

Russians Rack Up \$2 Bln in Debt to Loan Sharks

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Russians reportedly owe illegal loan sharks nearly \$2 billion in a burgeoning and unregulated industry.

Russia has three times as many illegal microfinance companies — 6,600 — as those [registered](#) by the Central Bank, according to the Kommersant business daily. With declining incomes and lack of access to small loans, many Russians have [turned](#) to predatory lenders that charge exorbitant interest rates and resort to physical intimidation to collect their debts.

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Citing the “Mir” Union of Microfinance Organizations, Kommersant [estimated](#) Monday that Russians owe loan sharks close to 100 billion rubles (\$1.72 billion).

“They don’t fall under the control of any of the regulators [...] and work without regard for laws,” Kommersant cited Mir’s security committee head, Anton Gruntov, as saying.

According to the newspaper, the Central Bank flagged a mere 1,370 loan sharks to the authorities in 2017.

Law enforcement agencies lack “a systemic approach to preventing organizations that issue illegal loans” and “usually only step in after instances of physical intimidation against debtors or their property,” Gruntov told Kommersant.

The legal microfinancing market, comprising 2,200 lenders, is valued at 121 billion rubles (\$2.1 billion) as of late 2017.

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