



SEO PR Tricks are DEAD

Google made this crystal clear in 2013. Why keep wasting money on Online Press Releases??

eReleases:
White Hat for 15 years.
Save \$130.00

Russia's card plan seen unlikely to replicate China's UnionPay

BY **MEGAN DAVIES**

MOSCOW | Fri Apr 4, 2014 9:30am EDT

1 COMMENTS

Tweet 0

Share 3

Share this 0

Email

Print



A general view of the head office of Bank Rossiya in St. Petersburg March 21, 2014.

CREDIT: REUTERS/ALEXANDER DEMIANCHUK

RELATED TOPICS

[Russia](#)

(Reuters) - Russia's push to develop a domestic payment system to reduce its reliance on the West may overcome the country's strong cash culture, but is likely to stumble on the international

stage.

Prompted by the suspension of Visa and Mastercard services to Bank Rossiya because of Western sanctions over Crimea, Russian officials have revived attempts to create a national payment system.

"We certainly must do this, and we will do it," Russian President Vladimir Putin said last week. "It is really too bad that certain companies have decided on ... restrictions. I think this will simply cause them to lose certain segments of the market - a very profitable market.

After the United States imposed sanctions on officials believed to be close to President Vladimir Putin and Rossiya bank, which Washington said was the "personal bank" for the leader's inner circle, Moscow has signaled a shift towards [Asian markets](#) and told businessmen to bring their assets home.

- 1 Comedian John Pinette found dead in Pittsburgh hotel room at age 50
- 2 Australia says new 'pings' best lead yet in Malaysia jet search | [VIDEO](#)
- 3 Australia says signals detected consistent with missing Malaysian plane
- 4 Protests in eastern Ukraine aimed at bringing in Russian troops, warns PM | [VIDEO](#)
- 5 Pro-Russia protesters seize Ukraine buildings, Kiev blames Putin | [VIDEO](#)

UP TO **70% OFF** everything home

wayfair.com [SHOP NOW >](#)

Follow Reuters

Facebook	Twitter	RSS	YouTube
--------------------------	-------------------------	---------------------	-------------------------

RECOMMENDED VIDEO

[Vladimir Putin is single again](#)

[Gas explosion from WWII bomb leaves 7 dead in ...](#)

[Breakingviews: How long](#) [Ukraine PM calls Russia](#)

Introducing a payments system would give [Russia](#) a reserve to fall back on should sanctions gain teeth, reducing its reliance on U.S. systems which have to abide by their country's rules.

"There are many domestic payment systems out there. Can [Russia](#) do it? Piece of cake," said David Robertson, publisher of industry publication The Nilson Report, in Carpinteria, California. "What matters is crossing a border, whether it's your own citizens who want to travel or vice versa."

Russia would still have to rely on international systems such as Mastercard or Visa to process payments that cross the border, analysts say.

Russian [Finance](#) Minister Anton Siluanov was quoted by Russian news agency RIA as saying the country did not intend to stop using Visa and Mastercard systems although a domestic system was under consideration.

ANOTHER UNIONPAY?

China's UnionPay, founded in 2002, took an expansionist approach, taking advantage of a growing population's propensity to travel to strike reciprocal arrangements with systems around the world.

UnionPay had a 2013 market share of credit and debit transactions worldwide of 7.7 percent, according to Nilson Report data. That is third largest globally after Visa with 60.5 percent and Mastercard with 26.9 percent.

Among the others, American [Express](#) has 3.8 percent, Japan's JCB has 1.1 percent and Discover Financial Services' Diners Club has 0.1 percent, the figures showed.

China's large size made it worthwhile to launch such a system, as with a population of over 1.3 billion there are enough people to use it, analysts say.

Russia's population of 143 million people is rising slowly but is not yet back up to the 148 million it reached in the early 1990s.

"It is one thing for [India](#) or [China](#) to do this - they have more than one billion people. Russia has a 10th of it," said Robertson. "You have a population with not a lot of dispensable income (and a) cultural practice of using cash. There's a secular migration to cards but right now it is a slog as the country morphs into a more modern financial system."

