

Turkey Overhauls Regulations on Payment Services and Electronic Money Institutions

31 Jan 2020

The Law Amending the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions and Certain Other Laws ("**Amendment Law**") was published in the Official Gazette numbered 30956 on 22 November 2019 and, entered into effect on 1 January 2020.

Notable amendments include:

- Payment and e-money institutions will now be subject to independent audits.
- Following open banking products provided by service providers are now defined as "payment services":
 - Initiation of payment order regarding payment account held by another payment service provider, upon request of the customer,
 - Service of the provision of consolidated data regarding one or more payment accounts of a payment service customer through online platforms, by granting customer consent,
 - Other transactions and services reaching the size to be determined by the Central Bank of the Republic of Turkey in the field of payments.
- Furthermore, the Amendment Law brings major changes to the regulation and supervision of payment service providers and e-money issuers. In this regard, the duties previously undertaken by the Banking Regulation and Supervision Agency have been assigned to the Central Bank of the Republic of Turkey ("**CBRT**"). CBRT is also authorized to:
 - Supervise and evaluate the services provided by the payment services providers,
 - Determine the principles applicable to the provision of the services,
 - Request all necessary on the spot and transactional information as to supervision activities even if the requested information is confidential,
 - Give administrative penalties from TRY 40,000 up to TRY 900,000. (If the related payment service provider has gained a benefit or caused damage, the administrator cannot be less than twice the amount of the benefit or the damage.)
- Pertaining to the Amendment Law, Payment and E-Money Institutions Association of Turkey ("**Association**") will now be established and all payment service providers must register themselves to the Association within 1 month as of the date of the activity permit. Existing payment service providers must register themselves to the Association within 1 month following the establishment of the Association. The Association is authorized to:
 - Determine the standards of activity for payment service providers,
 - Take all precautions to prevent unfair competition,
 - Determine the principles to be followed in advertisements,
 - Initiate lawsuits as to matters concerning the mutual benefit of the members,
 - Give administrative penalties from TRY 1,000 up to TRY 10,000 to members breaching the decisions of the Association.

Please see this [link](#) for the full text of the Amendment Law (only available in Turkish).

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