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China's Visa Alternative Cuts Off Russian Banks Over Sanctions – RBC

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Zuma / TASS

China's UnionPay paymentsystem has stopped accepting cards issued by Russian banks under Western sanctions over fears of penalties, the RBC news website reported Friday, citing financial industry sources.

Demand for UnionPay cards in Russia surged following Visa and Mastercard's exit in the wake of the invasion of Ukraine.

A number of major Russian banks subsequently announced plans to issue cards via UnionPay, which has only a small international presence.

"UnionPay limited acquiring and issuing partnerships with sanctioned banks on its own initiative," RBC quoted an unnamed payment sector source as saying.

"In particular, acceptance of UnionPay cards was restricted by verbal notification."

A banking source attributed the informal ban to fears of secondary sanctions, saying

UnionPay cards had stopped working for Russians as early as the spring.

UnionPay refused to cooperate with Russia's biggest lender, state-owned Sberbank and suspended talks with other banks for fear of incurring secondary sanctions, RBC reported in April.

Russians who obtained UnionPay cards from Russian banks have since reported difficulties with making payments in the U.S., Israel, Europe, Asia and the Middle East.

China has not joined Western sanctions on Russia over its invasion of Ukraine and refused to criticize Moscow.

But, despite boosting the amount of energy that it buys from Russia, China has largely complied with Western sanctions, reportedly cutting back on car, smartphone and other exports to Russia.

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