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MasterCard, Visa Now Process Russian Payments Through Sanction-Proof System

By The Moscow Times

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Visa and MasterCard now process all Russian transactions through a state-run system designed to prevent the U.S. credit card companies from suspending service, a Central Bank official said Thursday.

"We transferred all transactions done with MasterCard cards in April, and literally last night we completed a full transition for all banks using Visa," Central Bank deputy head Olga Skorobogatova was quoted as saying by the Interfax news agency.

Visa and MasterCard, both of which are incorporated in the United States, together process about 90 percent of payment transactions in Russia.

Work on Russia's national payment system was launched last year after MasterCard and Visa

suspended service to two banks with alleged links to President Vladimir Putin that had been sanctioned by the U.S. following Russia's annexation of Crimea from Ukraine.

While the sanctions on the two banks affected very few ordinary Russians, it woke the Kremlin up to the possibility of more widespread denials of service. Legislation was then passed obliging international payment systems — most prominently, Visa and MasterCard — to process payments through a national payment system that would allow Russians' credit cards to continue functioning even if foreign payment systems switched off access.

On Saturday the national payment card system announced that it had selected a brand name and image for its first bank cards, to be released later this year. The card, which will feature an image of the world and cartoon-like wings, will be branded "Mir," a word that means both "the world" and "peace" in Russian.

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