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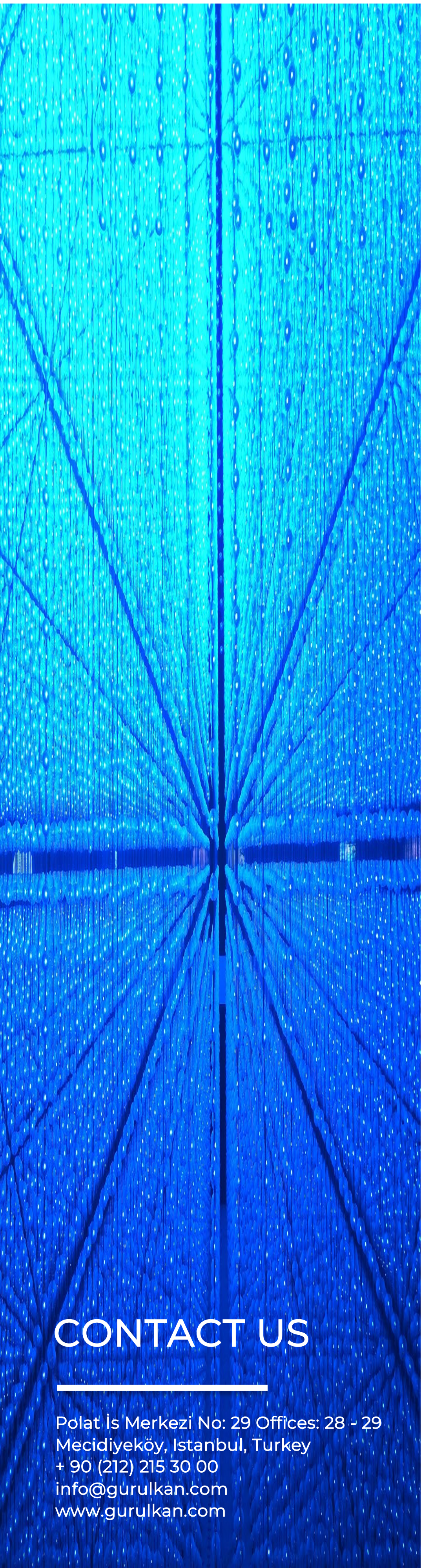
Turkey Bans the Use of Crypto-assets in Payment Transactions

The Regulation on Not Using Crypto Assets in Payments (“Regulation”) has been published in the Official Gazette (No. 31456) dated April 16, 2021. The Regulation will enter into force on April 30, 2021.

The Regulation defines crypto-assets as intangible assets created virtually through distributed ledger technology ("DLT"), a wider term inclusive of blockchain, as well as other technologies similar to DLT. These assets have to be distributed over digital networks but must not qualify as fiat money, bank money (i.e. credit and deposit money that is digitally held by banks), electronic money, payment instrument, security, or capital market instrument.

The regulation aims to ban the direct and indirect use of crypto assets in payments and prevent any service from enabling the direct and indirect use of crypto assets in payments. Therefore, payment services cannot develop business models that involve the use of crypto-assets for the provision of payment services and the issuance of electronic money. Moreover, they cannot provide any services related to the aforementioned business models. Payment and electronic money institutions are also not allowed to act as intermediaries for trading platforms providing services of crypto-asset trading, storage, transfer, issuance, or for the fund transfers made from these platforms.

While the intermediary of payment and electronic money institutions are prevented, fund transfers to crypto trading platforms are still possible via banks. The regulation does not target crypto assets’ function as an investment tool but rather the possibility of their acceptance as a legitimate means of payment.



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