


BANKACILIK ve SERMAYE
Piyasası Araştırmaları Dergisi

Bankacılık ve Sermaye Piyasası Araştırmaları Dergisi

BSPAD, Cilt 3, Sayı 7
www.bankasermaye.com

An Analysis on Ethical Values of Participation Banks Operating in Turkey¹

Türkiye'de Faaliyette Bulunan Katılım Bankalarının Etik Değerleri Üzerine Bir Analiz

Doç.Dr.Sezer Bozkuş KAHYAOĞLU

Bakırçay Üniversitesi

sezer.bozkus@bakircay.edu.tr

Av.Dr.Bülent BALKAN

B Kare Danışmanlık

bulentbalkan@bkare.com.tr

Abstract

Values expressing core beliefs of an organization are trusts, moral and ethical preferences, which constitute organizational culture and lie behind it. These preferences play a critical role in implementation, explanation and interpretation of corporate standards and business rules. When considered from this point of view, ethical values should have been possessed of different characteristic features. While some of them have based on universal values, some part of values may have been able to bring business values, social values or principles of corporate governance to forefront. Ethical values underlie missions, visions and business philosophies of banks.

In this paper, by having idiosyncrasies of ethical values with participation banks analyzed, it has been aimed to put forth its common and divergent aspects in comparison to other kinds of bank. In this context, it has been investigated whether the ethical values of the participation banks are different from those of the conventional banks with respect to the capital structures (state, private, foreign) belonging to both bank groups. By examining the basic characteristics of the ethical values belonging to the participation banks, it has been investigated whether their values are different from the values of other banks. Hence, a correlation analysis had been carried out based on ethical value data gathered through corporate web sites of all banks operating in

¹ Makale Gönderim Tarihi: 19.10.2018 – Makale Kabul Tarihi: 12.02.2019

Turkey. Participation banking has a growing importance within the banking system as a critical component of Turkish Banking system due to it having a potential greater than its currently existing market share and being an area of activity supported by public will strategically. Since participation banking relies on philosophical foundation of Islamic economy, it prefers different and specific values as well as approach when compared to conventional banks. It has been endeavored to contribute to literature by making a content analysis on outlook of ethical values with participation banks operating in Turkey, throughout the paper. In this work, we concluded that while universal and corporate values come to the forefront in conventional banks, business values distinguish in participation banks. The most repeated values common for both conventional and participation banks are "customer orientation" and "trustworthiness".

Keywords: Banking, Participation Banking, Islamic Banking, Ethical Values

JEL Classification: G10, G21, G34

Özet

Bir kurumun temel inançlarını ifade eden değerler, kurum kültürünü oluşturan ve arkasında yatan dürüstlük, ahlak ve etik tercihlerdir. Bu tercihler, kurumsal standartların ve iş kurallarının uygulanması, açıklanması ve yorumlanmasında kritik bir rol oynamaktadır. Bu açıdan değerlendirildiğinde, etik değerler farklı karakteristik özelliklere sahip olmaktadır. Bazı kurumların değer yaklaşımı evrensel değerlere dayanırken, bir kısmı ise iş değerlerini, sosyal değerleri veya kurumsal yönetim ilkelerini ön plana çıkarmış olabilir. Bankaların misyonları, vizyonları ve iş felsefelerinin temelinde etik değerler bulunur.

Bu çalışmada, katılım bankalarının etik değerlerinin yapısal özellikleri incelenerek, diğer banka türlerine göre ortak ve farklı yönlerinin ortaya konması amaçlanmıştır. Bu bağlamda, katılım bankalarının etik değerlerinin, her iki banka grubuna ait sermaye yapılarına (devlete ait, özel, yabancı) sahip bankaların konvansiyonel bankalarından farklı olup olmadığı, belirtilen değerlere herhangi bir etkisi olup olmadığı araştırılmıştır. Katılım bankacılığı şu anki mevcut pazar payının çok çok üstünde bir potansiyele sahip olması ve kamu tarafından stratejik olarak desteklenen bir alan olması nedeni ile Türk Bankacılık sisteminin kritik bir bileşeni olarak bankacılık sistemi içinde artan bir öneme sahiptir. Katılım bankacılığı, İslam ekonomisinin felsefi temeli üzerine kurulduğu için, geleneksel bankalara kıyasla farklı ve spesifik değerleri ve yaklaşımları tercih etmektedir. Özellikle katılım bankalarına ait etik değerlerin temel özelliklerini ortaya koyarak, her bir değerlerinin diğer bankaların değerlerinden farklı olup olmadığı araştırılmıştır. Bu kapsamda, Türkiye'de faaliyet gösteren tüm bankaların kurumsal internet siteleri aracılığıyla toplanan etik değer verilerine dayanan bir içerik analizi yapılmıştır. Elde edilen analiz sonuçlarına dayalı olarak literatüre katkı sağlanmaya çalışılmıştır. Sonuç olarak, geleneksel bankalarda evrensel ve kurumsal değerlerin öne çıktığı, katılım bankalarında ise iş değerlerinin ön planda yer aldığı belirlenmiştir. Hem geleneksel, hem de katılım bankalarında en çok tekrarlanan değerler "müşteri odaklılık" ve "güvenilirlik" olarak bulunmuştur.

