

# **KONDA**

# **Barometer**

***THEMES***

**Investment Preferences**  
***May 2014***





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## **1. EXECUTIVE SUMMARY**

The survey which forms the basis for this report was conducted on May 3-4, 2014 by face-to-face interviews with 2621 individuals in 144 neighborhoods and villages of 114 districts including the central districts of 29 provinces.

### **INVESTMENT PREFERENCES OF THE SOCIETY**

In order to understand this month's theme of investment preferences, firstly we examined the financial situation of the society. Half of the people in Turkey are indebted to banks or individuals and again half of them pay monthly installments or debts for house or automobile purchases or for education. Consequently, only 27 percent of the society is able to make investments. Two in every three people own a house and 42 percent own an automobile. Factors such as modernity, religiousness and residential area are prominent in house ownership therefore it may not be directly related to economic condition but automobile ownership may be considered as an indicator of the economic condition. In addition, although married people with children seem to enjoy better economic conditions, they are in fact in debt at higher rates.

When asked about their preferences for investment tools, the cluster of 27 percent that is able to make investments answered as follows: gold, bank accounts and real estate, in the order of preference. Foreign currency and stock shares are used only by 1 percent of the society. The prominent criteria in deciding for an investment tool are the security of the investment tool, high return rates and low risk rates. However in general, two in every three people prefer low risk to high return. The clusters that are able to make investments most are higher income classes, university graduates, married people and the age group of 29-43 years.

The society in general makes investments or savings mostly for the aim of purchasing a house or providing education for their children. The aim of the investment/saving varies in terms of lifestyle and rural, urban or metropolitan residency.

The investment decisions are taken in consensus in one of every three household, yet a striking male dominance is observed. 39 percent of males and 12 percent of females take investment decisions themselves. Married men have far more say in this matter compared to single men however the rate is reverse for women: the right to decide passes from the senior members of the family to the husband.

Half of the society considers their knowledge and analysis sufficient in taking investment decisions. However, most of those who find themselves sufficient in this matter do not invest. Those who rely on economy/finance news or employees of brokerage houses/banks invest at higher rates. The leading consideration for those who rely on their social circles in making investment decisions is low risk whereas it is liquidity for those who rely on news and security of the investment and partly low taxes for those who rely on employees of brokerage houses/banks. In addition, among those who rely on brokerage houses, the importance of liquidity drops in half.



The amount of the investment also influences the decision: If they gain an unearned income of 10 thousand liras, one in every three people considers firstly closing their debts or meeting their short termed needs. When the amount is raised to 1 million liras, the number of those who consider directing the money to charity and starting a business increases. On the other hand, whether it is 10 liras or 1 million liras, 5 out of every 10 people state that they will use the money for investment and 1 states that he/she will spend it without making any investments.

It might be concluded that the society in general has awareness and intent for investment. People have quite clear ideas as to what to invest and for which aim the investment is made be it a small or large investment. However, the fact that the half of the society is in debt is an obvious indication that people cannot take decisions for investment and cannot benefit from investment tools even if they wish so.



## 2. INVESTMENT PREFERENCES

### 2.1. Financial Conditions of Households

Before analyzing respondents' investment preferences and decisions, it is necessary to get a grasp of their financial conditions and if they have the means to make investments. Financial conditions also provide clues on the factors that investment decisions are based on.

First of all, we will take a look at the monthly household income, a parameter we inquire in every Barometer research. 40 percent of households in Turkey have a monthly income less than TRY 1200, while 32 percent have TRY 1200-2000, and the remainder 28 percent of households receive more than TRY 2000. According to these figures, the average monthly household income is TRY 1886, and average monthly income per person is TRY 588.

Monthly Household Income	Percentage
TRY 300 or less	1.5
TRY 301 - 700	6.9
TRY 701 - 1200	31.4
TRY 1201 - 2000	32.1
TRY 2001 - 3000	17.5
TRY 3001 or more	10.5
Total	100.0

Social classes, which are another indicator of the level of income, are broken down according to income per person and car ownership. Some of the households with a high monthly income may be quite crowded; therefore, they may correspond to a lower social class despite their high income. Consequently, social classes should be considered as a rather meaningful indicator when investments are in question.

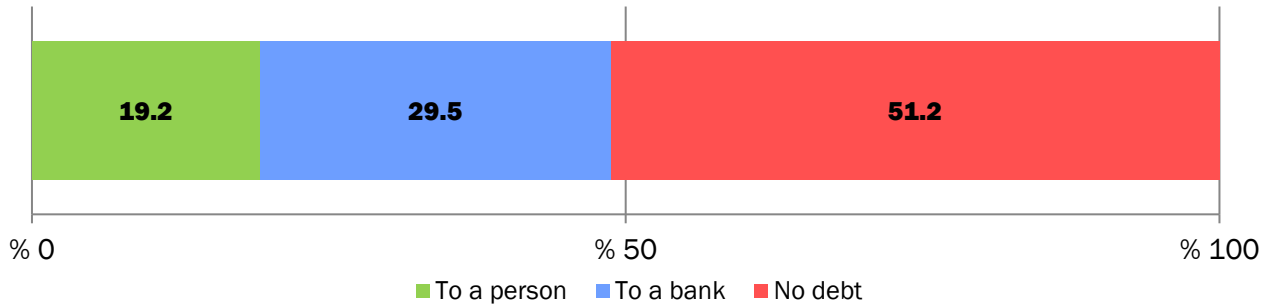
Social class	Percentage
Lower	19.6
Lower middle	35.5
New middle	24.8
Upper	20.1
Total	100.0

We asked respondents about the debts and installments they had to pay, with the purpose to estimate the balance between household income and expenses. Half of respondents owe money either to banks (30 percent) or to another person (19

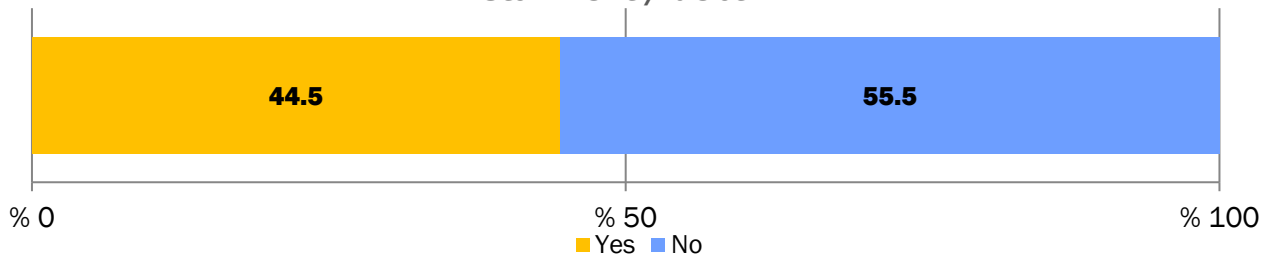


percent). Likewise, almost half pay installments for housing, car, furniture or education.

### Do you owe any money to a person or a bank?



### Installment / debt



Do you pay installments for any of the below?	Percentage
Housing	11.8
Car	10.3
Furniture	18.7
Education	7.8
Vacation	.6
Total	-

The responses demonstrate that it is quite common to borrow money from a family member or a friend: 61 percent of the respondents state that they borrowed money from a family member or a friend. Bank loans are not as common; but even so, 35 percent of the respondents, i.e. one out of every three people, appeal to a bank at some point.





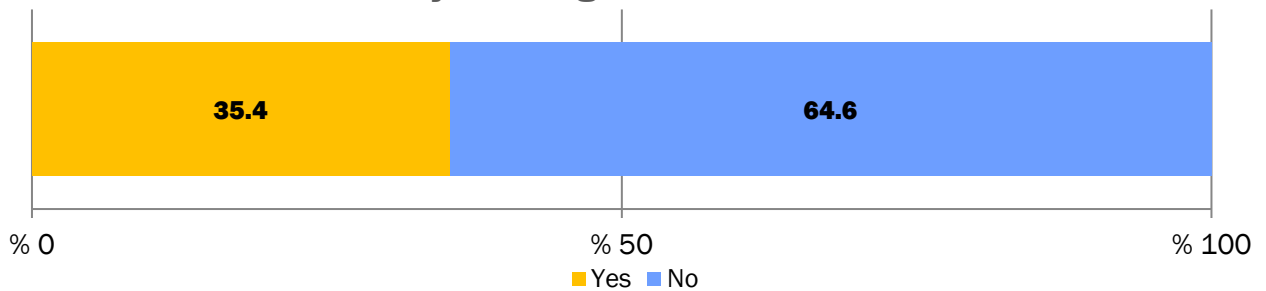
*“Arrgh! When you have debt to pay, you need to compromise on many things, compromise on yourself, compromise on your life; because you need to pay the debt. You list down the things that need to be paid, but you have a certain income. You need to afford a living, you need to do this, do that.”*

**(In-depth interview: 28 - Female - Religious Conservative- AK Party voter)**

When we observe the types of bank loans respondents appealed for, we can conclude that mortgage loans and car loans are the most common. It is also notable that 3 percent of respondents had to get a bank loan to pay another debt.

Did you ever borrow money from a family member/a friend?	Percentage
Yes	61.2
No	38.8
Total	100.0

**Did you ever get a bank loan?**



*“I try not to take a loan for with a term of more than two years, I even try to avoid loan terms longer than 18 months; otherwise, what you will be doing and the direction you will take for the next two years is more or less set. I would not like to have a binding long term debt, such as a mortgage loan for 10-15 years.”*

**(In-depth interview: 30 - Male - Modern - CHP voter)**



Did you ever get a bank loan? What was the loan for?	Percentage
Mortgage loan	14.8
Business loan	6.3
Car loan	12.4
Wedding loan	.3
Student loan	3.8
Loan to pay another debt	3.0
Total	-

*"I think, today getting a bank loan is the best; because no one wants to lend money to another anymore."*

**(In-depth interview: 43- Female - Traditional Conservative- Ak Parti voter)**

*"Of course, I have debt. You should have debt to pay, so that you have to work. If one does not have any debt to pay, then he lays around, why? You work to pay your debt, but you have the same income. You have to work to pay what you owe, because even if you are not working, you get into debt. You sit here the whole day, but still, you get into debt. Why? Because you get hungry and need to eat. What do you need to do to get food? You have to work, period."*

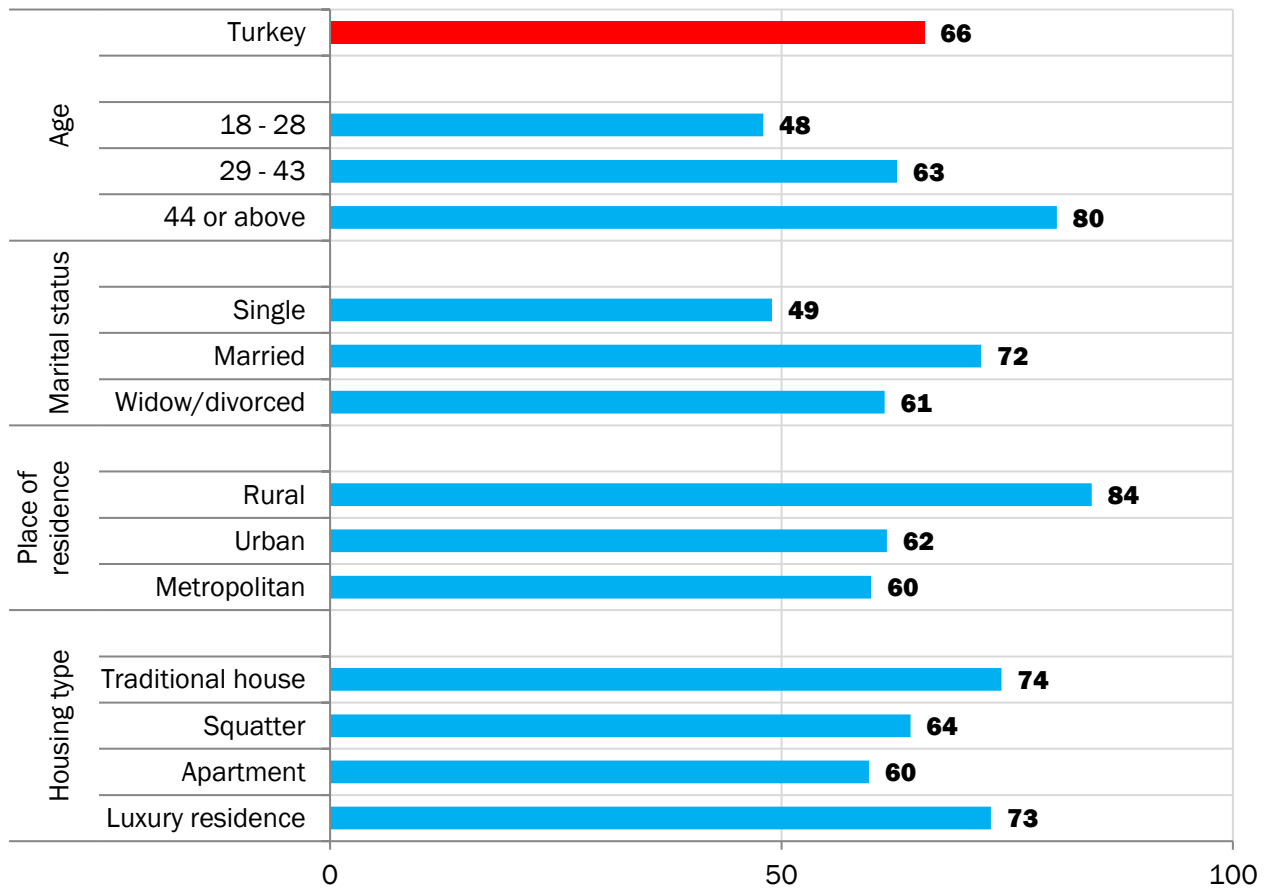
**(In-depth interview: 35 - Male - Traditional Conservative - AK Party voter)**

### **2.1.1. Home ownership**

In Turkey, one out of every three people own a house. As the graph below presents, age, marital status, place of residence and degree of piety are factors that increase the possibility of home ownership. In other words, respondents who are older, who are married, who live in rural areas and who feel more religious have a significantly higher possibility of owning a house. When a respondent holds more than one of these attributes, the possibility becomes even higher. For example, 92 percent of respondents who are pious and 83 percent of respondents who are above the age 44 own a house.



