



Bank of Russia

Central Bank of the Russian Federation



**REPORT ON  
FINANCIAL INCLUSION  
IN THE RUSSIAN  
FEDERATION 2017**

Moscow  
**2018**



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# TABLE OF CONTENTS

<b>SUMMARY .....</b>	<b>3</b>
<b>1. INFRASTRUCTURE OF FINANCIAL SERVICES PROVISION .....</b>	<b>9</b>
<b>2. USAGE OF FINANCIAL SERVICES .....</b>	<b>18</b>
2.1. Household accounts .....	18
2.2. Placement of funds by individuals.....	20
2.3. Placement of funds by SMEs .....	28
2.4. Loans of individuals .....	28
2.5. Loans of SMEs .....	38
2.6. Use of Financial Services for SMEs.....	39
2.7. Use of Payment Services by Individuals.....	40
2.8. Use of Payment Services by SMEs.....	46
2.9. Use of Insurance Services by Individuals.....	46
2.10. Use of Insurance Services by SMEs.....	55
2.11. Use of Financial Services by Underserved Population Groups.....	57
<b>3. QUALITY OF FINANCIAL SERVICES .....</b>	<b>59</b>
3.1. Quality of Financial Services for Individuals.....	59
3.2. Quality of Financial Services for SMEs .....	64
<b>4. USEFULNESS OF FINANCIAL SERVICES.....</b>	<b>66</b>
4.1. Usefulness of Financial Services for Individuals .....	66
4.2. Usefulness of Financial Services for SMEs .....	79
<b>5. APPENDIX .....</b>	<b>85</b>
5.1. Survey methodology .....	85
5.2. Descriptive statistics of individual respondents .....	86
5.3. Descriptive statistics of SME respondents.....	87

## SUMMARY

The Bank of Russia has prepared its third annual issue of the Report on Financial Inclusion in the Russian Federation (the 'Report') based on the results of the fourth annual measurement of financial inclusion indicators. This measurement was carried out by the Bank of Russia in Q2 2018<sup>1</sup>.

In 2018, due to changes in reporting forms of financial institutions and the emergence of new issues, the set of financial inclusion indicators was expanded. For example, indicators of physical accessibility (both based on the data from reporting forms of non-bank financial institutions and on the results of the adult population survey) and indicators of usage of financial services related to the placement of funds on individual investment accounts were added. Also, indicators of financial inclusion pertaining to the quality and usefulness of financial services were supplemented by indicators of satisfaction with certain financial institutions and financial products/services and trust in these financial institutions and by indicators reflecting the level of mental readiness of the adult population to use remote channels to access financial services. In this Report, reasons why adults<sup>2</sup> abstained from using certain financial services are revealed for the first time.

### Infrastructure of financial services provision

In 2017, in Russia, the number of offices providing financial services continued to decrease. At the same time, the share of adult population being able<sup>3</sup> to access bank accounts remotely to transfer funds (Internet

banking and/or mobile banking) grew substantially (from 40.8% to 59.7%). Also, according to the survey data, the share of adult population using remote financial services, as access channels that do not depend on the place of residence or location of customers, grows steadily. It significantly, though not completely, compensates for the observed decrease in the number of offices providing financial services.

It is worth mentioning that the rate of decrease in the number of branches<sup>4</sup> of operating CIs<sup>5</sup> is slowing down. For example, the number of branches of operating CIs in 2017 decreased by 3.4%; by 8.7% in 2016; and by 11.2% in 2015. In 2017, the number of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details) decreased by 3.1% (by 2.6% in 2016 and 7.1% in 2015).

In 2017, several important indicators of the infrastructure of financial services provision increased, such as the number of branches of MFOs (by 18.3%); the number of professional securities market participants that are NBFIs that opened individual investment accounts (by 12.5%); the number of professional securities market participants that are CIs that opened individual investment accounts (by 27.9%); the number of federal post offices offering payment services (by 0.53%); and cash receiving ATMs of CIs (cash depositing without the use of payment cards or their details)<sup>6</sup> (by 77.1%).

At the same time, a number of major indicators of the infrastructure of financial services provision grew significantly, which testifies to the further transition to cashless settlements. For example, the number of pay-

<sup>1</sup> Reporting data of financial institutions for 2017/as of the end of 2017. Data of surveys of the adult population and SMEs as of the end of April–May 2018 (for 12 months, from May 1, 2017 to May 1, 2018).

The results of the measurement of financial inclusion indicators are published on the Bank of Russia website.

<sup>2</sup> 18 years and older.

<sup>3</sup> *Being able* means that an individual, in his/her own estimation, can arrange for the service without any obstacles and use all available functions without any difficulties.

<sup>4</sup> This includes all units which belong to all reporting institutions and that are physically separated from the main offices, but not incorporated as separate subsidiaries within a country.

<sup>5</sup> *Hereinafter*, **CIs** = credit institutions; **NBFIs** = non-bank financial institutions; **MFOs** = microfinance organisations; **MFCs** = microfinance companies; **MCCs** = microcredit companies; **CCCs** = consumer credit cooperatives; **CCCs in SROs** = consumer credit cooperatives that are members of self-regulatory organisations of consumer credit cooperatives; **ACCCs** = agricultural consumer credit cooperatives; **SMEs** = small and medium enterprises; **IEs** = individual entrepreneurs.

<sup>6</sup> Until 2016, payment terminals of CIs.

ment cards issued by Russian CIs in 2017 grew by 6.4%, the number of POS terminals<sup>1</sup> grew by 24.3%, and the number of accounts that can be used to make payments opened for natural persons<sup>2</sup> and the number of accounts opened for legal entities that are not CIs and for IEs<sup>3</sup> that can be used to make payments grew by 7.2% and 5.2%, respectively.

Due to the decrease in the level of physical accessibility observed in the past few years, one of the key objectives of the Financial Inclusion Strategy of the Russian Federation for the period of 2018–2020<sup>4</sup> is to increase the availability and quality of financial services for consumers of financial services in remote, sparsely populated, and hard-to-reach areas. The first steps in this direction are the elaboration of the map of geographic distribution of access points to financial services and coordination of the plans of the largest CIs for development of their branch networks. The map of geographic distribution of access points to financial services – namely, branches of CIs and NBFIs (MFOs, CCCs, ACCCs, pawnshops, insurance entities, and professional securities market participants), automatic devices with the functions of receiving and/or dispensing cash, POS terminals, points of transactions of payment agents, banking payment agents (suba-

gents), federal post offices offering payment services – broken down by settlements is to be published on the Bank of Russia website in 2019.

## Usage of financial services

### ACCOUNTS

During the reporting period<sup>5</sup>, the number of active accounts opened for individuals which can be used to make payments (accounts for which withdrawal transactions had been performed since the beginning of the reporting year) increased significantly (by 8.2%). At the same time, the shares of adult population using accounts (including deposit accounts)<sup>6</sup> and intensively<sup>7</sup> using accounts of natural persons with CIs increased significantly (from 79.5% to 89.4% and from 45.3% to 62%, respectively)<sup>8</sup>. The main reason why adults abstained from using accounts with CIs is that they did not have sufficient money to keep on an account/payment card and to use these financial products (47.5% of those who did not use accounts with CIs in the reporting period).

<sup>1</sup> Electronic terminals installed at points of sale.

<sup>2</sup> Includes accounts opened for private customers based on a bank account agreement or a bank deposit agreement that can be used for making payments.

<sup>3</sup> Includes accounts opened for legal entities, individual entrepreneurs, and persons engaged in private practice that can be used for making payments.

<sup>4</sup> Approved by the Bank of Russia Board of Directors on March 26, 2018. URL: [http://cbr.ru/Content/Document/File/44104/str\\_30032018.pdf](http://cbr.ru/Content/Document/File/44104/str_30032018.pdf).

<sup>5</sup> *Hereinafter,*

For reporting data of financial institutions:

**Reporting period** means 2017 (or another previous year with the respective designation – 2015 or 2016). As of the reporting date means as of the end of 2017 (or another reporting period).

For survey data:

**Reporting period** means the period for which data of the survey of the adult population and SMEs in April–May 2018 is used (for 12 months from May 1, 2017 to May 1, 2018). As of the reporting date means as of the date the survey was conducted.

**2017 survey data** means the data of the survey of the adult population and SMEs performed in April–May 2017 (for 12 months from May 1, 2016 to May 1, 2017).

**2016 survey data** means the data of the survey of the adult population and SMEs performed in May–June 2016 (for 12 months from May 1, 2015 to May 1, 2016).

**Sample group** means the adult population of Russia (nationwide sample group, 1,600 people) and SMEs (nationwide sample group, 500 units).

The sample group of SMEs is not representative by SME type. For example, in 2018, the sample group consisted of 55.8% microenterprises, 7% small enterprises, 10% medium enterprises, and 27.2% IEs.