Anahtar Kelimeler: Bankacılık, Katılım Bankacılığı, İslami Bankacılık, Etik Değerler

JEL Sınıflandırması: G10, G21, G34

Introduction

As known, the visions and missions of the banks flourish on the ground of their declared value statements. In this study, the determinants of the ethical values of the participation banks are analyzed and it is aimed to reveal the common and diverging aspects when compared to other bank types. The value statements as underlying building blocks on which the corporate culture embrace the moral and ethical preferences, constitute a reference which plays a significant role in conducting the standards, construction of the rules, attribution of meaning and interpretation of them. Being one of main components of the Turkish Banking system the participation banks have an ever-growing importance in the Turkish Banking. Values have different characters in diverse settings; i.e. some are universal in their nature whereas the others embed the business values and/or social features. In addition to this, some values get to forefront as a derivative of the corporate governance principles. Participation banks rest upon the philosophy of the Islamic Banking. Hence they oversee a different approach and value clusters compared to the conventional banks. This study examines whether the value statements differ from one another or not, whether there is a distinct impact on the values as a matter of the capital

ownership (state owned / private/ foreign) of the participation banks and banks in general. Furthermore, this paper encompasses the characteristics of the values of the participation banks and the values which separate them from their counterparts. In this way, we aim to contribute relevant literature.

Values are core beliefs of institutions. These core beliefs have an impact upon clarification, implementation and interpretation of standards and business rules, eventually, their business manners. This study is performed with the intention of finding whether the values of participation banks would differ from those of conventional banks, on which side that discrepancy would manifest itself, which kinds of values are preferred in both participation banking and conventional banking and capital structure of banks would lead to any differentiation in the values of participation banks, out. The organization of this paper is as follows: in the first section, the key concepts and definitions related to participation banking are explained. In addition Turkish Banking system is discussed based on facts, figures and relevant regulatory framework. In the second section, evolution of participation banking in the world and Turkey explained to create awareness on the rationale behind this approach. In the third section, the interpretation of values is presented and types of values are briefly discussed. In the fourth section, data is introduced and the key findings of correlation analysis are explained. In the concluding section, major findings are summarized and policy recommendations are made to contribute relevant literature and stakeholders in banking sector.

1. Literature Review Based on the Major Issues Related to Participation Banking

'Bank' is defined as financial intermediary making money it obtains by means of allowing interest or dividend distribution from depositors or private sources or in its possession, available as loan and operating with reference to privilege granted by government. In this respect, Turkish Banking Law No. 5411 have not defined specifically the concept of 'Participation Bank' and was only contented with the description of bank as refers to deposit, development and investment banks. According to Turkish Banking Regulation, deposit bank refers to institutions operating on the basis of accepting deposits and making loan available on its own behalf, development and investment bank refers to institutions operating on the basis of making loan available and/or fulfilling duties stipulated for them by special statutes except for accepting deposit or participation fund. Participation bank refers to institutions operating on the basis of raising funds through open and participation accounts and making loan available (Bankacılık Kanunu, 2005).

Participation banks can be defined as institutions which implement various banking activities pursuant to Islamic principles. In a remunerative system, main goals of participation banks can be indicated as: to apply Islamic principles in economic life, to create employment by leading savings directly to investments, to establish a balanced financing system, to perform banking services in line with Islamic principles, to make use of profit opportunities (Takan & Acar Boyacıoğlu, 2010, s. 13). Interest-free banks are defined as institutions which implement functions of conventional banking pursuant to interest-free and Islamic principles (Canbaz, 2012, s. 157).

Methods applied by participation banks in raising fund and making funds available as loan are different from those applied by deposit banks and can be described as third style of banking. To define participation banking from the viewpoint of Turkish banking; participation banks are complementary elements of the Turkish Banking System. They operate on the basis of participation in profit and loss. This system is a sound extension method for it's being capable of ascertaining areas of usage of funds, it made severity of adverse exposures caused by economic crises, lighter as well. Participation banking is a kind of banking which reduces risk of liabilities on the debit side and improves safety and quality of credits on the assets side of balance sheet. It created alternative financial facilities for business world. The terms of binding funds definitely to a project or purchase of goods or equipment, having financial amount paid, in return to invoice, to supplier but not to enterprise prevent funds from being used in speculative or risk areas. This business system makes supervision of loan and enterprise easier. The way of financial leasing provides long-term opportunity in order for banks to make fund available as loan, as well. The term of making usage of loan certified would be significant in struggling with off

the books. It has provided more competitive and economic means to depositors and loaners and participation banking played a role in drawing gulf capital into Turkey.

1.1.The Challenge of Denomination in Participation Banking

The common term used in the world for the banking kind which is commonly termed as “participation banking” in Turkey nowadays is “Islamic Banking”. That banking system is used to be known as “interest-free banking” but the official title of such banks was “Private Financial House”. The title “participation banking” became legitimate through Banking Act and widespread in 2005 (Canbaz, 2012).

