial competition influences the spatial pattern of credit creation and peripheral regions suffer from financial exclusion caused by financial center banks (Dow, 1999). The rise of regional centers in the European financial environment supports this tendency. The regional centers can be seen an outcome of geographical consolidation of bank branches that is the closure, downsizing or rationalization of local offices because of needing to reduce over capacity and duplication of local services and of labor saving efficiencies (Martin, 1999a). However, new financial technology that is bundled with a series of developments such as financial dis-intermediation, decentralization and the emergence of relationship based activities can be seen as an attack against “financial distancing” process (Pratt, 1998).

These internal and external developments were also regarded as of the utmost importance in the constitution of the historical and contemporary geography of branch banking in the Turkish case. The historical developments that have occurred within the institutional geography of money emphasized the path-dependent nature of the Turkish branch banking in terms of geographical scope and institutional system. The economic, political and institutional developments jointly have shaped the historical geography of money in retrospect. However, the contemporary geography of the Turkish branch banking is now characterized by additional institutional and technological developments. In order to comprehend these geographical-financial developments, it is important to define the roles of bank branches in the financial landscape with respect to the different functions of private and state banking in Turkey. The Turkish case demonstrates well how these functions of bank branches in the financial landscape are associated closely with the constitution of distinct geographies of banking by a number of regional and provincial variables (branch network, population, bank credits and deposits).

At this point, it may be hypothesized that the developments within the institutional geography of money contributed to the emergence of spatial processes specific to Turkey. These can be identified as spatial processes of money including homogenization of financial space, financial concentration and financial exclusion. Why regional and urban patterns of branches matter in the realm of these processes are that branch banking contribute to local and regional-financial developments and location of branches also reflect the most convenient areas of bank credits and deposits. Related to this point is a central issue, which concerns forces influencing banks to establish new branches. Saunders (1969) draw attention to the two forces of branch proliferation in “traditional brick and mortar banking”, in particular to the

relationship between urbanization and institutional development of banking. One is the changing location of the population and the emergent needs, which can be evaluated as an institutional outcome of urbanization in terms of money and finance. The other force is the need to provide financial assistance in a growing economy. To realize financial assistance, banks have to stay in the midst of commercial and consumer activities. For the brick and mortar banks in an era of rapid urbanization, the extension of branch networks was the only way of keeping pace¹. Apart from a concern with the indispensable role of branching in brick and mortar banking, this thesis attempts to analyze the changing spatial and economic weight of branch banking in the contemporary era of banking. In the same vein, the study establishes a bridge between regional-financial development and location theory. The hypothesis also attempts to test the correspondence between the existing urban hierarchy and financially determined hierarchy of cities and regional nodes.

The repercussions of these processes discussed above can be felt across the full range of geographical scales. With respect to regional and provincial composition of branches by geographical-financial variables (population, bank credits and deposits), financial concentration is most evident at national and regional levels while the areas of financial exclusion are visible at intra-regional and urban levels. Here, an important question ties in with what makes these spatial processes of money particularly interesting and somewhat unique from a comparative perspective. The study seeks to elucidate this point with reference to the different geographical preferences of Turkish state and private branch banking at urban and regional levels.

CHAPTER 2

MONEY, POWER, SPACE AND TECHNOLOGY

2.1 Theoretical Framework

The hypothetical structure of the thesis makes it necessary for a broader analysis on the interplay of money, power, space and technology. Having started with the hypothesis that history and institutional systems are crucial variables in helping to explain the differences in the geography of money and finance among specific countries, the natural next step is to probe into the spatial processes of money in these countries. In theoretical terms, some differences in the conceptualization of these processes rest on a temporal basis: the historical patterns of banking and finance and the emergent technological factors in the constitution of the institutional geography of money. The Turkish case presents a good example of the convergence of these patterns in the emergent geographies of branch banking. Here, to develop a proper perspective on the present processes of money and finance in spatial terms, it is important to stress a historical-institutional approach as an original contribution of the study to the literature. To this extent, theoretical framework depends on the analysis of the interactions between money, power, space and technology from a technological and institutional perspective. An important component of the analysis, the role of state (power) in regulatory and public financial space, is discussed in section 2.1.4 with respect to parallel transformations of money, space and technology.

2.1.1 Money

Before proceeding to a more detailed analysis of the institutional geography of money with reference to the historical and recent developments in the scope of branch banking, it is important to stress money in social, economical and institutional terms. Both the indispensable role of money in community and its strategic place in the constitution of organizational routines are assumed greater importance in the contemporary literature of institutional approach in geography. The hypothetical structure of the thesis, which fundamentally corresponds to a grounded theory, requires this type of formulation of money as a component in the theoretical framework. The spatial outcomes of financial routines and processes depend on the comprehension of money as an abstraction and a medium of social communication, which one can interpret as the “constitutive role of money in the real communities”.

To answer the question, “why does money exist?” it is useful to begin with a definition of money, discussing the traditional role money has played in the socio-economic system. Lee explains that “money offers a solution to the problem of how to represent and measure value in a standard fashion and, thereby, provides a language for social communication and a means of exchange across space and time” (1999: 212). Despite the familiarity of social scientists with debt crisis and labor concerns of financial system, money is under-theorized in social sciences, with little attention paid to monetary issues of political economy. Money has been neglected in the social sciences because of “a continuing focus in some quarters upon the static and the tangible” such as the fixed points of production. Moreover, this was because some social scientists failed to deal with relative issues of political economy. In the meantime, relatively little attention was given to these issues by the Left which particularly have directed their attention to “the exploitation of labor” as the main

weakness of a modern global capitalist system instead of monetary system (Corbridge and Thrift, 1994).

Drawing attention to the indispensable role of money in the interplay of production, labor and space, the work of Harvey (1985) replaces money by putting the spatial and the social back into considerations of money and finance. Put simply, Harvey defines a new role of money as the mediator of social interactions as well as “its role of mediator of exchange”. In addition to its contribution to the spatially construction of the cities in the contemporary world, money also occupied a key position in the “elemental coordinates of social life” such as time and space and in the power relationships. Corbridge and Thrift states that “... money not only reinforces the abstract nature of modern life, it also produces it” (1994: 20). Their work in the triangle between money, power and space is an interesting illustration of how money shapes “real communities”. They make the point that “(t)he restructuring of real communities by the community of money rarely goes uncontested, but the forms in which money is politicized vary from place to place, according to the effectiveness of different political coalitions and different local constructions of the powers of money” (Corbridge and Thrift, 1994: 15).

That the socially and economically “constitutive role” of money ties in with power and space is also conceived in historical terms. The development of different monetary forms in each specific phase of commercial and industrial activity added to this abstract nature of money in various ways. At this point, Leyshon and Thrift (1997) explains the historical geography of money through five major monetary forms and practices²: pre-modern money, commodity money, money of accounts, state credit money and virtual money. Through the improvements in information and communication technology, credit money (a form of virtual money) becomes the

most mobile of all money forms. There is no spatial barrier to the movement of this form of money in the world. In that respect, Harvey points out that “(m)oney capital of this sort can apparently roam the world with scarcely any let or hindrance, integrating and co-ordinating production and exchange with almost no regard for material spatial barriers” (1999: 386).

The effect of the development of these money forms and practices is to integrate local places and economies into wider circuits of monetary relations (Lee, 1999). To enable money to perform this integration, “institutions, conventions and habitual behavior” are extremely important. In that respect, the institutions of money at lower level and financial system at upper level come to the picture. The various institutions and markets that make up the financial system vary in their specific activities and in their operation areas (local, regional, national and international). Banking sector, capital markets and money markets constitute the cornerstones of financial system. Capital and money markets are the components of the financial market in general terms. In this regard, a more formal classification on financial markets is made by Mishkin (1997): the bond market where interest rates are determined, the stock market which has a major effect on people’s wealth and on firms’ investment decisions and the foreign exchange market. Banks and other financial institutions tie in with the circumstances of financial market in terms of the profitability of their operations and rationality of their organizations.

Despite the increasing domination of non-bank financial institutions in the new financial era, banks still occupy a key position in the financial system. The distinctiveness of banks as well-established institutions of money rests on durability (history), organization (habitual behavior) and geographical scope (space). Thus, banks can be identified as distinct institutions that best represent the socio-

economical and socio-spatial base of money. Before proceeding to a more detailed discussion of this institutional distinctiveness, it is necessary to define the functional and organizational base of banks.

Banks are institutions that accept deposit and make loans. According to Mishkin (1997), the basic operation of a bank is to make profits by selling liabilities with one set of characteristics (a particular combination of liquidity, risk and return) and using the proceeds to buy assets with a different set of characteristics. This process is termed as asset transformation. Basic operation of bank³ including the process of transformation assets⁴ and providing a set of services as check clearing, record keeping and credit analysis is similar to any other production process in a firm. According to Heffernan (1996), the intermediary and liquidity functions of a bank are more efficiently carried out by a command organizational structure, because loans and deposits are internal to a bank. In the explanation of the operation and the organizational structure of the traditional bank, Coase's theory of the firm⁵ reveals a diverse set of the accounts of traditional way of financial intermediation. Their specific organizational structures not only contribute to the profitability of banks in economical terms, but also make it possible for banks to operate in an historically, spatially and politically determined institutional environment. In comparison with non-bank financial institutions, banks as organizational entities are appeared to be mostly institutionalized and distinctive elements of financial system. The reason for this institutional distinctiveness is associated with both internal (built in traffic) and external (business environment and geographical scope) conditions of banking firms. In a different way, banks have also utmost importance in the constitution of institutional and habitual behavior of financial system. A brief account of this statement is found in Dow (1999):

... What inspires confidence in any system depends on the historical development of that system, its institutions, conventions and habitual behaviour. This is where the banking system comes in. (p. 34)

Chick also grounds his argument on the assertion that any banking system or financial system is a product of its history (Chick and Dow, 1988). The basic premise of this theory is that history determines the state of confidence in the banking system and the particular behavioral and institutional framework within which the state regulates the financial system. There are also clear parallels in the evolution of banking and financial system over time and the differentiation of these over space (Dow, 1999).

Apart from the traditional institutional approaches on the weight of banks in the financial system, from a more regulatory and technological viewpoint, one identifies banks as older institutions evolved over the suitable historical conditions. According to the New Monetary Economists⁶ market forces undermine the distinctiveness of banks within the financial system that is primarily the product of regulation. The securitization of bank assets is reducing the peculiarities of banks on the asset side. The conclusion is that the financial system is developing by means of a process of diffusion and banks will no longer exist as distinctive elements of the system. Gandy and Chapman (1997) explains this tendency in a similar way:

Banking has become an unpopular industry, much blamed for problems not of its own making. The use of interactive electronic links to customers could go some way towards re-establish links and providing the customer with greater levels of information about both their own financial situation and about the services offered by the bank. (p. 114)

In an attempt to highlight the importance of institutional change associated with the distinctiveness of banks in the financial system, the last monetary form, virtual money⁷ can be identified as an important explanatory category. In the same

vein, it is apparent that transformation of institutional forms depends on whether these adapt to new conventions, conditions and environments accompanied with new monetary form.

Apart from a concern with banking as an unpopular industry, some commentators claimed that the role of bank finance in the financial system remains important. Although traditional banking is declining relative importance within the financial system in terms of volume of traditional banking business, it nevertheless retains its pivotal importance in providing the money base on which the rest of the financial system is built (Dow, 1999). This in turn continues to allow banks to play their distinctive role in providing direct loans to borrowers as an alternative to borrowing in securities markets. Taking advantages of their strong institutionalized structures, banks attempt to survive in the new banking world using new delivery mechanism based on micro marketing and entering the new hypermobile capital markets⁸. Here, what must be noted about the survival of banks, is that new organizational structures (internal and external) and routines change both the institutional dynamics and business environment of brick and mortar banking into new technologically determined dynamics and environment. Overall, it seems that institutions of money in the new financial era are not only product of history and of specific monetary forms but also of specific organizational forms.

2.1.2 Space

In an attempt to highlight the importance of space in the monetary relationships, the circuits of financial capital and regulatory system, *financial space* can be identified as an important explanatory category. A broad perspective on the work of financial space reveals the following areas in common: geography of financial flows, financial system and space, regulatory space, public financial space,

institutional system and space, spatial pattern of banking and capital markets and spatial evolution of banking and financial systems. These research areas can be largely formulated within the context of geographical economics at two grounds: changing institutional nature of money in the new financial era shaped by globalization and locational aspects of banking and financial institutions across the full range of geographical scales (regional, intra regional and urban). While the former area is where an interaction between money, power and space (regions) come in, the latter can be best characterized by local and national monetary policies, history and financial technology. To this extent, the study attempts to bring these themes in the light of their geographical relevance in order to reformulate the interplay between money, power, space and technology.

Before proceeding to a more detailed study of how the institutional geography of money is shaped by a diverse set of dynamics in the following chapters, we need to answer a rather important question: what exactly is the spatial behavior of financial systems? This question is best answered by drawing on the nature of financial flows. Financial systems are spatial because money as abstraction makes it possible for people to transfer social and economical interactions along full range of geographical scales from national to local. In addition to their autonomous social, cultural and moral geographies, financial flows (circuits of finance capital) also operate in the wider systems of production, employment, income and welfare of localities, regions and nations. Where the spatial behavior of financial systems comes from is best summed up by the following description provided by Martin (1999a):

Financial systems are inherently spatial. Initially, this statement might not be thought valid or important, since the very fungibility and convertibility of money enable it to transcend space more readily than any commodity. However, financial systems have complex institutional and organizational geographies that both reflect and influence their functioning. (p. 6)

Financial systems are also regulatory spaces, thus the history of money is also a history of regulation. Historically, the spatial impacts of regulatory changes on the financial systems were twofold. On the one hand, these changes had an important influence on the geographical scope of financial institutions. The spatial-institutional geography of the domestic banking system in the nation states can be seen as a product of regulation. On the other hand, broader hierarchical changes related to the geographical base of financial systems have occurred due to the regulatory developments. The deregulation movement of the 1970's changed the role of the state in the spatial distribution of financial centers, shifting the priorities of financial policy from the state to the regional institutions. New information and communication technologies and deregulation of financial markets jointly made it possible remote trading away from the large international centers. The repercussions of these technological and regulatory developments are also felt in the contemporary geography of money. One consequence of this regulatory shift is to reconsider the economic and socio-cultural weight of financial centers at both international and national levels. To combat threats to their territorial embeddedness based on the benefits of urbanization, localization and agglomeration economies, deregulated financial spaces in the large financial centers are re-regulated (Budd, 1999).

Although these inherent spatial characteristics of financial systems are apparent, contemporary financial literature is still far from having a comprehensive synthesis encompassing financial systems, spatial developments and profound changes of global deregulation and integration. The spatial dimensions of financial systems are under-theorized, with little attention paid to the national differences in banking systems in terms of efficiency differences and of differences in scope for local monopoly (Dow, 1999). Against this under-theorization, at least four further

strands of research in the geography of money⁹ are worthy of note: the role of finance in the Marxist theorization of the uneven development and crisis-prone tendencies of the capitalist space economy, the spatial organization and operation of particular financial institutions and services, the economic, political and social dynamics of the world's major international financial centers and the relationships between regional flows and regional industrial development.

Globalization appears to be a dominant parameter in the relationship of geography and money in the late twentieth century. A series of developments involving the emergence of integrated seamless financial markets, the growth of homeless or stateless monies and the rise of truly transnational banks and financial institutions undermine the economic sovereignty and autonomy of nation states and reshape the geography of money (Martin, 1999a). These structural changes and transformations do not undermine the geographical concerns of finance and the global financial system remains a "geographical hybrid" depending on the global-local process. At this point, geoeconomics as a new strand of work in the geopolitical tradition emerged as a counter response to the "end of geography" argument in the early 1990s. Taking into account of the recognition that the globalization of finance is a global-local process, this work indicates that the configurations of monetary and financial systems vary in territorial aspects at all levels from local to international. Despite the circulation of credit and debt at a global level, the means of payment remains grounded in currencies validated by territorially bounded nation-states. In that respect, it can be misleading to point out only an institutional and geographical basis for the configurations of financial systems but also a socio-economic basis ought to be identified as an important explanatory category. One of the strands of research in economic geography and urban and regional development studies in

recent years tends to stress the existence of the diverse economic worlds of capitalism¹⁰ that are unevenly distributed over space and governed by a different set of social and economic relations (Leyshon, 1995).

In an attempt to highlight the importance of spatial nature of financial systems, an institutional basis for locational concerns is also important. This can be evaluated as regional and urban repercussions of broader spatial developments. There are clear parallels in the evolution of banking and financial systems over time and the differentiation of these over space¹¹ (Dow, 1999). The locational structure of financial institutions differs in their functions and institutional forms. As basic functions (retail banking and mortgage-lending facilities) are distributed geographically, specialized functions (stock markets, pension fund houses, merchant banks, bank headquarters, venture capital companies and foreign exchange markets) follow a process of spatial concentration¹². Martin point outs, "Like other industries, financial activities are also characterized by economies of agglomeration, path-dependence and locational lock-in, and historically have tended to cluster geographically in particular urban centers and regions..." (1999a: 6).

The physical delinking of financial institutions from community is evaluated as a consequence of rules that favor mobility over community, speculation over private investment and volatility over permanence. There is evidence to suggest that independent banks are shrinking while non-depository institutions like mutual funds are multiplying in the U.S. The concentration of financial systems in particular locations¹³ relates to the capacity of financial center banks to inspire confidence and to generate more growth and more profits. The reason why this locational argument is important to local and national economy is that financial centers are the important employers and generators of income. Financial services and their availability differ

from one locality to another and thus the economic development of these localities seems to be dependent on their financial geographies. In other words, the locational argument is tied with increasingly close relationships between the capacity of local economy, financial center formation and particular financial services (Dow, 1999). In this regard, Dow states that “the financial sector also has an important indirect economic significance for the economies in which they are located”(1999: 44).

Current attempts¹⁴ to document the spatial patterns of banking and capital markets concentrate upon two areas that are representative of some of the ways in which research on the new geography of money has developed in the mid-1990s: a spatial analysis of the competitive structure of the banking system that are motivated by deregulation and international competition and the location of financial institutions at urban level. Here, two crucial questions at different levels are worthy of note: does the spatial concentration of banking generate a different pattern of credit creation from a more geographically dispersed banking system? And will merger and acquisition activity concentrate banking so that head offices are concentrated in a few large financial centers?

2.1.3 Technology

Another important point to take into consideration in the study is the key role of technological developments in the constitution of different financial geographies. The institutional effects of new financial technology are most evident with respect to both globalization of financial markets at upper level and reorganization of banking and other financial institutions at lower level. Here, what makes these technological developments particularly important from a geographical perspective is that the diffusional effects of technology have serious spatial consequences for financial markets and institutions at all geographical levels. While the integration of financial

markets brings advantageous or disadvantageous financial districts, new delivery mechanism affects both spatial (urban and regional) composition and internal organization of financial institutions, especially banks. With reference to these repercussions across the full range of geographical scales, technology occupies a central position as a third component in the study. In the following chapters, the constitutive role of financial technology in the new geography of branch banking will be analyzed in a detailed manner. This section presents a brief summary of recent technological developments in financial terms and emphasized role of new financial technology in the new institutional restructuring of banking. The latter can be evaluated as an analysis of technology independent from geographical concerns.

The major force driving the globalization of financial markets in the 1990s was technology: the technology of globalization, the technology of financial innovation and the technology of information and communication (Stafford, 1992). The integration of financial markets (foreign exchange, bonds and securities) was enabled by technology. The impact of this process on the financial organization is perhaps best illustrated through the emergence of offshore banking¹⁵. As seen in the rise of offshore banking, financial integration ironically creates new advantageous areas of money and finance and the diffusional effects of new financial technologies are mostly felt in these areas as well as financial centers. The comments of Whimster and Budd (1992) are as representative as any in this regard:

Theoretically, global finance could be conducted from just one center anywhere in the world. But in practice, as will be seen, market share is determined by a number of services under one roof. So for instance foreign exchange, bonds and securities markets could be interlinked in a major deal. (p. 10-11)

Parallel to these structural changes in financial markets, institutional effects of new financial technology are visible in two areas: operational (new financial

instruments) and organizational (new delivery mechanism). The continuous development of financial innovations radically altered the traditional financial procedures and securitization as a typical form of dis-intermediation came into existence (Whimster and Budd, 1992). Financial innovation led to the introduction of new financial instruments throughout the 1970s and early 1980s. Securitization and the growing use of contingent liabilities of off balance sheet times (performance bonds, letters of credit, currency and interest rate swaps) constituted the two important innovations in the period (Kapstein, 1996). These developments in the former period show that there are clear parallels in the evolution of financial technology and development of financial innovations. Stafford (1992) points out that the “defects” and “delays” in financial transactions originated from older technological applications make new practices and innovations necessary.

The organizational change motivated by technology (Brousseau and Rallet, 1998) is best illustrated through the structural transformation of banking. The growing use of new financial instruments enabled by new delivery mechanism has serious consequences for banking. An extensive network of electronic funds transfer systems, as the nerve center of the international financial economy, is allowing banks to move capital around the globe at suspended rates (Warf, 1999). As Warf puts it, “subject to process of digitalization, information and capital become two sides of the same coin” (1999: 230).

In the evolution of electronic banking¹⁶, the early 1970s constituted a starting point with the introduction of credit cards and the development of ATM networks. The early 1980s and early 1990s saw the dominance of personal computers in banking because PC offers both visual verification lacking from telephone and two-way communication lacking from television. Being an open system, which does not

require proprietary software or access to a private network, internet banking separates from the pre-history of financial technology. Customers keep demanding more sophisticated packages of products tailored specifically to their financial needs and the Internet may prove to be the proper delivery channel for this goal. The main advantages of internet banking can be seen in the emergence of new financial services and products such as digital money and electronic checks and in the participation of non-bank entities in the financial services, such as private Payment Service Providers¹⁷ (Channon, 1998 and Giannakoudi, 1999). Integrating low-cost financial services including loans and mortgages, checking, bill payment, securities trading, insurance and more, the internet makes *consider it done* type of operation possible (Gurley, 1999).

This development of network technologies results in a multiplicity of delivery channels and thus, a new marketing strategy for banks become a necessity: micro-marketing¹⁸ that meets the specific needs of individual customers, instead of traditional mass marketing. Integrating customer information systems (CIS) with central marketing units, a virtual personal banking service changes the relationship between bank and customer¹⁹. A data warehousing approach²⁰ that means the integration of information from the branch network, telephone and electronic banking services makes financial data accessible and turns it into usable information. However, the high cost of commission rates and the possibility of the dis-intermediation of markets pose serious threats to data warehousing (Gandy and Chapman, 1997). New delivery mechanism²¹, which is based on data warehousing, client/server architectures, multimedia delivery systems and the many others, offers the new methods of interacting with the bank without losing their old relationship. A banking environment, in which service costs continuously remove from the old

infrastructure, uses the branch as the sales and advisory center and most transactions move to the electronic environment.

Having the largest account base, control of the ATM networks²², and strong understanding of legislative environment, traditional banks have an advantageous position in the new banking world. However, a lack of flexibility, innovation, and a true service mentality constitute a major obstacle in the adaptation of new financial technology. In this environment, non-bank competitors pose a threat to traditional banks which operate in the internet: Telebank, Netbank and Security First in web-based financial services and Amazon, Yahoo and Nextcard in online trading (Gurley, 1999).

The two important trends face the financial services industry in the new Millennium: replacement of mass marketing by one-to-one marketing and a knowledge revolution in which relationship technologies create a net-centric financial environment (O'Connell, 1999). The convergence of these two trends brings a multiplicity of delivery channels (branch, telephone, ATM, personal computer and television). One emerging benefit of the new revolution will be the recreation of the intimacy of small-town banking, which is based on personal relationships. As O'Connell puts it, "these new electronic communities will not be based on geography, but on need and interest" (1999: 16). However, this study attempts to highlight a spatially orientated technology notion instead of a technological analysis of a geography free environment. This means that spatial response of banking in the new financial era to technological developments is rather different from that of traditional (brick and mortar) banking, but geography matters in both conditions.

2.1.4 Parallel Transformations: Money, Power, Space and Technology

Having started with the hypothesis that the developments in the institutional geography of money contribute to the emergence of the new spatial processes of money, the natural next step is to probe into the interplay of money, power, space and technology. These four components of the grounded theory can be identified and highlighted as the underlying variables that explain the structural transformations both in the historical and contemporary geography of branch banking in Turkey. Before turning to the specific processes for Turkish banking in the following chapters, it is important to recognize the further motivations for two counter financial processes: financial deterritorialization and territorial agglomeration of financial activities.

First, the interaction between space and technology is important to stress. The best research on the interplay of territory and technology stems from the path dependency perspective (see Section 2.2.1 to a detailed account of dependency theory), which is founded principally on the work of the evolutionary economists. This theory becomes the major context for “the intangible aspect of a territorial or regional economy that underlies innovative, flexible agglomerations”. According to this perspective, technological change is path dependent because it involves untraded and irreversible interdependencies between choices that are sequenced in time. These choices have a spatial dimension, which is closely related to “their temporal uncertainty and interdependence” (Storper, 1999). These are most forcefully illustrated by territorial specialization and differentiation in trade between regions or nations. Some inter-organizational dependencies within the division of labor (input-output or network relations) have a territorial behavior. As Storper spots,

“...organizations cluster together in territorial space in order to travel along a technological trajectory...” (1999:40).

Second, the interplay of territory and technology is best illustrated through the spatial restructuring of financial activities. The clustering and organizational routines appear to be dominant parameters in the territorial embeddedness of financial activities²³. However, at the same time, the developments along new technological trajectory ironically undermine this type of interlocking. New information and communication technologies and deregulation of financial markets jointly make it possible remote trading away from large international centers. One consequence of this regulatory shift is a changed relationship between the organization of financial flows and geographical space. Here Leyshon and Thrift (1997) ground their arguments on the assertion that this new relationship can be seen in the emergence of compressed financial space:

More important even than the invention of such new financial instruments was the way in which the constraints of space were overcome, so as to make these instruments tradable over greater and greater distances, through the marrying of improvements in transport and communications to specific market nodes, usually large urban centers, so as to produce an increasingly compressed financial space. (p. 26)

While the traditional conceptualization of financial space is represented by a set of notions including path dependency, locational lock-in, territorial embeddedness and agglomeration economies, new spatial paradigm of money is bundled with additional definitions and conceptions. This conceptual turn is most evident with respect to spatial processes of money. The new spatial processes of money²⁴ are found in a group of commentators' account of what they call the “homogenization of financial space” or “financial deterritorialization”. In theoretical terms, these processes appear to be related to a reformulation of interrelationships

between money, space and technology. A detailed analysis of these is given in the following chapters.

Third, in conceptualizing the role of technology in the spatial restructuring of financial activities, attention ought to be given also to the role of economic and political governance (power). While new technological developments contribute adversely to the territorial embeddedness of financial activities, the relationship between money and geographic sovereignty is also changing. Digitalization poses a threat to the geographical roots of money and finance and the systems of economic and political governance, which are rooted in geography, find it much harder to govern e-cash and markets in cyberspace. In other words, regulatory framework depending on the spatial proximity matters of financial institutions and customers become an ineffective area for the governance of electronic finance. In that connection, territorial sovereignty, which implies “a world where economic and political control arise from control over territory”, is also problematic. Nonetheless, it would be misleading to visualize the increasing irrelevance of geographical rooting of political and economic authority as the end of the state, but the efficacy of this authority is increasingly diminishing. The geographical concerns of controlling the money supply, effective economic borders and volume of money become questionable in a digital world economy (Kobrin, 1997).

Another strand of research in territory, technology and money imply that technological change strengthens the territorial agglomeration of financial activities. Technological change, competition and globalization are producing a similar process to the de-industrialization that occurred earlier within manufacturing (Martin, 1999). Similar to the geographically uneven restructuring and rationalization of manufacturing, banking and related financial activities concentrate in the particular

areas (financial centers). These areas rest on their historical, locational or economic comparative advantages over other regions or cities and these contribute to territorial embeddedness of the areas. These highly historical advantages are stressed in most of the works (Budd, 1999; Chick, and Dow, 1988; Dow, 1999; Martin, 1999; Sassen, 2000 and Thrift, 1994) in the triangle between money, space and power. Some of these works claim that new technological developments pose a threat to territorial embeddedness of financial centers in hierarchical terms. To combat the threats to their territorial embeddedness²⁵ based on the benefits of urbanization, localization and agglomeration economies, deregulated financial spaces in the large financial centers are re-regulated (Budd, 1999). At the same time, re-regulation can be evaluated as an effort to homogenize public financial space against the uneven geographical distribution of banking and financial activities at all spatial levels. Central to these developmental concerns of money and finance is that the systems of economic and political governance still matter in the constitution of different institutional geographies of money in a world of post-hegemony.

Overall, what appears to characterize the new spatial processes of money is the close relationships between, money, power, space and technology. Here, this interplay can be formulated in a different fashion in order to disclose the further motivations for the new geography of money. An analysis of the new geography of branch banking requires close examination of broader financial processes, regulatory changes, the developments of financial technology and the spatial outcomes of these broader developments at all geographical levels (national, regional, intra-regional and urban).

2.2 Approaches on Economic Geography of Money

This section places a concern for money, power and space at the center of different theoretical discourses. A theoretical analysis of economic geography of money is developed drawing from the literature of sociology, economy, history and human geography. Here, the four main approaches are discussed: historical, socio-economic, monetary and economic. The section joins a growing literature in The Keynesian, Marxian and Neoclassical theories to explain the mainstream theories of each approach. These three theories are important to establish a theoretical foundation in the thesis because each of them emphasizes different interrelationships between money, space and power. However, a geographical analysis in institutional terms remains incomplete in these theories. The theories is concerned neither with institutional and technological factors in the emergent geographies of financial institutions, nor with urban geographies of money and finance. To address these holes in the literature, an attempt is made in section 2.2.5, which concentrates on the new theoretical turn in the economic geography of money. This new theoretical attempt on the new institutional geography of money synthesizes historical, socio-economic and monetary approaches according to their geographical relevance.

2.2.1 Historical Approach

In order to develop a proper perspective on the interplay of money and geography, it is important to stress the necessity of a historical approach. Here, an important question arises: whether history can be identified as an explanatory tool in the diverse geographies of money. Put simply, the main question is that which parameters define the advantageous or disadvantageous areas in the institutional geography of money. The answers to these questions are important to display the spatial patterns of branch banking in theoretical terms. Moreover, specific spatial,

political and economic patterns of Turkish branch banking make such a historical analysis necessary. From a comparative perspective, path dependency theory best meets the requirements of this historical analysis because the theory proposes a suitable conceptual framework for the case to define both an institutional and historical basis for regional and urban distributions of bank branches in the Turkish case. To this extent, path dependency approach is important to establish a bridge between regional-financial development and location theory that constitutes an important part of new theoretical foundation in the thesis.

The basic premise of path dependency is that “history matters for a future course of action or development”. In *Economic Geography Glossary*²⁶, this approach is defined with reference to “effects of past commitments or acquired knowledge on subsequent actions and decision”. Drawing attention to “the pool of (usually locally) learned behaviors and organizational routines which constrain (including spatially) future activities”, this historical argument raises an important point for the literature on the geography of money. Bergman and Feser²⁷ (1999) define path dependence as “the general notion that technological choices –even seemingly inefficient, inferior, or suboptimal ones –can assume a dominant lead over alternatives and be self-reinforcing, through not necessarily irreversible given a significant enough shock” (see also Storper, 1999 to the interplay of territory and technology within path dependency framework).

The theory has important repercussions on regional development literature. Path dependency theory identifies “uneven regional development as an inherent feature of capitalist economies and provides a systematic explanation: the nature of a region’s pattern of trade and investment exercises a formative influence on the region’s economic structure and development” (Chick and Dow, 1988: 225). The

theory provides a background for analyzing why economic, technological and financial differences between the center and the peripheral regions exist. Although the monetary aspect of “the process of creating and maintaining dependency” is under-theorized in the path dependency theory literature, Chick and Dow (1988) show within a Post-Keynesian framework that monetary factors can reinforce the real process.

Building on work on regional growth and decline, polarization, core-periphery and cumulative causation models tend to stress disequilibrium in the space economy in favor of some specific regions. Against this argument, neoclassical regional growth theory emphasizes that natural market mechanism tends to gradually eliminate interregional disparities. Apart from a concern with financial and monetary differences between regions, recent contributions to the debate between equilibrium and disequilibrium views of regional growth stressed the central position of external scale economies in the industrial and commercial weights of regions. Emphasizing the role of “lock-in effects” in the process of cumulative advance in regions, both new growth theory and new international economics suggested that “a comparative advantage established in a given region or country, perhaps by accident, chance, the distribution of natural resources, or other non-behavioral phenomena is likely to strengthen as a result of external scale economies” (Bergman and Feser, 1999).

In addition to the regional-financial framework outlined above, a locational interpretation of the theory is also needed in a broader perspective. Both broader hierarchical developments at regional and global levels and institutional developments at urban level all mark the necessity of a historical approach in the emergent geographies of money. Current attempts to document a path dependency viewpoint of the institutional geography of money emphasize the interplay of money,

space and power in the era of global integration. A detailed account of this interplay is found in Martin (1994):

Financial globalization is not obliterating geography; rather it is reconfiguring the geographies of money, power and dependency. As nation states have decoupled themselves from banking capital and relinquished control over international monetary transactions, so there has been a substantial shift of power to a globally integrated hierarchy of financial centers, led by London, New York and Tokyo, and the major financial institutions located in them. (p. 274)

A number of studies highlighted that the existence of this “globally integrated hierarchy” can also be interpreted as the partial confirmation of path dependency theory. The survival of financial centers as the concentration areas of “old wealth” appears to be related to “the renewed ascendance of finance in the 1980s” (Sassen, 2000). There is evidence to suggest that all major economies in the developed world display a similar pattern of financial activity and related producer services in one center. This concentration has increased in the last decade through emergent leading centers like Zurich, Toronto and Osaka. “The renewed ascendance of finance in the 1980s” again motivated concentration in a limited number of financial centers (Sassen, 2000). There are not only financial and technological reasons for the durability of financial centers in the new financial era but also social and cultural ones (Jacobs, 1994 and Thrift, 1994, 1996). Thrift grounds his argument on the assertion that “international financial centers will continue because they satisfy essential communicative/interpretive needs that cannot be met through electronic communication” (1994: 352). He also emphasizes the importance of social and cultural structures as determinants of the success or failure of these centers.

What appears to be important in the institutional geography of money is that path dependency can have clear geographical implications by virtue of the fact that businesses cluster in space. In the same vein, different institutional systems of money

reflect different locational advantages or disadvantages from a path dependency viewpoint. The geographical preferences of banking are associated by the fact that a diverse set of factors including bank size, bank type, ownership structure and branch system tend to support “locational lock-in” in most of the cases. Evidence from the UK and US suggest that large banks are spatially selective at regional levels whereas small banks have a limited geographical scope at intra-regional and urban levels. Furthermore, branch systems of banks display similar geographical patterns. Despite the locally based unit banking system, branch banking system tends to be dependent on specific locations throughout the brick and mortar banking era. At regional and urban levels, these specific locations coincide with the existing spatial hierarchies in terms of production, services and finance.

What starts to change in the new financial era is the nature of banking and its institutional requirements. Aside from “neutralization of geography”, new financial technology brings about financial concentration and as a result of this, financial centers become the most advantageous places of different banking activities and institutional systems once again. While these centers host *hubs* of different financial institutions, new retail and wholesale banking activities also demonstrate the spatial patterns of a financial center formation. Regardless of geographically homogenous distribution of traditional retail banking, these new technologically oriented banking activities are not only located in the former financial centers and in major cities, but also in emergent secondary cities as in the European case. Evidence from the US and Turkish cases signify that regulatory framework and ownership structure also reinforce lock-in effects in these advantageous locations that emerged historically or newly. In addition to the constitutive effects of inter-state banking acts in the US in terms of the contemporary geography of banking, the Turkish case is characterized

by both rational geographical scope of private banking and extensive scope of state banking. In the Turkish case, both conditions are evaluated as the confirmation of path dependency in terms of the counter geographies of money.

Overall, it is apparent that interplay of geography, technology and money confirm path dependency theory not only in historical terms but also in the contemporary geography of money.

2.2.2 Socio-economic Approach

A study of the geography of money also reveals a diverse set of the accounts of the financial development within a sociological and political framework. Building on work on the interrelations between money, space and power, such a sociological analysis becomes extremely important to elucidate the reasons for the diverse institutional geographies of money in hierarchical terms and also to reveal the fundamental socio-spatial characteristics of the configurations of monetary and financial systems. Put simply, the basic premise of this analysis is that the essence of regional-financial differences at upper level and urban spatial patterns of banks and other financial institutions at lower level are captured in the broader social, economic and political dynamics. With reference to section 2.2.1, a historical analysis is also important to illuminate the inherent spatial and institutional characteristics of monetary and financial systems. When the theoretical foundation of this social analysis is conceived in these terms, the Marxist theorization of the geography of money becomes extremely important. In that connection, the geopolitical tradition and its one further strand, geoeconomics offer the important explanatory tools for the uneven financial development and its repercussions both on the composition of financial institutions and hierarchies of financial flows.

The role of finance in the Marxist theorization of the uneven development²⁸ and crisis-prone tendencies of the capitalist space economy (Harvey, 1985, 1989 and 1999) became one further strand of research in economic geography and urban and regional development studies in recent years. The diverse economic worlds of capitalism that are unevenly distributed over space and governed by a different set of social and economic relations were regarded of the utmost importance in the new strand of work in the geopolitical tradition. According to Leyshon, geoeconomics indicates that “the configurations of monetary and financial systems differ from country to country, even at times from region to region, opening up the possibility of a geography of capitalism within which the dynamics of money and finance play an important role” (1995: 534).

Among these diverse economic worlds, economic geography of money is under-theorized, with little attention paid both to the role of the financial system in uneven regional development and to the different institutional geographies of finance at regional and urban levels. However, one further contribution is made by Harvey (1985, 1989 and 1999) within a more sociological framework. Harvey stresses money, space and time as “interlocking sources of social power”. The modern forms of money not only transcend the geographical limitations but also allow “the assembly of massive social power in a few hands in a few places”. Harvey (1985) identified this dichotomy as a specific characteristic of capitalist space economy:

As a higher form of social power, it can dominate not only ownership of other means of production but also space and time as sources of social power... The holding and command of money confers tremendous social power. But under capitalism that power is contingent upon the continuous use of money as capital. (p. 190)

Both “(t)he breakdown of money as a secure means of representing value” and “the problems of time-space compression” bring further crisis of representation

in advanced capitalism. This representation crisis can also be conceptualized as “highly problematic intersection of money, time and space as interlocking elements of social power” (Harvey, 1989: 298). Dematerialization of money also contributes to the crisis of representation. What appears to characterize the spatial outcome of this is that “(money) does (not) rely exclusively upon productive activity within a particular space” (Harvey, 1989: 297). Here, that “speculative shifts bypass actual economic power and performance” determines the accumulation over space and further, advantageous places of any financial activity.

In the same vein, one further area of concern is the issue of how the representation crisis brought further hierarchical and institutional outcomes at geographical level. According to Harvey, the essence of a spatial hierarchy of urban centers in the world is primarily captured in the dynamics of financial markets identified as a part of “a hierarchically organized central nervous system regulating and controlling the circulation of capital...” (1985: 190). Notwithstanding, this nervous system seems to involve certain contradictions and paradoxes in financial terms. In the new financial era, internationalization of capital accompanies with various institutional developments across the full range of geographical scales is represented by “a whole mess of untidy” and structurally contradictory hierarchical arrangements. This condition is most visible in the hierarchies of money:

Local and particular events, such as the creation of money through a credit transaction at a particular place and time, can be integrated into world monetary arrangements through the hierarchy of institutions within the monetary system. We also argued that contradictions exist within this hierarchical system... The ultimate expression of crises, for example, is as a contradiction between the financial system and its monetary base. (Harvey, 1999: 422)

This hierarchical contradiction is also reproduced through credit system in geographical terms. According to Harvey (1985), credit system has a double play in conceptualizing the interaction between space and money. On the one hand, “(t)he

circulation of credit on the world market then becomes one of the chief mechanisms for the annihilation of space by time..." (1985: 38). On the other hand, "... the contradictions inherent in the credit system also take on specific geographical expression" (1985: 38). The paradoxes and contradictions related to the free mobility of credit money are predominantly originated from the money systems of different nation states²⁹ registered as "social barriers" by Harvey (1999). Here, what the contradiction is that "(t)he drive to create a credit system as free as possible from material spatial constraints therefore rests, paradoxically, upon territorial differentiation, which can prevent the movement of money under certain conditions" (Harvey, 1999: 386).

Despite his contribution to a good formulation of interactions between money, space and power from a more sociological viewpoint, Harvey little mentions the Marxist interpretation of regional-institutional geography of money. Here, the main contribution is made by a number of works in the triangle between regional development, money and institutional geography. Apart from a neoclassical concern with the elimination of regional differences, a number of commentators (Dow, 1992, 1994; Martin, 1989 and Myrdal, 1957) claim that interregional flows of capital might contribute to regional inequality. Myrdal (1957) points out that labor and capital flows might promote regional divergence. Draining weak internal capital flow into other regions, banking system may also add to this condition in poorer regions where savings are low and expansionary momentum is sufficient. As Myrdal puts it, "...the banking system, if not regulated to act differently, tends to become an instrument for siphoning off the savings from the poorer regions to the richer and more progressive ones where returns on capital are high and secure" (1957: 28).

Dealing with the highly concentrated nature of the location of venture capital and the spread of venture funding in the South East of the United Kingdom, Martin (1989) emphasizes the role of industry-finance relations in regional segmentation. At this point, Mackay and Molyneux (1996: 757) quotes Martin (1989): "The case for closer integration between finance and industry is taken from countries where history, institutions and practice encourage financiers to seek a deep familiarity and establish lasting relationships with the industries they intend to finance." A similar prognosis is made by Dow (1992, 1994) in her theory of relative liquidity preference, which suggests that financial integration and the free movement of capital will lead to the spatial centralization of the financial system.

From a local finance viewpoint, financial centralization brings about an important spatial outcome: the emergence of areas of financial exclusion. The withdrawal of banks and other financial institutions from poorer areas leads to the emergence of these areas, in which local residents orientated towards other local, non-bank circuits of finance or develop their own local monies in the form of community-based local exchange and trading systems (LETS) (Martin, 1999a). In the emergence of financial exclusion areas, prime importance is attached to the institutional geography of financial system. Local and regional banking systems tend to be more rooted in the local economy than national branch banking. The geographical consolidation of bank branches in the UK and the United States shows that the branches in economically depressed areas are the first to be closed down. In that respect, it is apparent that different institutional geographies can generate different geographical biases in the circulating of savings, credit and loans. Martin suggests that "as access to finance capital is fundamental to the process of socio-

economic development and prosperity, such spatial biases in the circuits of finance may play a significant role in this process, within and between regions” (1999: 8).

In conclusion, what is suggested here is that a socio-economic analysis of money and space is central to the comprehension of the geographies of financial flows, hierarchies and institutions. In that respect, the basic premise of the Marxist analysis on the geography of money is that financial system reproduces or reinforces uneven geographical development. In both hierarchical and institutional terms, the configurations of financial systems become the main actors of this development. Being similar to the de-industrialization process within manufacturing, the restructuring and rationalization of banking and related financial activities motivated by technological change, competition and globalization play a pivotal role in this uneven development (Martin, 1999). Here what the spatial outcome of this is that a contradictory hierarchy of money and finance, in which interregional financial flows and geographical composition of financial institutions are explanatory, add to financial exclusion or inclusion. A socio-economic analysis made within a Marxist framework is important to involve these exclusive and inclusive aspects of money and finance.

2.2.3 Monetary Approach

One further area of concern is the issue of monetary aspects of spatial development of banking. There are a weak correlation between money and spatial-institutional context in the historical and socio-economic frameworks discussed above. To begin to address this hole in the literature, a monetary approach is necessary because money and finance have a direct impact on the constitution of a spatial basis for financial system at both regional and urban levels. While the regional-financial analysis rests on spatial pattern of liquidity preference, the regional

and urban analysis in institutional terms center on “Chick’s stages of banking development” (Chick and Dow, 1988) in this section. The reason why this spatial analysis on a monetary basis is important to the thesis is that broad structural themes in the study are closely associated with monetary and institutional factors: the homogenous or heterogeneous geographic distribution of branch banks, the areas of financial inclusion or exclusion, geographic scope of banks and regional-financial differences between regions. These structural themes constitute the important research areas in the institutional geography of money. In theoretical terms, these themes are best summed up by the Keynesian theories.

Through the contributions of Chick and Dow (1988), Dow (1992, 1994, and 1999) and Dow and Rodriguez-Fuentes (1997), monetary aspects of regional development become the major context for geographical analysis within the Keynesian approach. Much of this literature examine broad structural themes: regional development and bank finance, regional-financial flows, spatial pattern of liquidity preference, spatial pattern of credit creation, stage of banking development and spatial evolution of financial institutions.

First, the theoretical foundation of a geographic analysis within the Keynesian framework is important to stress: spatial pattern of liquidity preference. The degree of confidentiality of the banks and banking systems determine the proportion of deposits attracted by the banks. The propensity to hold assets liquid has also a spatial dimension based on the Keynes’ theory of liquidity preference. The theory points out that “the preference for holding liquidity will be greatest where confidence in expected yields of alternative assets is lowest” (Dow, 1999: 33). To this extent, it is apparent that spatial differences in economic conditions also mean a spatial diversity to liquidity preference (Dow, 1999). The spatial pattern of credit

creation³⁰ is associated closely with the spatial pattern of liquidity preference. Lower-income peripheral regions have more limited access to credit from national and international banks and so they become most vulnerable to unexpected falls in asset values. A low confidence in expectations of asset prices accompanying with the dependence of peripheral economies on outside financial institutions brings about high liquidity preference as a rational response. This negatively affects the efficiency of local financial institutions in particular to the fact that low redeposit ratios are more limiting the less developed banking systems by impeding the competitive potential of local banks (Dow, 1999). Thus, the organizational and spatial centralization of financial institutions³¹ adds to uneven regional development by affecting the efficiency of local savers and depositors in local investment. In this context, the role of public expenditure appears to be a regional stabilizer: “In the post-war Keynesian welfare state model of economic management, various social and spatial transfers (through the tax-benefit system, as well as through the regional allocation of state investment in public infrastructures and the provision of nationwide education, health and other services) helped to ameliorate and compensate for the effects of geographically uneven development” (Martin, 1999a: 11).

To explain the institutional and spatial outcomes of this political and economic turn, the main emphasis is centered on regional finance. In that respect, two further strands of the Keynesian theory can be pointed out: Post-Keynesianism and New- Keynesianism.

Post-Keynesianism³² is regarded as of the utmost importance in the contemporary literature on money, space and institutional system. The basic premise of Post Keynesians³³ on regional finance is that the supply of money is exogenous to

the national economic system but endogenous in a regional setting. The theory attempts to bring a number of themes –the institutional structure of banking, the basis for banks’ risk assessment and regional differences in financial behavior- together in the light of their regional-financial relevance (Dow and Rodriguez-Fuentes, 1997). Drawing away from general considerations of why a perfect flow of financial resources among regions does not exist, the Post Keynesian literature on regional money and credit is mainly based on market imperfection. The studies of regional patterns of credit creation and of regional variations of these occupy a key position here. For the research on regional finance and spatial development, the theory uses both Chick’s stages of banking development (Chick and Dow, 1988) and the Keynesian principle of liquidity preference. Apart from a concern with “a perfectly elastic regional supply of funds”, Post-Keynesians claim that branch banking constrains the regional extension of bank lending with reference to a higher regional liquidity preference in favor of the national banks. A brief account of this is found in Dow and Rodriguez-Fuentes (1997):

It might be concluded that regions with a branch bank system face a horizontal supply of funds because regional bank branches are able to lend beyond their regional-deposit base. However...when a branch banking system exists, we cannot assume a perfectly elastic regional supply of funds. Although a low regional deposit base would not necessarily mean less regional credit, it might mean a higher regional liquidity preference on behalf of the national banks and this, in turn, will be the factor which will constrain the regional extension of bank lending. (p. 915)

Concerning with the supply side, the theory signifies that regional credit supply is affected both by regional liquidity preference and the stage of banking development. In that respect, Chick’s theory of evolution of banking systems (Chick and Dow, 1988), in particular, is an interesting illustration of how banking development affects the regional development at a geographical context. Chick sorts regional development of banking systems into five stages (See Table 2.1).

Table 2.1 The spatial implications of the stages of banking development.

	Banks and space	Credit and space
Stage 1:	Serving local communities Wealth-based, providing foundation for future financial centers	Intermediation only
Stage 2:	Market dependent on extent of confidence held in banker	Credit creation focused on local community because total credit constrained by redeposit ratio
Stage 3:	Banking system develops at national level	Redeposit constraint relaxed somewhat, so can lend wider afield
Stage 4:	Central bank oversees national system, but limited power to constrain credit	Banks freer to respond to credit demand as reserves constraint not binding and they can determine volume and distribution of credit within national economy
Stage 5:	Banks compete at national level non-bank financial institutions	Credit creation determined by struggle over market share and opportunities in speculative markets. Total credit uncontrolled
Stage 6:	Deregulation opens up international competition; eventually causing concentration in financial centers	Shift to liquidity by emphasis being put on services rather than credit; credit decisions concentrated in financial centers; total credit determined by availability of capital, i.e. by central capital markets

Source: Reproduced from Dow (1999: 44)

Regional-financial flows are the result of an excess supply of saving compared to investment opportunities in the region. The price of savings will depend on competition for funds from other regions. At the first stage of banking development, to enable the flows of funds between regions will mainly rely on the adjustment mechanism of a perfectly informed, unified capital market. This is because the banks at this stage are small and the geographical operation area of each is limited (Chick and Dow, 1988).

The second stage of banking development is characterized by a regionally distinct banking system. At this stage, the banks' ability to extend credit depends both on the size of the deposit multiplier and on the reserves. If there is a high import content to investment expenditure, the income multiplier in the periphery and the redeposit ratio in financial institutions will be low. The use of cash rather than deposits will result in a difficulty in retaining reserves for periphery banks and contribute adversely to the competitive advantage of these banks in favor of center banks. This will bring further banking concentration and branch banking by the center banks in the periphery. If the banks respond to pressures toward concentration, the banking center and head office will locate in the center. The limited information on periphery projects in the center will lead to limit investment in periphery and naturally, to remoteness from the business of the periphery. Chick and Dow (1988) indicate that decision-making process in the financial center also adds to this remoteness. Bank managers' expectations of returns on investment, like the expectations of entrepreneurs, rely on group conventions. This can be also seen in industrial concentration in parallel with financial concentration. A regional disparity in knowledge of potential investment projects creates a separation of regional credit and this reinforces the cumulative causation explanation of disparities in regional

growth and development. In that respect, differential knowledge is in contradiction to the unified and well-informed capital market of the mainstream theory.

At this stage, the instability of the typical peripheral economy also suggests that the periphery will exhibit greater liquidity preference than the center. Liquidity preference influences the availability of investment finance, as well as the demand for finance. Liquidity preference is better satisfied by deposits in nationwide or center banks. This is the reason why capital outflows from the periphery to the center continue in particular to the development of center financial markets. A regionally distinct banking system at the second stage indicates that without a continued flow of funds from the center, income in the periphery might be lower than it is when dominated by center investment.

What started to change at the third stage of banking development is the institutional structure of banking. Interregional branch banking arises due to the increasing credit operations of banks at interregional level. While institutions become less regionally distinct, the regional distribution of reserves, which reflects both regional investment opportunities and the banks' willingness to finance them, remains important. Although bank reserves are lent amongst banks at this stage, branch banks have a competitive edge because reserve needs can be more easily balanced within a single bank. Bank concentration and a further shift of power to the center makes it harder for local banks to retain their regional identity in favor of interregional or national branch banking.

At the fourth stage of banking development, the monetary authorities become extremely important in the regional pattern of credit creation. Credit expansion is no longer necessarily constrained by a reserve base and the central bank stands ready to meet reserve needs at this stage. Here, one limit to bank credit expansion is the

banks' willingness to meet the demand for credit at an interest rate determined by the monetary authorities. Credit creation whose terms are related to national monetary policy rather than regional considerations can now occur in regions with relatively high-expected returns without inter-bank or inter-branch borrowing of reserves. The other limit to credit creation is based on the Keynesian speculative demand mechanism. Here, the regional pattern of credit creation becomes predominantly related to "the pattern of expectations about real and financial assets on the part of potential borrowers, existing wealth-holders and suppliers of new credit" (Chick and Dow, 1988: 243).

The fifth stage of banking development has been reached in some western economies and in the international capital market. This stage is marked by the pattern of more volatile credit creation in peripheral regions, a higher liquidity preference in the periphery satisfied by capital outflows to the center and the dominance of the center in access to credit lines. At this stage, lending activity is concentrated in growth industries and speculative assets. This has serious consequences for the geographical composition of lending: "...periphery industries tend to be small and industries with market power located in the centre; opportunities for financial speculation are also to be found in the centre" (Chick and Dow, 1988: 244).

The New Keynesian literature tends to stress the importance of "regional credit rationing" in the regional segmentation of credit markets. Put simply, lower monitoring costs due to the local banks' superior information on local investment opportunities than outsiders makes local investors more dependent on local financial institutions. From a national banking standpoint, this condition leaves national institutions with an "asymmetric credit rationing" hindering the provision of credit in regional markets. This poses the further question of "how far branching of national

banks in credit-constrained regions would get round the problem of asymmetric information” (Dow and Rodriguez-Fuentes, 1997: 914). The survival of traditional banking is tied in with close relationships between the spatial characteristics of potential borrowers and bank finance. Bank finance may be more important in some regions than in others and similarly, portfolio behavior on the asset side may differ from one region to another (Dow, 1999).

Although there are some parallels between the New Keynesian and the Post Keynesian theories, a closer look reveals significant differences. One is tied in with differences in regional market segmentation. While the Post Keynesian theory takes into account of both the supply-side and the demand-side of the regional credit market, New Keynesian literature is mainly concerned with the supply-side issue of how imperfect information segments regional markets. Regional credit rationing could arise as a result of the unwillingness of non-financial institutions to lend within the region because of their lack of information to assess local project riskiness and profitability. However, Post-Keynesians, signify that credit rationing can also be explained by demand factor because the amount of regional credit is the result of the interaction between supply and demand (Dow and Rodriguez-Fuentes, 1997).

The framework outlined above for the Keynesian approach on economic geography of money elucidates some of the key factors, which produces distinctive geographies in a regional-institutional context. Although, these distinctive geographies offer useful ways in the research of branch banking, there remain questions at urban level: What are the consequences of regional monetary development for distinct geographies of financial institutions in urban context? This question remains unanswered in this monetary framework, but the Keynesian approach gives the important explanatory tools for the understanding of external and

internal factors in regional-financial segmentation and of spatial evolution of banking systems. These two contributions are important to show the spatial composition of financial institutions at regional and intra-regional levels. An urban analysis is made with reference to Chick's stages of banking development (Chick and Dow, 1988) in the case and this constitutes an original contribution to the contemporary literature of economic geography of money.

2.2.4 Economic Approach

Counter to other approaches discussed above, economic approach on the geography of money chiefly emphasizes a geography free framework and highlights the importance of market mechanism in the elimination of regional-financial differences. Not only regional-financial structure, but also the locational characteristics of financial institutions display the same patterns of this equilibrium over space. While economic factors determine the spatial distribution of financial flows, the institutional system of money is primarily represented by a rational composition of banks and other financial institutions. Neoclassical and geographic economics tradition represent this mainstream approach that ignores non-economic factors in the spatial analysis of money and finance. Theoretically, this thesis is not based on such an economic analysis, but neoclassical theory can be used to comprehend the internal institutional dynamics in the emergence of areas of financial inclusion and more importantly, the applicability of location theory to the socio-economic and historical issues of money and space.

Geographers gave relatively little attention to neoclassical analysis because its initial context is a "spaceless and timeless world" and thus, an understanding of spatial distributions of economic activity within a neoclassical context remained so weakly developed for so long a time. In other words, neoclassical theory suggests

that historical time and space are unimportant aspects of economic analysis. Ironically, Woodroffe (1994) points out this under-theorization of space in the following way:

Analysis concerned with space, therefore, had to relax some of the basic assumptions of the theoretical structure. This in a sense represents the analytical reverse of the starting place of economic geography being the overwhelming importance of space to starting by explicitly ignoring space. (p. 100)

Economic geography has responded to the limitations of neoclassical type of models by adopting further theoretical perspectives such as behaviorist/organizational theory and structuralist theory. Neoclassical theory and geographical economics propose different perspectives on the importance of space in the distribution of economic activities (Martin, 1999b). The development of economic geography from the geographical perspective primarily stresses the importance of location theory, thus this approach is dominated by a greater centrality of neoclassical thinking. However, dealing with social and political issues, the development of economic geography from the spatial economists' perspective draws attention to growth and trade theory.

Neoclassical theory is not only based on a timeless and spaceless world, but also other effects shaping the economic system such as “differing cultures, social formations and state institutions” remain under-theorized in the neoclassical analysis. Neoclassical economics pays little attention to regional problems. The theory suggests, “...regional problems are no more than the spatial manifestation of an adjustment failure on the part of the factors of production” (Tomaney and Ward, 2000: 472). Neoclassical regional growth theory emphasizes that natural market mechanism tends to gradually eliminate interregional disparities. Under a neoclassical theory of efficient capital markets and a nationally integrated financial

system, there are no regulatory barriers to the movement of money and capital flows have an utmost importance in the elimination of inter-regional and inter-national differences. In a neoclassical world, not only financial institutions would be efficiently and optimally located across space, but also capital movements would remove or minimize any tendencies towards uneven economic development between the regions (Smith, 1989). This scenario is reinforced by recent political moves to liberalize financial markets and regional development in several Western economies including the United States, the UK and the EU (Martin, 1999a). However, geographical economics accentuates space and place as important variables in understanding the development of the economic system and deals with a number of areas including regional economics, urban economics and local economic development (Woodroffe, 1994).

In an attempt to formulate the relationships between money, space and technology from a neoclassical point of view, one further strand of research, global neoclassicism is well incorporated into recent work within global financial integration. The theorists of global neoclassicism place emphasis upon technologically motivated integration of capital markets. Counter to Keynesians, these “by-pass the nation state” and take the world as their basic unit of analysis: “...there are no national regulatory barriers, and given modern telecommunications technologies, cross-border flows of finance capital should occur as easily as interregional flows in the national Keynesian model” (Martin, 1994: 270). Some adherents of global neoclassicism go further and accentuate the anticipated developments of global financial integration in terms of single world money and capital markets. Against the global neoclassical vision of unregulated and perfectly functioning world capital markets, Martin (1994) states that a global financial

integration is primarily illustrated through the uneven geography of financial flows and accumulation. According to him, there is no evidence to suggest homogenization of financial space as a global process and specific concentration areas of finance such as financial centers survive in the new era.

What must be noted about the institutional geography of money in this technologically motivated financial era is that neoclassical theory places emphasis upon ownership structure, bank size and market concentration in terms of the comprehension of the contemporary geography of banking. As there is little spatial emphasis on the analysis of banking geography from a neoclassical viewpoint, a comparison between sociological (social embeddedness argument) and economic (neoclassical theory) approaches can be useful to understand the interplay of institutional, spatial, economic and social factors.

Sociological and economic literatures differ in terms of the emphasizing role of institutional system in regional-financial development. According to neoclassical economics, branching would be more efficient than unit banking in providing the financial services needed by a dynamic economy. Thus, branching will assist “lagging regions” and make credit more accessible. This assertion is based on the assumption that lenders have perfect and costless information; organizational and non-economic motivations should have an unimportant effect on the allocation of capital (Green and Kwong, 1995). However, the embeddedness argument emphasizes that the growth of “absentee-owned financial institutions” breaks the established social relationships between borrowers and lenders. Branch banks will drain the capital from “lagging regions” and make it more difficult for small business to obtain credit in these markets. Empirical evidence reinforces both arguments under certain conditions. Green and Kwong suggests that “branching improves the

variety of services offered (although at higher costs), does not influence the cost of credit, and may reduce access to credit among certain groups (minorities, small businesses, and the poor)” (1995: 134).

Both sociological and economic studies also signal that there is a strong relationship between lending activity and bank size. Here, neoclassical economic theory and social embeddedness argument represent two different approaches. The basic premise of the neoclassical economic argument is that competition, branching status and bank size should improve the performance of lending institutions. Counter to this, the social embeddedness approach signifies that branching and large banks should have a negative impact on lending behavior by the weakening social relationships. Even though neoclassical economists attach prime importance to market concentration in terms of the availability of credit for small business, the reality is quite different. Several studies show that “banking deregulation may be creating more concentration at the national and regional levels, while producing more competition locally” (Green and Kwong, 1995: 134). To this extent branch banking becomes extremely important to local financial development in a competitive market.

Overall, it is apparent that neoclassical theory is still far from having a comprehensive synthesis encompassing the full range of financial geographies, from local money, regional finance and the national financial space to the global monetary system (Martin, 1999b). Attaching little importance both to the contemporary and historical geography of money from a spatial perspective, the theory also pays little attention to the emergent geographies of different financial institutions like branch banks. Market concentration is assumed greater importance in neoclassical perspective and branch banking is accentuated as an important institutional system in

the homogenization of financial space both in technological and non-technological terms. However, the theory does not offer an explanatory tool both for the uneven geographies of banking at regional and intra-regional levels and the divided financial landscapes at urban level. In the same vein, it can be said that spatial processes of money (financial concentration at regional level and financial exclusion at urban level) appear to be under-theorized.

2.2.5 New Theoretical Attempt

An examination of the considerable literature on money, space and power shows little mention of the institutional geography of money on two grounds: socio-economic, institutional and technological factors in the emergent geographies of financial institutions and the urban geographies of money and finance. Although, different approaches make important contributions to the area of regional-financial development and of location theory, relatively little attention is given to establish a bridge between these two issues. Before turning to this theoretical synthesis, it is important to explain the shortcomings of four approaches.

A historical approach gives a good formulation of interrelationships between money, space, technology and history. Path dependency theory puts a special emphasis on the historical and spatial factors in the territorial embeddedness of financial institutions. However, there remains the question: how do the internal institutional and regulatory factors contribute to locational lock-in. The theory ignores a socio-economic basis for financial exclusion or inclusion. Moreover, this historical analysis tends to steer its attention away from an urban geography of money and finance and concentrates on regional (financial differences between the center and the periphery) and intra-regional (durability of financial centers) issues.

A socio-economic approach based on the Marxist theorization directs attention towards the social role of money and the importance of broader structural and hierarchical interrelations between regions. This provides explanatory tools for the comprehension of uneven regional-financial development, but little mentions the spatial and institutional factors in the distinct geographies of money and finance. As the main concern of Marxist analysis is to examine the contradictions of whole financial system, a lower level geographical analysis (regional-institutional and urban- locational) remains under-theorized. However, the existence of a theoretical foundation in the explanation of financial exclusion and inclusion makes Marxist analysis distinct from a comparative perspective.

A monetary approach stresses the importance of a regional-institutional framework in the spatial development of financial systems. Drawing upon the monetary aspects of regional development and spatial evolution of banking, The Keynesian analysis establishes an important theoretical basis for the institutional geography of money. Despite the existence of some degree emphasis on a socio-economic basis for financial system, the theory pays little attention to the spatial dynamics in historical terms. However, this does not mean the neglect of space within a regional-financial framework, instead, this is to deal with space in a more regulatory framework. In a similar way, an urban analysis of financial institutions remains incomplete in this monetary approach.

An economic analysis of money and space tends to steer attention away from general considerations of socio-economic, historical and institutional approaches. As its initial context is a “spaceless and timeless world”, Neoclassical theory has received less attention in the establishment of new theoretical foundation in this thesis. However, with reference to location theory, such an economic analysis can be

important to identify the internal institutional factors in the determination of efficient or inefficient geographical scope of banking and other financial activities. This economic approach based on the function of market mechanism can also help to illuminate some key points in an organizational analysis of banks at regional and urban levels. Although neoclassical theory provides some explanatory tools for an urban locational analysis of financial institutions, the theoretical requirements of this cannot be met by economical approach. This is because the hypothetical structure of the study requires a detailed analysis of money, space, power and technology in historical terms. The history matters in the constitution of distinct geographies of money and finance and a pure economic world based on a “spaceless and timeless” context cannot explain the geographical diversity of monetary configurations. Thus, a set of issues including spatial disadvantage or advantage³⁴, financial exclusion or inclusion and a historical and spatial basis of institutions ought to be elaborated within a new theoretical framework.

These shortcomings come together to stimulate a new theoretical approach on the institutional geography of money. Synthesizing institutional, socio-economic, spatial and technological factors in the emergent geographies of money and finance, this thesis attempts to establish a bridge between regional-financial development and location theory. The theoretical requirements of the case also make this synthesis necessary. Having started with the hypothesis that the developments within the institutional geography of money contribute to the emergence of spatial processes specific to Turkey, the natural next step is to probe into a regional basis for the geographical scope of branch banking. In the Turkish case, regional patterns of branch banking appear to be closely related both to regional and intra-regional geographical-financial variables (population, bank credits and deposits) and urban

location preferences of banks. Put simply, the dominance of bank branches in the trio of Turkish cities (İstanbul, Ankara and İzmir) also adds to the emergence of advantageous regions of branch banking. The spatial processes of money including homogenization of financial space, financial concentration and financial exclusion are only analyzed within this urban-regional context. Why regional and urban patterns of branches matter in the realm of these processes are that branch banking contribute to local and regional-financial developments and location of branches also reflects the most convenient areas of bank credits and deposits in private banking. However, in this thesis, the main emphasis is on an analysis of urban and regional location patterns of branch banking in historical terms instead of broader developmental issues of money and finance at national and regional levels. Thus, the theoretical foundation of this study depends on the analysis of a growing literature of the institutional geography of money and of the well-established location theory apart from an analysis of national economic development.

CHAPTER 3

GEOGRAPHY OF BANKING

3.1 Bank Branch in Financial Landscape

Before proceeding to a brief analysis on the historical and new geography banking, it can be useful to signify the spatial concerns of branching. With reference both to the geographical scope of retail banking and regional-financial development, the role of bank branches in their financial environments can also analyzed in spatial terms. Like in any retail activity, banking is also characterized by different organizational forms in the spatial clustering of financial activity. Here, branching can be stressed as a primary organizational form of banking in the extension of geographical scope.

3.1.1 Definition

In general, a twofold definition of branch is used: a subdivision of any organization or a geographically separate unit of an activity, which performs all or part of the primary functions of the parent activity on a smaller scale. Institutional economists do not call banks as institutions, because these are business organizations³⁵. Therefore, branching can be identified as a crucial organizational form that reflects the scope of banking organizations.

In an era of brick and mortar banking, the traditional branch bank as a necessary component of customer service and the environment had a “convenience

function” (Saunders, 1969 and Schmitz, 1986). This function was associated closely with the public face and physical presence of branches. However, in new financial era, branch’s expanding definition involves both physical (traditional branches and fully automated mini-branches) and non-physical environments (ATMs, automated kiosks, telephones, personal computers and Internet) (Bank Management, 1996). The definition of branch will change in the future of retail banking but its physical presence will be captured in any institutional form.

3.1.2 Branch and Financial Space

Several location studies defined three ways in which the spatial clustering of economic activity is identified: “...the classic model of pure agglomeration, the industrial complex, and the network or club...” (Parr and Reynolds-Feighan, 2000: 440). As an organizational form, branching can be explained by the third way: the network. The role of a bank branch as a “geographically separate unit” in the financial landscape can be forged along three dimensions: the changing nature of delivery mechanism since an era of brick and mortar banking, new financial space and the public concerns of regional-financial development by geographical-financial variables.

Initially, an important question needs to address is how the banks interact with their surroundings in spatial terms. Banks achieve financial intermediation through overcoming the geographical distances and locational differences between lenders and borrowers. Banking system is enabling the liquidation of the financial resources at national or international levels. In other words, banking system makes it possible to liquidate the resources by transferring funds from locales that have excess funds to locales that have a lack of fund (Akgüç, 1992). The history and location of the bank determines the allocation of credit among potential borrowers. Spatially, the

availability of information on credit risks is associated closely with the bank's location in the financial center or in the localities (Dow, 1999).

Another important question centers on what the role of a bank branch in its financial environment is. In an era of brick and mortar banking, branching was the only way to broaden the geographical scope of banking in terms of entering the credits and deposit markets. In general, to establish a bank branch in the locale with no branch can be useful to improve the deposit and credit potential of the locales. However, the foundation of a bank branch in the locale that has a branch has a limited effect on the total banks deposits in the area but the bank newly entered to the market find it possible an increase in its deposit rate (Yüzgün, 1982). However, broadening the geographic scope of competition, branch banking also poses a threat to localized market power (Calem and Nakamura, 1998). Post-Keynesians claimed that branch banking constrains the regional extension of bank lending with reference to a higher regional liquidity preference in favor of the national banks (Dow and Rodriguez-Fuentes, 1997). Local and regional banking systems tend to be more rooted in and committed to the local economy and community than do local branches of centralized national banks. A national branch banking system may mean that branches in localities that suffer economic decline can be protected by profits made by the national network of branches as a whole. However, the branches in peripheral and economically depressed areas are the first to be closed down in terms of the operational rationalization of national banks.

According to neoclassical economic, branching would be more efficient than unit banking in providing the financial services needed by a dynamic economy. Thus, branching will benefit "lagging regions" and make credit more accessible. However, the embeddedness argument emphasizes that the growth of "absentee-

owned financial institutions” breaks established social relationships between borrowers and lenders. Branch banks will drain the capital from “lagging regions” and make it more difficult for small business to obtain credit in these markets. Empirical evidence reinforces both arguments under certain conditions. The literature suggests that “branching improves the variety of services offered (although at higher costs), does not influence the cost of credit, and may reduce access to credit among certain groups (minorities, small businesses, and the poor)” (Green and Kwong, 1995: 134).

Despite the advantages of physical presence in bricks and mortar banking such as “built-in traffic, community surrounding, proximity to consumer market and convenient access”(Saunders, 1969), new delivery mechanism appears to be dependent on the interaction between branches and existing technologies. This also means that the ways in which a branch interacts with its financial landscape change in spatial terms. New branch models like hub and spoke or point-of-purchase add new dimensions to the physical presence of banks in a “compressed financial space” (Harvey, 1989 and Leyshon and Thrift, 1997). To extend the geographical scope of retail banking services, the banks establish these new branches homogeneously within rural and suburban areas (Borowsky and Colby, 1993). In other words, new logic of branching generates the partial solutions in the redlined districts of bank finance in new financial era.

3.2 Historical Geography of Banking

In this section, our principal concern is to highlight and account for the historical developments in the constitution of institutions of money and finance according to their geographic relevance. Chick’s theory of the stages of banking development (Chick and Dow, 1988) is based on the view that any banking system or

financial system is a product of its history: “History determines the conventions employed, the state of confidence in the banking system, and the particular behavioral and institutional framework within which the state regulates the financial system” (Dow, 1999: 32). A closer look at the history of banking reveals the relationship between money and spatial processes.

In the analysis of the institutionalized nature of banks, mercantilism can be evaluated as a starting period. Between 1600 and 1800, most of the states of Western Europe were heavily influenced by a policy usually known as “mercantilism”. This was essentially an effort to achieve economic unity and political control. Mercantilism is closely associated with “bullionism”, based on a belief that the economic health of a nation could be measured by the amount of precious metal, gold, or silver it possessed. The great influx of precious metals into Europe from the New World in the sixteenth and seventeenth centuries eroded the division between national and international monetary systems because national economies became interdependent of the accumulation of “specie money” (Corbridge and Thrift, 1994). This emerging divide also constituted the further motivation for the institutional base of banks at not only local and national level but also regional and international levels. Merchant banking as an early form of banking has emerged due to both the intensification of commercial activities and the increasing economic and social importance of specie money.

What the spatial outcome of mercantilism was the emergence of financially important areas that can also be identified as the areas of financial concentration. There is evidence to suggest that all major economies in the developed world displayed a similar pattern of concentration of financial activity in particular areas throughout the institutional history of money and finance. The origins of financial

concentration in Europe can be traced back to the mercantilist era of the 17th century. Since this period, a number of cities like London, Amsterdam and Florence have become international centers for trading, exchange and financial capital. Given historical and locational advantages of these cities, other secondary cities in the European countries have been continuously overshadowed by these leading centers. Sassen suggests that “against this pattern of empires, the formation of nation-states represent a condition making possible a multiplicity of financial centers, typically the national capital in each country” (2000: 100). In this era, mass manufacturing added to “vast, typically based fortunes and the formation of financial centers in those regions”. However, “the renewed ascendance of finance in the 1980s” motivated again concentration in a limited number of financial centers (Sassen, 2000).

In order to develop a proper perspective on the geography of banking in the mercantilist era, it is important to stress that the spatially selective nature of banking activities mainly originated from the early banking period. The banking tradition grew up in many ports and market towns. Merchants and goldsmiths were key players in the early banking history. Through the nature of their raw material they developed a need for safe strongholds to store gold. Because of the personalized nature of early banking, both the borrowers and the end lenders were located in the same geographical area (Pratt, 1998).

What appears to characterize the geography of banking in industrial development process is the regional banking³⁶. With respect to the increasing scope of banking, the origins of branch banking can be traced back to this era. Regional banking produced the distinct institutional geographies throughout the early industrial period. In that respect, dealing with the historical geography of British branch banking, Pratt (1998) identifies three phases of regional banking: partnerships

and banking families, joint-stock banking and mergers and acquisitions. Despite the existence of geographical, institutional and socio-political variations, it is assumed that European banking has proceeded a similar development path both in the mercantilist and early industrial periods. While the geographical pattern of merchant banking appeared to be related to the concentration areas of commercial activities and transportation routes of these, industrial period saw both concentration and an organizational and geographical dispersion of banking. The argument is reinforced by a supposed tendency of financial distancing in British banking. The history of British regional banking (Pratt, 1998) demonstrates well how the evolution of institutional system in banking was accompanied by broader spatial developments at regional and urban level. In an era of mercantilism, the spatial patterns of banking appeared to be associated with the concentration areas of finance capital and this constituted a spatial and historical basis for the advantageous areas of banking and other financial institutions in the following periods.

A study of banking history also reveals a diverse set of the development of different national banking systems. A spatial dimension of the historical-institutional³⁷ geography of national banking is taken up by Dow (1999) in her study of “the stages of banking development and the spatial evolution of financial systems”. She seeks to answer the question of why a spatial diversity exists in the development of different national banking systems. First, spatial diversity is mostly related to the institutional structure. The diversity can be originated from differences in the origins of particular national or regional banking systems and in the role of the state. Here, an institutional basis for national banking seems to be related to “whether the development of banking was initially motivated by private or state financial requirements... and whether segmentation was institutionalized to preserve regional

balance... or not..." (Dow, 1999: 40). The classic example here is the Turkish financial system in which state and private banks as the main actors of segmentation display different geographical patterns of branch banking at regional and intra-regional levels. Within the same institutional system, branch banking strategies of Turkish banks are shaped by geographical and organizational variations.

The second crucial feature is the presence of significant stocks of wealth in the financial centers, associated with path-dependency or cumulative causation process which is based on the localized concentration of expertise, specialized institutions, networks of information and trust, and market confidence. In the Turkish case, except for the emergent areas of branch banking at intra-regional and urban levels, regional patterns of banking present a good example of this historically determined financial space. This tends to support the assertion that spatial diversity can also be inherited from former institutional systems, financial procedures and geographical priorities.

The third important factor is the role of the state. In retrospect, the spatial-institutional geography³⁸ of the domestic banking system in the nation states can be seen as an outcome of regulation. The classic example here is found in the geography of the US domestic banking system that was largely a product of the state-based regulatory framework governing branching and entry in that system (Martin, 1999a). Regulatory spaces are also evident with respect to the extensive geographical scope of Turkish state banking. The deregulation movement of the 1970s changed the role of the state in the spatial distribution of financial centers, shifting the priorities of financial policy from the state to the regional institutions. Increasing merger and acquisition activity in banking across the European Union is bound to have the

important spatial consequences. New national universal banks in the European banking are located in the existing financial centers (Dow, 1999).

National branch banking appeared to be a major financial-institutional form of nation-states. Concerning the issues of regional development, nation-states targeted to make it possible for a homogenization of financial space³⁹ by a centralized branch banking system. Here, not only the homogenization of regulatory spaces is important but also the homogenization of public financial space of the state. Martin explains this in the following way: "Modern states not only set the regulatory structures that govern their domestic financial systems, and cooperate (and compete) with other states in regulating the international monetary system, they also redistribute vast sums of money across society and across regions and localities..." (1999: 9-10). However, a number of studies show that branch banking only added to financial concentration. Pratt (1998) takes the issue of the historical geography of branch banking further by examining how national banking has contributed to the financial distancing process in the UK:

The process of financial distancing has been a gradual one for most of the 20th century. Despite a period of branch extensifications in the 1920s the national branch networks of the four major clearing banks today still reflect mergers and acquisitions undertaken at the turn of the century, and, externally, the organisational structure of the main clearing banks was fairly well established by 1925 (p. 2219)

This supports the assertion of Martin (1999) that the local and regional banking systems tend to be more rooted in the local economy than do the local branches of centralized national banks. There is considerable accuracy to this depiction in the Turkish case. Throughout a long period, one of the goals of Turkish state banking is to homogenize public financial space via an extensive branch banking system. However, these efforts resulted in the emergence of a poor financial environment in a number of regions. Contributing to only the extension of regulatory

spaces nationwide, Turkish state branch banking strategies occupied a key role in the emergence of areas continuously excluded from private banking activities in most of the areas. Put simply, the state did not prepare a suitable financial infrastructure for the further development of private banking and thus regional-financial development remained an unfinished task of the state. Overall, it is apparent that an era of national banking was accompanied with different spatial outcomes, but a common point of focus is that institutional system of nation-state added to financial concentration and financial exclusion in most of the countries.

As illustrated by the fact that the geography of banking is not only shaped by broader economic, technological and institutional developments at regional level but also by national “institutional practices”, historical, social and economic dynamics. The constitutive role of these national dynamics in the institutional geography of money and finance is best illustrated through the spatial evolution of Turkish state banking. Despite the emergent geographies of Turkish private banking in the last two decades, the state banking played its key role in the homogenization of public financial space until the crisis of February-2001. In the following chapters, an attempt is made to highlight the importance of these national-institutional factors in the emergent geographies of both Turkish state and private branch banking.

