

10 Years Later, Credit Cards Are Mainstream

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Russians now hold 7,600 percent more Visa cards than they did 10 years ago, a senior Visa executive said Tuesday, a number that shows an explosive growth of the market.

Visa had issued 70 million cards in Russia as of late June, compared with 924,000 cards as of June 2000, said Steven Parker, Visa's chief executive for Russia, the Commonwealth of Independent States and southeastern Europe.

He said the behavior of Russia's consumers had changed significantly over the past decade, with more people using plastic cards for everyday payments.

“In the early 2000s, the use of Visa cards was more of an exception than an everyday means of paying for goods and services. That has changed today,” Parker said at a news conference, as Visa celebrated its 10th anniversary in Russia.

“As Russians have become more accustomed to using Visa cards, payment for small items and services that are part of our everyday life is now common,” he said, adding that the sum of an average transaction via a Visa card has halved to \$50 this year from \$106 in 2000.

The number of payment transactions via Visa cards in Russia has soared by a factor of 178 over the past 10 years, the company said in a statement.

Russia's plastic cards market is much younger than in most developed countries and has a good potential for growth, said Leonid Slipchenko, a banking analyst at UralSib. He said Russians will get hold of even more cards as the level of banking services penetration increases.

A spokesman for MasterCard, another big player on the Russian market, was out of his office and unavailable for comment Tuesday on the company's performance.

The annual turnover on Visa cards increased to as much as \$61.5 billion in the 12 months ending in June, a 200-fold growth compared with \$306 million in 2000, Parker said, citing financial reports by banks.

Visa is considering Russia as one of its priority markets that is crucial for the company's growth, Elizabeth Buse, a group executive with Visa, said at the same news conference. Visa will invest into expanding acceptance in Russia, including in electronic commerce, and will further develop the electronic payments technology through such channels as mobile communications, she said.

“We've seen ... a tremendous amount of innovations in this market ... payments by cell phone, card-to-card transfers, cash-to-card transfers ... and those are just the beginning. There's more innovation and investment on the horizon,” she said, adding that the company was “committed now more than ever to increasing our investment in this market for the long term.”

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