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CEO of Russia's Sberbank Warns of Google, Yandex Competition

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Andrei Makhonin / Vedomosti

The head of Russia's biggest bank, Sberbank, has named online giants such as Google and Yandex as the "key threats" to the company.

Sberbank SEO German Gref warned that traditional banks are set to lose out as increasing amounts of money are being transferred online through services such as Facebook and Yandex Money.

"The problem is that we are not competing with other banks, but with the world's most powerful Internet platforms," he said at a meeting with Russian Prime Minister Dmitry Medvedev on Monday. "We must move from a strategy of catching up to an innovative development strategy within the next five years, or we risk being out of the market."

The company is expecting the number of in-branch visitors to fall this year as customers shift to online banking, Gref said. Sberbank clients using the bank's online services rose

from 12 percent to 20 percent in the last year.

Sberbank has been enjoying record profits throughout 2016, earning 322.8 billion rubles ($5 billion) in the first eight months of this year.

Gref attributed the rise to previous investment and a reduction in costs. There has also been a significant revival in the mortgage market, he said.

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