

# *Banking and Capital Markets*

PwC Turkey's capabilities

December 2013



An aerial photograph of Istanbul, Turkey, showing a dense urban landscape. In the foreground, a large concrete bridge with multiple pillars spans across the Bosphorus Strait. Below the bridge, a historic stone structure with a dome and arches is visible. The middle ground is filled with a mix of modern high-rise buildings and older, multi-story residential buildings. The background features a clear blue sky with scattered white clouds. An orange rectangular box is overlaid on the upper right portion of the image, containing white text.

*Helping Banking and Capital Markets  
companies better manage challenges  
in the Turkish market and abroad.*

# Introduction



Dear executive,

In the increasingly complex world of the financial industry, particularly in the light of the macro-economic developments and upheavals of recent years, it is essential to ensure the right support to sustain growth and guarantee success. Making sure you have got to grips with the complex and technology-driven solutions needed for today's markets, as well with as the latest legislative and regulatory changes, will be essential in meeting your customers' high expectations and achieving success in the new order.

PwC is a global leader in providing services to financial institutions, and PwC Turkey serves the leading firms in the industry. With this capabilities statement we want to give you an overview of the services, resources, approaches and extensive experience that we can offer you in this sector.

Our people can provide you with a broad skill set, new perspectives and ideas, and will work with you to develop the targeted and high added-value solutions you want. Whether you are a commercial bank, investment bank, investment fund, hedge fund, private equity investor, investment corporation, stock exchange, organised exchange, custody bank, broker, portfolio company, financial leasing company or consumer finance company, our dedicated BCM team offers a range of services and resources in terms of assurance, tax, risk assurance services, advisory and consulting, and is ready to help. We also provide advice and support to companies in the non-financial industry in their financial transactions.

Our goal is to help you make the most of our experience, professionalism and vast global network. This document has been created to show you how our unique combination of qualified people, high-profile thought leadership and industry-focused service can best benefit you.

Many thanks for giving us this opportunity to present our BCM capabilities to you.

Best Regards

A handwritten signature in black ink, appearing to read 'Z Uras'.

**Zeynep Uras**  
PwC Turkey  
Financial Services Country Leader

---

# What's inside?

<i>You can bank on us</i> .....	5
<i>Assurance &amp; Accounting Services</i> .....	6
<i>Financial Risk Management (FRM)</i> .....	9
<i>Risk, Process and Technology Services</i> .....	10
<i>Forensic Services</i> .....	15
<i>Tax &amp; Legal Services</i> .....	16
<i>Acquisitions, Divestments &amp; Restructring</i> .....	18
<i>Project Blue</i> .....	23
<i>Our BCM Portfolio</i> .....	24
<i>What are we saying?</i> .....	26
<i>About PwC</i> .....	27
<i>Let's start the conversation</i> .....	27

---

# *You can bank on us*

## *...for an integrated approach*

The Banking and Capital Markets (BCM) industry is complex and involves critical linkages between regulators, suppliers, providers, payers and customers. Whatever your position in this system, you need to be aware of your surroundings. We reflect your industry structure in our own, allowing us to better understand your position and how these different relationships affect your strategy, operations and business decisions. We can also help provide the outside perspective you seek, to help you challenge conventional thinking in your organisation and industry.

## *...for needs-focussed solutions*

There is no one-size-fits-all approach in the BCM sector. Review of your needs and dialogue with you forms a key part of our service, allowing our industry-dedicated professionals to provide you with holistic solutions tailored to your individual circumstances. We are ready to put our marketing resources, intellectual capital, industry-specific training and network of global industry professionals at your disposal.

## *...for specialist knowledge*

You are only as good as the information you use to guide your decisions. Taking your needs and business strategy into account, we can help by providing you with the latest data, keeping you up to speed with all new developments, from regulations to best practice. The teams and individuals who will work with you have in-depth knowledge of the industry and access to a worldwide network of professionals. Through our network you can draw on a global pool of resources extending beyond PwC Turkey itself.



---

# Assurance & Accounting Services

*“What is crucial is that we feel PwC to be close to us. We don’t solely consider you as an audit firm; I can sincerely recommend you. PwC is the firm to consult for any matter.”*

## **Head of Budget & Consolidation**

**One of Turkey’s largest conglomerates**

We understand that you face complex financial accounting issues on a daily basis, from valuations, pensions and bond issues to listings, complex financial instruments accounting and corporate treasury functions. How do you ensure that you are fulfilling your obligations in terms of greater transparency and improved corporate governance? Are you completely happy with your accounting treatments and business model?

With our global experience in the BCM sector, gained through providing audit assistance to many of the world’s leading multinationals, as well as many SMEs and public sector bodies, we are also leaders in the development of non-financial performance reporting. We use this experience to put ourselves in your position, addressing issues from your perspective and making sure that we have a conversation with you that allows us to bring together the right people to provide the solutions you need.

