

# Banking Sector Cleanup Damaging Russian Businesses, Says Ombudsman

By [The Moscow Times](#)

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Boris Titov

Russia's financial ombudsman warned Friday that a mass withdrawal of banking licenses from Russian lenders was damaging the country's small businesses.

The Central Bank has revoked the licenses of more than 150 banks since the start of 2014 — including three banks on Friday alone — in a bid to clean up a sector riven with suspicious trades and creative accounting.

But the high tempo of the purge is damaging the companies these banks serve, the ombudsman, Boris Titov, said Friday, according to the Interfax news agency.

These lenders often have thousands of small corporate clients, many of whom go uncompensated for lost deposits when banks are closed, Titov said.

He said the Central Bank had expanded the scope of its crackdown from commercial banks

involved in “unorthodox” transactions to include “the most entrepreneurial banks.” He pointed to the example of Probusinessbank, which had its license withdrawn in August, after regulators found a 67 billion ruble (\$1 billion) shortfall of capital. More than 200,000 legal entities had accounts at the bank, and many were forced out of business due to its closure, Titov said.

The problem affects not only companies, but their thousands of employees, he added.

The Central Bank has been revoking licenses for years, but a more fundamental cleanup of the banking sector began after Elvira Nabiullina was appointed governor in 2013. Despite the recent cull, Russia still has more than 700 banks.

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