

Analysis of Participation Banks Through Business Model Value Propositions

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Extensive Summary

Despite relatively long history of participation (Islamic) banks in Turkey as well as population structure and potential of Turkey, participation banks are still far from the expected position. Different reasons have been suggested as reasons of this fact, such as; compared to conventional banks they are still new, there is lack of good marketing in order to explain the idiosyncracies of these institutions, lack of financial literacy, and so on.

In this article, we attempt to provide a reason for the aforementioned fact through a direct analysis of the participation banks in Turkey. In substance, the aim of this article is to compare the participation and conventional banks of Turkey via analyzing value proposal items of their business model canvas in order to determine the successful and unsuccessful aspects of participation banks that enables us to analyze the reasons and problem solving approaches.

The specificity of this work depends on its method that helps us to reach unmentioned results. Moreover, a detailed literature survey of comparative banking in Turkey is another outstanding aspect of this article.

Regarding the method of this work, we especially utilize quantitative data analysis in which current situation of the participation banks in Turkey is analyzed through twelve items related to value proposal part of the business model canvas. In this process, the necessary data is gathered from BDDK (Banking Regulation and Supervision Agency).

In result of the analyses, we find the followings; despite that participation banks have around %5 share in total assets and credits, they have more share in some sub-parts of the credits such as cash SME credit, vehicle credit, however, due to very low share in terms of consumer loan. This is also the item on which participation banks should focus. Moreover, despite %5.9 share in deposits and %5 share in amount of depositors, participation banks have %20 share in precious metal deposits which shows how and why product differentiation is a very important factor of success for participation banks.