## **Financial statement audit**

The financial statement audit has never been more important. In today’s business environment there is more scrutiny and scepticism regarding a company’s financial statements than ever before. Investors have lost faith in corporate governance and reporting and want greater reliability, a higher degree of oversight and clear evidence of internal controls. Corporate management, boards and audit committees, internal and external auditors, analysts and other investment professionals all have important roles to play in rebuilding investor trust. This process begins with the completeness and accuracy of the information contained in a company’s financial statements. Are you ready to meet these challenges?

What do we do?

- **Tailor-made audits** to suit the size and nature of your organisation
- **Support for complex reporting** issues like IFRS
- **New approach to financial statement audit**; a richer, wider process that better suits your company’s activities
- **Risk and strategy assessment** working with you to make sure we assemble the best teams to meet your needs

## **Maximising audit quality**

We share your high expectations from our service, and audit quality is our top priority. We deliver an effective, efficient and fully compliant audit to all our clients, with a focus on added value and service quality. By aligning all the different audits - partner/staff, controls and tax - we eliminate duplication and inefficiencies, ensuring we provide a better experience both for our people and for you.

What do we do?

- **Appropriate methodologies** and tools for your needs and risks
- **Quality-focussed approach** for better risk management and improved margins
- **Inclusive and consistent approach**, providing rapid and efficient solutions

---

# Assurance & Accounting Services

## Accounting advisory and financial accounting support

With the move towards TFRS and IFRS in 2006, financial accounting has grown increasingly complicated. If the past few years are any guide, the future will hold more regulations, new requirements and an increasing compliance burden. As business becomes more global, with new markets opening up seemingly every day, a company's financial accounting must meet global standards. How comfortable are you with the design of your financial accounting?

What do we do?

- **High-quality accounting advice** bringing you the benefit of a breadth and depth of knowledge and technical expertise
- **Support tools, guidance and training** to improve your financial reporting
- **Experience gained from an extensive client portfolio**, from large public deposit banks to small and mid cap investment banks.
- **Accounting advisory** in various technical aspects of IFRS, assistance with the implementation of new IFRS standards, including the area of financial instruments, revenue recognition, impairment, accounting for leasing, pensions, deferred tax, etc.
- **Secondment to clients** Our skilled and qualified team members can be seconded to our clients to perform various tasks as defined by the clients, for example, within the Finance function (assistance in preparing the financial statements, etc..).



---

# Assurance & Accounting Services

## Value proposition support

The value proposition goes beyond the PwC audit; reporting more comprehensively on important non-financial assets can improve the valuation of your company in capital markets. We understand how important your company's brand(s), market share, customer retention and intellectual capital are, and can help you to quantify their value.

To ensure we recognise your goals and needs, we have restated and renewed the value of the profession in the minds of our people. We have worked closely with those who prepare, regulate and use assured reported information with the same purpose. We will continue to influence the regulators' agenda, representing the views of those who prepare and use our information when making economic and value-based decisions in terms of corporate reporting and assurance.

Our partners have key roles in this subject as "modern auditors", challenging the effectiveness of governance, controls and transparency and able and willing to advise on broad commercial issues.

What do we do?

- **Effective audit committees and management** for financial information controls and governance
- **Quality and credibility of internal management and public information**, non-financial indicators in particular
- **Professional thought leadership** on issues related to non-financial performance reporting
- **Regulatory advisory** and analyses of regulatory standards applicable for financial institutions, assistance understanding and implementing new regulatory requirements, regulatory compliance





---

# *Financial Risk Management (FRM)*

The Basel Capital Accords (Basel II and Basel III) represents the biggest regulatory change that the banking industry has seen in decades. It is significant and complex and requires fundamental business change. It has a profound impact on profitability and force many banks to transform their business models. It also requires firms to implement significant process and system changes. Its consequences will run far and deep

With these regulatory changes the future of banking is becoming clearer; As both funding and equity are scarce and expensive and there is close scrutiny of bank performance by investors, regulators and other stakeholders, financial organisations are now tasked with transitioning their risk management and governance practices into world class standards.

Our dedicated team has the expertise, insight and global reach to help provide comprehensive support for all the business challenges in today's Basel world and help you to develop the risk strategy, and underlying risk identification, measurement, management and communication that will give you the edge.

