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Russians' Bad Household Debt Tops $30Bln as Repayment Strains Grow

March 11, 2026



Nikolai Gyngazov / TASS

Bad debts held by Russian households exceeded 2.4 trillion rubles ($30.2 billion) in 2025, rising by about a third from a year earlier, according to Russian Central Bank data cited by the pro-Kremlin daily Izvestia.

The increase pushed the share of non-performing loans to nearly 7% of banks' retail lending portfolios, up from 5.7% the previous year.

Under Russia's banking risk classification system, "bad" loans are considered unrecoverable and banks must set aside provisions equal to 100% of the loan value.

The data point to growing strains in Russia's consumer lending market as household borrowing continues to rise. Total household debt to financial institutions increased by 1.1 trillion rubles over the year to reach 38 trillion rubles ($480 billion), Izvestia reported.

The deterioration was most pronounced in unsecured consumer lending, where the share of

non-performing loans rose to 13% from 9% a year earlier.

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The Central Bank said repayment performance worsened mainly for loans issued in late 2023 and early 2024. Many of those loans were extended to borrowers with low credit scores or limited credit histories, making risks harder to assess.

Mortgage lending has remained comparatively stable. The share of non-performing loans in that segment increased slightly but remained low at around 1.7%, which the Central Bank linked to the gradual "maturing" of mortgages issued during the surge in demand for subsidized and market-rate housing loans in 2023-2024.

Analysts cited by Izvestia said the rise in troubled debt reflects slower income growth and higher household expenses due to inflation, which can make it harder for borrowers to service loans.

Higher borrowing costs and everyday expenses can also lead to chronic arrears, pushing loans into riskier categories and forcing banks to increase provisions, the analysts said.

Borrowers with multiple loans are particularly vulnerable, with each additional loan raising the risk of personal bankruptcy by roughly 20-25%, according to the National Association of Professional Collection Agencies (NAPCA).

The trend is also reflected in a rise in personal bankruptcies. Nearly 568,000 Russians were declared insolvent in 2025, up 31.5% from a year earlier and the highest figure since personal bankruptcy procedures were introduced in Russia, according to data cited by Izvestia. In about 97% of cases, individuals themselves initiated the bankruptcy process.

However, overall household debt in Russia remains relatively low by international standards, equivalent to about 22% of GDP — among the lowest levels for developed and upper-middle-income economies. By comparison, household debt in Switzerland, the highest among major economies, stands at around 121% of GDP.

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