

Use of Crypto Assets in Payments

April 2021



Dear Clients, Colleagues and Friends,

As of 16 April 2021, the first legislation specific to Crypto Assets have been issued by the Central Bank of Turkey ("**Central Bank**"). This is a regulation on the Use of Crypto Assets in Payments ("**Regulation**") and will enter into force on 30 April 2021.

The Regulation is quite brief and restricts the use of crypto assets as a means of payment. Please find below a brief summary:

Crypto assets are defined as intangible assets that are created virtually using the distributed ledger technology or a similar technology, distributed through digital networks, and not classified as fiat money, bank money, electronic money, payment instrument, security or capital market instrument. With this explicit definition, the Turkish regulators clarified that the crypto assets cannot be considered as a payment instrument or as a capital markets instrument in Turkey.

The Regulation prohibits not only the direct or indirect use of crypto assets in payments but also bans payment services providers from developing business models enabling direct or indirect use of crypto assets in payment services and in electronic money issuances.

Furthermore, payment and electronic money institutions are banned from acting as intermediary for fund transfers to crypto asset trading platforms. Fund transfers to crypto asset trading platforms can still be made through banks.

Although there is still a grey area creating questions on the use of crypto assets and platforms, with this brief regulation, the Turkish Central Bank has clarified its position on the status of crypto assets and preferred to treat them as investment instruments rather than as a payment instrument.

Please do not hesitate to contact us for any further information on this briefing.

Kind regards,



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