

## **Legislative Proposal to Amend Law No. 6493 on Payment Services and Electronic Money**

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The Legislative Proposal on Amending the Law No. 6493 on Payment and Security Systems, Payment Services and Electronic Money Institutions (“Proposal”), has recently been submitted before the Grand National Assembly of Turkey.

The rationale of the Proposal is unifying payment practices and addressing the emerging needs in the field of payments. The Proposal also mentions the amendments in the EU payment services and e-money legislation during the past years (such as PSD2) and the need to align the local legislation with these recent developments.

The most significant amendment introduced in the legislation is the transfer of the authorities of Banking Regulation and Supervision Authority (“BRSA”) under the Law No. 6493 to Central Bank of the Turkish Republic (“CBTR”). If the proposal is accepted as is, all institutions regarding payment institutions and e-money institutions will be subject to CBTR’s supervision. The Legislative Proposal also aims to broaden the supervision authorities of CBTR in a manner to include all parties that are involved in the operation of the payment systems. Accordingly, the CBTR will be authorized to request records, information and documents regarding any transactions that are conducted by institutions under its supervision where it deems necessary. CBTR may also be a shareholder to existing and future system operators in order to enable uninterrupted operation of the systems.

The Legislative Proposal grants the CBTR the authority to monitor legal relations where the payment service providers are a party due to their activities, in order to determine issues and fields of development. The Legislative Proposal also grants CBTR the authority to determine the rules and procedures of the legal relations therein and form working committees, if it deems the relevant activities as harmful to the field of payments.

Another significant development proposed is the establishment of the Turkish Payment and Electronic Money Institutions Association, which will require mandatory membership by the institutions. Accordingly, this Association will aim to relieve common needs of payment and e-money institutions, making professional activities easier, developing the profession in line with general activities, enabling mutual honesty and trust between the members of the profession and the payment service users, and protecting the professional discipline and morals.

The Legislative Proposal excludes payment institutions and e-money institutions from entities that can obtain contribution margin from BRSA, as CBTR will be the authorized institution in terms of the field of payments.

The Legislative Proposal which is signed by various deputies of Justice and Development Party is submitted to and currently pending before the Commission of the Grand National Assembly of Turkey. Therefore, it is not final yet.