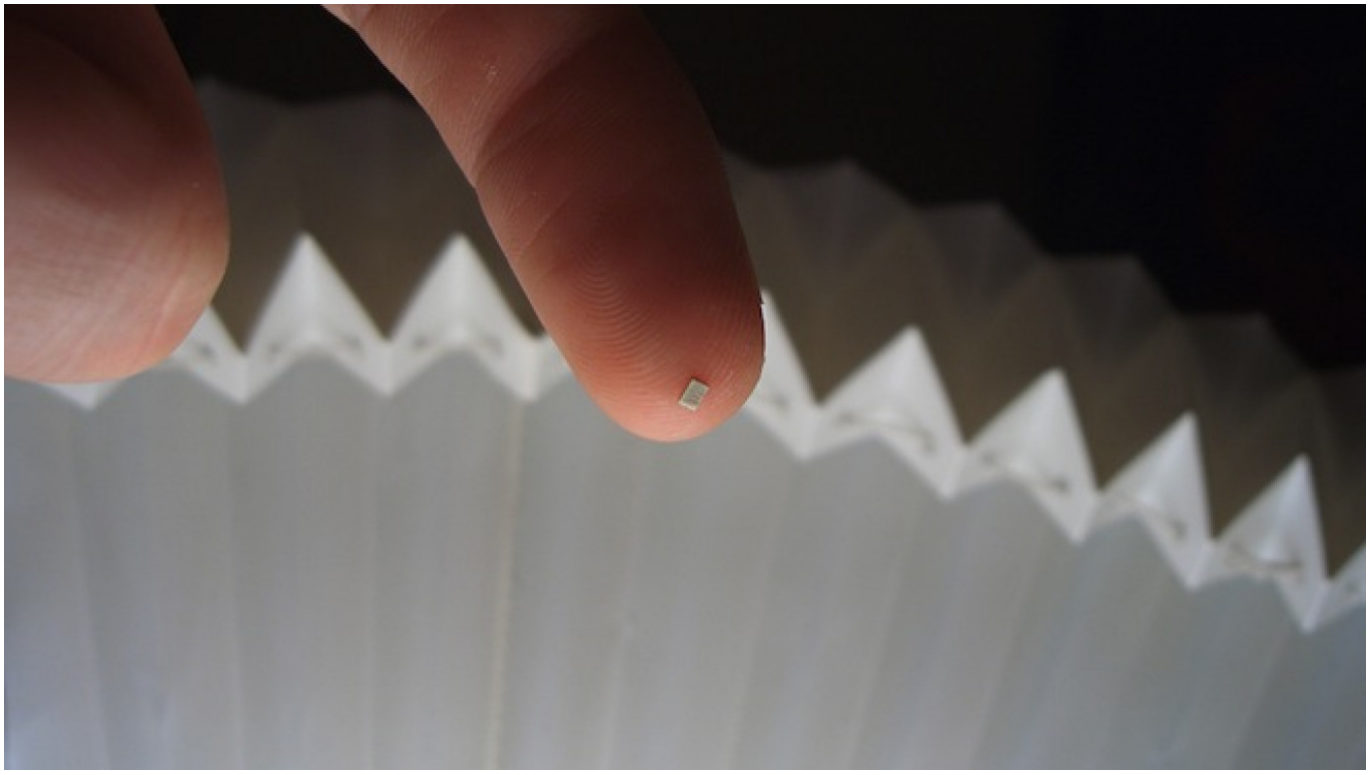
The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russian Mikron Promises 'Safe' Homemade Bank Card Chips Next Year

By Delphine d'Amora

April 09, 2014



Using chips that are designed and produced within Russian borders will protect domestic banks from undocumented capabilities and backdoors.

Russia will receive its first domestically produced bank card chips in 2015, liberating Russian citizens from the threat of foreign surveillance — or so their producer Mikron would have it.

Using chips that are designed and produced within Russian borders will protect domestic banks from "undocumented capabilities and backdoors," said Andrei Dianov, a spokesman for Mikron, Russia's top microchip producer and a subsidiary of oil-to-telecoms conglomerate Sistema.

"The existence of such backdoors is potentially possible, however at the moment there are no technical means for discovering them, especially if they were inserted during the design phase," Dianov said.

Mikron's rhetoric of foreign threat comes amid a drive to liberate Russian banking from foreign influence, spurred by Visa and MasterCard's suspension of service for sanctioned Bank Rossiya and temporary refusal to process payments at several other Russian banks last month. The companies were fearful of violating the standing U.S. sanctions against Bank Rossiya and 20 prominent politicians and businessmen, prompted by Russian's annexation of Crimea last month.

President Vladimir Putin in late March called for the creation of a national payment system, which would provide a substitute for Visa and MasterCard. Once certain laws have been altered, the system will be ready within two to six months, Sberbank CEO German Gref said last week, according to a statement on the Kremlin website.

Information security experts, however, are unconvinced.

"It is a load of nonsense," said Ilya Sachkov, CEO and founder of Moscow-based cybersecurity firm Group-IB. "I do not know of any examples of this, nor do most of my colleagues and other specialists in information security."

While it is possible to track users during the processing of particular transactions, "this is not at all related to whether there is a chip on the card or not," Sachkov said.

In fact, most leading government officials currently receive their salaries on bank cards, he added.

No matter how flimsy these security concerns, some Russian bankers have already declared a preference for domestically produced chips.

Leading lender Sberbank would rather use Russian microelectronics, all else being equal in terms of quality and price, senior vice president Viktor Orlovsky told Vedomosti.

Others, however, see no inherent advantage to domestic hardware. A spokesman for VTB24, the fourth-largest bank in Russia by volume of assets according to RIA-Rating, said Wednesday that they select their chips based on tenders and that there is "no risk" in using chips produced abroad.

Mikron group is the largest producer and exporter of microtechnology in Russia and the former Soviet republics. The project to produce its own bank card chips launched in early 2012 in cooperation with state technology corporation Rosnano and leading European manufacturer STMicroelectronics.

The company now has all the technology and equipment needed to produce bank cards from start to finish, Dianov said. The company already produces 15 million cards yearly, with imported chips for various Russian banks.

Dianov said previously that Mikron plans on producing up to 10 million chips a month, both for use in their own payment cards and for sale to other producers, Vedomosti reported.

According to customs' declarations, each imported chip costs about $0.10, putting revenues from the total planned production at about $1 million a month, said Ivan Pokrovsky, general director of publishing house Elektronika. But, he added, demand may not be sufficient

to consume such a supply — in 2012, only about 7 million total chips crossed the border into Russia.

Contact the author at d.damora@imedia.ru

Original url:
https://www.themoscowtimes.com/2014/04/09/russian-mikron-promises-safe-homemade-bank-card-chips-next-year-a33810