

Frequently Asked Questions Related to the Impact of Recent Sanctions

Global | Acquirers, Issuers, Processors

Visa, Interlink, Plus Networks

Overview: Visa is providing updates specific to impacts on the payments landscape and Visa's clients stemming from recent sanctions relating to Russia and Ukraine. As the situation evolves, Visa will continue to provide updates and additions to these Frequently Asked Questions (FAQs).

Visa is providing clients with answers to the following Frequently Asked Questions related to the operational impacts of recent sanctions. This information will be updated as applicable as the situation develops.

Frequently Asked Questions

Sanctions and Compliance

Q: Is Visa complying with the issued sanctions?

- Yes. Visa is taking prompt action to ensure compliance with applicable sanctions.

Q: If governments issue further sanctions, what will happen?

- Visa cannot speculate on any potential future sanctions or their impact.
- Visa complies with all applicable laws and regulations.

Q: What do sanctions mean for Visa clients?

- Government sanctions require Visa to suspend access to the Visa network for entities designated as Specially Designated Nationals (SDNs).
- Visa blocks Bank Identification Numbers (BINs) of SDNs to comply with sanctions and to restrict access to our services for all SDNs.
- Transactions on non-SDN cards that are otherwise linked to SDNs—through acquiring, for example—may not be processed over the Visa network.
- Visa services, such as billing, are suspended for SDNs while sanctions are in effect.

Q: How long does it take Visa to implement blocks once sanctions are issued?

- Visa takes prompt action to ensure compliance with applicable sanctions, including blocking BINs where required.

- While each sanctions event is unique, Visa's process of implementing controls to comply with new sanctions orders begins immediately.

Transaction Processing

Q: Is Visa allowed to process in Russia?

- Since 2015, the Russian government has required that all domestic payment transactions in the Russian Federation are processed by the state-owned domestic processing company (National Payment Card System [NSPK]).
- Domestic transactions in Russia are processed on Visa's behalf by NSPK in accordance with the existing regulation.

Q: What response code will acquirers receive if Visa blocks BINs?

- Visa will issue a D5 return reject reason code.
- D5 means "The transaction was rejected because the merchant, issuer or acquirer country code has been embargoed."

Q: Will internationally-issued Visa cards still work in Belarus, Russia and Ukraine?

- In all cases, except where the acquiring entity remains an SDN, Visa cards will continue to work normally.

Q: Is Visa allowing transactions in sanctioned territories?

- Visa complies with all applicable sanctions, including those pertaining to countries and regions.

Q: How are digital wallet services affected?

- Provisioning
 - Cards issued by sanctioned entities that have already been provisioned into a digital wallet cannot be used to transact due to Visa blocks.
 - Cards issued by a sanctioned entity that have yet to be provisioned into the digital wallet will be unsuccessful in completing the provisioning process. Cardholders will be unable to add these cards to their digital wallets.
- Transaction Processing
 - All authorization requests initiated from cards issued by a sanctioned entity within a digital wallet will be declined.
 - During the tokenization process, the tokens will route to the Visa vault. Transactions will decline when the system recognizes that the token is associated with a blocked BIN.

Q: How is Visa addressing SDN transactions that were approved offline (e.g., via an acquirer's own stand-in processing [STIP] system) and rejected in clearing or settlement? Is Visa able to prevent transactions from being approved offline?

- Because offline transactions occur outside the Visa network, Visa has no means to prevent these transactions from occurring. However, all transactions approved offline will be rejected in settlement. As has been customary with Visa handling of offline transactions, the merchant and the acquirer hold all risk associated with that activity.

Settlement

Q: If a client's transactions were authorized before the sanctions order but were rejected for settlement, can they resubmit if they have moved settlement to a non-sanctioned processor?

- Yes, and normal VisaNet edit criteria will apply for interchange qualification.

Q: Some acquiring clients are experiencing unresolved transactions; what is Visa doing to address these issues?

- Visa is determining available options for resolving transactions that were authorized before sanctions were imposed but have not yet been cleared and settled.

