

# Harvard Business Review

TÜRKİYE

CEO'LAR ZAMANLARINI  
NASIL YÖNETİYOR?

Michael E. Porter ve Nitin Nohria **SAYFA 40**

TEKNOLOJİ TOPLUMUN  
ÖNÜNE GEÇERSE

Tarun Khanna **SAYFA 68**

3D BASKI REHBERİ

Richard A. D'Aveni **SAYFA 88**



HBRTURKIYE.COM  
TEMMUZ  
2018

# YAPTIĞINIZ İŞİN BİR ANLAMI VAR MI?

Amacı  
Performansa  
Dönüştürmenin  
Yolları  
**SAYFA 60**



FİYATI 25 TL (KKTC 30 TL)

ISSN 2147-3773



9 772147 377000

AN INTERVIEW WITH  
INTERBANK CARD  
CENTER'S (BKM)  
CEO SONER CANKO  
ON CREATING A  
SUCCESSFUL BRAND  
BY LEVERAGING THE  
OPPORTUNITIES  
IN THE ECOSYSTEM

Soner Canko

**I**t all began with the rise of digitalization around the world; it was not until 2010 when we started to see the reflections of this trend in Turkey. We realized, back in the day, that Turkey was going through a major change: online payments started to increase exponentially with a much higher growth rate than conventional payments. We spent significant time to understand the drivers of this change. If you thought about how our life was back in 2010, you would remember that smartphones were not as smart; Blackberry with a keyboard was the “smartest” phone we had. User experience with these phones was not so good, tablets were in their initial stages in terms of technology and we still were using PCs and laptops. And yet there was a serious surge in online payments. We started to buy diapers, milk, tickets... basically everything online.

This development brought both opportunities and risks. The opportunity lied in the fact that there was this attractive trend and if one could figure out how to use it in one’s advantage and grow the industry, one could create value. On the other hand, fraud and (identity) theft using technology and social engineering were also on the rise, which posed certain risks for the industry as far as online payments were concerned. We pushed and conditioned ourselves to use the opportunities in the best way possible while lowering the risks. As a first step, we examined the benchmark cases all around the world; yet, this trend was a unique one and existing cases did not tell us much. We had to think of something that did not exist; we needed to think out-of-the-box and come up with something new. We sat down with each and every stakeholder linked with digitalization in Turkey and brainstormed to find a common solution that can minimize the risks while accelerating the online payments. This process led us to the digital wallet idea that we call today as BKM Express and that has left 6 years behind.

## BIRTH OF AN IDEA

Let me share with you a memory that I remember even today. In November 2011, we went to Paris to attend one of the biggest fairs in card payments in the world. We were accompanied by almost 20 Turkish media representatives. The plan was to both visit the fair to see the latest developments in the global payments industry and to introduce our digital wallet solution with a press conference. Today, I can explain what BKM Ekpress is with ease, but back in the day, it was very challenging to convey this idea. For sure, digital online payments had already existed in the world, but what we envisioned, our wallet solution, was much more complex. So, it was very critical to put together the right words to explain

this complex idea and help the participants imagine what this solution would look like. That morning, before the press conference, I was still thinking about how I can explain it with utmost efficiency. This is how I came up with the answer: I took out my leather wallet from my pocket. Back then, wallets were two layered and very thick with quite an amount of bills and a few cards in them. I thought, “Ok, this is a wallet and we are trying to explain something about this. To do an online payment, what I do is to take out a card from it and enter the card information.” Then, I put the wallet aside, and I asked myself “What are we doing with our solution?”; “Our solution lets us to complete all this process even if one forgets his/her wallet at home, at the office or in a hotel room. That is, through our solution one takes a digital copy of one’s wallet everywhere with him/her.” And then, I had my “Eureka” moment; I was as joyful as a child like Newton jumping while yelling “I found it”. I found the definition I was looking for: “Digital wallet”; yet it was a very assertive one.

Until then, it was a term that had never been used. Of course, some big companies had similar products but none used “digital” and “wallet” together to define them. I mean, today this term is an ordinary one, but back in the day nobody used it like that. So yes, I came up with this idea hours before the press conference but using this term was still risky. In the end, there was no benchmark that people could relate it to. If you make this presentation in the USA, they won’t ask you if it’s going to look like a digital wallet made in Mars but when you do it in Turkey, they might ask “Is it going to be like the application that Amazon is using in the USA?”, that’s a risk. But it was worth taking the risk and when I went to that meeting, I literally took out my wallet and started my talk by saying “Today I am here to talk about digital wallets” and finished it like “Today I talked about digital wallets”. 6 years have passed since then and my definition still preserves its validity and power. Later on, we branded BKM Ekpress as “Turkey’s digital wallet”. The reason we use “Turkey” is to point out that it is a local solution developed in Turkey by Turkish engineers, and valid within Turkey’s boundaries.