3.3 Spatial Processes of Money and Banking

The geographical concerns of financial transformation⁴⁰ suggest that the interplay between technology and regulation characterizes the spatial orientations. On the one hand, a financial dispersion affects the regional, national and international markets. New information and communication technologies and deregulation of financial markets jointly make remote trading away from large international centers possible. On the other hand, to overcome threats to their

territorial embeddedness, deregulated financial spaces in the large financial centers are re-regulated (Budd, 1999). Central to this double play is that an institutional change at upper level and an organizational change at lower level follow the geographical patterns of these developments (Marshall, Gentle, Raybould and Coombes, 1992). The rise of regional banking in Europe through the mergers and branch rationalizations is an obvious testimony to the upper level spatial developments. The organizational change can be seen in the changing geographical preferences of banks at urban and regional level with reference to the emergent branch models. These issues are analyzed in section 3.4 in a detailed way.

Before proceeding to a more detailed study of how new geography of banking is constituted both within regional and urban contexts, it is useful to begin with the spatial processes of money that shape the contemporary economic geography of money. By placing the technological, regulatory and developmental concerns of money at the center of geographical analysis, three interrelated processes can be identified: homogenization of financial space (technology and geography), financial deterritorialization (territorial sovereignty and technology) and financial concentration (regional development and technology). The constitutive role of these processes in the new economic geography of money is twofold: overall geography of money and institutional geography of money. Leaving aside the classical conceptualizations of these processes that are mostly based on a technological framework, an attempt is made to introduce new formulations of these processes in terms of understanding the different institutional geographies of money at local, regional, national and international levels. In so doing, this more geography-oriented approach joins a growing literature in economic geography, political economy and regional planning.

3.3.1 Homogenization of Financial Space

In order to deepen our understanding of the relationship between new financial space and technology, we need to highlight the importance of technological viewpoint as a crucial precondition for new economic geography of money. In the previous chapters, an attempt to formulate “homogenization of financial space” was made in terms of regional development issues of nation-states in the historical record. Formulating it in a strikingly different fashion in order to disclose the different institutional geographies of national banking, the study concludes that this process can be evaluated as a basic objective of nation-states within a centralized institutional system⁴¹. In the contemporary geography of money, apart from this historical formulation, homogenization of financial space is regarded as a counter process to financial concentration.

In the new financial era, the constitutive role of space in the development of money is tied in with the technological developments. The marrying of improvements in transport and communications not only produces “an increasingly compressed financial space” but also contributes to the homogenization of financial space (Leyshon and Thrift, 1997). Counter to the end of geography argument⁴², homogenization also takes place in the geographical terms as Leyshon puts it, “the global financial system ... remains a geographical hybrid, (global and local processes)” (1995: 534). Making possible remote trading away from large international centers, a combination of new technological developments and deregulation of financial markets offers new opportunities for local financial development⁴³. One emerging benefit of this is the re-creation of the intimacy of small-town banking that is based on personal relationships.

The financial homogenization brings serious consequences for the new institutional geography of money. Despite the fact that national economic geographies remain important, it seems unlikely that a national branch banking system survives in the new financial era (Leyshon, 1995). The rise of regional banking systems is most evident in the European countries with respect to the emergence of regional banking centers and branches. Taking the advantages of their historically evolved institutional systems in regional banking such as U.S, some countries experience a great diversity of regional-financial geographies. These involve the historical concentration areas of financial activity such as South East England and Greater London in the U.K. and the emergent regions of these in terms of financial employment, branch network and operation fields⁴⁴.

At urban level, homogenization mainly means an institutional restructuring of financial institutions. While the traditional financial centers maintain their territorial embeddedness based on the benefits of urbanization, localization and agglomeration economies by means of re-regulation, other areas display patterns of financial relocation. This relocation is closely associated with the changing organizational needs of financial institutions and with their marketing strategies. This is most evident in banking sector. Instead of heavily centralized branch networks, banks use a hub and spoke model. Hub and spoke model was developed to meet the organizational needs of banks pursuing a market segmentation strategy. Segmentation of branches to better serve retail, corporate and commercial customers is a major objective of this model. In most of the cases, expansion of branch networks is achieved on a hub and spoke model featuring a limited number of full service hub branches with spokes for retail and commercial outlets (Türkiye Dış Ticaret Bankası A.Ş., 2000). The spatial outcome of this is the emergence of small

banking nodes such as free branches or satellite branches and the market segmentation corresponding with a relocation of branches. This reorganization and relocation in banking is reinforced by supposed tendencies from both Turkey and Europe. In the Turkish case, homogenization of financial space reflects both the historical and technological concerns of branch banking. Despite the fact that the main goal of the state branch banking is to homogenize the public financial space in Turkey, the geographical preferences of the private banking display an urban level homogenization of banking activities in a hierarchical order. However, an analysis of the contemporary geography of branch banking in Turkey requires a synthesis of historical and technological conceptualizations of this process. Both regional and urban branch developments of a number of Turkish banks given in the case confirm the necessity of such a theoretical synthesis.

3.3.2 Financial Deterritorialization

Building on work on the spatial processes of money, we emphasize how regulatory changes enhance the interpenetration of financial markets and, in turn, transform the geography of money and finance. What starts to change is the nature of state involvement in regulatory and public financial space. “Financial deterritorialization” labels the spatial outcome of this regulatory change related to the functions of state.

When we conceptualize the functions of a strong state, a key function that comes to mind is the territorial sovereignty. The integration of financial markets and the rise of transnational financial institutions contribute adversely to the economic sovereignty and autonomy of nation states (Martin, 1999a). Recent studies indicate that the impacts of globalization on the geography of money are also rooted in the same developments. According to one strand of research in the geopolitical economy

tradition⁴⁵, new technological and organizational developments continuously undermine the geographical roots of money and finance and the systems of economic and political governance. Financial deterritorialization as a key process characterizes the institutional effects of these developments on the overall economic and political system⁴⁶. As Leyshon puts it “all these developments represent a tendency towards deterritorialization which is having the effect of blurring our conventional understanding of where we draw the boundaries around states and economies” (1995: 533-534). For these institutional effects on geographical ground, prime importance is attached to two factors: the organizational developments of financial system at international and local levels and financial technological developments.

First, globalization and regionalism transformed the institutional functions of nation-states into new grounds. As the functions concerned with issues articulated on a transnational scale (security, migration, competition, financial markets and industrial organizations) are transferred to international organizations, other functions (infrastructural improvements, labor market adjustments support for inward investors and technical and financial assistance to firms) are driven by local organizations (Amin and Thrift, 1997). In a similar way, Leyshon identifies this transformation as “the shift in power away from states and governments towards the transnational interests of social élites, particularly those associated with global capital, and especially financial capital” (1995: 533). The geographical outcomes of this transformation are twofold. One is the diminishing power of the state on regulatory and public financial space. While the established institutional forms of the state such as national branch banking lose their controls over the constitution of institutional geography, public concerns of financial development become predominantly related to local finance. This double play seems to be the partial

confirmation of global-local process within the context of financial geography. The other is the emergent processes of geographical concentration and dispersion that occurred simultaneously. On the one hand, the new international financial functions add to territorial embeddedness of financial centers. In that respect, it will be misleading to identify the financial centers as the oldest nodal points in a national economic geography. Instead of this, these can be labeled as the nodes in the global geography of money. This means that new geographies of money that are not territorially bounded up with national economy arise in the boundaries of former nation-states. On the other hand, a financial dispersion is accompanied with the rise of local finance. Enabling remote trading away from large international centers, new financial technology makes the dispersal of certain institutional forms possible. The rise of regional and small town banking in many European countries supports this tendency. Here, the related point to the territorial sovereignty is that different regional geographies bounded up with both national and international economies characterize local and public financial space. Within such geographies rooted in local, regional and international, economic and political control of the state over territory seems to be problematic.

Second, the existing institutional structure of the state for money and finance fails for technological reasons. Digitalization contributes significantly to the contrasts between the non-spatial roots of electronic finance and the systems of economic and political governance that are rooted in geography. The state finds it much harder to govern e-cash and markets in cyberspace. Kobrin suggests (1997) that E-cash is one manifestation of a global economy that is constructed in cyberspace rather than geographic space. The fundamental problems that e-cash

poses a threat to governance, which results from this disconnection between electronic markets and political geography.

With reference to the geographical concerns of controlling the money supply, effective economic borders and volume of money become questionable in a digital world economy. Regulatory framework based on the spatial proximity matters of financial institutions and customers appear to be ineffective for the governance of electronic finance. In other words, territorial sovereignty that can be explained as “a world where economic and political control arise from control over territory” becomes problematic. Apart from the end of state argument, this highlights a significant aspect of the change in the nature of political and economic authority (Kobrin, 1997). To this extent, the emergent geographies of money and finance are not only based on the changing regulatory needs of the new financial era, but also the internal institutional dynamics that has a spatial expression. Specifically, the geographical scope of banking and related financial activities is determined to a set of organizational and technological factors as well as regulatory limitations. However, in the national banking era, state had a distinctive role in the determination of geographical limits of regulatory space through state banking and of public financial space through branching laws. The spatial implications of this regulatory change are most forcefully illustrated by the evolution of interstate banking in the US. In the Turkish case, financial deterritorialization can be evaluated as a smoother process occurred only in the regulatory environment and it is early to discuss the technological concerns of this process.

3.3.3 Financial Concentration

While the homogenization of financial space leads to the rise of local and regional finance, another process contributes to the concentration of financial

systems in particular locations. Thinking about how financial distancing process contributes to the constitution of new financial space in the contemporary geography of money is instructive in at least three ways: financial concentration, uneven regional-financial development and changing institutional geography of money.

Some of the work in the triangle between, geography, money and technology claims that for the contemporary financial development, space plays its constitutive role on a technologically determined ground. The marrying of improvements in transport and communications makes it possible for specific market nodes, usually large urban centers to produce an increasingly compressed financial space (Leyshon and Thrift, 1997). This compressed space not only characterizes the technological and infrastructural concerns of these market nodes but also the locational aspects of these. In other words, the compressed financial space is made possible by financial concentration⁴⁷. The concentration of financial institutions in these particular locations, especially in financial centers is closely associated with the historical advantages of these places. New technological and regulatory developments also come together to stimulate the territorial embeddedness of financial centers. Dow (1999) states that the presence of significant stocks of wealth in the financial centers is associated with path-dependency or cumulative causation process which is based on the localized concentration of expertise, specialized institutions, networks of information and trust, and market confidence. Recent studies indicate that a form of financial distancing process arises with respect to the concentration of high level financial services (headquarter functions) in these places. These financial services seem to be dependent on the broader context of international functions in these cities. However, the same technological developments pose a threat to their territorial embeddedness of financial centers by making possible the removal of some non-

routine functions to local areas. Against the geographical dispersion effects of new technologies, re-regulation of financial centers becomes the most important task in most of the countries.

At this point, an important question to put forward is why the institutional and functional concentration of money and finance in particular locations is important to the concerns of regional-financial development. This question is best answered by drawing on the relationship between locational argument and regional development. The reason why this locational argument is important to local and national economy is that financial centers are the important employers and generators of income. Financial services and their availability differ from one locality to another and thus the economic development of these localities seems to be dependent on their financial geographies. In other words, the locational argument is tied in with increasingly close relationships between the capacity of local economy, financial-center formation and particular financial services (Dow, 1999). In the light of this, another form of financial concentration appears to be related to the regional development from a local finance viewpoint. Dealing with the role of interregional flows of capital in regional inequality⁴⁸, role of financial system in uneven regional development and local finance and uneven geographical development, major contributions are made by both the Marxian and Keynesian approaches⁴⁹.

According to Marxist work, financial system reproduces or reinforces uneven regional development and the organizational and spatial centralization of financial institutions contributes to financial exclusion. The withdrawal of banks and other financial institutions from poorer areas led to the emergence of areas of financial exclusion, in which local residents orientated towards other local, non-bank circuits of finance or developed their own local monies in the form of community-based local

exchange and trading systems (Martin, 1999a). The financial exclusion not only affects local and regional geographies but also urban geography. Within a more sociological framework, the physical delinking of financial institutions from community is evaluated as a consequence of rules that favor mobility over community, speculation over private investment and volatility over permanence. The mostly peripheral and suburban locations suffer from this physical delinking and the institutional reorganization of financial institutions, mainly banks. A restructuring in the internal organization of banks in the specific urban areas can be evaluated as a counter response to this. An urban level financial exclusion is most evident with respect to new financially divided landscape in a number of cities of the developed world. No doubt there is considerable accuracy to this depiction in the US case. In Los Angeles, certain poorer areas are continuously excluded from financial services like home loans, mortgage finance and insurance and these areas are represented by the concentration areas of ethnic groups like Hispanic population in most cases. This condition is also reinforced by the distribution of bank branches and there is a clear under-representation of bank branches in lower-income and minority areas of Los Angeles that can be termed as “redlined districts” or “no-go zones”. Corbridge and Thrift (1994) state that this heterogeneous distribution brings “consequent detrimental results in terms of their ability to access funds for economic regeneration”.

In a more detailed way, The Keynesian approach mainly signifies the regional-financial aspects of financial concentration by drawing attention to the spatial pattern of liquidity preference and of credit creation, regional-financial segmentation and spatial evolution of financial systems. The basic premise of this approach is that the less developed nature of local finance in terms of organizational

and functional efficiency is mainly based on financial concentration. This offers the very important explanatory tools for financial concentration because it seems to be the partial confirmation of concentration in the side of financial centers. In other words, the existence of financial exclusion areas is mainly bound up with the heavily centralized nature of financial centers in institutional and functional terms. In institutional terms, lower-income peripheral regions have more limited access to credit from national and international banks and so they become most vulnerable to unexpected fall in asset values. A low confidence in expectations of asset prices accompanying with the dependence of peripheral economies on outside financial institutions brings about high liquidity preference as a rational response. This negatively affects the efficiency of local financial institutions in particular to the fact that low redeposit ratios are more limiting the less developed the banking system by impeding the competitive potential of local banks (Dow, 1999).

Within this framework, in addition to the economical concerns of financial concentration process, an attempt is also made in sociological terms. Concentrating on the spatial pattern of credit allocation, Dow (1999) draws attention to the role of social distance in the geography of classes of borrower. She showed that these classes do not correspond to physical areas. The social distance between those districts redlined as representing unacceptable credit risk, and financially approved districts may be just as great as the physical distance between small communities and financial districts, which are geographically remote. To the extent that these poor districts are dependent on informal suppliers of credit which are far less sophisticated than the advanced banks (namely money-lenders), they will be more credit-constrained and be offered less advantageous terms because of the poor competitive position of their credit suppliers (Dow, 1999). This viewpoint is important because it

shows that financial concentration process takes place within the wider context of economic, spatial and social relationships.

Within an institutional context, financial concentration is enhanced by a convergence of organizational changes in banking, including mergers and acquisitions, rationalization and consolidation of branches⁵⁰ and further changes in the internal organization of banks such as the relocation of headquarter and back office functions (Marshall, Gentle, Raybould and Coombes, 1992). Here, a number of studies show that the negative effects of these organizational changes for local financial development are mainly originated from a national branch banking system. In the light of this, Martin (1999a) states that local and regional banking systems tend to be more rooted in and committed to the local economy and community than do local branches of centralized national banks. A national branch banking system may mean that branches in localities that suffer economic decline can be protected by profits made by the national network of branches as a whole. However, the branches in peripheral and economically depressed areas are the first to be closed down in terms of the operational rationalization of national banks. In conclusion, different institutional geographies can generate different geographical biases in the circulating of savings, credit and loans.

The historical and contemporary aspects of financial distancing process may be best illustrated by evidence from the UK (Pratt, 1998 and Sinden, 1996). Directing his attention to the historical geography of regional banking in the UK, Pratt (1998) explains that the UK bank restructuring in the 1980s and 1990s represented a new stage in financial distancing⁵¹. A number of developments involving the decline in profit margins on international business, the increase in domestic competition from non-bank financial organizations and economic recession

forced the British clearing banks to rationalize and to redesign their branch networks. Since 1989, each of the clearing banks has closed one fifth of its branches and further closures are anticipated by the major financial conglomerates. Many of the functions, which were previously located in branches, have been transferred to regional centers. In addition, personal and medium-sized-firm lending decisions have been centralized, either in specific sites or at the head branch in the cluster. Where previously branches were semiautonomous units within the large banks, they have now been grouped together in clusters (of up to twenty branches) and management has been centralized in one central branch (Pratt, 1998).

Sinden (1996) draws attention to the effects of this type of spatial clustering on banking employment with reference to geographical restructuring in British retail banking in the mid-1990s. Geographical restructuring of employment in British retail banking occurred in two areas: the local branch network and the regional reorganization of major retail banks. In this period, a branch rationalization in some localities and inner cities originated from both a competition with building societies and non-financial institutions and new technological development in branch network infrastructure. Such developments led to a reduction in the amount of back-office work. A change in the regional organization of branches labeled as “satelliting” also affected the status and amount of workers in retail banking. The segmentation branches into central and sub-branches brought further change in the division of labor. At this point, a spatial clustering of employment can be evaluated as an outcome of this organizational change: “With this separation of service provision, there has been a corresponding division of labour between various bank sites such as multi-service high-street branches, factory style payment processing centres clustered at highly accessible nodes of the transport infrastructure such as major motorway

junctions, and other centres often on green-field sites dealing with specific functions such as telephone banking and customer services”(Sinden, 1996: 36).

This section concludes with some brief comments about the relevance of two interrelated spatial processes (financial concentration and exclusion) for the new geography of money. In the Turkish case, these processes are assumed greater importance in the emergent geographies of private branch banking. Here, a regional analysis of financial exclusion can be evaluated as a first attempt in the literature.

3.4 New Geography of Banking

The spatial processes of money have also important influences on the constitution of geographical patterns of banking. This can be seen in two processes (homogenization and deterritorialization). These two processes produce different regional geographies in terms of institutional structure and location. Homogenization brings further institutional change at local and regional levels. On the one hand, the rise of local finance and regional banking leads to the emergence of new regional-financial nodes and the relocation of some institutional functions (Sinden, 1996). The removal of some non-routine financial functions to specific market nodes in these areas reinforces this tendency. On the other hand, homogenization results in a greater spatial and organizational concentration for national financial institutions. This is most evident with respect to the geographical consolidation of retail bank branches and the emergence of regional-financial offices in most of the European countries⁵². In most cases, local, national and international financial institutions share the same financial space. One could perhaps interpret this as a different explanation of global-local processes in spatial and institutional terms.

The spatial and institutional outcome of financial concentration contributes to the constitution of new economic geography of money in a different way. The

emergence of financial exclusion areas at regional and urban levels and organizational and spatial centralization of financial institutions reflect both sides of this process. In local financial development, concentration weakens the institutional thickness by enabling the withdrawal of nationally bounded financial institutions and of both routine and non-routine, decentralized functions from poorer areas. In other words, this creates the institutionally homogenous (regional or local finance) but functionally heterogeneous (informal suppliers of credit such as money lenders, regional and local banks and other local financial institutions) financial space. For financial centers, financial concentration process offers the important advantages in terms of the maintenance of their territorial embeddedness. However, increasing organizational needs of financial institutions lead to an institutional restructuring away from central locations. The relocation of headquarters at urban level is an important example of this development (Sinden, 1996 and Thrift, 1996). Another form of financial exclusion also affects the outer city locations. Some peripheral and suburban urban areas are completely excluded from financial services and institutions. To overcome this exclusion, new organizational models such as “satelliting” only target reorganization in the inner city locations.

To characterize the new geography of banking, prime importance can be attached to the two interrelated tendencies. First, the spatial patterns of banking in the new financial era are reshaped by the internal institutional (organizational change) developments. Second, the changing geographical preferences associated with the financial characteristics of cities and regions also affect the institutional and locational strategies of banks. Here, technology seems to be a dominant parameter in the comprehension of the spatial basis of this interrelationship. Central to this, the

following sections concentrate on the changing spatial patterns of retail and wholesale banking.

Before discussing the urban and regional patterns of banking, it is important to recognize the relationship between bank finance and space. Banks achieve financial intermediation through overcoming the geographical distances and locational differences between lenders and borrowers. The survival of traditional banking is tied in with close relationships between the spatial characteristics of potential borrowers and bank finance. Bank finance may be more important in some regions than in others and similarly, portfolio behavior on the asset side may differ from one region to another (Dow, 1999). Banking system enables the liquidation of the financial resources at national or international levels. In other words, banking system makes it possible to liquidate the resources by transferring funds from locales that have excess funds to locales that have a lack of fund.

In this system, different functions and institutional forms determine the geographical patterns of banking activities. While retail banking is distributed geographically, merchant banks and bank headquarters follow a process of spatial concentration (Martin, 1999a and Semple and Rice, 1994). In other words, to operate efficiently in a specific market area, banks must rely both on institutional structure and geography. In most cases, interplay between the two factors determines the functional and organizational efficiency of banks. It is discussed that such interplay is forged along three dimensions: deregulation, competition at international and national levels and technology. However, this is not to suggest that the traditional patterns of banks' institutional geographies remain the same, but rather to emphasize a diverse set of accounts of a spatial and organizational restructuring. Throughout the 1990s, a great deal of thought and study of this restructuring was given to two

questions: Does the spatial concentration of banking generate a different pattern of credit creation from a more geographically dispersed banking system? And will merger and acquisition activity concentrate banking so that head offices are concentrated in a few large financial centers? (Dow, 1999). At this point, a third question arises as to whether different institutional systems of banking change the geographical patterns of this organizational restructuring at urban and regional levels. This question is best answered by drawing on the banking developments in the new financial era.

Since the early 1990s, to survive in the new financial era, banks devote their efforts to new operation areas such as “fee-based services” and trading by means of derivatives (futures and options). Here, the determination of suitable markets for banks depends on the geographical patterns of these activities. Despite the existence of a global trading area for futures and options, fee-based services remain dependent on domestic market. The success of banks in the trading of fee-based services seems to be related to their institutional structures in the home country and to their familiarities with local economic conditions (Bellanger, 1993).

The institutional outcomes in this technologically and politically determined financial era are related to the fact that both an internal and external restructuring affects the institutional geography of banking. On the one hand, new organizational forms emerge with respect to new locational preferences at urban level. Increasing merger and acquisition activity and reorganization of headquarter functions reflects the important spatial consequences such as concentration and relocation. These spatial transformations are forcefully represented by banking across the European Union. New national universal banks in the European banking emerge due to the increasing merger and acquisition activity and these tend to locate in the existing

financial centers. On the other hand, branch networks undergo tremendous changes and new branch systems such as satelliting force banks to change their geographical preferences at urban and regional levels. The emergent processes of branch rationalization, geographical consolidation and branch segmentation justify this claim. A detailed analysis of these processes is made in the following sections.

3.4.1 Retail Banking

In order to comprehend the geographical patterns of external restructuring in banking, attention ought to be given to three sets of factors which happen to be highly interdependent: changing nature of banking, organizational change and geographical restructuring. These are mostly evident in retail banking⁵³. Counter to the anticipations in the 1980s, since the early 1990s, retail banking has undergone tremendous growth through technological advances that have made retail transaction processing more efficient and cost effective. Bellanger states, “In an era of extensive market volatility, moreover, retail banking customers have served as an oasis of stability and strength, providing deposits and generating business at predictable rates that can be quite profitable if managed intelligently” (1993: 53).

Both regulatory and technological developments force banks to change their retail banking strategies in terms of function, delivery system and market area. On the one hand, some political and economic developments at national level contribute to the rise of retail banking. A typical example comes from the United States. The developments of national financial system in the United States, including a combination of deregulation and reregulation, a crisis in the savings and loans industry and the collapse of commercial real estate prices, have fuelled the development of retail banking in the 1990s (Pollard, 1999). On the other hand, a restructuring in retail banking originates from technological developments. The

replacement of mass marketing by one-to-one marketing and a knowledge revolution in which relationship technologies create a net-centric financial environment not only affects whole financial services industry but also retail banking (Channon, 1998).

Traditionally the relationship between the bank and its customers has been on a one-to-one level via branch network (See Figure 3.1). This led to the concentration of clearing and decision-making responsibilities at the individual branch level. The head office had responsibility for the overall clearing network, the size of the branch network and the training of the staff in the branch network. In this structure, the bank monitored the organization's performance and set the decision-making parameters, but the information available both to branch staff and their customer was limited to one geographical location (Gandy and Chapman, 1997). This institutional structure radically changes due to new organizational needs and new operation areas in retail banking. The evidence from both the United States and Europe show that selling a widening range of insured and uninsured products in rapidly changing retail markets, motivates banks to improve their technological infrastructures and financial organizations (Morgan, Cronin and Severn, 1995). Banks' information-gathering marketing and product-delivery capacities are now multi-channel and becoming increasingly divorced from the physical infrastructure, technologies and personnel of their branch networks (Pollard, 1999). Here, Gandy and Chapman (1997) ground their arguments on the assertion that these institutional and technological developments constitute the further motivation for the emergence of a new relationship oriented bank (Figure 3.2). Despite the existence of risks in the change of the bank's public face, the continuous evolution of banking practice and information technology forces banks to adapt to a new branch banking system as a foundation of a new technical architecture. Figure 3.3 adds further detail to this

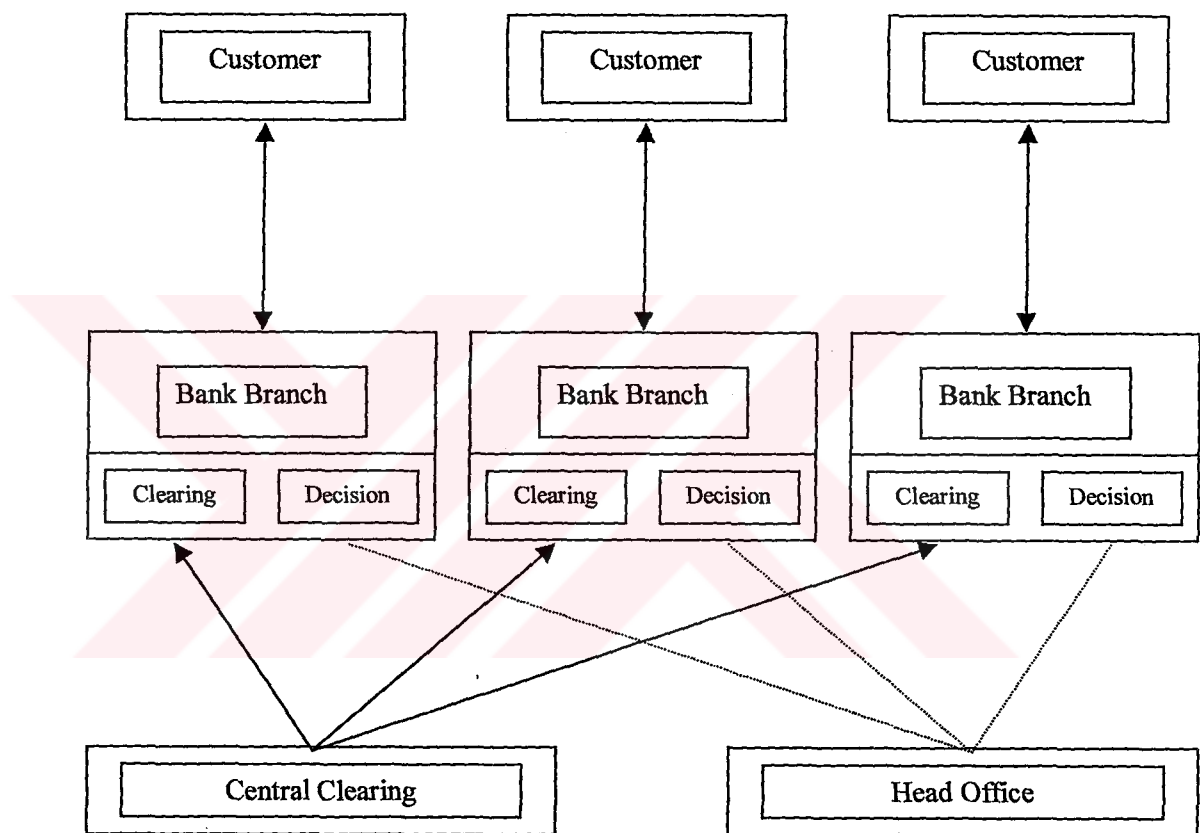


Figure 3.1 Traditional Banking Structure

Source: Reproduced from Gandy and Chapman (1997: 83)

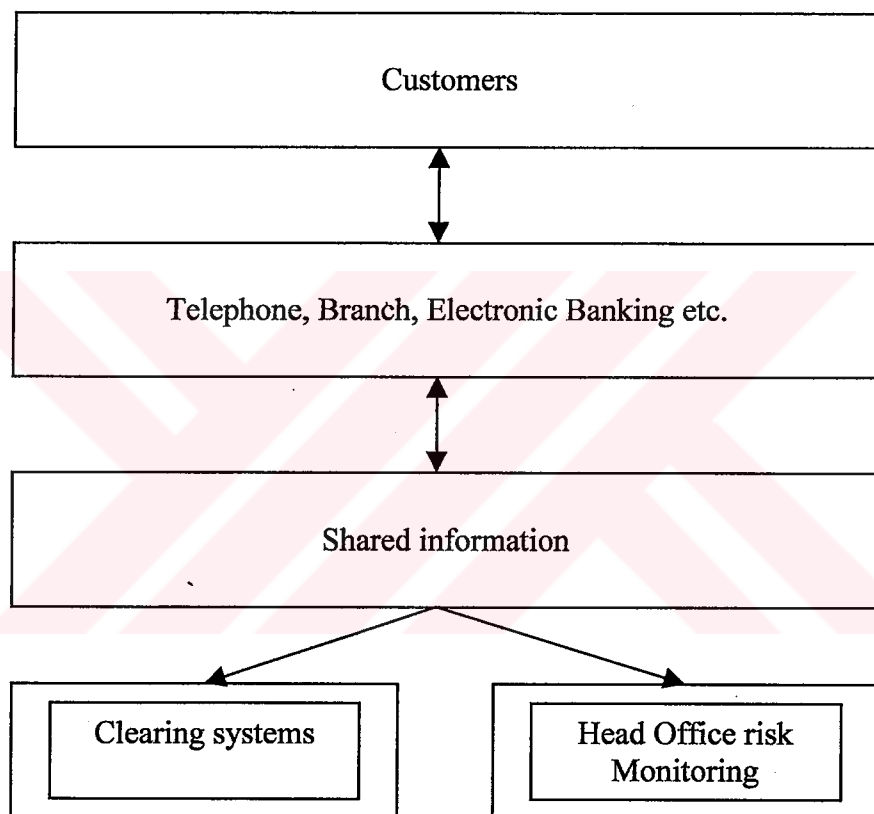


Figure 3.2 New Relationship Oriented Bank

Source: Reproduced from Gandy and Chapman (1997: 84)

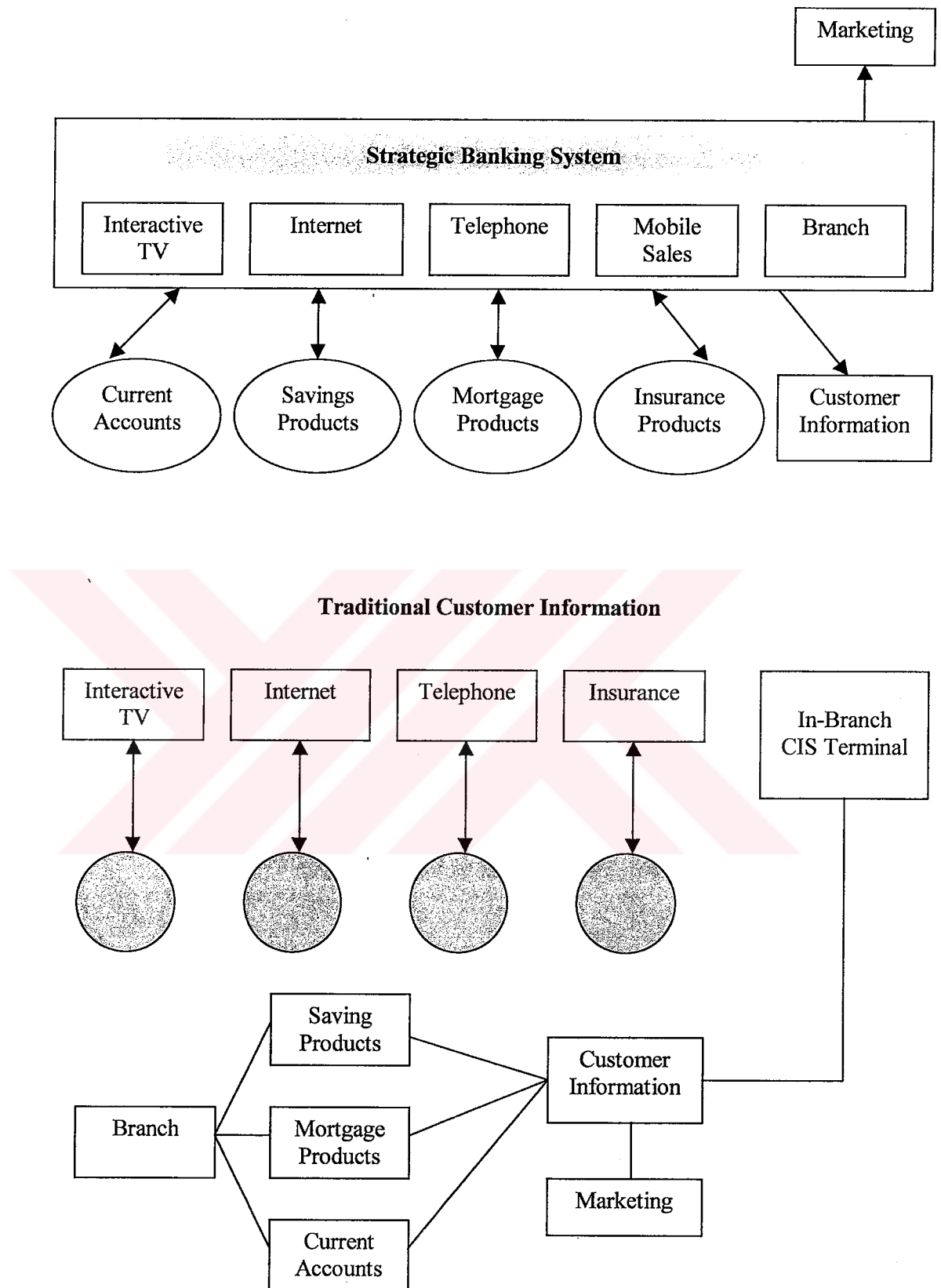


Figure 3.3 Strategic Banking System and Customer Access

Source: Reproduced from Gandy and Chapman (1997: 91)

account of technical architecture by giving a comparison between strategic banking and traditional banking systems. The account of technical architecture by giving a comparison between strategic banking and traditional banking systems The traditional branch bank as a necessary component of customer service has a “convenience function”. Against the competition of new and more convenient services such as electronic banking, banks “shrinking and automating” their branches while expanding their functions and geographical scope (Bank Management, 1996). Within this new system, the meaning of branch is changing in terms of function, environment and organization. Branch’s expanding definition⁵⁴ involves both physical (traditional branches and fully automated mini-branches) and non-physical environments (ATMs, automated kiosks, telephones, personal computers and Internet) (Bank Management, 1996). This definition also reflects two counter approaches on the future of retail delivery system: end of branch banking and durability of bank branches.

According to first approach, in the new banking era, the banks’ capacity to adapt to new developments becomes mostly related to the adaptability of their organizations. The post-war period saw the tremendous growth of suburban branching systems. However, in the world of changing organizational and functional needs, there is no future for the brick and mortar branch banking system. From a technological viewpoint, to make branch network cost-efficient depends on a nationwide branch rationalization. “The branch-as-sales office philosophy” is not applicable to traditional branches (Borowsky and Colby, 1993).

A somewhat different approach claims the durability of bank branches in retail banking. This states that branch banks will adapt to new technological and institutional developments by overcoming “overbranching” and high costs of

traditional branches. The definition of branch will change in the future of retail banking, but its physical presence will be captured in any institutional form⁵⁵. Despite the advantages of physical presence in bricks and mortar banking such as “built-in traffic”, new institutional structure appears to be dependent on the interaction between branches and existing technologies. To maintain their physical presence and convenience based on the institutional structure, retail banks adapt new institutional models to their organizations⁵⁶. Evidence from the United States shows that traditional branches are transforming themselves into comprehensive financial service centers with investment and insurance capabilities. This transformation is most visible in the two main institutional models: *point of purchase system (POP)* and *hub and spoke branch system* (See Figure 3.4 for evolving branch network systems).

Point of purchase system is to use branches as sales centers for investment products such as mutual funds as well as loans (Borowsky and Colby, 1993 and Miller, 1997). In the constitution of this system, banks use the research and evaluation techniques of the supermarkets. Since the early-1990s, most of retail banks in the United States have used *hub and spoke branch system* to make their organizations and delivery systems efficient and suitable for changing retailing strategies. In most cases, the system consisted of market branches (spokes) which serve basic retail needs as well as small business customers and a regional center (hub) which offer full retail services (Borowsky and Colby, 1993). To extend the geographical scope of retail banking services, the banks established these branches homogeneously within rural and suburban areas.

The pertinent point for the geographical restructuring in retail banking is that the important developments occur both in local branch networks and organization of

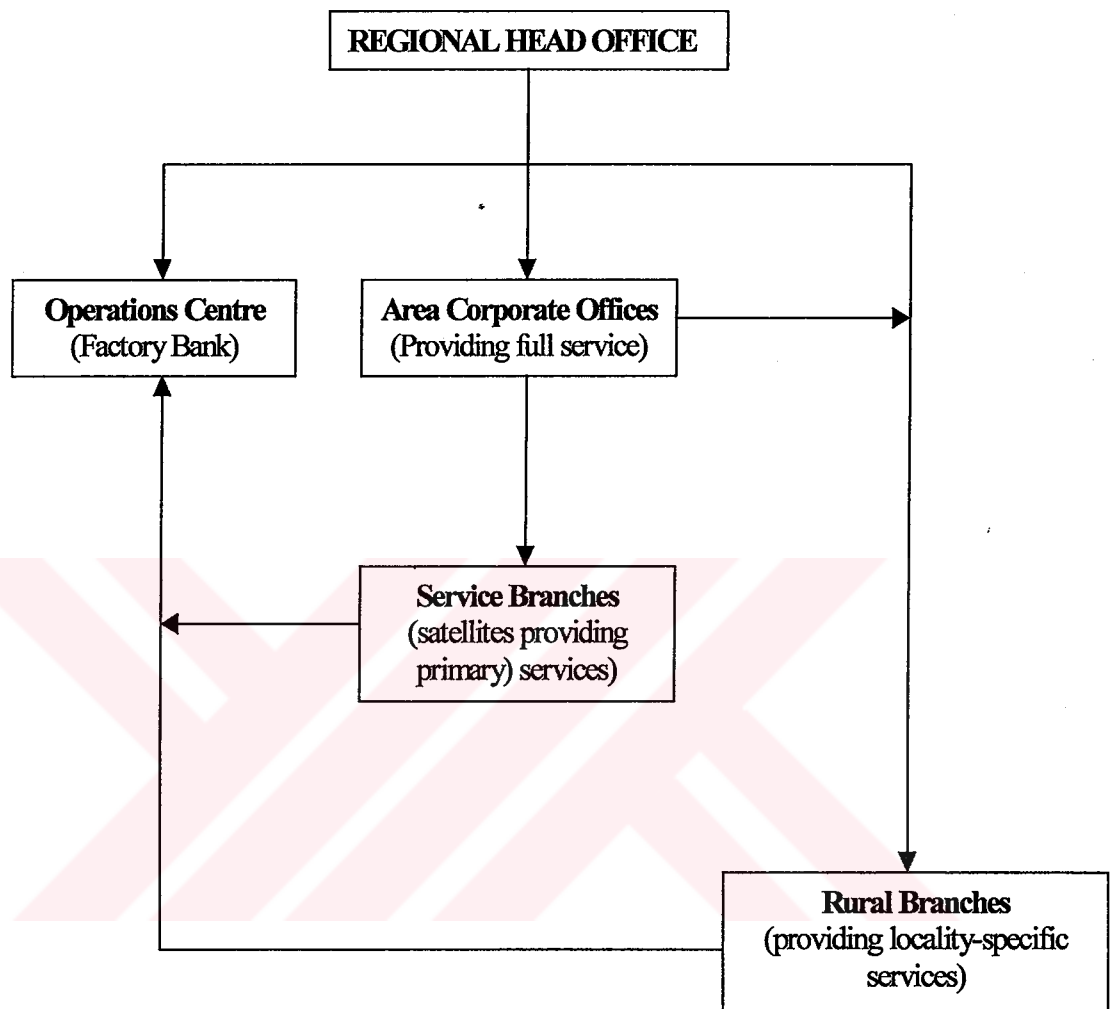


Figure 3.4 Evolving bank branch network systems

Source: Reproduced from Leyshon and Thrift (1997: 218)

major retail banks at urban and regional levels. The former indicates that a number of processes involving rationalization and consolidation jointly affect the geographical patterns of branch banking. Branch rationalization has an important influence on the emergence of financial exclusion areas at local, regional and urban levels and on the nature of branch network.

At local level, rural areas, economically depressed areas and non-profitable areas for any financial activity are subject to this process. Last indicates that the boundaries of a rational and profitable market for banks do not coincide with the geographical regions, former local and regional-financial centers and the administrative areas of the state with reference to geographical, regulatory and developmental criteria. This is mostly evident in the Turkish case. Similar to credit rationing, each bank determines its geographical scope of activities that are served by branch network according to a number of factors: the sufficiency of deposit potential, the efficiency of its organizational structure, the spatial requirements of its retail banking strategy and the existence of a familiar financial environment in which spatial clustering of different banking services take place. Here, “social distance” between the locales and banks’ headquarters also occupies a key position in the emergence of local areas of financial exclusion (Dow, 1999). Taking into account of their market segmentation strategies at regional level, retail banks also determine the extent of their branch networks with reference to various income groups and some of them draw attention to other social parameters. In the light of this, branch rationalization is a spatially selective process in retail banking and economical concerns are assumed greater importance in the determination of the scope of retail banking network.

At regional level, branch rationalization brings further change in the hierarchy of retail branch network and this represents a regional form of financial exclusion. What must be noted about these hierarchical changes is that regional composition and function of retail branches is affected by both geographical and organizational restructuring in retail banking industry. The geographical restructuring of British retail banking in the mid-1990s exemplifies this tendency (Sinden, 1996). Rationalization is not homogeneous at regional level either and this process can be evaluated as a dynamic process that continuously changes the financial characteristic of different regional nodes. Regardless of the overall regional finance and income, the areas excluded from branch network reflects the “redlined districts” within a particular region (Dow, 1999). Here, changing retail strategies, financial competition and technological restructuring become mostly important rather than the financial and economic conditions of regional nodes. The British evidence shows that a branch rationalization in some localities and inner cities originates from both a competition with building societies and non-financial institutions and new technological development in branch network infrastructure. Such developments bring a reduction in the amount of back-office work (Sinden, 1996). Organizational restructuring appears to be closely associated with the emergence of regional centers both in retail and wholesale banking. In retail banking, regional centers are used both to compensate the lack of retail banking delivery in the local areas of some developed regions and to transform traditional branch network into fully technological institutional system. In most cases, regional centers are constituted not only to centralize high level credit and investment decisions but also to conduct retail banking delivery system. The restructuring of the British clearing banking in the late 1980s reinforces this tendency (Pratt, 1998). The geographical distribution of

regional centers coincides with both the places of older regional nodes and of emergent areas of financial activity. From a regional finance viewpoint, in both cases, these can be evaluated as institutions formed to soften the negative affects of financial exclusion at regional level. To counter this, one could signify that regional centers are the spatial and institutional outcomes of financial concentration process at regional level. Despite the common assertion that branch rationalization changes both the institutional nature and geographical preferences of retail banking, the evidence from the UK also signals that some banking conglomerates maintain their extensive retail networks at local and regional level (Sinden, 1996). The major reason of this seems to benefit from a poor economic climate in terms of new market opportunities in retail banking.

Branch rationalization is also spatially selective at urban level. The UK and the United States cases identify that mostly the branches in low-income inner city and suburban areas are the first to be closed down in terms of the operational rationalization of bank. Moreover, the peripheral areas are excluded from a familiar financial environment, spatial clustering of financial institutions and infrastructural facilities suffer from this process. As Dow (1999) puts it, the “redlined” financial districts are mostly evident at urban level. Here, an important point to take into consideration is that bricks and mortar banking seems to be dependent on high street locations. In most cases, the geographical distribution of branches does not proceed the geographical pattern of concentration and dispersion of various urban activities. High street banks share a familiar financial environment and these constitute different financial communities according to the relationships between organization, function and information flows. While traditional retail branch banking displays the same patterns of high-street banking in terms of spatial clustering, new retail branch

networks rest on a different set of location factors with reference to new delivery mechanism. In the Turkish case, this tendency is explained in the following way: “apart from the benefits of a spatial clustering, each bank ought to create its own attraction for a suitable operation area in new banking era”. This emphasizes the fact that the new banking era is represented by a multiplicity of institutional geographies at urban level that is emerged due to different organizational, functional and locational requirements of banks. In that connection, rationalization at urban level represents an institutional restructuring for major retail banks. Hub and spoke, free, high tech branching and branch as sales center systems are both the outcomes of this restructuring and rationalization. However, these lead to a different form of financial exclusion. These new branches offer only standardized financial products and various customer segments that need sophisticated financial services and products remain dependent on the institutions in the central locations. The findings point to the fact that new institutional models must involve the retail banking services for customers both in the “redlined” and “non-redlined” districts and these also undertake some crucial services of traditional branches.

Geographical consolidation of branches in retail banking displays the same geographical patterns at local and urban levels. The evidence from the UK and the United States show that consolidation is spatially selective and mostly, low-income inner-city areas and communities are negatively affected (Martin, 1999a). However, consolidation can be mainly observed at regional level. In retail banking, organizational restructuring is bundled with several regional branch network strategies: regional market segmentation, relocation of branches and branch segmentation. In the implementation of these strategies, the closure, downsizing or rationalization of local offices has an utmost importance. What appears to

characterize the geography of consolidation is that it occurs both in the non-profitable areas of retail banking and in the areas subject to regional branch strategies of banks.

In most cases, rationalization in employment and relocation of headquarter functions⁵⁷ follows the consolidation. In British case, the impacts of restructuring in retail banking in the late 1980s and early 1990s on branch employment were twofold. Consolidating the branches in their traditionally strong regions, some banks attempted to maintain their existing employment structures. However, others found it harder to operate in their regions and launched a wide range rationalizations in the overbranched towns (Sinden, 1996). Regionally “redlined” districts for consolidation does not coincide with the areas of financial exclusion everywhere. The areas of organizational restructuring in some regional nodes like the places of spoke branches experiences widely this process. The latter signifies that a regional reorganization at branch level is closely associated with the emergence of new institutional models in banking. The British experience shows that the impacts of satelliting or hub and spoke model on regional patterns of retail banking are twofold: more hierarchical relationships between branches and change in the division of labor. Segmentation of branches into central and sub-branches reflects that distinct market areas for retailing are represented by different locational, socio-economic and financial parameters. Unlike the role of traditional branch network in the standardization of these parameters, new branch system brings a “heterogenization of financial space”. In other words, satelliting makes it possible for branches to serve in different geographies that are financially excluded or not. These different institutional geographies seem to be connected to functionally and organizationally a central place (the areas of hub branches). One could interpret this as leading to a functionally

centralized but geographically dispersed institutional system. A change in the regional organization of branches also has an important influence on the status and amount of workers in retail banking. The segmentation brings further change in the division of labor and leads to spatial clustering of employment.

3.4.2 Wholesale Banking

Both technological and economic developments in the 1990s motivated banks to direct their attention to retail activities in favor of new branch banking. In the era of extensive market volatility, wholesale banking⁵⁸ becomes an unprofitable business in terms of cost efficiency, product diversity, market efficiency and organizational flexibility (Bellanger, 1993). However, corporate banking activities still matter in the explanation of territorial basis of financial centers.

What appears to characterize the geographical pattern of wholesale banking is the spatial clustering of high level financial services. Financial centers at regional level and high street areas at urban level represent the most favorable areas to wholesale banking. Financial centers as “the headquarters cities” (Semple and Rice, 1994) benefit from the advantages of spatial clustering of employment, financial flows, economic climate, financial communities and high level financial services. In other words, wholesale activities mostly take the advantages of territorial embeddedness of these centers. In the Turkish case, the location of corporate banking activities in three greatest cities reinforces this fact.

The relocation of the head offices not only affects the regional pattern of retail banking but also of wholesale banking. There is growing evidence to suggest that relocation determines also the location of these activities at regional level. Here, a twofold division can be used to the institutional geography of corporate banking: wholesale branches of major banks and full corporate banks involving investment

and development banks. For wholesale branches, relocation at headquarter level do not change the branch locations because these take advantages of their high street locations. However, corporate banks display a different set of locational phenomenon. The Turkish case shows that these have a greater locational flexibility because of their rudimentary branch networks. Despite the advantageous position in their high street locations, relocation leads to a change in the location of corporate banking, but this locational change occurs in the same financial environment. As corporate banking is mostly a regionally selective activity, an inter city and inter regional locational change are less observable phenomena. Most of change is dominated by locational developments at intra urban level. The move of corporate branches to the different high street locations in an inner city where a familiar economic climate takes part in favor of investment and corporate banking activities tends to support this assertion.

Another important point is that the existence of a familiar economic climate has an important influence on the geography of wholesale banking at urban level. The evidence from Turkey and Europe illustrates that upper level financial activities tend to be related to a financial community formation. This is mostly evident in corporate banking because it is mostly interbank. Both spatial concentration and information flows between these banks form a banking climate that is suitable for the interbank markets. However, major threats to these markets are also related to information flows: "Improved information flows and global integration constitutes a major challenge to wholesale banking" (Heffernan, 1996: 24).

The urban location patterns of wholesale banking differ according to bank type. While the location patterns of full corporate banks coincide with financial community formation, wholesale branches of major banks seem to intertwine with

their overall market strategies and organizations. In some cases, these branches locate in the particular market areas according to the market segmentation strategies of banks. The spatial processes such as rationalization and concentration appear to have little impact on the organizational and locational developments of wholesale activities. This is because corporate banking mainly displays the patterns of unit banking rather than branch banking. In the Turkish case, most of the investment and development banks have only one branch (Türkiye Bankalar Birliği, 2000). Traditionally, corporate banks occupy a key role in financial concentration process because these are naturally spatially selective. Except for some banks that have local roots like Okanbank, the locational preferences of most banks display the patterns of path dependency.

In conclusion, an analysis of the spatial preferences of wholesale banks or corporate branches can be useful to comprehend the urban geography of money and finance. However, regional and intra-regional patterns of banking cannot be explained by a financial community formation. Thus, the outcomes of the case are chiefly generalized in the new institutional geography of retail banking. In the Turkish case, a spatial analysis of wholesale banking (Okanbank and corporate branches of Garantibank) is necessary to signify the importance of a convenient financial environment in the constitution of institutional basis (interbank) for the banks. This point may be illustrated by the urban location patterns of Turkish banks in İstanbul, Ankara and İzmir.

CHAPTER 4

GEOGRAPHY OF BANKING IN TURKEY

4.1 Geography of Banking

A closer look at the historical geography of money in Turkey reveals that the broader financial, commercial and political developments contributed to the constitution of different geographies of banks and other financial institutions. One way to comprehend the spatial implications of banking development in the last two decades is to look back in the brief history of national banking in Turkey. The methodology in this section corresponds to the way in “Chick’s theory of the stages of banking development” (Dow, 1999) which develops a proper perspective on money, space and history. For the genesis and development of Turkish banking, the three important stages are instructive: national banking, restructuring of banking in the 1980s and the new banking era.

4.1.1 Historical Geography of National Banking

Most of the studies identify national banking in Turkey as a specific phase, which occurred in the period of 1923-1932. However, this study combines the stages of Turkish banking until the 1980s into one: “nation-state banking”. At the core of this combination is the assumption that Turkish banking in the Republican era displayed a somewhat different pattern of nation-state banking until the 1980s.

However, the study uses the fivefold division of Turkish banking⁵⁹ to provide a framework for the spatial developments during this period.

The historical developments in Turkish banking until the 1980s intertwined with the spatial developments at national, regional, urban and local levels. While state banking played an important role in the constitution of regulatory and public financial spaces in this period, the private banking contributed to the constitution of regional and national institutional geographies. In fact, the roles of both state and private banking in the constitution of these geographies happened to be highly interdependent in the five specific stages of Turkish banking.

The 1923-1932 period labeled as national banking was characterized by both financial concentration and dispersal. The urban dominance of national banking in the early Republican era was not only visible in the commercial cities as İstanbul and İzmir but also in Ankara as a capital selected by the young Republic. In this period, the relationship between the center and the local areas changed in banking. The center (Ankara) displayed the patterns of a rapid escalation in the banking propelled by political power to achieve the national organization of commercial and industrial credits. Failure of this movement to pursue a nationwide branch policy led to the rise of local banking in Anatolia. Despite the existence of some local banks today, the majority of these found it much harder to compete with the large national banks such as Ziraatbank, İşbank and Türk Ticaretbank in the 1930s. With the introduction of the Banks Act in 1936, some of these banks which were evaluated by the government as a form of usury had to withdraw from the market (Ökçün, 1997). Ironically, the government's efforts to homogenize the public financial space through the nationwide branch networks only added to further development of strong and spatially selective private banks in the post-war period. This seems to be the partial

confirmation of the dominance of private banking in the trio (Ankara, İstanbul and İzmir).

As for the developments in the second stage (1933-1944), state banking was important to the emergence of regulatory spaces⁶⁰ and the homogenization public financial spaces with reference to the promotion of investments in particular sectors of the economy. That is the reason why their operational areas mainly corresponded to the geographical scope of regional banking. However, this type of regional banking neither targeted local financial development nor involved a limited geographical scope. With their emergent branch networks, these operated in the distinct financial geographies that coincided with both the areas of agriculture and raw material and the potential areas of commercial and industrial investments. In the following period, these became universal banks that were engaged in retailing and public sector investments. This led to the two important spatial outcomes in the institutional geography of state banking: urban concentration and regional dispersal. At urban level, branch banking orientated towards the important commercial and agricultural centers that were suitable for retail banking. An important point indicates that the territorial embeddedness of most of the places, especially regional nodes, was based on the nationalistic era of Late Ottoman Period. However, this cannot be evaluated as a starting point of financial distancing or concentration because regional dispersal of state banking occurred through the nationwide branch networks. Performing local financial functions and assisting the implementation of some state functions, these branches played an important role in the homogenization of public financial space.

The post-war period saw the dominance of private banking in the constitution of distinct regional and urban geographies of money. Throughout the 1945-1960

(private banking) and the 1961-1979 (planned era) periods, private banks contributed to the financial concentration in particular urban areas. Aside from their nationwide branch networks, private banking was mostly regionally selective during this period. To this extent, two main bank groups are worthy of note: medium and small-sized commercial and investment banks and big family banks like Akbank, Garantibank and YKB. While the former features the geographical patterns of regional and local banking with the exception of investment banks, the latter contributed to financial distancing and urban concentration. Although some family banks extended their geographical scope to the particular regions that were far away from the traditionally strong areas of banking, most of them established their branch networks along the trio (İstanbul, Ankara and İzmir), major urban centers, regional nodes and historical areas of finance and money. Taking advantage of its territorial embeddedness as a national financial center, İstanbul occupied a key position both in the branch strategies and location decisions of the banks. Posing a threat to regional and local banking, the holding banking in the 1970s also added to financial concentration process in Turkey. Far from having a public concern of local financial development, these holding banks started to build their branch networks along exact spots by takeover, foundation or consolidation of local branches. Overall, the institutional geography of private banking represented by nationwide branch networks that involved both intensified branch structures in the major cities and rudimentary branch structures in the local areas.

4.1.2 Restructuring of Banking in the 1980s

Any discussion of how the contemporary geography of money and finance in Turkey is analyzed within a spatial-institutional framework has to focus on the financial developments in the 1980s. Although, the structural characteristics of

institutional change in Turkish banking are inherited from this period, the spatial outcomes of this restructuring are most evident in the 1990s and early 2000s.

Before 1980, a convergence of factors involving the economic and political instability, poor adaptation of financial technology and weakness of financial sector hampered the development of Turkish banking in terms of product diversity, operational efficiency and organizational flexibility. The lack of competition and the unsophisticated non-financial participants in the real economy adversely affected financial innovation in the Turkish banking sector⁶¹. In this period, banks offered limited services such as deposit collection, loan sales and fund transfer services for retail business (Akçaoğlu, 1998).

The 1980s saw the underlying economic conditions, foreign entrants and economic competition. The introduction of a stabilization and liberalization program in January 1980 brought further change in the functional and organizational structure of banking. New profit opportunities appeared in the area of foreign trade finance and related specialist services, foreign banks and small domestic banks, which were not able to establish large branch networks, began to operate⁶². These developments have propelled banks to develop new competitive strategies and to adopt new products such as consumer credit and credit cards or new processes such as ATMs or EFT (Electronic Fund Transfer) systems⁶³ (Akçaoğlu, 1998).

These structural changes were motivated by macroeconomic policies and financial innovation had a limited influence on the institutional geography of banking at urban and regional levels. The regional distribution of branches in private and state banking remained the same throughout the 1980s.

In private banking, what started to change was the nature of branch organization. The large banks with their extensive branch networks and emergent

small commercial banks with their rudimentary branch networks contributed to the geographic concentration of banking activities. The major retail banks used new delivery mechanism in favor of branch concentration in the urban centers. Establishing extensive ATM networks instead of traditional branches, these banks rationalized their operations and organizations in the local areas. However, the geographical scope of this rationalization both in branch and staff was very limited because private banking in Turkey is traditionally regionally selective. Most of them, especially family banks such as Akbank and Garantibank maintained their branch networks throughout the 1980s. This proves that the local areas traditionally excluded from private banking activities continued their position during the 1980s while banks used new delivery mechanism in favor of urban areas. There is evidence to suggest that the branch closures and openings in this period became a dynamic process in the retail banking. The Garantibank case shows that this dynamic process is not only visible at intra-urban level but also at intra-regional level. While regional composition of Garantibank branches during the 1980s remained the same, branch spots continuously changed in the local areas, small towns and districts.

What appears to characterize urban location of branches in private banking was the domination of high street locations. This was reinforced by the tendencies of both retail and wholesale banking. While retail branches displayed the location pattern of diffusion at metropolitan level, wholesale banking traditionally depended on high street locations. In the 1980s, new foreign and domestic entrants in investment and development banking orientated towards the areas of spatial clustering that were also identified as financial communities. These clustering areas of high level financial services were traditionally represented by bank streets, prestigious commercial areas and the concentration areas of bank headquarters in

İstanbul, Ankara and İzmir. Here, an interesting point is that bank streets are mostly visible in most of Anatolian cities and towns. However, while these specific locations become predominantly related to financial center and financial community formation in the trio, these are associated with the location patterns of urban centers in Anatolian cities. In most of the cases, retail branches also followed the location patterns of these spatial clustering. Their extensive ATM networks gave these banks a locational and operational flexibility at intra-urban level without opening a vast number of branches. However, geographical scope of retail banking in this period appeared to be related to an extensive branch banking system that involved both inner city and suburban locations at intra-urban level. A parallel development of branch banking in İstanbul to metropolitan development exemplified this double play.

Counter to the organizational change accompanied with a limited branch rationalization, state banking pursued its branch proliferation strategy throughout the 1980s. Despite the existence of this dynamic process, both regional distribution and urban criteria of branches in state banking remained the same. The homogenous distribution of branches at both inter-regional and intra-regional level was realized through the unprofitable branches in the secondary cities, small towns, districts and even rural areas that did not have an adequate deposit potential and that could be identified as public service areas of state banking.

The reason why these homogenous banking geographies were evident in the 1980s was that the poor adaptation of financial technology to their organizations, their public functions in the locales and the political pressures of the government and local agencies. However, the geographical scope of state branch banking reflects some important points. One is that the operational areas of these were the

concentration areas of agricultural, commercial and industrial activities, but these areas did not correspond to the areas of deposit potential everywhere. The main reason for this was the existence of strong public sector activities in some areas. Moreover, the government's efforts to homogenize the financial development failed for economic, political and technological reasons. The branches of major state banks in the traditional areas of financial exclusion did not compensated for the lack of private banking in terms of product diversity, market efficiency, organization and technological diversity. This can be evaluated as the partial confirmation of that the areas of financial exclusion were also the areas of public financial space in the 1980s and the regional pattern of state banking appeared to be dependant on the existence of non-financial environment.

Intra-urban structure of state banking displayed the same patterns with private banking. The retail branches of major state banks tended to share the same financial environment in high street locations in this period. However, an evidence from Halkbank signified that the composition of branches in the suburban areas was more characterized by a homogenous distribution with reference to the spatial clustering of branches in the inner city locations. Overall, their extensive branch networks were most forcefully represented in the secondary cities rather than three greatest cities (İstanbul, Ankara and İzmir).

4.1.3 New Banking Era

Throughout the 1990s, the restructuring of Turkish banking gained enormous momentum in terms of financial innovation, institutional change, financial competition and regulatory change. These developments in turn brought with them significant changes in the domination of banks in the financial system. Starting in the late 1990s, Turkish banking entered an era in which regulatory and technological

developments shaped the new banking environment. The introduction of the Banks Act in 1999, the adaptation of new delivery mechanism for the banks' organizations and the pursuit of new macro economic policy constituted the important developments. Until the February 2001 crisis, these developments forced banks to increase their organizational and operational efficiency and to direct their attention to new profitable areas like retail banking. In other words, the banks stressed the importance of institutional and operational change for profitable banking in the disinflation environment (Çulhacı, 2000 and Finans Dünyası, 2000). The new era of Turkish banking in the 2000s is summarized in the annual report of Dışbank in the following way: "Tighter banking regulations, the implementation of anti-inflationary policies and higher taxation of trading income will bring an era of high bank profits to a close" (Türkiye Dış Ticaret Bankası A.Ş., 2000: 12).

A number of managerial staff from Turkish banks jointly signify that expansion in the retail will be supported by an appropriate infrastructure, retail marketing teams in the branches and customer focused marketing concepts. Here, the general manager of Dışbank emphasizes the role of technology and marketing partnership in retail banking:

Technology makes it feasible to grow as a retail bank without opening a vast numbers of branches. We intend to harness the power of technology to implement client focused strategies based on market segmentation, outreach marketing and cross-selling of various products and services. (Türkiye Dış Ticaret Bankası A.Ş., 2000: 12)

The research of the Bank Association of Turkey (1999) on Turkish banking in the 2000s supports these tendencies. Figure 4.1 shows the anticipated market developments in Turkish banking by customer groups, demonstrating the highest proportional increase in mass retail market. Figure 4.2 and 4.3 add further detail to this account of retail market by bank groups. For large banks, the share of mass retail

banks remains the same while a small increase in the customer portfolio is represented by large firms. However, the customer portfolios of small and medium-sized banks are likely to be dominated by mass retail market.

The reason why this anticipated development of retail market is important in spatial terms is that the theoretical concept of a banking market incorporates not only a product dimension but also a geographic dimension (Hymel, 1994). Retail activities in all sectors display a homogenous distribution over space and the locational aspects of deposits and credits markets and different customer groups as market segments are best illustrated through the spatial analysis of retail banking. In locational terms, the expansion of retail market in Turkish banking is likely to bring about important urban and regional outcomes discussed in the following chapter.

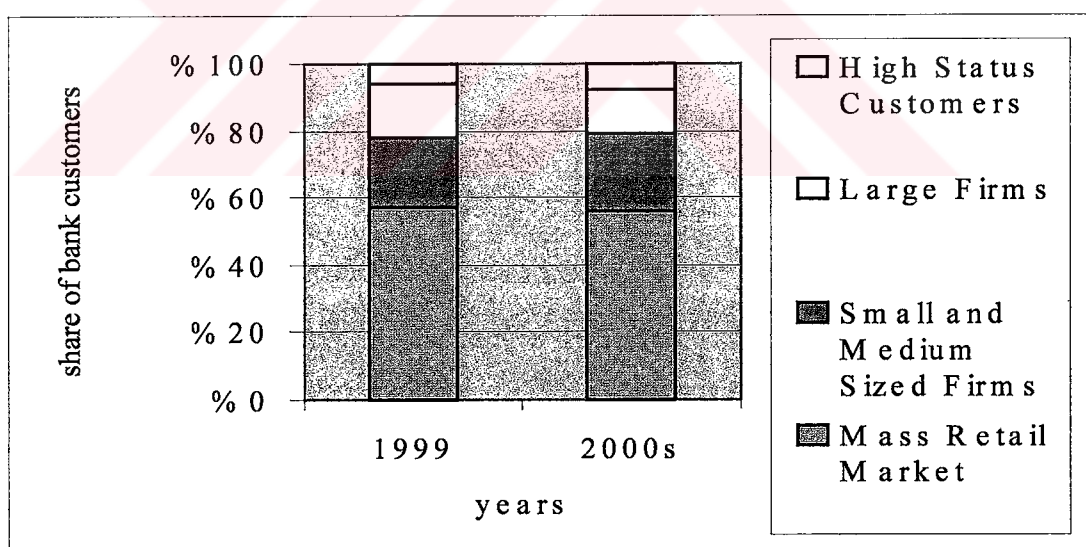


Figure 4.1 Total Customer Portfolio of Turkish Banks (adapted from Türkiye Bankalar Birliği, 1999: 31)

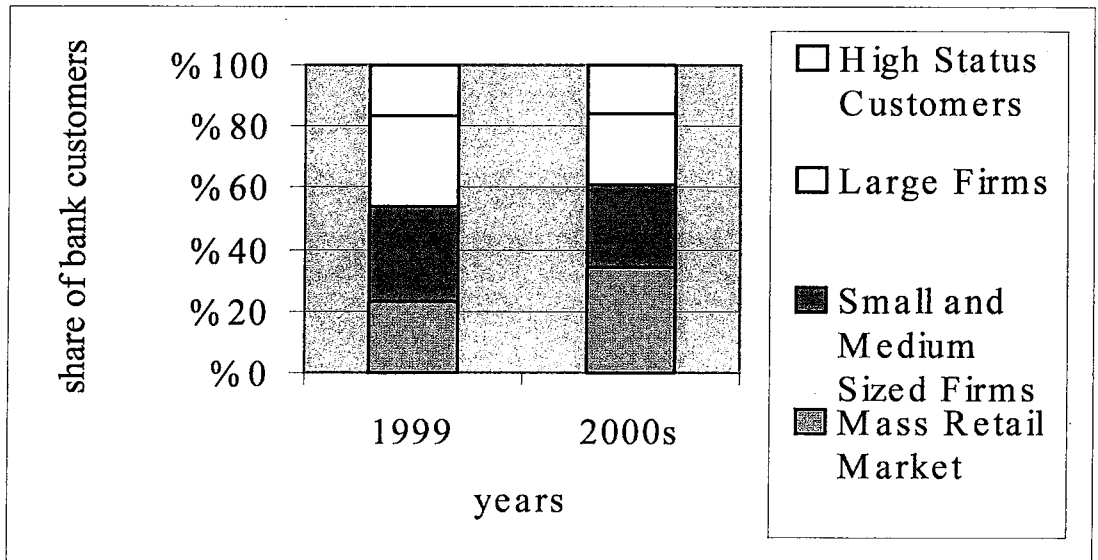


Figure 4.2 Customer Portfolio of Turkish Large Banks (adapted from Türkiye Bankalar Birliği, 1999: 32)

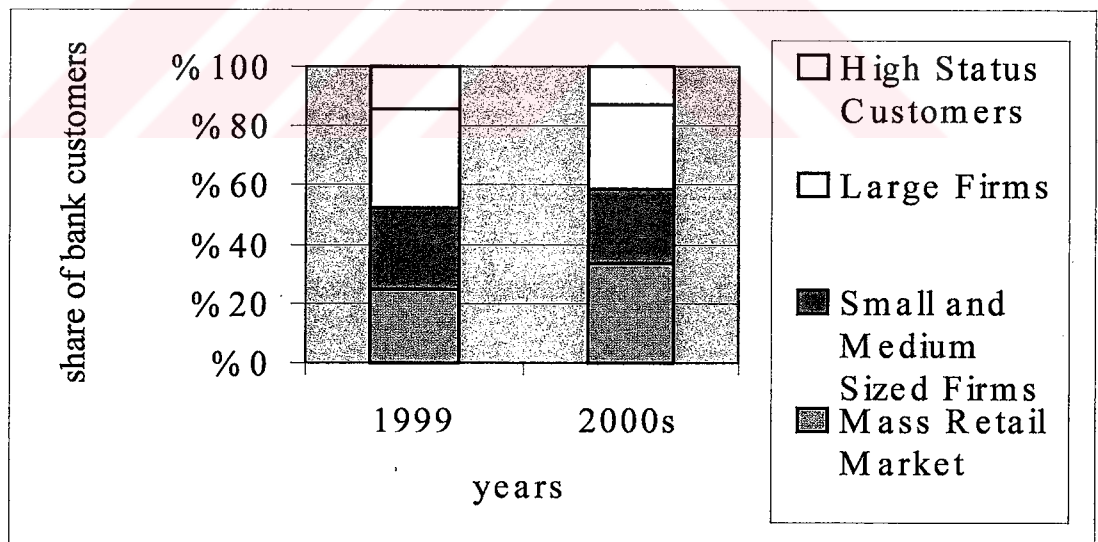


Figure 4.3 Customer Portfolio of Turkish Small and Medium-sized Banks (adapted from Türkiye Bankalar Birliği, 1999: 32)

New delivery mechanism is likely to change branch networks both in wholesale and retail banking in the following years. The research of the Bank Association of Turkey (1999) indicates that the share of branch in the delivery systems is anticipated to be lower in all bank classes. As seen in Figure 4.4, which illustrates the anticipated development of branch networks, there is a substantial reduction in the share of traditional branches in all bank groups. This reduction is even more marked in small banks and in retail banking.

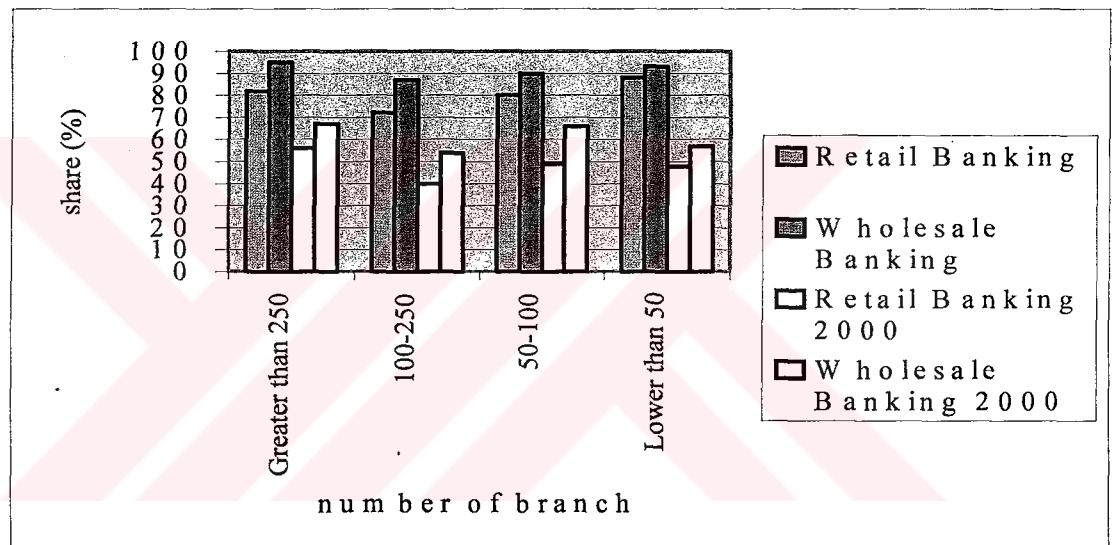


Figure 4.4 Use of Delivery Channels in the Turkish Commercial Banking by Number of Branches (Branches) (adapted from Türkiye Bankalar Birliği, 1999: 55).

However, the study signifies the continuous development of alternative delivery channels (ATM, telephone banking and computer access) in the new banking era. Figure 4.5 indicates that the banks with extensive branch networks are likely to experience a major growth in the use of ATMs. This increase is most evident in retail banking and wholesale banks are characterized by a static

development in their ATMs networks. These are also observed in medium and small-sized banks in terms of both retail and corporate banking. However, a close inspection of Figure 4.6 and 4.7 show that the share of telephone banking is quite a bit higher in medium and small-sized than in large banks. This anticipatory development is mostly visible in retail banking. In computer access, Figure 4.8 provides information on the possible domination of wholesale banking in all bank groups. What makes Turkish banking somewhat unique from a comparative perspective is that this possible development of alternative delivery channels constitutes one further motivation for both financial concentration and deconcentration in terms of customer access, geographical scope and organization. Despite the concentration of new autonomous and semi autonomous branches in the major cities, other non-branch delivery systems are likely to extend the geographical scope of retail activities. Similar to the early role of ATMs in the public financial space, new delivery mechanism in Turkish banking plays a key role in the establishment of a new type of relationship between bank, customer and financial space.

These anticipatory changes and developments both in market and delivery mechanism come together to stimulate a change in the institutional structure of Turkish banking. The spatial impacts of this change seem to be felt in urban and regional geography of banking. Since the developments in the institutional geography of Turkish banking will be discussed in the following chapter, the anticipated developments are discussed in the overall structure of banking here. According to this, some tentative conclusions can be highlighted in terms of spatial preferences of the main bank groups.

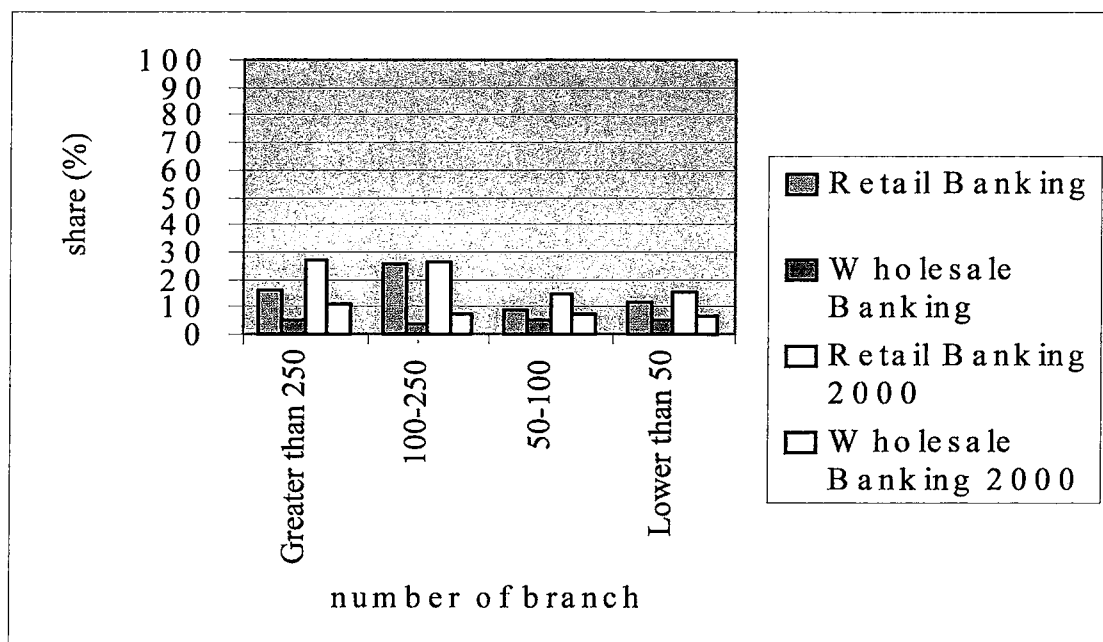


Figure 4.5 Use of Delivery Channels in the Turkish Commercial Banking by Number of Branches (ATMs) (adapted from Türkiye Bankalar Birliği, 1999: 55).

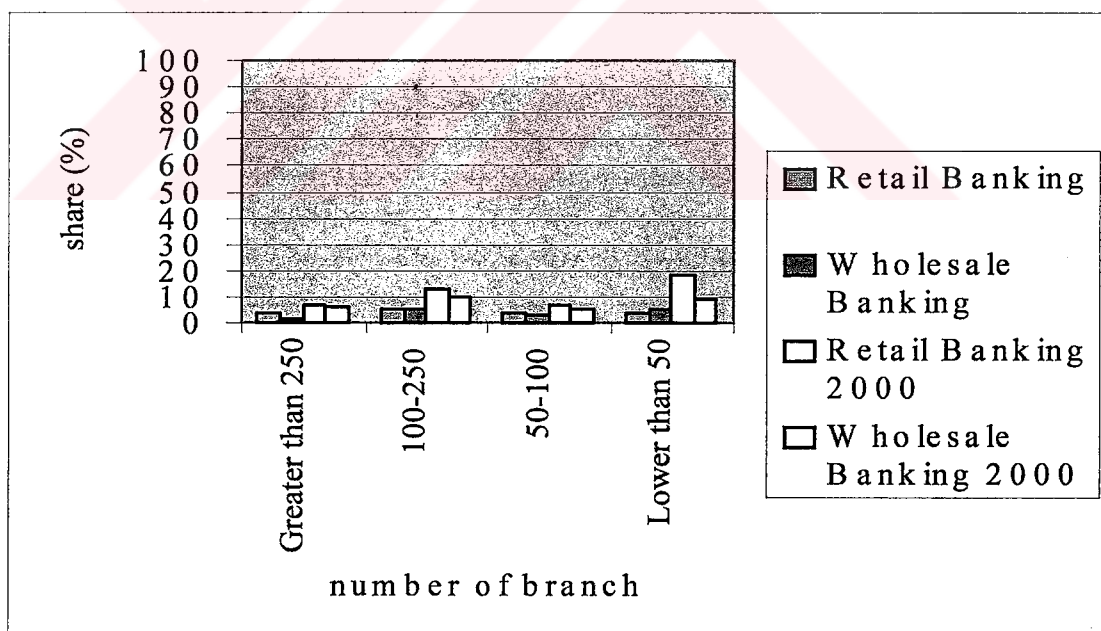


Figure 4.6 Use of Delivery Channels in the Turkish Commercial Banking by Number of Branches (Telephone Banking; Touch Tone) (adapted from Türkiye Bankalar Birliği, 1999: 56).