Q: Will transactions that were in flight before the effective date of the sanctions be settled?

- All activity must cease at the time Visa implements blocks as required by sanctions. Any in-flight transactions may require licenses from the Office of Foreign Assets Control (OFAC) to complete settlement.
- Further information will be forthcoming concerning this situation.

Q: If a client is a non-SDN bank but uses a Russian SDN bank for settlement, what do they need to do in order to use the Visa network?

- Non-SDN banks will need to move settlement to a non-SDN institution in order to use the Visa network.

Q: Will Visa continue to settle in Russian Rubles?

- Settlement through non-SDN Russian banks is still allowed on the Visa network.

Q: Will the methodology change for foreign exchange (FX) rates and will Visa release the methodology?

- As part of the Visa Operating Regulations, the methodology associated with setting FX rates is transparent; we set the rates based on the previous 24-hour market range. Visa has no plans to change its process. Visa will continue monitoring the situation internally and adhere to any applicable government or central bank mandates.

Interchange

Q: Will Visa keep the interchange from transactions by SDNs and entities associated with SDNs?

- No. Visa's fees are calculated by volume passing through the network. Interchange is not a Visa fee; it is a percentage of the value of the transaction, typically paid by the acquiring bank to the issuing bank. Because transactions by SDNs and entities associated with SDNs will be declined, no interchange is payable between issuer and acquirer.

Cybersecurity

Q: What is Visa doing to prepare for potential cyberattacks in the region?

- Visa takes all cybersecurity threats very seriously.
- Visa is vigilant in maintaining the security, integrity and availability of our network and the broader payments ecosystem.

- Visa Risk and Cybersecurity teams actively work with Visa partners and clients globally to secure the network against a wide range of cyber and fraud threats.
- The teams operate with 24x7x365 vigilance to detect, prevent and respond to threats in real-time.

Rules and Compliance

Q: Will Visa grant waivers to allow for clients to implement their own blocks on issuers and/or acquirers not on the sanctioned list or for the entire country of Russia?

- No; at this time, any blocks targeted at non-sanctioned clients or countries violate the Issuer Requirement to Evaluate Each Transaction (IREET) rule or the Honor-All-Cards (HAC) rule. Because Visa is implementing system-level blocks to address the sanctions imposed by the various governments against Russia, clients should not need additional blocking. Visa recognizes that the list of sanctioned financial institutions is changing, but Visa is updating its network blocks to account for new entities that are added to this list.

Q: Why is Visa not granting any waivers for the Issuer Requirement to Evaluate Each Transaction (IREET) rule or the Honor-All-Cards (HAC) rule?

- Visa is not granting waivers to the IREET or HAC rules because transactions from non-sanctioned entities are legal transactions. If a financial institution is not on any sanctioned list, clients should not block transactions from that financial institution. Cardholders should not be penalized for engaging in lawful use of their Visa cards with non-sanctioned merchants.

Q: How is Visa ensuring sanction compliance?

- Visa takes prompt action to ensure compliance with applicable sanctions, including the blocking of BINs where required. While each sanctions event is unique, our process of implementing controls to comply with new sanctions prohibitions begins on announcement of the sanctions. Once sanctions are announced, Visa promptly begins the process required to implement the blocks on the sanctioned entities. This includes the blocking of authorization, clearing and settlement transactions such as disputes and all products and services such as Visa Online and Visa Token Service. Once the blocks are applied, no activity will be allowed for sanctioned clients and all transactions will be rejected or returned and not processed within VisaNet.

Q: Is Visa moving forward with waivers from Russian clients on the sanctioned entities list?

- No; at this assessment, all pending waivers under review will be placed on hold until further notice.

Q: Is Visa moving forward with waivers from Russian clients not on the sanctioned entities list?

- The sanctioned entities list is currently evolving, with additional entities being added to the list. Visa will review any waiver requests from Russian clients not on the sanctioned entities list on a case-by-case basis.

For More Information

Merchants and third party agents should contact their acquirer.

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