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# Ethnic Banking: Turkish Immigrants in Berlin

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**Global Business Department**  
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**ETHNIC BANKING:**  
**Turkish Immigrants in Berlin**

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ETHNIC BANKING: TURKISH IMMIGRANTS IN BERLIN

Ethnic Banking: Turkish Immigrants in Berlin

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### Abstract

This work is a preliminary study into the significance of the ethnic banking market in Berlin, Germany, featuring a case study on the Turkish immigrant population. Past literature has shown a positive correlation between integration, ethnic closeness, and immigrants' bank usage. Emphasis is placed on how select banks in two Berlin sub-communities, Kreuzberg and Neukölln, are managing their relationship with the Turkish immigrant customer. The factors of integration, which influence the Turkish immigrants' use of financial institutions in Berlin, are analyzed. Key interviews were conducted to further understand the integration process and bank usage. I contribute to the academic discussion by recognizing a strong relationship between stages of reciprocal integration by ethnic Turkish immigrant customers and banks in Berlin. The findings of this study may prove significant for other saturated European and international banking markets.

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## 1 Introduction

This is a preliminary study into the significance of the ethnic banking market in Berlin and the banks' relationship with the Turkish immigrant population.<sup>1</sup> The Berlin sub-communities of Kreuzberg and Neukölln are the focal points for this study of reciprocal integration and ethnic banking strategies. The factors of reciprocal integration, ethnic closeness, and immigrant bank usage, such as language, and other external and internal manifestations of cultures are analyzed. The author conducted key person interviews with branch managers and scholars. This paper uses the idiographic method, leaning more towards reporting rich description that emphasizes qualitative concerns, in contrast to the nomothetic approach, which seeks statistical generalizations based on analysis of trends across large samples. Via case studies of the Berlin communities, Kreuzberg and Neukölln, a strong correlation between degree of reciprocal integration and increased immigrant bank usage is identified. This work establishes that applying sound principles of ethnic banking strategy, facilitated by local knowledge, flexibility, and cultural awareness of the stages of reciprocal integration by both the Turkish client and the German bank may prove a key for success in the saturated Berlin banking market.

## 2 The Theory Behind Ethnic Banking

### *Introduction*

Globalization and rising competition are major triggers for bank internationalization, which is usually a matter of cross-border investment or cross-border business. Globalization can also show opposite effects. Clients and markets are looking increasingly towards regional,

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<sup>1</sup> The use of the term, "Turkish immigrant" is not to be so obtuse as to neglect mention of the vibrancy of the many subgroups, cultures, ethnicities, and generations represented there under. For example, third-generation Turks in Berlin would not normally be referred to as Turkish immigrants. In this study the term is used for simplicity and readability.

national, and ethnical aspects that provide an anchor for both client orientation and market differentiation. Past literature has shown banks can benefit from socio-economic aspects of ethnicity. In the saturated banking markets of countries and cities with a diverse ethnic mix, ethnic banking may prove a competitive advantage. The author analyzes the phenomenon of banks going international in the local market by exploiting the ethnic variety among consumers within Berlin sub-communities. While many see regionalization and globalization as uniform strategies across national boundaries only, ethnic banking indicates the opposite, namely, the segmentation on a local level following different national and international origins (Balabanis & Diamantopoulos, 2004). Ethnic-cultural sensitivity is important for fine-tuning the product-market fit for banking and can be applied to other product segments (Balabanis, Diamantopoulos, Melewar, & Mueller, 2001). This ethnic banking case study of two Berlin districts, Kreuzberg and Neukölln, suggests how banks, as is the case in other industries, start to actively use ethnic origin and its socio-demographic factors to profile customers.

Regional and ethnic aspects have received growing attention in the strategy and economic literature. Douglas and Wind (1987) recognize that an “adaptation to local or regional differences may yield better results” and propose a standardized strategy for regions or clusters sharing certain socio-economic similarities. Prahalad and Doz (1987) stress the feasibility of regional strategies in their framework of global integration versus local responsiveness. Guiso, Sapienza, and Zingales (2003) empirically estimate the financial development by assessing a regional effect of financial services and gave an affirmative answer to the question: Does local financial development matter? Ethnic closeness in that sense can be regarded as a source of efficiency and competitive advantage. But what determines a bank’s ability to “localize,” that is, to adjust to socio-economic aspects of its market like ethnicity?



Rueda-Maurer (2003) provides evidence that adjacency and common language are the most important determinants for bank internationalization— which seems perfect for localization and the ability to serve ethnic communities' banking needs. Focarelli and Pozzolo (2005) offer proof that the probability that a bank will have a foreign subsidiary in a country where the same language is spoken is higher than average. Buch (2003) and Haiss, Pichler, and Steiner (2005) find that cultural characteristics and language are important in explaining the degree of internationalization of Spanish banks. Theories of asymmetric information and market imperfections provide a rationale for the success of Spanish banks in international banking markets. Information costs are lower within countries, regions, and ethnic groups that share the same language (Focarelli & Pozzolo). Chang, Hasan, and Hunter (1998), and Haselmann (2006) argue that linguistic and cultural barriers are disadvantages for foreign banks. In addition to applying these thoughts on banks' cross-border activities, ethnic aspects can also be a source of competitive advantage within certain national or regional markets: information costs are lower and client identification is higher within ethnic groups that, among others, share the same language.

*Ethnic banking*, a relatively new term, will be used as the application of a bank's efforts in identifying the ethnic and cultural composition of its customers or potential customers; then by using this identification, adapt marketing and services accordingly. The ethnic banking market is an attractive opportunity for growth on a local and global scale.<sup>2</sup>

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<sup>2</sup> The earliest mention of *ethnic banking* is found in A.E. Tschoegl (1987) "International Retail Banking as a Strategy: An Assessment." The term "ethnic banking" has also been used to describe "underground" banking systems. These are systems in which ethnical groups within certain regions use their ethnic interconnectedness to establish alternative remittance systems (ARSs). This process is often used to launder money (Carroll , 2007).

*Using Culture and Ethnicity to Capture the Client*

Service industries, included banking, are defined in conventional economic literature as the provision of "intangible goods" (Bharadwaj, Varadarajan, & Fahy, 1993). In order to serve the customer and respect the importance of their business, the customer must be studied. There are many dimensions that make up the individuals and businesses who serve as customers for the banking industry. Two that are most important in regards to the topic of this paper are ethnicity and culture. Culture is mentioned in addition with ethnicity because they are interconnected to an extent that discussing one without mention of the other would be committing a grievous error.

Ethnicity can be defined as a basis for social categories that are rooted in socially perceived differences in race, national origin, language, and/or religion that often come with immigration and the formation of regions and nations. This is a very simple and broad assessment of ethnicity but will be adequate for the use of the term in this paper.

For the discussion of cultural influences, the author follows Foucault (1971) in defining culture as a system for differentiating between those who are members of the "in-group" and those of the "out-group." This is broadly in line with the widely applied definitions by Hofstede (1996) who sees cultures as "the collective programming of the human mind that distinguishes the members of one human group from those of another" and by Schein (1985) who stresses that culture defines "an organization's view of itself and its environment." Banks becoming part of the "in-group" is essential in order to serve untapped ethnic populations.

With the customer being the most important factor in the banking industry, it is the bank that should to adapt to the customer and not the customer to the bank. This concept becomes very important when the relationship between Turkish immigrants and banks in Berlin is considered. Companies can adjust their cultural sensitivity more easily than a group of individuals can

change their ingrained culture, and on the whole, banks have more incentive to change. This poses the argument against using universalistic banking strategies – one method for serving all customers. A person’s culture is a part of him or her and would, at a minimum, take one full generation of strong external pressure to change (Sowell, 1996). Even when subjected to powerful external pressures, there will most likely be defiant resistance to cultural changes (Brettell & Hollifield, 2000).

In addition, it is also important to mention mobility. Banks are now more willing than ever to move into areas where they can cater to the local culture, taking in consideration the banks’ own culture and countries’ willingness to accommodate them (Focarelli & Pozzolo, 2005). At the end of the nineteenth century, foreign banks were merely involved in their respective countries’ colonies. By the 1970s, banks began to follow their corporate clients abroad and populated the major financial centers. In the recent past, international banking activities have reached a historical peak, including large-scale, cross-border business and acquisitions of retail banks (Alfaro, Chanda, Kalemli-Ozcan, & Sayek, 2004; Focarelli & Pozzolo, 2005). Financial innovation, the rapid rise in international trade, and the advent of information technology have made “the world flat” (Friedman, 2005). Single companies can now operate more efficiently across all continents with the least amount of infrastructural friction than ever before. Whether a small domestic bank has outgrown its local market or a giant multinational bank is looking to expand further, it is now easier for banks to enter new markets. It is important to recognize that increasing mobility in the banking sector can be domestic, international, and/or within banking industries. This shifting means more competition and an increased need to find an edge over competitors. Ethnic banking can be the “edge” banks are seeking.

Berlin is, however, not “flat”. Within the communities of Kreuzberg and Neukölln, cultural distances such as languages, ethnicities, religions, and social norms, combined with a lack of connective social networks indicates “distance still matters” even at the local level (Ghemawat, 2001). Economic distance, as defined by Ghemawat, is significant when studying the relationship between Turkish immigrants and banks in Berlin. Factors of economic distance include “different consumer incomes, different quality of natural, financial and human resources, and different information and knowledge” (Ghemawat). German banks’ reluctance to adapt to the Turkish customer in Kreuzberg and Neukölln has sustained and perhaps perpetuated both cultural and economic distance. Ethnic banking strategies may help reduce these distances.

In terms of serving a minority immigrant population domestically, ethnic banking closely aligns with the classic definition of targeting niche markets. Those selling a product or service must identify a specific subgroup within the population, list the qualities and needs of that subgroup, and lastly, create and advertise products that meet those specific needs (Dunn, 2004). According to the anthropologist Sidney Mintz (1982), the design of the marketing of the products and services should be aimed at the widest variety of the audience within the niche target group while leaving room for continuous re-differentiation and innovation of the product. The products and services provided by the bank need to match how the ethnic customer, as an individual, defines him or herself (Mintz, 1982).

Samuelson (1976) and Dickson and Ginter (1987) establish that firms purposefully divide targeted markets into smaller markets by either product differentiation or social differentiation. Banks do this very well due to the inherent conditions of saturated markets. For example, there are minute differences that distinguish one bank’s services from another and often these differences are highly significant to the service being rendered (e.g., location, name reputation,

well-decorated branch offices with comfortable waiting areas and espresso machines). Ethnic closeness may be the factor that distinguishes one bank from another when offering the same products or services.

Schoenberger (1988) and Piore and Sabel (1984) argue that there was a transition period from competition through stable product lines designed for mass markets to specialized and differentiated products and services. After the transition, firms were better able to change product design or the service application mix quickly (Schoenberger, 1988; Piore & Sabel, 1984), thus allowing firms to be flexible and adapt to their clients' specific needs. While this trend occurred much earlier among other firms operating domestically and internationally from the 1960s to the 1980s, banks have been slow to follow.

Niche marketing or product development is about restructuring consumer markets through strategy by identifying and proposing new ethnic identities to target. Moreover, this process of structuring helps "commodify labor and segment labor markets by constituting new social identities and reconfiguring old ones" (Dunn, 2004). However, the concept of targeting a niche market is a process that requires the implementers, or banks in this case, to be flexible, rational, and individualist. These characteristics may not be found in the culture of all host-country banks. Mentalities that may inhibit the ability to target a niche market are those of being rigid, traditionalist, and collectivist. Given this argument, bank executives' and branch managers' mentalities may make banks more or less capable of implementing an ethnic banking strategy.

For some German banks in the two communities studied, historic experience in a social market economy in contrast to a more capitalistic one may prove to be one obstacle in implementing ethnic banking practices. German business historian Jeffery Fear (2003) writes

that West Germans rebuilt their economy post-WWII “around the idea of a ‘social market economy’.” Economist Jeffrey Sachs (1993) asserts that firms accustomed to social market economy would be less likely to adapt to changing environments than those accustomed to a highly competitive capitalist economy. The social market economy background of German banks is important to keep in mind when comparing ethnic banking in Berlin to that in the United States or United Kingdom.

The ethnic banking market has far-reaching consequences for international and domestic banks alike. If the market is respected and catered to, the benefits can be extensive. If it is overlooked or dealt with poorly, the costs can be extreme. The study of ethnic behavior, immigration, and integration will help to develop important insights that educate the application of ethnic banking strategies. At the core of most debates regarding banking services and the marketing of those services lies a series of questions, such as, Who are my customers, how do they behave, how can I attract them, keep them, and develop more business with them in a way that is cost effective? Bank managers in mature, segregated markets are asking these questions with increasing frequency.

#### *Recent Ethnic Banking Related Studies*

Early case studies of the U.S. and the U.K. banking markets may provide a base for understanding Berlin’s ethnic banking opportunities. Armstrong and Haiss (2007) and Shanmuganthaan, Stone, and Foss (2004) identify that the Hispanic and Asian minority ethnic populations are extremely under serviced by U.S. banks. However, those banks implementing ethnic banking practices are able to gain a greater market share, capture ethnic clientele, and increase banks’ profitability in a highly saturated market (e.g., Bank of America).

Socio-demographic statistics show that Hispanics are the fastest growing minority population in the U.S. (U.S. Census, 2006). They also represent the fastest growing college population. For the most part, they are on average much younger than the rest of the U.S. population (U.S. Census Bureau, 2002). At the same time, Hispanics' disposable income is growing faster than any other group, as shown during the past decade (The Selig Center for Economic Growth, 2006). Altogether this means that a greater percentage are avid consumers, brand conscious, and in need of financing. These statistics, in addition to ethnic attributes, make Hispanics a sought after clientele in the U.S. Early movers who targeted the Hispanic ethnic population have experienced initial success (Armstrong & Haiss, 2007; Shanmuganthaan, Stone, & Foss, 2004).

The Asian immigrant population in the U.S. is the second fastest growing ethnic population (U.S. Census, 2006). Their cultural expectations of banking services deviate significantly from traditional U.S. banking practices. The collectivist nature of the Asian culture requires sensitivity among U.S. bank branch managers. By the same token, Asian immigrants in the U.S. are highly entrepreneurial and require local market knowledge that must be provided by banks in order for the Asian customer to be successful. This case study reveals the need for national or regional banks to play the role of educator for the ethnic clientele (Armstrong & Haiss, 2007). Given Turkish immigrants' history of self-employment in Kreuzberg and Neukölln, this case study will prove especially valuable.

Armstrong and Haiss (2007) and Shanmuganthan, Spinder, Stone, and Foss (2003) explore what banks in the U.K are doing to serve select Southeast Asian and Muslim immigrants. Both of these populations are growing faster than the native community. In regards to Southeast Asian immigrants, there has been an increasing focus by U.K. banks to hire from the ethnic

communities that they were trying to serve. Specifically, banks are attempting to hire individuals who would make up the face of the bank (i.e., tellers, financial consultants, and branch managers) in order to make the ethnic customer more comfortable and to bestow a higher level of confidence in the services and products being offered.

Muslim immigrants in Britain, similar to Turkish immigrants in Berlin, have a vastly different culture than the host country or region. As a result, the ethnic immigrant population tends to establish sub-communities within the host country. These sub-communities create demand for ethnic-oriented businesses and services known as ethnic economies. However, what is distinct about the Muslim community in Britain is the need for Islamic banking services.<sup>3</sup> Due to the fact that no British bank offered such specialized ethnic service, Ahli United Bank (formerly the United Bank of Kuwait) moved to the U.K. to provide Islamic banking services such as mortgages and small business loans to the Muslim population. With very little local competition from British banks, Ahli United Bank is receiving monopoly-like profits from ethnic Muslim customers (Ahli United Bank, 2006). Ahli Bank moved to serve an ethnic clientele; this is similar to Turkish banks' movement to Berlin in order to serve ethnic Turkish clients, one area of focus in this case study.

Analyzing the Turkish client's relationship with banks in Germany provides another valuable insight into ethnic banking practices. Unlike banks in the U.S. and the U.K., very little effort has been made by the domestic banks to capture the ethnic customer in Berlin. This work establishes that applying similarly sound principles of ethnic banking strategy, facilitated by local knowledge, flexibility, and cultural awareness of the stages of reciprocal integration by both the Turkish client and the German bank may also prove a key for success in the saturated

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<sup>3</sup> Islamic banking is not a heavily demanded service for Turkish immigrants in Berlin. In Turkey, Islamic banking makes up a very less than 3% of total loans and deposits (Gleisner 2007). Given the minor role in Turkish market, the offering of Islamic banking products and services is not major driving force for bank choice in Berlin.



Berlin banking market. This is demonstrated by first reviewing immigration and integration theories, followed by a brief history of Berlin identity, an overview of Turkish immigration to Berlin, and a case study of the communities of Kreuzberg and Neukölln, lastly, the conclusions will be summarized.

### 3 Immigration, Assimilation, and the Reciprocal Integration Theory

#### *Introduction*

A literature review of immigration, assimilation, and integration theories and how each pertains to Turkish immigrants in Berlin will prove useful in understanding bank-immigrant relationships. There is particular emphasis placed on the academic discussion shifting from assimilation to integration. This shift displays the change in language and ways of thinking about immigrant communities' inclusion into host societies. Much of this shift occurs during the same time as Turkish migration to and residency in Berlin society. The theories of integration built on earlier theories of assimilation will form the basis for a strong correlation between reciprocal integration and Turkish immigrants' choice of bank in the Berlin sub-communities of Kreuzberg and Neukölln.

Today, immigration research uses theories and concepts which date back to the turn of the 20<sup>th</sup> Century: assimilation, acculturation, integration, adaptation, amalgamation, Anglo-Conformity, melting pot, cultural pluralism, hybridism, multiculturalism; and so on. The vast majority of these theories and concepts were introduced in order to explain the momentous, historical experience of mass migration to the United States.

*Assimilation Defined*

Assimilation has recently been thought of as a negative term used to describe the majority imposing their ethnocentric demands on minority groups who are struggling to retain their cultural and ethnic identity. Due to this negative reaction by many, some anthropologists have declared the term dead for academic use (Glazer, 1993). Nevertheless, it is important to discuss the transition from assimilation to more modern terms with less historical baggage that better describe the overlapping stages which define the shift from homogeneity to heterogeneity where both the majority and minority are active participants.

Assimilation was used early on by sociologists who declared that assimilation was the “unlearning” by minorities of their “inferior” cultural traits in order to “successfully learn the new way of life necessary for full acceptance” (Warner & Srole, 1945). Warner and Srole commit a modern day intellectual sin by relying upon the fact that there was a correlation between assimilation and a hierarchy of racial and cultural acceptability. This hierarchy involved white, “English speaking Protestants at the top” and Negroes at the bottom in American society (Alba & Nee, 1997). For a long time, this ethnocentric definition of assimilation pervaded college textbooks; nevertheless, other ways to define assimilation evolved.

In the last 60 years, assimilation has been redefined, moving increasingly further from ethnocentric claims (Alba & Nee, 1997; Barkan, 1995; Kazal, 1995; Morowska, 1994). Assimilation has come to be understood by many scholars as not a forced process by the majority or host culture, but rather the “social process that occurs spontaneously and often unintendedly in the course of interaction between majority and minority groups” (Alba & Nee, 1997). The evolution of assimilation to mean an unintended rather than a deliberate process was a key step

toward the concept of reciprocal integration. This will prove useful for a better understanding of banks' interactions with Turkish immigrants in Berlin.

In 1921, Park and E.W. Burgess (1921) first define assimilation as a “process of interpenetration and fusion in which persons of groups acquire the memories, sentiments, and attitudes of other persons and groups and, by sharing their experience and history, are incorporated with them in a common cultural life.” This definition may provide insight into why Turkish immigrants may find difficulty assimilating into German society and vice versa. Both cultures would present a set of “memories, sentiments, and attitudes” that are not easily adoptable by the other. Others, such as Fichter (1957), define assimilation as “a social process through which two or more persons or groups accept and perform one another’s patterns of behavior.” He breaks new ground by emphasizing a reciprocal relationship, although “one may be much more affected than the other” (Fichter).

It is important to acknowledge that while sociologists tend to use the term “assimilation,” anthropologists prefer the term “acculturation.” The terms often have been used to mean the exact same concept, albeit, in other usages, their meanings have diverged slightly which will be noted (Gordon, 1964). Rose (1956) describes acculturation as:

The adoption by a person or group of the culture of another social group to such a complete extent that the person or group no longer has any characteristics identifying him with his former culture and no longer has any particular loyalties to his former culture.

Rose fails to include whether the process described could or could not happen between two individuals or groups simultaneously. In the mid 1930s, the Social Science Research Council’s Committee on Acculturation presented “an authoritative definition of ‘acculturation’” in order to

“analyze and chart the dimensions” of the study of acculturation (Gordon, 1964; see Figure 1). The committee was made up of a number of distinguished anthropologists who declare that acculturation “comprehends those phenomena which result when groups of individuals having different cultures come into continuous first-hand contact, with subsequent changes in the original cultural patterns of either or both groups” (Redfield, Linton, & Herskovits, 1936; see also, Herskovits, 1938; and Linton, 1940).

