

2020 PERFORMANCE IN STRATEGIC PRIORITIES AND OUTLOOK

# FINANCIAL HEALTH

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TRUST

PIONEER

SUSTAINABILITY

RESPONSIBILITY

EXPERIENCE

TRANSPARENCY

SUCCESS

AGILITY

EMPATHY

DIGITALIZATION

# Financial Health

7,307 37 min 12 customer

Related Material Topics	Value Drivers	Indicators	2019	2020
<p><b>#3 BUSINESS ETHICS, CULTURE AND CUSTOMER PROTECTION</b></p> <p><b>#11 FINANCIAL HEALTH AND ADVICE</b></p>	OFFER OUR CUSTOMERS SOLUTIONS AND SUGGESTIONS THAT CATER TO THEIR NEEDS SO AS TO HELP THEM ATTAIN THEIR GOALS	New and updated products, services and channels that aim to support the customers in terms of managing their financials	5	5
	FINANCIAL ADVISORY TO OUR CUSTOMERS TO HELP THEM MAKE THE RIGHT/HEALTHY FINANCIAL DECISIONS	Customers informed about their financial positions	85%	92%
		Disabled-friendly Garanti BBVA ATMs	5,214	5,276
	DELIVER AN EXCELLENT CUSTOMER EXPERIENCE BY PLACING THE CUSTOMERS AT THE CENTER OF ALL OUR ACTIVITIES	Customers that started using saving products	943,541	898,212
		Products or services that are changed and developed through customer feedback	40	27
	BUILD LONG-LASTING RELATIONSHIPS WITH CUSTOMERS AND BE THEIR TRUSTED PARTNER	Individual Net Promoter Score* (Ranking)	#2	#2
		SME Net Promoter Score* (Ranking)	#4	#1
		Net TCR Score **	41%	63%
		Target customers surveyed	9%	10%
		Feedback received	1,068,000	1,296,702
	Decrease in customer complaints (%)	22%	0.5%	
	Proactive actions taken against potential situations likely to cause customer dissatisfaction	18	6	

\* Net Promoter Score research is conducted by independent research agency Ipsos for Garanti BBVA. According to the research results, Garanti BBVA has the 2nd highest Net Promoter Score among retail customers representing its own profile and the highest one among SME customers, in both cases compared to its competition, which includes İşbank, Akbank, Yapı Kredi Bank, and QNB Finansbank. Research was conducted between October 2020 and December 2020. Main bank customers, who have communicated with the banks over the last 3 months, were surveyed using online panel and telephone techniques by quota sampling.

\*\* Net TCR (Transparent, Clear and Responsible Banking) Score measures whether the information which bank provides is complete and clear. It is calculated like Net Promoter Score.

Contributed Sustainable Development Goals

1 NO POVERTY



5 GENDER EQUALITY



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



10 REDUCED INEQUALITIES



Moving forward with its value 'Customer comes first', Garanti BBVA shapes its products and services around the customer positioned at the heart of its operations. Underlining the customer-centric approach of Garanti BBVA, this value identifies empathizing with the customer as the top priority of employees, describes the necessity to disclose all kinds of information when responding to customer needs within the frame of responsible business principles, and calls for a result-oriented approach. When serving their customers, Garanti BBVA employees go beyond meeting their needs and offer solutions that amaze the clients.

As one of its strategic priorities, 'Financial Health' for Garanti BBVA means offering its customers solutions and suggestions that cater to their needs so as to help them attain their goals, financial advisory to help them make the right/healthy financial decisions, delivering an excellent customer experience by placing its customers at the center of all its activities and building long-lasting relationships with its customers and be their trusted partner.

In order to measure the performance in terms of fulfillment of customer expectations and to reveal improvement areas, Garanti BBVA conducts Net Promoter Score (NPS) studies and after-service questionnaires with customers receiving service from branches, Customer Contact Center, Customer Experience Support Team and digital channels.

One of the main design principles of Garanti BBVA is to be able to offer to customers the financial solutions that can be easily performed anytime, anywhere. To this end, Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions, and user experience is kept in the focal point in relation to new products to be launched.

With its responsible banking approach, Garanti BBVA discloses advantages and possible risks of products and services. In this context, the Bank communicates with its customers transparently in all sales and marketing activities, and provides

all the information they need in a clear and easy to understand way. The Bank offers feasible solutions and aims to build long-term and sustainable relations that are built on trust.

While offering solutions catering to the needs of its SME customers, Garanti BBVA also continues to offer advisory to help them make sound financial decisions. The Bank keeps them informed about the developments in their respective sectors and other matters that have implications for their business lives and supports their growth.

