

Digital wallets and comprehensive amendments to the Turkish Payment Services Regulation

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Dear Clients, Colleagues and Friends,

The Regulation (“**Regulation**”) on Amendment to the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers (“**Payment Services Regulation**”), which pertains to payment services and electronic money issuance, has been published in the Official Gazette dated 7 October 2023 and numbered 32332. Accordingly, the possibility for payment institutions to act as an interface provider under the Regulation on the Operating Principles of Digital Banks and Service Model Banking (“**Regulation on Digital Banks and Service Model Banking**”), and digital wallet activities have been introduced into our legislation for the first time, both of which hold particular importance for the sector.

Article 23 of the Regulation, which concerns amendments to the issuance of payment instruments compatible with card system organisation will come into force on 31 March 2024, while the remaining articles came into force on the date of publication. In addition to the recognition of digital wallets as a payment instrument, various amendments have been introduced, including the permissible activities of licensed institutions and changes to on filing processes under the Regulation.

The Regulation explicitly defines the digital wallet as a payment instrument. Furthermore, it designates that digital wallet services may be provided by payment service providers, along with the requirements pertaining to such services under the Regulation. Those who had been provided such services prior to the enforcement of the respective provision without an operation license have been required to obtain the necessary authorisations by 7 October 2023, and those who already hold an operation permit have been required to ensure compliance with the requirements set forth by the aforementioned date.

The Regulation also allows the following activities to be carried out by the payment and electronic money institutions in addition to the activities that were previously permitted:

- Procurement of relevant services as an interface provider under the Regulation on Digital Banks and Service Model Banking,
- Procurement of qualified services to real persons,
- Intermediary activities for the purchase and sale of precious metals and gems, subject to restrictions on the monthly transaction volume to be involved and the limit that each customer can maintain in their balance within a calendar year, and
- Provision of ancillary services that may enhance the utilisation of payment services of the institution, such as marketing to customers to access the services of financial institutions, and leading to systems of the respective financial institution, provided that all activities of the financial institution, to which the services are provided, are not fully covered.



In the event that the payment and infrastructure services provided by a payment service provider are benefitted by other payment service providers, the requirement to provide services under the same terms and fee policy to other payment service providers with the one, over which it hold control, and the prohibition on directing its own customers to the payment service provider, over which it hold control, to procure services from in a manner creating an advantageous position over other payment service providers has been established.

Regarding share transfers subject to approval of the Central Bank of the Republic of Türkiye (“CBRT”), an exception has been introduced for share acquisitions and transfers completed between companies belonging to the same group and not resulting in change in the direct or indirect shareholding ratios of the ultimate shareholder.

The Regulation has also set time limits for the filing processes, such as a 6-month period, if during which the deficiencies to be notified by the CBRT are not rectified, the application would deemed not to be filed, by introducing various changes regarding filing processes.

For the cases where payment service providers issue payment instruments compatible with more than one card system organisations, and customers request the payment instrument to be issued compatible with a particular card system corporation, the requirement for issuance of the payment instrument in accordance with such request, and the prohibition on adopting differentiated practices that complicate the process for the customer, depending on the card system organisation have been explicitly stated.

Additionally, criteria for determining the collateral amount that institutions are required to maintain at the CBRT has been simplified, the amounts for low-value payment transactions and payment instruments have been revised, the approval requirement for changing the commercial title of institutions has been removed and such changes has been subjected to a notification. It has also been established that

anonymous prepaid instruments are subject to monetary restrictions under the General Communiqué of Board of Financial Crimes Investigation.

In addition to the Payment Services Regulation, the Communiqué on Amendment to Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in Payment Services (“**Communiqué on Information Systems**”) has been published in the Official Gazette dated 7 October 2023 and numbered 32332. Various changes in the Communiqué on Information Systems have been introduced, including permission for data sharing with third parties abroad for transactions where one of the parties is located abroad to the extent necessary for conducting the payment transaction, additional technical requirements for processes carried out via remote communication tools, changes in minimum data set to be maintained in the audit trail recording system, and additional technical requirements to be implemented in the event of a disruption. All the amendments on the Communiqué on Information Systems came into force on the date of publication.

You may contact us for any further information on this briefing.

Kind regards,



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