

IMPACT OF DIGITALIZATION ON THE EMPLOYMENT IN THE BANKING SECTOR IN TURKEY



BASİSEN - TURKEY
Banka-Finans ve Sigorta İşçileri Sendikası

➔ **DIGITALIZATION IN THE BANKING SECTOR**

- The digital transformation process that led to Industry 4.0 continues to create new business models by changing the structure and mode of production.
- The digital transformation process that brings changes in the working life has also effects on



union movement
collective bargaining and
industrial relations system

DIGITALIZATION IN THE BANKING SECTOR

DIGITAL TRANSFORMATION IN TURKEY:

Companies are starting to realize the importance of having a clear digital strategy.

Investments in digitalization both at the sectoral and company level have been increasing. This has effects on:

- ❖ Products and service channels
- ❖ Management and organizational structure of the companies,
- ❖ Working models,
- ❖ Production processes.

➔ DIGITALIZATION IN THE BANKING SECTOR

SECTORS INVESTING MOST IN DIGITALIZATION:

- ✓ Banking
- ✓ Telecommunications
- ✓ Retail



- In 2015, 55% of the investments made by banking, insurance and telecommunication sectors were in the field of digitalization,
- This rate was 16% in the remaining sectors...

The most prominent sector in digitalization is banking.

➔ DIGITALIZATION IN THE BANKING SECTOR

EFFECTS OF DIGITALIZATION IN THE BANKS ON THE NUMBER OF BANK BRANCHES

According to the Report of the Banks Association (June 2019):

- ❖ In the last 3 years; share of transactions by the branches have declined.



This decline in branch banking mostly caused by digitalization, especially mobile banking.

➔ DIGITALIZATION IN THE BANKING SECTOR

DEVELOPMENTS IN DIGITAL BANKING

- ❖ In the period of July-September 2017, the number of total (retail and corporate) active digital banking customers increased from 32.186.000 to 48.723.000 during the April-June 2019 period with an increase of 48.3% (5 million 537 thousand persons).
- ❖ 80% of the Bank customers actively use digital banking.



DIGITALIZATION IN THE BANKING SECTOR

DEVELOPMENTS IN MOBILE BANKING

- During July-September 2017 number of those who use «**only internet banking**» was 5.7 million
- This number has declined to 4.1 million in 2019 with a decrease of 25%,
- Number of those using «**only mobile banking**» increased to 36 million in June-Sep 2019 from 19.4 million in June-Sep 2017 with a 85.5% increase.
- Number of those using **both internet and mobile banking** increased by 4% from 7.1 million to 7.4 million.

DIGITALIZATION IN THE BANKING SECTOR

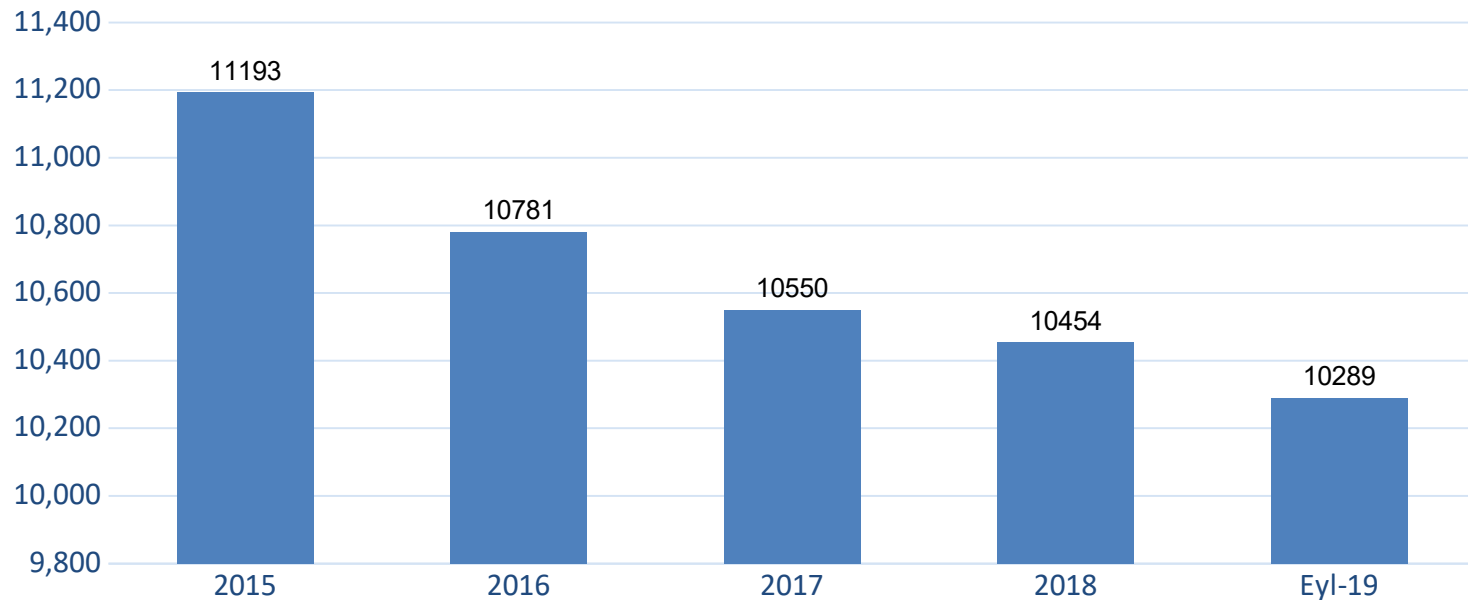
EFFECTS OF DIGITALIZATION ON THE NUMBER OF BRANCHES

- The digital transformation has an increasing impact on the organizational structure and working life in banking and therefore on the number of branches and employees.
- With digital banking; the number of branches and the number of employees (especially those working in operational works) have declined.
- However it should be noted that the economic crisis that has started in 2018 and the political conditions have also a role in this decline.

➔ DIGITALIZATION IN THE BANKING SECTOR

Changes in the number of bank branches

- ❖ Total number of bank branches in 2015 was **11.193**
- ❖ In September 2019 total number of bank branches is 10.289 with a decrease by 904 (8%)



(Source: Bank Association, June 2015-Sep 2019)

➔ DIGITALIZATION IN THE BANKING SECTOR

Number of employment:

- ❖ Total number of employment decreased to **189.507** in 2019 from **201.205** in 2015 with a decrease by 11.698 (58%).
- ❖ Number of employees decreased by **3.836 (2%)** compared to the same period in the previous year and **2.806** compared to the end of 2018.



(Banks Association, June 2015-Sep 2019)

RESULT

❖ **Effects of digital transformation on the banking system**

- Digitalization resulted in a decline both in the number of bank branches and the employment in the sector.
- Trade unions have been trying to develop new strategies to cope with the effects of digitalization both on the numbers of employment and working models. However it is still limited to adding some clauses on professional training and retraining to help employees to gain new skills required with digitalization.
- Trade unions need to develop effective strategies directed towards coping with the effects of digitalization to protect employment, quality of jobs and working conditions.

DIGITALIZATION IN THE BANKING SECTOR

THANK YOU FOR YOUR ATTENTION

