

# **Financial Inclusion in Russia: The Demand-Side Perspective**



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Moscow, August 2014

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## EXECUTIVE SUMMARY

The G20 Financial Inclusion Indicators suggest that financial inclusion should be measured in three dimensions: (i) access to financial services, (ii) usage of financial services, and (iii) quality of products and service delivery. To form a comprehensive view, the G20 Financial Inclusion Indicators include both supply-side and demand-side data. In addition, they provide further insight into access and usage aspects by including indicators on emerging branchless delivery channels such as mobile banking.

In 2012, CGAP conducted a Financial Inclusion Landscaping study in Russia that highlighted the need for comprehensive and detailed data on the picture of financial inclusion — and exclusion — in Russia, to better understand specific profiles and needs of the unbanked and underbanked, as well as barriers preventing people from accessing and using financial services. The goal of this research, conducted by the National Agency for Financial Studies (NAFI) with support from CGAP and Beyond Philanthropy during April–June 2014, was to fill in some of the information gaps with respect to the demand-side aspects of financial inclusion in Russia. The key findings and conclusions of the research, organized around the three dimensions of the G20 Financial Inclusion Indicators, are presented below.

### Access to financial services

- Physical access to financial services in Russia remains a challenge; remote and rural areas are insufficiently covered with financial service provider branch networks, POS terminals, and communications infrastructure. Relatively high aggregate statistics on physical access appear to hide the issue of insufficient infrastructure, as they do not capture the supply of physical access points in low-population areas.
- This is confirmed by data on customer satisfaction with physical access infrastructure: there are significant variations in satisfaction levels by region, as well as by settlement type (i.e., city/town/village). For example, in rural areas, satisfaction levels are 11 percent lower than on average, and in regional capitals they are 5–15 percent higher than average. The smaller the settlement, the more often respondents express the need to increase the number of service points.
- From the demand-side perspective generally, physical access seems to be of relatively lower importance compared to the factors related to provider reliability, and especially the high complexity of financial products and services available.
- Recognizing the physical access issue, financial service providers mention the high costs of physical infrastructure development, but more in terms of excessive regulatory requirements, which increase the costs and adversely affect providers' business case.

## Usage of financial services

- The overall usage of financial services in Russia has not changed since 2011: 23 percent of respondents report not using any of formal financial services. For all types of financial products, the level of usage strongly and directly correlates with income levels. There is a remarkable difference in financial service usage among the lowest income segment: 53 percent of respondents in this category are not using any formal financial services — more than double the Russia-wide average figure.
- A trend to watch both for providers and policy makers is much higher usage of credit than savings products (39 versus 24 percent; the latter even lower when only term savings products are considered — 15 percent). This trend is especially pronounced among the lowest income segments, where the usage of savings products is five times lower than of credit products; the usage of credit is approximately the same as in the other income categories. On the one hand, among the dangers of an excessive credit usage is customer over-indebtedness; on the other hand, through responsible promotion of both credit and savings services and their increased usage, providers can advance financial inclusion, as they can influence both borrowing and savings behaviors. The challenge is how providers can be better attuned and more responsive to the needs of this segment through the development and marketing of products that offer good value propositions for customers and that are, at the same time, profitable and sustainable for providers.
- Higher awareness levels about financial products and services do not necessarily bring about higher usage: while the aggregate figures on the usage of financial products highly correlate with awareness levels, disaggregated statistics often show either no or even inverse correlations between the awareness and usage for specific segments.
- Personality types identified during this research based on prevailing attitudes about money do not correlate strongly with the usage of specific financial products, but they are slightly better predictors of the choice of financial service delivery channels (although further research may be needed in this area as this research was a first attempt to establish such correlations). Overall, sociodemographic characteristics tend to be stronger predictors for both the types of products customers use and the channels they choose to obtain these products and services.
- Financial products used the most are those that are provided to customers by third parties (e.g., employers and government) rather than those actively sought by the customers. The issuance of these provided products does not result in a more active usage of other financial services. This presents both a challenge as programs such as those aimed at universal bank account coverage may not result in higher financial service usage generally; but at the same time, it is an opportunity for providers to develop various products that account for this type of customer financial behavior.