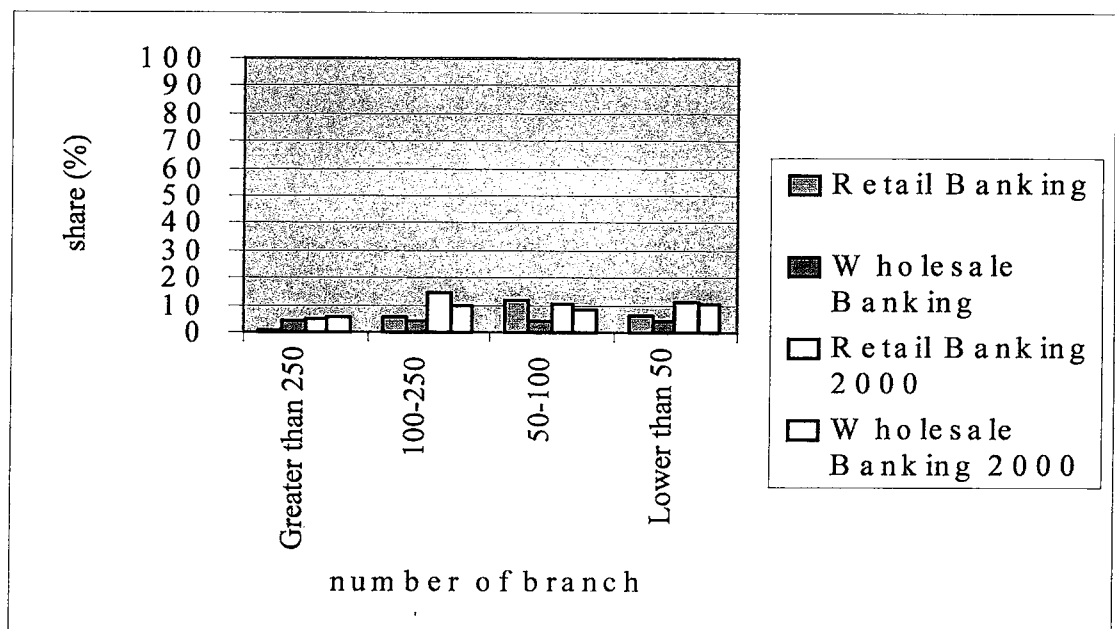


Figure 4.7 Use of Delivery Channels in the Turkish Commercial Banking by Number of Branches (Telephone Banking; Human Voice) (adapted from Türkiye Bankalar Birliği, 1999: 56).

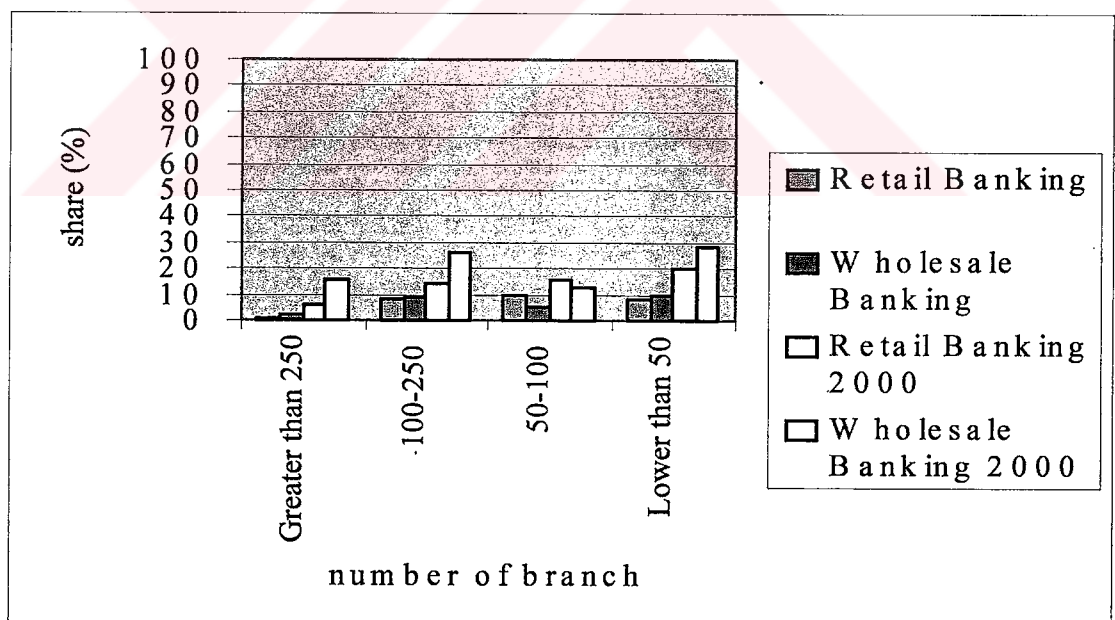


Figure 4.8 Use of Delivery Channels in the Turkish Commercial Banking by Number of Branches (Computer Access) (adapted from Türkiye Bankalar Birliği, 1999: 57).

First, the takeoff of retail banking in the late 1990s might also encourage further periods of branch proliferation. However, the common use of alternative delivery channels by all bank groups and the negative effects of the fiscal crisis of 2001 jointly signal that this proliferation is likely to occur at intra-urban level by non traditional branches. The adaptation of hub and spoke branch model for banks' branch organizations reinforces this tendency. The proliferation of non-traditional branches is most visible in satellite, open or free branches of major retail banks. Apart from highly concentrated nature of traditional retail branches in high street locations, these display the spatial patterns of dispersion. While traditional retail banks exclude some customer groups from their activities in terms of market area and financial products like consumer credits in the Turkish case, these new branches can partially overcome financial exclusion in some suburban and inner city locations. The Research of the Bank Association of Turkey (1999) makes the point that wholesale banking is less sensitive to the developments of new delivery mechanism rather than retail banking with the exception of computer access. This tends to support the assertion that the geographical scope and product diversity of corporate banking is limited. In the Turkish case, it is anticipated that wholesale banking remains dependent on high street locations in order to benefit from spatial clustering in a familiar financial environment.

Second, despite the fact that large banks still pursue their regionally selective branch strategies, medium and small banks appear to be more flexible in their location decisions at intra-regional level. Taking advantage of their flexible organizations in terms of the strong adaptation of new delivery mechanism, these banks establish their branch networks along new and more convenient areas of retail banking. However, large banks still occupy their key positions at inter-regional level

by benefiting from their familiarity with regional-financial environment and extending their market segmentation strategies to regional-financial centers. A testimony comes from Garantibank; the bank launched a market segmentation project at intra-urban level to involve major customer segments in several areas and to establish an efficient branch network. The emergence of regional centers both in retail and wholesale banking as a further step of hub and spoke model will strengthen the institutional position of major banks at inter-regional level while this contributes adversely to the increasing tendencies of financial concentration in Turkish banking.

4.2 Geography of Branch Banking

In this section, a spatial analysis on the historical and new geography of branch banking in Turkey is made to identify the spatial processes of money in the following sections. Here, a brief historical analysis mainly depends on the methodological approach in “Chick’s theory of the stages of banking development” (Dow, 1999) as also highlighted in the previous section. To make a proper generalization for Turkish branch banking, some geographical-financial variables (branch network, population, bank credits and deposits) are analyzed in historical terms. In addition, the section demonstrates the importance of an institutional-technological analysis in the comprehension of new geography of branch banking in Turkey by bank types.

4.2.1 Bank Branch in Turkey

The changing financial demands of individuals were also mirrored in the functions of bank branches throughout the development of Turkish banking. This vision has two interrelated facets: bank branch mediates between individual and bank headquarters and branch also functions as an agent between individual and the state

(Interview with İlhan Tekeli, 2002). The development of non-branch delivery channels in Turkey is associated closely with the intensification of these two functions. Since the mid-1980s, the extending ATM networks have an important role in the performance of some routine branch functions and this makes easier for bank branches to concentrate on other sophisticated financial services.

The one of the central hypotheses in the study is that the urban and regional preferences of branch banking by financial variables contribute to financial exclusion in Turkey. However, the performed functions by branches tied in with a set of financial, regulatory and political factors specific to the country and this makes it necessary to pursue a somewhat different route in the definition of financial exclusion. In Turkey, the lack of bank branches in most of the locales not only brings about financial exclusion but also the exclusion of all services provided by the state. This can be offered as a main reason for the objection of the districts to the branch rationalization policy of state banks after the crisis of 2001 (Interview with İlhan Tekeli, 2002). On the contrary, the existence of bank branches in one place does not signal the existence of financial inclusion because branch banks can transfer the local funds from one place to other place (Chick and Dow, 1988). Through the indirect ways like “back to back credits”, some Turkish holding banks lends an important share of their credits to the family companies and in most of the cases, holding bank branches have not an active role in the regional credit availability in their operation areas (Interview with İlhan Tekeli, 2002). This tends to support the assertion that “regional patterns of credit creation” (Chick and Dow, 1988 and Dow, 1999) in Turkey are predominantly related to ownership structure. Despite the existence of political pressures and misuse of funds, Turkish state branch banking is more successful in the nationwide allocation of credits for the productive sectors.

Throughout a long period, the role of bank branches in the Turkish financial landscape was closely bound up with the public concerns of local financial development and with more routine banking services of public money. What makes the Turkish case somewhat unique from a comparative perspective is that the nature of branching in banking until the 1980s was not related to customer logic in any retail activity. In order to develop a proper perspective on the present role of bank branches in the financial environment, it is important to stress a retrospective approach on Turkish banking since the post-war period. In an era of national banking movement, the function of bank branches was most related to the national financial policy and early industrialization strategy of the young state.

In the post-war period, the role of bank branches in the financial environment was associated closely with the broader functions of banking in this period. In the post-war era, two basic functions of banks in Turkey were to keep public money and to meet the credit demands of the private and public sectors because the capital market was not formed then. In the performance of these two traditional functions in this period, an increase in the number and geographical scope of branch banks both in state and private banking appeared to be important. There were clear parallels in the expansion of deposits and credits in national banking and in the proliferation of branch banks. However, this expansion was not only through the rise of branch banking but also due to the cheap money credit policy after 1951. Although the effectiveness of national bank branches in the creation of a deposit and credit base in the country increased in these years, the direction of the money-capital was to the non-production commerce sector and the expansion of credits was in these fields (Ateş and Eroğlu, 1999).

In the planned period, the evolution of branch banking has been shaped by the liquidation and the joining of the minor banks. Although this development of branch banking was regarded as of the utmost importance in the enlargement of credit and deposit base in the country, the nationwide distribution of credits and savings pointed out a spatial and sectoral concentration. Primarily, the underdeveloped regions, industrial and agricultural sectors suffered from this heterogeneous distribution. Not only the spatial preferences of branch banking affected the nationwide composition of credits and savings during the planned period but also the structural characteristics of Turkish banking played a key role in this case. A number of reasons including the incapability of Turkish banking system in the increase of the organizational savings, the credit policy and the ownership structure justified this claim. In an era of brick and mortar banking accompanied with a poor adaptation of financial technology and the unsophisticated financial products in Turkey, the role of bank branches in their financial environments tied in with the deposit and credit operations and some degree public financial activities. As the bank branches performed their roles as the cashiers of private and public sectors, their contributions to the extension of financial space remained the limited (Ateş and Eroğlu, 1999).

Starting in the decade of the 1980s, the traditional functions of bank branches started to change. Apart from an extensive branch proliferation based on deposit collection, new financial products and activities due to the financial innovation in Turkish banking made it possible for branches to perform the additional functions as a sale center or financial information office. The nationwide development of ATM networks of the large banks in the mid-1980s contributed to the extension of some branch activities along the country. Here, what seems interesting was the similar role of ATMs in the extension of public financial space in some routine banking activities

to the ones of state bank branches in the former period. However, the traditional branches of state banks continued to perform their public functions as an agent of state in most of the locales in the period after 1980. Throughout this period the banking sector was successful in the maneuvering the savings into the banks. The main reason for this was the application of positive interest to the time deposits that was an important product of the macroeconomic program (Ateş, Uras and Kaban, 1999). Here, the role of branch banking in the enlargement of deposit and credit capacity through the increasing geographical scope of banking appeared to be less important in an era of new profit opportunities for the banks.

After the 1994 crises, parallel to the development of banking sector, the share of credits within the bank assets decreased while the share of portfolio investments increased. This can be evaluated as the partial confirmation of shifting functions of bank branches in the early 1990s from lending credits to deposit collection. The fast increase of the total deposit accounts in the banking system until 1993 tends to support this assertion (Ateş, Uras and Kaban, 1999). With reference to an increase in the total number of deposits and loans granted, the traditional branch activities remained important as well as new technologically oriented functions of bank branches in this period. Starting in the mid-1990s, the adaptation of new branch models such as *hub and spoke* or *point-of-purchase* to the existing branch networks made it possible for Turkish banking to pursue retail-oriented branch strategies. In private banking, the expanding definition of branch was best illustrated through new autonomous or semi-autonomous retail branches like open and satellite branches.

4.2.2 Historical Geography of Branch Banking

Throughout the 20th century, the constitution of the historical geography of money in Turkey has gone hand in hand with the broader institutional developments.

A common point of focus is the institutional framework through which branch or unit banking shaped distinct economic geographies at regional and urban level. The key to these diverse geographies appears to be the relationship between economic policy, specific phase of banking and spatial dynamics. The evolution of branch banking both in the late Ottoman and Republican periods was also forged along the same dimensions. As the institutional geography of money in the Ottoman Empire was mostly shaped by branch networks of foreign banking and domestic unit banking with the exception of Ziraatbank (Pamuk, 1999), the attention will mainly be given to the Republican era (national banking and new banking era since 1980).

The Turkish branch banking was characterized by different developments in the inter-war and post-war periods. The first period saw the emergent branch networks of state banks both in the commercial and development banking and unit banking in the local areas. In the 1923-1932 period, the failure of nationwide branch policies led to the rise of local banking in Anatolia. Until the mid-1930s, unit banking was represented by these local banks. However, the institutional geography of Turkish banking in the same period was mostly dominated by the developing branch networks of both national commercial banks such as Ziraatbank and İşbank and developmental banks such as Etibank, Sümerbank (Ökçün, 1997). While the banks in the first group displayed the geographical patterns of national banking, the second group was mostly based on the distinct geographies of regional banking. However, national banks with their newly developing branch networks involved a limited geographical scope. This is not to state a regionally selective branch policy but regionally bounded branch policy. In other words, newly developing state banks had to take advantage of the former areas of mercantilist activity and of the financial environment in the major cities in an environment in which there are no private

competitors except for the local banks. However, the branches of certain old banks like Ziraatbank and Ottoman Bank had traditionally a nationwide distribution and some of the branches of developmental banks orientated towards the exclusion areas of money and finance in Anatolia. In the light of this, the inter-war period experienced the government's efforts to homogenize public financial space and to extend the boundaries of regulatory environment through the emergent branch networks. The response of the government to the unit banking in the mid-1930s is an obvious testimony to these efforts.

The typical features of the 1945-1960 period involved the development of private banking, the constitution of new financial institutions as "Türkiye Sınai Kalkınma Bankası" and the further development of branch banking in Turkey. The government's efforts to homogenize the public financial space through the nationwide branch networks contributed to the rise of regionally selective branch banking in the post-war period. The institutional dominance of private banking in the trio (Ankara, İstanbul and İzmir) supports this phenomenon. In this period, very substantial increases occurred in the number of banks and in the number of branches. Despite the static development of the branch banking between 1923 and 1933 and the reduction in the number of branches in the 1933-1944 period, the post-war Turkish banking enjoyed a period of overbranching⁶⁴ (Akgüç, 1992). Overbranching was enabled by both the continuous development of branch networks in state banking and the emergent branch networks of new private banking. The orientation of former development banks towards universal commercial banking in retail business added to this process in the following period.

Until 1980, the rise of private banking accompanied with nationwide branches that showed a heterogeneous distribution in particular regions and spots. In

the constitution of branch networks along these areas, different bank groups acted with various strategies. While medium and small-sized commercial and investment banks had the geographical patterns of regional and local banking with the exception of investment banks, big family banks like Akbank, Garantibank and YKB established their branches through a spatially selective branch strategy at urban and regional level.

At urban level, the concentration of branches in the major cities, especially in the trio was also evident in the overall structure of private banking in Turkey. Especially, family banks contributed to the financial center formation at regional level and financial community formation at intra-urban level by motivating spatial clustering of retail and wholesale banking activities. This spatial clustering was visible in the concentration of retail branches in the high street locations. A comparison between state and private banking highlights the spatial outcomes of different branch strategies (Yüzgün, 1982). Throughout the 1924-1980 period, Ziraatbank proceeded a homogenous branch proliferation nationwide. While Ziraatbank, which has the most extensive branch network in Turkey, orientated towards the locales that have no branches, the other three private banks (Akbank, Yapı-Kredi and İşbank) were engaged in a policy of branch promotion in the major cities. In the major cities, these three banks established their branches in the concentration areas of other bank branches and these mainly shared the same financial environment with other banks in this period.

The regionally selective nature of the Turkish branch banking can be observed throughout all stages of the post-war period. Here, traditionally strong regions in the institutional geography of money were Middle Northern, the Aegean and the Marmara regions. Remainder of Turkey was represented by the regions

excluded from the branch banking activities in terms of private commercial banking. The following chapter describes the genesis of this regional exclusion in a detailed manner. As stated in the earlier chapters, state branch banking did not compensate for the negative affects of financial concentration and financial exclusion processes with reference to its institutional structure. This means that some locales and regions found it harder to benefit from financial services and products offered by private bank branches. However, considering the lack of sophisticated financial services and of product diversity in Turkish banking before the 1980s, this condition cannot be seen the confirmation of a real financial exclusion. The exclusive effects were mainly felt in the market accessibility and in the constitution of suitable financial environment and communities for regional and local financial developments. Consequently, until the 1980s, the institutional geography of private banking was represented by nationwide branch networks that involved both intensified branch structures in the major cities and rudimentary branch structures in the local areas.

Starting in the decade of the 80s, Turkish private banks pursued a policy whereby the number of branches was kept as low as possible while borrowing abroad was cheaper and the sector was engaged in technological investments. However, the Resolutions of 1989 discussed below constituted one further motivation for branch proliferation and overbranching in the mid-1990s. The reasons for this change in the branch policies in the 1980s can be divided between four dominant factors (Akgüç, 1992). First, the increase in interest rates contributed adversely to the efficiency of retail branch banking. Second, technological developments radically affected the branch infrastructure of Turkish banking and ATMs began to threaten the small bank branches. The other factor was the closure or consolidation of inefficient branches that had a limited deposit capacity. Last was the increase of legal rate of minimum

capital reserved for bank branches. Even with the branch rationalization policy of private banks, the continuation of branch proliferation in state banking changed the distribution of domestic branches according to ownership in Turkey.

The late-1980s can be identified as a period of crucial regulatory developments towards an extensive liberalism in financial markets. Despite the fact that liberalism in financial markets due to the Resolutions of 1989 including the Law for the Protection of Turkish Lira (the substitutability of currency against the Turkish Lira) and the Resolution of the Banks (the fluctuation of the interest and credit rates) eased the entries into the banking sector and branching of foreign banks, the effects of these on branch policies began to be felt in Turkish banking after the 1994 crises (Ateş, Uras and Kaban, 1999).

The regional distribution and urban concentration of branches remained the same in this period. In 1991, the majority of Turkish bank branches was concentrated in three developed regions (Middle Northern, the Aegean and the Marmara Regions) with a rate of 64.8 percent. The urban distribution of branches also corresponded to this condition and the bank branches in three greatest cities (İstanbul, Ankara and İzmir) constituted 36.5 percent of total domestic branches in Turkey (Akgüç, 1992).

The Turkish branch banking entered a new era after the crisis year of 1994 as access to foreign funds became harder and foreign borrowing costs soared. As a result, the banks reverted to policy of branch creation and the 1995-1999 period saw the fast rise in the number of branches. Substantial increases mainly occurred in the number of branches of private commercial and state owned commercial banks. Parallel to the fast rise in the number of branches there was a sharp increase in the pay roll. In the same period, the only decrease in the pay roll has occurred in the

public bank pay roll because of the privatization of several public banks (Anka Review, 2000).

Between the 1994 and 2001 crises, static institutional developments occurred both in the regional and urban geography of branches. While the regional composition of branches remained the same in state and private banking, urban concentration of branches in the particular areas underwent uninterrupted increase due to the institutional and technological developments. A new form of financial concentration was motivated by privatization of some public banks, branch restructuring strategies of banks and urban proliferation of branches. In this period, the substantial increases also occurred in the number of state banks, but state banks with their highly politicized and centralized nature did not constitute an important alternative in the local financial environment against the sophisticated branch networks of private banks in terms of organization, product diversity, market segmentation and use of technology. A more detailed analysis of this form of financial concentration and exclusion is made in the following chapter according to bank groups, branch strategies, branch models, regional distribution, urban location and nationwide branch networks.

4.2.3 Branch Banking by Regional and Provincial Financial Variables

A detailed regional and provincial analysis on population and the distribution of bank credits and deposits in Turkey between 1990 and 2000 is important to stress the exclusionary effects in the contemporary geography of branch banking.

Regional analysis correlates the distribution of population, national credits and deposits with the distribution of bank branches in Turkey. Figure 4.9 shows a homogenous regional distribution of branches by regional populations between 1990 and 2000. The Aegean and the Marmara with the highest population shares were the

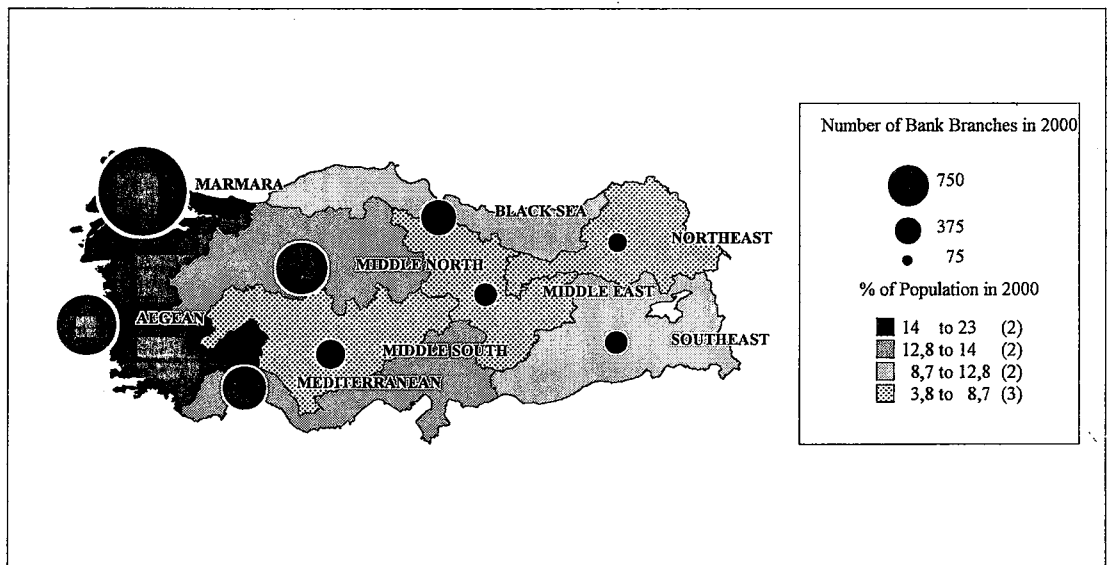
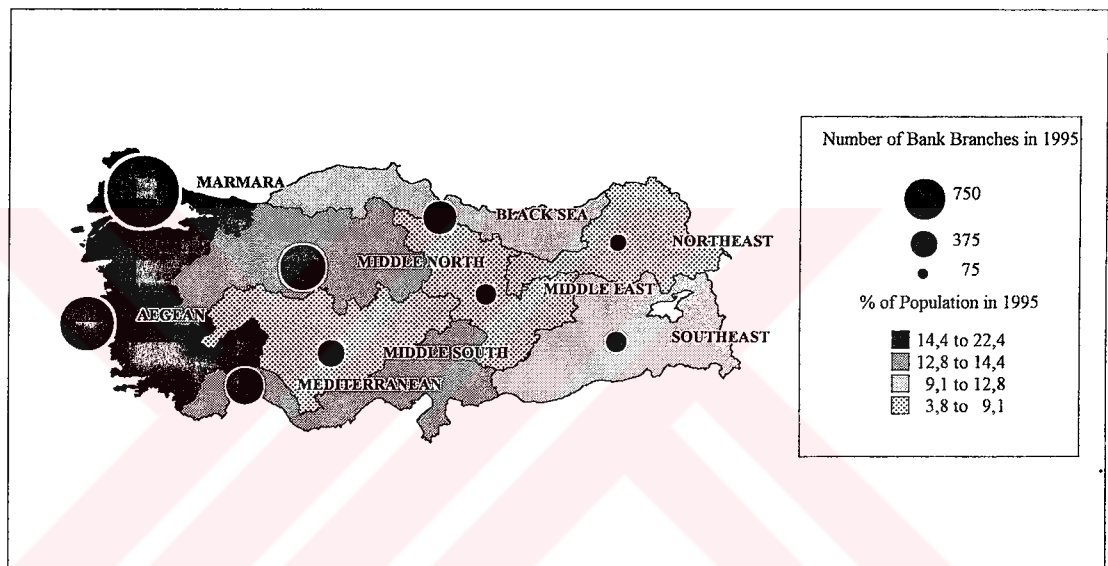
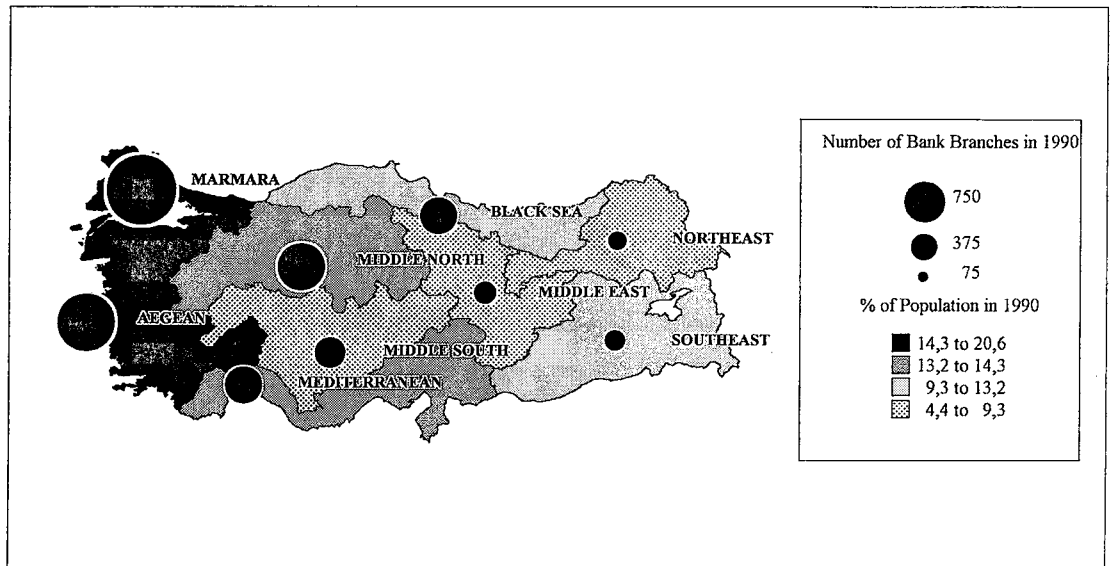


Figure 4.9 Regional Population and Bank Branches in Turkey (1990, 1995, 2000)
(DİE, 2002; Tulay, 2001 and Türkiye Bankalar Birliği, 2001b).

strong regions of branch banking in the same period. In the map, the only exceptions for the proportional distribution were represented by the Middle Southern and the Southeastern Anatolian regions. While the Middle South in the lowest population group had an important branch share, the Southeast was characterized by a lower branch share in terms of meeting the financial needs of a region in the third population groups. In the same period the all regions in the third and fourth population groups experienced proportional losses in their branch shares. The other side of this homogenous branch distribution can be best characterized by the distribution of national credits and deposits in 1990-2000. The reason why the analysis of credit and deposit regions is important is that these regions correspond to the areas of branch banking. Moreover, this regional analysis is important to recognize both the role of bank branches in the extension of deposit and credits potential of the locales in Turkey and the efficiency of branches. In the Turkish case, not only the number and location of branches are the crucial variables in the emergence of different deposit and credit regions but also a series of factors in banking including ownership structure, operation field, institutional policy and regional economic characteristics occupy a key position in the segmentation of credit and deposit markets. As seen in Figure 4.10 and 4.11, there was a high correlation between the credit and deposit regions and the regional preferences of branch banking in Turkey in the period of 1990-2000. Here, the Marmara and the Middle Northern regions as the traditional strong regions of branch banking were also identified as the first group regions in the distribution of national credits and deposits in the same period. Despite the existence of consistent branch shares with their populations and deposit potentials, three regions, the Middle east, the Northeast and the Southeast were termed as the areas of financial exclusion in this study. This was

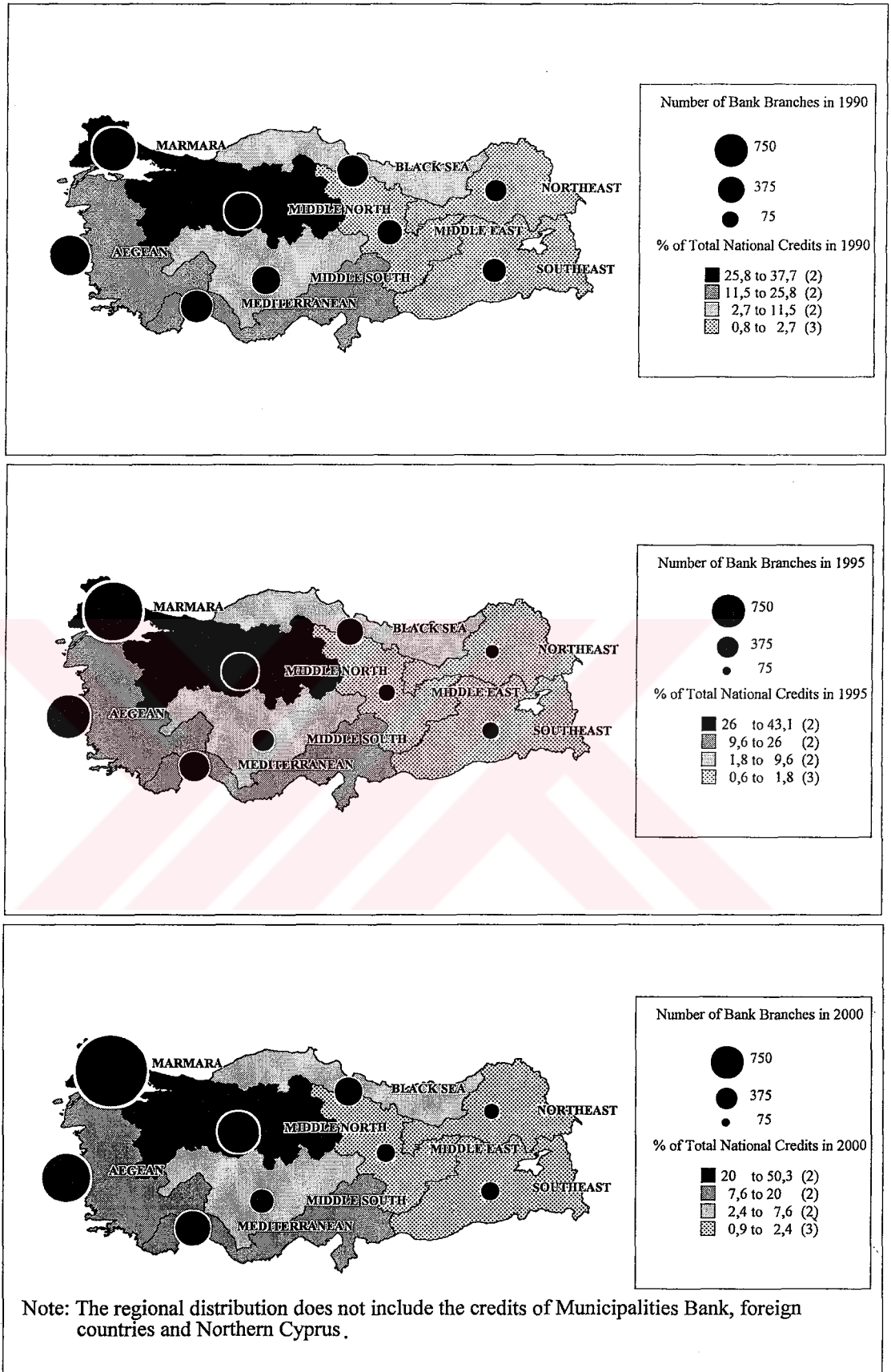


Figure 4.10 Regional Distribution of Total National Credits and Bank Branches in Turkey (1990, 1995, 2000) (Tulay, 2001 and Türkiye Bankalar Birliği, 2001a, 2001b).

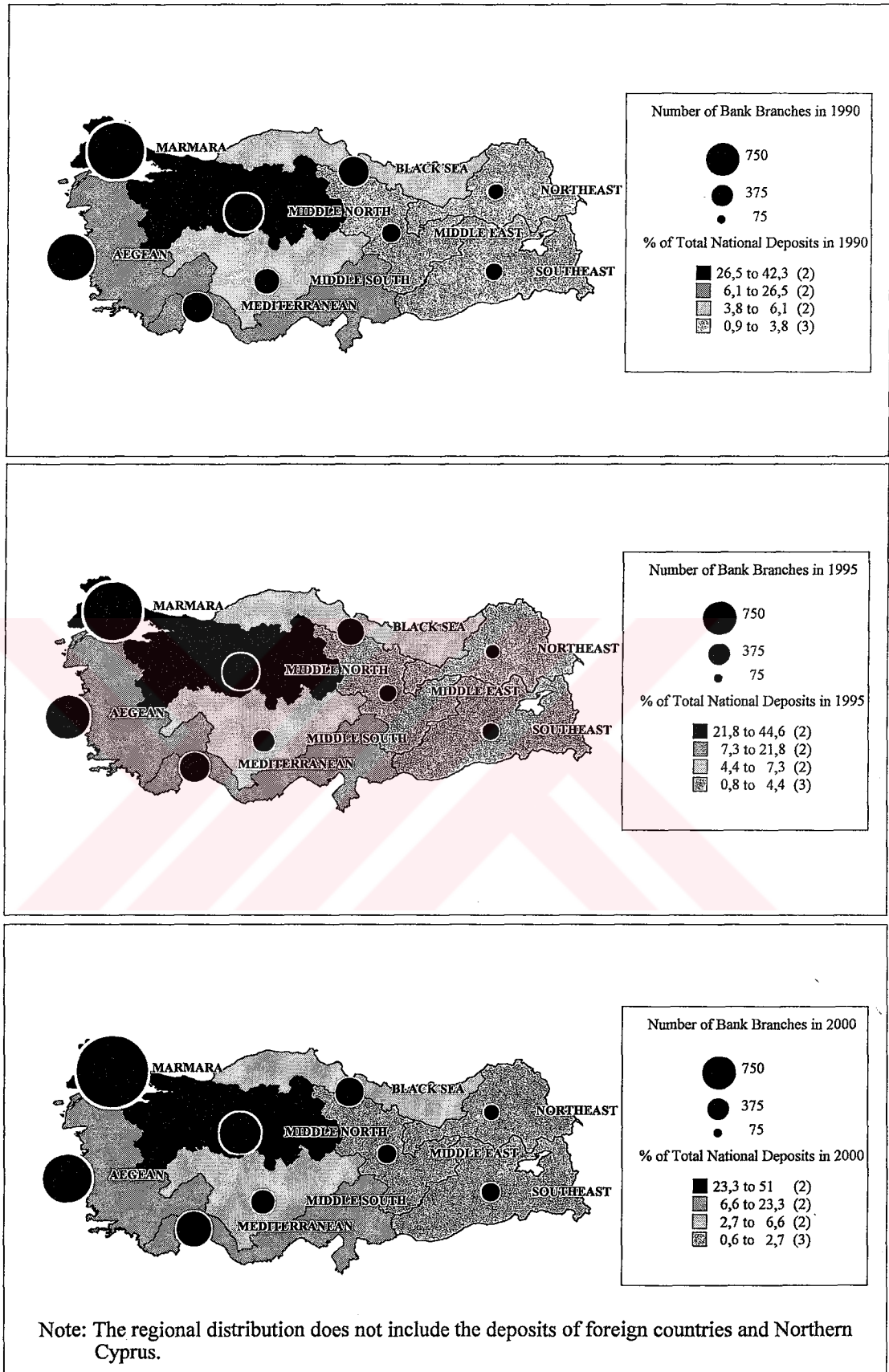


Figure 4.11 Regional Distribution of Total National Deposits and Bank Branches in Turkey (1990, 1995, 2000) (Tulay, 2001 and Türkiye Bankalar Birliği, 2001a, 2001b).

because these regions displayed a heterogeneous credit, deposit and branch distribution at intra-regional level as seen in the following figures and they were the primary regions of branch rationalization and consolidation in the private banking. The findings of this regional analysis tend to support the assertion from the Post-Keynesian literature (Chick and Dow, 1988, Dow, 1999 and Dow and Rodriguez-Fuentes, 1997) that institutional system (local-regional or branch banking) is important to comprehend regional financial segmentation.

The regional distribution of branches by bank groups also assumes greater importance in the regional segmentation of credit and deposits. Figure 4.12 adds further detail to this account of credits and deposit regions in retail banking. As seen in the first map, the areas of private commercial banking coincided with population regions in 2000, whereas state banking demonstrated a branch distribution independence from population. This condition may also be illustrated by the deposit and credit regions in the Turkish case. A close inspection of the second and third maps in the same figure indicates that the regional preferences of private banking are consistent with the regional distribution of total credits and deposits. However, these rational geographical preferences of private banking constituted one further motivation for the financial exclusion in three regions (the Middle East, the Northeast and the Southeast) in terms of the regional allocation of credits and utilization of private banking services. With regard to regional financial development this seems to be a partial confirmation of a vicious circle in Turkey. Figure 4.13 provides information on population, branch, credit and deposit regions in wholesale banking. While state banking demonstrated a heterogeneous branch distribution in the fourth and third population, deposit and credits regions, the first and second

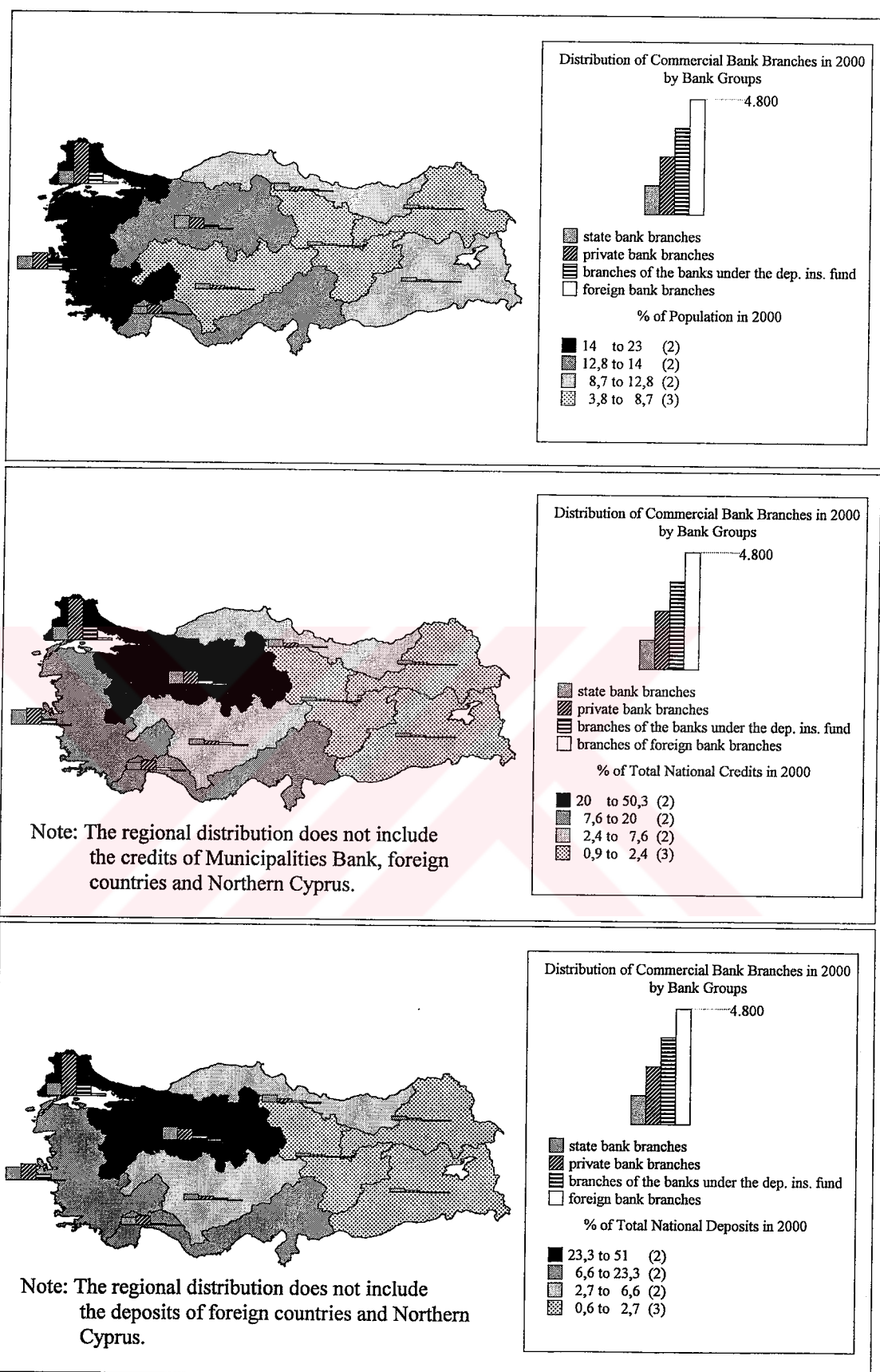


Figure 4.12 Regional Population, Credits, Deposits and Commercial Bank Branches in Turkey (2000) (DİE, 2002, and Türkiye Bankalar Birliği, 2001a, 2001b).

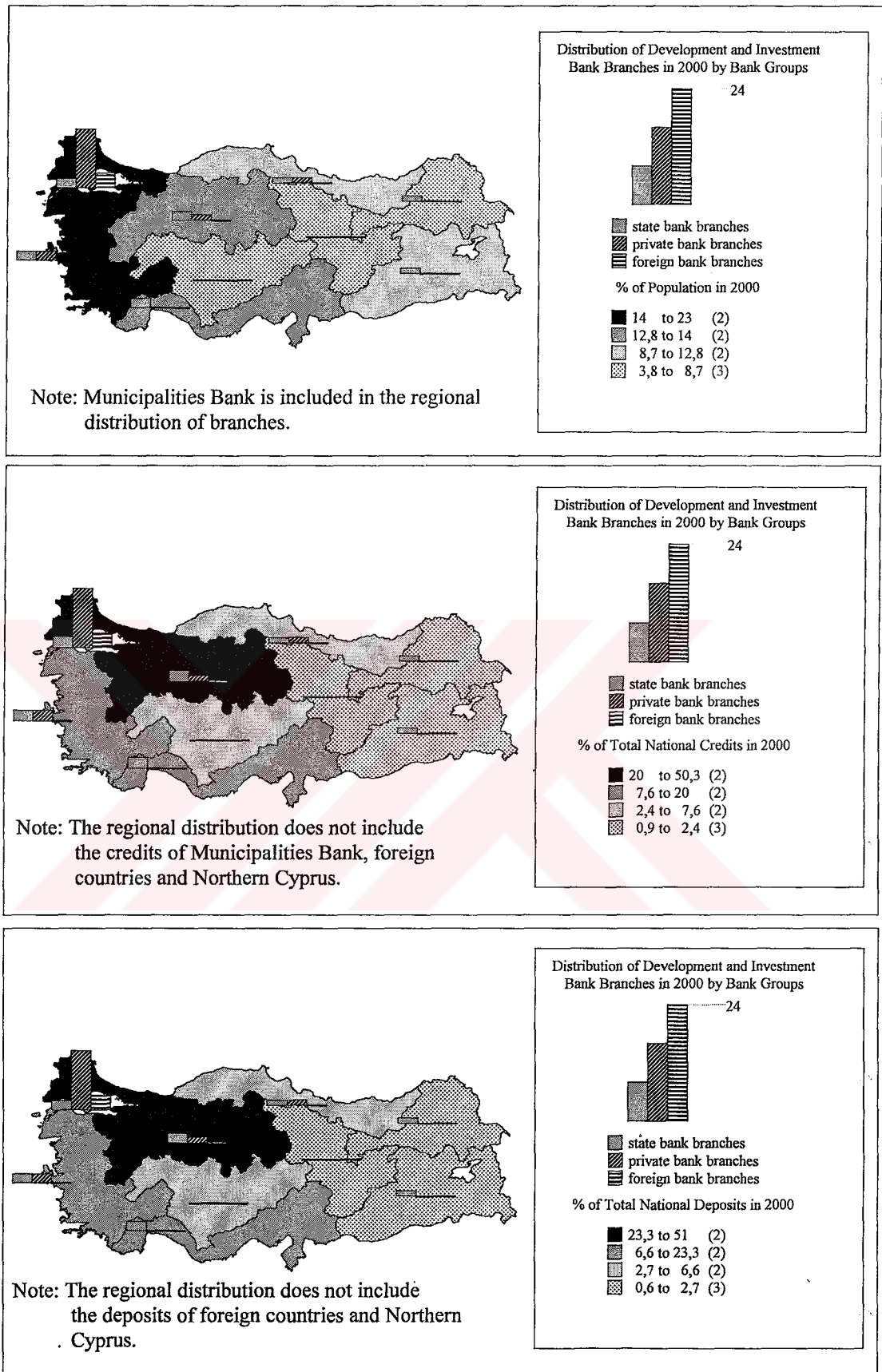


Figure 4.13 Regional Population, Credits, Deposits and Development and Investment Bank Branches in Turkey (2000) (DİE, 2002 and Türkiye Bankalar Birliği, 2001a, 2001b).

regions were characterized by a homogenous branch distribution of development and investment banks according to all variables. However, private development and investment banks displayed the patterns of a regional concentration in three strong regions of population, deposit and credits (the Marmara, the Aegean and the Middle North) as well as the Black Sea.

The geographical analysis also concerns the provincial distribution of branches, population, credits and deposits. Figure 4.14 demonstrates that provincial branch development between 1990 and 2000 tied in with provincial population. Here, the province data were mainly used in the analysis of these two variables. While the provincial concentration of branches was most visible in the trio (İstanbul, Ankara and İzmir), Bursa, Antalya, Adana and other large and small provinces were characterized by a consistent branch development with population. However, the medium-sized provinces displayed important regional differences in terms of branch concentration in the same period. Despite the existence of a proportional increase in the number of bank branches by population in the other medium-sized provinces, there was an under-representation of branches in some provinces of the Middle East and the Southeast. Moreover, as seen in the cases of Şanlıurfa, Diyarbakır and Ağrı, the increase of bank branches in a number of eastern provinces stayed behind the overall urban development in the same period. In these regions, the constitution of new provinces also affected the urban composition of branches by population. However, it would be misleading to point out this regional branch composition by population as a confirmation of intra-regional level financial exclusion because the additional district data are needed. An analysis of provincial population and branch distribution by the districts of Turkey will be made for a number of state and private banks in the following chapter.

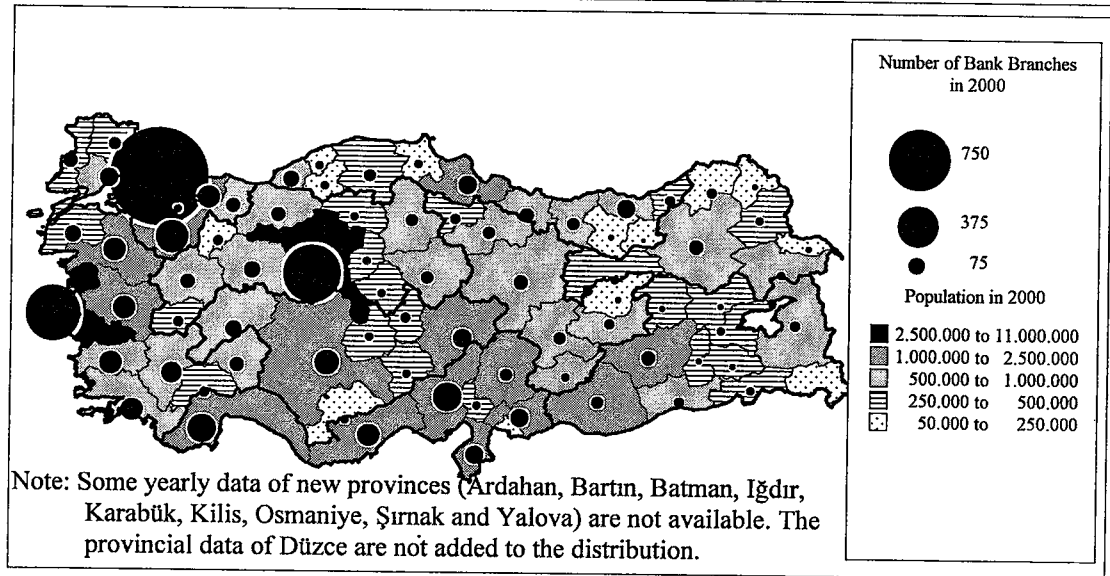
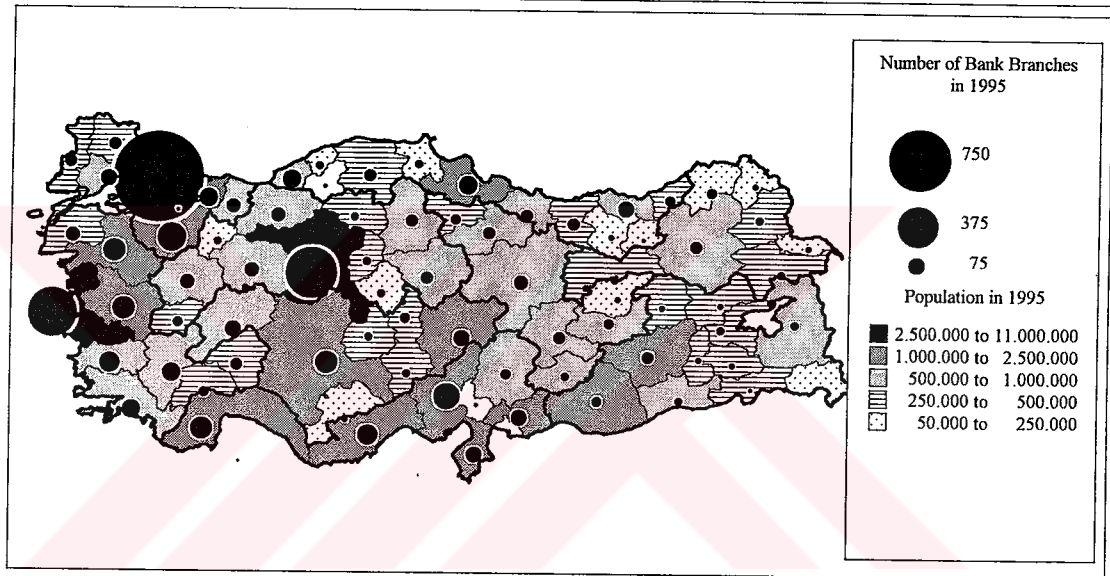
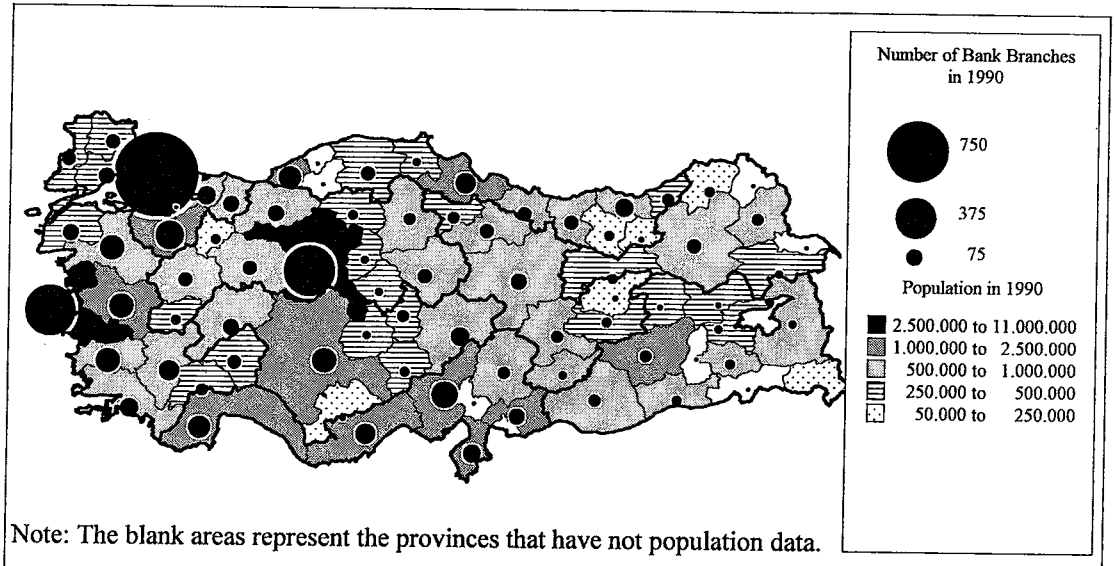


Figure 4.14 Provincial Population and Bank Branches in Turkey (1990, 1995, 2000) (DİE, 2002; Tulay, 2001 and Türkiye Bankalar Birliği, 2001b).

As seen in Figure 4.15, which illustrates the geographical relationship between the distribution of branches and provincial credits in the period of 1990-2000, the provincial credit developments were sensitive to the branch developments at intra-regional level. Apart from the technological concerns of branch restructuring, this shows that a spatial basis for branches is still important to urban financial development in Turkey. Another important point is that the degree of branch concentration at intra-regional level determines the existence of financial inclusion or exclusion by provincial credit availability. While the provinces of the western and central regions in Turkey demonstrated a consistent branch developments with the credits regions, the Northeast and the Southeast displayed the patterns of a heterogeneous branch development by credits in the period of 1990-1995. For example, Diyarbakır, Şanlıurfa and Erzurum with important proportional branch shares present good examples of the provinces in the lower credit regions between 1990 and 1995. Despite the rational provincial distribution of branches by all credit regions in 2000, the distributions of 1990 seem to be a partial confirmation of an intra-regional financial exclusion in Turkey. By a retrospective view, the geography of branch banking in 1990 best characterizes the general portrait of financial exclusion or inclusion in Turkey. The distribution of provincial deposits (see Figure 4.16) in the period of 1990-2000 confirms the rational intra-regional preferences of branch banking by the degree of financial potential of locales in Turkey. In most of the interviews, financial potential was termed as commercial and industrial potential anywhere. As seen in the maps, the deposit regions mostly coincided with this type of financial areas in the same period. Here, the only exceptions for this consistent branch distribution with deposit regions constituted some provinces of the Middle

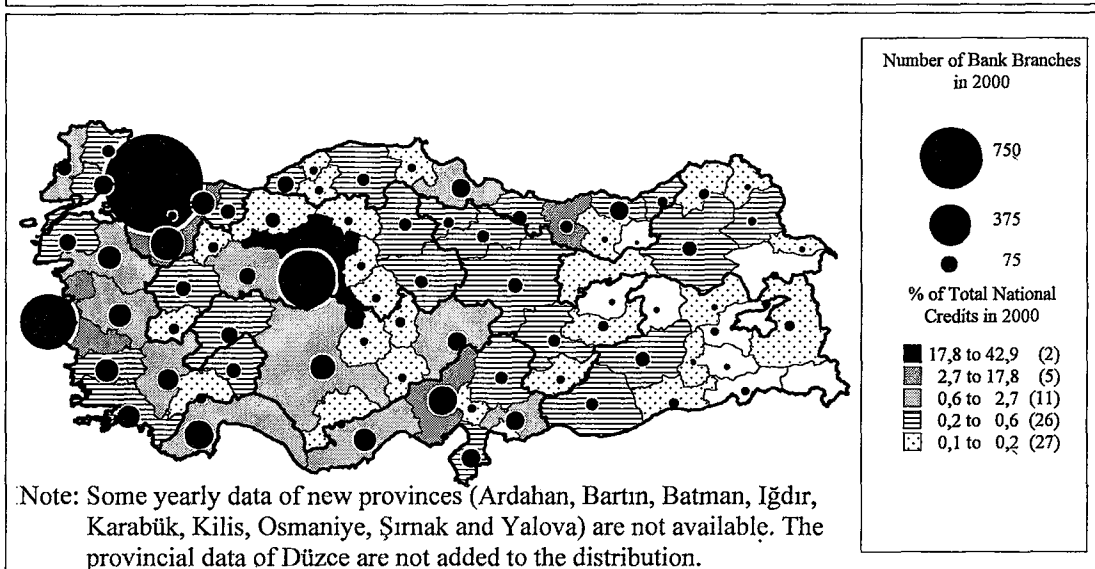
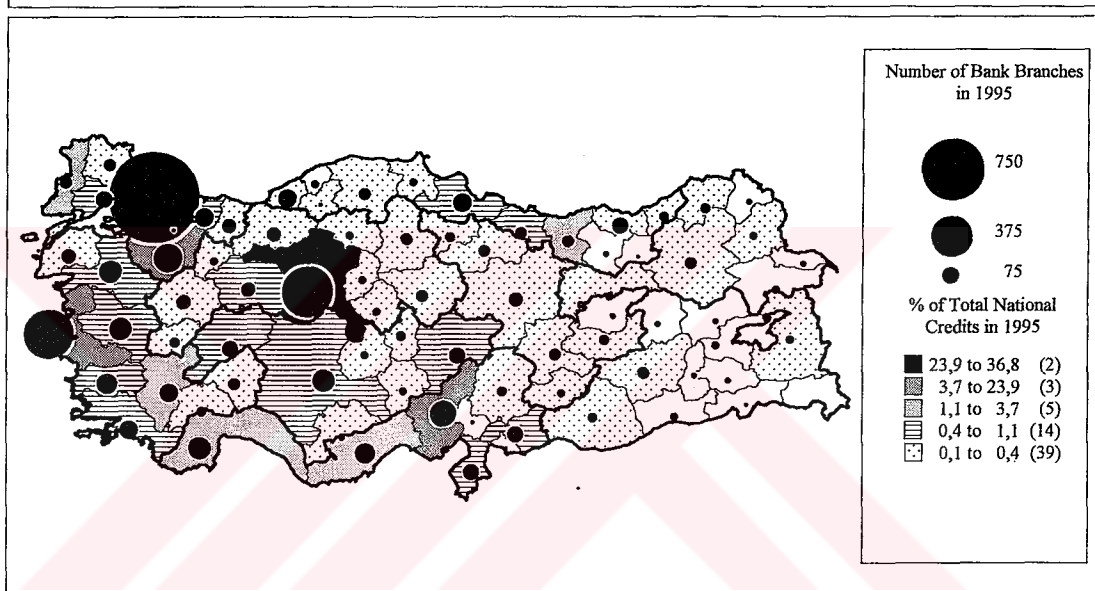
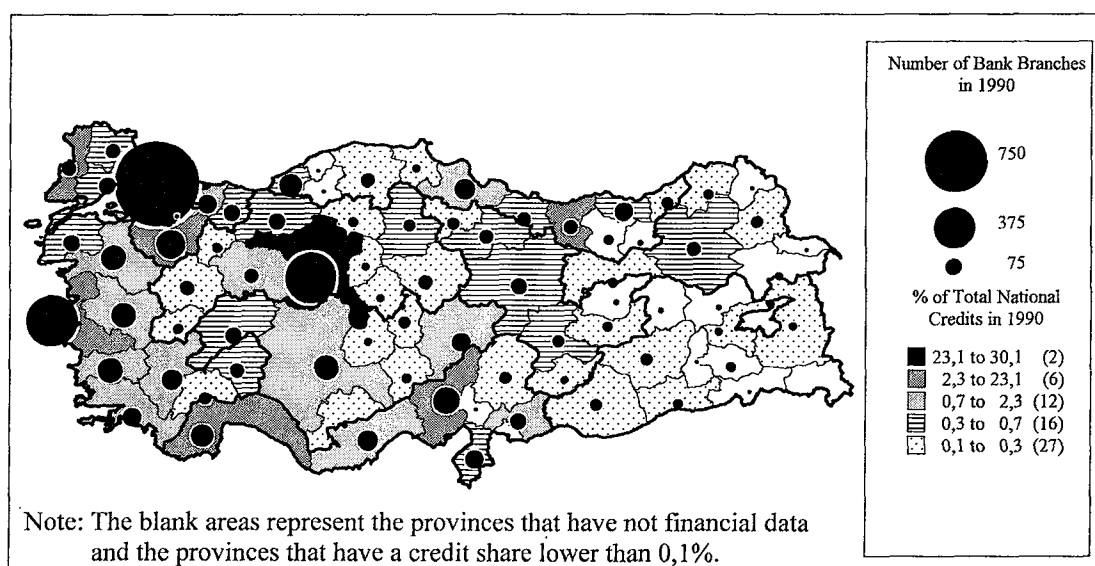


Figure 4.15 Provincial Distribution of Credits and Bank Branches in Turkey (1990, 1995, 2000) (Tulay, 2001 and Türkiye Bankalar Birliği, 1996, 2001a, 2001b).

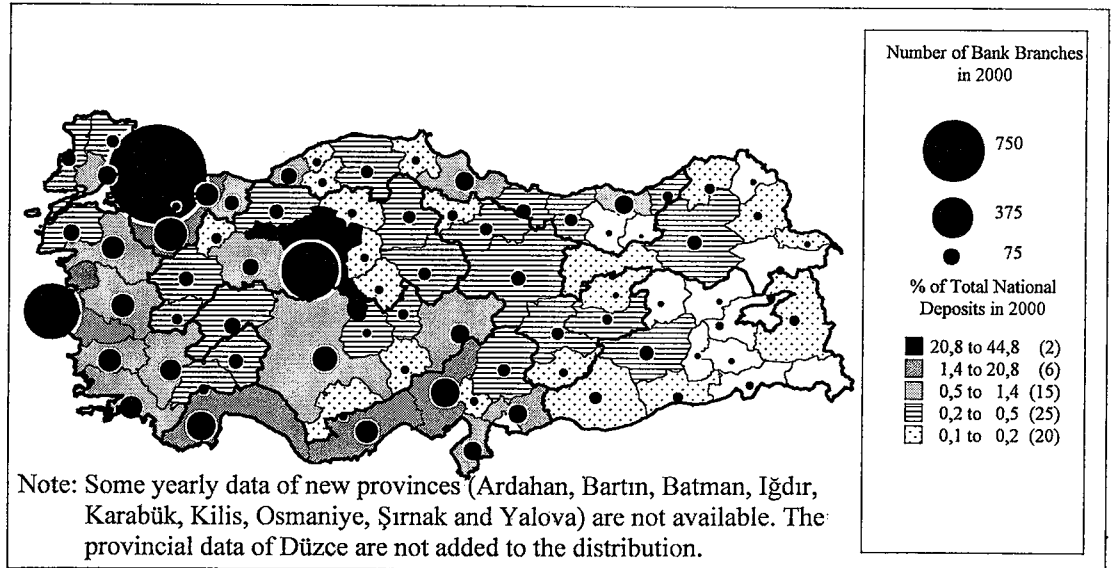
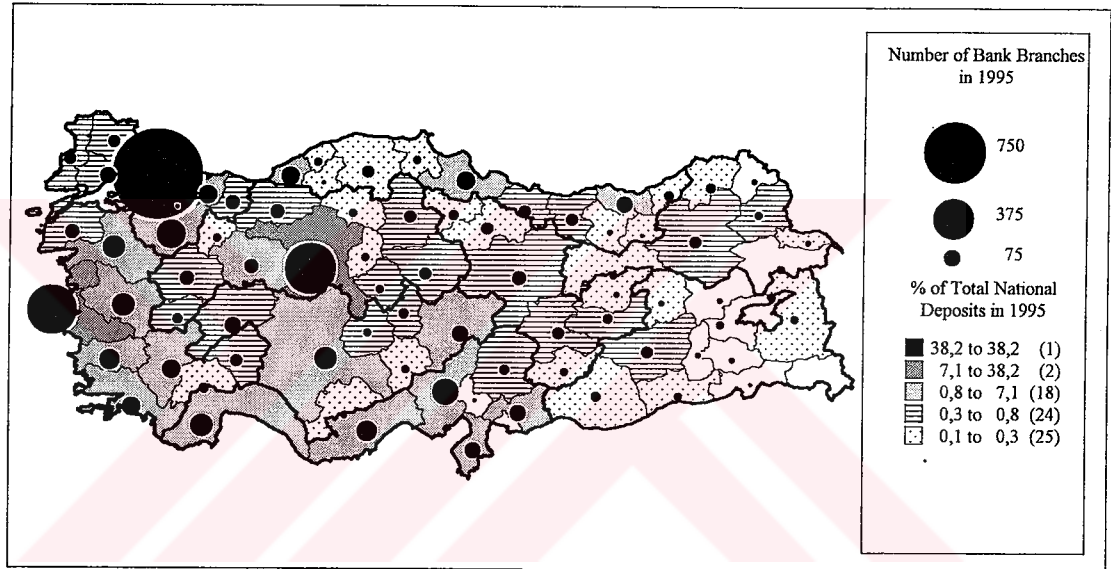
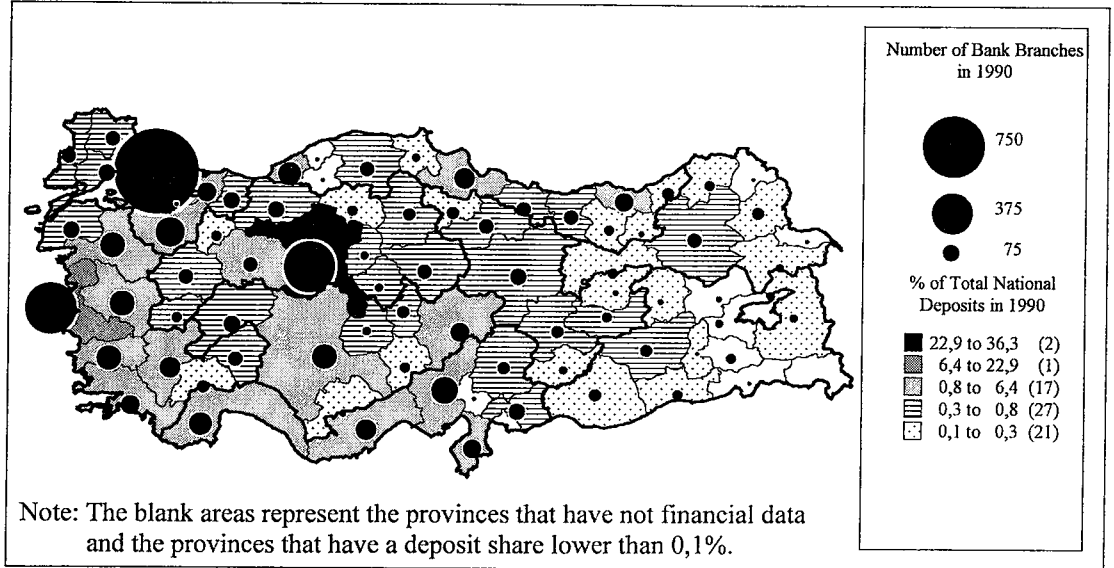


Figure 4.16 Provincial Distribution of Deposits and Bank Branches in Turkey (1990, 1995, 2000) (Tulay, 2001 and Türkiye Bankalar Birliği, 1996, 2001a, 2001b).

North and the Middle South. This can be partially explained both by the role of state banking in the enlargement of deposit potential and the deposit rate per branch in these provinces. In most of the cases, a similar condition was explained by the “spatial pattern of liquidity preference” (Chick and Dow, 1988) within a Post-Keynesian framework. However, such a spatial analysis received less attention in this study because the case study did not include a detailed analysis of deposit regions by deposit classes.

A provincial analysis of branch banking by bank groups introduces wider themes of financial exclusion and homogenization of public financial space in Turkey. The state and private commercial banking displayed different patterns of provincial branch concentration by population in 2000 (See Figure 4.17). As observed in all geographical-financial variables, state banking also demonstrated a highly homogenous branch distribution by population. At this point, what seems important is the existence of a high correlation between population and provincial preference of commercial state banking in comparison with other financial variables. This homogenous distribution by population can be attributed both to the public functions of state banking in Turkey and to the administrative division at provincial level. The heterogeneous branch distribution of private commercial banking was also visible in terms of population. As illustrated in the map (see Figure 4.17), provincial population was received less attention by private banking as a geographical criterion in the overall branch network policy in 2000. Especially in three eastern regions (the Middle East, the Northeast and the Southeast), there was an under-representation of private bank branches in all provincial population classes. The impression gained from this heterogeneous distribution is that the financial variables are regarded as of

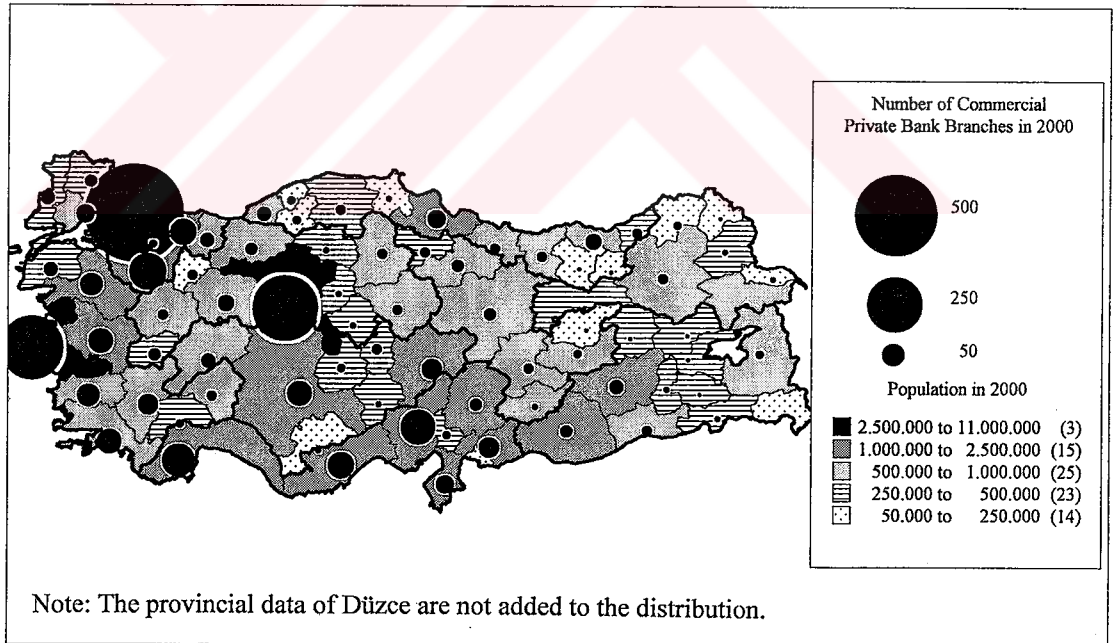
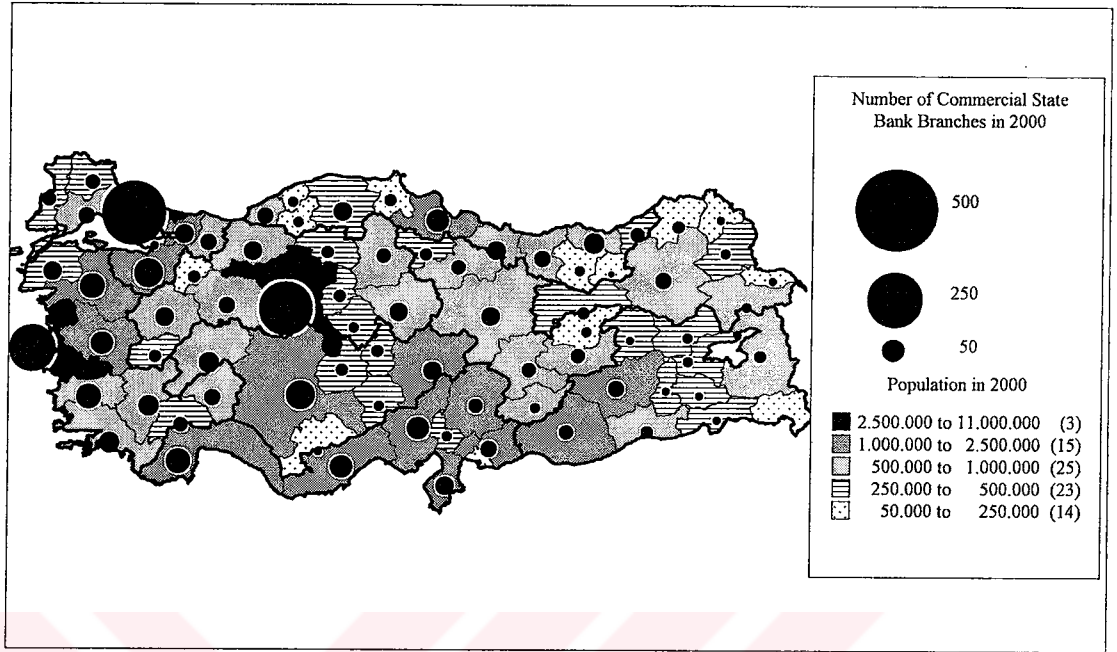


Figure 4.17 Provincial Population and Commercial Bank Branches by Bank Groups in Turkey (2000) (DİE, 2002 and Türkiye Bankalar Birliği, 2001b).

the utmost importance in the geographical preferences of Turkish private commercial banking instead of population. Unlike state banking, the national branch banking policy of private banking is far from having a public goal and service logic by different population segments. As seen in the Garantibank case, the geographical composition of different “customer segments” at urban and regional levels is more important in private banking than the one of “overall population” (Türkiye Garanti Bankası A.Ş., 2001).

As Figure 4.18 and 4.19 indicate, the geographical preferences of state and private banking in 2000 varied in credit and deposit regions at provincial level. Here, the provincial distribution of commercial state bank branches (see Figure 4.18) appears to be unrelated to the areas of provincial credits. In comparison with private banking, state banking had an important proportional branch share in the provinces of fifth and fourth credit regions in the Northeast, the Southeast and the Middle East in 2000. In these credit regions, state banking contributed to the homogenization of public financial space both through the enlargement of bank credit base and of banking scope in Turkey. This extensive scope of state branch banking independent from credit concentration is also illustrated through the provincial branch distribution in the fourth credit regions of the Black Sea. Figure 4.18 also adds further details to the rational geographical preferences of private commercial banking in terms of the distribution of national credits. In all banking regions, private banking demonstrated a provincial branch concentration in the first, second and third credit classes. In addition, the financial weight of the trio (İstanbul, Ankara and İzmir) as a phenomenon in Turkish banking can be partially attributed to this consistent branch distribution of private banking with credit and deposit regions. As seen in the cases of Samsun and Giresun, a clear under-representation of private bank branches in

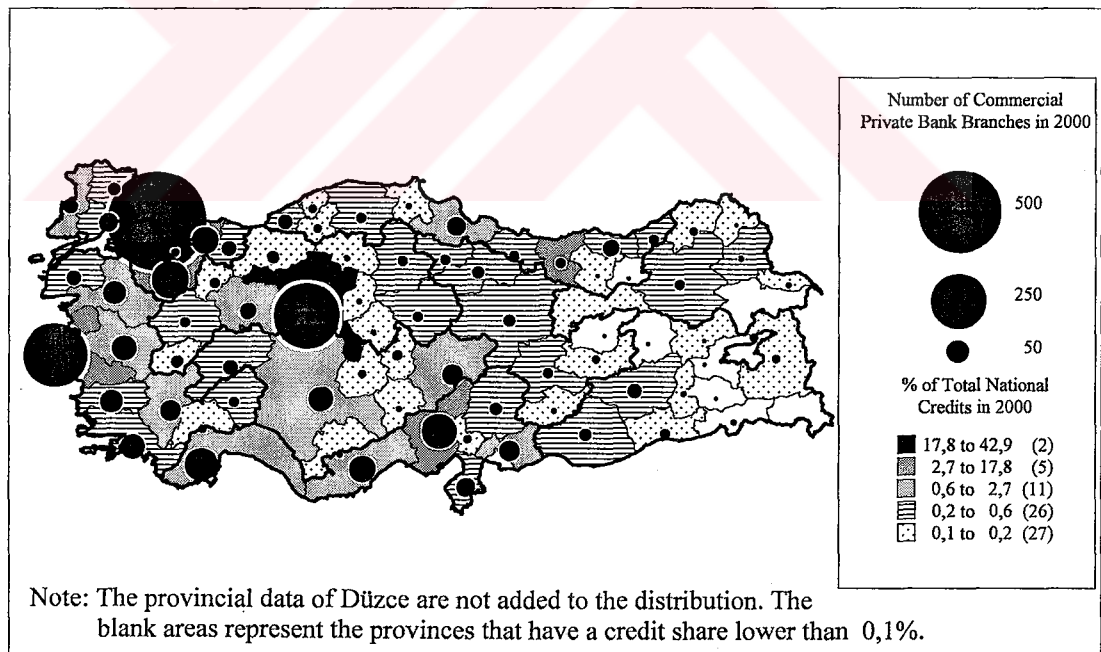
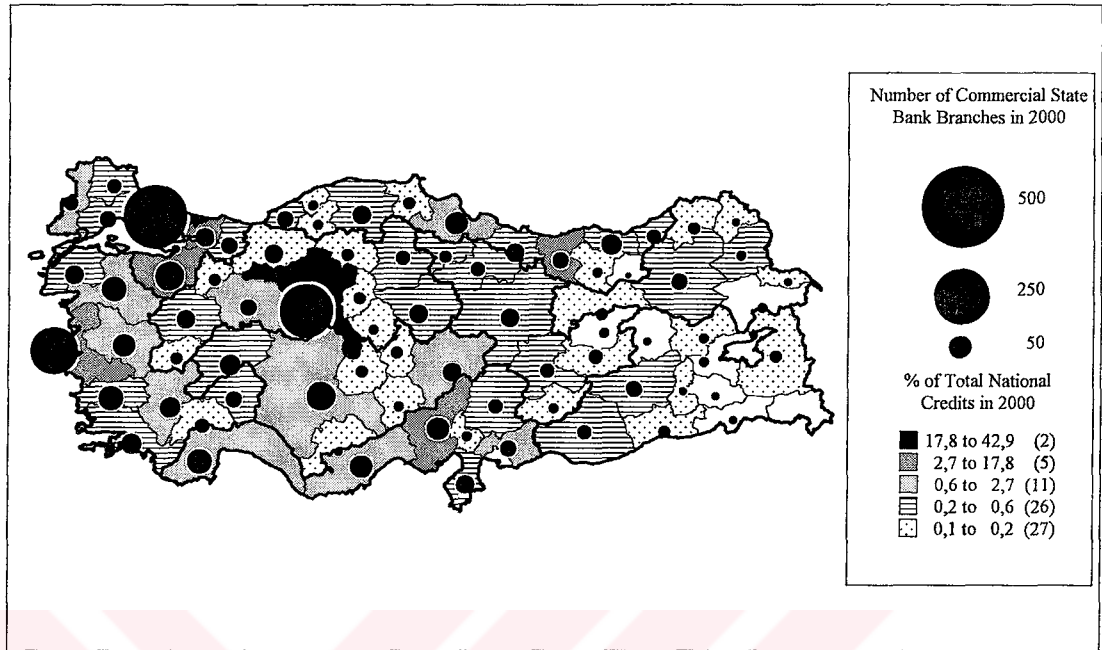


Figure 4.18 Provincial Distribution of Credits and Commercial Bank Branches in Turkey by Bank Groups (2000) (Türkiye Bankalar Birliği, 1996, 2001a and 2001b).