The term of participation banking have, for the first time, been cited in an article of which co-authors were Hazıroğlu and Özcan (1999), published in Bereket which is house organ of Al Baraka Türk Katılım Bankası. By the article, the terms of interest-free banking, Islamic banking and Private financial house were criticized and the term ‘participation banking’ has been recommended. The authors emphasized that the concept of interest-free banking was adverse and it represented what should not be rather than what should be, the alternative of interest is profit but not interest-free. The authors have criticized the term of Islamic Banking by highlighting that Islam is beautiful name of our supreme religion and primary resources of the religion of Islam have cited neither banking model nor insurance company. The concept of Private Financial House has also been criticized by the authors who claimed that it has nothing to do with the banking intended to be explained by it, the word ‘private’ might stand for one being treated of preferential treatment or under patronage, they are not perceived as bank as a result of being mistaken for institutions of factoring and leasing as well. Consequently, the authors have come up with the term ‘participation banking’ they deemed as appropriate by putting forward that none of three concepts is able to express banking system on the basis of participation in profit and loss.

This term proposal is based on three core characteristics of the system. Firstly, the system raises funds on the basis of participation of savers in profit and loss. In other words, saver becomes partner of a kind in bank and bears the consequence. Secondly, bearing the consequence is also at issue in making raised funds available as loan. This time, bank bears the consequence of loan it provides together with entrepreneur. Thirdly, banks operating on the basis of participation in profit and loss, render all kinds of banking services except for accepting deposits and providing credit facilities. Therefore, they must hold title of bank. Thus, the authors have recommended the term ‘participation banking’ since it is clear, understandable, brief and secondly, explains the banking which is based on participation in profit and loss completely and correctly (Özcan & Hazıroğlu, 1999, s. 8-10).

Hazıroğlu (2006) wrote, in one of his later articles, as fourth reason, that it would be a constrained structure inviting people to participate to the process and with reference to this definition, banking sector would be specializing under three groups; deposit banks, participation banks, development and investment banks, thus the fact that participation banks are complementary, indispensable and essential but not an alternative, would be recognized as truth (Hazıroğlu, 2006).

1.2. Characteristics of Participation Banks

The major characteristics of Participation banking are specified as follows;

Participation banks are a kind of banking that catered to bank need, especially, of the class keeping away from interest by putting forward religious reasons, under titles of interest-free banking or Islamic banking.(Battal, Bankalarla Karşılaştırmalı olarak Hukuki Yönden özel finans kurumları , 1999, s. 13)

The style of making loan available applied by participation banks is quite different than that applied by deposit, development and investment banks. Participation banks are institutions utilizing funds they raise in trade itself through methods such as purchasing or leasing goods or equipment or joint investments. They are commercial banking institutions directing funds they receive from savers

to economy, and the money they receive are not deposit legally. They are unauthorized either for offering fixed interest or for warranting principal refund with regard to monies they receive under the name ‘participation account’.

Special current account is the second type of raising fund participation banks apply, which corresponds to open account of conventional banking.

Even though there is no significant difference between interest and late interest legally, it might be important from the stand point of belief. In the first term, earnings resulting from trade of goods is at issue, in the latter, one resulting from trade of money is and philosophical foundations and risks referring to both of them are different from each other (Battal, Bankacılık kanunu şerhi , 2006, s. 60-62).

According to Turkish Banking Law, participation banks are unauthorized to accept deposit. Therefore, they utilize funds named as special current accounts or participation account in function of financing tool. This regulation is an indirect way of raising fund since savings of savers are enabled to be accessed through both of the tools as a result. Basic difference among them is that depositors who are willing to benefit from deposit interest, would prefer deposit banks. Depositors opening special or current accounts are those who deem interest as ill gotten for religious reasons (Yağyaoğlu, 2012, s. 44).

According to the 3rd article of Turkish Banking Law, participation banks operate on the basis of raising fund by way of special current and participation accounts and making loan available. Participation banks, as stated in the 4th article of Turkish Banking Law, are unauthorized to accept deposit, on the other hand, deposit banks are unauthorized either for accepting participation fund or for performing financial leasing transactions. As to development and investment banks, they are unauthorized for accepting deposit and participation fund (Bankacılık Kanunu, 2005).

1.3. The Share of Participation Banks in Turkish Banking Sector

According to the data of Turkish banking sector as of December 2017, being composed of (33) deposit banks, (13) development and investment banks, (5) participation banks, (51) banks are existing in total. The shares of conventional banking which consists of deposit banks and development and investment banks together with participation banking, are shown as below. Participation banking held have recognized as a share of 4.91% in assets, 6.12% in raised funds and 4.97% in funds provided as loan.

Table 1: Turkish Banking Sector (2017)

Banks	No	Assets		Raised Funds		Funds Provided As Loan	
		(Million TL & %)	(Million TL & %)	(Million TL & %)	(Million TL & %)	(Million TL & %)	(Million TL & %)
Deposit banks	33	2.922.680	89.71	1.613.839	93.87	1.905.940	88.83
Participation banks	5	160.136	4.91	105.310	6.12	106.733	4.97
Development and Investment Banks	13	175.002	5.31	0	0	132.807	6.19
Total	51	3.257.819	100	1.719.149	100	2.145.480	100

Source: (Türkiye Katılım Bankaları Birliği, 2018)

When looking at the evolution of participation banks; it is understood that it's share in assets which is 2.44% in 2005 hit 4.91% in overall banking sector in 2017, (it reached to peak by 5.55% in 2013) it's share of 3.19% in raised funds in 2015 hit 6.17% in 2017, (6.48% in 2013) it's share of 4.63% in 2005 hit 4.97% in 2017 in funds provided as loan, (it reached to peak by 6.24% in 2013) it's share regarding shareholders equity which started with 1.74% in overall banking sector in 2005 reached at the ratio of 3.79% in 2017 (it's peak at 4.57% in 2013) total numbers starting with (290) branches and (5.740) employees in 2005, in terms of number of branches and employees, increase to (1.032) branches and (14.784) employees in 2017 (the year of 2013 serves as peak by 16.76%) (Türkiye Katılım Bankaları Birliği, 2018).