So, this is how it all started. However, as our elders say “Eat a big mouthful, but don’t make big promises”. These big promises imposed intense stress and a serious workload on our shoulders. Press conferences are the easiest part of our jobs, you only share the news and walk out. After that, however, you have to make a reality of what you said because the next press conference is right around the corner before you know it. This is exactly what happened in our case. 7 months after we introduced the idea of a “digital wallet” in this global fair, we had another press conference in June 2012. This time, I was on the stage to introduce the actual wallet, BKM Ekpress, I explained in November 2011. On that day, with the participation of 9 banks and 6 brands, I

---

introduced the digital wallet as a platform for fast, easy, and secure payments without entering card information. 6 years ago, Turkey's first and most common digital wallet BKM Express went into operation with 5 merchants and 9 banks. Over time, it has become a free of charge, fast, easy, and secure digital payment device with 30 thousand service points, which serves to over 1.5 million members. Thanks to our innovative perspective and motivation, we have added new and innovative features to it one after another every year. Mobile application, in-store face-to-face payments, one click payment, and payment without cash register, which is a first in Turkey, are a few to name.

## TO BECOME ONE OF THEM: A CHANGE FROM SUITS TO SHORTS

As I mentioned earlier, card users demanded a fast and easy payment solution for online payments. This posed certain security risks and we had to lower this risk. That's how our wallet story has begun. But, in fact, it was more than that. In hindsight, I can see that it was also the start of an important cultural change. While trying to fulfill the great promise we made back then, we also started to change ourselves to better understand digitalization and make sense of it. I'd like to share an anecdote to explain it better... Before I took the job at BKM, I was working at a state bank. I only wore white shirts and dark blue suits, and that was the norm for me. But this dress-code does not really go hand in hand with what you do as the ambassador of a digital wallet solution. Even that outfit poses a limit, an obstacle because you visit new and dynamic stakeholders, for example, a startup with 4 employees, talking about integrating BKM Express as a digital wallet. However, you look a little bizarre; those youngsters wearing shorts while you wear dark blue suits and white shirts with a tie. You do not come across as a digital-savvy person no matter how adorable you are. They don't consider you as a part of their world. That's why, understanding and making sense of digitalization was very important. Immediately, we have decided to change our whole attitude from the words we used to clothes we wore. I'm talking about year 2010, 2011. Technologies that we considered mature today were just emerging back then. It was a period, when digitalization as a phenomenon was just rising and everybody was trying to be assertive. So, our efforts to fulfill a big promise on digital wallets, also triggered a cultural change. Our first action was to adopt entrepreneurial spirit within BKM as well. We started to question things like "why we would have 10 people, if 4 youngsters can do the job as well". We employed some programs and took consultancy services to manage this cultural change. Our

motto was that "everyone should take responsibility". Looking back, I can say with confidence that what we did best was to learn how to put theory into practice. I mean we trained people to think this way.

## THE BIGGEST CHALLENGE: CULTURAL CHANGE

So, we started the change from within before going out and telling how we changed the world of payments. Of course, it was not all rosy and we had some difficulties and obstacles along the way. To be honest, the biggest challenge was to change the mentality of our employees. Not the investors, not the industry, not the other stakeholders; but our own people. Because everyone focused on protecting their comfort zone. The most time-consuming and exhausting part for us was to change this mentality within the company. To achieve this, we first determined our targets. Then we made sure that these were communicated to everyone and we were all on the same page about these points. People, who adapted well to the new culture stayed and have contributed to BKM that is today, the innovation power-house of Turkish payments industry. Of course, there were also people who could not adapt to the change, with whom we had to part ways. This may sound sharp and excessive, but it was necessary for change; however difficult it may be, especially in an institution like ours playing a central role in the industry. When I first started my job at BKM in 2011, the main motivation for those looking to join the company was job security. They were planning to retire from here. Today, in 2018, everyone knows that they cannot get a job at BKM for job security. This is a major change. If there is a change going on here, you will be a part of it. "Now this is our standard for everyone at BKM, including me. Will you join change? Otherwise you don't belong here." Conveying this message was the hardest part of the work.

## WE USE THE POWER OF THE ECOSYSTEMS THAT WE HAVE CREATED WITH OUR BRANDS AND INNOVATION PROJECTS.



The second major challenge after changing the company culture was to get accepted in and fit into the ecosystem.