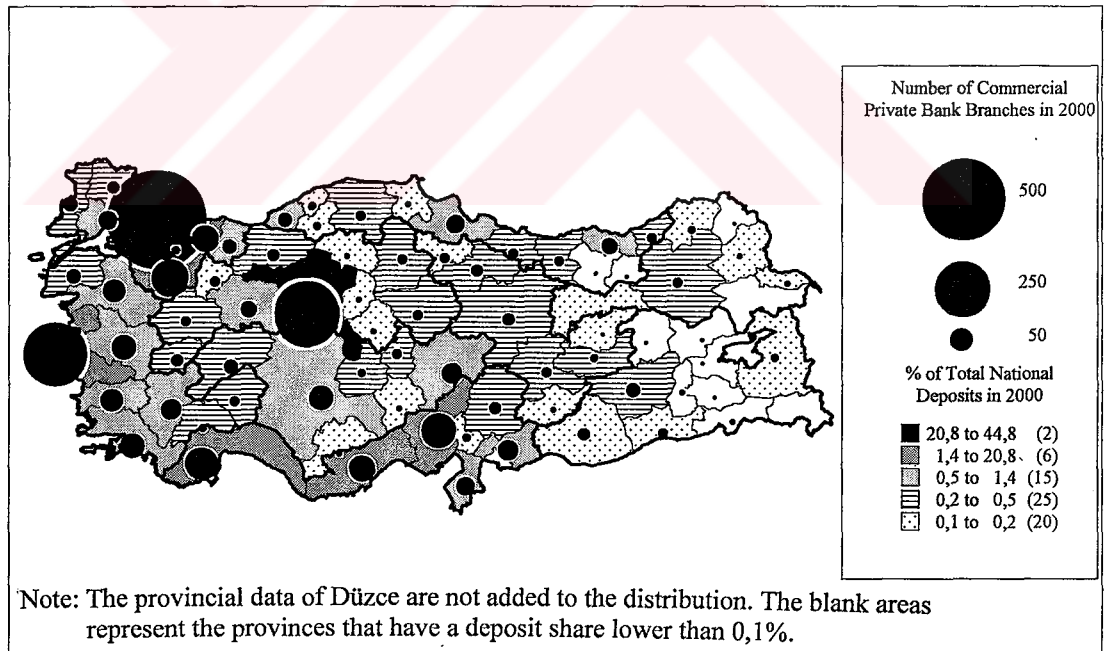
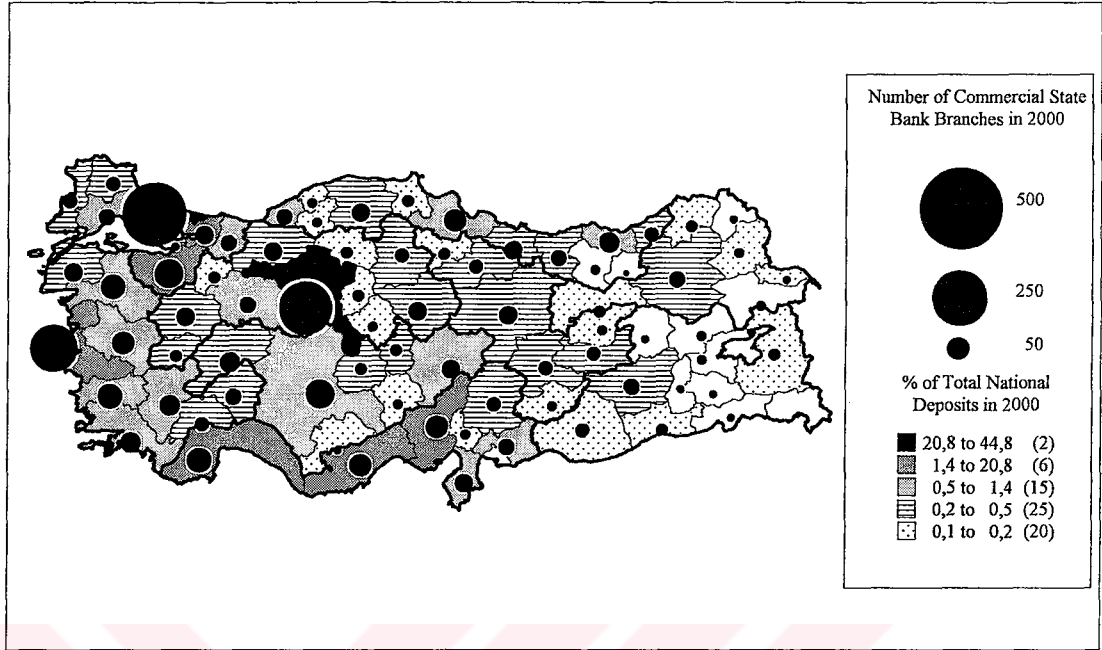


Figure 4.19 Provincial Distribution of Deposits and Commercial Bank Branches in Turkey by Bank Groups (2000) (Türkiye Bankalar Birliği, 1996, 2001a and 2001b).

SURVEY OF GRADUATE STUDENT OPINION

How would you evaluate your experience at the Middle East Technical University ? While I hope your experience was a positive one, I realize that there must have been areas that might have been better. Your answers on this questionnaire will help us improve the quality of graduate education at the Middle East Technical University. Your responses will, of course, be held **strictly** confidential.

Tayfur Öztürk

Dean

Graduate School of Natural and Applied Sciences

PERSONAL INFORMATION

1. In which degree program/subfield were you enrolled?

Please be specific (e.g., Civil Engineering/Hydraulics; Chemistry/Organic)

City and Regional Planning

2. Degree sought : M.S. ☐ Ph.D. ☒

3. When did you first enroll at the Middle East Technical University as a regular graduate student?

Semester: Fall ☒ Spring ☒

Spring

Year

1	9	9	7
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4. When did you receive your graduate degree?

Semester: Fall ☐ Spring ☒

Year

2	0	0	2
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5. Your sex : Male ☒ Female ☐

6. Your age :

3	3
---	---

7. Your nationality : Turkish ☒

Other ☐

Please specify country

8. State the source of financial support you received during your graduate studies.

Research Assistantship ☒

Family support ☐

Outside work ☐

Other ☐

Please specify

EXPERIENCE WITH DEPARTMENT

9. As you look back over your graduate studies at the Middle East Technical University, how satisfied have you been with each of the following?

Very satisfied Satisfied Dissatisfied

a) Overall quality of graduate level teaching ☒ ☐ ☐

b) Departmental advising/guidance (If any) ☒ ☐ ☐

10. Using the following scale, please indicate whether you agree or disagree with each of the following statements as they refer to your thesis supervisor.

(1=Agree; 2=Somewhat agree; 3=Disagree; 4=Don't know/does not apply)

(Please circle the appropriate number)

a) Was willing to spend the time necessary to advise me on academic matters. (1) 2 3 4

b) Insisted that we discuss my research on a regular basis..... (1) 2 3 4

c) Was very easy to approach..... (1) 2 3 4

d) Was knowledgeable about formal degree requirements..... (1) 2 3 4

e) Was available for informal consultation..... (1) 2 3 4

f) Was interested in my goals and projects..... (1) 2 3 4

g) Could be relied upon to give me constructive criticism on my work..... (1) 2 3 4

h) Returned my work promptly..... (1) 2 3 4

i) Other The guidance of my advisor contributed to my intellectual development.

Please explain

11. How often did you have contact with your supervisor during the following stages?

Average hours per month

a) Research stage

6

b) Thesis writing

4

12. What was the most satisfying course, if any, you took at the Middle East Technical University during your **graduate studies**?

(Please name the department, instructor, course number, and title)

City Planning, Sevin Osmay, Urban Social Theory CP-510

Please comment : It was very interesting and useful course for my research fields.

13. What was the least satisfying course, if any, you took at the Middle East Technical University during your **graduate studies**?

(Please name the department, instructor, course number, and title)

Please comment : _____

14. Were your Ph.D. Qualifying Exam and your preparation for it a beneficial educational experience?

Yes ☒

No ☐

Not Applicable ☐

Please comment : _____

15. Did your department organize seminars, colloquia, or conferences at which graduate students can present their research?

Yes ☒

No ☐

16. Did you ever present any part of your research at such a seminar, colloquium or conference?

Yes ☐

No ☒

17. Did you attend any national/international scholarly meetings (conference, short course, etc.)?

Yes ☒

No ☐

18. Did you deliver any papers at national/international scholarly meetings?

Yes ☒

No ☐

19. Were you encouraged by faculty members to publish?

Yes ☒

No ☐

20. Do you have any other comments concerning your department?

(e.g., quality of administrative staff, adequacy of space, information flow, etc.)

The quality of the education in my department was very satisfactory.

GENERAL UNIVERSITY EXPERIENCE

21. What was your best academic experience, if any, at the Middle East Technical University during your **graduate studies**?

As an research assistant; the works of Planning Studio in my department
Contributed to my instructional capabilities.

22. What was your worst academic experience, if any, at the Middle East Technical University during your **graduate studies**?

23. If you were to start your graduate program again, would you select:

- | | | |
|--------------------------------------|---|-----------------------------|
| a) The same university? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| b) The same field of specialization? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |
| c) The same thesis supervisor? | Yes <input checked="" type="checkbox"/> | No <input type="checkbox"/> |

24. Any other comments regarding your graduate education at the Middle East Technical University.

The quality of graduate education at the Middle East Technical University was very satisfactory for me.

some provinces of upper credit classes in the Black Sea and the Middle East proves the existence of some degree intra-regional financial exclusion. Figure 4.19 shows that the provincial patterns of branch banking by total deposits in state and private banking were similar to the ones of branch banking by total credits in 2000. While state banking displayed the same pattern of extensive branch distribution in the lower deposit regions, private banking demonstrated a rational provincial branch distribution by deposit concentration. This confirms that financial potential can be identified as an important variable in the overall branch network policy of Turkish private banking. This will be discussed in a detailed manner in the following chapter.

4.2.4 New Geography of Branch Banking

During the course of the late 1990s, regulatory and technological developments shaped the new geography of branch banking. While new banking act brought the important changes in the institutional structure of banking, new delivery mechanism had an important influence on urban and regional composition of branches.

Throughout the inter-crisis years, the expansion of retail market accompanied these spatial developments. As new mass marketing strategies of banks required a new institutional structure, banks launched several branch-restructuring programs in this period. Although the effects of this restructuring on urban and regional geography of branch banking are early to discuss, some tendencies show that the expansion in retail market encourages further urban concentration and financial distancing. While urban concentration of retail branches is reinforced by new branch models, financial concentration occurs at intra-regional level. Wholesale banking was also affected by the institutional developments between 1994 and 2001

but spatial-institutional structure of wholesale banking was still characterized by spatial clustering and seemed to be dependent on high street locations.

February 2001 crisis appears to exacerbate financial concentration and exclusion since the expected developments of enormous branch rationalizations, consolidations and bank closures both in state and private banking. During the inter-crisis years, the new geography of branch banking in retailing was characterized by regional and urban developments within an institutional framework. The developments in all geographical scales can be evaluated as the extension of former processes, but the new spatial processes of money mainly occurred in a somewhat different banking environment.

At regional level, the distribution of retail branches displayed different geographical patterns according to ownership structure. While state banks proceeded their homogenous branch proliferation strategies, private banks increased their branches in their traditionally strong regions.

However, there are clear differences in the regional composition of branches among private banks. Small and medium-sized banks such as Dışbank have a limited geographical scope by establishing their branch networks in a few developed regions. The intensification of Dışbank branches in the Marmara Region presents a good example of this regional concentration. Another important point to take into consideration is that the geographical scope of small retail banks mainly coincides with the regional patterns of unit banking. Despite the concentration of unit banks in the exact spots at intra-regional level, both institutional forms feature the same patterns of regional concentration in the Turkish case. Large retail banks like Garantibank have more homogenous branch distribution at inter-regional level in comparison with small banks. Notwithstanding, it would be misleading to stress this

regional homogeneity as a regional branch strategy in state banking. In that respect, the branch networks of large banks are represented by dual structure: an extensive branch structure in developed regions and a rudimentary branch structure in underdeveloped and developing regions such as the Black Sea Region. The institutional developments until the 2001 crisis confirmed this dual structure in the branch networks of private banks.

Despite the existence of an urgent need to branch rationalization, state banks maintained their extensive branch networks nationwide in this period. Since the branches of state banks function as the agencies of the government's economic policy and public financial activities like KOBİ credits, the inter-crisis years saw no change in the institutional structure of these banks. This tends to support the assertion that the efficiency in state banking can only be performed by the structural changes like consolidation and privatization instead of limited branch rationalizations (Münir, 1998). In the latest economical crisis, the government's efforts to realize this structural transformation seem to be full confirmation of this idea. The geographical impacts of this transformation at inter-regional level are too early to discuss, but there are some clear signals. It is likely that privatization, consolidation or closure of banks will bring further changes in the regional composition of branches. In the following period, this development can result in a new form of financial concentration.

At intra-regional level, new branch models are possible to change the regional and urban composition of retail branches in private banking. The early signals of the implementations of "hub and spoke" and "POP" (Point of Purchase) branch models reflect that the emergent regional centers (hubs) in retail banks tends to be concentrated in the major cities. These areas of spatial clustering coincide with the

concentration areas of wholesale banking, former or existing headquarters locations like Büyükdere Street in İstanbul. Moreover, these branch locations also represent sub-regions that consist of primary and secondary cities in terms of market segmentation strategies of banks. For major retail banks, there is considerable accuracy to this depiction. The impacts of branch restructuring project of Garantibank, a good adaptation of hub and spoke model according to different customer segments, are not only felt at urban level but also at intra-regional level. However, small and medium-sized private banks seem to be dependent on their traditionally strong regions in the branch restructuring because their geographical scope of branch networks are limited in comparison with the extensive networks in large banks. The implementation of hub and spoke model at metropolitan level in Dışbank is obvious testimony to this narrower scope. There is little doubt that the geographical impacts of these new branch models at intra-regional level are early to discuss because the crisis of 2001 had in turn brought significant changes in the branch strategies of the banks. At this point, an anticipated development is that both small and large banks can extend the geographical scope of their branch models to a regional scale. Similar to the rise of regional centers in Europe, the extensive use of hub and spoke model at regional level is possible to change the geographical composition of branches. This is because hub and spoke model can be evaluated by these banks as a convenient way of branch rationalization and of market extension in retailing. Here, another anticipatory development is that the concentration of hub branches in particular regional centers can create the same environment of spatial clustering in wholesale banking. Needless to say, the main candidates for these regional centers are İstanbul, Ankara and İzmir as well as the secondary cities like Bursa, Antalya and Adana.

At urban level, throughout the 1994-2001, the urban concentration of retail branches was accompanied with the rationalization of traditional branches and the intensification of new branches (satellite, open or free branches) at metropolitan level. This process was mostly visible in the late 1990s that were the years of branch restructuring in most of the banks. Both small and large retail banks started with their branch segmentation projects, primarily in the trio, which was mostly evident in İstanbul. In the metropolitan area of İstanbul, both Garantibank and Dışbank launched their hub and spoke branch models. While the *open branches* of Garantibank feature a homogenous distribution in İstanbul, *spoke outlets* of Dışbank “functioning under the jurisdiction of hub commercial branches” (Türkiye Garanti Bankası A.Ş., 2000) mainly target the inner city areas with the exception of some suburbs like Beylikdüzü and Güneşli. It is anticipated that most of the banks extend the geographical scope of new branches to secondary cities due to the institutional effects of the latest crisis. While some banks use their branch strategies in the major cities, others develop completely new branch concepts that are applicable to remote areas like *mobile branches* of Koçbank.

The developments across the full range of geographical scales signify that new forms of financial concentration and exclusion are enabled by the new geography of branch banking in retailing. The economic crisis exacerbates the negative affects of these processes in favor of developed regions and major cities. In the following period, this new form of financial concentration can be intensified due to the withdrawal of some state banks from market or the consolidation and rationalization. Thus, the survival of local finance seems to be dependent both on the branch strategies of emergent state banks due to the consolidation like Ziraatbank and on the extension of geographical scope of private retail banks. The latter

indicates that a possible implementation of hub and spoke model in these remote areas can make the homogenization of financial space possible in a somewhat different way. The following chapter will give a detailed account of these issues according to institutional structure, branch network and location criteria of a number of Turkish banks in retail and wholesale banking. In a historical context, this analysis will highlight the emergent spatial processes of money with reference to the new geography of branch banking in Turkey.

During the inter-crisis years, wholesale banking enjoyed a period of spatial concentration. This can be identified as the continuation of former process in which the branches were spatially clustered around high street locations in the major cities. However, what started to change in this period were the geographical patterns of wholesale banking according to bank types. At this point, it may be well to mention that two institutional forms have different spatial patterns: wholesale banks and corporate branches of banks.

There is evidence to suggest that the location criteria of Turkish wholesale banks are characterized by unit banking. Throughout the inter-crisis years, the banks maintained their central position in the headquarters locations and contributed to the financial community formation in the major cities. Most of the Turkish investment and development banks with their one branches tended to concentrate in the familiar financial environments like Gaziosmanpaşa and Cinnah in Ankara and the emergent high street locations like Büyükdere Street in İstanbul. The latter signifies that Büyükdere Street not only displays financial community formation but also it involves a convenient business climate in which perfect information flows between financial institutions and commercial and industrial giants exist. This tends to support the assertion that wholesale activities in the Turkish case are more path

dependent rather than retail banking activities and are closely associated with financial center formation. Further testimony comes from Okanbank; the branch office of Okanbank in Ankara is located in the Cinnah Street identified as the prestigious area of the city in terms of financial and professional services. In Ankara, both K ro lu and Cinnah Streets can be marked as typical examples of financial communities in terms of corporate banking activities.

During the course of late 1990s, the corporate branches of major Turkish banks featured somewhat different location criteria rather than wholesale banks. The branch segmentation projects of major Turkish banks like Garantibank made it possible for these branches to constitute rudimentary branch networks at intra-urban and regional levels. These networks mostly coincide with the spatial patterns of regional banking centers in most of the European countries. The argument is reinforced by the case of Garantibank. While most of the corporate branches of Garantibank are located in a few commercial districts in İstanbul like Bakırk y, Kozyata ı and Yeditepe, others function as regional banking centers in a number of cities including Ankara, İzmir and Bursa. Nonetheless, it would be misleading to visualize these branches as a component of a branch network. Similar to the unit banking characteristics of wholesale banks, corporate branches are still located in the exact spots of the inner city areas and they still seem to be dependent on financial community formation in the trio.

Regardless of any technological, spatial and economical developments, this condition of wholesale banking in the Turkish case ought to be evaluated as a universal institutional characteristic and it is likely to remain the same in the long run. In that respect, there is no signal for the institutional and spatial changes in the existing geography of corporate branch banking due to the 2001 crisis.

CHAPTER 5

THE TURKISH CASE: THE BRANCH NETWORKS OF İŞBANK, GARANTİBANK, HALKBANK AND DIŞBANK

5.1 Methodology

In the case, the interviews with eight Turkish banks (see Table 5.1) were made and the outcomes were generalized to draw the contemporary picture of the geography of money in three areas: institutional structure, branch network and location. The study used the statistical data of four Turkish banks (İşbank, Garantibank, Halkbank and Dışbank) to test the hypothesis. Here, the Republican era that involves the banking developments both in the pre-1980 and post-1980 periods was taken as a basis for the historical analysis.

Table 5.1 Classification of Banks as Samples in the Case

Banks	Type	Capital	Branch Structure	Number of Branches (2000)	Number of Employees (2000)
Türkiye Halk Bankası A.Ş.	commercial	state	extensive	810	14843
Türkiye Vakıflar Bankası T.A.O.	commercial	state	extensive	340	9182
Türkiye İş Bankası A.Ş.	commercial	private	extensive	851	15867
Türkiye Garanti Bankası A.Ş.	commercial	private	extensive	234	5035
Türkiye Dış Ticaret Bankası A.Ş.	commercial	private	rudimentary	84	1627
Koçbank A.Ş.	commercial	private	rudimentary	81	2434
İktisat Bankası T.A.Ş.	commercial	private	rudimentary	62	1321
Okan Yatırım Bankası A.Ş.	development and investment	private	rudimentary	2	32

Source: Türkiye Bankalar Birliği, 2000

For the selection of the interviews “purposive or judgmental sampling” was used. Neuman explains this type of sampling in the following way: “it uses the judgement of an expert in selecting cases, or selects cases with a specific purpose in mind” (1991: 203). According to Neuman, purposive sampling used in exploratory research is suitable for informative unique cases, “difficulty-to-reach, specialized population” and “in-depth investigation”. This study mainly corresponds to the third situation in which “the purpose is less to generalize to a larger population than it is to gain a deeper understanding of types” (1991: 204). Instead of groups or persons, the study attempts to generalize the institutional and spatial developments of several Turkish banks to the overall geography of money and banking in Turkey. Among the seventy-five Turkish banks (Türkiye Bankalar Birliği, 2000) eight domestic banks were interviewed and four of them were selected for the case study. The selection of samples was based on three main criteria: historical development, institutional structure and geographical scope.

Here, prime importance was attached to specific phase of banking in Turkey, branch network, ownership and operation field. Historically, İşbank established in the national banking era while Garantibank and Dışbank were the banks of the post-war period. Moreover, Dışbank constituted a typical example among the emergent commercial banks in the 1960s. Garantibank exemplified a bank founded in the private banking era, but it made progress in the 1980s. The only state bank, Halkbank was identified as a bank founded in the “etatist era” (Öniş, 1998) in which a number of state banks were established to perform several goals in the national economic development. The evolution of these banks tended to stress the dominance of retail banking activities with the exception of Dışbank. However, starting in the 1980s throughout the 1990s, İşbank and Garantibank were also engaged in wholesale

banking. The late 1990s saw segmentation between these activities and most of the banks adapted their institutional structures to this segmentation.

In order to make a proper generalization on Turkish banking, institutional structure also occupied a key position in the selection of samples. While İşbank and Garantibank are the typical examples of extensive branch banking in private commercial banking, Halkbank is identified as a branch bank that has an extensive geographical scope in state banking. Halkbank exemplifies state branch banking whose scope is sensitive to urban and rural population instead of geographical-financial variables (credit and deposit regions).

In addition to these four banks of which statistical data are available, Vakıfbank, Koçbank, İktisatbank and Okanbank constituted other samples. However, these banks are only important to generalize the outcomes of interviews in terms of comprehending institutional change and new regional and urban geography of branch banking in Turkey. Put simply, the first group banks (İşbank, Halkbank, Garantibank and Dışbank) are subject to the case study because both theoretical and statistical data are available.

5.2 Historical Overview

A study of Turkish banking history reveals a diverse set of accounts of the development of different institutional systems. In order to deepen our understanding of the institutional geography of money, we need to highlight the importance of the institutional developments of four banks (İşbank, Halkbank, Garantibank and Dışbank). Here, these developments ground on two areas: historical development of banks and evolution of branch networks.

The historical analysis helps to illuminate the political and economical developments in a specific phase of Turkish banking and historical roots of their

geographical scope. Especially, the post-war economic performance of Turkey has fuelled both the developments of private banking and of branch banking. The continuous development of branch networks has brought with them significant changes in the geography of banking. These changes displayed different patterns in private and state banking. Moreover, for each bank, the conditions of the foundation period brought further changes in the following period in terms of institutional structure, locational preferences and geographical scope of banking. These contributed to the spatial processes of money in various ways at each stage. Section 5.4 and 5.5 introduce wider themes of these processes while Section 5.2 and 5.3 draw attention to the evolution of institutional structure.

5.2.1 Evolution of the Banks

A closer look at the history of four banks reveals that each bank was characterized by the conditions of a specific phase of banking in Turkey: İşbank in the national banking period, Halkbank in the etatist era and Garantibank and Dışbank in the post-war private banking. The institutional structures and geographical scope of these banks were inherited from the stages of banking development. However, starting in the 1970s throughout the 1980s and 1990s, new institutional structures and operation areas of these banks were strongly influenced by both macro economic policies and financial technology.

İşbank as the first national bank of the Turkish Republic dominated the commercial banking in the Republican era. It was founded in 1924 by a directive of Atatürk, acting in accordance with decisions taken at the First İzmir Economic Council. The bank opened with two branch offices and a staff of 37 under the direction of its first manager, Celal Bayar. Even though there were many developments taking place in the financial sector in the post-War World I period, a

number of the important shortcomings in the fields of technology, criterion, method and qualified personnel in the banking of the young country needed to be overcome. During those difficult years, the aim of İşbank was to promote the national savings, to finance fundamental economic endeavors to meet the credit requirements, and to implement legitimate financial activities for the young and struggling Republic (Web Site of İşbank, 1999). Starting in the post-war period, İşbank functioned as a universal commercial bank. Taking advantage of its special status between state and private banking, the bank operated in a widespread geographical scope by extending its branch network homogeneously. Since the 1980s, İşbank led the modernization of banking services in Turkey in terms of the diversification of banking services like personal banking and the establishment of ATMs network.

The history of Halkbank as the only state bank in the case requires close examination. With the introduction of Act No 2284 of 1933 for Halkbank and “Local Savings Banks”, Halkbank was founded. The Bank was primarily established as a central bank of Local Savings Banks and it was not possible to open any branch in this system. In this dual organization, Halkbank would not directly lend credits to craftsmen and would lead the constitution of small credit institutions under the name, Local Savings Banks. Under these circumstances, Halkbank began to operate with the introduction of Act No 3331 of 1938. Until 1950, the bank was engaged in the establishment of Local Savings Banks and the finance of them. The turning point for the evolution of contemporary Halkbank was the Act No 5652 of 1950. Until this period, the Bank had limited financial resources and these could only be utilized via Local Savings Banks. With the introduction of new act, the bank became a commercial bank (Türkiye Halk Bankası A.Ş., 2000 and Uzgören, 1990). The most important regulations of the act can be summarized as follows:

- to increase the Bank's capital and to regulate the constitution of capital,
- to extend credits directly to craftsmen without the intermediation of Local Savings Banks,
- to permit the Bank to open a branch in a foreign country.

Under the leadership of Halkbank that took an important step towards modern banking with new regulations, Craftsman Surety Cooperatives were founded in the following period. With these institutions, it was managed to achieve an extensive use of credits and to solve the problem of uncollateralized credits. In the same way, starting in 1951 the agencies of Local Savings Banks transformed themselves into the branch offices . With the introduction of Act No 358 of 1963, the dual structure of Halkbank and Local Savings Banks radically changed. Local Savings Banks became the branches of Halkbank and the Act No of 1964 gave the status of a state economic enterprise. Another important step taken by the Bank was the Act No 1058 of 1968 and this made it possible for the Bank to establish overseas branches. In the period of 1968-1984, the Bank engaged in mostly the diversification of its credits and resources (Türkiye Halk Bankası A.Ş., 2000).

The developments in modern banking motivated Halkbank to prepare a new "Principal Statute" in 1984. This statute made it possible for the Bank to perform modern banking operations in addition to its specialized banking. Between 1984 and 1990, the Bank mostly directed its attention to the activities of Principal Statute. During the course of the late 1980s, the important steps were taken in terms of the development of an infrastructural basis, in the context of which the most-striking development occurred in the field of financial technology. The 1990s can be labeled as the most important development years of Halkbank and in this period, the Bank

made progress both in retail and wholesale banking (Türkiye Halk Bankası A.Ş., 2000).

In the post-war period, Garantibank founded in 1946 constituted a starting point in private banking. With its extensive branch network, the bank performed as a private commercial bank throughout a long period. Since the 1970s, Garantibank as a family bank extended its geographical scope by interrupted development of its branch network. However, the bank mainly made progress in the 1980s and became a universal commercial bank in this period. Labeling as an “aggressive bank” in the market, Garantibank launched its institutional restructuring project, *the Nokta Project*, which was based on branch and customer segmentation in the mid-1990s. In the same period, the bank pioneered the relationship banking in Turkey, which was sensitive to new technological developments.

Dışbank was founded in 1964 by the Bank of America and İşbank. Since 1994, the bank has operated as a family bank that belongs to the Doğan Group. As a medium-sized commercial bank, the bank had a limited geographical scope and market share by operating mainly in wholesale banking. However, starting in the mid-1990s, Dışbank orientated towards retail banking and its branch redesign project in 2000 mainly targeted to benefit from new financial technology for the expanding retail market (Türkiye Dış Ticaret Bankası A. Ş., 2000).

5.2.2 Evolution of Branch Networks

There is little doubt that an institutional change in Turkish banking is also characterized by the evolution of branch networks throughout the stages of banking development. In the specific phase of banking development, economic conditions and technological advances jointly made it possible for banks to build distinct branch networks. Here, bank type, ownership structure and geographical scope were

regarded as of the utmost importance at each stage. The evolution of branch networks of four banks confirms that branch proliferation or rationalization can be evaluated as an institutional outcome of these developments.

It is useful to begin with Dışbank as a relatively young bank founded in 1964. Figure 5.1 shows that branch proliferation is visible in each phase of development since the foundation date. Until the 1980s, the number of Dışbank branches remained the same and the bank was identified as a small bank. With its rudimentary branch network, Dışbank mainly displayed the institutional patterns of unit banking in this period. Although this period was named as the years of huge increases in the number of branches for many Turkish commercial banks, Dışbank experienced no increase. The main reason for this static development was related to the characteristics of the period. Considering deposit oriented nature of Turkish banking, the extensive branch networks belonged to only universal commercial banks in state and private banking. Between 1980 and 1989, the number of branches were increased gradually. This was the years of restructuring in Turkish banking. Despite the common trend of a limited branch rationalization in private banking, Dışbank attempted to extend its branch network. In the 1990-1994 period, the number has stayed constant. A change in the ownership structure in 1994 constituted a turning point in the institutional development. It climbed sharply during the late 1990s and reached a peak in 2000. Especially, the bank's efforts to operate efficiently in retail banking and new hub and spoke branch model jointly changed the structure of branch network in the late 1990s. In addition, the "profitable banking in disinflation environment" motivated the bank to change its institutional structure in favor of a universal retail bank.

Garantibank as an emergent private commercial bank in the post-war period pursued a dynamic branch proliferation policy. Here the branch data are available to

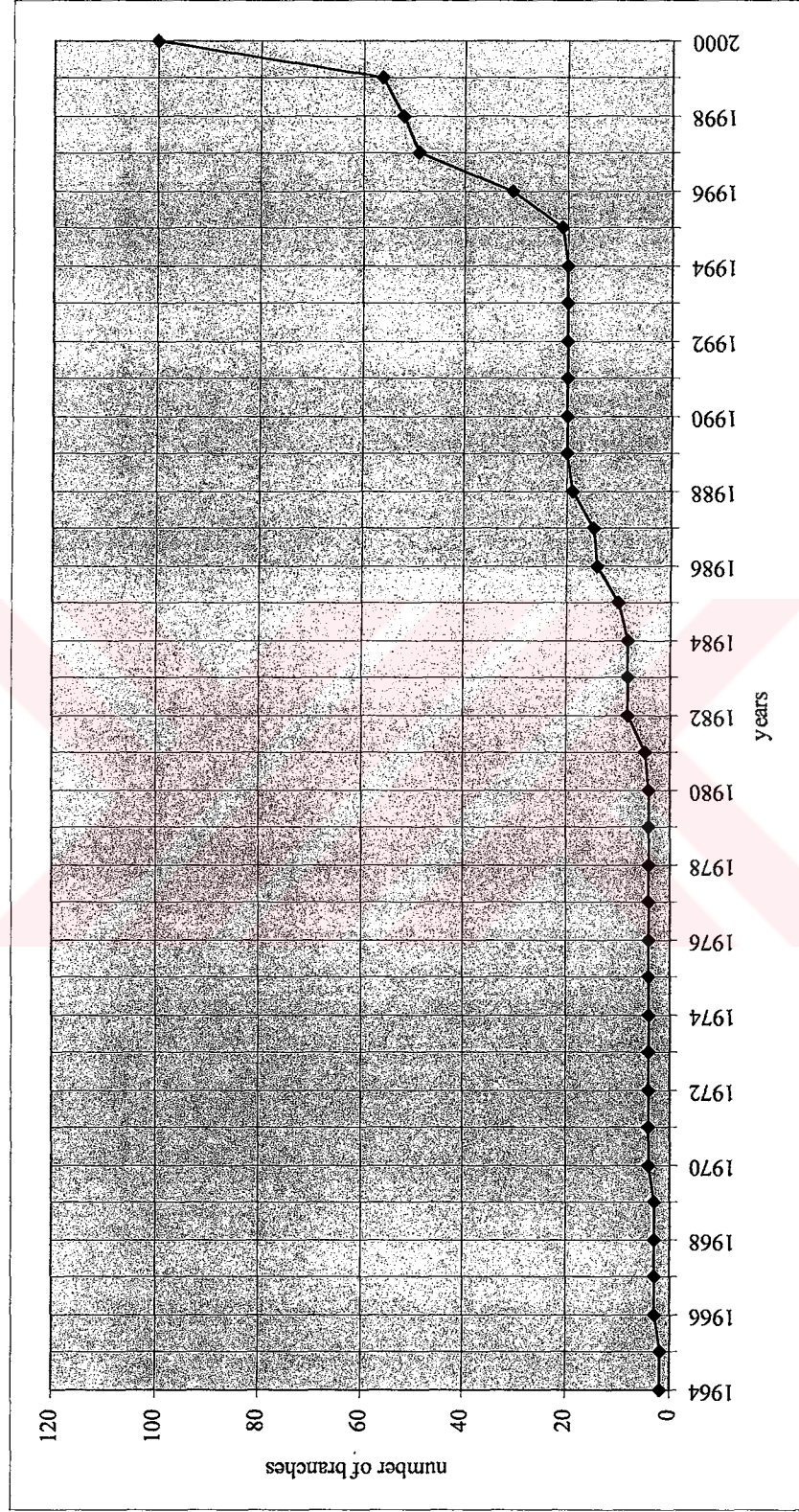


Figure 5.1 Development of Branch Network of Dışbank (1964-2000) (Türk Dış Ticaret Bankası A.Ş., 2000, 2001 and Türkiye Bankalar Birliği, 2000).

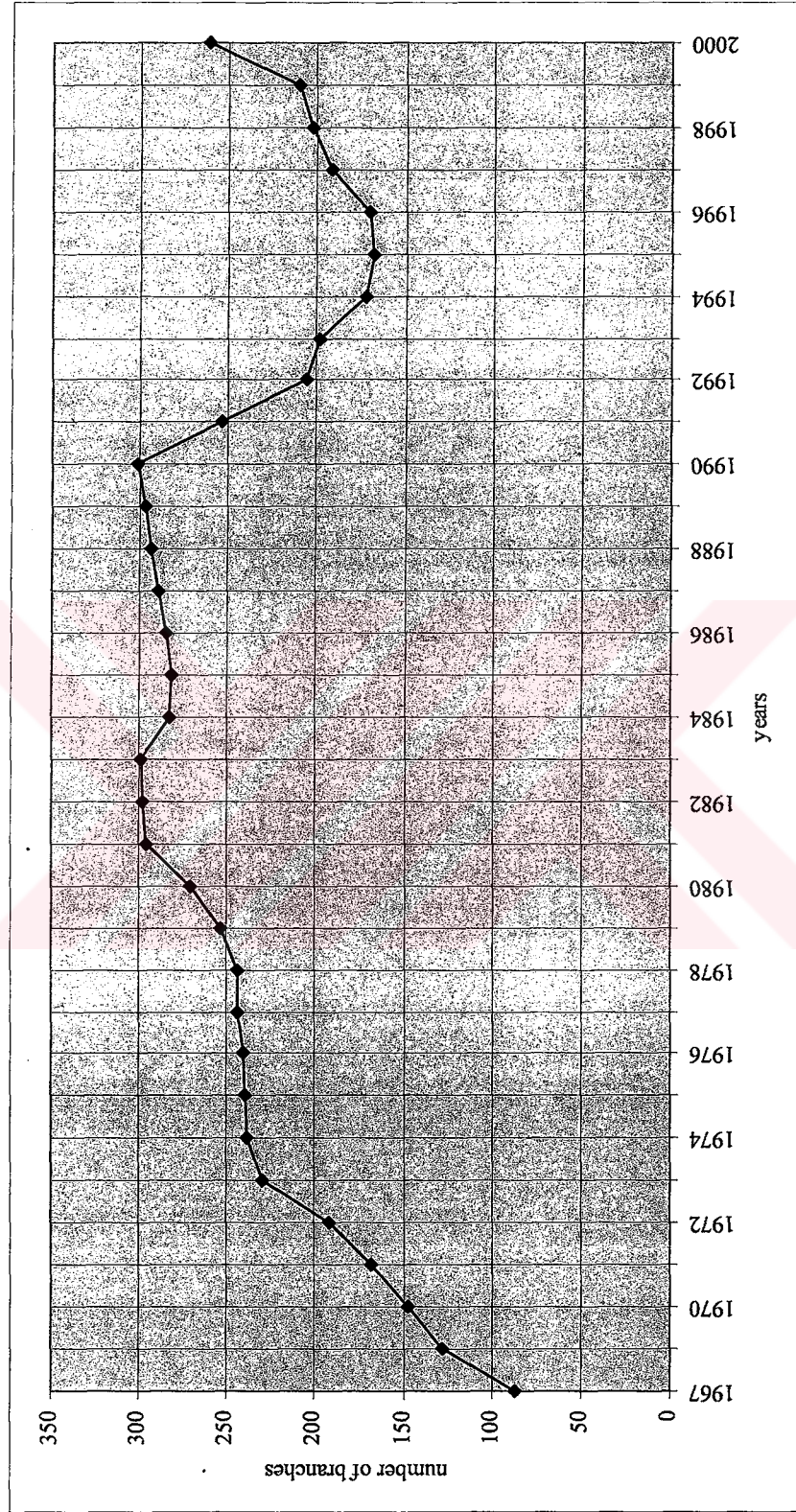


Figure 5.2 Development of Branch Network of Garantibank (1967-2000) (Türkiye Garanti Bankası A.Ş., 1967-1992, 2000 and 2001).

the 1967-2000 period. As Figure 5.2 indicates, the branch network underwent tremendous growth between 1967 and 1973. The origins of this rapid increase can be traced back to the years of branch banking and of emergent holding banking. The increasing competition for deposits forced most of the commercial banks to establish extensive branch networks. In the period of 1973-1978, a small increase occurred in the number of branches and the bank reverted to a policy of branch creation between 1978 and 1981. It fluctuated smoothly in 1981-1990 and reached a peak in 1990. Regardless of its aggressive banking strategy in the 1980s, Garantibank pursued a static branch promotion policy. This was because new profit opportunities appeared in Turkish banking during this period with reference to the decreasing importance of deposit collection. Throughout the early 1990s, very substantial decreases occurred in the number of branches and this huge rationalization can be explained as the continuation of the former process. Starting in 1996, the number of branches climbed steadily and approached the level of the 1980s. The reason why this substantial increase occurred in a technologically determined banking era is that branch promotion was originated from the conditions of the Turkish economy and the emergent marketing strategies of banks. In this period, Garantibank launched its branch and customer segmentation project and the rise of retail banking contributed to the branch promotion policy of the bank. However, an extremely important point is that branch proliferation was realized through an increase in the number of non-traditional branches like the *open branches* of Garantibank.

With its long history in Turkish banking, İşbank presents a good example of large commercial banks. The bank experienced all the stages of Turkish banking in the Republican era (pre-1980 and post-1980). İşbank, which has still the most extensive branch network among private banks, was characterized by a static

institutional development throughout the nationalist and etatist periods of Turkish banking. As seen in Figure 5.3, the number of branches in 1924-1946 stayed constant. The economic and political conditions of the young struggling state during the nationalist era mainly motivated the widespread development of local unit banking instead of branch banking. A lack of competition in the banking of etatist era also hampered the emergence of distinct institutional forms in the financial system. Starting in the post-war private banking period, throughout the 1960s, İşbank extended its branch network gradually and became a universal commercial bank in the 1966-1978 period at the time when the number of branches climbed sharply. Since 1978, the bank reverted to a policy of gradual branch creation, which persisted in the course of the 1980s, and the number of branches reached a peak in 1989. Taking advantage of its leader position in Turkish private banking in terms of the institutional structure, geographical scope, market share and technological infrastructure carried on its branch proliferation in spite of the increasing competition in the sector during the years of restructuring. Parallel to the tendencies of Turkish private banking, the early 1990s saw a substantial reduction in the number of branches. Between 1993 and 2000, İşbank experienced a gradual increase in the number of branches which corresponded to overall branch policy of the sector. This increase was attributed to the conditions of the new era of Turkish banking that was not only determined economically but also technologically.

A close inspection of Figure 5.4 indicates that the institutional development path of Halkbank is similar to İşbank's one. As a state bank founded in the etatist era, Halkbank was characterized by a branch promotion policy throughout its institutional life with the exception of the 1940-1952 period. During this period, Halkbank functioned as a central bank of Local Savings Banks with a few branches. A gradual

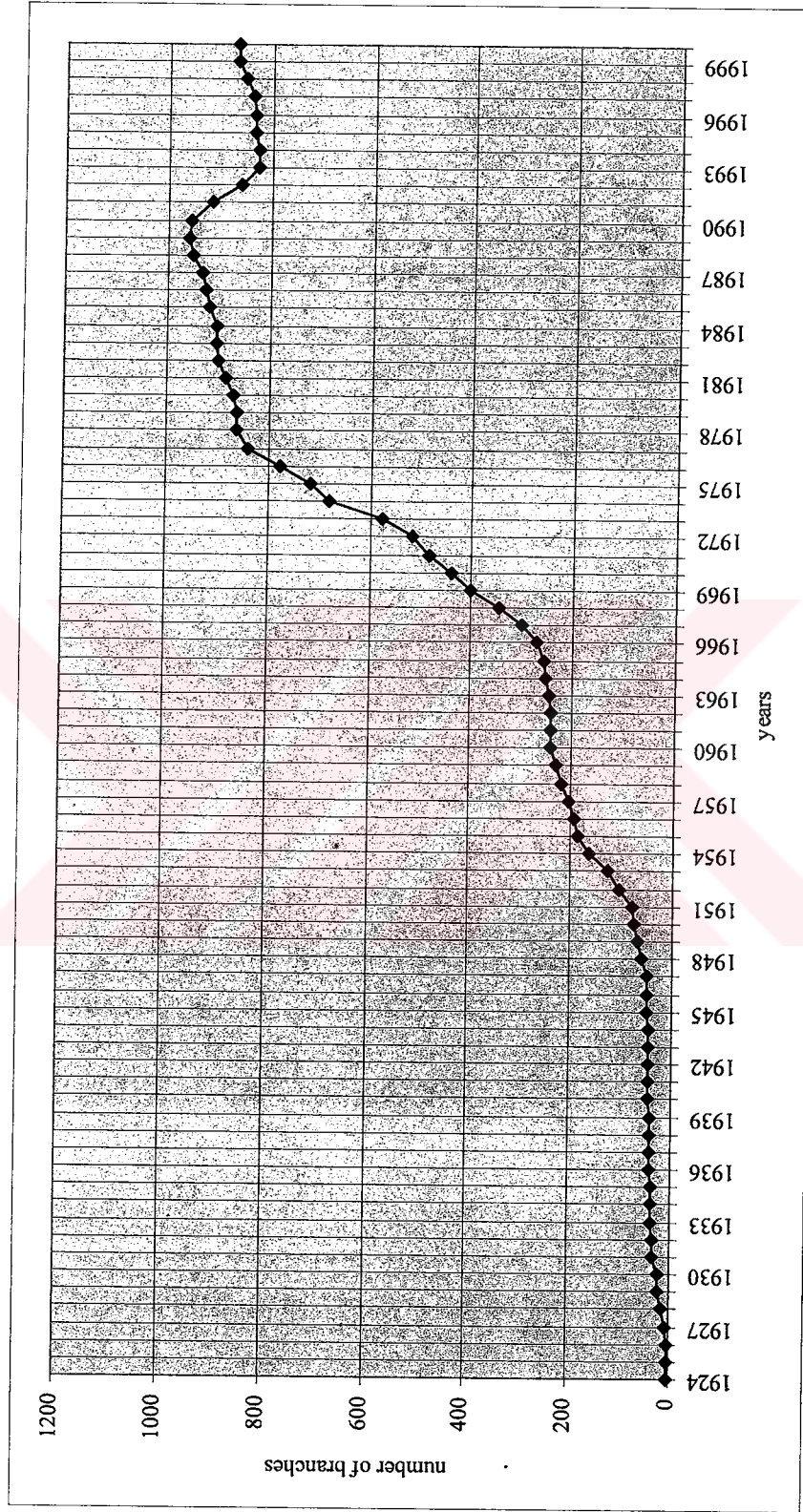


Figure 5.3 Development of Branch Network of İşbank (1927-2000) (Türkiye Bankalar Birliği, 2000; Türkiye İş Bankası A.Ş., 1997-1999, 2000 and Yüzgün, 1982).

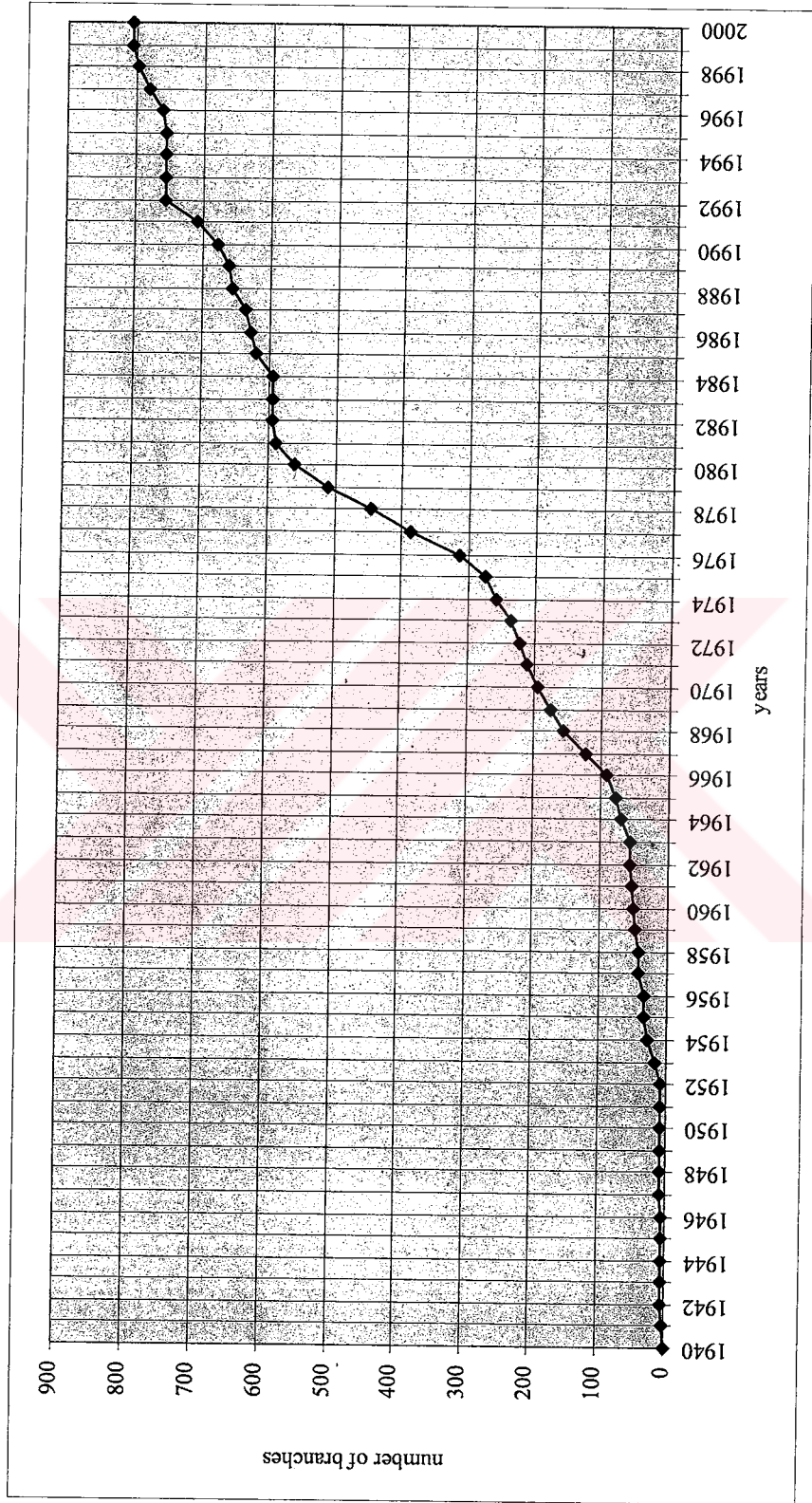


Figure 5.4 Development of Branch Network of Halkbank (1940-2000) (Türkiye Halk Bankası A.Ş., 1995, 1997, 1999a, 1999b and 2001).

increase between 1952 and 1963 was attributed to the institutional change due to the introduction of the new banking act in 1950. Since 1950, Halkbank started to operate as a commercial bank. However, real development of the bank as a branch bank occurred in the early 1960s at the time when an important bank act was introduced. There has been a sharp increase in the number of branches in 1963-1981. This period was identified as branch banking era in Turkish banking. The evolution of the bank's branch network in this period mostly coincide with the branch development of other large commercial bank, İşbank. However, the early 1980s witnessed a static development in the number of branches and starting in 1984 at the time of Principal Statute, Halkbank reverted to a policy of branch proliferation. Throughout the 1984-1990 period, the bank persisted in extending the branch network. In that respect, an interesting point is that the modernization of banking operations in Halkbank through the Principal Statute had no an important change on the institutional structure and branch promotion occurred at a rapid pace during the course of 1980s. This tends to support the assertion that the essence of state banking in Turkey is captured in the dynamics of an unprofitable institutional and operational structure (Münir, 1998). Despite the substantial branch rationalizations in private banking, the number of branches in Halkbank stayed constant during the early 1990s and increased gradually in 1995-2000.

The economic crisis in 2001 constituted a turning point in Turkish banking in terms of ownership structure, operation field and institutional structure. It is too early to discuss the impacts on branch networks because the crisis still continues and branch strategies of many banks are not clear yet. However, it is apparent that state banking will be affected by huge bank consolidations and branch rationalizations (Banka-Mali ve Ekonomik Yorumlar, 2001b) while private banks take advantage of

their early branch restructuring and redesign projects. Overall, it is expected that branch rationalization characterizes the institutional structures of both state and private banking.

5.3 Institutional Structure

In order to develop a proper perspective on the present geography of branch banking in Turkey, it is important to stress recent institutional developments on two grounds: organizational restructuring and branch reorganization. While the former indicates the developments of internal structure, the latter draws attention to the external institutional developments in Turkish banking.

The interviews with several Turkish banks help to comprehend these institutional developments before the crisis of 2001. Naturally, in the aftermath of the crisis, the banks radically change both their banking and institutional strategies. Especially, branch rationalization and bank consolidation seem to dominate the overall institutional structure in Turkish banking in the following period (Banka-Mali ve Ekonomik Yorumlar, 2001a and 2001b). However, the following sections concentrate on the possible affects of an institutional restructuring on the geography of branch banking by taking account of the tendencies before the crisis. The anticipatory developments in this new banking era characterized by the crisis are mainly discussed in the sections of geography of branch banking in Turkey.

5.3.1 Organizational Restructuring

In the pre-crisis period, Turkish banks jointly emphasized the importance of internal organizational developments particularly with the segmentation of banking activities and restructuring of managerial departments. Central to these

developments, it may be well to mention that there are considerable differences between bank groups in the implementation of organizational models.

Medium-sized, private commercial banks show a strong adaptation of new financial technology to their organizations. Despite the existence of internet banking departments in most of the banks, these banks place new financial technology at the center of their retail and corporate banking strategies. For example, taking advantage of its early electronic banking strategy, İktisatbank changes its internal organization. A new department (internet banking) with relation to the assistant directorates of retail and corporate banking is newly established. In most cases, a locational change also accompanies this organizational change. Here, further testimony comes from Dışbank. Depending upon its branch segmentation strategy, Dışbank also changes the location of its managerial departments. The operational departments including information systems, personal banking, check operations, organization and education move to Hadımköy nearby Bahçeşehir in which the headquarter of Doğan Media Group, Mercedes bus factory and Alkent 2000 take part. However, the departments tied in with other bank headquarters do not change their locations in Ortaköy and in Balmumcu.

Depending upon their extensive market area both in retail and corporate banking, large banks mostly are engaged in the institutional segmentation of their banking activities. Counter to state banking, major private banks have been used the twofold division of banking activities (retail and corporate banking) throughout a long period. What starts to change is the structure of administrative departments. Most of the banks change their internal organizations through the establishment of new department and new directorships. Moreover, new customer and branch segmentation strategies add to this organizational change. There was evidence to

suggest that Garantibank changed its organizational structure with the implementation of the *Nokta Project* in the mid-1990s. This structure of the bank includes four main departments: retail, commercial, corporate and business banking.

The economic crisis appears to change all institutional strategies of Turkish banks. However, to operate efficiently in the crisis environment, the banks ought to concentrate on their internal organizations instead of the extension of their branch networks.

5.3.2 Branch Reorganization

To comprehend the developments of external institutional environment, attention ought to be given to the changing branch strategies of Turkish banks. In that respect, it would be misleading to discuss these strategies in the pre-crisis period. However, the interviews with eight Turkish banks were made in 2000 and the outcomes of these mainly involved the anticipations of these banks in a disinflation environment. Throughout this period, some institutional developments affected the importance and status of some sample banks in the case study. For example, the management of İktisatbank transferred to the *Savings Deposits Insurance Fund* and Halkbank is subject to a huge bank consolidation as well as the other three state banks. Thus, this section only includes the branch reorganization in the pre-crisis period and the anticipatory developments in the branch networks of banks. Despite the lack of clear branch policies of banks in the aftermath of the crisis, these developments and strategies in the former period help to understand new institutional models in a technologically determined era of Turkish banking.

The strategies of Turkish banks for profitable banking in the disinflation environment can be discussed according to their branch structures. Medium-sized commercial banks with private capital (Koçbank, İktisatbank and Dışbank) target to

extend their branch networks. Their branch strategies concentrate upon three areas that are representatives of some of the ways in which the banks survive in new banking era: retail banking, new delivery mechanism and nationwide branch proliferation. Especially, Dışbank and İktisatbank cases show that the banks directed their attention to retail banking and a good use of financial technology radically affected the branch structure in this area. Traditionally the relationship between the retail bank and its customers has been on a one-to-one level via branch network. This led to the concentration of clearing and decision-making responsibilities at the individual branch level. The replacement of mass marketing by one-to-one marketing and new process technologies forced banks to change their traditional branch structure in retail banking and to adapt to a new branch banking system as a foundation of a new technical architecture (Gandy and Chapman, 1997). A restructuring in retail banking is perhaps best illustrated through the project of İktisatbank; namely “satellite branches”. In the short-run, İktisatbank targets to open only retail branch offices in the several regions of Turkey. However, Koçbank as a newer bank proceeds a gradual development in retail banking and it plans to compete for branch infrastructure both in wholesale and retail banking.

Turkish medium-sized, private commercial banks agree that the survival of banks in the new technological era will depend on whether they are able to offer to most efficient intermediary and payment services, newer non-bank financial services and functions. The argument is reinforced by two supposed tendencies: development of new (non-branch) delivery channels (Capital, 2000b) and reorganization of traditional branches. Dışbank mostly emphasizes the importance of non-branch delivery channels and it places new delivery mechanism at the center of its technological strategy. Here, an interesting point is that the banks do not expect the

important decreases in the number of traditional branches. They point out that the primary effects of new financial technology are mainly felt in the branch reorganization and this is likely to bring about an important decrease in the number of banking staff. The development of retail banking in the UK and the United States acknowledged that selling a widening range of insured and uninsured products in rapidly changing retail markets, has forced banks to improve their technological infrastructures and financial organization. Banks' information-gathering, marketing and product-delivery capacities are now multi-channel and becoming increasingly divorced from the physical infrastructure, technologies and personnel of their branch networks (Pollard, 1999). However, the marketing director in the corporate banking department of İktisatbank indicates that new financial technologies do not change the existing branch structure and the most important change can be anticipated in the service quality of the banks.

Alternative delivery channels occupy a key position in the strategies of the banks for a new branch organization. The core banking systems based around the branch are unable to provide detailed information in real time and the central IT infrastructure enables customers to access very limited information. The modern bank cannot rely on its branch network alone. New delivery mechanism which is based on datawarehousing, client/server architectures, multimedia delivery systems and the many others, offers new methods of interacting with the bank without losing their old relationship (Gandy and Chapman, 1997). To enable the banks to perform more efficient branch organization, traditional (branch, ATM and POS) and new delivery channels (telephone banking and internet banking) are taken into consideration in an integrated framework. A banking environment, in which service costs are continuously removed from the old infrastructure, uses the branch as the

sales and advisory center and most transactions move to the electronic environment. However, it is salutary to note that a number of the important weaknesses in the technological infrastructure of medium-sized commercial banks need to overcome. To develop new sales channels or improve the existing ones is a highly risky and complex strategy because high development costs exist and the followers can find it much easier to compete in an environment of the falling risks in a tried and tested financial technology. In that respect, Dışbank established a new department, Alternative Delivery Channels Group, in terms of increasing the efficiency in retail banking in the long run.

A reorganization of traditional branches is most forcefully illustrated by the branch organizations of Dışbank and İktisatbank. What appears to characterize the new branch organization is the branch segmentation (retail, wholesale and commercial) which determines the proper financial technology and the number of branches. The expansion of branch network in Dışbank is achieved through a hub and spoke model featuring a limited number of full service hub branches with spokes for retail and commercial outlets (Türkiye Dış Ticaret Bankası A.Ş., 2000). Taking advantage of its early electronic banking strategy, İktisatbank changes its internal organization. A new department (internet banking) with relation to the assistant directorates of retail and corporate banking is newly established. The banks plan to increase their branches nationwide in the short-run. While Dışbank and Koçbank target to increase their branches gradually, İktisatbank proceeds a dynamic branch policy including the establishment of a vast number of retail branches in İstanbul, the Eastern, the Southeastern and the Black Sea regions. The majority of banks evaluate the branch proliferation as a prerequisite condition to operate in a disinflation environment.

Having their historical advantages in the Turkish financial system, Halkbank and İşbank seem to be ready to operate in the new banking era. The branch strategies of these banks are based on their historical weights in Turkish branch banking and they do not expect an important change in the overall branch structure of the greatest commercial banks. Conversely, Halkbank as the state-owned bank targets to decrease the number of their retail branches gradually in the localities in the long run. By placing an efficient technological infrastructure at the center of its branch strategy, İşbank does not plan to decrease or increase the number of its branches and nor does it plan to change their regional distribution. According to the Organization Group Manager of İşbank, a disinflation environment forces only small and medium-sized banks to compete for deposits by establishing a network of branches across the country.

Turkish large commercial banks have the most efficient technological infrastructure among the Turkish banks. Having their historical advantages in the use of financial technology, the banks develop similar banking projects: non-branch banking in Garantibank, interactive and internet banking in İşbank and online-realtime banking in Halkbank (See Figure 5.5 to the branch reorganization of Garantibank). Another important point is that these banks accentuate the importance of economic factors in the branch reorganization. A director in Garantibank Project Management indicates that technological developments have no direct effects on the number of branch and inflation seems to be a dominant parameter in Turkish banking. In that respect, non-branch banking is evaluated as a financial service instead of an independent operation area and the decreases and increases in the number of branches can be labeled as a dynamic process. Building their branch strategies on the non-branch service channels, Garantibank and İşbank accentuate the

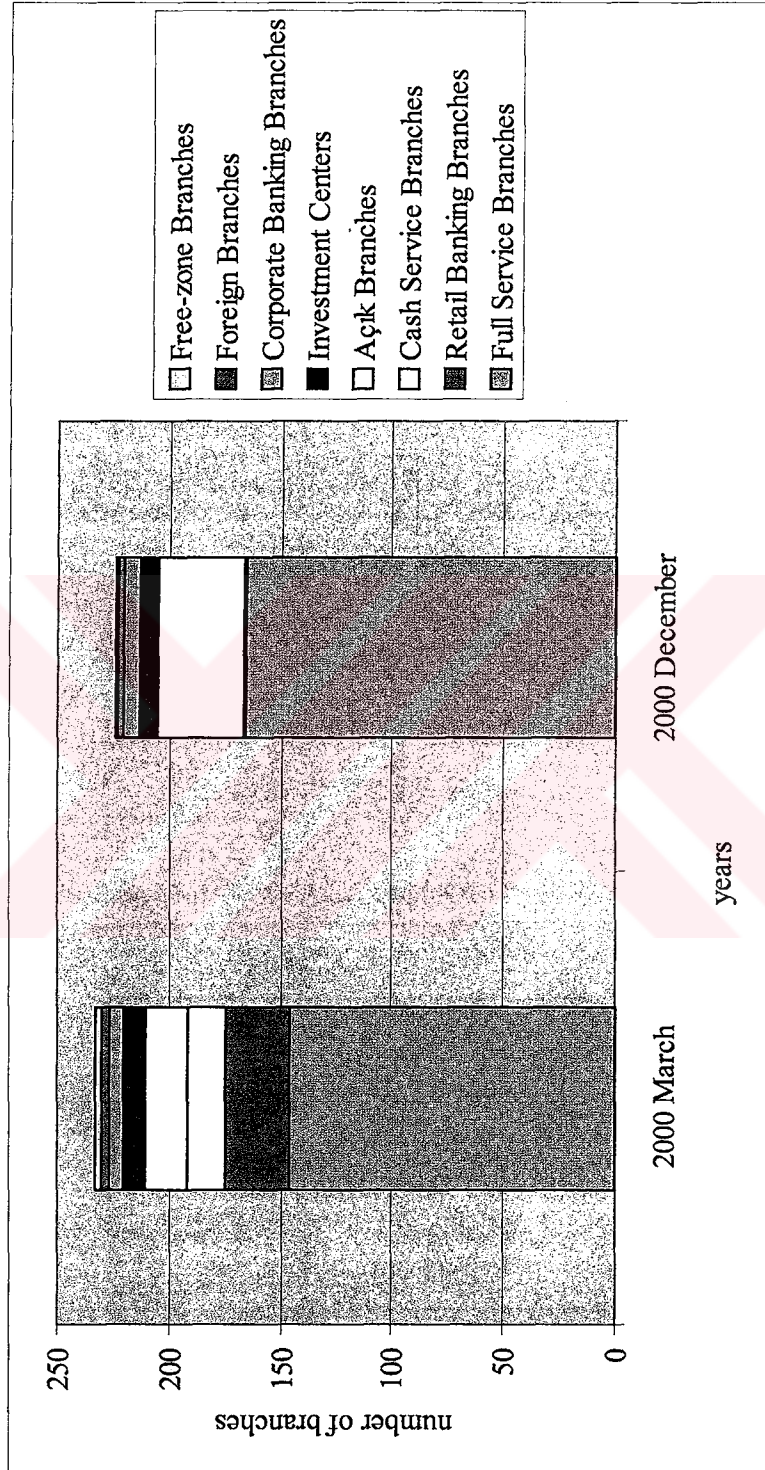


Figure 5.5 Development of Branch Network of Garantibank by Branch Type (Türkiye Garanti Bankası A.Ş., 2000).

fact that branch banking will survive in the new banking era and the most important change can be expected in the organization of operation departments. A possible development can be seen in the extension of self-service banking areas in the traditional branch.

Halkbank as a state bank does not only operate in a banking environment determined technologically and economically but also in an environment motivated by public goals. Far from proceeding a branch rationalization policy, Halkbank uses its “online-realtime system” in order to decrease the pressures of a number of banking services for its branches and these include deposit, credit, personal banking and consultation. However, the private banks close their inefficient branches in the localities and the urban areas in which the branches share the same market area. An interesting parallel can be drawn at this point between the Turkish case and the geographical consolidation of bank branches in the UK and the United States. The evidence from these countries show that consolidation (the closure, downsizing or rationalization of local offices) is spatially selective and mostly low-income inner-city areas and communities are negatively affected. Similar to the de-industrialization process within manufacturing, the restructuring and rationalization of banking and related financial activities contribute to the uneven geographical development (Martin, 1999a).

5.4 Geography of Branch Banking

This section constitutes the most important part in the case study together with section 5.5. Here, the evolution of branch networks of sample banks demonstrates how the historical and contemporary geography of branch banking is associated closely with the broader institutional development at all geographical levels.

National geography of branch banking can be analyzed through the regional distribution of branches. This contributes to further analysis of spatial processes in section 5.5 like financial concentration. At regional and intra-regional levels, an analysis of regional and provincial distribution of branches by population, national credits and deposits is made in a historical record. The branch developments in İstanbul, Ankara and İzmir represent the institutional patterns at urban level. All this geographical analysis is based on the statistical data in the annual reports of the banks, the reports of the Bank Association of Turkey and of DİE. However, an intra-urban analysis of branch developments is made through the outcomes of interviews with eight Turkish banks.

In that respect, clearly important outcomes are deduced from the Turkish experience particularly with financial concentration and financial exclusion processes in Turkish banking since the private banking period. Section 5.5 generalizes these spatial processes in Turkish branch banking.

5.4.1 Regional Distribution of Branches

The regional evolution of branch networks in Turkish banking is most forcefully illustrated by the developments of four banks. In the Turkish case, ownership structure appears to be more important than bank size and operational field in the regional composition of branches.

The regional evolution of branch network in Dışbank (see Figure 5.6) tends to support the spatially selective nature of private branch banking at regional level. Throughout its foundation period, the bank opened its branches in the Marmara and the Aegean regions that are identified as traditionally strong regions of branch banking in Turkey apart from the Middle Northern region. Between 1966 and 1981,

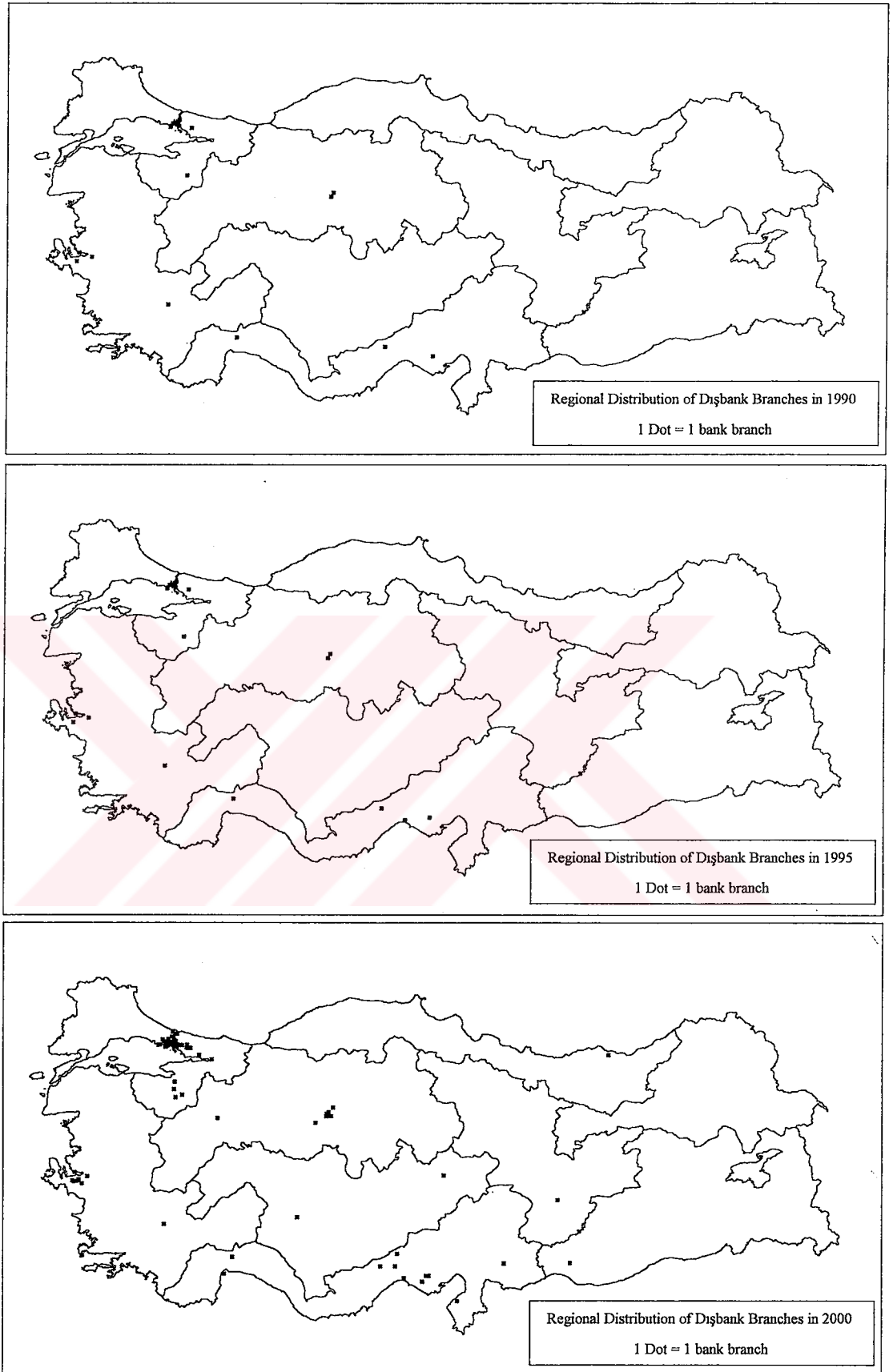


Figure 5.6 Regional Distribution of Dışbank Branches (1990, 1995, 2000)
(Türk Dış Ticaret Bankası A.Ş., 2001).

the geographical scope of Dışbank was limited to three regions. In 1966-1969, the branch network featured a homogenous distribution in these regions. However, the 1970-1980 period was characterized by the dominance of the Marmara region with a branch share near 50 percent. After the share of the Marmara region reached a peak in 1981, the 1982-1985 period saw a branch concentration in the emergent region, the Mediterranean as well as the Marmara. During the period of 1986-1995, the regional composition of Dışbank branches stayed constant. In this period, the Marmara region maintained its pivotal position in the branch network while other three regions experienced a static development. Since 1996, the branch developments in the additional regions (the Black Sea, the Southeast and the Middle East) had a very limited influence on the regional composition of branches. In 1996-2000, the institutional developments contributed to the branch concentration in the Marmara region while the shares of the other three important regions decreased gradually.

Despite the domination of the Marmara region in the branch network, Garantibank displayed a more homogenous branch development in comparison with Dışbank (see Figure 5.7). Throughout a long period, the regional distribution of Garantibank branches remained the same (Türkiye Garanti Bankası A.Ş., 1967-1992, 2000 and 2001). Between 1967 and 1989, the bank extended its branch network to all regions of Turkey. While the Aegean, the Mediterranean and the Central Anatolian regions (the Middle North and the Middle South) represented the secondary areas of branch proliferation, the main development occurred in the Marmara region with a share approximate to 40 percent. Starting in 1990, the share of the Marmara region has undergone a gradual increase while the small decreases has mainly occurred in the Aegean and the Central Anatolian regions. However, the Black Sea, the Middle

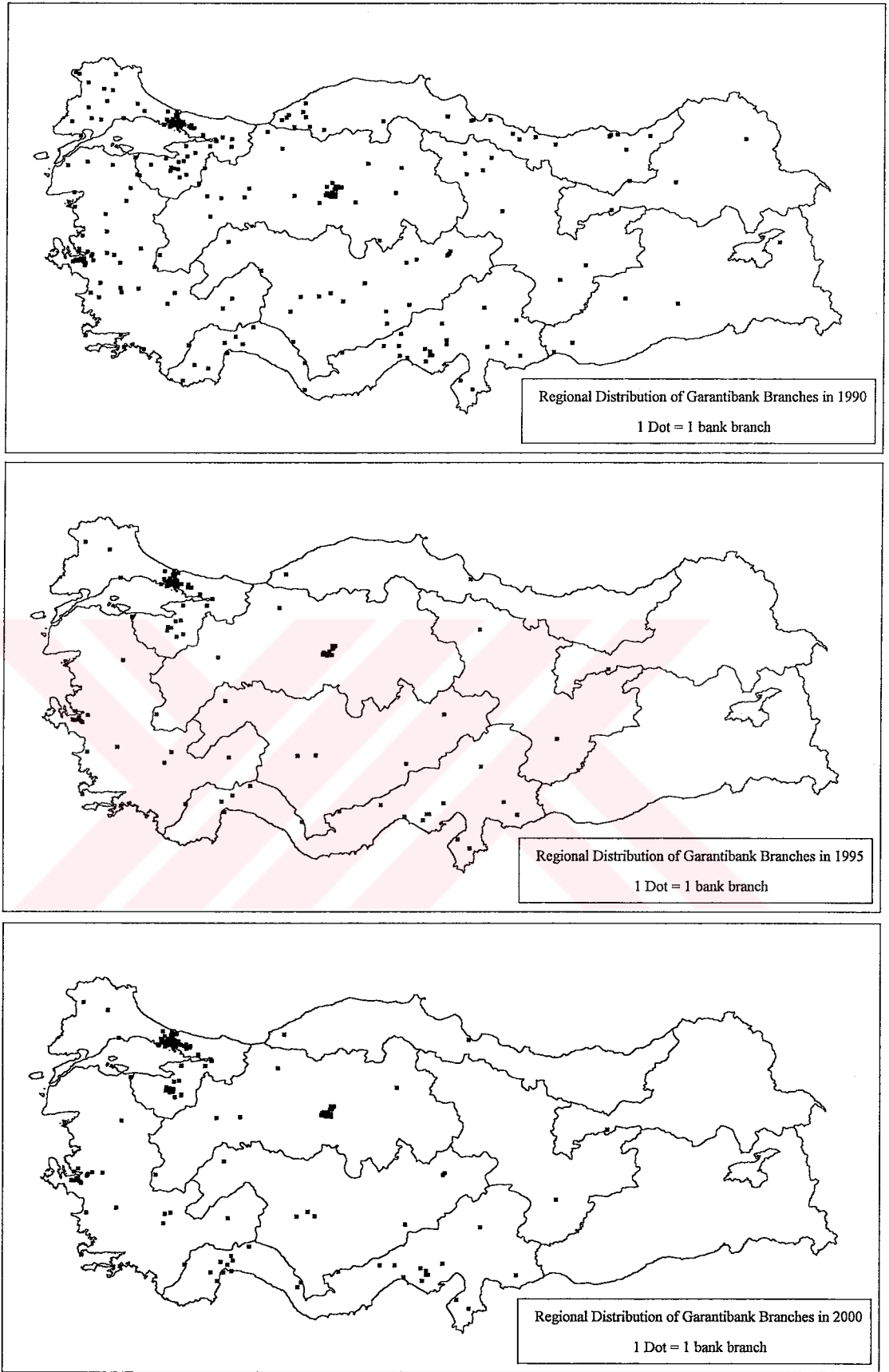


Figure 5.7 Regional Distribution of Garantibank Branches (1990, 1995, 2000)
(Türkiye Garanti Bankası A.Ş., 1990-1992, 2000 and 2001).

Eastern and the Southeastern regions experienced substantial decreases in their branch shares. What seems surprising is that the implementation of the *Nokta Project* in 1995 had no influence on the composition of branches in the secondary regions and the project only reinforced the branch network in the Marmara region.

Experiencing all the stages of Turkish banking, the regional development of branch network of İşbank can be evaluated as a very dynamic process (see Figure 7.8). Despite the static and regionally selective branch development during the foundation period, the bank pursued a very dynamic and homogeneous branch proliferation policy since 1927. With the exception of the Northeast, the Middle East and the Southeast, the regional shares of branches fluctuated up and down until 1934. During the early etatist era, a very substantial decrease occurred in the share of the Marmara and the Aegean regions. Throughout the etatist and post-war periods, the regional shares of branches fluctuated smoothly and seasonal increases were mainly represented by the Marmara and the Aegean regions. The 1952-1966 period saw stabilization in the regional composition of İşbank branches except for the Black Sea region whose share increased steadily. In this period, the Marmara region with a share of near 35 percent became a strong region of branch banking. The static development of regional branch network also continued in the 1966-1975 period when the only decrease occurred in the Southeastern region. Between 1976 and 1991, the regionally homogenous distribution of İşbank branches remained the same and a small increase in the regional share of the Marmara did not affect the overall composition. Starting in 1992, the share of the Marmara region increased gradually and reached a peak in 1998. However, other regions proceeded the same development path of branch network between 1992 and 2000. Overall, this development process of branch network emphasized three traditionally strong

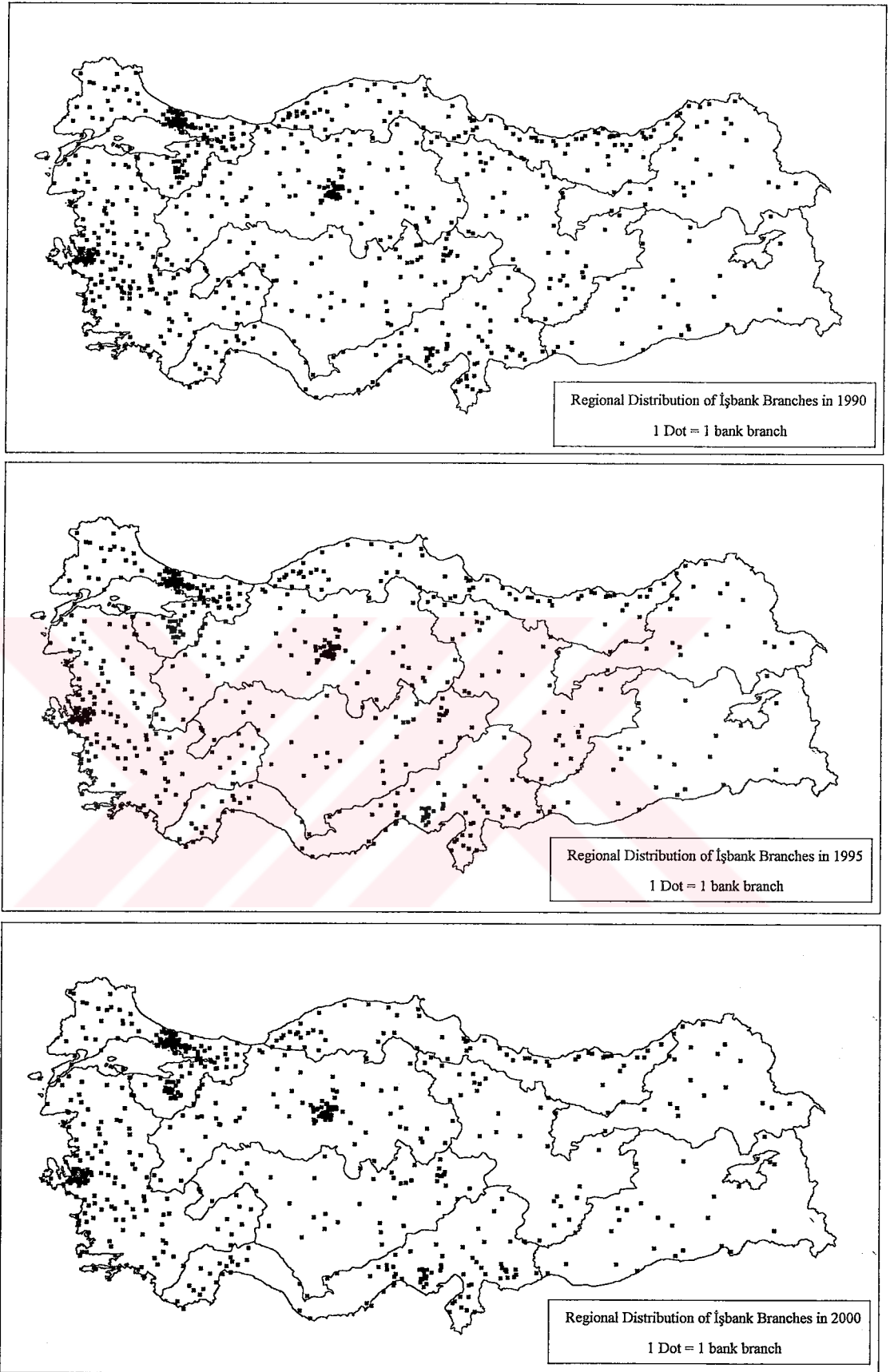


Figure 5.8 Regional Distribution of İşbank Branches (1990, 1995, 2000) (Türkiye İş Bankası A.Ş., 2000).

regions: the Marmara, the Aegean and the Middle North. While the Mediterranean and the Black Sea represented the secondary regions in terms of branch network, the other three regions had a very limited importance in the overall branch development. However, the total of branches in these secondary and tertiary regions is close to approximately 35 percent and this reflects the best homogenous branch distribution among the other private banks. Moreover, this tends to support that the regional composition of İşbank branches is similar to state banking to a certain extent.

