



2021 Annual Report

TÖDEB

The Payment and Electronic Money Institutions Association of Türkiye

2021

56

Total Number of Member

2021

30

Payment Institution

2021

26

Electronic Money Institution

2021

7

Committee

INDEX

	INDEPENDENT AUDITOR REPORT REGARDING THE ANNUAL ACTIVITY REPORT OF THE BOARD OF DIRECTORS
8	CORPORATE RECORD
9	VISION
9	MISSION
10	CORPORATE STRUCTURING OF TÖDEB
12	INDUSTRY AND MEMBER INSTITUTIONS
14	PRESENTATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS
16	PRESENTATION OF THE SECRETARY GENERAL
19	EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021
28	ACTIVITIES OF TÖDEB DURING 2021
32	OPINION, REQUEST AND SUGGESTIONS
36	EVENTS
46	PRESS REFLECTIONS
48	ANNEX 1 HEADLINES FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS
	INDEPENDENT AUDIT REPORT
	FINANCIAL STATEMENTS PERTAINING TO THE FISCAL YEAR WHICH WAS ENDED ON 31 DECEMBER 2021 TOGETHER WITH THE EXPLANATORY NOTES

FINANCIAL COMPREHENSIVENESS

Targeting customer
satisfaction and
Innovation while
combining technology
and financial services



COMMUNICATION COOPERATION

Ensuring the formation
of an ecosystem which
serves as a bridge
between its members
and the relevant official
authorities based on
powerful dialog



PRINCIPLES STANDARDS

Guidance on the
procurement of
accountability and
consistency in a
dynamic environment



CORPORATE RECORD

TÖDEB, the members of which are the payment institutions and the electronic money institutions operating in Turkey, is a professional organization in the nature of a public institution being formed as a legal entity.

As of 31 Aralık 2021, the total number of members of TÖDEB is 56, 26 of which is electronic money institution and 30 of which is a payment institution.

56 members
(as of the end of 2021)

ESTABLISHMENT AND LEGAL FRAMEWORK

TÖDEB is established through the inclusion of an article to the Law on the Payment and Securities Clearing Systems, Payment Services and Electronic Money Institutions numbered 6493 in accordance with the Law on the Payment and Securities Clearing Systems, Payment Services and Electronic Money Institutions numbered 7192, which is published in the Official Gazette dated 22.11.2019 and numbered 30956 and the Article 15 of the Law Amending Certain Laws.

TÖDEB is a professional organization, the members of which are various payment institutions and electronic money institutions, which carry on business in Turkey.

STRUCTURING AND PURPOSES

TÖDEB has started to operate in its headquarters, the location of which is in Istanbul on 25 September 2020, following its status was published in the Official Gazette dated 28 June 2020.

The Secretariat of TÖDEB, which consists of 8 people is responsible for the general coordination of the member and stakeholders as well as the administrative operations.

There are 7 committees in business, to which the member representatives actively attend and contribute within TÖDEB as of the end of 2021.

- Security Committee
- Law and Legislation Committee
- Ethical Committee
- Public Relations Committee
- Compliance Committee
- Combating Illegal Activities Committee
- Open Banking Committee

The main objective of TÖDEB is to develop communication and cooperation amongst the payment

and electronic money institutions. TÖDEB also aims to contribute to the enhancement and intensification of the industry and introduces a technology and reliance-oriented association, which is much needed for financial growth.

DECISIVE FORWARD THINKING

The payment and electronic money institutions, which are also the members of TÖDEB take a leading part during digitalization and technological development processes of Turkey. The members of the association contribute to the national technologic infrastructure, access of the household to the financial services as well as the sustainable progress of our country through the multiplier effect they create.

Companies, which obtain payment or electronic money institution license from the Central Bank of the Republic of Turkey may become a member of TÖDEB. The number of members of TÖDEB is 56 as of the end of 2021.

The list of members is shown in page 12, 13.

VISION

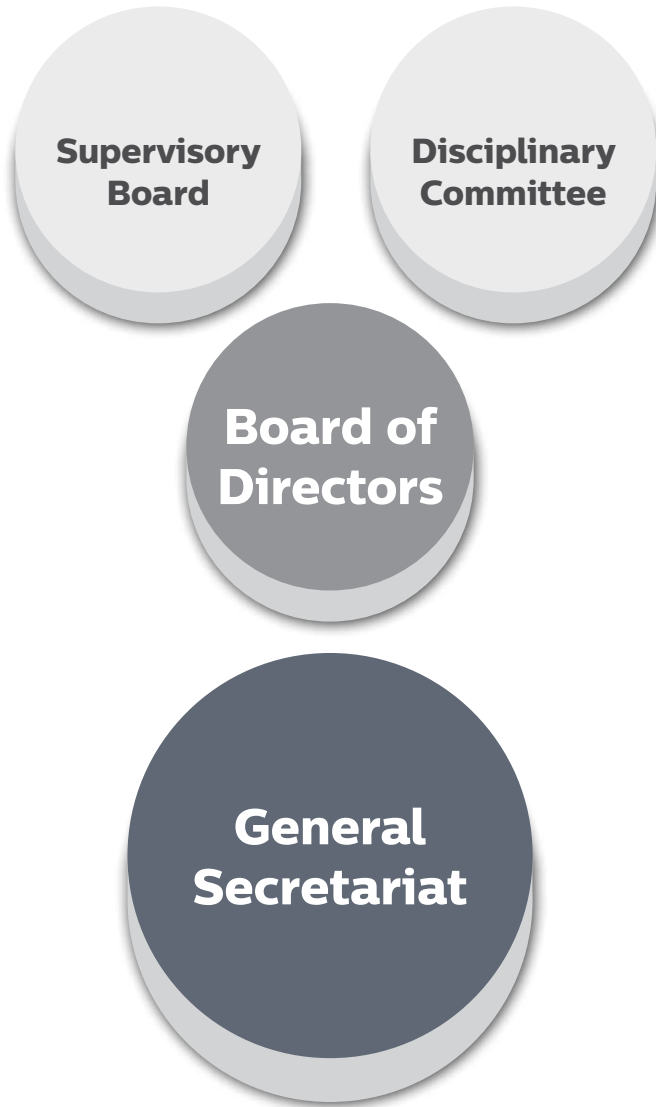
- To contribute to the development of the industry by increasing communication and cooperation among all the payment and e-money institutions In Turkey,
- To share and transfer information by following the financial sector developments closely and to contribute to the sector based technologic and process related progresses,
- To carry out training, promotional and research activities to ensure sector development,
- To increase financial comprehensiveness and financial literacy by spreading around the ground through communication activities carried out towards the target group,
- To promote payment institutions and electronic money institutions and to raise public awareness on the same by cooperating with national and international institutions.

MISSION

To improve sectoral knowledge and ensure the development activities in the field of payment by providing differentiated experiences and innovative solutions to ensure professional development in the field of payment services and electronic money.

CORPORATE STRUCTURING OF TÖDEB

BOARD OF DIRECTORS



The Board of Directors, is the decision making body of TÖDEB.

The Board of Directors, which is appointed for two years among the members through a resolution of the General Assembly of TÖDEB takes decisions on any matter, which falls beyond the general assembly's authority and sets standards to ensure uniformness in terms of the applications of the members.

Burhan ELİAÇIK Chairman
(Aypara Ödeme Kuruluşu A.Ş.)

Ufuk BİLGETEKİN Vice Chairman
(Vizyon Elektronik Para ve Ödeme Hizmetleri A.Ş.)

Ayşe Gül GÜVENÇ Member
(Elekse Elektronik Para ve Ödeme Kuruluşu A.Ş.)

Gülçin TELATAR Member
(Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş.)

Adem AYKIN Member
(Birleşik Ödeme Hizmetleri ve Elektronik Para A.Ş.)

Ali Cemil TANER Member
(BPN Ödeme ve Elektronik Para Hizmetleri A.Ş.)

Barbaros ÖZBUĞUTU Member
(İyzi Ödeme ve Elektronik Para Hizmetleri A.Ş.)

Fevzi GÜNGÖR Member
(Ödeal Ödeme Kuruluşu A.Ş.)

İlker DİKER Member
(Papara Elektronik Para A.Ş.)

M. Işık UMAN Member
(Trend Ödeme Kuruluşu A.Ş.)

Nihat NARİN Member
(BELBİM Elektronik Para ve Ödeme Hizmetleri A.Ş.)

R. Tark TOMBUL Member
(Paytr Ödeme ve Elektronik Para Kuruluşu A.Ş.)

Tuğrul TAŞGETİREN Member
(TT Ödeme ve Elektronik Para Hizmetleri A.Ş.)

TÖDEB, which has started to operate in its headquarters, the location of which is in Istanbul on 25 September 2020 is a professional organization, the members of which are various payment institutions and electronic money institutions, which carry on business in Turkey.

The Supervisory Board, which is appointed for two years among the members through a resolution of the General Assembly of TÖDEB examines all the accounts and transactions carried out by TÖDEB and present the same during the ordinary General Assemblies.

SUPERVISORY BOARD

Emel ARSEVEN Member
(Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.)

Artun KUMRULU Member
(Paladyum Elektronik Para ve Ödeme Hizmetleri A.Ş.)

Erdal ÖZCAN Member
(Ozan Elektronik Para A.Ş.)

The disciplinary committee, which is appointed for two years among the members through a resolution of the General Assembly of TÖDEB conducts, resolves disciplinary investigations regarding the disciplinary crimes specified under the Statute and submit the same for the approval of the board of directors.

DISCIPLINARY COMMITTEE

Derya EKEMEN FİDAN Member
(Octet Express Ödeme Kuruluşu A.Ş.)

Halil KESKİN Member
(Ria Turkey Ödeme Kuruluşu A.Ş.)

Halim MEMİŞ Member
(Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.)

Sühendan ENİSEL Secretary General

Gülnur YERLİKAYALAR Committee Manager

Fatih KAYA Member Relations Representative

Sinan SÜNTERLER Information Systems
Representative

İrem MUTLU Committee Representative

Pelin Su KILINÇ Committee Representative

Yiğit NEYİĞİT Committee Representative

Faruk OYDEM Executive Assistant

**GENERAL
SECRETARIAT**

**EFFECTIVE
AND EFFICIENT
MEMBER
COMMUNICATION**

INDUSTRIES AND MEMBER INSTITUTIONS

PAYMENT INSTITUTIONS

Payment institutions are the companies, which provide the following services; operation of payment account, all kinds of remittances that include fund transmission, Issuance and acceptance of payment Instrument, remittance, direct carrier billing, mediation for billing, provision of consolidated account information and payment initiation services.

Aypara Ödeme Kuruluşu A.Ş.
Ceo Ödeme Kuruluşu A.Ş.
Dgpara Ödeme ve Elektronik Para Kuruluşu A.Ş.
Efix Ödeme Hizmetleri A.Ş.
Elekse Elektronik Para ve Ödeme Kuruluşu A.Ş.
Faturakom Ödeme Hizmetleri A.Ş.
Föy Fatura Ödeme Kuruluşu A.Ş.
Global Ödeme Hizmetleri A.Ş.
GönderAl Ödeme Hizmetleri A.Ş.
İstanbul Ödeme ve Elektronik Para A.Ş.
Klon Ödeme Kuruluşu A.Ş.
Moka Ödeme ve Elektronik Para Kuruluşu A.Ş.
MoneyGram Turkey Ödeme Hizmetleri A.Ş.
N Kolay Ödeme ve Elektronik Para Kuruluşu A.Ş.
Nestpay Ödeme Hizmetleri A.Ş.
Octet Express Ödeme Kuruluşu A.Ş.
Ödeal Ödeme Kuruluşu A.Ş.
Paragram Ödeme Hizmetleri A.Ş.
Pay Fix Elektronik Para ve Ödeme Hizmetleri A.Ş.
Paybull Ödeme Hizmetleri A.Ş.
Paynet Ödeme Hizmetleri A.Ş.
Paytrek Ödeme Kuruluşu Hizmetleri A.Ş.
Pratik İşlem Ödeme Kuruluşu A.Ş.
Ria Turkey Ödeme Kuruluşu A.Ş.
Sender Ödeme Hizmetleri A.Ş.
Trend Ödeme Kuruluşu A.Ş.
Tronapay Ödeme Hizmetleri A.Ş.
Vezne24 Tahsilat Sistemleri ve Ödeme Hizmetleri A.Ş.
Vizyon Elektronik Para ve Ödeme Hizmetleri A.Ş.
Western Union Turkey Ödeme Hizmetleri A.Ş.

ELECTRONIC MONEY INSTITUTIONS

Electronic money Institutions are the companies, which issue monetary value that is deemed as a payment instrument by the real persons and legal entities except for those issue electronic money, which is kept electronically and used to carry out payment transactions defined under the Law no 6493 against fund

Ahlatcı Ödeme ve Elektronik Para Hizmetleri A.Ş.
Aköde Elektronik Para ve Ödeme Hizmetleri A.Ş.
BELBİM Elektronik Para ve Ödeme Hizmetleri A.Ş.
Birleşik Ödeme Hizmetleri ve Elektronik Para A.Ş.
BPN Ödeme ve Elektronik Para Hizmetleri A.Ş.
CEMETE Elektronik Para ve Ödeme Hizmetleri A. Ş.
D Ödeme Elektronik Para ve Ödeme Hizmetleri A.Ş.
ERPA Ödeme Hizmetleri ve Elektronik Para A.Ş.
Fastpay Elektronik Para ve Ödeme Hizmetleri A.Ş.
Faturamatik Elektronik Para ve Ödeme Kuruluşu A.Ş.
Hızlıpara Ödeme Hizmetleri ve Elektronik Para A.Ş.
IQ Money Ödeme Hizmetleri ve Elektronik Para A.Ş.
İninal Ödeme ve Elektronik Para Hizmetleri A.Ş.
İyzi Ödeme ve Elektronik Para Hizmetleri A.Ş.
Lydians Elektronik Para ve Ödeme Hizmetleri A.Ş.
Ozan Elektronik Para A.Ş.
Paladyum Elektronik Para ve Ödeme Hizmetleri A.Ş.
Papara Elektronik Para A.Ş.
Paytr Ödeme ve Elektronik Para Kuruluşu A.Ş.
SiPay Elektronik Para ve Ödeme Hizmetleri A.Ş.
TT Ödeme ve Elektronik Para Hizmetleri A.Ş.
TURK Elektronik Para A. Ş.
Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş.
UPT Ödeme Hizmetleri ve Elektronik Para A.Ş.
Vodafone Elektronik Para ve Ödeme Hizmetleri A.Ş.
Wirecard Ödeme ve Elektronik Para Hizmetleri A.Ş.

PRESENTATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

OUR ASSOCIATION HAS CREATED PRODUCTIVE, SYNERGIC AND POWERFUL PLATFORMS THROUGH UNIFICATION OF THEIR MEMBERS IN ITS FIRST FULL YEAR OF OPERATION.

PRODUCTIVE

DEAR STAKEHOLDERS,

2021 IN BRIEF

The impact of the pandemic on human health has started to diminish during 2021 with the introduction of vaccination as well as the new drugs. On the other hand, both the world and Turkey had to struggle against natural disasters, which occurred due to climate crisis as well as economic fluctuations.

Although the global economy, which experienced a significant recession during the first year of the pandemic has started grow once again, it has also continued to seek a direction under the influences of inflationist tendencies. Swift increases have been observed in most of the commodity prices, particularly the energy and nourishment and the supply chains faced blockages.

The Implications of these developments have also affected our country, which is one of the biggest and integrated stakeholders of the global economy. After nearly 2 decades, the price stability has become the most significant economic target and Turkish lira fluctuated and lost value considerably over against foreign currencies.

Despite all the drawbacks, our country has managed to gain a seat in the league of economies with the strongest growth performance throughout the world. Thanks to the program, which was enacted by the end of the year the fluctuation in Turkish lira gave its place to a relatively more stable progress in a short time.

OUR SECTOR AND TÖDEB

Our sector, which accelerated as a result of digitalization and current business models triggered by the new technologies, has continued to develop effectively and decisively during 2021. TÖDEB, which represents the backbone of the financial technology concluded its first full year of operation intensely and productively.

Our association aimed to carry out its activities based on the following principles: agenda setting, representing by all means, broadscale in terms of fields of activity, up to date and researcher as to progressing matters, pathfinder in terms of compliance, transparent and strong organization principles.

TÖDEB, the members of which are the companies, which obtained the payment or electronic money institution licenses from the Central Bank of the Republic of Turkey, has changed its structuring during 2021. The thematic committees and working groups we established are the most significant bodies of our Association and they contributed to our Association by showing a participant and sharing approach to the activities of our Association in accordance with our mission and purposes.

Our General Secretariat team maintained a relationship with our stakeholders by adopting a systematic approach as required by the agenda and developments and carried out valuable activities to ensure that our sector has a strong data base and central archive.

The regulations introduced by the authority were the other significant developments of 2021. the Regulation on the Payment Services and Electronic Money Issuance and Payment Service Providers (the Regulation) and the Communiqué on the Management and Supervision of the Information Systems of the Payment Institutions and Electronic Money Institutions were the principal regulations, the preparations of which were ongoing for a long while and which- we believe- will have positive contributions to the strong development and future of our sector.

These innovative regulations in terms of the activities carried out by our members will at the same time serve the purpose of protecting the stability of the financial system and strengthening consumer confidence.

Providing our members with an opportunity to create IBAN for their customer accounts subject to remittance and integrating them with the Instant and Constant Transfer of Funds (FAST) System by providing our members with the necessary access during 2021, through amending the legislation were the other significant steps. All these innovations will play a part in conveying our sector, which is one of the backbones of the financial structure to a wider mass and will lead to an increase in the business volume and number of customers.

Our Association played an active role in evaluating the legal regulations, providing the relevant parties with the opinions and responding to the practical questions, which have been raised following the enactment of the relevant regulations in the most corrective way and created an effective and productive system, as a result of which all the stakeholders came together.



Our joint structuring TÖDEB will continue to implement bigger projects in the future and create value for its stakeholders as being the immersive power of the field of the financial technology.

IN THE FUTURE

Technology will shape the future, daily life and business world by transforming them rapidly.

Personal internet access, which became prevalent and is perceived as a basic need has reached 88% and significant increases have also been observed in the use of internet banking, e-state, e-commerce. The pandemic we experienced during 2020-2021 has accelerated this progress. Lifestyles with remote access is reflected positively on our sector and further cleared the way.

In our country, cash payment systems are being replaced by digital payment services same as most of the world. Not only the household but also the companies prefer digital and tailor-made payment instruments increasingly. This tendency is also confirmed by e-commerce and by card transactions data.

While the share of e-commerce has increased to approximately 18% in total commerce, the rate of payments by card in digital platforms exceeded 22% in total credit card volume.

There are still more than 550 tech companies currently operate in Turkey. Companies that offer API solutions regarding open banking are expected to become more widespread in the upcoming period following these companies obtain licenses. We also expect an increase in the number of our members in our Association in

parallel with the foregoing and lead to diversification in terms of our activities.

Our members make progress as young but mature and leading financial technology companies considering the level, they have reached in terms of not only scale but also institutionalization. Adopting a customer oriented working principle and introduction of innovations leading to an increase in the product and service diversity by the new institutions, which are expected to enter our sector would offer significant and valuable insights.

