

Deposit Insurance Ceiling Increase Likely to Be Delayed

By [The Moscow Times](#)

November 29, 2013



Customers at the door of a closed branch of Master Bank on Nov. 20, the day the bank's license was revoked. **Denis Abramov / Vedomosti**

A Central Bank and Finance Ministry proposal to raise the maximum deposit insurance coverage from the current 700,000 rubles (\$21,000) to 1 million rubles has been delayed by at least three years, VTB head Andrei Kostin said.

State officials and the heads of major banks came to the decision Thursday at a meeting with Prime Minister Dmitry Medvedev, several of the meeting's participants told Vedomosti.

The participants agreed to put off raising insurance coverage to 2017 or 2018 so as to give the Central Bank time to continue cleaning up the banking sector. In the past two weeks Naftabank and Master Bank have had their licenses revoked due to "suspicious transactions."

As a result the Deposit Insurance Agency will have to make substantial payouts to those

bank's depositors — a burden that would increase even further if the coverage limit were raised.

The fund's total expected reimbursements for 2014 have been estimated at 150 billion rubles (\$4.5 billion), and this was before Master Bank and several other lenders' licenses were revoked, costing the fund an additional 35 billion rubles.

As of Nov. 11, the fund had 233 billion rubles. Although this sum is thought to be sufficient, the Central Bank will step in to assist if necessary, Kostin said.

Participants in the meeting with Medvedev also discussed establishing a system by which banks would top off the fund in varying amounts, based on such factors as the level of risk they accept and the rates they offer on deposits. While all agreed that such a system is necessary, no conclusions were reached.

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