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Putin Passes Law Requiring $3.8Bln Security Payments From Visa, MasterCard

By The Moscow Times

May 05, 2014

International payment systems Visa and MasterCard will be forced to provide Russian authorities with multi-billion dollar security deposits if they wish to continue working in the country beyond July 1, under a law signed by President Vladimir Putin, the Kremlin press service said Monday.

The law on a national payment system, which seeks to guarantee uninterrupted service of payments in Russia by foreign payment systems and prevent them from cutting services to Russian clients, as Visa and MasterCard did in response to U.S. sanctions in March.

Foreign payment systems will be forbidden by the law to unilaterally cut services to Russian clients and require them to base their processing center in Russia. They will also have to leave

a security deposit at the Central Bank equivalent to the value of two days of transactions processed in Russia. Visa and MasterCard, which together service about 90 percent of payments in Russia, processed $1.9 billion per day last year, meaning that they will be obliged to relinquish about $3.8 billion to the Central Bank.

That amount will be payable in 8 quarterly payments starting from July 1.

The law also creates the basis for a new Russian national payment system that hopes to compete with the two U.S. companies. This system will be built and run by a new company created under the aegis of the Central Bank.

See also:

Visa, MasterCard Required to Pay $3.8Bln Security Deposit to Work in Russia

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