- Insurance products are the least used among financial products, which suggests a high potential for their development — provided that products are better understood by customers and, possibly, are better suited for their needs.
- The potential of innovative delivery channels for expanding the range of financial services will largely depend on customer perception of these channels as more reliable and more easy-to-understand and use than traditional channels. Currently, traditional channels such as bank branches are mostly viewed as the most reliable, though the least convenient, by a majority of Russians.

### Quality of financial services

- The research substantiates the need to increase levels of financial literacy. Qualitative research of financial literacy-related issues confirmed the available quantitative survey evidence on relatively low levels of financial literacy: many customers do not distinguish between products or are not even aware that they are using some of them. The findings reinforced other results of this research signaling that customers have a strong need for simpler, easier-to-understand financial products and services presented in a more standardized way.
- Among the most important factors affecting the choice of financial service provider and decision to use financial services is high complexity of financial products for customers and lack of standardized presentation of terms and conditions of financial products. There is room for providers to be more proactive in making their products more easy-to-understand for customers.
- Policy makers may want to consider introducing standardized financial product description and disclosure formats. They may also consider regulating the terminology that providers can or cannot use — especially with respect to savings products, to clearly denote which of them are covered by the deposit protection scheme. Such measure could be complemented by financial literacy campaigns explaining the descriptions, disclosure formats, and terminology to customers.
- Finally, overcoming common stereotypes with respect to financial service providers and products (such as negative attitude to credit or a belief that savings make sense only for large amounts of money) will be necessary to increase financial inclusion in Russia. This could be a task for both policy makers and providers of financial services.

**Box 1. Financial inclusion and low-income population segments in Russia**

Among the lowest-income segments in Russia (less than RUB 3,000 — approximately US\$88 per capita monthly), the level of financial exclusion is the highest: 53 percent do not use any formal financial services versus 23 percent, on average. Remarkably, among the next income category — slightly better-off (RUB 3,000–5,999) — the share of nonusers is only 26 percent — much closer to the Russia-wide average.

The lowest income segment is generally characterized by levels of short-term credit usage that are similar to higher income categories, but much lower levels of savings product usage — about five times less often than credit. Only 3 percent of people in this category have a term deposit or savings account versus 15 percent, on average.

Only 42 percent of the lowest income category currently uses insurance products versus 61–66 percent of those in higher income categories.

In the lower-income groups, the awareness levels about financial products are 10–20 percent lower for specific products than the average levels.

# INTRODUCTION

## Background

The G20 Global Partnership for Financial Inclusion (GPFI) has recognized financial inclusion as a key enabling element, both in the fight against poverty and in reaching the goal of inclusive economic development. About 40 countries around the world have publicly committed to financial inclusion objectives and targets.<sup>1</sup> Reliable financial inclusion data are critical to inform policies, establish financial inclusion targets, and monitor the implementation and progress in achieving the targets. The G20 Financial Inclusion Indicators suggest that financial inclusion should be measured in three dimensions: *(i)* access to financial services, *(ii)* usage of financial services, and *(iii)* quality of products and service delivery. To form a comprehensive view, the G20 Financial Inclusion Indicators include both supply-side and demand-side data. In addition, they provide further insight into access and usage aspects by including indicators on emerging branchless delivery channels such as mobile banking.

Russia is among the countries where access to financial services was identified as one of the country's domestic policy priorities since 2007.<sup>2</sup> It was estimated back then that over 40 percent of the population lacked access to banking services, and the supply of financial services outside Moscow was only 4 percent of that in Moscow. With respect to the G20 Financial Inclusion Indicators, most of the financial inclusion data for Russia reflect the supply side. While some data on the demand side are available from the World Bank Global Findex Survey (2011),<sup>3</sup> more comprehensive and granular information is necessary to obtain a clear a picture of financial inclusion — as well as financial exclusion — in Russia.