Our joint structuring TÖDEB will continue to implement bigger projects in the future and create value for its stakeholders as being the immersive power of the field of the financial technology.

In brief, our sector will continue to be a field of operation, which receives investment, matures rapidly with a high potential and faces global markets in the future.

I would like to thank to all our stakeholders, who contributed to the value we created In 2021, the Board of Directors and General Secretariat for their valuable contributions.

Kind Regards,

BURHAN ELİAÇIK

CHAIRMAN OF THE BOARD OF DIRECTORS

PRESENTATION OF THE SECRETARY GENERAL

2021 WAS A SIGNIFICANT MILESTONE FOR OUR JOURNEY THAT INCLUDES LONG TERM TARGETS

SUCCESS

DEAR STAKEHOLDERS,

TÖDEB got valuable returns on raising public awareness and developing productive platforms to develop relationships between the stakeholders.

We live in an era, where financial technologies constantly generate new solutions in every moment and every aspect of the life cycle.

Nowadays, individuals benefit from the services provided by our members before they know it, while billing, transferring money or shopping on an e-commerce site.

The innovation combined with new business models in the field of financial technology, leads our members to re-evaluate competitive advantages and market assets and opens new doors.

More and deeper collaborations will be made between our members, who establish symbiotic connections and traditional financial service providers as digitalization continues to grow incrementally. Under transforming market conditions, fintechs, especially our members are started to be seen as strategic partners, which offer much more innovative business models, and which have crucial importance in terms of digital transformation.

The financial services industry is focused on promoting participation as a mutual priority as the payments and money flows are incrementally transforming into cash free and contact free. Our members, who also play a major role at this point support the development of digital economy, promote innovation and contribute to macroeconomic development.

Our members will continue to have great opportunities to ensure financial participation and to be able to facilitate consumer's daily lives so long as the movement towards a more widespread financial accessibility continues.

The product, service and solutions offered by the industry will also become varied in due course. First generation solutions and products will be supported with more special and niche products, which develop value proposition offered to the customer. On the other hand, new verticals will be formed and diversified payment instruments for most areas of life will be released to the market in line with the developing technology.

During this substantial and complex period, where digitalization plays a key role in financial lives of an expanding proportion of the world's population, payment systems and electronic money will strengthen the epicenter position of this stage rapidly.

The innovations presented in Web3 wallet ecosystem will cause the traditional financial service providers to provide their customers with new opportunities as to where and how to utilize their money digitally and the line between the savings will lose clarity.

While the payment and electronic money users generate accelerated earnings by benefiting from the innovation

Value chain, simple operations, scalable solutions and delighted customers will be keys of this significant change.

WE IMPROVE THE ADDED VALUE PROVIDED BY TÖDEB

As defined under our vision, TÖDEB aims to contribute to the progress of the sector by improving communication and collaboration among all the payment and electronic money institutions throughout Turkey and is focused on supporting technologic and process development in the sector by sharing and transmitting information.

To increase financial comprehensiveness and financial literacy is one of our duties and carrying out training, promoting and researching activities are among our priorities to ensure the development of the sector.

While 2021 was a milestone in terms of our structuring, 7 committees, working groups and boards we created within our body have produced significant output by performing studies on many different topics. Within this scope, the number of meetings we held with the participation of our 728 member representatives reached 113 throughout the year and the most intense work has been conducted by the Law and Legislation Committee. Our members took an active place during the works conducted to improve legal legislation, which



We will resolutely continue to work on creating an ecosystem shaped around a strong dialogue, collaborative regarding common projects, instead of an environment, where the members of our association only consider themselves as rivals.

shapes the short-, medium- and long-term future of our sector on the platform provided by TÖDEB.

Legislative amendments and changes, which are related to the activities of our sector closely left their mark on 2021. These changes that came into our lives and which we have mentioned in our report in detail will support the sector growth under fair competition conditions and the amendments enacted will also lead not only to the rapid growth of the business volume but also the comprehensiveness.

On the other hand, we carry on our database related studies, which we also conducted during 2021 and aim to enlighten public regularly by maintaining general and statistical information and increasing knowledge regarding the sector without slowing down and we are planning to put the system alive as soon as possible. Our goal is to publish the key performance indicators of our sector periodically as of 2022 for the first time.

Another achievement of 2021 is the activation of the Arbitral Tribunal for Private Customer. This organization, which is focused on customer satisfaction and supports the healthy and quality communication of our members with their customers will work on the assessment and settlement of potential conflicts, which may occur during the service process.

IN 2022...

Increasing financial comprehensiveness and financial literacy, which is the starting point of the sector players also forms the basis of the vision of our Association. Within this scope, training, promoting and researching activities, which consider the rapid changes and developments are the most significant agenda items of 2022, we maintain our preparations in this regard.

As a professional organization, TÖDEB is responsible for taking and implementing all the measures to prevent unfair competition among its members, which operate in the same sector. We will resolutely continue to work on creating an ecosystem shaped around a strong dialogue, collaborative regarding common projects, instead of an environment, where the members of our association only consider themselves as rivals.

A fintech ecosystem, fully compliant with the developing and updated legal legislation is crucial for the growth of Turkish economy and global competitiveness.

TÖDEB will focus on its studies in accordance with this goal and continue to provide sharable value through harmonious and consistent stakeholder cooperation.

Kind Regards,

SÜHENDAN ENİSEL
SECRETARY GENERAL

The global economy, which became smaller by 3.1% during 2020 has grown by 5.9% during 2021 pursuant to IMF projections.

Turkey, as one of the few countries that achieved growth during 2020, delivered a growth performance beyond expectations and its potential during 2021 with the contribution of both Internal and external demand. The Turkish economy grew by 11% during 2021.

EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021

The Eurozone, as the biggest international trade partner of Turkey achieved growth during 2021 with the contribution of vaccination and supportive policies.

THE GLOBAL ECONOMY ACHIEVED GROWTH DURING 2021.

The global economy has recovered much stronger than expected during 2021 as a result of the support of the financial and monetary policies to mitigate the impact of the pandemic over the economies, spread of vaccination campaigns, release of restrictive measures and realization of the postponed demand.

While the global growth was swift during the first quarter of the year, the growth has lost momentum when it comes to the second half due to the hardship occurred in the supply chain, concerns about the Chinese residential sector as well as the spread of the Delta variant. On the other hand, the increase in the commodity and energy prices accompanied with demand and supply gap increased inflationary pressure. This situation caused the central banks of the developed and developing countries to accelerate their monetary tightening calendars.

The Eurozone, as the biggest international trade partner of Turkey achieved growth during 2021 with the contribution of vaccination and supportive policies. On the other hand, the European Central Bank signals that monetary tightening steps will be taken more slowly in 2022 compared to Fed.

PMI data of the Eurozone show that the growth in economic activity continues albeit at a slower pace. These developments are pleasing and reveal that the Eurozone originated external demand will continue to be supportive in terms of the growth of our country's economy during 2022.

The global economy, which became smaller by 3.1% during 2020 has grown by 5.9% during 2021 pursuant to IMF projections. IMF points out that the global growth will be achieved at a moderate pace during 2022 as a result of the potential changes to the money policy and will be balanced at a level of 4.4%.



IN 2022

It is thought that especially the speed of change of the money policy of Fed will be determinant in the capital flow of the developing countries.

The commodity price increases, which was one of the main themes of 2021, will continue to evolve also in 2022 and keep us busy. The growth trend of the Chinese economy, the attitude of OPEC+ Group in terms of petrol production, the course of Iranian nuclear deal discussions, the use of strategic nurture and energy reserves as well as geopolitical risks arising from the war between Russia and Ukraine will significantly determine the progress of the commodity prices in 2022.

TURKISH ECONOMY GREW BY 11% DURING 2021

Turkey, as one of the few countries that achieved growth during 2020, delivered a growth performance beyond expectations and its potential during 2021 with the contribution of both internal and external demand.

While 9.3 points of the total growth of 11% have been achieved through consumption, whereas 1.8 points have been achieved through the investments and 4.9 points through net export during 2021, the inventories have affected the growth negatively. It is expected that the growth will continue to be achieved by reducing speed during 2022.

Although the global trade has faced various difficulties during 2021 due to supply chain related problems and increases in freight costs, our country has turned this situation in its favor with the advantage of its geographical location and succeeded a record export in 2021. The export constituted nearly the half of the growth in 2021. It is predicted that this trend will also continue in 2022 and the export will be one of the driving forces of growth.

* TÜİK

EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021

Tourism revenues with the effect of the recovery in the tourism sector as well as the export were the determining factors leading to a decrease in the current deficit. The prediction as to the lessening the effect of pandemic in 2022 with the contribution of vaccination and drugs ensures the continuity of positive expectations in tourism. On the other hand, geopolitical developments, Russia Ukraine war being in the first place are expected to be the determining factor in terms of tourism revenues.

2021 was a period, during which inflationist pressures became prominent. The challenges appeared in the supply chain as a result of the tough conditions required by the pandemic continued to exist during 2021 and various factors such as supply restrictions in some industries, high commodity prices, drought, exchange rates and demand developments caused the PPI and CPI inflation to rise much higher than expected.

TO THE FUTURE WITH TURKISH ECONOMY MODEL growth with the strong contribution of export, which is the driving force of our country. The Program, focusing on production and export aims to proceed with the support of the money and fiscal policies and to reduce the current account deficit, which is a burden on the economy to the lowest level. Turkey is a candidate to become a leading stakeholder of the global new normal through its advantageous location, potential market access, qualified human capital and value-added production potential.

The Program, focusing on production and export aims to proceed with the support of the money and fiscal policies and to reduce the current account deficit, which is a burden on the economy to the lowest level.

Financial risk leaves its place to ecological risk.

IPCC- Intergovernmental Panel on Climate Change published the Sixth Evaluation Report in 2021. In the relevant Report, it is pointed out that if the global temperatures exceed 1,5oC the pre-industrial average, the number of extraordinary heat and cold air waves in the world will increase and dehydration and ecosystem challenges will cause significant and devastating results.

Covid-19 pandemic makes the requirement of taking the sustainability of the relationship between human and nature into consideration carefully, a current issue beyond the fact that it triggers a global health crisis. Black swan risks originating from the financial markets leave their places to the green swan crisis originating from the climate crisis. It is believed that Covid-19 is a green swan and the new risks to be occurred in this category in the upcoming period will bear significant results on the global economy, global trade, and financial system.

Considerable empowerment is also observed regarding the perception of short-, medium-, long- term physical and transition risks originating from the climate crisis. Risk management conducted correctly by the authorities and private sector companies become crucial. Especially in 2021, various actions have been taken to support the fight with the climate crisis and new legal regulations have been enacted.

Financial services sector is a key stakeholder to battle against the climate crisis. Banks and payment and electronic money Institutions being in the first place, a great number of financial service participants work to minimize not only the direct environment footprints, but also the effects, which have occurred through product and services.

While the banks try to reach to their sustainability goals and increase their digital abilities, eco-innovative thinking approaches may support in achieving both the targets while improving consumer experience.

The payment and electronic money institutions contribute to the getting CO2 emissions under control by producing a strong ecologist effect and reducing paper consumption near-zero within the scope of contact free service cycles.



FOCUS

NUMBER 1 RISK ON THE GLOBAL AGENDA IS THE CLIMATE CRISIS

- IPCC- Intergovernmental Panel on Climate Change published the Sixth Evaluation Report in 2021.
- In the relevant Report, it is pointed out that if the global temperatures exceed 1,5oC the pre-industrial average, the number of extraordinary heat and cold air waves in the world will increase and dehydration and ecosystem challenges will cause significant and devastating results.

At the same time, the payment and electronic money institutions that use modern technologies are able to generate affordable and customer specific solutions and direct the users to make conscious and sustainable purchasing choices.

In that sense, they both stand out against the climate crisis and provide support to the sustainability objective through innovative products they offer to the financial system by consuming quite less resources due to their business models set by using technology.

The payment and electronic money institutions contribute to the getting CO₂ emissions under control by producing a strong ecologist effect and reducing paper consumption near-zero within the scope of contact free service cycles.

EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021

It is estimated that the international fintech market has reached a size of USD 7.3 trillion by the end of 2020.

SECTORAL APPEARANCE

A GLOBAL MARKET WORTH 7.3 TRILLION DOLLARS

It is calculated that the total size of the global fintech market reaches up to USD 73 trillion in 2020. According to the research and projections, it is expected that the global fintech market to achieve grow at an annual average rate of 26.8%.

The global fintech market is discussed based on technology, service, practice and regions. Whereas based on technology, we are discussing the topics such as API, artificial intelligence, block chain, distributed systems and big data, robotic process automation. It is expected that the artificial intelligence, having a great importance In terms of data collection, information analysis and customer specific product development studies will achieve the most powerful growth until 2026.

SITUATION IN THE TURKISH MARKET

Our country provides for an environment convenient for the development of fintech sector with its young population with a high rate of internet and smart phone usage.

E-commerce and digital banking use showed a swift increase trend since 2015 and the volumes of online and contactless mobile payment achieved a significant growth for the last two years with the effect of the pandemic.

According to the research published by EY, the number of remote access card transactions, which was 679 million in 2019 was reached to a level of 956 million in 2020, with an increase of 41%. Pursuant to another research conducted by the same institution in October 2021 to analyze the use of fintech products in Turkey, remittance and billing stand out as the most used financial services in digital channels.

The most of the fintech players operate in Turkey provide services in the field of remittance and payments but there no local players in some niche categories, the implementations of which we encounter in the global arena.



FOCUS

A SECTOR OFFERING INNOVATIVE SERVICES

- As of the end of 2021, 56 TÖDEB member companies operate in Turkey, including 30 in the field of payment services and 26 in the field of electronic money.
- Considering the coverage area, the sector offers innovative services by touching the lives of more than 10 million individuals and more than 100 thousand businesses.

DIGITAL TRANSFORMATION TRIGGERS DEVELOPMENT

While the payment and electronic money sector enriching competition has a short history, the sector achieved a quick growth and became one of the most essential tools of the financial backbone.

Digital transformation is one of the preferred agenda items in Turkey as much as in the world. Within this scope, payment services and electronic money stand out as the growth and added value areas, which support all the sectors in economy, accelerate the commercial cycle and become more varied through technology.

Digital payment infrastructures are crucial for both the consumers and companies. While these systems offer the opportunity to access the commercial cycle at any time and from anywhere, the relevant systems also play an important role in accelerating the economy.



The widespread use of payment services and electronic money, which brings together financial tools and technology, also raises the issue of security.

IMPORTANCE OF SECURITY AND FULL COMPLIANCE WITH THE LAWS

The widespread use of payment services and electronic money, which brings together financial tools and technology, also raises the issue of security. While the need for these services is increasing day by day, the security of data and funds requires the full compliance of payment and electronic money institutions with legal regulations that have been implemented correctly and on time.

Legal regulations, which are of key importance to ensure that service users are not harmed in the digital payment process, also offer essential gains in terms of ensuring the safe operation of the systems and reinforcing the consumer confidence in terms of payment and electronic money institutions.

FINANCIAL INCLUSION

Another contribution of payment and electronic money institutions emerges in the dimension of financial inclusion. Considering the existence of a large population that has not met financial services in our country, penetration is increased through payment and electronic money services.

As a result of the payment and electronic money institutions offering innovative financial products and services focused on customer satisfaction, with speed and cost advantage to those who do not have access to banks, new users can be included in the financial system, and as the entrants to the system increase, the participation of unregistered assets in the economic cycle becomes stronger.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS PROVIDE A SUFFICIENT AND SECURE FINANCIAL STRUCTURE.

The most crucial assurance in the operation of the sector is that the payment service is provided by licensed TÖDEB member organizations that have competence in the sector.

Payment institutions and electronic money institutions are responsible for ensuring the security and confidentiality of funds and information, as well as capital, management, personnel and technical competence in order to obtain an operating license from the CBRT.

EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021

Legislative changes introduced recently make the industry ready for the future.

The fact that payment and electronic money institutions are subject to constant supervision and surveillance by both the CBRT and FCIB (MASAK) and the authorized independent audit companies is a strong mechanism that ensures trust and stability in the sector.

Providing financial security to users is another critical point. It is obligatory to protect the funds that they accept from the customer in special accounts opened at banks, until the payment or electronic money is used by the payment or electronic money institutions. It is also not possible to use these funds for any purpose other than payment and electronic money transactions. The concept of open banking was first introduced into our legislation with the law amendment made in 2019. Subsequently, a national QR Code standard was developed in payment services with the “Regulation on the Production and Use of TR QR Code in Payment Services” published by the Central Bank of the Republic of Turkey (CBRT); with the “Communiqué on International Bank Account Number”, payment service providers other than banks were also authorized to create IBANs for customer accounts subject to remittance.

Enabling the Instant and Continuous Transfer of Funds (FAST) application and enabling the access and integration of our sector participants to the FAST System were among the significant steps taken. In addition, the regulation of service banking by the BRSA (BDDK) has been one of the other legislative developments that paved the way for the sector. In addition, regulations to allow remote customer acquisition have also been put into effect. These regulations, in addition to the more effective and efficient management of financial cooperation processes, will also enable new products and services to be offered beyond even the increasing and diversified customer demands with the developing technology through new financial corporations to be established. Structural changes are expected in the financial system with the implementation of new business models targeting customer satisfaction as a result of the legislative change.

The “Regulation on Payment Services and Issuing Electronic Money and Payment Service Providers”, which was published in the Official Gazette on December 1, 2021, will have positive effects on the sector in terms of both financial strength and institutionalization and innovation.

It is expected that 2022 will be a year in which product and service diversity will increase within the framework of legislative developments, as well as new payment and electronic money institutions will enter the sector and capital inflows into the sector will continue.

