

THE CENTRAL BANK OF THE RUSSIAN FEDERATION



A N N U A L **2 0 1 0** R E P O R T



Approved by the Bank of Russia Board of Directors on 12 May 2011

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## 1.3. GOVERNMENT FINANCE AND DOMESTIC GOVERNMENT DEBT

The federal budget policy in 2010 was focused on adjusting the budget system to the changes brought about by the global financial and economic crisis, and on laying the groundwork for the sustainable social and economic development of the country in the aftermath of the crisis. It did this by meeting the government's social obligations, forming a reliable and a balanced pension system, supporting the real sector of the economy and the financial system, creating incentives for the introduction and development of advanced technologies, and improving economic efficiency and labour productivity.

According to the Federal Treasury's report, Russia's federal budget revenue in 2010 amounted to 8,305.4 billion roubles, or 105.5% of the revenue approved by the Federal Law 'On the Federal Budget for 2010 and the Plan Period of 2011 and 2012', hereinafter referred to as the Federal Budget Law. At the same time, federal budget revenue relative to GDP declined by 0.4 percentage points year on year to 18.5%, mostly due to changes in the tax and budget legislation of the Russian Federation.

According to the Federal Treasury's report, federal budget expenditure totalled 10,117.4 billion roubles in 2010, or 98.6% of the expenditure approved by the Federal Budget Law, and 22.5% of GDP, which is down by 2.4 percentage points from 2009.

The growth in the federal budget revenue relative to GDP by 1.1 percentage points against the figure set forth by the Federal Budget Law helped reduce the federal budget deficit for 2010 to 1,812.0 billion roubles, or 4.0% of GDP. This figure is 1.2 percentage points below the level approved by the Federal Budget Law, and 2.0 percentage points below the actual level of 2009.

The financing of 53.5% (969.5 billion roubles) of the federal budget deficit was done on account of the Reserve Fund, and reduced the balances of funds of the federal budget on accounts with the Bank of Russia.

The balances of the rouble-denominated federal budget accounts with the Bank of Russia contracted by 283.6 billion roubles, or by 32.4%, in 2010, reaching 590.6 billion roubles as of 1 January 2011, including the balances of the accounts of the Reserve Fund, which totalled 150.0 billion roubles (there were no balances as of 1 January 2010). The balances of the foreign currency-denominated federal budget accounts contracted in rouble terms by 1,426.9 billion roubles, or by 34.8%, over the year, to 2,679.1 billion roubles, including the balances of the Reserve Fund accounts, which contracted by 1,204.5 billion roubles, or by 67.5%, to 578.9 billion roubles, and the balances of the National Wealth Fund accounts, which decreased by 206.6 billion roubles, or by 9.1%, to 2,067.9 billion roubles, as of 1 January 2011.

**FEDERAL BUDGET  
EXPENDITURE IN 2010  
(percent)**

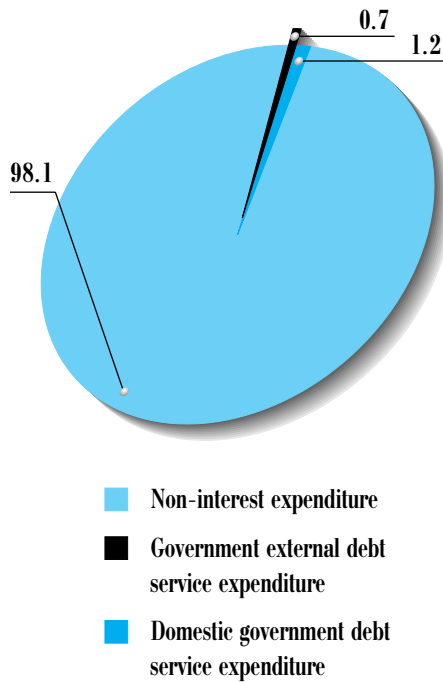


Chart 6

According to the Federal Treasury, the revenue of the consolidated federal budget and government extra-budgetary funds totalled 16,031.9 billion roubles in 2010, or 35.7% of GDP; expenditure totalled 17,616.6 billion roubles, or 39.2% of GDP, whereas the deficit was 1,584.7 billion roubles, or 3.5% of GDP, as against a deficit of 6.3% of GDP in 2009. The revenues and expenditures of the consolidated budgets of the constituent territories of the Russian Federation stood at 6,537.3 billion roubles and 6,636.9 billion roubles, respectively, and the deficit amounted to 99.6 billion roubles (the respective percentages stood at 14.5%, 14.8% and 0.2% of GDP).

According to the Federal Treasury, the revenue of government extra-budgetary funds amounted to 5,175.7 billion roubles, the expenditure totalled 4,849.6 billion roubles, and the surplus was 326.1 billion roubles in 2010 (the latter resulted from executing the Pension Fund budget with a surplus of 360.8 billion roubles).

The Social Insurance Fund posted a deficit of 27.4 billion roubles and the Federal Compulsory Medical Insurance Fund posted a deficit of 7.3 billion roubles.

Ministry of Finance data indicate that Russia's domestic government debt in 2010 increased by 845.7 billion roubles, or 40.4%. As of 1 January 2011, it stood at 2,940.4 billion roubles, while the ceiling set for it by the Federal Budget Law was 3,499.2 billion roubles. Russia's domestic government debt relative to GDP was estimated at 6.5% as of 1 January 2011, an increase of 1.1 percentage points compared to the same date a year earlier.