2. Evolution of Participation Banking in the World and in Turkey

2.1. Evolution of Participation Banking in the World

Interest-free banking, as a matter of course, emerged in Islamic geography where Muslims live. In conventional banking, the term "interest" which means "lease cost of capital" emerges while raising funds and making them available as loan. However, a lot of people, notably Muslims and holders of different religious beliefs, keep away from interest by force of their faith. Interest-free banking application was put into practice so as to bring their funds into the system under the title of private financial houses after the year 1980 in Turkey. The status of these institutions was converted to participation banking later on. Interest means rent of money. However, it became one of the most discussed economic facts due to the fact that it was condemned to be evil and banned by all of the monotheistic religions (Canbaz, 2012, s. 138,139). Banking emerged in Ottoman territories in an effort to find a remedy against debt policies caused by financial problems of the imperial treasury in contrast to the increase in monetary wealth and industrial developments that have occurred in the world and these institutions were founded by minorities and/or foreigners. In the Ottoman Empire, emergence and development process of banking happened with delay and also banking functions developed differently from its main theme (Altay, 2010, s. 322).

In modern times, the concept of interest-free banking started being discussed in the 1930s and 1940s. Especially in the 1940s during the time India and Pakistan had not dissociated yet, studies on Islamic economy and banking had begun. To sum up in chronological order, the concept has been proposed in 1955 by Muhammad Uzair (national of Pakistan) for the first time. In 1963, Mit Ghamr Bank was implemented by Ahmad El-Naggar in Egypt on basis of a village fund model as the first alternative bank. An increase in goods and services happened in the 1970s, the foundation of Nasser Social Bank in Egypt in 1971, in modern times, in corporate manner, the first attempt in interest-free banking is the foundation of Islamic Development Bank in 1975. Realized revenues of OECD countries by their raising sale price of oil in the 1970s, had an impact on the foundation of that bank (Canbaz, 2012, s. 161,162,163). The period between the years 1980 and 1990 is the period of development for development banking, as it may be specified, the year 1990 is the foundation of Islamic Financial Institutions Accounting and Auditing Department (Bahrain) in the 2000s, it is period of elaboration for participation banking, in the year 2002, it is the foundation of Islamic Financial Services Council (Malaysia) in 2006, it is the foundation of European Islamic Investment Bank (Özsoy, 2012, s. 65-68).

2.2. Evolution of Participation Banking in Turkey

In Turkey, interest-free banking had been affected by the practice of workers companies dwelt abroad in 1970s in addition to theoretical papers translated in 1970s. Over 300 companies had been founded with monies of workers living abroad. This development significantly supported the interest-free banking system in pursuit of an alternative model for economic life (Canbaz, 2012).

The origin of participation banks is private financial houses. Private financial houses were legalized by a decree of the council of ministers dated December 16, 1983 in our country. The said institution was included within the scope of the Act with the law no. 4491 and Banking Law with the

law no. 4389, it's status was converted to bank through Banking Law and it's title was denominated as "participation bank" (Tekinalp, 2009, s. 21).

The model of private financial house is an interest-free banking model specific to Turkey. A constrained description was set for the model which was institutionalized after the year 1980 by avoiding an emphasis over Islam due to sensitivities of the period (Canbaz, 2012, s. 168).

Faisal Finans, (it was denominated as Türkiye Finans following merger with Anadolu Finans and Al Baraka Türk Özel Finans Kurumu in 1984, Kuveyt Türk in 1989, Anadolu Finans in 1991, İhlas Finans in 1995 (it was liquidated in the wake of the crisis in February 2001) and Asya Finans in 1996 (it was devolved on Saving Deposit Insurance Fund "TMSF" and went bankrupt) Ziraat Katılım Bankası and Vakıf Katılım Bankası were founded respectively in 2015 and in 2016. The last two of the participation banks, i.e. Ziraat Katılım and Vakıf Katılım are state-fund-participated and have significant differences compared to others in terms of structure. Participation banks are founded according to three methods in the world: pure participation bank, a frame of participation bank within conventional bank and lastly a participation bank in which a conventional bank is a shareholder (Özsoy, 2012, s. 74). The last two participation banks were founded on the basis of the model of participation bank in which a conventional bank is a shareholder instead of a participation bank frame within a conventional bank, following discussions held in the sector and in various platforms in order to avoid unfair competition against other banks and not to give rise to be blending into the interest bearing system. Prominent characteristic of the last two banks is that they were founded under ownership of the banks with state-fund. It is, herewith, recognized that share and weighting of participation bank in the sector is aimed to be increased. It has been aimed that participation banks which are possessed of robust capital, education and technological support to be provided by cooperation of robust public banks and capable of competing conventional banks, should emerge.

