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Payments Bill Threatens Projects

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Proposed legislation on a national payment system could prevent the creation of a universal electronic card or an international financial center in Moscow from coming to fruition, a new study said.

The study looks at the draft law on a national payment system — a group of financial institutions, instruments and procedures that will control circulation of money within the country — currently under review by the State Duma that attempts to regulate an area that has been largely uncontrolled.

The bill itself, however, especially its latest edition, has generated a lot of controversy in the media and among international payment systems such as MasterCard and Visa, which would be prohibited from sending abroad information about wire transfers and payments executed in Russia, should the law be passed in its current state.

The bill could also prohibit processing centers from providing access to users' information from abroad.

This means that companies like MasterCard and Visa would be forced to create processing centers on Russian territory, if they want to conduct business here.

"This norm ... contradicts the idea of creating an international financial center. It is simply impossible to have this written in the law and expect that we somehow, somewhere, in some strange way will be able to create such a center," said Nikita Maslennikov, an adviser at the Institute of Contemporary Development and chief researcher who oversaw the study.

The common desire of lobbyists and legislators to resolve the contradictions in the existing draft made the authors of the study hopeful that a compromise would be found in time for the vote on the final version.

Presidential aide Arkady Dvorkovich also hurried to reassure international payment systems that their interests will not suffer.

"There will be no limitations on the uses of Visa and MasterCard," he wrote on Twitter on Tuesday.

National payment system legislation is essential to creating a universal electronic card, or UEC, that can be used in all financial transactions, not just for taking out cash, as is the case with plastic cards today.

The authors of the study also said at a news conference Thursday that deputies overlooked the fact that the bill does not succeed in its goal of linking the payment system with the UEC project, which is not even mentioned in the draft.

"The decision that is being made by the deputies will drastically hamper the development of the universal card project," Maslennikov said.

Maslennikov said he expected the law to be passed at some point in the spring session, given that the deputies are working hard to iron out the details.

"The main battles over this law are still ahead," Maslennikov said.

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