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SPATIAL DISTRIBUTION OF BANKS IN ISTANBUL

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ABSTRACT

This study aims to determine the distribution of bank branches in order to investigate the transformation trend of Istanbul from a monocentric into a polycentric city. As a result, it has been found that the old central business district (CBD) has lost its dominant facilities, such as population and employment. New centres have been growing on some peripheral districts. The main reason of this decentralization is the transformation of the economy of Istanbul, which requires large and modern office spaces, private car transport and postmodernisation of lifestyles.

Banks, which happen to serve as the locomotive of finance sector, are the significant indicators, as far as their spatial distribution is concerned. The locations where they proliferate turn into new centres.

Key words: Spatial distribution, financial sector, subcentres, CBD

INTRODUCTION

In metropolitan areas all around the world, a continuing decentralization of population and business still occur. The case is the same in Istanbul. Istanbul is growing in polycentres. Middle and upper income groups have moved into the suburbs, leaving the city centre and older suburban areas to lower income groups. Retailers have expanded in the suburbs to compete for the growing business of higher income customers.

The future economic base of the central city and particularly its downtown area depend on the continued preference for CBD locations by financial and specialized service firms and by government decisions to maintain offices in the urban core.

The aim of this study is to investigate the factors that influence location decisions of commercial banks, which are supposed to be rather characteristic in identifying subcentres within metropolitan systems.

First, I will give you a brief history of banks in Istanbul and the banking system in Turkey. Then I will remind you of the historical development of CBDs and a short introduction of the metropolitan city of Istanbul. I will finalize by explaining a case study in Istanbul and its results.

A BRIEF HISTORY OF ISTANBUL BANKS

In the Ottoman era, the most important step of the organization of money and loan system, is the passing to the Banks from the Jewellers. This step took place after the reforms (Tanzimat). The Ottoman government went through some difficulties in balancing the incomes against expenditures. The monetary crisis was often solved by borrowing from the Jewellers. And so, the money trade became a profitable job.

The first bank, Bank-ı Dersaadet (Banque de Constantinople) which was established in 1847, did not have an exact capital. The influence of the developing European capitalism, the increase in foreign trading, opening of the local trading for foreigners and starting of the production period for the market, had increased money and loan operations. The necessity to stabilize the value of Turkish money for the backpayments of foreign debt, to supply the loan from outside, to supply the foreign exchange stability for the backpayments and the necessity to reform the structured money-loan mechanisms had caused the Jewellers to become the Bankers and to establish the first bank.

Istanbul Bankası (Bank-ı Dersaadet / Banque de Constantinople) being established in 1847, gave permission to two Galata Bankers to constitute a bank, namely (Bank-ı Osman-î / Ottoman Bank) in 1856. The first commercial and deposit bank, namely Istanbul Bank went bankrupt in 1852. The Ottoman Bank, which also had published the banknote, is accepted as the beginning of the banking in Turkey.

27 banks followed the establishment of the first bank until 1923, although most of them had a short life. The principal banks which could survive to the Republican period are

Osmanlı Bankası, Ziraat Bankası, İstanbul Bankası, Türk Ticaret bankası, Milli Aydın Bankası and Türkiye Bağcılar Bankası. The most important banking progress in the Republican period was the constitution of T.C Merkez Bankası (Central Bank) in 1930. Thereafter, the authorization of publishing banknotes and organization for the money-credit markets had been taken from the foreign banks.

The liberal policies and the efforts of providing a strong private development within the period of 1950-1960 had secured the condensation of national capital in banking. In this period, the banking system became complete with the commercial and industrial capital and 24 new banks, most of them being private banks were opened. The number of bank branches greatly increased, from being 594 at the beginning of 1950, to 1759 at the beginning of 1960.

One of the particulars of the Turkish banking system is the common branch banking especially for the national banks. In 1923 a total of 420 branches existed, 316 of them belonging to T.C Ziraat Bankası. This amount increased to 6364 branches for 56 banks by the end of 1986.

BANKING SYSTEM IN TURKEY

The Turkish financial system is dominated by the banking system. Financial market reforms since 1980, have led to a diversification in financial activities, which let the banks to get engaged in all sorts of activities including underwriting securities, establishing and managing funds and managing securities for their customers. The result is a universal banking system where banks are allowed to engage in all financial activities except leasing.

A rapid increase in the number of banks has been observed since 1980, due to liberal policies allowing the entry of new banks.

These terms explain banking system in financial words but we should also investigate the spatial distribution of banks in cities in general and then in Istanbul.

HISTORICAL DEVELOPMENT OF THE CBD'S IN GENERAL

From the earliest times, the market place has been the focal point of the city, as a centre for the exchange of goods. Today, the downtown or central business districts are the centre of large metropolitan cities. In urban planning terminology, downtown and central business districts are used interchangeably. It is actually the core from which the vitality of the metropolitan city finds its nourishment and energy.