EXTERNAL ENVIRONMENT, INDUSTRY SPECIFIC APPEARANCE AND LEGAL FRAMEWORK IN 2021

REGULATIONS ON FINTECH IN TURKEY ARE INTRODUCED IN THE 2010s.*

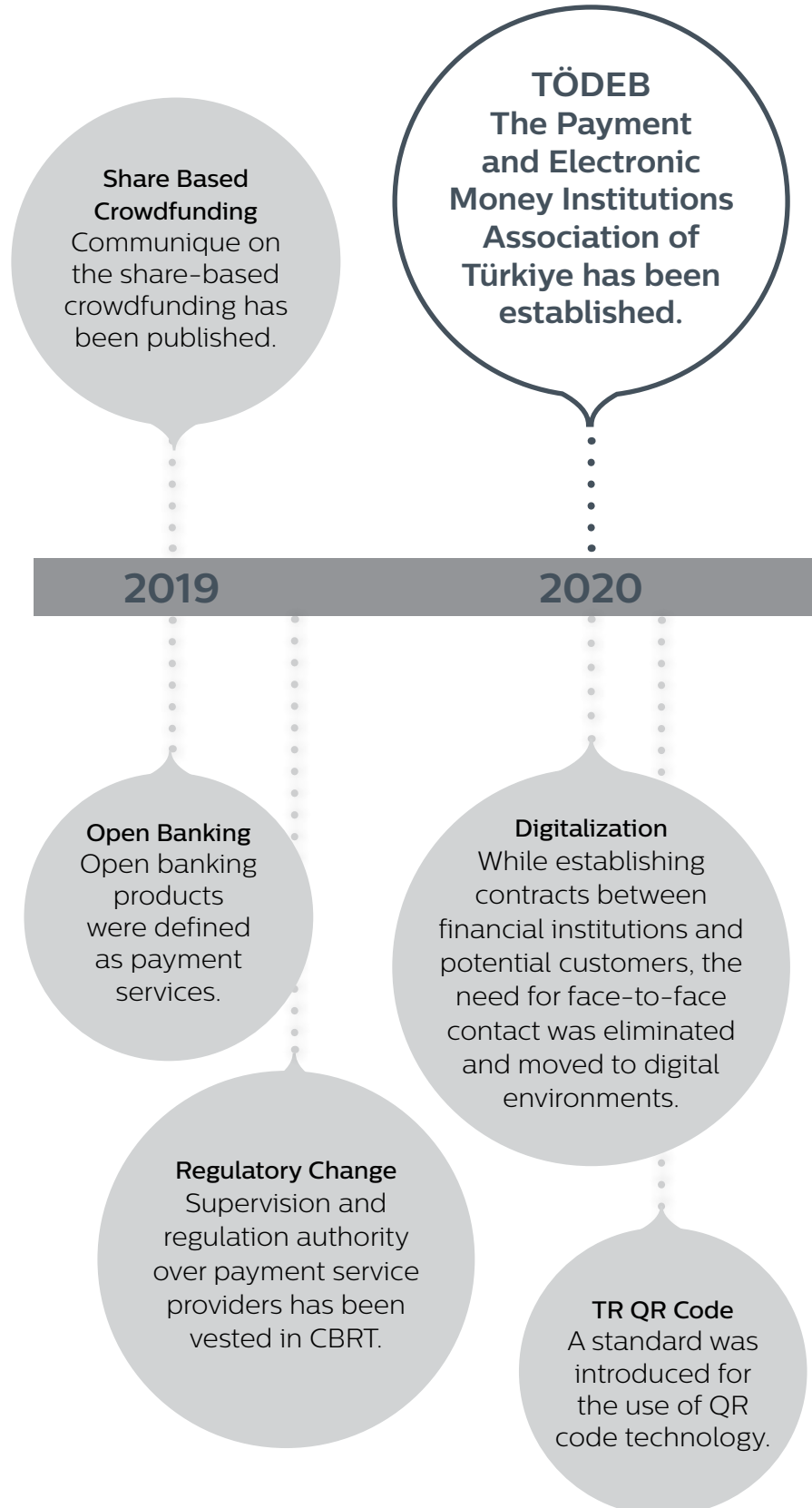
With the new generation payment devices being made compulsory in our country in 2012, many fintech initiatives were introduced; With the publication of Law No. 6493 in 2013, e-money and payment institution licenses started to be issued in 2014, and the number of enterprises increased rapidly.

Significant regulations have been put into effect in the last 3 years to further strengthen Fintech companies, encourage the digitalization of banks and pave the way for open banking.

In 2019, the control and regulation authority of payment service providers was transferred from the BRSA (BDDK) to the CBRT. With the centralization provided by this change, innovative regulations were published.

TÖDEB was established in 2020. With the effect of the pandemic, digitalization has accelerated, and the need for physical gatherings has been eliminated while establishing contracts between financial institutions and potential customers. While the process of acquiring customers was transferred to the digital environment, the use of QR Code technology was standardized, and the TR QR Code application was put into use.

At the end of 2021, sub-regulations on payment and electronic money institutions by the CBRT and digital banking and service banking regulation by the BRSA (BDDK) came into effect.



NFC (Near Field Communication) Authentication
NFC technology has become mandatory as the primary method during authentication of identity document.

Digital Money
Digital Turkish Lira Cooperation Platform has been established.

Remote Know Your Customer (KYC) Authentication
Authentication through video calls and the establishment of contracts in the electronic environment began to be allowed.

FAST
The Instant and Continuous Transfer of Funds (FAST) system has been implemented.

İkSecondary Editing and PSD2 Level Open Banking
The secondary regulation for payment services has been renewed. Open banking regulations have been realized at PSD2 level.

2021

IBAN
Payment institutions and electronic money institutions were enabled to create IBANs.

Debt-Based Crowdfunding
The procedures and principles regarding crowdfunding based on shares and borrowings were regulated.

Service Model Banking
Digital Banking Regulation on Service Model Banking and Digital Banking has been published.

TÖDEB'S ACTIVITIES IN 2021

OVERVIEW

Organizations providing payment and electronic money services in Turkey continued to exhibit a synergetic cooperation, produce and contribute to development under the umbrella of TÖDEB in 2021.

Institutional and functional existence of TÖDEB has contributed to the reputation of the sector in every aspect. In addition to the efforts for the correct understanding of payment and electronic money services by the public, the Association supported the efforts to regulate the sector on a common ground with all stakeholders.

As a professional organization, TÖDEB serves as a bridge between its members and governmental authorities.

BUSY, FIRST FULL OPERATIONAL YEAR

TÖDEB had a busy year in 2021, its first full year of operation.

The Association has continued to work towards the development of the Turkish fintech industry with a sense of responsibility, increasing the synergy it has created with its members and the public.

TÖDEB CREATED EFFECTIVE AND VALUABLE PLATFORMS WHERE MEMBERS COME TOGETHER.

As a professional organization, TÖDEB acts as a bridge between its members and official authorities. 2021 has been a year in which the long-awaited legislative changes, which are thought to contribute positively to the development of the sector, were introduced.

TÖDEB played an active role including the evaluation of the relevant regulations as of the drafting stage, sharing the opinions with the relevant parties and submitting the hesitations about the implementation after such regulations entered into force.

The Association paid attention to the uninterrupted communication with the authority and visited the Central Bank of the Republic of Turkey, the Financial Crimes Investigation Board (MASAK), the Competition Authority, the Presidential Finance Office, the Ministry of Commerce, the Ministry of Internal Affairs, the Ministry of Justice and conducted visits to other relevant public institutions and organizations throughout the year.



The committee, working groups and advisory boards are the most basic organs of the Association. TÖDEB members convene through weekly or monthly meetings to regularly consult with each other.

During the workshop held in 2021 through the participation of FCIB (MASAK) representatives and TÖDEB members, 2021 amendments to the FCIB (MASAK) Legislation were evaluated.

IN 2021, THE NUMBER OF COMMITTEES OPERATING BEFORE TÖDEB INCREASED TO SEVEN.

As of the end of 2021, the number of committees operating under the same roof of TÖDEB increased to 7. The committees in which member company representatives actively participate and to which such representatives contribute are as follows.

- Security Committee
- Law and Legislation Committee
- Ethical Committee
- Public Relations Committee
- Compliance Committee
- Combating Illegal Activities Committee
- Open Banking Committee

The Committee, Working Groups and Advisory Boards are the most fundamental organs of the Association. TÖDEB members convene through weekly or monthly meetings to exchange views regularly. In addition,

In 2021, our 7 committees held a total of 113 meetings.



**7 Committees
113 meetings**

20 working/sub-working groups were established in 2021 in order to make a more effective and detailed evaluation regarding the legislation and implementation, to identify the problems in practice and to shed light on the development of the sector.

HIGHLIGHTS FROM THE ACTIVITIES OF COMMITTEES AND WORKING GROUPS

The Revenue Administration Working Group carried out studies on the reflections of the regulations before the Revenue Administration to the sector; and the FCIB (MASAK) Working Group played an active role within the scope of compliance with the Financial Crimes Investigation Board (MASAK) legislation.

The Law and Legislation Committee is one of the most active committees that monitors and evaluates regulations on areas that are directly or indirectly related to the sector, evaluates such regulations and creates opinions to submit to the relevant authorities. The Committee continued its works throughout the year in coordination with the Compliance Committee, which operates for compliance with regulations.

Committees and working groups such as the Open Banking Committee and the QR Code Working Group served as a common platform where members share their evaluations in the light of current regulations, and the Human Resources Working Group, on the other hand, focused on producing solutions for the sector's human resources needs.

Working on actions to be taken against fraud that may occur in relation to payment services, the Security Committee evaluated the practices that could be developed before the Association.

Advisory boards were established within the body of TÖDEB for the direct carrier billing, remittance, payment gateway (POS) services, bill payment and electronic money sectors; and the function of the guiding advisory board was fulfilled by making evaluations on issues concerning the sector.

Detailed information about the activities of the committee and working groups in 2021 is provided in Annex 1, on page 48.

TÖDEB'S ACTIVITIES IN 2021

WORKS SUPPORTING COMPLIANCE WITH PROFESSIONAL PRINCIPLES AND STANDARDS

One of the main purposes of TÖDEB is to support member organizations to act in accordance with professional principles and standards and to carry out works that will meet the needs of the economy.

TÖDEB constitutes a delicate balance mechanism as it guides in ensuring uniformity and acting in accordance with the principle of accountability in a dynamic environment where different technologies are used.

In 2021, the Association published the Professional Ethical Principles, Disciplinary Regulation, rules of announcement and advertisement, principles of supporting research activities, principle decision regarding prevention of billings against the Law No. 6493 and similar regulations.

THE OPEN BANKING COMMITTEE PERFORMED WORKS THAT CONTRIBUTE TO ALL STAKEHOLDERS.

The Open Banking Committee formed through the participation of TÖDEB members as well as representatives of other fintech institutions carried out preparatory work for the developments to be experienced following the clarification of open banking services through the Regulation.

It is foreseen that new actors will join the sector in 2022 and beyond, the variety of products and services offered will increase, and most importantly, new capital inflows will increase with along the preservation of an effective competitive environment.

At this point, it is also aimed to carry out activities for good and correct promotion of the sector both in domestic and international markets, and to increase public awareness about the fintech sector, especially payment services.

ARBITRAL TRIBUNAL FOR PRIVATE CUSTOMER ENTERED INTO SERVICE.

TÖDEB is responsible for taking and implementing the necessary measures in order to prevent unfair competition among the members providing services in the sector.

It is TÖDEB's constant goal to create an ecosystem shaped around a synergetic cooperation platform and strong dialogue, rather than a market environment where its members consider each other as competitors.

TÖDEB, being also tasked with evaluating and resolving the disputes between member companies and private customers, activated the Arbitral Tribunal for Private Customer in accordance with the provisions of the Regulation on the Principles and Procedures of the Association of Payment and Electronic Money Institutions for the Arbitral Tribunal for Private Customer.

The Arbitral Tribunal for Private Customer aims to support the qualified and healthy communication of its members, acting with a focus on customer satisfaction, with their customers, and to resolve potential conflicts with a fair approach.

Detailed information about the operation of and conditions for applying to the Arbitral Tribunal for Private Customer may be found at the following address:

<https://todeb.org.tr/sayfa/bireysel-musteri-hakem-heyeti/56/>

IN 2022...

ONE OF TÖDEB'S MAIN ROLES IS TO CONTRIBUTE TO THE DEVELOPMENT OF THE SECTOR.

The Association foresees to carry out training, promotion and research activities in 2022 regarding the rapid changes and developments in the sector.

TÖDEB will also carry out works that will increase the interest of new generations in the sector by organizing training programs in order to contribute to the employment of qualified personnel in the sector.

Among the priorities of the Association for 2022 are also the disclosure of the branch and representative information of its members to the public, the application forms of the representatives and the determination of the minimum elements to be included in the representation agreements, the determination of the contents of the receipts issued within the scope of one-time payment transactions and electronic money issuance, and the completion of studies for the fulfillment of other duties determined in the legislation.

The Association foresees to carry out training, promotion and research activities in 2022 regarding the rapid changes and developments in the sector.

TÖDEB Data Transfer System will be activated in 2022.



TÖDEB Data Transfer System will be activated in 2022

Increasing the knowledge about the sector and keeping the general and statistical information about the members and informing the public regularly are among the most important duties of TÖDEB.

One of the main goals of the Association for 2022 is the implementation of the TÖDEB Data Transfer System.

A sector database will be created by consolidating the data obtained from the members, and the stakeholders and the public will be informed through periodic reports.

About TÖDEB Data Transfer System (TDTS)

TÖDEB Data Transfer System (TDTS) is a project that will enable the Association to disclose statistical information to the public by analyzing the data to be transmitted electronically by TÖDEB Members in TDTS in accordance with the determined reporting sets.

Project works were started in 2021 and important steps were taken regarding the following issues:

- Negotiations were conducted with software companies for the system to be used, proposals were obtained, and a software company was assigned by preferring the “No Code Platform” infrastructure, which is convenient for development and diversification, being considered as today’s technology;

- Through the software company specifying the necessary infrastructure resource list that will enable the use and operation of the software, work has been started to procure TÖDEB’s own servers and through the contribution of the Member, a server ecosystem has been created to meet the needs.

Finally, in order to meet the management, hosting and licensing needs of this ecosystem, offers were collected by contacting the data centers that are known and reliable in the sector and as result of the evaluation process, important steps were taken towards the implementation of the system by coming to an agreement with one of such centers in accordance with ISO 27001 / 27002, Tier 3-4 standards.

The steps planned for this entire process are being advanced one by one as a result of intensive works, and the system is being tried to be used actively in 2022.

The security layers of TDTS have been detailed within this project design process and have been designed in such a way that the confidentiality and security of all kinds of data obtained from the Members will be ensured to the maximum extent possible.

Within this combination of server and software architectures, many security steps such as access restrictions, benefiting from today’s technologies, using of electronic signatures, using VPN services, additional protection systems against attacks, reserved and closed-circuit line and internet connections for servers are also included in the project.

All international and local security standards have been taken into account In terms of the physical hosting and management services, and maximum attention has been paid to ensure that the data flow within TDTS is not interrupted. Moreover, through the actualization of the system, controls will be performed regularly and through such controls, the system will be improved day by day.

The working structure of TDTS will start with the periodic uploading of the reporting sets, determined by the Association, to the system by the Members and the uploaded data will be analyzed within the system and will seasonally end once the data is shared with the Members and the public. Consolidated data will be shared with the public through reporting sets to monitor the development of the sector within the scope of size, profitability, transaction volume, investment capacity, efficiency and similar parameters.

OPINIONS, REQUESTS AND SUGGESTIONS

All the year round, TÖDEB conveyed the opinions and requests formed about 35 different subjects through the active participation of its members to the authorities and played an active role in the development of the legislative substructure.

JANUARY

Sector opinions on the “Draft Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers” and “The Draft Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Field of Payment Services” were drafted and submitted to the Central Bank of the Republic of Turkey (CBRT).

It was requested that the IBAN Inquiry, Turkish Identity Number and Card Number Matching services offered by Kredi Kayıt Bürosu A.Ş. (KKB) be made available to the members of the Association. A request was made for the services offered by the Interbank Card Center (BKM) for the matching of Turkish Identity Number and Card Number, to be offered to the Members.

MARCH

Draft regulations prepared within the scope of the duties and authorities given by the Statute of the Association were submitted to the CBRT’s kind reviews.

The Presidency of FCIB (MASAK) was informed about the work carried out regarding the fight against illegal activities.

It was requested from the Credit Reference Agency (Kredi Kayıt Bürosu) that the Members may also access to the Turkish Identity Number and GSM No matching service.

Opinions and evaluations on marketplaces within the scope of payment services legislation, and the “Draft Standards for Payment Services to be Offered on Marketplaces”, prepared within this context, were submitted to the CBRT.

FEBRUARY

Sector opinions on the “Draft Regulation Amending the Regulation on Measures Regarding the Prevention of Laundering of Crime Revenues and Financing of Terrorism”, “Draft Regulation Amending the Regulation on the Program of Compliance with Obligations Regarding the Prevention of Laundering of Crime Revenues and Financing of Terrorism”, “Draft Communiqué (no: 18) Amending the Financial Crimes Investigation Board General Communiqué (no: 5)” have been forwarded to the Presidency of the Financial Crimes Investigation Board (FCIB) (MASAK).

APRIL

Within the scope of the works carried out by the Competition Authority in the field of fintech, our opinions and suggestions regarding the matters falling within the scope of our Association’s filed of activity were submitted to the Competition Authority.

Within the framework of the Regulation on the Jewelry Trade, the opinion of the Ministry of Commerce was requested on the conduct of the remittance activity by the Members through the representatives engaged in the jewelry trade.

A request was submitted to the Ministry of Internal Affairs to benefit from direct access to address information through the Identity Sharing System.



MAY

The request for a change in the Statute of the Association was submitted to the CBRT in order to enable the general assembly meetings of the Association to be held electronically.

AUGUST

An integration request was submitted to the Ministry of Justice for the participation of Members in the National Judiciary Informatics System (UYAP).

A request was submitted to the Energy Market Regulatory Authority for amending the legislation regulating the collection of electricity bills so that consumers can make payments based on their own preferences to the institutions providing services in return for a service fee.

JUNE

Opinions on the planned amendments to the “Communiqué on the International Bank Account Number (IBAN)” (IBAN Communiqué) and the “Draft Law on Amending the Central Bank of the Republic of Turkey Law and the Banking Law” were submitted to the CBRT.

SEPTEMBER

Within the scope of the relevant FCIB (MASAK) regulation regarding remittance transactions, an opinion was requested from FCIB (MASAK) regarding the monetary limits to be complied with by the Members.

A written application was made to the Revenue Administration for the access of the Members to the registration, inquiry and similar web services.

Industry opinions on the “Draft Regulation on Operational Principles of Digital Banks and Service Model Banking” have been submitted to the Banking Regulation and Supervision Agency.

A request was submitted to the CBRT for obtaining an opinion on the abroad cooperation of the direct carrier billing sector.

OPINIONS, REQUESTS AND SUGGESTIONS

OCTOBER

The request for a separate calculation of the clearing commission rate for the prepaid cards was submitted to the CBRT.

Opinions and evaluations regarding the planned change on the Risk Center reporting method were submitted to the Competition Authority.

Members were also requested to participate in the trainings organized by the Training Center of the Banks Association of Turkey.

Opinions on the 22nd article of the “Draft Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Field of Payment Services” were submitted to the CBRT.

The request for the deployment of the specialized police and the specialized gendarmerie before the Association was submitted to the Ministry of Interior Internal Affairs General Directorate of Security and the Gendarmerie General Command.

NOVEMBER

The documents required to be prepared in terms of the transactions subject to BITT, as well as legislative amendments regarding the determination of the real beneficiary, and our requests for opinion were submitted to the Revenue Administration.

A request was submitted to the CBRT to extend the adaptation period stipulated by the “Regulation on the Generation and Use of TR Data Matrix on Payment Services”.

It was requested from the CBRT to evaluate the participation requests in the FAST System, without waiting for the completion of the application processes regarding the expansion of the activity of the Members who have only the license to operate in accordance with the subparagraph (b) of Article 12 of the Law no. 6493.

The Association’s opinion on the Fintech Strategy Document Draft was submitted to the Ministry of Treasury and Finance.

A request was submitted to the Information Technologies and Communications Authority to deny access to websites using the name of the Association.

Our opinions and suggestions were submitted to the CBRT in order to determine the legal nature of the protection accounts.

A request was submitted to FCIB (MASAK) for a change in legislation in order to be able to act as an intermediary for chance and bet payments.