Making proposals that are aligned with customer needs in order to help them make healthy financial decisions, Garanti BBVA offers suggestion systems that help customers make the best financial decisions which are backed by smart solutions integrated with new generation payment technologies.

Garanti BBVA will continue to broaden the proposals designed to improve customers' financial health and offer suggestions and solutions to help them easily manage their daily financial lives and reach their life goals.

Garanti BBVA's consistent performance in customer experience relies on four key competencies that it embraced in the execution of its strategy: Customer Understanding Capacity, Design Philosophy adopted, Empathetic Culture espoused by each member of the organization and advanced Measurement Systems allowing constant self-control.

## 1 - CUSTOMER UNDERSTANDING CAPACITY

COVID-19 that deeply impacted our lives reshaped our banking habits, financial needs and expectations from financial institutions. New variables of the pandemic such as infection anxiety, socially distanced relationships and economic uncertainty continue to modify consumer behavior.

Adapting its insight generation studies to the current conditions, Garanti BBVA conducted new monitoring and deep understanding initiatives. The resulting customer insights were combined with internal data, which the Bank

used to closely monitor the evolved customer behavior, needs and sentiments in this period. In 2020, the Bank contacted nearly one million customers and received their feedbacks concerning their needs and expectations during the pandemic, whether they are content with the measures adopted at branches, along with brand perception and their journeys. The Bank upgraded its services by taking into consideration approximately 2,147 opinions of employees in relation to customer experience, which have been conveyed through the Ask/Share platform.

All insights that become a part of Garanti BBVA's corporate intellectual capital have been regularly utilized by employees also in 2020. The design teams, in particular, made use of customers' and employees' opinions throughout the entire process from problem identification to solution generation.

## 2 - DESIGN PHILOSOPHY

The design philosophy of Garanti BBVA is built on designing the experience at all moments and channels of contact, i.e. the entire journey, from the perspective and standpoint of customers end-to-end. The 'Customer Journey' methodology adopted by the Bank has become a powerful tool in creating consistent, seamless and supportive experiences for customers.

Customer behaviors and needs that changed with the pandemic, coupled with the priority to protect public health, made it even more critical to reconstruct the experience in physical channels in a manner to protect customer and employee health, and to enable completion of every possible step of the journey through digital channels. Garanti BBVA captured its design philosophy centered around standing by the customers at every step in real life by implementing the necessary health-related precautions at branches and ATMs, steering the customers to digital channels at every possible moment of contact, publishing guiding content about the topic, offering advantages such as period-specific limits, no-fee transactions and the like as well as variety for digital functions.

## 3 - EMPATHETIC CULTURE

In 2020, people's need for empathy and compassion has been greater than ever before. With the transition of almost all of the employees to permanent or rotating work-from-home order within a very short period of time opened the door to a new and totally unfamiliar world. New routines, new responsibilities, creating a new order, communicating not face-to-face but through remote access have been challenging. Garanti BBVA employees worked very hard to maintain the human touch, in addition to offering the fundamental services uninterruptedly throughout this extraordinary period. Ensuring continued communication with customers, checking on their health and well-being, and standing by them by providing financial support through this difficult period became the main goals.

## 4 - MEASUREMENT SYSTEMS

Based on the priority to help protect public health, Garanti BBVA suspended all of its face-to-face measurement studies and turned to digital solutions during the pandemic for continued measurement of its performance in fulfilling customer needs and expectations.

- 93% of customers who came to and were serviced at branches between April and December stated that they were content with the measures implemented against the pandemic and with the service furnished.
- 75% of customers commented that the information and guidance provided in this period were satisfactory.
- About 30% of customers stated that their banking habits changed after the Coronavirus outbreak. While one out of every 4 customers had expressed this comment at the start of the pandemic, this ratio became one out of every 3 customers in the following months. 70% of the customers who stated that their habits have changed said they began using digital channels more, whereas 53% said they decreased their branch visits.\*
- The number of complaints by the Bank's 1,000 active customers kept falling down in 2020. There was a decrease by 0.5% as compared with the previous year.

The positive outcomes of efforts carried out based on the four key competencies mentioned above and aimed at continuously leveraging customer experience were reflected in various indicators also this year:

- For the sixth consecutive year, Garanti BBVA was named the Best Retail Bank in Turkey in 2020 for its innovative services and products by the World Finance Magazine, one of the world's eminent business and finance magazines.
- The Bank was given the Best Retail Bank in Europe award for the third time by the European CEO Magazine published in Europe.
- The Retail Banking Family acting with its ever-adaptable dynamic structure and with the "customer comes first" principle was named the Best Brand of the Decade in retail banking in Europe by the World Finance.
- As a result of the assessment based on various criteria including product diversity and market share by Global Finance in the "Best Treasury and Cash Management Banks" category, Garanti BBVA once again earned the "Best Cash Management Bank in Turkey" title in 2020, after claiming the same title for three consecutive years in 2016, 2017 and 2018, for its broad product range covering, mainly, supply chain, collections and payment solutions.

