

Russian Patriarch Proposes Ban on Microloans

January 26, 2017



Maxim Stulov / Vedomosti

Head of the Russian Orthodox Church Patriarch Kirill has urged State Duma deputies to restrict microcredit institutions.

"I call on the State Duma to create a legislative obstacle against financial speculators of this kind, I think that the practice of usury is absolutely immoral and a predatory manifestation," the Patriarch said while speaking in the State Duma on Thursday.

The Patriarch claimed that some borrowers who resort to microcredit loans have drug or alcohol addiction. According to him, it is the families of such people who are typically forced to repay the loans at high interest, sometimes selling their property to do so. The Patriarch labeled those who engage in the microcredit business as "parasites."

As an alternative to the microcredit industry in Russia, the Patriarch proposed creating "banks for the poor." The Patriarch claims the idea has been successful in India.

"Sometimes a man just needs \$200 to start a business," the Patriarch said.

Last year, Central Bank Head Elvira Nabiullina said that banning microfinance in Russia would be "shortsighted." According to her, there is high demand for the service. Without legal, regulated microfinance entities, consumers would turn to illegal lenders, she said.

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