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Sanctioned Russian Bank Begins Expansion in to Crimea

By The Moscow Times

June 03, 2014



Bank Rossiya, the first Russian bank sanctioned by the U.S. following Moscow's annexation of Crimea in March, is opening its first four branches on the Black Sea peninsula, Crimea's first deputy prime minister said.

"We have long counted on the fact that one of the largest Russian banks would expand its network [to Crimea]," Itar-Tass quoted Rustam Temirgaliev as saying. "As far as I know, the bank plans to become one of the leaders of the Republic of Crimea's banking sector," he went on.

Since Moscow's annexation of Crimea, Ukrainian banks have been fleeing the region and small Russian banks unconcerned by the threat of Western sanctions have been filling the void. Larger Russian banks have avoided Crimea, preferring to maintain their operations on the Ukrainian mainland and not invoke the ire of Western nations, who consider Russia's annexation of the peninsula an illegal land grab.

But Bank Rossiya is different — having already been hit with sanctions, it has less to lose. One of Russia's 20 largest banks, it is the biggest to expand into the region so far.

The U.S. sanctioned Bank Rossiya on March 20, two days after Russia's annexation. Announcing the sanctions, the U.S. Treasury branded it the Russian elite's personal bank, said that its co-owner, billionaire Yury Kovalchuk was a "cashier" of President Vladimir Putin, and promised that the bank would be "frozen out of the dollar." The following day, Visa and MasterCard stopped facilitating the bank's electronic payments.

Temirgaliev said that Crimea currently has 10 Russian banks operating around 400 branches across the peninsula, but that the government in Simferopol expects the number of branches to rise to 900 in the near future.

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