

## Corporate Credit Rating

New  Update

**Sector:** Payment Systems  
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RATINGS		Long Term	Short Term
ICRs (Issuer Credit Rating Profile)	National ICR	AA (tr)	J1+ (tr)
	National ICR Outlooks	Stable	Stable
	International FC ICR	BB	-
	International FC ICR Outlooks	Stable	-
	International LC ICR	BB	-
ISRs (Issue Specific Rating Profile)	International LC ICR Outlooks	Stable	-
	National ISR	-	-
	International FC ISR	-	-
Sovereign*	International LC ISR	-	-
	Foreign Currency	BB (Stable)	-
	Local Currency	BB (Stable)	-

\* Assigned by JCR on May 10, 2024

## Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş.

JCR Eurasia Rating, has evaluated "Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş." in the investment grade category with the very high credit quality and affirmed the Long-Term National Issuer Credit Rating as 'AA (tr)' and the Short-Term National Issuer Credit Rating at 'J1+ (tr)' with 'Stable' outlooks. On the other hand, the Long Term International Foreign and Local Currency Issuer Credit Ratings and outlooks were assigned as 'BB/Stable' as parallel to international ratings and outlooks of Republic of Türkiye.

**Turkcell Ödeme ve Elektronik Para Hizmetleri A.Ş.** (hereinafter referred to as "TÖHAŞ" or "the Company") represents a fintech enterprise of the Turkcell Group, primarily offering payment solutions such as mobile payments (Pay Later), bill payments, and prepaid cards. It also provides merchant solutions (including Virtual and Android POS), financial services (excluding credit card and deposit options), and mobile wallet services. TÖHAŞ's main offerings are branded as "Paycell" and can be accessed through a comprehensive mobile app. As of 1H2024, active mobile payment users numbered 7.5 million.

The regulation of payment and electronic money services in Türkiye overseen by the Central Bank of the Republic of Türkiye (CBRT). The fintech sector is rapidly growing, and as of the Corporate Credit Rating Report date, the CBRT has licensed 26 payment services and 60 electronic money companies. TÖHAŞ is among these companies and benefits from the synergies of being affiliated with Turkcell Group, Türkiye's leading GSM operator.

In 2022, TÖHAŞ decided to expand its presence in international money transfer and payment services within the European Union. To support this goal, the Company acquired shares in Turkcell Europe and partnered with the local digital bank, Solaris.

Key rating drivers, as strengths and constraints, are provided below.

### Strengths

- Continued revenue and EBITDA growth capability thanks to increase in transaction volume in FY2023 and 1H2024,
- Improvement in cash flow metrics in FY2023 and solid financial leverage metrics owing to cash surplus position,
- Strong equity size due to the internal resource generation capacity backed by sustainable with solid profitability metrics and no dividend payment since 2021,
- Reasonable interest coverage ratios despite decrease in FY2023,
- Scope for sector expansion thanks to innovations in payment systems and the widespread use of electronic money,
- Advantages with operating within Turkcell Group.

### Constraints

- Relatively high operational costs due to nature of fintech industry,
- Possible shifts in the regulatory landscape that introduce uncertainty into business strategies,
- In the shadow of geopolitical risks, leading economic indicators point to continued weakness in global demand conditions, whereas actions for a soft-landing are at the forefront.

Considering the aforementioned points, the Company's the Long-Term National Rating has been affirmed at 'AA (tr)'. The Company's steady revenue and EBITDA growth ability, strong leverage indicators, satisfactory profitability metrics and growth potential in the industry have been evaluated as important indicators for the stability of the ratings and the outlooks for long and short-term national ratings are determined as 'Stable'. On the other hand, the Company's revenue and profitability performance, risk impacts of the TRY's depreciation on activities will be closely monitored by JCR Eurasia Rating in upcoming periods. The macroeconomic indicators at national and international markets, as well as market conditions and legal framework about the sector will be monitored as well.