## Home ownership



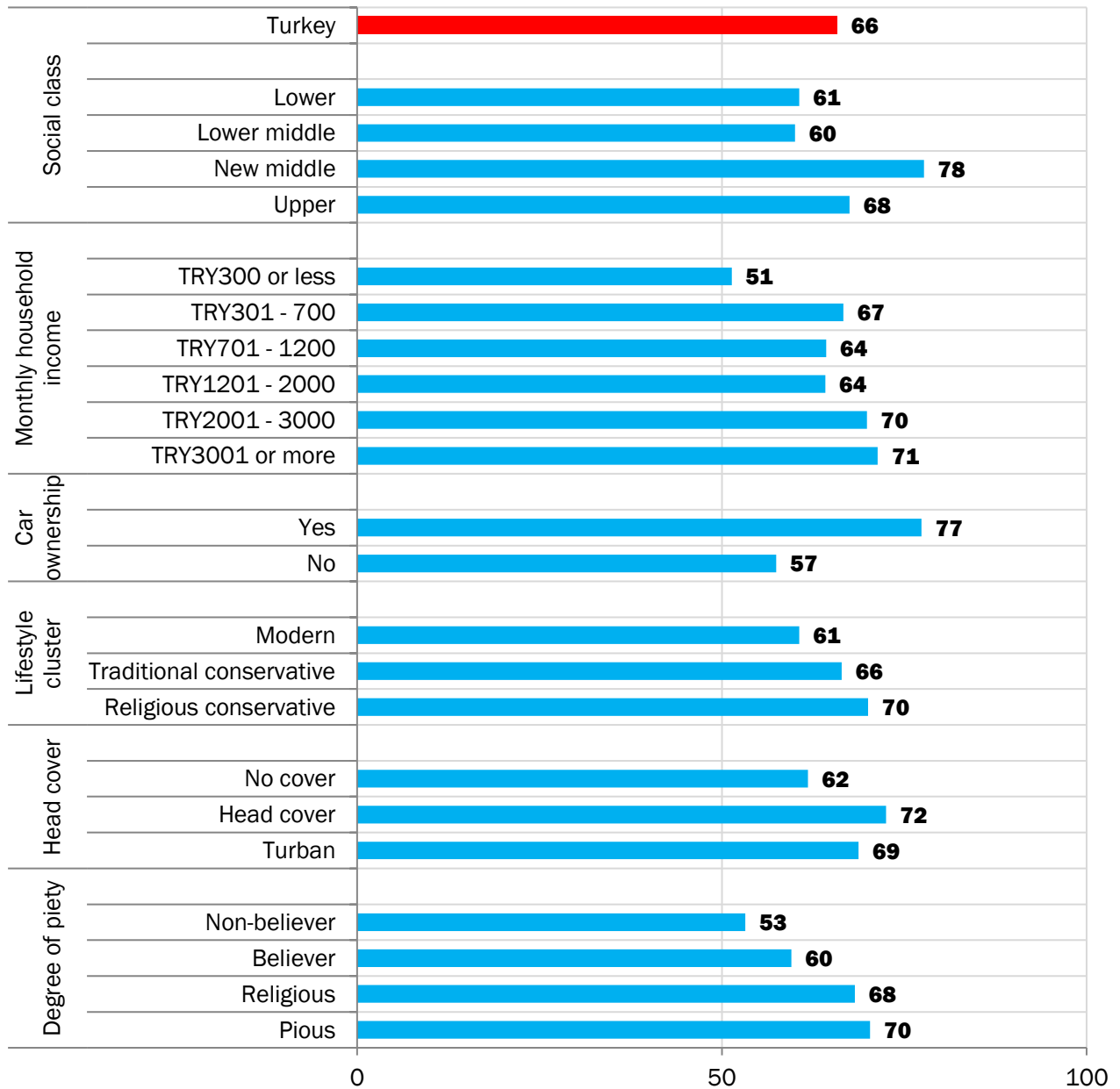
The level of income and social class also influence home ownership, as expected. Particularly, home ownership rate among the new middle class is 78 percent; however, home ownership rate among the upper class is only 2 points above the average rate in Turkey. However, it is possible to assert that income is not as influential as other factors. It is possible to explain this partly by lifestyle clusters and degree of piety, which are presented in the graph below. Home ownership is lower among the moderns and higher among the religious. Respondents who identify themselves more religious have a higher possibility of owning a house. If we take out the influence of lifestyle clusters and degree of piety on home ownership (by conducting a controlled correlation), the relation between home ownership and income/social class becomes more visible. In other words, if income and social classes were the sole factors that influenced home ownership, those with higher incomes would be expected to have a higher rate of home ownership. However, among those with high income, the rate of moderns is higher and the rate of religious is lower; therefore, home ownership rate is much lower than anticipated.

It may not be possible to derive the reason why modern and less religious have a lower rate of home ownership from the findings of this research. However, one of Ronald Inglehart's findings in his World Values Survey may provide a clue: According to Inglehart, societies that reach a certain level of prosperity, switch from materialist



values to a new set of post-materialist values, and they are liberated from the stress of ownership. Lower rates of home ownership among the moderns and less religious may be explained through their preference to spend their money on other things.

### Home ownership

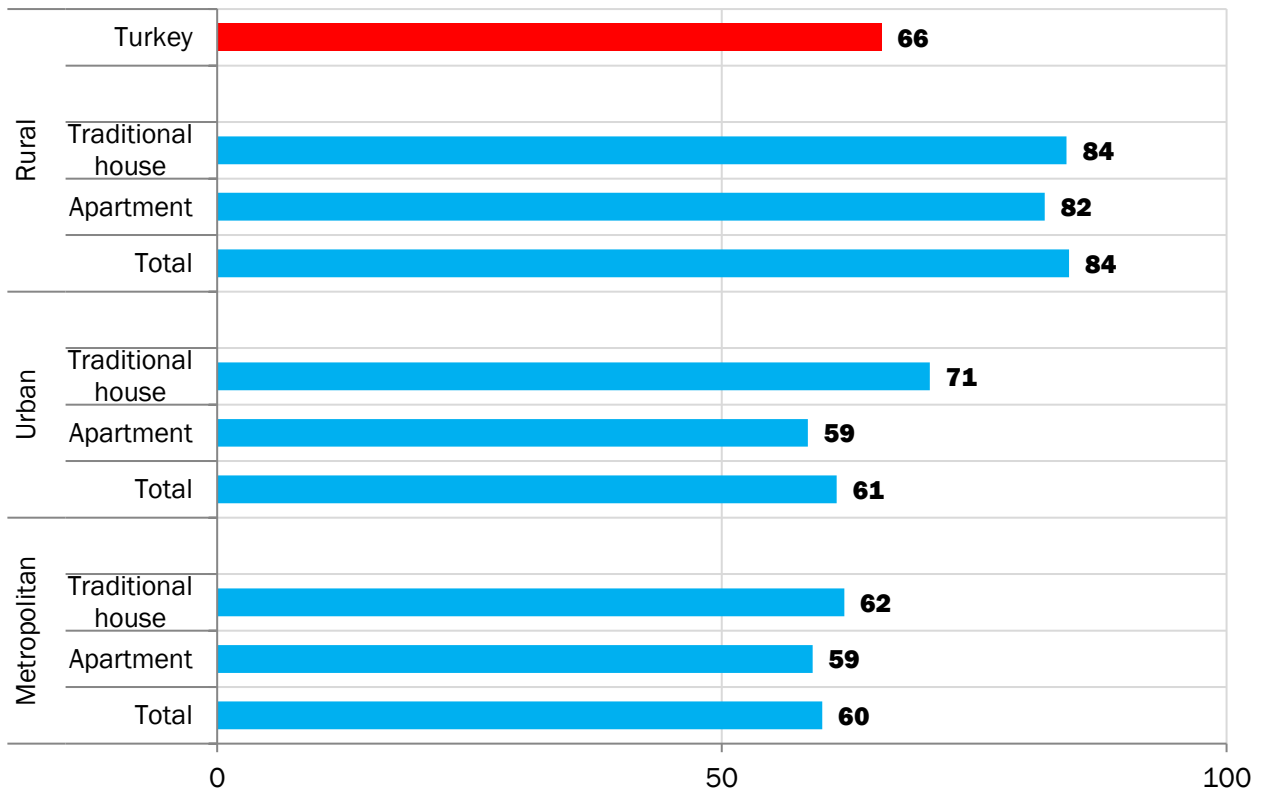


Home ownership rates and the social mobility may be observed clearly when analyzed in relation to place of residence and housing type. The graph below presents that home ownership rate - no matter if it is a traditional house or a flat - among respondents who live in rural areas is much higher than the average in Turkey. Home ownership rate among respondents who live in urban areas decreases by 10-15 percent dropping to 71 percent. On the other hand, home ownership rate among respondents



who live in apartment blocks in urban areas drops further by 12 points, dipping down to 59 percent. Home ownership rate among those who live in metropolitan areas remains around the same level. In summary, the influence of urbanization on home ownership rates can be observed clearly.

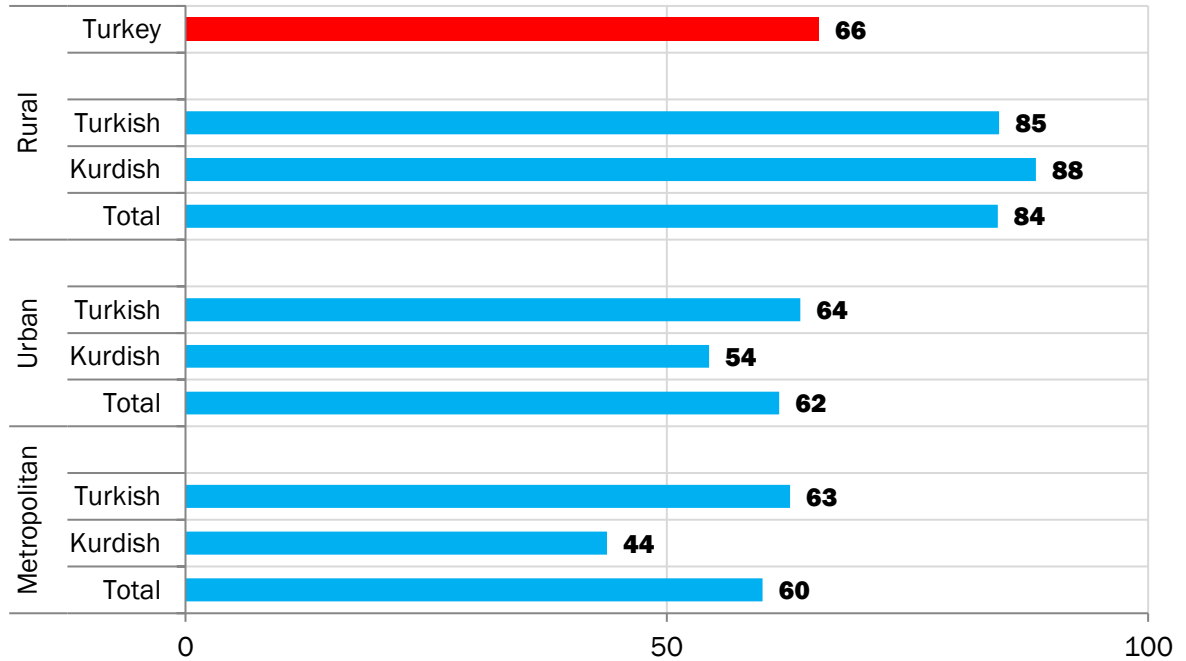
### Home ownership in relation to place of residence and housing type



However, it is noteworthy that both the Turkish and the Kurdish are influenced by urbanization. Home ownership rates among the Turkish and the Kurdish who live in rural areas is quite close to each other, it is even slightly higher among the Kurdish. However, home ownership rate among the Kurdish who live in urban areas and metropolitan areas drops sharply, bringing the difference between the rates among the Kurdish and the Turkish to 10 points in urban areas and 19 points in metropolitan areas. Such a difference cannot be observed so apparently between any other demographic characteristics. The difference becomes more prominent as four among every five Kurdish, 56 percent of whom own a house - live in urban areas or metropolitan areas.



### Home ownership among the Turkish and the Kurdish in relation to place of residence



#### 2.1.2. Car ownership

To the contrary of home ownership, car ownership is in correlation to income and the indicators of modernization. 42 percent of Turkish society owns a car, and car ownership rate increases as income level and educational attainment level increase and as respondents identify themselves more modern and less religious. The rate is not only affected by level of income, but also by how respondents perceive their incomes: the rate of car ownership is higher among those who state that they can afford a living, who do not have economic hardship in their lives and who do not have difficulty paying their bank loans. 49 percent of home owners also own a car; however, car ownership rate among those who not own a house is only 27 percent. Car ownership rate is higher among respondents who have a regular income in comparison to those who do not. In addition, 45 percent of men and 38 percent of women own a car. However, rate of car ownership among those who live in rural areas is slightly higher at 47 percent.

