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RESEARCH ARTICLE

The Making of a Market: The Relational Aspects of Credit Card Installments in Turkey*

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Abstract

With over 80 million credit cards, the Turkish credit card market is one of the largest in Europe. As of July 2021, the total annual volume of credit card sales exceeded 588 billion Turkish lira. Installment payments are the most popular form of credit card purchase in Turkey, with 40% of all transactions being installment purchases. The history of the credit card installment market can be traced back to the late 1990s when certain non-procedural –if not fraudulent– point-of-sale level transactions forced banks to launch an installment feature for their credit cards. Although few countries have credit cards with such a feature, this did not emerge from an innovative strategy of a Turkish bank. Instead, “The market gave banks the order to issue such a credit card to be operated in installment purchases,” as stated by the vice president of one of Turkey’s largest commercial banks. Installment sale as a century-old buy-on-credit pattern has allowed a new market device to take part in the polyadic relation of sale and debt until forming a hybrid pattern of buying on credit. Thus, employing the actor-network theory approach for a historical sociology of credit card installments market in Turkey provides a relational explanation for analyzing the emergence of markets. Such an explanation includes the dialectical relations between existing and emerging economic patterns as well as between the relevant parties performing in the processes of making a market.

Keywords: Installment sale • Credit cards • Credit card installments • Market making • Relationality • Actor-network theory

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The Turkish credit card market is one of the largest in Europe. Turkey has 80 million credit cards and 1.6 million POS machines. The total number of yearly transactions as of July 2021 was over 4 billion, and the overall volume of annual sales as of July 2021 was over 588 billion Turkish liras (TL). Paying in installments is the most popular form of credit card purchase in Turkey, with 40% of all transactions being installment purchases. Recent research conducted by the Turkish Ministry of Commerce found consumers' most important reason for using a credit card in their purchases is the installment feature. Although few countries have credit cards with such a feature, this did not emerge from an innovative strategy of a Turkish bank. Instead, "the market gave banks the order to issue such a credit card to be utilized in installment purchases," as stated by the vice president of one of Turkey's largest commercial banks.

When a consumer makes a purchase in installments with their credit card, the price is divided into multiple payments, or installments. Those installments are charged to the consumer's credit card automatically every 30 days until the full price has been recovered. While the MasterCard Installment Payment Service launched in 2016 enables consumers to split transactions across equal monthly installments with interest, the Turkish credit card installment market offers interest-free point-of-sale (POS) installment options. This makes higher-priced purchases such as white goods, electronics, car repairs, and airline tickets more attainable and manageable for consumers. However, the credit card installment market can be traced back to the late 1990s when certain non-procedural –if not fraudulent– POS-level transactions forced credit card issuers to launch an installment feature for their credit card products.

The history of installment sales in Turkey, just as in the USA and Japan, started with the Singer sewing machine in 1886. Even the British Consulate's Report for the Year 1906 on the Trade of Adrianople (present-day Edirne) reveals that farmers were quite prepared to purchase agricultural machineries on the installment system as they were in no position to pay cash up front for them. However, the newspapers in the Republican Era had been keen to advertise installment sales for formal clothing, typewriters, radios, cars, and refrigerators. Once Turkey embraced Fordism in the 1960s, Turkey followed the way of mass finance to increase demand. However, mass finance was not started by any governmental body or a financial institution, but rather by production firms themselves. With its countrywide vendor network recruited from the most respectable inhabitants at their locations, Arçelik/Beko has been the leading firm in installment sales. When Arçelik/Beko manufactured refrigerators in 1959 and washing machines in 1960, the sales volume was too low due to the price of these goods being far greater than the average annual income in Turkey. The low sales volume led the firm's managers to organize an installment sale scheme that made vendors the last resort to assess installment sales terms. Since then, "Sales volume increased dramatically because consumers considered whether they could afford the monthly payments rather than the full price," as *Arçelik/Beko*'s CEO put it. The volume of consumer durables cash sales was 5-10% of the total sales volume. Installment sales enabled durables to penetrate the homes of the Turkish middle class.

