

# IMPACT OF THE INTERNATIONAL FINANCIAL CRISIS ON THE GARANTIBANK IN TURKEY AND ROMANIA

Case study

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## Keywords

International Financial Crisis in Turkey and in Romania,  
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## Abstract

*A crisis can be defined as “a high degree of instability and carries the potential for negative results that can endanger the continuity of the organization” (Klann, Gene, 2003, p. 4) or other way round, a crisis represents a status of threat, urgency, and uncertainty (Boin et al., 2009).*

*The purpose of this study is to gain better understanding of bank’s situation in the time of an international financial crisis in different countries.*

*The objective of the study is to find out how Garantibank faces the international financial crisis in Turkey and at the same time in Romania.*

*The story of Garantibank's crisis in Turkey and Romania is presented. An empirical data for two cases of Garantibank: Garantibank in Turkey and Garantibank in Romania, which have been collected through interviews, statistics, organizational documents, are presented.*

## THE NATURE OF A CRISIS

Most of the times, crises are perceived as exceptional situations, being reduced to important negative events such as natural catastrophes (8.9 magnitude earthquake struck Japan on March 11, 2011), nuclear disasters (Fukushima Daiichi nuclear which led to an automatic shutdown of eleven of Japan's fifty-five operating nuclear power plants) (Campbell & Holt, 2011, p. 1), the collapse of financial corporations (Lehman Brothers), major terrorist attacks (9/11) (Roux-Dufort, Christophe, 2007, p. 105), and others.

Accordingly, a crisis can be defined as "a high degree of instability and carries the potential for negative results that can endanger the continuity of the organization" (Klann, Gene, 2003, p. 4) or other way round, a crisis represents a status of threat, urgency, and uncertainty (Boin et al., 2009). These above mentioned definitions of a crisis can be considered as a surprising and dramatic change, a turning point which determines the future of the organization. While many researchers take into account the negative impact of crises on organizations (Hartman & Mahesh, 2008; Yu, et al., 2008), few studies have analyzed how organizations can encounter such challenges and learn certain lessons from crises (Shimon Udovik, 2011). As a result, these factors are important to consider if we investigate a crisis in general (Klann, Gene, 2003, p. 4).

Organizational crisis proves to be a loyal companion and chaperon for every company or institution. Thus, crisis can represent a minor event, concerning a single structure or division, up to major occurrence which can affect the entire organizational structure (Crandall, Parnell and Spillan, 2009). This means that, crisis is a situation where the organization or a certain part of it, can no longer keep the normal (traditional) order of its daily operations. This operational incapacity jeopardizes both the organization and its

participants and casts doubt upon the organizational ability to work properly.

In this case, it becomes natural that a crisis can turn into a highly traumatic event and accordingly can be conceived by participants as invasive and threatening by all means. Such critical situations manifested in organizational crisis repudiates every sense of security and peace, powerfull structure which can be capable to offer defense, support and certain types of welfare (be it financial or other type).

According to James & Wooten (2010), in times of crisis what are really needed are key actions. After being finished, a crisis deeply marks the organization by affecting both its balance and its manner of operating. This major change that the crisis brings is established permanently and influences everyone inside the organization.

## THE PHASES OF A CRISIS

By observing crisis, several theories about their division have been made. Thus, a crisis has various phases. According to Falkheimer et al., there are three major phases in a crisis event: before, under and after a crisis (Falkheimer, J., and M. Heide. 2007, pp. 1-2), these phases being often called: the warning phase, the acute phase and the following phase. Different authors divide these stages in four or five more detailed phases. Thus, Cullberg and Lundin (2006, pp. 156-157) consider that events of a crisis should be divided in four phases, while Fearn-Banks (2001) considers that crisis is made up of five phases, adding one stage. The researcher decided in favour of Fearn-Banks description and terminology of a crisis. Thus, further on, the five stage approach will be presented.

*Phase 1.* The first phase to be presented is called *detection*. According to researchers (Fearn-Banks, 2007), there are cases of crisis when warning signs can predict the beginning for a crisis.

Nevertheless, most of the time it is difficult to detect the warning signs, especially when they prove to be uncertain (*ibid*). Thus, an organization has to be prepared. An example of a warning signal can consist of the fact that another company operating in the same area is hit by a crisis (*ibid*). In this phase, the organization has to make risks analyses and also participate to various training programs in order to anticipate the appearance and reduce the risk of accidents and crisis (Falkheimer et al., 2009).