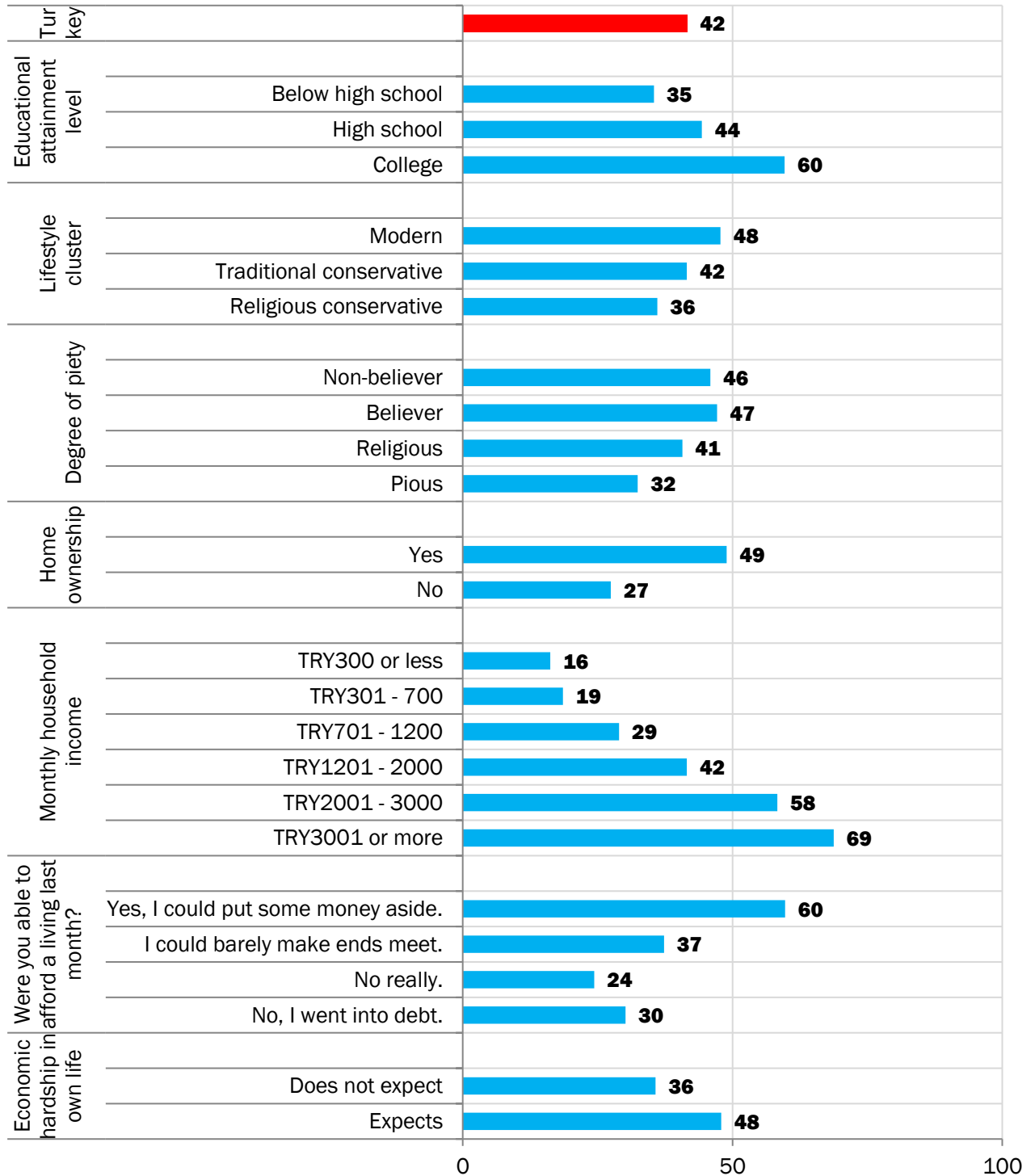
Among car owners, the rates of those who have installments or bank loans to pay back, who have bank loans and who can make investments are higher. This is an indicator that they have closer involvement with banks and are more experienced in managing their economic resources.

Car ownership is also influenced by the stage respondents are at in their lives: car ownership rate is higher among the married in comparison to singles; as well as among the middle-aged in comparison to the younger; and among those whose children left home after school or marriage in comparison to those who do not have children yet.



Economic conditions of the Kurdish stand out once again: only 28 percent of the Kurdish own a car.

### Car Ownership





### 2.1.3. Financial conditions in relation to marital status and living arrangements

Prior to analyzing their investment decisions, we will take a look at what stage of their lives respondents are and how their financial conditions diverge. For this purpose, we inquired about respondents' marital status and their living arrangements. 22 percent of adult population is single, and 22 percent live with their parents. Along with the married, those who live with their spouse or live both with their spouse and their children comprise the majority.

Marital status	Percentage
Single	22.0
Engaged	1.7
Married	71.3
Widow/Divorced	5.0
Total	100.0

Living arrangements	Percentage
I live with my parents.	22.2
I live with my spouse.	21.2
My children live with us.	48.3
My children finished school/got married and left home.	3.4
I live alone.	4.9
Total	100.0

The table below compares the financial conditions of these different groups. Accordingly, home and car ownership rate is higher among the married in comparison to singles and the divorced; they can also make more investments, while they also have higher debts and pay more installments. Most of the respondents who live with their children struggle against debts and installments; after their children leave they relieve economically and their household income increases. However, their home and car ownership rates, and investment opportunities increase at all stages, as well as after the children leave.

*“Getting a loan helps to ease your ongoing hardships, but it does not do any good other than over financial difficulties. If you cannot make ends meet with the money you have, then you need to obey the rules of others solely to purpose hardships.”*

**(In-depth interview: 30 - Male - Modern - CHP voter)**





	Owns a house (%)	Owns a car (%)	Has debt to pay (%)	Has installments to pay (%)	Makes investment (%)	Monthly household income (TRY)	Income per person (TRY)
Turkey	66	42	49	45	27	1889	588
Single	49	36	35	33	22	2227	690
Married	72	45	54	49	30	1805	544
Widow/Divorced	61	21	38	29	12	1397	716
I live with my parents.	53	40	37	36	23	2182	558
I live with my spouse.	72	42	46	39	24	1710	696
My children live with us.	70	45	58	54	30	1812	459
My children finished school/got married and left home.	84	48	37	38	41	2035	761
Turkey	66	42	49	45	27	1882	585

55 percent of singles are in the lower or lower middle class. 20.8 percent of singles are in the new middle class, whereas 25 percent are in the upper class. The rate of widows is higher in the lower or upper class. The rate of the married in the upper class is relatively lower.

New middle class has the lowest ratio of widows and the divorced and the married are at the highest rate.



Marital status	Social class				
	Lower	Lower middle	New middle	Upper	Total
Single	14.5	39.7	20.8	25.0	100.0
Engaged	21.6	29.7	24.3	24.3	100.0
Married	21.0	34.1	27.2	17.6	100.0
Widow/Divorced	19.0	39.7	7.8	33.6	100.0
Turkey	19.5	35.5	24.8	20.1	100.0
	Lower	Lower middle	New middle	Upper	Turkey
Single	16.1	24.3	18.2	27.1	21.8
Engaged	1.7	1.3	1.5	1.9	1.6
Married	77.4	68.9	78.7	62.9	71.8
Widow/Divorced	4.7	5.4	1.5	8.1	4.9
Total	100.0	100.0	100.0	100.0	100.0

As presented later in the report, marital status and living arrangements are significant in determining what respondents make savings for and what they decide to invest in.

## 2.2. Affording a Living and Expectations

Whether people are saving money or making investments also whether they can afford a living or not, and the responses to our regular question in the Morale Index on affording a living are quite illustrative. First of all, we can recall the rates in response to our question on affording a living: one third of society state that they can afford a living, whereas one third states they can barely make both ends meet and one fourth states that they have difficulty affording a living.

Were you able to afford a living during the past month?	Percentage
Yes, and thank god, I even managed to put some money aside.	27.9
I could barely make both ends meet.	52.5
Not really.	11
No, I could not make some of my payments / I went into debt.	8.6
Total	100



As anticipated, rates of home and car ownership are the highest among those who can make savings. Both rates are quite low among those who are in debt.

Were you able to afford a living during the past month?	Owns a house (%)	Owns a car (%)
Yes, and thank god, I even managed to put some money aside.	75.7	59.7
I could barely make both ends meet.	64.9	37.3
Not really.	53.2	24.4
No, I could not make some of my payments / I went into debt.	55	30.2
Turkey	65.8	41.5

A strong correlation exists between affording a living and educational attainment level. Educational attainment levels of respondents who state they can make savings is above the average in the country, whereas that of respondents who have debts is below the country-average.

Educational attainment level	Were you able to afford a living during the past month?				
	Yes, and I even managed to put some money aside.	I could barely make both ends meet.	Not really.	No, I went into debt.	Turkey
Educational attainment level (years)	9.5	7.8	7.9	7.7	8.3

The findings below, which are derived from the graph overleaf presenting some of the demographic and economic characteristics, are worth attention:

- The rate of those who can make savings among public officers is well above the average in the country. However, households of workers and farmers are at higher rates among those which have difficulty in affording a living.
- Affording a living and household size are directly correlated. As household size increases, the rates of households which can barely make both ends meet and who get into debt increase.
- Likewise, single respondents have more difficulty in affording a living and making savings in comparison to the married.
- The rate of savings is higher among the modern.
- The Kurdish have more difficulty in affording a living.
- Having a regular income directly affects the livelihood. The rate of respondents who can make savings are higher among those who have a regular salary. The rates of getting into debt and having economic hardship are higher among the respondents who live on daily wages.



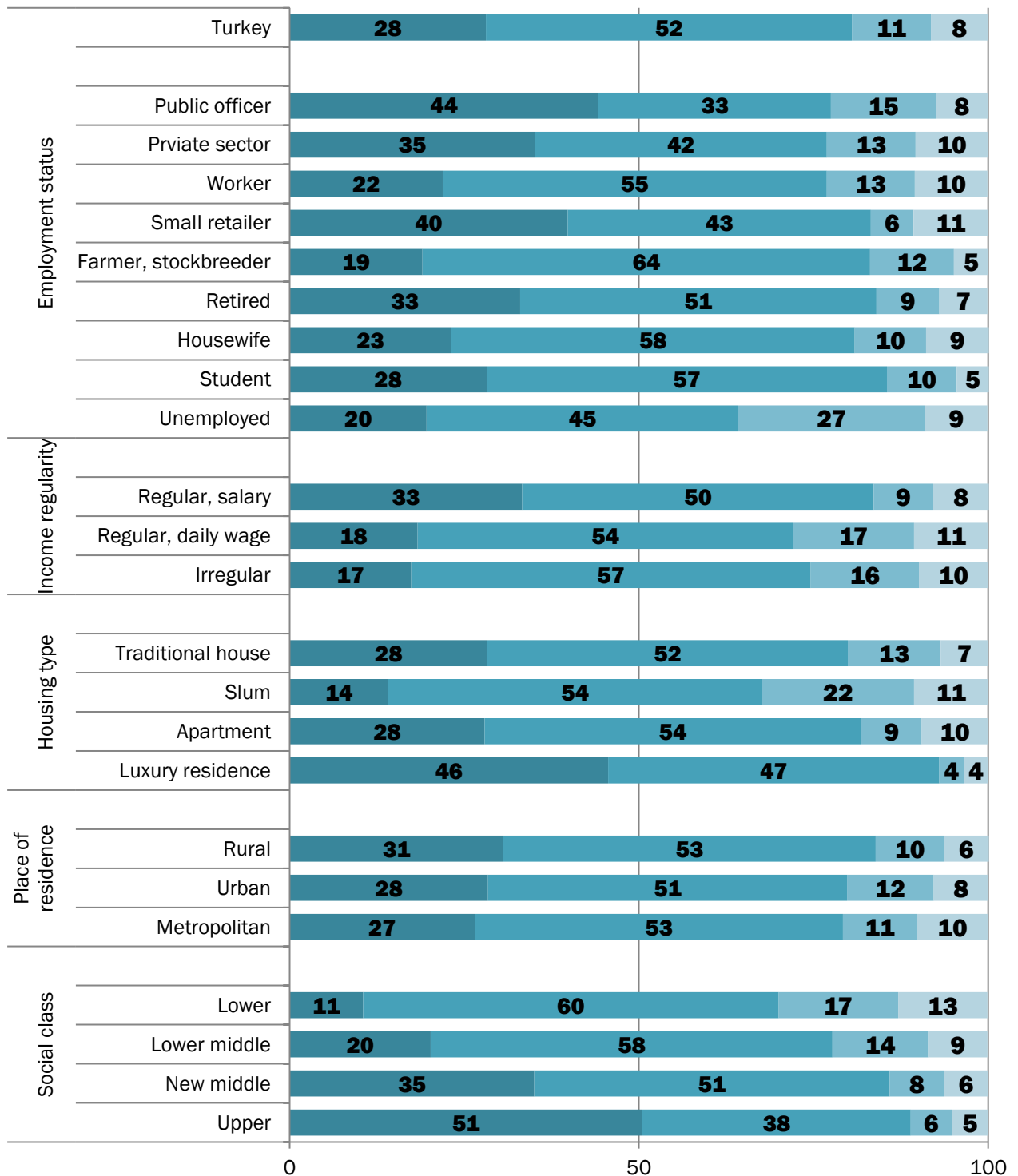
- Slums are where affording a living is the most difficult, and luxury residences are where the rate of those who can make savings is the highest.
- Livelihood and making savings is more difficult in rural areas than it is in urban areas.
- Social classes reflect directly on the livelihood of households. The rates of making savings and affording a living change in relation to social classes.