1988 is when Yapı Kredi Bank started the consumer credit and credit card markets. The bank managers of the time revealed that, within the first years of credit card markets, they were unable to penetrate certain sectors such as white goods, brown goods, and school fees. Because of this, banks couldn't reach the middle class who could not pay cash for those goods. The data provided by firms in the durables sector revealed the sales volume for consumer credit and/or credit card to still be low compared to installments contracts. However, retailers found a solution for not missing out on prospective consumers who would pay by credit card. They employed a credit card for multiple transactions at separate times and split up the price of the goods so as not to charge the full amount at one time. The field reports from bank officers warned their superiors that they were missing out of an enormous market because they weren't competing with installment and open-account sales. The low sales volume for consumer credit and credit cards, the few years of long non-procedural retailer transactions, and consumer field reports awoke bank managers to the issue that a card could be used for installment purchases. Hence, installment cards like TaksitCard and AdvantageCard emerged in 1998. The demand for installment cards exceeded 2,000 a day. However, one problem remained. Consumers needed to carry both installment cards and credit cards in their wallets. In 1999, one aggressive competitor to the banking sector issued a credit card suitable for installment purchases: the *GalaxyCard*. The advertisements were bold enough to invite consumers to even purchase a bread in 2 monthly installments.

An existing buy-on-credit pattern allowed a new market device to take part in the polyadic relation of sales and debt, forming a hybrid buy-on-credit pattern. Thus, the Turkish credit card installments market case provides relational explanation for analyzing the emergence of markets. Based on actor-network theory approach (Latour, 2005) to a historical sociology of the narratives derived from the autobiographies and memoirs from various parties in the sector and supplemented by documents, this research aims to point out the relationality in making a market.

A Brief History of Installment Sales in Turkey

The history of installment sale in Turkey is quite old, and Singer played the leading role here just as it had in the United States, Europe, and Japan. Although Singer had been selling sewing machines on Ottoman lands since 1886, its only operation bases were big cities such as Istanbul and Izmir until it opened sales offices and gave franchises in 1904. The first Singer dealer in Istanbul in 1904 was Monsieur Emil Rik (Akçaoğlu, 1998, pp. 111–112).

Turkish society's tendency toward installment sale is observable in the Adrianople Report from the British Consulate for 1908. The report stated that even rich farmers preferred to buy items in installments because of the high cost of agricultural machinery. The report drew attention to the fact that the ploughs from Austria-Hungary and Germany were sold with 12-month term loans (British Consulate, 1909, p. 9). The following was indicated in the Adrianople Report of 1906:

> *[m]oney is scarce, particularly amongst farmers, and would-be purchasers of machines are seldom or never in a position to pay cash for them. They are quite prepared to purchase on the installment system, and American firms, in particular, would seem to have realised this and are undoubtedly profiting.* (British Consulate, 1907, p. 4)

As seen in the narratives of the emergence of installment sales in the USA and Europe, the most important transaction items in installment sales were automobiles and durable goods. Although both automobiles and durable goods could be produced for mass consumption with the advance of Fordism, Turkey had infrastructural as well as financial drawbacks to the mass consumption of these goods. In terms of durable goods, one major drawback was the lack of electricity-producing facilities around the provinces, so much so that in 1940 with a population of 17,820,950 people, 24.4% of whom lived in urban areas, only 57 out of 63 cities, 114 out of 370 districts, and 26 out of 34,024 villages were supplied with electricity. With a population of 27,754,820 people by 1960, 31.9% of whom lived in urban areas throughout all 67 cities, only 341 out of 570 districts and 257 out of 35,441 villages were supplied with electricity (Devlet İstatistik Enstitüsü [DİE, now called TurkStat], 1963; Yurtoğlu, 2018). The sale of durable consumption goods could find a favorable wind for mass consumption by increasing the population who had access to electricity. Apart from this, the economic recovery policies of the Democratic Party government paved the way for the first domestic capital white goods company, Arçelik/Beko.

Arçelik/Beko was established in 1955 with the partnership of Koç Group and Burla Biraderler and then manufactured washing machines in 1959 and refrigerators in 1960. As one of these founding families, Burla Biraderler had been importing *Frigidaire* refrigerators for a long time and even sold them in installments in big cities. Recognition of the refrigerator as a *frijider* in daily language might have begun this way. Even though washing machines were produced under the Belgian license with refrigerators being assembled with Israeli Amcor components in the company's early period, Arçelik/Beko was still marketed under the label of domestic production. As with other sectors of the domestic manufacturing industry, the consumer durables sector benefited from protectionist policies known as the import-substituting regime. Hence, producers did not have to compete with foreign brands, and the Turkish durable goods market became a duopoly after Profilo entered the market with its refrigerator in 1961 and washing machine in 1963; this duopoly would prevail until the liberalization of the economy in 1980.