The value of outstanding government securities increased in the year under review by 624.4 billion roubles, or by 34.0% of Russia's domestic government debt, to 2,461.6 billion roubles, or 83.7% as of 1 January 2011. Government guarantees rose by a factor of 1.9 to 472.3 billion roubles, or 16.1%; Russia's other debt obligations (government commodity debt obligations) increased by 0.3 billion roubles to 6.5 billion roubles, or 0.2%.

Federal government bonds with a permanent coupon-income accounted for 54.4% (1,338.6 billion roubles) of government securities, while debt-depreciation federal government bonds made up 33.1% (815.6 billion roubles), and government savings bonds represented 12.5% (307.4 billion roubles).

The value of outstanding government securities on the organised securities market in 2010 increased by 39.8%, and reached 2,054.2 billion roubles as of 1 January 2011. During the same period, their share of Russia's domestic government debt declined from 70.2% as of 1 January 2010 to 69.9% as of 1 January 2011, due to the growth in the share of the non-marketable part of the domestic government debt (government savings bonds, guarantees and other) from 25.1% to 26.7%.

The Ministry of Finance's debt to the Bank of Russia declined by 7.9 percentage points to 9.1% of Russia's total domestic government debt.

The Ministry of Finance's rouble-denominated debt to the Bank of Russia, measured at the nominal value of government securities, decreased by 87.2 billion roubles over the year, or by 24.5% and stood at 269.0 billion roubles as of 1 January 2011, including government securities purchased by the Bank of Russia in repo transactions. Net of these operations, the debt contracted by 26.3 billion roubles, or 8.9%, as a result of the redemption of federal government bonds by the

### FEDERAL BUDGET EXPENDITURE (billions of roubles)

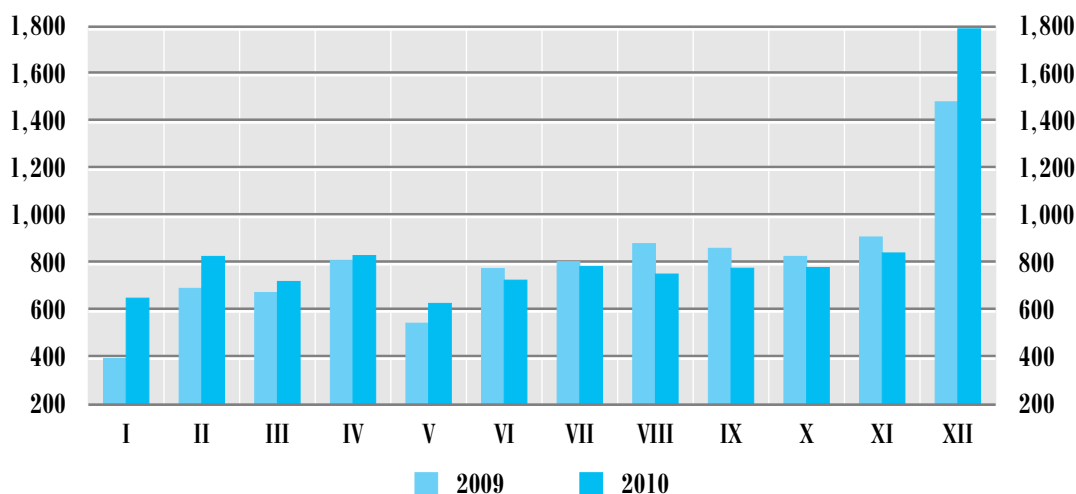


Chart 7

### BALANCES OF FEDERAL BUDGET ACCOUNTS OPENED WITH THE BANK OF RUSSIA (billions of roubles)

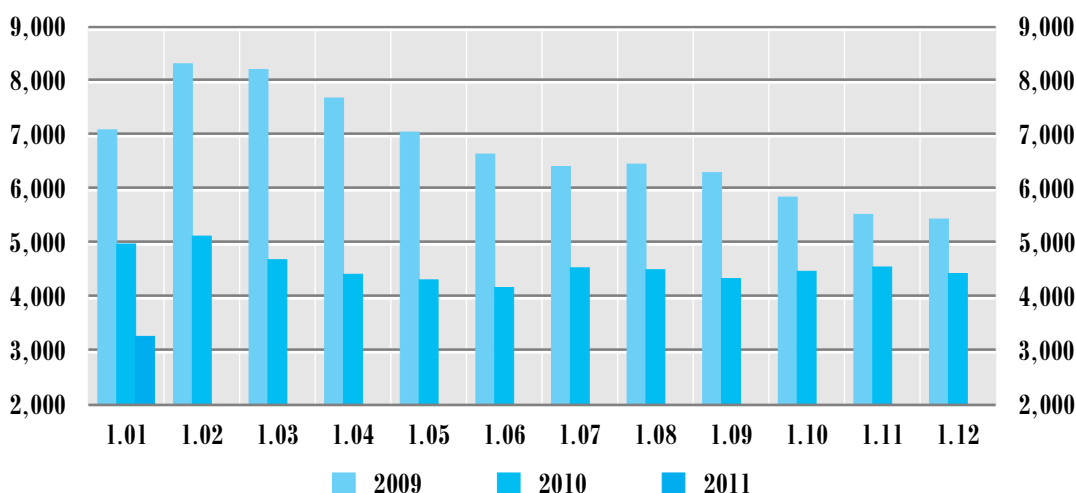


Chart 8

Ministry of Finance as well as the sale of government bonds by the Bank of Russia from its own portfolio.