Park and Burgess (1921) and most other early anthropologists present immigrant-friendly definitions of assimilation compared to those later introduced. Many governments, including the German, were of the opinion that assimilation required the erasure of all signs of the immigrant’s ethnic origins (Alba & Nee, 1997). Later, Park (1930) would expound on his earlier definition of assimilation, adding that assimilation was “the name given to the process or processes by which peoples of diverse racial origins and different cultural heritages, occupying a common territory, achieve a cultural solidarity sufficient at least to sustain a national existence.” This definition seems to imply that both groups move towards each other and that it is not the lone act of the minority group adopting the majority’s culture. Despite these two early definitions, Park is most well known for his stages of assimilation. These stages are particularly important for the objective of this study. Park defines the first stage as “contact,” the second as “competition,” the third as “accommodation,” and last as “assimilation” (Park, 1930; see also Barkan, 1995; Lal, 1990). According to the analysis of Park’s stages by Alba and Nee (1997), Turkish immigrants in Berlin are in the second stage, “competition.” Alba and Nee define the stage of competition as the “unstable consequence of contact as groups struggle to gain advantages over one another, and it eventuates in the more stable stage of accommodation” (Alba & Nee, 1997; see also: Lal, 1990; Shibutani & Kwan, 1965).

Park's definitions assume assimilation to be the final stage of all interactions between one population and another as long as they continue to occupy the same location (Alba & Nee, 1997; see: Stone, 1985). A sociologist who does not assume assimilation as the final stage is Milton Gordon (1964). Gordon is attributed with having dramatically reduced the amount of confusion in the sociological literature surrounding assimilation (Abramson, 1980; Alba & Nee, 1997; Barkan, 1995; Gleason, 1980; Hirschman, 1983).

Gordon, just as most of the assimilation literature from his period, focuses exclusively on the American situation. In *Assimilation in American Life* (1964), Gordon provides his own systematic framework for analyzing the stages of assimilation in what he calls "Structural Assimilation." Gordon identifies seven dimensions of assimilation.

Figure 1: Gordon's Structural Assimilation

<b>Sub-process or Condition</b>	<b>Type or Stage of Assimilation</b>	<b>Special Term</b>
Change of cultural patterns to those of host society	Cultural or behavioral assimilation	Acculturation
Large-scale entrance into clique, clubs, and institutions of host society, on primary group level	Structural assimilation	None
Large-scale intermarriage	Marital assimilation	Amalgamation
Development of sense of peoplehood based exclusively on host society	Identificational assimilation	None
Absence of prejudice	Attitude receptional assimilation	None
Absence of discrimination	Behavioral receptional assimilation	None
Absence of value and power conflict	Civic assimilation	None

Adapted from: Gordon, 1964

By structural assimilation Gordon is referring to the gradual entry of an ethnic minority group towards an intimate relationship with the majority group. This notion, although criticized for being a microsociological account because it pertains only to groups, has greatly influenced scholarship on assimilation and immigration studies (Barth, 1956).

Gordon (1964) defines acculturation as a groups' adoption of the host society's cultural patterns. He begins with language as the first step, followed by the groups' adaptation of outward emotional expression and personal values as the second. The third step incorporates the "vital ingredients of the group's cultural heritage" (Gordon, 1964). These traits, which modern literature regards as cultural, include religion and musical tastes (Alba & Nee, 1997). These traits are internal, which Gordon places after the external traits, meaning that assimilating externally occurs first and internally second.

Gordon implies that assimilation is a one-way process that is later debunked by further definitions. He describes the host or majority culture as being more or less unchanged by the absorption of the minority. Gordon does admit to "minor modifications in cuisine, recreational patterns, place names, speech, residential architecture, [and] sources of artistic inspiration" occurring within the receiving society (Gordon, 1964). Still, Gordon's greatest contribution is that he is the first to arrange assimilation into stages (Balkan, 1995).

In the early 1970s, the Straight-Line Assimilation theory is introduced by Gans (1973) and Sandberg (1973). They are trying to expound on Gordon's formulation, but avoid the microsociological flaw for which Gordon is criticized. Gordon's framework is referred to as being limited because of its "group nature" and that an ethnic group goes through the process of assimilation all at one time (Barth, 1956). Gans and Sandberg attempt to describe assimilation as a multilayered process involving generational steps. Generational steps refer to "each generation represent[ing] on average a new stage of adjustment to the host society, i.e., a further step away from ethnic 'ground zero', the community and culture established by the immigrants, and a step closer to more complete assimilation" (Lieberson, 1973; cited in Alba & Nee, 1997). This is the

first time that generations are identified as being the drivers of ethnic change and not just minority groups generalized.

As with the Turkish immigrant population in Berlin, each generation faces a different set of issues in regards to the society it is living in and the majority ethnic group. Gans (1973) and Sandberg (1973) were quickly criticized because they imply that immigrant generations would inevitably assimilate in a smooth overlapping process. This ruled out instances of the immigrant group's ethnicity going through periods of renaissance (Conzen, Gerber, Morawska, Pozzetta & Vecoli, 1992; Yancey, Ericksen & Juliani, 1976; Greely, 1977).

Gans (1992) responds to the criticism and develops the "bumpy-line theory of ethnicity." Gans modifies the description to cover that "there is a generational dynamic behind ethnic change and that it moves, *perhaps with tangents*, in the general direction of assimilation" (Alba & Nee, 1997; emphasis mine). Gans does not give any indication of the speed of generational assimilation and whether it differs depending on circumstance.

In studies conducted post 1970s, assimilation is no longer used to refer to a group's substitution of one cultural expression for the other group's equivalent. Whether it is the minority adopting the majority or vice versa, such exchanges no longer fit the narrow definition of assimilation. The notion of hybridity emerges, finding that there are strong influences on the mainstream culture by the minority culture (Conzen, Gerber, Morawska, Pozzetta & Vecoli, 1992; Sollors, 1989). Examples of hybridization are not only present in the most obvious sources, food (e.g., the Turkish Kebab) or in music (e.g., German-Turkish rap music), but also in ways of going about daily life (e.g., family structures and the role of women). However, hybridization in Berlin does not appear to occur to the same extent as it does in the U.S.

When many think of assimilation, they think about an ethnic group losing its association with certain cultural traits and/or practices. What is often forgotten is that this frequently occurs because non-group members take on the cultural trait and/or practice (Alba & Nee, 1997). Accordingly, the empirical correlation between the cultural trait or practice and the group is diminished. Over time, the ethnic origins of cultural traits or practices are lost and become part of the mainstream culture. Alba and Nee identify such instances in mainstream American society. For example, archetypal American recreational practices are derived from those brought by German immigrants, and more intense family contacts have been adopted from Irish and Italian immigrants (Greely, 1977; Sowell, 1996). As the relationship between those of Turkish origin and those who identify themselves as Berliners continues, the correlation between the cultural traits of each group and their practices will decrease. In addition, practices from the Turkish communities may become more a part of the mainstream culture in Berlin. As a result, over time, there may be less effort needed on the part of the German bank to serve the Turkish client because Berlin society will already use practices adopted from the Turkish immigrant.

Gordon's identification of various stages remains at the group level. Therefore, he is not able to address the phenomenon of a group's assimilation effect on individuals and vice versa. Breton (1964) finds that the group, as an institution, spurs the individual to assimilate faster. This trend is later termed peer pressure. Portes and Raumbaut (2001) also contribute by identifying the individual's desire to keep the ethnic institution complete. This means that as a significant portion of an ethnic group begins to change slightly, individuals identifying with that group will change in order to maintain solidarity, accelerating or decelerating the assimilation process. Alba and Nee (1997) point out that "if at the community level the opportunities to express ethnicity are meager or socially inappropriate, the intent to maintain ethnicity, assuming it exists,



may be thwarted or transformed,” as may be the case with the Turkish immigrants in Berlin. It is also equally possible that the richness of Turkish culture in terms of modes of behavior and expression, which often causes it to stand out against the German majority culture, may lead the culture to succeed in maintaining solidarity.

The richness of any minority culture within a majority of vastly different cultural identities relies upon a constant flow of ethnicity through continual immigration. This is the case in Berlin in terms of Turkish immigrants. On average 1,800 Turkish immigrants come to Berlin yearly, replenishing the supply of Turkish ethnicity (Statistisch Landesamt Berlin, 2006). It follows that a major reason for lack of Turkish assimilation into Berlin society, since their first appearance in the 1960s, is that there has been a continuous flow of Turkish immigrants, aiding in preservation and reinforcement of Turkish culture in Berlin. Naturally, if individuals are assimilating in large numbers and are not replaced by a sufficient flow of immigration, the ethnicity will diminish as a whole. For example, there are a number of Turkish cultural institutions active in the communities of Kreuzberg and Neukölln; if membership in these institutions were to decline; the institutions would cease to exist.

Another area is that of socio-economic assimilation. The increased parity of economic opportunity between the minority and the majority ethnicities is often a critical indicator of assimilation (Alba & Nee, 1997). Likewise, disparity indicates a lack of assimilation. Another aspect of socio-economic assimilation is occupational mobility. Occupational mobility refers to the number of jobs available for the ethnic minority, as compared to the majority. The greater the occupational mobility of a minority culture, the quicker assimilation will occur. Turkish immigrants in Berlin experience a very limited occupational mobility as was revealed through key person interviews. Socio-economic assimilation is conducive to many other forms of

assimilation as a means for increased interaction between majority and minority ethnicities resulting from greater equality in social status (Alba & Nee, 1997).

Neidert and Farley (1985), following research conducted by Warner and Srole (1945), find that “attainment of average or above average socioeconomic standing, as measured by indicators such as education, occupation, and income,” equates directly with socio-economic assimilation. Turkish immigrants are struggling to reach an average socio-economic standing in each of the three indicators, let alone an above average one.

Alba and Nee (1997) ask, “To what extent has an ethnic distinction lost its relevance for processes of socioeconomic attainment?” In terms of Turkish immigrants in Berlin, there is still a significant relevance in terms of ethnic distinction and socioeconomic achievement. For that reason, banks may be able to contribute in aiding Turks in gaining a socioeconomic status higher than they currently have through provision of local knowledge and bank services.

Portes and Zhou (1993) note that immigrants who enter a country as labor migrants often end up on the “lower rungs of the stratification order, while human capital migrants...experience rapid social mobility” (cited in Alba & Nee, 1997). Turkish immigrants first entered the Berlin labor market as migrant workers (or guest workers) and thus they have limited social mobility in comparison to Eastern Europeans who resettled later with higher skill sets. This issue is perpetuated across generations as Turkish children (i.e., those of the third and fourth-generation) struggle more than any other group in the Berlin school system.

Subsequent immigration and assimilation literature finds a relation in the spatial set up of migrant populations and assimilation. Following Massey (1985), there is a direct negative correlation between residential segregation of major ethnic populations and their assimilation. Later, Massey and Denton (1987; 1993) find that increased residential mobility had a positive

correlation with assimilation among immigrant populations. The easier an immigrant can move from one side of a city or country to another, the greater their degree of assimilation (Massey & Denton, 1993). In Berlin, residential mobility is tied directly to socioeconomic status. More than two-thirds of individuals with Turkish heritage registered (as living) in Berlin live in or around Kreuzberg and Neukölln, not just because there is already a large settlement of Turks, but more importantly because they can afford it. Should Turks begin to spread out more evenly across the other districts in Berlin, this would signal increased assimilation according to Massey and Denton (1987; 1993).

Another important theory in immigration and assimilation studies was from Shibutani and Kwan (1965). They find that how an immigrant is treated in society depends “not on what he is but on the manner in which he is defined” (Alba & Nee, 1997). This theory places emphasis on the fact that humans categorize other humans into groups in order to simplify their understanding. This goes back to Foucault’s definition of culture and the “in-group” and “out-group” (1971). Each category as described by Hofstede (1996) is associated with expected behavior and treatment. This enables those of the majority, for example, to deal with the minority in a routine and predictable manner (Alba & Nee, 1997). This eases the tensions of dealing with those outside of one’s primary groups. Inherently, distances are increased by the classification and ranking of other groups – impeding assimilation. Perhaps banks in Berlin should take care not to over categorize Turkish immigrants for fear of widening the cultural distance rather than removing it.

Shibutani and Kwan (1965) discuss cultural distances further, finding that when cultural distance is low, “there is a feeling of common identity, closeness, and shared experiences,” and when cultural distance is high, “people perceive and treat the other as belonging to a different

category; and even after long acquaintance, there are still feelings of apprehension and reserve” (Alba & Nee, 1997). Banks in Berlin may attempt to attain a low cultural distance when dealing with the Turkish client and avoid the high cultural distance that will send the Turkish client away looking for a more pleasant relationship.

Alba and Nee (1997) find that domination of one culture over another is “initially gained through competitive advantages to the group whose culture is best adapted to exploit the resources of the environment.” Berliners’ culture is best suited to exploit the resources in Berlin society. In reference to competition over resources, which according to Park’s categorization is the stage Turks in Berlin are experiencing, they are pushed to the least desirable residential locations and economic niches. Looking at the jobs and residencies of Turkish immigrants in Berlin, this is clearly the case. Kreuzberg and Neukölln are not considered desirable locations to live in by most Berliners and the occupational variety of Turks is very limited.

A possibility to escape the vicious cycle described above would be for changes in the economic system to introduce opportunities for individuals from the minority culture to obtain a competitive advantage, making them indispensable to employers. Banks in Berlin hiring ethnic Turks for language and cultural expertise is an excellent example of such a competitive advantage. Competitive advantages among minorities could lead “employers to seek institutional changes favorable to the interests of minority groups – changes that, in a capitalist system, are relatively easy to institute when organizations and individuals pursuing profits find it in their economic interests to do so” (Alba & Nee, 1997). Banks in Berlin are addressing this very notion: Is it in their best economic interests to hire ethnic Turkish immigrants to better serve Turkish clients? From interviews, the author finds that social or political interests may trump economic ones in the minds of some bank managers in Berlin.

According to Cohn-Bendit and Schmid (1992), the larger the ethnic minority population in Germany, the greater the multiculturalist pressure (cited in Alba & Nee, 1997). For example, increases in Turkish population densities in Berlin sub-communities “alter ethnic relations by increasing the probability of chance meetings and, eventually, of stable relationships between members of different ethnic groups” (Alba & Nee).

### *Reciprocal Integration*

There are strong ties between the definitions of assimilation and integration. Similar to defining assimilation, there is no seminal statement or concept that exists for integration. Following Klopp (2002), integration encompasses the notion of “societal participation in overlapping social, cultural, economic, and political spheres.” Klopp continues stating the “outcome of integration is that individuals and groups become involved in, and part of, social, institutional, and cultural fabric of the receiving society”(see Bauböck, 1996; Carmon, 1996; Valtonen, 1996; Weiner, 1996). In theory, integration may sound different, however in practice critics claim that it still amounts to the early ideas of assimilation, “making them like us.” There are nonetheless minimal differences between assimilation and integration. The typical understanding of integration, given by Goldberg (1994), is that there is a “monovalent center and plural peripheries.” This also indicates that the majority or “monovalent center” does not change. Thus it does not allow for the potential for “those integrating into the polity to gradually alter, or contribute to altering, the ‘fabric of society’” (Klopp).

Through interviews and literature review, the author finds that academics have not yet developed a macro theory to explain the shift from homogeneity to heterogeneity. Nevertheless, it is clear that the shift does occur and therefore cannot be solely a unilateral process. Also noting

this, Klopp (2002) proposed the concept of “reciprocal integration.” He uses the term integration as he feels it is “more inclusive and dynamic than assimilation.” Reciprocal integration is characterized as a “consensual model.” Klopp continues stating, “theoretically, reciprocal integration should be understood as a process located between pure assimilation to a predetermined membership” and parallel societies (i.e., separate ethnic communities or enclaves that exist side by side but do not interact or cohere with one another). The concept of reciprocal integration explicitly acknowledges multivalent change.

For the rest of the paper reciprocal integration will be used in defining the shift from homogeneity to heterogeneity where both the majority and minority are active participants in overlapping social, cultural, economic, and political spheres.

While it is understood individuals of Turkish origin may be able to integrate into Berlin society, the term “integrate” may not be appropriate for describing the German banks’ efforts in catering to the Turkish client. Is an institution capable of integrating into the community it is serving?

The difference between the integration of the Turkish immigrant populations as a minority group and the integration of German banks with the Turkish customer is pertinent to this discussion. As addressed in the theories behind ethnic banking and immigration sections, a bank as an institution (representing the majority culture) and the immigrant (representing the minority culture) can move ethnically closer to each other. A German bank is an institution and like all institutions, has its own culture. There are two key components that define the culture of a German bank. It is a profit-making institution and it is also a part of the Berlin community as something distinctly German. The Turkish group has other components that make up its culture. Accordingly, the participation and integration process is fundamentally different for each.

In order for a German bank to integrate, it must adapt its products and services to better cater to the Turkish group. For example a bank's shift from homogeneity to heterogeneity can be seen in the diversity of its staff. In contrast, the Turkish population must adapt their way of living to Berlin society in order to integrate. For example, the Turkish customer would need to adapt to the larger amount of paper work associated with applying for a loan. Through the reciprocal integration of the German bank towards the Turkish customer and the Turkish customer into Berlin society, there is an increased likeliness of Turks using German banks. As discussed, banks should have more incentive to integrate towards the ethnic customer as banks are profit-making institutions. Accordingly, it must be determined whether it is profitable for German banks to target Turkish customers. This study does not go in-depth in gathering evidence to support the profitability of German banks' catering to the Turkish client but sets the stage for such research to be regarded as necessary. During the interview process, the author discovers even if catering to the Turkish immigrant is proven profitable for German banks, there may be reluctance due to the shift away from Berlin culture the bank may experience.

#### *Ethnic Economies and the Reciprocal Integration Theory*

Due to the lack of occupational mobility, many Turkish immigrants have created and continue to enter what economist and sociologists have termed ethnic economies. Ethnic economies were first defined as "the self-employed, the employees, and the employers of the businesses in a particular economic sector (and controlling a large share of that sector) are coethnics" (Bonacich and Modell, 1980). Mitchell (2002) interprets this definition to mean that an ethnic economy is one in which immigrant and ethnic minorities create their own employment opportunities within a specific and separate economic sector, rather than finding employment in

the general labor market. Light and Karageorgis (1994) offer another similar definition: “An ethnic economy is an exclusive system of business relations that is created and maintained by groups sharing various cultural commonalities such as language and/or religion.” Zhou (1998) finds that an integral part of all ethnic economies is the strong ties between ethnic economic agents, firms, and customers.

The earliest studies of ethnic economies focuses on Asian immigrants in the U.S., specifically, the Chinese and Japanese. Studies by Light, Bonacich, and Modell highlight the importance of the ethnic economy in “providing employment and profit for minorities facing harsh societal hostility” (Alba & Nee, 1997). Turkish immigrants in Berlin after 1973 were facing similarly difficult times entering the mainstream economy and sought to sustain themselves through small-business economies that created alternative sources of opportunities. Just like the Chinese and Japanese ethnic economies, the Turkish ethnic economies in Berlin rely extensively on ethnic resources and solidarity in the accumulation of start-up capital (Alba & Nee, 1997; Pütz, 2004). As a rule, Turkish immigrants did not use financial institutions in Berlin during the 1970s or 1980s to finance their ethnic small businesses (Pütz, 2004). This was for cultural reasons similar to the Japanese and Chinese in the U.S. (Alba & Nee, 1997; Bonacich & Modell, 1980; Nee & Nee, 1973).

Another similarity between the Chinese and Japanese immigrants in the U.S. and the Turkish immigrants in Berlin is that the ethnic economies were started by first-generation immigrant populations. These groups were able to support the second-generation immigrants to the extent they were better able to seek jobs in the mainstream market (Alba & Nee, 1997; Pütz, 2004). The increase in occupational mobility of the second-generation, availed by the ethnic economies founded by the first-generation, allowed for increased reciprocal integration. This



follows Gans (1973) and Sandberg (1973) observation that reciprocal integration occurs in steps with each generation.

Though many of the Turkish ethnic businesses failed from lack of business expertise (Pütz, 2004), some Turkish immigrants, by establishing a foothold in the ethnic economy, were able to enter the mainstream economy with their business. As a result, there are quite a few very successful Turkish-owned businesses in Berlin that are no longer considered part of the ethnic economy (Pécoud, 2002). Similarly, labor market experience by those employed within the ethnic economy as first or second-generation Turkish immigrants have contributed to the increase in their ability to enter the general Berlin labor market (Pécoud, 2002).

The transition of generations of Turkish immigrants from the ethnic economies in Berlin sub-communities to the mainstream economy is a considerable step towards reciprocal integration. Such a transition is not a unilateral one by Turkish immigrants, but a bilateral one as German businesses are more accepting of hiring Turkish employees.

