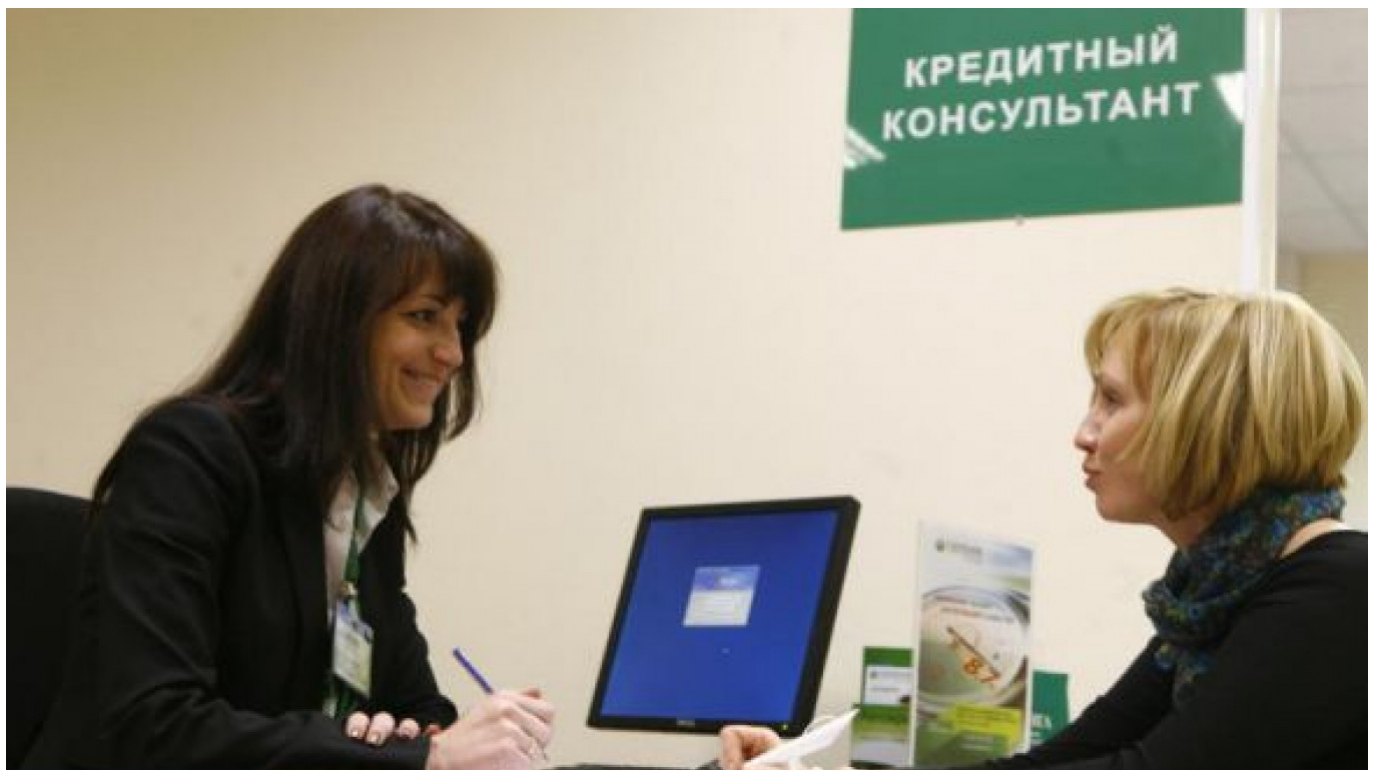


Central Bank Takes Another Shot at Regulating Credit Interest Rates

By [The Moscow Times](#)

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A new set of amendments that will see the Finance Ministry and Central Bank having more powers in controlling consumer loan interest rates has been proposed. **Dmitri Abramov**

The Finance Ministry and Central Bank have submitted a set of amendments to the consumer credit law that will be discussed by Duma deputies, which seek to fix the extent of the regulator's powers in controlling consumer loan interest rates, Kommersant reported Tuesday.

This is the second attempt to bring to fruition the idea of interest rate regulation — although this one offers more flexibility to lenders. The first version of such amendments which disappeared from the agenda a week before they were to be discussed by deputies last month, allowed the Central Bank to determine the maximum allowed cost of credit within a 30 percent range of the average market price.

The current version of the amendments narrows the regulator's freedom in managing

the interest rates, by limiting it to a set level which is related to the market.

Each quarter, the Central Bank will have to calculate and publish the average market cost of credit, including interest rates and account fees. Banks will then have to set their credit rates at no more than the published rate.

However, there will be exceptions which allow banks the right to set the rates outside the prescribed 30 percent level.

The program of restricting interest rates as it is presented in the amendments is a compromise between the regulator, the market and the deputies, bankers said.

"In this version the amendments don't allow the Central Bank to voluntarily change allowed surcharges, which would put banks in a difficult situation every quarter," an executive from a consumer credit bank said.

But for consumers, it's bad news, bank experts said. This approach will encourage banks to raise interest rates to the maximum allowed level to maximize profit.

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