

Regulation of E-Money under Turkish Law

The Turkish banking sector assumes a leading role in adapting to the current global trend of digitalisation. One of the main aspects of digitalisation of the banking sector relates to the advances in payment systems, such as the use of e-money. Law No. 6493 on Payment and Security Settlement Systems, Payment Services and Electronic Money (the “**Payment Services Law**”) issued in 2013 and its secondary legislation (Regulation on Payment Services and Electronic Money Issuance and Payment and the Communiqué on the Management and Supervision for Information Systems of the Payment E-Money Institutions) provide the legal infrastructure for payments with e-money. The Payment Services Law is aligned with the European Union legislation, in particular the Payment Systems Directive (PSD, Directive 2007/64/EC), and allows institutions other than banks to provide payment systems in Turkey.

E-money is defined as the monetary value issued against a fund accepted by the issuing institution, stored electronically, used for carrying out the payment transactions and accepted as a payment instrument by the real and legal entities other than the institutions issuing electronic money. There are 14 active e-money institutions listed by the Turkish Banking Regulation and Supervision Agency (“**BRSA**”) in Turkey.

Entities providing payment services are required to be licensed by the BRSA. Furthermore, they must meet certain equity-related and operational requirements. Payment and e-money institutions are required to keep their records and information systems within Turkey and cannot operate in fields unrelated to payment or electronic money services.

Cryptocurrency vs. E-money

Turkish law does not recognise or regulate blockchain assets, including cryptocurrencies. It is however safe to say that cryptocurrencies cannot be considered as e-money, as they do not follow the requirements set out under the relevant legislation (*see above*). In fact, the BRSA announced as early as 2013 that cryptocurrencies cannot be considered as electronic money under the Payment Services Law and, as such, are not subject to regulation and scrutiny by BRSA.

Current Applications of E-Money in Turkey

In Turkey, payment systems based on e-money are preferred for various products and services. For instance, a new mobile payment option is introduced into the commute card used in public transportation and this card can now be used for shopping as well as for payment of invoices. A mobile application, co-developed by a global leading fintech firm and a leading Turkish sports club includes a new integrated mobile wallet. This allows soccer fans to order and pay for refreshments from their seats during games. The application is considered for use in affiliated sales points and sports merchandise stores in the future.