The evolution of Halkbank branch network presents a good example of regional branch composition in state banking. A close inspection of Figure 5.9 indicates the regionally homogenous development of Halkbank branches. Starting in 1940 throughout the war and post-war period, the bank extended its branch network along five regions: the Marmara, the Middle North, the Aegean, the Black Sea and the Mediterranean. Between 1940 and 1945, the major increase occurred in the share of the Black Sea region while the other regions experienced a static branch development. In the period of 1946-1950, the regional composition of branches remained the same. Despite the existence of a substantial decrease in the share of the Black Sea originated from the branch developments in the Middle North as an emergent region, regional branch composition did not change in 1951-1952 either. The private banking era saw the fluctuations in the shares of all regions. Between 1953 and 1966, there was a substantial reduction in the share of the Mediterranean region; however, two historically strong regions, the Aegean and the Black Sea regions maintained their positions in the overall branch network. What seems interesting is that the regional composition of Halkbank branches did not changed since 1967. Despite the existence of some smooth fluctuations in the regional shares, the 1967-2000 period can be identified as a homogenous branch development era of

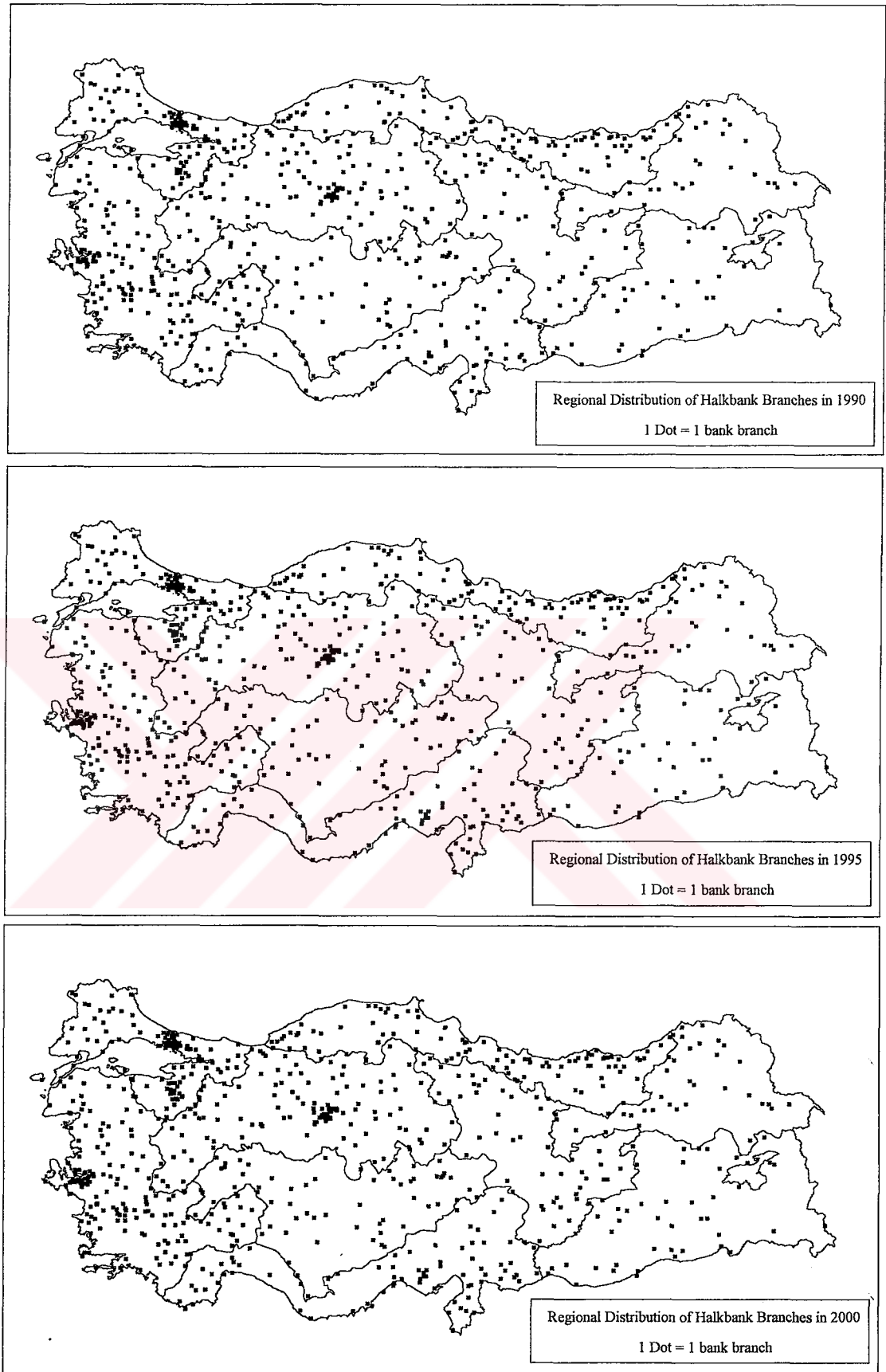


Figure 5.9 Regional Distribution of Halkbank Branches (1990, 1995, 2000)
(Türkiye Halk Bankası A.Ş., 1999a and 2001).

Halkbank. The implementation of *Principal Statute* in the early 1980s did not affect this stable regional branch composition. In that respect, what makes the case of Halkbank distinct is that the bank displayed regional branch patterns of state banking. First, the dominance of state branch banking in the rural and agricultural areas is mostly visible in the concentration of Halkbank branches in the Aegean and the Black Sea regions. Second, the traditional importance of the Marmara region in private banking is not observed in the regional evolution of Halkbank branches. Throughout a long period, the development of the bank's branch network demonstrated a regionally homogenous distribution in five regions: the Marmara, the Aegean, the Middle North, the Middle South and the Black Sea regions. Last, in the same period, the Middle Eastern, the Northeastern and the Southeastern regions had the important regional shares in comparison with private banking.

5.4.2 Branches in İstanbul, Ankara and İzmir

One further area of concern in the new geography of branch banking is the analysis of the three major cities (İstanbul, Ankara and İzmir) at urban level. Here, private and state banks display different spatial patterns according to their institutional bases, banking activities and geographical scopes.

Figure 5.10 demonstrates the relationship between nationwide development and urban concentration of Dışbank branches. This indicates that total development of the branch network was characterized by a branch concentration in İstanbul, Ankara and İzmir during the evolution of Dışbank. The development path of the branch network seems to be confirmation of urban selective nature of private branch banking in Turkey. This also tends to support the assertion that the urban concentration of branches is mostly evident in the small and medium-sized banks. Figure 5.11 shows the detailed distribution of branches among these cities. Until

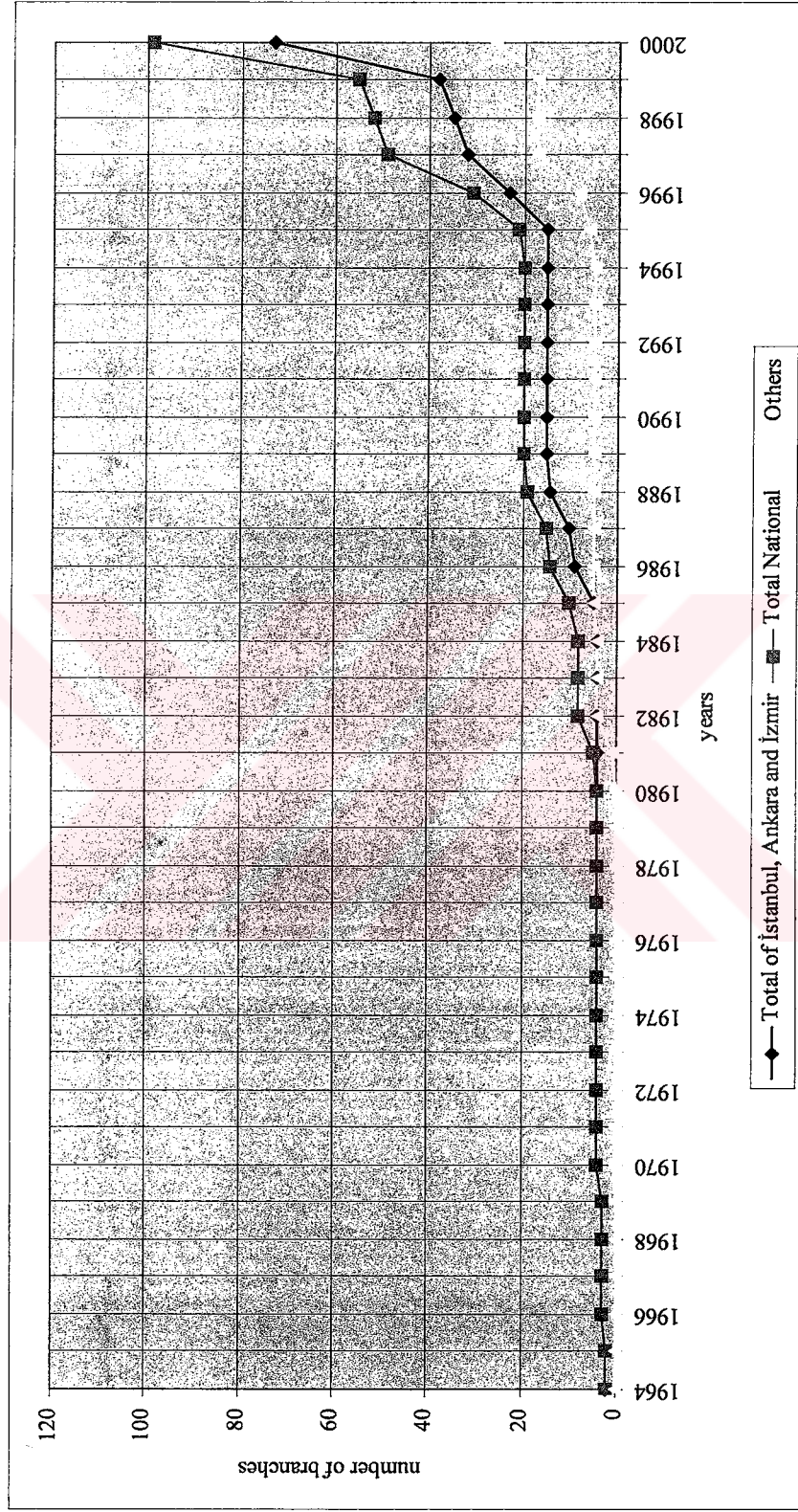


Figure 5.10 Nationwide Development and Urban Concentration of Dışbank Branches (1964-2000) (Türk Dış Ticaret Bankası A.Ş., 2001).

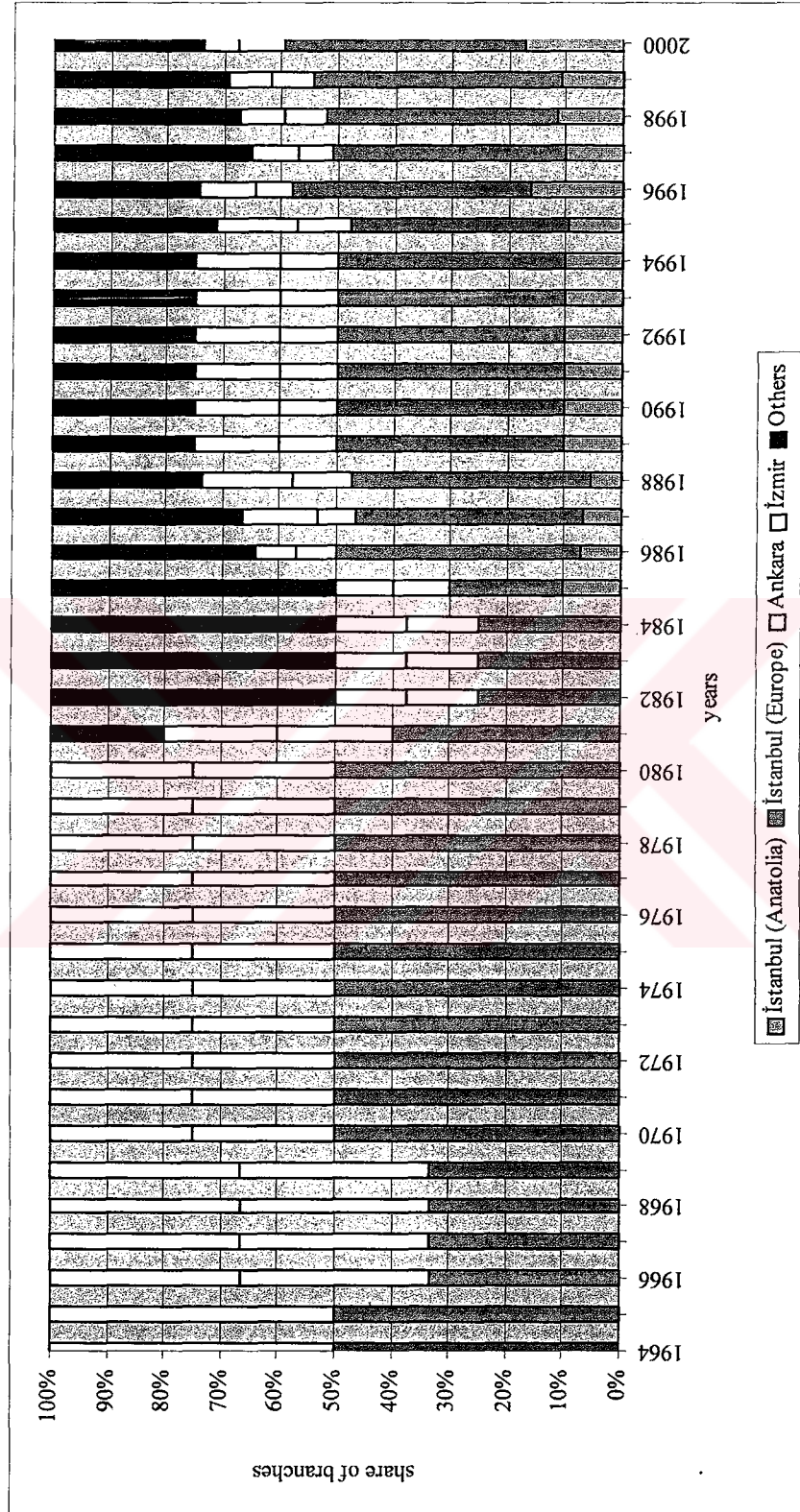


Figure 5.11 Distribution Dışbank Branches in İstanbul, Ankara and İzmir by Central City (1964-2000) (Türk Dış Ticaret Bankası A.Ş., 2001).

1981, the geographical scope of Dışbank was only limited to the trio. In this period, İstanbul (Europe) appeared to be a strong region of branch banking while Ankara and İzmir had the proportional increases in their urban shares. In that respect, İstanbul (Europe) can also be named as the traditionally strong region of private branch banking. Despite the stable development era in the mid-1980s, the 1986-2000 period involved urban branch concentration in favor of three cities. Throughout this period, the total share of İstanbul (Europe and Anatolia), Ankara and İzmir approximated to 70 percent of Dışbank branches. Parallel to the extension of branch network along the additional cities, there were substantial reductions in the branch shares of Ankara and İzmir. Especially, the last stage of development (1996-2000) was characterized by decreasing importance of these two cities in the branch network against new areas of branch banking. Since 1985, the Anatolian region of İstanbul also displayed the same patterns of static branch development. However, İstanbul (Europe), which had approximately 40 percent of branches in the same period, still maintained its important position in the urban composition of branches.

The national and urban development of Garantibank branch network in 1967-2000 signified a different pattern of urban concentration as compared to Dışbank (See Figure 5.12). While the trio experienced a static branch development between 1973 and 1990, the 1991-2000 period saw the increasing importance of these cities. Especially, starting in 1996, the total share of the three cities climbed sharply and reached a peak in 2000 at the time when the trio approximated to the national development rate of branches. Here, 1992 constituted a turning point in the national development of branch network by representing a convergent point of two development paths (three cities and remainder of Turkey). A detailed analysis of urban branch distribution between 1967 and 2000 can be seen in Figure 5.13. What

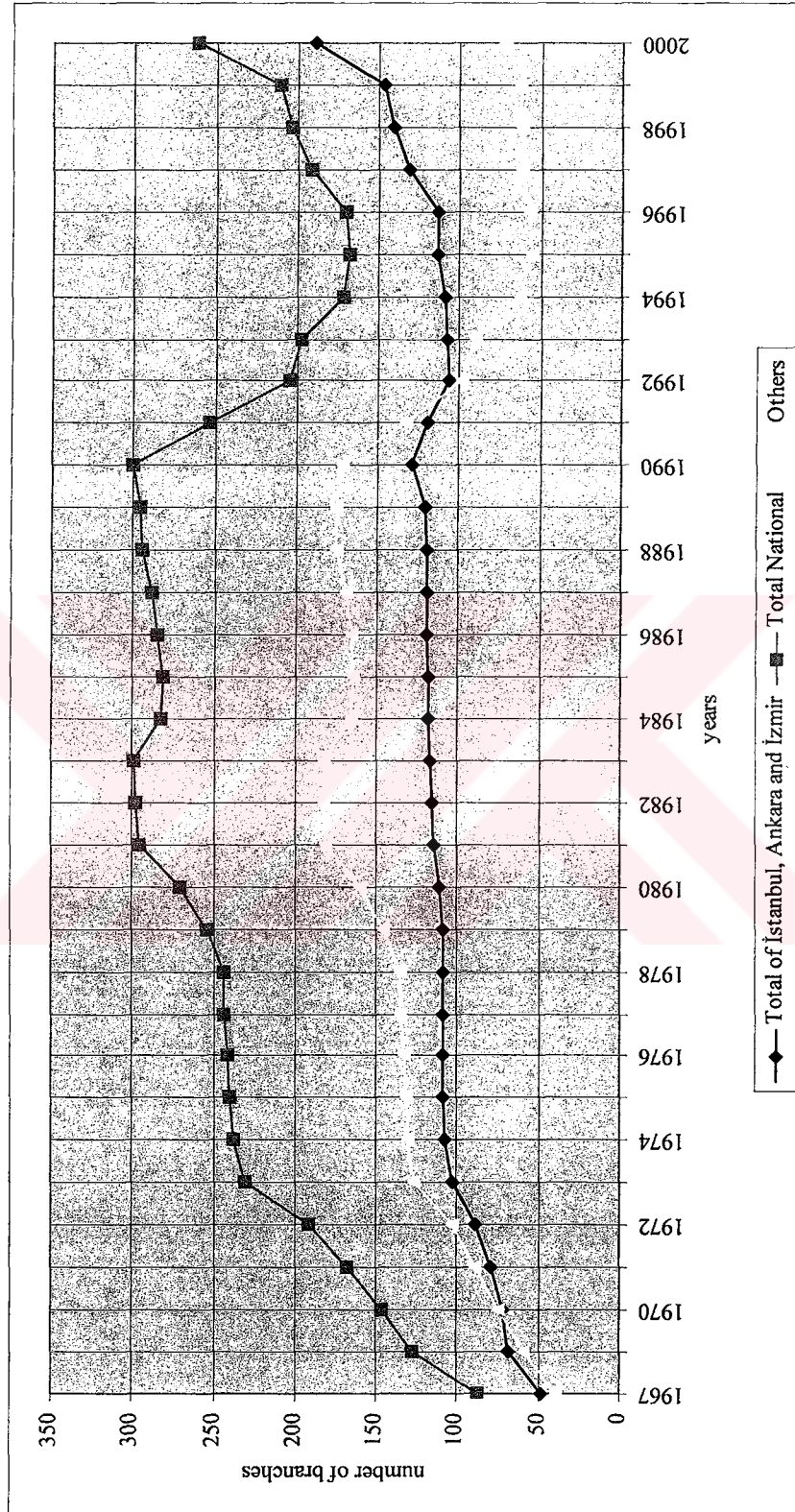


Figure 5.12 Nationwide Development and Urban Concentration of Garanti Bank Branches (1967-2000) (Türkiye Garanti Bankası A.Ş., 1967-1992, 2000 and 2001).

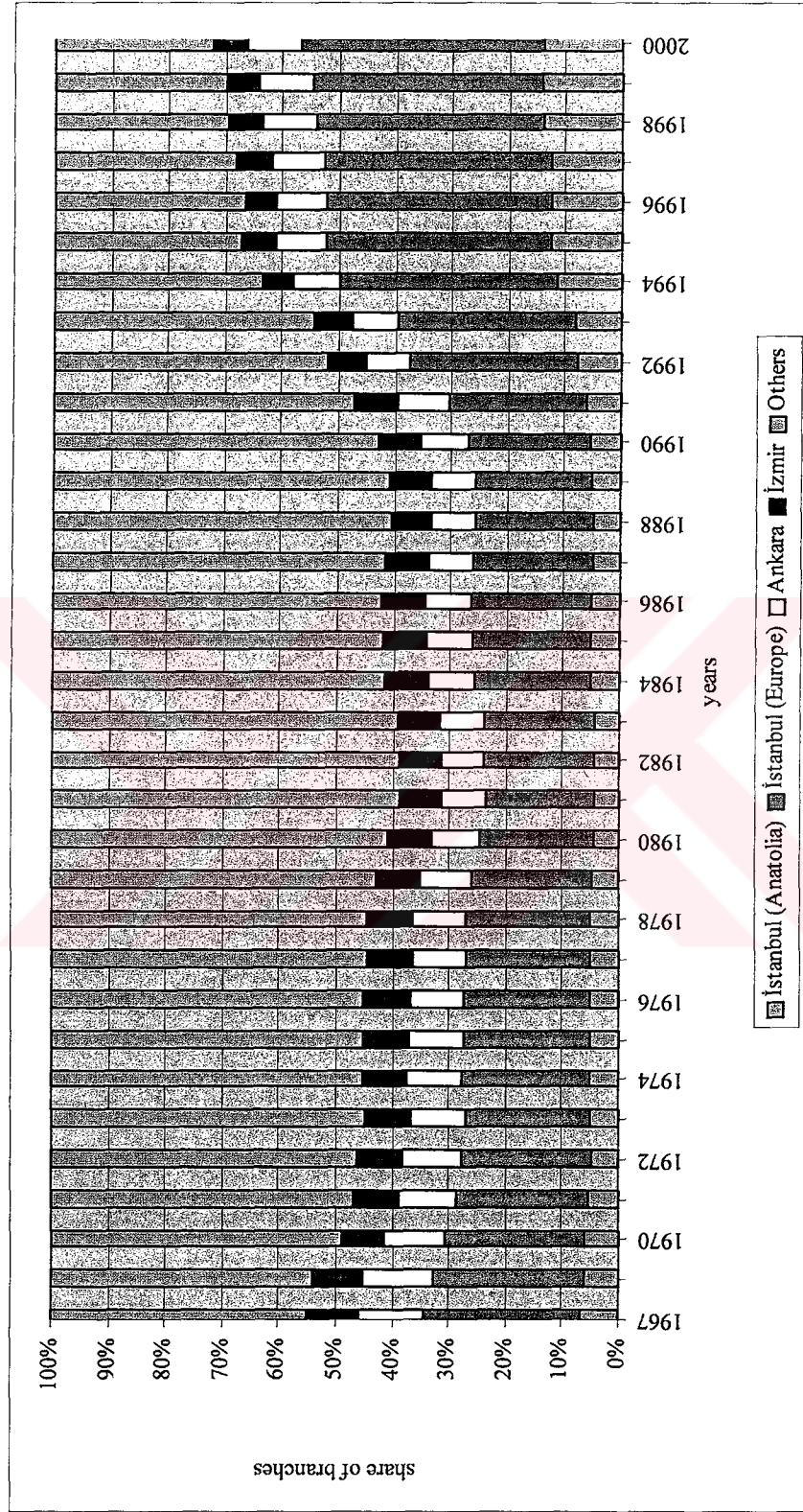


Figure 5.13 Distribution Garantibank Branches in İstanbul, Ankara and İzmir by Central City (1967-2000) (Türkiye Garanti Bankası A.Ş., 1967-1992, 2000 and 2001).

seems surprising in comparison with Dışbank is the historical weight of secondary cities and regions in the overall branch development. Until 1990, the total share of these cities numbered approximately 55 percent of branches. This was the best proportion among the other private banks and it reflected a more homogenous distribution of branches. In 1967-1989, İstanbul (Anatolia), Ankara and İzmir were the secondary areas of urban branch concentration and İstanbul (Europe) was also identified as a strong region of branch proliferation in the case of Garantibank as well as Dışbank. Starting in 1991 throughout the late 1990s, a very substantial increase occurred in the share of İstanbul (Europe) when the remainder of Turkey experienced sharp decreases. Moreover, the other side of İstanbul was also subject to a gradual branch increase. However, the urban shares of Ankara and İzmir remained constant during the same period. In that respect, the 1990s is labeled as an exacerbated period of balanced urban and regional distribution of branches.

İşbank also displayed a different pattern of urban branch concentration in the period of 1924-2000. As seen in Figure 5.14, which illustrates the urban and national development of branch network, the weight of the three major cities in the branch network decreased since the early 1950s. Despite a gradual increase in the total number of branches located in İstanbul, Ankara and İzmir, the development rates of national branch network and of other regions were quite higher than the rate of these cities in the same period. Parallel to the decreasing rate of branch concentration in these cities, the 1974-2000 period saw more homogenous branch development in favor of the other cities and regions. Figure 5.15 evidences this homogenous development in a detailed way. In spite of the urban concentration of branches in the foundation period, İşbank enjoyed a period of nationwide branch proliferation during the inter-war and war periods. Between 1934 and 1947, the total branch share of

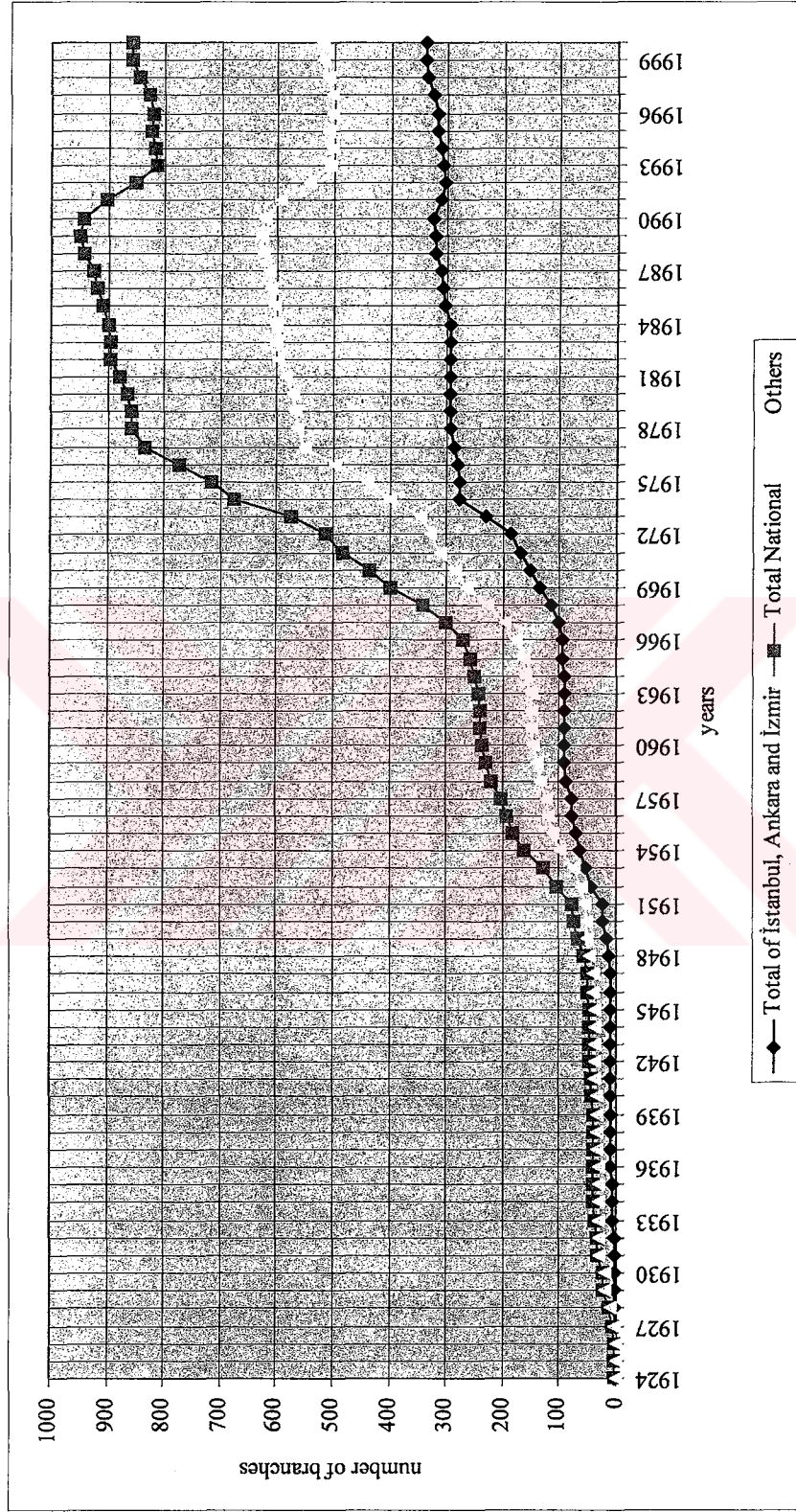


Figure 5.14 Nationwide Development and Urban Concentration of İşbank Branches (1924-2000) (Türkiye İş Bankası A.Ş., 2000).

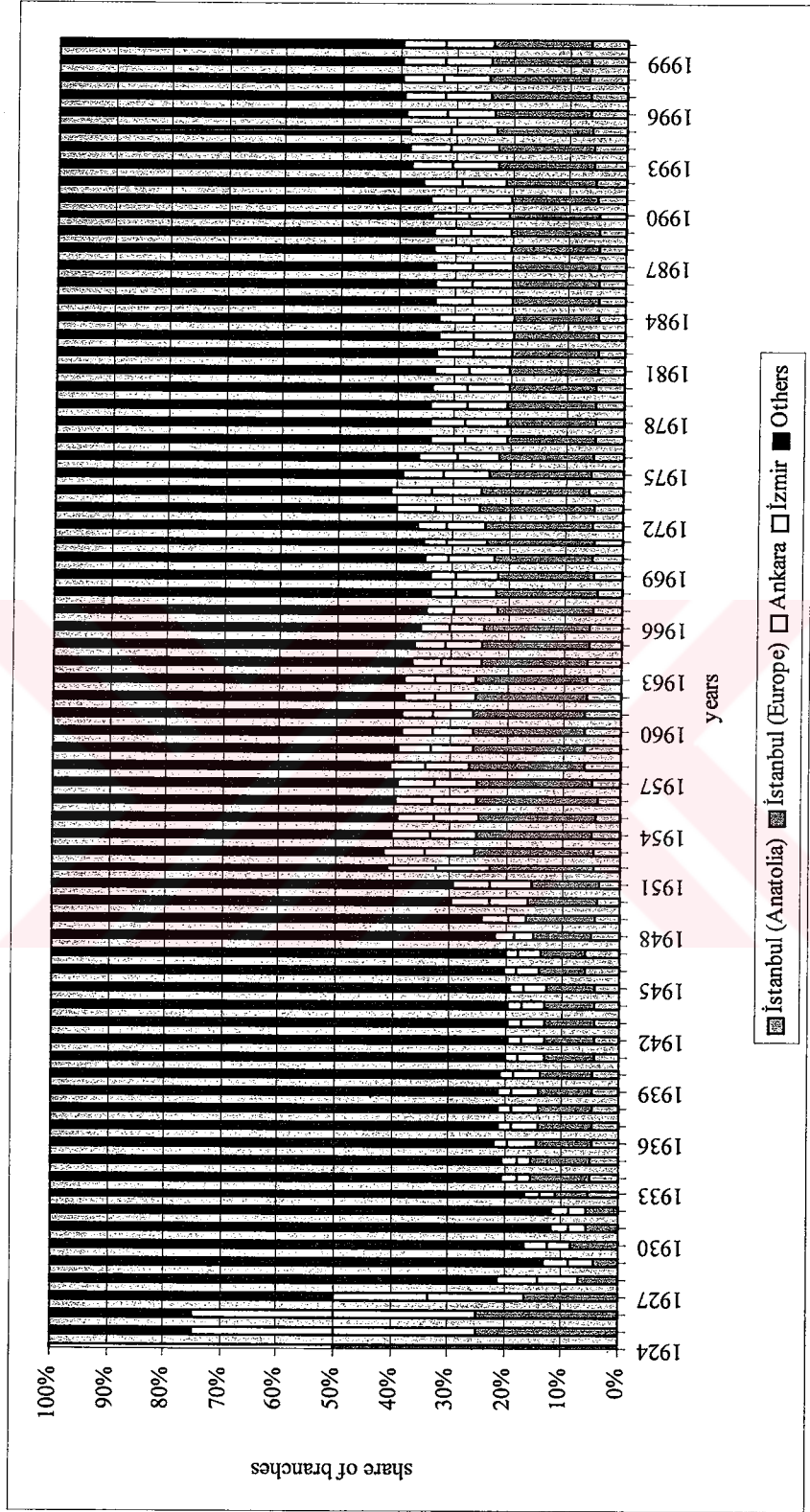


Figure 5.15 Distribution İşbank Branches in İstanbul, Ankara and İzmir by Central City (1924-2000) (Türkiye İş Bankası A.Ş., 2000).

İstanbul, Ankara and İzmir remained below 20 percent of İşbank branches. Throughout the same period, İstanbul (Europe) dominated branch developments in the trio. Starting in 1948, İşbank reverted to policy a branch promotion in three cities. The share of three cities fluctuated up and down until 1974, when it reached approximately 40 percent of branches. In 1952-1974, Ankara and İzmir were subject to proportional increases in their branch shares while İstanbul (Europe) retained its domination in the urban branch concentration. Throughout the 1977-1991 period, both urban and regional composition of İşbank branches remained the same and the last stage of development was characterized by a small increase in the branch share of three cities. During the development path of İşbank, İstanbul (Anatolia) had a very limited branch share and this can also be observed in other sample banks. What seems distinct in the case of İşbank is the importance of Ankara and İzmir in the evolution of branch network in comparison with other banks. In addition, the degree of urban concentration of İşbank branches is lower than the degree of other private banks and this seems to be the confirmation of more homogenous branch distribution at both regional and intra-regional levels.

What makes Halkbank particularly interesting and somewhat unique from a comparative perspective is that the bank best illustrates the spatial patterns of Turkish state banking. As Figure 5.16 indicates Halkbank demonstrated the lowest degree of branch concentration in İstanbul, Ankara and İzmir among the other sample banks. The origins of branch developments in these cities can be traced back to the branch banking era of Halkbank. Since 1964, the bank extended its branch network to three cities, but the growth rate and share of branches in the trio remained below the national rate and regional shares. In the same period, the urban composition of Halkbank branches was quite different from private banking (see

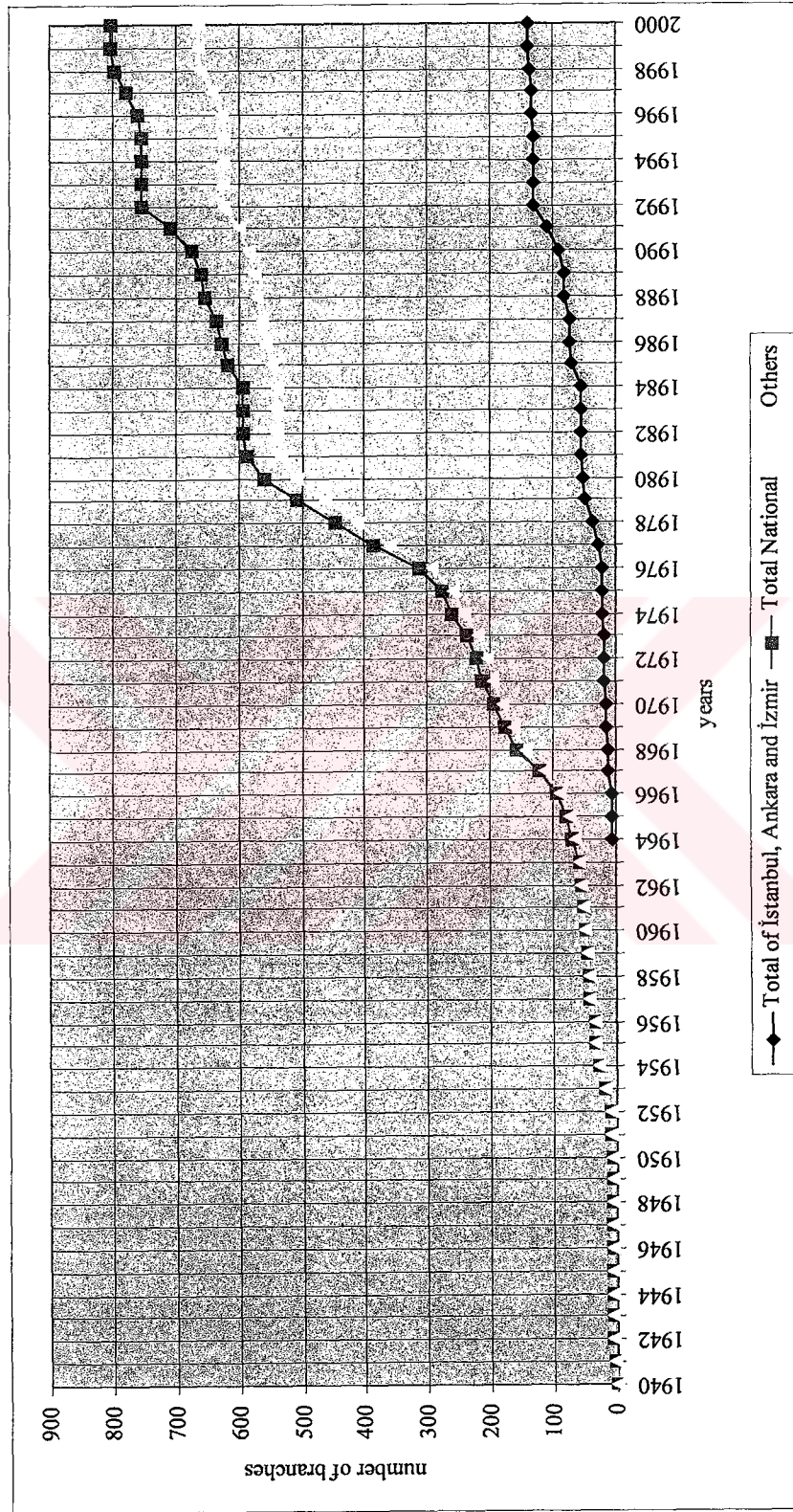


Figure 5.16 Nationwide Development and Urban Concentration of Halkbank Branches (1940-2000) (Türkiye Halk Bankası A.Ş., 2001).

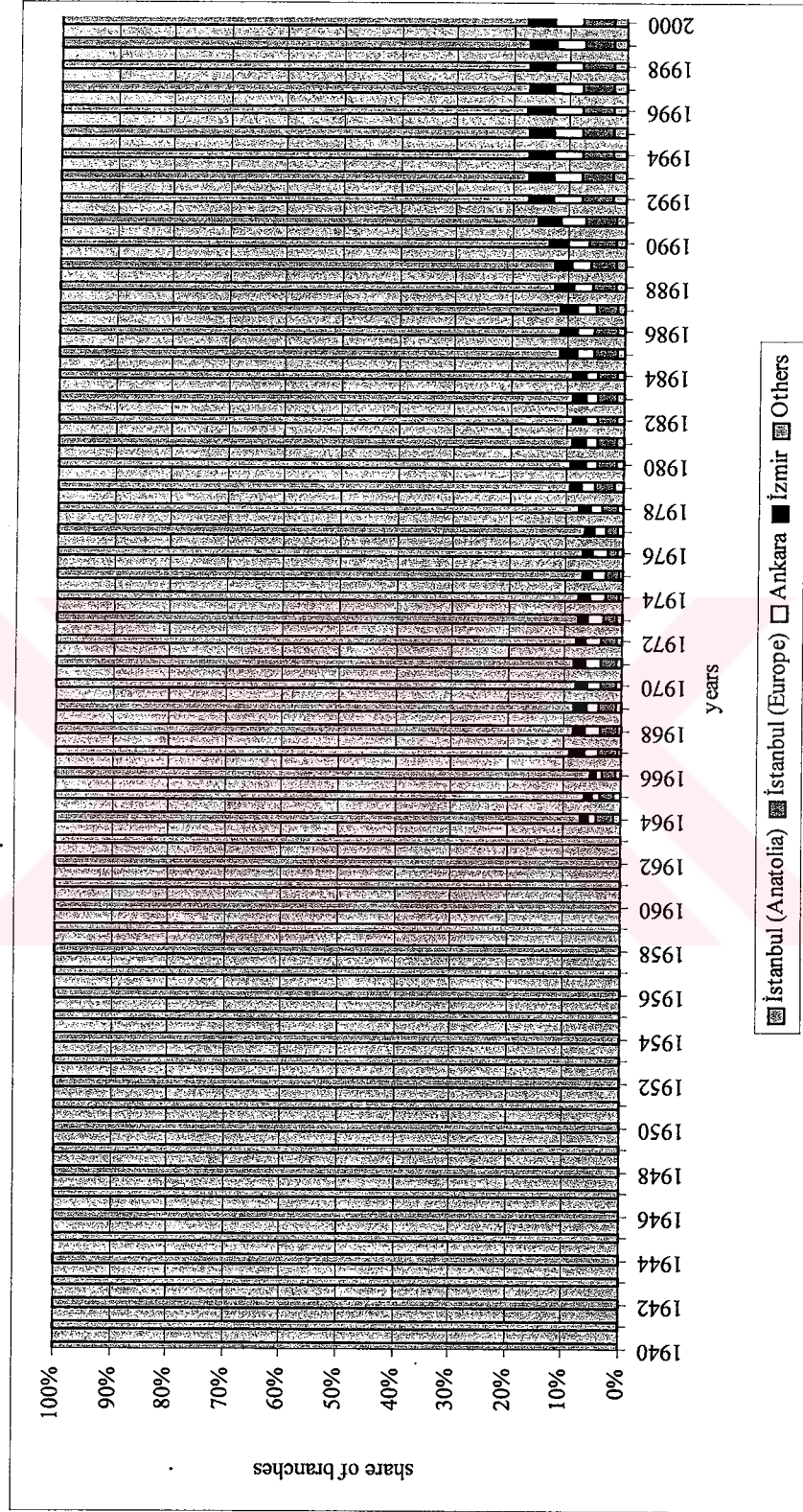


Figure 5.17 Distribution Halkbank Branches in İstanbul, Ankara and İzmir by Central City (1940-2000) (Türkiye Halk Bankası A.Ş., 2001).

Figure 5.17). Until the mid-1980s at the time when the bank launched Principal Statute, three cities featured very a balanced distribution of branches and a small increase has been only occurred in the share of İstanbul (Europe) between 1979 and 1984. Starting in 1985, the urban shares increased gradually and 1992-2000 represented a stable period of urban branch concentration. At the last stage of development, the total share of the three cities reached a highest point, but it still remained below 20 percent of Halkbank branches. During its institutional development, the geographical patterns of branch banking in Halkbank appeared to be related to the specific phases of Turkish state banking. Branch developments in these phases reflected urban and regional preferences of the Turkish national branch banking. Hence, the most homogenous distribution of Halkbank branches was attributed both to its local institutional base inherited from “Local Savings Banks” and the industrial and commercial development issues of Turkish state banking. The extension of the branch network along secondary cities and regions, which are called as public service areas of banking, can only be explained with these patterns of state banking.

5.4.3 Provincial Branch Distribution by Population, Banking Credits and Deposits

In order to deepen the geographical analysis of Turkish branch banking, the additional geographical-financial variables are needed. Here, provincial branch distributions of four banks are analyzed by population, banking credits and deposits. The reason why these variables are important to comprehend the spatial processes of money is that financial exclusion and concentration in the Turkish case are closely associated with the geographical preferences of state and private banking by different service areas by population and sub-banking regions by credits and deposits. While

the degree of concentration in different deposit regions determines provincial financial potential, the availability of bank branches in a number of credit regions demonstrates the degree of financial exclusion or inclusion. At this point, the concentration rate of total national credits at provincial level represents a key variable in the identification of areas excluded by bank finance.

The evolution of the rudimentary branch network of Dışbank in the last decade exemplifies the spatial patterns of small and medium-sized Turkish banks in different population, credit and deposit regions. As Figure 5.18 indicates, the urban selective scope of Dışbank that is related to the former operation field of the bank in wholesale banking is also visible in the urban branch distribution by population. In addition to the trio (İstanbul, Ankara and İzmir), a few large cities and regional nodes constituted the urban scope of Dışbank in the period of 1990-2000. These cities also corresponded to the concentration areas of corporate banking in Turkey. Figure 5.19 and 5.20, which illustrates the distribution of Dışbank branches by credit and deposit regions, add further detail to this consistent distribution with financial variables. However, the concentration of Dışbank branches in the first and second credit and deposit areas between 1990 and 2000 must not be evaluated as a confirmation of intra-regional financial exclusion because the bank displayed the normal spatial patterns of a medium-sized bank in Turkey. Parallel to the extension of branch network in the period of 1995-2000, the bank orientated towards some lower credit and deposit regions. In the same period, the bank excluded all the lower banking regions in the eastern part of Turkey from its scope. According to the interviews, only branch development in these regions is anticipated in a few regional nodes at the long run.

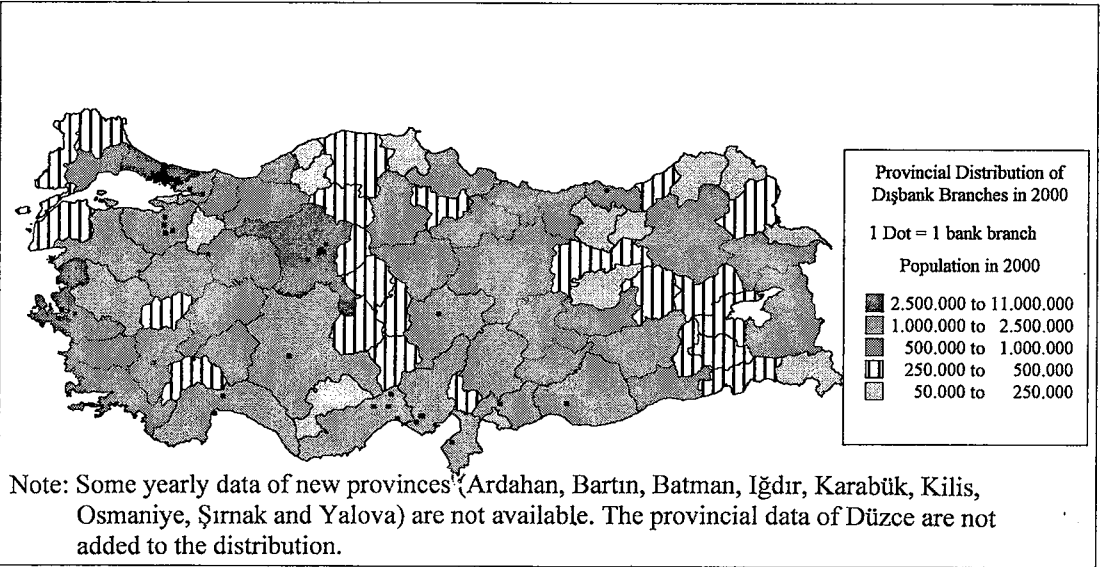
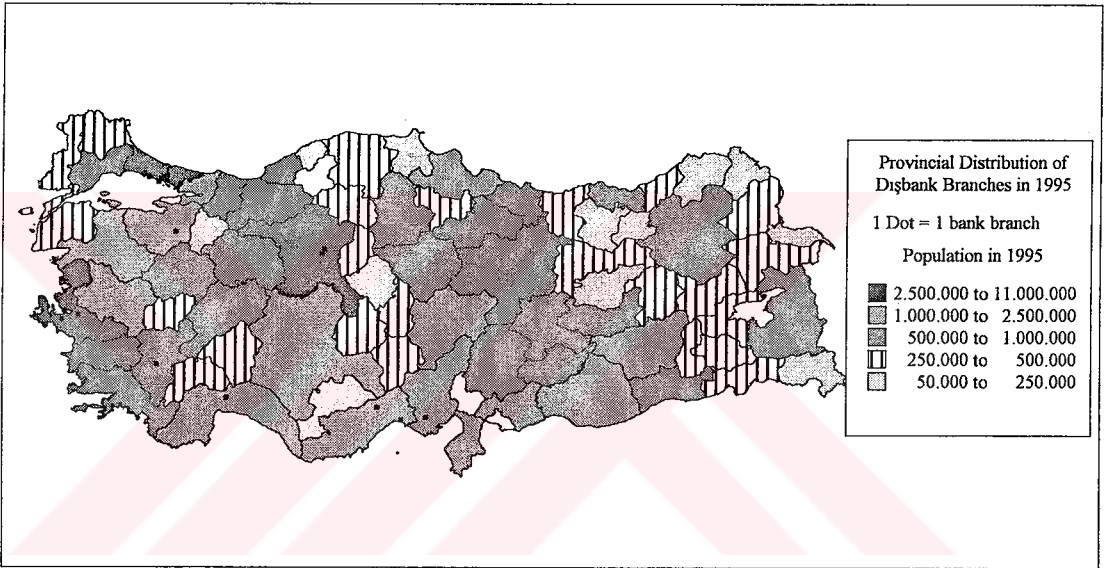
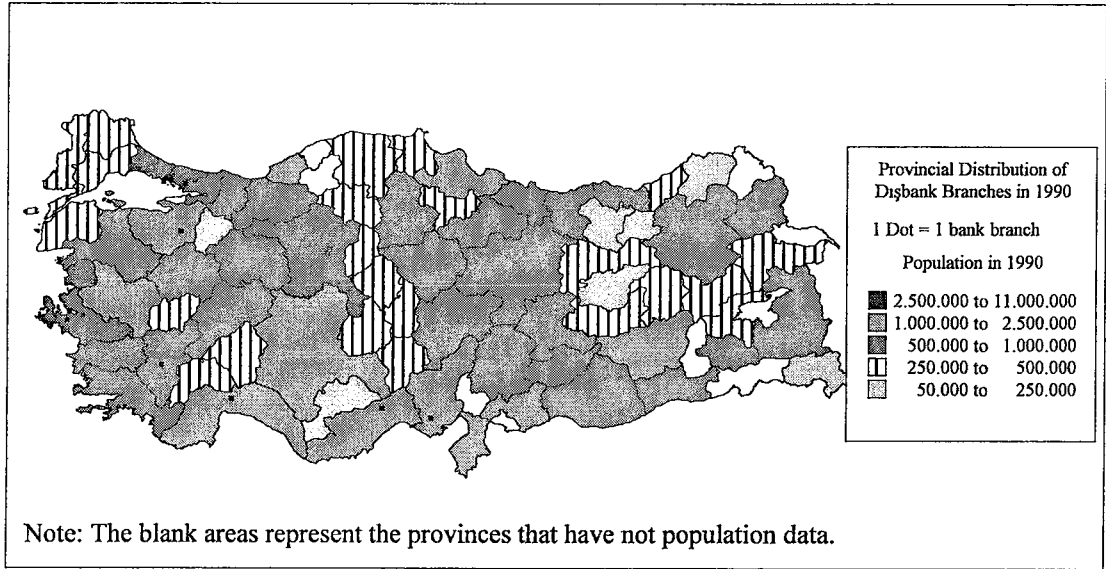


Figure 5.18 Provincial Population and Dışbank Branches (1990, 1995, 2000) (DİE, 2002; Tulay, 2001 and Türkiye Dış Ticaret Bankası A.Ş., 2001).

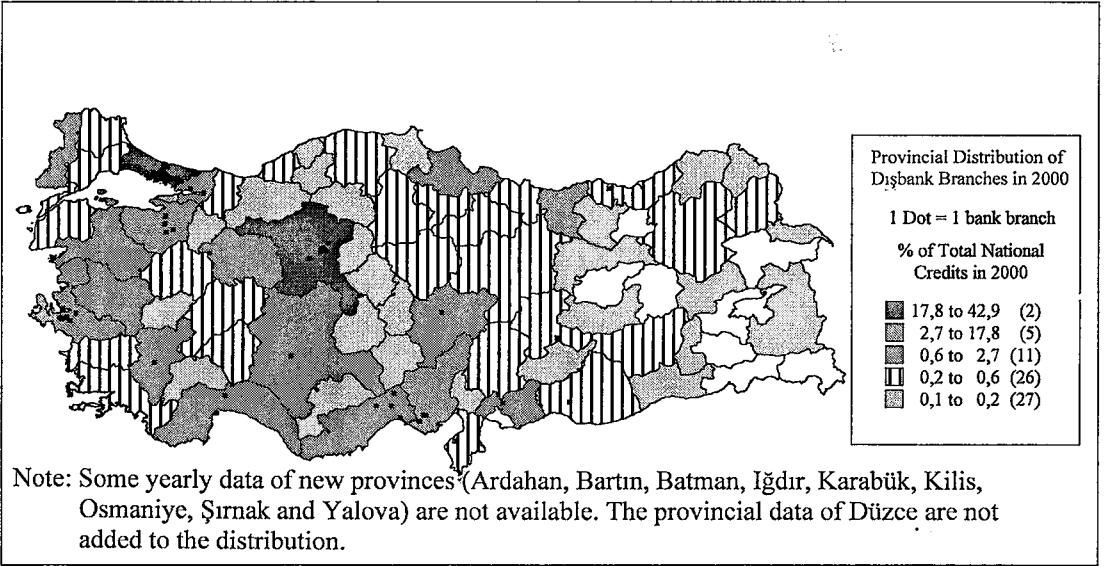
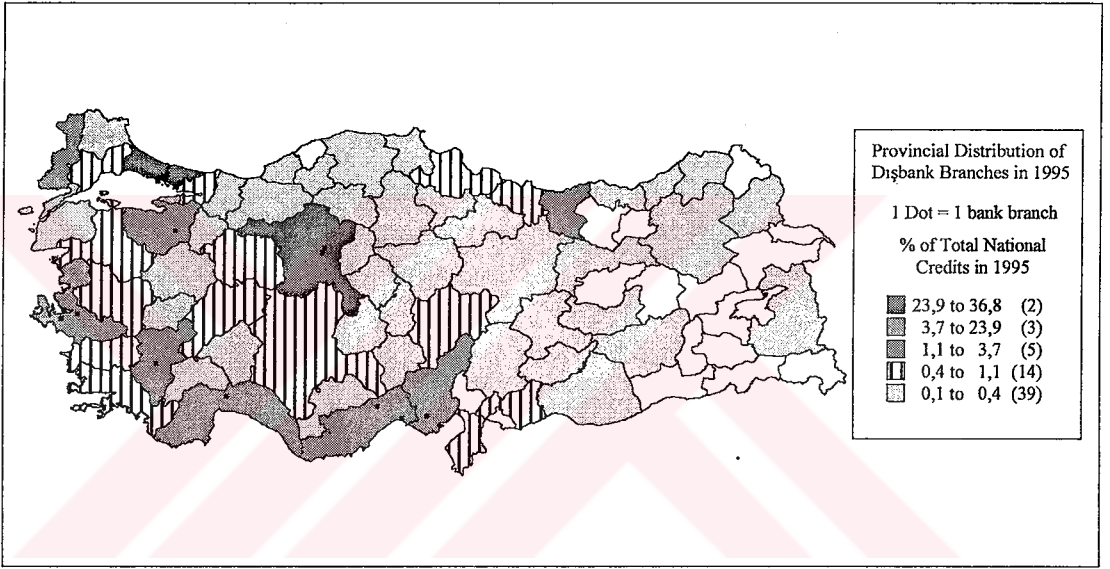
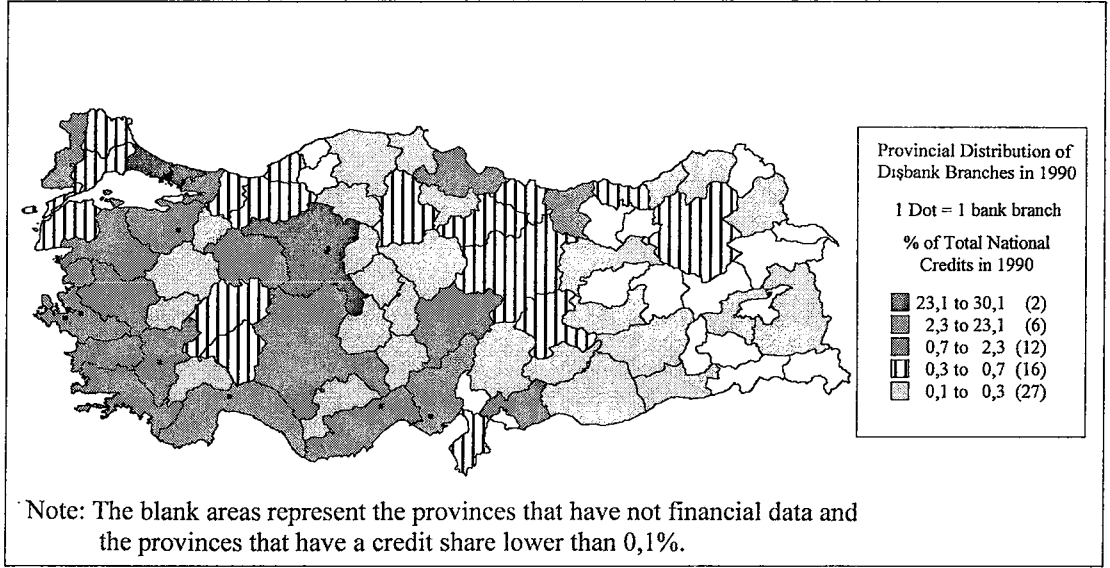


Figure 5.19 Provincial Distribution of Bank Credits and Dışbank Branches (1990,1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001a and Türkiye Dış Ticaret Bankası A.Ş., 2001).

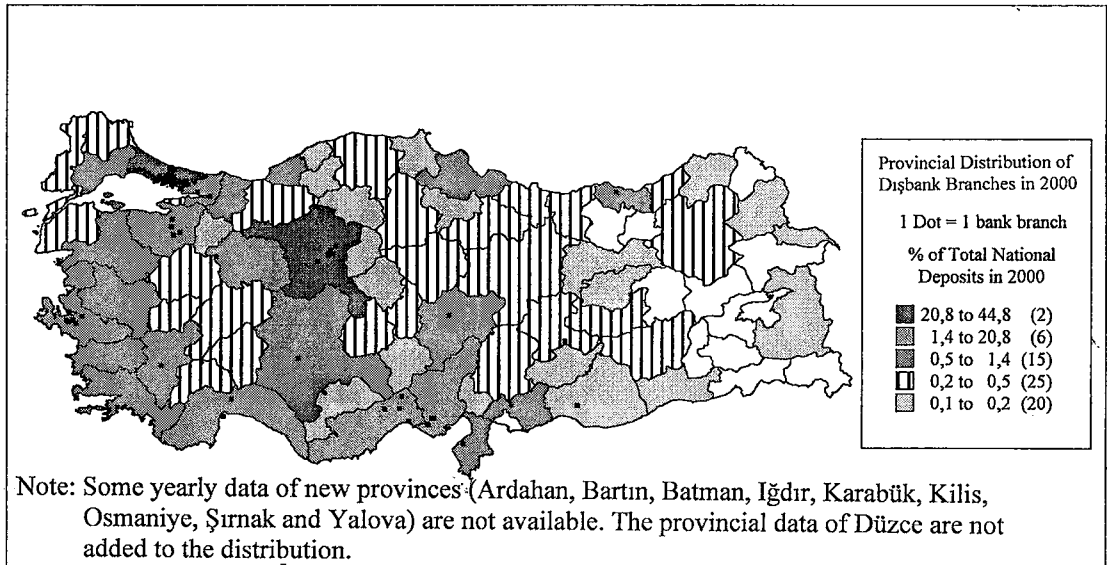
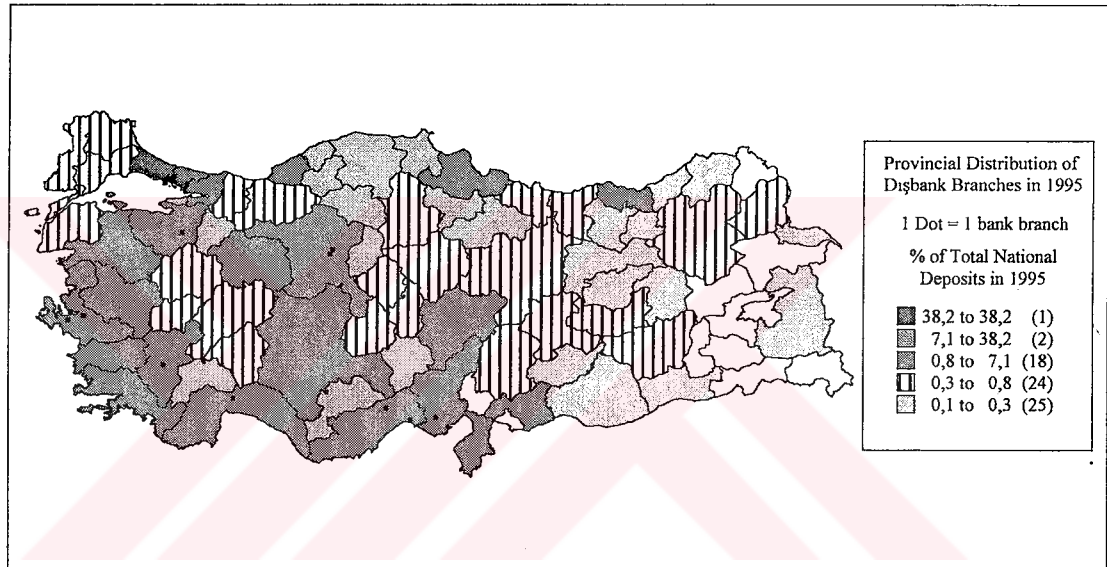
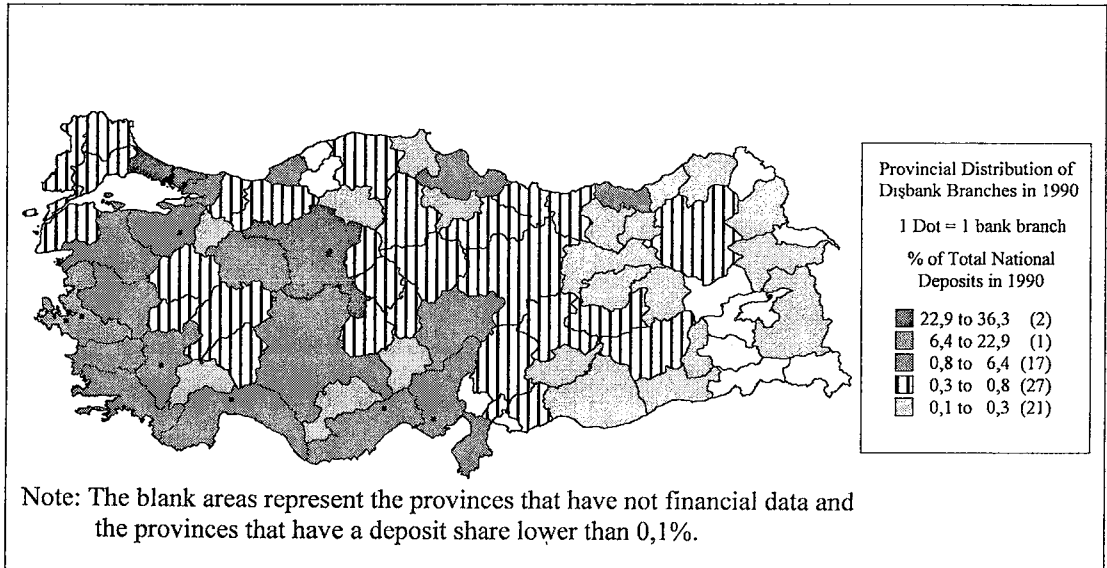


Figure 5.20 Provincial Distribution of Bank Deposits and Dışbank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001a and Türkiye Dış Ticaret Bankası A.Ş., 2001).

Despite the existence of similar regional preferences to Dışbank, Garantibank demonstrated some degree homogenous branch distribution at intra-regional level by population, credits and deposits. The main reason for this was the difference of institutional characteristics of Garantibank by banking history, operation field and bank size. In 1990, the bank's branch network included the majority of medium-sized provinces as well as large provinces (See Figure 5.21). Starting in the mid-1990s when the *Nokta Project* was launched, the bank rationalized the branch network by consolidating and closing the branches in the eastern regions of Turkey. Moreover, the provinces of the third population groups in other regions were also affected by this rationalization project. The analysis of Figure 5.22 and 5.23, which show the distribution of Garantibank branches by credits and deposits regions, also reinforces this tendency towards an intra-regional concentration of branches. What seems surprising in these maps is the under-representation of Garantibank branches in some provinces of upper credit and deposit areas in the Aegean and the Black Sea regions. While the concentration of total banking credits in these provinces can be explained by the homogenous credit distribution of state banking, an under-representation in the upper deposit regions seems to be a partial confirmation of an intra-regional financial exclusion from private banking in terms of the utilization of sophisticated financial products. This provincial analysis of Garantibank branches by population and financial variables signifies that an intra-regional concentration branches is also reinforced by the technological and institutional developments at intra-urban level. The implementation of a different form of hub and spoke branch system (open branches) at intra-urban level is likely to change the urban composition of traditional branches. In this general portrait of branch redesign, a heterogeneous

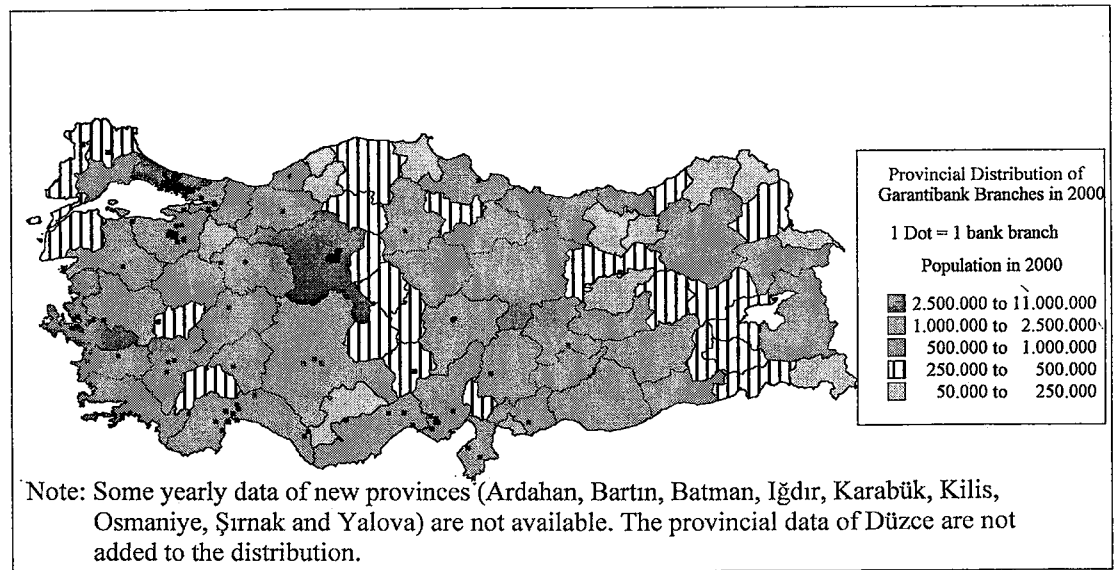
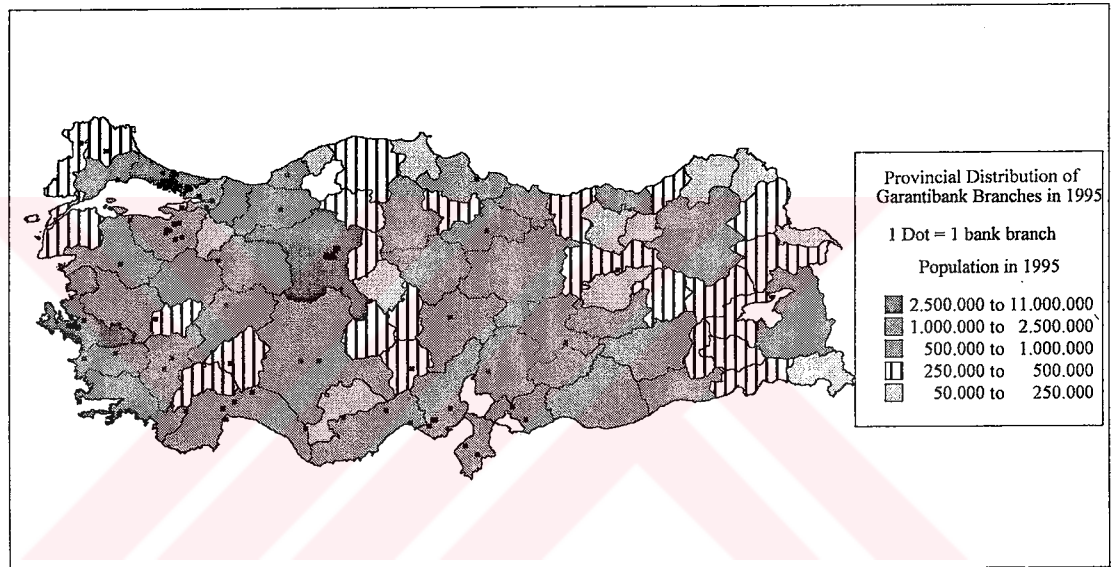
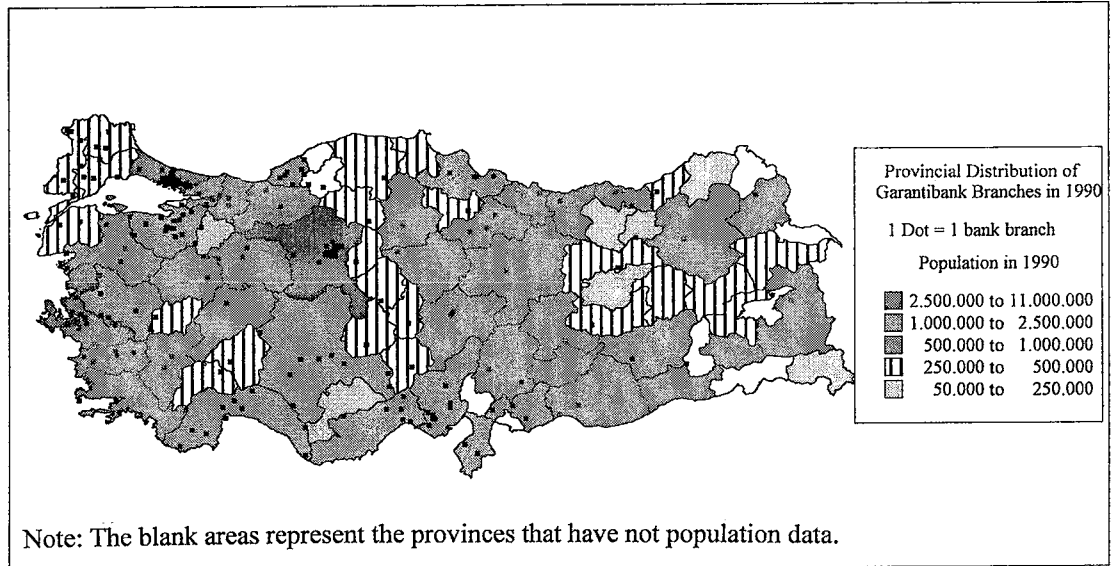


Figure 5.21 Provincial Population and Garantibank Branches (1990, 1995, 2000)
(DİE, 2002; Tulay, 2001 and Türkiye Garanti Bankası A.Ş., 1990, 2001).

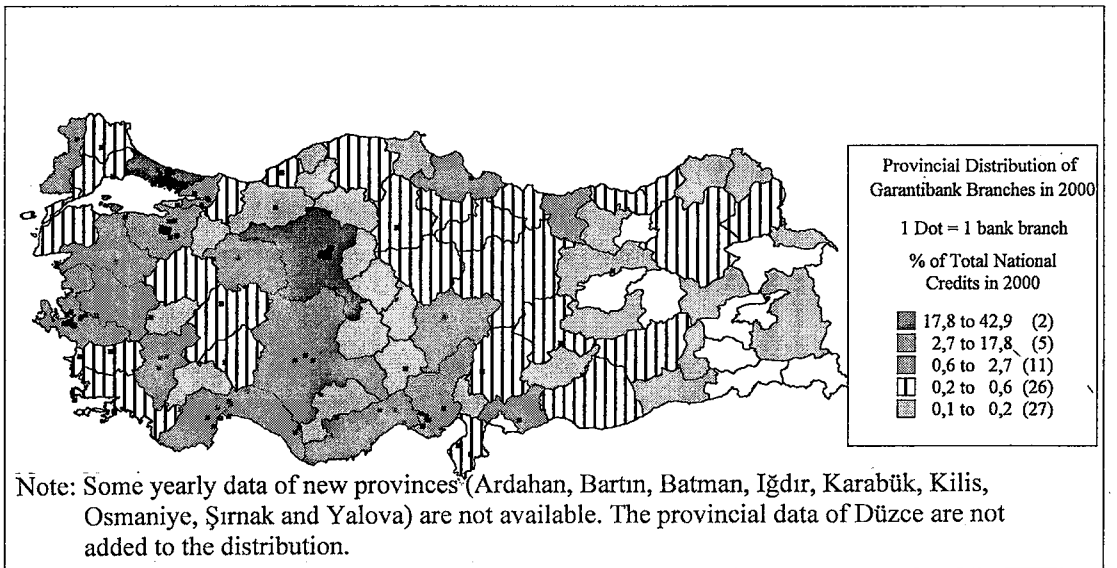
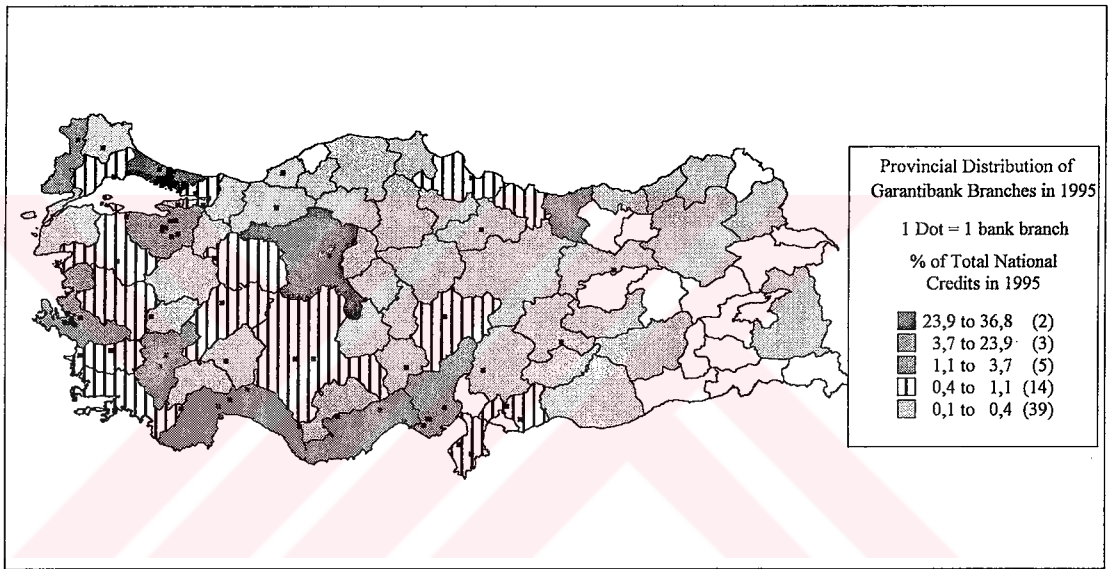
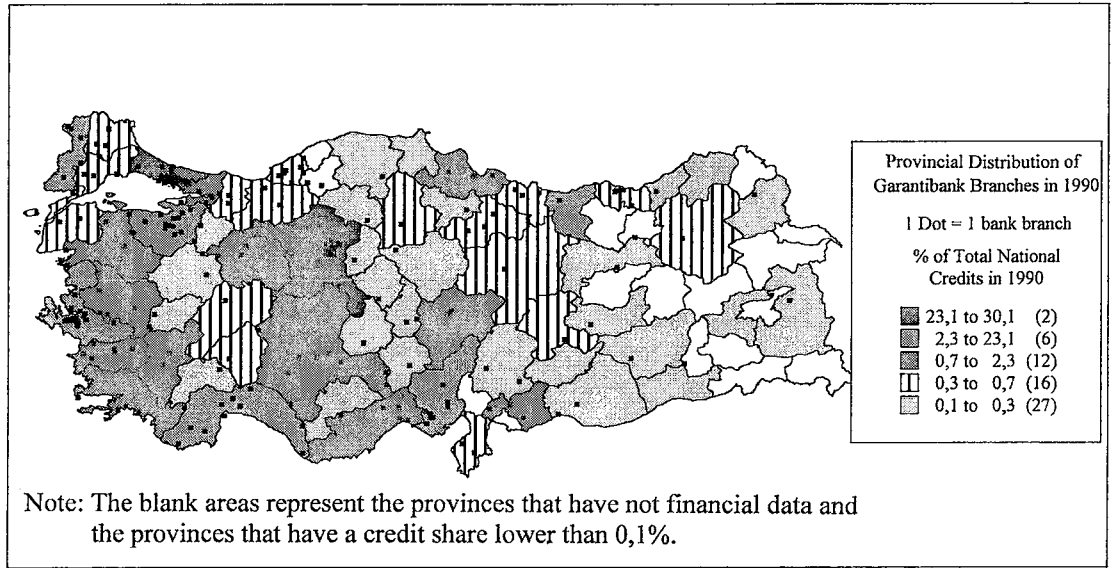


Figure 5.22 Provincial Distribution of Bank Credits and Garantibank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye Garanti Bankası A.Ş., 1990, 2001).