*Phase 2.* The second phase is called crisis *Prevention / Preparation*

*“You need to crush the snake’s head when it’s still little” (Turkish proverb)*

In the event of a crisis, the organization must find measures to prevent and manage a devastating disaster (Dombret, A., 2012:1), by preparing a crisis management plan and in the same time a crisis communication plan. In the same time, a company which develops a relationship of trust with the environment and with the employees, could easier prevent the crisis to take place, reducing its blows and also limiting the duration (Fearn-Banks, 2007). If the organization has a crisis management plan, this can help it proceed in a crisis with the strategic process (*ibid*). The fundamentals of the crisis prevention/preparation phase consist of organizing and creating resources to cope with the inconveniences (Falkheimer et al., 2007). Nevertheless, as Ghosh et al. (2009) says, “even a perfectly designed early warning system may not be able to predict and prevent all crises, and may give rise to too many false alarms”.

The third phase of a crisis is called *Containment*.

It is in this phase that the crisis event really takes place and will have a strong impact on the organizations for the first time (Falkheimer et al., 2007). While this phase is in development, it is of high relevance that resources are managed

effectively. It is also of high importance to undertake measures to prevent injuries (Falkheimer et al., 2007). In the same time, the organization has to do whatever it takes to limit the duration of the crisis. All efforts must be undertaken in order to achieve control over the negative outcome of the crisis (Fearn-Banks, 2007).

Further on, the fourth phase of a crisis is called *Recovery*.

In this phase, the major task is to bring the company to regular in shortest possibly time. Extraordinary policy measures (Gelpern, 2009, p. 495) should be taken in order to restore the damage that took place during the crisis (Falkheimer et al., 2007). It means efforts, good management control in order that the business can starts its recovery, having as a major objective the limitation of the reputational, financial and other threats (James & Wooten, 2011b, p. 6). This stage has been approached by two theoretical currents: the traditional and the late modernity approach. On the one hand, the traditional approach signifies that the management team returns to previous systems and routines. On the other hand, the modern approach uses the crisis as an occasion for the organization redesign, thus turning the company into a more effective one (Falkheimer et al., 2007).

The fifth phase of a crisis is called *Learning*.

The last phase contains the examination of the organization after the crisis in order to determine things that have been lost and gained during the crisis period (Fearn-Banks, 2007). By doing this, the organization can achieve the practical experience that results out of a crisis and the awareness that can be used further on (Falkheimer et al., 2007). It might also lead to getting to know manners for preventing future crises (Fearn-Banks, 2007).

## **STUDY FRAMEWORK**

The purpose of this study is to gain better understanding of bank's situation in the time of an international financial crisis in different countries.

The objective of the study is to find out how Garantibank faces the international financial crisis in Turkey and at the same time in Romania.

The story of Garantibank's crisis in Turkey and Romania will be presented. This will be followed by empirical data for two cases of Garantibank: Garantibank in Turkey and Garantibank in Romania, which have been collected through interviews, statistics, organizational documents

### **GARANTIBANK'S CRISIS IN TURKEY AND ROMANIA**

#### **COMPANY'S PROFILE**

Garanti Bank, represents at the moment, Turkey's second largest private bank having 63 years of experience on the market and also having a total asset size of 78 billion\$. Garanti offers innovative products and services of high quality which makes Garanti achieve the present leading position in the Turkish banking sector. In the same time, Garanti is well known not only in Turkey, but also at the international level.

Having almost 17,000 employees and around 9 million customers (Garantibank, 2012), Garanti makes it's presence felt in business lines no matter if it is about corporate, commercial, SME, retail or investment banking. Garanti offers thus a very wide range of financial services, and we mention here: saving accounts, leasing, mortgages, insurance plans, credit cards, loans, pensions and investments, for private individuals, brokerage, corporate customers and institutions.

Innovation at Garanti Bank can be seen in its strong and extensive

distribution network comprising about 880 branches, an award-winning Call Center, almost 3,000 ATMs, and mobile and online banking processes built on new technological infrastructure.

Garanti is jointly managed by two powerful corporations, Do u Holding and Banco Bilbao Vizcaya Argentaria (BBVA), which function under the principle of equal partnership.

### **GARANTIBANK AND THE INTERNATIONAL FINANCIAL CRISIS**

In the following section the beginning of the latest global financial crisis will be described, as well as the impact of the crisis on Garantibank in Turkey and Romania.

#### **THE BEGINNING OF THE GLOBAL FINANCIAL CRISIS**

The events of 2007 and 2008 have already passed into history, but they still have the power to take our breath away. Metaphorically speaking, economic recessions are small tectonic earthquakes that produce energy, thus avoiding large earthquakes. What happened? What were the roots of this crisis? What happened to regulation that allowed banks to make such dangerous mistakes? What began as a financial crisis quickly morphed into a crisis in the real economy, spread through the real economy and affected the lives of millions of people around the world. I am planning to analyze the cause and history of this crisis.