### *Conclusions of Turkish Immigration and Reciprocal Integration*

The literature review reveals that reciprocal integration, based on its origins rooted in assimilation, is a multivalent change in which both the minority culture and majority culture take on traits from one another. The reciprocal integration process consists of multiple stages that can be tied directly to generations which are constantly being replenished and overlap. In the case of Turkish immigrants in Berlin, reciprocal integration is the possible shift from homogeneity to heterogeneity where both the German banks and Turkish customers are active participants in overlapping social, cultural, economic, and political spheres. Lastly, ethnic economies provide a

base from which the stages of reciprocal integration can be commenced through Turkish businesses and employees moving from ethnic economies to mainstream economies.

#### 4 German and Berlin Identity in the Context of Immigration

##### *Introduction*

It is imperative to review Berlin's immigration history in order to understand Berliners' reaction to the influx and integration of Turkish immigrants today. The government's immigration and nationalization policies will be assessed in order to highlight the impacts of immigrant groups on Berlin identity. Banks' relationships with Turkish immigrants in Berlin will be made clearer in the context of the region's immigration history.

##### *Historical Overview*

Germany has always been more ethnically diverse than its leaders would have the rest of the world believe. Located in the center of Europe, Germany was for centuries the crossing point for ethnic groups coming from all directions (Richie, 1998). In 1685, at the time of the reformation, 20,000 Huguenots of the Protestant faith fled France and sought religious refuge in the Brandenburg-Prussia (present-day Berlin region). Throughout the eighteenth and nineteenth centuries, Germany's national boundaries did not yet exist. During this time, there was a conglomerate of territorial states that comprised the Holy Roman Empire. In 1871, following the Franco-Prussian War, Germany became a nation state. Led by Kaiser Wilhelm II in the late 1890s, Germany's economy boomed causing a serious shortage of unskilled labor. Kaiser Wilhelm II made the decision to allow businesses to recruit "close to half a million laborers from the eastern provinces (now Poland)" (Göktürk, Gramling, & Kaes, 2007). In order to continue

the strong economic growth of years past, the workers were used in agriculture and heavy industry. Jobs included working in the steel factories and coal mines. This was the first of two major labor recruitment programs in Germany.

Similar to more than half a century later, the immigrant workers performed many of the jobs the Germans were unwilling to do. The immigrant labor made excellent economic sense, in that it kept wages low and output high. However, what made the program most successful was that the immigrants could easily be sent back to their region of origin. This would prove to be socially difficult with the second immigrant worker recruitment program. Another distinction is the labeling of the immigrant workers. Members of first group were called *Fremdarbeiter*, or Foreign Workers, while members of the second group were given the more welcoming title *Gästarbeiter*, or Guest Workers (Richie, 1998). Despite the return of the vast majority of the immigrant workers to their countries of origin, many stayed behind having married and begun families with Germans. Another result of this immigrant labor program was the Polish immigrant workers or *Ostarbeiter* (workers from the East) had established themselves well in the Ruhr region, creating their own Polish workers union.<sup>4</sup> The Polish-Catholic identity still has strong presence today.

From 1875 to 1908, more than one million immigrants migrated to Germany, making it “second only to that of the United States” in terms of number of immigrants received (Göktürk, Gramling, & Kaes, 2007). In 1908, the German government, reacting to complaints from German citizens, passed a law “which curbed the influx of foreign labor” (Göktürk, et al., 2007). The nationalist party of the German government was soon formed using “Germany for the Germans” as its slogan.

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<sup>4</sup> The Polish workers union made three very large and policy altering strikes in 1899, 1905, and 1912.

Prior to 1913, the *Reichs- und Staatsangehörigkeitsgesetz* (the Empire and State-Citizenship Law) defined a German as someone who possessed citizenship in a federal state or direct imperial citizenship. Citizenship was thereafter acquired primarily through birth to another German (*ius sanguis*, Section 3:1, Nationalversammlung, 1913). However, for foreigners, the two ways for obtaining citizenship were by marriage (Section 3:3, Nationalversammlung, 1913) and by naturalization (Section 3:5, Nationalversammlung, 1913). The requirements for naturalization were almost exclusively subjective.

On June 28, 1914, the number of immigrants slowed dramatically with the outbreak of World War I. For the first and only time, the German government forbade immigrant workers from returning home. The workers' presence was necessary to continue production of food supplies and military armaments, filling the vacancies left by the German military recruits (Richie, 1998). Some foreign workers were ordered to join the military and fight on behalf of Germany, as it was she who provided them the fruits of their labor. The armistice treaty with the Allies on November 11, 1918, marked the end of the war and the return of German men to the factories. The foreign workforce, then making up over 2 million, "was ordered to leave, although not everyone heeded this command" (Göktürk, Gramling, & Kaes, 2007).

The next major immigrant group after the Poles was the Russians. Shortly after the Weimar Constitution was announced on August 11, 1919, the Russian Revolution led approximately 200,000 refugees to seek a new life in Western Europe.<sup>5</sup> Many of those who fled chose to make Berlin their home. In 1920, Berlin's population exceeded four million. Between 1920 and 1923, more than 70,000 Orthodox Jews made the journey from Eastern Europe. A

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<sup>5</sup> The Russian Revolution began in 1917 and involved a series of economic and social upheavals. This included the overthrow of both the tsarist autocracy and the liberal and moderate-socialist Provisional Government. The result was the establishment the power Bolshevik party and Soviet rule. The Soviet Union was thereafter founded in 1922, and lasted until its dissolution in 1991, this would cause yet another large influx of immigrants from the East into Berlin and Germany.

Yiddish-speaking community was quickly formed in the Scheunen District of Berlin (Göktürk, et al., 2007).

In the early 1930s, Nationalist sentiments once again flared with the rise in immigrants. Nationalist groups quickly emerged, blaming the new influx of Orthodox Jews for the societal shortcomings of the Weimar Republic (e.g., hyperinflation and unemployment). The Nationalist critics “engaged in increasingly aggressive polemics that blended anti-Semitism with xenophobia” (Göktürk, et al., 2007). In 1933, the *Gesetz über den Widerruf von Einbürgerungen und die Aberkennung der deutschen Staatsangehörigkeit*<sup>6</sup> (Law on the Revocation of Naturalizations and Denial of German Citizenship) stated that any naturalization that was granted between 1918 and 1933 could be revoked if the naturalization was considered “undesirable” by the government (Die Reichsregierung, 1933).<sup>7</sup> The legislation known as the Nuremberg Law of 15 September 1935 changed citizenship laws once again,<sup>8</sup> depriving all Jews of their German citizenship (Richie, 1998).

At the end of WWI, millions of Germans were left outside Germany’s borders. They were located in Czechoslovakia (3.5 million), the Soviet Union (1.8 million), Poland (1.2 million), Romania (800,000), Yugoslavia (700,000), Hungary (550,000), and Latvia, Lithuania, and Estonia (50,000) (Richie, 1998). Nazi ideology, led by Hitler, fashioned expanding Germany’s border eastward as to incorporate the many Germans who lived beyond the country’s formal borders. Logically, it was much easier to have Germans resettle within Germany than to move the formal borderlines. The resettling Germans, who were forced to immigrate by treaties

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<sup>6</sup> This law was published in the *Reichsgesetzblatt* for the first time (An annual law journal).

<sup>7</sup> Die Reichsregierung (1933, July 14). *Gesetz über den Widerruf von Einbürgerungen und die Aberkennung der deutschen Staatsangehörigkeit*. Retrieved January 7, 2008, from [http://www.documentarchiv.de/ns/1933/deutsche-staatsangehoerigkeit\\_ges.html](http://www.documentarchiv.de/ns/1933/deutsche-staatsangehoerigkeit_ges.html). Translated from: Einbürgerungen, die in der Zeit zwischen dem 9. November 1918 und dem 30. Januar 1933 vorgenommen worden sind, können widerrufen werden, falls die Einbürgerung nicht als erwünscht anzusehen ist. This document was signed by Der Reichskanzler Adolf Hitler.

<sup>8</sup> Gesetz zur Änderung des Reichs- und Staatsangehörigkeitgesetzes signed by Der Reichskanzler Adolf Hitler.

agreed upon between the Reich and the countries discussed above, “brutally” drove native Germans from their farms (Göktürk, et al., 2007). Between 1939 and 1942, nearly one million ethnic Germans returned to Germany (Göktürk, et al.).

During WWII, it is estimated that “as many as 13.5 million foreign laborers worked involuntarily in Germany,” including prisoners of war, political prisoners, Jews, and foreign-born civilians (Göktürk, et al., 2007). For fear of the mixing of races through interbreeding, the Nazi government housed laborers of foreign ethnicities in barracks separated from the German population. These barracks would become the residencies for many of the first Turkish guest workers.

Directly following the war, many of the immigrant workers returned to their home countries. Those who stayed behind, most often not by their own choosing, found themselves in one of the four occupied zones. In 1955, they were joined by the return of over 11 million German prisoners of war. This period was defined by extensive rebuilding as the country had been left in rubble. During this time in Germany, immigrants from Eastern Europe and Soviet Union were able to integrate into German society and even “exemplified upward mobility” (Göktürk, et al., 2007). It made no difference what dialect they spoke or how they organized themselves politically; the Germans no longer called them “foreigners” (Göktürk, et al.).

Under the Marshall Plan, the West experienced a dramatic recovery in the years following the war. This period would be termed the “Economic Miracle” and be characterized by the welcoming of foreigners from abroad. In 1955, despite the massive flows of immigrants to and from Germany over the first 70 years of its existence, Germany still “remained fundamentally homogeneous” (Göktürk, et al., 2007). The average inhabitant appeared relatively of the same descent, that is, Central or East European. The number of those “living in Germany

without German citizenship hovered around 1 percent” (Göktürk, et al.). The next wave of immigrants under the guest worker contracts changed the appearance of Germany.

To maintain the “Economic Miracle”, Germany needed a highly mobile workforce, which was not found among native Germans. Germans, though many were unemployed, desired to stay with their families and declined to move even 200 kilometers for work (Richie, 1998). The amount of reconstruction called for hundreds of thousands of workers as soon as possible. In 1955, the Labor Ministry laid plans to begin a guest worker program modeled after the first, nearly 60 years earlier. The first contract was with the Italian government, which would send workers to operate machines, work on assembly lines, and perform all other hard labor loathed by natives. These workers were quickly labeled *Gastarbeiter* (Guest Workers). This was done not only to differentiate between the first contracted immigrants, but more importantly, to distinguish these workers from those foreigners forced to work under the Nazi regime. Another facet of this program was that the worker was to return home after one year, being replaced by a new worker.

Immigrant labor contracts were adopted by a number of other European countries to rebuild after the war. However, no other countries were as devastated as Germany, and none required nearly as many workers. Many speculate that the labor contracts, which invited immigrant workers from countries with manual labor surpluses to work at relatively higher wages in countries where there were labor shortages, were one of the most significant steps towards uniting Europe. Today, under the European Union, the removal of border controls signifies the beginning of unhindered free labor movement.

In 1961, the erection of the Berlin Wall increased the labor shortage in West Berlin. West Berlin no longer received thousands of workers from the East. A new source of labor

would have to be found. The Western allies' NATO membership led the German government to weigh the possibility of asking populous Turkey to settle on a labor contract.

Germans welcomed the influx of labor from Turkey and other Southern European countries. Many Berliners were promoted to management as Turkish or others filled their previous positions (Richie, 1998). The guest worker program was designed to be rotational, which pleased native Germans greatly. Germans were comforted by the fact that the laborers who did not fit with the earlier mentioned "homogeneous" Central and Eastern European-faced society would be returning home shortly to be replaced by another "guest worker." There was even a party for the one millionth guest worker (Chin, 2007). Firms soon began to complain that the costs of the program were too great, and in 1964 the rotation program was dropped and workers were taken on for longer terms.

In 1965, the first pro-immigrant law, informally titled "*Ausländergesetz*" (Foreigner Law), was passed in Germany. The law stipulated that immigrants could stay in Germany as long as they were serving the betterment of Germany and their visa was still valid. The law had two implications: if one's paperwork was in order, one was welcome to stay; but if not, it was implied one had to leave. This made the decision to renew or cancel an immigrant's visa crucial. The decisions were made at the district immigrant offices in Berlin and were entirely at the whim of the government official.

The *Ausländergesetz* was used by many employers as leverage over the workers. In order to renew a visa, workers needed a letter from their employer stating their services were required for an extended period. Immigrant workers would not complain of very poor housing conditions, unsafe working environments, or brutally long hours for fear of not receiving a letter to renew



their visa. It was at this time that Turkish immigrant literature first began to appear, raising awareness of the human aspects of the Turkish immigrants in Berlin society.

In 1973, following the oil crisis, West Germany cut all immigrant labor recruitment programs. Unemployment among the native population skyrocketed and the immigrants would once again be blamed. Many Berliners felt the immigrants should return to their country of origin; nevertheless, a great majority of immigrants stayed as they had established roots and were afraid of being unable to return to Germany if they left (Richie, 1998). In order to appease the international community and ease tensions among the immigrant populations (specifically the Turkish), the German government passed a law allowing families to join the workers who stayed in Germany.

The law led to a population boom as the gates at the border swung open. By 1980, “the non-citizen population climbed to 4.4 million, as workers’ spouses, children, and parents entered Germany from non-European Community countries under the ‘family unification’ statutes” (Göktürk, Gramling, & Kaes, 2007). In 1982, Helmut Kohl was elected Chancellor of Germany. Kohl called for a change in immigrant politics (*Ausländerpolitik*) and campaigned to reduce the number of the so-called guest worker population by 50 percent (Göktürk, et al., 2007). In 1983, Kohl was the first German Chancellor to ever visit Turkey. This did not change his opinion about easing laws to allow Turkish immigrants to move freely to and from Turkey. This caused tension as many Turkish citizens would not return to their “homeland” for decades further complicating their cultural composition (Richie, 1998).

Finally in the 1980s, Foreign Affairs Commissioner Barbara John commenced a campaign promoting the harmonious coexistence between immigrants and Berliners (Vertovec, 2000). John and the Bureau of Foreign Affairs were among many who sought to ease the anti-

immigrant sentiments that were quickly building. This movement was the first of its kind directed by Berliners for immigrants' rights.

The collapse of the Berlin Wall brought about a new immigrant population to Berlin, asylum seekers from the East. Germany adopted open-door policies towards asylum seekers. Examples of these policies included: in 1989, Germany extended unrestricted citizenship to Soviet Jews after strong anti-Semitic movements in the Soviet Union (Richie, 1998); and in 1994, Germany welcomed 200,000 refugees from Bosnia-Herzegovina. These populations were in addition to the 1.4 million immigrants who flooded to West Germany from the former East during the early 1990s (Richie, 1998). The effects of this flow were felt in West Berlin more than anywhere else. Anti-immigrant sensationalism was sparked as West Berliners felt that those seeking refuge from the East were "free riding" the wealth, that they in the West had worked so hard to achieve. Radical groups quickly emerged, cursing the effects of immigrants on the lifestyles of West Berliners (Richie, 1998).

In 1992, in Moelln (located north of Berlin), three residents of Turkish origin were burned to death after neo-Nazis set fire to their home (Human Rights Watch, 1995). Interestingly, the three were third-generation Turkish immigrants, having been born in Germany and fluent German speakers. The violence "shocked the conscience of many Germans" (Human Rights Watch, 1995). That same year, there were others with Turkish immigrant backgrounds attacked in Solingen in a similar manner. Mass protests against racism and violence followed these traumatic events. That winter nearly three million Germans took to the streets showing solidarity against racist violence.

On 3 February 2008, a fire broke out in a house in the small town of Ludwigshafen, Germany. Nine residents of Turkish descent died in the blaze. Immediately following the report, there was

much speculation on the part of the Turkish media that the fire was a “racially motivated arson attack” (Barkausen, 2008). The media fueled reaction from the Turkish community in Germany and Turkey. Some German media sources claimed that the blaze brought the Germans and Turkish immigrants closer through empathy against Neo-Nazi extremists said to be responsible for the fire (Dahlkamp, Elger, & Kaiser, 2008). Yasar Bilgin, the head of the Council of German-born Turks, told the German news magazine *Der Spiegel* that the act of arson “would be devastating for Turks and Germans who are expected to live side by side. We cannot let ourselves become a divided society” (Ataman & Diehl, 2008).

### *Change of Perception Needed*

Using the recent citizenship debates in Germany, there are two key views on immigrants and “foreigners” represented. In the late 1990s, the Social Democrats (SDU) came to power with plans “to liberalize the country's strict citizenship laws, despite staunch opposition from conservative parties” (Stanley, 1999). The SDU sought dual citizenship for immigrants and citizenship by birth, not blood. The conservative Christian Social Union (CSU) declared that stopping the SDU’s citizenship reforms was its “top agenda item” and that they would do everything they could “to stop this nonsense” (Stanley). In the press, Conservative leaders used defamatory and racist language to attack immigrant-friendly citizenship policies. Bavarian State Premier Edmund Stoiber called citizenship liberalization a threat to German security. He compared it to the communist threat posed in the 1970s and 1980s (Stanley). Interior Minister Otto Schily, an SDU part member, stated, “It’s repulsive to claim that terror and extremism will be imported to Germany if we modernize our citizenship laws” (Stanley). Others labeled the

CDU's comments as evil propaganda and likely to increase prejudice against immigrant communities (Winters, 1997).

Many conservatives expressed concern about the increase in political power that those of Turkish descent and others would receive if the laws were changed. This same argument is what eventually led to the passing of the laws. At the time the new citizenship law was passed, nearly 10 percent of the legally registered, tax-paying, population living in Germany could not vote because they were not citizens (Ette, 2003). If Germany was to remain a democracy that afforded equal rights, by definition, it needed to change its citizenship laws.

Two terms that were used heavily during the debates were "*Ausländer*" and "Multiculturalism." One scholar interviewee defines *Ausländer* as "one who is not yet integrated into German society. Using the definition of integration offered in the literature review, an *Ausländer* is one who has not yet begun to fully participate in overlapping social, cultural, economic, and political spheres. In Berlin, the reason for not participating is often due to both internal and external pressures. Internal pressures are the forces of one's own culture and ethnicity resisting participation. The external pressures are the host society's resistance based on visible perceptions (e.g. skin, eye and hair color). These pressures are both conscious and subconscious reactions. There is much debate as to whether Turks in Berlin will ever cease to be seen as *Ausländer*.

The term multiculturalism, most heavily used by the Green Party (Die Grünen), is a popular today however it is non-descriptive. For example, some find that multiculturalism is just another term for parallel societies. By the same token, the Green Party and the SDU argued that Berlin could become a multicultural society if it would allow dual citizenship and citizenship by birth on German soil. The scholars interviewed express frustration with the term *Multikulturalismus*

(multiculturalism) because a true meaning is unclear and has been used to describe many different interactions.

In the years following the citizenship law reforms, there has been a new realization among Berliners and Germans. As one of the top five producers and wealthiest countries in the world, Germany will need to rely heavily on immigration if it is to maintain its global economic and political status. Germany is currently the number one export nation in the world with a trade surplus of \$263.5 billion (Economist, 2008). Since WWII, Germany's strong economic growth has been dependent on immigrant labor. With the high cost of the social welfare system and a low birth rate of 1.37 children per German woman, immigrants are indispensable to keeping the economy and social welfare system afloat. As workers and taxpayers, immigrants will ensure the well-being of aging Berliners. According to a number of estimates, Germany will need on average 200,000 immigrants every year in order to continue to uphold Germany's economic growth and its social welfare system. Germany's politicians have signaled their understanding that the immigrants' role is vital by introducing new legislation to make obtaining citizenship easier for immigrants than it had been previously. Despite changes in national policies, there is still much anti-immigrant / foreign sentiment being expressed by political parties and private individuals.

## 5 The Turkish Immigrant in Berlin

### *Introduction*

In Germany, there are many residents without German passports and the highest concentration of these residents are in Berlin. In 2003, out of the 447,325 residents living in Berlin without German passports, 120,684 or 27 percent of the immigrant population was of Turkish heritage, making it the largest non-German passport-holding population. In addition, the

liberalization of citizenship laws in the 1990s and 2000s has aided approximately 52,000 Berlin residents with Turkish background to acquire German citizenship (Statistisches Landesamt Berlin, 2005; Statistisches Landesamt Berlin, 2006). Turkish individuals' participation in Berlin society in modern times dates back to the 1960s. The movement of Turks to Berlin can be traced back to shortly after World War II. The Turkish movement to Berlin can be divided into three separate phases, each of which was common to West Germany as well.

*Phase I: The Turkish Gastarbeiter (Guest Worker)*

In the 1950s, West Germany (Bundesrepublik Deutschland or the FRG) and West Berlin were experiencing a shortage in the labor force. As a result, the federal government began to recruit foreign workers. In 1955, the government signed a contract with the Italian government; in 1960, a contract with Spain and Greece; in 1961, with Turkey; in 1963, with Morocco; in 1964, with Portugal; in 1965, with Tunisia; and lastly, with Yugoslavia in 1968. The countries of origin promised to release the strain of their labor markets in quick flows to Germany on the condition that Germany would return the experienced and more adept workers to their home countries, thus spurring further domestic economic development. Domestic economic growth was the goal of the Turkish military government with its reform and modernization politics.