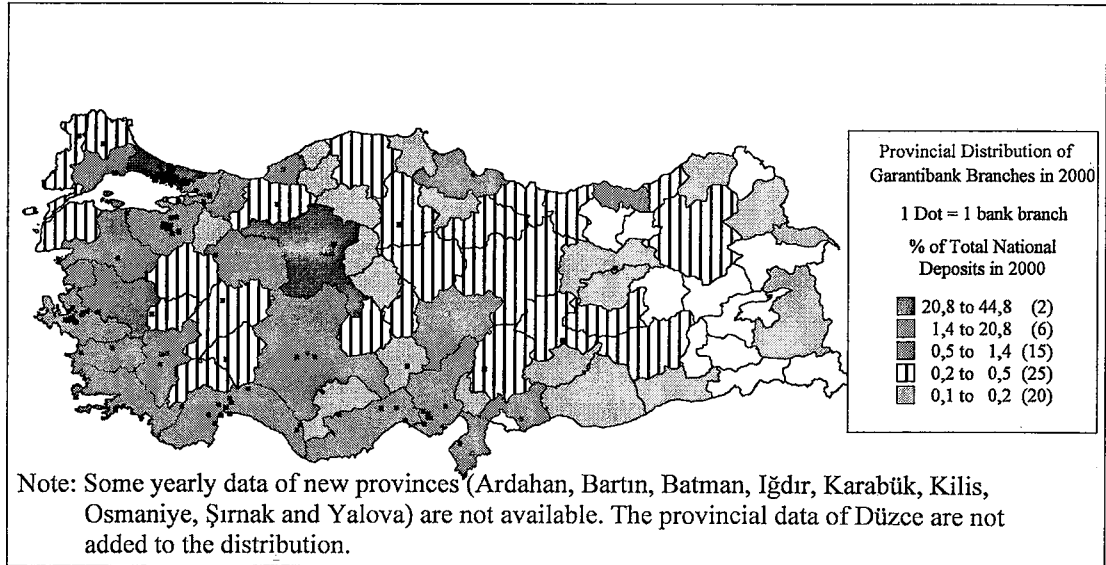
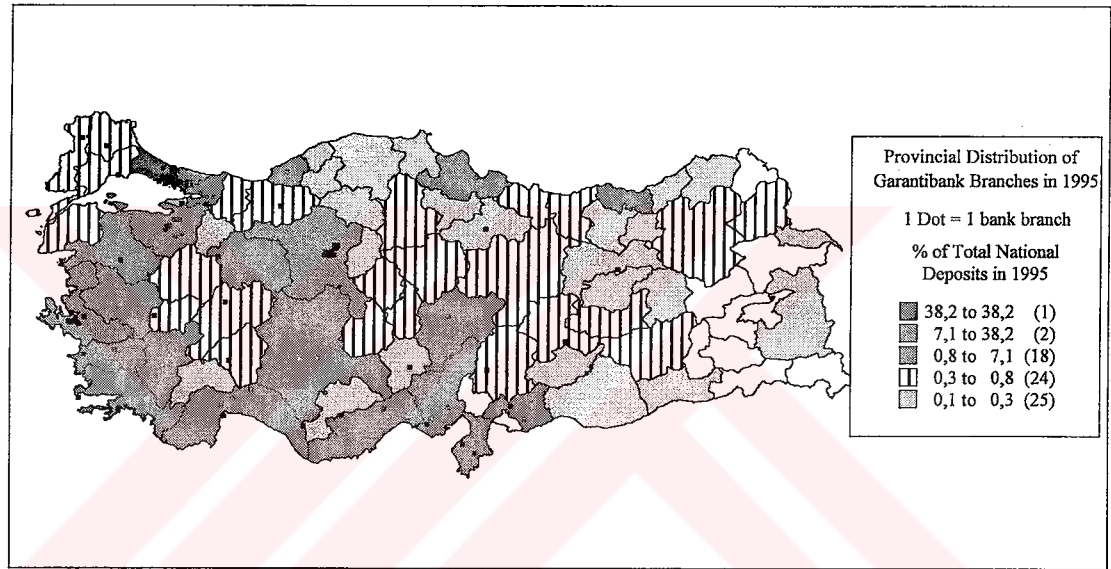
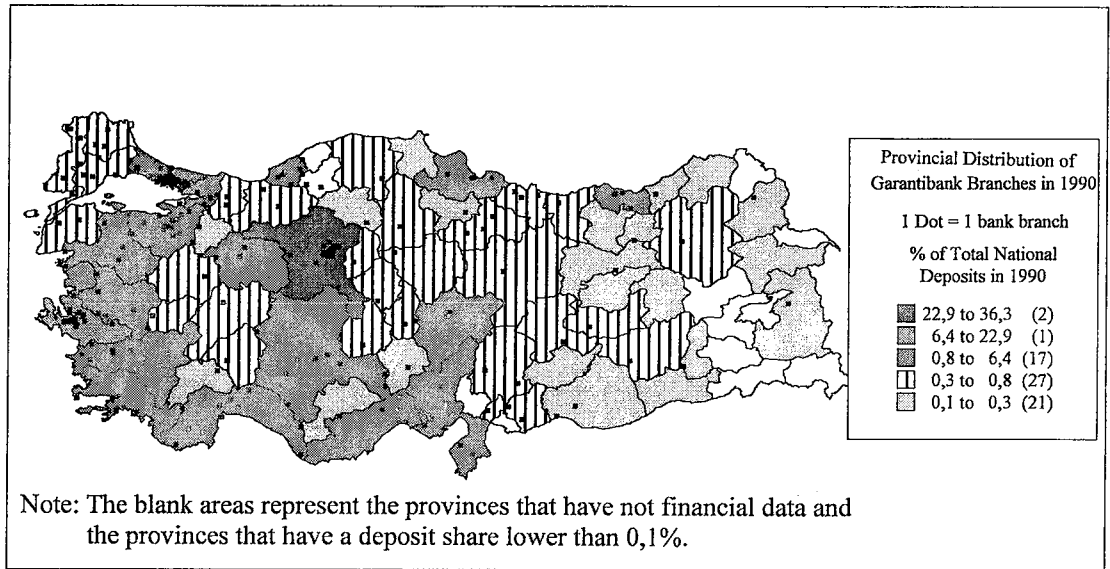


Figure 5.23 Provincial Distribution of Bank Deposits and Garantibank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye Garanti Bankası A.Ş., 1990, 2001).

distribution of Garantibank branches by population and a homogenous distribution by credits and deposits signify that the geographical patterns of private banking in Turkey are still far from having a service logic by different type of provincial population groups. The under-representation of Garantibank branches in some medium and large provinces of the eastern regions presents a good example of this financially divided environment.

The evolution of İşbank's provincial branch network by population, credits and deposits between 1990 and 2000 confirms that historical scope and bank size are the important variables in the emergence of a nationwide branch network in Turkey. Figure 5.24 shows a homogenous provincial distribution of İşbank branches by population in the period of 1990-2000. In comparison with other two private banks, this homogenous distribution by population is also evident with respect to the intra-urban composition of İşbank branches in the medium-sized cities. However, starting in 1990 throughout the late 1990s, a rationalization of the branch network lead to an urban concentration of branches, especially in the trio. The branch closures in some provinces of medium and lower population groups in the eastern regions of Turkey illustrate the intra-regional outcomes of this rationalization. The provincial distribution of İşbank branches is also consistent with the provincial distribution of credits and deposits (see Figure 5.25 and 5.26). Here, the concentration of bank credits and deposits in the provinces of western Anatolia is an obvious testimony to the concentration of private bank branches in these regions. However, the provincial branch composition of İşbank in the 1990-2000 period was less affected by the changes in the provincial shares of credits and deposits in the eastern regions of Turkey in comparison with other private banks. Despite the existence of a tendency towards urban and regional branch concentration of its branches in recent years,

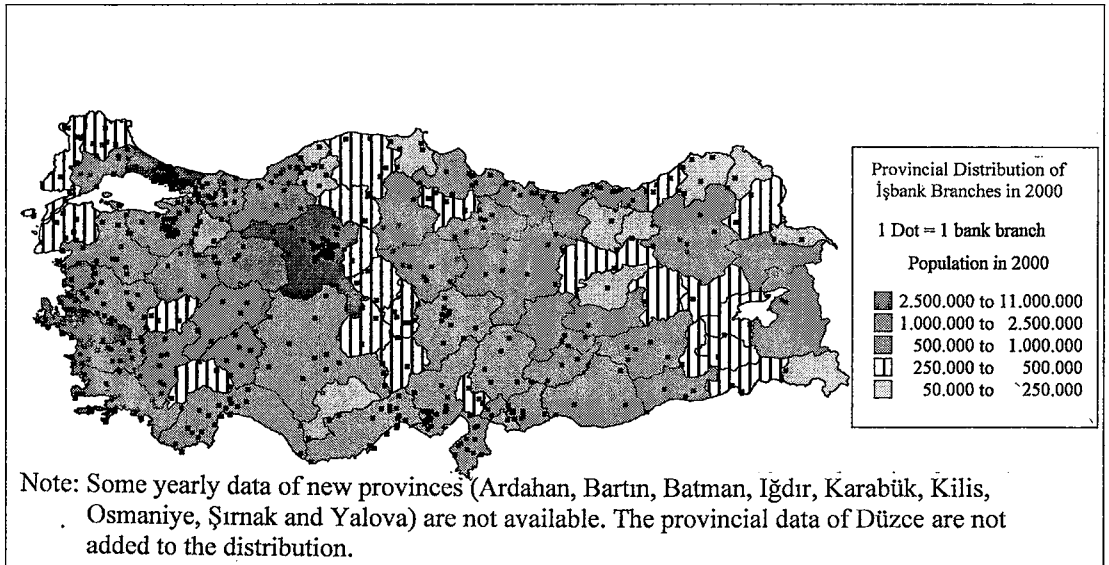
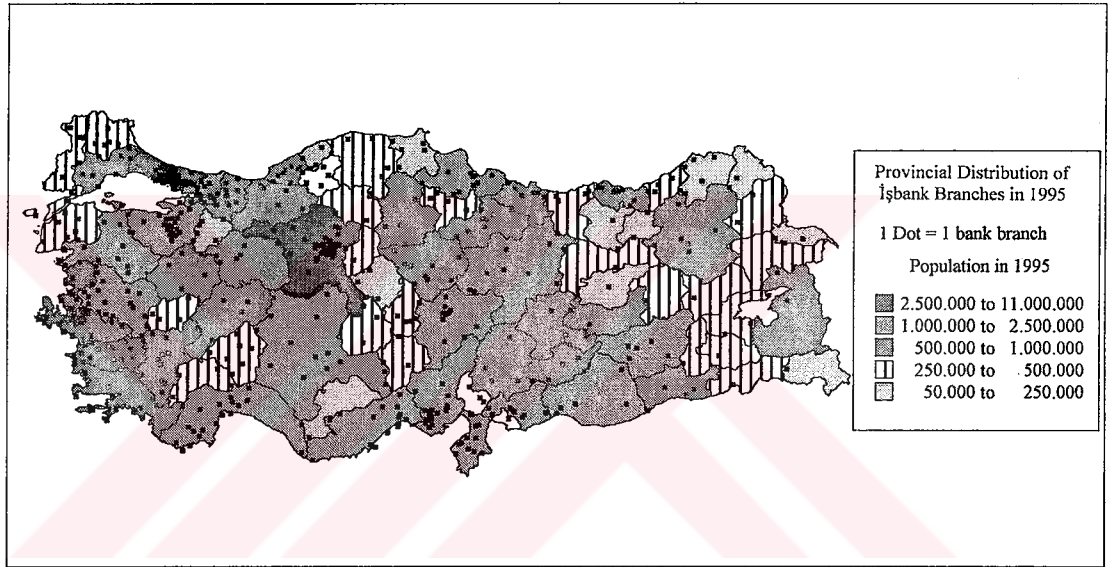
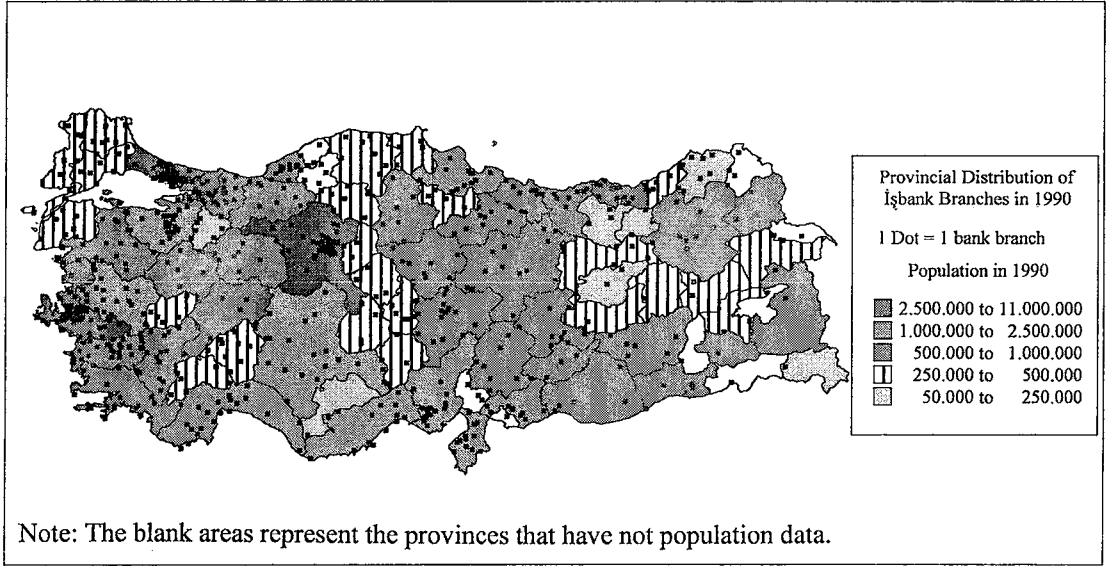


Figure 5.24 Provincial Population and İşbank Branches (1990, 1995, 2000) (DİE, 2002; Tulay, 2001 and Türkiye İş Bankası A.Ş., 2000) .

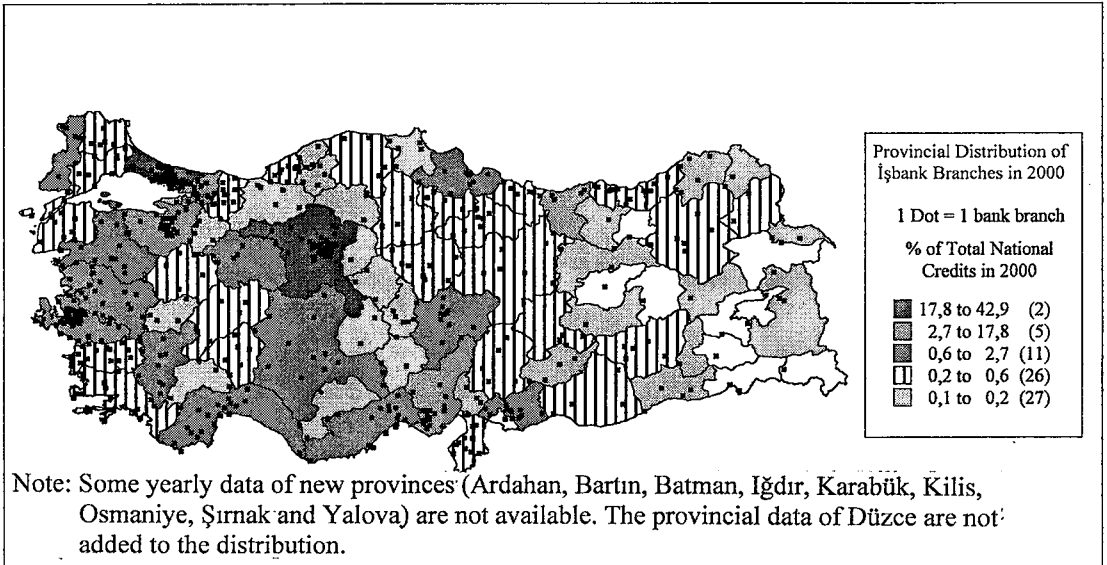
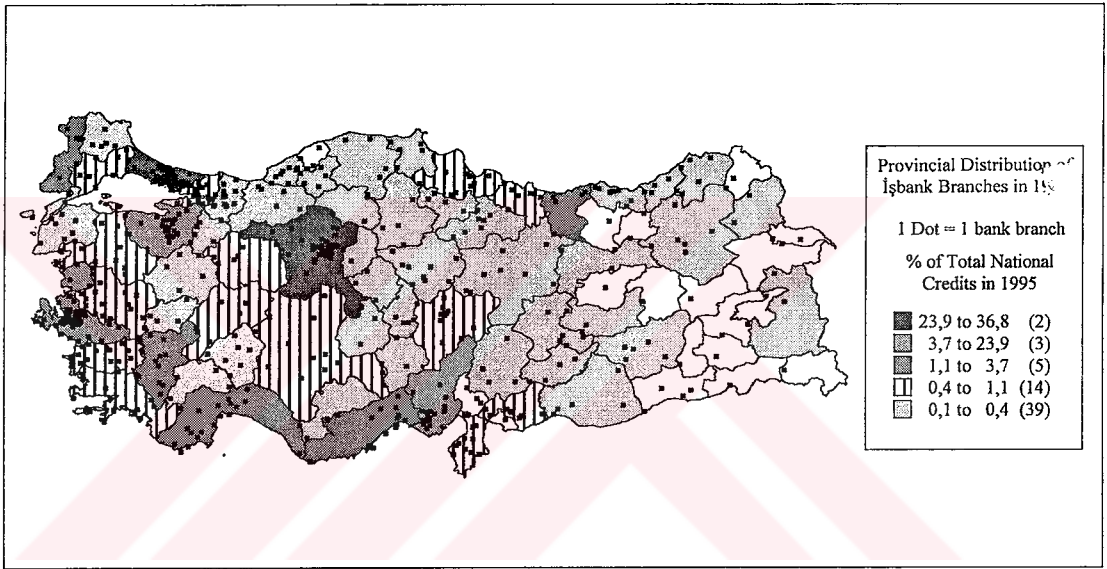
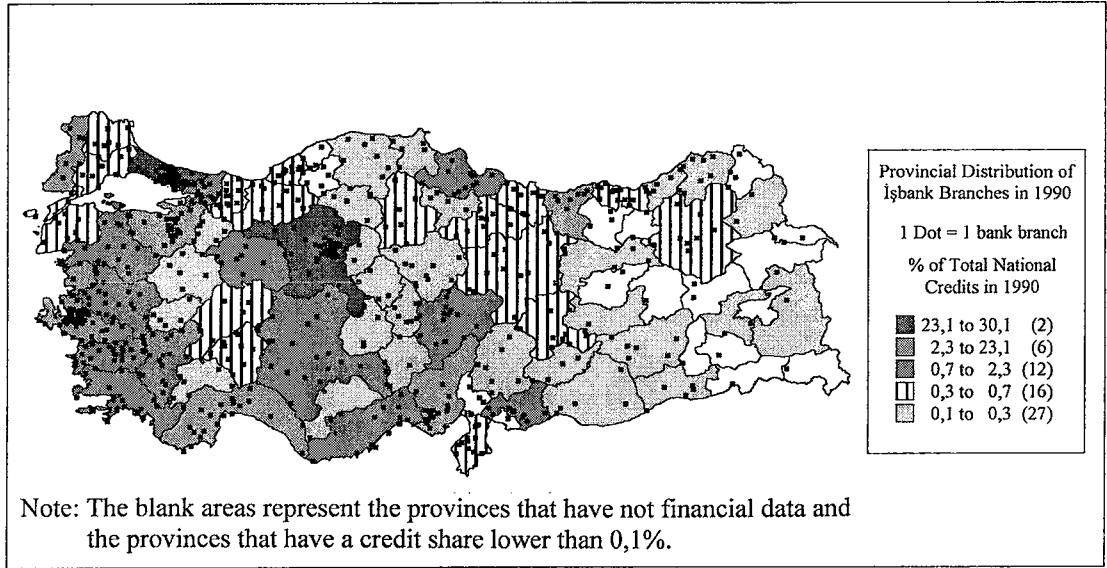


Figure 5.25 Provincial Distribution of Bank Credits and İşbank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye İş Bankası A.Ş., 2000).

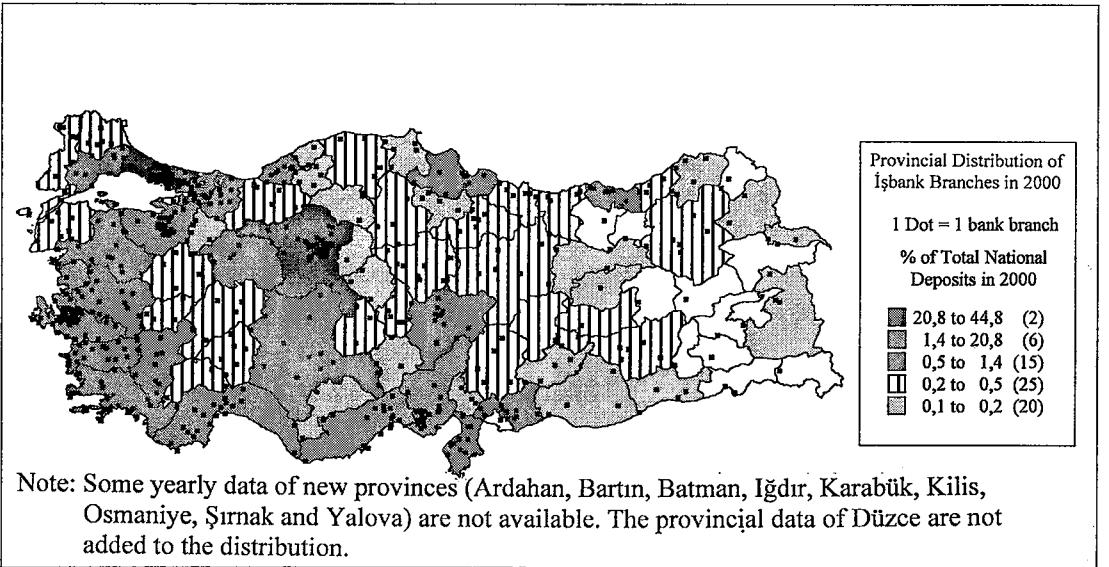
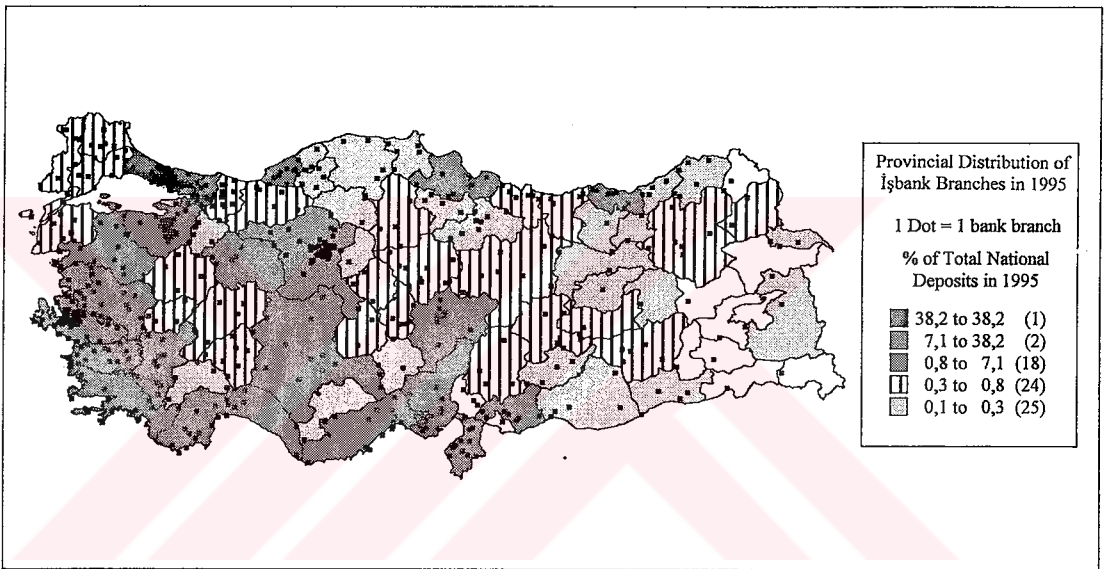
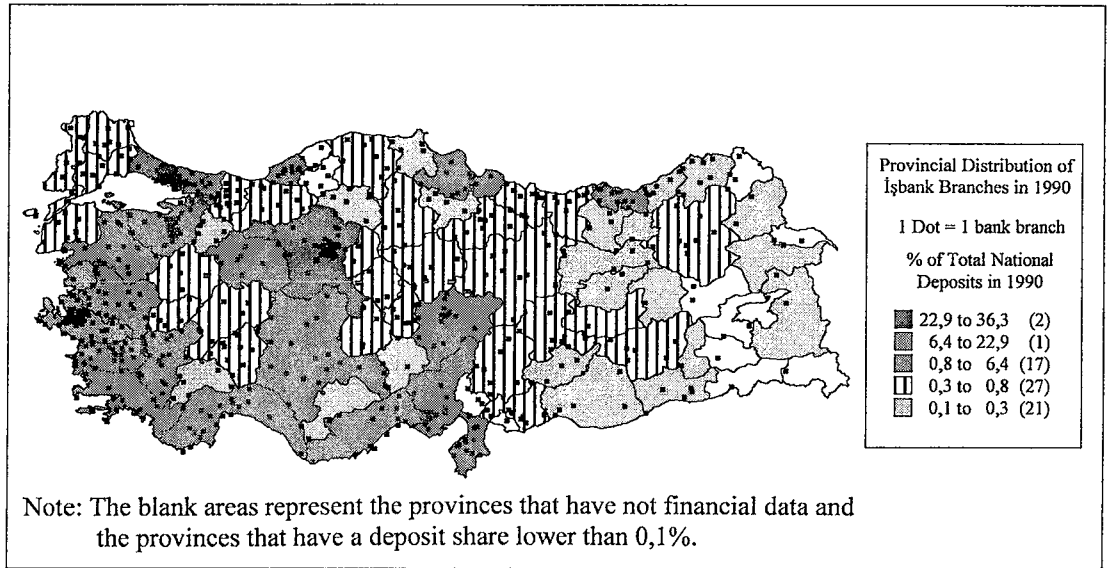


Figure 5.26 Provincial Distribution of Bank Deposits and İşbank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye İş Bankası A.Ş., 2000).

İşbank can be identified as a successful bank in the compensation for the exclusionary effects in these regions in terms of the private bank finance in Turkey.

The role of state banking in the homogenization of public financial space is best illustrated through the provincial branch distribution of Halkbank in the 1990-2000 period by population and financial variables. As illustrated in Figure 5.27, there was a high correlation between the provincial distribution of population and of Halkbank branches. At this point, what makes Halkbank somewhat unique from a comparative perspective is that the bank had the most homogenous branch network among the case banks. As seen in the maps, the branch network in the period of 1990-2000 included the entire medium and small-sized provinces in the traditional areas of financial exclusion in Turkey. In this regard, the consistent service areas of Halkbank branches with the different segments of urban and rural population tend to support the assertion is that population is an important variable in the analysis on the scope of state branch banking in Turkey. Thus, in the emergence of the additional service areas of state banking (lending agricultural and industrial credits, preservation of public's money and enhancement of local savings), a number of public goals occupy a key position unlike the customer strategies of private banks at regional and urban level. The homogenous distribution of Halkbank branches at intra-urban level by population (see Figure 5.27) also confirms this assertion. Moreover, an analysis of the branch network by provincial credits and deposits (see Figure 5.28 and 5.29) between 1990 and 2000 highlight this homogenous branch distribution at intra-regional and intra-urban levels. As seen in the maps, the provincial composition of Halkbank branches was less affected by provincial credit and deposits developments in the 1990-2000 period. Especially, the over-representation of Halkbank branches in the lower credit areas of the Eastern Anatolia

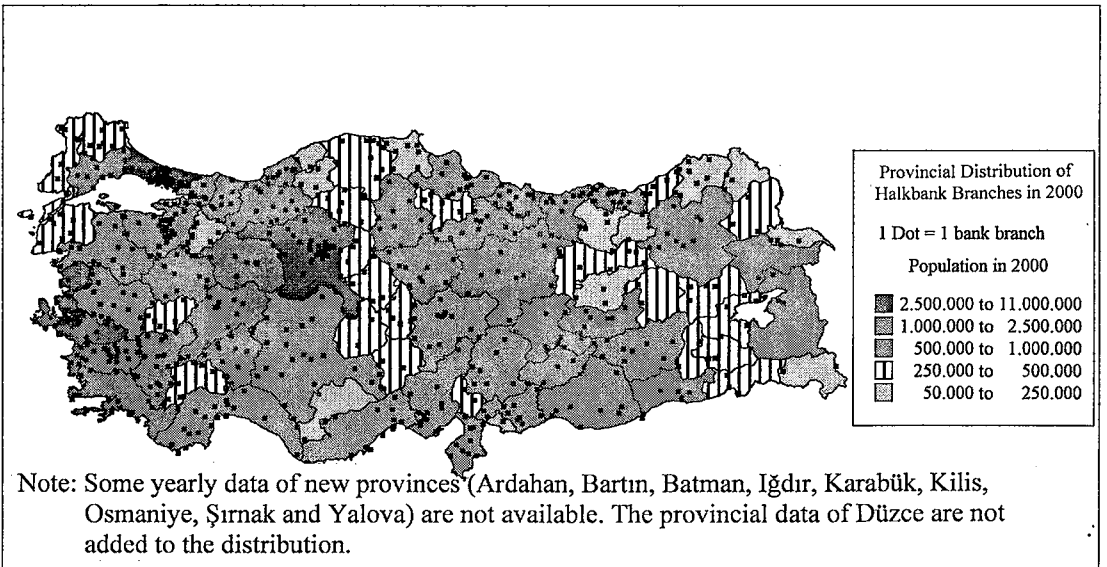
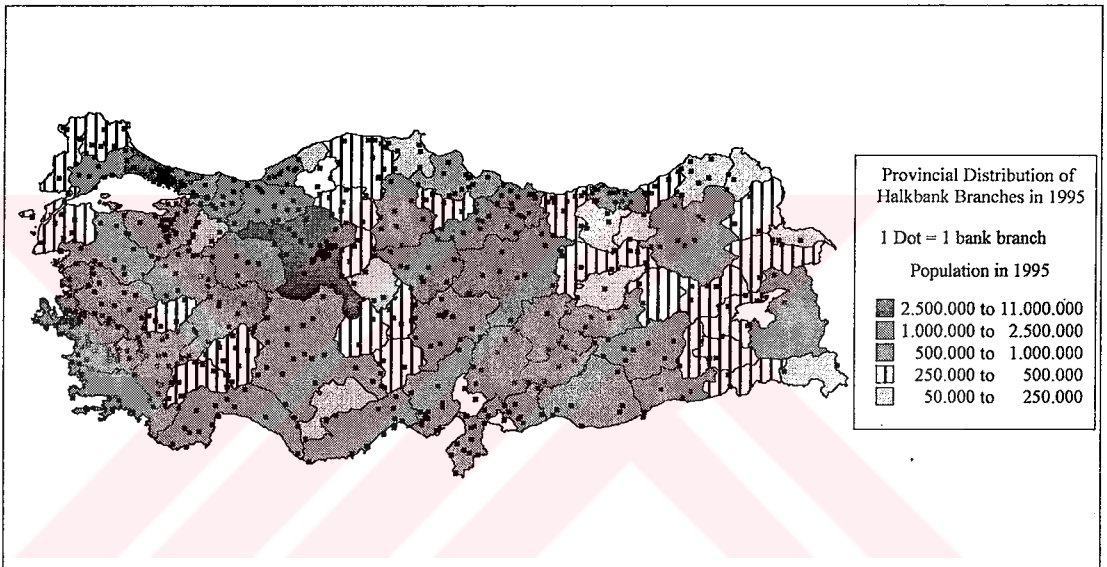
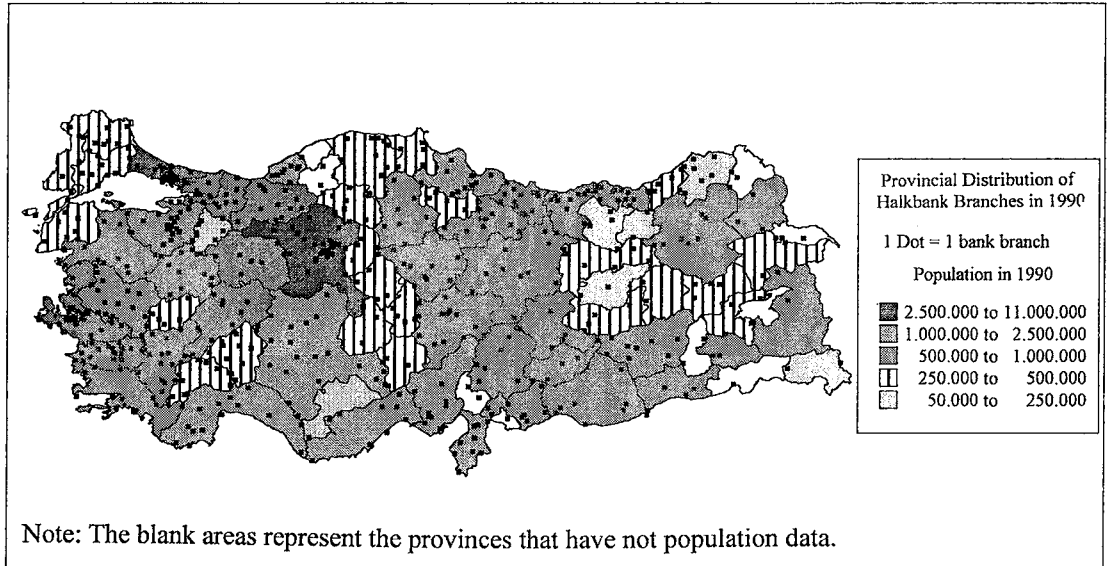


Figure 5.27 Provincial Population and Halkbank Branches (1990, 1995, 2000) (DİE, 2002; Tulay, 2001 and Türkiye Halk Bankası A.Ş., 2001) .

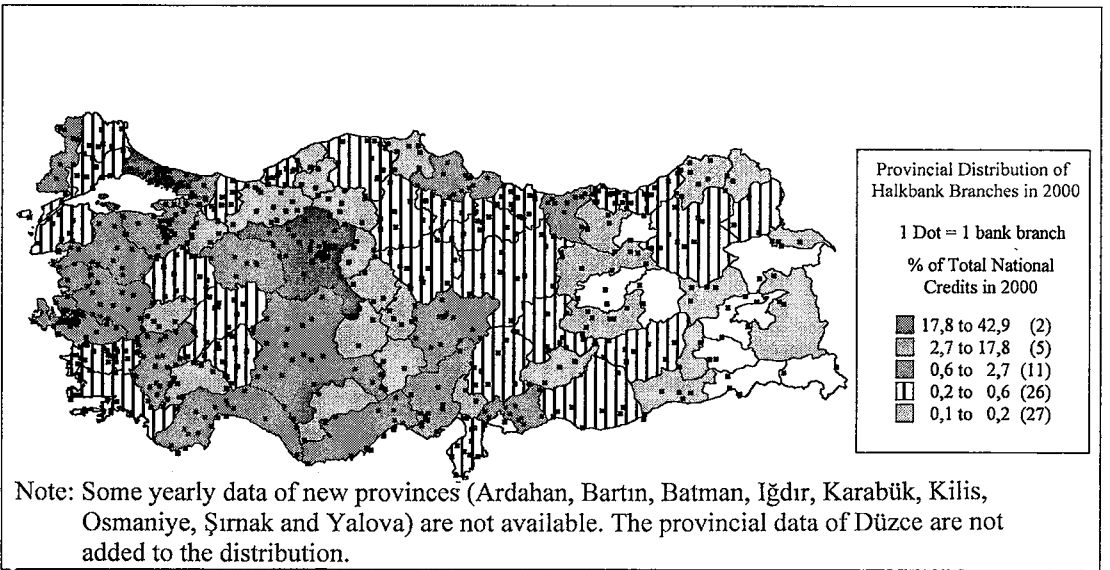
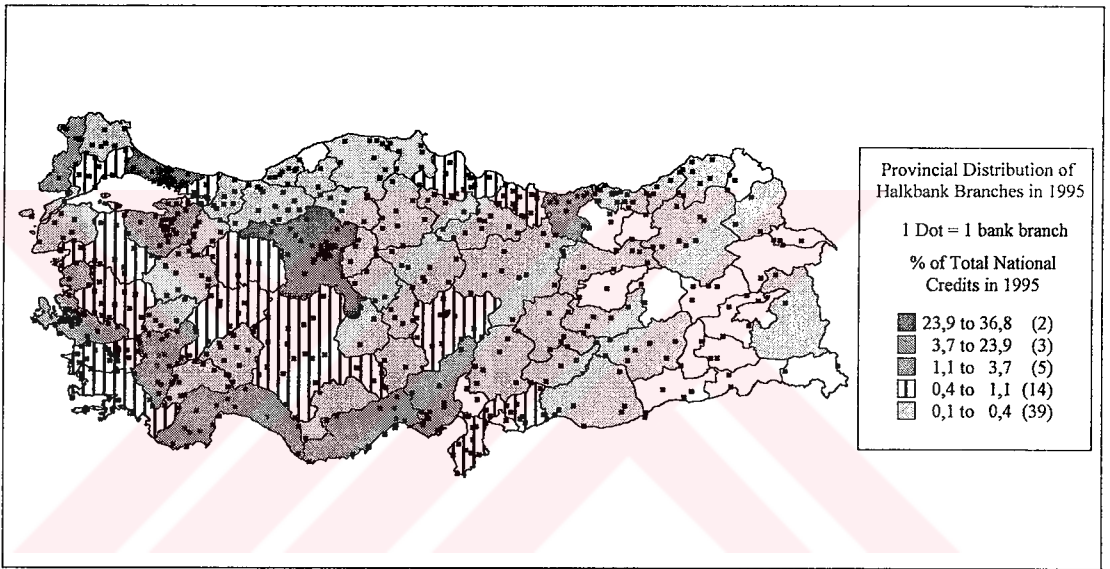
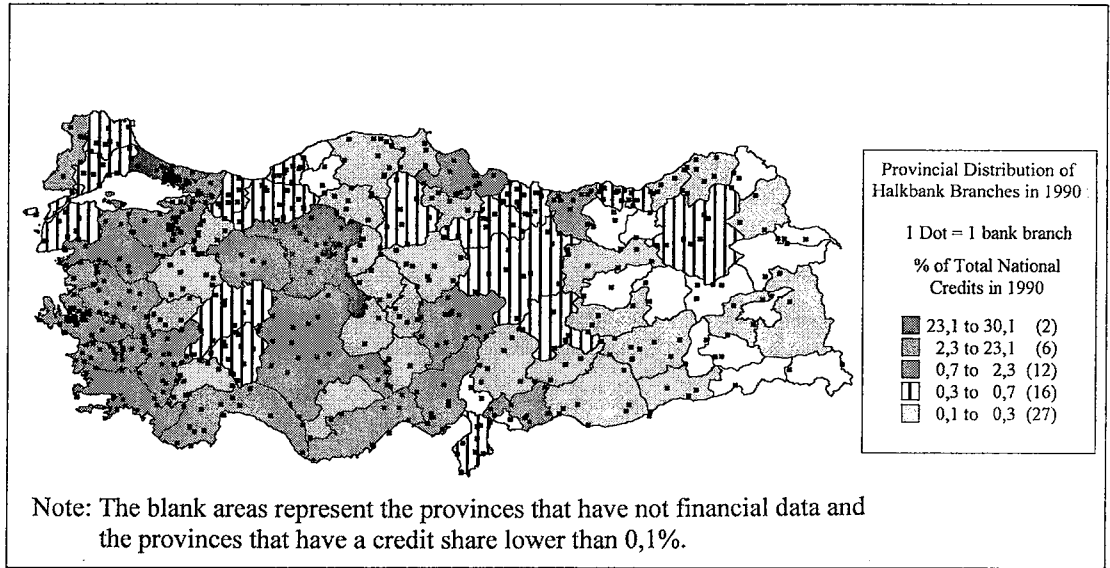


Figure 5.28 Provincial Distribution of Bank Credits and Halkbank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye Halk Bankası A.Ş., 2001).

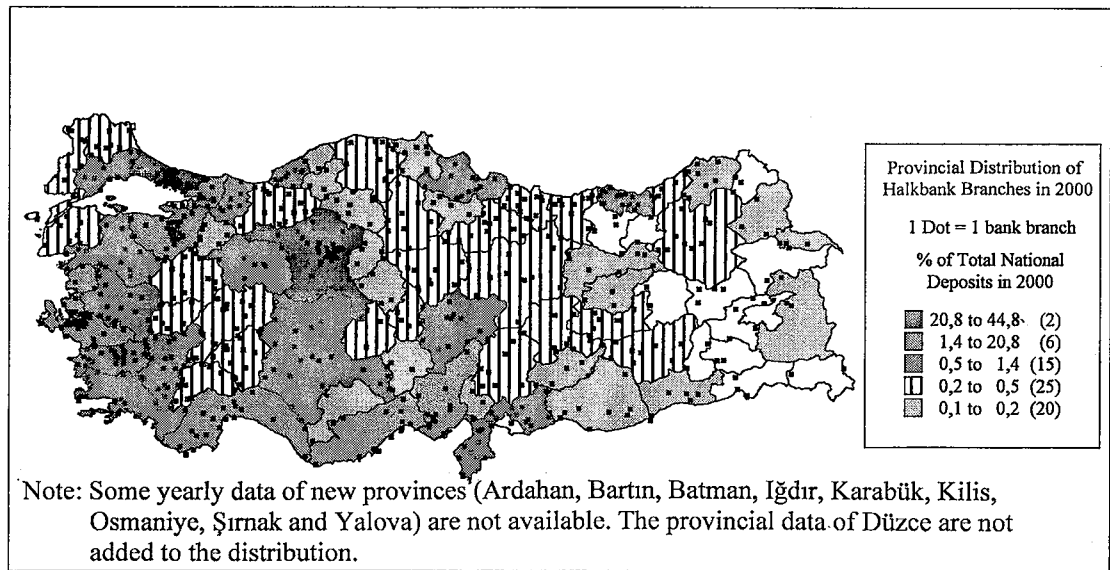
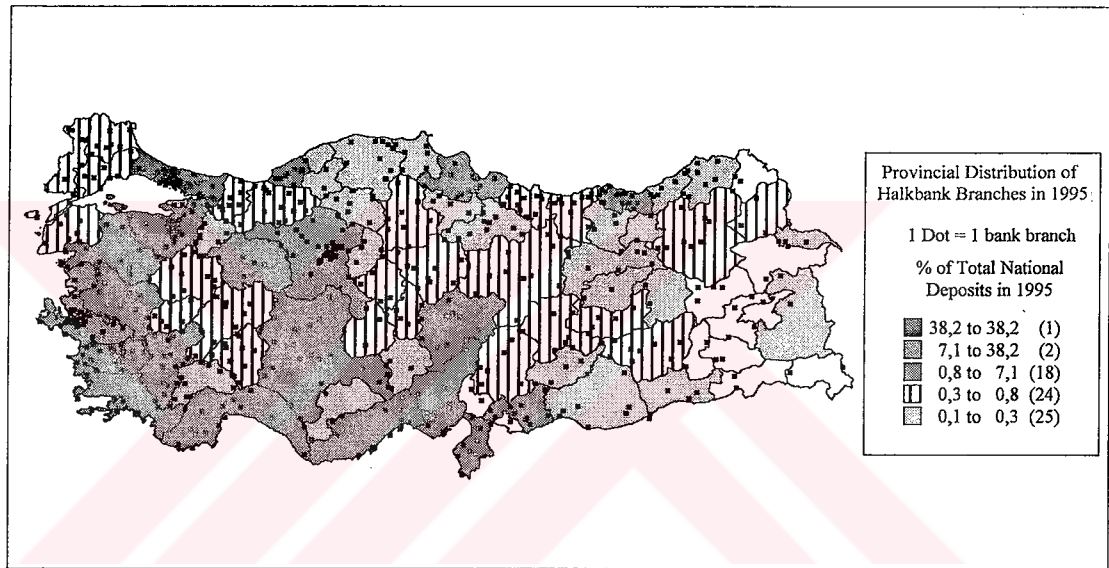
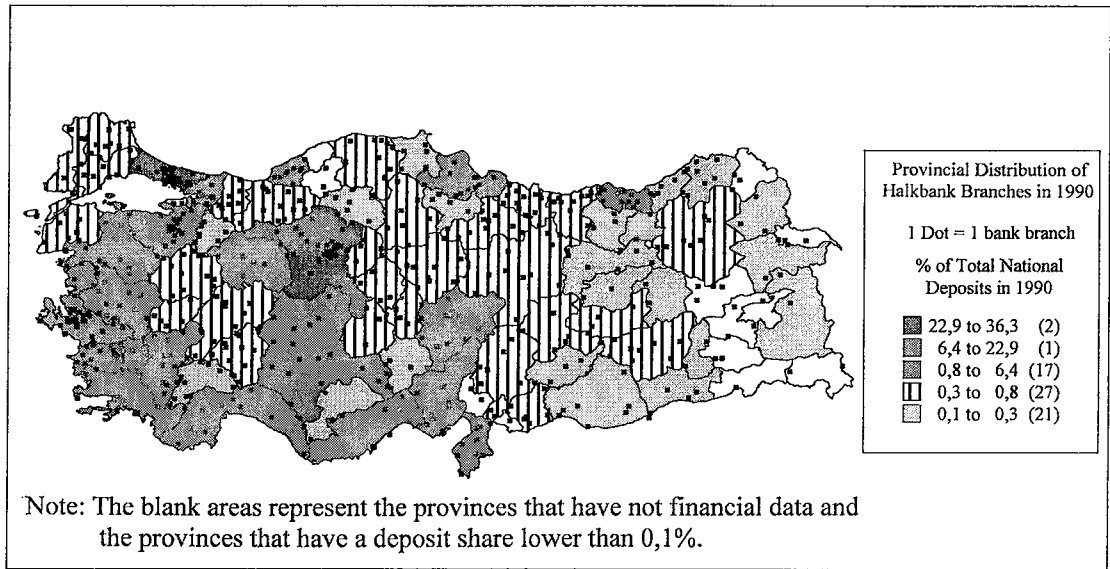


Figure 5.29 Provincial Distribution of Bank Deposits and Halkbank Branches (1990, 1995, 2000) (Türkiye Bankalar Birliği, 1996, 2001 and Türkiye Halk Bankası A.Ş., 2001).

points to fact that state branch banking in Turkey partially compensated for a lack of bank finance in the areas of financial exclusion labeled as the “intra-regional redlined districts of bank finance” in this study. From a private banking viewpoint, this scope of state branch banking is evaluated as an “inefficient scope” by geographical-financial variables. However, this study signifies that a geographical analysis of state branch banking can only be meaningful with respect to the comprehension of the public function of state banking in historical terms.

5.4.4 Branch Segmentation and Regional Distribution

The previous sections draw attention to regional and urban composition of branches in historical terms. In addition, the existing branch projects of the banks are closely associated with the geographical issues. Here, these issues are discussed for the interviewed banks at regional level.

The interviews signify that segmentation of branches into retail, wholesale and commercial is mostly visible in the medium-sized banks (Dışbank, İktisatbank and Koçbank) with the exception of Garantibank. While large commercial banks take advantage of their extensive geographical scopes, small and medium-sized banks pursue a regionally selective branch strategy. Branch segmentation coincides with these regional strategies of the banks in terms of increasing the operational efficiency and extending market area. Especially, the Garantibank case shows that the banks direct their attention to the micro markets in İstanbul, Ankara and İzmir (Capital, 2000a). The open branches of Garantibank have a regionally selective distribution and these are mainly located in the regional nodes of the developed regions as well as the trio. Dışbank and İktisatbank are also characterized by the same regional branch strategies. The early outcomes of hub and spoke model in Dışbank signal that segmentation is also urban selective. Corporate branches of Dışbank were initially

opened in İstanbul, however retail branches (spokes) reflect regional preferences of the bank. In the following period, the extension of hub and spoke model along other regional nodes can lead to a more homogenous distribution of Dışbank branches. However, it is not anticipated that branch segmentation will change the whole geographical preferences of the bank in the short-run. These spatial patterns of branch segmentation are an obvious testimony to the path dependent nature of private branch banking in a technologically determined banking era. Moreover, evidence from Turkish medium-sized banks supports the assertion that new technological developments only contribute to financial concentration by leading a hierarchical but spatially clustered institutional system in Turkish banking.

5.4.5 Branch Segmentation and Urban Distribution

The urban patterns of branch segmentation will be mainly discussed in the following section. However, the banks' new branch projects also reflect the importance of some cities and regional nodes in hierarchical terms, that is why this section mainly concentrates on a brief analysis of branch distribution according to branch segmentation apart from a location and micro market analysis.

The interviews with private commercial banks emphasize that these banks primarily select İstanbul, Ankara and İzmir to test the efficiency of their new branch models. Medium-sized banks tend to establish more hierarchical branch systems that are sensitive to spatial clustering of financial institutions in the specific spots of major cities. The various implementations of hub and spoke model in Dışbank, Koçbank and İktisatbank (newly fund bank) present a good example of these urban selective branch systems. For these banks, İstanbul constitutes the primary area of branch segmentation and Ankara and İzmir represent the secondary cities. However, other regional nodes (Bursa, Adana, Antalya and Adana) are only subject to branch

segmentation in the long-run and the cities of remote regions include only the traditional retail and commercial branches. Among these banks, Dışbank seems to be a successful bank in an extensive implementation of hub and spoke model. Notwithstanding, it is likely that the crisis of 2001 will make it harder for banks to extend the geographical scope of their segmentation projects to new cities and regions. In the light of this, the economic crisis appears to contribute to financial concentration motivated by new financial technology. There is considerable accuracy to this depiction for Turkish medium-sized private banks.

Garantibank constitutes a typical example of large private banks in terms of a nationwide application of branch segmentation. The *Nokta Project* in 1995 made the segmentation of branches possible into corporate and retail. While corporate branches tend to be dependent on the familiar financial environment of İstanbul, Ankara and İzmir, retail branches distribute homogeneously in the country. In the late 1990s, the bank launched a further step of the *Nokta Project* that aimed at opening a number of spoke branches, namely open branches. Here, what seems interesting is that these branches were also opened in the secondary cities and other regional nodes. This can be evaluated as an early example of hub and spoke model that is applied on a broader geographical scale. However, it is early to make a comparison with the nationwide implementations of this model in Europe because the majority of open branches are still located in the three major cities.

5.4.6 Urban Location of Branches

In this section, urban location criteria of banks are discussed with respect to both regional and urban branch strategies. The repercussions of regional branch policies are also felt in the urban location of branches and these create distinct urban geographies of branch banking in state and private banking. In addition to ownership

structure, bank size and type are also regarded as of the utmost importance in the emergence of different scopes of banking. This location analysis is primarily limited to the interviewed banks in a specific era of Turkish banking, namely profitable banking in a disinflation environment. Despite these limitations of the study originated from the pre-crisis period, spatial outcomes can be generalized in Turkish banking after the crisis. Here, some institutional developments related to İktisatbank and Halkbank do not hinder making a spatial analysis at intra-regional, urban and intra-urban levels for the former period.

In order to comprehend the geography of the Turkish branch banking, attention ought to be given to two sets of location factors which in fact, happen to be highly independent: urban location criteria of branches and regional criteria of branch network. Here, the case study rests on the analysis of three bank groups: small, specialized banks with rudimentary branch network (Okanbank), medium-sized commercial banks (Dışbank, İktisatbank and Koçbank) and large commercial banks with extensive branch network (Garantibank, Halkbank, İşbank and Vakıfbank).

Okanbank as a new investment bank operates in Ankara and İstanbul and the bank does not have a regional branch policy because of its operation field and of its development strategy. In the long run, the extension of branch network depends on whether the bank directs its attention towards retail and commercial banking. In the short-run, Okanbank targets to open its branches in the major cities of the developed regions and in the Southeastern Anatolian Region because of its local roots. To open Kocaeli and Gaziantep branch offices occupies a key position in the short-run branch strategy of the bank. The urban location criteria of Okanbank rest on economic and demographic characteristics of a particular city as a whole, land use patterns,

business climate and city image. Financial environment is regarded as of the utmost importance in the geographical aspects of wholesale banking. Martin (1999) signifies that the locational structure of financial institutions differs in their functions and institutional forms. As basic functions are distributed geographically, specialized functions follow a process of spatial concentration. The availability of information on credit risks is associated closely with the bank's location in the financial center (Dow, 1999). Specifically, the most suitable areas for corporate branches involve the upper-status, prestigious areas of the metropolitan cities. For the location of Ankara branch, two possible areas were Cinnah and Gaziosmanpaşa where a good business climate takes place and the financial circulation between the investment banks is at the highest rate in Ankara. According to an assistant expert from Ankara branch of Okanbank, the operation field of a bank also determines the urban location of branches. He indicates that Kızılay was selected as a suitable branch location if Okanbank was a commercial bank or a bank operated in retail banking.

In the analysis of regional branch policies of medium-sized commercial banks, three areas are important: the attractiveness of urban areas, regional potential and long run operational targets of the banks. These three areas jointly indicate that branch banking becomes predominantly related to metropolitan development. The expansion of private bank's personal customer base reinforces this tendency. In the same vein, while İktisatbank mainly operates in the Marmara, the Aegean and the Mediterranean Regions, Koçbank and Dışbank direct their attention towards the major cities of the developed regions. The reason why the underdeveloped regions have an unimportant weight in the past development of branch networks is that the banks target to complete their nationwide branch networks in the long-run. Moreover, private banking is not motivated by a number of public goals, which is the

major reason of the extensive branch networks in state banking. An expert from Koçbank says: “in the determination of regional branch policy, Koçbank does not have a public goal to serve in the underdeveloped regions despite the policy of Ziraatbank”. The rise of retail banking in the new banking era motivates the banks to proceed a dynamic branch policy and to change their regional preferences in the long run.

In the determination of urban location of the branches, the segmentation of banking activities is important. While wholesale banking prefers the industrial areas, retail banking orientates toward the upper-status areas and central business districts. For the medium-sized commercial banks, high street banking occupies a key position in the urban location in terms of taking advantage of a good business climate and the reinforcement of bank image as a brand⁶⁵. In retail banking, banks currently deliver most of their services via some form of high street branch network. İktisatbank proceeds a dynamic branch policy in İstanbul and it mainly operates in the upper-status areas such as Üsküdar for its retail banking activities. The branch reorganization project of the bank corresponds to its former location criteria. “Satellite branches” labeled as small branches with a limited financial operation area, take part in the locations of former retail branches. Koçbank selects the potential areas of commercial and personal deposits for branch location rather than the concentration areas of other banks. The three banks jointly conclude that to find a particular branch location in İstanbul became a major location criterion in the commercial banking.

Large commercial banks have different criteria in the determination of branch location. State banks (Halkbank and Vakıfbank) decide about the location of their branches being motivated by a set of traditional factors involving commercial

potential of the localities, political pressures and local demands. Having the extensive branch networks, these banks do not proceed a branch promotion policy, which comprehends a homogeneous branch proliferation in the country. For these banks, the most preferable areas are the major cities and the cities of the developed regions that have a commercial and industrial development potential. The assistant directors of the banks jointly express that state banking necessitates a rationalization program both in the number of branches and of staff to operate efficiently and rationally in the new banking era. However, a branch rationalization in state banking is not anticipated in the short period because of the political pressures of local institutions and political parties. In spite of the necessity for a branch rationalization policy, Turkish state banks play a key role in local financial development by operating in the areas of financial exclusion. Here, much of the literature on the geography of money emphasizes that financial services and their availability differ from one locality to another. Thus, the economic development of these localities seems to be dependent on their financial geographies (Dow, 1999). The organizational and spatial centralization of financial institutions contributes adversely to the efficiency of local savers and depositors in local investment and forces them to construct more liquid portfolio structures for their money (Martin, 1999a).

The private banks (Garantibank and İşbank) concentrate on customer and market segmentation in their location decisions. Garantibank makes location analysis in the establishment of retail branches and the location criteria are sensitive to whether the branch network in the area is sufficient. The behavioral studies determine how the location factors affect the financial decision making process of customer segment. Banks work harder to identify group of consumers that can

generate the most fee income, customizing their services to cater for changes in how different socio-economic groups consume retail financial services. According to Garantibank, high street banking is important to retail customers and that is why the bank chooses areas which is suitable for the bank's image and which has adequate visibility for retail branches. These suitable locations also represent the market segmentation and thus, micro markets emerge (Capital, 2000a). Information and communication technology makes it possible for banks to develop a micro-marketing strategy that meets the needs of individual customers, instead of traditional mass marketing. Integrating customer information systems (CIS) with central marketing units, a virtual personal banking service changes the relationship between bank and customer (Gandy and Chapman, 1997). Taking advantage of its micro market analysis, Garantibank has an advantageous position in the determination of a rational and efficient branch location in Turkish private banking. In this respect, a director in the Project Management points out, "being close to other bank branches is not an important location criterion for us because Garantibank creates its own attractive financial environment". The location criteria of İşbank depend on the market segmentation at the urban level. Being aware of its nationwide branch network, İşbank proceeds a limited branch proliferation policy in the urban areas of developed regions. While some retail branches take part in the developing industrial and commercial markets such as Kavacık and Altunizade in İstanbul, others locate in the residential areas.

The urban dominance of the branches of three bank groups (small, medium and large) is most visible in the three major cities (İstanbul, Ankara and İzmir). Small, specialized (Okanbank) and medium-sized commercial banks (İktisatbank and Koçbank) established the majority of their branch offices in a number of locations of

these cities. İktisatbank and Koçbank cases show that especially medium-sized commercial banks are engaged in an active branch proliferation in the commercial and industrial areas where the potential of personal and corporate deposits are at the highest rate and in the upper status residential areas. According to its branch segmentation, as wholesale branches of İktisatbank take part in the industrial areas, the location of retail branches (full branches and satellite branches) differs in terms of branch type. The full retail branches, which are mostly sensitive to high street banking, are established in the accessible and visible locations of upper status residential areas. However, the “satellite branches” disperse homogeneously to the particular locations of the major cities and the majority of them operate in the former areas of the full retail branches. The dominance of corporate banking branches in these three cities is observable rather than the retail branches. Despite its traditional operation field in the corporate banking, İktisatbank bases its active branch proliferation strategy on retail banking. The bank targets to establish the majority of retail branches in İstanbul, which is the mostly preferable area of the Turkish commercial banking in comparison with Ankara and İzmir. Both small and medium-sized private banks place İstanbul as an independent locational phenomenon at the forefront of their short and long run branch network strategies.

In its branch strategy, Koçbank directs attention towards the completion of its branch network in the three cities. The branch segmentation of Koçbank is important to signify the urban dominance of the branches: the branches which serve to large, medium and small scale customers and the branches which serve to medium and small scale, retail or corporate customers. The whole of corporate banking branches takes part in the major urban locations and the bank does not succeed a homogeneous branch proliferation in wholesale banking unlike İktisatbank. Like İktisatbank,

Koçbank plans to establish the majority of new retail branches, which especially serves to medium and small-scale retail customers, in the three cities. Here, the importance of İstanbul is also emphasized again in terms of taking advantage of its good business climate and locational lock-in mechanism. The new branch project of Koçbank, “mobile branches” also signifies the continuation of urban dominance of retail and wholesale branches by expanding the operation area of the bank for retail customers without the establishment of permanent branches. It is likely that the project brings about a gradual decrease in the number of local branches in the long period and it can negatively affect the homogeneous distribution of branches in some developed areas.

The large commercial banks (İşbank, Garantibank and Halkbank) have different branch banking policies in the three major cities. With its homogeneously distributed branches nationwide, İşbank concentrates on a branch promotion in these cities. The bank establishes its branches in the actual development areas of commerce and industry and the distribution of the branches also corresponds to new areas of urban development. In other words, İşbank evaluates branch proliferation in these areas as a parallel process to metropolitan development. On the other hand, its active branch proliferation policy also includes the secondary cities in the national urban hierarchy such as Gaziantep, Bursa and Antalya. In conclusion, the particular locations in the trio of Turkish cities that have a historically important financial position motivated by path dependency. Apart from this, the new development areas in the secondary cities such as free-zone in Gaziantep, occupy a dominant position in the urban location criteria of İşbank.

Being selective in its regional branch distribution, Garantibank develops a number of projects involving the determination of “urban micro markets” (Capital,

2000a) and the reorganization of branches to fortify its position in the major cities. The micro markets of the trio are important to determine national banking strategies. In addition, the micro markets strategy serves for the determination of a number of parameters in the location analysis of Garantibank: urban location of branches, allocation of different branch types such as retail, open and full retail branches for urban areas, potential areas of deposits, urban distribution of demanding financial products and location of customer segments (Capital, 2000a). To test the efficiency of new branches in the branch reorganization project for urban areas, the three major cities are important to Garantibank. The concentration of different branches in the same location characterizes the existing branch network in these cities. In İstanbul, retail and open branches of Garantibank that are the branches serving retail customers and offering standard financial products with lower operational costs, share the near locations. This signifies not only a heterogeneously distribution of branches in the urban areas but also a fact that branch banking in the major cities is sensitive to the concentration areas of different customer segments.

Serving a series of public goals in the localities, Halkbank places its nationwide branch policy at the forefront of its state banking strategy. Unlike İşbank and Garantibank, the bank proceeds a static branch policy in the trio. At this point, Halkbank does not assess the urban branch promotion as an important factor in terms of the survival of state banking in new banking era. Conversely, an assistant manager from the Research, Development and Planning Department of Halkbank points out that new financial technology not only affects the branch organization of Turkish banking but also the number of branches. According to him, the existing branch networks of state banking in the major cities are sufficient for the future development of branch banking.

This chapter concentrated on the interrelationships between space, technology and policy in the new geography of branch banking in Turkey. In that respect, Table 5.2, based on the outcomes of interviews, gives a brief summary of this interplay. Here, the important outcomes can be deduced from the Turkish case. First the institutional policies of Turkish banks can be generalized to recent work on money, space and technology. A convergence of factors involving financial technology, operational requirements and marketing strategies determines the most efficient branch banking policy for each bank. Especially, small and medium-sized banks have a greater organizational flexibility in the implementation of these policies. However, large banks have an advantageous position in the broader branch banking strategies like market and branch segmentation at urban and regional levels. These external and internal factors constitute non-spatial aspects of the emergent geographies of money and finance. Second, the banks have different locational criteria in the establishment of their branch networks. In the determination of branch locations, the historical (business climate and locational lock-in), economic (commercial and industrial potential) and socio-cultural (bank image) reasons are regarded as of the utmost importance. While the locational preferences of small and medium-sized banks are characterized by institutional factors at urban and intra-urban levels, large banks display the regional patterns of branch reorganization. In this generalization, what makes the Turkish case unique is the differences between the geographical patterns of state and of private banking. These distinct geographical scopes of banking and related activities can be attributed to the structural characteristics of the Turkish financial system. With respect to broader branch rationalizations and mergers both in state and private banking, the economic crisis of

Table 5.2 Space, Technology, Policy and Turkish Branch Banking

	Small banks (Okanbank)	Medium-sized banks (Koçbank, İktisatbank and Dışbank)	Large banks (Halkbank, İşbank, Vakıfbank and Garantibank)
Branch banking strategy	Urban branch proliferation in the long run	Nationwide branch proliferation in the long run Proliferation of retail branches Development of alternative delivery channels	Branch rationalization in the long run No change in the overall branch network
Financial technology and branch network	Establishment of branch network	Branch reorganization Branch segmentation	Branch reorganization Non-branch banking
Overall branch location policy	Regionally selective distribution of branches Urban concentration of branches in wholesale banking	Regionally selective distribution of branches by the areas of bank credits and deposits Urban concentration of branches	State Banking Homogenous branch distribution at intra-regional level by population and administrative borders Private Banking Homogenous branch distribution at intra-regional level by credit and deposit regions
Urban location criteria of branches	Land use patterns Business climate City image Financial circulation	High street banking Land use patterns Business climate Bank image as a brand Locational lock-in	High street banking Market differentiation Customer segmentation

2001 seems to sharpen these geographical differences and more heterogeneous geographical distribution of branches is likely to dominate the post-crisis period.

5.5 Spatial Processes and Branch Banking in the Turkish Case

The evolution of branch networks in Turkish banking reveals a diverse set of accounts of spatial processes of money. Here, two key processes involve homogenization of financial space and financial concentration. The former indicates both technological and public concerns of geography of branch banking in Turkey. The latter signifies that financial concentration appears to be an important process in the historical geography of branch banking. In the Turkish case, financial concentration is bundled with two sub-processes which, in fact, happen to be highly interdependent: financial concentration and financial exclusion. However, in the following sections, the main emphasis is given to the institutional geography of money rather than regional-financial development or geography of bank credits and deposits. In so doing, the study attempts to establish a bridge between regional-financial development and the location theory.

5.5.1 Homogenization of Financial Space

In this section, homogenization of financial space is discussed both within the historical and contemporary geography of branch banking in Turkey. Here, different institutional strategies of state and private banking reinforce twofold definition of this process: homogenization through national branch banking that aimed at realizing regional-financial development in retrospect and homogenization due to new technologically oriented institutional models of private banking. The former can be evaluated as an uncompleted process in the Turkish case.

In historical terms, it is formulated in a strikingly different fashion in order to disclose what the Turkish government pursued, a national branch banking model to support both industrial-commercial development and regional-financial development throughout a long period. To homogenize public financial space and to assist local financial development, Turkish state banks established very extensive branch networks along secondary cities, towns, rural areas and lower credit and deposit regions. Especially, Halkbank presents a good example of this extensive and homogenous development of the Turkish state branch banking. The geographical scope of Halkbank historically tended to involve the developing and underdeveloped regions in terms of industrial, commercial and financial development, leaving aside the traditional strong regions of branch banking like the Marmara and the important regional nodes like İstanbul, İzmir and Ankara. Lending agricultural and KOBİ credits extensively in these regions, state banks aimed at assisting regional and local financial development. Moreover, they attempted to compensate for a lack of private banking by increasing credit and saving capacity of these redlined districts. However, in fact, these banks with their extensive operational scopes only functioned as a representative of the state. Thus, the government's efforts to homogenize public financial space in Turkey can be called as an unfinished task and state banking has not reached its specific goals yet. It is anticipated that, the crisis of 2001 will contribute adversely not only to local financial development motivated by state banking but also the geographical scope of state banking. Overall, the geographical patterns of the Turkish state branch banking appear to reflect an unprofitable institutional system. However, with respect to service logic, state banks performed their public roles in the areas excluded from private banking.

The contemporary geography of branch banking is represented by homogenization of financial space due to the convergence of new financial technology and new institutional models. What makes the Turkish branch banking particularly interesting and somewhat unique from a comparative perspective is that new branch models like hub and spoke branching are only implemented at intra-regional and urban levels. There is evidence to suggest that Turkish private banks mostly launched their branch segmentation projects within a limited geographical scope. Typical examples of these banks are Dışbank and İktisatbank that target to locate their spoke branches in İstanbul, Ankara and İzmir. However, Garantibank case shows that large private banks plan to extend their segmentation projects along secondary regions and cities in the long run.

Far from having a comprehensive technological institutional strategy that is based on non-branch delivery channels, the banks mainly adapt new financial technology to their existing branch networks (Capital, 2000b). The open branches of Garantibank and the satellite branches of İktisatbank are an obvious testimony to this convergence. These branch models also signify that private banks contribute partially to the homogenization of the institutional geography of money. This is mostly visible at intra-urban level and the banks attempt to extend their urban scopes by locating their small and technologically structured retail branches in the peripheral areas far from high street locations. For example, the distribution of open branches of Garantibank primarily coincide with the bank's geographical scope within the metropolitan areas of İstanbul and Ankara and these branches tend to locate in the secondary streets and in the outer city areas. This is similar to the early development of ATMs in Turkey. However, with the nationwide role of ATMs in the homogenization of banking activities, these new branches have a limited

geographical scope and in most the cases, they do not include redlined districts of branch banking in three cities.

In conclusion, Turkish private banking has a limited role in the homogenization of financial space in comparison with the continuous development of retail banking through non-branch delivery channels in the UK and the US. Despite the early signals of the development of alternative delivery channels in the major Turkish banks like Garantibank and İşbank, the homogenization is still dependent on the convergence of branch segmentation and brick and mortar banking in the Turkish case. In addition, the spatial effects of this convergence are only visible in an intra-urban level. Secondary cities, other regional nodes and the areas of financial exclusion in the underdeveloped regions appear to be bounded on their local institutional geographies that is a part of heterogeneous geography of branch banking in Turkey. As seen in the previous sections, the evolution of branch networks constitutes a partial confirmation of this heterogeneous institutional geography by geographical-financial variables. This tends to support the assertion that the geographical scope of Turkish private banking is path dependent and new financial technology only contributes to a partial homogenization of financial space by increasing the operational area of branch banking at urban level.

5.5.2 Financial Concentration

The previous sections discussed that institutional, technological and spatial developments have come together to stimulate regional and urban concentration of branches. This phenomenon has been given the name *financial concentration* in institutional terms. In the Turkish case, financial concentration process at regional and intra-regional levels constitutes one further motivation for the emergence of areas of financial exclusion at urban level. In the analysis of these two interrelated

processes, bank type, bank size, ownership structure and geographical-financial variables⁶⁶ are primarily important.

In Turkey, private branch banking tends to concentrate in the specific regions and cities, which coincide with the higher credit and deposit regions. This can be identified as a partial confirmation of path dependent nature of private banking. Here, medium and large sized private banks contribute to financial concentration in various ways. Here, an analysis of the historical geography of branch banking reveals diverse set of accounts of the regional and urban composition of branches.

The Dışbank case shows that medium-sized private banks display the geographic patterns of a regionally and urban selective branch strategy. At regional level, While the Marmara region is labeled as a traditionally strong region of branch banking, İstanbul, Ankara and İzmir constitute major regional nodes. At intra-regional level, its branch network seems to be consistent with the geographical distribution of bank credits and deposits. However, an intra-regional heterogeneous distribution by geographical-financial variables confirms that there are also redlined districts of branch banking in the financially developed regions of Turkey. What seems interesting is that such a geographically divided and heterogeneous structure is also observed at intra-urban level. Here, the European side of İstanbul maintains its important position in the urban composition of branches against the Anatolian region.

However, Garantibank and İşbank cases confirm that large private banks have some degree homogenous branch development and this nationwide branch development also reflects the existence of a hierarchical structure in terms of the geography of branch banking. This hierarchical structure is most evident with respect to regional and urban composition of branches. At regional level, the Marmara

region constitutes the most important area of branch banking while the secondary regions are represented by the Aegean and the Central Anatolian regions. Especially, in the Garantibank case, the remainder of Turkey is identified as the areas of financial exclusion at regional level. By geographical-financial variables, the urban concentration of Garantibank branches is most visible in the eastern regions of Turkey. However, the branches of İşbank features more homogenous distribution in these regions and the Black Sea region is also labeled as a secondary region of branch development. In comparison with other private banks, provincial population is labeled as a crucial spatial variable in the geographical preferences of İşbank. At urban level, both banks display the spatial patterns of urban concentration. The urban concentration of branches is primarily visible in İstanbul, Ankara and İzmir and these cities are termed as a trio of branch banking in Turkey by population, bank credit and deposit concentration. The importance of secondary cities and other regional nodes differs in the banks. At this point, Bursa, Adana and Antalya have an limited weight in the overall branch development while some cities of the Aegean and the Black Sea region represent the important regional nodes in terms of private branch banking in Turkey. This is most forcefully illustrated by the development of İşbank branch network in these regions. For İşbank, the Aegean and the Black Sea regions constitute the important secondary regions and some regional nodes of these regions reflect the geographical scope of the bank originated from the branch development in the national banking era. Despite the existence of some degree homogenous branch distribution by financial variables, the evolution of branch networks in Turkish private banking confirms that the geographical scope of private banking is path dependent. This results in the emergence of areas excluded from private branch banking and these areas mostly appear to be dependent on the limited operation field

and banking activities of state banking. A geographical analysis of private banking indicates that the financial exclusion in Turkey is originated from the intra-regional characteristics of branching instead of rational branch policies by geographical-financial variables.

In that respect, the Turkish case signifies the existence of financial concentration process that is subject to private banking. However, this process can not be evaluated as a typical form of financial distancing that is mostly evident in the UK case. İşbank case emphasizes that some regions and cities ought to be defined as the areas of partial exclusion in which retail branches are mostly located in the secondary cities instead of rural areas. The urban orientated branch reorganization and branch rationalization policies jointly add to financial concentration motivated by private banking. The development of non-branch delivery channels does not mean the disappearance of financial concentration at regional level because the bank clients in most of the underdeveloped regions and rural areas are still dependent on brick and mortar banking. In the Turkish case, that is the reason why the distributive effects of new financial technology are expected to be felt in the long-run and mainly at intra-regional level. New branch segmentation projects of the banks also seem to reinforce urban concentration of branches. Moreover, the crisis of 2001 adds further dimensions to this type of financial concentration process and huge branch rationalizations appear to exacerbate financial exclusion due to the institutional developments of Turkish private banking.

One further area of concern is the issue of financial exclusion at urban level. In comparison with the “no-go zones” of Los Angeles (Corbridge and Thrift, 1994), the areas of financial exclusion in İstanbul, Ankara and İzmir are mostly limited with the outer city locations involving peripheral areas at urban fringe, areas far from high

street locations and suburbs subject to informal housing. Here, a detailed analysis of these areas is not made in spatial terms because of the limitations of study. However, the financial districts of İstanbul (Anatolia) present a good example of financial exclusion. Considering the dominance of these cities in the banks' branch network, complete "no-go zones" are not visible in the Turkish case. Moreover, new small retail branches of the private banks like satellite, spoke or open branches tend to locate in the secondary street and to concentrate in remote areas at metropolitan level. Notwithstanding, some degree financial exclusion still occur in the inner city areas with reference to market differentiation in retail banking. To extend its geographical scope in these inner city areas, Garantibank launched its branch and market segmentation project, that is a part of the *Nokta Project* in fact. The early outcomes of this project signal that new small branches called as "open branches" make it possible for unfamiliar customers in these areas to utilize basic banking activities by offering standard and unsophisticated financial products. Locating heterogeneously their branches in the areas far from a spatial clustering of banks, state banks also contribute to this form of financial exclusion. The distribution of Halkbank branches in Ankara exemplifies this distinct landscape of state branches in the major cities. Contrarily, the private banks tend to cluster in specific high street locations that display the patterns of a financial community formation. This clustering is most evident in wholesale banking rather than retail banking.

Overall, a different form of financial concentration is motivated by private branch banking in Turkey. In addition to path dependent nature of the bank' geographical scope, new institutional and technological developments also add further dimensions to this type of concentration process. Despite the traditionally extensive scope of state branch banking, some regions and cities in the higher

population and deposit groups continuously suffer from financial exclusion. This is because state banks mainly attempt to perform primary goals of the government associated with agricultural and commercial development issues instead of offering sophisticated financial products and services. In addition, overall branch policy of state banking is characterized by public service logic consistent with provincial population. In the light of this, this type of financial exclusion is mainly based on a lack of private branch banking that shows a strong adaptation of financial technology for its institutional structure in the Turkish case. As seen in the European case, the development of private branch banking can be evaluated as a prerequisite condition to the competitive financial environment and to financial community formation. This also constitutes the further motivation for regional and local financial development. However, the existence of a private bank branch in one place does not bring financial inclusion by bank credits. A number of reasons might be offered to justify this claim in Turkey: the existence of interregional financial flows, the exclusionary effects of “regional credit rationing” (Dow and Rodriguez-Fuentes, 1997) and the horizontal credit linkages between the banks like the “back to back credits” (Interview with İlhan Tekeli, 2002). Despite the importance of these non-spatial factors in the emergence of the exclusionary effects of branching, this study mainly concentrates on a regional and provincial analysis by using total national financial variables. Here, the geographical characteristics of branch networks, regional segmentation of credit markets and deposits, bank size, bank type and operational scope are identified as the main determinants of financial exclusion in Turkey.

CHAPTER 6

CONCLUSION AND FUTURE REMARKS

Much of the contemporary literature on the new institutional geography of money is far from having a comprehensive synthesis encompassing regional-financial development and the location theory (See Table 6.1 for a comparative theoretical perspective). This is because the geography of money as a new discipline mainly grounded on the case studies of the UK and the US that have homogenous financial geographies. These studies take two issues independently further by examining regulatory framework and global-local processes of money: an institutional and monetary analysis on regional finance and a spatial and socio-cultural analysis of the world's leading financial centers. However, a spatial analysis of money and finance at some geographical levels is under-theorized with little attention paid socio-economic, institutional and technological factors in the emergent geographies of financial institutions and urban geographies of money and finance. The Turkish case addresses this hole in the literature by attempting a new theoretical foundation: a historical- institutional approach on the new geography of money. To understand this approach in a detailed way, prime importance is attached to the outcomes of the case.

It seems that the institutional geography of money in Turkey was shaped by spatial processes of money specific to Turkish banking. Central to this argument is that both the historical and contemporary geography of branch banking in Turkey

was characterized by specific forms of financial concentration and financial exclusion. Nonetheless, it would be misleading to emphasize only economic and institutional factors in the emergence of these processes. The spatial processes in the contemporary geography of money are also tied in with close relationships between, institutional, economic and technological developments. There is considerable accuracy to this depiction in Turkish branch banking across the full range of geographical scales (national, regional, intra-regional and urban). In the same vein, the outcomes of the study are generalized in the new geography of branch banking in Turkey. Building on work on this geographical analysis of branch banking, the conclusions are highlighted to geographical-financial variables, ownership structure, bank type, bank size and historical scope. The evolution of branch networks has had important repercussions on how the institutional geography of money in Turkey has constituted in historical terms. The outcomes of interviews on the basis of eight Turkish banks are important to comprehend new technological and institutional developments in the contemporary geography of branch banking and to discuss the anticipated developments in the regional and urban composition of branches in the post-crisis era. Within this framework, the consequences of the study can be given as follows:

1. The geographical scope of the Turkish branch banking is path-dependent. Path dependency theory concentrates on the historical and spatial factors in the territorial embeddedness of financial institutions. However, an important question remains unanswered in the theory: How do the internal institutional and regulatory factors contribute to locational lock-in? Drawing attention to the different spatial patterns of state and private banking, the Turkish case makes an original contribution to the theory: the geographical preferences of branch banking were strongly

influenced by internal institutional strategies in historical terms. Here, the historically advantageous or disadvantageous areas have been determined by different geographical patterns of banking according to ownership, bank size and operation area.