Our FRM team provides the following main services:

## *Regulatory change – Basel II and III*

- Basel II/III gap analysis
- Basel II/III project management
- Design and review of Basel II IRB Framework, including structure, governance and oversight; model development and validation process; ongoing model maintenance process etc
- Assistance to Pillar II implementations, Internal Capital Adequacy Assessment Process (ICAAP)
- Compliance assessment

## *Risk measurement*

- Development of risk rating and credit scoring models (probability of default, PD models)
- Estimation of loss given default, exposure at default
- Validation of risk models (Qualitative; model design, data quality and availability, use test, Quantitative; discrimination, stability, calibration),

## *Risk management*

- Design and setting of risk appetite and limit structure
- Embedding risk models (rating models) into risk and credit processes so that they become business as usual
- Review of the governance and policy structure relating to internal risk models - Model risk framework
- Risk function effectiveness review
- RWA optimisation overall and in specific areas

## *Reporting*

- Review of internal risk reports and reporting processes, including the redesign of reports to provide management with real insights into the risks in the portfolio and model risk
- Design, implementation and review of the COREP - harmonised European Capital Requirements Directive reporting - framework

---

# ***Risk, Process and Technology Services***

## ***IT and banking process audits and advisory services***

### ***Information systems and banking processes audit:***

We perform information systems and banking processes audits in accordance with the Banking Regulation and Supervision Agency regulations. We audit the effectiveness, adequacy and compliance of internal controls on both banking processes and information systems. We do this at banks and at their subsidiaries subject to consolidation. Our dedicated team is highly experienced, collaborative and risk focused which transforms a regular audit into a valuable service.

### ***Third party service providers audit:***

According to the Banking Regulation and Supervision Agency regulations, the independent auditor that perform Bank's business processes and information systems audit must also audit related third party services. This is based on a risk assessment considering the importance of the service provided to the Bank's banking and information systems processes. We offer a proactive risk-based approach for the audit of the service providers and provide you with valuable information on your third party risks.

### ***Third party services advisory:***

Along with the new "Regulation on Bank's Procurement of Support Services" set by the Banking Regulation and Supervision Agency, management will have more responsibilities related to the assessment, monitoring and audit of support service providers. We help banks to develop effective processes related to management of third party services. We also help prepare legally required reports like "technical sufficiency" and "risk analysis" reports and risk management programme. In addition, we can help develop your audit methodology and perform on-site audits.

### ***Advisory related to BRSA regulation on information systems and banking processes audit and management declaration:***

We can assess your compliance around your organisational structure, architecture, processes and controls with the Banking Regulation and Supervision Agency regulations (and/or other regulatory frameworks). We also prepare roadmaps for remedial actions, assessment of IT processes maturity levels and identify weaknesses and improvement areas at both design and operational levels for IT and business processes and controls.

To help banks assess the effectiveness of their control environment and fulfill their requirements related to the preparation of 'Management Declaration', we provide services to define the related methodology and documentation standards. We also assist banks to prepare their control catalogues and/or risk-control matrices which are essential for the preparation of this declaration. We perform in-class and on the-job trainings in the form of "pilot process audits".

---

# ***Risk, Process and Technology Services***

## ***Controls advisory***

### ***Improvement of controls effectiveness, sufficiency and compliance:***

We assess your processes and information systems controls along with entity level controls. We take an integrated approach and consider their reciprocal relations in order to improve your internal control structure. We provide practical and applicable advice in accordance with your structure and information systems capabilities.

### ***Controls restructuring:***

We aim to improve your control structure and efficiency through our controls optimisation, standardisation and integration methodology. Thus, your controls become trigger factors to achieve your strategic, operational and financial goals.

### ***Controls design:***

Thanks to organisational changes, system changes, extension of operations and many other internal and external drivers you may be in need of new control designs. We can design controls in line with your needs, your structure and your goals. We follow a risk-based approach that draws on our know-how in regulations, your sector and global and local best practices.

## ***Process and organizational structuring***

### ***Process reviews and design:***

Cooperating with you, we develop process improvement and design alternatives aiming to bring you competitive advantage through our accumulated knowledge and best practices. We support you in selecting alternative recommendations, in prioritising these recommendations, in preparing a roadmap and in implementation.

### ***Key performance indicators and process performance management:***

We transform your strategy into measurable metrics and develop Key Performance Indicators and a scorecard to establish sound management monitoring mechanisms. These enable more reliable, quality driven and faster decision making.

### ***Organisational structure design and determination of roles and responsibilities:***

We provide you with a number of organisational structure alternatives suitable to your strategies and streamline your decision making process. We work in coordination with you in determining best fit roles and responsibilities structure that is in line with your organizational and operational model.

## ***Banking applications advisory***

Based on the need to shift to more effective technological solutions and to comply with requirements of Banking Regulation and Supervision Agency regulations, banks and other firms operating in the financial services industry are changing their core systems and applications.

During this process, we help our clients by performing the services described below. We analyse new systems and processes in order to define the risks and identify the effectiveness of the internal controls, including issues on access management and approval mechanisms in the systems. We determine the improvement areas and work with our clients to define the most effective remediation actions and prepare the action plans.

---

# Risk, Process and Technology Services

- **Pre-implementation review:**

Prior to implementation, we assist you in the design of processes and controls with an effectiveness, efficiency and compliance focus with an integrated approach in order to prevent any additional costs after implementation.