In the beginning, the recruitment contracts had relatively little effect to satiate the demand for labor. By 1960, West Germany was home to more than 300,000 foreign workers. The emigration of East Berliners and East Germans filled many of the vacant roles in the West Berlin labor market. The construction of the Berlin Wall in 1961 sealed the movement of East Berliners and East Germans into West Berlin. This dramatic, yet politically stabilizing gamble of

erecting the wall led to the increased need for foreign workers (Richie, 1998). The strong increase in immigration continued until the early 1970s.

The goal of the recruitment contracts was not directed at capturing the taxes of the guest workers, but rather the elimination of the shortage in the labor market caused by the high demands of the post-war economic recovery. This goal made the term *gastarbeiter*, or guest worker, fit. The foreign workers were to aid West Germany and West Berlin in their post-World War II *Wirtschaftswunder* (Economic Miracle).<sup>9</sup> The jobs to be filled were the worst paying and most undesirable Germany had to offer, more specifically, those jobs which no German or Berliner wanted.

Additionally, the integration of the guest workers into Berlin society was not part of the recruitment contracts. The invitation for guest workers was for one year only. After one year, the workers would return to their country of origin after being replaced by their fellow countrymen. The rotation model of sending workers to Germany for one year to gain experience quickly satisfied the Turkish government's need for experienced workers. However, the rotation model was not successful for the Germans. A great cause of frustration for the Berliners and West Germans was the substantial inefficiency in the need to train inexperienced workers yearly. It also limited the prospects of growth and competition. The rotation model changed in 1971. The new conditions allowed business to retain guest workers. The retention of guest workers led to an increase in the immigration of family members. By 1973, there were already 866,677 Turkish

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<sup>9</sup> The expression 'Economic Miracle' was first used by the *Times* in 1950. Britain's daily *Times* newspaper was describing a period beginning with the currency reform of 1948 (i.e., the Deutsch Mark replacing the Reichsmark). The term was also used to describe Austria's post-war economic recovery as well. See: Van Hook, James C. *Rebuilding Germany: The Creation of the Social Market Economy, 1945-1957*. Cambridge: Cambridge University Press, 2004.

workers and their family members living in Germany. Of them, nearly three quarters traveled to Germany through the *Deutsche Verbindungstelle* or guest worker contract.<sup>10</sup>

The West Berlin Senate first began in the middle of the 1960s contracting foreign workers; other provinces began much earlier (Kapphan, 1999). This had clear repercussions for the composition of foreign workers in Berlin, namely, the decline in the immigration from Greece, Spain, and Italy. As the 1950s came to a close, the majority of immigrant workers came from Turkey and Yugoslavia (Gesemann, 2001). As a result, the number of Turkish citizens grew much faster in Berlin than in other all other regions of West Germany.

Nearly two thirds of the Turkish immigrants came from farming regions of Turkey. In the 1950s, Turkish Prime Minister Adnan Menderes<sup>11</sup> encouraged strong machine-oriented farming practices in rural regions in order to increase productivity. During this same period, there was an increased flow of rural farmers into the cities as machines replaced manual labor. Many of the first-generation Turkish immigrants who made the journey to Germany had already experienced extensive migration within Turkey. For example, many started out as farmers-traveling from province to province, most often moving from East to West, with destinations such as the then booming cities of Ankara and Istanbul in search of work (Greve, 1998; Sen & Goldberg, 1994). Interestingly, the guest workers were exclusively men who traveled alone to Berlin as part of the guest worker recruitment program. Berlin at that time was a city with an above average number of single women as a result of WWII. Berlin women filled positions in the domestic, electronic,

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<sup>10</sup> Die Deutsche Verbindungsstelle(sp) literally means the German Liason(sp) Agency. This agency was in direct contact with the IBBK (Turkish Employment and Employee Research Institution) in Istanbul, with whom Turkish workers would register with in order to receive an offer to travel to Germany to work. See: Mathilde, J. (1999). *Fremde Heimat. Zur Geschichte der Arbeitsmigration aus der Türkei*. In J. Motte (Ed.), *50 Jahre Bundesrepublik - 50 Jahre Einwanderung: Nachkriegsgeschichte als Migrationsgeschichte*. Frankfurt Am Main, Germany: Suhrkamp Verlag, p. 152. (I am not sure if this is one article or book- check citation)

<sup>11</sup> Menderes was the first Prime Minister to be freely elected in 1950. He served as Prime Minister from 1950-1960. Through his reforms, Turkey experienced 9% annual growth in GDP during his period in office, the highest rate in the history of Turkey.



and consumer industries. Women were paid a diminishing salary and always less than the Berlin men, and yet their pay was still above that of the immigrant worker (Pütz, 2004).

*Phase II: The End of the Gastarbeiter and the Reuniting of Turkish Families*

In 1973, directly following the economic recession caused by the oil price shock, the West German government shut down the *Gastarbeiter* program. As a result of the recession, Germany, for the first time in post-WWII times, experienced an immigration deficit as foreign workers returned to their country of origin. From 1974-1975, there was a noticeable decline in the population of Turkish immigrants. However, because the recruitment contracts were abolished and realizing that they may never be able to return to Germany, many Turkish immigrants living in Berlin and West Germany were afraid to go home. From 1978 through 1981, the immigration of Turkish immigrants was once again positive. In Berlin, many Turkish workers who decided to stay and wait out the recession later invited their families to join them. Most often, the wife would be the first to join the husband in Berlin, while the children stayed behind with relatives in Turkey to be sent for later. These children comprised part of the second-generation of Turkish immigrants to Berlin.

During this period, the demographics of the Turkish immigrant population changed dramatically. The proportion of children, elderly, and women grew quickly. At the same time, as the duration of the Turkish immigrants' stay increased, their percentage in the Berlin mainstream labor force declined. Many sectors in production and industrial areas were downsized, eliminating thousands of jobs in order to increase economic leanness. These cuts were made in areas where foreign workers were the majority. This period signaled the beginning of the Turkish

immigrants' struggle with unemployment. However, this was not the only hardship the Turkish immigrants faced.

The German government provided housing for the *Gastarbeiter*. The men lived in workers' housing facilities, which in many cases offered deplorable living conditions (Oswald and Schmidt, 1999). In Berlin, these living facilities were the first factor of spatial segregation imposed on the Turkish immigrants by Berliners. As the wives and children began to join the men, the need for additional housing, services, and higher income increased. Early 1970s, the first small businesses were started by Turkish immigrants in Berlin. They were founded in order to serve the specific needs of the concentrated Turkish immigrant populations, mostly selling groceries items. As more women arrived towards the end of the 1970s, another Turkish immigrant business began. Turkish women began housekeeping for the wealthier Berliners.

### *Phase III: The 1980s and 1990s*

In the beginning of the 1980s, the prevailing reasons for immigrating and the socio-demographic attributes of the immigrants shifted. The 1980 *coup d'état* by the military in Turkey and the declaration of a new regime led to an uncertain political scene in Turkey. While many Turks welcomed the change as a sign of progress, fighting against “years of economic and political stagnation” (Sansal, 2007), others did not. Martial law, which had been in effect in about a third of Turkish provinces since 1978, was now extended to all sixty-seven. Martial law would last until late 1983. In 1980 alone, more than 60,000 asylum seekers fled Turkey and headed for Germany (Lötzer & Sayan, 1998). Most were from Kurdish regions of Turkey (Lötzer & Sayan, 1998). A large portion of them sought refuge with extended family and friends in Berlin.

Since the mid-'80s the Turkish immigrants entering Berlin were no longer just the children and the wives of the men already there, but those looking to marry Turkish immigrants who had established residency. There was a Turkish perception, similar to that of the Europeans during the European migration to the U. S. in the late 19<sup>th</sup> century, that prosperity and stability were coupled with the move to Germany (John & Simons, 1997).

It is important to note that immigrants into Berlin were no longer guest workers, and their intentions were to stay and enjoy a safe life with their family and obtain economic security. The Turkish immigrants' intentions of staying are poignantly marked by the number of births of the second and third-generations. What is often not realized by most is that in 2003, out of 1.9 million Turkish citizens living in Germany, around 35 percent (655,000) were born there (Statistisches Landesamt Berlin, 2004).

The second factor in segregation occurred in 1981. The German politicians were concerned with the quick rise in Turkish immigrants and sought methods in order to keep the ratio of foreigners to "Germans" down. For Turkish children to enter Germany from Turkey and be reunited with their parents, the West German federal government introduced a maximum age of 16 for children to gain permission to enter. Additionally, in 1983, new laws were placed into effect that complicated the union of married partners. These policies included incentives as high as 10,500 DM (approx. \$3,820) for foreigners to return to their country of origin and 1,500 DM (approx. \$550) per child.<sup>12</sup> Those who returned to their country of origin often experienced a decline in living conditions. This was a result of the difficulty reintegrating into Turkish society. By 1985, despite the German government's efforts, the number of Turkish immigrants once again began to grow.

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<sup>12</sup> DM 2.75 per U.S. dollar in December 1983 (IMF, 1985)

The number of Turkish citizens in Berlin continued to rise as more and more Turkish immigrants decided to make Berlin their choice of destination. The progression since 1997 has seen an increase in nationalization among Turkish immigrants. The easing of Berlin's foreign policies and the Berlin Senate's 1995 decision on granting citizenship to resettling "Germans" from the East soon made Berlin the number one location for foreign immigrant nationalization (Ausländerbeauftragte des Senats von Berlin, 1998). In the year 2003, there were nearly 120,684 Turkish citizens living in Berlin and around 52,000 with a Turkish background having German citizenship (Statistisches Landesamt Berlin, 2004).

According to a recent survey conducted by the Berlin Office of Statistics, 21 percent of individuals with Turkish origin living in Berlin have citizenship, 15 percent currently have applications pending, 28 percent say they will submit applications in the next two years, and 35 percent do not plan on applying for citizenship (Statistisches Landesamt Berlin, 2001).

### *Early Turkish Integration*

For the purpose of this paper, it is critical to understand how the Turkish immigration movement to Berlin affected the lives of the immigrants. The discussion will focus on the integration of the Turkish immigrant into Berlin's society, to what extent the immigrants adopted the culture and social practices of the host nation, and to what degree the Berliners welcomed the immigrants into their society. The level of integration and segregation of Turkish immigrants in Germany has differed slightly from one large city to another and the situation in Berlin is unique for the following reasons.

According to Scholz and Leier (1987), the foreign worker recruitment contract program of the 1960s represented a relatively even distribution of Turkish immigrants around the Berlin

area, with no strong clustering noticeable. Most of the immigrants found themselves as individuals or in small groups working for firms that owned or rented the residences out to the immigrants. First, with the beginning of the immigration wave of family members, began the trend of immigrants moving from company owned residences (*Wohnheimen*) to their own rented apartments (*Wohnungen*). This led to the concentration of the Turkish immigrants in certain districts around Berlin. Two of the most popular, with the highest concentration of Turks, were Kreuzberg and Wedding. According to Hoffmeyer-Zlotnik (1997), outside of the most popular areas of the German middle-class, the communal city development office was in charge. For example, the office had control over the cheap old building areas (*Kettenwanderung*) where many Turkish families resided. At the end of the 1960s, it was planned to demolish parts of Berlin's old building areas. However, between the time when the renter moved out and when the planning commission was ready for the final demolition, and in order to maximize financial income, the apartments were rented to the Turkish immigrants. The apartment builders and politicians were of the impression, as were most of the Berliners, that the *Gastarbeiters* would quickly be returning to their country of origin. Therefore, they could plan on the apartments being free again within one year (Pütz, 2004).

The redevelopment politicians desired that the foreign residents were quickly concentrated into certain areas and this occurred with the availability of affordable housing in areas that were promptly designated as undesirable by native Berliners. In 1975, for example, Turks made up more than 60 percent of the foreign residents (Statisches Landesamt Berlin 2002).<sup>13</sup> The concentration of Turks in various districts ranged from 28 percent in the Kreuzberg

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<sup>13</sup> This calculation was done by the Berlin Statistics Bureau and no formal definition of what characteristics defined a foreigner was given.

district<sup>14</sup> and another 22 percent living in the Wedding district. The segregation of the Turkish population was at this point higher than all of the other nationalities. That same year (1975) in reaction to this concentration, the Berlin Senate introduced a controversial legal *kleine Zuzugssperre* (a small moving-in barrier) for foreigners looking to move into the Wedding, Tiergarten, and Kreuzberg districts (Franz, 1976). Naturally, the number Turks then began to grow in the neighboring districts of north Schöneberg, Neukölln, and the center of Spandau (Kapphan, 2000; Kapphan, 2001). These districts soon became the destination for incoming Turkish migrants and the center of the commercial and social scene for Turks in the Berlin area.

The *Zuzugssperren* (moving-in barrier) was abolished in 1990 after the reuniting of East and West Germany. The barriers had proven to be very inefficient as the increase in Turks in those areas rose anyway. Due to humanitarian reasons, reuniting families could not be forbidden. However, there were many exceptions and possibilities of bypassing the regulations (John and Simons, 1997). After 1990, the segregation between Turks and the greater Berlin society was reduced. The decline, however slight, was shown through the movement of middle-class Turkish immigrants into neighboring districts. In 2001, the Turkish population in Berlin clearly had a greater tendency to group in specific districts when compared to other immigrant populations residing in Berlin (e.g., Poles or Slovaks).

Just as in other cities in Germany, the concentration of foreigners into certain areas stemmed from poverty levels. In Berlin, the social mixture of the population since the start of the reunification process increased greatly (Häußermann, 2001, as cited in Gesemann, 2001). This prompted the awaited boom in the newly re-declared capital of Germany. The decline in the industrial sector positions resulting from the wave of East Berlin immigrants could not be off-set

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<sup>14</sup> Nearly 20% of all foreigners living in Berlin during this time were living in Kreuzberg. Of these Turks were clearly the majority.

by an increase in service sector jobs. The result was a quick increase in the number of unemployed among the Turkish immigrant populations. Another phenomenon included the increase in wealth of certain city districts, such as Kreuzberg, through an ambitious gentrification process (Lang, 1997). After the reuniting of East and West Berlin (*Die Wende*), the allotment of welfare recipients and unemployed increased in Kreuzberg, Neukölln, and other densely Turkish populated districts.

The number of Turkish and other foreigner immigrants continued to increase in these areas regardless of difficult economic times (Statistisches Landesamt Berlin, 2002). A key reason was the selective mobility of the native population. In particular, German families, who could afford it, would move to other districts in order for their children to not attend school with foreigners. They blamed the foreign children for the decline in the quality of education (e.g. many wealthy German families left Kreuzberg in the 1990s, Statistisches Landesamt Berlin, 2002). Similarly, other ethnic tensions drove many Germans to resettle in other areas around Berlin. The result of the movement of wealthier Germans brought about the decline in the socioeconomic status of the districts. This decline in wealth had an ambiguous effect on Turkish businesses in the districts, most of which were struggling. Accordingly, the move of native Berliners from their homes and businesses left vacancies for Turkish immigrants and their entrepreneurial aspirations, but they were left with fewer wealthier customers.

#### *Turkish Businesses in Berlin*

The early statistics on Turkish-German businesses are not altogether reliable, as so many of the numbers used in this section are official estimates as sourced by scholarly works. Most of the data for the period being discussed comes from the *Zentrum für Türkeistudien*, that is, The

Centre for Turkish Studies (ZfT). The data was calculated based upon micro censuses. Through compiling this data with the Berlin Office of Statistics (*Statistisches Landesamt Berlin*) and the German Office of Statistics (*Deutsches Statistische Bundesamt*), the trend of Turkish-German business became more clearly defined (Pütz, 2000).

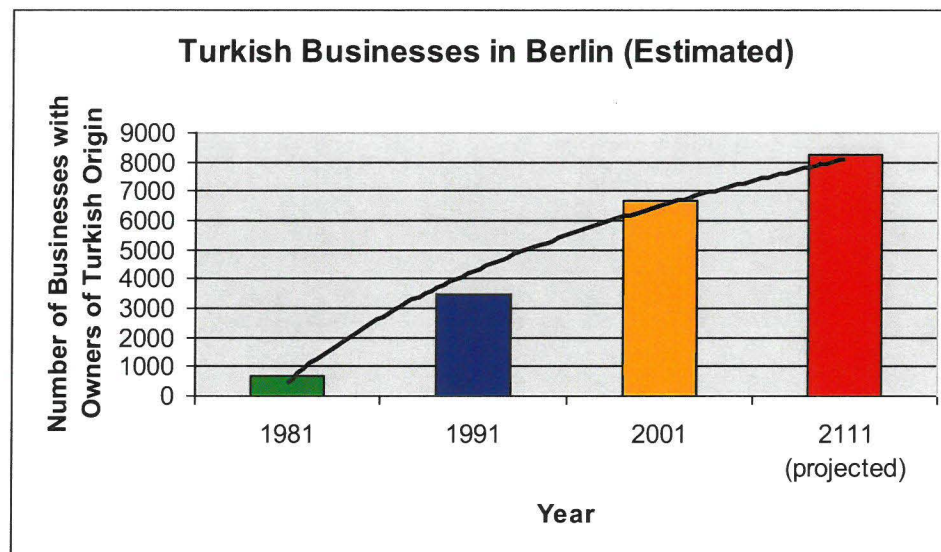
In Germany at the beginning of the 1970s, there were roughly 40,000 independent business owned by foreigners (Pütz, 2004). By the year 1993, the number of foreign owned businesses reached 220,000. In the year 2000, the German Office of Statistics reported 258,000 foreign businesses (Statistisches Bundesamt, 2001; Statistisches Bundesamt, 2003). This was a 17 percent increase in seven years' time. The quick increase in number of firms owned by foreigners was quickly met with regulations that would make it more difficult to register a company. However, these regulations did not significantly inhibit the increase in the number of immigrant owned companies. The Turkish businesses provide an excellent example: The number of businesses own solely by those with Turkish background grew since 1985 almost four times as fast as the total number of Turkish residents in Germany. In 1999, the ZfT estimated that the number of businesses owned by Turkish immigrants in Germany was roughly 55,000.

Since the middle of the 1990s, the statistics offices for registering companies began to differentiate between the nationalities of business owners. However, the only companies that could be assigned a nationality of ownerships were those that were owned by a single individual. Limited liability corporations (*Gesellschaften mit beschränkter Haftung, GmbH*) or public companies (*Aktiengesellschaften, AG*) do not have a single owner and therefore no nationality was associated (Pütz, 2004). Not surprisingly given the Turkish culture, almost all Turkish owned businesses were under single ownership. Thankfully, this allows for easier study of the evolution of Turkish businesses in Berlin.



New Turkish businesses experienced little growth in the 1980s as compared to the early 1990s. There were only 220 new businesses registered in Berlin during the 1980s.<sup>15</sup> The first half of the 1990s brought about the greatest increase in the number of Turkish businesses founded. Three hundred additional Turkish businesses opened in 1990 alone. Between 1991 and 1995 more than 500 Turkish businesses opened each year. In perspective, the number of businesses founded by Turkish citizens during this time was significantly greater than by those of German citizenship (Pütz, 2004). By 2002, there had been more than 60,000 businesses founded in Germany by individuals with Turkish origin.

Figure 2: The Increase in Turkish Businesses in Berlin



Adapted from Blaschke and Ersöz (1987) and Pütz (2004)

Blaschke and Ersöz (1987) calculated the number of Turkish businesses in Berlin in 1981 was just over 700. During the ten-year period from 1981 to 1991, there were 2,732 Turkish businesses that were founded during and survived to the end of the period. According to the

<sup>15</sup> Statistisches Landesamt Berlin (1992). Retrieved from [www.statistik-bund.de](http://www.statistik-bund.de) on 12 December, 2007. It is necessary to note that 220 represents the number of businesses that stayed opened till the end of the 1980s; therefore, it does not account for those Turkish business that opened and closed during the time period.