Debt-depreciation federal government bonds accounted for 99.0% (266.4 billion roubles) of the Ministry of Finance's debt to the Bank of Russia (excluding Russia's government securities purchased in repo transactions), and permanent coupon-income federal government bonds accounted for the remaining 1.0% (2.6 billion roubles). Their maturity periods were 7.7 to 25 years (99.0%), and less than one year or between one and two years (1.0%), respectively. Federal government bonds with a coupon income from 0%

to 2.9% p.a. accounted for 74.7% (201.0 billion roubles) whereas those with a coupon income of between 6.0% and 8.0% p.a. accounted for 25.3% (68.0 billion roubles).

The Ministry of Finance's foreign currency-denominated debt to the Bank of Russia (which is considered part of Russia's government external debt by law) accounted for 113.5 billion roubles at the nominal value of foreign currency-denominated federal government securities, as of 1 January 2011. This figure had slid by 4.3 billion roubles, or 3.8%, due to the redemption of Russian Federation's Eurobonds and the change in the Russian rouble/US dollar exchange rate.

## II.4. THE RUSSIAN PAYMENT SYSTEM

### II.4.1. THE STATE OF THE RUSSIAN PAYMENT SYSTEM

The Russian payment system was characterised in 2010 by the continued expansion of its functionality and the greater efficiency of money transfer operations; these resulted from infrastructural upgrades and better legal support. This contributed to the stable growth of the Russian payment services market.

The number of banking system institutions providing payment services<sup>1</sup> increased by 1.3% over the year to 42,900 as of 1 January 2011. There were 302 such institutions in the banking system per million residents as of 1 January 2011 (as against 299 on 1 January 2010).

As the Russian economy recovered after the global financial and economic crisis, the banking system fully met the payment needs of businesses and individuals. The Russian payment system handled 8.2% more payments in terms of number and 7.1% more in terms of value in 2010 as compared with 2009, i.e. a total of 2.9 billion

payments<sup>2</sup>, amounting to 940.1 trillion roubles. It processed 11.8 million payments totalling 3.8 trillion roubles per day on average. The average payment amount stood at 319,100 roubles (as against 322,200 roubles in 2009).

Private payment systems effected 1.9 billion payments totalling 286.8 trillion roubles in 2010 (1.8 billion payments totalling 267.7 trillion roubles in 2009). Payments within the same division of a credit institution represented 71.4% of the total number and 52.1% of the total value of these payments; settlements between branches accounted for 19.8% and 39.5%, and settlements effected through correspondent accounts of credit institutions opened in other credit institutions accounted for 8.8% and 8.4%. In the total number and value of the credit institutions' own payments and payments by their customers (individuals and legal entities other than credit institutions), credit transfers<sup>3</sup> accounted for 68.9%

<sup>1</sup> Bank of Russia establishments, credit institutions and their branches, additional offices, operations offices, credit and cash offices, and external cash desks.

<sup>2</sup> Including payments from the accounts of customers of the Bank of Russia and credit institutions (individuals, credit institutions, and legal entities other than credit institutions), and own payments of the Bank of Russia and credit institutions.

<sup>3</sup> A credit transfer is a payment service involving one-off or periodic write-downs from the payer's account triggered by the payer.

and 98.0%, direct debits<sup>1</sup> for 3.8% and 0.4%, and payments by bank order accounted for 27.3% and 1.6%, respectively. As in previous years, payments by check were virtually not used.

Payments by payment orders represent a significant share of credit transfers: 45.5% in terms of number and 98.9% in terms of value (55.1% and 99.2%, respectively, in 2009). Transfers made by individuals without opening a bank account increased in number from 44.9% to 54.5% and in value from 0.7% to 1.0%, driven by higher growth rates year on year (increasing 1.6 times and 1.4 times, respectively). Payments by letter of credit represented only a minor share: less than 0.01% in terms of both number and value. However, they grew appreciably year on year (4.4-fold in number and 3.1-fold in value).

In 2010, the vast majority of cash transfers made by individuals without opening a bank account were confined to the Russian Federation (97.0% and 94.6% of the total number and value, respectively). Rouble-denominated transfers outside the Russian Federation accounted for 3.0% and 5.4%, respectively. A large portion of cross-border transfers went through money transfer systems (48.3% in terms of number and 61.3% in terms of value), while domestic transfers were largely made outside such systems (95.5% and 84.0%).

The number of direct-debit payments remained unchanged from 2009 but their value decreased by 40.2%. In the meantime, the value of payments by collection orders dropped 2.5-fold and payments made by payment requests dropped 1.5-fold.

The positive dynamics of remote banking testify to improved accessibility and a wider range of payment services. In 2010, the customers of credit institutions<sup>2</sup> actively used the Internet to manage their funds. The number and value of electronic payments increased by 31.4% and 36.2%, respectively, to a total of 367.9 million transactions amounting to 116.0 trillion roubles. They represented 52.0% and 51.7% of all remote payments, respectively (compared with more

than 45% in terms of both number and value in 2009).