- **Post-implementation review:**

Following implementation, we review your new application with a risk-based approach and provide reasonable assurance on system deficiencies and control weaknesses. We then develop recommendations and a roadmap to mitigate these deficiencies.

- **Assistance through the development and implementation phases:**

We assist in defining system requirements for your needs. We also prepare, “As Is” and, “To Be” documentation (Work Flows etc.), perform business analysis and ensure integration of your expectations with the new application.

## Process benchmarking

In order to improve the effectiveness and efficiency of your processes, we offer a process benchmarking service against your peer group or those financial institutions recognized as industry leaders. Benchmarking can be performed either with the banks in Turkey or taking into consideration the banks worldwide. In order to benchmark with the banks worldwide, PwC “Global Best Practices” database is used. This database is comprised of a very wide range of different practices about financial institutions of different sizes, different business models and different ownership structures from all over the world. As a result of the benchmarking service, we can help you define improvement areas in your processes and prepare relevant action plans.

## Internal regulations and documentation support

We can help you to prepare or update the documents below. We take into account your needs, best practice and regulatory requirements.

- **Process and controls documentation:** Risk Catalogue, Risk Control Matrices, Work Flow Diagrams, Reporting Templates, Standards, Forms
- **Directives, Policy and Procedures**
- **Roles and Responsibilities and Job Descriptions**

## Project finance and corporate loans audit

We offer a complete and detailed project finance/large corporate loans audit to provide reasonable assurance on compliance of these financed projects with terms and conditions.

## Third party assurance - ISAE 3402

We offer special statements of assurance in line with the generally accepted third party attestation standards (i.e. ISAE 3402) in the areas of internal controls, information security, business continuity, compliance, etc. This gives you independent assurance of your outsourced processes, activities and controls for the services provided by your suppliers. It is worth noting that, with the new “Regulation on Bank’s Procurement of Support Services” set by Banking Regulation and Supervision Agency requiring an assessment especially on the internal control structure of the service providers, third party assurance services are gaining more importance specifically for banks working with service providers that offer services to a number of banks other than themselves.

---

# ***Risk, Process and Technology Services***

## ***Internal audit quality assessment reviews***

We perform quality assessments of our clients' existing internal audit functions and strategies in the scope of the International Standards for the Professional Practice of Internal Auditing (Standards). Upon completion of these reviews, we present our opinion on the compliance of the internal audit function with the Standards.

## ***Portfolio and project management***

We provide project management support for large-scale and complex implementation projects, definition or refinement of roles and responsibilities for portfolios and project management office (PMO). We also provide project assurance which helps to identify early on changes needed; therefore avoiding costly rework or delays later on.

Here are some of the services we can offer:

- Establishing a Project Management Office and designing or implementing Project Management Processes
- Project Risk, Control and Assurance Services
- Project and Portfolio Management Process Assessment
- Project Management Consultancy
- Selection of Project Management Tools

## ***IT governance***

Independent surveys show that organisations with better IT governance have higher profits and returns on investment. To help our clients achieve better IT governance and thus higher profits, we offer the following services:

- IT Strategy Services
- IT Performance Management
- IT Governance Services (evaluation of your IT organisation, architecture, processes, controls and other structures against globally recognised IT governance frameworks such as: CobiT, ITIL, CMMI)
- IT Audit and Compliance Services
- IT Due Diligence

## ***IT risk management***

We can assist you in better understanding IT-related and IT-dependent risks and their management. And, we provide guidance to align corporate and IT risk management structures:

Here is what we do:

- IT Risk Assessment
- Business Impact Analysis
- Disaster Recovery Planning

---

# ***Risk, Process and Technology Services***

## ***Data governance***

We help our clients to deliver the right data to drive their business. In this context we provide following services:

- Data Governance
- Data Analysis
- Data Quality Assessment
- Data Migration
- Data Collection
- Data Test Services

## ***Information security***

We can assess your security and information security management and provide you with guidance on how to prepare and monitor roadmaps to establish or improve security management structure.

We provide following services:

- Information Security Management System
- User Identity and Access Management
- ISO 27001 Readiness Services
- PCI DSS Readiness Services
- Attack & Penetration Test
- Code Review
- IT Infrastructure and Operation Security



---

# Forensic Services

## Fraud prevention and detection

**Fraud risk assessment:** Assessment of the key fraud risks in particular areas Independent review of the internal controls that should be in place and testing effectiveness of current anti-fraud controls and recommendations for process improvements in order to eliminate the potential fraud risks.

**Fraud detection and monitoring:** Assistance in set up of appropriate fraud monitoring and detection system including the case management system; leveraging our broad-experience from PwC world-wide. Assessment of the whole fraud risk management process (“Fraud Prevention-Detection-Investigation Remediation Cycle”).

**Background checks:** Independent review of the potential conflict of interest between your employees and your third parties and/or information about your business partners (e.g. suppliers) in order to eliminate the potential risks.