The excitement of being able to access domestic durable consumer goods was visible in various media. In a 1959 interview in *Kadın* [Woman] magazine, a homemaker wanted a refrigerator and washing machine she characterized as an essential need in her home. She was very pleased that durable goods had been produced in her own country. Although she stated that she had saved for these products, she would like them to be sold at affordable prices for every households (Buğra, 2000, p. 14). When Buğra drew attention to official data from 1960, the prices Arçelik/Beko executives provided for imported refrigerators were between 10,000-15,000 TL (around $1,200-1,600), while the price of domestically produced Arçelik/Beko refrigerators was 4,425 TL (Ekşioğlu, 1985, as cited in Buğra, 2000, p. 70). Buğra pointed to the fact that the price of a domestic refrigerator was much higher than the annual earnings of a coal miner (3,909.60 TL) and slightly lower than the annual earnings of a textile worker (4,831.20 TL). Hence, getting a refrigerator with cash was impossible in a country where the average annual earnings, including the high wages of trade and financial sector workers, was 5,198.40 TL (Buğra, 2000, p. 70). The volume of sales for washing machines and refrigerators in 1959 was less than 2,000 and 1,500, respectively; this reveals that these durable goods were not affordable for all households (Buğra, 2000, p. 71). Because of these low sales volumes, the board of directors of Arçelik/Beko gave vendors the instruction to start installment sales on June 29, 1962 (Arçelik, 2001, p. 119). To this extent, as former Arçelik/Beko CEO Hasan Subaşı pointed out, consumers were not interested in the total cost of installment sales but whether they could afford the monthly payments for an urgent home need. Once consumers were sure they could afford monthly installments, they did not hesitate to buy durable goods they were unable to afford in cash. After all, those who bought durable goods in cash were only 5-10% of the total sales volume (Candaner, 2015, pp. 118–119). After introducing installment sales, the sales volume of durable goods skyrocketed. In 1965, Arçelik/Beko sold over 32,000 refrigerators and 20,000 washing machines. These numbers would rise to 120,000 Arçelik/Beko refrigerators and 85,000 washing machines in 1980 and to 434,000 refrigerators and 428,000 washing machines in 1990 (Buğra, 2000, p. 71).

In 1960, Turkey's inflation rate was 5%, with the average inflation rate between 1950-1969 being around 7%. In the 1970s, however, the inflation rate passed 10% due to the effects of global inflation problems and local political instability. The relatively high inflation rate became a significant handicap for credit mechanisms. According to Hüner (1977) The Industrial Development Bank of Turkey's (*Türkiye Sınai Kalkınma Bankası* [TSKB]) research on consumer trends in 1976 revealed the demand for both refrigerators and washing machines to be increasing and installment purchases to still be consumers' favorite option. When considering the total effective demand and market penetration rate for refrigerators and washing machines, the durable goods sector maintained its growth even through the high inflation years of the 1970s. In this sense, the effective refrigerator demand in 1970 almost tripled in 1976. Thus, the market penetration rate of refrigerators in Turkey rose from 12% in 1970 to 33% in 1976. When considering the number of households with access to electricity, the market penetration rate for refrigerators rose from 30% in 1970 to 57% in 1976. As a result, the total number of refrigerators sold in Turkey was 756,000 by 1970; this number reached 2.5 million by 1976. Likewise, the effective demand for washing machines in 1976 was three times as high as it had been in 1971, yet the market penetration rate for washing machines in Turkey rose from 7% in 1971 to 14% in 1976. When considering the households with access to electricity in particular, the market penetration rate for washing machines rose from 17% in 1971 to 23% in 1976. The total number of washing machines sold in Turkey as of 1971 was 453,000 and by 1976 had exceeded 1 million. In order to sustain such growth in the durable goods sector, installment sales certainly played a crucial role in matching the effective demand with the supply by allowing households access to a public financing facility. According to the Hüner a TSKB research in 1976, more than half of low- and middle-income level consumers purchased durable goods using installment plans whose payment plan term was 6 months on average (Hüner, 1977a, pp. 21, 25, 75; Hüner, 1977b, pp. 14, 17, 20).