1.a Private banks had regional and urban selective branch policies and their branch networks displayed both the patterns of a geographically heterogeneous distribution by population and a homogenous distribution by bank credits and deposits. At intra-regional level, the banks tended to locate their branches in the major cities, regional nodes and other important secondary cities. However, state banking demonstrated a branch distribution that was not correlated with financial variables at regional and intra-regional levels. Considering the very dynamic processes of branch proliferation and rationalization in state banking, state branch banking was characterized by an intra-urban change of branch plots. Here, small towns, rural areas and the areas in the redlined districts of private branch banking were mainly subject to these dynamic branch developments.

1.b Large banks pursued a nationwide branch proliferation policy in comparison with medium and small-sized banks. While large banks directed their attention both to primary and secondary regions of branch banking, other banks had a limited geographical scope in the higher population, credit and deposit regions. The relative homogenous branch development of large banks by provincial population was also observable at intra-regional level and regional nodes and other secondary cities appear to be the further areas of branch promotion.

1.c The traditionally extensive geographical scope of retail banking was mostly visible in the Turkish case. At national and regional levels, retail branches dominated the branch networks. Until the 1980s, nationwide branch developments

both in private and state banking were enabled by retail orientated branch proliferation policies.

1.d Experiencing all important stages of Turkish banking, many state banks have operated in their historically determined geographical scopes throughout a long period. Their regional and urban branch compositions stayed constant and the banks appeared to be dependent on their local branch networks at national and intra-regional levels. However, starting in the 1980s, private branch banking has undergone important spatial developments at intra-regional level and a regional and urban concentration of branches has been attributed to technological and institutional developments in this period.

2. The evolution of branch networks in the Republican era (national banking and period after 1980) evidenced the existence of a different form of financial concentration. This process primarily occurred at regional and intra-regional levels and some regions and regional nodes in the higher population and lower credit areas continuously suffered from a lack of private banking activities. Taking account of the role of unit banking in the regional and local financial development, private branch banking mainly orientated towards the potential development areas of commercial and industrial development in the Turkish case. An intra-regional analysis of financial concentration makes an important contribution to the contemporary literature on space, technology and money. Evidence from the US and Europe primarily highlights a broader concentration process, which occurred at national and regional levels. In Europe, the downsizing and rationalization of local branch offices and the establishment of regional banking centers exemplifies this type of concentration process.

2.a The geographical preferences of Turkish private banking constituted one further motivation for financial concentration. At regional level, private bank branches were concentrated in a few developed regions although some major banks had nationwide branch networks. These geographical and institutional developments have come together to stimulate financial concentration at regional level. At intra-regional level, concentration was further motivated by branch developments in the major regional nodes. Considering their rational geographical preferences of private branch banks by financial variables, this type of financial concentration can be evaluated as an expected development. However, the idea of this study is not to suggest that financial concentration is completely related to these geographical preferences, but rather to state that this process can also be attributed to the geographical expression of non-financial variables like optimum service areas of branch banks by population, settlement type and intra-regional composition of settlements. Regardless of the relative contribution of private banking to concentration process, state banking attempted to homogenize public financial and regulatory spaces in the Turkish case. The homogenization of financial space is also termed to signify the state's role in the national economic development in Turkey as well as more technologically definition of this process in the recent studies in the triangle between, geography, money and technology. This constituted an original contribution of the study to the contemporary literature on the geography of money. The attempts to spread financial development over the country failed due to the traditional geographical scope that coincided with the scope of state's public services, institutional system and unprofitable business of Turkish state banking. However, state branch banking was successful in the nationwide extension of public

financial space in some routine banking services and performed its public role some degree in local financial development.

2.b Bank size is also regarded as of the utmost importance in the comprehension of geographical roots of financial concentration. With their historically limited geographical scopes, small and medium-sized banks played a key role in this process at intra-regional and urban levels. Large private banks showed some degree of regional dispersal of branches and financial concentration was most evident with respect to branch concentration in the three major cities (İstanbul, Ankara and İzmir). However, important family banks appeared to be dependent on their strong regions in terms of both profitable banking and specific operation fields in the other sectors.

2.c In the Turkish case, wholesale banking demonstrated greater spatial concentration rather than retail banking at intra-regional and urban levels. Since the 1980s, an early form of branch segmentation in Turkish private banking was characterized by the geographical patterns of unit banking. Here, wholesale banks and the corporate only branches of major commercial banks differ according to their location patterns at regional and urban levels. While wholesale banks tend to locate in specific urban spots, corporate branches are concentrated in the major cities at regional levels. In that respect, it is apparent that the former is represented by the spatial patterns of unit banking while the latter primarily corresponds to regional banking.

2.d In historical terms, private banks pursued their regionally and urban selective branch policies. Starting in the 1980s throughout the 1990s, Turkish banking entered a new phase of financial concentration that was motivated by private branch banking. The divergent institutional geography of branch banking became

clear in this period. The private banks reverted to a policy of branch promotion at urban level and branch rationalization at regional level. This tends to support the prognosis that the continuous concentration of branches in favor of major cities is likely to bring about redlined districts or *no-go* zones of branch banking at intra-regional level as well as urban level in the Turkish case.

3. Financial concentration contributed to financial exclusion by some geographical variables at regional and intra-regional levels. In the study, an analysis of financial exclusion mainly depended on the spatial expression of financial variables. Naturally, the existence of bank branches in one place does not bring financial inclusion in any case. In the Turkish case, financial exclusion can also be explained by the non-spatial factors: the interregional financial flows, credit rationing (Dow and Rodriguez-Fuentes, 1997) and the horizontal credit linkages between the banks (Interview with İlhan Tekeli, 2002). However, the limitations of this study made it harder for this process to deepen such an institutional analysis. In theoretical terms, recent studies ignored a historical and institutional basis in the emergence of areas of financial exclusion or inclusion and these mainly dealt with an intra-urban analysis of financial exclusion (Corbridge and Thrift, 1994). However, this thesis confirmed that the historical (traditional geographical scope) and institutional (spatially selective branch proliferation policy) factors resulted in the emergence of areas of financial exclusion at regional and intra-regional levels. Counter to evidence from US, the Turkish case signified that the areas of financial exclusion were not observable at urban level. Despite the spatial clustering of banks at metropolitan level, especially the three major cities (İstanbul, Ankara and İzmir) did not have complete the redlined districts of branch banking. Instead of these areas, some inner city areas like the Anatolian side of İstanbul were characterized by a partial financial

concentration in comparison with favorable areas. However, an intra-urban analysis of financial exclusion constituted the main limitation of the study.

3.a A regional and intra-regional financial exclusion was primarily motivated by the geographical preferences of private branch banking. In most cases, sub-regions that comprise unfavorable areas of private branch banking represented the areas of financial exclusion at regional level. These “redlined districts” did not only take part in the traditionally weak regions of branch banking (the Black Sea, the Southeastern, the Northeastern and the Middle Eastern Anatolian regions) but also in the secondary regions (the Aegean, the Middle Northern and the Middle Southern Anatolian regions). An analysis of regional and urban composition of branches in the last decade reinforced this assertion at regional level. Especially, the branch developments in the secondary regional nodes of the higher population, credit and deposit areas can be identified as a partial confirmation of an intra-regional financial exclusion. What seemed surprising was that an under-representation of state bank branches in the major cities added to financial exclusion at intra-urban level. In most cases, state branch banking displayed a heterogeneous distribution in these areas apart from demonstrating the spatial pattern of spatial clustering and high street banking. Counter to very dynamic processes of branch rationalization and proliferation in the private branch banking, state branches also featured a limited intra-urban change in the branch plots by being located in their historically financial environments.

3.b The branch banking strategies of large banks occupied a key position in the emergence of financial exclusion areas at regional level. Although some major private banks extended their branch networks along secondary and tertiary cities, the majority of them seemed to be dependent on their strong regions by financial

variables originated from both traditional geographical scopes and their specific banking activities. Medium and small-sized banks had also a spatially selective branch strategy at urban level. Most of the small banks tended to operate in the areas that coincided with their institutional and geographical roots in addition to the convenient regions of private branch banking in Turkey. This confirmed that the geographical scope of medium and small-sized banks are more territorially embedded rather than large banks in the Turkish case.

3.c The urban patterns of financial exclusion also differ according to bank type. While retail banking tends to concentrate both in the high street locations and secondary areas in the urban districts, wholesale banking revealed the spatial patterns of financial community formation. Despite the existence of some degree spatial clustering, private retail branches were located homogeneously both in the traditional and emergent areas of commercial and industrial development. This was most evident in the sub-centers of the three major cities. Notwithstanding, corporate banking mainly corresponded to the patterns of unit banking and corporate branches spatially clustered in the upper status prestigious areas of major cities. These financial areas were also labeled as the areas of a familiar financial environment in the Turkish case. Especially, there is considerable accuracy to this depiction for corporate only banks. The corporate only branches of major banks were located in the same convenient areas of wholesale banking in the regional nodes as well as İstanbul, Ankara and İzmir. In so doing, these branches mostly demonstrated geographical patterns of regional banking.

4. Recent institutional and technological developments add to financial concentration and financial exclusion at both intra-regional and urban levels. While branch rationalizations at regional level mainly occur in Turkish private banking,

some technologically oriented branch models like hub and spoke model lead to branch concentration in the major cities. As a new theoretical attempt, this study establishes a bridge between new institutional and technological developments and socio-economic and spatial processes of money. There is little integration of the spatial aspects of market segmentation in banking by economists and by geographers in the literature.

4.a New branch segmentation and market differentiation projects of major private banks are initially launched in a limited geographical scope. Especially, the three major cities and some important regional nodes are subject to these projects. The spatial effects of these developments are twofold. On the one hand, new small retail branches (satellite, open or spoke branches) serve different customer segments in the financial market areas of metropolitan cities and this brings further urban concentration of branches. Thus, a different form of financial concentration is motivated by new institutional models at intra-urban level. On the other hand, these new branches also function as spokes in the areas of financial exclusion by being located in some outer city areas and along the secondary streets. This double play emphasizes that an early implementation of hub and spoke model in Turkish banking generates different spatial effects at urban level in comparison with regional application of this model in the other countries. The weakness of many state banks in the adaptation of financial technology to their institutional systems make it harder for Turkish state banking to discuss the clear spatial outcomes within a institutional framework of money. However, it is likely that branch rationalization and consolidations due to the crisis will radically affect the spatial composition of state branch banking at both urban and regional level. It is early to discuss the spatial outcomes of these institutional developments in Turkish state banking.

4.b Turkish small and medium-sized banks display strong adaptation of financial technology and new institutional models to their branch networks. In the same vein, it is apparent that regionally and urban selective nature of new branch models is most evident with respect to the projects of these banks. Most of them launch their branch redesign projects in İstanbul, Ankara and İzmir and the developments in the favorable areas of private branch banking in Turkey appear to be dominated by traditional retail branches. However, large banks target to extend their redesign projects to secondary cities and regional nodes in the short-run and to the remainder of Turkey in the long-run. That is why the complete replacement of traditionally full retail branches for new spoke branches is anticipated in the following period. Moreover, this possible institutional development will affect the institutional geography of banking and finance at urban level and new urban geography of money in Turkey is characterized by small financial districts in addition to the concentration areas of branch banking.

5. The economic crisis of 2001 had serious consequences for the geography of banking in Turkey. New institutional developments like branch rationalizations, consolidations and ownership changes add further dimensions to the spatial processes of money. The institutional effects of the crisis are felt both in state and private branch banking, but spatial effects are initially expected in the regional and urban composition of state branch banking. It is likely that huge branch rationalization will change the nature of state banking in not only economical terms but also in spatial terms. An anticipated development is that rationalization and consolidation may bring about further change in the regionally homogenous distribution of state branches by provincial population and may lead to an urban concentration of branches in the short-run. Considering the poor adaptation of state

banking to new technological and institutional developments in comparison with private banking, a typical form of financial concentration seems to be motivated by new geographical preferences of state branch banking in the long-run. Private banks respond to the crisis in various ways. Most of them take advantage of both their financial technology strategies related to new delivery mechanism and their branch redesign projects that were launched in the pre-crisis period. Nevertheless, there is no signals of an nationwide implementation of new branch models in the short-run and this confirms that technological and institutional developments constitute the further motivation for financial concentration also in the crisis period.

In conclusion, both the evolution of branch networks and recent technological and institutional developments signify the existence of spatial processes of money specific to the Turkish case. While the historical geography of branch banking was shaped by economical and political developments at each stage of Turkish banking, recent technological developments also contributed to the constitution of distinct geographies of banking. A different form of financial concentration and exclusion in the triangle of technology, space and money constitutes an obvious testimony to the territorial embeddedness of branch banking in the Turkish case. In other words, the study concluded that path-dependent nature of branch banking is not only observable in historical terms, but also new technological and institutional developments in the late 1990s contributed to this phenomenon.

In theoretical terms, the study made the point that a historical-institutional approach is important to analyze the spatial processes of money in the countries where the dynamic regulatory, technological and financial developments occur (see Table 6.1). To comprehend the distinct geographies of money and finance in these countries, a redefinition of spatial processes are needed. The Turkish case added

further dimensions to these processes. First, these processes ought to be analyzed in a broader historical context. The twofold definition of homogenization of financial space to involve the historical developments of regulatory and public financial space can be evaluated as an outcome of this historical analysis in the case. Second, spatial processes of money can be examined in the full range of geographical scales. A regional and intra-regional analysis of financial concentration and exclusion in Turkish branch banking seems to be the confirmation of the necessity of a broader spatial work in this field.

There are some limitations of the study. These involve a lack of intra-urban and intra-regional analysis of financial exclusion and a detailed locational analysis of retail and wholesale banking at intra-urban level. Most of these limitations originated from a lack of common classification among Turkish banks according to geographical scope and operation field. However, these constitute the further motivation for the following studies in the triangle between, space, money and technology.

Table 6.1 New Institutional Geography of Money from a Comparative Perspective: Money, Power, Space and Technology

APPROACHES ON MONEY, POWER, SPACE AND TECHNOLOGY	INTERACTIONS			PROCESSES		CONTEXT	
	Money and Space	Financial System and Space	Banks and Space	Homogenization of Financial Space	Financial Concentration	Financial Exclusion	Theoretical Framework for New Institutional Geography of Money
Historical Approach	History matters for the distinct geographies of money.	The spatial configuration of financial system ties in with "lock-in effects".	Clustering and locational advantage or disadvantage in banking concerns a historical basis for banks' scope.	Aside from "neutralization of geography", new technologies bring about financial concentration.	The renewed ascendancy of finance motivates concentration in a number of financial centers.	Disequilibrium in financial space is best illustrated through the areas of financial exclusion at regional and intra-regional levels.	The areas of "old wealth" host hubs of different financial institutions, new retail and wholesale banking activities. A socio-economic basis for financial exclusion or inclusion.
Socio-economic Approach	The essence of differences in the spatial configurations of money and finance is captured in the broader social, economic and political dynamics.	The contradictions inherent in the configurations of financial system also take on specific geographical expression.	Banking system adds to the reproduction of "uneven geographical development".	New technological developments only contribute to the reproduction of hierarchical contradictions through credit system.	Financial concentration is most evident with respect to the geographical expression of "a hierarchically organized central nervous system" of finance capital.	Financial centralization leads to the emergence of areas of financial exclusion that are most visible in the new financially divided landscapes at intra-urban level.	A representation crisis due to the "dematerializa- tion of money" brings further hierarchical and institutional outcomes in geographical terms. A lower level geographical analysis on money and finance: regional- institutional and urban-local.

Table 6.1 (continued)

APPROACHES ON MONEY, POWER, SPACE AND TECHNOLOGY	INTERACTIONS			PROCESSES		CONTEXT	
	Money and Space	Financial System and Space	Banks and Space	Homogenization of Financial Space	Financial Concentration	Financial Exclusion	Theoretical Framework for New Institutional Geography of Money
Monetary Approach	A regional- financial analysis is vital to the comprehension of spatial configurations of money and finance.	Within an institutional framework, regional finance has a direct impact on the spatial composition of financial system.	Banking development displays the spatial patterns of liquidity preference and of credit creation at each stage.	Regional- financial differences in institutional terms make a complete homogenization of financial space impossible.	Regulatory and institutional developments motivate concentration in financial centers.	Regional segmentation of credit markets result in the emergence of credit- constrained regions.	Deregulation and technological developments enhance the degree of financial centralization in favor of interregional or national banking. Spatial dynamics in the historical development of banking system. An urban analysis of financial institutions.
Economic Approach	Historical time and space are unimportant aspects of economic analysis.	The institutional system of money is represented by a rational spatial composition.	The geographical preferences of banking display the patterns of equilibrium.	Financial space is inherently homogeneous. Technology and institutional system enhances the degree of homogenization.	Under- theorized.	New institutional models of banking contribute to homogenization of financial space.	An interplay of money, space and technology in historical terms. Non-economic factors in the spatial analysis of money and finance.

Table 6.1 (continued)

APPROACHES ON MONEY, POWER, SPACE AND TECHNOLOGY	INTERACTIONS			PROCESSES		CONTEXT	
	Money and Space	Financial System and Space	Banks and Space	Homogenization of Financial Space	Financial Concentration	Financial Exclusion	Theoretical Framework for New Institutional Geography of Money Under – Theorization
New Theoretical Foundation – (Historical – Institutional Perspective)	History and institutional system jointly determine a spatial basis for money and finance.	The spatial characteristics of financial system can be analyzed through a redefinition of interrelations between money, power, technology and geography.	The geographical patterns of banking are not only related to a historical basis for the scope of banks but also to changing institutional requirements due to new financial technology.	With respect to the role of state in public financial space, a definition (twofold) of homogenization of financial space can also be made in historical terms.	Financial concentration is also evident with respect to the changing geographical preferences of banking at regional and intra-regional levels.	Financial concentration constitutes the further motivation for the emergence of areas of financial exclusion not only at urban level but also at regional level.	To comprehend the new institutional geography of money, a redefinition of spatial processes of money is needed. Spatial processes of money can be examined in the full range of geographical scales. A synthesis of regional-financial development and location theory offers a theoretical basis for the analysis of these processes in specific countries.

ENDNOTES

¹ Saunders emphasizes the necessity of branch proliferation for the changing financial needs of community in an era of rapid urbanization in the following way: "As the country grows both in population and economically, its financial institutions must also grow if they are to keep pace. Not only are larger, stronger banks needed, but also additional banking offices are necessary to serve the mushrooming communities" (1969: 2-3).

² Building on their works on the historical geography of money, both Lee (1999) and Leyshon and Thrift (1997) direct attention to the role of last three monetary forms (money of accounts, state credit money and virtual money) in the construction of economic geographies.

³ Six chief forms of banking activities can be distinguished in the financial markets: international and multinational banking, financial conglomerates, non-bank financial services, wholesale and retail banking, off-balance sheet banking and securitization and universal banking (Heffernan, 1996).

⁴ Mishkin suggests that "another way this process of asset transformation is described is to say that bank borrows short and lends long because it makes long-term loans and funds them by issuing short-dated deposits" (1997:232).

⁵ The Coase theory that is founded principally on the work of R. H. Coase (1937), "the nature of the firm" poses the question of why firms exist. The answer is that firms exist when they are more efficient than markets. (Freeman, 1999).

⁶ A critical analysis of the main tenets of the New Monetary Economics (NME) is carried out from the viewpoint of received monetary theory. It is shown that the essential properties of a monetary economy are independent of the tangible character of the means of payment and, in particular, that these properties establish a relationship between the medium of exchange and the unit of account.

⁷ The basic function of virtual money is best summed up by the following description provided by Gandy and Chapman: "...electronic purse, (wallet), carries out a number of different functions and tackles the payment process from a different direction. Payments are made from the card, which holds a record of the amount of money stored on it. In effect the card is itself the money. This is the reverse of traditional debit or credit card which gives access to an account rather than having a record of value recorded on it" (1997: 140).

⁸ Whimster and Budd draw attention to the increasing operations of banks in new integrated financial markets in particular to the invasion of the domestic by the offshore: "In 1985 over four hundred foreign banks were operating in London and these, especially the large American and Japanese banks, were showing the range of activities encompassed in a multifunctional financial house. It was the integration of these functions, enabled by technology, that made globalisation a qualitative advance over being international" (1992: 10-11).

⁹ Building on their work on the analysis of the new geography of money, Leyshon and Thrift (1997) emphasize the constitutive role of space in the development of money.

¹⁰ As Leyshon puts it, "these economic worlds may be seen to exist at a series of conceptual levels, ranging from purely theoretical worlds, to territorial worlds to the economic worlds of individual firms and enterprises" (1995: 534).

¹¹ A broad perspective on the spatial analysis of financial systems and institutions reveals two main research fields: spatial development of banking (Budd, 1999; Calem and Nakamura, 1998; Chiappori, Perez-Castrillo and Verdier, 1995; Dow, 1999; Hudson, 1999; Lee, 1999; Leyshon, 1995; Leyshon and Thrift, 1997; Martin 1999a and Pratt, 1998) and financial systems and monetary aspects of regional development (Chick and Dow, 1988; Dow, 1992; Dow, 1994; Dow and Rodriguez-Fuentes, 1997; Loucks, 1994 and Mackay and Molyneux, 1996).

¹² Martin identifies these as “interlocking locational structures from the local, regional, national and international to the global...” (1997: 7).

¹³ Dow exemplifies both the development of financial centers and the evolution of the national financial system as independent processes: “In the case of the UK, for example, the London financial center has long held political power such that policies have been adopted to enhance the city’s international earning power at the expense of domestic industry” (1999: 43).

¹⁴ See Dow (1999), Leyshon and Thrift (1997), Martin (1999a) and Pratt (1998).

¹⁵ By the early 1980s, American money center and superregional banks had more than 800 branches overseas- up from 100 in the 1950- and they derived from 30 to 60 percent of their profits from international operations. At the same time, an increasing amount of deposit taking and lending occurred offshore, in the Euromarkets (Kapstein, 1996).

¹⁶ Frei, Harker and Hunter (1998) draw attention to the advantages of PC banking technology for banks, in particular to the evolution of home banking. They distinguished four major approaches to home banking in the historical record: proprietary bank dial-up services, off-the-shelf home finance software, online services-based and world wide web-based.

¹⁷ These are the companies providing secure transaction processing across the Internet.

¹⁸ Gandy and Chapman define micro marketing as “developing tools which enable central marketing units to target the individual customer for specific services” (1997: 10).

¹⁹ Gandy and Chapman (1997) sort different ways in the bank-customer relationship as follows: traditional branch, automated teller machine, multimedia information kiosk, telephone banking-call centers, telephone-banking-voice recognition facilities, direct-sales force, home electronic banking, via the internet, private modem to modem links, interactive television and smart phones.

²⁰ Gandy and Chapman (1997) label this new approach as a consolidated view on bank-customer relationship and they put five main reasons why the banks need such a consolidated view: production (to settle the changes to accounts), supporting customer service (to overcome the breakdown of the bank-client relationship), cross selling (to look for customer profiles), risk management (to consolidate rapidly general trend information) and performance measurement (to assess profitability by different financial information groups).

²¹ Gandy and Chapman (1997) take the issue of the impacts of new delivery mechanism both on the internal (banking services) and the external (branch network) structures of banks further by examining how different delivery channels offer advantages or disadvantages. Here, they draw a distinction between single branded and separately branded delivery channels in terms of the technological redevelopment of banks’ organization.

²² ATMs are provided for transactions, for cash withdrawal, deposit, transfer between accounts and bill payments. Cross sale is undertaken by experts centered in the banks’ telephone/virtual banking call center and appear in the branch on a video conferencing system (Gandy and Chapman, 1997).

²³ Much of the contemporary literature on the territorial embeddedness of financial activities examined specific themes: interlocking locational structures of financial system (Lee and Marvede, 1993; Martin, 1999a and Porteus, 1999), particular behavioral and institutional framework in banking development (Dow, 1999 and Green and Kwong, 1995), non-economic factors in the creation of different economic worlds (Jacobs, 1994; Leyshon, 1995 and Thrift, 1994, 1996), financial centers

and regional-financial development (Chick and Dow, 1988 and Mackay and Molyneux, 1996) and spatial effects of deregulation on financial centers (Budd, 1999 and Hudson, 1999).

²⁴ While a technology based approach on the geography of money over the last decade has tended to stress homogenization of financial space or financial deterritorialization, a somewhat different viewpoint from this has emphasized the role of financial concentration in the regional-financial development.

²⁵ In that respect, Dow suggests that “there is a degree of inertia in the location of financial centers as those locations coincide with old wealth which originally inspired confidence in the banking system and which accordingly was able to generate further wealth and inspire more confidence, and so on in a cumulative, path-dependent process” (1999: 41).

²⁶ Economic Geography Glossary is available at the web site of Professor Günter Krumme in the Department of Geography at University of Washington, <http://faculty.washington.edu/Krumme/gloss/>.

²⁷ This book is available at the web site of Regional Research Institute of West Virginia University (<http://www.rr.i.wvu/WebBook/Bergman-Feser/contents.htm>).

²⁸ Harvey (1999) defines uneven geographical development in the following way: “Vast concentration of productive power here contrast with relatively empty regions there. Tight concentrations of activity in one place contrast with sprawling far-flung development in another. All of this adds up what we call the uneven geographical development of capitalism” (1999: 373).

²⁹ Nation states can be evaluated as “social barriers” against financial capital. Harvey points out that “...the breakdown of Fordist-Keynesianism evidently meant a shift towards the empowerment of financial capital *vis-à-vis* the nation state (1989: 165). New institutional and economic developments in an era of post hegemony also motivated this process.

³⁰ Within an institutional framework, Pratt (1998) also takes the issue of the spatial pattern of credit creation further by examining spatial evolution of British branch banking.

³¹ Counter to the argument of homogenization of financial space (Jordan and Katz, 1999; Kobrin, 1997; Lutz, 1994 and Sinden, 1996) or financial deterritorialization, local financial institutions undergo uninterrupted decline in their efficiencies due to a financial concentration process (Dow, 1999; Fuller, 1998; Leyshon and Thrift, 1997; Loucks, 1994; Mackay and Molyneux, 1996; Martin, 1999 and Pratt, 1998).

³² As national monetary control over exchange, interest and inflation rates was reduced by the global markets of hypermobile capital, the same regulations appeared as the major force driving the competitiveness. State, regulation and control over capital flows remains essential for commodity production. The contemporary literature on the financial globalization takes this issue as a dilemma and introduces a useful concept: post-Keynesianism. At this point, Warf, (1999) puts it, “The emergence of hypermobile capital poses serious questions for the traditional (i.e. Keynesian) functions of the nation-state... Unlike much received opinion, post-Keynesianism presupposes not the disappearance of the nation-state, but its re-articulation together with a redefinition of its functions. Indeed, rather than a simplistic contradiction that views global capital in opposition to the nation-state, the emergence of a global, post-Fordist economic system and a system of post-Keynesian states should be seen as mutually presupposing” (1999: 239).

³³ Post-Keynesians join a growing literature in regional-financial development and spatial evolution of financial systems. See Chick and Dow (1988) and Dow (1994) for monetary aspects of regional development, Dow (1992) and Dow and Rodriguez-Fuentes (1997) for regional finance and Dow (1999) for spatial evolution of banking.

³⁴ Similar to “an uneven pattern of distribution of the location of urban services including human services such as health services and educational facilities”, the distribution of financial services is also subject to socio-economic disadvantage in urban space (Golledge and Stimson, 1997).

- ³⁵ See Kasper and Streit (1998) for a comparison between organizations and institutions and Del Casino, Grimes, Hanna and Jones (2000), Manion and Flowerdew (1982) and Philo and Parr (2000) for the geographical study of institutions and organizations.
- ³⁶ See Martin (1999a) for the importance of institutional geography of the financial system in financial concentration process with reference to local and regional banking. See also Sinden (1996) for a recent analysis of geographical restructuring in regional banking.
- ³⁷ Martin (1999a) also draws attention to the aspects of geographical circuitry of the financial system, in particular to regulatory spaces, public financial space of the state and interlocking locational structures in a historical manner.
- ³⁸ Through the contributions of Amin and Thrift (1997), Dow (1999), Martin (1989, 1999a), Pollard (1999) and Pratt (1998) institutional geography of money became the major context for geographical analysis of money. Here a number of themes involve the role of different banking systems (regional and national) in the constitution of geography of financial systems, different banking systems and spatial pattern of credit creation, institutional effects of globalization on nation-state and organizational change and geography of banking.
- ³⁹ Apart from technological concerns of this process, an attempt is made to conceptualize the spatial outcomes of branch banking systems in nation-states. With reference to the different institutional geographies of nation-state banking, a redefinition of spatial processes of money can also be made in historical terms.
- ⁴⁰ See Budd (1999), Kobrin (1997), Leyshon, (1995), Leyshon and Thrift (1997) and Martin (1999a).
- ⁴¹ However, Harvey points out that the homogenization of space brought further need for the reformulation of relationships between space and "power embedded in place": "The homogenization of space poses serious difficulties for the conception of place. If the latter is the site of Being (as many theorists were later to suppose), then Becoming entails a spatial politics that renders place subservient to transformations of space... The reorganization of space to democratic ends challenged dynastic power embedded in place" (1989: 257).
- ⁴² A similar prognosis is made by O'Connell in the following way: "... new electronic communities will not be based on geography, but on need and interest " (1999:16).
- ⁴³ See Lee (1999) and Martin (1999a) for the spatial patterns of local financial development. A similar contribution is also made by Chick and Dow (1998), Dow (1999) and Dow and Rodriguez-Fuentes (1997) in a Post-Keynesian perspective.
- ⁴⁴ Sinden's work (1996) is an interesting illustration of these distinct regional-financial geographies. In his research on geographical restructuring of British retail banking, Sinden shows that relocation and organizational change in banking produces different regional geographies in terms of employment, headquarter functions and branch networks. A related contribution was also made by Reid (1988) who dealt with the organizational change in the British financial sector in the late 1980s.
- ⁴⁵ Much of the contemporary literature on geopolitical economy examined broad structural themes involving the institutional restructuring of national and regional economies in a volatile financial environment, hegemonic challenge and post-hegemony.
- ⁴⁶ Budd (1999) marks this process as a "crisis of territory", but dissented from an insistence on that technology undermines the geographical roots of money and finance with respect to political and economical governance. According to him, territory has a capacity to overcome these threats. In that respect, he emphasizes the role of re-regulation in the survival of financial centers.
- ⁴⁷ Sassen (2000) introduces broad propositions related to new geography centers and margins. First, she suggests that the territorial dispersal of economic activities contribute to "the renewed centrality of cities in advanced economies". Apart from a concern with neutralization of geography, information technologies add to spatial concentration and this is mainly observable both in the global cities and emergent regional nodes. Second, central to the first proposition, economic globalization contributes

to a new geography of centrality and marginality. As Sassen puts it, "Global cities become the sites of immense concentration of economic power while cities that were once major manufacturing centers suffer inordinate declines..." (2000: 140).

⁴⁸ For a detailed account of this subject, see Corbridge and Thrift (1994), Dow (1992, 1994), Harvey (1985, 1989, 1999), Mackay and Molyneux (1996), Martin (1989) and Myrdal (1957).

⁴⁹ For a Keynesian account of uneven regional-financial development, see Chick and Dow (1988), Dow (1992, 1994, 1999), Dow and Rodriguez-Fuentes (1997) and Martin and Sunley (1997).

⁵⁰ Geographical consolidation of branches is the closure, downsizing or rationalization of local offices because of needing to reduce over capacity and duplication of local services, and of labor saving efficiencies achieved through investment in new information technologies. The evidence from the UK and the United States show that consolidation is spatially selective and mostly, low-income inner-city areas and communities are negatively affected (Martin, 1999a).

⁵¹ Giving a brief summary on the historical geography of branch banking in the UK, Pratt (1998) also emphasizes the role of mergers and acquisitions in financial distanciation. Mergers and acquisitions in the British banking at the end of the 19th century were motivated by convergence of factors, including the competition between London and regional banks for the 65-mile exclusion zone and the capitalization of the joint-stock banks nationwide. Having their dense branch networks, large regional and multiregional banks occupied a key position in these acquisitions. The beginning of the 20th century saw the absorption of the large regional banks into national banking conglomerates. According to Pratt (1998), the process of financial distanciation is still motivated by mergers and acquisitions in banking, but this does not mean a complete dissolution of regional identity and power.

⁵² See Pratt (1998) and Sinden (1996) for geographical accounts of this restructuring and Boot (1999) and Borowsky and Colby (1993) for organizational concerns.

⁵³ Heffernan defines retail banking in the following way: "... retail banking consists of a large number of small customers who consume personal banking and small business services... Retail banking is largely *intrabank*: the bank itself makes many small loans. Put another way, in retail banking, risk-pooling takes place within the bank..." (1996: 24).

⁵⁴ Arend (1991) also emphasizes new definition of branch when he expresses "high-tech branches". According to him, to compete with non-banks and to maintain their public face that rests on the location and convenience, banks attempt to establish high-tech branches. These involve both all-automated and semi-automated branches that are enabled by automated teller and other customer friendly machines. Some of the banks mix automation in services and rationalization in employment together. High-tech branches still bound up with a physical environment and a bank-customer interaction in certain services.

⁵⁵ There is growing evidence to reinforce the durability of branches in retail banking. Research in the early 1990s reveals how the use of retail banking delivery systems changes according to different customer segments in the US. The study points out that branches still represent the predominant means for selling deposit products. However, in favor of non-branch channels, other finding signals that the ease of access and response time in retail banking services is likely to be important in addition to location and convenience (Borowsky and Colby, 1993 and Channon, 1998).

⁵⁶ Although the banks concentrate on mergers and acquisitions to make their operation efficient, the largest component of operating expense is the branch delivery system. Being aware of this, most of the banks are engaged in reengineering of their branch delivery systems. Here, reengineering is about "to reduce the number of branches and make them more efficient and to generate more revenues from them" (Fowler and Hickey, 1995).

⁵⁷ The relocation of the head offices of major retail banks in the UK contributed to the stability of finance sector employment in the traditionally strong regions that were the historical operation areas of the big banks emerged due to the take-overs and mergers in the late nineteenth century (Sinden, 1996).

⁵⁸ Heffernan defines wholesale banking as follows: "Wholesale banking typically involves a small number of very large customers such as large corporates and governments... Wholesale banking is largely *interbank*: banks use the interbank markets to borrow from or lend to other banks, to participate in large bond issues, and to engage in syndicated lending" (1996: 24).

⁵⁹ According to Akgüç, the development of Turkish banking in the Republican era can be analyzed in five different phases: "national banking (1923-1932), state banking (1933-1944), private banking (1945-1960), planned period (1961-1979) and deregulation, globalization and supranationalization in banking (1980-)" (1992: 18).

⁶⁰ The foundation of the Turkish Central Bank in 1931 and the Banks Act in 1936 made it possible for banks to operate in a new regulatory environment. The development of institutional structure of Turkish banking in favor of branch banking was closely related to this regulatory environment. However, some local banks found it harder to survive in this environment.

⁶¹ Akçaoğlu states that these negative conditions have motivated Turkish banks to pursue "sales-oriented policies rather than marketing-oriented ones" (1998: 6). The sales-oriented policies have hampered the development of sophisticated financial products that are sensitive to customers' need.

⁶² During the 1981-1990 period, the number of commercial banks in the sector increased from 42 in 1981 to 56 in 1990. With the banking consolidation through merger in this period, 27 new banks entered the sector and 18 of these were foreign owned (Zaim, 1995).

⁶³ Despite the liberalization and deregulation policies pursued in the 1980s and the developments of financial technology, some deficiencies constituted an important obstacle in a complete restructuring of Turkish banking of the 1990s. In that respect, Akçaoğlu points out: "... there are still significant deficiencies caused by the financial sector's historical characteristics (such as the ownership structure of the banks and its effects on their management) and, general economic instability" (1998: 6).

⁶⁴ In 1923, there were approximately 420 bank branches in Turkey. The branches numbered 439 in 1924 fluctuated throughout the following period and it reached 404 in 1943. The main reason for this reduction in the number of branches was a decrease in the number of national and foreign banks. During the 1943-1961 period, the number of branches continuously increased, but it decreased from 1759 to 1736 in 1961. The total of branches reached 5975 in 1980. In the 1923-1980 period, the bank branches in Turkey underwent tremendous growth with a rise of 1322 percent (Yüzgün, 1982).

⁶⁵ Jacobs (1994) suggests that having a strong bank image is an important reason why the banks compete for the suitable locations in the financial centers.

⁶⁶ A recent analysis of regional-financial development in Turkey by socio-economic factors (Sayılın, 2000) stresses the importance of these variables in the explanation of regional segmentation of credit markets.

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ONLINE RESOURCES

ECONOMIC GEOGRAPHY GLOSSARY: <http://faculty.washington.edu/krumme/gloss/>

PLANNING COMMISSIONERS JOURNAL: <http://www.plannersweb.com>

REGIONAL RESEARCH INSTITUTE OF WEST VIRGINIA UNIVERSITY:
<http://www.rrri.wvu>

TÜRKİYE DIŞ TİCARET BANKASI A.Ş. : <http://www.disbank.com.tr>

TÜRKİYE GARANTİ BANKASI A.Ş. : <http://www.garanti.com.tr>

TÜRKİYE İŞ BANKASI A.Ş. : <http://www.isbank.com.tr>

TÜRKİYE BANKALAR BİRLİĞİ: <http://www.tbb.org.tr>

UNIVERSITY OF NEWCASTLE UPON TYNE CENTER FOR URBAN
TECHNOLOGY: <http://www.ncl.ac.uk/cut/>

WESTERN NEW ENGLISH COLLEGE: <http://mars.acnet.wnec.edu>

APPENDIX A

A.1 List of Interviewees

Nuriye ATAMAN	Chief, Deposits and Banking Services Department - Halkbank
Lale AYDINLIGİL	Director, Institutional Marketing Department - İktisatbank
Belgü BADEMLİ	Expert, Project Credits Department - Vakıfbank
Filiz ÇELİKKIRAN	Assistant Manager, Planning and Organization Department – Vakıfbank
Selim DEVECİ	Assistant Manager, Public Relations Department – Halkbank
Turgay GÜMELİ	Director, Organization Department - İşbank
Tevfik Cem GÜNER	Expert, Research, Development and Planning Department – Halkbank
Bilal KORKMAZ	Expert, Project Credits Department - Vakıfbank
Mustafa KURGEN	Expert, Project Department – Garantibank
Mehmet KÜÇÜK	Assistant Manager, Research, Development and Planning Department – Halkbank
Murat SOYLU	Assistant Expert - Okanbank
Cenk SÜER	Controller, General Directorate - Koçbank
Prof. Dr. İlhan TEKELİ	The Department of Regional Planning - Middle East Technical University
Akın TELATAR	Director, Personal Banking Operation Department – Dışbank

Erol Ulvi TERKEN

Expert, Research, Development and Planning
Department – Halkbank



A.2 Questions of the Interviews

Institutional and Locational Strategies:

What is the procedure of establishment of a branch in your bank?

What are the location criteria of branch banking in your bank?

Historical Geography of Branch Banking:

Could you talk about the evolution of branch banking of your bank?

How did the organizational scheme of your bank change in the development process?

Economic Policy and Institutional Geography:

What are the economic roles of the state-owned banks in their localities?

Technology and Institutional Geography:

How will the new technological developments affect the branch banking in the trio of Turkish cities?

How will the new technological developments affect the number of branches of your bank?

What are the effects of new developments (financial concentration and regional banking) on the financial geography of your bank?

A.3 Interviewees

Date: 26.7.2000

Institution : Türk Dış Ticaret Bankası A.Ş.

Adress: Alternatif Dağıtım Kanalları ve Bireysel Bankacılık
Müdürlüğü, Dereboyu Caddesi, 140/1, Toyota Plaza, Ortaköy,
İstanbul

Person : Akın Telatar
Responsibility : Director
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Dışbank'ın şube açma prosedürü nasıldır?

Şube ağının genişletilmesi yönünde bir stratejimiz var. Bireysel bankacılığa doğru bir yönelim var. Şube açma konusunda, Planlama ve organizasyon Müdürlüğümüz yetkilidir. Alternatif Dağıtım Kanalları Grubu içerisinde yeni bir yapılanma var.

Bankamızın kanallarını şöyle sıralayabiliriz:

- ATM, POS,
- Şubeler,
- İnternet Bankacılığı (henüz faaliyette değil),
- Alternatif Dağıtım Kanalları.

Şube dışı kanallara yatırım yapılıyor.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

Yeni şube açma planlarımız var. Şube dışı kanallara da ciddi bir yönelim var. Şubeler segmente edildi ve buna göre planlandı. Personel seçimi de bu segmentasyona göre yapıldı. Buna göre, şubelerimizi:

- Bireysel şubeler,
- Kurumsal şubeler,
- Ticari şubeler olarak üçe ayırabiliriz.

Teknolojik gelişmeler bankanın içsel organizasyonunu nasıl etkiledi?

Ana organizasyonumuz, Operasyon ve Pazarlama olarak ikiye ayrılmaktadır. Kurumsal ve bireysel ayrımına göre farklı operasyon ve pazarlama birimleri var. Şube açılması bu segmentasyona göre yapılıyor.

Enflasyonsuz bir ortamda Őube bankacılığıyla ilgili stratejileriniz nelerdir?

Genelde bireysel müşterilere yönelim var ve bankamız da bundan etkilenmektedir.

Dışbank'ın şube bankacılığının tarihi konusunda bilgi verebilir misiniz?

Dış Ticaret Bankası olarak 1965 yılında kurulmuştur. Kurulduğu tarihte İş Bankası'nın bir iştirakiydi. 1994 yılındaki krizde, İş Bankası'na devredildi, daha sonra Doğan grubu satın aldı.

Finansal ürün çeşitliliği açısından, rakiplerinize göre durumunuz nedir?

Call center ve internet bankacılığı henüz yok. Tüketici kredileri gibi diğer klasik finansal ürünlerin tamamı sunulmaktadır. Bankacılık açısından, banka ürünlerinin dağıtımını için dağıtım kanallarına ihtiyaç vardır. Bu alanda eksiklik vardır. Örneğin call center henüz kurulmamıştır. İnternet bankacılığına geçiş için altyapı çalışmaları sürdürülmektedir. Rakip olarak görülen bankalar, Tekstilbank gibi orta ölçekli bankalardır. Şube ağının genişletilmesiyle ilgili önümüzdeki 5 yıla yönelik hedefler vardır. Fakat , bir İş Bankası olma yönünde bir hedef yoktur.

Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Yer seçimi, bankacılık faaliyetlerinin segmentasyonuna (bireysel, küçük işletmeler, ticari ve kurumsal) göre yapılıyor. Pazarlama fonksiyonları da bu segmentasyona bağlıdır. Operasyon birimlerinin hepsi birleşip Hadımköy'e (Bahçeşehir'in arkasında) taşınıyor. Hadımköy civarında Doğan Medya Grubu'nun binası , Mercedes Otobüs fabrikası ve Alkent 2000 yer alıyor. Operasyon birimlerinin dışındaki Genel müdürlük birimleri (Balmumcu'da) yerlerinde kalıyor. Operasyon birimlerinin taşınması ulaşım problemini beraberinde getirecek ve insan kaynakları açısından bir dezavantaj oluşturacak. Operasyon birimleri şu faaliyet alanlarını içermektedir:

- Bilgi sistemleri,
- Bireysel bankacılık,
- Çek operasyonları,
- Organizasyon,
- Eğitim.

Operasyon birimlerini taşınma nedeni, mekanın yeterli gelmemesi ve halihazırda Doğan Grubu'nun bir binası olmasıdır. Diğer banka merkezleriyle irtibatlı birimler Ortaköy'de kalacaklar.

Date: 25.7.2000

Institution : Türkiye Garanti Bankası A.Ş.

Adress: Proje Müdürlüğü, Evren Mahallesi, Koçman Caddesi, No. 22
Güneşli, Bağcılar, İstanbul

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Garanti Bankası'nın şube açma prosedürü nasıldır?

O bölgeyi mikro Pazar dediğimiz bir bir bölgeye ayırıyoruz. Mikro pazarda insanların günlük ev ve iş arasındaki hareketleri ölçülüyor ve o bölge açısından nüfusun (+) ve (-) değerleri bulunuyor. Burada bireysel ve ticari müşteri sayısını belirlemek için farklı bilgilerden yararlanıyoruz. Bireysel müşteri sayısı gece ve gündüz nüfuslarına göre belirleniyor. Gece nüfusu için nüfus sayımından elde edilen değerler kullanılırken, işyerlerinden doğan gündüz nüfusu için Garanti Bankası'nın kendi araştırma verilerini kullanılıyor. Ticari (tüzel) müşteri sayısını bulmak için D.İ.E verileri kullanılıyor. Buradan kayıtlı şirket sayısı belirleniyor ve kayıt dışı ekonomiyle ilgili bir araştırma yapılıyor. Bunun sonucunda bir çarpan elde ediliyor. Son aşamada Garanti Bankası'nın çalışmak istediği müşteriler sınıflandırılıyor ve bir şubede olması gereken portföyle ilgili hesaplamalar yapılıyor.

Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Bireysel şube açılmasında yer seçimi yapılıyor. Oradaki şube ağı yetersizse açılmıyor, yeterliyse açılıyor. Yer seçiminde bireysel ve ticari bankacılık ayrımı önemlidir. Bireysel müşterinin nasıl bankacılık yaptığı davranışsal araştırmalarla belirlenir. Bireysel müşteriler için bankanın cadde üzerinde olması önemlidir. Şube tipine ve müşteriye göre yer seçimi yapılıyor. Garanti Bankası ekibi ve emlakçılar, banka yerini birlikte belirliyorlar. Daha sonra yerinde tespit ediliyor. Bunun sonunda verilere göre uygun görülen bir yer, yerinde gezilirken yetersiz bulunabiliyor. Bulunan bilgiler Bankacılık Potansiyeli kitabındaki verilerle karşılaştırılıyor. Sonuç olarak “4 Mikro Pazar A” veya “3 Mikro Pazar B” gibi kesin değerlendirmeler yapılıyor. Bireysel bankacılıkta, müşteri segmentinin davranışına göre şube yeri seçiliyor. Banka imajına uygunluk ve görünürlüğün yüksek olması gibi kriterler yer seçiminde etkili oluyor. Garanti Bankası büyük bir banka olduğu için diğer bankalara yakın olmak önemli bir seçim kriteri olarak görülüyor. Garanti Bankası bizzat kendi çekim alanını yaratıyor.

Üç büyük kentteki şube bankacılığıyla ilgili stratejileriniz nelerdir?

Bu şehirler de mikro pazarlara bölünüyor. Kısaca bütün Türkiye için aynı şube bankacılığı kriterleri geçerlidir. Mikro pazar bazında gelişim hızları bölgelere değişiyor. Güneydoğu'da Gaziantep kenti dahil Garanti Bankası'nın şubesi yoktur. Karadeniz Bölgesi'nde ise tek şube bulunmaktadır. İstanbul'da Şişli gibi bölgelerde şubeler birbirine çok yakındır. Bununla birlikte şube yapısındaki değişiklikler yaşanıyor. Artık bireysel şube ve açık şubeler birbirlerine çok yakın bir konumda bulunuyorlar. Burada açık bankacılık, bankayla az çalışan müşterilere dönük bir bankacılık türüdür. Düşük işlem maliyetiyle, bu tür müşterilere standart finansal ürünler sunuluyor, müşteriye özel ürünler bu şubelerde sunulmuyor. Örneğin, yurtdışı hesabı açılmıyor. Tüzel müşteriler, küçük, orta ve büyük ölçekli işletmeler olarak üçe ayrılıyor. Bunlar, adi şirketten anonim şirketine kadar uzanan bir yelpazede yer alıyorlar.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

Teknolojik gelişmeler yaşanırken bir yandan da enflasyon düşüyor. Enflasyonun ülkemizdeki şube bankacılığı üzerindeki etkileri teknolojiden daha önemlidir. Şube sayısı artıyor fakat şubesiz bankacılık da gelişiyor. Teknolojik gelişmelerin şube sayısı üzerinde birebir etkisi yok. Ülkemiz açısından ekonomik nedenler daha önemlidir. Garanti Bankası açısından, müşteri bulmada ve hizmet dağılımında, klasik şube bankacılığı ağırlığını koruyor. Şubesiz bankacılık tek başına yapılan bir faaliyet alanı değil daha çok bir hizmet türü olarak değerlendiriliyor. Bununla beraber halihazırdaki teknolojik altyapı açısından Garanti Bankası, 74 banka arsında birinci seçildi. Garanti Bankası'nın şube sayılarındaki artış veya azalış çok dinamik bir süreç olarak görülebilir. Garanti Bankası, Sabancı-Koç grubundan Doğuş grubuna geçtikten sonra Türkiye de ciddi biçimde banka kapanmaları yaşandı

Date: 26.7.2000

Institution : İktisat Bankası T.A.Ş.

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İktisat Bankası'nın şube açma prosedürü nasıldır?

Müşteri hedef kitlesi belirleniyor ve genelde üst gelir grubunun oturduğu semtler şube yeri olarak seçiliyor. İstanbul'da, Üsküdar buna örnek gösterilebilir. Kurumsal bankacılık açısından sanayi bölgeleri tercih edilirken, bireysel bankacılık açısından yüksek gelir grubunun oturduğu semtler tercih ediliyor. Toplam 63 şubenin 23 tanesi bireysel, 40 tanesi kurumsal şubelerdir. 5 yıl önce 13 olan şube sayısı bugün 63'e ulaşmıştır. 2001 sonu itibariyle 80 şube açılması hedefleniyor. Bireysel şubelerin bir kısmı uydu şube haline getirilmeye çalışılıyor. Uydu şubeler, finansal ürün çeşitliliğinin az olduğu küçük şubelerdir. Buralarda sadece tahsilat ve çek ödeme yapılıyor. Uydu şubeler farklı yerlerde açılmıyor, eski bireysel şubelerin yerlerinde faaliyet gösteriyor. Şube açılmasında bölgesel olarak daha çok Marmara , Ege ve Akdeniz tercih ediliyor. Karadeniz ve Doğu Anadolu'da şube yok. Karadeniz'deki Samsun şubesi 1989'da kapandı. Güneydoğu Anadolu'da, teşvikler ve tekstil alanındaki hızlı yatırımlardan dolayı Maraş'ta açılan tek şube var. Kayseri, Konya ve Antalya şubeleri son üç yıl içinde açıldı. Yeni açılması düşünülen şubelerin hepsi bireysel şubelerdir. Yakın zaman içinde İstanbul'da Altunizade şubesi açılacak. Kısa dönemde İstanbul dışında Doğu, Güneydoğu ve Karadeniz bölgelerinde şube açılması düşünülüyor. Organizasyon açısından bireysel şubeler Bireysel Pazarlama Müdürlüğü'ne, kurumsal şubeler de Kurumsal Pazarlama Müdürlüğü'ne bağlıdır.

Üç büyük kentteki şube bankacılığıyla ilgili stratejileriniz nelerdir?

Genelde üç büyük kente önem veriliyor. Bunun dışında Bursa'da 1 kurumsal 1 bireysel olmak üzere 2 şube var. İktisat Bankası'nın kökeni Denizli olduğundan burada da 1 şube var.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

Elektronik bankacılık için çalışmalar 4 yıl önce başladı. Teknolojik gelişmeler personel ve şube sayısını etkilemedi, sadece hizmet kalitesini etkiledi. İnternet bankacılığı ise bireyselde 1 ay önce açıldı, kurumsalda ise yeni açılıyor.

Enflasyonsuz bir ortamda Őube bankacılığıyla ilgili stratejileriniz nelerdir?

İktisat Bankası'nın bankacılık stratejisi kurumsal anlamda başarı saęlamıŐtır.
Bireysel bankacılıkta da başarı saęlaması için Őube sayısının artması gerekiyor.
Enflasyonsuz ortamdaki strateji ise zaten önceden belirlenmiŐti.

Finansal ürün çeşitliliği açısından, rakiplerinize göre durumunuz nasıldır?

Ürün çeşitliliği açısından piyasayla aynı durumdayız. Hatta bazı rakiplerden öndeyiz. Rakip olarak, TEB, Demirbank ve Finans Bank gibi orta ölçekli bankalar görülüyor.

Teknolojik gelişmeler bankanın içsel organizasyonunu nasıl etkiledi?

Elektronik bankacılık organizasyon şemasını büyük ölçüde etkiledi. Bununla ilgili organizasyon değişikliği 4 yıl öncesinde yapılmıştı. Elektronik bankacılık birimi zaten vardı. İnternet bankacılığı için kurumsal ve bireysel bankacılık müdür yardımcılarına bağlı yeni bir birim açıldı. Ayrıca koordinatör ve danışman olarak, internet bankacılığının teknik boyutlarıyla ilgilenen bir yetkili de var. 4 yıl önce 16 şube vardı ve yönetim birimleri azdı. Sadece kurumsal bankacılıktan sorumlu pazarlama birimi vardı.

Date: 25.7.2000

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İş Bankası'nın şube açma prosedürü nasıldır?

Öncelikle piyasa incelemesi yapılıyor. Piyasada iş yapan ticari ve sanayi işletmelerinin sayısı, hane halkı sayısı ve ticari potansiyel ortaya çıkıyor. Bu incelemeden sonra orda yönetim kurulu karar veriyor ve uygun bir bina seçiliyor. Binanın banka şubesi olarak açılmasından sonra personel tahsis ediliyor. Şube açılmasıyla ilgili yasal prosedür de vardır. Şube açılması Organizasyon Müdürlüğü'nün görev alanına giriyor. Diğer müdürlüklerle de işbirliği yapılıyor. Yönetim Kurulu'nu Organizasyon Müdürlüğü oluşturuyor. Bina bulunmasıyla İnşaat ve Emlak Müdürlüğü, personel seçimiyle İnsan Kaynakları Müdürlüğü ilgileniyor. İş Bankası'nda şube açma stratejileri genelde uzun vadeli bir yaklaşımla ele alınıyor. Üst yönetim bu konudaki stratejik yaklaşımı belirliyor. İktisadi Araştırmalar Müdürlüğü, imar planlarından yararlanarak, büyük şehirlerdeki gelişme eğilimlerini belirliyor. Bu planlarda ticaret merkezinin yerine önem veriliyor. Bu alandaki makro çalışmalar, özellikle geleceğe dönük olarak örneğin 5 yıl içindeki şube politikasını biçimlendiriyor.

Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Gelişen piyasaların bulunduğu, sanayi ve ticaretin canlı olduğu yerler tercih ediliyor. Örneğin, İstanbul'daki Kavacık bölgesi son zamanlarda gelişen bir yerdir. Yer seçiminde piyasaların farklılaşması da göz önünde bulunduruluyor. Bazı piyasalar oturma semtlerinde yer alırken, bazıları Altunizade örneğinde olduğu gibi sanayi ve ticari merkezlerin bulunduğu yerler olabiliyor. Bölgesel kriterler açısından, İş Bankası zaten yaygın bir şube ağına sahip olduğu için, Anadolu yerine büyük kentler ve büyük kentlerin gelişen bölgeleri tercih ediliyor. Bunun yanında Gaziantep, Bursa ve Antalya'da yeni şubeler açılıyor. Son olarak Gaziantep serbest bölgesinde bir şube açıldı.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

İş Bankası yeni teknolojik gelişmelere ve internet bankacılığına öncülük ediyor. Şube dışı hizmet kanalları (ATM) alanında birinci durumdayız. İnteraktif ve internet bankacılığı yapılmaktadır, ayrıca internet bankacılığını müşterilere tanıtmak amacıyla netmatik cihazları da şubelerde devreye girmiştir. Banka olarak self servis kanallara çok önem veriliyor ve bundan sonra bankacılığın bu yönde gelişeceği bekleniyor. Fakat bu gelişme şube bankacılığını etkilemeyecektir ve şube bankacılığı devam edecektir. Ancak şubelerde self servise ayrılan alanlar genişleyecektir. Ayrıca insansız bankacılık şubeleri de devreye giriyor. Son beş sene içinde kapanan şubeler vardır. Bunlar daha çok piyasası gerileyen, göç veren, gelir kaynakları daralan ve taşrada yer alan şubelerdir. Ayrıca büyük şehirlerde birbirine çok yakın şubelerin bazıları, aynı piyasayı paylaştıklarından dolayı kapanmıştır. Ama diğer taraftan şube açma çalışmaları devam etmektedir ve şube sayısında belirgin bir azalma olmamıştır. Bu sürecin uzun dönemde de devam edeceği varsayılmaktadır.

Enflasyonsuz bir ortamda şube bankacılığıyla ilgili stratejileriniz nelerdir?

İş bankası yeteri kadar şubeye sahip olduğundan enflasyonsuz ortamdan etkilenmez. Bireysel bankacılık bu ortamda tekrar önem kazanacağından, daha çok küçük bankalar şube sayısını artırmayı düşüneceklerdir.

Özellikle Avrupa bankacılığında gözlemlenen “bölgesel bankacılık merkezleri” eğilimi, İş Bankası açısından da incelenebilir mi? Diğer bir anlatımla banka kapatma ve yerel bankaların birleşimi eğilimi mevcut mudur?

Bölge merkezi uygulaması yoktur. Buna karşılık eskiden beri bağlı şube uygulaması vardır. Bağlı şubeler, yakın piyasalarda belli bir şubeye bağlı olarak faaliyet gösteren bürolardır. Üniversite kampüslerindeki şubeler bunun en iyi örneğidir.

Date: 24.7.2000

Institution : Koçbank A.Ş.

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Koçbank'ın şube açma prosedürü nasıldır?

İlk olarak şube açılacak yerdeki ticari potansiyel tespit ediliyor. Eğer şube açılacak yerde çok fazla banka şubesi varsa, rekabet fazla olacağından o yerde şube açılması düşünülmez. Bunun dışında, şube açma prosedürü diğer bankalarla aynıdır. Banka içinde bu konuyla ilgilenen birim Şube Koordinasyon Müdürlüğü'dür. Yeni şubelerin açılması düşünülüyor. Müşteri yönelimli bir stratejiyle birlikte şube artışı beklenebilir. Burada iki nokta önemlidir. Birinci olarak, şubenin müşteriye göre farklılaşması, yani ticari firmalara farklı, bireysel müşterilere farklı bankacılık hizmeti vermesi. Bu açıdan Koçbank şubelerini büyük, orta ve küçük ölçekli müşterilerin bütününe hizmet veren şubeler ve orta ve küçük ölçekte, bireysel-kurumsal ayrımına göre hizmet veren şubeler olarak ikiye ayırabiliriz. Kurumsal bankacılığa yeni geçildi. Kurumsal şubelerin sayısı 6-7 civarındadır ve daha çok büyük şehirlerde bulunmaktadır. Kısaca şube yapısını kurumsal (büyük ve orta ölçekli) ve bireysel (özel ve kişisel) olarak ikiye ayırabiliriz. İkinci olarak, organizasyonel olarak da farklı bir şube yapılanmasına geçilmektedir. Koçbank daha önce Koç-Amerikan Express olarak tek şubeye sahipti. 1992 yılında Koçbank bu bankanın hisselerini satın aldıktan sonra faaliyete geçti. Haziran itibari ile gezici şubeler dahil 84 şube vardır. Bir minibüs aracılığıyla verilen gezici şube hizmetinin amaçları belli bir alışkanlık sağlamak, tatil bölgelerindeki Koçbank müşterisine hizmet vermek ve doğal afetlerde faaliyet göstermektir.

Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Daha çok ticari ve bireysel mevduata ilişkin potansiyelin bulunduğu yerler şube yeri olarak tercih ediliyor. Diğer bankalara yakın olmaktan çok, şubenin iş hacmini artıracak kurum ve yerlere yakın olmak önemlidir. Örneğin Garanti Bankası büyük mağazaların içinde şube açıyor. Koçbank'ın İstanbul içinde ve Anadolu'da şube açma düşüncesi var. Fakat bu bilgiler gizli olduğundan, bu aşamada verilemez. Büyük illerde bile henüz şubeleşme tamamlanmadı. Örneğin Edirne şubesi yeni açıldı. Özellikle İstanbul içinde yer bulabilmek önemli bir yer seçim kriteri haline gelmiştir. Bölgesel açıdan, Koçbank'ın Ziraat Bankası gibi geri kalmış bölgelerde kamu hizmeti vermek gibi bir amacı yoktur. Özel bankacılıkta zararına bankacılık olmaz.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

İki sene önceki hazineyi fonlama (hazine kağıtlarıyla repo bankacılığı) döneminde şube bankacılığı önemli değildi. Her ilde 1 şubeye, üç büyük ilde 20-30 şubeye ve toplamda 150-160 şubeye sahip olmak gibi bir strateji vardı. Enflasyonun düşmesiyle beraber kaynak toplama tekrar önem kazandığından dolayı şubeleşme yönünde gelişmeler beklenebilir. İnternet bankacılığı sayesinde şube tercihleri değişecek ve personel sayısı azalacak. Şube sayısında ise çok büyük bir artış veya azalma beklenmiyor. Koçbank'ın şube stratejisi de bu yöndedir ve kapanan şube olmamıştır.

Date: 12.5.2000

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Okanbank'ın şube açma prosedürü nasıldır?

İleride mevduat toplama izni alınabilirse, illerde şube açılması düşünülüyor. Okan holdingin sahibi Gaziantep'li olduğundan, şube açılması düşünülen illerin başında Gaziantep geliyor. Kocaeli şubesi yakın zamanda açılıyor. Bu arada Ankara şubesinin alt katında menkul değerler bölümü açılıyor. Bireysel düzeyde kredi verilmiyor, daha çok kurumsal ve ticari ağırlıklı krediler veriliyor. Bu yüzden yaygın bir şube ağına şimdilik ihtiyaç duyulmuyor. Okanbank Ankara şubesinde şu an 1 müdür, 1 müdür yardımcısı, 1 uzman, 1 uzman yardımcısı ve 1 dealer bulunuyor.

Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Okanbank 1998’de kurulan yeni bir bankadır. İstanbul şubesi 1998’de, Ankara şubesi 1999’da açıldı. Bölge olarak öncelikle sanayi bölgelerini tercih ediyoruz. Ayrıca büyük şehir olması da önemlidir. Kent içindeki yer seçimi açısından, Ankara şubesi için Cinnah caddesi ve Gaziosmanpaşa düşünülüyordu. Bu bölgelerdeki bankalar sirkülasyonu çok fazla olduğundan, şube yeri olarak düşünüldü. Eğer tahsilatla ilgili olsaydı, Kızılay tercih edilirdi.

Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

Okanbank bireysel bankacılıkla uğraşmadığı için elektronik bankacılıktan etkilenmedi. Kredi kartı hizmeti de vermiyor. Daha çok diğer şirketlerle çalışıyor ve aynı zamanda Okan holdingin bankacılık ihtiyaçlarını karşılıyor. Uzmanlaşmış bir banka olduğundan, menkul değerler bölümünden başka açılması düşünülen birim yok.

Date: 6.4.2000

Institution : Türkiye Halk Bankası A.Ş.

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Halk Bankası'nın şube açma prosedürü nasıldır?

Önce şube açma kararı veriliyor, daha sonra ilgili yerleşmedeki yer seçimi süreci başlıyor. Halk Bankası'nın gelişiminden itibaren, şube yerine karar veren birimler aynı kalmıştır: Mevduat Müdürlüğü, Emlak Müdürlüğü ve İnşaat Müdürlüğü.

Halk Bankası'nın şube bankacılığının tarihi gelişimi hakkında bilgi verebilir misiniz?

Halk Bankası'nın temelini Halk Sandıkları teşkil eder. Banka şubesi ile kooperatif arasında bir yapılanmaya sahip bu kurumlar, 1938-1964 arasında Kastamonu, Konya, Diyarbakır ve Kocaeli gibi esnafın çok olduğu illerde açılmıştır. Toplam sayısı 8-10 olan bu sandıklar özerk bir yapıya sahiptiler ve 1930'larla, 1940'ların banka şubelerinden daha büyüktüler. Bu sandıklar, Halk Bankası'ndan aldıkları krediyi esnaf ve kefaret kooperatiflerine aktarıyordu. 1964'ten sonra ise şube bankacılığına geçildi. Özellikle 1970 sonlarında çok fazla şube açılmıştır.

Yönetim organizasyonuna bakacak olursak; 1964'e kadar yönetim kurulu başkanıyla genel müdürün ayrı kişiler olduğunu görürüz. 1964'ten sonra bu durum değişmiş ama genel şema aynı kalmıştır. Bugünkü yönetim organizasyonu yürütme ve yönetim kurulu bazında incelenebilir. Yürütme şemasında sırasıyla; genel müdür, 6 genel müdür yardımcısı, 30 seksiyon (birim) ve 10 bölge müdürlüğü yer almaktadır. Bölge müdürlüğü, görünürde genel müdürlüğü bağlı görünüyorsa da aslında seksiyonlara bağlıdır. Belli konularda, bu birimlerin inisiyatif kullanmasında bir hiyerarşi vardır. Örneğin kredi kararlarında; şube inisiyatifi, bölge müdürlüğü inisiyatifi ve genel müdürlük inisiyatifi vardır. Burada ayrım kredi büyüklüğüne göre yapılır. Yönetim kurulu ise yönetim kurulu başkanı, banka dışından atanmış 3 yönetim kurulu üyesi ve 2 yönetim kurulu üyesi (genel müdür yardımcısından oluşmaktadır).

Banka Őube organizasyonunun geliŐimine bakacak olursak; 1964'ten sonra Őubeler çoğaldıėından, genel m d rl ė  baėlı birimlerin sayısı da artmıŐtır.  rneėin 1965'te Tanıtım M d rl ė  kurulmuŐtur. Őube a ılması, b y k  l  de politikadan etkilendiėinden k   k yerlerde de Őube a ılmıŐtır.    b y k ildeki Őube sayısı ancak 1980'lerin sonunda artmaya baŐlamıŐtır.

Date: 6.4.2000

Institution : Türkiye Halk Bankası A.Ş.

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Yeni teknolojik gelişmeler şube bankacılığını nasıl etkiledi?

Halk Bankası'nın kamusal niteliğinden dolayı şube sayısında azalma olmadı. 1.1.2000'den itibaren "online realtime" sistemine geçildi. Özellikle mevduat hizmetleri, kredi, bireysel bankacılık hizmetleri, danışmanlık hizmetleri alanında şube üzerindeki yük azaldı. Şube başına düşen personel sayısı bakımından Halk Bankası Türkiye ortalamasının altındadır. Buna karşılık özelleşme gerçekleşirse özellikle genel müdürlükteki personel sayısı fazla gelebilir.

Üç büyük kentteki şube bankacılığıyla ilgili stratejileriniz nelerdir?

Halk Bankası, Ziraat Bankası ile birlikte daha çok üç büyük ilin dışında faaliyet göstermektedir. Kısa vadede olmamakla beraber, şube sayısında bir azalma olabilir. İş Bankası'nın "Para Tanıyabilen ve Doğrudan Hesaba Para Geçirebilen Makineler" projesi gibi gelişmeler, şube sayılarının bankacılıkta azalacağına işaret ediyor.

Özellikle Avrupa bankacılığında gözlemlenen “bölgesel bankacılık merkezleri” eğilimi, İş Bankası açısından da incelenebilir mi? Diğer bir anlatımla banka kapatma ve yerel bankaların birleşimi eğilimi mevcut mudur?

Halk Bankası’nda bölge merkezleri açılması düşünülüyor. Fakat halihazırda şube açılmaması gereken yerler var. Bankamız bünyesinde üç sene önce yapılan bir çalışmaya göre yaklaşık 100 şubenin kapatılması gerekiyor. Bu konuda, partiler, yerel kooperatifler, esnaf odaları etkili olduğundan, bu bilginin verilmesi sakıncalıdır. Kapatılması gereken şubeler iki grupta incelenebilir: açılmaması gereken şubeler ve zaman içinde beklenen verimin alınamadığı şubeler.

Date: 6.4.2000

Institution : Türkiye Halk Bankası A.Ş.

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Halk Bankası'nın şube açma prosedürü nasıldır?

Şube açılması için talep olması gerekir. Genellikle ilgili yerleşmede, Ticaret Odası'nın talebi vardır. Ayrıca esnaf potansiyeli de fazla olmalıdır. Taşra şubelerinde esnafa verilen kredinin oranı yüksektir. Diğer bankaların şube açmadığı yerlerde, Ziraat ve Halk Bankası'nın şubeleri vardır. Örneğin Erzincan'ın birbirine yakın iki ilçesi Mercan ve Tercan'da birer Halk Bankası şubesi vardır. Banka şubesinin iç düzenlemesinde bizzat rol aldığım Tercan'daki şube ahırdan bozma bir yapıydı.

Küçük yerlerde, banka devletin bir temsilcisi olarak görülüyor. Banka aynı zamanda "ödeme aracı kurum" olarak işlev görüyor. Doğu ve Güneydoğu Anadolu Bölgeleri'nde, bütün bankalar için mevduat toplama oranı azdır. Aynı zamanda verilen kredinin geri dönüş oranı çok küçüktür. Örneğin Ziraat Bankası'nın tarımsal kredisi hiç geri dönmüyor. KOBİ kredisinde de yine aynı durum söz konusudur. Burada amaç o yöredeki kalkınmayı arttırmak ve üretime katılımı sağlamaktır. Kamu bankaları açısından karlılık ikinci planda olduğundan, tarımsal krediler çoğu zaman geri dönmeyeceği bilinerek veriliyor.

Date: 29.3.2000

Institution : Türkiye Vakıflar Bankası T.A.O

Adress : Planlama ve Organizasyon Yönetmenliği, Genel Müdürlük,
Atatürk Bulvarı No:211, Kat 5, Ankara

Person : Filiz Çelikkıran
Responsibility : Müdür Yardımcısı
Telephone : (0312) 428 30 67
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Şube açılmasındaki yer seçimi kriterleriniz nelerdir?

Vakıflar Bankası'nda şube açılmasında üç önemli faktör rol oynar: o yerin ticari potansiyeli, politik baskılar ve yerel talepler.