2.3. The Fundamental Principles of Islamic Economy

As per unanimity of Islamic scholars, primary resources of Islamic regard to what the fundamental principles of Islamic economy are, indicate general principles as follows: Do neither benefit from nor take on belongings of others unjustly. Trading is legitimate. Usury is forbidden. Deception is forbidden. Wastefulness is forbidden. Gambling is forbidden. Extreme ambiguity is forbidden. It is essential not to intervene in market. Getting rich is legitimate; however wealth is God's gift. Fortune should not be stocked up. Stinginess is forbidden. Uninhibited are free. Prohibition becomes partially invalid in case of necessity and need. Facilitation is essential. Conclusion is subject to purpose (Aktepe, 2013, s. 13-17).

The Association of Participation Banks has specified fundamental principles of participation banking as follows: interest prohibition, trade basis (loyalty to real economy, prohibition on debt financing) partnership and risk sharing basis, extreme ambiguity prohibition, speculation prohibition, prohibition on some substances (alcoholic drink, gamble, chance games, gun, tobacco and so on) transparency basis (Türkiye Katılım Bankaları Birliği, 2018).

As the general principles are in this manner as well, Aktepe (2013) highlights the variations of applications among participation banks in practice. As primary reasons of variations in application, Aktepe wrote that consultants or advisory boards might have different opinions due to the fact that issues such as purchase and sale, partnership, lease, debt, interest, warrantee and proxy have been considered under the topic of human relations, variations would emerge as preferential rights of bank managements would be in the question for matters given of positive opinion by consultants or advisory boards while bank managements don't act according to their personal opinions for matters given of negative opinion by consultants or advisory boards. However, Aktepe stated that, as participation banks perform common actions substantially, the variations between them were quite limited (Aktepe, 2013, s. 17-19). However, heavy criticism in the way that recent applications of interest-free financing are very similar to activities of conventional banking, has been expressed intensively (Bulut & Er, 2012, s. 15).

3. The Literature Review Regarding Ethical Values

According to the dictionary, value refers to objects and events to which importance have been attached by a society, a social class or a person or characteristic recognized by a society, a social class or a person as to their importance (Türk Dil Kurumu Büyük Türkçe Sözlük). According to Arda (2003) values are standards defined in cultural manner by people or groups, to determine what is desirable, appropriate, fine, good or evil in order for them to guide in communal living, they are intangible concepts (Arda, 2003, s. 126).

When looking at values from stand point of philosophy, according to Ioanna Kuchurady (2003) the matter of value is a matter of evaluation fundamentally in philosophy. Since, in search for answers to questions such as "what is good, what is fine, what is useful, what is right" people would actually be performing an evaluation study. Examining essential aspects of interpersonal relations such as respect, righteousness, fairness, equality and qualifications relating to human achievement such as art, science, morals is also the act of addressing various values as problem (Kuchurady, 2003, s. 8).

Values are evaluation judgments for our behaviors and principles and standards in our behaviors. Values impact our selection of behaviors and point at which is good to commit or should be avoided due to being evil. Norms refer to behavior that is right morally in a given situation. Values and norms guide in selection of behavior and form a moral ground to review and justify our behavior. Integrity and righteousness move within framework of moral values and norms (ethics). Therefore, first thing to be done by ethics managements is "to define values which would determine direction of organization and bring them into existence" (Leo W.J.C.Huberts, september 2003, s. 3). The interrelation between the values of conventional banking and the values of participation banking is also another issue, in this regard, Polat (Polat, 2018) expressed the fact that participation banks embraced the principles adopted and applied by the conventional system and expected them to completely overlap with their own principles in the course of implementation of the principles with regard to ethics, was a deficiency of vision.

Values are our beliefs which guide us in making a decision, are indicative of what is right, reasonable, good and fair. Frank Navran defines values as principal beliefs we hold. Values are principles that we apply to describe what is right, good and fair. Values guide us in distinguishing between right and wrong, good and evil and make our standards up (Balkan, 2017).

They define which kind of behavior is appropriate morally, how one should behave to others, which methods are reasonable in making a decision and behaving qutod from "Clayton S. Takımınızın Yeteneklerini Geliştirmede Strateji Geliştirme, 2002" (Kılıç, 2010, s. 83). According to Collins and Porras, key values are those, which are few and directive, principal and ongoing beliefs of organization and nonexpendable even in their act of bringing about competitive disadvantage (Collins & Porras, 1996, s. 73). Values are beliefs and moral principles underlying organizational culture. Values add meaning to internal rules and standards of behaviour (Yurtseven, 1998, s. 29). Which are intended by universal ethical values, are standards maintaining their importance as far as possible in face of differences in terms of religion, culture, time and condition(s) values, which we have determined as universal ethical values in our present paper, are trustworthiness (including righteousness, integrity, reliability, faithfulness) reputation (including respect for human rights), responsibility (including accountability) fairness (including impartiality and equality) being attentive (including avoidance of harm unduly) corporate citizenship (including law-abidingness and environmental protection) (Schwartz, 2005).

