

TROY THE LATEST LEGEND OF ANATOLIA



December 2015
Mobey Forum

Consequences of Digitalisation on Payments



Payment Market in Turkey



Why to build a national scheme



How to pursue a new national scheme

TURKISH CARD PAYMENTS MARKET

One of the highly developed ones in Europe

58 mio credit cards

114 mio debit cards

2,4 mio POS

1st in Europe

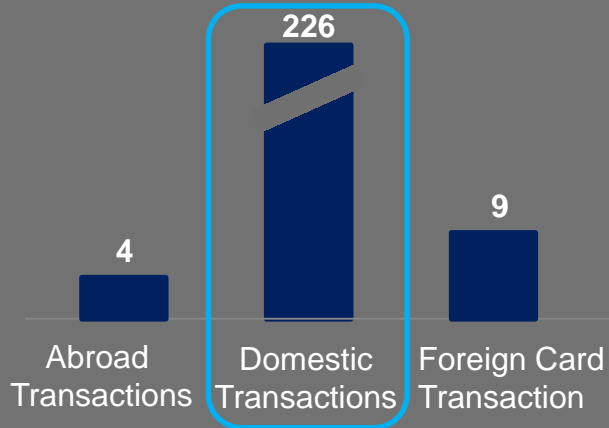
1st in Europe

1st in Europe

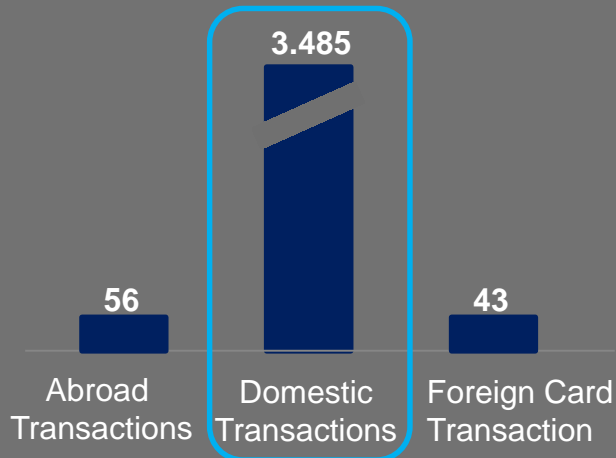
Why to build a National Payment Scheme in Turkey?

Domestic transactions dominates the market

Total Payments Value (Bn USD)



of Total Payments Transactions (Mn)



97% of transactions are domestic

Potential growth capacity in the sector is mainly rooted from the growing population and rising disposable income.

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Why to build a National Payment Scheme in Turkey?

Market with unmet need

Market with only ICS

- **Limitations for tailor made solutions**
- **Lagging to meet stakeholders' need**
- **Absence of local touch**
- **Not-on-us transactions are already processed by BKM**

Why to build a National Payment Scheme in Turkey?

Main Drivers for strategy of establishing National Payment System

Sustainable economic growth

Tier 1 Market size in EU

Heavy loaded domestic transactions

Market with only ICS



**National
Payment System**

Why to build a National Payment Scheme in Turkey?

This initiative will have various advantages

**Economic Benefit
for Stakeholders**

**Enlarge the freedom of
capabilities**

**Independence and
innovation**

- **Sensitive pricing**
- **Direct and indirect advantages for ecosystem members**
- **Enabling the development of products and service aligned with the needs of Turkish market**
- **Faster time to market**
- **Strategic independence from the ICS**
- **Blue ocean to implement and execute new solutions**

Why to build the National Payment Scheme under BKM's umbrella?

BKM is the «hub» of Turkish card payments

**Clearing &
Settlement Service
Provider in Turkey
since 25 years**

**The place where
all Turkish issuers
and acquirers are
met**

**Acts as an
innovation center
with the vision of
powering the
future of cashless
payments**

**Heart of the
COOPETION in
card payments**

- **Cooperation for the benefit of the banks**
- **Competition within the banks**