The payment card market maintained its positive dynamics in 2010. There were 144.4 million payment cards issued by Russian credit institutions as of 1 January 2011, an increase of 14.6% year on year. Prepaid cards grew at a higher rate than payment cards and credit cards (more than three times the growth rate of the latter two, which rose by 10.7% and 16.8%, respectively). The number and value of payment card transactions executed both inside and outside the Russian Federation increased by 27.4% and 30.9%, respectively, year on year, to 3.2 billion transactions valued at 13.2 trillion roubles. Individuals continued to extensively use payment cards for cash withdrawal: these transactions accounted for 65.6% and 84.0% in terms of number and value, respectively (as against 70.9% and 87.2% in 2009). Still, 2010 saw continued growth, as in recent years, in the use of payment cards for cashless transactions. For example, their share increased from 29.1% in 2009 to 34.4% in terms of number, and from 12.8% to 16.0% in terms of value. A vast majority of card-based cashless transactions were payments for goods and services (including customs payments): 95.7% and 82.8% (as against 96.6% and 85.6% in 2009), with all other transactions accounting for 4.3% and 17.2% (as against 3.4% and 14.4% in 2009).

As in previous years, cashless transactions made with payment cards in 2010 grew at a faster rate (50.8% in terms of number and 63.7% in terms of value) than cash withdrawal transactions (17.8% and 26.1%, respectively). An important contributing factor was the dynamic development of the infrastructure for the acceptance of payment cards. During the year, the number of devices (ATMs, point-of-sale terminals and imprinters) used to pay for goods and services increased by 14.1% to 574,500 on 1 January 2011.

Cash flows handled by the cash desks of Bank of Russia divisions and credit institutions, including cash received and withdrawn from the ATMs and the payment terminals of credit institutions, increased by 20.0% year on year to 54.8 trillion

<sup>1</sup> A direct debit is a payment service involving one-off or periodic write-downs from the payer's account, triggered by the recipient based on the payer's preliminary consent.

<sup>2</sup> Individuals and legal entities other than credit institutions.



roubles. Cash continued to dominate retail payments. More than half of the cash received by the cash desks of Bank of Russia divisions and credit institutions was originated by the sale of consumer goods (35.3% or 9.1 trillion roubles), services (11.4% or 2.9 trillion roubles), foreign currency (4.6% or 1.2 trillion roubles), and real estate (1.3% or 0.3 trillion roubles). Payment agents and bank payment agents continued to receive more cash from individuals as payment for goods, work and services in 2010. Such receipts almost tripled as against 2009 figures to reach 298.9 billion roubles.

Cash settlements in the securities market were mainly effected by non-bank credit institutions, i.e. the National Settlement Depository<sup>1</sup> and the RTS Clearing House. The turnover of funds across the accounts of settling participants in the National Settlement Depository in exchange transactions in the stock market fell by 0.5% year on year to 62.1 trillion roubles; in the government securities market, it increased by 2.5% to 20.0 trillion roubles. The turnover of funds across the accounts of settling participants in the RTS Clearing House in transactions in the stock market increased 2.2-fold to 739 billion roubles.

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<sup>1</sup> *The National Settlement Depository was founded in November 2010 by merging the National Depository Centre and the MICEX Clearing House.*



## II.4.2. DEVELOPMENT AND UPGRADING OF THE BANK OF RUSSIA PAYMENT SYSTEM

The Bank of Russia payment system, which is systemically important to the payment system of the Russian Federation, remained a major bulwark of the country's financial stability.

The Bank of Russia payment system developed in line with the conceptual framework approved by the Bank of Russia Board of Directors, which provides for the establishment of an integral and universal settlement system that is capable of meeting modern requirements and centralised at the federal level to effect speed and non-speed payments. Additionally, the framework stipulates the continued improvement of the functionality of the Bank of Russia payment system and the expansion of its services.

The number and value of payments effected through the Bank of Russia payment system in 2010 increased by 12.3% and 7.1%, respectively, to 1,059.0 million payments totalling 653.4 trillion roubles. The average number of payments effected through the Bank of Russia payment system per day increased by 13.2% to 4.3 million

payments (as against 3.8 million payments in 2009). The ratio of the value of payments effected through the Bank of Russia payment system to GDP measured 14.5.

As in previous years, most payments effected through the Bank of Russia payment system, in terms of both number and value, were payments by credit institutions (branches): 83.2% and 78.7%, respectively (82.3% and 74.5% in 2009). There were 881.0 million such payments totalling 514.3 trillion roubles in 2010 (775.7 million payments totalling 454.5 trillion roubles in 2009).

Of all customers served by the Bank of Russia in accordance with Russian legislation, 3,123 credit institutions (branches) participated in the Bank of Russia payment system as of 1 January 2011 (3,311 institutions as of 1 January 2010).

The number of Bank of Russia customers other than credit institutions, which accounted in 2010 for 16.7% of the total number and 9.6% of the total value of payments made through the Bank of Russia payment system, dropped from 14,730

BANK OF RUSSIA PAYMENT SYSTEM PARTICIPANTS  
(number)