## BENEFITING FROM THE ECOSYSTEM ON OUR WAY TO SUCCESS

Before the change, we were a B2B company serving banks, a company that did not go out. With the change, for the first time we reached out to other stakeholders in the ecosystem. We visited Turkey's largest e-commerce company at its office in Akmerkez. We talked with the executives and told them what we had done and what our future plans were. We visited newly established startups with which we had not have any contact before. The young people there gave us inspiration. In that sense, it was very important to us. We still think we have a lot to learn from no-name young startups, which are full of brilliant ideas. Today I received an e-mail about a startup idea and I was very excited. I can't help asking myself "What can I learn from this?" Our greatest works were inspired by them and their ideas.

There was a risk that our new way of operating and our new products would not be welcomed by the ecosystem and we might have some resistance from institutions, regulators, startups, etc. Fortunately, this was not the case and the digital ecosystem welcomed us very warmly. This was thanks to the fact that our motivation was not generating profits by competing with them, but enlarging the market and lowering the risks and thus creating value for everyone in the ecosystem. But they also warned us: "We may not welcome you forever. We welcomed you warmly and tried the solution you offered but you will stay with us only if you turn this into success for our business. There is no open check forever, there is an open check with a limited duration." This became another source of stress. I will not pronounce the name, but the founder of one of Turkey's largest e-commerce sites gave me one year and said: "We'll let you in, you'll meet our users. But to go on working together, you have to realize your plans in one year and satisfy our users. Otherwise we will dismiss you at the first opportunity we have." In that meeting, I felt both very happy and very concerned for the first time. It was like a cocktail of emotions. On the one hand, I told myself we did a very good job; on the other hand very stressful days were awaiting us. At the end of one year, we had to be successful. And thank goodness, we made it. Today, we have achieved success irrevocably.

All these have thought us the magic of establishing an ecosystem. Having faith in that the entrepreneurship will shape the future, we realized StartupDostu.com,

the only aim of which is to contribute to the growth of Startup ecosystem and to encourage and inspire the organizations to be startup-friendly. We helped SosyalUp.net, the social entrepreneurship platform of Turkey, which gathers all the actors that focus on solving the social problems by raising the awareness in the society. In 2016, we supported the realization of "FinTech İstanbul" platform purpose of which is to bring the stakeholders together and accumulate the required knowhow for the healthy growth of FinTech ecosystem in Turkey.

In brief, we transformed ourselves. We explained the change to the ecosystem and got their approval and acceptance.

The other important stakeholder, apart from our employees and the players in the ecosystem, was of course the users. It was yet another challenge to explain ourselves to them. People did online shopping but how would they accept this as a mobile wallet or payment model? Looking back, I can say that there were users who needed such a solution and thus were very supportive. This encouraged us a lot. However, this group of people was not continually growing. It grew up to a certain point but then the growth stopped. I mean the "early adopters", people who adopt the technology earlier, at the famous innovation curve. Especially the "early adopters" in big cities gave us such a growth that we thought we would continue to grow so. Then we hit the wall. At this point, we realized that the fact that BKM is a non-profit organization gives us the opportunity or the luxury to question whether we do our job well. Questioning ourselves, we understood that there were things we had done well but there were also things we had not not that well. We motivated ourselves to make up for our mistakes in the past by delivering better solutions. For example, mobile was one major demand on the user side at that time. When we first launched BKM Ekpress, it was for desktop use but there was a growing demand for the mobile solution. In fact, 5 out of 100 online payments were done through mobile and we didn't want to divert 95 percent of our effort to this 5 percent. However, the rising demand and moreover insistence from that 5 percent coupled with mobile transformation we went through, brought me at a decision point. We would either lose or gain a significant reputation, depending on our success, by being an "early adopter" moving into mobile world. Was that too early or was it high time we did that? Fortunately, we were lucky because we had done our homework. First, we launched the Android solution and after three months, we launched the iOS one. Even during those three months, we had difficult times. The iOS developers rose up as 80 percent of the transactions were iOS based, and our initial solution was Android based. But we had made the right decision and the risk we took paid off. Last week I better realized

---

this in a meeting abroad. Facebook was debating, as late as in 2013, whether to create its native mobile application or not. Learning that in 2013 Zuckerberg was also trying to decide about making mobile investments, I acknowledge the level of our “craziness” in 2012.

Let me tell you a mini anecdote to illustrate how crazy we were. Our company has 150 people now, and at that time we were 100 people. All 100 dedicated themselves to mobile shopping; we tried to buy everything through mobile even the smallest things like batteries. We wanted to experience the mobile payment journey from beginning to end, shopping for everything through mobile. And not only us; the whole ecosystem joined us. This craziness became so big that the deliveries piled up at our reception desk. I didn't give the battery example randomly. Because the battery was the cheapest thing to be bought online and used all the time, everybody ordered battery and “Eti Cicibebe” baby biscuits. Those were the most popular products at that time. So, they are very special for us. When we ordered Eti Cicibebe baby biscuits for 1 TL, some shipment companies contributed to our efforts by offering free-shipping during our testing period. The office was full of cargo packages but the mobile was our obsession. I'm very proud to say this. Yes, we took the risk, but the user showed us this trend even before a world-giant brand. We listened to the users' needs. We shouldn't forget that the user is a very critical element and one should be able to take the full advantage of the users' insights.

