

Russian Firms Flock to Dollar Accounts Amid Sanctions

By [The Moscow Times](#)

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The number of foreign currency accounts in Russian banks has nearly doubled since the start of 2014 as domestic firms scuttled out of foreign bank accounts for fear of Western sanctions, a joint report by several Russian research institutions found.

Foreign currency bank accounts were estimated to be 35.7 percent of all Russian bank accounts as of Feb. 1 this year, up from 19.4 percent at the start of 2014, according to the report issued earlier this month by the Russian Presidential Academy of National Economy and Public Administration, the Gaidar Institute and the Russian Academy of Foreign Trade.

"Foreign currency remains the main alternative to certificates of deposit (CDs) for Russian economic agents in periods when trust in the national currency and Russian banks is low," the report found.

Russia has not seen such a drastic increase since the 1998 economic crisis, when foreign currency accounts stood at more than 40 percent of all bank accounts, the report said.

Russian firms opening up new foreign currency accounts drove the sharp growth, it said, with the number of foreign currency accounts tied to companies nearly doubling to hit 41.3 percent of all foreign currency accounts in Russian banks.

According to the report, businesses began opening up more foreign currency accounts at home for fear of new Western sanctions over Moscow's role in the Ukraine crisis.

Individuals were also eager to safeguard their savings in foreign currency, but preferred holding their money in cash to leaving it in the bank, it added.

"This speaks to a significant distrust not only in the national currency, but in the national banking system," the report said.

The ruble has fallen over 40 percent against the U.S. dollar since last year, pressured by tough Western sanctions over the Ukraine crisis and a drop in the price of oil, Russia's top export.

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