DECEMBER

The CBRT’s opinion was requested on the provisions of the sub-regulations of the Law No. 6493 published in the Official Gazette dated 1.12.2021, which must immediately be complied with, without waiting for a one-year of adaptation period.

It was requested from the Ministry of Commerce to expand the scope of the incentives planned to be provided to fintech.

Opinions on the Fintech Strategy Document Draft were reported to the Presidential Finance Office.

An opinion request was submitted for enabling the Association and its Members to benefit from the Financial Institutions Cloud Common Data Center Service.

EVENTS

All the year round, TÖDEB submitted the opinions and requests formed about 35 different subjects with the active participation of its members, to the authorities and played an active role in the development of the legislative substructure.

JANUARY

Information meeting about Btrans reporting

Through the participation of the Revenue Administration, the Central Bank of the Republic of Turkey, the Financial Crimes Investigation Board, the Tax Inspection Board and the Members, a meeting was held about the Btrans reporting formats to be submitted to the Revenue Administration.

MAY

FCIB (MASAK) Workshop on 2021 Amendments in FCIB (MASAK) Legislation and Implementations of Payment Institutions and Electronic Money Institutions within the Scope of MASAK Legislation

Workshop on 2021 Amendments in FCIB (MASAK) Legislation and Implementations of Payment Institutions and Electronic Money Institutions within the Scope of FCIB (MASAK) Legislation was held online on May 5, 2021.

The workshop, where the opening speeches were made by the Vice President of FCIB (MASAK), Ersin Başar Ekmekçi and the President of TÖDEB, Burhan Eliacik, was attended by FCIB (MASAK) expert team together with Department Heads of FCIB (MASAK), namely İrfan Samsama and Halil Şimşek.



Ordinary General Assembly Meeting of TÖDEB in 2021

Ordinary General Assembly Meeting of TÖDEB in 2021 was electronically held on 24.05.2021 at the TÖDEB headquarters by procuring services regarding the E-General Assembly system from Merkezi Kayıt Kuruluşu A.Ş. Intensive attendance by the Members was observed during the first General Assembly meeting held after the establishment of TÖDEB

Harvard Business Review Turkey- “Future of Fintech: Maturation Period” webinar

The webinar “Future of Fintech: Maturation Period” organized by Harvard Business Review Turkey through the strategic partnership of TÖDEB was held on 20.05.2021. Chairman of the Executive Board of TÖDEB, Burhan ELİAÇIK took part as a speaker in the webinar where the general view and future of the fintech industry were discussed.

Harvard Business Review
TÜRKİYE

SUMMIT

ORIGINAL TURKISH

Fintech'in Geleceği: Olgunlaşma Dönemi

Serdar Turan
HBR Türkiye, Genel Yayın Yönetmeni

Burhan Eliaçık
Türkiye Ödeme ve Elektronik Para Kuruluşları Birliği (TÖDEB), YKB

EVENTS

2023 Conferences of Forum Istanbul

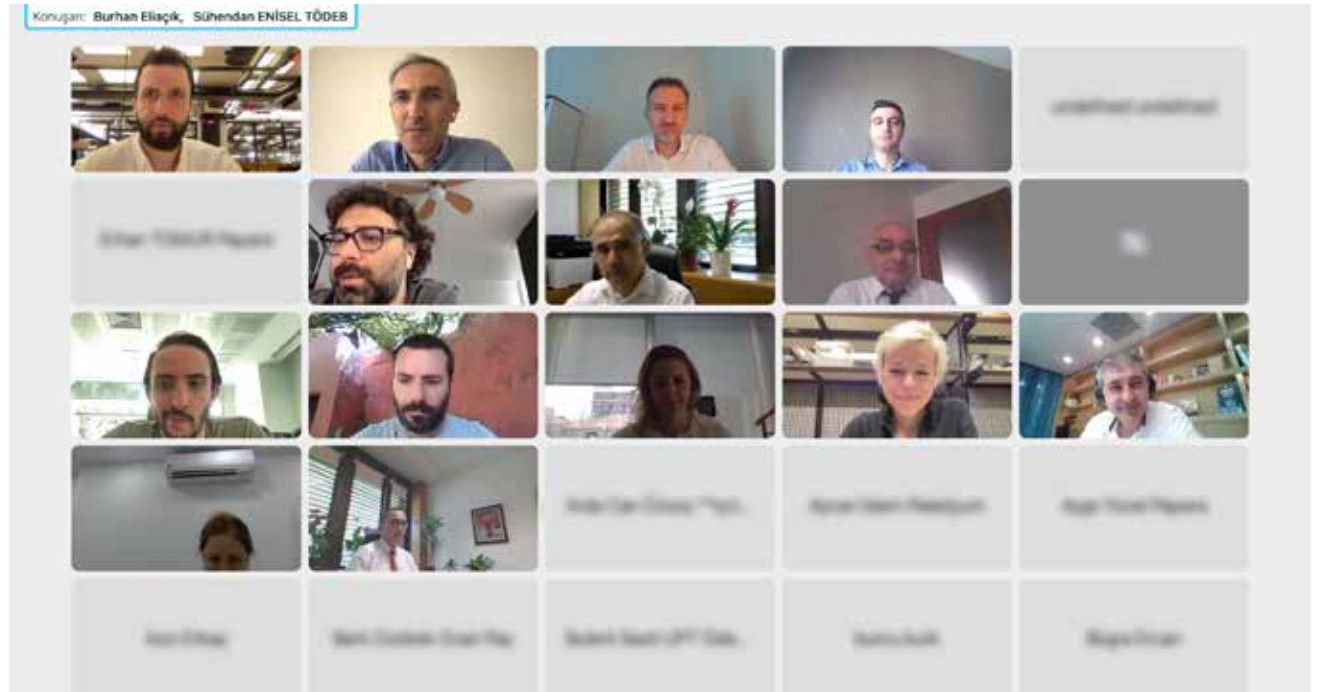
Chairman of the Executive Board of TÖDEB, Burhan ELİAÇIK take part as a speaker at the session titled “Global Trend: FINTECH” of the 2023 Conferences Forum Istanbul, which was held on 26 May 2021.

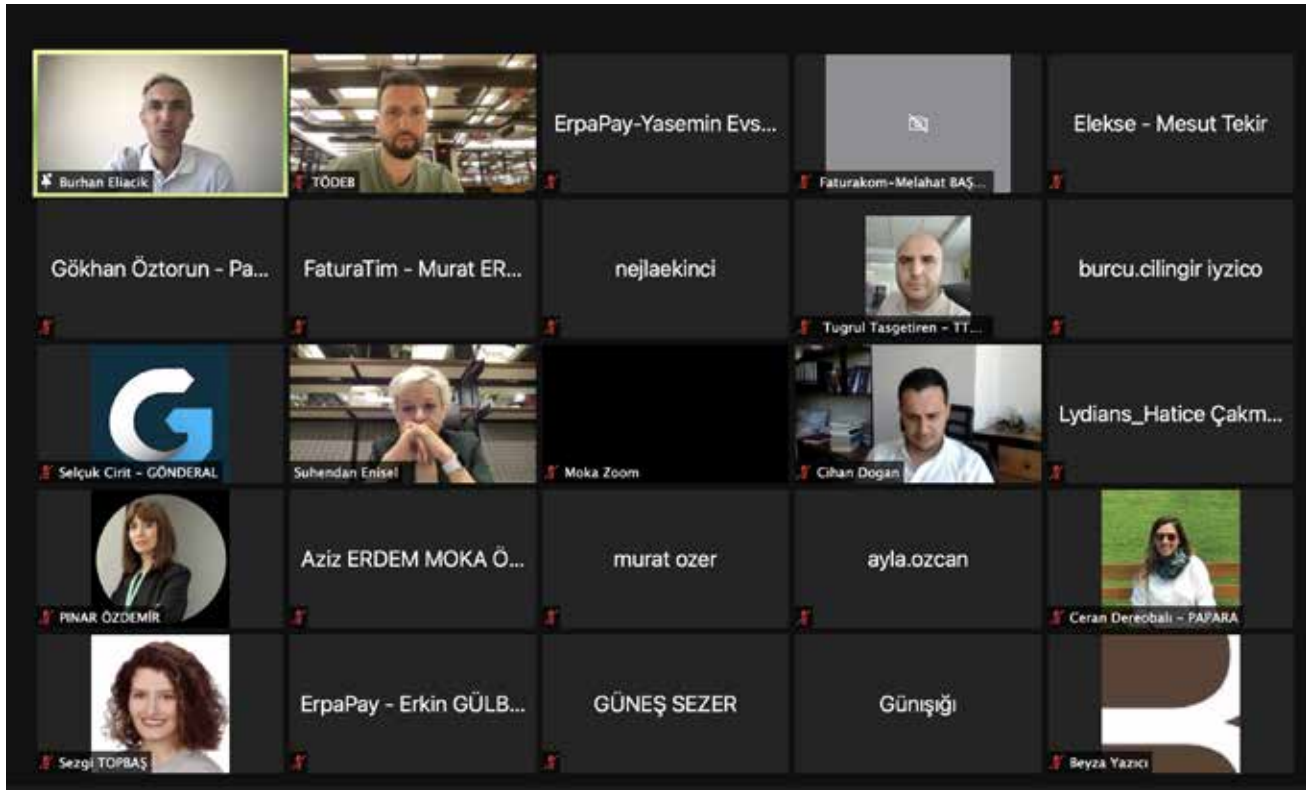


JUNE

Payment with TR QR Code Meeting

Within the framework of the implementation flows determined within the scope of the ongoing studies works on TR QR Code applications by the Interbank Card Center (BKM) under the coordination of the Central Bank of the Republic of Turkey (CBRT), on 24 June 2021, through intensive attendance of the Members, a meeting was held with BKM officials in order to increase awareness in the sector, to reflect the opinions of the Members to the flows and to share the latest developments with the Members, and opinions and suggestions were made within the scope of the information provided by Interbank Card Center (BKM).





Meeting on “Evaluation of the Human Resources Policies of the Sector and Discussion of Solution Offers”

A meeting was held on 29 June 2021 through the participation of the Members to evaluate the general view of the sector regarding human resources, to determine the priority areas in need of personnel, to identify the needs for the employment of qualified personnel and to solve the existing problems, as well as to propose solutions.

FCIB (MASAK) Workshop within the scope of FATF’s “Turkey Mutual Evaluation Report”

An online workshop was held on 28 June 2021 within the scope of FATF’s “Turkey Mutual Evaluation Report” through the participation of FCIB (MASAK) officials and CBRT representatives.

The workshop, where the opening speeches were made by the Vice President of FCIB (MASAK), Hasan EMRE and the President of TÖDEB, Burhan Eliacik, was attended by FCIB (MASAK) expert team together with Department Heads of FCIB (MASAK), namely FARUK MUTLU.

During the workshop organized through the intensive interest of TÖDEB members and the participation of more than 100 representatives, information was given by the FCIB (MASAK) team under the headings of the financing of terrorism and the financing of weapons of mass destruction risks in our country; legislation within this framework and targeted financial sanctions as an effective means of struggle; organizations providing unlicensed money and value transfer services; recognition of the customer; recognition of the beneficial owner; suspicious transaction reports; high-risk situations and tightened measures to be taken in such situations; liabilities, liability audits and results; client recognition, transparency and genuine beneficiary in legal entities such as trust; national risk assessment and results.

EVENTS

JULY

Visit to the Competition Authority

During the visit to the President of the Competition Authority, Mr. Birol KÜLE; information was given and consultations were held regarding the activities of our Association and the sector.



Visit to the Competition Authority

Visit to the Central Bank of the Republic of Turkey

During the visit to the President of the Central Bank of the Republic of Turkey, Mr. Şahap KAVCIOĞLU; information was given, and consultations were held regarding the activities of our Association and the sector.



Visit to the Central Bank of the Republic of Turkey

Visit to the Financial Crimes Investigation Board

During the meeting held with the Vice President of FCIB (MASAK), Mr. Hasan EMRE and esteemed managers; evaluations were made about the practices of our Association and our sector.



Visit to the Financial Crimes Investigation Board

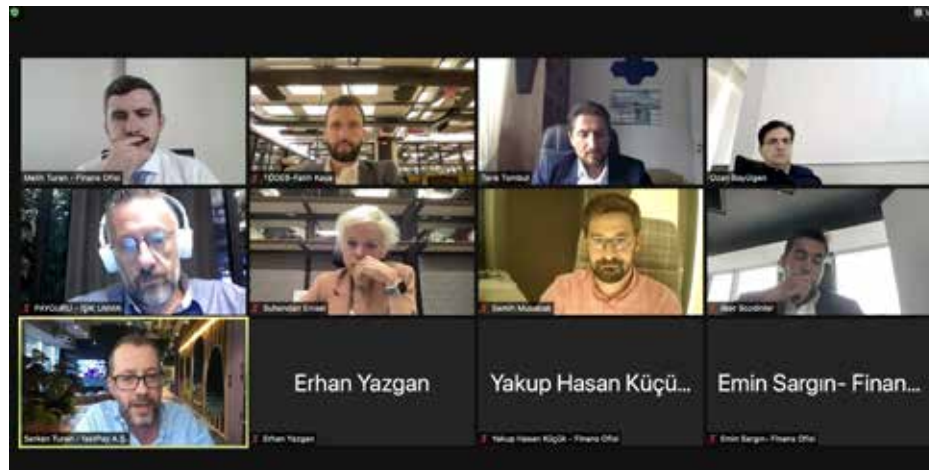
EVENTS

AUGUST

E-commerce meeting held by the Ministry of Commerce

During the online meeting held through the participation of Deputy Minister of Commerce, Sezai Uçarmak, suggestions and opinions on payment services related to the development of the e-commerce sector were discussed.

SEPTEMBER

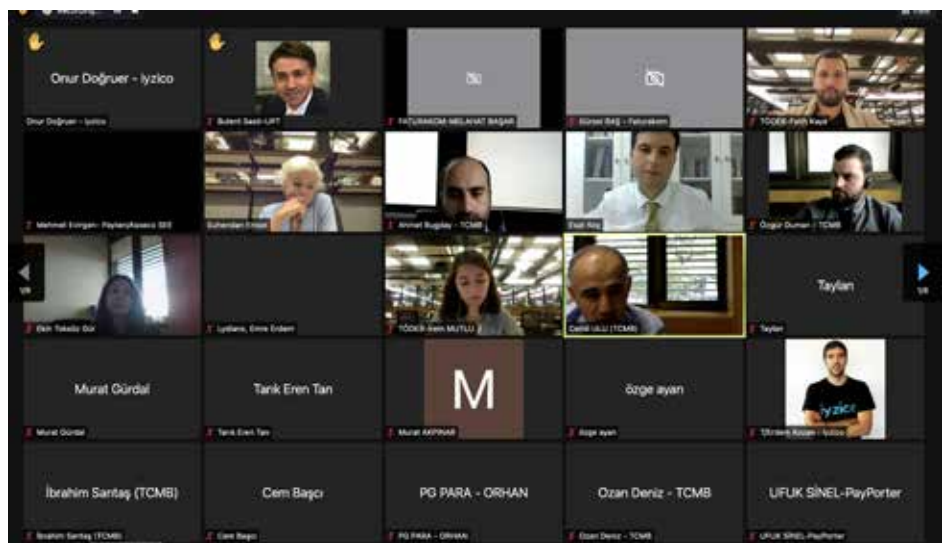


Meetings with the Presidential Finance Office

Approximately 10 meetings were held with the Presidency Finance Office during the preparation process of the National Fintech Strategy Document.

Meeting held through the Participation of CBRT Officials About FAST System Requirements

During the meeting held with the esteemed managers and technical team of the Central Bank of the Republic of Turkey (CBRT), the Members who will participate in the FAST system were informed about the system requirements.



OCTOBER

Global Covid-19 Impact on Fintech Market and Sector Endurance Survey

The Global Covid-19 Impact on Fintech Market and Sector Endurance Survey, compiled by the Cambridge Center for Alternative Finance (CCAF-Cambridge Alternatif Finansman Merkezi) within Cambridge University in cooperation with TÖDEB and conducted jointly with the World Bank Group and the World Economic Forum, was participated.

NOVEMBER

Meeting about “8 Digit BIN Pass and Information About Visa Token Service” through the participation of VISA officials

Members were informed by VISA officials about the 8 Digit BIN transition and the details of the Visa Token Service (VTS) that will be used in the near future.

Visit to the Istanbul Finance Center

Istanbul Finance Center promotion office was visited with our members; during the meeting held with the managers and team of TVF İstanbul Finans Merkezi A.Ş.'nin (IFM), being an affiliate of Türkiye Varlık Fonu Yönetimi A.Ş. (TVF), the Istanbul Financial Center project, which is planned to become operational soon, was introduced to our Members.



Visit to the Istanbul Financial Center

Open-Source Platform and Ecole 42 Schools

In order to contribute to the training of software developers in the Fintech sector, a cooperation protocol was signed with the Open-Source Platform and Ecole 42 Schools, which was established under the Ministry of Industry and Technology, in partnership with Bilişim Vadisi and TÜBİTAK TÜSSİDE.



EVENTS

DECEMBER

Information meeting about the new legislation

Through the participation of more than 400 member representatives, an information meeting was held about the “Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers” and the “Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services in the Field of Payment Services Providers” published in the Official Gazette dated 1 December 2021.

DigitalMoney’21

DigitalMoney’21 awards, organized by Fast Company with the strategic partnership of TÖDEB, found their owners. At the award ceremony, the Chairman of the Executive Board, Burhan ELİAÇIK mentioned the important developments in the field of payment services and financial technology during the year and their expectations for the upcoming year.

Information meeting about payment gateway (POS) transactions and document issuance obligations within the scope of TPL General Communiqué

Within the scope of the General Communiqué on Tax Procedure Law No. 507, an information meeting was held for the Members about payment services and document issuance obligations.

Financial Steps in the Digital World Summit

The Chairman of the Executive Board, Burhan ELİAÇIK took part as a moderator during the panel titled “Payment Ecosystem: Changing Behaviors” of the Financial Steps in the Digital World Summit held by Turkmedia.

E-Commerce and New Generation Services Workshop held by the Revenue Administration

Within the scope of the project “Strengthening the Audit Capacity within the Scope of Reducing the Informal Economy and Increasing Data Sharing Between Institutions” carried out by the Revenue Administration (GİB);

E-Commerce and New Generation Services Workshop was held in order to evaluate the actors in the e-commerce sector, to analyze and identify the informality and the problems that cause the informality in the sector, and to discuss the solutions, to review the legislative regulations of all stakeholder institutions and organizations tasked with regulating and supervising the sector and to address the data sharing between institutions. During the workshop, information was given by the Members about the business models of payment institutions in electronic commerce.

40 Under 40 Summit and Award Ceremony

The Chairman of the Executive Board, Burhan ELİAÇIK, moderated the panel on “Financial Ecosystem and Sustainable Macro Targets” at the 40 Under 40 Summit and Award Ceremony organized by Fortune Turkey.