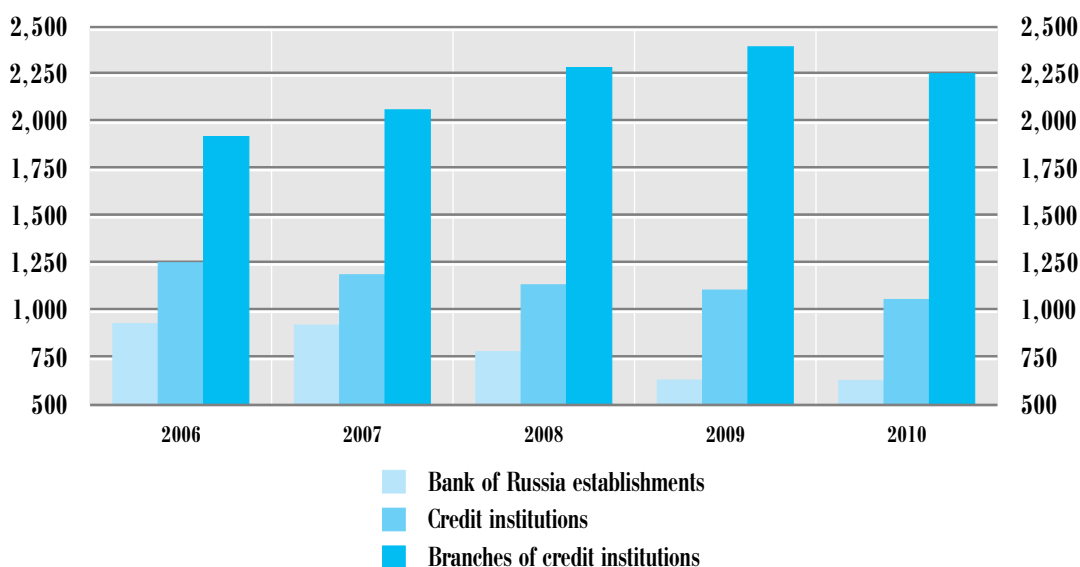


Chart 48

to 12,115, or by 17.8%, from the beginning of the year. As in previous years, the fall resulted from the implementation of the provisions of Article 215.1 of the Budget Code of the Russian Federation, requiring that the cash execution of the federal, regional and municipal budgets should be transferred to the Federal Treasury. Another reason was the upgrading of the procedure for servicing all budget accounts.

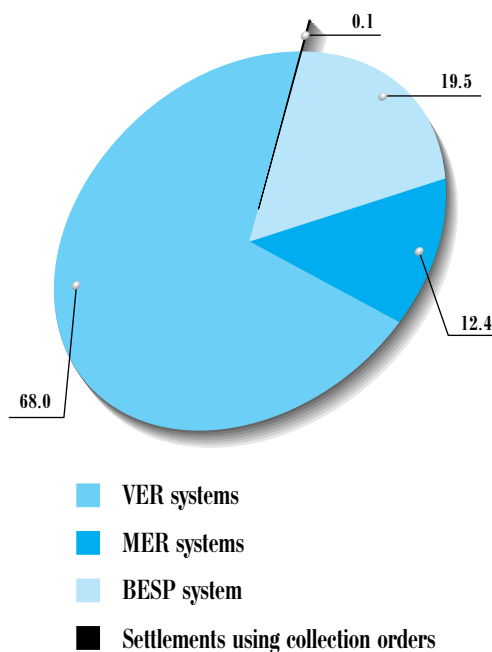
Electronic technologies continued to be widely used in the Bank of Russia payment system in 2010. Credit institution payments transmitted to the Bank of Russia payment system by communications channels accounted for 98.7% of total payments made by credit institutions (branches), the same as in 2009. Payments by hardcopy payment request or collection order processed by the Bank of Russia, accounted for 1.3%. The share of Bank of Russia customer credit institutions (branches) involved in the electronic exchange of documents with the Bank of Russia stood at 98.6% of the total number of credit institutions (branches) participating in the Bank of Russia payment system as of 1 January 2011 (as against 96.9% as of 1 January 2010).

As part of the further expansion in the use of electronic settlements within the Bank of Russia payment system, a set of measures was completed to implement electronic settlements at the Bank of Russia Regional Branch in the Republic of Ingushetia and at the Bank of Russia field institutions located in the territory of the Chechen Republic.

The Bank of Russia monitored its payment system and assessed its accessibility for the execution of interregional and intraregional settlements to make sure it was operating in a sustainable and uninterrupted fashion. The average monthly accessibility ratios of the Bank of Russia payment system (the system's capability to accept settlement documents from Bank of Russia customers) ranged between 99.95% and 100% (as against 99.99% and 100% in 2009) with regard to the paper settlement documents and from 99.62% to 99.95% (99.49% to 99.94% in 2009) with regard to electronic documents.

The average time needed to implement settlement transactions, adjusted for the number of payments in all settlement systems used by the

**PAYMENTS EFFECTED THROUGH  
THE BANK OF RUSSIA PAYMENT SYSTEM  
IN 2010 BY SETTLEMENT SYSTEM  
(percent)**



*Chart 49*

Bank of Russia, decreased in 2010 to 0.6 days at the intraregional level (as against 0.61 days in 2009) and to 0.93 days at the interregional level (as against 0.97 days in 2009).

BESP, the system of banking electronic speed payments, continued to develop in 2010 toward becoming a full-scale platform allowing credit institutions to make large and speed payments in the interbank market, settle with the infrastructural organisations of financial markets, and make payments to the Federal Treasury and its regional branches, while allowing the Bank of Russia to effect its own payments.

The number of payments effected via the BEBP system more than tripled to reach 205,100 payments. The value of these payments totalled 127.3 trillion roubles (106.6 trillion roubles in 2009).