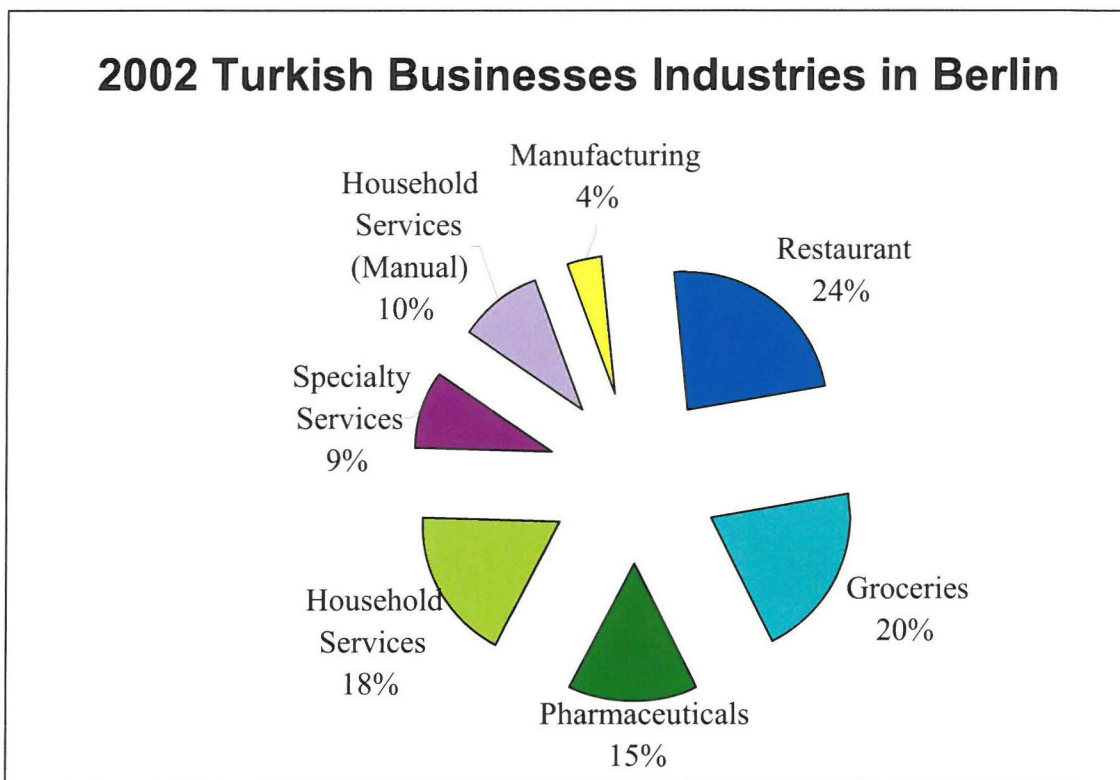
number of registered businesses that were founded and survived from 1992-2001, there were a total of 3,236 Turkish businesses. In 2001, the number amounted to 6,700 businesses. These numbers are the only ones that are presented according to the number of registered and deregistered businesses in Berlin. However, despite lack of alternative numbers, scholars claim the numbers are most likely inaccurate due to three reasons (Pütz, 2004). The first reason is that Turkish businesses that were ordered to close by court orders as a result of bankruptcy (e.g., defaulting on loans) were not consistently deregistered as Turkish businesses. The repossessed businesses would often keep the Turkish registration despite being owned by the bank. Second, there were a number of businesses that were registered by Turkish citizens who, after nationalizing, changed the registration of their company to a German one. There are various reasons for this that are directly related to ethnic banking. For example, there may be a greater opportunity of receiving financing as a German registered company. The third reason the numbers are thought to be inaccurate is that the registration data used, which was published by the Berlin Statistischen Landesamtes (2001), was already identified as having a 6-8 percent error.

The unreliable data is made more inaccurate by the relatively high level of fluctuation among Turkish businesses' registration and deregistration. Arif Özserin (2007), editor of a Turkish online business phone book, [Turkisch.com](http://Turkisch.com), estimates that yearly, 20 to 30 percent of Turkish businesses' information is no longer correct due to moving from one location to another, closure, change of ownership, or industry change. By the same token, most of the businesses registered have a very short history. This is especially true for small grocery stores and specialty shops, which historically only last 3-4 years. Most Turkish businesses in Berlin are said to endure very difficult financial situations during their first two years of operation (Pütz, 2004). These financial struggles are more severe without the support of a strong financial institution.

### *Turkish Business Industries*

The most prevalent choice of business for individuals with Turkish origin is the food industry. The second largest Turkish industry is household services. Service firms include: travel agencies; driving schools; transport services; shoe repair; tailor shops; and so on.

Figure 3: Types of Turkish Businesses



Adapted from Statistisches Landesamt Berlin, 2002

The industries were chosen based on demand from the local Turkish community, relatively low capital intensive, and the lack of education or credentials required. The businesses were mostly all retail stores that had a very low return on investment due to high saturation and thus a highly competitive market. A new entrant may overcome the difficulties of operating in a competitive environment through consultation with or use of local experts' services, for example, the German banks.

According to Pütz (2004), one out of every seventh business registered is founded by a single individual. The average number of individuals registering a Turkish business in Berlin is 2.4 with more than half of the Turkish businesses in Berlin belonging to families. In the case of household services, more than two-thirds of businesses are founded by families. In order to ensure the survival of the family business, it is estimated that many family employees are unpaid. For example, 47 percent of spouses, 37 percent of siblings, and 33 percent of children work for family companies without direct monetary compensation (EIROnline, 2005; Pütz, 2004).<sup>16</sup> Without such sacrifice among family members, it is doubtful many Turkish businesses would have remained in business during difficult times. A cause of such family cohesiveness in the opening and running a business may result from the method in which capital is raised among individuals with Turkish origin. While “free” labor may seem like a competitive advantage, it has its disadvantages as well. Most importantly, children are often asked to help run the family business at the expense of their studies and credentials. This is a major contributing factor when considering Turkish integration.

In terms of the individual of Turkish origin, it is important to remember how many individuals, given the massive fluctuations of registration and deregistration, and due to lack of competitiveness, must have given up on their businesses. The experience of founding, running, and then watching a business fail in Berlin from intense competition has shaped a considerable number of entrepreneurial Turkish immigrants’ mentalities. They may either be less likely to attempt such an undertaking again or next time do so in a different manner (e.g., perhaps with a bank).

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<sup>16</sup> Germany does not have a statutory minimum wage. However, there is a high coverage rate of collectively agreed minimum wages, generally laid down in sectoral agreements by labor unions. The percentage of employees covered by these collectively agreed minimum wages is approximately 70% in Germany. Turkish immigrants are much less likely to belong to labor unions; see: EIROnline (2005).

Over the past decades, the Germans have perceived Turkish business owners almost exclusively as *Imbissbesitzer* (restaurant / kebab stand owner) or *Gemüsehändler* (produce vendor). While these industries make up a considerable percentage of Turkish businesses, the data shows that there are other types of larger Turkish-owned business that exist, too. One out of every five businesses that has lasted more than three years has more than one location or major business segment. This implies that there has been a successful expansion in the history of the business. Some of the Turkish businesses first established in Berlin have established subsidiaries in Turkey (Faist & Özveren, 2004; Rieple 2000).

Approximately one out of every eight Turkish businesses in Berlin involves high amounts of initial capital investment (e.g. manufacturing firms such as metal processing) or requires highly qualified expertise (e.g. legal counseling or advertising agency). These two categories are growing quickly given the number of children of the second and third-generation of Turkish immigrants who went to high school and then a technical or university program. The educated children of business owners are thought to be a strong contributing factor to the expanding Turkish businesses (Pütz, 2004).

#### *Generational Differences in Turkish Businesses in Berlin*

Before 1973, the first-generation Turkish immigrants came to Germany as adult guest workers. Those who stayed past their contracted deadline, almost without exception, had to find work on their own. Many, with an average age of 35 to 45 years old, became the first small business owners among the Turkish immigrant population (Pütz, 2004). The first businesses consisted almost exclusively of food markets and low-skilled manual labor due to the fact that the guest workers were untrained and uneducated early on in Turkey. In order to survive in

Germany and not return to Turkey, the first-generation successfully founded and operated their own businesses. As a result, such individuals were given the label *vom Gastarbeiter zum Unternehmer* (from Guest Worker to Entrepreneur). The Turkish communities hailed this as a success; resilience among the first-generation was a significant source of pride for many German-Turks (Horrocks & Kolinsky, 1996). As many from this generation retired, they gave up their businesses either by selling them or passing them onto their children.

The second-generation is attributed with the founding of 44 percent of the Turkish businesses currently operating in Berlin (Pütz, 2004). As children, they came during the later part of the Guest Worker period (1968-1973) or they were part of the reuniting of families (post-1973). Nearly half of the second-generation Turkish immigrants has now since received German citizenship (Pütz, 2004). This has had a significant impact on the integration process. In regards to the industry sectors second-generation immigrants entered, there was little variation from the first-generation.

Many of the third-generation Turkish immigrants were born in Berlin and are just beginning to enter the businesses established by the second and even other third-generation Turkish immigrants. Most of the third-generation has attended school in Germany, all the way through the high school level. There have been studies showing they complete their *Abschluss* examinations (final exam needed to be passed in order to be awarded completion) with consistently below average scores for the Berlin area (Neuman, 2001; Powell & Wagner, 2001). Much of this generation will follow their parents into manual labor or family owned businesses.

The vast majority of Turkish residents in Berlin are still unskilled laborers. This results from limited education and lack of experience in similar positions before immigration.

Appendix E shows the growing disparity between skilled and unskilled labor. This is an

important trend to watch, because, as it was stated in previous literature, the divergence in economic wealth is a key factor of the inability to integrate.

There is a subsection under the third-generation that is, in some cases, being labeled a fourth. Pütz (2004) calls this subsection, *Bildungsmigranten* or Student Immigrants. There are a significant number of Turkish immigrants who travel from Turkey to Berlin to study. This option is available for Turkish students who have achieved high academic marks in Turkey and can obtain acceptance to a German university. Three of the top German universities are located centrally in Berlin and often students have relatives with whom they may reside. It is interesting to note that many Turkish elementary schools and high schools now offer German, as it is necessary to prove competence before acceptance to a university. This group of Turkish students is more likely to later become German citizens than any other group of Turkish immigrants (Pütz, 2004). Also, they are keen on opening their own businesses in the knowledge intensive industries. Often such businesses are offering services to families with Turkish heritage whose needs are not being met (e.g. legal and financial advising). This is similar to the Turkish banks following immigrants to Berlin to provide banking services. In contrast, there are very few Turkish women who are allowed to study internationally. This stems from traditional Turkish culture and expectations of men and women.

#### *Financial Uncertainty and Perseverance*

The already mentioned high levels of fluctuations among Turkish owned businesses in Germany deserve a closer look. For the vast majority of self-employed Turkish immigrants, it seems a permanent struggle to remain in business. For many, their economic survival is in jeopardy because of narrow profit margins and unpredictable income levels. This was

particularly evident from 2001-2002 as most Turkish businesses experienced negative sales trends (Pütz, 2004). Since many of the business are retail in nature, whether it is food or clothing, many experience troubles due to limited suppliers. This results in limited maneuvering within the market and may ultimately lead to bankruptcy.

The areas of Kreuzberg and Neukölln are not poor economic areas relatively speaking. This is evident through the large shopping centers, various restaurants, and quality of automobiles. The reason for the Turkish business difficulties is closely tied to errors in business strategy and the education of the owners. Naturally, a better education with higher marks will increase the possibility of a self-employed business person's success. Three things that would ease the financial difficulties of Turkish business owners include: sound business knowledge and all the nuances specific to operating a business in Germany, better understanding of market conditions, and lastly, easier access to financing. It has been shown that due to lack of business knowledge, many businesses are founded without a sound, long-term financial strategy. The outcome is often bankruptcy and then unemployment. The irony is that many Turkish immigrants have been driven and continue to be driven to self-employment, establishing their own businesses due to lack of education.

Many of the businesses' failures result from the same lack of education (e.g., most have little understanding of financial institutions and financial risk in general) (Pütz, 2004). First-time Turkish business owners in Berlin often have very little knowledge concerning various aspects of running a business in Germany. For example, most are unable to understand the tax system set forth by the *Finanzamt* (Germany's Internal Revenue Service). In view of that, many do not properly comprehend the *Lohnsteuerjahresausgleich* (annual adjustment of wage tax) or how to file for an *Einkommensteuererklärung* (income tax return). Most importantly, Turkish



immigrants struggle with *Umsatzsteuer* (sales tax or value added tax). Many Turkish business owners were initially under the impression that they had earned every penny and there was no need to keep financial records. Accordingly, the same Turkish business owners built their financial plans around these understandings (Pütz, 2004).

In addition to taxes, Turkish business owners in Berlin have historically struggled with *Sozialabgaben* (social insurance contributions). In Germany, every employer must pay social insurance contributions on behalf of all employees they employ. The total amount of social insurance contribution must be paid at the end of every month. Many Turkish business owners were unaware of this requirement as an employer. When Turkish business owners hire employees and calculate wages and salaries, they often forget to include such costs. Soon enough, due to the unforeseen costs, the businesses end up bankrupt, simply from a lack of knowledge of the local market and its regulations.

A great number of former Turkish business owners, both of the second and third-generation, refuse to try and self-employ again after experiencing bankruptcy. They have too many qualms stemming from the low-income security, too much work, not enough free time, and too much personal financial exposure (Pütz, 2004). The high unemployment among persons of Turkish heritage in Berlin, in combination with a marginalized position in society, has made the financial struggles of Turkish businesses worsen, as most exclusively target Turkish clientele. These disastrous results in self-employment have led to the trend of more and more third and fourth-generation Turkish immigrants choosing to enter knowledge-intensive industries in Berlin. They will do so in order to establish the economic security that past generation did not have.

## 6 What are Banks in Berlin doing?

### *Introduction*

The Berlin banking market is highly saturated and extremely fragmented. Despite significant consolidation, there are still literally hundreds of financial institutions active in Berlin. Recently, the German banking industry has experienced a dramatic slowdown which results from “an overbanked domestic market, high administrative costs, and ‘crumbling’ lending margins” (Fear, 2003). Since 2000, nearly all commercial banks in Berlin have reported losses in multiple years.

Since the early 1990s, an unprecedented process of consolidation has taken place in the banking sector of most industrialized countries, including Germany. The consolidation process is said to be caused by the increasingly competitive environment stemming from improvements in information technology, financial deregulation, and liberalization within and across many countries (Berger, Saunders, Scalise, & Udell, 1998; Marsch, Schmieder, & Forster-van Aerssen, 2007). Germany, the largest banking market in Europe, has experienced by far the largest reduction in the number of banks (European Central Bank, 2005).<sup>17</sup> Several negotiations, mergers, and takeovers involving banks located in Berlin and other local or international banks have occurred (e.g., the Commerzbank takeover of the largest German mortgage bank, Eurohypo).

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<sup>17</sup> According to the European Central Bank (ECB), from 1995 till 2004 the number of credit institutions declined from 3,785 to 2,148, while the number of branches has remained fairly stable. The ECB describes Germany as hosting most banks in Europe and remains the most fragmented banking market (European Central Bank, 2005).

Figure 4: Bank Consolidation in Germany

	1995	2000	2004
Number of banks	3,785	2,911	2,400
Number of domestic branches	67,930	56,936	45,467
Number of domestic bank offices	71,716	59,848	47,867
Number of foreign branches	579	714	671

Adapted from Assoc. of German Banks, 2008

Today, German small and medium-sized enterprises (SMEs), also known in Germany as the *Mittelstand*, make up a high percentage of Germany's GDP and exported goods (Deutsches Aktieninstitut, 2003). German SMEs rely almost exclusively on bank credit (Marsch, et al., 2007). SMEs first began to rely on flexible bank credits in the 1970s, as they did not yet have access to modern capital markets (Fear, 2003). Accordingly, there is "a strong inverse relationship between the size of the firm and the proportion of bank credits to total liabilities" (Fear, 2003).

As noted by Pütz (2004), Turkish small businesses did not use bank financing in the 1970s, even though the group was in desperate need of financing. Unfortunately, this is still the case today, but they are in desperate need of financing opportunities. The industries of Turkish and German SMEs in Berlin differed tremendously. German SMEs were focused on capital intensive, high-tech and medium-high tech manufacturing operations, while Turkish firms centered on low-overhead retail stores, such as produce markets (Pütz, 2004).

In addition to bank consolidation, another trend is also occurring, the internationalization of German banks. This trend has occurred almost exclusively among the large private commercial banks in Germany (e.g., Commerzbank, Deutschebank, Dresdner Bank, and HypoVereinsbank). Deutsche Bank, acting earlier than the rest, acquired Morgan Grenfell in 1989. Deutsche Bank has since been by far the most successful of the banks operating in Berlin (Deutsche Bank AG, 2007). In this study, Deutsche Bank will be categorized as a German bank

although most, if not all, measurements would classify it as a multinational bank. The reason Deutsche Bank will be considered a German bank for the purpose of this study is because the branch offices have existed in Berlin since 1870, hence representing a deeply engrained German banking culture. This culture is significantly distinct from the multinational banks.

According to Fear (2003), banks operating in Germany, due to global competition and the deregulation of capital markets, have been forced to universalize service and product offerings, even to the extent of combining commercial and investment banking activities. For example, banks began to perform underwriting and securities brokerage in addition to handling savings deposits and commercial lending. Banks located in Berlin were no exception to these changes. This combination may seem very odd to anyone familiar with the American banking system, as it is illegal (Agarwal, & Elston, 2001). The comparability of the U.S. ethnic banking market with that in Berlin is inherently flawed due to restricted combinations of products and services in the U.S. In the early 1990s, many German banks exercised a strategy identified as *Allfinanz* or the attempt to “provide comprehensive financial and consulting services for their clients” (Fear, 2003; Grosse, 2004). The strategy entailed enticing new customers with very favorable rates on traditional banking services, then “bundling” those services with those yielding higher profit margins (Grosse, 2004). The *Allfinanz* strategy was implemented with aims of increasing profit margins for the German banks. Fear (2003) concludes that the intense competition among banks in Germany has “resulted in Germany becoming one of the most ‘overbanked’ and least profitable banking markets in Europe.”

*Three Types of Banks*

There are three distinct categories which banks in Berlin can be classified into: German, multinational, and Turkish. In the two communities studied, each type of bank is present. Appendix C is a list of each of the branch offices present in Kreuzberg and Neukölln. There are a total of 46 bank branches in the two districts. It should be noted that there are thirty-eight German, five multinational, and three Turkish bank branches. In Figure 5, each of the major banks researched is listed and the corresponding services or products it provides. Surprisingly, the interest rates and product offerings do not vary significantly across the three types of banks present in Berlin. The strengths and weaknesses of each type of bank and how it best serves the Turkish customer will be evaluated.

Figure 5: Banks' Products and Services offered in Kreuzberg and Neukölln

PRODUCT OR SERVICE OFFERED												
Name of Bank	Type	Number of Branches	Bilingual (Turkish) Website/ ATM	Bilingual (Turkish) Employees	Free Remittance Services/ Withdrawals in Turkey	Housing Loans	Consumer Loans (e.g., Auto Financing)	Small & Medium-sized Business Loans/ Consulting	Securities Trading	Insurance	Student Loans	Credit Card Service
Deutsche Bank AG	GER	4	X	X	X	X	X	X	X	X	X	X
Citibank Privatkunden AG	INT	4		X	X	X	X	X	X	X	X	X
Berliner Sparkasse	GER	8		X		X	X	X	X	X	X	X
Berliner Bank	GER	8				X	X	X	X	X	X	X
Berliner Volksbank eG	GER	4				X	X	X	X	X	X	X
Commerzbank AG	GER	4				X	X	X	X	X	X	X
Dresdner Bank AG	GER	3				X	X	X	X	X	X	X
GE Money Bank GmbH	INT	1		X		X	X	X		X	X	X
IS Bank GmbH	TUR	1	X	X	X		X	X	X	X		
Ziraat Bank International AG	TUR	1	X	X	X		X	X		X		X

*German Banks*

German banks in Berlin can be broken down into a number of subcategories including large private banks and regional private banks. The large private banks present in Berlin are Commerzbank AG, Deutsche Bank AG, Deutsche Postbank AG, and Dresdner Bank AG. All of the banks have their headquarters in the financial capital of Germany, Frankfurt, with the exception of Deutsche Postbank. The second type of bank, regional banks, includes Berliner Bank, Dexia Kommunalbank Deutschland AG, Norisbank GmbH, Readybank AG, SEB AG, and Degussa Bank GmbH.

As a result of the increasing internationalization of the business handled by German banks, the number of German bank foreign branches grew steadily until 2003 (Assoc. of German Banks, 2008). Similarly, the number of foreign bank branches in Germany also grew. According to the Association of German Banks, the German banks' strategic repositioning and greater focus on core competencies led them to cut back operations in their foreign branches. The number of foreign branches held by German banks declined accordingly. Over half of the foreign branches run by German banks are located in other European Union countries (Assoc. of German Banks). German banks have struggled increasingly in the saturated Berlin market and have been making efforts to improve earnings and cut costs in all sectors. This includes scaling back the branch network (See Figure 4). What the figures fail to show is the reduction in the number of branches has been accompanied by a change in the type of services offered. There has been a greater emphasis on supplying information and advice and an increase in the automation of routine transactions (Assoc. of German Banks).

To increase assets for both the customer and themselves, German banks in Berlin have expanded their securities operations. This stems from customers' increase desire to invest in

securities and with institutional investors (investment funds and insurance companies) and SMEs making greater use of the capital markets as a source of funding. As expected, the banks now hold an increasing number of corporate securities (Assoc. of German Banks, 2008).