## Fraud investigation

**Independent investigation:** Perform independent investigation of the suspicions/ allegations and/or assistance to your internal team in large scale investigation, when facing internal capacity issues Advice how to approach the particular case and what immediate steps need to be taken to stop illegal activity, safeguard the company’s assets and reputation and prevent recurrences.

**E-discovery:** Using advanced technology, identify, preserve and analyse any electronically stored information located on computer systems, mobile phones and other devices and storage media, in such a way that this evidence can be used for potential court/legal proceedings, if needed.

**Data analytics and data mining:** Effectively and independently process and analyse vast volumes of electronic data to identify potentially risky areas for the business and/ or to prepare data for investigative purposes, to discover potential inefficiencies and assist with legacy system consolidation.

## Dispute support services

**Economic assistance:** Financial, economic and business assistance during your litigation, arbitration, and other alternative dispute resolutions including:

- Assistance with early case assessment
- Discovery assistance
- Quantification of exposure
- Claim preparation
- Rebuttal and expert witness testimony

---

# ***Tax & Legal Services***

## ***Tax certification***

We provide tax certification services to examine, verify and ensure that the annual corporate income tax payable is correctly calculated. We verify the conformity of your revenues and expenses with the tax legislation (Tax Procedural Law, Income and Corporate Tax Law) through review of the legal books, accounting records, substantiating documents on a quarterly basis.

## ***Treasury solutions***

We provide support to our clients to help them make the most of their treasury function. In this context, we provide the following services:

- Opportunities test for treasury transactions, analyzing cash flow and pooling, leverage/cash surplus investment opportunities, and foreign exchange, interest and credit risks
- Fit test for main factors and commercial rationale of tax position
- Diagnostic tax review analyzing the characteristics of planned or existing transactions
- Legal feasibility and risk assessment for existing/potential treasury transactions

## ***Diagnostic reviews / Due diligence***

We focus the corporate tax issues and transactional taxes of the Target in the mergers and acquisitions process. Within this regard, we review tax books and returns, and focus on the taxes on a sampling basis for the previous five-year period, to give an idea on the current “transaction tax handling system” of the Target.

Furthermore, we perform our diagnostic review and tax advisory services to provide full assurance to the compliance of tax and related legislation surrounding representative offices specifically Tax Procedural Law, Banking Law, BRSA regulations, Foreign Capital Legislation and Decree no 32 regarding the protection of the value of Turkish Currency.

## ***Advisory / Structuring***

We provide tax and legal advisory services with respect to various types of transactions. For example, we provide advice on taxation of Islamic Finance products, transactions carried out by asset management companies and banks with respect to NPLs portfolios, any kind of structuring alternatives which include financial transactions and portfolio investments (e.g. listed equities, bonds, derivatives etc.) or we provide legal advice on banking and capital market transactions as well as on various laws which are related to financial transactions (e.g. foreign exchange legislation, regulations of Central Bank of Turkey).

## ***Transfer pricing***

We review transfer pricing methodologies and policies from the perspective of the Turkish transfer pricing regulations and identify material risks on transfer pricing issues in relation to inter-company transactions, recommend the required documentation and prepare the annual transfer pricing form and transfer pricing report.



---

# ***Tax & Legal Services***

## ***Legal services in IPOs and other issues***

We provide legal services to companies who are looking to raise capital and/or finance in the financial markets through initial and/or secondary public offerings, private placements, rights issues, bond offerings, secondary offerings, etc., and our typical services are, inter alia:

- Drafting of the prospectus
- Preparation of prospectus attachments
- Preparation of issue documents
- Review of listing requirements
- Handling application processes at the Capital Markets Board and/or Borsa Istanbul

## ***Advisory services on financial regulation***

We provide financial law advice for publicly held companies (e.g., disclosure policy and manuals, their related party transaction principles), investment firms, collective investment schemes or any other persons or companies who might need advice on financial services regulation, such as licensing and the establishment of processes of financial institutions e.g. investment firms, investment funds, private banks, foreign bank liaison or branch offices, portfolio management companies, as well as activity restrictions/limitations.

## ***Advice on cross-border financial transactions***

We advise global financial intuitions, such as investment banks, private banks, wealth managers, brokers, financial advisors, and asset managers on cross-border financial activities.

## ***Compliance type of assistance***

Our practice involves a full service for investment firms, investment companies and funds, investment banks, public companies and other regulated institutions in the financial services industry, in authorisation, licensing and any other application processes with respect to the Capital Markets Board, the Banking Regulation and Supervision Agency, Borsa Istanbul and other regulatory bodies. We advise on the operational compliance requirements of a new business and the application process for authorisation. We may also actively serve in the preparation of regulatory business plans, compliance policies and manuals.