A total of 819.3 million payments with a value of 445.0 trillion roubles were made through the intraregional electronic payment systems (VER) in the year under review (748.7 million payments with a total value of 432.7 trillion roubles in 2009). They accounted for 77.4% of the total number and 68.2% of the total value of payments

**RATIO BETWEEN CHARGEABLE AND FREE  
TRANSACTIONS CONDUCTED  
IN THE BANK OF RUSSIA PAYMENT SYSTEM  
(millions of transactions)**

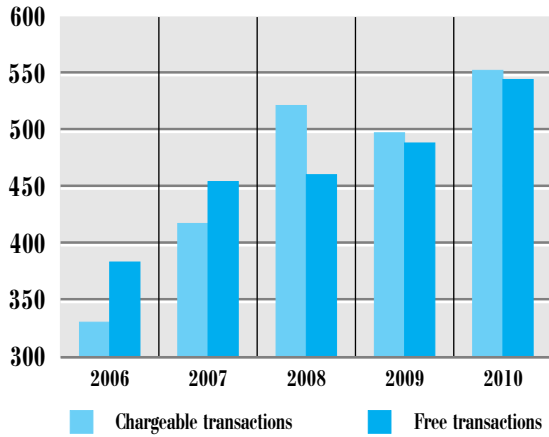


Chart 50

effected through the Bank of Russia payment system (79.4% and 70.9% in 2009, respectively).

Interregional electronic payment systems (MER) effected 238.5 million payments with a total value of 81.3 trillion roubles (this compares with 192.5 million payments with a total value of 69.6 trillion roubles in 2009), or 22.5% of the total number and 12.4% of the total value of payments effected through the Bank of Russia payment system (20.4% and 11.4% in 2009, respectively).

The changed proportion between the VER and MER systems in 2010 resulted from the increased number of interregional payments made by credit institutions as a result of the optimisation of their

structure, and from the increased value of payments effected through the BESP system.

Pursuant to the Plan of Action to create an international financial centre in the Russian Federation, which was approved by Government Resolution No. 911-r of 11 July 2009, all credit institutions (branches) that met the membership requirements set by the Bank of Russia were included in the BESP system in 2010, to which end BESP system regulations were improved. At the beginning of 2011, 2,970 credit institutions (branches) participated in the BESP system, or 96.5% of all credit institutions (branches) involved in the exchange of electronic documents with the Bank of Russia. Sixty-eight credit institutions (branches) remained outside the BESP system in connection with their restructuring or closing of branches. There were a total of 3,343 participants in the BESP system on 1 January 2011, of which 292 were special participants of settlements, 621 were direct participants, and 2,430 — associated participants, including the Federal Treasury and its regional branches.

In 2010, in the context of consumer price growth, the Bank of Russia introduced new tariffs for chargeable services that it provided via its payment system. The Bank of Russia implemented transactions involving funds from budgets of all levels free of charge, in accordance with Russian legislation. Free-of-charge payment transactions as a share of all such transactions made by the Bank of Russia in 2010 remained at their 2009 level, i.e. at 49.6%.

### II.4.3. BANK OF RUSSIA PAYMENT SYSTEM INFRASTRUCTURE DEVELOPMENT

The technical infrastructure of the Bank of Russia payment system continued to develop, taking into account the changed requirements for processing payment information. The new requirements primarily resulted from an increase in the number of BESP system participants as well as from the ongoing unification of standard software systems used to process payment information.

As part of the ongoing effort to unify the software systems used in the Bank of Russia payment system and in order to process accounting and operational information, Bank of Russia regional branches began to shift payment processing from CDPC-2 (St Petersburg) to CDPC-MR (Moscow) and CDPC-1 (Nizhni Novgorod); the RABIS-2 standard software system was replaced with the RABIS-NP system. This will help concentrate payment information processing in two CDPCs, which share the same unified software system to process payment information.

Efforts to develop the Electronic Settlement Transportation System continued. The system will help ensure the interregional centralisation of electronic settlements and a subsequent tran-

sition to single-level interaction between electronic settlement participants and collective data processing centres.

As part of the effort to organise online interaction between the Bank of Russia's divisions and its customers, deliver electronic payment messages and reports between participants of settlements, and lay the groundwork for standardised formats of electronic banking messages, a single information exchange medium for electronic communications (SVK) was put into operation between the Bank of Russia's Interregional IT Centre and its customers in Moscow and the Moscow Region. Bank of Russia customers were migrated to use the SVK at all of the Bank of Russia regional branches and at the Interregional IT Centre.

Further work was carried out to develop integrated technologies and instruments within the IT security subsystems to ensure IT security for the Bank of Russia payment systems.

A BESP-SWIFT Link Subsystem was put into place to secure access to the BESP system through the Society for Worldwide Interbank Financial Telecommunications (SWIFT).

## II.6. BANK OF RUSSIA ACTIVITIES RELATING TO GOVERNMENT FINANCE

*In* 2010, in the public finance domain, the Bank of Russia, jointly with the Ministry of Finance and the Federal Treasury, implemented measures to reform the budgetary payment system in order to improve the efficiency of budget expenditures and the effectiveness of managing government and municipal finances, and to continue improving the servicing of budget accounts and the management of certain types of federal budget revenues.

In order to improve the management of federal budget funds, units of the Bank of Russia payment system on 1 July 2010 began to transfer unused balances of federal budget funds that remained at the end of the day from the accounts of Federal Treasury divisions in the constituent territories of the Russian Federation to the Federal Treasury budget account. As a result, the average daily unused balances of funds remaining in the accounts of Federal Treasury regional branches at the end of the day fell from 34.2—37.9 billion roubles in the second half of 2009 to 0.9—3.0 billion roubles in the second half of 2010.

