The Moscow Times
30 YEARS
INDEPENDENT NEWS FROM RUSSIA

Raiffeisen Slashes Correspondent Accounts in Russia

October 03, 2024



K. Artyom (CC BY-SA 4.0)

The Russian branch of Austria's Raiffeisenbank Bank International (RBI) reduced funds in its correspondent accounts 2.7-fold in August, slashing the accounts by a record 421 billion rubles ($4.4 billion) to 242 billion ($2.5 billion), the Kommersant business daily reported, citing the bank's reporting.

This category includes all correspondent accounts, with both Russian and foreign banks, as well as correspondent accounts with the Russian Central Bank.

Such massive movements of correspondent accounts could be directly related to a significant reduction in the bank's cross-border transfers, analysts surveyed by Kommersant said.

Raiffeisenbank Russia previously announced it would cease all outbound cross-border foreign currency transfers for individuals from Sept. 2, 2024, following directives from the European Central Bank (ECB) to its parent company.

Raiffeisenbank's press service told Kommersant that "the main reason for the decrease in balances on correspondent accounts is the transfer of rubles from correspondent accounts to deposits with the CBR."

The bank indeed confirmed that partly the "decline was caused by the reduction of foreign currency balances in customer accounts due to restrictions on foreign currency transfers."

Under pressure from the U.S. and the European Central Bank, RBI has been cutting its loan book and has also cut its share in Russia's payment market by half.

However, both the ECB and the U.S. have continued to increase pressure on the bank to abandon Russia.

Russian Central Bank Governor Elvira Nabiullina previously slammed the pressure exerted by the ECB as "unacceptable," arguing that "subsidiaries of European and other foreign banks of the Russian Federation are created under Russian laws, work in the Russian legal field and the execution of the requirements of the ECB and following the sanctions of foreign countries contradict the Russian legal order and discriminate against their clients."

Most recently, RBI's hopes of exiting Russia have suffered another major setback after a court in Kaliningrad banned the sale of its shares following a lawsuit brought by oligarch Oleg Deripaska.

RBI, which has the biggest Western-owned banking operation still left in Russia, has so far defied U.S. pressure to leave swiftly.

Its Russian subsidiary accounted for half the bank's income last year, though RBI has not been able to take its profits out of Russia since the invasion.

According to some reports, it is even still actively hiring staff and growing its business.

This article was originally published *by bne IntelliNews.*

Original url:
https://www.themoscowtimes.com/2024/10/03/raiffeisen-slashes-correspondent-accounts-in-russia-a86572