<sup>6</sup> According to the Global Findex data published in 2018 (the survey was conducted in 2017), the percentage of the population aged 15 and older that has an account is 75.8%. In the framework of the Global Findex, the calculation of the percentage of the population having an account was based on the percentage of the population who answered “yes” to the question of whether they had an account (universal methodology); thus, the probability of error in the answer increases. Within the framework of financial inclusion indicators measurement, this indicator is calculated on the basis of the percentage of the population who answered “yes” to many questions about the use of financial services that presuppose the existence of an account with a CI.

<sup>7</sup> Three or more operations per month.

<sup>8</sup> It is also necessary to account for the possible influence of sampling error which, for the adult population at the level of Russia, is 2.45% at 95% confidence level.

## PLACEMENT OF FUNDS

During 2017, outstanding retail deposits at CIs grew by 7.4% (to ₺25,987 billion), while the acquired funds of natural persons at NBFIs (MFOs, CCCs in SROs, and ACCCs) (in the form of a loan) grew by 18.8% (to ₺82 billion).

In the reporting period, according to the survey data, the share of adult population having deposits (accounts) at CIs increased significantly (from 19.6% to 38.6%). Such a significant increase can be explained by the fact that a portion of the population cannot distinguish between deposits and current accounts<sup>1</sup>. There was a growth in the offer of card products which accrue interest on the balance when certain conditions are met, and people might see such accounts as deposits.

During the reporting period, deposit services of CIs were used the least by residents of villages, people aged 18–20, students, (temporarily) unemployed, individuals with low income ('We hardly have enough money for food'<sup>2</sup>), and the population of the SFD<sup>3</sup>.

The main reason why adults abstained from using deposits at CIs in the reporting period is the insufficiency of funds (63.4% of those who did not use deposits (accounts) in the reporting period stated this reason). Distrust in CIs (18.4%) and low interest rate follow (10.8%).

In 2017, outstanding deposits of IEs at CIs increased significantly (by 36.6% to ₺474 billion). Acquired funds of SMEs at NBFIs (MFOs, CCCs in SROs, and ACCCs) (in the form of a loan) grew by 35.7% (to ₺48.3 billion). The share of SMEs that used deposits for legal entities at CIs during the reporting period was 9.2%<sup>4</sup>. Medium-sized enterprises used deposits for legal entities at CIs more often than other

types of SMEs (28%), while IEs used this type of funds placement the least (2.2%).

## LOANS

In 2017, outstanding loans of natural persons issued by CIs increased by 12.7% (to ₺12,174 billion), while outstanding loans of natural persons issued by NBFIs (MFOs, CCCs in SROs, ACCCs, and pawnshops) grew by 20% (to ₺168 billion). However, according to the survey data, the share of adult population having at least one outstanding loan at a CI went down 4.3 pp and amounted to 25.6%; the share of adult population having at least one outstanding loan at an NBFI (MFO, CCC, ACCC, or pawnshop) went down 2.9 pp. It is worth mentioning that based on the analysis of financial reporting data and data obtained from largest banks and credit history bureaus, the decrease of the share of adult population having at least one outstanding loan at a CI was mostly attributable to the high-risk segment of borrowers.

Residents of cities with up to 50 thousand population and towns, people aged 26–40, entrepreneurs/self-employed, and individuals with low income ('We hardly have enough money for food') are the most frequent users of loans at CIs.

The main reason why adults abstained from using loans at CIs in the reporting period was their reluctance to live on borrowed funds (50.4% of those who did not use loans from CIs stated this reason). The absence of a need for extra funds (27.5%) and distrust in CIs (21.5%) follow. The main reason why adult population abstained from using loans at NBFIs in the reporting period was distrust in these financial institutions.

In 2017, outstanding loans of SMEs issued by CIs decreased by 6.7% (to ₺4,170 billion), and outstanding loans of SMEs issued by NBFIs (MFOs, CCCs in

<sup>1</sup> The significant increase, as compared to the surveys of 2015–2017, in the share of adult population having deposits at CIs may also be related to changes in the survey questionnaire for the adult population. For example, in 2018, the term 'bank deposit' was subdivided into two terms – 'bank deposit with no replenishment or withdrawal option' and 'bank deposit with a replenishment and/or withdrawal option'. It can be assumed that part of the population could not distinguish between deposits and current accounts, so they selected the 'bank deposit with a replenishment and/or withdrawal option', though, in fact, it was a current account.

<sup>2</sup> Respondents defined their financial situation themselves by answering the question, 'Which of these statements best describes the financial condition of your family?'

<sup>3</sup> Hereinafter, **CFD** = Central Federal District; **NWFD** = North-Western Federal District; **SFD** = Southern Federal District; **NCFD** = North Caucasus Federal District; **VFD** = Volga Federal District; **UFD** = Urals Federal District; **SibFD** = Siberian Federal District; **FEFD** = Far Eastern Federal District.

<sup>4</sup> Direct comparison of certain indicators with the previous year in respect of SMEs may be inappropriate since the composition of the sample group of SMEs in 2018 as compared to 2017 included a greater number of microenterprises and a smaller number of small enterprises. Moreover, it is necessary to account for the possible influence of sampling error, which, for SMEs at the level of Russia is 4.38% at 95% confidence level.

SROs, and ACCCs) decreased by 7.1% (to ₺39 billion). The share of SMEs having one or more outstanding loans at a CI or with a line of credit amounted to 17.8%, while the share of SMEs having an outstanding loan at an NBF (MFO, CCC, or ACCC) amounted to 1%. Medium-sized enterprises had an outstanding loan at a CI the most frequently, while IEs had them the least frequently. Microenterprises the most frequently had outstanding loans issued by NBFs (MFOs, CCCs, or ACCCs).

### SERVICES FOR SMEs

During the reporting period, the share of SMEs using leasing services increased by 4.4 pp (to 14.2%), and the share of SMEs using factoring services grew from 1.8% to 2.4% (change within the limits of sampling error) (the increase in the number of microenterprises and the decrease in the number of small enterprises in the sample group of the 2018 SME survey in comparison with 2017 should be taken into account). Leasing at a CI was used by 5.2% of SMEs, leasing at a leasing company was used by 11.2%, factoring at a CI was used by 2%, and factoring at a factoring company was used by 0.8%.

### PAYMENT SERVICES

In 2017, the amount of payments for goods (works, services) made within Russia with the use of payment (debit and credit) cards issued by Russian CIs increased by 31.1%. Moreover, during the reporting period, the number of payment cards issued by Russian CIs, with the use of which, transactions were carried out in Q4 2017, increased by 13.3% (by 7.4% in 2016), while the share of adult population with a payment card (debit card and/or credit card) grew from 79.4% to 84.4% during the period from May 2017 to May 2018. The share of adult population having a payroll card and another debit card but not having a credit card increased significantly (from 9.1% to 17.3%). A significant achievement of 2017 was the fact that in the specified period cashless transactions carried out within Russia with the use of payment cards issued by Russian CIs exceeded cash withdrawal transactions with the use of these cards for the first time.

As already noted above, during the reporting period, the share of adult population using remote access to bank accounts to transfer funds (Internet banking and/or mobile banking) grew substantially (from 31.5

to 45.1%). There was an increase in the share of users of Internet banking through a PC/laptop/mobile device (from 15.3 to 30.9%) and in the share of users of mobile banking through an application and/or SMS (from 28.5% to 40.2%). According to the survey data, the most active users of remote access to bank accounts to transfer funds during the reporting period were residents of million plus cities, persons aged 21–30, and the population of the SibFD.

The share of SMEs using remote access to bank accounts to transfer funds in the reporting period increased from 73.6% to 79.6%. IEs used it the least (61.8%).

### INSURANCE SERVICES

In 2017, the number of active voluntary life insurance contracts increased by 2.5%, and the number of active insurance contracts other than voluntary life insurance (except mandatory medical insurance) increased by 9.7%. The share of adult population using voluntary insurance also increased significantly (from 12.4% to 19.9%) (that is true for all types of voluntary insurance for natural persons).

Voluntary life insurance was used by 9% of the adult population; voluntary personal insurance, by 7.3%; voluntary property insurance, by 7.6%; voluntary personal liability insurance, by 5.4%; and voluntary insurance of financial risks, by 3.5%. Voluntary insurance services were used the most during the reporting period by residents of large cities (with a population of over 500 thousand people), persons aged 36–40, entrepreneurs/self-employed, and persons with high income ('We do not have any financial difficulties. We can afford a flat or a country house').

Moreover, the share of adult population using mandatory third party liability insurance during the reporting period increased by 9.9 pp (to 28.7%). This type of insurance was used the most by residents of Moscow and Saint-Petersburg; persons aged 31–40, entrepreneurs/self-employed, and persons with high income ('We do not have any financial difficulties. We can afford a flat or a country house').