The economic crisis that started in 2008 in the U.S. higher risk mortgage market, has conducted to major turbulence and uncertainty in the entire international financial system (Sherman, Matthew, 2009: 13). The "source of the problems was excessive risk taking associated with the sustained low interest rates and investors' desire to maximize profits. Since 2001, low interest rates in the U.S. resulted

in an increase in the number of mortgage loans for housing” ( Bezemer, Dirk J., 2009: 12.), resulting in a “rapid increase in prices of residential real estate” (Naudé, 2009). Solicitations for such real estates in the US was also driven by a total relaxation in the criteria for evaluating the part of lenders who were offering loans to borrowers with low credit histories, which was connected with a high risk. Such loan agreements have been marked by the low initial interest rates, which increased highly after the initial period, which attracted consumers a lot, establishing a new loan. High-risk mortgagees market has increased quickly. Accordingly, securitization of mortgage loans, has also developed quickly. Nevertheless, in 2006-2007, interest rates increased and prices of real estate properties in the US went down. Thus, many high-risk borrowers were no longer able to refinance their loans taken out mortgages like they used to do and faced paying back a bigger interest rate. This conducted to a even larger number of cases of inability to meet financial liabilities, especially among borrowers with high risk, who were not able to manage such increases. The financial crisis on the U.S. market soon changed into an international liquidity crisis (Dooley, Michael P., Michael M. Hutchison, 2009: 4). This occurred due to the fact that the securitization of mortgage loans caused the transfer of credit risk for the international markets.

On the 15th of September 2008, the American investment bank, Lehman Brothers went broke. This very day, Garantibank couldn't loan the usual amount of money as they always did. The Lehman Brother went bankrupt, and this was the moment when Garantibank in Turkey realized that the crisis started. It was then, when Turkish people began to lose faith in Garantibank. It was then when, the management of Garantibank from Romania realized that the crisis started (Board of Directors, 2010). All managers dated the dawn of the crisis to

the same day - both in Turkey and Romania.

Not different from other banks, Garantibank didn't have a pre-warning. From one day to another the bank found itself in the centre of a crisis that highly affected its performance and the customers' faith. "One can never foresee a crisis. If it can - it is no longer a crisis" according to Garanti Bank's Executive Vice President Mr. Ali Fuat Erbil. He added afterwards "of course everybody in the banking system knew that the banking sector was in a crisis. But nobody thought that the crisis might affect Garantibank". Nevertheless, some pre signs could have been noticed but not that clear maybe. Garantibank's management did not take those signs seriously "We misjudged the strength of the crisis" - Garanti Bank's CEO Ergun Özen admitted.

Due to the fact that the crisis appeared all of a sudden, Garantibank did not have time to take any prevention measures. When the financial crisis hit Garantibank in Turkey, it was already in the middle of the crisis and therefore it was very late to get ready and prevent the negative results. The bank's management was not ready for the difficulties and employees did not take any initiatives in order to prepare the bank for the crisis. In the same time, in Romania no measure was taken. According to Bennu Ataman, "the only thing that Garantibank could do at this stage was to include some external communication consultants to relief Garantibank's communication people".

The reasons of Garantibank's crisis situation and the impact of the international financial crisis on Garantibank in Turkey and in Romania were distinct. In Turkey, the crisis did not have such a hard collision on the bank business-wise, while in Romania - it did. And that, according to Ergun Özen, affected Garantibank in Turkey very strongly. It was about Garantibank's reputation. Due to the poor performance in Romania, Garantibank in Turkey was

perceived as an unsafe bank, a company that could fail. "People got scarred and started to take their deposits out" - as Ergun Özen mentioned. If looking at the performance, Garantibank had the smallest credit losses from all of the banks in Turkey. But that was not an important issue for people to consider at that time. They were focusing on what happened in Romania. This opinion is shared by Bennu Ataman (PR consultant), who additionally said that "in Turkey the problems related with Romania were over accelerated. They were seen more severe than they really were. Turkish people were thinking that Garantibank cannot handle the Romanian Balkans issue." Thus, the financial crisis and all of the different occurrences highly damaged the reputation of Garantibank in Turkey. Bennu Ataman argues that it was "because Garantibank was seen as a bank which was related with risky investment in the financial sector".