In 2012, CGAP conducted a Financial Inclusion Landscaping study in Russia (Lyman, Staschen, and Tomilova 2013). The study found that by 2012, the progress of financial inclusion in Russia had been significant compared to that in 2007.<sup>4</sup> The number of people not using any banking services reduced to 22 percent; the supply of financial services increased fivefold; and the number of bank branches per 100,000 adults grew to over 37 — which put Russia ahead of some highly developed countries. In the area of branchless banking, the advancement was even more rapid. From virtually no such services several years earlier, Russia developed various innovative financial service delivery channels that are now being used by about 50 percent of the population (though currently primarily for payments). This includes a specific Russian solution — cash-in payment terminals that are the primary points of service in the country for low-value payments.

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<sup>1</sup> Interview with CGAP CEO Tilman Ehrbeck, December 2012. <http://www.cgap.org/news/momentum-behind-financial-inclusion-says-ehrbeck>

<sup>2</sup> President Putin's address to the State Council. November 2007.

<sup>3</sup> The World Bank Global Findex Database. 2011. <http://datatopics.worldbank.org/g20fidata/country/russian-federation>

<sup>4</sup> The summary of the study findings is adapted from a blog post by Olga Tomilova for the CGAP Blog. January 2013. <http://www.cgap.org/blog/how-much-do-financial-inclusion-indicators-say-about-russia>

However, despite all the progress, access to financial services is still a challenge in remote areas of the country. In terms of geographical distribution of bank branches — per 1,000 sq. km — Russia's figures are far behind that of many developed countries. Certainly, being the largest country in the world, Russia has many uninhabited areas (and thus comparisons to densely populated countries may not be appropriate), but the same is true for the United States, for example. Yet in the latter, the number of bank branches per 1,000 sq. km is about 3.5 times higher than in Russia.

The study also highlighted that there are certain categories of people in Russia who remain unbanked and underbanked. However, there were no comprehensive and detailed data available at the time of the study that would provide insight into this segment's specific profiles and needs, nor an understanding of the barriers preventing them from accessing and using financial services.

The goal of the research conducted by the National Agency for Financial Studies (NAFI) with support from CGAP and Beyond Philanthropy during April–June 2014 was to fill in some of the information gaps with respect to the demand-side aspects of financial inclusion in Russia.<sup>5</sup> Specifically, the objectives of the research were to do the following:

- Identify characteristics of the segments of the Russian population who do not use or have no access to financial services.
- Determine the level of demand for financial products and services (by groups of products and services).
- Identify objective and subjective barriers to accessing financial services.
- Develop proposals on most effective ways to overcome the barriers to accessing financial services.

The research methodology included a national representative quantitative survey, as well as qualitative interviews with both users and nonusers of financial services and financial service providers, to get their insights into the issue of financial inclusion from the demand-side perspective (see Annex 1).

This research report is organized around the three areas of the G20 Financial Inclusion Indicators and provides insights into these areas from a demand-side perspective:

- Chapter 1 presents an overview of the physical **access** infrastructure for key financial services and delivery channels, to put the data on customer perspectives on access-related issues into a broader context. It then follows with the findings of the survey on customer satisfaction with physical infrastructure for financial services.

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<sup>5</sup> While some data on the supply-side are presented to put the findings into a broader context, detailed assessment of the supply side was outside the scope of the current research.

- Chapter 2 presents the survey findings on the current level of customer **usage** of financial services and financial service delivery channels, as well as awareness about them, and the intention to use financial services in the next 12 months.
- Chapter 3 presents the findings on **quality**-related aspects of financial inclusion in Russia. It summarizes results from both the survey and qualitative interviews and addresses various barriers to financial inclusion, such as the level of trust in financial service providers and specific financial services, key reasons for using or not using financial services from the customer perspective, financial literacy, and behavioral biases affecting people's decisions to use financial services. It also presents a comparison of customer versus provider perspectives with respect to key barriers to financial inclusion, based on data from the qualitative research.
- The report concludes with a number of observations that could be useful for both financial service providers and policy makers working on financial inclusion issues in Russia, as well as researchers studying this topic.

The main text of the report is preceded with short reference information on the regional division of Russia. A glossary on the financial services and delivery channels discussed in the report is included in Annex 2.