Table 1
Washing Machine Sales

Washing Machine					
Year	Domestic Demand (units)	Renewal Demand (units)	Pool (units)	Market Penetration Rate According to Total Number of Households (%)	Market Penetration Rate According to Number of Electricity-using Households (%)
1971	82,544	12,243	453,879	7	17
1972	98,200	16,733	535,346	8	18
1973	96,047	21,732	609,661	9	18
1974	130,282	26,962	712,981	10	19
1975	160,527	32,405	841,103	12	21
1976	209,817	37,993	1,012,927	14	23

Up until 1988 when Yapı Kredi Bank, one of Turkey's leading commercial banks, promoted the first consumer credit products, both the institutional as well as legal infrastructures for consumer credit were insufficient. Hence, the resulting insufficient consumer credit infrastructure made manufacturers and retailers seek innovative strategies to maintain a mass market for their products. Benefiting from their previous experiences as marketing agents of imported durable goods, the founders of Arçelik/Beko had business networks across the country. By virtue of having initiated a business relationship with small retailers and stores in small towns when merchandising General Electric's light bulbs, Koç Group's business network was suitable for mobilizing a mass-market campaign. Most of the retailers and store-owners within the Koç Group business network would become the first vendors of Arçelik/Beko products throughout Turkey. As Buğra (1998, p. 16) pointed out, Arçelik/Beko's first vendors were among the most reputable merchant gentries of their locales and hence played a leading role in both promoting and selling durable goods. By virtue of their reputation as honest and well-mannered merchant gentries, these vendors were the first consumers of their durable goods in small towns. This consumption triggered a conspicuous consumption effect (Veblen, 2007, pp. 49 ff.) in their towns, while their honesty convinced consumers to apply for installment plans. Buğra asserted that Arçelik/Beko's vendors, particularly those around the provinces of Turkey, had organized an informal mechanism of consumer credit based on their personal ties with prospective customers/debtors. This kind of strength of weak ties (Granovetter, 1983) and the first-hand personal information regarding the creditworthiness of prospective installment sales applications meant the vendors could help the manufacturer avoid default risks.

Unfortunately, having vendors shoulder the risk of default boosted consumers' burden regarding interest rates in return. For this reason, the annual interest rate for installment sales of durable goods was around 75%. Even though Yapı Kredi Bank introduced consumer credit with more reasonable interest rates mostly for durable goods purchases in 1988, the idea of owing a bank was scary for most consumers. A durable goods consumer survey in 1992 by sociologists Berksoy and Kongar revealed 67.8% of households in Istanbul to prefer installment purchases for refrigerators. According to this survey, 73.5% the percentage of households who prefer to make purchases in installments was 73.5% for washing machines, 59.2% for ovens, 58.2% for dishwashers, and 51.1% for vacuum cleaners (Berksoy & Kongar, 1992, pp. 34–42). As the CEO of Atılım Co., which is the official distribution and marketing company of Arçelik/Beko durable goods, Cengiz Solakoğlu stated in a conference for the 3rd anniversary of consumer credits in Turkey, however, that the levels of consumer credit use in purchasing durable goods was far from satisfactory (Solakoğlu, 1990, p. 36). Therefore, vendors were stuck in a dilemma between burdening the financing costs and defaults while increasing the sales volume of durable goods. Credit cards would give them an idea on how to get rid of the financial burdens of installment sales and pass it on to commercial banks while maintaining close ties with their customers and increasing the volume of sales.