Public media played its major role in the lost of trust in Garantibank. Lately, there has been no flow of confident information in media about Romania. There was barely any flow of information about Romania's progress. Usually, Romania was perceived negatively. As Bennu Ataman said, "Being present in Romania was seen as risky. Lack of knowledge was the reason of the trust damage. It was a strategic decision for Garantibank to go to Romania and the intension was (and is) to be on the market in a long term perspective. But media did not balance this part, in the picture of Garantibank they presented". Although media did not lie about Garantibank's situation and offered a fair picture of the situation in Romania, they influenced the general opinion. As Garanti Bank's CEO Ergun Özen noticed, the [media] have provided the truth, but not the whole truth.

Media was not the only one to hide some information. The Turkish minister of finance Mehmet im ek and the national bank chief Erdem Basci did not want to talk about Garantibank being in a major

danger this time. In order to calm the Turkish people they said that the bailout was for helping the whole banking system. However, general public considered that Turkish taxpayers were the one who saved Garantibank from another financial crisis. "Garantibank in Turkey was seen as someone who jeopardized the whole Turkish money" - Ergun Özen commented.

For a bank, trust is of major importance; maybe the trust of the customers and stakeholders is the most important for a bank. The lost of trust had a negative impact on Garantibank's brand. Garantibank's brand has been affected by the perception of the bank, and that will have a long term impact on Garantibank's situation.

Similarly, there was a differentiation in trust in Garantibank. The trust for the local managers and branch workers was still very high. Unlike the trust to the Garantibank as a whole institution, this has been completely damaged. This was due to the fact that, on the local level, in the branches and regional offices, the business did not actually change. Customers were fairly treated and there were no important lost in the credits. But if we consider the image of the bank, the media presented a negative picture, what influenced the general assessment.

As far as the bank performance was concerned, the impact of the crisis on Garantibank in Romania was huge. Business-wise, Romania was pretty much hit. In the case of Romania there were two various factors impacting the economical decline. First of all, there was the domestic economic disproportion - too fast, unsustainable increase. Secondly, was the international issue, related to financial area downturn, subprime mortgage lending and the bankruptcy of the financial institutions in the investments banking area. These two occurrences amplified the vastness of the financial crisis in the country and Garantibank in Romania.

Obviously that there are even more factors influencing the negative condition of Garantibank in Romania. When Bulgaria and Romania became members of European Union, it was the time when the business started in Romania. Romanian people took loan after loan and lived as rich people did. Garantibank offered debit cards to children and sent commercials about how easy it is to loan. They encouraged potential clients to pledge their houses. Romania developed on loaned money. The strategy of Garantibank was about pushing the loans, no matter if they were secure. Then, black wages also, were included in customer's loan application.

The trust issue was merely significant in Romania. The trust problem became more a Turkish issue. In Romania, Garantibank was seen as an institution which helped the Romanian society to develop throughout the crisis. The reason for that could be that in Romania, where GDP fell quite a lot until 2011 (-7%) and everyone lost the money, Garantibank was the one of the banks that stood there, performed, and handled many hard credit situations in a good way. Furthermore, Garantibank in Romania was perceived as an opinion leader. In the time of the crises people believed in banks more than in the government. They considered the bank an institution which is driving the economy. "If people would lose the trust in the bank, they would not have anyone else to ask their questions" as Bennu Ataman said.

Garantibank's image in Romania in general was strong. Garantibank was and still is a trusted brand in Romania. Also, Romanian media handled the picture of Garantibank in a total different manner than in Turkey. The Romanian media gave a fairer picture of the situation in the way that they presented how Garantibank in Romania performed, but putting Garantibank's crisis in a national and economical context. It turned out clear from the message, that the crisis was a phase that all of the countries are going through at that moment. Romanian media

informed the general public about the positive outcome of Garantibank's performance in Turkey. This was something the Turkish media did not say a word.

After the agitated period, Garantibank eventually achieved the recovery stage. It is hard to set one particular date of the recovery. The judgment whether the company closed the time of crisis can be based on various events. Even if the signs of recovery were different, in both cases, Turkey and Romania, the time of recovery is dated around the end of 2011 and beginning of year 2012.

### **OVERVIEW OF GARANTIBANK'S MARKETING MIX IN CRISIS TIME**

The next part will include empirical data presenting the marketing mix of Garantibank in Turkey and Garantibank in Romania. These are data about the marketing mix in the period when the crisis started until the bank began to recover.

#### **Turkey**

The first period of crisis for Garantibank in Turkey was related to the lost of trust of the customers. It began in September 2008 and went on for more than 3 years.

