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Russia Faced With 'Massive' Liquidity Problem, Says Sberbank Chief

By The Moscow Times

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German Gref

The head of Sberbank, Russia's largest lender, said Thursday that the banking sector was grappling with huge liquidity problems, and warned that there was no easy money for Russian companies to be found in Asia, the Prime economic news agency reported.

“We have a massive, grand liquidity dislocation and already 13 percent of banking sector funding is “short” money from the Central Bank,” German Gref told a conference in Moscow. The Central Bank offers short-term loans to financial institutions as part of its monetary policy.

Gref added that the liquidity problems were making it much harder, if not impossible, for banks to fund long-term projects, particularly those relating to infrastructure and transport.

Russia's financial system has been placed under intense pressure by a tanking economy and

Western sanctions on Moscow that have cut off access to U.S. and European Union capital markets.

While deteriorating relations with the West have fueled speculation that Russian companies could raise money in Asian markets, many have warned that such a switch cannot be achieved quickly.

Gref said Thursday that he had traveled to most major Asian capitals in recent months along with the head of the Russian Direct Investment Fund, Kirill Dmitriyev, in search of financing.

“I want to say that there is not a long list of those willing to stand in line to invest in our country. It is us who are standing in line for money, most of all from sovereign funds,” Gref said, Prime reported. “There is colossal competition for money.”

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