In 2010, the Bank of Russia secured access to the BEBP system for transactions conducted in the accounts of the Federal Treasury and its regional branches used to record funds received for temporary use by budget-financed organisations and funds received from income-generating activities. This helped implement Ministry of Finance Order No. 33n, dated 13 April 2010, ‘On the Procedure for Transferring in 2010 Balances of Funds Received by Federal Budget-Financed Organisations from Income-Generating Activities, and of Funds Received for Temporary Use

from the Respective Accounts of Federal Treasury Regional Branches to the Federal Budget, and for Returning Them to the Said Accounts’, and Federal Treasury Order No. 133, dated 4 June 2010, ‘On Approving the Procedure for Cooperation between the Federal Treasury and its Regional Branches in Implementing Such Transfers and Returns’.

To improve cash and settlement services for the budget accounts, Bank of Russia regional branches and the Federal Treasury worked to standardise the bank account contracts signed when opening accounts to manage federal budget funds, revenues allocated among the budgets of Russia’s budget system, and funds earned from income-generating activities. The Bank of Russia, jointly with the Ministry of Finance, developed criteria for opening and managing the bank accounts of Federal Treasury branches in the constituent territories of the Russian Federation when authorising their employees to dispose of the funds held in these accounts.

In order to help improve the procedure whereby employees of the Bank of Russia’s divisions receive paper payment documents and to ensure the safety of funds in its customer accounts, the Bank of Russia adopted additional measures to prevent funds from being stolen from its customer accounts.

In 2010, the Bank of Russia continued monitoring budget-financed organisations in order to ensure that they fully switched to the cash execution of budgets through the Federal Treasury’s bodies. As part of measures designed to get budget-financed organisations to close the accounts they had opened with the Bank of Russia and

credit institutions, and in accordance with the Federal Law 'On the Federal Budget for 2010 and the Plan Period of 2011 and 2012', the Bank of Russia provided the Federal Treasury with information on a quarterly basis about the accounts of budget-financed organisations and financial authorities for the purpose of accounting the budget funds, funds received from income-generating activities, and funds received by federal budget-financed organisations for temporary use.

As a result of the work done, including ongoing support to complete the transition to the cash execution of regional and municipal budgets and budget-financed organisations through Federal Treasury accounts, the number of Bank of Russia customers other than credit institutions decreased by 2,800, or 17.6%, to a total of 13,100 in 2010.

The number of accounts opened with the Bank of Russia by non-credit institutions increased by 900 during the year to a total of 69,200, and the

number of accounts opened by the Federal Treasury bodies increased by 5,200 to total 46,500.

The trend towards more accounts opened for Bank of Russia customers other than credit institutions at the main cash and settlement centres of the Bank of Russia continued. Such accounts (as a share of the total number of accounts) increased from 68.0% to 70.0%.

The number of transactions conducted by the Federal Treasury and its regional branches through the Bank of Russia payment system increased by 6.3 million (3.4%) during the year to total 191.6 million transactions. The value of such transactions decreased by 23.8 trillion roubles (35.8%) to 42.8 trillion roubles following changes made on 1 January 2010 to the procedure for forming and using the Reserve Fund and the National Wealth Fund. In 2010, the Federal Treasury and its regional branches implemented more than 43% of transactions in terms of value through the BESP system.

Table 18

## STRUCTURE OF BANK OF RUSSIA CUSTOMERS OTHER THAN CREDIT INSTITUTIONS AND NUMBER OF ACCOUNTS OPENED FOR THEM (thousands)

	Number of customers			Number of accounts		
	as of 1.01.2010	as of 1.01.2011	change over 2010	as of 1.01.2010	as of 1.01.2011	change over 2010
<b>Total</b>	<b>15.9</b>	<b>13.1</b>	<b>-2.8</b>	<b>68.3</b>	<b>69.2</b>	<b>0.9</b>
Federal Treasury	0.9	0.8	-0.1	41.3	46.5	5.2
Regional and local budget management bodies	1.7	1.6	-0.1	5.7	5.3	-0.4
Organisations financed from budgets of all levels	8.6	6.4	-2.2	14.2	11.0	-3.2
Government and other extra-budgetary funds	1.8	2.2	0.4	3.2	3.2	0.0
Election commissions (referendum commissions)	0.6	0.4	-0.2	0.7	0.5	-0.2
Other organisations	2.3	1.7	-0.6	3.2	2.7	-0.5

Table 19

## RUSSIA'S DOMESTIC GOVERNMENT DEBT AS OF 1 JANUARY 2011 (at face value, billions of roubles)

Debt instruments	Total within domestic government debt	Of these, traded on organised securities market
Permanent coupon-income federal government bonds (OFZ-PD)	1,338.6	1,338.6
Debt depreciation federal government bonds (OFZ-AD)	815.6	715.6
Government savings bonds (GSO)	307.4	—
Other debt recognised as part of domestic government debt	478.8	—
<b>Total</b>	<b>2,940.4</b>	<b>2,054.2</b>

Table 20

**FINANCE MINISTRY DEBT TO THE BANK OF RUSSIA AS OF 1 JANUARY 2011 (millions of roubles)<sup>1</sup>**

	At face value
Russian government debt obligations	382,523
of which:	
— Russian government debt obligations available for sale, in national currency	269,040
— other debt obligations	113,483

