

Case Study on:



**TEB**

● European  
○ Business  
○ Awards™

Ruban  
d'Honneur  
2012/13

**Ruban D'Honneur Recipient**  
*European Business Awards 2012/13*

**Award for Customer Focus**  
*Turk Ekonomi Bankasi (TEB)*

● European  
○ Business  
○ Awards™

# Türk Ekonomi Bankası (TEB)

## The Consultant Bank of Choice for SMEs

### Words from the Judges

*“Providing vital support for the SME sector.”*



Banking group Turk Ekonomi Bankasi (TEB) is Turkey's leading bank for SMEs and is a well-deserved recipient of the European Business Awards Ruban d'Honneur for Customer Focus. The accolade has been given in recognition of the bank's unwavering support of SMEs, not only in terms of banking activities but also as a business consultancy, helping them to grow, develop and succeed.

From its foundation in 1927 until 2005, TEB provided banking services to domestic/foreign large corporations in Turkey. Then, in 2005, the group decided to expand its activity in line with the changing and developing banking industry in Turkey and in particular to capitalise on the growth of small and medium-size enterprises in Turkey. In 2005, there were more than 1.8 million SMEs in Turkey and numbers were rapidly growing.

A new team was established and TEB set itself an ambitious target: to become one of the top three providers of SME Banking in Turkey.

**“We believed we could achieve our target because at TEB, we have corporate and commercial banking in our DNA.”** Turgut Boz, Group Head of TEB SME Banking, TEB

TEB aimed to appeal to the widest possible SME audience and looked to expand its branch network in order to reach them. In 2005, the bank had 113 branches providing corporate and private banking services, some of its largest competitors had over 600 branches, so it was imperative that TEB did something different and innovative to attract new SME customers.

**“It was risky to change our strategy, but once we knew the dynamics of SMEs and what makes them tick, we knew we could manage the risk.”**

Simply providing financing for SMEs would not be sufficient for TEB to gain market share, so the SME Banking team looked to add more to its SME product portfolio. This was a unique move in Turkey at the time, as most other Turkish banks working with SMEs were working on a purely financial basis. It became TEB's mission to not only provide financing but also to provide guidance on how to use the financing to achieve maximum results.

**“We realised that we couldn't compete on price alone, so we looked at adding extra value by providing non-financial advice alongside financial support for our SME customers.”**

TEB spent time analysing the market and



spoke with Relationship Managers (RMs) across its branches as it was these employees that dealt with SME owners on a regular basis and had a much better understanding of what these businesses needed and what wasn't currently being provided. TEB also sought advice from NGOs and SME networking and business groups in order to gain a real understand of the issues facing SMEs.

The bank discovered that the primary requirements for most SMEs were the same, besides financial concerns, they wanted advice on business management and capacity building as well as access to knowledge and advice on technology.

In order to provide the necessary information to SMEs, TEB has established unique non-financial services such as TEB SME Consultants, TEB SME Academy, TEB SME TV, TEB SME Club and TEB SME Support Line.

TEB invested in a unique training programme for its Relationship Managers. These TEB SME Consultants (TSC) are trained for two years to understand the dynamics of SME business. The training consists of three phases, SME Guide, SME Expert and finally as a fully qualified SME Consultant. The TSCs are able to evaluate their customers not only as bankers but also as business consultants.

**“Our TSCs spend a significant time with their SME customers to analyse the details of each individual company and identify the best business strategy in order to achieve their specific goals.”**

TEB does not charge for its non-financial services, these are provided as an added benefit for all TEB SME customers. By understanding and meeting the needs of SMEs and working closely with them to successfully grow their businesses, TEB quickly becomes a trusted partner. This sustained engagement has built long-term bank loyalty among existing SME customers as well as attracting new customers to the bank and increasing opportunities for cross-selling of financial products.

The results have been truly impressive. TEB SME Banking Group central team has grown from four to 52 staff members. The number of SME clients has increased from under 20,000 in 2005 to just over 700,000 in 2012\*. TEB's SME loans as a share of total loans grew from 25% in 2006 to 46% by 2012.

\*number reflects a merger with Fortis Turkey Bank in 2010

*“Turk Ekonomi Bankasi impressed the judges not only by developing clearly focused and highly innovative strategy designed specifically to support the vital SME sector but also by designing and investing in the intellectual and physical infrastructure to support its staff in its effective delivery.”*

**Phil Forrest, Chairman of Judges, European Business Awards 2012/13**



### Looking to the future...

Just as the market is constantly evolving, TEB is always looking to improve its SME services, experimenting with new ideas and adding to its offering. As interaction with SMEs increases, so does TEB's understanding of what is required in order for SMEs to succeed.

