

BARSERVICE

Towards smart bargaining in the finance sector in Turkey

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Executive summary

This report evaluates the current state, collective bargaining processes, challenges, and potential innovative approaches in Türkiye's banking, finance, and insurance sectors. It examines the economic size of the sector, its transformation driven by digitalization and globalization, and explores the functioning, limitations, and improvement suggestions for collective bargaining mechanisms.

The report analyzes the economic role, scale, and digitalization-induced changes in the banking and finance sector, detailing employee profiles and efforts toward global integration. It discusses the scope of collective agreements, unionization rates, and ten-year trends within the sector. The limitations of workplace-level agreements and the lack of standardization across the sector are highlighted. Structural barriers in Act No. 6356, employer objections to authorization processes, and the impacts of digitalization and green transformation on collective bargaining are also critically examined.

The report proposes a comprehensive and sustainable approach to collective bargaining that addresses the evolving needs of employees. It emphasizes the inclusion of innovative topics such as occupational health and safety, gender equality, digitalization, green transformation, and employee participation in management within CBAs.

The aim of the report is to offer concrete recommendations for transforming collective bargaining processes in Türkiye's banking sector into a more inclusive, effective, and sustainable structure. With an emphasis on the smart bargaining approach and international best practices, the report seeks to protect workers' rights, ensure industrial peace, and strengthen democratization. This analysis aims to provide sector stakeholders with a guiding framework for future developments.

I. Sector identification and trends

The Turkish banking and finance sector plays a critical role in the country's economic stability and growth with its strong capital structure and scale. As of 2024, the sector's total assets increased by 46% compared to the previous year, reaching 29.7 trillion TL. The growth in deposits and equity by 35% and 36.9%, respectively, during the same period demonstrates the sector's positive performance in terms of liquidity and resilience (SBB, 2024).

In recent years, trends in digitalization and technological transformation have come to the forefront of the banking sector. The rapid rise in the use of mobile and internet banking has largely replaced traditional branch banking with digital services. By 2023, the number of digital banking customers exceeded 110 million, highlighting the sector's significant potential in this area. However, digitalization has also led to a downward trend in the number of branches and personnel employment (KPMG, 2024).

As of September 2024, the total number of employees in the sector was recorded as 188,566. Of these, 51.1% were women, and 48.9% were men, with 79% holding higher education degrees. Additionally, 9% of employees had postgraduate or doctoral degrees. Analyzing the workforce distribution by age group, 44% fell within the 36–45 age range, while 38% were aged 26–35. The number of branches decreased to 9,459 during the same period, paralleling the rise in digital banking services (TBB, 2024).

Driven by globalization, the Turkish banking sector has increasingly prioritized international financial integration, adopting environmental, social, and governance (ESG) criteria, and focusing on sustainable finance. This is particularly evident in financing renewable energy projects and issuing green bonds, supporting progress in these areas (BDDK, 2022).

However, global and domestic economic uncertainties, high inflation, and fluctuating exchange rates exert pressure on the sector. In 2024, the policy interest rate was raised to 50%, increasing credit costs and limiting growth rates, while supporting demand for TL-denominated loans (SBB, 2024). Technological changes, digitalization, and globalization have intensified competition within the sector, necessitating the development of innovative products and services. The sector's adaptation to these changes through digitalization and sustainable finance

practices will be crucial for ensuring future growth and stability.

II. Current state of collective bargaining

The collective bargaining processes in the Banking, Finance, and Insurance sector in Türkiye are predominantly conducted at the workplace level. According to 2023 data, a total of 8 CBAs were signed in the sector, covering 22 workplaces. The total number of workers in these workplaces was 33,004, with 24,077 of them being trade union members. Approximately 73% of the workers in workplaces covered by collective agreements are unionized, while the remaining 27% risk being excluded from these agreements but often benefit by paying solidarity dues (CSGB, 2023).

The collective bargaining mechanisms in the sector can represent only a fraction of the workers, highlighting certain limitations in coverage. As of 2023, the total number of workers in the sector was 315,980, but only a limited portion was covered by collective agreements. This indicates that collective bargaining mechanisms fail to adequately reach the broader workforce. For comparison, unionization rates in the sector stood at 32.7% in 2023. This highlights the striking fact that many unionized workers are not covered by CBAs. Employers in the sector possess greater bargaining power compared to the representation rate of workers. Digitalization and technological transformation have reshaped the workforce profile, requiring trade unions to restructure their influence in the sector. However, the limited scope of current collective bargaining mechanisms hampers unions from playing an effective role in negotiations (CSGB, 2023).

