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Medvedev Calls Banking System Reliable Despite Recent Bank Closures

By The Moscow Times

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Prime Minister Dmitry Medvedev said Friday that Russia's banking system was reliable when challenged during a television interview about a spate of banks that have had their licenses revoked.

"We have a system that is modern and reliable," Medvedev said during an annual meeting with prominent Russian television anchors which was broadcast live. "We are just adapting it to a new reality."

The Central Bank has revoked the licenses of more than 20 small and mid-sized banks this year as it cracks down on shadowy banking activity in the country.

Anxiety has been high in banking circles since the shut down on Nov. 20 of Master Bank, which was the Russia's 41st largest bank in terms of deposits by individuals and had the third largest network of ATMs in the country. The Central Bank's willingness to target a bank

of that scale — accusing it of dubious transactions — took many by surprise and sparked rumors of a regulatory offensive against institutions that had thought themselves secure.

Although Central Bank chief Elvira Nabiullina has said that the regulator has not drawn up any list of targeted banks, in a television interview Sunday she said that banks cannot expect to be warned of impending regulatory action.

Medvedev said one of the reasons for the changes currently underway was Russia's obligation to conform to international financial agreements, including the Basel III global banking accords.

Although Russia has about 900 banks, the banking market is dominated by a few giant lenders owned by the state.

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