## WHAT WE DID IN 2020

In an effort to better understand and follow up the evolving customer needs and expectations, in-depth interviews with customers from diverse segments, regular questionnaires with active customers, and regular surveys monitoring the economic assessments of metropolitan customers were conducted in 2020. Net Promoter Score (NPS) studies were conducted with customers in the Retail, SME, and Commercial segments, Digital Channel and credit card users in order to measure the performance of Garanti BBVA in terms of fulfillment of customer expectations and to reveal improvement areas. With the same purpose, after-service surveys were carried on with customers receiving service from branches, Customer Contact Center, Customer Experience Support Team and digital

channels. Advertising research measuring the performances of advertisements, brand surveys measuring the brand's share on the minds, and corporate reputation surveys measuring the reputation of the organization were among other regular surveys conducted. In addition, the annual music and basketball sponsorship surveys were carried out, which measure the effects of sponsorships.

Garanti BBVA finished the year second in Net Promoter Score study among retail customers in 2020 within the context of its focus on disciplined and sustainable growth and competitive priorities. Notwithstanding, having remained adhered to its seamless and high quality service principle in line with its "customer comes first" principle also during this trying year, the Bank was assigned a good score by customers in this respect, as stated in the Measurement Systems section. Among the SME customers, on the other hand, Garanti BBVA has been the most recommended bank in the sector. Taking utmost care to stand by its customers and to maintain continuous contact, the Bank was rewarded for its efforts.

Conducted regularly to prevent recurrence of customer dissatisfaction, root cause analyses continued, this time also incorporating the variables stemming from the pandemic. Actions taken in this context served to preclude 4% of situations giving rise to customer dissatisfaction in 2020. The circumstances surrounding the pandemic also took their toll on the actions that could be taken proactively; thanks to six actions taken in 2020, potential situations likely to cause customer dissatisfaction were also prevented.

Garanti BBVA adopted regular precautions to make the working environments healthier during the pandemic. Frequency of cleaning cycles was increased and necessary hygienic measures were taken. The entire branch network was disinfected within a central plan. Delivery of gloves, masks and hand disinfectants to branch employees continued regularly. Transparent separators were fitted on employee desks in branches, and customers were invited inside the branches one by one. These steps helped maintain the social distance between employees and customers.

\* Results from the After-Service Survey conducted by independent research company Ipsos on behalf of Garanti BBVA in the April-December period.

While Garanti BBVA strongly urged its customers to use digital channels and contactless transactions on one side, it also worked to rapidly improve its capabilities on digital channels. The Bank backed this quick-moving transformation process via its employees, brief videos and other contents serving as a guide, and also with its compensation policy. In the same vein, daily cash withdrawal limits from ATMs were increased and cash withdrawal from other banks' ATMs became free-of-charge.

Digitalization protocols were reviewed, and actions were taken for swift and smooth digital onboarding of customers contacting physical channels. Non-digital customers were guided to the "get password" step via voice instructions or ATMs at the most suitable step of the journey, and their digitalization processes were followed up. Non-users of credit cards were able to create password via video call or NFC technology. On another note, guides were prepared to digitalize the newly-acquired and existing customers with a coherent experience in branches. These guides were designed to introduce new customers to the mobile app from the first moment of the relationship.

Besides upgrading its existing capabilities, the Bank introduced innovative solutions to customers with the goal of perfecting the customer experience delivered on digital channels. Apps offering the best customer experience in their respective fields were taken as model and integrated in design processes in order to enable practicability and fast transaction flows.

One of the main design principles of Garanti BBVA is to be able to offer to customers the financial solutions that can be easily performed any time, anywhere. To this end, Garanti BBVA conducts monthly usability surveys to better observe its users' needs. Based on these surveys, solutions are devised for user experience problems associated with existing functions, and user experience is kept in the focal point in relation to new products to be launched. Some upgrades that were implemented along this line include the following:

- Garanti BBVA Mobile app home pages were redesigned in a simpler and usable format; usability problems were solved.
- Transactions that would compel a customer visit to the

branch during the pandemic were identified and digitalized. These steps can now be easily carried out through digital channels with such technological means as NFC, video call, etc. In addition, the "Do It Digitally" page explains how transactions are performed on digital channels to first-time digital customers.

