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Credit Card Fraud Low in Russia

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Credit cards issued in Russia are less likely to be subject to fraud than cards issued overseas, where payment systems have not yet been updated with the latest security features already used by Russian banks, such as payment verification via mobile messages.

This explains the fact that Russian credit cards have less involvement in fraudulent transactions than their counterparts in Western countries, Vladimir Komlev, general manager of United Card Service, or UCS, said at a press conference Wednesday.

Cards issued in the U.S. account for 67 percent of fraudulent payments in the Middle East, Africa and Central Europe, which includes Russia.

Stolen payment information is rarely used in the country in which the card was issued, Alexander Kuznetsov, UCS's risk and security manager, said. This is because political and economic borders between countries slow down the speed the banks can react on suspicious transactions.

Most credit card numbers are stolen by hacking into databases or sniffing Internet traffic between the website and the payment system after the user keys in the credit card number and hits the submit button. Where the customer has to present the actual credit card, the level of fraud is close to zero.

This is why, Kuznetsov said, new contact-less payment systems such as PayWave or PayPass, aimed at improving user experience, present no threat to the credit card security. While theoretically possible, eavesdropping on the information transmitted between the card and the payment terminal during a contact-less transaction is virtually impossible.

Credit and debit card payments are relatively uncommon in Russia. According to statistics released by the Bank of Russia earlier this year, cash withdrawals account for 83 percent of all card transactions, with the reminder being direct payments for products and services. Banks have come up with bonus programs to encourage their clients to use cards for payments, rather than to withdraw cash. For example, Sberbank's Spasibo campaign offers reimbursement of up to 1.5 percent of purchase price when users pay with a card.

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