



**Republic of Turkey**  
**Undersecretariat of Treasury**

**Financial Inclusion and  
Business Angel System**

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**2<sup>nd</sup> MEETING OF THE COMCEC FINANCE WORKING GROUP**  
**27 March 2014**  
**Ankara**



# OUTLINE

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- Financial Inclusion in Brief
- G20 PLP
- Turkey's Approach to Financial Inclusion
- Overview of Turkey's Financial Inclusion Strategy
- A specific case: Business Angels

## Financial Inclusion in brief

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- Well-regulated and developed financial products and services, **broadening their use efficiently** and empowering financial consumers in both **protection and education** aspects are extremely important for stability and development of financial markets.
- In this sense, financial Inclusion has attracted interest globally and gained a great momentum.

- In 2012, at G20 Los Cabos Summit, Turkey committed to **G20 Financial Inclusion Peer Learning Program (PLP)**
- G20 PLP includes
  - Establishing a high level national coordination mechanism,
  - Preparing a financial inclusion strategy and
  - Sharing experiences with other countries

# Turkey's Approach to Financial Inclusion



## Coordination and leadership at national level

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- In Turkey, Financial Stability Committee is the high level coordinating body for financial inclusion strategy.
- The Committee is chaired by Deputy Prime Minister.



## Main Goals of Financial Inclusion Strategy

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- To include financially excluded people to the financial system,
- To extend the usage of financial products and services to all parts of the society,
- To improve the quality of financial products and services.

# Overview of Financial Inclusion Strategy

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Diagnostic review has revealed that

- The financial sector infrastructure is quite progressed
- There is no major challenge on the supply side
- Financial literacy and capability are far from the desired levels
- Financial consumer protection institutional and regulatory framework should be strengthened more



# Action Plans for Financial Inclusion Strategy

- Based on the diagnostic review, strategy focuses on
  - strengthening the demand-side and
  - keeping the progress further on supply side.
- The strategy addresses this by developing
  - Financial Education Action Plan and
  - Financial Consumer Protection Action Plan

# Mentioning just a few of regulations and initiatives...

Access to  
finance  
technical  
committee  
action  
plans

Istanbul  
Finance  
Center

credit  
guarantee  
mechanism

SME  
Action  
Plans

Consumer  
Protection  
Law

private  
pension  
system

venture  
capital  
and  
business  
angels

non-  
banking  
financial  
sector  
regulations

New Capital  
Markets  
Law

payment  
system  
regulations

Microfinance  
Studies

# BUSINESS ANGEL SCHEME

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- Consultations with public and private sector in order to design legal and administrative framework
- Framework
  - Law
  - Secondary Legislation
  - Guidance
- Started in Feb 2013

# BUSINESS ANGEL SCHEME

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## Main Goals

- Provide a new instrument for those companies at their early development stages and having no or limited access to finance,
- Increase professionalism and improve business culture and ethics among angel investors,
- Make angel capital an institutionalized and trustworthy source of finance,
- Make angel investments attractive through state supports and increase employment through encouraging entrepreneurship

# BUSINESS ANGEL SCHEME

Application for getting BA license

**Treasury**

Declaration of compliance

**Ministry of Finance**

Assessment of application and granting license

Tax deduction

Periodic reporting requirement

Experience sharing  
New ideas

**Business Angel**

**Licensed Business Angel**

**Entrepreneur**

**Accredited BA Networks**

Investor's feedback and approval by Treasury

Making contract

**Entrepreneur Company**

Periodic reporting and control

Capital transfer

Public Offering	Other investors
Venture Capital	Sell off

Exit of BA from Company

# Tax Incentives for Business Angels

- 75% deduction from the annual tax base,
- 100% for those investing into the companies whose projects are supported by Ministry of Science, Industry and Technology and The Scientific and Technological Research Council of Turkey and Small and Medium Enterprises Development Organization in the last 5 years,
- The maximum annual deductible amount is 1 million,
- Capital gains are also exempted from income tax for the shares withheld at least 2 years,
- Some requirements:
  - Acquired stocks to be held at least 2 years
  - The requirements of the Angel Investment law and regulations

# BUSINESS ANGELS

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- Expectations on increasing number of angel investors tremendously in five years' time.
- Promising results obtained so far.
- 212 business angels have been licensed since February 2013 and 3 business angel networks have been accredited. 5 angel investments supported so far.
- Important example of Islamic financial instruments



# THANK YOU

For further information

<http://www.treasury.gov.tr>

E-mail: [mpkd@treasury.gov.tr](mailto:mpkd@treasury.gov.tr)



# Turkey Financial Inclusion Strategy

## Current Status

<b>Commercial bank branches per 100,000 adults</b>	<b>18.67</b>
<b>ATMs per 100,000 adults</b>	<b>63.39</b>
<b>Outstanding deposits with commercial banks (% of GDP)</b>	<b>51.10</b>
<b>Outstanding loans from commercial banks (% of GDP)</b>	<b>50.56</b>
<b>Deposit accounts with commercial banks per 1,000 adults</b>	<b>3220.69</b>