- WhatsApp chatbot and UGI experience was improved to respond to identified needs more quickly, and provided users with the means to easily find the answers they need.
- Now able to communicate also in writing, UGI, the smart assistant of Garanti BBVA Mobile, can better understand customers thanks to its broadened transaction set and the new AI solution.
- To enable contactless transacting for customers, the QR transactions set was expanded with credit card debt payment and credit installment payment in addition to the Withdraw Money with QR and Deposit Money with QR transactions.
- The branch leg of the customer acquisition process was improved and redesigned. In parallel, the flow allowing the customers to self-initiate mobile onboarding was introduced, which digitalized and facilitated the customer acquisition process.
- Additionally, transaction flows were simplified and redesigned with functions incorporating data-driven developments in order to facilitate the most frequent transactions Garanti BBVA customers come to the branch for. Customer steering suggestions were incorporated in branch flows to raise awareness of transactions that customers can perform digitally.
- Thanks to its advanced infrastructure, Garanti BBVA quickly adapted the money transfer without an IBAN or account number when the TR ID No., Foreigner ID No., Passport No., Tax ID No. or E-mail Address is defined on the relevant account through Easy Addressing System to its mobile channel.

Timely and clear information provision about each new measure adopted has become more critical in this period. Best efforts were spent to provide timely and adequate information and guidance on all channels including the website, texting, branch monitors, etc.

Certainly, one of the greatest worries of customers in this period was suffering loss of income and defaulting on their debts. Garanti BBVA closely monitored and contacted the customers disclosing their need for financial support in the Bank's regular surveys, and strove to offer the best financial solution. While the regulatory framework governing credit and credit card debts in this period helped ease the financial stress, Garanti BBVA mobilized all of its teams to rapidly implement the necessary arrangements.

In 2020, Garanti BBVA continued with its initiatives that facilitate access to service from branches and Garanti BBVA ATMs for customers with disabilities, and that contribute to their physical and financial freedom through Disabled-Friendly Banking. Garanti BBVA is delighted that over 10 thousand employees completed the web-based Sign Language training to provide better service to disabled customers. In 2020, Garanti BBVA served through 5,276 disabled-friendly Garanti BBVA ATMs.

In the years ahead, the Bank will keep offering services that enhance the access of unbanked and underbanked people to financial services, through a variety of solutions such as expanding the disabled-friendly Garanti BBVA ATM and branch network.

Supporting primarily customers wishing to find solutions to their problems via branches, the smart platform "Empathy Assistant" began supporting the employees to accommodate the circumstances stemming from the pandemic. Helping the employees reach current versions of the practices that frequently changed due to the pandemic, the platform extended support for the solution of more than 49,000 issues despite the reduced number of branch visits. The platform offers service to employees with more than 120 topics in its content.

Actions were taken in complaint handling, which take into consideration the effects of the pandemic. Accordingly, improvements were made on channels to enable first-contact resolution of issues by customers. Resolutions for most frequent customer feedbacks were added to channels. These solutions were kept up-to-date in keeping with the changing

circumstances of the pandemic, thus minimizing their implications for customers. Upon the start of the pandemic, customers increasingly tended to convey their complaints through government agencies. As some customers chose the BRSA as a channel to convey their complaints, the number of complaints and demands received through this channel increased by more than five times as compared with the previous year. The collaborative efforts of a team dedicated to complaints received via government agencies and all related teams within the Bank allowed handling customer demands and complaints as quickly as possible. Within the frame of complaint handling digitalization, customers began communicating their complaints, suggestions and appreciation through Garanti BBVA Internet Branch starting from October. Besides communicating their feedbacks through this channel, customers can also view the status of their existing complaints and past feedbacks.

Regular meeting series launched in 2020 were intended to eliminate the disadvantages emanating from physical distance and to ensure continued communication and information flow among all employees and teams.

Garanti BBVA's initiatives that help its customers manage their personal finances are as follows:

➔ Garanti BBVA has been the first bank from Turkey to join Global Payment Innovation (GPI) launched in 2017 by SWIFT, and made available Outbound Tracking on Garanti BBVA Internet Banking for SWIFT transfers to domestic and overseas banks. In 2020, it has become the first bank across the world to complete the integration of SWIFT GPI Pre-Validation, the new service developed by SWIFT for international money transfers.

➔ In addition to Outbound Tracking and SWIFT GPI Pre-Validation, Garanti BBVA has been one of the first banks in the world to offer Inbound Tracking Service in December, whereby initially SWIFT-member institutions will be able to track the SWIFT payments from domestic and overseas banks from the moment the funds leave the originating bank. Garanti BBVA customers will soon be able to access this service through Internet Banking or API (Application Programming Interface),

which will be a significant contributor to cash flow management.

→ Garanti BBVA joined FAST (Instant and Continuous Transfer of Funds), a system operating on the Central Bank of the Republic of Turkey (CBRT) infrastructure allowing money transfers as an instant transaction at any hour of the day on weekdays and weekends, which is an additional option to the Bank's existing money transfer systems.