The balance sheets of German banks are comprised of roughly 25 percent inter-bank loans and deposits, 50 percent customer (non-bank) loans, 20 percent securities holdings, and five percent from other activities (Assoc. of German Banks, 2008). For whatever reason, lending to customers and customer deposits has slowed in recent years. Nevertheless it remains the core business of all German bank branches in Berlin.

Almost 85 percent of German bank loans go to the private sector and approximately 45 percent of these loans are to individuals who are not self-employed (Assoc. of German Banks, 2008). Around half of the loans to individuals provided by German banks are property loans. In comparison to the U.S. and U.K. markets, the demand in Germany for consumer loans remains limited (Assoc. of German Banks). Small businesses and the self-employed in Berlin usually take out loans from German banks to finance investments or running costs (Assoc. of German Banks). Historically, enterprises finance a much greater proportion of their spending through borrowing than do households.

The Berliner Sparkasse is a municipal savings bank. It is partially owned by the government and is focused on providing traditional banking services to Berlin residents. *Sparkassen* (municipal savings banks) are not as profit driven as the private banks in Berlin; rather, they are seen more as a social institution provided by the local government. *Sparkassen*, including the Berliner Sparkasse, have a reputation of focusing on projects important to the local government officials. It remains to be seen whether Berlin government officials will find value in targeting the Turkish client.



Historically, German banks have offered comprehensive financial and consulting services. More specifically, “they helped arrange contacts, identify potential joint ventures or alliances, and organize education centers about export markets, financial management, and technological changes” (Fear, 2003). An example of a bank using such services to gain a competitive advantage early on was Deutsche Bank. Throughout the 1990s, Deutsche Bank “established over 260 special education centers in its branch offices” to advise small to medium size companies (Deeg, 1999; Fear, 2003). The strategy of special education centers could be used to better serve Turkish immigrant clientele.

#### *Multinational Banks*

Two multinational banks present in Berlin are GE Money Bank GmbH and Citibank Privatkunden AG. GE Money Bank specializes in financing, while Citibank focuses on credit cards and other transaction services. Both of these multinational banks are present in over 100 countries around the world. Each bank provides a worldwide network of branches and financial services. The product line and delivery of services is more or less uniform for each of these banks regardless of country. Universal banking is an effective strategy when banks are as large as GE Money Bank and Citibank.

Under the Citi “umbrella,” the offering of financial services is virtually unlimited. From the branch offices in Berlin, an individual can move money around the world. This includes remittance services to and from Turkey. Remittance services are very important for immigrant populations as was highlighted in past ethnic banking studies (Armstrong & Haiss, 2007; Shanmuganthaan, Stone, and Foss, 2004).

It may be reasonable to argue against ethnic banking, using Citigroup as an example. Citigroup is clearly the most successful financial group on the planet, with locations in nearly every corner of the world. Citigroup is the global industry leader in number of branches, number of employees, number of customers, and number of ATMs. However, the fact is that most of Citigroup's business in their 100 plus countries consists narrowly of "credit card and banking services for an urban professional class" (Tschoegl & Guillén, 1999). The method of exclusive universal western banking practices cannot be termed ethnic banking (Armstrong & Haiss, 2007).

At one time, Citigroup used a global retail strategy, in which it refrained from truly entering into the host country culture and building important local relationships. This has changed and the communities of Kreuzberg and Neukölln provide proof. Citigroup used to provide banking services only to those who were familiar with Citigroup's existing global services and knew how to take advantage of them. Its aim now is to attract new clients not as familiar with the banks services. Given Citigroup's and GE Moneybank's mostly universal banking products, those groups who do not choose to buy into universal banking may be neglected.

Citibank is hiring more and more from the local population, as can be seen in the branch offices in the Berlin sub-communities. This aids in the integration of the bank to the customer. Nonetheless, for those who prefer a bank that respects what they, the individual customers, want in regards to customized services and a relationship with their bank, Citibank may be too large. Citibank and GE Money Bank lack flexibility because of their size. Turkish and even some German banks are building and continue to build strong relationships in Kreuzberg and Neukölln. Through these relationships, they are able to provide banking services beyond credit

cards and deal with all local clients, not just those who reside in the urban community with “western banking” knowledge.

The truth is that Citigroup may be the most geographically diverse financial service provider in the world, but since the 1990s, two Turkish banks have dominated the Berlin Turkish ethnic banking markets. This is surprising due to the extensive international banking experience of the two multinational banks and the relatively limited international experience of the Turkish banks.

### *Turkish Banks*

The two Turkish banks present in Kreuzberg and Neukölln are Ziraat Bank International AG and IS Bank GmbH. Ziraat Bank International AG was present early in the Berlin banking market and is one of the largest banks operating in Germany and the European Union today. Just like the second Turkish bank, IS Bank GmbH, Ziraat Bank is a member of the deposit protection fund of the Federal Republic of Germany (Bundesverband deutscher Banken e.V., similar to banks being insured by the Federal Deposit Insurance Corporation in the U.S.). Both banks are also members of an organization (i.e., Entschädigungseinrichtung deutscher Banken GmbH) that protects bank clientele from banks becoming insolvent.

T.C. Ziraat Bankasi, Ziraat Bank International AG’s parent company, established its first representative office in Germany in 1964. The bank’s initial role was to send remittance services from guest workers to family members who lived near the home bank in Ankara. Eventually, there were eight representative offices in West Berlin and West Germany.

Comparable to the Spanish banks entering Latin America, both Turkish banks’ desire to serve the increasing business relationships between Turkey and West Berlin and West Germany

prompted the bank to internationalize. The rapidly growing Turkish population increased the need for Turkish banking services and motivated these Turkish banks to enter Germany.

IS Bank GmbH considers itself a product of the “long standing economic ties between Turkey and Europe.” Türkiye İş Bankası A.Ş., the parent company of IS Bank, is currently the number one bank in Turkey in terms of assets. Türkiye İş Bankası A.Ş. was the first Turkish bank to go abroad, which it did in Hamburg in 1932. However, during WWII, the branch was closed.

In 1976, in order to aid Turkish clients in Germany who chose not to return home after the guest worker contract ended, Türkiye İş Bankası A.Ş. set up a representative office in Frankfurt am Main. Some years later, it also entered the Netherlands, Switzerland, Austria, and France in order to serve the growing Turkish immigrant populations. Türkiye İş Bankası A.Ş. bank movement of following customers is very similar to that of Spanish banks (e.g. Banco Bilbao Vizcaya & Banco Santander Central Hispano, Haiss, Pichler & Steiner, 2005). In 1992 IS Bank GmbH was founded following the liberalization of the banking industry in Germany. Today, IS Bank has 16 branches in Europe with its headquarters in Germany. The Türkiye İş Bankası A.Ş. plans to continue to expand internationally using Turkish immigrant business as its base. The bank’s goal, as stated on its website, is to promote “close commercial and other ties between Europe and Turkey.”

Figure 6: Push and pull factors for Turkish banks entering the Berlin market

<b>Pull-Factors</b>	<b>Push-Factors</b>
Strong cultural and linguistic affinity	Competitor-push (“take on the European banks”)
Underserved Turkish ethnic population	Customer-push (“follow-the-client”)
High opportunities in acting as bridge between Turkish and German financing	Slower growth in home country, already one of the largest banks

Adapted from Haiss, Pichler & Steiner (2005)

One of the reasons Spanish Banks pursued the Latin American banking market was that Spain and Latin America share a common language, Spanish. Language plays a different role in Berlin. In order to operate successfully in the Berlin market, Turkish banks must not only speak Turkish, but German as well. Costs are essential to consider when entering foreign markets. It is costly for Turkish banks to translate contracts and reports from German into Turkish before sending them back to upper management in Turkey. Likewise, there is a steep additional cost to support expatriate managers who run branch offices in Berlin. The adjustment for these expatriate managers can be also very taxing.

The Turkish expatriate bank managers, similar to those in most companies entering new markets for the first time, were sent to maintain consistency in company policy and culture. The Turkish banks entry into the Berlin market was an expensive and risky venture given the costs of establishing branches in a highly competitive, developed country with many barriers to entry. However, Turkish banks must have seen and continue to see an opportunity that is worth the higher cost of entry and sustained operations, which bank branches in Berlin entail.

There are several push-factors that explain the involvement of Turkish banks in Berlin. Many Turkish companies are represented in Berlin, which is seen as an international market of great importance. Therefore, corporate clients request the Turkish banks be equally involved in

the Berlin market. Besides this customer-push, the competition between the two large Turkish banks, IS Bank AG and Ziraat Bank International AG, was and still is another reason for a continuous strengthening of their involvement in the Berlin market.

Both of these Turkish banks have proven very successful in Berlin as first movers. Given their long history in Germany and the increase in the number of branches over the years, the demand for ethnic banking services by Turkish immigrants must have been underserved by the German and multinational banks. Their continued and growing success indicates there is still a demand unmet by the German or multinational banks.

## 7 Case Study: Kreuzberg and Neukölln

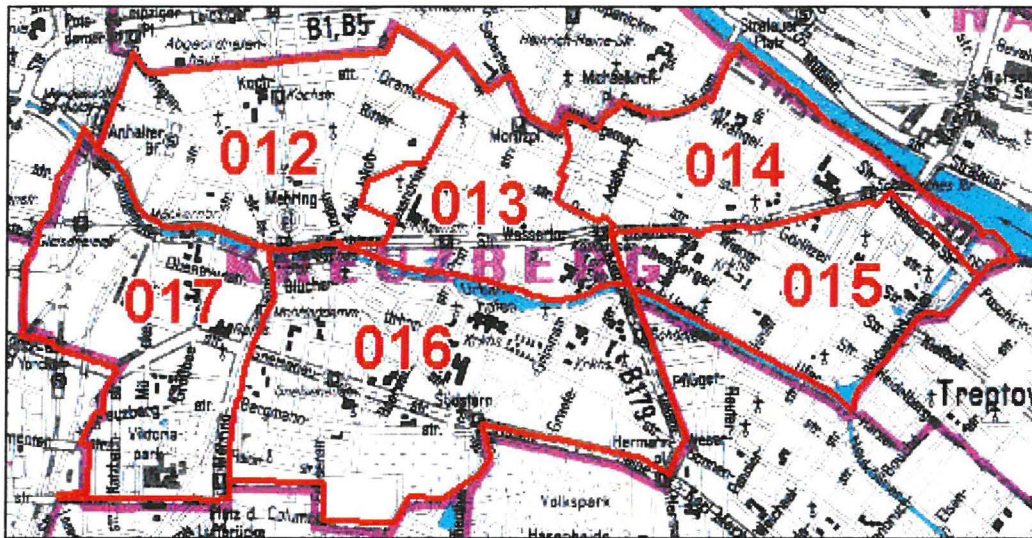
### *Introduction*

In February of 2008, the author conducted a series of key person interviews involving Turkish immigrant study experts located in Berlin and bank branch managers in the Berlin sub-communities of Kreuzberg and Neukölln. A separate list of questions was formulated to target each of the two groups' knowledge. The questions were designed to seek primarily qualitative responses. Samples of the qualitative questions posed to each of the key persons can be found in Appendices A and B. In the two maps below, each of the numbers of the map represents a statistical area within the Berlin districts Kreuzberg and Neukölln. The numbers match up with the chart directly below the map. The zones identified on the maps are for Berlin Office of Statistics official use and have no other significance to the knowledge of the author.

The maps and data reveal the size of the Turkish immigrant population in a relatively small regional area just south of downtown Berlin (See Appendix D). Combined, there were nearly 88,000 Turkish residents living in the two districts in 2005, making up roughly 29 percent

of the total (294,000) registered residents. The figures provide clarity as to the significance of a bank's choice whether or not to use an ethnic banking strategy to target Turkish immigrants.

Figure 7: Map of Kreuzberg's Statistical Districts



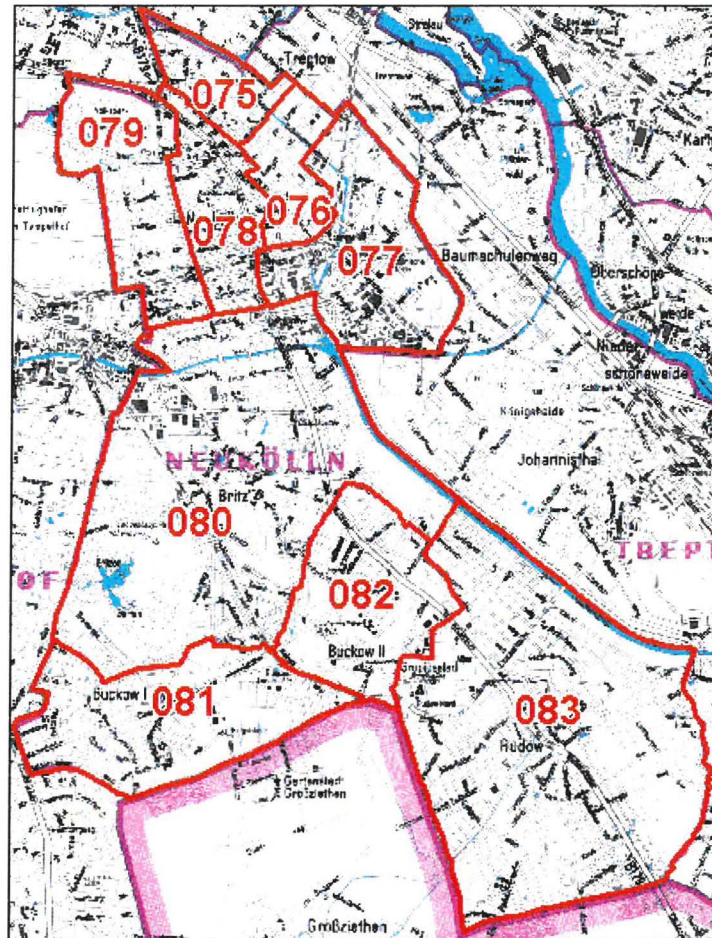
Adapted from: Statistisches Landsamt Berlin, 2005

Figure 8: Kreuzberg Turkish Population

Statistical Zone	Name	Total	Age of Registered Residents				Number Turkish Residents	Percentage With Turkish Heritage
			Under 6	6 - 18	18 - 65	65 and Older		
12	Mehringplatz	19,314	1,517	3,095	12,651	2,051	6065	31.4%
13	Moritzplatz	19,189	1,452	2,773	12,199	2,765	5219	27.2%
14	Mariannenplatz	21,473	1,385	2,689	15,601	1,798	7344	34.2%
15	Wiener Straße	26,980	1,644	2,917	20,525	1,894	8445	31.3%
16	Urban	44,422	2,626	4,533	33,623	3,640	10928	24.6%
17	Viktoriapark	15,384	879	1,471	11,705	1,329	2538	16.5%
Kreuzberg total		146,762	9,503	17,478	106,304	13,477	40539	27.6%

Adapted from: Statistisches Landsamt Berlin, 2005

Figure 9: Map of Neukölln's Statistical Districts



Adapted from: Statistisches Landsamt Berlin, 2005

Figure 10: Neukölln Turkish Population

Statistical Zone	Name	Total	Age of Registered Residents				Number Turkish Residents	Percentage With Turkish Heritage
			Under 6	6 – 18	18 - 65	65 and Older		
75	Reuterplatz	33,898	2,002	3,414	25,044	3,438	9288	27.4%
76	Roseggerstraße	28,087	1,856	3,195	19,643	3,393	8875	31.6%
77	Köllnische Heide	15,013	1,071	2,107	9,474	2,361	3588	23.9%
78	Karl-Marx-Straße	38,622	2,796	4,803	27,133	3,890	13981	36.2%
79	Schillerpromenade	32,040	2,259	3,637	22,916	3,228	11246	35.1%
Neukölln (North) Total		147,660	9,984	17,156	104,210	16,310	46,979	31.8%

Adapted from: Statistisches Landsamt Berlin, 2005



### 7.1 Turkish Immigrant Study Experts

The author had the pleasure of discussing the topic of ethnic banking and the issues surrounding Turkish immigrants in Berlin with eleven scholars whose fields and occupations involve research into the Turkish immigrant population. The scholars' studies focus on Turkish immigration studies in Berlin and related immigration and integration subject matter. Many of the scholars are working for non-profit service organizations or are lecturers at local universities. It is important to note that a majority of the scholars are of Turkish heritage. Each of the interviewees was able to provide insight into the integration of Turkish immigrants as well as Berliners' reaction to Turkish immigration (or reciprocal integration).

Each of the academics described the process of integration as one that involves many steps. One spoke about stepping over lines. There is not just one line a Turkish immigrant must cross in order to integrate. There is a series of lines, each with its own challenges to identity. This observation connects with Gordon's theory of Structural Assimilation (See Figure 1).

The steps are defined by the scholars in terms of generations. Most are, however, careful to point out that there are more than just rare instances in which third-generation Turkish immigrants struggle in the German language. The blame, some scholars say, must lie with the Turkish families and the Berlin government. Hundreds of Turkish students are unable to learn in classes because they do not have a basic command of the German language. The reason for this is their parents' German is often very limited and only Turkish is spoken in the home.

In regards to language, many of the scholars worry that illiteracy, not only in German but in Turkish as well, will lead Turkish youth to gangs. Some scholars describe the constantly darkened prospective of the Turkish youth in Berlin society. Many Berliners feel that teenagers,

mostly boys, roam the streets looking for trouble and that the city is going in the wrong direction at the hands of the Turks.

Some scholars stated that deficiencies in German language stem from a phenomenon called “parallel societies.” Parallel societies was defined to the author a situation in which a minority group of individuals creates its own institutions to serve it insofar that it no longer need those of the majority. By institution, the scholars refer to both physical institutions (e.g., social clubs) as well as abstract ones (e.g., institutions of information and government). The majority of scholars, when pressed, admitted the communities of Kreuzberg and Neukölln to be well on their way to parallel societies. The more Berliners move out and the more Turkish immigrants move in, the less chance integration will occur.

Prejudice is not something that should be taken lightly ever, lectured one scholar, especially not in Germany. She continued to preach that there are too many groups with hate for others, and too many “others” to hate.

Scholars explain that the many subgroups within the Turkish immigrant population do not live happily alongside each other and in fact there is a fair bit of animosity amongst the variety of Turkish immigrants. One scholar even claims that many Turkish groups might get along better with ethnic Germans than with other Turkish groups.

The number one theme emphasized by the interviewees is the vast diversity represented by the Turkish immigrant population. For example, one interviewee gave a long list of subgroups within the Turkish immigrant population, most of which were recognizable, but then he proceeded to break down those groups even further.

It is important for banks to recognize the degree of segregation within a minority group when considering implementing ethnic banking strategies. For example, it may not be wise to

hire just any person who can speak Turkish and looks Turkish to be a branch manager in Neukölln. Ignorantly, one may have selected a Turk from a subgroup that does not align with the majority of Turkish immigrant clients whom the bank is trying to serve. This could reverse the bank's efforts and perhaps drive existing ethnic Turkish customers away because the insensitivity exercised by the bank.

Another facet discussed was that of obtaining citizenship. The scholars are in agreement that obtaining citizenship was overcoming a major obstacle on the road of integration. Citizenship, as the author discussed with one scholar, is a symbol of reciprocal integration. Given the history of citizenship (e.g., having been given and then taken away from the Jews, and having been kept from foreigners born on German soil for so long), it is a tremendous step on the part of the Germans to integrate with the immigrants. Perhaps Germans too will experience integration with the immigrant groups, quipped one interviewee. Germans are finally changing their too-long, stubborn, nationalistic ways, perhaps now they will see what the world can really be like, chimed another.

One interviewee argues that the greatest obstacle for either the Berliners accepting the Turkish immigrants or vice versa is their own struggles with identity. Each group, she claims, is worried about losing the culture they hold dear and fear being "infected" by the culture of another. Identity is a tricky concept in German history, as many leaders have tried to manipulate the identity of both the German nation and the individual Berliner. Most scholars predict at least another two generations before Berliners can look upon an *Ausländer* (foreigner) and not immediately think, *Ausländer*. Others indicate a much longer time is needed.

Scholars put particular emphasis on the third-generation of Turkish immigrants. The third-generation, one scholar says, is an indicator of both the successes and failures of Turkish

integration into Berlin society. Success stories include those who are completely fluent in the German language and are highly interactive socially and professionally in Berlin society.<sup>18</sup> Descriptions of those third-generation Turkish immigrants who have not integrated well into Berlin include youths who drop out of school and become involved in criminal activity. This group is described as having little or no competency in either the German or Turkish language but an elementary command in both. Four scholars explicitly stated that they understood why banks or any other business would not try to serve the third-generation immigrants that had failed to integrate. The third-generation, which has successfully integrated to the extent described above, most likely were already using German banks or would feel comfortable doing so, commented one scholar. There is however the group of third-generation Turks that falls between the two extremes of successful or failed integration. Many of the scholars describe this group as leading similar lives to the second and sometimes the first-generation.