When the global financial crisis started, it became costly to sell lending products. The interbank rates were high; therefore, the sales of lending products were decreased. The bank needed financial supplies, but did not encourage the clients to put deposit, in order not to seem desperate. This might have conducted to a bad impression on the customers, especially when the trust in Garantibank in Turkey was already damaged. Although the time of the crisis was a difficult time for selling products, the bank had to make profits. When talking about products, the

focus used to be on safety products. Items like insurances, monthly savings and monthly payments were increased at that moment. This approach was standing in line with one of the new brand values, which has been introduced in the period of the crisis: smooth, transparent and attending. Attending means that the comfort and safety of the customer is of high importance for Garantibank. Garantibank strives to help people and companies to reach their objectives by keeping their promises (Garantibank, 2011).

Since September 2008, Garantibank did neither focus on selling products, nor on developing new products. Nevertheless, some small changes in already existing products were made. Due to the fact that the key triggers of the global financial crisis were complex financial products, Garantibank took the decision to diminish the complexity of its products. The change in the product strategy also had its reflection in one of the brand values - smooth. It stands for simple products which are understandable for the customers (Garantibank, 2011).

The main trend in product strategy was the shift from product pushing toward mapping of customers' needs and creating offers to satisfy their needs. The mapping of needs is a major objective. First after the bank knows the needs, a solution to satisfy them can be found. This approach was introduced in the period of the crisis. If we consider this, the employees' skills are crucial. Accordingly, the bank's employees are those who have to build confidence and trust. Thus, Garantibank was putting effort in educating its employees in the procedures of work.

Besides giving up product pushing, Garantibank introduced another modification in the products strategy. In 2009 and 2010, the bank decided to shift from being product oriented to value oriented. Because of the shifts in the economy, customers became more sensitive to the value they get. The

management of the bank considered that working on values was the right way of doing business in the difficult time.

Before the crisis hit Garantibank, and also during the crisis, the bank did not use any other promotion channels then their own. The situation in Turkey stood like this for several years - until 2010. In this period Garantibank did not have any campaigns in bought media. This was possible due to the fact that banking is a great business model where the clients return on their own. In the last years Turkish Garantibank's web site had in average 26 million visitors per month. That offers a major field for promoting the products.

When the crisis started, the whole promotion has been drawn back. It was mainly due to the difficult situation around Garantibank in Turkey. Everyone was talking about Romania and the losses of Garantibank in this country. In this situation it was hardly possible to promote the products or even the brand.

When drawing back the advertisement, Garantibank did not implement any other promotion tools instead. Then, Garantibank was perceived as one of the most risky bank that one could pick in Turkey. The bank decided to let the time pass and during that to show the public that they are not that risky as they used to be. One of the challenges was that Garantibank in Turkey did not have any power over the performance and marketing of Garantibank in Romania. There was no constant marketing strategy for these countries, thing which made it even more difficult to prove that Garantibank is handling the situation of the whole group. The cutting off in terms of promotion (and communication) was used intentionally to enable the sedation of the atmosphere around the crisis problem. Another answer to this might be that Garantibank did not have a communication program then because they were not able to handle the situation.

Even if no promotional activities were undertaken at the time of the crisis, still there was a message that Garantibank was communicating through their web page and also through personal communication. The message was "We are a safe company".

Immediately after the first months of the crisis, Garantibank in Turkey saw the importance of communicating with people: the clients as well as with the general public. Since 2008 the bank focused much on training the staff in order to make them understand the new brand values, the new manner of working and the manner of communicating with the external world. Around 100 ambassadors used to visit the branches and teach the frontline personnel how to deal with the client communication. Thus, the bank wished to ensure that the message sent out will be similar at every level and every region of the company.

To ensure the information flow in the company, an innovative activity has been made. That is, the CEO of Garantibank began to write a blog, where he started commenting the present economic situation of the whole Garantibank group and in the same time the condition of economics in broader sense - in the macro scale. This blog was playing double role. First of all, it was a means of external communication also showing to the general public that Garantibank started to be a transparent bank. Another major role of the blog was to communicate internally, market the knowledge, strategy, values to the personnel. The blog turned into a source of trustable information for the frontline people who had to answer several questions daily.

The major part of promotion in the crisis time was done through the branches and the staff. Garantibank understood that the means to reach the client was to make him or her feel right. Efficiency of the employees from a banking branch is a major thing in turbulent periods. When

meeting clients, the aim was, as already said to get to know them, know their needs and build up relationships. Sometimes, it was also to educate the client as far as safety in banking was involved. In this indirect manner Garantibank was promoting products among which, saving accounts, insurances and monthly savings.

