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International Cash Transfer System Shut as Regulator Revokes 2 More Bank Licenses

By The Moscow Times

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A money transfer system allowing Central Asian migrants to send cash home from Russia was not working Tuesday after the country's Central Bank revoked the licenses of two more banks.

The Migom transfer system, which was launched in 2002 and operates in 27 countries, was founded by Eurotrust Bank, one of Russia's largest 200 banks by assets, which was stripped of its license Tuesday, in the latest move to clean up the national banking sector.

Eurotrust and the Moscow-based Link Bank, founded by the Moscow City Telephone Network, were both accused of dubious financial operations involving more than 7 billion rubles ($201 million) and 20 billion rubles ($575 million), respectively, the Central Bank said.

Users of Migom in Ukraine, Tajikistan and Uzbekistan began experiencing problems with the service late last year. In early February, the system stopped dispensing cash in Moscow.

Eurotrust's operations showed signs of instability last fall when the bank stopped accepting new deposits, citing deteriorating economic conditions. It later began accepting deposits again but set a minimum sum of 500,000 rubles ($14,400).

Russia's largest potash producer Uralkali filed a lawsuit this month aiming to recover 678 million rubles ($19.5 million) from Eurotrust.

Dozens of Russian banks have lost their licenses in recent months as the regulator seeks to tighten oversight of the country's lenders and rein in shadow banking activity. Experts believe about 200 or 300 of more than 1,000 banks will survive the banking sector purge.

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