The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

VTB Bank Chief Slams Law Penalizing Visa and MasterCard

By The Moscow Times

May 23, 2014

Andrei Kostin, VTB Bank chairman of the management board, looks on during a round table discussion titled "The CIS: Modern Reality and the Challenges of Sustained Development" at the 18th St. Petersburg International Economic Forum in St. Petersburg, Russia.

Andrei Kostin, head of Russia's second largest bank VTB, on Friday branded a recent law that could push Visa and MasterCard out of the Russian market "excessive," and said Russia could not risk losing the two U.S. payment systems.

Visa and MasterCard, which together process about 90 percent of payments in Russia, "must stay and work here. We shouldn't fall into 'Ura!' patriotism," Kostin was quoted by Interfax as saying in a panel session of the St. Petersburg International Economic Forum.

Legislation passed earlier this month requires Visa and MasterCard to put down a combined $2.9 billion security deposit with Russia's Central Bank starting from July 1. This is some five times more than the companies' combined annual revenue in Russia, according to a recent

study by U.S. bank Morgan Stanley.

Finance Minister Anton Siluanov told Itar-Tass on Thursday that he will meet with representatives from Visa and MasterCard during the forum to discuss a compromise. But the new law will "create a problem" for the government and the Central Bank in their negotiations with the payment systems, Kostin said.

Visa and MasterCard in March unilaterally suspended services to two Russian banks in response to a U.S. sanctions list imposed on Russia following the annexation of the Crimean peninsula from Ukraine. The incident sparked a government effort, spearheaded by President Vladimir Putin, to create an independent national payment system and insure against further denials of service.

Although a national payment system could be created by the end of the year, it will not be able to guarantee transactions for citizens outside Russia, "at least, for a number of years," Kostin said.

"They say that only 5 percent of the population uses cards abroad, but this is between five and seven million of our citizens, for whom this is crucially important," Kostin said.

Original url:
https://www.themoscowtimes.com/2014/05/23/vtb-bank-chief-slams-law-penalizing-visa-and-mastercard-a35727