The share of SMEs using voluntary insurance services during the reporting period dropped by 8.4 pp (to 29.6%) (the increase in the number of microenterprises and the decrease in the number of small enterprises in the sample group of the 2018 SME survey in comparison with 2017 should be taken into account). Simultaneously, the share of SMEs using mandato-

ry insurance services during the reporting period increased by 3.4 pp (to 43.6%). IEs used both voluntary and mandatory insurance services the least frequently.

## Quality of Financial Services

During the reporting period, the share of adult population abstained from using loans at CIs due to high costs (interest and other payments) decreased from 21% to 19.7%; however, the share of adult population abstained from having a current account with a CI due to its high cost increased from 3.2% to 7.4%. Moreover, the share of adult population abstained from using a term deposit with a CI due to a low interest rate continued to decrease (an insignificant decrease, from 11.7% to 10.8%). Also, the share of adult population abstained from concluding a voluntary insurance contract because of its high cost decreased from 34.3% to 31.9%. Therefore, in 2018, the *index of financial services affordability for the adult population*<sup>1</sup> in Russia was 0.7, reaching its 2018 target value<sup>2</sup>.

Moreover, during the specified period, the share of adult population believing that they were given accurate, clear, and sufficient information about the loan when applying for it, increased from 61.6% to 65%<sup>3</sup>.

The share of SMEs that were required to provide collateral when obtaining their last loan further decreased (from 41.8% to 35.9%). Such a tendency has been observed for the past few years.

## Usefulness of Financial Services

As to financial literacy, it is worth mentioning that it is considered to be a comprehensive variable, com-

prising the components of financial behaviour, financial knowledge, and financial attitudes<sup>4</sup>. The financial literacy study carried out by the Public Opinion Foundation which had been ordered by the Bank of Russia showed from 2017 to 2018 an increase in the subindex of financial behaviour, which is the most important component of financial literacy, from 50 to 52 and an increase in the financial attitude subindex from 52 to 53. However, the financial knowledge subindex decreased from 54 to 53. The fourth measurement of financial inclusion indicators also showed that the financial knowledge indicator slightly dropped (from 1.78 to 1.72), and its target value of 2.5<sup>5</sup> was not reached.

Taking into account the insignificant decrease of the financial knowledge indicator, the Bank of Russia needs to carry out another in-depth analysis of communication channels of financial literacy programs and also develop their educational component. One of the tools meant to assist in filling in the gaps in financial knowledge<sup>6</sup> is the Nationwide Test on Financial Literacy. It is planned to undertake this financial test annually.

Residents of million plus cities (except Moscow and Saint Petersburg, where the lowest values of the financial knowledge indicator are observed), people aged 21–25 and 41–45, entrepreneurs/self-employed, individuals with average and above-average income ('We do not have to borrow to buy household appliances, but we cannot afford a car' and 'We can afford quite a lot, but we could hardly save for a one-room flat in the near future'), and residents of the SibFD and FEFD have the highest values of financial knowledge indicator.

As to the possibility of emergency funding, the shares of adult population who, in their own estimation, definitely cannot receive and highly likely can-

<sup>1</sup> The *index of financial services affordability for the adult population* may take a value from 0 to 4, where 4 means that 100% of the population abstained from 1) obtaining a loan from a CI because of its high cost; 2) opening a current account with a CI because of its high cost; 3) opening a term deposit with a CI because of a low interest rate; 4) concluding a voluntary insurance contract because of its high cost.

<sup>2</sup> The target values of the index of financial services affordability for the adult population are set in the Guidelines for the Development of the Russian Financial Market in 2016–2018.

<sup>3</sup> The indicator is calculated only for the population that used a loan in the past 12 months.

<sup>4</sup> In 2012, the Organisation for Economic Cooperation and Development (the 'OECD') broadly defined financial literacy as a 'combination of awareness, knowledge, skill, attitude, and behaviour necessary to make sound financial decisions and ultimately achieve individual financial well-being'. The OECD/INFE International Survey of Adult Financial Literacy Competencies published in November 2016 considered financial literacy as financial competency – that is, measured not only by indicators of financial knowledge but also those of financial behaviour and financial attitude.

<sup>5</sup> The target values of the financial knowledge indicator are set in the Guidelines for the Development of the Russian Financial Market in 2016–2018.

<sup>6</sup> In the case of incorrect answers and for those topics that caused difficulties during the test, participants were offered links to materials on problematic topics, after studying which they could try to take the test again.

not receive emergency funding decreased by 9.3 pp to 6.6% and by 5.8 pp to 12.6%, respectively. At the same time, the shares of adult population who, in their own estimation, highly likely can receive and definitely can receive emergency funding, if necessary, increased by 15.6 pp to 49.5% and by 2.9 pp to 20.4%, respectively.

There was an increase in the shares of adult population who chose earnings or getting a loan from their employer (by 4.2 pp to 33.4%), borrowing from friends or relatives (by 5.4 pp to 68.9%), borrowing from a private informal institution (by 1.6 pp to 3.2%), and obtaining a loan from a financial institution (by 7.4 pp to 24.2%), as the main source of emergency funding. Furthermore, there was a decrease in the share of adult population who, as the main source of emergency funding, chose savings (by 4.5 pp to 29.3%).

During the reporting period, the share of adult population who believe that their quality of life improved as a result of financial services use increased substantially (by 19.4 pp to 65.5%), while the share of adult population who believe that their quality of life deteri-

orated as a result of financial services use decreased by 12.5 pp (to 10.3%).

To determine the degree of mental readiness of the population to use remote channels to access financial services, in 2018, the share of adult population ready to start regularly using remote channels to access financial services, if the option is available<sup>1</sup>, was measured for the first time and amounted to 54.3%.

It is worth mentioning that compared to 2017 the level of population's satisfaction with remote access channels increased significantly: satisfaction with Internet banking via a PC/laptop/mobile device went up about 10 pp, and satisfaction with mobile banking via an application/SMS went up about 13 pp (on average). Residents of Moscow, Saint Petersburg, and million plus cities; people aged 18–40; students; entrepreneurs/self-employed; individuals with high income ('We do not have any financial difficulties. We can afford a flat or a country house'); and residents of the CFD have the highest levels of satisfaction with these access channels.

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<sup>1</sup> The basis for calculation of this indicator is the population that never used or used only once remote services (Internet banking and/or mobile banking) as a means of interaction with a financial institution.

# 1. INFRASTRUCTURE OF FINANCIAL SERVICES PROVISION

The infrastructure of financial services provision is a basic aspect of financial inclusion; it is measured by indicators that characterise the possibility of physical (including remote) access to financial services via various access points.

**Table 1. Points of access to financial services**

Indicator	As of January 1, 2016	As of January 1, 2017	As of January 1, 2018
Credit institutions (CIs) <sup>1</sup>			
Number of operating CIs	733	623	561
Number of branches of operating CIs	39,621	36,176	34,933
Microfinance organisations (MFOs)			
Number of MFOs <sup>2</sup> , including:	3,688	2,588	2,271
number of MFCs	No data	5	60
number of MCCs	No data	2,583	2,211
Number of branches of MFOs, including:	No data	12,521	14,815
number of branches of MFCs	No data	633	1,747
number of branches of MCCs	No data	11,888	13,068
Consumer credit cooperatives (CCCs)			
Number of CCCs	3,500	3,059	2,666
Number of CCCs in SROs	1,603	1,464	1,287
Number of branches of CCCs	No data	2,172	2,064
Number of ACCCs <sup>3</sup>	1,738	1,470	1,242
Number of branches of ACCCs	No data	No data	164
Pawnshops			
Number of pawnshops	8,417	7,415	5,782
Number of branches of pawnshops	No data	No data	9,187
Insurance entities			
Number of insurance entities	478	364	309
Number of insurance entities and branches of insurance organisations and mutual insurance societies	5,357	3,391	2,821
ATMs			
Number of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details)	206,852	201,396	195,164
Number of cash dispensing ATMs (cash dispensing with the use of payment cards or their details)	130,935	126,711	125,594

<sup>1</sup> Credit institutions include commercial banks and non-bank credit institutions.

<sup>2</sup> The actual number of MFOs as of 1 January 2017 amounted to 2,587, since one MFO was removed from the State Register of MFOs of the Bank of Russia on December 30, 2016. But since the Annual Report of the Bank of Russia for 2016 states 2,588, for uniformity, the number 2,588 is used here.

<sup>3</sup> Data for ACCCs was included in financial inclusion indicators in 2016. Consequently, the total numbers for NBFIs for 2015 do not include ACCCs data.