CBAs focus on issues such as wages, social benefits, and basic working conditions. However, their workplace and company-level application restricts the establishment of sector-wide standards and broader protection of workers' rights. The discrepancy between the unionization rate and the proportion of workers covered by collective agreements demonstrates the limited representative power of trade unions in the sector. To expand the scope of collective bargaining, it is necessary to strengthen sectoral-level mechanisms. Additionally, enhancing union presence on digital platforms and implementing legal regulations to promote sectoral-level collective agreements could contribute to a more inclusive and equitable structure in the sector.

In 2013, the total number of workers in the Banking, Finance, and Insurance sector

was 267,312, of which 62,412 were trade union members. At that time, the unionization rate in the sector was recorded at 23.3%. The number of unionized workers covered by collective agreements in the same year was 45,717. Furthermore, the total number of workers employed in workplaces covered by collective agreements was 61,640. A comparison of these figures reveals a narrowing in the coverage of collective agreements over the past decade (CSGB, 2013). Over the last ten years, significant changes in worker profiles and employment patterns have occurred due to the impact of digitalization. The proliferation of digital banking and the rise of technology-based jobs have made it challenging for trade unions to engage with workers in these areas. Employers have increased their bargaining power through individual employment contracts and flexible working arrangements.

Additionally, the number of workplaces with strikes in 2023 was recorded as 3, with only 10 workers participating in strikes. This demonstrates that strikes are rarely used as a tool for resolving disputes, underscoring the weak bargaining power of workers against employers (CSGB, 2023). Nevertheless, it should be noted that unionization rates in this sector are above the national average in Türkiye, making it one of the sectors with strong organization. However, the proportion of workers covered by collective agreements does not align with the unionization rates, and the proportion of workers covered by collective agreements is closer to the national average.

III. Challenges to collective bargaining

Structural issues affecting collective bargaining mechanisms and unionization rights in Türkiye negatively impact CBA processes across all sectors. The collective bargaining mechanism in Türkiye faces significant challenges due to legal and structural problems. The dual threshold system under Act No. 6356 on Trade Unions and Collective Labor Agreements, including workplace and sectoral thresholds, severely restricts trade unions' ability to gain bargaining authority. This system hinders workers' exercise of unionization rights and renders collective bargaining processes nearly dysfunctional. Notably, the dual threshold system makes it difficult for a trade union to gain authority even when all workers in a workplace are unionized. This situation threatens not only trade union rights but also the establishment of a democratic work environment.

Another critical issue in collective bargaining processes is the prolonged duration

of certification disputes due to employer objections. Employers' objections to official positive certification decisions based on official records result in lawsuits that often last up to three years. During this period, many workers lose their jobs or trade union membership. Certification-related challenges prevent trade unions from concluding ongoing CBAs in workplaces, rendering the sustainability of collective agreements impossible. The disparity between unionization rates and the proportion of workers covered by CBAs in the sector highlights the visibility of this issue in practice.

The scope of CBAs also stands out as a significant issue. In Türkiye, CBAs are generally concluded at the enterprise or workplace level rather than at the sectoral or national level. This limits their impact and hinders the broader protection of workers' rights. As demonstrated in the data shared above, CBAs in the sector remain limited to the enterprise and workplace level and are often signed with individual employers. Moreover, an evaluation of the general structure of CBAs in the sector reveals that while issues like gender equality and combating discrimination are included, they lack innovative and comprehensive provisions. Provisions exceeding the basic rights defined by law are included in only a limited number of agreements, leading to a low level of gender sensitivity in workplaces. Despite the high proportion of female employees in the banking sector, there are insufficient arrangements in collective agreements to address gender equality. Critical issues such as wage disparities and challenges faced by women in promotion processes remain largely unaddressed in collective bargaining processes.

Sector-specific challenges also directly impact CBAs. Digitalization and automation in the banking and finance sector have accelerated, significantly altering working conditions and worker profiles. As traditional job definitions are replaced by roles based on digital services, it has become harder for trade unions to reach these new worker groups. Particularly, the lack of job security for digital platform workers and the difficulty of including them in collective bargaining processes have become major factors limiting collective bargaining in the banking sector.