TEB tries to reach SMEs using every available channel and will continue to innovate in order to stay ahead of customer expectations. Investment in TEB SME Support Line, TEB SME TV, TEB SME Academy, TEB SME Club and TEB SME Consultants will continue to grow and develop.

With over 20,000 hits daily, more than 130,000 members and 6,000 videos, TEB SME TV is already proving to be extremely popular. This business-orientated Internet television service provides dynamic web and video content through the website [www.tebkobitv.com](http://www.tebkobitv.com).

TEB SME TV provides the latest information related to the Turkish economy and global markets, including financial information, recent changes in legislation affecting SMEs, new trends in production and marketing, and a range of other relevant information.

The website itself is accessible to all SMEs in Turkey. However, there are special features on the site that are only available to TEB SME TV members. For example, members can pose specific questions pertinent for their own business and well-known SME experts will respond in the form of TEB videos. Videos about taxes and incentives are most popular with users, proving that these are the issues that are of the most concern to Turkish SMEs today. By monitoring the most popular videos, TEB is able to track business trends and reassess the services it provides to its SME customers.

**“Other banks have tried to replicate our TSC programme, but they are all playing catch-up. We are innovators in this market sector and this banking approach.”**

## Afyon Etas Poultry Company

One of TEB's SME clients, Mr Ibrahim Afyon from Afyon Etas Poultry Company had inherited his family business. He helped grow the company from 5,000 chickens in 1990 to 150,000 chickens in 2009. For years, Mr Afyon had wanted to begin international sales, but was hampered by a lack of business know-how and confidence. By 2009, he realised that if he didn't export, the business would face difficulty as the domestic market was shrinking. This was the moment when TSC came to help Mr Afyon. TSC visited Mr Afyon's factory conducting an in-depth diagnosis of the business and its foreign sales capacity. A detailed international market research document was provided and as a result, Mr Afyon sent a trial container of eggs to North Iraq. Following the success of this trial, and with the support of TSC, Mr Afyon began exporting on a large scale and the company's export value is now approximately USD \$2 million, with 80% of all production ear-marked for export. Without TSC support, Mr Afyon -might have been in a very different place. He continues to use TEB's products for all his financing needs.





*"We are not only bankers but we are responsible bankers who thrive to add value to the Turkish economy and such an aim can only be achieved by adding value to SMEs, the backbones of our future."*



**Turgut Boz, Group Head of SME Banking, TEB.**

#### **About TEB**

Turk Ekonomi Bankasi (TEB) has been engaged in Turkish banking activities since 1927. The bank has over 9,000 personnel and over 500 branches throughout Turkey and offers a wide range of products and services.

TEB works in many different financial fields including investment, leasing, factoring and portfolio management. Since 2004, TEB has been operating its TEB SME strategy.

The cornerstone of the strategy was the design and delivery of comprehensive and innovative non-financial services to SMEs. Services such as consultancy, training and information sharing have been designed with one goal in mind – to support SMEs in strategically planning their future and growing their business.

#### **TEB SME Academy**

TEB began offering training services to existing and prospect SME clients in 2005, through its TEB SME Academy. The training was specially developed to help SMEs increase their competitiveness and enhance their strategic-planning skills. The Academy has subsequently developed partnerships with one of Turkey's leading SME training consultancy, Girişim Danışmanlık, and also with one of Turkey's top academic institutions, TOBB Economy and Technology University.

Since 2005, TEB SME Academy has delivered more than 60 training sessions in 39 cities for more than 18,000 business men and women.

**TEB data shows that 60% of attendees on these training sessions are clients; 40% are prospective clients and of these prospective clients, 60% end up becoming TEB clients.**

TEB has invested heavily in its employees through the TSC training programme and it has helped with staff retention figures for existing staff with turnover at TEB being well below the industry average. It has also helped with talent attraction and recruitment.

**Overall, the TEB SME focus has significantly increased the bank's profitability.**

Driven by the success in Turkey, BNP Paribas (one of TEB's larger shareholders) replicated some of TEB's non-financial services in Algeria and Egypt and is looking to further replicate this model in select European markets.

#### **About the European Business Awards**

Since 2007, the European Business Awards has been shining a light on the most pioneering businesses on the continent by promoting excellence, best practice and innovation in the European business community. The awards programme recognises excellence in all disciplines of business including individual business functions. Entrants have ranged from fish farming organisations to renewable energy firms. In 2011, they had a combined turnover greater than €766 billion Euros (6% of EU GDP) and employed over three and a half million people between them.

Businesses from each of the 28 European territories are invited to enter the Awards. The competition for finalist places is fierce with many of the Europe's most established brands being represented.

The Judging panel is comprised of experts in their fields who each bring experience, business acumen and understanding to the board. The overall winners in each category will be announced at an awards ceremony in Istanbul in June 2013.

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