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Russia's Middle Class Is Shrinking – Bank Report

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Sergei Konkov / TASS

Russia's middle class has fallen by nearly one-fifth since the start of the country's economic crisis in 2014, an analysis by the Moscow-based Alfa Bank has said.

Low oil prices and Western sanctions have reduced Russians' real incomes for five years in a row. Economists forecast that the population's purchasing power will keep falling in 2019 despite the government's projection for modest growth.

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Thirty percent of Russia's population is currently middle class, down from 37 percent in 2014, according to the study by Alfa Bank cited by The Bell business website.

The report defines members of the middle class as having monthly earnings from 39,000 rubles ($620) to 99,000 rubles ($1,600).

“It is precisely the middle class that has become the biggest victim of the slowing economy — its incomes have stagnated over the past 10 years,” The Bell writes.

Moreover, representatives of the middle class have grown more risk averse in the years since the 2008 financial crisis, according to the bank’s analysis — they take out fewer loans or credit cards and opt for stable employment instead of opening a business.

The stagnating wages of Russia’s middle class in 2008-2018, coupled with the growing wages of the upper and lower classes, reflects a global trend, the report says.

Russia’s biggest lender Sberbank estimated earlier that the share of those who consider themselves middle class has shrunk from 60 percent to 47 percent in the five years since 2014.

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