Under 40 Summit and Award Ceremony



DigitalMoney'21 Awards



E-commerce and Next Generation Services Workshop

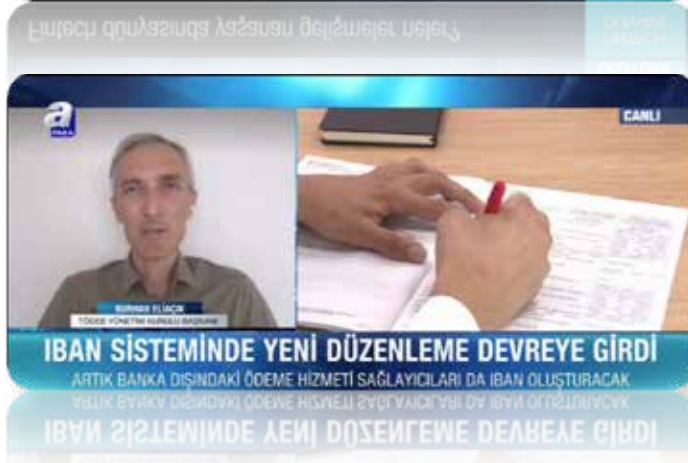
PRESS REFLECTIONS



4 June 2021

EKOTÜRK - Fintek Dünyası

The Chairman of the Executive Board, Burhan ELİAÇIK, who appeared in the EKOTÜRK Fintek Dünyası program as on-air guest on 04.06.2021, made evaluations about the general outlook and future of the sector.



6 August 2021

A Para Tv – “Paranın Yönü”

The Chairman of the Executive Board, Burhan ELİAÇIK shared his opinion on allowing the Members to create an IBAN with the amendment to the IBAN Communiqué, in the program called “Para’nın Yönü” on A Para TV.

20 August 2021

A Para Tv – “İşin Sırrı”

The Chairman of the Executive Board, Burhan ELİAÇIK shared his views on digital banking legislation in the program called “İşin Sırrı” on A Para TV.



10 September 2021

Milliyet Newspaper

IBAN period for Payment and Electronic Money Institutions



16 September 2021
Payment Systems Magazine (PSM)
The BRSA Draft completes the missing link for bank-fintech cooperation.



7 December 2021
Bloomberg HT – Fokus
The Chairman of the Executive Board, Burhan ELİAÇIK, In the program “Fokus” on Para TV shared his opinion on the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, and the Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services in the Field of Payment Services Providers, published in the Official Gazette dated 1 December 2021.

23 December 2021
Bloomberg HT – Finansal Teknoloji
The Chairman of the Executive Board, Burhan ELİAÇIK was the guest of the program “Finansal Teknoloji” on Bloomberg TV. In addition to evaluating the year 2021 in terms of payment and electronic money institutions, he also shared his opinion on the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, and the Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services in the Field of Payment Services Providers, published in the Official Gazette dated 1 December 2021.



ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Combating Illegal Activities Committee	It carries out studies to prevent the use of payment and electronic money services by third parties in illegal activities.	5	9	-	<p>16 March 2021/28 April 2021/4 May 2021 /30 June 2021/12 August 2021</p> <p>The results of the external services procured to prevent the use of payment and electronic money services by third parties in mediums carrying out illegal activities have been evaluated and the measures that can be taken in this regard have been discussed.</p>
Law and Legislation Committee	It follows the regulations related to the fields that directly or indirectly concern the sector at the macro level, evaluates such regulations and prepares opinions for providing the relevant authorities with such opinions.	12	20	45	<p>16 March 2021</p> <p>Association regulations have been evaluated within the framework of the CBRT's views.</p> <p>3 June 2021</p> <p>"Procedures and Principles Regarding Supporting Research Activities of the Association of Payment and Electronic Money Institutions of Türkiye" and "Principles and Rules that Members of the Association of Payment and Electronic Money Institutions of Türkiye are obliged to comply with in their Announcement and Advertising Activities" prepared by the Public Relations Committee have been evaluated.</p> <p>16 June 2021</p> <p>Member opinions regarding the amendments to be made by the CBRT in the Communiqué on International Bank Account Number (2008/6) have been evaluated.</p> <p>29 June 2021</p> <p>Five separate working groups have been established to evaluate the regulations on a sectoral basis by determining the working procedures and principles of the committee.</p> <p>30 July 2021</p> <p>The request for participation in the National Electronic Notification System (UETS) to be submitted to the Ministry of Justice and the request for legislative amendment to be submitted to the Energy Market Regulatory Board (EMRA) have been evaluated.</p> <p>27 August 2021</p> <p>The regulation prepared to prevent the use of payment and electronic money accounts in illegal billings has been evaluated.</p>

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Law and Legislation Committee	It follows the regulations related to the fields that directly or indirectly concern the sector at the macro level, evaluates such regulations and prepares opinions for providing the relevant authorities with such opinions.	12	20	45	<p>30 September 2021 The list of legislation to be published on the Association website has been determined. Members' requests for legislative amendments have been evaluated.</p> <p>27 October 2021 A legal evaluation has been made of the solution proposals for the information sharing needs of the members. The legal nature of the protection accounts has been discussed.</p> <p>11 November 2021 The procedures and principles prepared for the reporting to the Association within the scope of TÖDEB Data Transfer System (TVTS) have been evaluated.</p> <p>25 November 2021 The implementation of the monthly transaction limit for identification purposes within the scope of FCIB (MASAK) legislation for Members acting as an intermediary for direct carrier billings and the provision of payment services for virtual betting transactions have been discussed. "Principle Decision Regarding Not Using Payment and Electronic Money Services in Billing Transactions for Commercial Purposes in Contrary to the Law No. 6493 on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions" has been approved.</p> <p>14 December 2021 The opinions and suggestions of the Working Group - Legal have been evaluated within the scope of the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers published in the Official Gazette on 1 December 2021.</p> <p>27 January 2022 Legislation amendment requests regarding intermediation in lease and salary payments and the procedures and principles regarding holding the general assembly meetings of the Association in electronic environment have been evaluated.</p>

ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Working Group - Legal	It evaluates the requests for opinions and suggestions from the Members within the scope of the current legislative changes in the fields of interest to the sector.	11	8	-	<p>18 June 2021 Opinions on the change in legislation regarding membership to the Banks Association of Turkey (BAT) Risk Center have been evaluated.</p> <p>8 July 2021 A draft decision has been prepared to prevent the use of products and services offered by members on illegal betting and gambling web-sites by third parties.</p> <p>2 September 2021/9 September 2021 Opinions on the Regulation on Operational Principles of Digital Banks and Service Model Banking have been evaluated.</p> <p>21 September 2021 The work flow and application form of the arbitration tribunal, which was prepared within the scope of the Regulation on the Principles and Procedures of the Association of Payment and Electronic Money Institutions for the Arbitral Tribunal for Private Customer has been evaluated.</p> <p>5 November 2021 Within the scope of combating illegal activities, a legal evaluation has been made on the matter of establishing a database before the Association.</p> <p>6 December 2021/7 December 2021/16 December 2021/24 December 2021/13 January 2022 A total of five meetings were held in which opinions have been evaluated on the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, and the Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Payment Services Area, published in the Official Gazette on 1 December 2021.</p>
Law and Legislation Committee Sub-Working Group - Billing	It evaluates the regulations on issues concerning the institutions acting as intermediaries in billing and prepares opinions for providing the relevant authorities with such opinions.	5	7	-	<p>16August 2021/27 October 2021 A draft regulation has been prepared to prevent the use of payment and electronic money accounts for illegal billings.</p> <p>16 December 2021/3 January 2022/1 February 2022 The representative candidate application form and framework representation agreement, that shall be prepared by the Association within the scope of the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, have been prepared.</p>

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Law and Legislation Committee Sub-Working Group - Payment Gateway (POS)	It evaluates the regulations on issues concerning the institutions providing payment gateway (POS) services and prepares opinions for providing the relevant authorities with such opinions.	1	20	-	As a result of the negotiations with the Banks Association of Turkey, the information to be provided to the judicial authorities regarding illegal activities has been evaluated and the notification format has been prepared.
Law and Legislation Committee Sub-Working Group - Remittance	It evaluates the regulations on issues concerning the institutions carrying out remittance and prepares opinions for providing the relevant authorities with such opinions.	2	14	-	10 August 2021 Legislation amendment requests regarding intermediation in lease and salary payments have been evaluated. 16 December 2021/3 January 2022/1 February 2022 The representative candidate application form and framework representation agreement, that shall be prepared by the Association within the scope of the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, have been prepared.
Law and Legislation Committee Sub-Working Group - Direct Carrier Billing	It evaluates the regulations on issues concerning the institutions acting as intermediaries in direct carrier billings and prepares opinions for providing the relevant authorities with such opinions.	1	9	-	The implementation of the monthly transaction limit for identification purposes within the scope of FCIB (MASAK) legislation for Members acting as an intermediary for direct carrier billings and the provision of payment services for virtual betting transactions have been discussed.

ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Law and Legislation Committee Sub-Working Group - E-Money	It evaluates the regulations on issues concerning e-money institutions and prepares opinions for providing the relevant authorities with such opinions.	1	23	-	Legislation amendment requests regarding intermediation in lease and salary payments have been evaluated.
Security Committee	It carries out studies on actions that can be taken to prevent fraud and forgery cases in payment services.	7	44	-	<p>14 July 2021 Fraud and forgery cases in the sector, especially during the pandemic, and solutions to these cases have been evaluated.</p> <p>18 August 2021 Possible scenarios regarding information sharing methods among members have been discussed.</p> <p>15 September 2021 Promotional applications for security products made to the Association have been evaluated. The works for the implementation of the Specialized Police/Specialized Gendarmerie practices before the Association have been started.</p> <p>20 October 2021 The works have started on the preparation of the "Best Practices Guides" in order to ensure unity in practice specific to each sector.</p> <p>17 November 2021 Requests of Association Members to have access to the Interbank Card Center (BKM) Termination List and Interbank Card Center (BKM) TRIP network have been evaluated.</p> <p>15 December 2021 The Specialized Gendarmerie application has been activated. Within the scope of Article 9 of the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers, titled "Workplace registration system", the workplace registration system to be established by Interbank Card Center (BKM) has been evaluated.</p> <p>19 January 2022 Specialized Police application has been activated. Best Practices Guides for Payment Gateway (POS), electronic money and direct carrier billing services have been evaluated.</p>

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Ethics Committee	Its purpose is to create, establish and develop an ethical culture in the sector. It provides advice and guidance regarding the issues faced by the members with respect to the principles of ethical behavior.	1	23	9	A recommendation decision has been prepared that the Members can apply to the Association first on matters that may concern the Ethics Committee.
Compliance Committee	It evaluates the legal regulations within the scope of the activities of the Member organizations and works to ensure that the process of complying with the said regulations is carried out in a proper way and clarify the issues required by the Members in this process.	2	49	-	<p>31 August 2021 Questions submitted by the Members to the Association within the framework of the FCIB (MASAK) Workshop dated 5 May 2021 have been were answered.</p> <p>30 November 2021 The FCIB (MASAK) Frequently Asked Questions and Hesitant Questions document, which was prepared as a result of the Working Group - FCIB (MASAK) studies, has been evaluated.</p>

ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Working Group - The Financial Crimes Investigation Board (FCIB) (MASAK)	It works to inform the Members as to the FCIB (MASAK) legislation and to carry out communication and coordination processes with FCIB (MASAK).	14	14	-	<p>2 June 2021/18 June 2021/7 July 2021/11 August 2021 An application for the use of the FCIB (MASAK) EMIS Online system by the Members has been prepared. Questions sent to the Association by the Members regarding FCIB (MASAK) legislation have been answered.</p> <p>20 August 2021 Within the scope of the article 2.2.11. of the General Communique of Financial Crimes Investigation Board No. 5, the matters that cause hesitation in practice have been discussed.</p> <p>12 October 2021 The implementation of the monthly transaction limit for identification purposes for Members acting as an intermediary for direct carrier billings and the provision of payment services in legal betting transactions have been discussed.</p> <p>26 October 2021 The decision of the Financial Action Task Force (FATF) dated 21 October 2021 has been evaluated.</p> <p>6 December 2021 The opinion letter regarding the monetary limits to be followed within the scope of identification in remittance transactions submitted by FCIB (MASAK) has been evaluated.</p> <p>3 December 2021/14 December 2021/21 December 2021 In order to be included in the FCIB (MASAK) Frequently Asked Questions document, the questions submitted by the Members to the Association regarding FCIB (MASAK) legislation have been answered.</p> <p>27 December 2021 Workflows prepared according to activity types to be presented at the FCIB (MASAK) visit on 15 February 2022 have been evaluated.</p> <p>20 January 2022 Information on the studies carried out by the Working Group - FCIB (MASAK) Risk Analysis has been shared.</p> <p>26 January 2022 A preliminary study has been carried out regarding the FCIB (MASAK) visit on 15 February 2022.</p>
					<p>4 October 2021/20 October 2021/2 November 2021 FCIB (MASAK) Frequently Asked Questions and Questions on the Matters Causing Hesitation documents, which were prepared to be submitted to FCIB (MASAK), have been finalized.</p>

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Working Group – The Revenue Administration	It carries out studies in order to follow up the legislation of the Revenue Administration and to clarify the hesitations on the subject.	3	70	-	<p>21 September 2021 The provisions of the Tax Procedure Law Communiqué no. 507, 509 and 529 have been evaluated. A request for opinion has been prepared on the possibility of making arrangements with a receipt in the services provided by the members within the scope of the Revenue Administration legislation.</p> <p>9 December 2021 An evaluation has been completed concerning the BTRANS process with the requests for opinions and legislation change.</p> <p>25 January 2021 Within the scope of the provisions of the regulation, works have been specified to determine the minimum elements of the receipts.</p>
Working Group – Accounting and Reporting	It carries out studies on the reporting by the Members to the Association and the relevant authorities, works to find solutions to the issues faced by the Members in the field of accounting and reporting.	4	79	-	<p>5 October 2021/28 October 2021/11 November 2021/24 November 2021 Opinions on the reports to be submitted by the Members to the Association have been evaluated.</p>
Public Relations Committee	It carries out the promotional activities of the Association, monitors its relations with the press and carries out corporate identity works.	7	10	28	<p>2 April 2021/30 April 2021/10 June 2021/23 June 2021/8 July 2021 “Procedures and Principles Regarding Supporting Research Activities of the Association of Payment and Electronic Money Institutions of Türkiye” and “Principles and Rules that Members of the Association of Payment and Electronic Money Institutions of Türkiye are obliged to comply with in their Announcement and Advertising Activities” prepared by the Public Relations Committee have been prepared.</p> <p>27 September 2021/18 November 2021 Introductory documents regarding the Association Arbitration Tribunal have been prepared.</p>
Open Banking Committee	It acts as a common platform for organizations to share their needs and views in light of current open banking regulations	3	53	-	<p>26 July 2021 Introduction has been made and the sector has been evaluated in general.</p> <p>30 December 2021: Information has been given by the Legal Counsel of the Association about open banking provisions of “the Regulation on Payment Services and Electronic Money Issuance and Payment Service Providers”, and the “Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Payment Services Area”.</p> <p>13 January 2022 Opinions on the draft document of Payment Services Data Sharing Services (PSDSS) API Principles and Rules Version 1.0.0 provided by the CBRT have been evaluated.</p>

ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Working Group - Human Resources	It works on collaborations and projects in the field of education in order to find solutions for the human resource needs of the sector.	11	16	-	<p>18 August 2021-6 September 2021 An introductory meeting has been held with the Presidency Finance Office and the TUBITAK-TUSSIDE team, and possible collaborations within the scope of human resource needs in the sector have been evaluated.</p> <p>27 July 2021/5 August 2021/6 September 2021/5 November 2021/9 November 2021/29 November 2021 Information has been exchanged on various projects in order to establish collaborations for developing solutions for the need for qualified personnel in the sector. As a result of the negotiations; 1- Within the framework of the project to be realized with Ecole 42, a cooperation protocol has been signed between Bilişim Vadisi Teknopark Yönetici Anonim Şirketi and TÖDEB. Works have started to carry out activities aimed at promoting the sector to 42 Istanbul School students. 2- Within the scope of the project to be realized with Patika Dev, a cooperation protocol with Patika Dev Eğitim Danışmanlık Yazılım Hizmetleri A.Ş. has been prepared and it has been decided to set up two TÖDEB classes.</p> <p>26 October 2021/5 November 2021 As a result of various meetings held with companies providing sector-specific wage research services and the fee quotations received, the relevant service provider company has been decided.</p> <p>3 February 2022 Within the scope of cooperation with Patika Dev, the results of the survey conducted by the Members regarding the training content and the number of personnel have been evaluated.</p>
Working Group - Integrated Reporting	It shares information on the meaning, content of the concept of integrated reporting and its contribution to the sector in order to raise awareness among the Members, and participates in trainings on this subject.	1	40	-	<p>Within the framework of the presentation on integrated reporting, information has been provided with regards to the historical development, scope and objectives of the integrated reporting concept.</p>

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Working Group - Information Technologies	It carries out studies on the evaluation of regulations and technical applications within the scope of such regulations on issues related to information technologies in the sector.	2	14	-	<p>22 December 2021 The provisions of the “Communiqué on Information Systems of Payment and Electronic Money Institutions and Data Sharing Services of Payment Service Providers in the Payment Services Area” have been evaluated.</p> <p>4 January 2022 Opinions on the draft document of Payment Services Data Sharing Services (PSDSS) API Principles and Rules Version 1.0.0 provided by the CBRT have been evaluated.</p>
Working Group - QR Code	It carries out studies in order to provide the relevant institutions and organizations with the needs of the Members in the process of payment flows with the TR QR code, with an ongoing design phase, and to eliminate the hesitations regarding the legislation, upon determination of the Members' needs.	5	75	-	<p>10 August 2021/13 September 2021 Studies have been carried out in order to prepare an opinion on the workflows of payment transactions made with TR QR Code.</p> <p>15 October 2021 The grounds forming the basis for the request for the extension of the TR QR Code adjustment period have been determined.</p> <p>25 November 2021 The views of the CBRT regarding the extension of the TR QR Code adjustment period have been evaluated.</p>
Sub-Working Group - Payment Gateway (POS)	It carries out studies to determine the sub-workplace acquisition processes of the Members, including consultations with the relevant institutions for the workplace registration system to be established by Interbank Card Center (BKM).	3	12	-	<p>14 October 2021/25 October 2021/9 November 2021 The current status of the Members' workplace acquisition processes regarding physical and payment gateway (POS) and the suggestions for improvement of processes within the framework of the system to be established at Interbank Card Center (BKM) have been evaluated, and a study document has been prepared.</p>
Payment Gateway (POS) Services Advisory Board	It acts as a guiding advisory board by making evaluations on issues regarding the institutions providing payment gateway (POS) services.	2	25	-	<p>3 August 2021 Introduction has been made and the sector has been evaluated in general.</p> <p>30 September 2021 A working group that will take part in communication with the Banks Association of Turkey (BAT) in order to improve the technical integration processes for POS services of banks and payment and electronic money institutions has been established.</p> <p>5 October 2021 Technical integration processes and improvement suggestions for the payment gateway (POS) service of banks and payment and electronic money institutions have been evaluated.</p>

ANNEX 1

HIGHLIGHTS FROM THE ACTIVITIES OF THE COMMITTEES AND WORKING GROUPS

Name of the Committee Working Group	Purpose and Duties	Number of Meetings	Number of Representatives	Number of Observers	Meetings
Remittance Advisory Board	It acts as a guiding advisory board by making evaluations on issues regarding the institutions carrying out remittance.	3	26	-	<p>13 August 2021 Introduction has been made and the sector has been evaluated in general.</p> <p>8 October 2021 The possible effects of including Members in the Instant and Continuous Transfer of Funds (FAST) system on the industry and the Regulation on Not Using Crypto Assets in Payments have been evaluated.</p>
Direct Carrier Billing Advisory Board	It acts as a guiding advisory board by making evaluations on issues regarding the institutions acting as intermediaries in direct carrier billings.	1	15	-	By making a general evaluation of the sector, the agenda topics that will be evaluated in the future by the institutions that act as direct carrier billing intermediaries have been determined.
E-Money Advisory Board	It acts as a guiding advisory board by making evaluations on issues regarding the e-money institutions.	1	24	-	By making a general evaluation of the sector, the agenda topics for electronic money institutions to be evaluated in the future have been determined.
Billing Advisory Board	It acts as a guiding advisory board by making evaluations on issues regarding the institutions acting as intermediaries in billings.	2	20	-	<p>16 July 2021 Introduction has been made and the sector has been evaluated in general.</p> <p>20 September 2021 The regulation prepared to prevent the use of payment and electronic money accounts in illegal billings has been evaluated.</p>

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE (TÖDEB)

FINANCIAL STATEMENTS AS AT AND FOR THE YEAR ENDED 31 DECEMBER 2021 WITH INDEPENDENT AUDITORS' REPORT THEREON

60	INDEPENDENT AUDITORS' REPORT
62	STATEMENT OF FINANCIAL POSITION
64	STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
65	STATEMENT OF CHANGES IN EQUITY
66	STATEMENT OF CASH FLOWS
67	EXPLANATORY NOTES AS TO FINANCIAL STATEMENTS

INDEPENDENT AUDITORS' REPORT

CONVENIENCE TRANSLATION OF THE INDEPENDENT AUDITOR'S REPORT ORIGINALLY PREPARED AND ISSUED IN TURKISH TO ENGLISH

To the Shareholders of Türkiye Ödeme ve Elektronik Para Kuruluşları Birliği

Opinion

We have audited the financial statements of Türkiye Ödeme ve Elektronik Para Kuruluşları Birliği ("the Association"), which comprise the statement of financial position as at 31 December 2021, the statements of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Turkish Financial Reporting Standards ("TFRS").

