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Visa and MasterCard Stop Servicing Russian Banks, Again

Two primary financial card service providers, VISA and MasterCard, has stop handling the transactions with two additional Russian Banks, SMP and Invest Capital Bank. Important to note, that, the credit card companies had earlier stopped working with two Russian Banks, Bank Rossiya and Sobinbank. All such actions by these card companies are the result of sanctions by White House. Both the companies in their statement announced that they will continue to their business with other banks and financial institutions in the country except for four sanctioned banks and added that the cardholders will still be able to use their services for cash withdrawals from the ATM's or bank offices. Apart from US Sanctions, Russia was also hit with additional sanctions in the European Unions and declared 15 Russian institutions that will face the financial restrictions.

On the other hand, Russia has reacted aggressively to such actions with their president, Vladimir Putin calling it too bad for the card companies to lose their very profitable markets. In response to the actions by credit card companies, Russia had already started to plan its own domestically created payment system so it could remove the use of VISA and MasterCard services in the country. The latest development was held in March this year, when on advice of Kremlin, Russian banks decided to shift away from the Western credit card companies so as to soften the blow of sanctions against the Russian Banks.

Works Cited

WIENER-BRONNER, DANIELLE. Visa and Mastercard Stop Servicing Russian Banks, Again. 28 April 2014. 4 June 2014 .