## Regions of Russia

As of January 2014, the Russian Federation consisted of eight Federal Districts (FDs):<sup>6</sup>

1. Central FD, Capital city: Moscow
2. Northwestern FD, Capital city: St. Petersburg
3. Southern FD, Capital city: Rostov-on-Don
4. North Caucasian FD, Capital city: Pyatigorsk
5. Volga FD, Capital city: Nizhny Novgorod
6. Urals FD, Capital city: Yekaterinburg
7. Siberian FD, Capital city: Novosibirsk
8. Far Eastern FD, Capital city: Khabarovsk

**Map 1.** Federal Districts of the Russian Federation



<sup>6</sup> See List of Federal Districts, Decree of the President of the Russian Federation No. 849 "On Authorized Representatives of the President of the Russian Federation in Federal Districts," 13 May 2000.

## CHAPTER 1.

# ACCESS TO FINANCIAL SERVICES AND DELIVERY CHANNELS

Access to financial services is one of the three dimensions of financial inclusion measurement as defined in the G20 Financial Inclusion Indicators, measuring the number of physical points of service. One of the objectives of this research was to provide demand-side insights on the access aspect of financial inclusion. Further in the report, the significance of the physical access factor for customers as compared to other factors that may affect their decision to use or not to use financial services, is discussed.

The chapter is organized as follows:

- Section 1.1 provides general background information on key statistics on physical access to financial services in Russia, based on the available supply-side data. This includes an overview of the banking sector, banking payment agents, and other providers of key financial services.
- Section 1.2 presents results of the primary quantitative research on customer perceptions about and satisfaction with physical access infrastructure.

### Box 2. Key points: Access to financial services and delivery channels

#### 1.1 Key statistics

- |   |                                     |
|---|-------------------------------------|
| • Number of bank branches:                    | 45,268 (2014) <sup>a</sup>          |
| • Number of bank branches per 100,000 adults: | 38.22 (2012) <sup>b</sup>           |
| • Number of bank branches per 1,000 sq. km:   | 2.83 (2012) <sup>c</sup>            |
| • Number of ATMs:                             | 183,822 (2014) <sup>d</sup>         |
| • Number of ATMs per 100,000 adults:          | 182 (2012) <sup>e</sup>             |
| • Number of ATMs per 1,000 sq. km:            | 13.49 (2012) <sup>f</sup>           |
| • Number of bank agent service points:        | 319,000 (2012) (CRPSS and RMC 2012) |
| • Number of Russian Post offices:             | 42,000 (2014) <sup>g</sup>          |
| • Number of microfinance organizations:       | 4,294 (2014) <sup>h</sup>           |
| • Number of credit cooperatives:              | 3,594 (2014) <sup>i</sup>           |
| • Number of insurance companies:              | 587 (2014) <sup>j</sup>             |
| • Number of mutual funds:                     | 2,806 (2014) <sup>k</sup>           |
| • Unique mobile subscriber penetration:       | 73 percent (2012) <sup>l</sup>      |
| • Internet penetration:                       | 52 percent (2013) <sup>m</sup>      |

**Box 2. Key points: Access to financial services and delivery channels****1.2 Customer perceptions**

- Relatively high aggregate statistics on physical access appear to hide the issue of insufficient infrastructure as they do not capture the supply of physical access points in low-populated areas.
- This is confirmed by data on customer satisfaction with physical access infrastructure: there are significant variations in satisfaction levels by region, as well as by settlement type (i.e., city/town/village). For example, in rural areas, satisfaction levels are 11 percent lower than on average, and in regional capitals they are 5–15 percent higher than average. The smaller the settlement, the more often respondents express the need to increase the number of service points.

