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PayPal Starts Accepting Payments in Russian Currency

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International online payment company PayPal officially launched its local currency service in Russia on Tuesday by introducing 13 large e-commerce companies that already added PayPal as a payment option to their websites.

These companies include Ozon.ru, Lamoda.ru, Anywayanyday.com, Enter, Svyaznoi, tutu.ru and others.

"Today we officially launch the ruble transactions functionality on the territory of the Russian Federation. As of today, Russian users can pay for their Internet purchases in rubles, and transfer the funds to accounts in Russian banks," said Vladimir Malugin, PayPal regional director for Russia.

PayPal first entered the country in 2006, but the functionality to conduct transactions between Russian merchants and Russian customers required a special license from the

Central Bank, which was only granted in May.

Despite the rumors that it took a long time to acquire the license, the process was very simple, Malugin said.

"It only took 90 days to receive the license, and we are happy with our relationship with the Central Bank and other state organizations," he added.

According to a TNS Global report, PayPal has a 9 percent market share in Russia, trailing behind Yandex.Money (17 percent), Qiwi (14 percent) and WebMoney (13 percent).

The company has 3 million users in Russia, 1 million of whom use the service on a regular basis.

Malugin said that PayPal likes the fact that the market in Russia is very competitive, because it helps customer education and encourages others to use online payment systems instead of cash.

Asya Mulkumova, a spokeswoman from Yandex.Money, said earlier that PayPal's success in Russia depends on the performance of its parent company eBay, which has owned the payment system since 2002.

But considering the auction website's weak presence here, this union may hinder the company's success in Russia, Mulkumova said.

While declining to comment this directly, Malugin said that, out of the $1 billion worth of transactions that PayPal processed in Russia last year, 50 percent were from platforms other than eBay. The company hopes that this share of transactions will continue to grow, he added.

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