As mentioned before, the banking branches played a major role in the crisis time. During difficult times, Garantibank understood how relevant is to have a branch network. It was in the branches where customers were able to meet the bank's staff and discuss the problems they were concerned about. It turned out clear that, in the situation where the trust and confidence was destroyed, there was a need of employees who could calm down the clients by offering reliable information and answering their questions.

The shift of the approach towards clients was highly connected with educating the employees. Due to the change in product strategy and also due to lowering advertisement activities, the role of distribution channels grew. The branches were starting to be used not only as place for selling products. They were becoming a place where Garantibank could meet with the clients. It was important firstly due to the fact the clients were seeking for the contact to receive answers for all of the questions about their financial situation and their conditions further on. Also Garantibank was looking for contact with clients in order to build the relationships. It turned out crucial to make the staff understand the essence of the company's client approach. The staff was the one dealing with the clients and their requests.

During that period, Garantibank in Turkey did not open new branches. This was due to the fact that the company had to hold back any expenditure and all the strategic measures. That was the time to focus on the client and the relations. Nevertheless, all of the respondents underlined that as a channel, the branch

network had a crucial meaning at the crisis time. Of same importance was the telephone banking at this time.

Accordingly, in the first crisis weeks, the personnel took incredibly many phone calls from scared clients. Thus, the company's HR was enormously important. Also, Internet as a distribution channel was not of great importance. Clients used the Internet for transactions, since many clients are online-banking users. Still, no web-site improving was made. Also Garantibank in Turkey did not use the Internet as a crisis source of information for the public.

In terms of price, Garanti did not introduce high provisions. The change was small, but with the scale of customers was able to generate revenue.

The later crisis period for Garantibank in Turkey is followed by calming down the discussions around the Romanian issue. In this time Garantibank became active again on the Turkish market. It was the time from the middle of year 2011 when the bank was coming out of the crisis.

Thus, Garantibank came back to the competition with other banks, and the company could market their products again.

*Getting out of the crisis.* Nevertheless they decided not to issue product at all but instead focused on solutions for satisfying consumers' needs. This approach has been presented already in the earlier stage of crisis. In the recovery period, the bank decided to go on with the new product strategy. No new products were developed; still, one major change took place in the product area. Garantibank started to package their products. Based on clients' profile the bank started offering a composition of banking products that contribute to each aspect of client's financial life. This is, according to Ulrika Castof a way to build long-term relationships with clients and achieve a sustainable growth. In the same time, this

is a way for increasing the share of Garantibank's products in client's portfolio.

Due to applying this strategy, a decrease in sales of some products occurred. Since the crisis period, Garantibank keeps on losing market share in mortgages. Nevertheless, the bank does not perceive this as a drawback, because managers do not want to sell mortgages in which they do not believe, mainly because they do not desire to put their clients in a financially unstable situation. The same happens with credits. Garantibank is in present more cautious when deciding about offering credits to the clients. The credits expansion grew with almost 10% last years. The number of approved credits is not high but there is a nice feeling about selling safe products.

After the discussions about Romania calmed down, Garantibank could finally come up with a powerful marketing campaign. It was the autumn of 2011. As the CEO of Garantibank mentioned, "We waited with the commercials until we thought <<the world is listening to us again, we can speak with the same voice as the others>>". The bank decided for the first time to use bought media to promote their organization. They made TV commercials. The clip was showing the history of Garantibank. The main idea was to promote the organization rather than a specific product. Garantibank wanted to highlight that they are a bank with deep roots. In the same time, a similar TV commercial was made for Romania. This was a strategic move - from that moment on, the marketing campaigns in Turkey and Romania were uniform.

Apart from the television, the video commercial could be seen on the Internet - on Garantibank's web site. Garantibank started an intensive promotion using social media, like Twitter and Facebook. As the CEO of Garantibank said, "we are the biggest bank in Turkey and have the biggest number of clients. We have to respect their voice. We have to listen to their needs instead of thinking what is best

for us as a bank. Otherwise the clients will be disappointed".

One of the corrections that Garantibank also made was being more open in communication. Garantibank decided to be more transparent. Even though the rough time was ended, the bank still did use PR intensively. In this period, the damages in trust towards Garantibank did not increase anymore. Still, as Bennu Ataman mentioned "it takes and will take a lot of time to rebuild the trust that we have lost. We have to be out there to make people believe us again". For doing that, Garantibank's communication specialists were accepting every interview request. The main issue was to build a relationship not only with clients but also with journalists. Accordingly, communication became the crucial part of company's activities. Garantibank understood that marketing is more than just promoting the products.