<sup>a</sup> [http://cbr.ru/statistics/print.aspx?file=bank\\_system/inform\\_14.htm&pid=pdko\\_sub&sid=inr\\_licko](http://cbr.ru/statistics/print.aspx?file=bank_system/inform_14.htm&pid=pdko_sub&sid=inr_licko)

<sup>b</sup> <http://fas.imf.org/>

<sup>c</sup> <http://fas.imf.org/>

<sup>d</sup> [http://cbr.ru/statistics/p\\_sys/print.aspx?file=sheet010.htm&pid=psRF&sid=ITM\\_18817](http://cbr.ru/statistics/p_sys/print.aspx?file=sheet010.htm&pid=psRF&sid=ITM_18817)

<sup>e</sup> <http://fas.imf.org/>

<sup>f</sup> <http://fas.imf.org/>

<sup>g</sup> <http://www.russianpost.ru/rp/serve/ru/home>

<sup>h</sup> [http://cbr.ru/sbrfr/?Prtd=microfinance\\_org](http://cbr.ru/sbrfr/?Prtd=microfinance_org)

<sup>i</sup> <http://cbr.ru/sbrfr/?Prtd=cooperatives>

<sup>j</sup> [http://cbr.ru/sbrfr/?Prtd=insurance\\_industry](http://cbr.ru/sbrfr/?Prtd=insurance_industry)

<sup>k</sup> [http://cbr.ru/sbrfr/?Prtd=polled\\_investment](http://cbr.ru/sbrfr/?Prtd=polled_investment)

<sup>l</sup> <http://www.gsma.com/newsroom/gsma-announces-new-global-research-that-highlights-significant-growth-opportunity-for-the-mobile-industry/>

<sup>m</sup> <http://bit.ly/1qGCbcj>

## 1.1 Key statistics

### Banks

According to the Central Bank, in April 2014, there were 841 active banks in Russia working through 45,268 branches.<sup>7</sup> The number of bank branches increased by 3.7 percent in two years since the CGAP Financial Inclusion Landscaping study (Lyman, Staschen, and Tomilova 2013). The banking sector in Russia also includes so-called nonbank credit organizations (NBCOs), which are essentially banks with a limited banking license; these can perform various banking operations except retail deposit taking.

According to the IMF Financial Access Survey, there were 38.22 bank branches per 100,000 adults in 2012, and 182 automated teller machines (ATMs).<sup>8</sup> This puts Russia ahead of some highly developed countries. For example, in 2012, Germany had 13.9 bank branches per 100,000 adults, and the United States had 35.26 bank branches per 100,000 adults. At the same time, there are only 2.83 bank branches and 13.49 ATMs per 1,000 sq. km in Russia — which is about 4–5 times less than in countries comparable in size, such as China and the United States.

Among the top 10 banks in Russia by net assets size, the top six are banks with state ownership.<sup>9</sup> The largest one — Sberbank — has the widest branch infrastructure (about 18,500 branches)<sup>10</sup> and holds 46.7 percent of all retail deposits volume in the country as of January 2014, according to the Central Bank.

As shown in Table 1, the distribution of bank branches across Russia generally follows the distribution of the population. The North Caucasian FD is the region with the least sufficient infrastructure, which is reflected in the usage figures, as will be discussed further in Chapter 2. The Central FD, and especially Moscow, is better supplied in terms of physical access infrastructure.

Banks are the only financial service providers in Russia authorized to take retail deposits, which are protected by the state Deposit Insurance Scheme up to RUB 700,000 (approximately US\$20,600) per depositor, per each bank.<sup>11</sup> Some of the nonbank financial service providers can offer limited deposit-like products that are not protected by the deposit insurance scheme (see below).

<sup>7</sup> [http://cbr.ru/statistics/print.aspx?file=bank\\_system/inform\\_14.htm&pid=pdko\\_sub&sid=intr\\_licko](http://cbr.ru/statistics/print.aspx?file=bank_system/inform_14.htm&pid=pdko_sub&sid=intr_licko)

<sup>8</sup> <http://fas.imf.org/>

<sup>9</sup> See <http://www.banki.ru/banks/ratings/> (based on Central Bank data, June 2014).

<sup>10</sup> <http://rating.rbc.ru/article.shtml?2013/02/28/33894787>

<sup>11</sup> Federal Law No. 177-FZ “On Insuring Deposits of Natural Persons in the Banks of the Russian Federation,” 23 December 2003.