<sup>1</sup> *Exclusive of repo transactions.*



Table 47

## RUSSIAN PAYMENT SYSTEM KEY INDICATORS

	2009	2010
<b>Institutional structure of Russian payment system<sup>1</sup></b>		
Number of payment system participants:	4,871	4,546
— Bank of Russia establishments	630	608
— credit institutions	1,058	1,012
of which:		
— non-bank settlement credit institutions	47	53
— branches of credit institutions	3,183	2,926
Memo item:		
Number of additional offices of credit institutions (branches)	21,667	22,002
Number of other internal divisions of credit institutions (branches) <sup>2</sup>	15,822	16,356
of which:		
— operations offices	2,109	2,996
Number of accounts opened by payment system participants for customers other than credit institutions <sup>3</sup> , million	505.1	539.3
of which:		
— personal accounts	498.7	532.7
— accounts of corporate entities other than credit institutions	6.4	6.6
<b>Payments effected by Russian payment system<sup>4</sup></b>		
Number of payments, thousands		
<b>Total</b>	<b>2,723,796.7</b>	<b>2,945,865.0</b>
of which payments effected by individual payment systems:		
— Bank of Russia payment system	942,943.4	1,058,979.6
— interbank private payment systems	86,495.3	166,721.8
— intrabank payment systems between divisions of one bank	428,012.5	373,116.0
Volume of payments, billions of roubles		
<b>Total</b>	<b>877,514.7</b>	<b>940,135.4</b>
of which payments effected by individual payment systems:		
— Bank of Russia payment system	609,865.7	653,352.9
— interbank private payment systems	33,946.5	24,180.3
— intrabank payment systems between divisions of one bank	110,637.1	113,268.4

End

	2009	2010
<b>Cashless payment instruments used by credit institutions and their customers other than credit institutions</b>		
Number of payments, thousands		
<b>Total</b>	<b>2,836,372.3</b>	<b>3,561,079.5</b>
of which effected using:		
— credit transfers <sup>5</sup>	1,844,475.4	2,452,834.2
— direct debits <sup>6</sup>	136,071.0	136,668.2
— cheques	9.8	7.1
— other payment instruments <sup>7</sup>	855,816.2	971,570.0
Volume of payments, billions of roubles		
<b>Total</b>	<b>321,063.2</b>	<b>318,188.5</b>
of which effected using:		
— credit transfers <sup>5</sup>	314,045.4	311,928.9
— direct debits <sup>6</sup>	2,225.4	1,330.1
— cheques	3.5	2.2
— other payment instruments <sup>7</sup>	4,788.9	4,927.4
<b>Payment card market key indicators</b>		
Number of payment cards issued by Russian credit institutions, thousands <sup>1</sup>	126,032.8	144,418.8
of which:		
— credit cards	8,600.5	10,047.4
Total number of payment card operations in Russia and abroad, thousands <sup>8</sup>	2,492,143.7	3,174,455.5
of which:		
— operations conducted using credit cards	55,421.3	81,159.1
Total volume of payment card operations in Russia and abroad, billions of roubles <sup>8</sup>	10,068.5	13,176.6
of which:		
— operations conducted using credit cards	185.0	270.9

<sup>1</sup> As of end of year.

<sup>2</sup> Operations offices, cash and credit offices, and external cash desks.

<sup>3</sup> Accounts that can be used to effect payments.

<sup>4</sup> Including payments from accounts of customers of the Bank of Russia and credit institutions (individuals, credit institutions and corporate entities other than credit institutions) and own payments of the Bank of Russia and credit institutions.

<sup>5</sup> Including payments effected using payment orders and letters of credit as well as personal remittances without opening a bank account to the remitter.

<sup>6</sup> Including payments effected using payment requests and collection orders.

<sup>7</sup> Data for 2009 include operations to pay fees and interests using memorial orders and data for 2010 include payments effected using banking orders.

<sup>8</sup> Including operations to withdraw cash, pay for goods and services and other operations (for example, payments from one bank account to another) using payment cards issued by Russian credit institutions.

Note: Certain indicators have been specified as compared with those published in the Annual Report of the Bank of Russia for 2009.

Table 48

## BANK OF RUSSIA PAYMENT SYSTEM

	2009	2010
Number of customers served <sup>1</sup>	18,042	15,238
of which:		
— credit institutions	1,058	1,012
— branches of credit institutions	2,253	2,111
— customers other than credit institutions	14,730	12,115
Number of payments effected, thousands	942,943.0	1,058,979.6
of which:		
— by credit institutions and their branches	775,747.0	881,006.1
— by customers other than credit institutions	166,414.0	177,181.2
— by Bank of Russia divisions	782.0	792.3
Volume of payments effected, billions of roubles	609,866.0	653,352.9
of which:		
— by credit institutions and their branches	454,544.0	514,292.1
— by customers other than credit institutions	58,285.0	62,765.6
— by Bank of Russia divisions	97,037.0	76,295.2
Number of electronic payments, thousands	941,280.0	1,058,066.7
Volume of electronic payments, billions of roubles	608,978.0	652,631.9
Number of Bank of Russia establishments participating in intraregional electronic settlements <sup>1</sup>	630	608
Number of Bank of Russia establishments participating in interregional electronic settlements <sup>1</sup>	628	608
Number of Bank of Russia establishments participating in the BESP system <sup>1</sup>	n.a.	292
Total number of customers exchanging electronic documents <sup>1</sup>	4,504	4,573
of which:		
— credit institutions and their branches	3,224	3,079
— Federal Treasury bodies	404	332
— customers other than credit institutions	876	1,162
Number of payments received through communication channels, thousands <sup>2</sup>	923,810.0	1,037,625.0
Number of payments effected on paper, thousands	1,663.0	912.9
Volume of payments effected on paper, billions of roubles	888.0	721.0

<sup>1</sup> As of end of year.

<sup>2</sup> Based on reporting form compiled according to methodology that differs from methodology for calculating other Bank of Russia payment system indicators.

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