*“Affording a living means not having to depend on someone else, I mean, that you can stand on your own feet; that's what I think.”*

**(In-depth interview: 43- Female – Traditional Conservative- Ak Parti voter)**



## Were you able to afford a living during the past month?



■ Yes, I could put some money aside. 
 ■ I could barely make ends meet. 
 ■ Not really. 
 ■ No, I went into debt.



Did your expenses change due to the local elections?	Percentage
I spent less.	3.9
It did not change.	79.3
I spent more.	16.9
Total	100.0

During local-elections period, those who have installments and debt to pay, but who can also make investments spent more money. Respondents of from lower and new middle classes also have higher expenses. However, the most significant difference is observed in relation to the perception of affording a living: a higher rate of those who have difficulty in making a living had more expenses during the local election period.

Were you able to afford a living during the past month?	Did your expenses change due to the local elections?			
	I spent less.	It did not change.	I spent more.	Total
Yes, and thank god, I even managed to put some money aside.	4	84	12	100
I could barely make both ends meet.	3	81	16	100
Not really.	7	68	25	100
No, I could not make some of my payments / I went into debt.	5	72	23	100
Turkey	4	79	17	100

When inquired their predictions on their expenses in the future, half of respondents expressed that they expect their expenses to increase, while only one tenth expect their expenses to decrease.

How do you think your expenses will change in comparison to the previous year?	Percentage
Will decrease	11.4
Will increase	52.8
Will remain the same	35.8
Total	100.0

When we observe the data on economic conditions and perceptions, we can assert that respondents who have difficulty in affording a living, who are from the lower class, and who have debt or installments to pay expect their expenses to increase. The rate is not affected by the level of income. According to the findings, it is possible to arrive at the conclusion that 'increase in expenses' is not perceived as spending more instead of saving, it is rather perceived as having to spend more on compulsory



expenses, such as paying debts. Therefore, it would be wrong to state that consumers expect to spend more in the market this year.

## 2.3. Investment Preferences

After providing information on financial conditions, home and car ownership rates and livelihoods of respondents, this section elaborates more on their investment preferences. In this section, we will take a closer look on what purposes investments are made for, which investment instruments are preferred and how investment decisions are made.

### 2.3.1. What do they invest in?

27 percent of society can invest in an investment instrument. Respondents who can make investments prefer investing in gold, bank accounts and real estate, such as housing and land. Foreign currencies and equities are preferred by a small section of society.

Invests / Does not invest	Percentage
Invests	27.2
Does not invest	72.8
Total	100

Do you make any investments? Which one(s) do you invest in?	Percentage
Foreign Currency	1.2
Bank Account	9.0
Gold	9.6
Equity	.7
Housing, land	7.9
Other	1.2
Total	-

Social class is the most illustrative demographic characteristic that sheds light on the capability of making investments and investment instrument preferences. Four fifth of the lower and lower middle classes do not have any investments. The new middle class invests equally in bank accounts, gold and real estate. The upper class invests mostly in bank accounts and gold.

Although at low rates, equities are preferred by respondents in the middle and upper classes. The common preference among the respondents in the lower middle class is gold. The top two preferences of the lower class are real estate and gold.



*“What does investment mean? It means saving, having money does not mean making investment, because when you have money you definitely find something to spend it on. I think, it is an investment if you buy a house or some land or gold.”*

**(In-depth interview: 30 - Female – Traditional Conservative– AK Party voter)**

Economic class	Investment tools preferred						
	Foreign Currency	Bank Account	Gold	Equity	Housing, land	Other	Does not invest
Lower	0.2	4	5.1	0.2	7.9	0.4	82.8
Lower middle	1.2	4.9	8.8	0	5.1	1.1	79.9
New middle	1.5	10.8	10.4	1.2	10.6	1.5	65.7
Upper	2.1	19.3	14.5	1.4	9.9	1.7	58.4
Turkey	1.3	9.1	9.6	0.6	8	1.2	72.6

When inquired about why they prefer these investment instruments, three out of every five people claim an opinion on the motives behind their investment decisions; however, as we have mentioned before, only one third of society can actually make investments. Thereby, when responding to this question, some respondents identify what they would invest in although they do not currently have any investments. The reliability of the investment instrument and high rates of return are two reasons that stand out. Carrying low risk and being easily salable are other factors that have a certain influence. When we group the responses of being low risk, being reliable and being easily salable, it is possible to assert that two out of every three respondents prefer low risk over high rates of return.





Which of the below had the highest influence when you made the decision to invest in this specific investment instrument?	Percentage
High rate of return	16.5
Low risk	12.5
Reliability	18.7
Easy access	3.3
Easy to sell	8.9
Low tax rates	2.0
No answer	38.1
Total	100.0

The table below presents the reasons which influence investment instrument preferences by leaving out the ones with low preference rates, such as foreign currency, equities etc. According to the table, low risk and reliability are the main motives for those who invest in bank accounts, whereas being easy conversion to cash is the main motivation for respondents who invest in gold.

Which of the below had the highest influence when you made the decision to invest in this specific investment instrument?	Investment tool			
	Bank Account	Housing, land	Gold	Turkey
High rate of return	24	23	20	27
Low risk	27	23	27	20
Reliability	34	33	21	30
Easy access	9	5	6	5
Easy to sell	4	11	27	14
Low tax rates		5		3
Total	100	100	100	100

### 2.3.2. For which purposes do they invest/save?

Acknowledging that respondents have different aspirations and they are at different stages of their lives, we inquired about the purposes of their investments. Previous sections revealed that the majority of society does not have sufficient funds to make investments or to save money as they already have difficulty in sustaining a livelihood. However, for those who can do so, the primary purposes that motivate them to make investment are buying a house, paying for the education of children and saving money in general.



If you are saving money or making investments, what is your purpose?	Percentage
Buying a house	12.3
Buying a car	4.9
Paying for the education of my child(ren)	11.6
Paying for the wedding of my child(ren)	3.1
Saving money	9.4
Other	3.9
I do not save	54.7
Total	100.0

A higher rate of respondents who are in the modern lifestyle cluster make savings in order to buy a house or a car, whereas respondents of the two conservative clusters primarily save to pay for the education or the wedding of their children.

Lifestyle Cluster	If you are saving money or making investments, what is your purpose?							
	Buying a house	Buying a car	Paying for the education of my child(ren)	Paying for the wedding of my child(ren)	Saving money	Other	I do not save	Total
Modern	14.9	6.6	7.3	1.8	10.4	5.2	53.7	100
Traditional conservative	12.3	5	13.8	3.2	8.7	3.9	53.2	100
Religious conservative	10.5	3.1	12.6	4.2	9.8	2.6	57	100
Turkey	12.5	4.9	11.7	3.1	9.5	3.9	54.4	100

Among respondents who have difficulty in affording a living, making savings for their children is more common.

In urban areas, the rate of respondents who make savings is lower in comparison to rural areas. In addition, a higher rate of respondents who live in rural areas make savings and investments for their children.



Place of residence	If you are saving money or making investments, what is your purpose?							
	Buying a house	Buying a car	Paying for the education of my child(ren)	Paying for the wedding of my child(ren)	Saving money	Other	I do not save	Total
Rural	8.8	5.5	17.2	5.1	9.9	3.5	49.9	100
Urban	13.5	5.2	11.8	3.4	9.9	4.3	51.9	100
Metropolitan	13.2	4.5	9.1	2.1	8.9	3.8	58.4	100
Turkey	12.3	4.9	11.6	3.1	9.4	3.9	54.7	100

As anticipated, the rate of investment is the highest among the new middle class and the upper class. However, the new middle class also makes savings and investments for their children at the highest rate.

Economic class	If you are saving money or making investments, what is your purpose?							
	Buying a house	Buying a car	Paying for the education of my child(ren)	Paying for the wedding of my child(ren)	Saving money	Other	I do not save	Total
Lower	10.9	4	12.8	4.3	3	1.9	63.2	100
Lower middle	10.4	7.2	9	2.1	7.6	2.8	60.9	100
New middle	14.6	2.4	17.6	3.4	12.2	3	46.9	100
Upper	16	6	9.4	3.1	14.8	8.3	42.3	100
Turkey	12.6	5.2	11.9	3.1	9.3	3.8	54.1	100

*“It is not possible to make investments under these conditions, where everyone is full of rage, the dollar rate keeps going up and down, the gold is unpredictable.”*

**(In-depth interview: 35 - Male - Traditional Conservative - AK Party voter)**



### 2.3.3. Who can make investments?

When we analyze which clusters of society can make investments, two demographic characteristics, namely level of income and educational attainment level, stand out. Though not as significant as the effect of income level and educational attainment level; lifestyle cluster, place of residence and age have an influence on the rates of investment.

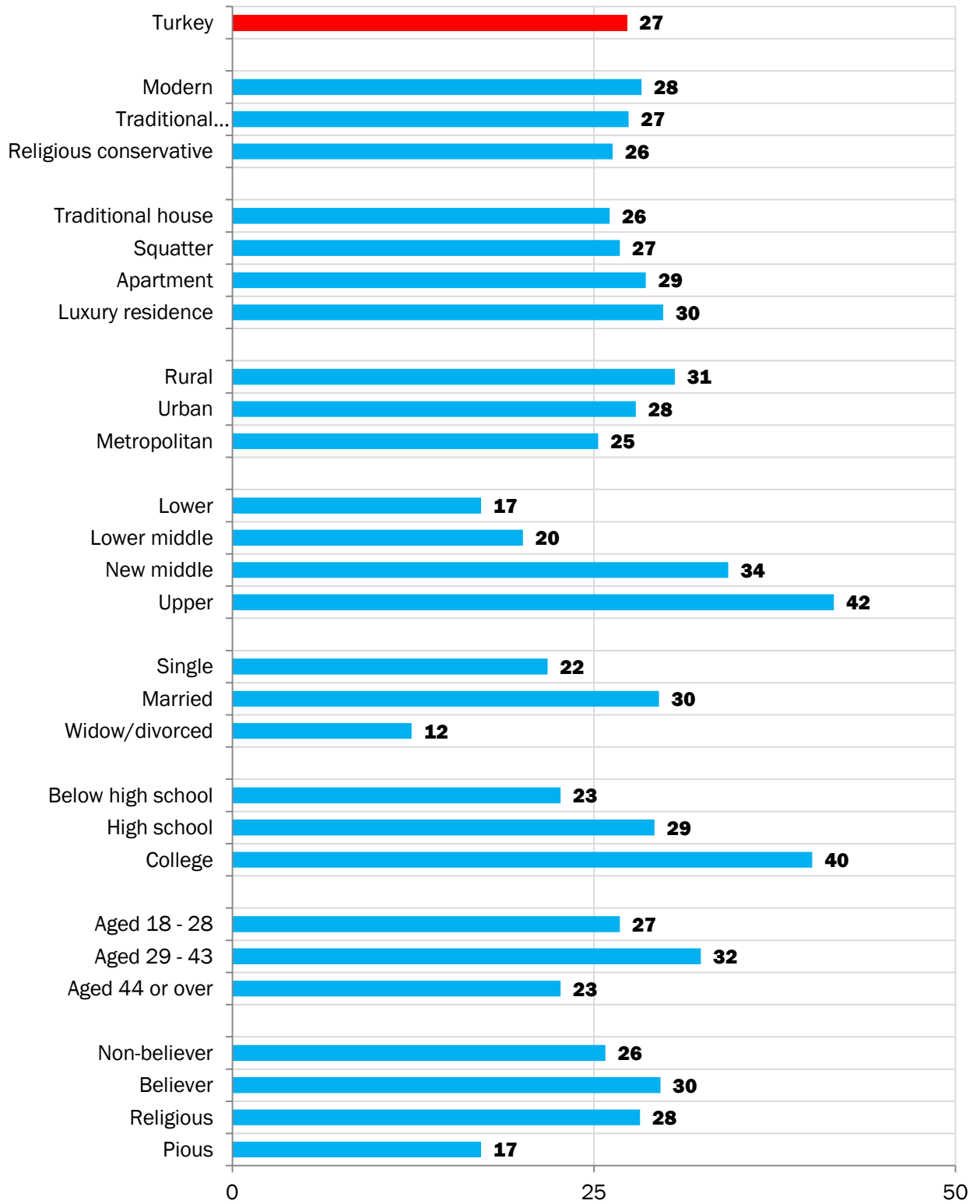
- The rate of respondents who can make investments change in relation to economic class, marital status, educational attainment level and age, whereas lifestyle cluster, place of residence and type of housing do not have a significant influence.
- While the rate of investment is 17 percent in the lower class, it reaches 40 percent among the upper class.
- 30 percent of the married have an investment.
- The rate of investment increases considerably in correspondence to an increase in educational attainment level.
- Making investments appears to be a pursuit of the middle-aged.

