

### **CENTRAL BANK OF THE REPUBLIC OF TURKEY'S GUIDELINE ON ASSOCIATION OF BUSINESS MODELS IN THE FIELD OF PAYMENTS WITH PAYMENT SERVICE TYPES**

It has long been debated in practice as to how to associate payment service business models and service types with the payment services listed in the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions as well as the fields of activity to be applied for. The transfer of the powers regarding the regulation and supervision of payment and electronic money institutions from Banking Regulation and Supervision Agency to Central Bank of the Republic of Turkey (the "**CBRT**") and the entry of the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers (the "**Payment Services Regulation**") for payment institutions into force as of 1 December 2021 as well as the introduction of new provisions on license extension in the Payment Services Regulation caused these discussions to be back on the agenda once again. Finally, with the CBRT's issuance of the Guideline on Association of Business Models in the Field of Payments with Payment Service Types (the "**Guideline**") in September 2022 and the Decision on Determining the Scope of Operating Licenses of Certain Payment and Electronic Money Institutions (the "**Decision**") on 12 December 2022 the debate on these issues has largely ended.

#### **1. Discussion on whether the Electronic Money License Covers the Licenses Regulated in Subparagraphs (a), (b) and (c)**

Prior to the issuance of the Guideline, the industry was of the view that the electronic money license was more heavily regulated than other payment licenses, and electronic money cannot function without the issuance of payment accounts, money transfers and prepaid cards. Therefore, the general view was that the electronic money license also covered the payment licenses regulated under subparagraphs (a), (b) and (c). However, in the CBRT's Guideline issued in September 2022, it is emphasized that licenses (a), (b) and (c) should be obtained in any case for payment account application, money transfer and prepaid card issuance services.

# KOLCUOĞLU DEMİRKAN KOÇAKLI

## 2. Discussion on whether (c) License Is Required in addition to (a) and (b) Licenses to Provide POS Services

Similarly, prior to the issuance of the Guideline, it was accepted that POS services may not require license (c), as they were considered to consist of the receipt of the funds subject to the payment service into the payment account and transfer to the buyer. However, with the Guideline, the CBRT determined that physical or virtual POS services also require license (c), since they include "acceptance of the payment instrument".

## 3. Decision Dated 12 December 2022

Based on the above-mentioned opinions, the CBRT maintained the status quo of institutions that designed and submitted business flow plans to the relevant regulatory authority and obtained licenses in this manner. Institutions that described the business models identified in the Guideline in their business flow plans submitted when applying for a license can operate in these areas without the need for a separate license application.

## 4. Conclusion

Pursuant to CBRT's Guideline and Decision, institutions that will obtain a license to operate as electronic money institutions shall also apply for licenses (a), (b) and (c) to operate payment accounts, perform money transfers, and issue prepaid cards.

Similarly, institutions wishing to provide POS services after the effective date of the Guideline and Decision are required to apply for license (c) in addition to licenses (a) and (b).

## CONTACT



Gülce Gürdal

[ggurdal@kolcuoglu.av.tr](mailto:ggurdal@kolcuoglu.av.tr)



Orhun Yavaş

[oyavas@kolcuoglu.av.tr](mailto:oyavas@kolcuoglu.av.tr)