Indicator	As of January 1, 2016	As of January 1, 2017	As of January 1, 2018
Number of cash receiving ATMs (cash depositing with the use of payment cards or their details)	123,018	124,074	123,371
Number of cash receiving ATMs of CIs <sup>1</sup> (cash depositing without the use of payment cards or their details) <sup>2</sup>	6,682	6,298	11,152
Access points of bank payment agents (BPA) and payment agents (PA)			
Number of devices <sup>3</sup> of bank payment agents (subagents)	738,754	830,952	280,639
Number of payment terminals of payment agents (payment acceptance operators and payment subagents)	380,819	313,714	349,767
Number of cash desks of bank payment agents (subagents)	159,896	152,577	208,583
Number of cash desks of payment agents (payment acceptance operators and payment subagents)	97,219	227,113	71,956
Postal service			
Number of federal post offices offering payment services	41,022	37,915	38,117
Professional securities market participants that opened individual investment accounts			
Number of professional securities market participants that are NBFIs that opened individual investment accounts	No data	72	81
Number of professional securities market participants that are CIs that opened individual investment accounts	No data	43	55

Source: Bank of Russia<sup>4</sup>.

In 2017, the banking sector continued to consolidate: the number of operating CIs decreased by 10% (in 2016, the decrease was 15%). The number of offices providing financial services continued to decrease in Russia. However, the rate of decrease is slowing down. For example, the number of branches of operating CIs decreased in 2017 by 3.4%; by 8.7% in 2016; and by 11.2% in 2015. In 2017, there was a further decrease in the number of MFOs (12.3%), CCCs (12.9%), ACCCs (15.5%), pawnshops (22%), and insurance entities (15.1%).

The number of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details) decreased by 3.1% (in 2016, the rate of decrease was 2.6%, in 2015, 7.1%), and the number of cash dispensing ATMs (cash dispensing with the use of payment cards or their details) decreased by 3.2% in 2016 and by 0.9% in 2017. The number of cash receiving ATMs (cash deposit-

ing with the use of payment cards or their details), after a slight increase of 0.9% in 2016, decreased by 0.57% in 2017. At the end of 2017, 18.1% of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details) were located in the three federal cities (Moscow, Saint Petersburg, and Sevastopol) (18.4% in 2016).

In 2017, several important indicators of the infrastructure of financial services provision increased, such as the number of branches of MFOs (by 18.3%); the number of professional securities market participants that are NBFIs that opened individual investment accounts (by 12.5%); the number of professional securities market participants that are CIs that opened individual investment accounts (by 27.9%); the number of federal post offices offering payment services (by 0.53%); and cash receiving ATMs of CIs (cash depositing without the use of payment cards or their details) (by 77.1%).

<sup>1</sup> Until 2016, payment terminals of CIs.

<sup>2</sup> After the entry into force of the Federal Law No. 290-FZ, dated July 3, 2016, 'On Amending the Federal Law "On the Use of Cash Register Equipment When Performing Cash Payments and/or Settlements Using Payment Cards" and Individual Legal Acts of the Russian Federation', the use of payment terminals by CIs is not stipulated by the law of the Russian Federation. The devices themselves remain, and they are now known as 'Cash receiving ATMs of CIs (cash depositing without the use of payment cards or their details)'.

<sup>3</sup> In accordance with the definition of an ATM (Clause 28 Article 3 of Federal Law No. 161-FZ, dated June 27, 2011, 'On the National Payment System'), all devices of bank payment agents (excluding cash desks) are classified as ATMs (before 2016, ATMs and payment terminals).

Data for the devices of bank payment agents (subagents) as of January 1, 2015 include only data on payment terminals of bank payment agents (subagents).

<sup>4</sup> *Hereinafter*, the Bank of Russia data reported by financial institutions is presented as of January 1, 2016 (for 2015) and/or as of January 1, 2017 (for 2016) and/or as of January 1, 2018 (for 2017).

The number of devices (ATMs) of bank payment agents in 2017 decreased significantly, by 66.2%, while the number of cash desks of bank payment agents increased by 36.7%. The number of payment terminals of payment agents (payment acceptance operators and payment subagents) increased by 11.5%, and the number of cash desks of payment agents decreased by 68.3%.

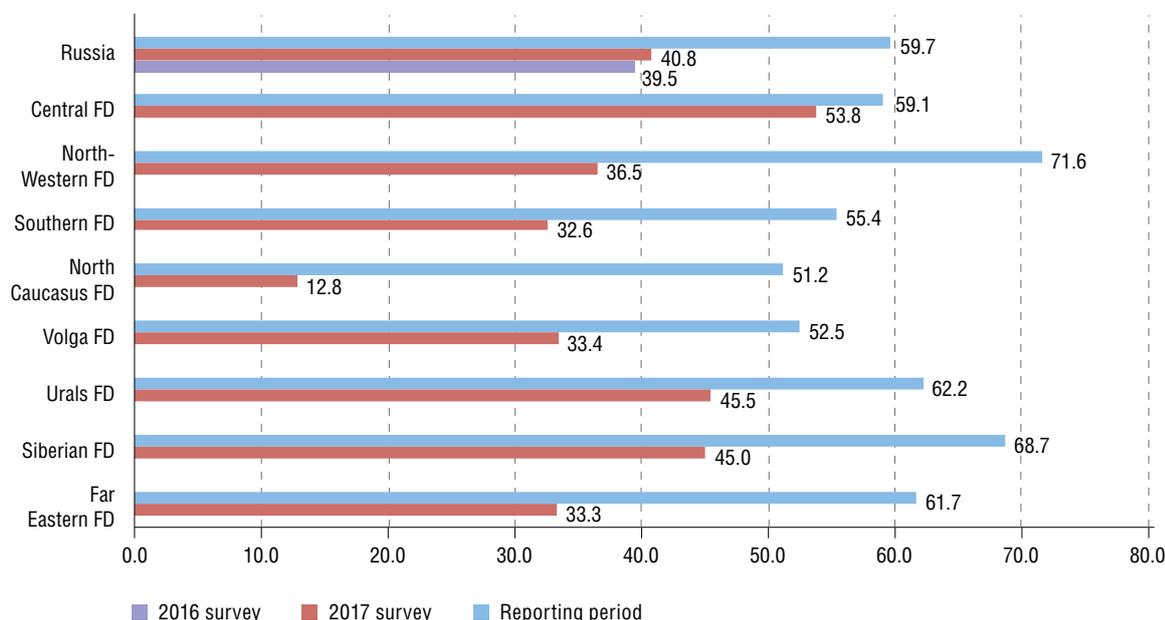
One of the most profitable and promising areas for the development of the banking sector is digital financial services, which are an alternative to expanding the branch network of financial institutions. Their goal is to reduce costs and create more convenient channels for consumers to access financial services that do not depend on the place of residence or the location of customers. For example, according to the survey data, there is a steady increase in the population's use of remote financial services. It substantially, though not yet fully, compensates for the ob-

served decrease in the number of physical access points to financial services.

The percentage of adult population being able<sup>1</sup> to access bank accounts remotely to transfer funds (Internet and/or mobile banking) in the reporting period increased significantly, from 40.8% to 59.7%. The leading federal district by the share of adult population being able to access bank accounts remotely to transfer funds (Internet and/or mobile banking) is the NWFD<sup>2</sup> (71.6% of the adult population of this federal district).

At the same time, the percentage of SMEs being able<sup>3</sup> to access bank accounts remotely to transfer funds (Internet and/or mobile banking) decreased slightly from 79.6% in 2017 to 77.2% in 2018. In the reporting period, the UFD remained the leading federal district by the percentage of SMEs being able to access bank accounts remotely to transfer funds (Internet and/or mobile banking) (83% of the SMEs of this federal district).

