

Russians Cut Bank Debt as Lending Slows After Credit Boom

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Grigory Sysoev / TASS

Russian households reduced their debt burden in August, with outstanding bank claims on the population down 1.2% year-on-year, the Central Bank [said](#).

Total household debt stood at 39.2 trillion rubles (\$460 billion, according to spot foreign exchange market data [published](#) by Reuters), up 0.3 trillion rubles on the month but far below the pace of borrowing seen in 2024.

The annual growth rate of household debt fell to its lowest in nine years. Adjusted for inflation of more than 8% over that period, real household indebtedness decreased by nearly 10%, the regulator noted.

Tighter conditions have curbed demand following a credit boom that saw household loans [grow](#) 10 trillion rubles, or 37%, between early 2023 and mid-2024.

The cancellation of subsidized mortgages, a record-high key rate of 21% and restrictions on

retail lending all slowed growth.

Annual lending growth had dropped to zero by June and [turned](#) negative in July as consumers mainly repaid existing loans rather than taking new ones.

Lending showed signs of recovery after the Central Bank cut its key rate to 18% in late July, later cutting it to 17% in September.

Car loans are growing and mortgage demand, including for non-subsidized products, is reviving, [said](#) Kirill Tremasov, an adviser to the Central Bank governor.

Lower inflation and expectations of further rate cuts have helped ease borrowing costs, he added.

The contraction in consumer lending portfolios has largely halted, though volumes remain nearly half of last year's levels after a sharp fall in late 2024, [said](#) Ivan Uklein, senior director at rating agency Expert RA.

A further cut in the key rate to 15-16% by year-end could support a gradual rebound, though not to 2024 highs.

The Central Bank [forecasts](#) retail loan portfolios to grow at 1-4% in 2025, with mortgages rising 3-6% and other lending flat or declining by up to 2%.

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