*“These days, it is difficult to make an investment with lawful money. It definitely is. If you inherit from your parents, then you can do so. Like they say, money makes money; it is absolutely true. We, workers, cannot invest in anything at this time. I mean, making investment is impossible.”*

**(In-depth interview: 26 - Male - Modern - Swing voter)**



### Who can make investments?





## 2.4. Decision-Making Mechanisms for Investments

### 2.4.1. Who is the decision-maker?

We frequently mention that the family has a very important significance in Turkish society. Therefore, it would not be well-grounded to expect that investment decisions made individually. Particularly on matters which are not only financial investments but also critical for the family's daily life such as buying a house, it is important to analyze the rate of decisions made individually and how the family steer the decisions.

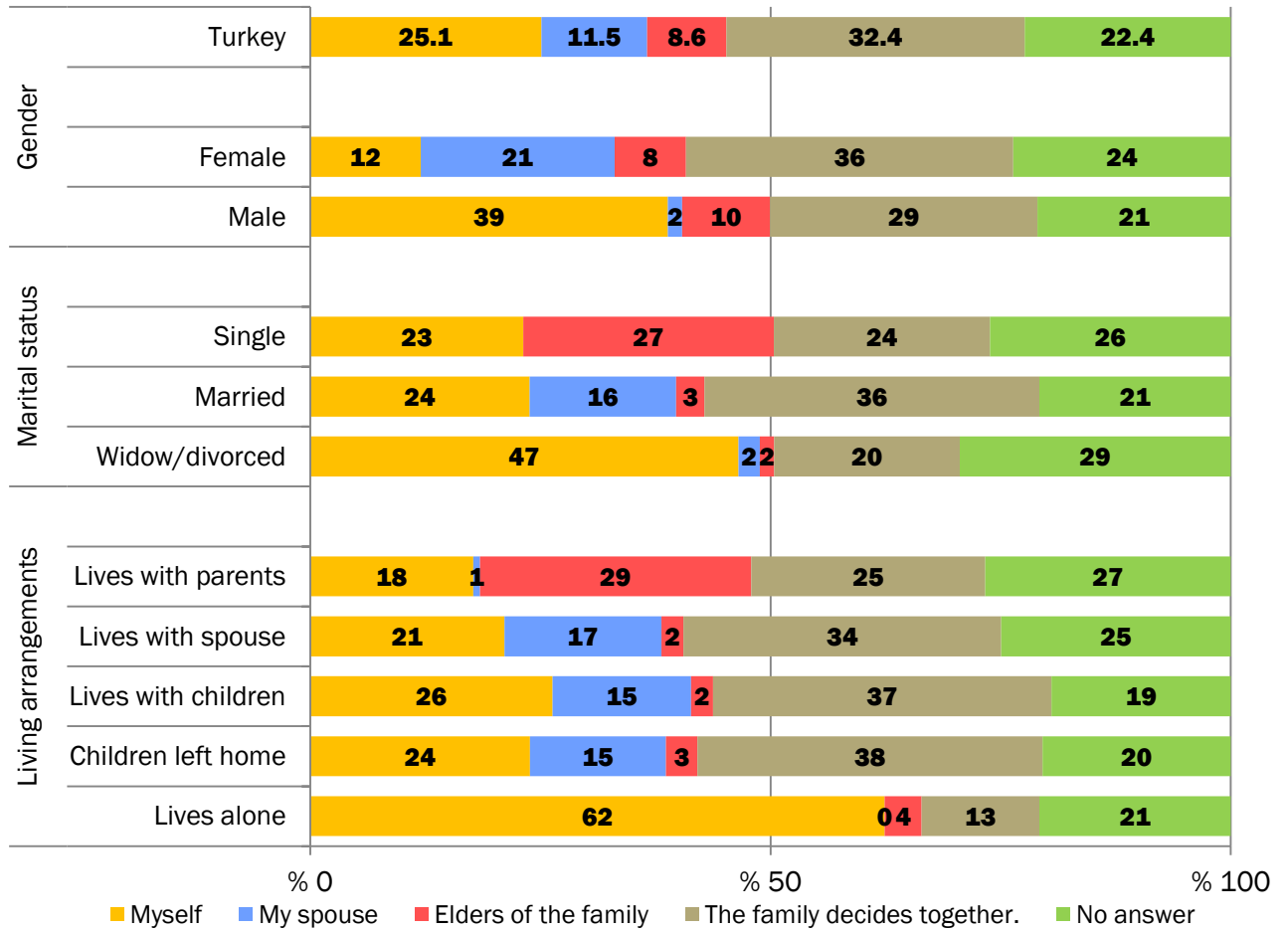
Who makes the decisions about investments in your family?	Percentage
Myself	25.1
My spouse	11.5
Elders of the family	8.6
The whole family decides together.	32.4
No answer	22.4
Total	100.0

One out of every four respondents state that they make the decisions themselves individually; one out of every ten respondents express that their spouse makes the decisions individually. However, decisions are made collectively in 32 percent of households.

The option, 'elders of the family' was included for youngsters who live with their families and who do not yet have an income. As a matter of fact, marital status and living arrangements have a significant influence on who makes investment decisions. The rates of those who make individual decisions among the married and singles are pretty close to each other. However, decisions made by the elders of the family among singles shift to decisions made collectively with the spouse among the married. This shift is observed clearly during the transition from living with parents to establishing a family, and it can be stated that married respondents get to have more say in decisions. The highest rate of decisions made individually are observed among widows or the divorced and those who live alone - young and single, or widow and older.



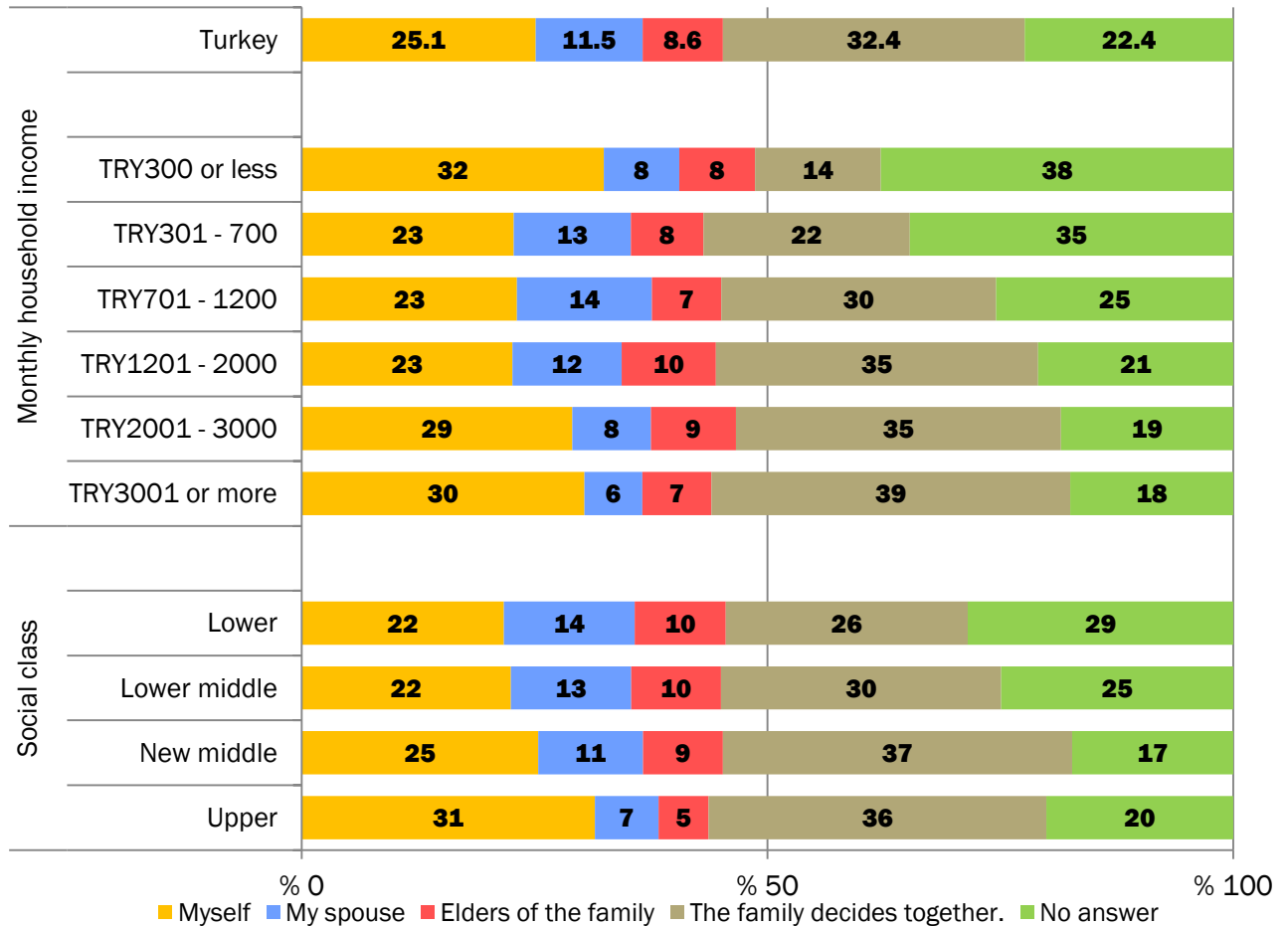
### Who makes the decisions about investments?



Economic conditions also influence who makes the decisions. In correspondence to improved economic conditions, not only there is higher possibility of making investments, but also the rate of individual and collective decisions increase. When we analyze only those who responded to the question, it can be observed that respondents get to have more say on decisions, and less decisions are made by the spouse or the elders of the family.



### Who makes the decisions about investments?



The graph above presents the relation between economic condition and investment decisions, demonstrating the data for two very divergent groups in juxtaposition to each other. Along with marital status and living arrangements, gender - which was presented in the graph on the previous page - has a great influence on investment decisions, and their influence can be observed clearly in certain segments of society.

39 percent of men and only 12 percent of women express that they make investment decisions individually. While 39 percent of women state that investment decisions in their families are made collectively, 29 percent of men agree that collective decisions are made. It is notable that there is no gap between the rates of who did not respond to the question as they do not/cannot make any investments.

It is well known that the status of women differs in different segments of society. When we observe how this difference in status is reflected on investment decisions, we can observe that marital status, social class and lifestyle are the characteristics which highly influence the rate of women who make decisions individually. 59 percent of modern women and 65 percent of modern men have a say in investment decisions. On the other hand, among the religious conservatives, the rates are 45 and 47 percent, respectively. The rate of women who can make investment decisions

