

Fraudulent Loan Applications in Russia Soar Amid Economic Crisis

By [The Moscow Times](#)

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The number of fraudulent loan applications in Russia more than doubled in the first two months of this year as individuals sought to get loans by whatever means possible amid a deepening economic slump, the United Credit Bureau (UCB) said in a statement Tuesday.

In January the number of fraudulent loan applications rose almost 45 percent compared with December, followed by another 35 percent increase in February, said the credit bureau, which is part owned by state lender Sberbank.

This surge in fraud is "typical of periods when the economic situation is unstable," said UCB chief Daniel Zelensky.

Cheap oil and Western sanctions over Ukraine are propelling Russia toward a deep recession this year, and banks are wary that the slump will hit borrowers' ability to service loans.

Ratings agency S&P in a report last month said that bad loans could rise to 17-23 percent of Russian banks' total loan book this year, up from 8 percent in 2014.

"When banks tighten their risk policies, people resort to illegal actions in an attempt to get loans by any means, in particular, by falsifying information about themselves," Zelensky said.

Fraud was suspected in 2.74 percent of all loan applications in February, with up to 80 percent of the fraudulent applications coming from individuals, the statement said.

Fraudulent activity in the unsecured debt segment cost banks more than 40 billion rubles (\$700 million) in 2014, according to UCB.

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