Basis for Opinion

We conducted our audit in accordance with Standards on Auditing which is a component of the Turkish Auditing Standards published by the Public Oversight Accounting and Auditing Standards Authority ("POA") ("Standards on Auditing issued by POA"). Our responsibilities under Standards on Auditing issued by POA are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We declare that we are independent of the Association in accordance with the Code of Ethics for Auditors issued by POA (including Independence Standards) ("POA's Code of Ethics") and the ethical requirements in the regulations issued by POA that are relevant to audit of financial statements, and we have fulfilled our other ethical responsibilities in accordance with the POA's Code of Ethics and regulations. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

We decided that there is no key audit matter to be declared by us in our report.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with TFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Responsibilities of auditors in an audit are as follows:

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Standards on Auditing issued by POA will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

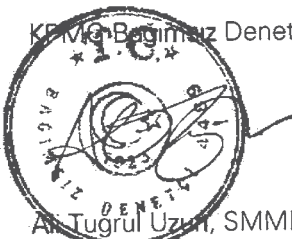
As part of an audit in accordance with Standards on Auditing issued by POA, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

KPMG Başınmaz Denetim ve Serbest Muhasebeci Mali Müşavirlik Anonim Şirketi



Ali Tuğrul Uzun, SMMM
Partner
31 March 2022
İstanbul, Turkey

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

	Notes	Audited 31 December 2021	Audited 31 December 2020
Assets			
Current Assets			
Cash and cash equivalents	3	4,052,764	3,303,674
Trade receivables	4	1,898,867	23,796
Current tax assets	5	30,030	2,480
Other current assets		3,580	-
Total current assets		5,985,241	3,329,950
Non-current assets			
Tangible fixed assets	6	117,893	-
Other fixed assets	7	51,170	-
Total fixed assets		169,063	-
Total assets		6,154,304	3,329,950

The accompanying notes are an integral part of these financial statements.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

	Notes	Audited 31 December 2021	Audited 31 December 2020
Liabilities and Equity			
Short-term liabilities			
Trade payables	8	11,904	1,817
Short term borrowings	9	52,837	-
Liabilities as to employee benefits	10	61,353	7,124
Deferred income	11	1,898,867	23,796
Other short-term liabilities	12	50,880	251
Total short-term liabilities		2,075,841	32,988
Total long-term liabilities		-	-
Total liabilities		2,075,841	32,988
Equity			
Legal reserves	18	1,097,363	-
Retained earnings	18	2,199,599	-
Net profit	18	781,501	3,296,962
Total equity		4,078,463	3,296,962
Total liabilities and equity		6,154,304	3,329,950

The accompanying notes are an integral part of these financial statements.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE
INCOME FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

Profit or loss	Notes	Audited 1 January 2021- 31 December 2021	Audited 28 June- 31 December 2020
Revenue	13	2,800,367	3,331,489
Gross profit		2,800,367	3,331,489
General administrative expenses	14	(2,552,142)	(84,383)
Other real operating income	15	37,342	280
Other real operating expenses (-)	15	(124,845)	-
Operating income		160,722	3,247,386
Financing income	16	636,001	49,597
Financing expenses (-)	16	(15,222)	(21)
Net profit		781,501	3,296,962
Other comprehensive income, net		-	-
Total comprehensive income		781,501	3,296,962

The accompanying notes are an integral part of these financial statements.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**ASSOCIATION OF TÜRKİYE STATEMENT OF CHANGES IN EQUITY
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

Audited	Legal reserves	Retained earnings	Net profit	Total equity
Balances as of 1 January 2021	-	-	3,296,962	3,296,962
Transfers	1,097,363	2,199,599	(3,296,962)	-
Total comprehensive income	-	-	781,501	781,501
Balances as of 31 December 2021	1,097,363	2,199,599	781,501	4,078,463

Audited	Legal reserves	Retained earnings	Net profit	Total equity
Balances as of 28 June 2020	-	-	-	-
Total comprehensive income	-	-	3,296,962	3,296,962
Balances as of 31 December 2020	-	-	3,296,962	3,296,962

The accompanying notes are an integral part of these financial statements.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED
 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

	Notes	Audited 1 January 2021 - 31 December 2021	Audited 28 June - 31 December 2020
Cash flow from main activities			
Net profit	18	781,501	3,296,962
Necessary adjustments for reconciliation of cash flow generated from profit of the period and activities:			
Adjustments regarding depreciation and redemption cost	14	12,341	-
Adjustments regarding provisions		4,632	-
Retained income	11	1,875,071	23,796
Interest income	16	(636,001)	(49,597)
Interest expense	16	15,222	21
Operating income prior to changes in the working capital		2,052,766	3,271,182
Change in trade receivables	4	(1,875,071)	(23,796)
Change in other receivables		(102,543)	-
Tax paid	5	(27,550)	(2,480)
Change in trade payable	8	10,087	1,817
Change in liabilities as to employee benefits	10	54,229	7,124
Change in other payables and other liabilities		103,466	251
Net cash generated from main activities		215,384	3,254,098
Cash flow arising from investment activities			
Interest received		550,987	49,597
Cash payments arising from purchasing tangible fixed asset		(82,441)	-
Net cash generated from investment activities		468,546	49,597
Cash flows from financing activities			
Interest paid	16	(15,222)	(21)
Net cash used for financing activities		(15,222)	(21)
Net change in cash movement		668,708	3,303,674
Cash and cash equivalents at the beginning of the period		3,303,674	-
Cash and cash equivalents at the end of the period	3	3,972,382	3,303,674

The accompanying notes are an integral part of these financial statements.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

1. ORGANIZATION AND AREA OF ACTIVITY OF THE ASSOCIATION

Organization of the Association:

Payment and Electronic Money Institutions Association of Türkiye (TÖDEB- Association) is a professional organization and a legal entity with public institution status, which brings the payment and electronic money institutions active in Turkey together under the same roof.

TÖDEB is formed through the inclusion of an article to the Law on the Payment and Securities Clearing Systems, Payment Services and Electronic Money Institutions numbered 6493 in accordance with the Law on the Payment and Securities Clearing Systems, Payment Services and Electronic Money Institutions numbered 7192, which is published in the Official Gazette dated 22.11.2019 and numbered 30956 and the Article 15 of the Law Amending Certain Laws

The payment and electronic money institutions, which will operate in Turkey are required to make an application before the Association to become a member, within one month as of the date on which they obtain an official authorization to operate.

TÖDEB has started to operate in its headquarters, the location of which is in Istanbul on 25 September 2020, following its status was published in the Official Gazette dated 28 June 2020.

The Association carries out its activities in Turkey and its Headquarters is located at Fatih Sultan Mehmet Mh. Balkan Cd. No: 62 JustWork Ofis Kampüsü Ümraniye, İstanbul. The number of employees is 6 as of the date of its financial statements.

Area of Activity:

The purpose of the Association is to meet common requirements and facilitate professional activities of its members, care for professional discipline and ethics to reassert trust, ensure a working environment, where all its members work in cooperation with each other and their financial interests are protected and where the professional progress is ensured and competitiveness is preserved, unfair competition is prevented and the development in the field of payments is ensured.

The Association fulfils the following duties within this scope:

- a) To engage in training, marketing and research activities to ensure professional progress.
- b) To enable its members to perform their works in a disciplined and united way as required by the profession in accordance with economical necessities by specifying professional principals.
- c) To determine professional principals and standards, with which the member institutions are required to comply.
- d) To inform its members of the precautions, which are required to be taken by the members as well as the decisions adopted in accordance with the relevant legislation.
- e) To adopt and implement each and every measure necessary to prevent unfair competition among its members.
- f) To specify the principles and conditions applicable to the announcements and advertisements of the members in terms of type, form, quality and quantity.
- g) To initiate lawsuits based on the decisions of the Board of Directors regarding the matters pertaining to the common interests of the members.
- h) To procure cooperation between the members as to the common projects.
- i) Without prejudice to the provisions of the Law on the Protection of the Consumer numbered 6502 and dated 07.11.2013 as well as the rights of application granted under the other laws, to establish an arbitral tribunal in accordance with the procedures and principles established by the Association and approved by the Bank to evaluate and resolve the disputes, which may arise between the members and retail customers.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

1. ORGANIZATION AND AREA OF ACTIVITY OF THE ASSOCIATION (Cont.)

Area of activity: (Cont)

- j) To build up strategies in order for the field of payments as well as the activities of the members could develop and adopting resolutions as to the implementation of the relevant strategy.
- ı) To collaborate with the national and international institutions on behalf of the members, to promote payments institutions as well as electronic money institutions and perform activities to inform the public in this regard.
- i) To monitor national and international professional progress as well as legal and administrative regulations and inform the members accordingly.
- j) To evaluate the complaints directed against members and inform the Bank and the members about the results of the transaction.
- k) To follow up the implementation of the decisions and measures taken by the Association and impose disciplinary penalties predicted under the Statute on the members, who do not duly and fully comply with the relevant decisions and measures.
- l) To maintain the general and statistical records as to the members and disclose the same to the public regularly.
- m) To ensure regular information flow between the Association and the Bank as requested.
- n) To fulfil the duties assigned by the Bank.
- o) To perform other duties foreseen under the Law no 6493.

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS

A. Main Principles as to Presentation

Declaration of conformity to the Turkish Financial Reporting Standards ("TFRS")

The financial statements of the Association are prepared in accordance with the TFRS. The TFRS include the Turkish Accounting Standards ("TAS") published by the Public Oversight, Accounting and Auditing Standards Authority ("POA"), Turkish Financial Reporting Standards as well as the Standards and Comments published as TAS Comments and TFRS Comments.

The Financial Statements are presented in accordance with the formats specified in the Financial Statement Examples and User Guide published by the POA in the Official Gazette dated 07.06.2019 and numbered 30794 as well as the Electronic Financial Reporting formats published by the POA.

Entities, which are subject to independent audit pursuant to the Turkish Commercial Code numbered 6102 but not required to implement the TFRS according to the Board Decision regarding the POA's Scope of Application of TAS may prepare their financial statements in accordance with the TFRS at their own discretion. Within this scope, the management of the Association preferred that its financial statements dated 31.12.2021 has been prepared in accordance with the TFRS.

Pursuant to the announcement of the POA dated 20.02.2022, it has been stated that the entities, which apply TFRS to their financial statements of 2021 are not required to make any adjustments within the scope of the TAS 29 Financial Reporting Standards in High Inflation Countries since the cumulative change in the general purchasing power in terms of the last three year is 74.41% pursuant to the Consumer Price Index ("CPI"). Therefore, no inflation adjustment has been made according to TAS 29 while preparing the financial statements dated 31.12.2021.

Approval of the financial statements:

The financial statements have been approved by the Management of the Association on 31.03.2022 and they will be submitted for approval during the General Assembly Meeting to be convened. The competent boards of the Association as well as the regulatory institutions are entitled to change the financial statements pursuant to the legislation.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

A. Main Principles as to presentation (Cont.)

Applied Accounting Standards

The Association is obliged to keep its accounts pertaining to all its transactions in accordance with their actual nature and arrange its financial reports duly and appropriately and in a straightforward, reliable and comparable way, which is convenient for analyse and interpretation and in the form and substance that could meet the necessity of information.

The principles mentioned in “Financial Statement Examples and User Guide” published by the POA in April 2019 are used during the preparation of the financial statements and notes thereof.

The financial statements are based on legal records and stated in Turkish Lira and prepared subject to various amendments and classification changes to properly present the status of the Association in accordance with the Turkish Financial Reporting Standards published by POA.

The functional currency of the Association is Turkish Lira (TRY).

Comparative information and reorganization of the financial statements pertaining to the preceding period

The financial statements of the Association are prepared by comparison to the preceding period to be able to determine the financial situation and performance trends. The comparative information is reclassified, and the significant discrepancies are explained when necessary to comply with the presentation of the current period financial statements.

Netting/Offsetting

Items, the contents and amounts of which are crucial are shown separately in the financial statements even if they are of similar nature. Items, the amounts of which are insignificant are reflected through consolidation based on similarity depending on their content or functions. The fact that such transactions and circumstances are shown through their net amounts, or the assets are monitored through their amounts, which remain after their decrease in value is deducted as a result of such an offsetting required by the essence of the transaction and circumstance is not considered as the violation of prohibition of offsetting. The revenues generated by the Association as a result of the transactions carried out in the ordinary course of business may be shown through their net values provided that these are in accordance with the essence of the transaction or circumstance.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier

Amendments published but are neither effective yet nor enforced earlier

Certain new standards, comments and amendments, which are already published but not yet effective as of the date of the report and which are not implemented by the Association earlier despite being applicable are as follows.

Privileges, which are ongoing after 30 June 2021 regarding Rental Payments during COVID-19- Amendments as to TFRS 16

International Accounting Standards Board (IASB) has extended the period, upon the expiration of which the facilitating provision including the privileges causing a decrease in the rental payments, which fall due on or before 30 June 2022 will be introduced, for 12 months. The first amendment thereof has been published in May 2020 to facilitate the accounting process of the rental privileges granted to the lessees due to Covid-19 such as reductions or gratuitous period as well as to continue to provide the investors with useful information as to lease agreements. The relevant amendments have also been published by the POA on 5 June 2020 as Amendments to the TFRS 16.

This amendment however is applicable to the financial statements of the lessors as of 31 March 2021, pertaining to the annual fiscal years starting on and after 1 April 2021 even if the same are not approved to be published. In other words, this amendment is applicable to the financial statements pertaining to the fiscal years, preceding to the date on which the relevant amendment has been published, provided that the relevant financial statements have not been published yet.

2021 amendments, the cumulative effect, which arises from the first implementation of the amendment is applied retroactively by reflecting the previous years' revenues generated at the beginning of the annual fiscal year, to which the amendment is applied for the first time, to the financial statements as an adjustment in the opening balance.

The application of the first version of the facilitating practice is discretionary, which is also the case currently. Whereas the implementation of the 2021 amendments is not optional. This is because, a lessee, who proceeds with the implementation of facilitating practice introduced by the 2021 amendments is obliged to continue to apply this extension of time consistently with the agreements, the features and conditions of which are similar.

This means that if a lease privilege becomes eligible for exemption as a result of the new extension despite not being eligible for the first facilitating practice in accordance with the 2020 amendments, the lessees will be required to reverse their accounting transactions related to the previous lease amendment.

Amendment to References to the Conceptual Framework under the TFRS 3

IASB published an amendment in May 2020 as to the references to the Conceptual Framework under the IFRS 3. With the relevant amendment, the references to the old version of the Conceptual Framework regarding the Financial Reporting under the IFRS 3 have been replaced by the IASB with the latest version of the references published in March 2018. Subsequently, POA published the TFRS 3 amendment on 27 July 2020 to reflect such amendments.

While these amendments are required to be implemented to the reporting periods, which begin on and after 1 January 2022, the early application thereof is permitted.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier (cont.)

Amendments published but are neither effective yet nor enforced earlier (cont.)

Tangible Fixed Assets— Tailoring to intended use (Amendment to TAS 16)

IASB published an amendment, which is called “Fixed Tangible Assets– Tailoring to intended use” amending the standard of the IAS16 in May 2020. The TAS 16 amendment has been published by TAS on 27 July 2020 to reflect these amendments.

The relevant amendment improves transparency and consistency by clarifying the accounting provisions within this regard- particularly, together with the amendment introduced, it is no longer possible to reduce the revenues generated from the sale of products manufactured from the cost of tangible fixed asset item while tailoring the asset to intended use. Instead, companies are required to project such kind of revenues and related costs upon profit or loss.

While such amendments are applicable to the reporting periods, which start on or after 1 January 2020, early application thereof is permitted. The relevant amendments are retroactively applied to the tangible fixed assets, which are tailored in terms of place and status to render them to work in conditions as intended by the management only at the beginning or end of the earliest period presented in the financial statements, to which the amendments are implemented for the first time. The cumulative effect of the initial implementation of the amendments are reflected to the financial statements as an adjustment in the opening balance of the undistributed profits at the beginning of the soonest period submitted or another equity component. Comparative information is not readjusted.

TFRS 17 Insurance Agreements

TFRS 17 Insurance Agreements standard has been published by POA on 16 February 2019. TFRS 17, as being the first standard internationally recognized in terms of the insurance agreements will facilitate the investors and other related people to better understand the risk exposure of the insurers as well as their profitability and financial situation. TFRS 17 prevails TFRS 4, which was introduced as a temporary standard. TFRS 4, by enabling companies to account their insurance agreements through national accounting standards, has led to the use of various accounting approaches in practice. As a result, it became difficult for the investors to compare the performances of similar companies.

TFRS 17 not only delivers a solution to the comparability issues caused by TFRS 4 in terms of both investors and insurance companies but also allows the insurance agreements are accounted consistently. According to the new standard, insurance liabilities may be accounted by using values instead of historical costs. Considering that this information is updated regularly, they will provide the users of financial statement with more useful information. While TFRS 17 will be applicable to the reporting periods, which begin on or after 1 January 2023, early application thereof is permitted.