B K M

BANKALARARASI
KART MERKEZİ



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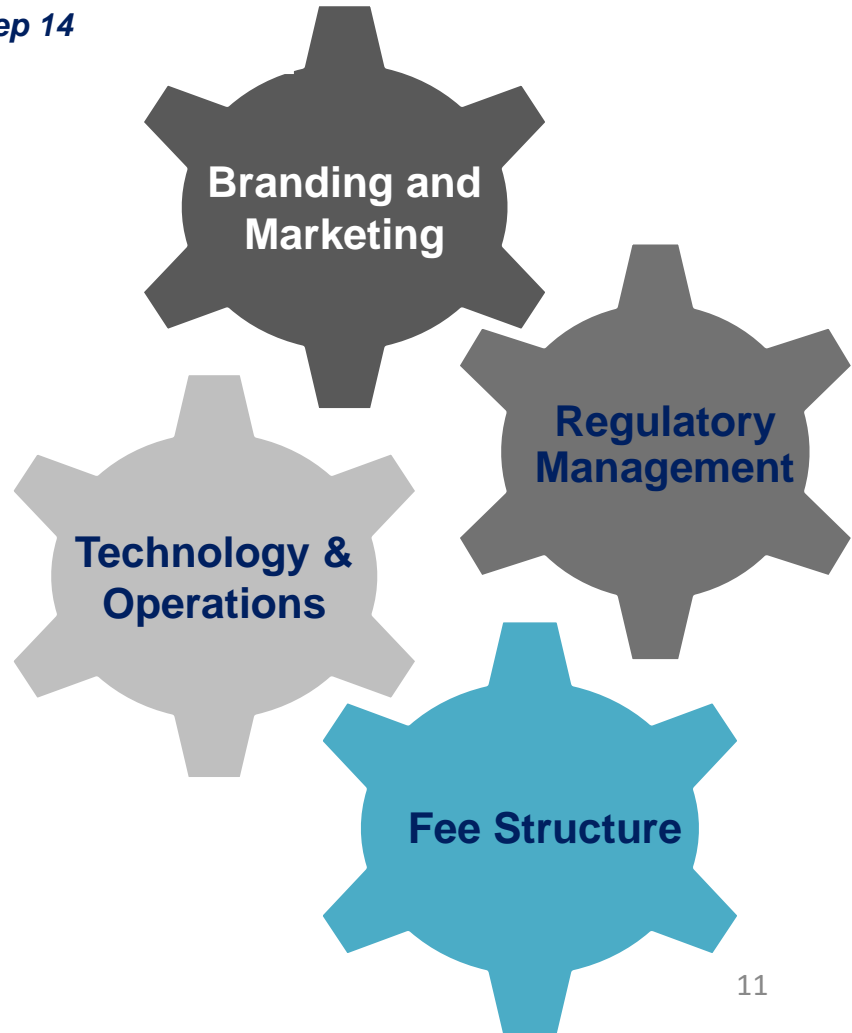
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How to pursue a new national scheme

TURKISH NATIONAL SCHEME

4 main pillars to pursue the National Scheme



BRANDING and MARKETING

TROY is the abbreviation of Turkey's way of payment in Turkish

TÜRKİYE'nin Ödeme Yöntemi

TURKEY's Way of Payment



REGULATORY MANAGEMENT

TROY is in the focus of 3 main regulators

Status



**BRSA:
Banking Regulation &
Supervision Association**

License to act as «Card Scheme»
Organizational audit has been completed

ongoing



CB: Central Bank

Take permission to act as «Card Scheme», for
facilities other than «Clearing/Settlement
System»

ongoing



**CA: Competition
Authority**

Application for exemption not to violate
competition under association of undertakings

ongoing

FEE STRUCTURE

Cost effective and simple

Fee Structure Strategy

- Simple
- Accountable
- Domestic currency (TL)



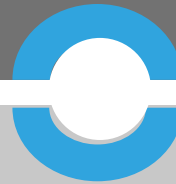
EMV SPECIFICATIONS and OPERATING REGULATIONS

«Licensing» option has been selected strategically

License EMV
Specifications and
Operating
Regulations from a
partner

or

Write all
specifications and
operating regulations
from scratch



«Licensing» option is
selected because of
time pressure and
financial impacts

«Licence» and
«customize» for the
Turkish market

WHAT is NEXT?

Ambitious target but we are committed



**Working with banks
on Issuing and Acquiring**

**First EMV transaction
in the January 2016**

Acceptance in all POS and ATMs

**1 April 2016
Go to the market**

FINAL MESSAGE

Strategic Coopetition despite strong competition

- **Chip&PIN migration**
 - **Chip&PIN transition process by 2007**



- **BKM Express national digital wallet**
 - **17 banks**
 - **1 mio users, 1.000 merchants**




- **TROY**
 - **Countdown for April 1st 2016**



THANK YOU...

Dr. Soner CANKO
CEO - BKM

 @SonerCanko