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25,000 Employees Fired From Russian Retail Banks This Year

By The Moscow Times

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More than 25,000 bank employees were laid off in the first nine months of this year by major Russian retail lenders struggling to weather an economic slump, the RBC news agency reported Thursday.

RBC examined the financial statements of 14 large banks where lending to individuals accounted for more than 40 percent of assets. The largest layoffs were at Home Credit Bank, which shed 14,200 jobs from January to September, or close to half its staff. Another bank, Vostochny Express, also reduced its workforce by almost half, laying off more than 4,000 employees. VTB 24, the retail arm of Russia's second-largest state-owned banking group, dismissed 2,600 staff over the period.

The firings come as a recession has reduced demand for new loans and worsened the quality of existing debt, as more people struggle to repay. A sharp rise to the cost of borrowing from

the Central Bank has also reduced bank profitability, leaving the banking sector struggling to break even.

Only three of the banks studied by RBC had hired new staff this year. In sum total, the 14 banks reduced their workforce by around one-sixth, to 124,000.

However, the tempo of layoffs is slowing. Of the 25,400 people made redundant from January to September, all but 1,000 were shown the door in the first six months of the year.

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