## ***Strategic advice on regulatory reforms***

Assessment of future developments in and regulation of capital market intuitions and activities including investment firms, public companies, collective investment schemes etc. in Turkey.

## ***Trainings***

Our trainings aim to enhance the awareness of the top management and staff of the regulated financial entities regarding their obligations arising from financial regulations.

# Acquisitions, Divestments & Restructuring

**Make sure you have what it takes to maintain your competitive edge; review and streamline your operations to ensure sustainable growth**

Financial services industry has always been one of the most critical sectors that affect the global growth in the world. This has been proved once again during the global crisis late in 2008 that this sector needs special care from all the stakeholders concerned.

Financial services industry is the most regulated sector and the professionals of the sector both its direct employees and the consultants serving to the sector players need to be highly qualified in order to meet the complex demands of the industry and the business processes. Our Banking and Capital Markets (BCM) Industry practise is organized within our Financial Services practise to fully leverage our global team. As the sector continues to converge and consolidate, our integrated knowledge will enable us to design and implement cost-effective, multidisciplinary solutions to meet the challenges and opportunities facing our clients.

Within our advisory services, PwC Turkey team offers deal and consulting services mainly for:

- Banks
- Insurance companies (non-life, life and pension)
- Leasing, factoring and consumer finance companies
- Brokerage houses, asset and NPL management companies
- Investors willing to invest in financial services industry

We put our breadth and depth of experience to work for you; making the most of our international network we advise banks and other financial institutions on the market entry, acquisition or disposal strategy.

Although our range and type of services changes, for illustration purposes we can list down the typical services we offer to our clients.

## Acquisition strategy

**Market entry:** Market entry review and acquisition search review to prioritize markets, assess appropriate entry model, identify and assess potential targets and quantify synergies.

**Lead advisory role on M&A transactions:** We provide all the advisory services starting from the preparation of Information Memorandum, deal execution and coordination with all stakeholders until the facilitation of negotiations and deal completion.

**Commercial due diligence:** Commercial and operational due diligence, including target-specific market related investment risks, strategic value creation opportunities and its impact on financial performance and market valuation

**Credit portfolio reviews:** Specific credit portfolio reviews to identify the quality of portfolios, key risks and impairment needed.

---

# Acquisitions, Divestments & Restructuring

## Deals

**Acquisition/disposal services:** Due diligence (buy-side, sell-side/vendor), sales process strategy, structure and management, search for potential acquisition targets, target evaluations and risk assessment etc.

**Valuation services:** Understand and achieve a reliable valuation of a business and/or asset, purchase price allocation, opinions on fair values.

**Business plan review:** Assessment of holding company / business unit plan achievability and/or the level of the plan's ambition by comparing it with given market dynamics, trends and competition levels.

**Business plan preparation assistance:** Support in business planning / ambition setting process of the bank / insurance company / business unit or the whole holding. Providing underlying market and competitive landscape inputs necessary for preparation of a robust business plan.

## Lead advisory role on bank/financial institution establishments

We service the sponsors by assisting on setting a Greenfield operation within financial services industry. As Financial Services industry is highly regulated, we leverage from our knowhow available across our entire Line of Services (presented in this publication) in order to provide packaged service offerings. During the establishment phase, we:

- act as your project coordinator
- assist you in preparing the package required for submission - on key delivery or partial support (inclusive of business plan)
- assist you to communicate with the regulator during the licensing process
- assist you to set the entire required organizational operating model to enable you to write business post operating licensing receipt
- help you define the organisational structure in line with your business model and objectives
- help you establish the board and committee structure (including audit committee, risk management committee, credit committee, IT steering committee, etc.)
- help you establish internal systems consisting of Internal Audit, Internal Control and Risk Management functions
- help you establish all IT and operations in compliance with related regulations and in accordance with good industry practices

---

# Acquisitions, Divestments & Restructuring

## Lender services

**Independent business reviews (IBRs):** We perform an in depth assessment of the debtor's financial and operational situation as well as recommend options enabling preservation and enhancement of value for all stakeholders.

**Non-performing loan (NPL) services:** We advise banks and other financial institutions on the disposal or purchase of NPL portfolios. Services we offer also include portfolio analysis, management and restructuring. We advise on client segmentation and estimations of optimal credit limits, our experts provide advice on the valuation of a particular NPL or an entire portfolio. We organize NPL sales tenders and contact potential buyers.

## Corporate services

**Financial restructuring:** We prepare and implement debt restructuring plans and optimise capital structures. We advise our clients on restructuring solutions and are able to construct a platform required for recovery.

**Strategy and operational restructuring:** We have extensive experience with situations where a viable restructuring plan needs to be put in place rapidly. Our team of experts supports the implementation of new operational and restructuring strategies. We work alongside management to develop plans which are realistic and pragmatic.

## Business strategy and proposition development

**Strategy development:** Strategy development and validation, market entry strategies, new product development strategy, distribution and customer service strategies based on respective building blocks as outlined below.