The financial services thought to be in greatest demand for Turkish immigrants, in the opinion of the interviewees, are services pertaining to small businesses. They could not reiterate enough the importance of the ethnic economies of the Turkish immigrants in Berlin. Small businesses are their livelihood, claims one scholar, both for the owner and their customers. Others remark that more and more Turkish immigrants are going to university programs, so perhaps student loans would prove a rising interest to Turkish immigrant families. The other service that was mentioned with great frequency was car loans. More and more Turkish immigrants are buying cars in Berlin.

The interviewees had difficulty deciding how often Turkish immigrants used “traditional German” stores. Most predicted that they would use German stores whenever there was not a

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<sup>18</sup> Some of third-generation Turkish immigrants in Berlin are very competent in Turkish from speaking it in the home while others speak little to no Turkish.

Turkish store selling the same goods. Odds are that the goods in the Turkish store would be cheaper anyway, and that, according to the scholars, is what most Turks pride themselves on: a bargain. This is in stark contrast to the Berliners' deeply engrained preoccupation with quality.

Some of the interviews went on for hours, as the author and the interviewees discussed in-depth the ever-evolving relationship between Berliners and Turkish immigrants. In the end, most scholars provide a positive outlook. This is especially interesting given the Turkish heritage of most scholars interviewed. Many hope that Berliners would soon accept the Turkish culture in Berlin society as it continues to intertwine with the Berlin culture. The scholars declare that Berlin is quickly becoming a Berlin-Turkish society, where "Berlin society," by itself, would take on a new, multicultural meaning.

## 7.2 Bank Interviews and Analysis

To better understand the three type of bank studied, each type, German Banks, multinational Banks, and Turkish Banks, are analyzed separately. A minimum of two bank managers was interviewed from each type of bank and a total of eight branch managers were interviewed. For this study to remain objective per the request of those interviewed, none of the participants' names, responses or reactions will be mentioned or associated with a particular bank unless permission was given.

### *German Banks*

The interview with German bank branch managers in Kreuzberg and Neukölln differed greatly. The majority of managers expressed their opinion that if a bank was providing the best service, it should not matter whether or not they target ethnic clients. That is, the Turkish clients

should use the bank's products and services because they are the best available. German bank managers went so far as to call targeting the Turkish immigrant "*ein übler Streich*" (a cheap trick). Nearly all German bank branch managers were unwilling to admit any possible advantage in changing their offerings of products or services to attract Turkish clients.

Sentiments were exchanged that as a branch manager, one should be worried about losing their current customers when chasing wildly after another. This reaction permeates Berlin banking history where banks have had to refocus their strategies after getting too far off track. This also brought to light social and political implications of banks' decisions whether or not to introduce an ethnic banking strategy. Managers worry that Berliners might be less likely to use their bank if there were placards hanging in the window with Turkish writing on them, or that the Berliner would have trouble standing in line next to a Turk. Given the history of Berliners moving away from communities such as Kreuzberg and Neukölln as the number of Turkish immigrants grew, the bank managers' thinking is understandable.

Even branch managers of banks that have already started to use ethnic banking strategies are skeptical. Most managers emphasize that the implementation of tactics, such as ethnic hiring, came from higher level management and was not a choice made locally. Hence, they are not enthusiastic in explaining why their bank has changed its strategy.

When asked about specific products or services their bank offered for potential Turkish clientele, German branch managers often responded that they offered every type of service. This refers back to the concept of *Allfinanz*, which is also represented in Figure 5. Conversely, when asked whether their bank had bilingual services (which is a specific service that a bank can offer for potential clientele), three managers remarked that they were a German bank and there are Turkish banks for that.

When asked about the presence and competition presented by the Turkish banks across the street or nearby, two German branch managers answered that they were not serving the same clientele so they were not really in competition. In the managers' minds, it was not their banks' intention to serve Turkish clientele.

Some branch managers expressed frustration with the direction of the author's project. They could not understand why a student wished to study Turkish immigrants' relationships with banks in Berlin. There were a few who made it clear that they thought it was a waste of the author's time.

There was one case which a German branch manager expressed a concern why their German bank was not targeting Turkish clients. The manager described a number of scenarios in which Turkish customers are lost due to misunderstandings involving language or technical procedures. The manager mentioned a scenario in which Turkish fathers would bring their son or daughter with them to the bank to translate. The father, the manager said, would often become frustrated or embarrassed that he is dependent on the son or daughter to translate, and still worse was that they were translating something as personal as financial information.

The author later retold the story to some of the Turkish studies experts. They were not surprised. The experts explained that the Turkish family is one of a strict patriarchic structure. When the father must relinquish his fiduciary responsibilities to his children, it goes against very deeply ingrained cultural values. In the case of the daughter translating for the father, the situation becomes much more challenging for the Turkish father to endure. There are strongly defined roles that separate the values of males and females in Turkish culture. These roles are violated when a father must ask his daughter to tell him the balance of his bank account.

Most branch managers admitted that their office had no special training for employees (e.g., helping tellers deal with diverse clientele). They justified the lack of training with their description of their typical Turkish client – fairly well educated, between 25 and 35 years old, and highly competent in German. This description fits with some of the late second, but most likely with the third and fourth-generation Turkish immigrant.

The services used most often, according to the German bank branch managers, are savings accounts or short-term, fixed interest loans. In general, Turkish clients did not use security trading or other high risk services. Bank managers expressed that they felt many of their services were perceived as too complicated for the Turkish customer. Managers compared their Turkish client as being more risk averse than their “German” client. Few managers mentioned small business loans for Turkish immigrants. When asked about credit for business or personal loans, German bank managers replied that everyone, no matter of nationality or special circumstances in the home, needed to meet the same financial requirements.

Upon initially asking about banks serving Turkish clients, most German branch managers referred me to Deutsche Bank. Every bank manager in the city seemed to know that Deutsche Bank had set up a special program to target Turkish customers. It made the author wonder if every manager would refer potential Turkish customers they were struggling to serve to Deutsche Bank as well.

In conclusion, most of the German bank managers interviewed stated, more or less, that they rely on the Turkish immigrant to adapt unilaterally in order to use their services or products which the managers deem to be the best available. Referring back to the definition of reciprocal integration, the German bank branch managers, with some exceptions, did not feel it was the



German bank's role to adapt to the Turkish customer in order to win their business but rather the Turkish customer's role to adapt to the bank.

### *Multinational Banks*

The interviews with the multinational bank managers were the least fruitful in identifying a relationship between the integration of Turkish immigrants and their use of these banks. The two multinational bank managers saw ethnic banking quite differently. The branch managers did have one thing in common: they were not interested in a long exchange regarding Turkish immigrants, as they both felt confident that they were doing everything necessary to serve them.

The managers declared the reason they are using ethnic banking strategies is because it is an integral part of what their bank does. Because their bank is an international bank, inherently managers of these banks know how to deal with people of different nations. For example, both managers used a local hiring strategy to resolve the language barrier with first and second-generation immigrants. The multinational banks hired purposefully out of the same community they are trying to serve.

When asked to describe their average customer, one of the branch managers jokingly said, look out the window, there they are, all of them. The manager continued quite seriously, wherever our branches are located, all over the world, when you look out the window, you will see our customers. Naturally, not every person who walks by a branch window is a customer of the bank. Nevertheless, the manager made his point whether it was accurate or not.

One of the managers explained their bank was present in Turkey and had been for quite some time. This, he said, is the reason many of their Turkish clients choose them. Both of the

multinational branch managers talked about serving firms which conducted business both in Germany and Turkey, as well as other nations all around the world.

The advantage of serving the Turkish client in the Berlin sub-communities, according to the managers, was to gain their loyalty for life. Each of the managers spoke of the distant future and how their banks will have served millions of minority individuals in communities like Kreuzberg and Neukölln. And those million minorities will become a billion plus, comprising the majority. In the case of Citibank, which already has the majority according to its website, provides services at a local level to minority groups and promises success in the future, as well as the present.

Neither of the bank managers could identify a specific product that their bank had developed in order to better serve the Turkish client in Berlin. They did, however, give multiple examples of which products the Turkish immigrants did use. Examples included first-time car loans with a poor or no credit rating from GE Moneybank and free remittance services from Citibank.

Conversely, each of the managers could not identify an area in which their bank could better serve the Turkish client. One manager simply stated, we just need to keep doing what we are doing and we will stay ahead.

### *Turkish Banks*

The author was surprised to see non-Turkish employees, as both tellers and financial consultants, in multiple Turkish bank branches. This indicates that the Turkish banks are also hiring locally. The managers explained that there are many German businesses which deal with Turkish businesses; these non-Turkish employees reduce the feeling of foreignness when

working on a deal. Perhaps Turkish banks are exercising two ethnic banking strategies simultaneously.

The author asked which language is spoken more often between coworkers, Turkish or German? Both managers replied, German of course, we are in Germany, after all. One Turkish expatriate manager went on to explain that he enjoyed learning German by speaking with his younger German-Turkish colleagues who spoke flawless German. This story is not to say that the Turkish language is not the most common language between customers and bank employees, as it most certainly is. As found in much cultural literature, language goes much deeper than just the spoken word (Hall, 1990; Trompenaars, 1998). The over-used analogy of the iceberg fits well here. Above the water level, there is just a small visible bit of the connected culture between Turkish bank employees and Turkish residents in Kreuzberg and Neukölln, and that is language. Some of what would be just below the water level includes emotions (whether or not they are displayed), communication styles (e.g., tone of voice and touching), and how the cultures deal with confrontation (whether there is sensitivity or preference to be straight forward). Additionally, there are many more similarities that bind the Turkish culture. It is, however, important to remember in the case of Turkish immigrants in Berlin, that the Turkish culture of an expatriate manager fresh from Istanbul may not coincide with a third-generation German-Turkish client. This may cause the same ethnic clash that ethnic banking strategies are meant to avoid.

Both managers emphasized the necessity to maintain the same management and bank culture as in Turkey. One manager went on to explain the spatial configuration of the branch in Berlin. From the cherry oak tables, leather chairs, marble teller stations, and the high ceilings, the office was nearly identical to the branch office he had left in Ankara three years earlier. Whether

he was exaggerating or not, he explained further that if he stopped thinking about where he was, he often thought he was back in Turkey.

The congruity in arrangement of the office went beyond the furniture. The management structure was exactly the same as in Turkey, one manager said. According to Hofstede (1980), Turkish culture is represented by a very strong power distance. When observing bank manager-teller interactions, the interviewee reflected that Turkish customers might be reassured because the interactions resemble those of banks in Turkey. Hofstede also finds that Turkish culture has a very high level of uncertainty avoidance. The manager's authority position may ease customers' concerns over their investments.

The Turkish expatriate managers, of which there were two or three per branch, need to hire and train bank employees locally. For example, in IS Bank, regardless of the ethnic background of the employee, the culture of Türkiye İş Bankası A.Ş., the parent company, must be taught. One manager stressed the need for the Turkish customer to feel comfortable entering their bank. Visiting the bank branch should be a relaxing and stress-free experience for the customer. There is enough stress involved when dealing with money, without the additional stress due to cultural asymmetry.

When asked how the manager would describe their average customer the managers replied somewhat similarly. Both said that they see nearly exclusively customers of Turkish origin, mostly men and under the age of 40. One manager claimed that range of "assimilation" (their word, not the author's) varied tremendously. One of their categories of clientele is tourist or family members visiting from Turkey. Other groups include first-generation immigrants. Both managers were careful to point out that many Turkish banks have followed in their footsteps (six in Berlin alone) and each is surviving profitably.

One of the most interesting aspects discussed was that of assessing customers for credit approval. A Turkish branch manager claimed that a Turkish immigrant could get a loan for his or her small business easier in a Turkish bank than in a German or multinational bank. He made this claim not just citing racial prejudice against the Turkish customer in the German or multinational bank but that the Turkish banks were more “considerate” of “non-financial” indicators of credit risk. One indicator, the manager said, was the customer’s character and length of time he or she had been a client with the bank.

## 8 Conclusion

This work establishes that by applying the principles of ethnic banking, a strong relationship between the various stages of Turkish immigrant integration into Berlin society and their use of banks can be established. Past literature shows a positive correlation between integration, ethnic closeness, and immigrants’ bank usage. Emphasis is placed on how select banks in two Turkish Berlin sub-communities, Kreuzberg and Neukölln, are managing their relationships with the Turkish customer. Through case studies in Kreuzberg and Neukölln, ethnic banking is identified as a proactive strategy implemented in order gain an increased market share in a saturated and competitive banking environment. German banks are able to exercise a successful ethnic banking strategy in Berlin by combining their local knowledge with the flexibility to adapt to the ethnic customer’s needs at various stages of reciprocal integration. Deutsche Bank, as a German bank, exemplifies the execution of an ethnic banking strategy for private individuals.

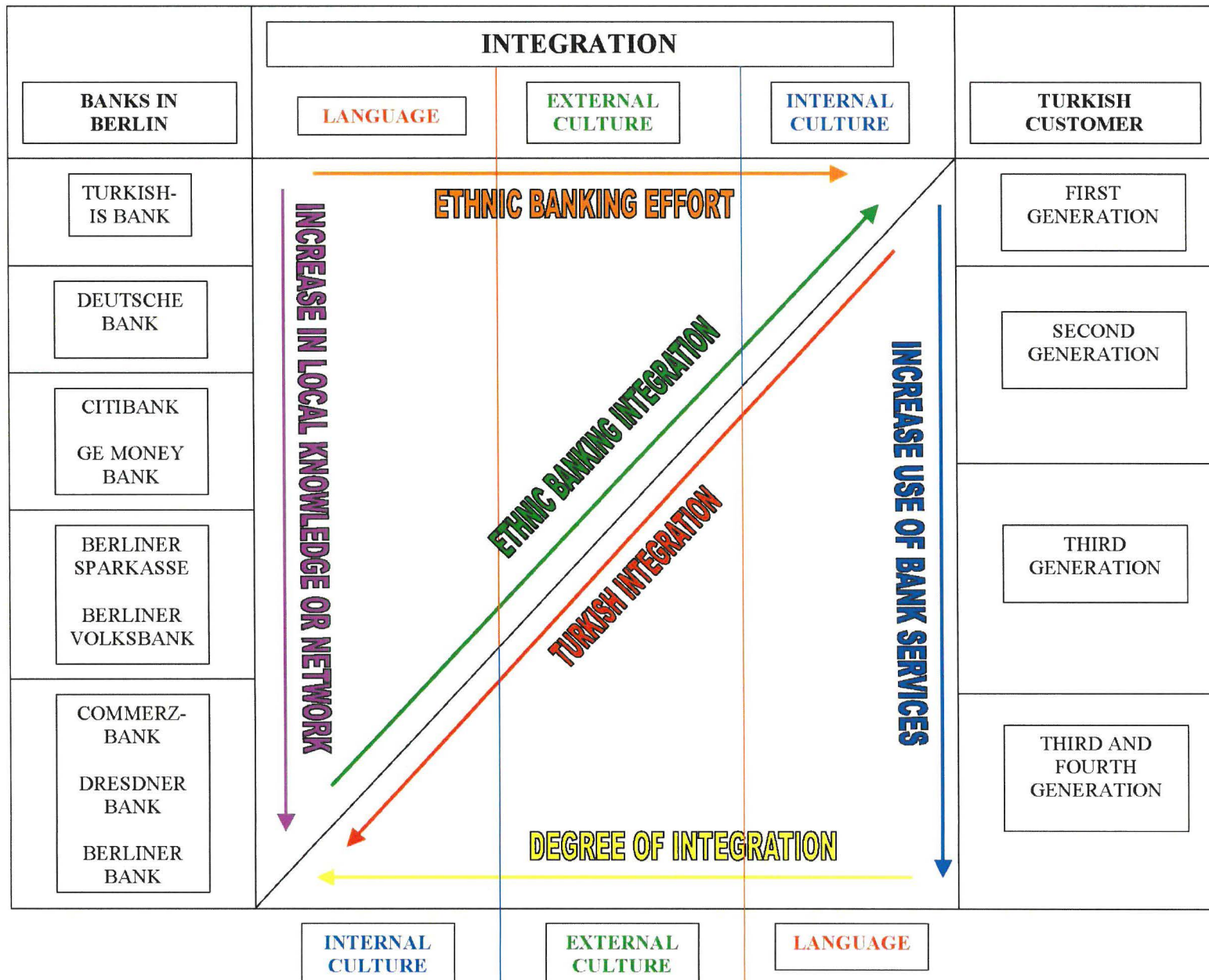
Many German banks in the communities studied are reluctant to use similar ethnic banking strategies for fear of losing “native” Berlin clientele. This is another form of ethnic banking,

serving the majority ethnic Berlin community. German bank managers argue that showing interest in another customer group could be seen as being disloyal to their current clientele.

The multinational banks studied reveal that while hiring local does increase the banks' ability to serve the Turkish client at an earlier stage in the integration process, there are few other attempts made to attract and serve the Turkish immigrant. The multinational banks still rely on universal banking practices aimed at those individuals already familiar with the services and products being offered.

Turkish banks in Berlin have a near monopoly on first and second-generation Turkish banking customers. The author finds that by using their home country culture, Turkish banks are providing banking products and services to an underserved Turkish population. The increase in the number of Turkish banks branches and their success indicates the Turkish immigrant population is underserved by both German and multinational banks. Banks' integration, that is ethnic banking strategies, could aid in facilitating German and multinational banks to capture a greater market share of the growing immigrant population in Berlin. Figure eleven, on the following page, displays the findings.

Figure 11: Ethnic Banking in Berlin and the Turkish Immigrant



*Deutsche Bank*

As displayed on Figures 5 and 11, Deutsche Bank in Berlin has clearly implemented a strategy to capture clients of Turkish origin. With free remittances and incentives for family and friend referrals, Deutsche Bank is increasing its Turkish clientele at a rapid pace. Similar to Bank of America's involvement with ethnic banking strategies with the U.S. Hispanic immigrant communities, Deutsche Bank invested in Turkey. This allows Turkish nationals to become familiar with Deutsche Bank's name and services prior to immigrating to Germany. Deutsche Bank is also the only German or Multinational bank to have a website dedicated entirely to individuals of Turkish origin living in Germany. While other banks do hire ethnic Turkish employees who possess the language and culture needed to interact with Turkish clients, Deutsche Bank is the only bank to offer bilingual services online and bilingual, domestic and international credit card customer service.

Through interviews, it was revealed that Deutsche Bank managers researched and visited their banking facilities in Turkey to better understand the expectations of the first-generation Turkish client in Berlin. Moreover, there are special employee-training programs on how to better serve the Turkish client.

Even though Deutsche Bank has four branches in the Berlin sub-communities of Kreuzberg and Neukölln, only one branch is set up to "fully accommodate" the needs of the Turkish customer. Systematically, all other branches in Berlin, including the other three in the area studied, refer potential Turkish clients to this one specialized branch. After opening up the initial savings account or whatever service the client may need, the Turkish client is then instructed how to use the branch office most convenient to the client. The clients do so with the reassurance that they can always call the dedicated "Turkish" branch should they have any



questions or concerns. In time, if Deutsche Bank's experiment with the Turkish client proves successful, the bank may choose to make additional branches similarly dedicated to increase convenience.

A primary concern for the Turkish customer is difficulty of obtaining approval for financing. Similar to other banks, Deutsche Bank promises a "quick and easy" credit check; however, it offers something else in addition. Deutsche Bank emphasizes its fixed-rate, long-term financing plans which are more common among Turkish banks in Turkey. Deutsche Bank provides additional safeguards for customers in case of emergencies such as unemployment (which tends to be relatively high among Turkish immigrants).

During the interview process, banks were quick to emphasize their increased concentration on their consulting services. The consulting services, no matter how high the quality, will do very little good if it is in a language the client does not understand. On the Deutsche Bank website, the bank appeals to Turkish clients by stating both in Turkish and German, "Welcome to the bank that speaks your language."

Incidentally, with all the efforts to capture the Turkish *Privatkunden* (Private Clients), it is interesting to note that Deutsche Bank has not yet seemingly attempted to capture the Turkish business owners or *Geschäftskunden* (Business Clients). This is something that will most likely come shortly, given Deutsche Bank's success thus far with Turkish clients and the number of self-employed or small and medium-sized business owners of Turkish origin.

## 9 Global Implications

We have been living in a globalized world for nearly two decades, not just in the economic sense but the cultural sense as well. People worldwide have experienced an increase in mobility, making migration a key contributing factor in the globalization process. In Berlin, just as in hundreds of cities across the face of the Earth, dealing with foreigners is a daily experience. Nonetheless, this daily interaction has not yet found its way sufficiently into the strategies of local bank management. Bank managers in Berlin, as well as in banks throughout Europe, have been under the impression that immigration only changes the lives of immigrants, and not the lives of the society they enter.