GETTING STARTED

While building a domestic system could bring potential benefits such as lower fees and higher security, it could be a costly and lengthy process, and it is questionable whether it would make money, analysts say.

"It's nice to have a domestic system," said one Moscow-based analyst who declined to be named. "But it has limitations for international payments. There would be substantial capital expenditure to create a domestic processing system and it would probably not be a matter of months but years."

Russia's biggest bank, Sberbank, previously tried to develop its Sberkart payment system but dropped the plan in 2010 to develop PRO100 credit cards, as shareholders determined there was not much chance of Sberkart succeeding on a national basis, according to a report in trade publication Cardline at the time.

Sberbank could not be reached for comment on why the card was dropped.

[can China Internet 'gol...](#) [gas hike "absolutely u...](#)

FINANCIAL COMMENTARIES AND GUIDES

- [Our toolkit helps you understand the essentials of estate planning.](#) (*Wells Fargo Advisors*)
- [Will the Stock Index Futures rally into 2014?](#) (*ADM Investor Services*)
- [National Financial can help you reinvent your approach to drive growth](#) (*Fidelity*)
- [The guide that will help you understand technical analysis](#) (*RJO Futures*)
- [How Trading Forex Can Help You Hedge Your Equity Position](#) (*FXCM*)

Content from sponsors 

Ads by Adblade



[New currency law goes into effect July 1st, 2014.\[Devastating\]](#)



[15 Good Looking Celebrities Who Destroyed Themselves with Plastic Surgery](#)



[Nicole Kidman finally reveals the shocking truth of why she divorced Tom Cruise!](#)

Web Site Firewall System

[barracuda.com](#)

Need PCI Data Security? Request Barracuda Eval Unit Today!

"The project of a national payment system (was) under way a long time ago and was frozen," said another Moscow-based analyst who spoke on condition of anonymity.

"Currently, regulators and [banks](#) are receiving some push from above regardless of the economic justification."

Sberbank is back at the centre of the revived plan. CEO German Gref told Putin at a meeting last week that it was working with other banks on establishing a local hosting system that will link the different banks' payment systems.

Once amendments to the law are passed to enable the system to be created, it will take two to six months to organize the centers that will provide payment, clearing and processing services, according to the Kremlin's website.

Gref said a processing centre had already been established and a Russian-made chip has been developed and certified. Sberbank plans to eventually give up its control over the project and invite all interested banks to join.

Russian ID system Universal Electronic Card, in which Sberbank is a shareholder, said the payment system PRO100 which was launched in 2012 is "technologically ready to provide national processing in the near future".

A working group under the supervision of the Russian Central Bank has been created and will examine the advantages of launching the national payment system on the basis of PRO100, a spokesman said.

"Payment cards are not rocket science," said Robertson. "The technology exists."

(Reporting by Megan Davies; Editing by [Giles Elgood](#))

FILED UNDER: [RUSSIA](#)

Recommend 27 people recommend this. [Sign Up](#) to see what your friends recommend.

[Tweet this](#) [Link this](#) [Share this](#) [Digg this](#) [Email](#) [Print](#) [Reprints](#)

More From Reuters

- **Exclusive: Bulgarian nationalists may topple government over Russia sanctions** | 1 Apr
- **Russia says wants answers on NATO troops in eastern Europe** | 2 Apr
- **Russia warns Kiev against NATO integration** | 31 Mar
- **Victim of Boston bombing attack sues Glenn Beck for defamation** | 1 Apr
- **Plane rolls off runway after emergency landing at New York airport** | 3 Apr

Sponsored Financial Content

 (?)

- **Changing jobs or retiring? Let us help you understand the options.** *Wells Fargo Advisors*
- **RJO Futures can help you learn more about technical analysis** *RJO Futures*
- **Alan Bush discusses why Stock Index Futures will rally into 2014** *ADM Investor Services*
- **National Financial can help you reinvent your approach to drive growth** *Fidelity*
- **Struggling to Stay Profitable? Copy the top Currensee Trade Leaders.** *Currensee*