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Visa Says It Won't Guarantee Russian Transactions From Oct.1

By The Moscow Times

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Analysts agreed: Visa cares about its reputation and relationship with banks, and is unlikely therefore to stop processing transactions even if it receives them by mistake.

Visa, the international payment provider, has circulated a letter to Russian banks warning that it will no longer guarantee the processing of domestic transactions from Oct.1, the Kommersant newspaper reported Monday, citing market sources.

Under legislation passed after Visa and MasterCard stopped servicing sanctioned Russian banks last year, from Oct. 1, all local transactions must be processed through a state-run National Payment Card System designed by the Central Bank. The new system aims to cut the country's reliance on foreign payment providers.

But the transition to the new national service has been rocky, and Visa is still receiving some transaction requests from banks, according to Kommersant.

Unidentified sources told the paper the situation had prompted the company to warn that if it receives requests from banks to approve Russian transactions from Oct. 1, it will not guarantee their processing.

Visa confirmed sending the letter to all Russian banks, according to Kommersant. The company also said Monday that the move would not affect ordinary cardholders.

The number of transaction requests from banks was small and there was no threat of disruption from failed payments, the newspaper reported, citing unidentified representatives of Visa and the National Payment Card System.

Analysts agreed: Visa cares about its reputation and relationship with banks, and is unlikely therefore to stop processing transactions even if it receives them by mistake, Maria Mikhailova, executive director of the National Payments Council lobby group, told the newspaper.

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