**New business opportunities identification:** Market opportunities search and identification of potential niche markets, including feasibility assessment of new business initiatives.

**Acquisition model:** Define key target groups and strategies for acquiring new clients.

**Product portfolio optimisation, new product design:** Optimise the current product portfolio, product features and new product design based on customer needs, market trends and competitive industry landscape. Product lifecycle management and migration to a new product. USP definition and design appropriate pricing and distribution. Design x-sell and up-sell strategies for each client and prevent product cannibalisation.

**Pricing strategy and incentives based on present/future client value:** Development of pricing models enabling optimal balance between providing good value for money for the client and maximising profit per client. Design incentives for enhancing long-term relationships. Adapt a different level of pricing based on segment profitability and cost of deliver channel.

# Acquisitions, Divestments & Restructuring

## Customer strategy

**Customer experience:** Assessment of the bank's strengths, weaknesses and the level of performance in order to propose a set of recommendations for improving the Customer Experience within 5 key elements: Brand, Communication, Environment, Offering and Culture.

**Customer retention:** Development of effective retention strategy, design predictive statistical models to anticipate customers who are likely to leave, and design optimal retention processes (complaints management, incentives and win back). Focus on retaining the most profitable customers. Set up processes to gather feedback on why customers are leaving and understand the customers' moments of truth.

**Customer service:** Optimise customer service processes and align contact management metrics, rewards and roles to meet customer expectations and satisfy their needs. Adopt quality standards and continually focus on improving the service.

**Customer segmentation models:** Define target groups for design of specific product features, touch points and marketing mix. Propose most appropriate segmentation criteria (revenue-based segmentation, lifestyle-based segmentation, outcome-based segmentation). Set strategies for each segment. Maximise revenue per customer, customer lifetime value and define most valuable segments based on future value and wallet share.

**Customer insight and customer lifecycle management:** Use customer analytics data to build rich insight into the behaviours and needs of the most valuable customer segments and optimise key customer journeys. Define appropriate strategies for different segments.

**Loyalty programs:** Definition of appropriate incentives for different segments based on (present/future) client value (e.g. referral programs, on-boarding processes, win back, etc.).

**CRM:** Definition of customer relationship management strategy, design tools and processes to identify clients needs and manage client contact history and interaction through various channels.



---

# Acquisitions, Divestments & Restructuring

## Distribution strategy

**Distribution model optimisation:** Develop a multichannel approach through innovative channels (touch points), with a supporting operating model and technology capability. Propose specific customer value propositions (product, pricing, segment, USP) per channel (branch, call centre, agents, internet, brokers, 3rd parties). Develop synergies between all channels and manage contact history.

**Sales transformation:** Align and optimise the sales resources, metrics, roles and rewards, to build a sales organisation that sells effectively and intelligently through different customer touch points. Optimise customer management processes, insights and tools and align contact management processes.

## Operational excellence

**Operating model design and implementation:** Detailed assessment of the way in which a business is organised to execute operational decisions to deliver the strategy and describing the potential future model in depth. We assess the challenge, help to develop the case for change, and work with clients to prepare the high level transition plans. We apply our rigorous methodology to make sure the change happens with the support of those affected by it, and we make sure the new way of working lasts, long after our consultants have left.

**Business process optimisation:** Review and assessment of business processes to explore the root causes of problems and use tried and tested methodologies to identify and implement opportunities for improvements. Benefits include reduced costs, lean and efficient processes, improved throughput times, reduced waste and increases in the quality of outputs and in customer service.

**Cost optimisation:** Review the cost-base and identification of potential for improvement in all relevant areas. Focus both on back-office functions, IT, marketing, infrastructure management, HR, project management, and significant front office functions - customer service, portfolio administration, distribution and sales channel management.

**Sales process optimisation:** Front office process mapping, assessment of performance improvement and identification of activities that can be migrated to central back offices.

**Shared services potential assessment:** Assessment of the potential of both supporting and core functions within the current organisation and benefits that can be realised by using shared services.

**End-to-end shared services implementation:** Assistance with the preparation of the business case and project plan as the baseline for the project. Performing the detailed scoping of activities for the shared services centre, process mapping and redesign, organisational changes, shared service centre set-up, SLAs definition, transition of activities and setting-up continuous organisational improvement.

**Improvement of existing shared service centres:** Assessment of performance of existing shared services centres, implementing effectiveness enhancement by streamlining processes and tools used.

# Project Blue

## Assessing the future trends for financial services

Financial services is set for transformation as its role, industry structure and commercial realities are disrupted by the major trends that are reshaping the global economy and competitive landscape.

Many businesses will be unrecognisable by the end of the decade and the list of market leaders could be very different as smart and agile players leapfrog slower moving competitors.