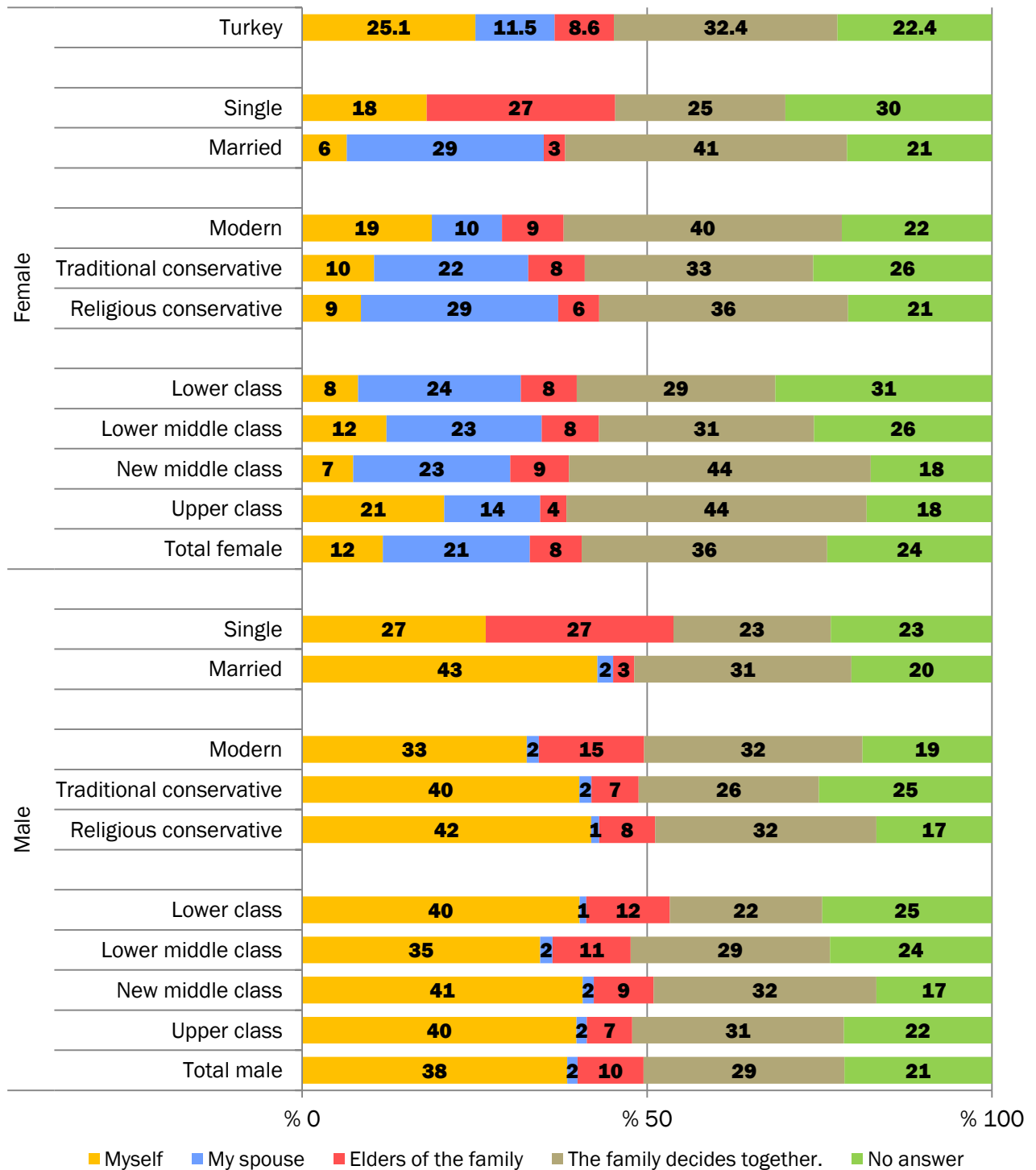




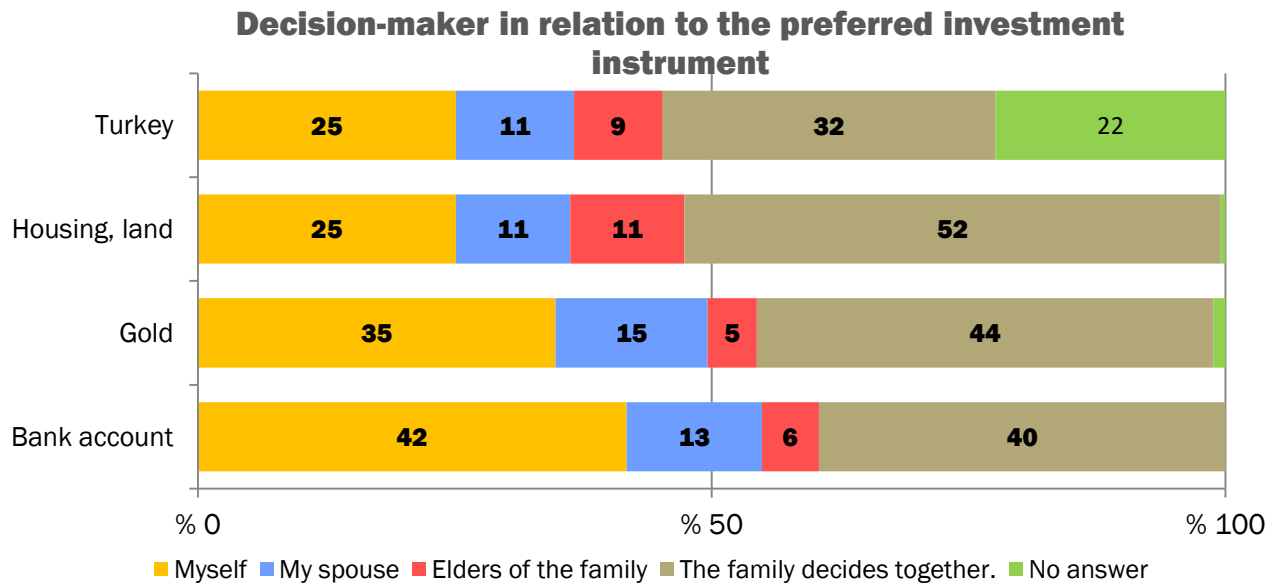
individually drops from 18 percent among singles to 6 percent among the married. However, the rate of men who can make individual decisions scales up from 27 percent among singles to 43 percent among the married. Differences between social classes are worth interesting in that women do not get to have more say as their social class improves; however, there is a huge gap between the status of women and men in each social class.



### Who makes the decisions about investments?



Finally, the analysis of how investment decisions are made in relation to investment instrument preferences presents that collective decision-making is more prevalent when investing in real estate, such as a house, land etc.; whereas gold and particularly bank accounts are the tools which are more appropriate for individual decision-making.



### 2.4.2. Sources of information

When inquired about the sources of information which influence investment decisions, half of respondents state that they make decisions based on their own knowledge and analyses, and one fourth express that they decide based on the suggestions they get from their social circles. Sources which provide assistance on direct investment decisions, such as economic/financial news and brokers/bank employees, comprise to be the most trusted source of information for one out of every six people. The rate of those who trust in the information they find on the internet is quite low.

Which source do you trust the most in making economic investments?	Percentage
My own knowledge/analyses	50.1
Suggestions and comments I get from my social circle	23.0
Economic/financial news	9.6
Brokers/bank employees	6.9
Internet	2.9
No answer	7.5
Total	100.0

The table below demonstrates the top three investment instruments, namely bank accounts, gold and real estate, and the most trusted sources of information. Accordingly, those who invest in bank accounts trust more in economic/financial news and financial institutions, those who invest in gold pay more attention to what their social circles and news suggest, and those who invest in real estate trust more in their social circles and partially in brokers/bank employees.



Which source do you trust the most in making economic investments?	Investment tool			
	Bank Account	Gold	Housing, land	Turkey
My own knowledge/analyses	44	42	48	50
Suggestions and comments I get from my social circle	22	32	29	23
Economic/financial news	16	14	8	10
Brokers/bank employees	15	5	9	7
Internet	2	5	3	3
No answer	1	2	2	8
Total	100	100	100	100

When investment instrument preferences are analyzed in relation to the trusted sources of information, we can observe that 73 percent of those who make decisions based on their own knowledge do not have any investments, and those who trust economic/financial news and institutions are the ones who invest the most. Those who trust in economic/financial news, invest primarily in bank accounts and gold, while they consider real estate less. Those who trust brokers and bank employees prefer to invest in bank accounts and real estate, respectively, and they invest less in gold.

Which source do you trust the most in making economic investments?	Investment tool								
	Foreign Currency	Bank Account	Gold	Equity	Housing, land	Other		No investme	Total
My own knowledge/analyses	1	8	8	1	8	2		73	100
Suggestions and comments I get from my social circle	1	9	14	0	10	1		66	100
Economic/financial news	2	15	14	2	7	0		61	100
Brokers/bank employees	2	20	7	1	11			59	100
Internet	1	7	16	3	9			65	100
Turkey	1	9	10	1	8	1		71	100



Analyzing the two factors that affect investment decisions, namely the characteristics of investment instrument and sources of information, assists understanding how sources of information shape respondents' perception on the characteristics of investment instrument. Those who trust in their social circles prefer taking low-risk, those who trust in the news make investment decisions based on liquidity, and those who trust in brokers and bank employees prefer reliable and low-tax investment instruments. In addition, the emphasis placed on liquidity by respondents who trust in brokers drops by half.

Which of the below had the highest influence when you made the decision to invest in this specific investment instrument?	Which source do you trust the most in making economic investments?					
	My own knowledge/analyses	Suggestions and comments I get from my social circle	Economic/financial news	Brokers/bank employees	Internet	Total
High rate of return	29	25	26	18	37	27
Low risk	17	27	16	16	20	20
Reliability	32	26	27	45	14	30
Easy access	5	4	6	7	12	5
Easy to sell	13	16	21	8	12	14
Low tax rates	4	2	4	6	6	3
Total	100	100	100	100	100	100

Finally, when we analyze how trusted sources of information influence who makes the investment decisions, we can draw the conclusions that those who trust their own analyses tend to make decisions individually, whereas those who trust in their social circles are inclined to let their spouse make decisions or to make collective decisions. At this point, differences between individual and collective decision-making mechanisms become apparent. It is also worth noting that decision-making mechanisms among those who trust in the news and institutions are similar to those in the country overall.

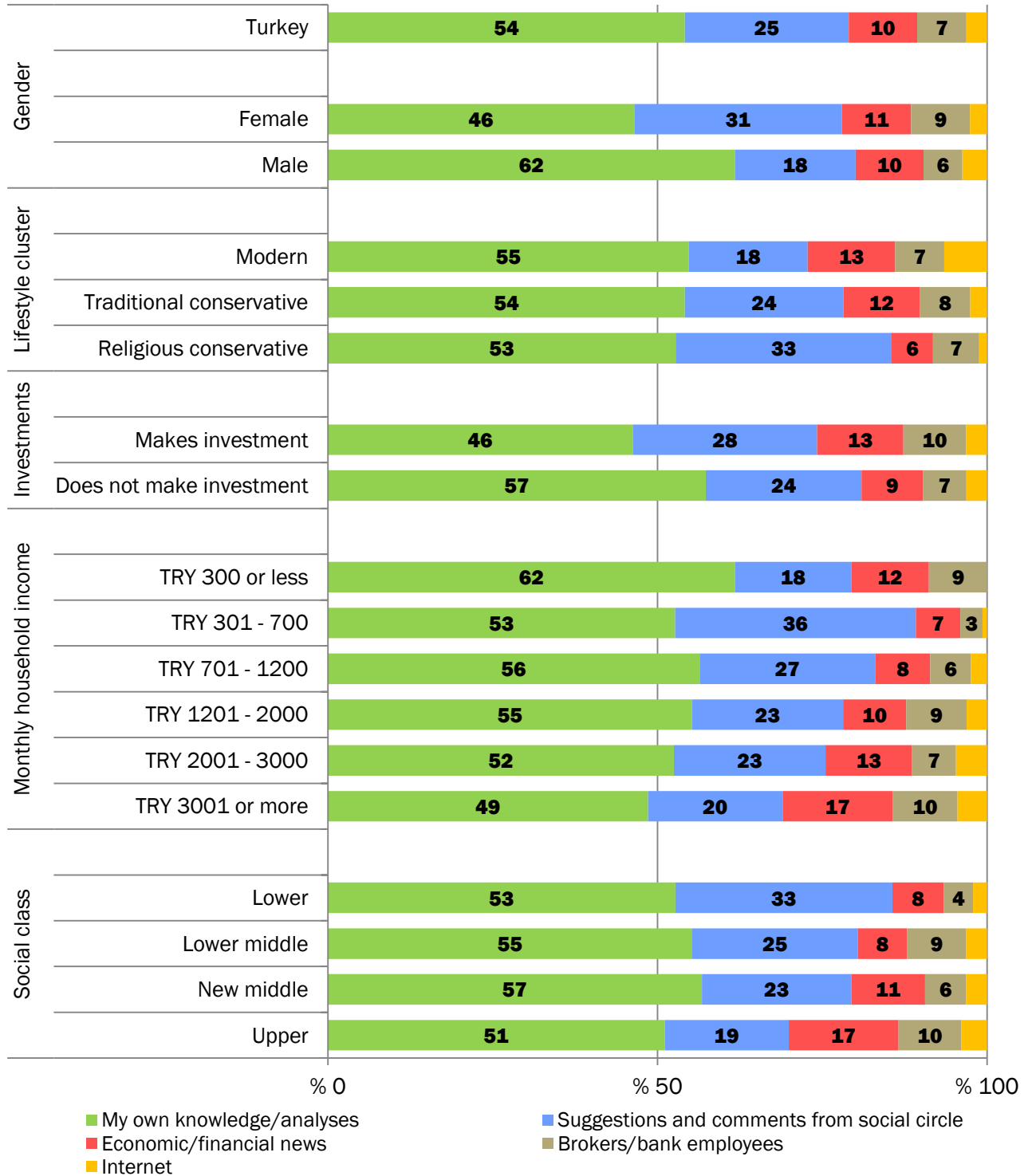


Who makes the decisions about investments in your family?	Which source do you trust the most in making economic investments?					
	My own knowledge/analyses	Suggestions and comments I get from my social circle	Economic/financial news	Brokers/bank employees	Internet	Turkey
Myself	42	16	28	32	15	33
My spouse	11	22	14	18	5	14
Elders of the family	8	16	12	9	27	11
The whole family decides together.	39	46	45	41	53	42
Total	100	100	100	100	100	100

In addition to making individual investment decisions at a higher rate, men trust more in their personal financial analyses. Trusted sources of information differ according to lifestyle, social class and whether one can make investment or not. The modern, those who have high income or are in a higher social class and those who have the means to make investment pay less attention to their social circles, and trust more in sources which focus on the field such as economic/financial news and brokers. Those who have extensive means to make investments make more informed decisions.



## Which source do you trust the most in making economic investments?





### **2.4.3. Investment preferences in relation to the amount of investments**

After analyzing investment instrument preferences and decision-making mechanisms, we also directed two questions to respondents with the purpose to understand whether the amount of money they have is influential on investment decisions. Considering that the definitions and generalizations about Turkish society should not result in the neglect of individual behavior and demands, some of the responses given to the open-ended questions “Let's assume you received extra TRY 10,000 (ten thousand, ten billion liras in the old currency). What would you do?” and “Let's assume you received extra TRY 1,000,000 (one million, one trillion in the old currency). What would you do?” are listed below.