The Emergence of Credit Cards in Turkey

Credit cards in Turkey emerged from a necessity to provide foreign tourists with the ability to easily carry cash and perform foreign exchange (FX) during their visits. Here, just as in the US, Diners Club was the initiator. One tourism company organizing tours for European and Mediterranean countries, İstanbul Turizm, started a credit card business under license from Diners Club Beirut in 1963. The company collected tourists' Diners Club expenses receipts and sent them to the Beirut office for reimbursement. İstanbul Turizm's entrepreneurial step led other tourism companies to rush into the credit card market. In 1968, another Koç Group company, Servis Turistik A.Ş. [Touristic Services, Inc.], received authorization to issue Diners Club cards in Turkey, which was a real advance in the Turkish history of card payment systems. Servis Turistik A.Ş. offered the first local Diners Club cards to top-level employees from the Koç Group as well as to their valued customers, because having a Diners Club credit card showed prestige in the late 1960s. To receive such a privilege, a cardholder should fit certain financial conditions, be an industrious employee/employer, and be a beloved and trusted person, in addition to the entrance and subscription fees. The financial conditions for obtaining a Diners Club card involved depositing the credit limit in advance and refilling the balance every month, which created a dyadic (Simmel, 1950, pp. 118 ff.) credit relation between issuers and sellers. For this reason, having a Diners Club card represented being a member of the millionaires' club, and the number of cardholders has never exceeded 10,000 since 1975. While the Diners Club credit card issued by Servis Turistik A.Ş. was valid only in Turkey, another tourism company, Türk Ekspres Havacılık ve Turizm Ltd., entered the American Express credit card into service in 1968 to allow cardholders to use it abroad. As a tourism company providing service in ticket, passport, and visa formalities, Türk Ekspres Havacılık ve Turizm Ltd. also represented the American Express brand in Turkey as well. One founder of the company, Kazım Taşkent, was also the founder of Yapı Kredi Bank*,* which would be the maker of the consumer credit market in Turkey in 1988. The Diners Club cards issued by Servis Turistik A.Ş. and the American Express cards issued by Türk Ekspres Havacılık ve Turizm Ltd. would dominate the credit card market until 1975 (Özkan, 2015, pp. 62, 64, 65, 66).

In 1975, the company ABC Turizm was licensed by the Ministry of Finance to issue the Eurocard/MasterCard. ABC Turizm transferred the license for issuing the Eurocard/MasterCard to the Çukurova Group's Anadolu Kredi Kartı Turizm ve Ticaret A.Ş. [Anadolu Credit Card Tourism & Trade, Inc.] (AKK) in 1976. AKK would be among the top 100 most successful exporter companies in Turkey in 1977. AKK's successes encouraged Pamukbank to take another step further in card payment systems: It would issue the Eurocard Pakkart, the first bank credit card in Turkey. Pamukbank announced its brand new credit card with slogans such as "equivalent to cash but not a check" and "this is an actual credit card." Because a cardholder did not have to deposit the card limit to any bank account in advance with the Eurocard Pakkart, Pamukbank's new credit card provided its cardholders with up to 10,000 TL in credit. However, because cardholders were supposed to pay the expenses they accrued each month in full each month, the Eurocard Pakkart was actually a charge card. Still, the Eurocard Pakkart created a triadic (Simmel, 1950, pp. 145 ff.) credit relation between buyer, seller, and issuer.

The advancements in the credit card market gained speed after the liberalization of the Turkish economy with the January 24, 1980 Decisions. A little while later on February 20, 1980, Tantur became a Visa agent in Turkey by signing an agreement with Bank of America. By establishing collaboration with Pamukbank in 1981, Tantur announced its revenues had exceeded $1.14 million in 11 months (Özkan, 2015, p. 81). However, the 1984 Law on Protecting the Value of Turkish Currency marked a turning point for the Turkish credit card market. Because the amendment freed having foreign currencies for Turkish citizens, foreign currency bank accounts could now be opened. By doing so, a Turkish citizen could have a credit card that was valid all around the world. AKK issued the Eurocard Anadolu Kredi Kartı*,* the first credit card in Turkey whose holders could use abroad. Eurocard Anadolu Kredi Kartı was the second credit card with a hologram, following after the US versions. The Eurocard Anadolu Kredi Kartı was serviced by Çukurova Group's commercial banks (i.e., Uluslarası Endüstri ve Ticaret Bankası and Pamukbank) and allowed their customers a $100 daily spending limit without provision. Visa credit cards were issued by İmar Bank and İktisat Bank, while Akbank, Koç-Amerikan Bank, Egebank, and İşbank issued American Express credit cards. The credit card market thence became dominated by commercial banks (Özkan, 2015, p. 86).