Project Blue provides a framework to help you assess the implications of these trends for your strategy and business model. Being able to see the future clearly and develop a proactive response, rather than simply reacting to events, will be a key source of competitive advantage in a fast-evolving market.

The Project Blue framework considers the rise and interconnectivity of emerging markets and state-directed approaches to economic development. It also examines the impact of new technology, demographics, changing customer behaviour and mounting pressure on the world's most critical natural resources.

The Project Blue analysis draws on the perspectives of industry leaders and PwC's network around the world. It also brings together a huge amount of research into the forces shaping the global economy, customer expectations and government policy.

Rather than offering one way forward, the Project Blue framework recognises that whether these developments are threats or opportunities depends on the nature of your organisation and where in the world you sit. The results will help you to target investment, identify talent requirements and develop the necessary operational capabilities needed to make the most of your competitive potential.



Source: PwC Project Blue analysis

# Our BCM Portfolio

Some of our Turkish BCM clients





# Our BCM Portfolio

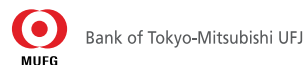
Some of our Global BCM clients



Bank of America 



Rabobank



---

# What are we saying?

---



---

## **Banking Banana Skins 2012**

---

Every two years, PwC sponsors the Banking Banana Skins survey conducted by the Centre of the Study of Financial Innovation. Each survey identifies potential sources of risks to banks and then ranks them by severity. Also included are industry members' views about the risks they face, the soundness of financial markets, and other pressing issues.

Based on over 700 responses from 58 countries, the survey, aimed at senior executives in the banking industry, identifies high level issues where the banking industry may be vulnerable. It seems that the economic uncertainty continues to resonate most, with macro-economic risk rising to the top of the list of boardroom concerns. The fragile confidence in the sector is further underlined by presence of credit risk, liquidity and capital availability in the top four.



---

## **Project Blue: Forging the central bank of the future**

---

The world was already changing before the global financial crisis as China, India and Brazil emerged as economic superpowers. But the crisis has accelerated the speed and broadened the scope of the shake-up.

The immediate priority for central banks, especially those in developed markets, is going to be re-establishing a baseline of stability. But the markets that central banks oversee, the currency and monetary positions they manage, and the wider economic drivers that they are there to control, are all going to face significant upheaval as a result of the longer term trends explored in Project Blue, such as global and local instability, the rise of state-directed capitalism and the rise and interconnectivity of the emerging markets.



---

## **16th Global CEO Survey - BCM Results**

---

Banking and capital markets CEOs are confident about their companies' prospects – nearly 90% are looking ahead to an increase in revenue growth over the next year.

But success is going to be hard won as the industry faces the headwinds of a challenging global economy, low interest rates, higher capital demands, increasing regulatory constraints on business and lower rewards with which to attract talent.



---

## **Smart implementation: Reining in risk and cost of regulatory change in banking**

---

Download The unprecedented volume of global regulation is placing considerable demands on the change capacity of banks, exacerbated by the dangers of failing to effectively interpret the regulatory agenda and manage external stakeholder expectations.

The average project overrun is 24% of budget and schedule, although this number increases by a factor of ten in many of the larger, more complex projects facing 'black swan' risk events. Better planning and execution will allow banks to improve on poor delivery quality and reduce financial costs associated with programme overrun.

---

## About PwC

PwC firms help organisations and individuals create the value they're looking for. We're a network of firms in 158 countries with more than 180,000 people who are committed to delivering quality in assurance, tax and advisory services.

In Turkey, our PwC banking professionals continually anticipate, understand and resolve emerging issues at the foreground of the banking industry; helping our clients negotiate the maze of regulatory requirements.

PwC opened its Istanbul office in 1981 and to best serve our clients since has opened office in Ankara, Bursa and İzmir. We have over 1300 people ready to serve.

Tell us what matters to you and find out more by visiting us at [www.pwc.com.tr](http://www.pwc.com.tr)

---

## Let's start the conversation



**Zeynep Uras**  
Partner - Assurance Services  
Financial Services Country Leader

---

Phone: +90 (212) 326 6062  
[zeynep.uras@tr.pwc.com](mailto:zeynep.uras@tr.pwc.com)



**Serkan Tarmur**  
Partner - Advisory Services  
BCM Advisory Leader

---

Phone: +90 (212) 376 5304  
[serkan.tarmur@tr.pwc.com](mailto:serkan.tarmur@tr.pwc.com)



**Umurcan Gago**  
Partner - Tax and Legal Services  
BCM Tax and Legal Services Leader

---

Phone: +90 (212) 326 6472  
[umurcan.gago@tr.pwc.com](mailto:umurcan.gago@tr.pwc.com)



**Oktay Aktolun**  
Partner - Risk Assurance Services  
BCM RAS Leader

---

Phone: +90 (212) 326 6073  
[oktay.aktolun@tr.pwc.com](mailto:oktay.aktolun@tr.pwc.com)