→ Along with the FAST System, the Easy Address system was also launched, which enables replacement of the IBAN used in money transfers with a mobile phone number, email, TR ID/Tax ID number or passport number. Customers can match their personal data with their IBAN via Garanti BBVA Mobile, and can send and receive money by sharing that information only.

→ Corporate customers working with several banks are now able to add their accounts with other banks to Garanti BBVA Internet and easily access and view on One Screen their account balances and movements through Garanti BBVA Internet.

→ The discounting transaction volume with Supplier Finance product increased by 48%, which contributed to short-term working capital needs of customers.

→ To alleviate the negative impact of the pandemic upon economic life and to support customers financially in this period, actions were taken to postpone Overdraft Account principal amount risk payments of customers working on the Direct Debit System infrastructure.

## PRODUCTS AND SERVICES FOR CUSTOMERS' FINANCIAL HEALTH AND INCLUSION

With its responsible banking approach, Garanti BBVA discloses advantages and possible risks of products and services. In this context, the Bank communicates with its customers transparently in all sales and marketing activities, and provides all the information they need in a clear and easy to understand way. The Bank offers feasible solutions and aims to build long-term and sustainable relations that are built on trust.

## WHAT WE DID IN 2020

Garanti BBVA carries on with its initiatives in relation to Financial Health, one of its key strategic intents. The target audience of the Financial Health Project launched in 2019 on Garanti BBVA Mobile as part of its financial advisory project conducted for this purpose grew by four times in 2020. The Smart Transactions service, designed to let customers fulfill their daily financial obligations, is intended to let users perform their everyday banking transactions more easily and gain awareness with respect to their money management. Within the scope of Smart Transactions, customers are able to better manage their time and keep their money under control using the "Regular Deposit Order" rule. "Spend and Save" rule lets them save up a given portion of their spendings incurred with a credit card without spending effort for it. With the "Regular Gold Saver" rule, customers can save up the quantity of gold they wish every month regularly from their credit cards or checking accounts. "Pay Bill" rule allows automated payment of frequently paid bills and easy tracking of bills without allocating time to do it. Garanti BBVA keeps working to add new functions to Smart Transactions.

Going beyond banking products and services, Garanti BBVA also has initiatives underway for its corporate customers, in order to give advice to support the betterment of its customers' financial health, and to warn them in case of an issue. Custom-tailored insight and action plans are intended to be presented by analyzing customers' behaviors and financials. The Bank increases the services that can be offered to corporate customers by the day. For example corporate customers are automatically notified when the current exchange rate reaches a level set by them, allowing them to quickly adapt to changing market conditions.

Also in 2020, Garanti BBVA framed all communications according to the principles of "Transparent, Clear and Responsible Banking". In this context, customer communications such as contracts, forms and informative messages became even more important during the pandemic. The Bank took extra care to establish clear and easy to understand communication with its customers regarding the new measures and practices implemented within the scope of the pandemic. Various



methods were employed for giving information, including emails, SMS, push notifications, social media and the website. The precautions taken in branches were announced on branch gates and monitors. Thus, the Bank was able to maintain a high 78% satisfaction rate with the communication regarding COVID-19 in April and May, which were the busiest months in terms of the intensity of the pandemic-driven changes. The Bank kept designing "Product Summary Pages" that summarize products and services in a clearer and more intelligible manner and support the customers with their decision making, and added the bank overdraft account product to the set of available summary documents.

The Bank attaches importance to going to the customer at the right time with the right offer, and to establish optimum contact with them when doing so. Accordingly, the Bank developed a new platform whereby alignment of the existing infrastructure with the Customer Communication Policy will be rendered systemic and automated. The platform is intended to centrally manage quantity and consistency checks before contacting customers.

2020 has been a year of extremely high volatility of physical assets, besides the financial markets, owing to the effect of the pandemic. As a result, Garanti BBVA observed that its customers' need for its financial advisory was greatest than ever before. The Bank spent intensive efforts to inform the customers about the right investment instruments, and maintained continuous communication. The number of digital transaction sets was increased, thereby enabling customers to satisfy many investment and borrowing needs without a branch visit.

Garanti BBVA led the sector by being the first bank during the pandemic to implement debt postponement on all channels, i.e., branch, mobile, internet, call center, and applied more affordable interest rates during the deferment. The Bank offered the single-click debt deferral function on digital channels to its customers wishing to avoid branches due to the pandemic. In this way, customers were able to postpone their debts without going to a branch or calling the call center. In addition, the Bank increased the customers' transaction limits

on alternative channels, and supported them by cancelling out numerous commissions and fees.