Using this momentum, the credit card market flourished with Yapı Kredi Bank's launching of its "credit card with credit" in 1988. Wanting to announce their brand-new credit card, Yapı Kredi Bank executives emphasized its differences from charge cards in use such as Diners Club, American Express, and Eurocard Anadolu Kredi Kartı. The then CEO of Yapı Kredi Bank, Burhan Karaçam, recalled how they had chosen the tautological motto "credit card with credit":

> *At first, it seemed ridiculous, but after talented advertiser Nazar Büyüm came up with an attractive idea (a scissor cuts a credit card into two pieces to call users' attention to the fact that card payment and credit facilities are distinct things), we were all convinced. The credit feature of Yapı Kredi's credit card drew much interest in the market, and many cardholders of charge cards rushed to the Yapı Kredi Bank to get one.* (Karaçam, 2006, pp. 60–61)

Karaçam claimed that, in the Turkish context, the late entrance of consumer finance products like check card and savings plans paved the way for credit card markets to bloom and dominate the buying-on-credit patterns. Thus, Turkish consumers embraced the slogan "credit card with credit," and the newspaper headlines applauded this new facility with enthusiasm: "Credit card rush," "Credit cards are everywhere," "Plastic money in every pocket" (Karaçam, 2006, p. 62).

Although credit cards in Turkey and in Europe were first linked to a deposit account, Yapı Kredi Bank provided its credit cards without a direct link to a deposit account. Former Citibank executive Bill Donges played a crucial role in this start. Just like its counterparts in the US, Yapı Kredi Bank ventured the risks and launched a credit card that lent to the consumers. By doing so, as the then Vice President of Pamukbank Mehmet Sezgin revealed, banks encouraged consumers to spend much more than they had in their pockets:

By creating credit for people, notwithstanding high inflation rates, we provide them with an extra month for their livelihood. Hence, credit cards were among the market devices that took Turkey forward. Otherwise, we would not have had this many department stores, retailers, and so on. (As cited in Özkan, 2015, pp. 94–95)

The Visa credit cards issued by *Yapı Kredi Bank* enabled cardholders to pay the minimum amount and revolve around the remaining balance. The bank announced that cardholders, on condition that they pay 25% of term spending, could revolve the remaining balance to the next month. Having "credit cards with credit" enabled cardholders to withdraw cash any time they needed. All these facilities were vital for consumers who sought financing alternatives in the context of high inflation. The number of credit cards reached 20,000 in 1991, 300,000 in 1992, and 500,000 in 1993.

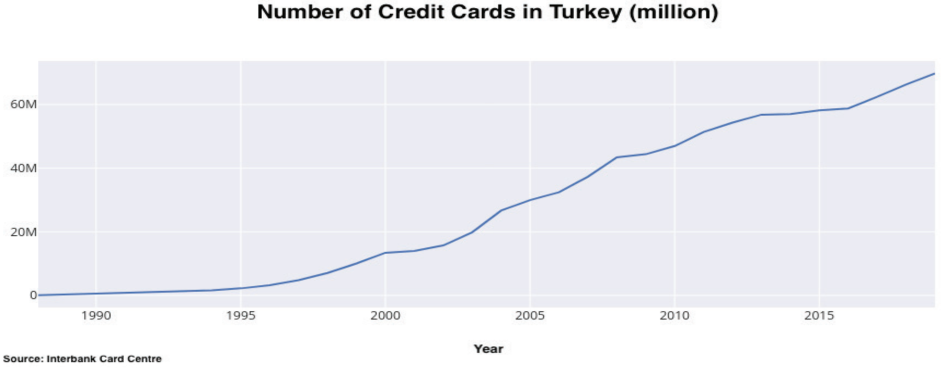

Figure 1. Number of credit cards in Turkey (in millions).