As already mentioned, the bank made a usage of social media in order to receive feedback from the clients. Feedback and dialog are two things which Garantibank was strongly focusing on, soon after the crisis. The focus was double: knowing the clients' needs and finding a solution to better satisfy them. Garantibank went one step further. The bank is completely aware that the needs could change in accordance to a general macro situation but also because of shifts in private situation of the client. It became obvious that segmenting the market and targeting the groups with sophisticated offers is not enough. Garantibank decided to play the role of an advisor for the clients. They promise to call the clients and ask about changes in their private life. "We will be like your dentist or car mechanic! We will call you and ask if you got married, got kids, lost your job -if anything happened that could change your financial situation", Bennu Ataman said.

At the beginning of the crisis, the main idea that Garantibank was trying to communicate was that Garantibank

represented a safe institution. Two-three years afterwards, the idea changed. As Ataman pointed out, "now we are not talking about that we are a safe bank. We are and there is not much to talk about". Instead, now the bank is saying "We are smooth, transparent and attending ". They communicate this new vision through the brand values and also through other marketing activities. The main focus is on coordination. All of the company areas must be connected for sending out a uniform message.

In the same time, the coordination is highly connected with the bank's staff. As in the hardest crisis time, also later it was crucial to have well prepared personnel who would be able to handle the clients' relations. After 2010, a significant improvement in internal communication of the bank has been implemented. There is a part of Garantibank's web site which is available only for the staff. Every important change in the company is announced there. In this manner the staff always has access to new information that can be transferred to the clients.

When the crisis started, it was clear to Garantibank, how important it is to have the network of branches, where the company can meet the clients. However, the overall trend was to cut off the numbers of branches and to increase the meaning of digital channel instead. Taking both into consideration, Garantibank decided to introduce a shift in the physical channel. The shift was about the role of branches. Garantibank wished the branches to become a place for building relationships instead of only doing transactions. As the CEO said, "going to branch office and withdrawing cash, depositing cash, changing money is out of stone age. It is costly for the three - the society, clients and the bank". "It does not build any relationships", he added.

The main idea of Garantibank is to encourage clients to visit the branches for talking about the needs and manners to satisfy them, and, also for using Internet

for transactions and other operations. Nevertheless, the bank understands that clients might have various preferences towards the manner of using the banking products. The preferences are based usually on the relation between the cost of using a specific channel, the ease and time required to make a transaction through a certain channel. Garantibank is of opinion that a mixed channel should be used. As the CEO said, "most clients are very rational and do not want to spend more money and time than they need to. Therefore there is logic having a multichannel strategy". The multichannel strategy, introduced in 2011 consists of branches, phone banking, ATM, mobile banking, Internet banking and I-pad solutions. The bank is still interested in finding new channels.

Accordingly, the crisis became a stimulus to review also the pricing strategy. Some modifications occurred. On the lending site, the change regarded the way of calculating the rates. Now the rates were addressing more the level of the risk. On the deposits site, the rates have increased because of the interest in having deposits. In order to attract people to leave their capital in bank, Garantibank increased the profits for the clients.

### **Romania**

The crisis in Romania forced Garantibank to modify its product strategy. The main change was in the product selling approach, from pushing the products towards making complex offers that could meet the needs of the client. Garantibank focused on advisory service and consultation. As Bennu Ataman remembers, "We started to analyze the current situation and find new strategy. And we came to the conclusion that a product centered offer is not something that can contribute to a sustainable growth. The most important thing that that we did at this time was that our focus shifted from being a product innovator to become a client relationship builder".

From September 2008, Garantibank no new products were introduced in Romania. However some adjustments and changes in the products were made. One major one was the level of guarantees for lending products and deposits. The guarantees became higher, because of the governmental regulations, which forced the banks to maintain a certain level of guarantees. The clients liked this change because they needed to feel secure.

During the crisis, Garantibank's sales in Romania declined. Bennu Ataman said: "People did not have any extra money for deposits since they were struggling with financial problems". Still, some products didn't decline very much, namely, payment transactions.

Even if the sales decreased the bank cut most activities of media and advertising. That was a big modification since before the bank used to have at least two wide marketing companies per year. The messages focused on pushing products and offers. All of the media were used, since promotion was made via TV, radio, printed adverts, Internet banners and direct marketing. Garantibank reduced the wide campaigns and used mainly Internet, for reducing costs and expenses. Still, as Bennu Ataman stated, "all the messages that came from bank and PR were criticized so it was difficult to come up with a positive message that could create a positive feedback". However, the web site has approximately 400.000 logins per day, which allowed the bank to address the advertising messages via Internet and through direct marketing.

The communication on internet focused on competitiveness of the bank's core product usage. Soon, the focus was changed towards advising consumers how to manage their finances. The task of promotion was to educate clients.

