

Preferring cash withdrawals to using cards

The number of issued bank cards already exceeds the number of residents but do we need to shift from quantity to quality?

By Roman Anisimov

The Government and the National Bank have been encouraging the use of bank cards, with most Belarusians now receiving their salary directly into accounts which are accessible via card. This promotes non-cash payments, reducing administrative costs and allowing shops to serve customers more quickly (expanding their turnover). Banks receive additional resources at their disposal while citizens are saved from the necessity of carrying large sums of cash, which can be lost or stolen. Moreover, there's no need to queue at the accounts department on pay day. Card holders can make some payments without even leaving home, since Internet banking (and SMS) makes life much easier.

World experience shows most people tend to have several cards; in 2007, the average in Germany was 1.4, 1.6 in France and 2.7 in the UK. Of course, infrastructure needs to be further developed and improved in Belarus. Over 3,000 ATMs are currently operating in the country, enabling card holders to withdraw cash and perform non-cash transactions. There are also

around 3,100 info-kiosks. Over 23,000 trade and service outlets are equipped with almost 37,000 payment terminals. Meanwhile, more shops and services need to offer card payments. According to the Trade Ministry, over 37,000 stores exist countrywide, alongside around 12,000 catering outlets, yet only 23,000 of these were accepting cards in October 2011. Naturally, this is a big improvement on five years ago, when the situation was very different. Seven years ago, around 90 percent of bank card transactions were purely connected with receiving cash (compared to less than 55 percent now).

The state is encouraging businesses to accept bank cards but many shop owners are wary, explains Victor Margelov, who owns a chain of shops and catering outlets, "Previously, it was too expensive to install, repair and service payment terminals. Moreover, due to competition, recent prices have dropped, so it's more profitable to work with cash than with card payments."

"We can't say that the major problem concerning bank cards is lack of infrastructure," notes Oleg Veremeichik, the Head of the National Bank's IT Depart-

ment. "Compared to our neighbours, Belarus is doing quite well in this area. In my opinion, it's more important that card holders understand where they can use bank cards, and how. Many citizens are still surprised to learn that there's no commission on using your card in shops."

Vladimir Basko, Chairman of the Infopark's Board of Directors, believes that some banks need to extend their card services. "I have a wife and three children," he notes. "Therefore, we have around ten bank cards in our family. We sometimes need to withdraw cash just to transfer money from one card to another," he explains.

With such annoyances, Belarusian residents prefer to receive around 85 percent of their 'card' money in the form of cash. However, the National Bank hopes to reduce this figure to 75-80 percent by 2016. Three years ago, cash transactions accounted for around 66 percent of bank card transactions in Germany, while this figure stood at around 25 percent in France and less than 35 percent in the UK.

The best way to encourage non-cash payments may be to offer interest payments (equal to the re-



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ATMs now part of our everyday lives

financing rate) on deposits on card accounts. Coupled with better explanation of services and the installation

of payment terminals in more shops, we should see cards used for a wider range of purposes.

Wind to generate light

By Mikhail Kizhevaton

Two facilities generating electricity from wind power open near Mogilev

The mini-electric stations were previously used in Slovenia, so Belarus has paid only a modest sum for them, despite their high quality. It is hoped that the facilities will pay for themselves in a short period of time. "Each is to boast 400kW power capacity, being connected to a single power line," explains the Head of the Regional Executive Committee's Energy and Fuel Department, Nikolay Yurkov. "The volume of energy generated will be enough to supply around 250 flats for a year."

This is the first experience of wind power in the Mogilev Region but local energy specialists plan to continue, building a wind park in the Gorky District in a few years' time.

Solving problems of market saturation through production

By Lidia Krapivina

Bellegprom launches manufacture of shoe uppers in China

"We're manufacturing shoe uppers in China using Chinese raw materials via a 'give-and-take' scheme," explains Gennady Vyrko, the Chairman of Bellegprom Concern. Belarus is using Chinese labour to make ready-made products with high added value — for sale to Belarusian and Chinese markets.

The Head of the Concern explains that Belarus lacks sufficient raw materials to fully satisfy domestic demand for footwear. "Even if we process all raw hide into footwear, we'll only produce 13-15 million pairs. The capacity of the Belarusian market is 25-30m pairs, so Bellegprom Concern is developing its collaboration with China."

Mr. Vyrko notes that Russia's market capacity is 500 million pairs while we currently only produce 50 million pairs jointly with Russia. To solve problems of market saturation, Bellegprom has developed its production of high quality footwear jointly with other countries.

Beneficial project headed for Kiev

Assembly of Belarusian trams to be set up in Ukraine

By Lyudmila Stepanova

Belarus' First Deputy Prime Minister, Vladimir Semashko, recently took part in the 20th session of the Inter-governmental Joint Belarusian-Ukrainian Commission for Trade and Economic Cooperation in Kiev. He notes that the bodies of vehicles are to be assembled in Lutsk, jointly with the Ukrainian Bogdan Corporation. Electronic control systems are to be produced in Russia, while the remaining spare parts will be manufactured by Belkommunmash. The first trial model of a low floor high-density tram will be ready in 2012, for donation to Kiev. The design rivals foreign models in its



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technical characteristics while being considerably cheaper.

Mr. Semashko notes that

this project is another opportunity for Belarus to enter the huge Ukrainian market, en-

suring orders for Belarusian enterprises and Ukrainian partners for many years to

come. According to the First Deputy Prime Minister, joint Belarusian-Ukrainian assembly guarantees further mutually beneficial collaboration to the benefit of Belarus. We are a member of the Customs Union while Ukraine is a WTO member, giving opportunities for sales to third country markets.

Mass production of Belarusian trams is to be established in future in Ukraine, allowing us to significantly replace rolling urban electric transport stock in Kiev and other Ukrainian cities. Ukraine is second only to Russia in its number of operational trams, while its fleet is almost 100 percent in need of replacement.