The Making of a Market: Credit Card Installments

After over 10 years of Yapı Kredi Bank providing consumers with a "credit card with credit," research by İstanbul Ticaret Odası [Istanbul Chamber of Commerce] (*İTO*) in 1999 revealed that 60% of consumers in Istanbul were still willing to buy on installments (Kongar, 1999, p. 107). Even in 2004 in a conference on retailing organized by the *İTO*, a member of the *İTO* assembly Sezgin Elmas claimed that, considering the income distribution across the country, consumers needed stores where they could buy on credit or installments based on face-to-face interactions (İTO, 2004, p. 24). That need would lead the market to innovate a hybrid buy-on-credit pattern (i.e., credit card installments). Starting his banking career in 1989 in Yapı Kredi Bank and chairing the Bankalararası Kart Merkezi [Interbank Card Center] (*BKM*) in 2007, Zafer Demirarslan claimed that banks had been missing out on the opportunities the low- and middle-income groups of society provided when credit cards were still a privilege provided to banks' prestigious customers:

In those years, I was in the field. Our motivation in the field was to expand the card payment systems to all retailers of the country. However, we could not penetrate certain sectors. Some goods and services like white goods, brown goods, and schooling fees where paying the full

> *amount in cash was impossible was beyond our reach. In those sectors, consumers were paying by check, IOU notes, or open accounts. In those days, I reported to the head office that we were unable to attract people in those sectors because of the lack of spending limits. That left a vast market out of the system. I am sure many colleagues from different banks working in the field should have written such reports to their seniors. Eventually somebody would take that vast market into the system.* (As cited in Özkan, 2015, p. 142)

Even though Demirarslan drew attention to this need in the retailing sector and had reported it to his seniors, some small shops and retailers were doing non-procedural transactions with credit cards by having multiple slips and collecting each slip every next month. Retailers employed a credit card for multiple transactions at different times and split up the price of the goods so as not to charge the full sum at one time (Özkan, 2015, p. 137). By observing the tremendous market opportunity beyond the card payment system and those non-procedural transactions by small shops and retailers, the retailing giant Boyner Group issued a card that enabled retailers to divide payments into installments. Boyner Group's AdvantageCard united the age-old installment plan together with card payments in early 1998. AdvantageCard provided its customers up to 12 months of point-of-sale installment plans. By providing an installment plan with no notes, cheques, guarantor, or down payment, AdvantageCard attracted over 60,000 consumers within 40 days after its first launch (Özkan, 2015, pp. 142–143).

After Boyner Group's AdvantageCard, the first bank to enter the installment card market was again Yapı Kredi Bank. Attaching distinctive importance to retail banking services, Yapı Kredi Bank's step into the installment card market was not accidental. In April 1998, Yapı Kredi Bank had announced its brand new TaksitCard that provided cardholders with option for installment payments. According to the data provided by Yapı Kredi Bank executives in October 1998, the daily demand for the TaksitCard was around 3,000, and Turkey had over 1,000 subscribed stores and retailers. Next, Akbank would issue the Akbank American Express card, which provided customers with the option of 2-12 month installment payments. In 1999, the number of stores and retailers subscribed to the Akbank American Express card system exceeded 5,000 (Özkan, 2015, p. 138). Although banks issued both the TaksitCard and the Akbank American Express card, they similar to store cards without the credit facilities of credit cards (e.g., revolving the remaining balance and ability to withdraw cash). This handicap forced people to carry many cards in their wallets. One aggressive young bank, Finansbank*,* issued the GalaxyCard, which provided all the credit facilities of credit cards and installment plan options. GalaxyCard opened the gate for banks, and the BonusCard (Garanti Bank), MaximumCard (İşbank), and WorldCard (Yapı Kredi Bank) followed. As a Yapı Kredi Bank employee between 1988-2011, Selçuk Ergen asserted the market had given the order to banks to issue such a credit card to be operated in installment purchases:

> *I recall that there was an ongoing debate on installment sales. Merchants, storekeepers, and retailers were complaining like 'you made us bother with all those cheques and bills. Why don't you issue such a credit card that provides installment plan?' There was no such a feature in international credit card markets, and some countries even prohibited such installment plans for credit card purchases. But then somebody put such a feature on their credit cards because the market needed it. At some point, the market gave us the order to issue a credit card for use in installment purchases.* (As cited in Özkan, 2015, p. 142)

As seen in the section on the history of installment sale in Turkey, the prevalence of installment sales had paved the way for card issuers to consider adding such a feature. The rising favor of card payments, the prevalence of installment sales in the retail market, and the non-procedural transactions of retailers came together on an actor-network to create a hybrid buy-on-credit pattern called credit card installments. The emergence of GalaxyCard is an interesting story to tell here.