The Bank exercised the same care and attention for its employees as it did for its customers, and made the necessary arrangements for working-from-home order in the quickest way possible. Since all employees already had tablets configured for mobile working, the Bank was able to realize this conversion very quickly, and thus has been the first bank in the sector to send its employees home. Employees continued to offer portfolio service by phone from their homes. The Bank covered the customers serviced by portfolios that were unable to work for a variety of reasons in this process under the remote service model named "My Banker" and carried on with uninterrupted financial advisory service.

Through all these efforts, Garanti BBVA strove to avert possible losses of its customers and extended them the necessary support to capitalize on investment opportunities fitting their financial profiles. Displaying an example of great devotion, rotating branch teams made sure that customer service was not interrupted on any channel.

Garanti BBVA delivers most of the retail products through a completely multi-channel experience. This is best exemplified with the general purpose loan. While customers can apply for a general purpose loan from a branch, the same application can be completed digitally, and can be approved by the customer contact center which has an end-to-end smooth experience in credit documents.

Furthermore, using the Quick Loan function, customers can learn their credit limit within seconds simply by entering their TR ID number and instantly use the amount from out of their allocated credit line. This function can be used not only by Garanti BBVA customers, but by anyone. Thus, they can find the answer to the question "How much can I borrow?" in a very short period of time.

To make life easier also for business owners, salary agreement process was digitalized. Fast and practical solutions were offered

for salary agreement and salary payments of tradespeople who are having a hard time due to the pandemic.

In 2020, satisfaction of pension customers has been a top priority for Garanti BBVA. All customer needs were fulfilled through mobile and customer contact center to protect customers' health, particularly during the pandemic, and to enhance their satisfaction.

In line with this strategy, Garanti BBVA succeeded in becoming the fastest-growing private bank in terms of the number of pension customers in 2020.

Garanti BBVA, in 2020, strongly fulfilled the financial advisory service needed by its customers, and introduced various instruments for their financial investments, thus expanding its deposit customers pool. In doing that, the Bank employed the best channel to contact the customers in an effort to maximize customer satisfaction. Besides the regular ones, several deposit products were the favorites of customers, as they were in 2019: "Inflation-Indexed Deposit Products" providing above-inflation returns at all times, "Multi-Currency Deposit" allowing transition between various currencies during the term, and "Interim Interest Payments", a long-term account that makes interim advance payments on the interest income.

In addition, the Bank launched new options on Garanti BBVA Mobile to back its customers wishing to save up: "Spend and Save", an accumulating deposit account allowing customers to save up an amount that suits their budget from their credit cards which at the same time offers daily interest income; "Regular Gold Saver" that enables saving up gold monthly, and "Regular Deposit Order" that automatically transfers money to time deposit accounts.

With the increased use of digital channels in connection with the pandemic, personalized customizations went live also in time deposit accounts. In this context, transactions performed at branches were integrated into digital channels, and demand deposit service was substantially made available on channels. Besides deposit products, Garanti BBVA focused on the returns

secured for customers, and ensured active asset management with SMART Funds, which are mutual funds with absolute income targets and invest in domestic and overseas markets, Structured Borrowing Instruments with guaranteed minimum interest, and bonds issued by Garanti BBVA and its subsidiaries.

During 2020 when investor interest in precious metals grew by the day, the Bank issued the Silver Based Precious Metals Fund Basket Fund, which is the first Silver Based mutual fund that began to be traded on TEFAS (Turkey Electronic Fund Distribution Platform). Likewise, the Bank kept responding to needs with the Foreign Technology ETF Fund Basket Fund in this period that sees intense interest in the global technology sector.

## INFORMATION AND ADVISORY SERVICES SUPPORTING THE DEVELOPMENT OF SMEs

Garanti BBVA listens to the needs, feedbacks and complaints of its SME customers, and develops its products and services accordingly. All these developments and information provision allow SMEs to perform their transactions uninterruptedly, while maintaining a perfect customer experience. At the same time, the Bank continues to offer advisory to help its customers make sound financial decisions.

While offering solutions catering to their needs, Garanti BBVA also keeps its SME customers informed about the developments in their respective sectors and other matters that have implications for their business lives. In this context, the KOBİ Girişim magazine being published for many years in cooperation with the Economist Magazine is mailed free-of-charge to all SME customers electronically.

## WHAT WE DID IN 2020

Garanti BBVA introduced a series of precautions in order to make life easier for its SME customers that were affected by the restrictions imposed in connection with the pandemic, to ensure the sustainability of their businesses, and to protect them against being affected by the virus when performing their banking transactions.