**Chart 1. Share of adult population being able to access bank accounts remotely to transfer funds (Internet banking and/or mobile banking) in the reporting period, broken down by federal districts (%)**



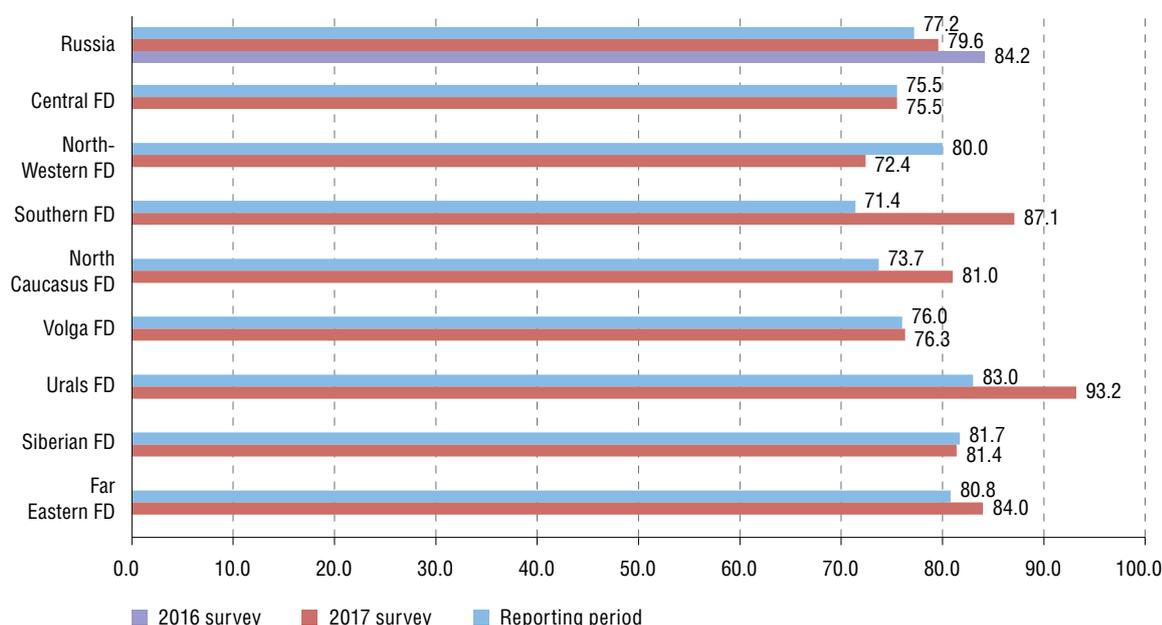
Source: Survey ordered by the Bank of Russia.

<sup>1</sup> *Being able* means that an individual, in his/her own estimation, can arrange for the service without any obstacles and use all available functions without any difficulties.

<sup>2</sup> *Hereinafter*, CFD = Central Federal District; NWFD = North-West Federal District; SFD = South Federal District; NCFD = North Caucasian Federal District; VFD = Volga Federal District; UFD = Urals Federal District; SibFD = Siberian Federal District; FEFD = Far Eastern Federal District.

<sup>3</sup> *Being able* means that an SME, in its own estimation, can arrange for the service without any obstacles and use all available functions without any difficulties.

**Chart 2. Share of SMEs being able to access bank accounts remotely to transfer funds (Internet banking and/or mobile banking) in the reporting period, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

At the same time, a number of major indicators of the infrastructure of financial services provision grew significantly, which testifies to the further transition to cashless settlements. For example, the number of payment cards issued by Russian CIs in 2017 grew by 6.4%, the number of POS terminals<sup>1</sup> grew by 24.3%, and the number of accounts that can be used to make payments opened for natural persons<sup>2</sup> and the number of accounts opened for legal entities that are not CIs and for IEs<sup>3</sup> that can be used to make payments grew by 7.2% and 5.2%, respectively.

In the reporting period, the largest share of adult population being able to access bank accounts remotely to transfer funds (Internet banking and/or mobile banking) was in cities with 500–950 thousand population (68.1%) and in million plus cities (62.6%). The smallest share was in villages (54%). It should be noted that in the reporting period the share of the adult population of rural areas being able to access bank accounts remotely to transfer funds (Internet banking and/or mobile banking) increased significantly, from 33.1% to 54%.

The worst situation with the number of branches of operating CIs is in the NCFD: there the number of branches of operating CIs per one million adults is 130 (on average in Russia, 299). The leading federal districts by the number of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details) per one million adults are the NWFD (2,036) and the CFD (1,921). There are almost three times fewer such ATMs per one million adults in the NCFD (756) and 1.4 times fewer in the SFD (1,419) than in the NWFD.

The number of federal post offices offering payment services per one million adults is again the lowest in the NCFD (257), while the average value for Russia is 326. In 2017, this indicator increased in the following federal districts: the CFD (from 295 to 304), the SFD (from 267 to 280), the NCFD (from 245 to 257), the SibFD (from 354 to 367), and the FEFD (from 389 to 396), whereas, out of these federal districts, only the NCFD experienced population growth in 2017.

In Russia, there are 18,726 POS terminals per one million adults (this indicator grew by 24.6% in 2017). The NCFD (5,288) and the SFD (14,871) lag signifi-

<sup>1</sup> Electronic terminals installed at points of sale.

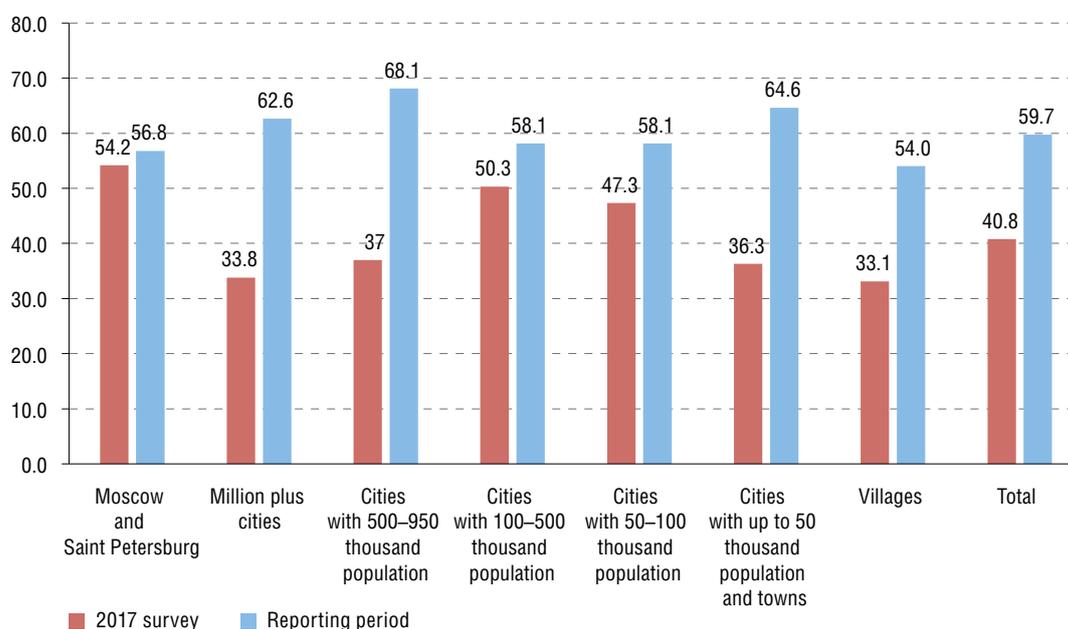
<sup>2</sup> Includes accounts opened for private customers based on a bank account agreement or a bank deposit agreement that can be used for making payments.

<sup>3</sup> Includes accounts opened for legal entities, individual entrepreneurs, and persons engaged in private practice that can be used for making payments.

**Table 2. Number of payment cards, accounts/deposits of individuals and legal entities, and POS terminals, units**

Indicator	Value as of 1 January 2016	Value as of 1 January 2017	Value as of 1 January 2018
Payment cards			
Number of payment cards issued by Russian CIs	243,907,227	254,736,581	271,004,520
per 1,000 adults	2,075	2,173	2,318
Accounts/deposits			
Number of accounts opened for individuals that can be used to make payments	807,506,863	850,638,707	911,998,046
per 1,000 adults	6,871	7,256	7,802
Number of accounts opened for legal entities that are not CIs and IEs that can be used to make payments	8,449,642	8,796,304	9,250,012
per 1,000 legal entities and individual entrepreneurs	968	1,031	1,094
Number of individual accounts (deposits) with CIs with non-zero balances	542,286,511	544,167,602	564,439,241
per 1,000 adults	4,614	4,642	4,828
Number of individual accounts (deposits) with CIs with a balance of more than ₹1,000	147,624,868	151,341,056	163,393,502
per 1,000 adults	1,256	1,291	1,398
Electronic terminals			
Number of POS terminals	1,481,469	1,761,340	2,189,060
per one million adults	12,605	15,025	18,726

Sources: Bank of Russia, Rosstat.