Business values are values which have been derived from general values in accordance with job context. People have transferred values, which are suitable from the stand point of themselves to the job context. Business values do express one's beliefs related to desirable actions and one's objectives related to business life (Lyons, 2003, s. 48). The values classified in our present paper as business values, are customer orientation, creativity, dynamism, rationalism, team work, productivity, sensitivity, result oriented, innovativeness, leadership, service, development, communication, local conduct, corporate attachment, entrepreneurship, relational banking, dependence on ethical values, sustainability, different point of view, discipline, professionalism, appreciating employees,

confidentiality, growth, achievement, cooperation, quality, robust financing, cooperation oriented, robust banking, diligence and self-discipline, communion, contribution to economy, outstanding service, satisfaction, stakeholder oriented, continuous improvement, recognition and appreciation.

Social values are defined as key judgments, values creating a rapport between individuals of society, binding them together, maintaining society (TDK Türkçe Sözlük, 1998, s. 2014). The values that we classified in our present paper as social values, are self-confidence, determination, freedom, human being, respect, openness to different points of view and cultures, sincerity.

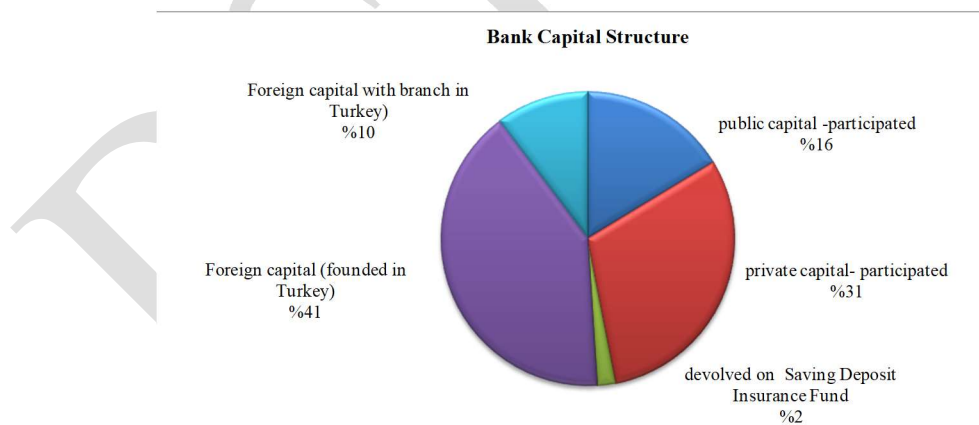
Corporate Governance Values; Corporate governance values are, in general, determined as principles of equality, transparency, accountability and responsibility. Equality refers to treating all stakeholders equally and avoiding conflict of interest. Transparency refers to declaring information related to organization to the public accurately, timely and in an easily accessible manner. Accountability puts forth the obligation of board members for giving account before company and stakeholders. Responsibility refers to being in compliance of activities of directors with regulation, articles of association and intercompany regulations and supervising such compliance (SPK , 2005, s. 2,3).

4. Data, Methodology and Findings

4.1. Data

The data is manually collected by the Authors from corporate web sites of all banks operating in Turkey. The capital structure of banks are shown at Figure 1. The capital structure basically refers to the equity used in the structuring and grading of long-term loans and in the financing of assets. Peura and Keppo (2003) state that the capital deposited in banks is frequently idle for financial activities but used as a protection against risk-bearing assets since banks are sensitive to systematic risks (Peura & Keppo). Considering this fact, participation banks could be used as a channel to transfer idle capital to more productive sectors.

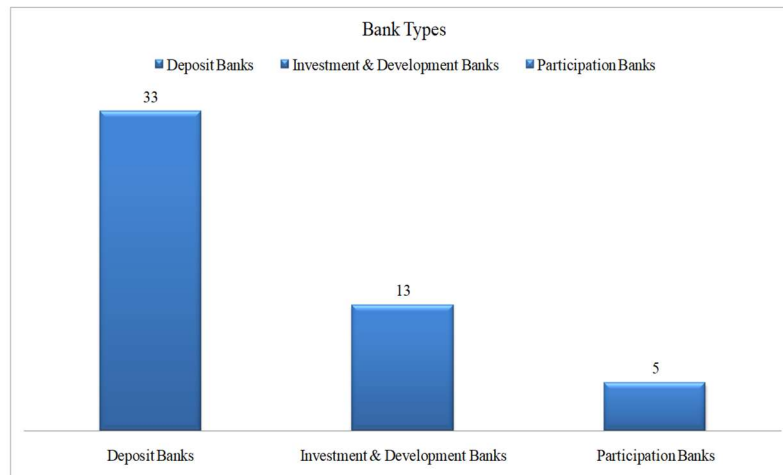
Figure 1: Bank Capital Structure in Turkey (2018)



Source: The Banks Association of Turkey

Also the types of banks in Turkish Banking Sector are indicated at Figure 2. Deposit banks are dominant with %33 in Turkish Banking Sector and although the percentage of participations banks is currently the lowest, i.e. %5; it is expected to increase rapidly in the near future. In that respect, this paper is aimed to identify and create awareness the growth strategy of participation banks in relation to their core values and approaches to the market.