→ Garanti BBVA referred its customers to digital channels

for non-cash transactions. In this period, SME customers had increased demand for digital channels. The Bank increased daily minimum cash withdrawal limits from ATMs and money transfer/EFT upper limits for a certain period of time, in order enable faster and easier performance of financial transactions by customers and also to alleviate the density in branches. Also, cash withdrawal from other banks' ATMs was free-of-charge for a specific period of time. No fees were charged to SMS customers for money transfers via mobile application or internet banking for a given period of time. Also upper limits for SWIFT and forward import transfer via digital channels were updated.

→ SME customers were regularly reminded of the contactless cash withdrawal/ depositing capability from ATMs using QR code and of the Garanti BBVA Mobile capabilities including money transfers, credit card, bill and loan payments to shorten the time they spend in branches during the pandemic. Corporate customers were also informed about the contactless cash withdrawal with QR code function made available on the ATMs. Garanti BBVA believes that it has thus raised awareness among customers of the practical and healthy ways to digitally perform the transactions they most frequently perform in branches.

→ In addition, the Bank postponed the loan repayments of all its customers who requested it due to reduced turnover, exclusively during the pandemic. In addition, SME customers were informed about their entitlement to Social Security Institution payment deferrals granted by the government to companies engaged in specific sectors and to benefit from this incentive.

→ SME customers having time deposit accounts continued to be informed that they can receive financial advisory about custom-tailored interest rates through mobile banking app push notifications made 3 days prior to maturity date.

→ During this timeframe that precluded visits, the Bank further strengthened its connection with the customers, made more customer calls, and offered solutions befitting their needs specific to the period. Also through this period, Garanti BBVA stood by its customers with solutions customized according to its customers' needs.

All these efforts resulted in the number one spot Garanti BBVA

clinched in the SME Net Promoter Score (NPS) study conducted to gain a better insight into its customers.

## **SOLUTIONS HELPING CUSTOMERS ACHIEVE THEIR TARGETS WITH NEW GENERATION PAYMENT TECHNOLOGIES**

Garanti BBVA makes proposals that are aligned with customer needs in order to help them make healthy financial decisions. The suggestion systems that help customers make the best financial decisions are backed by smart solutions integrated with new generation payment technologies.

### **WHAT WE DID IN 2020**

Garanti BBVA offered a solution to its temporarily financially stressed customers during the pandemic with the New Postpone Payment product launched on 30 March 2020.

With the New Postpone Payment feature, the Bank offered customers the possibility to defer their debts without any payments on their cards for 3 account statement periods, and benefit from a 6-installment repayment plan for comfortably paying their total debts arising at the end of the 3 periods. With this solution, Garanti BBVA addressed various problems facing the customers during the pandemic, such as temporary hardships in payment, protecting cash assets amid a volatile environment, deferring their card debts and keep using their cards, and preventing any downgrades in their credit scores.

With the solutions suggested, Garanti BBVA aimed to enhance customer experience and increase the trust held in the Bank, as well as keeping them from undergoing follow-up due to temporary financial stress and maintaining customer relationship.

Credit card due deferment proposal was brought for customers who are financially distressed due to the pandemic. From 1 June 2020 until 31 December 2020, the Bank made this offer to customers for up to 6 months, making them feel that Garanti BBVA is standing by them. About 85 thousand customers benefited from the proposal.

On August 19<sup>th</sup>, cash advance feature was redefined to credit cards of customers, for which this feature was canceled during the pandemic due to non-payment of the minimum payment amount three times during the course of the year. In addition, denial of cash advance via cards was suspended during the course of the pandemic. Thanks to the implementation which will be available until 30 June 2021, customers will be able to fulfill their cash needs with their credit cards through this economically trying period.

### BONUS CHECK-UP

In October 2020, Garanti BBVA introduced Bonus Check-up, a first of its kind in Turkey, to provide financial information to, and guide, its customers whose card applications were declined. With this function, Garanti BBVA targets to offer financial advisory by giving recommendations and providing guidance regarding their shortcomings to users in relation to the credit card application process.

In case of a declined credit card application, Garanti BBVA customers can use the Bonus Check-up service via BonusFlas application to clearly learn about the custom-tailored actions they can take for re-evaluation of their applications. Users can easily view the financial reason why their application was declined or whether the information required for the application was complete and up-to-date via BonusFlas, for re-applying upon completion of the lacking elements. They can clearly see the state of their financial health on one hand, and increase their chances of having a credit card on the other.

Offering transparency for the customers, the function steers the customers wishing to get a card from Garanti BBVA with the right actions and helps them reach their objective, while contributing to the Bank's new customer acquisition and increased credit card issuing volume.

### OUTLOOK

COVID-19 has been a factor that impacted and changed every aspect of life both for individuals and entities. Many routines from the way we do business about our shopping habits, from our

communication tools to how we spend our free time, from the entities we contact to our expectations have all changed and evolved. This change will live on in 2021 and thereafter to a substantial extent.