**Chart 3. Share of adult population being able to access bank accounts remotely to transfer funds (Internet banking and/or mobile banking) in the reporting period, broken down by type of settlement (%)**

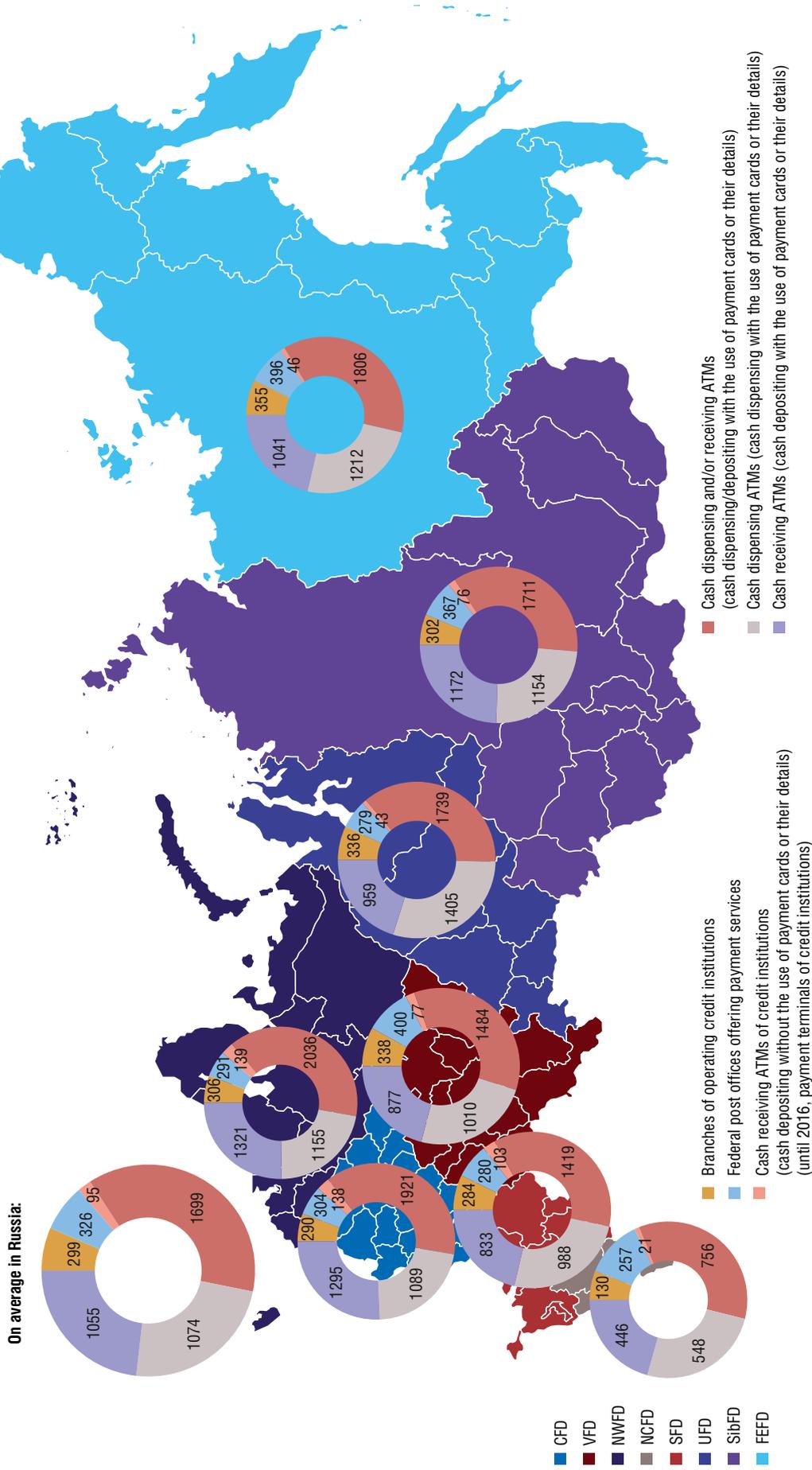
Source: Survey ordered by the Bank of Russia.

cantly behind other federal districts in terms of this indicator. The leading federal districts by this indicator are the UFD (24,007) and the NWFD (23,972).

Among all federal districts, the smallest share of adult population who can instantly (within 15 min-

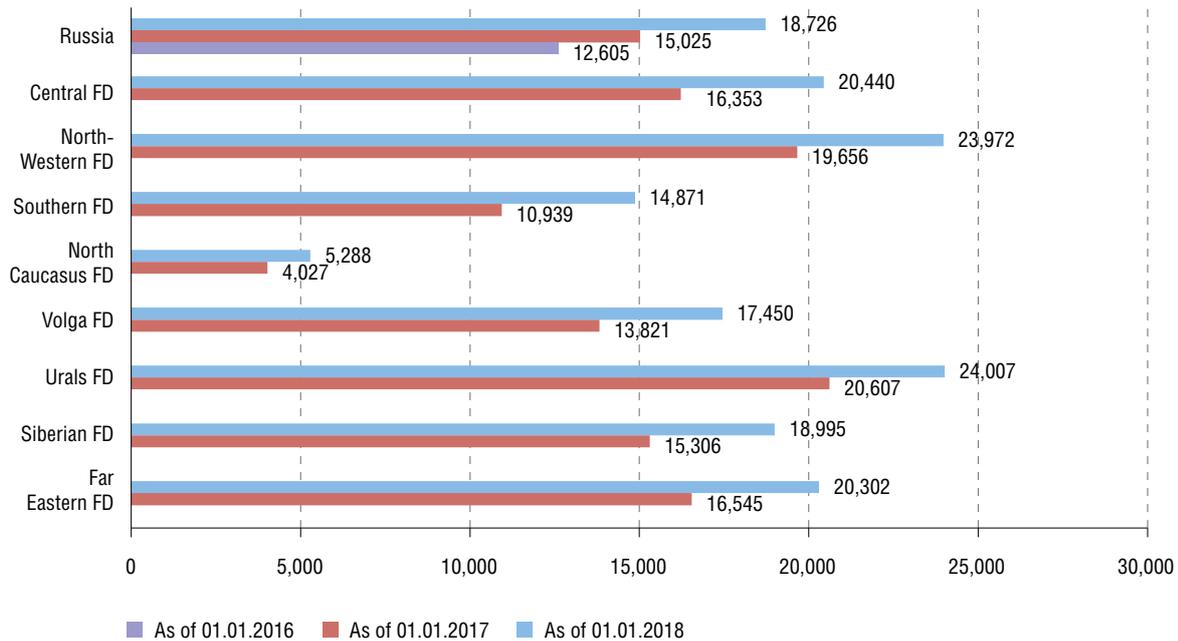
utes after the emergence of such a necessity) transfer funds with the use of a mobile phone or satellite communication (with or without accessing a bank account) is observed in the NCFD (29.1%). Among all types of settlements, residents of Moscow and Saint

Chart 4. Infrastructure of financial services provision<sup>1</sup> as of January 1, 2018, units per one million adults

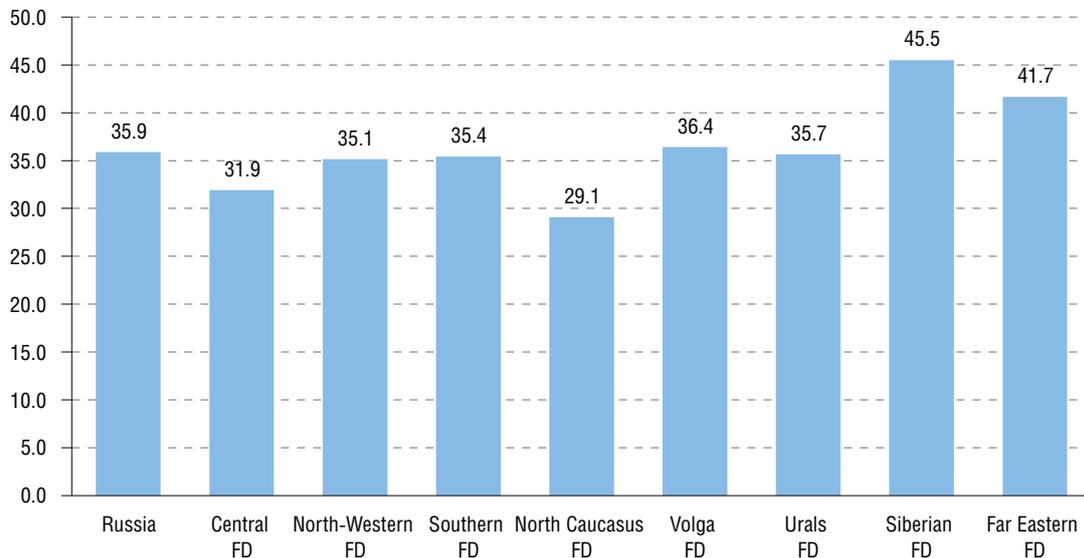


Sources: Bank of Russia, Rosstat.

<sup>1</sup> A ring-shaped graph is used here to present the data more conveniently. It is necessary to take into account that cash receiving ATMs (cash depositing with the use of payment cards or their details) can also be cash dispensing ATMs (cash dispensing with the use of payment cards or their details) and vice versa. At the same time, their sum is not equal to the number of cash dispensing and/or receiving ATMs (cash dispensing/depositing with the use of payment cards or their details).

**Chart 5. Number of POS terminals, per one million adults as of January 1, 2018, broken down by federal districts**

Sources: Bank of Russia, Rosstat.

