The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Russians Borrow Less, Deposit Less as Economy Slumps

By The Moscow Times

July 24, 2014

The sum total of money in deposits decreased by 74.3 billion rubles ($2.1 billion) between January and June this year.

As fear of economic recession rises, Russians are taking out fewer and fewer loans and putting less money into bank deposits, Vedomosti reported Thursday, citing Central Bank statistics.

Growth in banks' consumer lending portfolios has nearly halved, falling from 13.7 percent in the first half of 2013 to 6.8 percent this year, the report said.

Excluding leading lender Sberbank, average monthly growth fell even further, down to a third of its former levels, according to the Center for Macroeconomic Analysis and Short-Term Forecasting.

The loans that Russians are taking increasingly go toward paying off the debts they have already accrued, the report said. Banks loaned 3.4 trillion rubles ($97 billion) to individuals

over the first five months of the year, but the public's total debt load increased by only 325 billion rubles ($9 billion).

This means that 84 percent of loans were used to pay off existing debts — up from 76 percent last year.

Meanwhile, the devaluation of the ruble saw Russians stampede to the banks to pull their money out of deposits and transfer it to hard currencies or concrete assets, such as real estate.

The sum total of money in deposits decreased by 74.3 billion rubles ($2.1 billion) between January and June this year.

According to VTB 24's estimates, the situation in consumer lending will remain poor through the end of the year, with the population taking out 500 billion rubles ($14.3 billion) more in loans than they put into deposits, Reuters reported.

See also:

Russian Trade Minister Says Effect of Sanctions on Economy 'Peanuts'

Original url:
https://www.themoscowtimes.com/2014/07/24/russians-borrow-less-deposit-less-as-economy-slumps-a37665