It is not expected that the implementation of TFRS 17 would have a significant impact on the financial statements of the Association.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier (cont.)

Amendments published but are neither effective yet nor enforced earlier (cont.)

Initial Implementation of TFRS 17 and TFRS 9- Comparative Information (Amendments to TFRS 17)

IASB published the Initial Implementation of TFRS 17 and TFRS 9- Comparative Information (Amendments to TFRS 17) in December 2021. The relevant amendments have also been published by POA on 31 December 2021 as the Amendments to TFRS 17.

The relevant amendment relates to the transition clauses in terms of the comparative information as to the financial assets presented in the financial statements while the first implementation of TFRS 17. The amendment removes the temporary accounting inconsistencies between the financial assets and the contractual insurance liabilities of the entities and therefore boosts the benefit of the comparative information in favor of the financial statement users. Amendments to TFRS 17 will be applicable to the annual reporting periods that begin on and after 1 January 2023.

It is not expected that the implementation of amendment to TFRS 17 would have a significant impact on the financial statements of the Association.

Short- or Long-Term Classification of Liabilities (Amendments to TAS 1)

Amendments to the “Short- or Long- Term Classification of Liabilities”, which was published by the IASB on 23 January 2020 to better clarify the presentation in the statement of financial position as to the classification of liabilities as short- or long term as per IAS I, have also been published by POA on 12 March 2020 under the title of “Amendments to TAS 1- Short- or Long- Term Classification of Liabilities”.

The relevant amendment provides additional explanations as to the long- term classification of liabilities, which may be deferred at least twelve months by an entity as well as clarification to the other issues regarding the classification of liabilities.

Amendments to TAS 1 deal with the following matters:

- a. Explicit inclusion of the right of deferral of a liability, which is required to become available to entities at the end of a reporting period in terms of classification of liabilities.
- b. Inclusion of the fact that the expectations and purposes of the management of an entity in terms of execution of right of deferral of liability would not affect entities to classify the relevant liability as a long- term liability.
- c. Explanation as to how the borrowing conditions of an entity would affect the relevant classification.
- d. Explanation as to provisions regarding the classification of liabilities, which the entity would be able to pay through its own equity instruments.

These amendments are required to be implemented retroactively as of the reporting periods that begin on and after 1 January 2022. However, early application thereof is permitted. Lastly, it should be mentioned that the effective date of the Amendment to TAS 1 has been postponed until 1 January 2023 through an amendment, which was published by IASB on 15 July 2020. The relevant amendment has also been published by POA on 15 January 2021.

It is not expected that the implementation of amendment to TAS 1 would have a significant impact on the financial statements of the Association.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier (cont.)

Amendments published but are neither effective yet nor enforced earlier (cont.)

Deferred Tax as to Assets and Liabilities Stemming from a Single Transaction- U

Amendments to TAS 12 *Income Taxes*

IASB published the amendment to TAS 12 Income Taxes “Deferred Tax as to Assets and Liabilities Stemming from a Single Transaction” in May 2021. The relevant amendments have also been published by POA on 27 August 2021 as Amendments to TAS 12.

The relevant amendments to TAS 12 Income Taxes provide clarification as to how the companies should enter the deferred tax regarding certain services, such as lease and retirement provisions (removal, restitution, renewal etc.) in the accounts.

The purpose of the amendment is to restrict the scope of the initial accounting exemption so that such exemption is not applied to the transactions, which are equal and netting temporary variations. As a result, the companies will be required to enter the tax and tax liability deferred for the provisions of temporary variations and retirement stemming from the initial registration of a lease under the financial statements.

The amendments clarify that the exemption is not applicable to the transactions such as lease and retirement liabilities. The relevant transactions will reveal equal and balancing variations.

In terms of lease and retirement liabilities, the relevant deferred tax and liabilities are required to be entered in the accounts as of the beginning of the earliest period, which is presented comparatively, and any cumulative effect will be recognized as an adjustment in the previous periods' undistributed profits or other equity components. If a company is entered a deferred tax over the leases and retirement liabilities in the accounts previously within the scope of net approach, it is likely that the effect over transition will be limited with the separate presentation of the deferred tax and deferred tax liability.

The relevant amendments will be applicable to the reporting periods, which begin on and after 1 January 2023, but early application thereof is permitted.

It is not expected that the implementation of amendment to TAS 12 would have a significant impact on the financial statements of the Association.

Definition of Accounting Estimates (Amendments to TAS 8)

The relevant amendments published by IASB on 12 February 2021, introduce a new definition for accounting estimations: the amendments are expected to clarify the monetary amounts causing a measurement uncertainty in the financial statements.

The relevant amendments have also been published by POA on 11 August 2021 as the Amendments to TAS 8.

The amendments have also clarified the relation between the accounting policies and accounting estimations by specifying that companies develop an accounting estimation to achieve the goal determined by the accounting policy of the company.

Developing an accounting estimation includes both the following:

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier (cont.)

Amendments published but are neither effective yet nor enforced earlier (cont.)

Definition of Accounting Estimates (Amendments to TAS 8) (cont.)

- Selection of a method of measurement (estimation or evaluation method)- for example, an estimation technique, which will be used to assess the provision for loss for the loan losses expected to be incurred while implementing the TFRS 9 Financial Instruments and
- Selection of inputs to be used while implementing the selected method of measurement- for example, cash outflows expected to determine provisions for guaranty obligations while implementing TAS 37 Provisions, Contingent Liabilities and Contingent Assets.

The impacts of the changes in such kinds of inputs or evaluation techniques are the changes in the accounting techniques. The definition of accounting policies have not been amended and kept as is.

The relevant amendments will be applicable to the reporting periods, which begin on and after 1 January 2023, but early application thereof is permitted. Any changes in the accounting estimations and accounting policies, which occur at the beginning of the first reporting period, to which the relevant amendments have been implemented or thereafter will be applied on a going forward basis.

It is not expected that the implementation of amendment to TAS 8 would have a significant impact on the financial statements of the Association.

Explanation of Accounting Policies (Amendments to TAS 1)

IASB published the amendments to IAS 1 Presentation of Financial Statements and update as to IFRS Application Standards 2 Making Materiality Decisions on 12 February 2021 to enable the companies to make more useful explanations as to their accounting policies. Out of these amendments, those which relate to IAS 1 have also been published by POA on 11 August 2021 as Amendments to TAS 1.

The fundamental changes to TAS 1 include the following:

- To request from the companies to clarify their accounting policies depending on their materiality level rather than to request their material accounting policies;
- To clarify that accounting policies as to immaterial transactions, other facts or conditions are not material and therefore they do not need to be explained and
- To clarify that accounting policies as to transactions, other facts or conditions that exceed the materiality level do not have any importance in terms of the financial statements of a company.

The relevant amendments will be applicable to the reporting periods, which begin on and after 1 January 2023, but early application thereof is permitted

It is not expected that the implementation of amendment to TAS 1 would have a significant impact on the financial statements of the Association.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

Despite being published on 31 December 2021, amendments, which have not been entered into force yet and are not enforced earlier (cont.)

Amendments published but are neither effective yet nor enforced earlier (cont.)

Annual amendments/IFRS amendments for the period 2018-2020

“Annual amendments to IFRS/Period 2018-2020” published by POA on 27 July 2020 for the current standards are as follows. The relevant amendments are valid from 1 January 2022, but early application thereof is permitted. It is not expected that the implementation of the relevant amendments would have a significant impact on the financial statements of the Association.

TFRS 1- Initial Implementation of Turkish Financial Reporting Standards

This amendment facilitates the implementation of TFRS 1 in cases where an affiliate proceeds with the implementation of TFRS 1 after the parent company; for example, when an affiliate starts to apply TFRS following the parent company, it may choose to assess the accumulated foreign currency conversion adjustments for all foreign currency transactions based on the amounts, which are included in the consolidated financial statements of the parent company depending on the date on which the parent company has started to apply TFRS Standards by benefiting from the exemption stated under paragraph 1.D(16)a of TFRS. With the relevant amendment, the affiliates will i) reduce unnecessary costs and ii) facilitate the changeover to TFRS by eliminating the necessity of keeping similar simultaneous accounting records, by implementing the relevant exemption, which is voluntary for the affiliates.

TFRS 9 Financial Instruments

The relevant amendment clarifies that- to perform 10% testing to exclude financial liabilities from the financial statements- the fees to be considered- while determining the fees to be received based on net amounts by reducing the fees paid for the relevant transactions- include only the fees paid or received by and between or on behalf of the debtor and lender.

TAS 41 Agricultural Activities

This amendment aligns the provisions of fair valuation under TAS 41 with the transaction costs that will be taken into consideration while assessing the fair value under TFRS 13 Fair Valuation by revoking the provision predicting that tax related payments, which are made while fair valuation shall be disregarded. This amendment provides flexibility in terms of implementation of TFRS 13 in suitable conditions.

Amendments entered into force

Amendments that have entered into force for the fiscal years, which begin on and after 1 January 2021 are as follows:

1) Benchmark Interest Rate Reform – Phase 2 (TFRS 9 Financial Instruments, TAS 39 Financial Instruments: Recognition and Measuring, TFRS 7 Financial Instruments: Explanations, TFRS 4 Insurance Agreements and TFRS 16 Amendments to Leases)

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES AS TO THE PRESENTATION OF THE FINANCIAL STATEMENTS (Cont.)

B. Summary of Significant Accounting Policies (Cont.)

(a) Cash and cash equivalents

Cash and cash equivalents consist of cash, time deposit and current account and accrual of interest income.

(b) Trade receivables and provisions for doubtful receivables

Provisions are made for doubtful receivables, the collectability of which are doubtful and worthlessness of which are uncertain. The amount of the relevant provision is the difference between the book value and the collectible amount. The collectible amount is the value discounted from all the cash flow including the amounts that can be collected from securities and guarantees based on the original effective rate of interest of the trade receivable generated.

In case of entire or partial collection of the doubtful receivable amount following making provision thereof, the collected amount will be reduced from the provision made for the doubtful receivable and recorded under the operating income.

(c) Employee benefits

Provision for severance pay

According to the current Turkish laws and provisions of collective bargaining agreements, employees are granted a severance pay in case of retirement or dismissal. Pursuant to the updated TAS 19 Standard ("TAS 19"), the relevant payments qualify as defined retirement benefit plans.

The severance pay liability is not subject to any funding legally.

The liability of severance pay is calculated based on the estimation of the current value of the future potential liability arising predominantly from the retirement of the employees of the Association. TAS 19 ("Employee Benefits") predicts that the liabilities of the Association will be developed by using actuarial valuation methods within the scope of defined benefit plans.

The estimated ratio of severance pays, which have not been paid to the employees and maintained by the Association due to voluntary resignations will also be considered. It is assumed that the ratio of voluntary resignation of the employees is subject to previous term of office and the expectation of assumed future voluntary resignation is reflected to the calculation to calculate the total severance pay liability by analyzing the previous experience. The possibility of voluntary resignation of the employees is included in the calculation based on the ratios decreasing in proportion to the increasing previous term of office in actuarial calculations made accordingly.

(d) Interest income/expenses

Interest income and expenses are entered in the accounts based on accrual basis while calculating financial income/expenses in the income statement pertaining to the relevant period.

(e) Taxes calculated based on corporate income

The Association is not subject to Corporate Tax and Value Added Tax as a taxpayer. However, the Association has a VAT liability arising from the reverse charge stamp taxes in connection with the agreements that it executes.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(f) Effects of currency changes

Transactions in foreign currency are converted into Turkish lira at the exchange rate being current on the date of the transaction; and monetary assets and liabilities in foreign currency are converted into Turkish lira at the foreign exchange buying rate of the Central Bank of the Republic of Turkey being current at the end of the period. Income and expenses resulting from the conversion of foreign currency items will be included within the income statement for the relevant period.

(g) Trade payables

Trade payables include invoiced or unbilled amounts regarding the already occurred purchase of goods and services; and consist of payables with maturities of less than 3 months.

(h) Tangible fixed assets

Tangible fixed assets are presented at the amount obtained through deducting the accumulated depreciation and accumulated impairment from the cost value.

The costs of tangible fixed assets are depreciated over their expected useful lives by using the straight-line method. The expected useful life, residual value and depreciation method are reviewed annually for the potential effects of changes in estimations, and if there is a change in estimations, they are accounted prospectively.

The gain or loss occurs as result of disposal of the tangible fixed assets or the retirement of tangible fixed assets, is determined as the difference between the sales revenue and the book value of the asset; and is included within the statement of profit or loss and other comprehensive statement of income.

(i) Leasing Transactions

The Association has applied TFRS 16 by using the simplified retrospective approach and therefore the comparative information has not been re-issued. Therefore, it continued to be presented in accordance with TAS 17 and TFRS Interpretation no. 4. The details of the accounting policies within the scope of TAS 17 and TFRS Interpretation no. 4 are explained separately.

Accounting policies effective as of 1 January 2019:

At the execution date of the agreement, the Association evaluates whether the agreement is a lease agreement or contains a leasing transaction. In the case where the agreement transfers the right to control use of the identified asset for a specified period of time, then such agreement is a leasing agreement or includes a leasing transaction. In order to assess whether an agreement grants the right to control the use of an identified asset, the Association uses the definition of the lease in TFRS 16.

This policy applies to the agreements which are executed on or after 1 January 2019.

(i) As the Lessee

At the date of the actual starting of the lease, or on the date of the amendment to the agreement containing the leasing component, the Association allocates to each lease component based on the relative stand-alone price of the lease component and the total stand-alone price of the non-lease components.

The Association has preferred not to separate the non-lease components from the lease components, but instead to account each lease component and its associated non-lease components as a single lease component.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(i) Leasing Transactions (cont.)

(i) As the Lessee (cont.)

The Association has reflected the right-of-usage asset and lease liabilities to its financial statements on the actual starting date of the lease. The initial evaluation amount of the liability for the cost of the right-of-usage asset is the amount obtained by deducting any lease incentives received from all of the rental payments made on or before the actual starting date of the lease, plus all initial direct costs and anticipated future costs of dismantling and relocating the asset, restoring the site on which it is located, or restoring the underlying asset to the condition required by the terms and conditions of the lease.

If the leasing transaction transfers the ownership of the underlying asset to the lessee at the end of the leasing term, or if the cost of the right-of-usage asset indicates that the lessee will exercise a call option, the right-of-usage asset is depreciated as of the starting date of the lease until the end of the useful life of the underlying asset.

In other cases, starting from the actual starting date of the lease, the right-of-usage asset is depreciated depending on the expiration dates of either of the following, which occurs earlier: the useful life of the asset or the leasing term. In addition, the value of the right-of-usage asset is periodically reduced through deducting the impairment losses (if any) and adjusted in accordance with the remeasurement of the leasing liability.

On the starting date of the lease, the leasing liability is determined over the present value of the rental payments which are not paid at that date. The rental payments are discounted by using such rate if the implicit interest rate regarding the lease may be easily determined. In the case that such rate may not be easily determined, the Association's alternative borrowing interest rate will be applied.

The Association determines the alternative borrowing interest rate by taking into account the interest rates that it will pay for the loans it will use from various external financing sources and makes several adjustments in a manner that they reflect the lease terms and the type of leased asset.

The rental payments included in the measurement of the lease liability consist of the followings:

- Fixed payments (including inherently fixed payments);
- variable rental payments based on an index or rate, the initial measurement of which have been made by using an index or rate at the starting date of the lease;
- Amounts expected to be paid by the lessee under the residual value commitments;
- Penalties for termination of the lease, in the case where the exercise price and lease term of the call option indicate that the Association will exercise an option to terminate the lease, if it is reasonably certain that the call option will be exercised.

The leasing liability is measured by discounting the lease payments through a discount rate. If there is a change in these payments as a result of a change of an index or rate that are used to determine the future rental payments, and there is a change in the amounts expected to be paid under the residual value commitment, the Association evaluates the renewal, termination and purchase options.

In case of remeasurement of the leasing liability, it is reflected to the financial statements as an adjustment to the right-of-usage asset based on the new debt amount. However, if the book value of the right-of-usage asset is reduced to zero and there is a further reduction in the measurement of the leasing liability, the remaining remeasurement amount will be reflected to the profit or loss.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(1) Leasing Transactions (cont.)

(i) As the Lessee (cont.)

The Association presents the right-of-usage assets that do not meet the definition of investment property under the tangible fixed assets and the leasing liabilities under the “Short-Term Borrowings” within the statement of financial position.

(i) Events occurred after the date of the financial statements

Even if the events after the date of the financial statements have occurred following any announcement regarding the profit of the period or other selected financial information to the public, it covers all events between the date of the financial statements and the date on which the financial statement is authorized for publication.

In case of occurrence of events requiring adjustment after the date of the financial statements, the Association adjusts the amounts included within the financial statements in accordance with such new situation.

(j) Considerations, contingent liabilities, and assets

Considerations are recognized in the cases where there is a present or dating back legal or structural liability as of the financial statement date, where the outflow of resources that provide economic benefits to settle the liability is probable and where a reliable estimation of the liability amount can be made. In cases where the amount cannot be measured reliably and there is no possibility for the Association to provide a resource for the fulfillment of the liability, the said liability is considered as “Contingent” and explained within the notes. As of 31 December 2021, the Association has no considerations, contingent liabilities and assets.

(k) Related parties

- a) A person or a close member of that person’s family is deemed to be related to the Association in the following events: If the said person,
 - (i) has control or joint control over the entity;
 - (ii) has significant influence over the entity;
 - (iii) is a member of the key management personnel of the Entity or of a parent of the Entity.
- b) The entity is deemed to be related to the Association if any of the following conditions exist:
 - (i) the Entity and the Entity are members of the same group;
 - (ii) if the entity is subsidiary or business partner of the other entity (or a member of a group of which the other entity is a member),
 - (iii) both entities are business partners of the same third party,
 - (iv) if one of the entities is a business partnership of a third entity and the other entity is a subsidiary of that third entity,
 - (v) If the Entity has post-employment benefit plans for the employees of the Entity, or an entity associated with the Entity (If the Entity itself has such a plan, sponsoring employers are also related to the Entity),
 - (vi) If the entity is controlled or jointly controlled by a person identified in (a),
 - (vii) a person identified in the sub-paragraph (i) of the paragraph (a) has significant influence over the entity or is a member of the key management personnel of that entity (or its parent).

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(l) Revenue

Expense share, admission fee and annual fee

Admission fee revenues consist of the fees to be paid by the companies only for once to be allocated to the Association's budget and the amount to be determined by the General Assembly of the Association. The expense shares consist of the participation fees to the expenses of the Association, the amount of which is determined by the General Assembly, which arises following the budgets to be made. In addition, the annual fee amount is determined by the General Assembly.

Revenues are recognized on an accrual basis over the fair value of the consideration received or receivable upon the provision of the service, the transfer of risks and benefits related to the service, the ability to reliably determine the amount of income and the probable flow of economic benefits related to the transaction to the Association.

In accordance with the status of the Association, the admission fees are collected during the membership process, the fees and expense shares are collected in two equal installments in January and July and are reflected to the income statement during the relevant period.

(m) Cash Flow Statement

Changes in default values regarding the period placed within the cash flow statement; are classified and reported on the basis of fundamental, investment and financing activities. Cash and cash equivalents are cash, drawing accounts and other short-term investments having high liquidity with maturities of 3 months or less as of the date of purchase, being immediately convertible into cash, and without significant risk of change in value.