Berliners see themselves as preservers of the German culture and Berlin as a receptacle that must hold its people and cultures together. This is not drastically different from other European countries, as seen in France, Denmark, or the Netherlands. Immigrant movements that jeopardize the preservation of homogenous cultures are seen as a disruption to the system. It is expected that immigrants integrate to the local mold and more importantly, that the mold remains constant.

Movement across national borders appears to be an inherent feature of the current international system. The United Nations predicts rapid population movement world-wide both in the near and long-term future. Most of the extreme population growth will take place not in the developed countries such as Germany but in the developing countries, adding to the huge reservoir of individuals and families looking to move. The movement of persons from less developed countries to wealthier countries is not only due to over population in developing countries but also stems from the desire for better economic opportunities. Populations in less developed countries are increasingly unable to satisfy their consumption tastes in their native

economies and look to move across borders to fulfill their needs. Such an economic pulling force will cause large movements of people to developed countries and cities with highly saturated banking markets. Banks can capture the endemic flow of immigrants into metropolises by adapting products and services to meet the demands of the immigrant populations and welcoming their individual economic potential.

The quantity of immigrant flows and higher birth rates among immigrants in the developed nations of the European Union and United States may eventually lead to the current majority populations becoming the minority. In this case, the banks that capture the minority immigrant population now could be servicing the majority population in the future.

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## 13 Appendices

## Appendix A: List of Questions for Turkish Immigration Studies Experts

## Der Fragenkatalog für Türkischen Immigrationstudien Fachleute

1. How would you describe the various levels of Turkish integration into Berlin society?
  - a. Könnten Sie bitte die verschiedenen Stufen der türkischen Integration in die Berliner Gesellschaft beschreiben?
2. What distinguishing factors define a Turkish immigrant as being fully integrated into Berlin society? (If full integration is in fact possible.)
  - a. Welche Merkmale beschreiben die in Berlin völlig integrierten türkischen Immigranten? (Wenn das überhaupt möglich ist.)
3. How important is citizenship in the integration process?
  - a. Wie wichtig ist Staatsbürgerschaft im Vorgang des Integrationsprozesses?
4. Are there any major obstacles against Turkish integration into Berlin society?
  - a. Gibt es bedeutende Hindernisse für türkische Integration in die Berliner Gesellschaft?
5. In your opinion, what are the financial services in greatest demand by the Turkish immigrants?
  - a. Was sind Ihrer Meinung nach die Finanzdienstleistungen, die von den türkischen Immigranten am meisten benutzt werden?
6. From your own observations, how would you describe the change in relationship between Turkish immigrants and Berlin society?
  - a. Wie würden Sie aus Ihrer eigenen Beobachtung die Änderungen in der Beziehung zwischen den türkischen Immigranten und der Berliner Gesellschaft beschreiben?
7. In your opinion, how often do Turkish immigrants use “traditional German” stores or services in comparison to Turkish stores and services?
  - a. Wie oft benutzen die türkischen Immigranten Ihrer Meinung nach deutsche Geschäfte oder Dienstleistungen im Vergleich zu türkischen?

## Appendix B: List of Questions for Bank Managers

## Der Fragenkatalog für BankdirektorInnen

1. How would you describe your average customer (i.e., occupation, family size, age group, length of time with bank, etc.)? Is this different from your description of your Turkish customer? If so, how?
  - a. Können Sie bitte Ihren Durchschnittskunden beschreiben (i.e. Beruf, Familie, Generation, wie lange bei der Bank Kunde, etc.)?  
Ist diese Beschreibung anderes für Ihre türkischen Kunden? Wenn ja, wie?
2. From your experience, which of your products do Turkish immigrant customers use most often? How do you market this service?
  - a. Sprechen Sie aus Ihrer eigenen Erfahrung. Welche Produkte und Leistungen benutzen die türkischen Kunden?  
Wie vermarktet Ihre Bank diese Produkte und Leistungen?
3. Can you briefly describe any services or products offered by your bank which are intended to target the Turkish immigrant customer?
  - a. Könnten Sie bitte kurz die von Ihrer Bank angebotenen Produkten und Leistungen beschreiben, die besonders für türkischen Kunden entwickelt worden sind?
4. Is there any special training for bank employees in order to better serve the Turkish immigrant customer? If so, please describe.
  - a. Gibt es eine Sonderschulung oder -ausbildung für die Bankangestellten, um türkischen Kunden besser zu bedienen? Wenn ja, welche?
5. How long has your bank offered bilingual banking services? And, what prompted the introduction of this service?
  - a. Seit wann bietet Ihre Bank zweisprachigen Kundenservice? Und was war der Anlass, diesen Service einzuführen?
6. What special [advantage?] do you see in serving Turkish customers? If any.
  - a. Welchen Vorteil haben Sie, türkische Kunden zu bedienen?
7. Are there areas of service to the Turkish customer that need to be improved?

- a. Soll / Muss der Kundenservice Ihrer Meinung nach für die türkischen Kunden verbessert werden?
8. How do you see the relationship between your bank and the Turkish customer in the future? Why do customers switch from one bank to another?
    - a. Wie sehen Sie die Beziehungen zwischen Ihrer Bank und den türkischen Kunden in der Zukunft? Warum wechseln Kunden von einer Bank zu einer anderen?

## Appendix C: Bank branch offices in Kreuzberg

KREUZBERG			
	NAME	TYPE	WEBSITE LINK
1	Berliner Bank Skalitzer Str. 71-72 10997 Berlin - Kreuzberg Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
2	Berliner Bank Skalitzer Str. 137 10999 Berlin - Kreuzberg Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
3	Berliner Bank Hermannstr. 160 12051 Berlin - Neukölln Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
4	Berliner Bank Mehringdamm 32-34 10961 Berlin - Kreuzberg Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
5	Berliner Bank Frankfurter Allee 106 10247 Berlin - Kreuzberg Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
6	Berliner Bank Karl-Marx-Str. 91 12043 Berlin - Neukölln Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
7	BAG Bankaktiengesellschaft Lindenstr. 20-25 10969 Berlin - Kreuzberg Tel (0 30) 25 93 80	GER	<a href="http://www.bankaktiengesellschaft.de/php_fe/home.php">http://www.bankaktiengesellschaft.de/php_fe/home.php</a>
8	Berliner Sparkasse Mehringdamm 124-126 10965 Berlin - Kreuzberg	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
9	Berliner Sparkasse Skalitzer Str. 15 10999 Berlin - Kreuzberg	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>



10	Berliner Sparkasse Gneisenastr. 6 10961 Berlin - Kreuzberg	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
11	Berliner Sparkasse Muskauer Str. 48 10997 Berlin - Kreuzberg	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
12	Berliner Sparkasse Urbanstr. 72 10967 Berlin - Kreuzberg	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
13	Berliner Volksbank eG Blücherstr. 68 10961 Berlin - Kreuzberg Tel (0 30) 30 63 33 00	GER	<a href="https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp">https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp</a>
14	Citibank Privatkunden AG Frankfurter Allee 2 10247 Berlin - Kreuzberg Tel (0 30) 2 94 08 21	INT	<a href="http://www.citibank.de/DEGCB/JPS/portal/Index.do">http://www.citibank.de/DEGCB/JPS/portal/Index.do</a>
15	Commerzbank AG Kottbusser Str. 1 10999 Berlin - Kreuzberg Tel (0 30) 6 16 78 80	GER	<a href="https://www.commerzbank.de/">https://www.commerzbank.de/</a>
16	Commerzbank AG Mehringdamm 39 10961 Berlin - Kreuzberg Tel (0 30) 6 98 11 10	GER	<a href="https://www.commerzbank.de/">https://www.commerzbank.de/</a>
17	Degussa Bank GmbH Axel-Springer-Str. 65 10969 Berlin - Kreuzberg Tel (0 30) 21 23 67 83	GER	<a href="http://banking.degussa-bank.de/de/">http://banking.degussa-bank.de/de/</a>
18	Deutsche Bank AG Mehringdamm 48 10961 Berlin - Kreuzberg Tel (0 30) 7 86 02 80	GER	<a href="http://www.deutsche-bank.de/index.htm">http://www.deutsche-bank.de/index.htm</a> <a href="http://www.bankamiz.de/tr/tr_index.html">http://www.bankamiz.de/tr/tr_index.html</a>
19	Deutsche Postbank AG Hallesches Ufer 60 10963 Berlin - Kreuzberg Tel (0 30) 2 55 50	GER	<a href="http://www.postbank.de">http://www.postbank.de</a>
20	Dexia Kommunalbank Deutschland AG Charlottenstr. 82 10969 Berlin - Kreuzberg	GER	<a href="http://www.dexia.de/">http://www.dexia.de/</a>

21	Dresdner Bank AG Mehringdamm 35 10961 Berlin - Kreuzberg Tel (0 30) 3 15 36 14 00	GER	<a href="http://www.dresdner-bank.de/">http://www.dresdner-bank.de/</a>
22	DSL Bank Hallesches Ufer 60 10963 Berlin - Kreuzberg Tel (0 30) 2 50 08 10	GER	<a href="http://www.dslbank.de/">http://www.dslbank.de/</a>
23	IS Bank GmbH Kottbusser Str. 2 10999 Berlin - Kreuzberg Tel (0 30) 6 16 95 50	TUR	<a href="http://www.isbank.de/">http://www.isbank.de/</a>
24	Ziraat Bank International AG Kottbusser Str. 4-5 10999 Berlin - Kreuzberg Tel (0 30) 6 98 07 90	TUR	<a href="http://www.ziraatbank.de/front_content.php">http://www.ziraatbank.de/front_content.php</a>

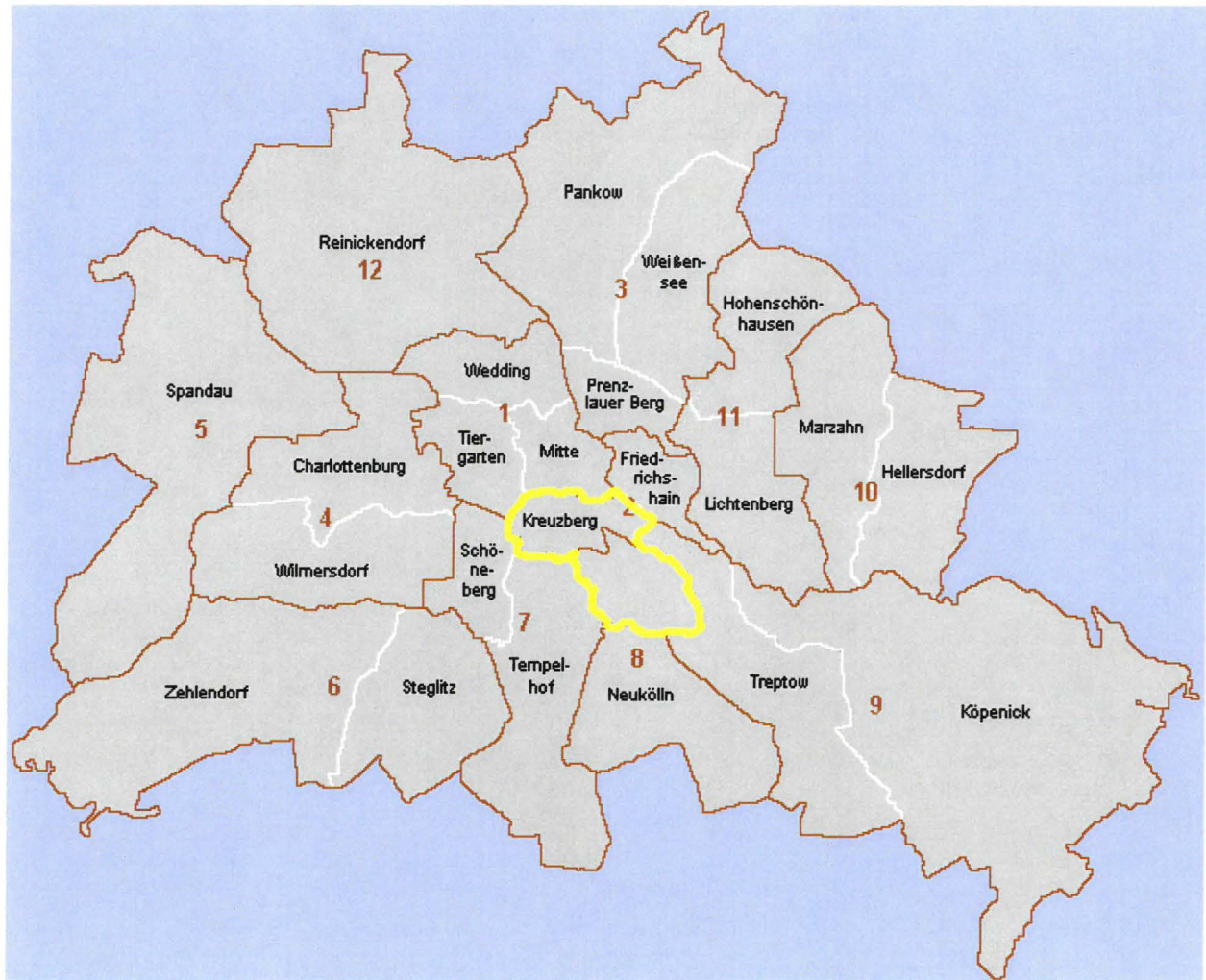
## Appendix D: Bank branch offices in Neukölln

NEUKÖLLN			
	NAME	TYPE	WEBSITE LINK
25	Berliner Bank Rudower Str. 12A 12351 Berlin - Neukölln Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
26	Berliner Bank Johannisthaler Chaussee 295 12351 Berlin - Neukölln Tel (0 30) 31 05 31 05	GER	<a href="http://www.berliner-bank.de/bb/content/index.html">http://www.berliner-bank.de/bb/content/index.html</a>
27	Berliner Sparkasse Hermannstr. 162 12051 Berlin - Neukölln	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
28	Berliner Sparkasse Karl-Marx-Str. 107 12043 Berlin - Neukölln	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
29	Berliner Sparkasse Grenzallee 4 12057 Berlin - Neukölln	GER	<a href="http://www.berliner-sparkasse.de/privatkunden/index.php">http://www.berliner-sparkasse.de/privatkunden/index.php</a>
30	Berliner Volksbank eG Hermannstr. 51 12049 Berlin - Neukölln Tel (0 30) 30 63 33 00	GER	<a href="https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp">https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp</a>
31	Berliner Volksbank eG Karl-Marx-Str. 71 12043 Berlin - Neukölln Tel (0 30) 30 63 33 00	GER	<a href="https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp">https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp</a>
32	Berliner Volksbank eG Weserstr. 217 12047 Berlin - Neukölln Tel (0 30) 30 63 33 00	GER	<a href="https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp">https://www.berliner-volksbank.de/produkte_und_service/privatkunde/intro.jsp</a>
33	Citibank Privatkunden AG Hermannstr. 214 12049 Berlin - Neukölln Tel (0 30) 62 73 19 00	INT	<a href="http://www.citibank.de/DEGCB/JPS/portal/Index.do">http://www.citibank.de/DEGCB/JPS/portal/Index.do</a>

34	Citibank Privatkunden AG Karl-Marx-Str. 118 12043 Berlin - Neukölln Tel (0 30) 68 98 99 10 Tel (0 30) 6 87 20 96	INT	<a href="http://www.citibank.de/DEGCB/JPS/portal/Index.do">http://www.citibank.de/DEGCB/JPS/portal/Index.do</a>
35	Commerzbank AG Karl-Marx-Str. 76 12043 Berlin - Neukölln Tel (0 30) 6 13 93 50	GER	<a href="https://www.commerzbank.de/">https://www.commerzbank.de/</a>
36	Commerzbank AG Weserstr. 1 12047 Berlin - Neukölln Tel (0 30) 6 90 48 40	GER	<a href="https://www.commerzbank.de/">https://www.commerzbank.de/</a>
37	Deutsche Bank AG Hermannstr. 256-258 12049 Berlin - Neukölln Tel (0 30) 6 27 26 60	GER	<a href="http://www.deutsche-bank.de/index.htm">http://www.deutsche-bank.de/index.htm</a> <a href="http://www.bankamiz.de/tr/tr_index.html">http://www.bankamiz.de/tr/tr_index.html</a>
38	Deutsche Bank AG Karl-Marx-Str. 163 12043 Berlin - Neukölln Tel (0 30) 6 82 48 50	GER	<a href="http://www.deutsche-bank.de/index.htm">http://www.deutsche-bank.de/index.htm</a> <a href="http://www.bankamiz.de/tr/tr_index.html">http://www.bankamiz.de/tr/tr_index.html</a>
39	Deutsche Bank AG Kottbusser Damm 96 10967 Berlin - Neukölln Tel (0 30) 6 16 57 10	GER	<a href="http://www.deutsche-bank.de/index.htm">http://www.deutsche-bank.de/index.htm</a> <a href="http://www.bankamiz.de/tr/tr_index.html">http://www.bankamiz.de/tr/tr_index.html</a>
40	Dresdner Bank AG Karl-Marx-Str. 84-86 12043 Berlin - Neukölln Tel (0 30) 31 53 56 00	GER	<a href="http://www.dresdner-bank.de/">http://www.dresdner-bank.de/</a>
41	Dresdner Bank AG Kottbusser Damm 83-85 10967 Berlin - Neukölln Tel (0 30) 3 15 36 02 00	GER	<a href="http://www.dresdner-bank.de/">http://www.dresdner-bank.de/</a>
42	GE Money Bank GmbH Hermannplatz 5-6 10967 Berlin - Neukölln Tel (0 30) 6 88 74 20	INT	<a href="http://www.gemoneybank.de/">http://www.gemoneybank.de/</a>
43	Norisbank GmbH Karl-Marx-Str. 37 12043 Berlin - Neukölln Tel (0 30) 6 23 70 94	GER	<a href="http://www.norisbank.de/">http://www.norisbank.de/</a>

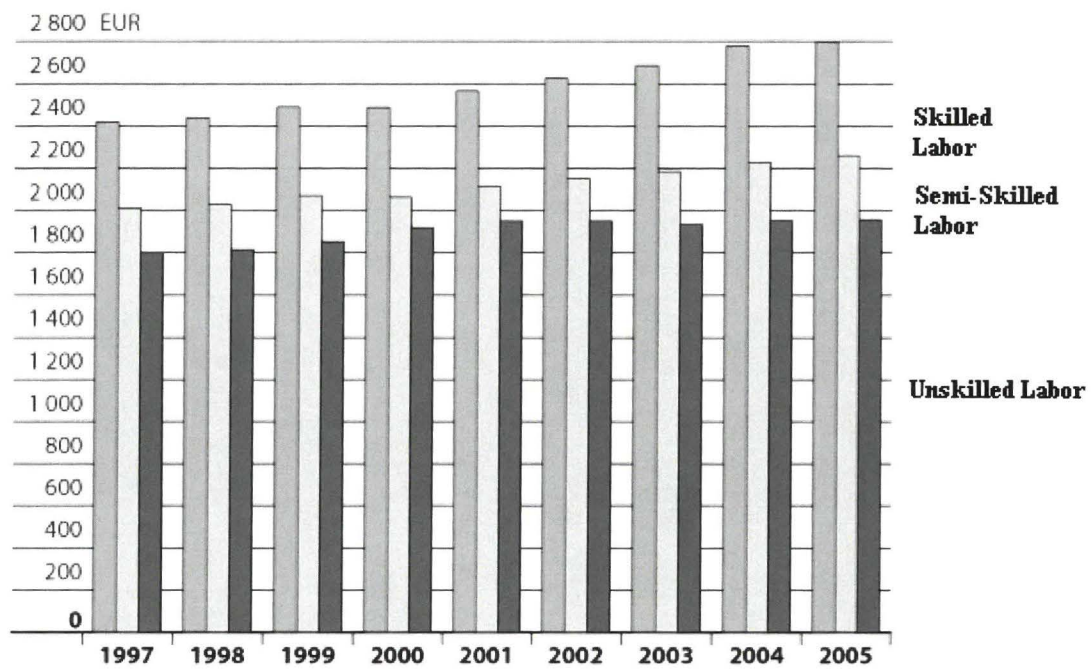
44	OYAK Anker Bank GmbH Karl-Marx-Str. 1 12043 Berlin - Neukölln Tel (0 30) 6 27 39 70	TUR	<a href="http://www.oyakankerbank.de/">http://www.oyakankerbank.de/</a>
45	Readybank AG Karl-Marx-Str. 84 12043 Berlin - Neukölln Tel (0 30) 68 24 76	GER	<a href="https://www.readybank.de/index.php?id=4">https://www.readybank.de/index.php?id=4</a>
46	SEB AG Karl-Marx-Str. 109-113 12043 Berlin – Neukölln Tel (0 30) 6 88 74 50	INT	<a href="http://www.seb-bank.de/de/privatkunden/">http://www.seb-bank.de/de/privatkunden/</a>

Appendix E: Map of Kreuzberg and Neukölln (North)



Adapted from: Statistisches Landesamt Berlin, 2006

Appendix F: Average gross net earnings (EUR) per month for Berliners, 1997-2005



Adapted from: Statistisches Landesamt Berlin, 2006