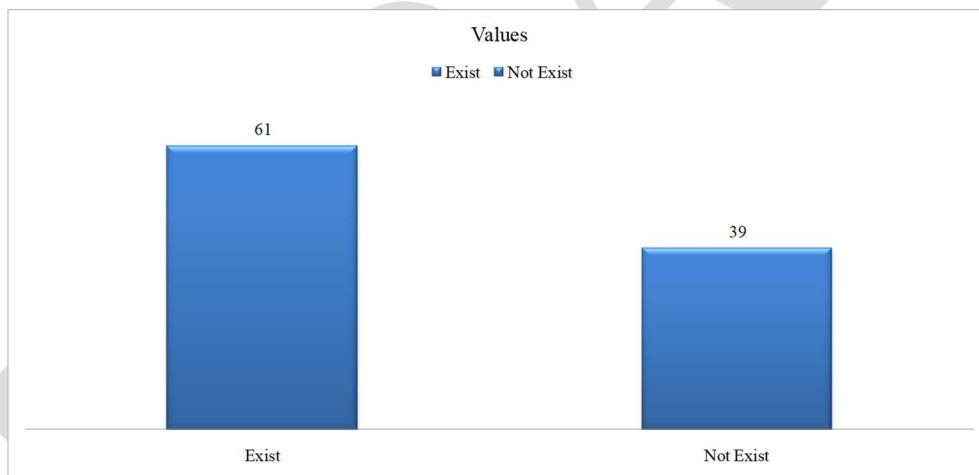
Figure 2: Bank Types in Turkish Banking Sector (2018)



Source: The Banks Association of Turkey

The %61 of Banks provide their Ethical Value Statements and the %39 of Banks do not provide their Ethical Value Statements at their corporate web pages (Figure 3).

Figure 3: Existence of Ethical Value Statements of Banks



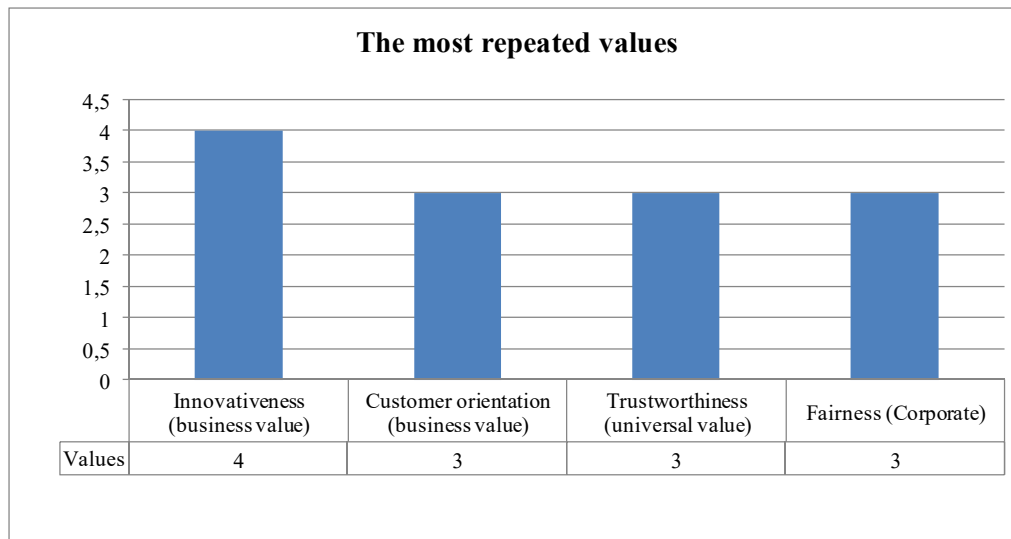
Source: Corporate web pages of Banks in Turkey

4.2. Methodology

A content analysis is performed by starting from value sets of all banks operating in Turkey. It is dwelt upon relations between value sets and capital types of the banks and bank types. Moreover, the relations between principles of corporate governance and values of the banks with universal values, business values and social values are investigated.

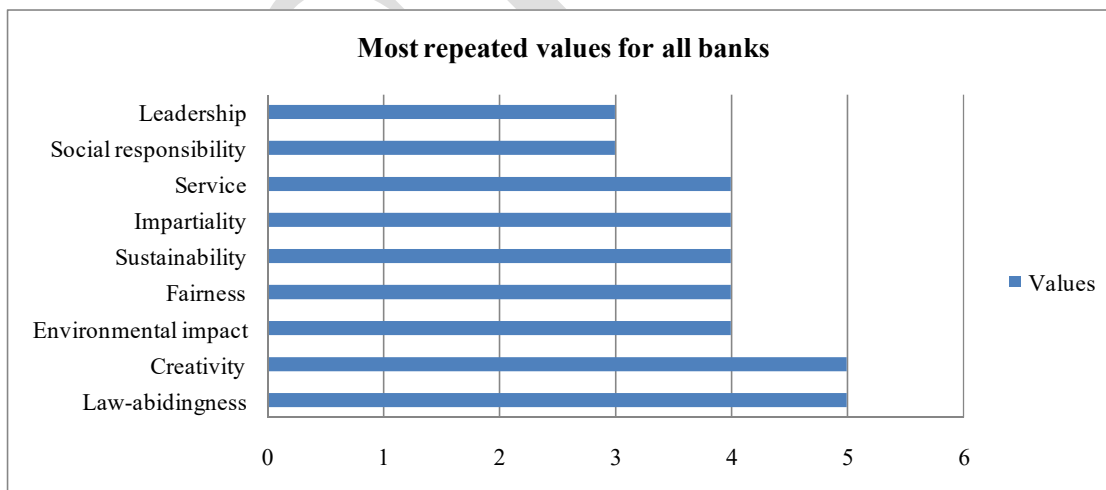
In the first stage of analysis, the most repeated ethical values are selected for participation banks among all banks in Turkey. Hence, there are four key values which are shown at Figure 4, namely "innovativeness", "customer orientation", "trustworthiness" and "fairness". Among these most repeated values, there are (2) business values as "innovativeness", "customer orientation"; (1) universal value as "trustworthiness"; and also (1) corporate governance principle as "fairness" respectively. The business value of "customer orientation" and the universal value of "trustworthiness" is utilized both by participation banks and conventional banks in Turkey.