Health was undoubtedly the pivotal focus for consumers in 2020. Consumers voluntarily changed their long-lasting habits in order to avoid the risk of infection. The greatest impact for the banking world occurred in the rush to channels excluding face-to-face contact such as mobile applications and call center. Customers achieved a major transformation that would normally take several years within just several weeks and began to opt for digital channels at a growing extent. Consumer behavior during the pandemic also varied according to the course of the pandemic and the measures adopted. For example, the spending trend in various categories changed over the course of the pandemic. Having largely restricted expenses on entertainment, dining out, cosmetics, accessories etc. in March and April, consumers, worn out by the pandemic, later recaptured the same levels in their expenses on some of these categories. It can be suggested that these changes will continue in the year ahead.

During this period, brands that care about the well-being of its customers and society, and act transparently and cordially in their communications gained the foreground. Similarly, customers began to detect and engage with businesses working for a sustainable environment and society, and exercising care in this regard in their operations. Completely aware of the role and responsibility that falls upon it in this vague and difficult period, Garanti BBVA will keep modifying its service model in an agile fashion to timely and satisfactorily respond to changing customer needs and expectations. In this context, it will remain as an essential priority for the Bank to ensure the well-being of its human capital and to build on their competencies to facilitate adaptation to the new normal.

Driven by the desire to be accessible and to reach the customers through their top-choice channels, Garanti BBVA, during this period, will work with the target of creating new channels for its

customers by integrating various communication applications into banking applications. In view of the gradually increasing use of video and digital content by customers, the Bank will begin using these channels more often for conveying the solutions for their financial needs.

Although anticipating to have a more positive year in terms of the economy in 2021, Garanti BBVA predicts that its customers will have an extreme need for financial advisory as was the case in 2020. Therefore, the Bank will keep working towards increasing the number and frequency of its services and products that will contribute to its customers' financial health. In 2021, the Bank will be closely watching global trends and broaden its product range by issuing new mutual funds that invest in different themes. The Bank will continue to stand by all of its customers in the personal segment, be them employees, retirees, or tradesmen, with sustainable products.

Garanti BBVA already began the infrastructure work for expanding its portfolio with its environment-friendly products taking global trends into account, which are slated for introduction in 2021, namely Clean Energy, Sustainability Stock and the new member of the SMART fund family. Product diversity will continue to increase with new fund products in 2021.

During 2020, the Bank worked on fund trading and management monitoring of customers via [garantibbva.com.tr](http://garantibbva.com.tr) and Garanti BBVA Mobile, resulting in the development of much more user-friendly screens. These initiatives will be brought to completion and launched in the first quarter of 2021.

Garanti BBVA will also continue to work towards ensuring the financial health and sustainability of the SMEs that make up 99% of the economy in Turkey. By offering solutions aligned with the evolving conditions in the world, the Bank will make their lives easier and help them improve the way they do business.

It will carry on with its product and service developments in a bid to facilitate penetration of SMEs to new markets, contribute to their digitalization, and support their development.

Garanti BBVA's principle of always approaching the customers in a "transparent", "clear" and "responsible" manner will remain as a core element of its strategy to enhance customer experience and help them make informed decisions.

Proposals designed to improve customers' financial health will be broadened, and suggestions and solutions will continue to be offered to help them easily manage their daily financial lives and reach their life goals. Garanti BBVA's vision in 2021 will remain as supporting its customers to correctly manage their assets and liabilities and acquire the skill to plan an independent and secure lifestyle in the future as they fulfill their financial obligations, and being positioned as their "Trusted Financial Coach" in their lives.

Garanti BBVA believes in the importance of making a contribution, starting with the improvement of each corporate customer's financial health, in order to support a healthier commercial life and to consolidate the strength of the economy; it considers this vision as a key constituent of the benefit we can contribute as a bank to our country. To this end, the Bank aims to regularly monitor corporate customers' financial performance, determine in advance the points that might be financially challenging for customers with the help of the smart structures it will build, and warn its customers in a timely manner. It intends to suggest the pathways to a stronger financial structure in the form of personalized proactive advice enriched with product and service proposals that Garanti BBVA can offer them. Garanti BBVA's vision for the years ahead is to stand by its customers not only when they come to the Bank for assistance but at all times, and to be able to offer a comprehensive financial advisory service based on a banking concept that goes beyond the conventional description at all points they need the Bank, even when they are not aware of their need.

In a bid to offer the best user experience, Garanti BBVA will maintain constant communication with its users, and continue to observe the customer journey continuously, to be followed by steps designed for its further betterment.