

Russia's Household Deposits Growth Slows to 3-Year Low — Central Bank

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Yekaterina Kuzmina / RBK / TASS

Growth in household deposits at Russian banks slowed to its weakest pace in three years last month, <u>rising</u> by just 67 billion rubles (\$824 million) to 62.7 trillion rubles (\$771.2 billion), the Central Bank said.

September's figures followed a 70-billion-ruble (\$861 million) increase in August and compares with monthly inflows of more than 700 billion rubles (\$8.61 billion) in June and July.

Since the start of 2025, deposits have grown by 4.9 trillion rubles (\$60.3 billion).

At current volumes and interest rates, banks pay about 0.5 trillion rubles (\$6.15 billion) in monthly interest on deposits.

Analysts at state-backed housing lender Dom.RF <u>noted</u> that the inflow of new funds is now smaller than the amount of interest accrued, pointing to a decline in households' savings

activity.

The Central Bank in August <u>attributed</u> weak growth to seasonal factors, as spending typically rises during the summer holidays and back-to-school preparations.

The regulator offered no detailed explanation this time, saying only that deposit growth "remained subdued for the second month in a row."

As a result, the annual growth rate of household funds in banks — excluding escrow accounts but including accrued interest — slowed to 19.6% in September, down from 28.8% a year earlier.

Economist Yegor Susin <u>said</u> the decline was partly seasonal but also reflected the impact of falling deposit rates.

The Central Bank's monitoring of the 10 largest retail lenders showed that the average maximum deposit rate <u>fell</u> to 15.46% in early October, the <u>lowest</u> since late May 2024, when it stood at 19.39%.

The sharp drop in rates has prompted savers to seek alternative ways to invest or spend their money. Some funds have shifted into consumption, Dom.RF analysts <u>said</u>.

The Central Bank also <u>reported</u> growing household interest in property purchases, particularly in Moscow and southern regions.

In value terms, sales of new housing have exceeded last year's levels for three consecutive months, according to Dom.RF data.

Another factor behind slower deposit growth may be increased demand for cash amid recurring internet outages.

Over the summer, households and businesses withdrew between 200 billion and 300 billion rubles (\$2.46-\$3.69 billion) per month into cash, the Central Bank said.

As rates decline, retail lending has started to recover. Consumer loan portfolios stabilized, credit card lending increased, and mortgage and auto loans continued to grow. Mortgage issuance exceeded 400 billion rubles (\$4.92 billion) in September.

The Central Bank has repeatedly pledged to lower rates cautiously to avoid triggering a surge in consumer spending.

"We will reduce the rate gradually to ensure that ruble deposits remain attractive and people continue to save," <u>said</u> Elizaveta Danilova, head of the bank's financial stability department and a member of its board.

She added that interest rates remain above inflation despite the cuts, making ruble deposits appealing — though some funds are likely to shift into housing and other financial assets.

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