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Russia Could Face Systemic Banking Crisis by Late 2026, Kremlin-Linked Think Tank Warns

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Russia could face a systemic banking crisis by October 2026 if problem assets continue to rise and depositors start withdrawing funds en masse, analysts at the Kremlin-aligned Center for Macroeconomic Analysis and Short-Term Forecasting (CMASF) have said.

In a new report on early indicators of financial risk, CMASF said a crisis would be triggered if the share of troubled assets in the banking system exceeds 10% or if clients start pulling money from accounts and deposits at scale.

Preventing the fallout would require restructuring or nationalizing more than 10% of banks, or providing support equal to more than 2% of GDP. The probability of such a scenario materializing in 2026 was assessed as "medium."

One warning sign is the rapid increase in "bad" loans, or those overdue by more than 90 days, CMASF wrote. According to credit bureau Scoring Bureau, the volume of such loans reached 2.3 trillion rubles ($29.7 billion) in October.

The figure grew 1.6 times over the first nine months of the year, rising by 490 billion rubles ($6.32 billion) compared with 302 billion rubles ($3.90 billion) for all of 2024.

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The quality of unsecured consumer loans issued at high interest rates in late 2023 and early 2024 is deteriorating, CMASF expert Renat Akhmetov told the pro-Kremlin daily Izvestia.

Risks are also emerging in older mortgages taken out at the peak of demand for subsidized programs, he added.

A significant portion of bad debts is masked by restructurings, he said. Banks revised about 2.4 trillion rubles ($30.96 billion) of household loans between 2022 and 2025, equal to 6.2% of the retail portfolio as of October.

In the corporate segment, one-fifth of loans to small and medium-sized businesses had been restructured by the end of the third quarter of 2025.

Some companies are facing worsening financial conditions and export-oriented sectors are losing income due to weaker external demand and lower prices, Akhmetov said.

A wave of "bad debt" in the corporate sector could begin in the third or fourth quarter of next year, he added.

The Central Bank rejected the warnings, saying it sees no grounds for a banking crisis.

It reported that overdue unsecured consumer loans reached 12.9% over the first 10 months of 2025, up 3.9 percentage points, but noted that these loans are more than 90% covered by reserves.

The share of non-performing loans remains below 5% in the corporate portfolio, and they are also almost fully backed by reserves and collateral.

Another 7% of loans are considered potentially risky but are under active management, including restructuring.

Further growth in problem loans is possible but unlikely to spark a systemic crisis, said Igor Dodonov, an analyst at Finam.

He said banks have built substantial buffers in recent years, with total capital above regulatory requirements estimated at around 8 trillion rubles ($103.2 billion).

The Central Bank's tight regulatory approach also continues to curb risk accumulation, he added.

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