#### **What would you do if you had extra TRY 10,000?**

I would pay all my debts. You can only by chewing gum for that much money. I would pay for the wedding of my son. I would by USD, because TRY holds high risk. I would buy a car. I would invest in my children. I would buy livestock. I would try to buy land. You cannot do anything with TRY 10,000 in these times. I would move away from here. I would open a shop. I would spend on shoes. I would prepare my trousseau. I would definitely find something to spend it on. It would not change much. I would deposit it in a bank. I would change my seating group. I would go to İstanbul for vacation. I would get my grandsons circumcised. I would throw a party. It can only be money for shroud. I would buy cows. I would buy gold. I would go shopping. I would save it for my burial expenses. I would give it to my family. It is not sufficient to do anything. I would by a plasma display TV. I would send it to my brother for his school expenses. I would go on pilgrimage. I would add a little more and buy a house. I would donate it to a charity. I would buy a computer for my daughter. I would buy sheep. I would drink beer. I would go on vacation with my partner. I would buy a new car. I would distribute it to students as scholarship. I would buy a car for my child. I would pay for the wedding of my son. I would distribute it to poor people. I would send my children on vacation. I would buy dresses. I would pay for my car loan. I would send my children to better schools. I would help animals. I would buy seeds. I would put it aside for my wedding. I would spend it in a night club. I would save it under my pillow. I would continue my life. I would establish a library. I would buy furniture. I would buy a horse. I would travel abroad. I would buy a car. I would it give to my spouse. I would gamble. I would spend it for my personal development and to stay youthful. I would get the roof of my house repaired. I would modify my car. I would go for umrah. I would spend on my grandchildren. I would farm. I would spend it all right away. I would lavish it all. I would pay the installment of my son's private courses. I would spend half and save the other half. I would buy electronic goods. I would buy cattle. I would pay the wedding debts of my child. I would get an in vitro fertilization. We would buy a tractor for the village. I would eat, drink and have fun. I would pay my bank loan. I would upgrade my car. I would establish a hospital. I would buy a farm. I would have a heater installed in my house. I would put it aside for tough days.





### **What would you do if you had extra TRY 1,000,000?**

I would establish a factory. I would buy yachts and flats. I would move to the city. I would start a new life. I would become the mayor. I would buy a luxurious house. I cannot think of anything right now. I would enroll in a private college. I would move to Dubai. I would leave the village. I would go crazy. I would invest in real estate. You could anything with this much money. I would travel around the world. I would purchase a greenhouse. I would pay for the treatment of my disabled child. I would buy a Ferrari. I would help poor people. I would put it in a savings account. I would make a car collection. I would pay for the wedding expenses of my children. I would buy an aircraft. I would not like to have that much money. We would move to a big city. I would move to the UK. I would go into politics. I would do everything. I would set up a holiday resort. I would buy a truck. I would buy the Kılıçlı village. I would do anything I can to make Esra Erol to retire from TV. I would go into the building industry. I would go to the space. I would establish a business. I would give it to my husband. I would leave the country. I would buy land. I would have a school and mosque built. It is weird to think about. I would buy a house and a car. I would establish a retirement home. I would lose my soul. I would buy all of the potato fields in Niğde. I would spend it for my single children. I would rehabilitate the drug addicts. I would go to New York with my partner. I would establish a holding. I would quit working. I would leave Turkey and move to the Bahamas. I would pay for the treatment of my daughter.

The responses, of which only the most striking ones are listed above, may seem quite diverse at first; however, the distribution presented in the table below is derived by classifying similar responses together.

<b>What would you do if you had extra TRY 10,000?</b>	<b>Percentage</b>
Pay debts	23.8
Make investments	14.5
Buy a car	9.7
Spend for family	8.6
Spend for the needs at home	7.7
Go on vacation	6.3
Spend for education	5.9
Invest in housing/land	5.6
Establish a business/expand my business	4.6
Donate/go for pilgrimage or umrah	3.7
Spend	3.6
Other	3.0
No answer	3.0
Total	100.0



When the responses in the above table are grouped once again in relation to investment decisions of respondents, 31 percent of respondents find the extra TRY 10,000 a sufficient amount to pay for their debts or short-term requirements, and they do not intend to use it to make investments. In previous sections, we observed that debts or the difficulty of making ends meet are what hinder respondents from making investments. One out of every ten people state that they would prefer to spend the money although they could make investments. However, half of society prefers to make investments with the extra money.



What would you do if you had extra TRY 10,000?	Percentage
Make investments	52.6
Save the day	31.5
Spend	9.9
Donate/go for pilgrimage or umrah	3.7
No answer/other	5.9
Total	100.0

Responses are more creative and diverse in the case of receiving extra TRY 1,000,000. The rate of responses such as making donations, moving abroad, which were not uttered for the previous question increase when TRY 1 million is concerned.

What would you do if you had extra TRY 1,000,000?	Percentage
Buy a house	13.2
Make investments	12.4
Establish a business	12.1
Buy house, car and invest	10.9
Donate	9.2
Spend for family	7.9
Invest in real estate	5.5
Sustain a comfortable livelihood	2.6
Move	2.5
Travel abroad	2.5
Spend for education	1.9
Pay debts	1.6
Go on vacation	1.5
Buy a car	1.4
Cannot imagine	1.2
Spend	1.0
Other	5.1
Cannot think/do not know	3.0
No answer	4.4
Total	100.0

When decisions on how respondents would spend TRY 1,000,000 are grouped according to investment preferences, it is notable that the rate of those who plan on saving the day dips from 31 percent to 1 percent. On the other hand, the rate of those who



consider making donations and spending on charity work doubles. Although they express various and diversified investment instruments, half of society considers making investments. When those who would establish a business are grouped together with those who would invest in other investment instruments, it is observed that two out of every three people in Turkey would prefer to make investments should they have TRY 1,000,000.

What would you do if you had extra TRY 1,000,000?	Percentage
Make investments	53.1
Establish a business	12.1
Do charity work	9.2
Spend	10.2
Other	10.9
No answer	4.4
Total	100.0

There may be differences between what people say and what they actually do. Therefore, two out of every three people considering making investments may not be realistic. However, other findings of this research provide an idea on how the real situation is. In a society where the majority is in debt and cannot make any investments, home ownership rate at 66 percent and the rates of people who pay installments or bank loans to buy a house or a car indicate that people do actually invest if they have the opportunity to do so.

## **2.5. Assessment of Individual Investment and Spending Behaviors**

**Belma Öztürkkal and Nurhan Davutyan – Kadir Has University**

Financial inclusion, the availability and affordability of financial services, is a well-researched topic. Demirgüç-Kunt and Klapper (2012) published a study which includes data on 50,000 people in 148 countries. According to their study, 50 percent of the adult population have a bank account in a financial institution. The rate in developed countries which is 89 percent, almost doubles the rate in economically developing countries at 41 percent. According to the findings of the research, 22 percent of the adult population in the world have savings, and 9 percent have got a loan from a bank or similar institution over the last twelve months. Income level, gender and educational attainment level make a difference in savings rates. While emergency and health loans are prevalent in developing countries, mortgage loans are common in developing countries. Allen *et al.* (2012) claim that cost, documentation requirements and transportation/distance are the factors behind why people don't have bank accounts. The rate of having a bank account is higher among individuals



who are rich, older, urbanite, educated, employed, married or separated. According to Fungacva and Weill's (2014) research in China, bank accounts and bank loans are more common among individuals who have higher income, are male and older.

According to the results of the research conducted by KONDA in May 2014 with the participation of 2607 respondents, which provides a demographic analysis of financial inclusion by taking account of characteristics such as political preferences, religious preferences, degree of conservatism, ethnicity:

49.2 percent of respondents are women, 59 percent have high school education or above, 74 percent are conservative, and 25.9 percent adopt a modern lifestyle. 69.8 percent of respondents identify themselves as religious or pious. The average age of respondents is 40; the youngest respondent is 18 years old, while the oldest is 83. Average household size is four. 71 percent of respondents are married, 22 percent are single. 65 percent of respondents own a house, 42 percent own a car.

1607 out of 2607 respondents, corresponding to 61.6 percent, were born in the same place with their father and currently reside in the same place. Parents of 9.4 percent of respondents had migrated, and they currently live in the same place. 25 percent of respondents were born in the same place with their fathers, but migrated to another city. Both the remainder 4 percent and their fathers migrated.

The analysis of the relation between migration and income demonstrates that the average monthly income of the settled group is TRY 1,750; whereas the average monthly income of the respondents whose father migrated is TRY 2,314; the average monthly income of respondents who were born in the same place as their father but migrated afterwards is TRY 2,016; and the average monthly income of respondents who themselves and their fathers migrated is TRY 2,265. These differences are statistically significant, and refer to social mobility (i.e. migration increases income).

54 percent of respondents state that they do not save any money. 12 percent of respondents express that they make savings to buy a house, 12 percent express they do so for their children's education.

12 percent of respondents pay debts towards housing, 10 percent towards a car, 19 percent towards furniture, 8 percent towards their education; and 45 percent have installments to pay. 35 percent of respondents got a bank loan at one point until now. 27 percent of respondents state that they encounter difficulties paying the bank loans. Only 50 percent of respondents do not currently have any debt.

27 percent of respondents make investments; 1 percent of these invest in foreign currencies, and 9 percent have a bank account. 10 percent have invested in gold. 8 percent invest in housing or land. Investment rate in equities is 0.7 percent. 65 percent of respondents have a regular salary.



In investment preferences, reliability, high rates of return and low risk are the most important parameters. 50 percent of respondents count on their own knowledge and analyses when they make investments.

*When the responses which are significant according to the t-test, are evaluated in relation to gender:*

- In comparison to men, women make less decisions by themselves or with their families.
- In comparison to men, women make savings less frequently.
- In comparison to men, women borrow money from family members or friends less frequently.
- In comparison to men, women encounter more difficulty when paying loans back.
- Women express that their social class is lower than the men.

*When the responses which are significant according to the t-test, are evaluated in relation to educational attainment level by comparing the group which has high school education or above and the rest:*

- Those who have high school diploma or higher make more investments.
- Those who have high school diploma or higher make more decisions by themselves or with their families.
- Those who have high school diploma or higher borrow money from family members or friends less frequently.
- Those who have high school diploma or higher state that they have less difficulty in paying loans.
- Those who have high school diploma or higher express that they have difficulty in affording a living less frequently.
- Those who have high school diploma or higher express that their social class is higher.

*When the responses which are significant according to the t-test, are evaluated by comparing the preferences of the modern in comparison to the preferences of the traditional conservatives and religious conservatives:*

- Being conservative does not have an influence on making savings.
- In comparison to the modern, respondents who are more conservative make less decisions by themselves or with their families.
- In comparison to the modern, respondents who are more conservative encounter more difficulty when paying loans back.
- Respondents who are more conservative express that they have difficulty in affording a living more frequently.
- Respondents who are more conservative express that their social class is lower than that of the respondents who are modern. Being conservative is inversely correlated with income level.

*When the responses which are significant according to the t-test are evaluated by comparing the preferences of respondents who identify themselves as a believer or non-believer and the preferences of respondents who identify themselves as religious or pious:*



- In comparison to respondents who identify themselves as believer or non-believer, respondents who identify themselves as religious or pious borrow money from family members or friends less frequently.
- Respondents who identify themselves as religious or pious express that their social class is lower than that of respondents who identify themselves as believer or non-believer.

*When the responses which are significant according to the t-test, are evaluated by comparing respondents who consider voting for Ak Parti and respondents who consider voting for other parties or who are swing voters:*

- In comparison to others, respondents who vote for Ak Parti make financial decisions on their own or with their families less frequently.
- There are no differences between respondents who would vote for Ak Parti and other parties with regard to investment preferences, borrowing money from family members or friends, encountering difficulty in paying loans back, having difficulty in affording a living.
- Respondents who would vote for Ak Parti express that their social class is lower than that of those who would vote for other parties or who are swing voters.

*When the responses which are significant according to the t-test, are evaluated by comparing respondents who voted for Ak Parti in the last three elections and respondents who voted for other parties or who are swing voters:*

- In comparison to respondents who voted for other parties, respondents who voted for Ak Parti in the last three elections make less decisions by themselves or with their families.
- In comparison to respondents who voted for other parties, respondents who voted for Ak Parti in the last three elections state that they have less difficulty in making a living. In other words, respondents who voted for Ak Parti in the last three elections perceive their condition better than how respondents who voted for other parties or who are swing voter perceive their own.
- Respondents who voted for Ak Parti in the last three elections express that their social class is lower than that of respondents who voted for other parties or who are swing voters.
- When chi-square analysis is conducted, no relation is found between income level and borrowing money from family members or friends. The same test demonstrates that use of bank loans statistically significantly increases in correspondence to an increase in income.

Paying loans back is easier in correspondence to increase monthly income. Also, the rate of respondents who make savings increases in correspondence to an increase in income. The table below is produced through a careful analysis of the data.

The rate of Alevis increases and the rate of Sunnis decrease in correspondence to an increase in income. The rate of Alevis with a monthly income of over TRY 1,200 is higher in comparison to Sunnis.

Table 1. Income level and Sectarian differences



%	Sünni	Alevi	Diğer	Cevap Yok
Below 300 TL	1.27	0.04	0.12	0
301-700 TL	6.14	0.19	0.04	0.04
701-1200 TL	27.89	1.07	0.19	0.23
1201-2000 TL	28.12	1.19	0.42	0.31
2001-3000 TL	14.92	0.92	0.27	0.27
Above 3001 TL	8.86	0.54	0.23	0.23
N/A	5.83	0.27	0.15	0.27
	93.03	4.22	1.42	1.35

45 percent of respondents put money aside for various purposes. 9 percent of the total makes savings. As presented above, the worldwide rate of making savings is 22 percent.

When demographic characteristics of the 708 respondents, i.e. 27 percent, who invest in movable or immovable properties are analyzed, those who make investments the most are the respondents between the ages 28-43, comprising 41 percent. The analysis of savings rates and educational attainment level presents that 52 percent of those who make savings have college diploma or higher, 18 percent have high school diploma, and 29 percent are educated below high school.

The analysis of investments in movable or immovable properties and degree of piety presents that 30 percent of investors are believers and 60 percent are religious. These rates are in conformity with the distribution among the rest of society. 43 percent out of the 923 respondents who get bank loans are above 44. The distribution of respondents who get bank loans in relation to degree of piety does not present divergence from that of the society.