APPENDIX B

Table B.1 Development of Branch Network of Dışbank (1964-1981)

	Number of Branches																	
Branches	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
Domestic	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	5
Foreign																		
Total	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	5

Table B.2 Development of Branch Network of Dışbank (1982-2000)

	Number of Branches																		
Branches	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Domestic	8	8	8	10	14	15	19	20	20	20	20	20	20	21	31	49	52	55	99
Foreign																		1	1
Total	8	8	8	10	14	15	19	20	20	20	20	20	20	21	31	49	52	56	100

Table B.3 Development of Branch Network of Garantibank (1967-1983)

	Number of Branches															
Branches	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983
Domestic	87	128	147	168	192	230	238	240	241	244	244	254	271	296	298	299
Foreign																
Total	87	128	147	168	192	230	238	240	241	244	244	254	271	296	298	299

Table B.4 Development of Branch Network of Garantibank (1984-2000)

	Number of Branches																
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Branches																	
Domestic	283	282	285	289	294	296	300	253	205	198	172	168	170	192	203	210	261
Foreign						1	1	1	1								
Total	283	282	285	289	294	297	301	254	206	198	172	168	170	192	203	210	261

Table B.5 Development of Branch Network of İşbank (1924-1940)

	Number of Branches																
Branches	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940
Domestic	2	4	4	6	14	23	24	34	34	36	39	39	41	42	42	42	43
Overseas																	
Total	2	4	4	6	14	23	24	34	34	36	39	39	41	42	42	42	43

Table B.6 Development of Branch Network of İşbank (1941-1955)

	Number of Branches														
Branches	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Domestic	45	46	46	46	47	49	50	59	66	74	78	105	128	162	183
Overseas															1
Total	45	46	46	46	47	49	50	59	66	74	78	105	128	162	184

Table B.7 Development of Branch Network of İşbank (1956-1970)

	Number of Branches														
Branches	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Domestic	194	202	220	230	238	239	241	242	250	256	269	300	342	400	435
Overseas	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Total	195	203	221	232	240	241	243	244	252	258	271	302	344	402	437

Table B.8 Development of Branch Network of İşbank (1971-1985)

		Number of Branches																
Branches	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985			
Domestic	482	514	575	677	715	775	836	857	859	866	879	894	896	897	910			
Overseas	2	2	2	2	2	2	3	4	4	5	5	5	7	7	7			
Total	484	516	577	679	717	777	839	861	863	871	884	899	903	904	917			

Table B.9 Development of Branch Network of İşbank (1986-2000)

		Number of Branches																
Branches	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000			
Domestic	919	926	944	951	944	903	850	815	817	825	822	828	844	858	857			
Overseas	7	7	8	9	10	10	10	10	9	9	9	9	8	8	8			
Total	926	933	952	960	954	913	860	825	826	834	831	837	852	866	865			

Table B.10 Development of Branch Network of Halkbank (1940-1955)

	Number of Branches															
Branches	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
Domestic	1	4	5	5	6	6	6	7	7	7	7	8	8	18	27	34
Foreign																
Total	1	4	5	5	6	6	6	7	7	7	7	8	8	18	27	34

Table B.11 Development of Branch Network of Halbank (1956-1970)

	Number of Branches														
	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
Branches															
Domestic	34	42	43	46	50	52	55	57	70	78	93	122	157	176	194
Foreign															
Total	34	42	43	46	50	52	55	57	70	78	93	122	157	176	194

Table B.12 Development of Branch Network of Halbank (1971-1985)

	Number of Branches														
Branches	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
Domestic	213	223	236	260	277	314	386	446	509	559	587	593	593	593	617
Foreign								1	1	1	1	1	1	1	1
Total	213	223	236	260	277	314	386	447	510	560	588	594	594	594	618

Table B.13 Development of Branch Network of Halbank (1986-2000)

	Number of Branches														
Branches	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
Domestic	627	634	653	659	676	707	754	754	754	754	760	778	797	803	804
Foreign	1	1	1	1	1	1	1	1	1	1	1	1	1	1	2
Total	628	635	654	660	677	708	755	755	755	755	761	779	798	804	806

APPENDIX C

Table C.1 Distribution of Dışbank Branches in İstanbul, Ankara and İzmir by Central City (1964-1981)

	Number of Branches																	
City	1964	1965	1966	1967	1968	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981
İstanbul (Anatolia)																		
İstanbul (Europe)	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
İstanbul Total	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	2	2	2
Ankara																		
İzmir	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1
Total of İstanbul, Ankara and İzmir	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	4
Total National	2	2	3	3	3	3	4	4	4	4	4	4	4	4	4	4	4	5
Others																		1

Table C.2 Distribution of Dışbank Branches in İstanbul, Ankara and İzmir by Central City (1982-2000)

City	Number of Branches																		
	1982	1983	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
İstanbul (Anatolia)				1	1	1	1	1	2	2	2	2	2	2	5	5	6	6	17
İstanbul (Europe)	2	2	2	2	6	6	8	8	8	8	8	8	8	8	13	20	21	24	42
İstanbul Total	2	2	2	3	7	7	9	9	10	10	10	10	10	10	18	25	27	30	59
Ankara	1	1	1	1	1	1	2	2	2	2	2	2	2	2	2	3	4	4	8
İzmir	1	1	1	1	1	2	3	3	3	3	3	3	3	3	3	4	4	4	6
Total of İstanbul, Ankara and İzmir	4	4	4	5	9	10	14	15	15	15	15	15	15	15	23	32	35	38	73
Total National	8	8	8	10	14	15	19	20	20	20	20	20	20	21	31	49	52	55	99
Others	4	4	4	5	5	5	5	5	5	5	5	5	5	6	8	17	17	17	26

Table C.3 Distribution of Garantibank Branches in İstanbul, Ankara and İzmir by Central City (1967-1983)

	Number of Branches																
City	1967	1969	1970	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	
İstanbul (Anatolia)	6	8	9	9	9	12	12	12	12	12	12	12	12	13	13	13	
İstanbul (Europe)	24	34	36	39	44	50	54	54	54	54	54	54	55	57	58	59	
İstanbul Total	30	42	45	48	53	62	66	66	66	66	66	66	67	70	71	72	
Ankara	10	16	16	17	20	23	23	23	23	23	23	23	23	23	23	23	
İzmir	8	11	11	14	16	18	19	20	20	20	20	20	21	22	22	22	
Total of İstanbul, Ankara and İzmir	48	69	72	79	89	103	108	109	109	109	109	109	111	115	116	117	
Total National	87	128	147	168	192	230	238	240	241	244	244	254	271	296	298	299	
Others	39	59	75	89	103	127	130	131	132	135	135	145	160	181	182	182	

Table C.4 Distribution of Garantibank Branches in İstanbul, Ankara and İzmir by Central City (1984-2000)

City	Number of Branches																
	1984	1985	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
İstanbul (Anatolia)	14	14	14	14	14	15	16	15	16	16	20	21	21	24	28	30	36
İstanbul (Europe)	59	59	61	61	61	61	65	62	61	62	66	67	68	77	82	85	112
İstanbul Total	73	73	75	75	75	76	81	77	77	78	86	88	89	101	110	115	148
Ankara	23	23	23	23	23	23	25	23	16	16	14	15	15	18	19	20	25
İzmir	22	22	22	22	21	22	23	20	14	14	9	10	9	12	12	12	16
Total of İstanbul, Ankara and İzmir	118	118	120	120	119	121	129	120	107	108	109	113	113	131	141	147	189
Total National	283	282	285	289	294	296	300	253	205	198	172	168	170	192	203	210	261
Others	165	164	165	169	175	175	171	133	98	90	63	55	57	61	62	63	72

Table C.5 Distribution of İşbank Branches in İstanbul, Ankara and İzmir by Central City (1924-1940)

	Number of Branches																	
City	1924	1925	1926	1927	1928	1929	1930	1931	1932	1933	1934	1935	1936	1937	1938	1939	1940	
İstanbul (Anatolia)								.		2	2	2	2	2	2	2	2	
İstanbul (Europe)	1	1	1	1	1	1	2	2	2	2	4	4	4	4	4	4	4	
İstanbul Total	1	1	1	1	1	1	2	2	2	4	6	6	6	6	6	6	6	
Ankara	1	1	1	1	1	1	1	1	1	1	1	1	2	2	2	2	2	
İzmir		1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	1	
Total of İstanbul, Ankara and İzmir	2	3	3	3	3	3	4	4	4	6	8	8	9	9	9	9	9	
Total National	2	4	4	6	14	23	24	34	34	36	39	39	41	42	42	42	43	
Others		1	1	3	11	20	20	30	30	30	31	31	32	33	33	33	34	

Table C.6 Distribution of İşbank Branches in İstanbul, Ankara and İzmir by Central City (1941-1955)

City	Number of Branches																			
	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955					
İstanbul (Anatolia)	2	2	2	2	2	3	3	3	3	3	3	5	6	8	8					
İstanbul (Europe)	4	4	4	4	4	4	4	6	8	9	9	19	27	33	38					
İstanbul Total	6	6	6	6	6	7	7	9	11	12	12	24	33	41	46					
Ankara	2	2	2	2	2	2	2	2	2	5	6	10	11	13	14					
İzmir	1	1	1	1	1	1	1	2	3	5	5	9	9	11	12					
Total of İstanbul, Ankara and İzmir	9	9	9	9	9	10	10	13	16	22	23	43	53	65	72					
Total National	45	46	46	46	47	49	50	59	66	74	78	105	128	162	183					
Others	36	37	37	37	38	39	40	46	50	52	55	62	75	97	111					

Table C.7 Distribution of İşbank Branches in İstanbul, Ankara and İzmir by Central City (1956-1970)

City	Number of Branches														
	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970
İstanbul (Anatolia)	8	10	14	15	15	15	15	15	15	15	15	15	15	20	23
İstanbul (Europe)	41	41	45	45	47	47	47	47	47	48	50	51	61	68	76
İstanbul Total	49	51	59	60	62	62	62	62	62	63	65	66	76	88	99
Ankara	15	15	17	17	17	17	17	17	17	17	17	23	25	30	34
İzmir	13	13	13	13	13	13	13	13	13	13	13	14	15	17	19
Total of İstanbul, Ankara and İzmir	77	79	89	90	92	92	92	92	92	93	95	103	116	135	152
Total National	194	202	220	230	238	239	241	242	250	256	269	300	342	400	435
Others	117	123	131	140	146	147	149	150	158	163	174	197	226	265	283

Table C.8 Distribution of İşbank Branches in İstanbul, Ankara and İzmir by Central City (1971-1985)

City	Number of Branches														
	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985
İstanbul (Anatolia)	25	27	30	41	41	41	42	43	43	43	43	43	43	43	44
İstanbul (Europe)	90	98	115	129	129	129	131	134	134	134	134	134	134	134	138
İstanbul Total	115	125	145	170	170	170	173	177	177	177	177	177	177	177	182
Ankara	34	34	45	58	58	59	62	62	62	63	63	63	63	63	65
İzmir	21	27	39	49	49	50	51	54	54	54	54	55	55	55	58
Total of İstanbul, Ankara and İzmir	170	186	229	277	277	279	286	293	293	294	294	295	295	295	305
Total National	482	514	575	677	715	775	836	857	859	866	879	894	896	897	910
Others	312	328	346	400	438	496	550	564	566	572	585	599	601	602	605

Table C.9 Distribution of İşbank Branches in İstanbul, Ankara and İzmir by Central City (1986-2000)

City	Number of Branches														
	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000
İstanbul (Anatolia)	44	45	46	46	46	45	45	47	47	50	53	54	56	56	56
İstanbul (Europe)	139	140	145	147	147	137	137	138	139	139	140	144	149	149	147
İstanbul Total	183	185	191	193	193	182	182	185	186	189	193	198	205	205	203
Ankara	65	66	67	67	68	68	66	66	68	68	67	68	68	71	73
İzmir	59	60	62	62	62	60	57	58	58	59	59	59	60	63	62
Total of İstanbul, Ankara and İzmir	307	311	320	322	323	310	305	309	312	316	319	325	333	339	338
Total National	919	926	944	951	944	903	850	815	817	825	822	828	844	858	857
Others	612	615	624	629	621	593	545	506	505	509	503	503	511	519	519

Table C.10 Distribution of Halkbank Branches in İstanbul, Ankara and İzmir by Central City (1940-1955)

City	Number of Branches															
	1940	1941	1942	1943	1944	1945	1946	1947	1948	1949	1950	1951	1952	1953	1954	1955
İstanbul (Anatolia)																
İstanbul (Europe)																
İstanbul Total																
Ankara																
İzmir																
Total of İstanbul, Ankara and İzmir																
Total National	1	4	5	5	6	6	6	7	7	7	7	8	8	18	27	34
Others	1	4	5	5	6	6	6	7	7	7	7	8	8	18	27	34

Table C.11 Distribution of Halkbank Branches in İstanbul, Ankara and İzmir by Central City (1956-1970)

	Number of Branches															
City	1956	1957	1958	1959	1960	1961	1962	1963	1964	1965	1966	1967	1968	1969	1970	
İstanbul (Anatolia)									1	1	1	1	1	2	2	
İstanbul (Europe)									2	2	2	4	5	5	5	
İstanbul Total									3	3	3	5	6	7	7	
Ankara									1	1	1	3	4	4	5	
İzmir									1	1	1	3	3	4	4	
Total of İstanbul, Ankara and İzmir									5	5	5	11	13	15	16	
Total National	34	42	43	46	50	52	55	57	70	78	93	122	157	176	194	
Others	34	42	43	46	50	52	55	57	65	73	88	111	144	161	178	

Table C.12 Distribution of Halkbank Branches in İstanbul, Ankara and İzmir by Central City (1971-1985)

	Number of Branches															
City	1971	1972	1973	1974	1975	1976	1977	1978	1979	1980	1981	1982	1983	1984	1985	
İstanbul (Anatolia)	2	2	2	2	2	3	4	4	8	8	8	8	8	8	9	
İstanbul (Europe)	6	6	6	6	6	6	8	12	18	18	19	20	20	20	24	
İstanbul Total	8	8	8	8	8	9	12	16	26	26	27	28	28	28	33	
Ankara	6	6	6	7	7	8	8	9	11	12	13	13	13	13	19	
İzmir	4	4	4	5	5	5	6	10	11	14	14	14	14	14	18	
Total of İstanbul, Ankara and İzmir	18	18	18	20	20	22	26	35	48	52	54	55	55	55	70	
Total National	213	223	236	260	277	314	386	446	509	559	587	593	593	593	617	
Others	195	205	218	240	257	292	360	411	461	507	533	538	538	538	547	

Table C.13 Distribution of Halkbank Branches in İstanbul, Ankara and İzmir by Central City (1986-2000)

	Number of Branches															
City	1986	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998	1999	2000	
İstanbul (Anatolia)	9	9	10	11	12	13	18	18	18	18	18	18	18	18	18	
İstanbul (Europe)	24	24	28	28	31	37	40	40	40	40	41	42	43	43	44	
İstanbul Total	33	33	38	39	43	50	58	58	58	58	59	60	61	61	62	
Ankara	19	20	22	23	26	32	38	38	38	38	38	39	40	40	40	
İzmir	20	20	21	21	23	27	35	35	35	35	36	36	37	38	38	
Total of İstanbul, Ankara and İzmir	72	73	81	83	92	109	131	131	131	131	133	135	138	139	140	
Total National	627	634	653	659	676	707	754	754	754	754	760	778	797	803	804	
Others	555	561	572	576	584	598	623	623	623	623	627	643	659	664	664	

APPENDIX D

Table D.1 Regional Distribution of Bank Credits, Deposits, Population and Total Bank Branches in Turkey (1990, 1995, 2000)

Region	% of Total National Credits in 1990 (TL)	% of Total National Credits in 1995 (TL)	% of Total National Credits in 2000 (TL)	% of Total National Deposits in 1990 (TL)	% of Total National Deposits in 1995 (TL)	% of Total National Deposits in 2000 (TL)	% of Population in 1990	% of Population in 1995	% of Population in 2000	% of Total Domestic Bank Branches in 1990	% of Total Domestic Bank Branches in 1995	% of Total Domestic Bank Branches in 2000	Number of Bank Branches in 1990	Number of Bank Branches in 1995	Number of Bank Branches in 2000
AEGEAN	12.4	12.7	10.4	12.5	13.4	10.6	14.3	14.4	14	20.2	19.3	18.1	1324	1203	1409
BLACK SEA	6.8	4.6	6	4.7	4.8	3.2	10.1	9.1	8.7	9.3	8.2	6.9	605	507	538
MARMARA	37.7	43.1	50.3	42.3	44.6	51	20.6	22.4	23	28.3	32.1	36.6	1853	1999	2850
MEDITERRANEAN	11.5	9.6	7.6	6.1	7.3	6.6	13.2	13.7	13.8	9.7	9.8	10.1	634	607	789
MIDDLE EAST	1.5	1	1.5	2	2	1.3	6.6	6.1	6	4.3	3.9	3.2	280	240	250
MIDDLE NORTH	25.8	26	20	26.5	21.8	23.3	13.4	12.8	12.8	15	14.7	14	978	915	1092
MIDDLE SOUTH	2.7	1.8	2.4	3.8	4.4	2.7	8.1	8	7.9	6.7	6	5.4	438	372	417
NORTHEAST	0.8	0.6	0.9	0.9	1	0.6	4.4	3.8	3.8	2.9	2.6	2.3	192	163	175
SOUTHEAST	0.8	0.6	1	1	0.8	0.8	9.3	9.7	10	3.6	3.4	3.4	236	214	266

Table D.2 Regional Distribution of Bank Branches by Bank Groups in Turkey (2000)

Region	% of Total Commercial State Bank Branches in 2000	% of Total Commercial Private Bank Branches in 2000	% of Total Branches of the Banks under the Dep. Ins. Fund in 2000	% of Total Commercial Foreign Bank Branches in 2000	% of Total State Dev. and Invest. Bank Branches in 2000	% of Total Private Dev. and Invest. Bank Branches in 2000	% of Total Foreign Dev. and Invest. Bank Branches in 2000	Number of Commercial State Bank Branches in 2000	Number of Commercial Private Bank Branches in 2000	Number of Branches of the Banks under the Dep. Ins. Fund in 2000	Number of Commercial Foreign Bank Branches in 2000	Number of State Dev. and Invest. Bank Branches in 2000	Number of Private Dev. and Invest. Bank Branches in 2000	Number of Foreign Dev. and Invest. Bank Branches in 2000
AEGEAN	19.7	16.8	18.9	14.7	18.2	12.5	0	553	633	202	17	2	2	0
BLACK SEA	11	4.8	4.2	2.6	9.1	6.3	0	309	179	45	3	1	1	0
MARMARA	19.4	45.4	47.8	59.5	18.2	75	100	545	1709	510	69	2	12	3
MEDITERRANEAN	9.8	10.6	9.8	7.8	18.2	0	0	275	398	105	9	2	0	0
MIDDLE EAST	5.6	2	1.7	0.9	0	0	0	157	74	18	1	0	0	0
MIDDLE NORTH	17.1	12.7	11.1	12.9	18.2	6.3	0	480	477	118	15	2	1	0
MIDDLE SOUTH	7.6	4.3	3.7	1.7	0	0	0	213	162	40	2	0	0	0
NORTHEAST	4.2	1.2	1	0	9.1	0	0	118	45	11	0	1	0	0
SOUTHEAST	5.8	2.3	1.7	0	9.1	0	0	162	85	18	0	1	0	0

Table D.3 Provincial Distribution of Bank Credits, Deposits, Population and Total Bank Branches in Turkey (1990, 1995, 2000)

Province	Region	% of Total National Credits in 1990 (TL)	% of Total National Credits in 1995 (TL)	% of Total National Credits in 2000 (TL)	% of Total National Deposits in 1990 (TL)	% of Total National Deposits in 1995 (TL)	% of Total National Deposits in 2000 (TL)	Population in 1990	Population in 1995	Population in 2000	Number of Bank Branches in 1990	Number of Bank Branches in 1995	Number of Bank Branches in 2000
ADYAMAN	MIDDLE EAST	0,1	0,1	0,1	0,1	0,1	0,1	508733	593987	623811	21	21	22
AFYON	MIDDLE SOUTH	0,4	0,4	0,4	0,6	0,7	0,4	735762	802569	812416	72	68	72
AGRI	NORTHEAST	0	0	0	0,1	0	0	437023	443967	528744	19	18	18
AKSARAY	MIDDLE SOUTH	0,1	0,1	0,1	0,3	0,4	0,2	325503	344489	400145	26	25	26
AMASYA	MIDDLE EAST	0,2	0,2	0,3	0,2	0,2	0,1	358084	346625	365231	39	33	31
ANKARA	MIDDLE NORTH	23,1	23,9	17,8	22,9	18,2	20,8	3221654	3525871	4007860	535	528	672
ANTALYA	MEDITERRANEAN	2,7	1,9	1,6	1,4	2	1,7	1118513	1378395	1726205	132	137	200
ARTVIN	NORTHEAST	0,1	0,1	0,1	0,1	0,1	0,1	214185	191835	191934	36	30	29
AYDIN	AEGEAN	0,9	0,5	0,5	1	1	0,7	821121	896149	953006	141	116	131
BALIKESIR	AEGEAN	0,8	0,5	0,6	1,3	1,3	0,9	971093	1020025	1076347	144	125	134
BATMAN	SOUTHEAST	0	0	0,1	0,1	0,1	0	0	403445	446719	0	12	14
BAYBURT	BLACK SEA	0	0	0	0,1	0,1	0,1	107717	102328	97358	12	9	9
BILECIK	MIDDLE NORTH	0,2	0,1	0,1	0,1	0,1	0,1	174878	187664	194326	30	27	29
BINGOL	SOUTHEAST	0	0	0	0,1	0,1	0	250784	253180	253595	13	12	12
BITLIS	SOUTHEAST	0,1	0	0	0	0	0	329070	353844	388678	22	18	18
BOLU	MIDDLE NORTH	0,4	0,2	0,1	0,5	0,4	0,2	535840	559576	584920	68	57	59
BURDUR	AEGEAN	0,2	0,1	0,1	0,2	0,2	0,2	255046	256143	258603	41	36	37
BURSA	MARMARA	2,3	3,7	2,7	2,4	2,8	2,3	1587831	1880573	2106687	188	194	238
CANAKKALE	AEGEAN	0,3	0,3	0,3	0,5	0,4	0,3	432177	438313	464975	69	62	67
CORUM	MIDDLE NORTH	0,4	0,3	0,3	0,3	0,3	0,3	610450	606732	597065	47	43	47
DENIZLI	AEGEAN	0,8	1,4	1,6	1	1,1	0,9	746911	826697	843122	102	96	103
DIYARBAKIR	SOUTHEAST	0,2	0,1	0,3	0,3	0,3	0,2	1086533	1249994	1364209	49	45	61
EDIRNE	MARMARA	2,9	1,1	0,6	0,5	0,4	0,3	404428	411161	402606	56	49	54
ELAZIG	MIDDLE EAST	0,2	0,1	0,1	0,3	0,4	0,2	498358	501827	572933	30	28	33
ERZINCAN	NORTHEAST	0,1	0,1	0,1	0,2	0,2	0,1	299823	290515	315806	31	24	27
ERZURUM	NORTHEAST	0,3	0,2	0,3	0,3	0,3	0,2	850461	816970	942340	58	50	54
ESKISEHIR	MIDDLE NORTH	0,7	0,6	0,7	0,8	0,8	0,7	639518	674609	706009	66	62	75
GIRISUN	BLACK SEA	4	2,2	3,6	0,4	0,4	0,3	500305	485255	524010	54	45	47
GUMUSHANE	BLACK SEA	0	0	0,1	0,1	0,1	0	170297	156422	186953	30	14	15
HAKKARI	SOUTHEAST	0	0	0	0	0	0	217919	206606	235841	9	8	8
HATAY	MEDITERRANEAN	0,4	0,6	0,5	0,9	1	0,9	1105022	1203775	1232910	90	79	95
ICEL	MEDITERRANEAN	1,2	1,1	1,2	1,2	1,2	1,4	1254078	1500349	1668007	118	110	138
ISPARTA	AEGEAN	0,3	0,2	0,2	0,4	0,5	0,3	432139	482824	514379	57	51	52
IZMIR	AEGEAN	7,4	8,8	6	6,4	7,1	5,9	2675160	3055626	3387908	530	502	613
KAHRAMANMARAS	MEDITERRANEAN	0,2	0,2	0,4	0,3	0,3	0,2	891068	930189	1008069	45	37	48
KARAMAN	MIDDLE SOUTH	0,1	0,1	0,1	0,2	0,2	0,1	217381	221676	243399	15	17	18
KASTAMONU	BLACK SEA	0,2	0,2	0,2	0,3	0,2	0,2	426170	381988	376725	57	47	50
KAYSERI	MIDDLE SOUTH	0,9	0,4	0,9	1	1,2	0,8	939980	1009716	1049659	88	74	93

Table D.3 (continued)

Province	Region	% of Total National Credits in 1990 (TL)	% of Total National Credits in 1995 (TL)	% of Total National Credits in 2000 (TL)	% of Total National Deposits in 1990 (TL)	% of Total National Deposits in 1995 (TL)	% of Total National Deposits in 2000 (TL)	Population in 1990	Population in 1995	Population in 2000	Number of Bank Branches in 1990	Number of Bank Branches in 1995	Number of Bank Branches in 2000
KIRIKKALE	MIDDLE NORTH	0.2	0.1	0.1	0.3	0.2	0.1	351184	322144	383508	26	23	25
KIRKLARELI	MARMARA	0.3	0.2	0.2	0.4	0.4	0.3	309298	315638	328461	53	47	49
KOCAELI	MARMARA	1.3	0.6	3.2	1.4	1.3	2	925190	1133542	1203335	91	98	129
KONYA	MIDDLE SOUTH	0.9	0.6	0.7	1.2	1.3	0.9	1741200	1921887	2217969	161	130	149
KUTAHYA	MIDDLE NORTH	0.2	0.2	0.2	0.4	0.4	0.3	577051	600469	656716	57	53	55
MALATYA	MIDDLE EAST	0.3	0.2	0.3	0.4	0.4	0.3	700979	725208	853658	43	41	46
MANISA	AEGEAN	1	0.6	0.7	0.9	0.9	0.7	1149804	1245689	1260169	146	121	138
MARDIN	SOUTHEAST	0.1	0	0.1	0.1	0.1	0.1	751673	620588	705098	29	25	30
MUGLA	AEGEAN	0.7	0.4	0.5	0.8	1	0.8	558857	635910	717384	94	94	134
MUS	SOUTHEAST	0	0	0.1	0	0	0	374932	409103	453654	15	14	14
NEVSEHIR	MIDDLE SOUTH	0.2	0.1	0.1	0.4	0.4	0.2	289272	295478	309914	45	34	36
NIGDE	MIDDLE SOUTH	0.2	0.1	0.1	0.2	0.2	0.1	305225	318312	348081	31	24	23
ORDU	BLACK SEA	0.3	0.5	0.3	0.4	0.4	0.3	827718	881386	887765	61	51	54
RIZE	BLACK SEA	0.2	0.3	0.2	0.2	0.2	0.2	351227	310595	365938	45	35	37
SAKARYA	MARMARA	0.3	0.2	0.3	0.6	0.6	0.5	679608	748235	746060	76	61	61
SAMSUN	BLACK SEA	1	0.7	0.7	0.9	0.9	0.7	1157321	1187877	1203681	107	93	95
SANLIURFA	SOUTHEAST	0.2	0.2	0.2	0.2	0.1	0.1	989474	1211417	1436956	41	37	50
SIIRT	SOUTHEAST	0	0	0	0	0	0	599400	253964	264778	36	12	12
SINOP	BLACK SEA	0.1	0.1	0.1	0.2	0.2	0.1	266175	241098	225574	26	24	24
SIRNAK	SOUTHEAST	0	0	0	0	0	0	308228	354061	354061	0	9	18
SIVAS	MIDDLE EAST	0.3	0.2	0.3	0.6	0.6	0.3	769468	742817	752828	74	55	57
TEKIRDAG	MARMARA	0.5	0.4	0.4	0.6	0.7	0.5	465462	532242	626549	72	67	84
TOKAT	MIDDLE EAST	0.3	0.2	0.3	0.3	0.2	0.2	718131	745805	828027	57	47	45
TRABZON	BLACK SEA	0.4	0.3	0.4	0.8	0.8	0.6	796765	786147	979295	89	80	90
TUNCELI	MIDDLE EAST	0	0	0	0.1	0.1	0.1	134653	110231	93584	16	15	16
USAK	MIDDLE NORTH	0.2	0.1	0.1	0.4	0.6	0.4	289517	304470	322654	37	33	38
VAN	SOUTHEAST	0.1	0.1	0.1	0.1	0.1	0.1	632565	723986	877524	22	22	29
YOZGAT	MIDDLE NORTH	0.2	0.2	0.2	0.4	0.4	0.2	578111	602765	682919	54	47	47
KIRSEHIR	MIDDLE NORTH	0.2	0.1	0.1	0.3	0.3	0.1	257572	245901	253239	27	19	21
ADANA	MEDITERRANEAN	6.1	4.9	3	1.8	2	1.7	1925130	2123457	1854270	175	175	190
GAZIANTEP	MEDITERRANEAN	0.9	0.8	0.9	0.6	0.8	0.5	1131505	1309481	1293849	74	69	88
KARS	NORTHEAST	0.2	0.1	0.2	0.2	0.3	0.1	667611	311991	327056	48	21	22
ZONGULDAK	BLACK SEA	0.5	0.2	0.3	1.4	1.1	0.6	1073952	876037	615599	124	90	70
CANKIRI	MIDDLE NORTH	0.1	0.1	0.1	0.1	0.1	0.1	278747	288179	269579	31	23	24
ISTANBUL	MARMARA	30.1	36.8	42.9	36.3	38.2	44.8	7226956	8795528	10033478	1317	1483	2214
KARABÜK	BLACK SEA	0	0.1	0.1	0	0.2	0.1	0	0	225102	0	0	27
YALOVA	MARMARA	0	0.1	0.1	0	0.2	0.2	0	0	168593	0	0	21

Table D.3 (continued)

Province	Region	% of Total National Credits in 1990 (TL)	% of Total National Credits in 1995 (TL)	% of Total National Credits in 2000 (TL)	% of Total National Deposits in 1990 (TL)	% of Total National Deposits in 1995 (TL)	% of Total National Deposits in 2000 (TL)	Population in 1990	Population in 1995	Population in 2000	Number of Bank Branches in 1990	Number of Bank Branches in 1995	Number of Bank Branches in 2000
BARTIN	BLACK SEA	0	0	0	0,1	0,2	0,1	0	202261	184178	0	19	20
ARDAHAN	NORTHEAST	0	0	0	0,1	0	0	0	123827	133756	0	10	12
IGDIR	NORTHEAST	0	0	0	0,1	0,1	0,1	0	140125	168634	0	10	13
KILIS	MEDITERRANEAN	0	0	0	0	0	0	0	0	114724	0	0	6
OSMANIYE	MEDITERRANEAN	0	0	0	0,1	0	0,1	0	0	463196	0	0	24

Table D.4 Provincial Distribution of Bank Branches by Bank Groups in Turkey
(2000)

Province	Region	Number of Commercial State Bank Branches in 2000	Number of Commercial Private Bank Branches in 2000	Number of Branches of the Banks under the Dep. Ins. Fund in 2000	Number of Commercial Foreign Bank Branches in 2000	Number of State Dev. and Invest. Bank Branches in 2000	Number of Private Dev. and Invest. Bank Branches in 2000	Number of Foreign Dev. and Invest. Bank Branches in 2000
ADIYAMAN	MIDDLE EAST	15	6	1	0	0	0	0
AFYON	MIDDLE SOUTH	42	23	7	0	0	0	0
AGRI	NORTHEAST	14	4	0	0	0	0	0
AKSARAY	MIDDLE SOUTH	16	8	2	0	0	0	0
AMASYA	MIDDLE EAST	18	12	1	0	0	0	0
ANKARA	MIDDLE NORTH	235	343	78	14	2	1	0
ANTALYA	MEDITERRANEAN	63	104	31	1	1	0	0
ARTVIN	NORTHEAST	20	8	1	0	0	0	0
AYDIN	AEGEAN	59	53	18	1	0	0	0
BALIKESIR	AEGEAN	62	53	18	1	0	0	0
BATMAN	SOUTHEAST	9	5	0	0	0	0	0
BAYBURT	BLACK SEA	6	3	0	0	0	0	0
BILECIK	MIDDLE NORTH	17	11	1	0	0	0	0
BINGOL	SOUTHEAST	10	2	0	0	0	0	0
BITLIS	SOUTHEAST	15	2	1	0	0	0	0
BOLU	MIDDLE NORTH	36	18	5	0	0	0	0
BURDUR	AEGEAN	24	10	3	0	0	0	0
BURSA	MARMARA	77	129	31	1	0	0	0
CANAKKALE	AEGEAN	38	23	6	0	0	0	0
CORUM	MIDDLE NORTH	26	15	6	0	0	0	0
DENIZLI	AEGEAN	48	44	10	1	0	0	0
DIYARBAKIR	SOUTHEAST	30	24	6	0	1	0	0
EDIRNE	MARMARA	24	24	6	0	0	0	0
ELAZIG	MIDDLE EAST	22	8	3	0	0	0	0
ERZINCAN	NORTHEAST	19	6	2	0	0	0	0
ERZURUM	NORTHEAST	33	15	5	0	1	0	0
ESKISEHIR	MIDDLE NORTH	32	30	12	1	0	0	0
GIRESUN	BLACK SEA	30	14	2	0	1	0	0
GUMUSHANE	BLACK SEA	12	3	0	0	0	0	0
HAKKARI	SOUTHEAST	7	1	0	0	0	0	0
HATAY	MEDITERRANEAN	39	40	14	2	0	0	0
ICEL	MEDITERRANEAN	52	67	17	2	0	0	0
ISPARTA	AEGEAN	31	14	7	0	0	0	0
IZMIR	AEGEAN	194	314	90	11	2	2	0
KAHRAMANMARAS	MEDITERRANEAN	21	18	9	0	0	0	0
KARAMAN	MIDDLE SOUTH	9	7	2	0	0	0	0
KASTAMONU	BLACK SEA	35	13	2	0	0	0	0
KAYSERI	MIDDLE SOUTH	36	46	10	1	0	0	0
KIRIKKALE	MIDDLE NORTH	16	7	2	0	0	0	0
KIRKLARELI	MARMARA	24	20	5	0	0	0	0
KOCAELI	MARMARA	36	67	24	2	0	0	0
KONYA	MIDDLE SOUTH	76	58	14	1	0	0	0
KUTAHYA	MIDDLE NORTH	34	15	6	0	0	0	0
MALATYA	MIDDLE EAST	24	14	7	1	0	0	0
MANISA	AEGEAN	53	60	24	1	0	0	0
MARDIN	SOUTHEAST	19	11	0	0	0	0	0
MUGLA	AEGEAN	44	62	26	2	0	0	0
MUS	SOUTHEAST	11	3	0	0	0	0	0
NEVSEHIR	MIDDLE SOUTH	20	13	3	0	0	0	0
NIGDE	MIDDLE SOUTH	14	7	2	0	0	0	0
ORDU	BLACK SEA	36	14	4	0	0	0	0
RIZE	BLACK SEA	22	12	3	0	0	0	0
SAKARYA	MARMARA	27	26	8	0	0	0	0
SAMSUN	BLACK SEA	49	36	8	1	0	1	0
SANLIURFA	SOUTHEAST	25	18	7	0	0	0	0
SIIRT	SOUTHEAST	10	2	0	0	0	0	0
SINOP	BLACK SEA	16	7	1	0	0	0	0
SIRNAK	SOUTHEAST	10	7	1	0	0	0	0
SIVAS	MIDDLE EAST	38	16	3	0	0	0	0
TEKIRDAG	MARMARA	32	38	14	0	0	0	0
TOKAT	MIDDLE EAST	26	17	2	0	0	0	0
TRABZON	BLACK SEA	45	33	11	1	0	0	0
TUNCELI	MIDDLE EAST	14	1	1	0	0	0	0
USAK	MIDDLE NORTH	16	16	6	0	0	0	0
VAN	SOUTHEAST	16	10	3	0	0	0	0
YOZGAT	MIDDLE NORTH	34	12	1	0	0	0	0

Table D.4 (continued)

Province	Region	Number of Commercial State Bank Branches in 2000	Number of Commercial Private Bank Branches in 2000	Number of Branches of the Banks under the Dep. Ins. Fund in 2000	Number of Commercial Foreign Bank Branches in 2000	Number of State Dev. and Invest. Bank Branches in 2000	Number of Private Dev. and Invest. Bank Branches in 2000	Number of Foreign Dev. and Invest. Bank Branches in 2000
KIRSEHIR	MIDDLE NORTH	14	6	1	0	0	0	0
ADANA	MEDITERRANEAN	54	111	22	3	0	0	0
KARS	NORTHEAST	15	4	3	0	0	0	0
ZONGULDAK	BLACK SEA	33	26	10	1	0	0	0
CANKIRI	MIDDLE NORTH	20	4	0	0	0	0	0
ISTANBUL	MARMARA	316	1397	418	66	2	12	3
KARABÜK	BLACK SEA	14	10	3	0	0	0	0
YALOVA	MARMARA	9	8	4	0	0	0	0
BARTIN	BLACK SEA	11	8	1	0	0	0	0
ARDAHAN	NORTHEAST	9	3	0	0	0	0	0
IGDIR	NORTHEAST	8	5	0	0	0	0	0
KILIS	MEDITERRANEAN	5	1	0	0	0	0	0
OSMANIYE	MEDITERRANEAN	12	10	2	0	0	0	0

APPENDIX E

Table E.1 Branch Distributions of Four Banks in the Districts of Turkey (1990, 1995, 2000)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
ADANA	ALADAG												
ADANA	CEYHAN				2	1	1	1	1	1	2	2	2
ADANA	FEKE												
ADANA	IMAMOGLU							1	1	1			
ADANA	KARASALI												
ADANA	KARATAS							1	1	1			
ADANA	KOZAN				1			1	1	1	1	1	1
ADANA	POZANTI							1	1	1	1	1	1
ADANA	SAIMBEYLI												
ADANA	SEYHAN	1	1	3	5	3	5	10	12	13	4	6	6
ADANA	TUFANBEYLI											1	1
ADANA	YUMURTALIK										1	1	1
ADANA	YUREGIR							4	5	5		1	1
ADYAMAN	MERKEZ							1	1	1	1	1	1
ADYAMAN	BESNI							1	1	1	1	1	1
ADYAMAN	CELIKHAN												
ADYAMAN	GERGER												
ADYAMAN	GOLBASI							1	1	1	1	1	1
ADYAMAN	KAHTA							1	1	1	1	1	1
ADYAMAN	SAMSAT												
ADYAMAN	SINCIK												
ADYAMAN	TUT												
AFYON	MERKEZ				1	1	1	1	1	1	2	2	2
AFYON	BASMAKCI										1	1	1
AFYON	BAYAT												
AFYON	BOLVADIN							1	1	1	1	1	1
AFYON	CAY							1			1	1	1
AFYON	COBANLAR												
AFYON	DAZKIRI										1	1	1
AFYON	DINAR							1	1	1	1	1	1
AFYON	EMIRDAG							1	1	1	1	1	1
AFYON	EVCILER												
AFYON	HOCALAR												
AFYON	IHSANIYE										1	1	1
AFYON	ISCHEHISAR												1
AFYON	KIZILOREN												
AFYON	SANDIKLI							1	1	1	1	1	1
AFYON	SINCANLI												1
AFYON	SUHUT										1	1	1
AFYON	SULTANDAGI							1			1	1	1
AGRI	MERKEZ							1	1	1	1	1	1
AGRI	DIYADIN												
AGRI	DOGUBEYAZIT							1	1	1	1	1	1
AGRI	ELESKIRT												
AGRI	HAMUR												
AGRI	PATNOS										1	1	1
AGRI	TASLICAY												
AGRI	TUTAK												
AKSARAY	AGACOREN												
AKSARAY	MERKEZ				1			2	1	1	1	1	1
AKSARAY	ESKIL												
AKSARAY	GULAGAC												
AKSARAY	GUZELYURT												
AKSARAY	ORTAKOY							1	1	1	1	1	1
AKSARAY	SARIYAHSI												
AMASYA	MERKEZ				1			1	1	1	1	1	1

Table E.1 (continued)

		Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
Province	District	1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
AMASYA	GOYNUCEK										1	1	1
AMASYA	GUMUSHACIKOY							1	1	1	1	1	1
AMASYA	HAMAMOZU												
AMASYA	MERZIFON							1	1	1	1	1	1
AMASYA	SULUOVA							1	1	1	1	1	1
AMASYA	TASOVA							1	1	1	1	1	1
ANKARA	AKYURT												
ANKARA	ALTINDAG			1	8	5	6	16	16	16	8	11	11
ANKARA	AYAS							1	1	1	1	1	1
ANKARA	BALA										1	1	1
ANKARA	BEYPAZARI							1	1	1	1	1	1
ANKARA	CAMLIDERE										1	1	1
ANKARA	CANKAYA	2	2	6	13	10	19	34	35	37	13	20	21
ANKARA	CUBUK							3	3	3	1	1	1
ANKARA	ELMADAG							1	1	1	1	1	1
ANKARA	ETIMESGUT												
ANKARA	EVREN												
ANKARA	GOLBASI									1	1	1	1
ANKARA	GUDUL										1	1	1
ANKARA	HAYMANA							1	1		1	1	1
ANKARA	KALECIK							1			1	1	1
ANKARA	KAZAN												1
ANKARA	KECIOREN				1			5	5	4	1	2	2
ANKARA	KIZILCAHAMAM							1	1	1	1	1	1
ANKARA	MAMAK				1		1	4	2	2			
ANKARA	NALLIHAN							1	1	1	1	1	1
ANKARA	POLATLI				1			1	1	1	1	1	1
ANKARA	SEREFLIKOCHISAR							1	1	1	1	1	1
ANKARA	SINCAN							1	2	3	1	1	2
ANKARA	YENIMAHALLE			1	2			6	6	8	4	5	5
ANTALYA	AKSEKI							1			1	1	1
ANTALYA	ALANYA				1	1	2	1	1	1	1	1	1
ANTALYA	MERKEZ	1	1	2	3	3	7	6	5	7	3	3	6
ANTALYA	ELMALI				1			1	1	1	1	1	1
ANTALYA	FINIKE							2	2	2	1	1	1
ANTALYA	GAZIPASA				1			1	1	1	1	1	1
ANTALYA	GUNDOGMUS												
ANTALYA	IBRADI												
ANTALYA	KALE							1	1	1			1
ANTALYA	KAS				1				1	1	1	1	1
ANTALYA	KEMER						1	1	1	1		1	1
ANTALYA	KORKUTELI							1	1	1	1	1	1
ANTALYA	KUMLUCA				1			1	1	1	1	1	1
ANTALYA	MANAVGAT				1	1	1	2	2	2	1	1	1
ANTALYA	SERIK				1			1	1	1	1	1	1
ARDAHAN	MERKEZ							1	1	1	1	1	1
ARDAHAN	CILDIR												
ARDAHAN	DAMAL												
ARDAHAN	GÖLE							1	1	1	1	1	1
ARDAHAN	HANAK												
ARDAHAN	POSOĞ							1					
ARTVIN	ARDANUC							1			1	1	1
ARTVIN	ARHAVI							1	1	1	1	1	1
ARTVIN	MERKEZ							1	1	1	1	1	1
ARTVIN	BORCKA							2	1	1	1	1	1
ARTVIN	HOPA							1	1	1	1	1	1
ARTVIN	MURGUL										1	1	1
ARTVIN	SAVSAT							1			1	1	1
ARTVIN	YUSUFELI							1	1	1	1	1	1
AYDIN	MERKEZ				1	1	1	3	2	2	4	4	4
AYDIN	BOZDOĞAN							1	1	1	1	1	1
AYDIN	BUHARKENT							1			1	1	1
AYDIN	CİNE							1	1	1	1	1	1
AYDIN	GERMENCİK							2			2	2	2
AYDIN	INCIRLIOVA							1	1	1	1	1	1
AYDIN	KARACASU							1	1	1		1	1
AYDIN	KARPUZLU												
AYDIN	KOCARLI							1			1	1	1
AYDIN	KOSK				1			1			1	1	1
AYDIN	KUSADASI				1	1	1	2	2	2	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
AYDIN	KUYUCAK							1			1	1	1
AYDIN	NAZILLI				1			2	2	2	1	1	1
AYDIN	SOKE				1			3	3	3	3	3	4
AYDIN	SULTANHISAR							2			2	2	2
AYDIN	YENIHISAR							1	1	1			
AYDIN	YENIPAZAR							1			1	1	1
BALIKESIR	AYVALIK				1			2	2	2	1	1	1
BALIKESIR	BALIKADA												
BALIKESIR	MERKEZ				2	1	1	2	2	3	1	1	2
BALIKESIR	BALYA							1					
BALIKESIR	BANDIRMA				1	1	1	2	1	1	1	1	2
BALIKESIR	BIGADIC							1	1	1	1	1	1
BALIKESIR	BURHANIYE							1	1	1	1	1	1
BALIKESIR	CICEKADA												
BALIKESIR	CIPLAKADA												
BALIKESIR	DURSUNBEY							1			1	1	1
BALIKESIR	EDREMIT				1			1	1	1	1	1	2
BALIKESIR	ERDEK							1	1	1	1	1	1
BALIKESIR	GOMEC												
BALIKESIR	GONEN				1			2	1	1	1	1	1
BALIKESIR	GUNESADASI												
BALIKESIR	HARMANLI												
BALIKESIR	HAVRAN							1	1	1	1	1	1
BALIKESIR	IVRINDI							1	1	1	1	1	1
BALIKESIR	KARAADA												
BALIKESIR	KEPSUT							1				1	1
BALIKESIR	KIZADASI												
BALIKESIR	MADENADASI												
BALIKESIR	MANYAS							1	1	1	1	1	1
BALIKESIR	MARMARA												
BALIKESIR	PINARADASI												
BALIKESIR	SAVASTEPE							1			1	1	1
BALIKESIR	SINDIRGI							1	1	1	1	1	1
BALIKESIR	SUSURLUK				1			1	1	1	1	1	1
BALIKESIR	YELICEADASI												
BALIKESIR	YIGITLER												
BARTIN	AMASRA							1	1	1			
BARTIN	MERKEZ				1			2	2	2	1	1	1
BARTIN	KURUCASILE												
BARTIN	ULUS							1	1	1			1
BATMAN	MERKEZ				1			1	1	1	1	1	1
BATMAN	BESIRI												
BATMAN	GERCUS												
BATMAN	HASANKEYF												
BATMAN	KOZLUK										1	1	1
BATMAN	SASON												
BAYBURT	AYDINTEPE												
BAYBURT	MERKEZ				1			1	1	1	1	1	1
BAYBURT	DEMIROZU												
BILECIK	MERKEZ							1	1	1	1	1	1
BILECIK	BOZUYUK				1			1	1	1	1	1	1
BILECIK	GOLPAZARI							1			1	1	1
BILECIK	INHISAR												
BILECIK	OSMANELI							1	1	1	1	1	1
BILECIK	PAZARYERI										1	1	1
BILECIK	SOGUT							1	1	1	1	1	1
BILECIK	YENIPAZAR												
BINGOL	ADAKLI												
BINGOL	MERKEZ							1	1	1	1	1	1
BINGOL	GENC												
BINGOL	KARLIOVA												
BINGOL	KIGI										1	1	1
BINGOL	SOLHAN												
BINGOL	YAYLADERE												
BINGOL	YEDISU												
BITLIS	ADILCEVAZ										1	1	1
BITLIS	AHLAT										1	1	1
BITLIS	MERKEZ							1	1	1	1	1	1
BITLIS	GUROYMAK												
BITLIS	HIZAN												

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
BITLİS	MUTKI												
BITLİS	TATVAN							1	1	1	1	1	1
BOLU	AKCAKOCA							1	1	1	1	1	1
BOLU	MERKEZ				1	1	1	1	1	1	2	2	2
BOLU	CILIMLI												
BOLU	CUMAYERİ												
BOLU	DORTDIVAN												
BOLU	DUZCE				1			1	1	1	1	1	1
BOLU	GEREDE							1	1	1	1	1	1
BOLU	GOLYAKA												
BOLU	GOYNUK										1	1	1
BOLU	GUMUSOVA												
BOLU	KIBRISCIK										1	1	1
BOLU	MENGEN							1	1	1	1	1	1
BOLU	MUDURNU							1			1	1	1
BOLU	SEBEN										1	1	1
BOLU	YENICAGA							1			1	1	1
BOLU	YIGILCA										1	1	1
BURDUR	AGLASUN										1	1	1
BURDUR	ALTINYAYLA												
BURDUR	BUCAK							1	1	1	1	1	1
BURDUR	MERKEZ				1			1	1	1	2	2	2
BURDUR	CAVDIR										1	1	1
BURDUR	CELTIKCI												
BURDUR	GOLHISAR							1	1	1	1	1	1
BURDUR	KARAMANLI							1			1	1	1
BURDUR	KEMER												
BURDUR	TEFENNI							1			1	1	1
BURDUR	YESILOVA							1	1		1	1	1
BURSA	BUYUKORHAN										1	1	1
BURSA	GEMLIK				1	1	1	1	1	1	1	1	1
BURSA	GURSU							1	1	1	1	1	1
BURSA	HARMANCIK												1
BURSA	INEGOL				1			1	1	1	1	1	2
BURSA	IZNIK				1			1	1	1	1	1	1
BURSA	KARACABEY				1			1	1	1	1	1	1
BURSA	KELES							1	1		1	1	1
BURSA	KESTEL							1	1	1	1	1	1
BURSA	MUDANYA				1			1	1	1	1	1	1
BURSA	MUSTAFAKEMALPASA				1			1	1	1	1	1	1
BURSA	NILUFER				2	2	2		1	2		1	1
BURSA	ORHANELI							1			1	1	1
BURSA	ORHANGAZI				1			1	1	1	1	1	1
BURSA	OSMANGAZI	1	1	4	4	3	7	11	11	14	7	10	11
BURSA	YENISEHIR				1			1	1	1	1	1	1
BURSA	YILDIRIM				1	1	1	2	2	2	1	1	1
CANAKKALE	AYVACIK							1	1	1	1	1	1
CANAKKALE	BAYRAMIC							1	1	1	1	1	1
CANAKKALE	BIGA				1			1	1	1	1	1	1
CANAKKALE	BOZCAADA												
CANAKKALE	CAN							1	1	1	1	1	1
CANAKKALE	MERKEZ				1			1	1	1	1	1	1
CANAKKALE	ECEABAT							1	1	1			1
CANAKKALE	EZINE							1	1	1	1	1	1
CANAKKALE	GELIBOLU							1	1	1	1	1	1
CANAKKALE	GOKCEADA							1	1	1	1	1	1
CANAKKALE	LAPSEKI							1	1	1	1	1	1
CANAKKALE	TAVSANADASI												
CANAKKALE	YENICE							1	1	1	1	1	1
CANKIRI	ATKARACALAR												
CANKIRI	BAYRAMOREN												
CANKIRI	MERKEZ				1			1	1	1	1	1	1
CANKIRI	CERKES							1			1	1	1
CANKIRI	ELDIVAN												
CANKIRI	ILGAZ							1	1	1	1	1	1
CANKIRI	KIZILIRMAK												
CANKIRI	KORGUN												
CANKIRI	KURSUNLU							1			1	1	1
CANKIRI	ORTA										1	1	1
CANKIRI	SABANOZU										1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
CANKIRI	YAPRAKLI												
CORUM	ALACA							1	1	1	1	1	1
CORUM	BAYAT											1	1
CORUM	BOGAZKALE												
CORUM	MERKEZ				1		1	1	1	1	1	1	1
CORUM	DODURGA												
CORUM	ISKILIP							1			1	1	1
CORUM	KARGI							1			1	1	1
CORUM	LACIN												
CORUM	MECITOZU										1	1	1
CORUM	OGUZLAR												
CORUM	ORTAKOY												
CORUM	OSMANCIK							1	1	1	1	1	1
CORUM	SUNGURLU							1	1	1	1	1	1
CORUM	UGURLUDAG												
DENIZLI	ACIPAYAM							2	2	2	3	3	3
DENIZLI	AKKOY												
DENIZLI	BABADAG							1			1	1	1
DENIZLI	BAKLAN												
DENIZLI	BEKILLI							1				1	1
DENIZLI	BEYAGAC												
DENIZLI	BOZKURT										1	1	1
DENIZLI	BULDAN							1	1	1	1	1	1
DENIZLI	CAL							1	1	1	1	1	1
DENIZLI	CAMELI										1	1	1
DENIZLI	CARDAK							1			1	1	1
DENIZLI	CIVRIL							1	1	1	1	1	1
DENIZLI	MERKEZ	1	1	1	2	2	3	4	4	3	3	3	3
DENIZLI	GUNEY							1	1		1	1	1
DENIZLI	HONAZ										1	1	1
DENIZLI	KALE							1	1		1	1	1
DENIZLI	SARAYKOY							1	1	1	1	1	1
DENIZLI	TAVAS							1	1	1	1	1	2
DIYARBAKIR	BISMIL							1	1	1	1	1	1
DIYARBAKIR	CERMIK										1	1	1
DIYARBAKIR	CINAR												
DIYARBAKIR	CUNGUS										1	1	1
DIYARBAKIR	DICLE												
DIYARBAKIR	MERKEZ				1			2	3	3	3	3	3
DIYARBAKIR	EGIL												
DIYARBAKIR	ERGANI							1	1	1	1	1	1
DIYARBAKIR	HANI												
DIYARBAKIR	HAZRO												
DIYARBAKIR	KOCAKOY												
DIYARBAKIR	KULP												
DIYARBAKIR	LICE												
DIYARBAKIR	SILVAN							1			1	1	1
EDIRNE	MERKEZ				3	1	1	2	2	3	2	3	3
EDIRNE	ENEZ												
EDIRNE	HAVSA							1	1	1	1	1	1
EDIRNE	IPSALA				1			1	1	1	1	1	1
EDIRNE	KESAN				1			1	1	1	1	1	1
EDIRNE	LALAPASA												
EDIRNE	MERIC							1					1
EDIRNE	SULEOGLU												
EDIRNE	UZUNKOPRU				1			1	1	1	1	1	1
ELAZIG	AGIN												
ELAZIG	ALACAKAYA												
ELAZIG	ARICAK												
ELAZIG	BASKIL												
ELAZIG	MERKEZ				1			1	1	1	2	3	4
ELAZIG	KARAKOCAN										1	1	1
ELAZIG	KEBAN												
ELAZIG	KOVANCILAR												1
ELAZIG	MADEN							1			1	1	1
ELAZIG	PALU												
ELAZIG	SIVRICE												
ERZINCAN	CAYIRLI							1			1	1	1
ERZINCAN	MERKEZ				1	1	1	1	1	1	1	1	1
ERZINCAN	ILIC												

Table E.1 (continued)

Province	District	Number of Branches											
		Disbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
ERZINCAN	KEMAH										1	1	1
ERZINCAN	KEMALIYE												
ERZINCAN	OTLUKBELI												
ERZINCAN	REFAHIYE							1	1	1	1	1	1
ERZINCAN	TERCAN							1			1	2	2
ERZINCAN	UZUMLU												
ERZURUM	ASKALE							1	1	1	2	2	2
ERZURUM	CAT												
ERZURUM	MERKEZ				1			3	3	3	2	2	2
ERZURUM	HINIS										1	1	1
ERZURUM	HORASAN							1	1	1			
ERZURUM	ILICA												1
ERZURUM	ISPIR							1	1			1	1
ERZURUM	KARACOBAN												
ERZURUM	KARAYAZI												
ERZURUM	KOPRUKOY												
ERZURUM	NARMAN										1	1	1
ERZURUM	OLTU							1		1	1	1	1
ERZURUM	OLUR												
ERZURUM	PASINLER							1			1	1	1
ERZURUM	PAZARYOLU												
ERZURUM	SENKAYA												
ERZURUM	TEKMAN												
ERZURUM	TORTUM												
ERZURUM	UZUNDERE												
ESKİSEHIR	ALPU												
ESKİSEHIR	BEYLİKOVA												1
ESKİSEHIR	CİFTELER							1			1	1	1
ESKİSEHIR	MERKEZ			1	3	1	2	5	5	6	2	2	2
ESKİSEHIR	GÜNYUZU												
ESKİSEHIR	HAN												
ESKİSEHIR	İNÖNÜ												
ESKİSEHIR	MAHMUDIYE										1	1	1
ESKİSEHIR	MIHALGAZI												
ESKİSEHIR	MIHALICCIK							2	1	1	2	2	2
ESKİSEHIR	SARICAKAYA												
ESKİSEHIR	SEYİTGAZI												
ESKİSEHIR	SİVRİHİSAR							1			1	1	1
GAZİANTEP	ARABAN										1	1	1
GAZİANTEP	İSLAHİYE							1	1	1	1	1	1
GAZİANTEP	KARKAMIS												
GAZİANTEP	NİZİP							1	1	1	1	1	1
GAZİANTEP	NURDAGI												
GAZİANTEP	OGUZELI							1			1	1	1
GAZİANTEP	SAHİNBEY				1	1	1	5	5	8	2	3	3
GAZİANTEP	SEHİTKAMİL			1	1	1				1	1	2	2
GAZİANTEP	YAVUZELI												
GİRESUN	ALUCRA										1	1	1
GİRESUN	BULANCAK							1	1	1	1	1	1
GİRESUN	CAMOLUK												
GİRESUN	CANAKCI												
GİRESUN	DERELİ							1			1	1	1
GİRESUN	DOĞANKENT												
GİRESUN	ESPIYE							1			1	1	1
GİRESUN	EYNEŞİL										1	1	1
GİRESUN	MERKEZ				1			2	2	1	1	1	1
GİRESUN	GÖRELE							1	1	1	1	1	1
GİRESUN	GÜCE												
GİRESUN	KESAP							1			1	1	1
GİRESUN	PIRAZIZ										1	1	1
GİRESUN	SEBİNKARAHİSAR							1	1	1	1	1	1
GİRESUN	TİREBOLU							1	1	1	1	1	1
GİRESUN	YAĞLIDERE												
GÜMÜŞHANE	MERKEZ							1	1	1	1	1	1
GÜMÜŞHANE	KELKİT							1	1	1	1	1	1
GÜMÜŞHANE	KÖSE												
GÜMÜŞHANE	KURTUN												
GÜMÜŞHANE	SİRAN							1			1	1	1
GÜMÜŞHANE	TORUL							1			1	1	1
HAKKARİ	ÇUKURCA												

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
HAKKARI	MERKEZ							1	1	1	1	1	1
HAKKARI	SEMDİNLİ												
HAKKARI	YUKSEKOVA										1	1	1
HATAY	ALTINOZU												
HATAY	MERKEZ				1	1	1	2	2	2	1	2	2
HATAY	BELÉN												
HATAY	DORTYOL							2	2	2	2	2	2
HATAY	ERZİN							1	1	1		1	1
HATAY	HASSA										1	1	1
HATAY	ISKENDERUN			1	1	1	1	4	3	3	1	1	1
HATAY	KIRIKHAN							1	1	1	1	1	1
HATAY	KUMLU												
HATAY	REYHANLI							1	1	1	1	1	1
HATAY	SAMANDAGI							1	1	1	1	1	1
HATAY	YAYLADAGI										1	1	1
İCEL	ANAMUR							1	1	1	1	1	1
İCEL	AYDINCIK												
İCEL	BOZYAZI												
İCEL	CAMLIYAYLA												
İCEL	ERDEMLİ							2	2	2	1	1	1
İCEL	GÜLNAR							1				1	1
İCEL	MERKEZ	1	2	3	4	2	3	6	8	10	3	7	7
İCEL	MUT							1	1	1	1	1	1
İCEL	SİLİFKE							2	2	2	1	1	2
İCEL	TARSUS			1	1			1	1	1	1	1	1
İGDIR	ARALIK												
İGDIR	MERKEZ							1	1	1	1	1	1
İGDIR	KARAKOYUNLU												
İGDIR	TUZLUCA										1	1	1
İSPARTA	AKSU												
İSPARTA	ATABEY												
İSPARTA	EGİRDİR							1	1	1	1	1	1
İSPARTA	GELENDÖST							1	1	1	1	1	1
İSPARTA	GÖNEN												
İSPARTA	MERKEZ				1	1	1	2	2	2	2	2	2
İSPARTA	KECİBORLU							1	1		1	1	1
İSPARTA	SARKIKARAAGAC							1	1	1	1	1	1
İSPARTA	SENİRKENT							1			1	1	1
İSPARTA	SUTCULER										1	1	1
İSPARTA	ULUBORLU							1			1	1	1
İSPARTA	YALVAC							1	1	1	1	1	1
İSPARTA	YENİSARBADEMLİ												
İSTANBUL	BAGCILAR			4	3	3	8	2	2	3			1
İSTANBUL	BAHCELİEVLER				2	2	3	3	4	4		1	1
İSTANBUL	BAKIRKÖY	1	1	5	4	6	9	11	11	12	1	1	1
İSTANBUL	BAYRAMPAŞA	1	1	1	2	2	4	1	2	3	1	1	1
İSTANBUL	BESİKTAS	1	1	6	5	5	11	15	15	17	1	2	2
İSTANBUL	BEYKÖZ				1		1	4	3	4	1	1	1
İSTANBUL	BEYOĞLU	1	1	2	8	8	8	21	17	17	5	6	6
İSTANBUL	BURGAZADASI												
İSTANBUL	BUYUKADA							1	1	1			
İSTANBUL	BUYUKCEKMECE			2	1	1	4	2	2	4		1	2
İSTANBUL	CATALCA							1	1	1	1	1	1
İSTANBUL	EMİNONU	1	1	3	6	5	11	23	22	18	6	8	9
İSTANBUL	ESENLER				1	1	2	1	1	1	2	2	2
İSTANBUL	EYÜP			1	2	2	2	8	7	7	3	3	4
İSTANBUL	FATİH			2	7	5	4	18	13	14	2	3	3
İSTANBUL	GAZİOSMANPAŞA			1	1	1	3	2	2	2	1	1	1
İSTANBUL	GÜNGÖREN	1	1	2	3	3	4	4	4	4	2	2	2
İSTANBUL	HEYBELİADA							1	1	1			
İSTANBUL	KADIKÖY	1	1	9	9	13	22	26	29	31	4	7	7
İSTANBUL	KAGITHANE			2	3	3	5	4	4	4	1	1	1
İSTANBUL	KARTAL	1	1	2	3	2	3	4	4	6	2	2	2
İSTANBUL	KINALIADA												
İSTANBUL	KUCUKCEKMECE			3	3	3	4	4	4	5	1	2	2
İSTANBUL	PENDİK			3	2	3	5	3	5	7	1	2	2
İSTANBUL	SARİYER			2	1	2	4	5	5	7	1	2	2
İSTANBUL	SEDEFADASI												
İSTANBUL	SİLE							1	1	1	1	1	1
İSTANBUL	SİLİVRİ				1			1	1	1	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
İSTANBUL	SİSLİ	2	2	4	9	11	18	14	15	15	4	4	4
İSTANBUL	SİSLİ AYAZAGA									1			
İSTANBUL	UMRANIYE			3	2	2	4	2	3	4	2	2	2
İSTANBUL	USKUDAR			1	1	2	3	8	8	8	1	3	3
İSTANBUL	YASSIADA												
İSTANBUL	ZEYTİNBURNU			1	2	2	3	6	6	6	1	1	1
İZMİR	ALIAGA				1			3	3	3	1	1	1
İZMİR	BALCOVA				1			1	1	1	1	1	1
İZMİR	BAYINDIR							1			1	1	1
İZMİR	BERGAMA				1			2	1	1	1	1	1
İZMİR	BEYDAG										1	1	1
İZMİR	BOGAZADASI												
İZMİR	BORNOVA	1	1	1	2	1	3	6	7	8	4	5	6
İZMİR	BUCA				1			3	3	4	2	3	3
İZMİR	CARUFAADASI												
İZMİR	CESME							2	3	3	1	1	1
İZMİR	CİCEKADALARI												
İZMİR	CİGLİ						1	1	1	2	1	1	1
İZMİR	CİRAHANADASI												
İZMİR	DİKİLİ							1	1	1	1	1	1
İZMİR	DOĞANADASI												
İZMİR	FOÇA							1	1	1			1
İZMİR	GAZİEMİR			1	1	1	1	2	2	2	1	1	2
İZMİR	GUZELBAHCE							1	1	1	1	1	1
İZMİR	HEKİMADASI												
İZMİR	KARAADA												
İZMİR	KARAADASI												
İZMİR	KARABURUN												
İZMİR	KARSIYAKA	1	1	1	2	1	1	10	10	10	2	4	4
İZMİR	KEMALPASA							2	1	1	1	1	1
İZMİR	KINIK							1	1	1	1	1	1
İZMİR	KIRAZ							1	1	1	1	1	1
İZMİR	KONAK	1	1	4	15	7	10	34	32	32	10	18	19
İZMİR	KUCUK UZUNADA												
İZMİR	KUCUKADA												
İZMİR	MARDALICADASI												
İZMİR	MENDERES				1			2	2	2	1	1	1
İZMİR	MENEMEN				1			1	1	1	1	1	2
İZMİR	NARLIDERE				1			1	1	1	1	1	1
İZMİR	ODEMİS				1			3	1	1	1	1	1
İZMİR	ORAKADASI												
İZMİR	SEFERİHİSAR							1	1	1	1	1	1
İZMİR	SELCUK							2	2	2	1	1	1
İZMİR	TAVSANADASI												
İZMİR	TİRE				1			2	2	2	1	1	1
İZMİR	TOPRAKADA												
İZMİR	TORBALI							1	1	1	1	1	1
İZMİR	URLA							1	1	1	1	1	1
İZMİR	UZUNADA												
İZMİR	YILANADA												
KAHRAMANMARAS	AFSİN							1		1	1	1	1
KAHRAMANMARAS	ANDIRIN										1	1	1
KAHRAMANMARAS	CAĞLAYANCERİT												
KAHRAMANMARAS	EKİNOZU												
KAHRAMANMARAS	ELBİSTAN							1	1	1	1	1	1
KAHRAMANMARAS	GOKSUN							1			1	1	1
KAHRAMANMARAS	MERKEZ				1	1	1	2	2	2	1	1	2
KAHRAMANMARAS	NURHAK												
KAHRAMANMARAS	PAZARCIK				1			1	1	1	1	1	1
KAHRAMANMARAS	TURKOGLU							1					
KARABUK	MERKEZ				1			1	1	1	1	1	1
KARABUK	OVACIK												
KARABUK	YENİCE				1			1	1	1			1
KARABÜK	EFLANİ												
KARABÜK	ESKİPAZAR							1			1	1	1
KARABÜK	SAFRANBOLU							2	2	2	1	1	1
KARAMAN	AYRANCI												
KARAMAN	BASYAYLA												
KARAMAN	ERMENEK							1	1	1	1	1	1
KARAMAN	MERKEZ				1	1	1	1	1	1	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
KARAMAN	KAZIMKARABEKİR												
KARAMAN	SARIVELİLER												
KARS	AKYAKA												
KARS	ARPACAY												
KARS	DİĞÖR												
KARS	KAGIZMAN										1	1	1
KARS	MERKEZ				1			1	1	1	1	1	1
KARS	SARIKAMIS							1	1	1	1	1	1
KARS	SELİM												
KARS	SUSUZ												
KASTAMONU	ABANA										1	1	1
KASTAMONU	AGLI												
KASTAMONU	ARAC							1			1	1	1
KASTAMONU	AZDAVAY												
KASTAMONU	BOZKURT										1	1	1
KASTAMONU	CATALZEYİN										1	1	1
KASTAMONU	CİDE							1	1	1	1	1	1
KASTAMONU	DADAY							1			1	1	1
KASTAMONU	DEVREKANI							1			1	1	1
KASTAMONU	DOĞANYURT												
KASTAMONU	HANONU												
KASTAMONU	IHSANGAZI												
KASTAMONU	İNEBOLU							1	1	1	1	1	1
KASTAMONU	MERKEZ				1			1	1	1	2	2	2
KASTAMONU	KÜRE							1					
KASTAMONU	PINARBASI												
KASTAMONU	SENPAZAR												
KASTAMONU	SEYDİLER												
KASTAMONU	TASKOPRU							1	1	1	1	1	1
KASTAMONU	TOSYA							1	1	1	1	1	1
KAYSERİ	AKKİSLA												
KAYSERİ	BUNYAN							1			1	1	1
KAYSERİ	DEVELİ							1	1	1	1	1	1
KAYSERİ	FELAHİYE							1	1	1	1	1	1
KAYSERİ	HACILAR												
KAYSERİ	İNCESU							1			1	1	1
KAYSERİ	KOCASINAN							2	2	2	1	1	1
KAYSERİ	MELİKGAZİ			1	3	1	2	5	5	6	3	3	3
KAYSERİ	ÖZVATAN												
KAYSERİ	PINARBASI							1	1	1	1	1	1
KAYSERİ	SARIOĞLAN												
KAYSERİ	SARIZ										1	1	1
KAYSERİ	TALAS									1			
KAYSERİ	TOMARZA							1	1	1	1	1	1
KAYSERİ	YAĞYALI							1			1	1	1
KAYSERİ	YEŞİLHİSAR							1			1	1	1
KİLİS	MERKEZ							1	1	1	1	1	1
KIRIKKALE	BAHSİLİ												
KIRIKKALE	BALİSEYH												
KIRIKKALE	CELEBİ												
KIRIKKALE	DELİCE										2	2	2
KIRIKKALE	KARAKEÇİLİ												
KIRIKKALE	KESKİN							1	1	1	1	1	1
KIRIKKALE	MERKEZ				1			1	1	1	1	1	1
KIRIKKALE	SULAKYURT										1	1	1
KIRIKKALE	YAHŞIHAN												
KIRKLARELİ	BABAESKİ				1			1	1	1	1	1	1
KIRKLARELİ	DEMİRKÖY							1			1	1	1
KIRKLARELİ	MERKEZ				1			1	1	1	1	1	1
KIRKLARELİ	KOFCAZ												
KIRKLARELİ	LULEBURGAZ				1	1	1	1	1	1	1	1	1
KIRKLARELİ	PEHLİVANKÖY										1	1	1
KIRKLARELİ	PINARHİSAR							1	1	1	1	1	1
KIRKLARELİ	VİZE							1	1	1	1	1	1
KİRSEHİR	AKÇAKENT												
KİRSEHİR	AKPINAR												
KİRSEHİR	BOZTEPE												
KİRSEHİR	ÇİCEKDAGI												
KİRSEHİR	KAMAN							1	1	1	1	1	1
KİRSEHİR	MERKEZ				1			1	1	1	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
KIRSEHIR	MUCUR							1			1	1	1
KOCAELI	GEBZE			1	1	1	1	3	4	4	1	1	2
KOCAELI	GOLCUK				1	1	1	2	2	2	1	1	1
KOCAELI	KANDIRA							1	1	1	1	1	1
KOCAELI	KARAMURSEL							1	1	1	1	1	1
KOCAELI	MERKEZ			1	3	1	2	6	6	6	2	2	2
KOCAELI	KORFEZ							2	2	2	2	2	2
KONYA	AHIRLI												
KONYA	AKOREN												
KONYA	AKSEHIR				1			2	1	1	1	1	1
KONYA	ALTINEKIN												
KONYA	BEYSEHIR							1	1	1	1	2	2
KONYA	BOZKIR				1			1			1	1	1
KONYA	CELTİK												
KONYA	CIHANBEYLI							1	1	1	1	1	1
KONYA	CUMRA							1			1	1	1
KONYA	DERBENT												
KONYA	DEREBUCAK												
KONYA	DOGANHISAR							1			1	1	1
KONYA	EMIRGAZI												
KONYA	EREGLI				1			1	1	1	2	2	2
KONYA	GUNEYSINIR												
KONYA	HADIM										1	1	1
KONYA	HALKAPINAR												
KONYA	HUYUK												
KONYA	ILGIN							1	1	1	1	1	1
KONYA	KADINHANI										1	1	1
KONYA	KARAPINAR							1			1	1	1
KONYA	KARATAY				3	1	1	4	4	4	2	2	2
KONYA	KULU							1	1	1	1	1	1
KONYA	MERAM							1	1	1			
KONYA	SARAYONU							1			1	1	1
KONYA	SELCUKLU			1	1	1	2				1	2	2
KONYA	SEYDISEHIR				1			1			1	1	1
KONYA	TASKENT												
KONYA	TUZLUKCU												
KONYA	YALIHUYUK												
KONYA	YUNAK							1	1	1	1	1	1
KUTAHYA	ALTINTAS										1	1	1
KUTAHYA	ASLANAPA												
KUTAHYA	CAVDARHISAR												
KUTAHYA	DOMANIC										1	1	1
KUTAHYA	DUMLUPINAR												
KUTAHYA	EMET							1			1	1	1
KUTAHYA	GEDIZ							1	1	1	1	1	1
KUTAHYA	HISARCIK												
KUTAHYA	MERKEZ				1			1	1	1	2	2	2
KUTAHYA	PAZARLAR												
KUTAHYA	SAPHANE										1	1	1
KUTAHYA	SIMAV							1	1	1	1	1	1
KUTAHYA	TAVSANLI							1	1	2	2	2	2
MALATYA	AKCADAG							1					
MALATYA	ARAPKIR							1	1			1	1
MALATYA	ARGUVAN												
MALATYA	BATTALGAZI												
MALATYA	DARENDE							1			1	1	1
MALATYA	DOGANSEHIR							1			1	1	1
MALATYA	DOGAN YOL												
MALATYA	HEKIMHAN							1	1		1	1	1
MALATYA	KALE DENIZLI												
MALATYA	KULUNCAK												
MALATYA	MERKEZ			1	1	1	1	3	3	3	2	3	3
MALATYA	POTURGE												
MALATYA	YAZIHAN												
MALATYA	YESILYURT												1
MANISA	AHMETLI							1	1	1	1	1	1
MANISA	AKHISAR				1			2	1	1	1	1	1
MANISA	ALASEHIR				1			1	1	1	1	1	1
MANISA	DEMIRCI							1	1	1	1	1	1
MANISA	GOLMARMARA							1			1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
MANISA	GORDES							1	1	1	1	1	1
MANISA	KIRKAGAC							1	1	1	1	1	1
MANISA	KOPRUBASI							1	1	1			
MANISA	KULA							1	1	1	1	1	1
MANISA	MERKEZ				1		1	4	4	3	1	1	1
MANISA	SALIHLI				1			1	1	1	1	1	1
MANISA	SARIGOL							1	1	1	1	1	1
MANISA	SARUHANLI							1	1	1	1	1	1
MANISA	SELENDI												1
MANISA	SOMA							1	1	1	1	1	1
MANISA	TURGUTLU				1			1	1	1	1	1	1
MARDIN	DARGEÇIT												
MARDIN	DERİK												
MARDIN	KIZILTEPE							1	1	1	1	1	1
MARDIN	MERKEZ							1	1	1	1	1	1
MARDIN	MAZIDAGI												
MARDIN	MIDYAT							2	1	1	1	1	1
MARDIN	NUSAYBIN							1	1	1	1	1	1
MARDIN	OMERLI												1
MARDIN	SAVUR												
MARDIN	YESILLI												
MUGLA	BODRUM			1	1	1	1	1	1	3	1	1	3
MUGLA	DALAMAN							2	2	2	1	1	1
MUGLA	DATÇA							2	2	2		1	1
MUGLA	FETHİYE				1	1	1	1	1	1	1	1	1
MUGLA	KAVAKLIDERE												
MUGLA	KOYCEĞİZ							1	1	1	1	1	1
MUGLA	MARMARIS				1	1	1	2	2	3	1	1	1
MUGLA	MİLAS							2	2	3	1	1	1
MUGLA	MERKEZ				1			1	1	1	1	1	1
MUGLA	ORTAÇA				1			2	2	2	1	1	1
MUGLA	ULA							1			1	1	1
MUGLA	YATAĞAN							1	1	1	1	1	1
MUS	BULANIK										1	1	1
MUS	HASKOY												
MUS	KORKUT												
MUS	MALAZGİRT											1	1
MUS	MERKEZ							1	1	1	1	1	1
MUS	VARTO							1			1	1	1
NEVSEHİR	ACIGOL												
NEVSEHİR	AVANOS							2	1	1	1	1	1
NEVSEHİR	DERİNKUYU							1	1	1			
NEVSEHİR	GÜLSEHİR							1	1	2	1	1	1
NEVSEHİR	HACİBEKTAS							1			1	1	1
NEVSEHİR	KOZAKLI							1			1	1	1
NEVSEHİR	MERKEZ				1			2	2	2	1	1	1
NEVSEHİR	URGUP				1			1	1	1	1	1	1
NİĞDE	ALTUNHISAR												
NİĞDE	BOR							1	1	1	2	2	2
NİĞDE	CAMARDI												
NİĞDE	CİFTLİK												
NİĞDE	MERKEZ				1	1	1	1	1	1	1	1	1
NİĞDE	ULUKISLA							1			1	1	1
ORDU	AKKUS										1	1	1
ORDU	AYBASTI							1			1	1	1
ORDU	CAMAS												
ORDU	CATALPINAR												
ORDU	CAYBASI										1	1	1
ORDU	FATSA				1			1	1	1	1	1	1
ORDU	GOLKOY										1	1	1
ORDU	GÜLYALI												
ORDU	GURGENTEPE												
ORDU	İKİZCE												
ORDU	KABADUZ												
ORDU	KABATAS												
ORDU	KORGAN										1	1	1
ORDU	KUMRU										1	1	1
ORDU	MESUDİYE							1			1	1	1
ORDU	MERKEZ				1			2	2	2	1	1	1
ORDU	PERSEMBE							1	1	1	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
ORDU	ULUBEY							1			1	1	1
ORDU	UNYE				1			1	1	1	1	1	1
OSMANIYE	BAHCE							1	1	1			
OSMANIYE	DUZICI							1	1	1	1	1	1
OSMANIYE	KADIRLI							1	1	1	1	1	1
OSMANIYE	MERKEZ				1			1	1	1	1	1	1
RIZE	ARDESEN							1	1	1	1	1	1
RIZE	CAMLIHEMSIN												
RIZE	CAYELI							1	1	1	1	1	1
RIZE	DEREPAZARI												
RIZE	FINDIKLI							1			1	1	1
RIZE	GUNEYSU												
RIZE	HEMSIN												
RIZE	IKIZDERE												
RIZE	IYIDERE							1					
RIZE	KALKANDERE							1			1	1	1
RIZE	PAZAR RIZE							1	1	1	1	1	1
RIZE	MERKEZ				1			1	1	1	1	1	1
SAKARYA	MERKEZ				2			5	5	3	2	2	2
SAKARYA	AKYAZI							1	1	1	1	1	1
SAKARYA	FERIZLI												
SAKARYA	GEYVE							1	1	1	1	1	1
SAKARYA	HENDEK							1	1	1	1	1	1
SAKARYA	KARAPURCEK												
SAKARYA	KARASU							1	1	1	1	1	1
SAKARYA	KAYNARCA							1	1	1			
SAKARYA	KOCAALI							1				1	1
SAKARYA	PAMUKOVA							1			1	1	1
SAKARYA	SAPANCA							1	1	1	1	1	1
SAKARYA	SOGUTLU												
SAKARYA	TARAKLI												
SAMSUN	ALACAM							1			1	1	1
SAMSUN	ASARCIK												
SAMSUN	AYVACIK												
SAMSUN	BAFRA				1			1	1	1	1	1	1
SAMSUN	CARSAMBA				1			1	1	1	1	1	1
SAMSUN	HAVZA							1	1	1	1	1	1
SAMSUN	KAVAK							1			1	1	1
SAMSUN	LADIK							1	1		1	1	1
SAMSUN	ONDOKUZ MAYIS												
SAMSUN	SALIPAZARI												
SAMSUN	MERKEZ				2	1	1	5	5	5	4	5	5
SAMSUN	TEKKEKOY												
SAMSUN	TERME							1	1	1	1	1	1
SAMSUN	VEZIRKOPRU							1	1	1	1	1	1
SAMSUN	YAKAKENT												
SANLIURFA	AKCAKALE										1	1	1
SANLIURFA	BIRECIK				1			1	1	1	1	1	1
SANLIURFA	BOZOVA												
SANLIURFA	CEYLANPINAR										1	1	1
SANLIURFA	HALFETI												
SANLIURFA	HARRAN												
SANLIURFA	HILVAN												
SANLIURFA	MERKEZ			1	1			1	1	1	2	2	3
SANLIURFA	SIVEREK							1	1	1	1	1	1
SANLIURFA	SURUC							1	1		1	1	1
SANLIURFA	VIRANSEHIR							1	1	1	1	1	1
SIIRT	AYDINLAR												
SIIRT	BAYKAN												
SIIRT	ERUH												
SIIRT	KURTALAN										1	1	1
SIIRT	PERVARI												
SIIRT	SIIRT MERKEZ							1	1	1	1	1	1
SIIRT	SIRVAN												
SINOP	AYANCIK							1	1	1	1	1	1
SINOP	BOYABAT							1	1	1	1	1	1
SINOP	DIKMEN												
SINOP	DURAGAN										1	1	1
SINOP	ERFELEK												1
SINOP	GERZE							1	1	1	1	1	1

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
SINOP	SARAYDUZU												
SINOP	MERKEZ							1	1	1	1	1	1
SINOP	TURKELI							1	1	1		1	1
SIRNAK	BEYTUSSEBAP												
SIRNAK	CIZRE							1	1	1	1	1	1
SIRNAK	GUCLUKONAK												
SIRNAK	IDIL												
SIRNAK	SİLOPI									1			1
SIRNAK	MERKEZ											1	1
SIRNAK	ULUDERE												
SIVAS	AKINCILAR												
SIVAS	ALTINYAYLA												
SIVAS	DIVRIGI							1	1	1	1	1	1
SIVAS	DOGANSAR												
SIVAS	GEMEREK							2	2		1	1	1
SIVAS	GOLOVA												
SIVAS	GURUN							1			1	1	1
SIVAS	HAFIK												
SIVAS	İMRANLI							1			1	1	1
SIVAS	KANGAL							1			1	1	1
SIVAS	KOYULHISAR							1			1	1	1
SIVAS	SARKISLA							1	1	1	1	1	1
SIVAS	MERKEZ				1			2	2	2	2	2	2
SIVAS	SUSEHRI							1	1	1	1	1	1
SIVAS	ULAS												
SIVAS	YILDIZELI							1					
SIVAS	ZARA							1	1	1	1	1	1
TEKIRDAG	CERKEZKOY				1			1	1	1	1	1	1
TEKIRDAG	CORLU				1	1	1	1	1	2	1	1	1
TEKIRDAG	HAYRABOLU				1			1	1	1	1	1	1
TEKIRDAG	MALKARA				1			1	1	1	1	1	1
TEKIRDAG	MARMARAEREGLISI												
TEKIRDAG	MURATLI							1			1	1	1
TEKIRDAG	SARAY							2	2	2	1	1	1
TEKIRDAG	SARKOY							1	1	1	1	1	1
TEKIRDAG	MERKEZ				1			1	1	1	2	2	2
TOKAT	ALMUS										1	1	1
TOKAT	ARTOVA												
TOKAT	BASCIFTLIK												
TOKAT	ERBAA							1	1	1	1	1	1
TOKAT	NIKSAR				1			2	2	1	1	1	1
TOKAT	PAZAR												
TOKAT	RESADIYE							1			1	1	1
TOKAT	SULUSARAY												
TOKAT	MERKEZ				1	1		2	2	2	2	2	2
TOKAT	TURHAL				1			1	1	1	1	1	1
TOKAT	YESILYURT												
TOKAT	ZILE							1	1	1	1	1	1
TRABZON	AKCAABAT				1			1	1	1	1	1	1
TRABZON	ARAKLI				1			1	1	1	1	1	1
TRABZON	ARSIN										1	1	1
TRABZON	BESIKDUZU							1	1	1	1	1	1
TRABZON	CARSIBASI							1				1	1
TRABZON	CAYKARA							1	1		1	1	1
TRABZON	DERNEKPAZARI												
TRABZON	DUZKOY												
TRABZON	HAYRAT												
TRABZON	KOPRUBASI												
TRABZON	MACKA							1			1	1	1
TRABZON	OF							1	1	1	1	1	1
TRABZON	SALPAZARI											1	1
TRABZON	SURMENE							1	1	1	1	1	1
TRABZON	TONYA							1			1	1	1
TRABZON	MERKEZ			1	2			4	4	4	3	4	5
TRABZON	VAKFIKEBIR							1	1	1	1	1	1
TRABZON	YOMRA							1			1	1	1
TUNCELI	CEMISGEZEK										1	1	1
TUNCELI	HOZAT												
TUNCELI	MAZGIRT												
TUNCELI	NAZIMIYE												

Table E.1 (continued)

Province	District	Number of Branches											
		Dışbank			Garantibank			İşbank			Halkbank		
		1990	1995	2000	1990	1995	2000	1990	1995	2000	1990	1995	2000
TUNCELI	OVACIK												
TUNCELI	PERTEK												1
TUNCELI	PULUMUR							1					
TUNCELI	MERKEZ							1	1	1	1	1	1
USAK	BANAZ							1	1	1	1	1	1
USAK	ESME							1	1	1	1	1	1
USAK	KARAHALLI							1			1	1	1
USAK	SIVASLI							1	1	1	1	1	1
USAK	ULUBEY							1			1	1	1
USAK	MERKEZ				1	1	1	1	1	1	1	1	1
VAN	BAHCESARAY												
VAN	BASKALE												
VAN	CALDIRAN												
VAN	CATAK												
VAN	EDREMIT												
VAN	ERCIS							1	1	1	1	1	1
VAN	GEVAS												
VAN	GURPINAR												
VAN	MURADIYE												
VAN	OZALP												
VAN	SARAY VAN												
VAN	MERKEZ				1			1	1	2	1	1	2
YALOVA	MERKEZ				1	1	1	1	1	1	2	2	2
YOZGAT	AKDAGMADENI							1	1	1	1	1	1
YOZGAT	AYDINCIK												
YOZGAT	BOGAZLIYAN							1	1	1	1	1	1
YOZGAT	CANDIR							1					
YOZGAT	CAYIRALAN							1	1	1	1	1	1
YOZGAT	CEKEREK										1	1	1
YOZGAT	KADISEHRI												
YOZGAT	SARAYKENT												
YOZGAT	SARIKAYA							1	1	1	1	1	1
YOZGAT	SEFAATLI							1	1	1	1	1	1
YOZGAT	SORGUN							1	1	1	1	1	1
YOZGAT	YENIFAKILI							1	1				1
YOZGAT	YERKOY							1	1	1	1	1	1
YOZGAT	MERKEZ				1			1	1	1	1	1	1
ZONGULDAK	ALAPLI							1	1	1			1
ZONGULDAK	CAYCUMA				1			1	1	1	1	1	1
ZONGULDAK	DEVREK				1			1	1	1	1	1	1
ZONGULDAK	EREGLI				1			1	1	1	1	1	1
ZONGULDAK	GOKCEBEY				1			1	1	1			
ZONGULDAK	MERKEZ				1	1	1	5	3	3	3	3	3

VITA

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