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Russia to Crackdown on 'Dishonest' Microlenders

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Vedomosti

The Russian parliament is preparing new laws in a bid to clamp down on predatory microlenders.

Under the new laws, companies offering payday loans will be forced to set a maximum interest rate of 150 percent per annum. The average interest rate for Russian microlenders is currently nearly 600 percent, Russia's Kommersant newspaper reported Wednesday.

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Anatoly Aksakov, head of Russia's financial market parliamentary committee, confirmed that lawmakers were reviewing potential amendments to existing regulation, Kommersant reported. A spokesperson for Russia's Central Bank also said that experts were reviewing the plans, which could come into force by the end of 2017.

Officials began to prepare the regulations following a speech by Russian President Vladimir Putin in April, condemning dishonest lenders.

"There are some loan companies who knowingly mislead people," Putin said. "As a result, most borrowers almost inevitably fall into a spiral of debt."

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