Table 2. Household Incomes and Savings

%	Below 300 TL	301- 700 TL	701- 1200 TL	1201- 2000 TL	2001- 3000 TL	Above 3001 TL	N/A
Buy a house	0.15	0.54	2.84	4.6	2.19	1.42	0.54
Buy a car	0.04	0.19	1.34	1.42	1.19	0.58	0.12
Spend on child's education	0.12	0.65	2.92	3.57	2.3	1.53	0.5
Make a wedding for my child	0	0.19	0.81	0.84	0.69	0.27	0.31
Put into savings	0.04	0.19	2.07	3.11	1.96	1.19	0.81
Other	0	0.19	0.69	0.92	0.84	0.96	0.27
I don't save	1.07	4.45	18.64	15.42	7.1	3.84	3.87
N/A	0	0	0.08	0.15	0.12	0.08	0.12

There is no statistically significant difference between those whose income is above or below TRY 1,200 and those who do or do not make savings.

Average income of the 366 respondents who have a mortgage loan is TRY 2,121, average income of the 155 respondents who have a business loan is TRY 2,097, average income of the 309 respondents who have a car loan is TRY 2,513, average income of the 95 respondents who have a student loan is TRY 2,138, and average income of the 7 respondents who have a wedding loan is TRY 1,728. Apparently, respondents who have a car loan have a higher income than others.





### **3. RESEARCH ID**

#### **3.1. Overall Description of the Survey**

The survey that this report is based on was conducted by KONDA Research and Consultancy Limited (KONDA Araştırma ve Danışmanlık Ltd. Şti.) for the subscribers of KONDA Barometers.

The field survey was conducted on May 3-4, 2014. This report presents the political trends, preferences and profiles of the adult population above the age of 18 in Turkey within the dates of the field survey.

The survey is designed and conducted with the purpose to determine and monitor trends and changes in the preferences of respondents who represent the adult population above the age of 18 in Turkey.

The error margin of the survey is +/- 2 at 95 percent confidence level and +/- 2.6 at 99 percent confidence level.

#### **3.2. The Sample**

The sample was selected through the stratification of the population data and education level data of neighborhoods and villages based on the Address-Based Population Registration System (ADNKS), and the results of the June 12, 2011 General Elections in neighborhood and villages.

First, the settlements were grouped as rural/urban/metropolitan, and then the sample was determined based on the 12 regions.

Within the scope of the survey, 2621 respondents were interviewed face-to-face in 144 neighborhoods and villages of 114 districts -including central districts- of 29 provinces.

Provinces visited	29
Districts visited	114
Neighborhoods/villages visited	144
Number of respondents	2607



Within the 18 surveys conducted in each neighborhood, quotas regarding age and sex were considered.

Age group		Female	Male
Between 18-28		3 respondents	3 respondents
Between 29-44		3 respondents	3 respondents
44 and above		3 respondents	3 respondents
	Level 1 (12 regions)	Provinces visited	
1	İstanbul	İstanbul	
2	Western Marmara	Balıkesir, Edirne	
3	Aegean	İzmir, Kütahya	
4	Eastern Marmara	Kocaeli, Bursa	
5	Western Anatolia	Ankara	
6	Mediterranean	Adana	
7	Central Anatolia	Kayseri, Niğde	
8	Western Black Sea	Samsun, Tokat	
9	Eastern Black Sea	Trabzon	
10	Northeastern Anatolia	Erzincan	
11	Middle Eastern Anatolia	Elazığ	
12	South Eastern Anatolia	Diyarbakır, Gaziantep, Şanlıurfa	



The distribution of respondents according to the regions and place of residence is shown in the table below.

	Region where the survey was conducted	Rural	Urban	Metropolitan	Total
1	Istanbul	0.0	0.0	18.3	18.3
2	Western Marmara	2.1	3.5	0.0	5.6
3	Aegean	4.0	6.2	5.4	15.5
4	Eastern Marmara	1.5	2.8	5.1	9.3
5	Western Anatolia	0.7	0.0	9.4	10.1
6	Mediterranean	3.3	2.8	6.3	12.4
7	Central Anatolia	1.4	2.1	1.4	4.8
8	Western Black Sea	2.6	3.4	0.0	6.1
9	Eastern Black Sea	1.4	2.1	0.0	3.5
10	Northeastern Anatolia	1.4	0.0	0.0	1.4
11	Middle Eastern Anatolia	1.4	2.1	0.0	3.5
12	South Eastern Anatolia	2.1	3.5	4.1	9.7
		21.7	28.3	49.9	100.0





## 4. FREQUENCY TABLES

### 4.1. Profile of the Respondents

Gender	Percentage
Female	50.9
Male	49.1
Total	100.0

Age	Percentage
Between 18 - 28	26.7
Between 29 - 43	34.1
44+	39.1
Total	100.0

Educational attainment level	Percentage
Illiterate	6.3
Literate without degree	1.8
Primary school diploma	32.6
Secondary school diploma	15.5
High school diploma	30.0
College diploma	13.1
Masters / PhD	.7
Total	100.0



Place of birth	Percentage
Istanbul	6.5
Western Marmara	5.5
Aegean	13.3
Eastern Marmara	7.7
Western Anatolia	8.0
Mediterranean	12.0
Central Anatolia	7.5
Western Black Sea	8.6
Eastern Black Sea	6.7
Northeastern Anatolia	4.0
Middle Eastern Anatolia	6.3
South Eastern Anatolia	13.1
Abroad	.7
Total	100.0

Father's birthplace	Percentage
Istanbul	3.0
Western Marmara	5.8
Aegean	12.5
Eastern Marmara	6.4
Western Anatolia	6.3
Mediterranean	11.7
Central Anatolia	9.3
Western Black Sea	9.6
Eastern Black Sea	8.0
Northeastern Anatolia	5.4
Middle Eastern Anatolia	6.6
South Eastern Anatolia	13.8
Abroad	1.6
Istanbul	3.0





<b>Employment status</b>	<b>Percentage</b>
Public officer	5.7
Private sector	5.2
Worker	10.8
Small retailer	7.5
Merchant / businessman	.6
Self-employed	1.0
Farmer, agriculturist, stock breeder	5.5
Employed, other	4.5
Retired	11.2
Housewife	33.3
Student	9.3
Unemployed	4.4
Disabled	1.0
Total	100.0

<b>Lifestyle Cluster</b>	<b>Percentage</b>
Modern	26.3
Traditional conservative	45.1
Religious conservative	28.6
Total	100.0

<b>Head cover</b>	<b>Percentage</b>
No cover	28.8
Head cover	49.7
Turban	7.5
Chador	.4
Bachelor men	13.6
Total	100.0



TV channel preferred to watch the news	Percentage
ATV	12.7
CNN Turk	2.5
Fox TV	8.2
Habertürk	2.9
Halk TV	3.2
Kanal 7	4.1
Kanal D	15.1
Kanaltürk	.7
NTV	3.9
Roj TV	.3
Samanyolu	3.2
Show TV	4.3
Star	7.9
TRT	12.8
Ulusal	1.6
Local channels	1.4
Other channels	6.5
No answer	8.7
Total	100.0

Ethnicity	Percentage
Turkish	83.3
Kurdish	12.7
Zaza	1.0
Arab	1.0
Other	2.0
Total	100.0

Religion/Sect	Percentage
Sunni Muslim	94.3
Alevi Muslim	4.3
Other	1.4
Total	100.0



<b>Piety</b>	<b>Percentage</b>
Non-believer	2.4
Believer	27.8
Religious	58.1
Devout	11.7
Total	100.0

<b>Monthly Household Income</b>	<b>Percentage</b>
TRY 300 or less	1.5
TRY 301 - 700	6.9
TRY 701 - 1200	31.4
TRY 1201 - 2000	32.1
TRY 2001 - 3000	17.5
TRY 3001 or more	10.5
Total	100.0

<b>Type of housing</b>	<b>Percentage</b>
Traditional house	38.2
Squatter	5.7
Apartment flat	53.8
Luxury residence	2.3
Total	100.0

<b>Settlement code</b>	<b>Percentage</b>
Rural	21.7
Urban	28.3
Metropolitan	49.9
Total	100.0



<b>Region where the survey was conducted</b>	<b>Percentage</b>
Istanbul	18.3
Western Marmara	5.6
Aegean	15.5
Eastern Marmara	9.3
Western Anatolia	10.1
Mediterranean	12.4
Central Anatolia	4.8
Western Black Sea	6.1
Eastern Black Sea	3.5
Northeastern Anatolia	1.4
Middle Eastern Anatolia	3.5
South Eastern Anatolia	9.7
Total	100.0



## 4.2. Household Demographics

Household size (group)	Percentage
1 - 2	21.4
3 - 5	65.8
6 - 8	10.4
9 or more	2.3
Total	100.0

Marital status	Percentage
Single	22.0
Engaged	1.7
Married	71.3
Widow/Divorced	5.0
Total	100.0

Living arrangements	Percentage
I live with my parents.	22.2
I live with my spouse.	21.2
My children live with us.	48.3
My children finished school/got married and left home.	3.4
I live alone.	4.9
Total	100.0

Home ownership	Percentage
Yes	65.8
No	34.2
Total	100.0

Car ownership	Percentage
Yes	41.6
No	58.4
Total	100.0



### 4.3. Investment preferences

Does the household have a regular or irregular income?	Percentage
Regular, salary	66.1
Regular, daily wages	4.1
Irregular (small retailer, farmer, etc.)	29.8
Total	100.0

If you are saving money or making investments, what is your purpose?	Percentage
Buying a house	12.3
Buying a car	4.9
Paying for the education of my child(ren)	11.6
Paying for the wedding of my child(ren)	3.1
Saving money	9.4
Other	3.9
I do not save	54.7
Total	100.0

Do you pay installments for any of the below?	Percentage
Housing	11.8
Car	10.3
Furniture	18.7
Education	7.8
Vacation	.6
Total	-

Do you make any investments? Which one(s) do you invest in?	Percentage
Foreign Currency	1.2
Bank Account	9.0
Gold	9.6
Equity	.7
Housing, land	7.9
Other	1.2
Total	-



<b>Which of the below had the highest influence when you made the decision to invest in this specific investment instrument?</b>	<b>Percentage</b>
High rate of return	16.5
Low risk	12.5
Reliability	18.7
Easy access	3.3
Easy to sell	8.9
Low tax rates	2.0
No answer	38.1
Total	100.0

<b>Who makes the decisions about investments in your family?</b>	<b>Percentage</b>
Myself	25.1
My spouse	11.5
Elders of the family	8.6
The whole family decides together.	32.4
No answer	22.4
Total	100.0

<b>Which source do you trust the most in making economic investments?</b>	<b>Percentage</b>
My own knowledge/analyses	50.1
Suggestions and comments I get from my social circle	23.0
Economic/financial news	9.6
Brokers/bank employees	6.9
Internet	2.9
No answer	7.5
Total	100.0

<b>Did you ever borrow money from a family member/a friend?</b>	<b>Percentage</b>
Yes	61.2
No	38.8
Total	100.0



<b>Did you ever get a bank loan? What was the loan for?</b>	<b>Percentage</b>
Mortgage loan	14.8
Business loan	6.3
Car loan	12.4
Wedding loan	.3
Student loan	3.8
Loan to pay another debt	3.0
Total	-

<b>Did you have difficulty in paying back a bank loan?</b>	<b>Percentage</b>
Yes	28.0
No	20.1
I did not get a loan	51.9
Total	100.0

<b>Do you owe any money to a person or a bank?</b>	<b>Percentage</b>
To a person	19.2
To a bank	29.5
No debt	51.2
Total	100.0

<b>What would you do if you had extra TRY 10,000?</b>	<b>Percentage</b>
Pay debts	23.8
Make investments	14.5
Buy a car	9.7
Spend for family	8.6
Spend for the needs at home	7.7
Go on vacation	6.3
Spend for education	5.9
Invest in housing/land	5.6
Establish a business/expand my business	4.6
Donate/go for pilgrimage or umrah	3.7
Spend	3.6
Other	3.0
No answer	3.0
Total	100.0





<b>What would you do if you had extra TRY 10,000? (grouped)</b>	<b>Percentage</b>
Make investments	52.6
Save the day	31.5
Spend	9.9
No answer/other	5.9
<b>Total</b>	<b>100.0</b>

<b>What would you do if you had extra TRY 1,000,000? (complete list)</b>	<b>Percentage</b>
Spend for family	7.9
Buy a car	1.4
Donate	9.2
Pay debts	1.6
No answer	4.4
Other	5.1
Did not think/cannot think/do not know	3.0
Spend for education	1.9
Buy a house	13.2
Buy house, car and invest	10.9
Invest in real estate	5.5
Spend	1.0
Cannot imagine	1.2
Establish a business	12.1
Sustain a comfortable livelihood	2.6
Move	2.5
Go on vacation	1.5
Make investments	12.4
Travel abroad	2.5
<b>Total</b>	<b>100.0</b>

<b>What would you do if you had extra TRY 1,000,000?</b>	<b>Percentage</b>
Make investments	53.1
Establish a business	12.1
Do charity work	9.2
Spend	10.2
Other	10.9
No answer	4.4
<b>Total</b>	<b>100.0</b>



<b>How do you think your expenses will change in comparison to the previous year?</b>	<b>Percentage</b>
Will decrease	11.4
Will increase	52.8
Will remain the same	35.8
Total	100.0

<b>Did your expenses change due to the local elections?</b>	<b>Percentage</b>
I spent less.	3.9
It did not change.	79.3
I spent more.	16.9
Total	100.0