

# Russian banks consider shifting to China's UnionPay after Visa and Mastercard pull the plug

Article

**The news:** Sberbank and other Russian banks are looking into issuing cards with local payments network [Mir](#) and China-based card network **UnionPay** to combat **Mastercard** and

**Visa** suspending services in the country, per Bloomberg.

**Key context:** **Mastercard** and **Visa** blocked several Russian banks from their networks last week to comply with government sanctions following Russia's invasion of Ukraine. Both firms went a step further on Sunday, suspending all operations and transactions in Russia.

Visa- and Mastercard-branded cards issued by Russian banks will work inside the country until they expire, according to the Russian central bank. But those cards will stop working on foreign websites and transactions abroad from March 10, 2022, per Visa and Mastercard. Visa and Mastercard cards issued outside of Russia will also stop working within the country.

**Why it matters:** Pulling out of Russia could cost Visa and Mastercard millions of dollars—but it also poses a major problem to Russian banks.

- Visa said Russia accounted for 4% of its net revenues in fiscal 2021, which translates to about \$964 million, according to filings with the Securities and Exchange Commission (SEC). And about 4% of Mastercard's 2021 net revenues came from Russia—equal to roughly \$756 million. While Visa's and Mastercard's exact share in Russia is unknown, Mir only held 24% market share in terms of volume in early 2021, per the central bank.
- It won't be easy for Russian banks to fill the holes from their absence: Visa and Mastercard combined locked up 99% of European transaction volume in 2020, per the Nilson Report. And everyday Russians who fled the country after the invasion are already struggling to access funds.

**What this means for UnionPay:** New business from Russian banks could bolster UnionPay's effort to expand its global footprint.

- The network partnered with acquirer and paytech **Worldline** to expand UnionPay acceptance in the Nordic region and forged similar deals with Fiserv and Stripe to grow elsewhere.
- Last year, UnionPay said its global acceptance network has extended to 180 countries and regions and that as many as **55 million merchants worldwide accept UnionPay cards**. In 2020, UnionPay held 32% of the global card market, but less than 1% in Europe, per the Nilson Report.

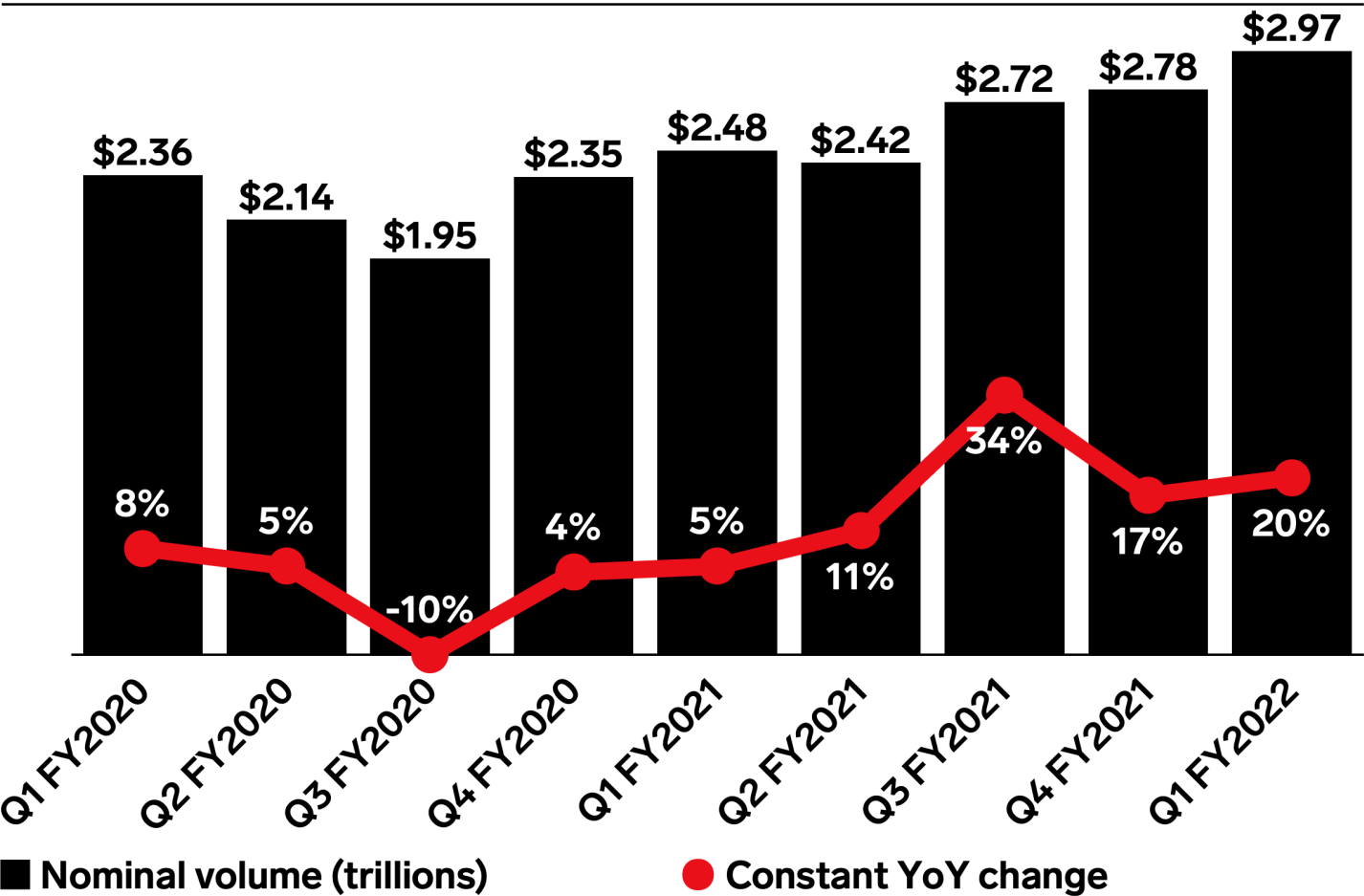
Considering China is one of the few countries to maintain a relationship with Russia since the attack on Ukraine, it's unsurprising Russian banks would approach the state-affiliated UnionPay as Western payments firms sever ties with Russia.

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# Visa Payments Volume

global



Note: Visa's fiscal Q1 2022 ended ended December 31, 2021  
Source: Visa, 2022  
Methodology: These figures are from Visa's quarterly earnings presentations.

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