**Table 1.** *Distribution of bank branches by region, April 2014*

Federal Districts	Distribution	
	Bank branches	Population
Central	28%	27%
<i>incl. Moscow and the Moscow Region</i>	15%	13%
Northwestern	10%	10%
Southern	10%	10%
North Caucasian	3%	7%
Volga	23%	21%
Urals	9%	8%
Siberian	13%	13%
Far Eastern	4%	4%

Source: Central Bank of the Russian Federation: [http://cbr.ru/statistics/print.aspx?file=bank\\_system/cr\\_inst\\_branch\\_010414.htm&pid=pdko\\_sub&sid=sprav\\_cdko](http://cbr.ru/statistics/print.aspx?file=bank_system/cr_inst_branch_010414.htm&pid=pdko_sub&sid=sprav_cdko)

## Other providers

Other providers of financial services in Russia include the following:<sup>12</sup>

- **The Russian Post:** This is a state-owned organization that has the largest number of branches Russia-wide — about 42,000 (almost the same as the number of branches for the whole banking system). It administers the disbursement of pensions and provides a number of financial services in cooperation with other financial service providers — such as payments, domestic and international money transfers, loan repayments, bank account top-ups, etc. It also sells insurance policies and credit cards acting as an agent of several financial service providers.<sup>13</sup>
- **Banking payment agents:** These include various retail networks, of which the most numerous are mobile phone shops and supermarkets. The agents can provide only cash-in services, most of which are payments. In 2012, there were over 12,000 banking agents serving customers through some 319,000 service points (CRPSS and RMC 2012). Approximately 70 percent of the service points were equipped with automated payment terminals — a specific Russian branchless banking innovation (see Box 3).
- **Microfinance organizations (MFOs):** As of mid-2014 there were 4,294 MFOs registered in Russia since January 2011,<sup>14</sup> when the Law on Microfinance Activity and Microfinance Organizations came into force.

<sup>12</sup> The research did not cover money transfer and remittance services, and as such, providers of these services are not included in this overview.

<sup>13</sup> <http://www.russianpost.ru/rp/service/ru/home>

<sup>14</sup> The State Register of Microfinance Organizations: [http://www.fesm.ru/ru/contributors/microfinance\\_org/state\\_register\\_microfinance\\_org/](http://www.fesm.ru/ru/contributors/microfinance_org/state_register_microfinance_org/)

Microloans are defined as loans up to RUB 1 million (approximately US\$29,400) and can be offered both for business and consumption. In 2013, MFOs were collectively serving some 950,000 borrowers, of which about 900,000 were consumer loan recipients.<sup>15</sup> The latter include so-called payday loans. Although there is no legal definition<sup>16</sup> for payday lending in Russia, these companies offer very high interest, very short term consumer loans, and are thus similar to payday lenders in other countries;<sup>17</sup> however, other than the name would suggest, in most cases the lending is not secured with borrowers' salaries. In the absence of a formal definition, the exact extent of payday lending currently cannot be established.<sup>18</sup>

MFOs cannot take deposits, but can take loans from natural persons in amounts exceeding RUB 1.5 million (approximately US\$44,100), that is, from more sophisticated lenders. Starting 1 July 2014, they can also issue bonds in amounts less than RUB 1.5 million, but only to qualified investors as defined in the law.<sup>19</sup>

- **Credit cooperatives:** According to the Central Bank, in 2014, there were 3,494 credit cooperatives in Russia; in 2013, they were serving about 1.1 million people. Credit cooperatives can provide lending and savings services, but only to their members. Most credit cooperatives work in areas that are less covered by bank branches. MFOs and credit cooperatives are often collectively referred to as "microfinance institutions" as both provide microloans.
- **Insurance companies:** As of July 2014, there were 587 insurance companies registered in Russia.<sup>20</sup> In 2013, the top 10 insurance companies had about 57 percent of the market, while the top 50 had 87 percent.<sup>21</sup>
- **Mobile network operators:** There are four large mobile network operators in Russia, together they control 92 percent of the Russian market (Dostov and Shoust 2013). All of them offer a facility to make payments from the prepaid airtime account. To offer such services, they must operate in partnership with either a bank or an NBCO.<sup>22</sup>

<sup>15</sup> Microfinance Market Development: A Roadmap for 2013–2017. Presentation of Mikhail Mamuta at the RMC XII National Conference on Microfinance and Financial Inclusion, November 2013.