Because of agglomeration economies, CBD's have traditionally been the centre of urban banking activity. The importance of rapid flow of information among banks and their customers required banks to locate near to the customers and competitors. Since the people travelled downtown frequently, CBD bank offices were convenient for them. These offices were easily accessible, because most public transport systems radiated from the core.

Technological innovations of the 20th. century altered these relationships. Rising income levels and car ownership enabled residents to move to suburban locations. Retailers and household service firms followed customers to suburbs, in order to provide convenient shopping and service sites for the new residents. At the same time, with relatively less work and fewer shopping trips being made to the CBD, the bank offices in the centres became less convenient. Surveys indicated that people prefer the banks near to their houses rather than their work places. The increased availability of bank offices in the suburban shopping centres, made it possible for people to do banking and shopping at the same trip.

What is more, commercial banks have changed their technological systems. Cheques and credit cards have replaced cash to a large extent in transactions. The speed of information flow has been improved considerably. A second point that the agglomeration economies may be important in grouping lots of banks together.

Nowadays, in banking and accounting, there is strong evidence that in many instances major corporations headquartered in the functional nodal centres must go out of the town to obtain the services they need.

INTRODUCTION OF THE METROPOLITAN CITY : ISTANBUL

Istanbul is one of the most beautiful cities in the world with its cultural and historical treasures. It has always had a strategic importance due to its situation of being located on a point where the two continents meet.

At present, Istanbul is the largest city of Turkey in terms of population and economic activity. The city borders now cover an area of about 6000 sq. kms., a sizeable part of which lies on the European side of the Bosphorus and the remaining on the Asian side. Its population was 806.863 while that of the country was 13.648.000 according to the first census conducted after the foundation of the republic in 1927. In the year 1997, the general population turned out to be 62.865.574 while that of Istanbul climbed up to 9.198.809. These figures reveal that in 70 years Istanbul's population increased by 1141% while the population of Turkey increased by 460.62%.

A CASE STUDY IN ISTANBUL BANKING SECTOR

In order to make the case easier to understand, Istanbul is taken as formed in 3 parts: The Core, First Ring, Second Ring. The core is the historical centre and the CBD, concerning Beyoğlu and Eminönü. As can be seen on the map, the core is about 14sq.kms., which effects on a circle of 3kms. Radius. First ring, the surrounding area is far about 12kms. From the core, concerning Beşiktaş, Eyüp, Fatih, Kadıköy, Şişli, Üsküdar, Zeytinburnu. Second ring is about 28 kms. from the core and concerns Adalar, Bakırköy, Beykoz, Gaziosmanpaşa, Sarıyer and Kartal.

In 1961 there were only 370 bank branches in Istanbul. In 1997 according to the statistics of the bank association of Turkey 2291 banks are located in Istanbul. That is to say , the core had 44.7% of the bank branches of Istanbul in 1961 but in 1997 it holds only 17%. First ring had 42.2% in 1961 but in 1997 its percentage is the biggest being 51.4%. The second ring had a percentage of 13.1 in 1961 and in 1997 it went up to 31.6%.

**NUMBER OF BANKS IN ISTANBUL ACCORDING
TO DISTRICTS BETWEEN YEARS 1961 - 1997**

	1961	1965	1970	1975	1980	1985	1990	1993	1997
1 ADALAR	4	4	4	6	8	8	7	6	7
2 BAKIRKÖY	11	14	31	93	123	133	164	198	389
3 BEŞİKTAŞ	16	19	35	58	67	70	81	112	214
4 BEYKOZ	8	8	12	16	21	19	19	17	22
5 BEYOĞLU	92	99	120	135	147	151	162	150	256
6 EMİNÖNÜ	75	76	95	111	110	122	128	121	132
7 EYÜP	10	14	26	40	48	45	50	55	41
8 FATİH	45	43	83	116	122	117	115	99	106
9 GAZİOSMANPAŞA	0	3	11	19	26	24	25	28	37
10 KADIKÖY	34	35	64	108	120	126	153	182	337
11 KARTAL	8	10	30	41	58	71	75	82	164
12 SARIYER	88	8	15	20	28	26	24	25	51
13 ŞİŞLİ	38	46	83	135	132	157	190	176	257
14 ÜSKÜDAR	12	13	18	42	51	50	38	62	125
15 ZEYTİNBURNU	3	5	15	21	26	25	29	30	96
16 ÇATALCA	2	2	6	9	14	14	14	15	12
17 SİLİVRİ	2	2	5	6	9	10	9	8	45
18 ŞİLE	2	2	2	3	4	5	5	4	4
	370	403	655	979	1114	1173	1288	1370	2291

This means that, the old CBD has lost its efficiency. It is no more sufficient to locate firms needing larger spaces. Building height is restricted due to density regulations in the conservation area of the old CBD. On the other hand, some new centres continue to develop along the highways, which can provide larger lots for the large, modern office buildings and parking area. The development of banking facilities is a result of internal expansion rather than displacement (Dökmeci & Berköz 1993).

