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Kremlin Rolls Out Card That Does All

By Olga Razumovskaya

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President Dmitry Medvedev holding up examples of proposed all-purpose identity and payment cards Monday. **Dmitry Kostyukov**

Imagine a piece of plastic that gets you a doctor's appointment, pays your bills, allows you to rent a car or buy a plane ticket and even get Moscow registration faster than the sham ads in the Moscow metro.

President Dmitry Medvedev promised Monday that three years from now all Russians will have this magic card.

He gave the government till May to make final calculations of the funds necessary to introduce the universal electronic card, or UEC, for all citizens and urged banks to not take advantage of card users at the meeting of the commission on modernization and technological development of the economy Monday.

The UEC, which will be a kind of Swiss army knife of plastic cards and serve as a combination of a state electronic ID, driver's license, car insurance and migration cards among other

possible perks, should be available to Russians by 2014, according to the federal law.

The project to create the new e-card could cost the government as much 150 billion rubles ($5.2 billion) to 170 billion rubles ($5.9 billion), Economic Development Minister Elvira Nabiullina told reporters at the modernization commission meeting.

The project will have spanned five years, and the cost of card issuance alone will be 40 billion rubles, which puts the cost of one card at 265 rubles ($9), Nabiullina said.

The minister promised that all investments in the card would be matched by savings as the new e-card will replace the Russian version of social security cards.

While the card offers an almost infinite number of benefits, the list of them is still to be determined, and most other details of the project are still to be worked out.

Banks, for one, are not sure whether they will benefit from this innovation.

German Gref, chief executive of state-run Sberbank, which is one of the three banks that will help finance the card's development, said banks have so far been reluctant to provide funds for the project because it's "of little interest" commercially, Bloomberg reported.

Another danger of introducing such a card is the potential for identity fraud, which often plagues countries that have introduced systems of electronic identification and rely heavily on cards similar to the UEC, experts say.

This is especially the case in Western countries, said Timur Aitov, executive director at the Association of Russian Banks. "Until recently, we have had nothing to steal," he said.

But introducing a card that would hold comprehensive data on citizens could put them at high risk of identity theft.

Medvedev confessed that, to date, the government has not found a good answer to the question of protecting its citizens' data and he admitted that personal information often circulates on the Internet.

But "on its own, protection of such information should not be an obstacle to making the decision to issue cards," Medvedev said.

The fact that the card will use a foreign chip should also not stand in the way of the project taking off as soon as possible, Medvedev said.

"[We] will not wait till we create our own chip, otherwise it will never be made," the president said.

While Medvedev promised that the new card "will improve the lives of tens of millions of people" by cutting through the red tape and allowing Russians to do everything from paying their gas bills to making a doctor's appointment online, experts see ample potential for the card to turn from a magic wand into a weapon that can be used against its owner through fraud and identity theft.

Cases of fraud involving plastic debit and credit cards in Russia, according to experts, run as high as 1 percent to 1.5 percent of all cards, and not all of them are reported.

Banks, too, will have to weigh potential dangers, Aitov said.

"While it's natural for a bank to want to promote itself and get new clients, they must keep the cost in mind," he said.

New risks will be brought upon by many "untrustworthy" clients who have never owned a debit or credit card before come on board, making transactions they have no financial backing for, Aitov said.

To add to banks' headaches, Medvedev encouraged the government to think about how to regulate tariffs on transactions for commercial and state services, which are controlled by banks.

"If citizens will incur high expenses for making a transaction, this will look really bad," he said. "This is why all who will be servicing these cards, all major banks must understand that this is, after all, a social mission and not a source of substantial income."

Since the design of the card is still being developed, the president said he hoped the discussion of the design of the new e-card would be fair and objective, unlike the vote for the official Sochi Olympic mascots, where the results of voting on state-run television did not correspond with results of Internet voting. He proposed that people make suggestions for the new card on the Internet.

"I hope that it will seem fairer than the discussion of mascots for our Olympics," the president said. "That at least there will not be the dissonance that occurred between the vote on television and the vote on the Internet."

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