**Chart 6. Share of adult population who can instantly (within 15 minutes after the emergence of such a necessity) transfer funds with the use of a mobile phone or satellite communication (with or without accessing a bank account), by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

Petersburg (21.4%) and rural residents (31.4%) had the lowest values of this indicator. It is also worth noting that as age increases (after 21 years old), this indicator gradually decreases, and among the population aged 61 years and older, it equals 5.9%. Among the retired (including due to disability), it is equal to 10.3%. It is also relatively low among those who de-

fine their financial situation as 'We hardly have enough money for food' (13.9%).

**Table 3. Comparison of Russia's infrastructure of financial services provision<sup>1</sup> by key indicators with G7, G20, and BRICS countries as of January 1, 2018**

Country	G7	G20	BRICS	Year	Number of branches of operating commercial banks per 1,000 km <sup>2</sup>	Number of branches of operating commercial banks per 100,000 adults	Number of ATMs of commercial banks per 1,000 km <sup>2</sup>	Number of ATMs of commercial banks per 100,000 adults
Russian Federation		✓	✓	2015	2.4	32.9	12.6	172.6
				2016	2.2	30.1	12.3	168.7
				2017	2.1	29.1	11.9	163.5
China (without Hong Kong and Macao)		✓	✓	2015	10.2	8.5	92.3	76.8
				2016	10.6	8.8	98.4	81.5
				2017	No data	No data	No data	No data
India		✓	✓	2015	42.5	13.5	61.9	19.7
				2016	45.0	14.1	67.9	21.2
				2017	47.9	14.7	71.8	22.1
Brazil		✓	✓	2015	4.0	20.7	21.8	114.3
				2016	3.9	20.4	21.6	111.4
				2017	3.8	19.5	20.9	108.2
South Africa		✓	✓	2015	3.4	10.5	22.2	69.3
				2016	3.3	10.2	22.6	69.3
				2017	3.5	10.4	22.6	67.9
USA	✓	✓		2015	9.4	33.0	No data	No data
				2016	9.3	32.7	No data	No data
				2017	9.1	31.5	No data	No data
Canada	✓	✓		2015	0.8	23.6	7.3	220.6
				2016	0.8	23.0	7.5	223.0
				2017	0.7	21.7	7.7	230.3
United Kingdom	✓	✓		2015	No data	No data	291.3	131.3
				2016	No data	No data	289.4	129.5
				2017	No data	No data	287.7	128.1
Germany	✓	✓		2015	28.6	14.0	248.5	122.2
				2016	27.7	13.5	244.6	118.8
				2017	26.6	12.9	No data	No data
France	✓	✓		2015	37.3	37.5	106.4	107.0
				2016	37.0	37.1	104.3	104.4
				2017	36.0	35.9	No data	No data
Italy	✓	✓		2015	88.8	49.8	171.5	96.3
				2016	84.8	47.7	167.6	94.1
				2017	79.4	44.6	164.5	92.4
Japan	✓	✓		2015	103.6	34.1	387.4	127.7
				2016	103.4	34.1	387.6	127.8
				2017	103.1	34.0	387.1	127.6
Argentina		✓		2015	1.6	13.2	7.2	60.6
				2016	1.6	13.4	7.2	60.1
				2017	1.6	13.6	7.2	60.1

<sup>1</sup> It should be noted that here the data for commercial banks and not for CIs is presented, so there is a discrepancy with the data presented in the publication earlier.

Country	G7	G20	BRICS	Year	Number of branches of operating commercial banks per 1,000 km <sup>2</sup>	Number of branches of operating commercial banks per 100,000 adults	Number of ATMs of commercial banks per 1,000 km <sup>2</sup>	Number of ATMs of commercial banks per 100,000 adults
Indonesia		✓		2015	18.3	17.8	54.8	53.3
				2016	18.1	17.4	57.1	54.7
				2017	No data	No data	No data	No data
Mexico		✓		2015	6.6	14.1	24.0	51.1
				2016	6.8	14.2	25.2	52.6
				2017	6.9	14.4	26.1	54.5
Australia		✓		2015	0.7	28.8	4.1	164.0
				2016	0.7	27.8	4.3	168.0
				2017	0.8	30.1	4.2	164.9
Republic of Korea		✓		2015	75.6	16.8	1,244.8	276.3
				2016	73.8	16.3	1,234.2	271.9
				2017	70.6	15.4	No data	No data
Saudi Arabia		✓		2015	0.9	8.6	8.0	73.8
				2016	1.0	8.6	8.3	74.4
				2017	1.0	8.8	8.5	76.3
Turkey		✓		2015	14.5	19.2	60.1	79.4
				2016	14.0	18.1	60.3	78.1
				2017	13.7	17.7	61.5	79.7

Source: Financial Access Survey of the International Monetary Fund, 2017.

According to the Financial Access Survey of the International Monetary Fund, in 2015–2017, Russia scored well on key indicators of infrastructure of financial services provision compared to G7, G20, and BRICS countries. For example, according to the data for 2017, Russia remained the leader by the number of branches of operating commercial banks per 100,000 adults and by the number of ATMs of com-

mercial banks per 100,000 adults among the BRICS countries. Among the G20 countries, in 2017, Russia was behind the United States, France, Italy, Japan, and Australia by the number of branches of operating commercial banks per 100,000 adults, and by the number of ATMs of commercial banks per 100,000 adults it was behind Canada and the Republic of Korea.

## 2. USAGE OF FINANCIAL SERVICES

The usage of financial services is characterised by indicators of demand of individuals and SMEs for available financial services.

### 2.1. Household accounts

During the reporting period, the number of active accounts opened for individuals that can be used to make payments (accounts from which cash withdrawal operations had been performed since the beginning of the reporting year) increased significantly (by 8.2%).

From May 2017 to May 2018, the percentage of adult population using accounts (including deposit accounts) increased significantly (from 79.5% to 89.4%)<sup>1,2</sup>. A significant increase in this indicator may be attributable to the fact that since July 1, 2017 public employees, the retired, and beneficiaries of a number of social payments are being gradually transitioned to Mir cards (public employees, by 1 July 2018). It is noteworthy that the percentage of adult residents of the NCFD using at least one open individual account with a CI, including deposits, increased from 46.5% to 88.4%.

Accounts with CIs were the most frequently used by residents of Moscow and Saint Petersburg (96.9% of this population category), people aged 21–45 (93.1%), entrepreneurs/self-employed (96.1%), and high-income people ('We do not have any financial difficulties. We can afford a flat or a country house') (95.8%). Accounts with CIs were used the least frequently by

rural population (80%), people aged 18–20 (83.6%), people aged 71 years or older (73.4%), (temporarily) unemployed (66.7%), and low-income people ('We hardly have enough money for food') (69.4%).

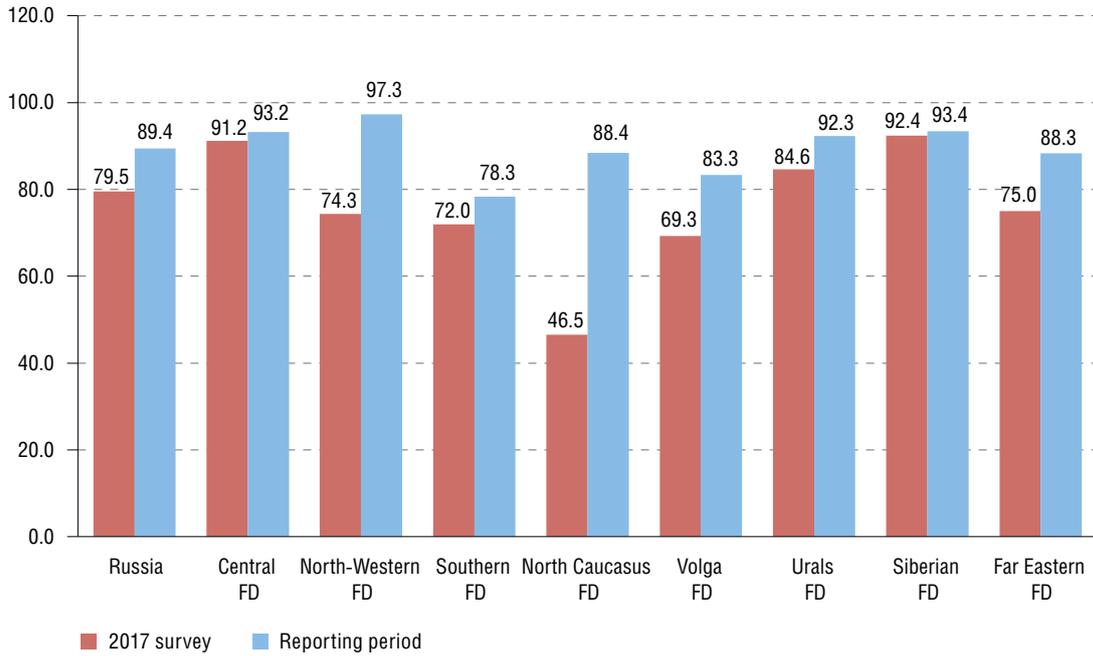
The share of adults who intensively use accounts with CIs grew from 45.3% to 62%. This indicator for the adult population of the NCFD increased from 12.8% to 47.7%. The population categories that use accounts with CIs the most frequently also use them the most intensively. The situation is the same for the population categories that use accounts with CIs the least frequently. The retired (including due to disability) use accounts with CIs (42.2%) intensively the least frequently.