The consumer rush for the AdvantageCard and Yapı Kredi Bank's TaksitCard made the Boyner Group look a step ahead. Because of the Banking Law, no institution could issue credit cards apart from banks, so the Boyner Group could not issue a Visa- or MasterCard-branded credit card. Then the owner of Boyner Group, Cem Boyner, visited his family friend Hüsnü Özyeğin, the owner of Finansbank, to negotiate the possibility of establishing a partnership. Of course, Boyner did not choose Finansbank as a prospective partner because its owner was a family friend but because Finansbank then had 35,000 credit cardholders, which was a tiny portion of the Turkish credit card market involving 7.2 million people. Boyner visited Özyeğin with a team led by Jürg Weber from McKinsey to present the current situation of the Turkish credit card market, in particular Finansbank's position in the market. The message was obvious. Because Finansbank had a tiny market share, Boyner was offering its customer portfolio that included 600,000 AdvantageCard holders. The partnership also meant that Finansbank would have access to Boyner's customers in its retail stores and breakthrough retail banking. The yield for Finansbank was beyond imagination, so it should have a price. Boyner just asked Özyeğin to bring "the bird" he had to the partnership. "The bird" was the Visa emblem. They agreed.

However, while going over the formal details, things took a bad turn. Two problems emerged. The first problem was the accountancy of the interest burden going to the bank. The second problem involved who would get the customers should the partnership end. As a result, the partnership was stillborn. However, Finansbank got shrewd. Özyeğin, "inspired" by Boyner's idea, gave his staff the order to work on a credit card installment project. It would be a suitable match with their aggressive policies in the market and enable them to attract middle-income groups. Thus emerged the GalaxyCard. Indeed, after issuing the GalaxyCard, the number of Finansbank's cardholders reached 2.3 million in 2006 (Akar, 2017, pp. 286–291). The columnist Güngör Uras described these advancements in the credit card market in his column in *Milliyet* on March 6, 2002, as “now even the bread is sold in 2 monthly installments” (Uras, 2002, p. 7). Even a recent survey by the Ministry of Commerce in 2018 on consumer profiles underlined the most significant reason for consumers to use a credit card in their purchases to be its installment feature. According to the survey, the installment feature is the most frequent answer for all income groups to the question of why they have a credit card (Güzel et al., 2018, pp. 98, 100).

Image 1. A *Gima* retail store advertisement in *Milliyet* promoting the GalaxyCard: “Even a watermelon can have 2 monthly installments.” Consumers are invited “to purchase 41,000 different products with 2 monthly installments in *Gima* retail stores. No interest, no downpayments.”

Conclusion

The case of the emergence of the credit card installments market shows how dynamic any economic phenomenon, ongoing interaction, and encounter can be among economic agents, situated patterns, cultural attitudes, emotions, power struggles, organizational structures, legal bodies, public and private institutions, and market devices. Those all weaved an actor-network that has given Turkey its huge credit card market (Latour, 2005). The lack of public and private institutions able to deal with consumer finance till the late 1980s had forced manufacturers to do the job themselves and cling on the strength of the weak ties (Granovetter, 1983) by mobilizing their vendors. The emergence and rise of credit card installments owe much to the existent dyadic (Simmel, 1950, pp. 118 ff.) network relations between vendors and consumers. The Turkish credit card installment market also owes much to the cultural trend toward installment purchases and the economic circumstances that triggered human emotions to shape consumer attitudes. The idea of installment cards was inspired by retailers' non-procedural transactions who were in a dilemma on how to sell merchandise and maintain ties with their customers while not shouldering bad debt-risk burdens. Finally, the credit card that enables point-of-sale installments emerged from a young bank's aggressive policies to expand its shares in retail banking.

Studying economic phenomena requires a broad understanding of its embeddedness (Granovetter, 1985) and its performative (Callon, 1998) and relational aspects (Bandelj, 2015). Thus, assuming that self-interest pursuing rational economic actors makes a market would lead to unsound outcomes. Neither a network analysis nor a structural or cultural approach alone would allow one to understand or explain how a market emerges. Analyzing the relationality among economic agents, situated patterns, cultural attitudes, human emotions, power struggles, organizational structures, legal bodies, public and private institutions, and market devices and understanding how they get involved in an actor-network would result in a better critical understanding of economic phenomena.

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