Clayton Christensen has a theory called “Jobs to be Done”. In fact, each and every product solves a problem for the customer. The theory says that the important things is whether that problem is understood or not. We understood that problem. That problem is the need for speed, ease of use and doing everything with one click which we call “uberization”. When you offer these, the consumers certainly embrace you. Understanding the user is very crucial. For example, first BiTaksi demanded the one click solution from us in 2013. Our initial response was that one click payment was not possible due to security concerns. Our first meetings were about these issues. We had an irrational demand and we grumbled in return. Today nearly 35 of our member merchants use one click payment function. You are turning a vision into action, then that vision improves with clients and ecosystem. In digital economy, there is such a magic, such a power, such an energy that if you listen to your customers, become good partners with the players in the ecosystem, behave honest and work hard, and offer timely service you do not have to make a special effort and be equipped with special talents. Just ride the waves, and they would take you to a nice place.

## WHAT WE DID BEST WAS TO ADAPT OUR THEORETICAL KNOWLEDGE INTO PRACTICE.

### CREATING TROY BRAND BUILDING ON THE TRUST BROUGHT BY THE WIND OF CHANGE

I have talked about BKM Ekpress in length, but this should not undermine the success of our other brands. All these stories about BKM Express I have been telling are what helped us gain self-confidence and encouraged us to create new innovative solutions catering to the market needs. For example, following up the trends in the world and also in Turkey, we had the courage to put our own brand at the bottom right hand corner of cards and created TROY, Turkey's Payment Method. TROY is inspired by Turkey's social dynamism and payment habits over the centuries. We have received full support of everyone from our shareholders to our employees and other stakeholders in the ecosystem while creating TROY, a brand that belongs to our country. Today, TROY has 28 members including 25 banks and 3 electronic money institutions. These 28 members represent 100 percent of Turkish payments market. Cards with TROY logo are valid in 190 countries in the world, in over 43 million shopping points and in 2 million ATMs.

Turkey had debated to create its own card payment method and brand for over 30 years, but had not taken any step until recently. We, as BKM, said, “Lets discuss it one last time, and take a step finally.” The transformation we have achieved with BKM Ekpress was such a great power that we received full support from our shareholders, from the industry, from our employees and from all other stakeholders. TROY's

# BKM Ecosystem in 2017

<p>Fintech Istanbul</p> 	<p>StartupDostu.com We empowered the entrepreneurship ecosystem.</p> 	<p>SosyalUp.com</p> 
 <p>We contributed to the development of Fintech ecosystem.</p>		<p>We established the communication platform of social benefit.</p> 

## BKM Express pioneered e-donation system in Turkey



launch was a historic moment for the market history; today, TROY is growing fast. It's only 1 year since the first commercials last year and we have achieved a historic success with TROY, as the fastest established and growing card scheme in the world. In one year since our first commercial was broadcast, cards with TROY logo have entered over 3 million wallets. In the last one year, TROY cards have been used for 327 thousand transactions, in the web and mobile, worth of 36 million liras, 28 million liras of which were in the first 5 months of 2018 alone. TROY gets support also from the regulators and is a priority now in the government's medium-term plans. Implemented at the right time aligned with both local and global trends, TROY has made a successful debut. It seems, a digital transformation starts with a product, and then continues with other products and changes the shape the entire way of doing business in the company.

At TROY, our mission is to help the millions of people, over twenty million to be exact, including youngsters, women and retired get access to the financial system and increase financial inclusion in Turkey by touching upon these people's life.

As BKM, blockchain is another topic in our radar that is expected to change the way of doing business in many industries. In order to understand the blockchain technology better and how mature it is yet, we have been doing proof of concept projects with various blockchain platforms and sharing the results of these projects in form of books and reports.

## FOR SOCIAL BENEFIT: E-DONATION

Creating social benefit while doing our business is a priority for us. Accordingly, we as BKM with a high level of awareness about social responsibility have become the leaders of not just shopping, but also e-donation through BKM Express. We are proud to make e-donation easy and accessible. We are happy to announce that as of May 2018, we have enabled 250 non-governmental organizations to receive 4.3 million TL of donations gathered from 228.000 transactions. We believe every change starts from the inside first. In this context, at BKM, we care about the "experience" culture. We encourage making donations everywhere in our office including meeting rooms and even at coffee stalls. As BKM, we pioneered innovation in the market by taking advantage of the ecosystem's power. We are going to continue to use this power.