

Crimean Banks Offer Highest Deposit Interest Rates in Russia

By [The Moscow Times](#)

June 10, 2015



Despite paying high deposit interest rates, Crimean banks are not operating at a loss.

Deposit interest rates in Crimean banks are around 3 percent higher than in the rest of Russia as the banks adjust to new conditions following the region's annexation by Russia last March, news agency RBC reported Wednesday.

Clients of Crimean banks received a 14.2 percent return on average for deposits with a term of up to a year and 12.7 percent for the deposits above one year, according to the data published by the Central Bank, RBC reported.

Depositors in the central federal district, one of 9 federal districts in Russia, received the highest rate outside Crimea with 11.8 percent and 11.1 percent respectively, the Central Bank said.

The difference is partly due to the banks' fight to attract Crimean depositors used to the more

favorable conditions offered by Ukrainian banks, RBC reported, citing Alexei Buzdalin, chief expert at the Interfax Center for Economic Analysis.

Another reason for high deposit interest rates in Crimea is that the Ukrainian banks that left following the region's annexation by Russia were mostly replaced by small Russian banks.

Small banks tend to offer high rates in order to build trust among their local depositors, Buzdalin said.

As of April 1, 530 bank branches of 18 Russian banks were operating across Crimea, according to data from the Central Bank. No large state-owned or private banks, which generally offer lower interest rates, were represented on the peninsula.

But despite paying high deposit interest rates, Crimean banks are not operating at a loss — they make up for high deposit interest rates with even more expensive loans, Buzdalin said.

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