(n) Financial Instruments

TFRS 9, "Financial Instruments" standard, regulates the provisions regarding the recognition and measurement of financial assets and financial liabilities.

Classification and Measurement of Financial Assets and Financial Liabilities

TFRS 9 extensively protects the existing provisions in TAS 39 for the classification and measurement of financial liabilities. However, the previous TAS 39 classification categories for financial assets to be held until maturity, loans and receivables and financial assets available for sale have been removed.

According to TFRS 9, when a financial asset is recognized for the first time; it is classified as measured at amortized cost; debt instruments - measured through being the fair value ("FV") difference reflected to other comprehensive income; equity instruments - measured through being the FV difference reflected to other comprehensive income or measured through being the FV difference reflected to the profit or loss. Classification of financial assets within the scope of TFRS 9 is generally based on the business model the entity uses to manage the financial assets and the characteristics of the financial asset's contractual cash flows.

A financial asset is measured at its amortized cost if both of the following conditions are met, and it is not classified as measured through being the FV difference reflected to the profit or loss:

- Holding of the financial asset under a business model aiming the collection of the contractual cash flows; and
- The fact that contractual terms regarding the financial asset result in cash flows that, at certain dates, include only interest payments arising from principal and principal balance.

A debt instrument is measured through being the FV difference reflected to other comprehensive income, if both of the following conditions are met and it is not classified as measured through being the FV difference reflected to the profit or loss:

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(n) Financial Instruments (cont.)

- Holding the financial asset under a business model aiming the collection of contractual cash flows and sale of financial assets; and
- The fact that contractual terms regarding the financial asset result in cash flows that, at certain dates, include only interest payments arising from principal and principal balance.

During the first recognition of investments made to the equity instruments that are not held for trading, an irrevocable choice may be made to present subsequent changes in fair value within other comprehensive income. The choice of such preference may be made on the basis of each investment.

All financial assets that are not measured at amortized cost or through being the FV difference reflected to other comprehensive income, are measured through the FV difference being reflected to the profit or loss. These include all derivative financial assets.

During the first recognition of financial assets, provided that it eliminates or significantly reduces an accounting incompatibility that would arise from measuring the financial assets differently and recognizing gains or losses related to such assets differently, an irrevocable fair value change of a financial asset may be defined as measured through being reflected to profit or loss.

The following accounting policies apply to subsequent measurement of the financial assets:

Financial assets, the fair value difference of which is measured through being reflected to profit/loss	These assets are measured at their fair value during subsequent measurements. Including any interest or dividend income, net gains and losses related to these, are recognized in profit or loss.
Financial assets measured at amortized cost	<p>These assets are subsequently measured at their amortized costs by using the effective interest method.</p> <p>If there are any amortized costs, they are reduced by the amount of impairment losses.</p> <p>Gains or losses resulting from their derecognition from the financial statements, are recognized in profit or loss.</p>
Debt instruments, the fair value difference of which is measured through being reflected to other comprehensive income	<p>These assets are subsequently measured at their fair value.</p> <p>Interest income, foreign currency gains and losses and impairments calculated by using the effective interest method are recognized in profit or loss.</p> <p>Other gains and losses are recognized in other comprehensive income.</p> <p>When financial assets are derecognized, total gains or losses previously recognized in other comprehensive income are reclassified within the profit or loss.</p>
Equity interests, the fair value difference of which is reflected to the comprehensive income	<p>These assets are subsequently measured at fair value.</p> <p>Dividends are recognized in profit or loss unless they are clearly a recovery of part of the investment cost.</p> <p>Other net gains and losses are recognized in other comprehensive income and are not reclassified within the profit or loss.</p>

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS

FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(n) Financial Instruments (cont.)

Impairment of Financial Assets

Through the implementation of TFRS 9, the “Expected Loan Loss” (“ELL”) model has replaced the “Actual Loss” model in TAS 39.

The new impairment model applies to financial assets measured at amortized cost, contractual assets and debt instruments measured through the FV difference being reflected to other comprehensive income, but not to the investments made to the equity instruments.

Financial assets measured at their amortized costs consist of trade receivables, cash and cash equivalents and private sector debt instruments.

Under TFRS 9, loss reserves are measured based on any of the followings:

- 12-months ELLs: it is the portion that represents the expected loan losses arising from potential default events regarding the financial instrument within 12 months as of the reporting date; and
- Lifetime ELLs: these are the expected credit losses arising from all potential default events during the expected life of the financial instrument.
- Debt instruments determined to have low loan risk on the reporting date, and
- Other debt instruments and bank balances for which the loan risk (i.e. the risk of default over the expected life of the financial instrument) has not increased significantly as of the first recognition.

The Association has chosen the 12-months ELLs while calculating the impairment regarding the trade receivables and contractual assets.

While determining whether the loan risk of a financial asset has increased significantly since its first recognition and while estimating its ELLs, the Association considers the reasonable and supportable information related to the estimation of expected loan losses, including the effects of expected prepayments, which may be obtained without extreme cost or effort. This information includes quantitative and qualitative information and analyzes based on the Association’s past experience of loan losses and including forward-looking information.

The Association assumes that the loan risk on a financial asset increases significantly, in the case where 30 days have been passed over its due date.

The Association considers a financial asset to be in default in the following cases:

In the case where 90 days have been passed since the due date of the financial instrument.

The maximum period during which ELLs will be measured is the maximum agreement term during which the Association is exposed to loan risk.

Measurement of the ELLs

The ELLs are a probability-weighted estimate of loan losses over the expected life of the financial instrument. In other words, they are loan losses measured through the present value of all cash deficiencies. (for example, it is the difference between the contractual cash inflows made to the Association and the cash flows that the Association expects to be entitled to receive).

The cash deficiency is the difference between the cash flows that have to be made to the Association in accordance with the statute or the agreement and the cash flows that the Association expects to receive.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

2. PRINCIPLES ON THE PRESENTATION OF THE FINANCIAL STATEMENTS (cont.)

B. Summary of Significant Accounting Policies (cont.)

(n) Financial Instruments (cont.)

Since the amount and timing of payments are taken into account in terms of the expected loan losses, a loan loss will occur, even if the Association expects to receive the full payment later than the due date specified within the Statute or the agreement.

The ELLs are discounted at the effective interest rate of the financial asset.

Financial assets with loan impairment

At the end of each reporting period, the Association assesses whether or not financial assets measured at amortized costs and debt assets, fair values of which have been reflected to other comprehensive income are impaired.

A financial asset is impaired if one or more events that adversely affect the estimated future cash flows of a financial asset, have occurred.

C. Significant Accounting Evaluations, Estimates and Assumptions

The preparation of the financial statements requires making estimations and assumptions that affect the amounts of the reported assets and liabilities or disclosed contingent assets and liabilities as of the date of the financial statement and that affect the amounts of income and expenses reported as occurred during the relevant period. While these estimates are based on the management's best opinion and knowledge, the actual results may differ from such estimates. Estimates and decisions are evaluated on a regularly basis. The management also makes certain decisions regarding the process of the implementation of accounting principles, apart from estimates.

Decisions that have significant effects on the amounts mentioned within the financial statements and estimates that may require material adjustments in terms of the assets and liabilities transferred into the upcoming financial year are as follows:

Provision for severance pay: In accordance with the applicable labor law, the Association is obliged to pay a certain amount of severance pay to the personnel who quit their job due to retirement or who are laid off due to any reason other than resignation and bad behavior, after working at least for one year. While calculating the liability for such benefit plan placed within the financial statements, the Association makes estimations and assumptions regarding factors such as the discount rate, the turnover rate to be used, and changes in salaries of the personnel.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

3. CASH AND CASH EQUIVALENTS

	31 December 2021	31 December 2020
Banks		
- Drawing accounts	10.145	6.458
- Deposit accounts ^(*)	4.047.251	3.297.216
Estimated loss reserves (-)	(4.632)	-
Total	4.052.764	3.303.674

^(*) As of 31 December 2021, the interest rate range of deposit accounts in the banks is 12.50% - 14.60%.

(As of 31 December 2020, the interest rate of the overnight TRY deposits in the bank is 15%.)

The liquid assets being basis to the cash flow statement is as follows:

	31 December 2021	31 December 2020
Cash and cash equivalents	4.052.764	3.303.674
Accrual of interest	(85.014)	-
Estimated loan losses	4.632	-
Cash and cash equivalents within the cash flow statement	3.972.832	3.303.674

4. TRADE RECEIVABLES

The table of trade receivables for the years 2021 and 2020 is as follows:

	31 December 2021	31 December 2020
Receivers ^(*)	1.898.867	23.796
Doubtful trade receivables	-	-
Provision for doubtful trade receivables	-	-
Total	1.898.867	23.796

^(*) It consists of subscription fees and expense shares to be collected in January 2022.

5. ASSETS RELATED TO CURRENT PERIOD TAX

	31 December 2021	31 December 2020
Prepaid taxes	30.030	2.480
Total	30.030	2.480

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

6. TANGIBLE FIXED ASSETS

Cost	1 January 2021	Inflows	Outflows	31 December 2021
Fixtures	-	82.441	--	82.441
Right of use assets ^(*)	-	191.171	--	191.171
	-	273.612	--	273.612
Accumulated Depreciation	1 January 2021	Inflows	Outflows	31 December 2021
Fixtures	-	(12.341)	--	(12.341)
Right of use assets ^(*)	-	(143.378)	--	(143.378)
	-	(155.719)	--	(155.719)
Net Book Value	-			117.893

^(*) The Association has recognized the real estate lease occurred within the scope of the operating lease, under the TFRS 16 "Right of Use Assets".

There are no tangible fixed assets as of 31 December 2020.

As of 31 December 2021, there is no pledge on the tangible fixed assets of the Association.

7. OTHER FIXED ASSETS

	31 December 2021	31 December 2020
Expenses regarding upcoming years ^(*)	51.170	-
Total	51.170	-

^(*) Consists of insurance policy and car rental costs.

8. TRADE PAYABLES

	31 December 2021	31 December 2020
Sellers ^(*)	11.904	1.817
Total	11.904	1.817

^(*) Payables to the sellers consist of payables to seller related to the expenses of financial consultancy, corporate communication, etc.

9. SHORT-TERM BORROWINGS

	31 December 2021	31 December 2020
Liabilities arising from leasing transactions	50.866	-
Other financial liabilities	1.971	-
Total	52.837	-

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

9. SHORT-TERM BORROWINGS (Cont.)

As of 31 December 2021, the details of the payables arising from the leasing transactions are as follows:

	31 December 2021		
	Minimum of the future financial leasing payments	Interest	Book value of minimum of the leasing payments
Less than 1 year	51.600	(734)	50.866
	51.600	(734)	50.866

10. DEBTS RELATED TO EMPLOYEE BENEFITS

As of 31 December 2021, and 31 December 2020, payables arisen within the scope of employee benefits are as follows:

	31 December 2021	31 December 2020
Social security withholdings to be paid	35.981	4.500
Income tax to be paid	24.544	2.624
Stamp tax to be paid	828	-
Total	61.353	7.124

11. DEFERRED INCOMES

As of 31 December 2021, admission fees, participation shares and annual fees collected from members are recorded as income, and the remaining fees amounting to TL 1.898.867 are recognized as deferred income.

12. OTHER SHORT-TERM LIABILITIES

	31 December 2021	31 December 2020
VAT to be paid	29.507	-
Withholding to be paid	21.373	-
Other miscellaneous debts/liabilities	-	251
Total	50.880	251

13. REVENUE

The details of the income regarding the period ending on 31 December 2021 and 2020 are as follows:

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Expense share income	1.520.752	-
Association subscription income	762.500	-
Association admission fee	517.115	3.331.489
Total	2.800.367	3.331.489

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE

EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 DECEMBER 2021

(The amounts are shown in Turkish Lira (TRY))

14. GENERAL MANAGEMENT EXPENSES

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Personnel expenses	1.065.346	21.560
Audit and consultancy expenses	668.970	6.376
Taxes, duties and charges	212.682	70
Depreciation expenses	155.719	-
IT expenses	113.765	52.919
General office expenses	41.372	119
Leasing expenses	40.155	-
Other expenses	254.133	3.339
Total	2.552.142	84.383

15. OTHER INCOMES/EXPENSES ARISING FROM MAIN ACTIVITIES

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Other Incomes arising from main activities		
Incentive discount numbered 5510	31.242	280
Other	6.100	-
Total	37.342	280

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Other Incomes Arising from Main Activities		
Donations and grants	85.400	-
Other	39.445	-
Total	124.845	-

16. FINANCING INCOMES/EXPENSES

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Financing Incomes		
Interest Incomes	636.001	49.597
Total	636.001	49.597

	1 January 2021 - 31 December 2021	28 June - 31 December 2020
Financing Expenses		
Interest expenses	15.222	21
Total	15.222	21

17. RELATED PARTY STATEMENTS

As of 31 December 2021, and 31 December 2020, there are no receivables to be obtained from related parties.

As of 31 December 2021, and 31 December 2020, there are no benefits provided to senior executives.

There are no transactions entered into with related parties for the years that ended on 31 December 2021 and 31 December 2020.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

18. EQUITIES

Legal Reserves

As of 31 December 2021, the legal reserves of the Association amount to TRY 1.097.363 (31 December 2020: None).

Retained Earnings

As of 31 December 2021, retained earnings of the Association amount to TRY 2.199.599 (31 December 2020: None).

Net profit for the year

As of 31 December 2021, the net profit of the Association for the year is TRY 781.501 (31 December 2020:

TRY 3.296.962).

19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS

Objectives and principles of risk management

Due to its activities, the Association is exposed to a variety of financial risks, including the effects of changes in debt and capital market prices, exchange rates and interest rates. The Association's risk management program focuses on the unpredictability and instability of the financial markets and aims to minimize the potential adverse effects of these on the Association's financial performance.

Loan risk

Holding financial instruments means also having the risk that the other party will not be able to fulfill the requirements of the agreement. The management of the Association covers these risks by limiting the average risk for each contracting counterparty and by taking securities, if necessary. The collection risk of the Association may arise mainly from its receivables to be obtained from its members.

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

As of 31 December, 2021	Other Receivables	Trade Receivables	Deposits in Banks	Financial Investments
Maximum exposure to loan risk as of the reporting date (A+B+C+D+E) (1)	-	1.898.867	4.052.764	-
-The part of the maximum risk assured through securities etc. (2)	-	-	-	-
A, Net book value of financial assets				
that are not overdue or impaired	-	1.898.867	4.052.764	-
B, book value of financial assets, conditions of which have been renegotiated and which otherwise would be deemed to be overdue or impaired.	-	-	-	-
C, Net book value of the assets which are overdue but not impaired	-	-	-	-
- the part assured through securities etc.	-	-	-	-
D, Net book values of the impaired assets	-	-	-	-
-Overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
-The part of the net worth assured through securities etc.	-	-	-	-
-Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
-The part of the net worth assured through securities etc.	-	-	-	-
E, Elements involving off-financial statement loan risk	-	-	-	-

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

As of 31 December 2020	Other Receivables	Trade Receivables	Deposits in Banks	Financial Investments
Maximum exposure to loan risk as of the reporting date (A+B+C+D+E) (1)	-	23.796	3,303,674	-
-The part of the maximum risk assured through securities etc. (2)	-	-	-	-
A, Net book value of financial assets				
that are not overdue or impaired	-	23.796	3,303,674	-
B, book value of financial assets, conditions of which have been renegotiated and which otherwise would be deemed to be overdue or impaired.	-	-	-	-
C, Net book value of the assets which are overdue but not impaired	-	-	-	-
- the part assured through securities etc.	-	-	-	-
D, Net book values of the impaired assets	-	-	-	-
-Overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
-The part of the net worth assured through securities etc.	-	-	-	-
-Not overdue (gross book value)	-	-	-	-
- Impairment (-)	-	-	-	-
-The part of the net worth assured through securities etc.	-	-	-	-
E, Elements involving off-financial statement loan risk	-	-	-	-

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
 FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Liquidity risk

The funding risk of the current and prospective debt requirements is managed through maintaining the availability of sufficient number of high-quality lenders.

Prudent liquidity risk management refers to holding sufficient cash and securities, availability of sufficient loan transactions and funding sources, and the power to close market positions.

As of 31 December 2021, and 2020, the maturity allocation of the Association's trade payables in accordance with the due dates is as follows:

31 December 2021

Due dates in accordance with the agreement	Book Value	Total cash outflows pursuant to the agreement (=I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non-derivative financial liabilities					
Trade payables	11.904	11.904	11.904	-	-
Liabilities arising from leasing transactions	50.866	51.600	51.600	-	-
Total	62.770	63.504	63.504	-	-
31 December 2020					

Due dates in accordance with the agreement	Book Value	Total cash outflows pursuant to the agreement (=I+II+III)	Less than 3 months (I)	3-12 months (II)	1-5 years (III)
Non-derivative financial liabilities					
Trade payables	1.817	1.817	1.817	-	-
Total	1.817	1.817	1.817	-	-

Interest rate risk

The fact that changes in market interest rates cause fluctuations in the prices of financial instruments requires the Association to deal with interest rate risk. This risk is managed by covering the assets affected by the interest rate changes through the liabilities of the same type. The Association has not any interest-sensitive liabilities. The Association uses its cash reserves as bank deposits. Since the bank deposits are overnight, the Association does not bear a significant interest rate risk.

As of 31 December 2021, 2020, the average interest rate applied to financial instruments is as follows:

	31 December 2021	31 December 2020
Financial instruments		
Financial assets		
- Deposit accounts in banks	4.047.251	3.297.216
- Liabilities arising from leasing transactions	50.866	-
Total	4.098.117	3.297.216

PAYMENT AND ELECTRONIC MONEY INSTITUTIONS ASSOCIATION OF TÜRKİYE
**EXPLANATORY NOTES AS TO THE FINANCIAL STATEMENTS
FOR THE PERIOD ENDED 31 DECEMBER 2021**

(The amounts are shown in Turkish Lira (TRY))

19. NATURE AND LEVEL OF RISKS ARISING FROM FINANCIAL INSTRUMENTS (Cont.)

Interest rate risk (Cont.)

As of 31 December 2021, and 2020, the interest rate applied to financial instruments is as follows:

	31 December 2021	31 December 2020
Financial assets		
- Deposit account in banks	12,50%-14,60%	15%
- Liabilities arising from leasing transactions	18,46%	-

Foreign currency risk

The Association is exposed to exchange rate risk arising from exchange rate changes due to the conversion of the amounts owed or credited in foreign currency into TRY. The Association carries out a policy aimed at balancing its foreign currency position in order to reduce the exchange rate risk.

As of 31 December 2021, and 2020, there is no foreign currency risk as it has no foreign currency balance.

20. EVENTS OCCURED AFTER THE FINANCIAL STATEMENT DATE

None.

21. OTHER MATTERS THAT MATERIALLY AFFECT THE FINANCIAL STATEMENTS OR MUST BE DISCLOSED FOR THE FINANCIAL STATEMENTS TO BE CLEAR, INTERPRETABLE AND UNDERSTANDABLE

None.

Türkçe editörlük ve tasarım hizmetleri

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