When we look at the districts of Istanbul, Beyoğlu had the greatest number of banks in 1961, but now Bakırköy holds the first place. Beyoğlu's percentage was 24.8 in 1961, in 1997 it is 11.2%. Bakırköy's percentage was 2.9 in 1961, which increased up to 16.9% in 1997. The Kadıköy district is the second in 1997 placement. Kadıköy's percentage increased from 9.1% to 14.7% in a period of 36 years.

Population is another indicator for this case. In 1965 population per number of bank branches in Bakırköy was 12.050. This number increased to 17.100, which means the banks services decreased due to the increase of population. The same explanation can be made for the district of Kadıköy. There were 4.755 persons who were served by one bank branch, in 1997 there are 2.075 persons being served by one bank. This means the number of banks increased faster than the population. So, Kadıköy is very likely to occupy the first place when the results of census 2000 come out.

NUMBER OF BANKS IN ISTANBUL ACCORDING TO YEARS

	1961	1965	1970	1975	1980	1985	1990	1993	1997
CORE	167	175	215	246	257	273	290	271	388
FIRST RING	158	175	324	520	566	590	656	716	1172
SECOND RING	45	53	116	213	291	310	342	383	731
	370	403	655	979	1114	1173	1288	1370	2291

PERCENTAGE OF BANKS ACCORDING TO YEARS

	1961	1965	1970	1975	1980	1985	1990	1993	1997
CORE	45,1	43,4	32,8	25,1	22,7	23,2	22,5	19,7	17
FIRST RING	42,7	43,4	48,9	53,1	50,1	50,2	50,9	52,03	51,4
SECOND RING	12,2	13,2	18,3	21,8	27,2	26,6	26,6	28	31,6
	100	100	100	100	100	100	100	100	100

As it has been seen, banking sector has abandoned the old centre, namely Beyoğlu and Eminönü. Some new centres, such as Bakırköy and Kadıköy are growing; Bakırköy

being located on the European side and Kadıköy being located on the Asian side. Because Istanbul has this very special location, it can also be investigated in terms of the two sides. European side of Istanbul holds 65% of the population, which corresponds to 6.015.351 persons. As for the number of banks, 1632 of the banks are on the European side, corresponding to 71% of all Istanbul banks. Asian side of Istanbul holds 35% of the population, corresponding to 3.183.458 persons. As for the number of banks, 659 of the Istanbul banks are on the Asian side, corresponding to 29%.

Istanbul, having a population of 9.198.809 persons and a total of 2291 bank branches serves an average of 4015 persons per bank. The European side, with a population of 3686 persons per bank, proves to be below this average while the Asian side with a population of 4830 persons per bank proves to be over the average. So it can be said that, spatial distribution of banks on the European side of Istanbul is better than the Asian side, as far as year 1997 is concerned.

ASIAN SIDE

POPULATION	3,183,453
NUMBER OF BANKS	659

% 35 OF ISTANBUL POPULATION
% 29 OF ALL ISTANBUL BANKS

4830 PERSONS PER BANK

OVER ISTANBUL AVERAGE

EUROPEAN SIDE

POPULATION	6,015,351
NUMBER OF BANKS	1632

% 65 OF ISTANBUL POPULATION
% 71 OF ALL ISTANBUL BANKS

3686 PERSONS PER BANK

BELOW ISTANBUL AVERAGE

ISTANBUL

TOTAL POPULATION	9,198,809
TOTAL NUMBER OF BANKS	2219

4015 PERSONS PER BANK

CONCLUSION

These findings emphasize some new centres in the metropolitan city of Istanbul. It was a monocentric city in the 1960s but now there is a continuing transformation to a polycentric city. It can be said that the core, the old CBD, is not a source of employment any more. Instead, there are new CBDs developing on the peripheral areas of the metropolitan city.

As a conclusion, with the evidence provided by the banking sector which is the locomotive of the finance sector, it is seen that the banks have transferred themselves to the Anatolian side of Istanbul namely Kadıköy and especially Kozyatağı district. Kadıköy has a very rapidly growing structure both populationwise and as for the number of banks. On the European side, Bakıköy is growing as a new subcentre. It can be said that, the expansion of Istanbul's CBD shows a linear pattern along the highways.

This paper illustrates an approach to evaluate urban spatial structure from a monocentric to a polycentric development in the Istanbul metropolitan area by analysing the distribution of banks and population.

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