In terms of communication the major issue concerned internal communication. The main problem was how to change the whole bank towards

customer oriented. As Bennu Ataman mentioned, "Before the crises when we were managing the sales we just had some target standards that every worker had to fulfill. But when the crisis appeared we wanted our employees to start building relationships with customers and to ask people about their needs and wants." It was about changing the company and the vision of the brand. The new values are smooth, transparent and attending.

Also, Garantibank communicated through PR. People trusted Garantibank in Romania. Again Garantibank's employees were crucial, so that the message sent from the staff to the public is the same at every level - the branches, regional offices and the higher level of management.

As the CEO remembers, "Human resource and personal contact with consumers was very important. It became clear that there is an additional support needed for people who are asking us for opinion, for viewpoint of bank on what has happened".

Along with promotional activities and the sales, the role of physical channels in Romania decreased. Several branches or services desks were closed. The branches were reduced from 100 to around 70 due to cost reducing, based on the client flow. Garantibank monitored the branches flow and closed those where the visits were low. Interestingly, before the crisis the customer flow monitoring has being made also. The reduction of physical channel did not impacted Garantibank's performance, because of the strong digital channel.

The Internet channel is highly used in Romania. Around 80% of everyday banking is done via electronic channel. Garantibank encouraged the Internet use for payment, everyday transactions and administrative activities.

The prices for banking products have been reconsidered. During the crisis, every announcement about Garantibank increased the debates about the prices, which forced the bank in lowering some of the prices, mainly interbank fees. On the

other hand, the bank introduced fees for card servicing.

Although a bank is bounded while setting the prices, Garantibank in Romania found a manner to stimulate the demand, by using some loyalty programs or bonus programs which guaranteed loyal clients preferable financial conditions.

*Getting out of the crisis.* When Garantibank in Romania started to generate profits again, the bank did not introduce any new products to the market. Still a change was made in the conditions of lending products. The manner of calculating the interest rate changed. Now the risk is counted into the rate. Also, the interest margin is reviewed every five years, which means that every five years the client can choose the most advantageous margin.

Garantibank in Romania introduced a new manner of targeting the market. According to the CEO, "Garantibank clarified the segmenting strategy and based on this is trying to fit the best offer to the customers in order to satisfy their needs".

After the crisis ended, Garantibank focused on building strong relationships with the customers. Garantibank is taking effort to get to know the client's situation - not only financial but also general. Thus, the bank understands what needs do the clients have, thus Garantibank making sure that the offered products are meeting the needs.

For Garantibank it is major to satisfy the customers' needs, build and maintain a relationship with them. Garantibank is no longer seeking for new customers, but focusing on those who already chose Garantibank's products. Garantibank, by its promotion activities is encouraging clients to increase their investments with Garantibank's products, through personal contact and advisory conversations.

A major role is played by promoting complex banking solutions in the Internet. Apart from advertising in

Internet, another manner of promotion is done by the digital channel, due to a program which allows clients to learn about their financial behavior. According to that assessment, Garantibank helps the client to choose the solution that will best fit his financial behavior.

During the crisis, the request and customers' needs changed. Also the customers' expectations toward the manner Garantibank is communicating their message modified. Garantibank had to learn from the change in market. During the crises, Garantibank implemented some tactical solutions to obtain feedback from customers. Thus, the bank found out that customers do not like product-sales based messages. When Garantibank came out of the crisis and began to organize powerful promotion campaigns again, the message in public media was changed to customer-needs based messages. Accordingly, before the bank assumed very much what the customers need and want. After the crisis the bank focuses more on hearing the customers' voice.

Thus, since the beginning of the crisis until now, Garantibank moved towards relationship building. For the company it is important to keep a dialog with the customers. It is also major to show them that the bank does care for them. For this, Garantibank is trying to be as close to the customer as possible.

Also, the role of Internet channel is the same, Garantibank from Romania having started to work with Smartphone applications. The variety of the distribution channels is a manner to provide efficient and suitable place for making the banking transactions and operations.

The same manner as Garantibank maintained the product strategy, which has been worked out in the time of the crisis; also the prices in Romania remained on the same level.

## CONCLUSION

The main objective of this study was to gain better understanding of banks' situation during a global financial crisis

In order to fulfill the objective, two cases of a bank operating in various countries were studied. The research focused on the latest global financial crisis. It was proved that in the two countries (Turkey and Romania) the impact of the global financial crisis has been different. In Turkey Garantibank was affected by negative public opinion and loss of the trust. In Romania the bank's crisis had a business-like basis and was connected to the economic performance of the bank.

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