Figure 4: Most Repeated Ethical Values of Participation Banks in Turkey



The most repeated ethical values for all banks in Turkey are shown at Figure 5. Turkish Banking Sector is sensitive to regulatory and legal framework and their value choice as "Law Abidingness" is the leading indicator of this approach. On the other hand, Turkish Banking Sector is highly competitive and all the banks pay attention to creativity, sustainable environment and service quality with a global leadership vision. In that sense, participation banks seem considering this outlook in Turkish Banking Sector to gain some more market share in the coming years.

Figure 5: The Most Repeated Ethical Values of all Banks in Turkey



In the second stage of analysis, the types of values are classified for all participation banks. Hence, business values are dominant and most of the participation banks prefer business values for enhancing their business strategy as shown at Table 2.

Table 2: Type of Values for Participation Banks

<i>Value Description</i>	<i>Type of Value</i>
Impartiality	Universal
Confidentiality	Business
Ethics	Business
Teamwork	Business
Business knowledge	Business
Concentration	Business
Contribution to national economy	Business
Customer orientation	Business
Diligence and self-discipline	Business
Innovativeness	Business
Outstanding service quality	Business
Professionalism	Business
Respect to common values	Business
Robust banking	Business
Satisfaction	Business
Sharing by producing	Business
Trustworthiness	Business
Accountability	Corporate
Fairness	Corporate
Openness	Corporate
Transparency	Corporate
Responsibility	Corporate, Universal

Sustainability	Corporate, Universal
Sincerity	Social
Righteousness	Universal
Social responsibility	Universal

Source: prepared by authors based on information in Corporate web pages of participation banks.

In addition, the distribution of values within each participation bank is shown at Table 3. Türkiye Finans define all their ethical values based on (7) business values, namely "customer orientation", "innovativeness", "sharing by producing", "outstanding service quality", "contribution to national economy", and "satisfaction". Similarly, other participation banks in Turkey also give priority to business values compared to other value types. In addition, Ziraat Katılım and Al Baraka present social values in their corporate value sets, namely "sincerity".

Table 3: The Distribution of Values Among Participation Banks in Turkey

Al Baraka	Kuveyt Türk Katılım Bankası	Türkiye Finans Katılım Bankası	Vakıf Katılım Bankası	Ziraat Katılım Bankası
<ul style="list-style-type: none"> • 2 universal values (trustworthiness, social responsibility) • 2 business values (business knowledge, concentration) • 1 social value (sincerity) 	<ul style="list-style-type: none"> • 6 business values (teamwork, innovativeness, ethical values, professionalism, confidentiality, robust banking) • 3 universal values (trustworthiness, righteousness, impartiality) • 2 corporate values (transparency, openness, accountability, fairness) 	<ul style="list-style-type: none"> • 7 business values (customer orientation, innovativeness, sharing by producing, outstanding service quality, contribution to national economy, satisfaction) 	<ul style="list-style-type: none"> • 5 business values (customer orientation, trustworthiness, innovativeness, fairness, respect to common values) • 1 corporate universal value (sustainability) 	<ul style="list-style-type: none"> • 4 business values (customer orientation, innovativeness, business knowledge, diligence and self-discipline) • 2 corporate values (fairness, responsibility) • 2 universal values (righteousness, social responsibility) • 1 social value (sincerity)

Source: prepared by authors based on information incorporate web pages of participation banks.

Concluding Remarks

Participation banks could be described as institutions fulfilling conventional banking functions by adhering to interest-free and Islamic principles. Participation banks did become a integral element, but not an alternative for Turkish Banking Sector and discrete market share increase during crisis periods.

The most repeated values are, i.e. "trustworthiness (universal value)" "transparency (corporate value)", "accountability (corporate value)", "righteousness (universal value)", "customer orientation (business value)", "innovativeness (business value)", "teamwork (business value)" drawing attention. While universal and corporate values come to the forefront in conventional banks, business values

distinguish in participation banks. The most repeated values common for both conventional and participation banks are "customer orientation" and "trustworthiness". "Innovativeness" is at the forefront in participation banks. While universal and corporate values come to the forefront in conventional banks, business values distinguish in participation banks.

In this work, it can be concluded that participation banks in Turkey seem to give priority to business values in general to keep pace with the global competition environment. In the following studies, it is recommended that comparison should be made between mission statements and vision statements, as a factor complementing the values of participation banks and conventional banks and having them interpreted.

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