Although the unionization rate in the banking sector is above the national average, it remains low relative to the total number of workers in the sector. Moreover, the number of workers covered by collective agreements is significantly limited compared to the total number of unionized workers, reducing trade unions' effectiveness in the sector. The intense competition in the banking sector increases employees' workloads, making it difficult for trade unions to effectively

exercise their representation authority in collective bargaining processes. Additionally, the prevalence of flexible work arrangements and individual employment contracts further restricts the impact of collective bargaining. Competition among trade unions in the banking sector also undermines the effectiveness of collective bargaining processes, making it difficult to advocate for workers' rights from a broader perspective. The prolonged duration of certification lawsuits and employers' practices of dismissing workers or hindering their participation in trade union activities during this period are major problems in the sector's collective bargaining mechanisms.

To address these issues, comprehensive reforms to Act No. 6356 are essential. The dual threshold system should be abolished, and restrictions such as the requirement for trade unions to exceed the sectoral threshold should be eliminated. Certification processes for CBAs should be expedited, and objections should not be allowed to halt collective bargaining procedures. Sectoral-level agreements should be encouraged, and the extension mechanism should be implemented effectively to broaden the scope of collective bargaining. Issues such as gender equality, combating discrimination, and improving working conditions should become integral parts of CBAs. These steps will contribute to building a democratic trade union structure in Türkiye and enhance the functionality of collective bargaining mechanisms.

IV. Towards Smart Bargaining

Smart bargaining is an innovative approach aimed at making collective bargaining processes more effective, inclusive, and sustainable. This concept emphasizes enriching collective agreements with innovative and solution-oriented provisions tailored to the dynamics of the sector, rather than limiting them to basic rights and wage regulations. In a sector like banking, characterized by digital transformation, long working hours, and high workloads, smart bargaining necessitates comprehensive coverage of issues such as occupational health and safety, gender equality, digitalization, hybrid work arrangements, participation in management, and green transition.

Implementing smart bargaining processes in the banking and finance sector requires collaboration among trade unions, employers, and public authorities. The sector, defined by long working hours and intensive workloads, needs collective agreements to address issues such as reducing working hours, revisiting overtime

regulations, and balancing workloads. Additionally, clarifying job descriptions and incorporating provisions that enhance job security into agreements is essential. Post-pandemic hybrid and remote work arrangements have increased occupational health and safety risks in the banking sector. Collective agreements should include provisions to meet the ergonomic needs of remote workers, address measures for occupational accidents and diseases, and manage psychosocial risks. Furthermore, performance-based compensation systems, prevalent in the banking industry, can lead to stress and perceptions of unfairness among employees. Therefore, collective agreements must establish transparent and fair performance evaluation systems, standardizing both base wages and performance-based additional payments.

Provisions promoting gender equality and work-life balance should be incorporated into collective agreements. Regulations to prevent harassment and violence, expand parental leave, provide workplace childcare services, and address career progression with a gender-sensitive approach are crucial. Specific clauses should also be included to eliminate barriers faced by female employees in promotion and career development processes.

Digitalization and green transition processes in the banking and finance sector necessitate redefining employee skills and enabling adaptation. CBAs should include policies that enhance employees' digital skills, ensure job security, and mitigate the impacts of green financing projects on employees through just transition measures.

An essential component of smart bargaining processes is encouraging participation in workplace management and establishing various committees. Structures such as occupational health and safety committees, gender equality committees, and digital transformation committees, involving employee representatives, can facilitate active employee participation in decision-making processes. These committees not only contribute to fostering a democratic workplace environment but also ensure broader involvement in decisions taken during collective bargaining.

Strengthening collective bargaining processes in Türkiye requires revising the existing legal framework. The dual threshold system under Act No. 6356 must be abolished, and restrictions such as the requirement to meet sectoral thresholds for trade unions should be removed. Certification processes for collective agreements should be expedited, and objections to positive certification decisions

should not halt collective bargaining procedures. To include topics such as digitalization, green financing, and gender equality in CBAs, general labor legislation must be revised to encompass these areas. These revisions should encourage sectoral-level collective bargaining and establish standards across workplaces.

International trade union federations and social dialogue mechanisms play a crucial role in promoting smart bargaining processes in countries like Türkiye. The directives of the European Union and international labor rights standards provide valuable references for expanding the scope of collective bargaining at the local level. Hence, it is vital for sectoral trade unions to maintain relationships with international and regional trade unions, focusing on collective bargaining discussions. Moreover, full compliance with EU directives, as well as the conventions and guidelines of the UN, ILO, and other international institutions, should be ensured, with particular attention paid to successful practices in the sector.

