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## Banking & Finance

### THE NEW ERA IN TURKISH BANKING AGREEMENTS

The Law No. 7247 Amending Certain Laws and Decrees (the “**Amending Law**”) has been published in the Official Gazette dated June 26, 2020 and numbered 31167 with immediate effect. One of the remarkable purposes of the Amending Law is facilitating the provision of banking services by introducing electronic agreements to be executed between financial institutions and their customers.

This legal alert will discuss significant amendments effecting, *inter alia*, the Banking Law (Law No. 5411) (the “**Banking Law**”), the Credit Cards and Bank Cards Law (Law No. 5464) (the “**Credit Cards Law**”), the Law on Financial Leasing, Factoring and Financing Companies (Law No. 6361) (the “**Factoring Law**”) and the Law on Payment and Securities Settlement Systems, Payment Services and Electronic Money Institutions (Law No. 6493) (the “**Payment Services Law**”) as per the Amending Law.

#### What’s New?

- With the aim of enabling financial institutions and payment service providers to conclude agreements with their customers electronically, the Amending Law introduced changes to form requirements of the respective agreements set out under the Banking Law, the Credit Cards Law, the Factoring Law and the Payment Services Law.
- That being said, Article 76 of the Banking Law and Article 24 of the Credit Cards Law have been subject to amendments in a way to allow banks to execute agreements either (i) by using remote communication devices or (ii) through information systems or electronic communication devices, which enable identity verification of customers, to be defined by the Banking Regulation and Supervision Agency as an alternative to handwritten form requirement. In parallel with these changes, the form requirements for leasing, factoring, financing agreements as well as framework agreement to be executed by payment service providers with their customers are also amended

in efforts to incorporate the aforementioned methods for agreement conclusion.

- In line with the above-mentioned purposes, as per the amendments to Article 49 and 50 of the Law No. 5809 on Electronic Communications (*published in the Official Gazette dated November 10, 2008 and numbered 27050*), subscription agreements are allowed to be concluded either in writing or electronically through methods determined by the Information and Communication Technologies Authority which enable the identity verification of customers.

## Conclusion

The Amending Law aims to ensure the compliance of the relevant legislation with digital transformation strategies and to allow various types of contracts, which are frequently used in banking sector, to be concluded electronically, in addition to written procedures, in accordance with the measures taken in relation to the Covid-19 pandemic.

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