

Italy Won't Let Vatican Use Credit Cards

Italy has blocked the use of debit and credit cards in the Vatican because of concerns over lack of transparency, in a major obstacle to one of the tiny city state's biggest sources of income, financial sources said on Thursday.

A source close to the Bank of Italy said the central bank in December denied a permit for Deutsche Bank Italy, the Vatican's previous provider of electronic payment services, because the Holy See was seen as lacking anti-money laundering controls and oversight.

"The Bank of Italy could not give the authorisation because the Vatican, apart from not respecting money laundering regulation, did not have the legal prerequisites. That is, it lacked banking and financial legislation and proper supervision," the source said.

Deutsche Bank's Italian operation needs approval from the Bank of Italy to provide the credit card service under Italian banking regulations.

The Vatican has struggled to shake off a reputation for a lack of financial transparency that dates back to 1982, when Roberto Calvi, an Italian known as "God's banker" because of his links to the Vatican, was found hanged under London's Blackfriars Bridge.

In 2012 report by Moneyval, a Council of Europe-backed committee, found serious failings in the Vatican bank, or Institute for Works of Religion, and urged it to strengthen measures to prevent money laundering and increase transparency.

"The Bank of Italy did not approve Deutsche Bank's request for

a licence because Italy does not see the Vatican as a fully compliant country under money-laundering norms," another source close to the matter told Reuters.

A Vatican statement said only that its agreement with a bank that previously supported point-of-sale payments had expired. It said talks were under way with other service providers and the interruption to electronic payments was expected to be "of brief duration".

No further comment was immediately available from the Vatican.

Deutsche Bank and the Bank of Italy also did not respond to requests for a statement on the matter.

The sale of postage stamps, memorabilia and admission tickets to the Vatican Museums, home to art treasures including Michelangelo's Sistine Chapel, constitutes the Holy See's main source of income apart from donations and investments.

In 2011, 5 million museum visitors brought in 91.3 million euros according to the city state's annual financial report, in which it posted its worst budget deficit in more than a decade. The report did not state what percentage income came through card payments.

A notice posted on the Vatican Museums website said it was not possible to take electronic payments within the Vatican from January 1 "for reasons beyond the control of the Directorate of the Museums". However, the site's online ticket and souvenir payment system appeared to be unaffected.