<sup>16</sup> The Central Bank requires separate reports on microloans in amounts of up to RUB 45,000 (US\$1,250) with a term of up to two months. These characteristics are used as proxies to defining "payday lending." See Information Letter of the Federal Financial Market Service of Russia "On Explanations About Filling in Documents by Microfinance Organizations, Containing Reports on Microfinance Activity and Personnel of Management Bodies of a Microfinance Organization," 14 June 2012.

<sup>17</sup> Some of them are owned by foreign companies that have a long experience of payday lending in other markets such as the United States and the United Kingdom.

<sup>18</sup> There are Central Bank estimates that payday loans represent about 15 percent of the total outstanding microloan portfolio.

<sup>19</sup> Per amendments to the Law "On Microfinance Activity and Microfinance Organizations."

<sup>20</sup> [http://cbr.ru/sbrfr/?Prtd=insurance\\_industry](http://cbr.ru/sbrfr/?Prtd=insurance_industry)

<sup>21</sup> <http://ins.1prime.ru/news/0/%7BA4218021-059E-47BF-BDE8-6CA1378686BC%7D.uif>

<sup>22</sup> Per Federal Law No. 161-FZ of 27 June 2011, "On the National Payment System."

- **E-money operators:** As of February 2014, there were 82 authorized e-money operators in Russia (64 banks and 18 NBCOs).<sup>23</sup> To use their services offered through internet-based e-wallets, customers must be identified if the balance of their e-wallet exceeds RUB 15,000 (approximately US\$440) or monthly transaction volume exceeds RUB 40,000 (approximately US\$1,176); otherwise e-wallets can be anonymous.
- **Mutual funds:** There are 2,806 mutual funds registered in Russia in 2014.<sup>24</sup> Of them, 20 percent control about 80 percent of the market.<sup>25</sup> These financial service providers are the least known and the least used by Russians, as will be discussed further in Chapter 2.

Except for the Russian Post, payment agents, and mobile network operators, all of the above nonbank providers in Russia were regulated and supervised by the Central Bank starting September 2013.<sup>26</sup>

Regarding physical access for financial services in Russia, it should be noted that Russia has a very sparse infrastructure of point-of-sale (POS) terminals at retail outlets as compared to other countries. In 2012, there were only 4.8 POS terminals per 1,000 residents versus 18.7 POS terminals per 1,000 residents in the European Union. The highest share of retail outlets accepting cards was in the town of Surgut (home to one of the largest oil and gas companies) with 26.5 percent. In Moscow, only 16.4 percent retail outlets accepted cards in 2012.<sup>27</sup> Relative to the number of cards, experts estimate that the number of POS terminals in Russia is two times lower than that in developed countries.<sup>28</sup>

<sup>23</sup> [http://www.cbr.ru/today/print.aspx?file=/today/payment\\_system/oper\\_zip/operator\\_list.html&pid=oper\\_zip&sid=ITM\\_41091](http://www.cbr.ru/today/print.aspx?file=/today/payment_system/oper_zip/operator_list.html&pid=oper_zip&sid=ITM_41091)

<sup>24</sup> [http://cbr.ru/sbrfr/?Prtd=polled\\_investment](http://cbr.ru/sbrfr/?Prtd=polled_investment)

<sup>25</sup> <http://grow-rich.su/top-10-pif-rossii/>

<sup>26</sup> Federal Law No. 251-FZ of 23 July 2013, "On Amending Certain Legal Acts of the Russian Federation in Connection with the Transfer of Authority on the Regulation, Control and Supervision in the Sphere of Financial Markets to the Central Bank of the Russian Federation."

<sup>27</sup> NAFI calculations based on data from the Central Bank of the Russian Federation and the European Central Bank.

<sup>28</sup> <http://www.interfax.ru/business/239232>

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