In conclusion, the smart bargaining approach offers a model that protects workers' rights while supporting employers' goals for sustainable growth in the banking sector. Addressing a wide range of issues, from long working hours to digitalization, gender equality to green transition policies, this approach will make collective bargaining processes more inclusive and innovative in the sector. Steps towards democratization, such as fostering workplace participation and establishing committees, not only broaden the scope of collective agreements but also actively involve employees in decision-making processes. This enhances the functionality of collective bargaining mechanisms while strengthening workplace harmony within the sector.

V. European Perspectives

The European Commission's Adequate Minimum Wage Directive emphasizes the importance of ensuring fair wages and expanding the scope of collective bargaining. While Türkiye is not a member of the European Union, this directive serves as a significant reference point for labor market reforms and collective bargaining practices. In Türkiye's banking, finance, and insurance sector, where trade unions such as BASS, BANKSİS, BASİSEN, BANK-Sİ-SEN, BANK-SEN, and ÖZ FİNANS-İŞ operate, this directive highlights the necessity of establishing wage standards in line with the principles of fairness and economic sustainability.

The role of international social partners, such as UNI Global Union, in supporting collective bargaining is critically important for advancing workers' rights. In Türkiye's banking and finance sector, trade unions such as BASİSEN and BASS are members of UNI Global Union. UNI Global Union's Global Framework Agreements (GFAs) with multinational corporations establish principles for fair labor practices, which can serve as examples of good practices even if these companies do not operate directly in Türkiye. Turkish trade unions can leverage these agreements as a valuable foundation to strengthen their collective bargaining power and secure better conditions for workers. Additionally, Turkish trade unions' affiliation with umbrella organizations such as the European Trade Union Confederation and the International Trade Union Confederation underscores the potential for enhanced collaboration among stakeholders at both the European and international levels, particularly in strengthening the content of agreements.

The EU Adequate Minimum Wage Directive and efforts by EU-level social partners provide a strategic framework for improving collective bargaining in Türkiye's banking, finance, and insurance sectors. By drawing on the experiences of umbrella organizations such as UNI Global Union and evaluating international framework agreements as examples of good practices, trade unions in Türkiye's banking sector can expand the scope and content of CBAs.

VI. Conclusions

The banking, finance, and insurance sector is a critical component of Türkiye's economy and has undergone a rapid transformation in recent years due to dynamics such as digitalization, globalization, and technological advancements. These changes have profoundly impacted working conditions and worker profiles in the sector, presenting new challenges and opportunities for collective bargaining processes.

Collective bargaining processes in the banking, finance, and insurance sector are a critical area that must be reconsidered within the framework of the sector's dynamics and the evolving needs of employees. Factors such as digitalization, green transformation, and global economic uncertainties directly influence collective bargaining mechanisms, underscoring the importance of the smart bargaining approach. Smart bargaining offers a comprehensive and sustainable framework for collective bargaining that encompasses not only basic rights and

wage regulations but also issues such as occupational health and safety, gender equality, skill development in digital technologies, and just transition policies.

In the current collective bargaining system, agreements at the workplace and enterprise levels have limited scope, hindering the establishment of common standards at the sectoral level. This is particularly evident in the banking sector, where unionization rates are relatively high, but the proportion of workers covered by collective agreements remains low. Issues such as performance-based pay systems, long working hours, flexible working arrangements, and hybrid work models necessitate innovative solutions within collective bargaining mechanisms. The European Commission's Adequate Minimum Wage Directive and framework agreements from international organizations such as UNI Global Union provide significant references and guidance for Turkish unions. These international documents create opportunities to enrich the content of collective agreements and address employee rights from a broader perspective. In particular, incorporating issues such as gender equality, work-life balance, digitalization, and green transformation into collective agreements will play a key role in meeting the evolving needs of employees.

In conclusion, transforming collective bargaining processes in the banking sector into a more inclusive and innovative structure is essential for protecting workers' rights and supporting employers' sustainable growth objectives. The smart bargaining approach not only enhances employee welfare but also strengthens workplace harmony and contributes to creating a more democratic work environment. Additionally, strengthening the national and international collaborations of trade unions operating in the sector will be a critical step toward increasing the effectiveness of collective bargaining mechanisms.

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