The main reason why adult population abstained from using accounts with CIs is insufficiency of funds to place on an account/payment card and use these financial products (47.5% of respondents who did not use accounts with CIs in the reporting period). The second reason is distrust in banks (28.4%) (this reason was the most frequently selected by the population of the CFD), and the third is that other family members already have an account/payment card (22.2%). The remote location of bank branches was the most frequently mentioned as a reason for not using an account with a CI by respondents from the SFD (17.6%).

<sup>1</sup> According to the Global Findex data published in 2018 (the survey was conducted in 2017), the percentage of the population aged 15 and older that has an account is 75.8%. In the framework of the Global Findex, the calculation of the percentage of the population having an account was based on the percentage of the population who answered "yes" to the question of whether they had an account (universal methodology); thus, the probability of error in the answer increases. Within the framework of financial inclusion indicators measurement, this indicator is calculated on the basis of the percentage of the population who answered "yes" to many questions about the use of financial services that presuppose the existence of an account with a CI.

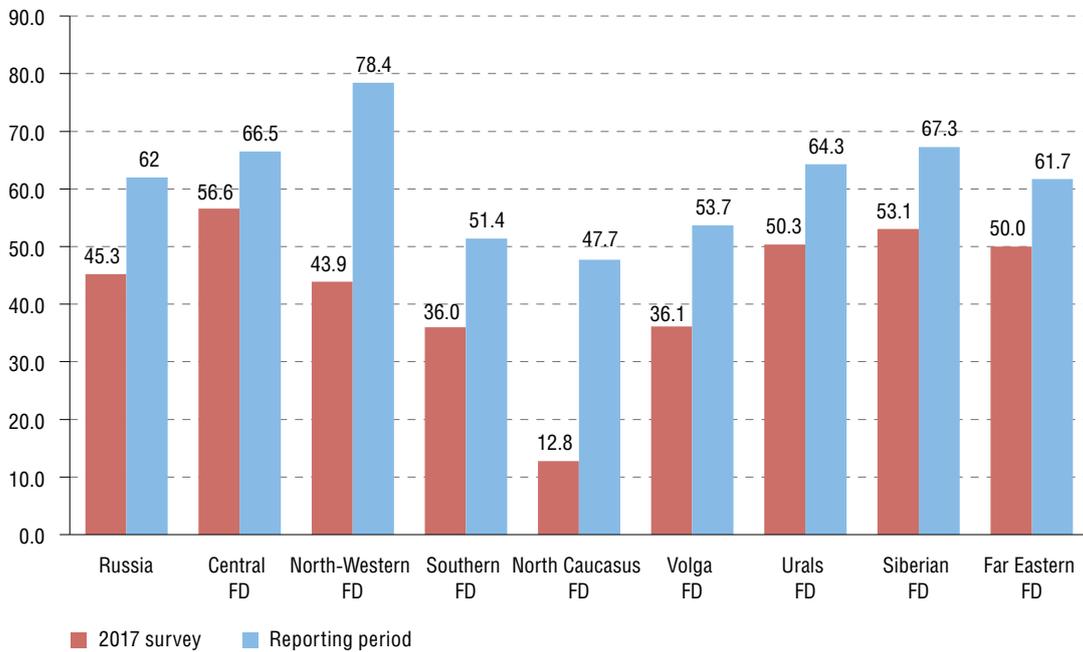
<sup>2</sup> In accordance with the Resolution of the Government of the Russian Federation No. 2033-r, dated September 23, 2017, Section I of the Federal Plan of Statistical Work (FPSW) has been supplemented with subsection 2.8 'Indicators of the achievement of sustainable development goals of the Russian Federation', which includes a number of indicators characterising the availability of financial services in the Russian Federation: 2.8.51 'Number of bank branches per 100,000 adults (18 years and older) (8.10.1 (a)', 2.8.52 'Number of ATMs per 100,000 adults (18 years and older) (8.10.1 (b)', 2.8.53 'Percentage of adult population (18 years and older) using at least one account with a bank (credit institution) (8.10.2)'.

**Chart 7. Share of adult population using at least one account opened with a CI, including deposit accounts, by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

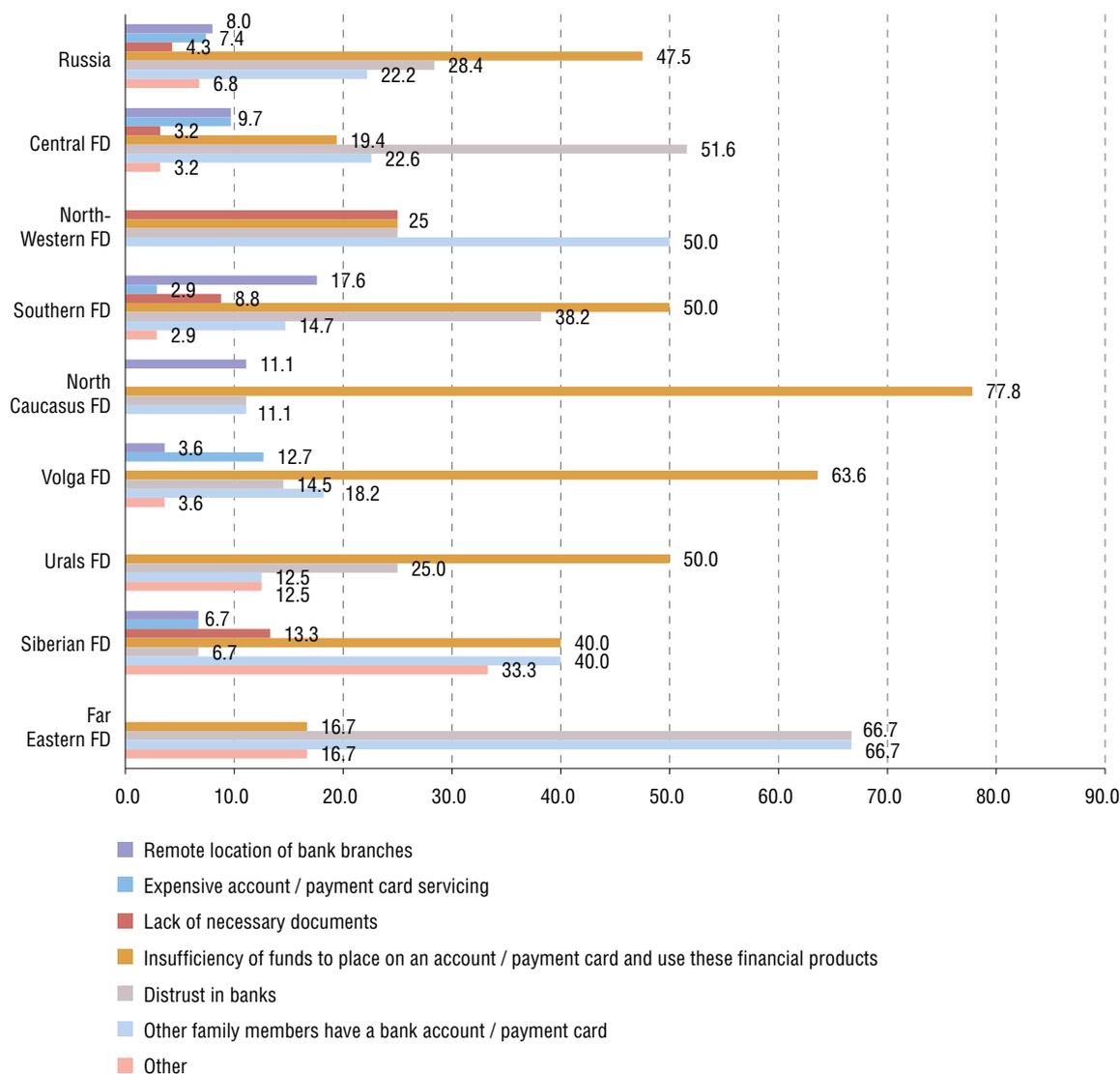
**Chart 8. Share of adult population intensively using<sup>1</sup> accounts with CIs, broken down by districts (%)**



Source: Survey ordered by the Bank of Russia

<sup>1</sup> Three or more operations per month.

**Chart 9. Reasons why adults abstained from using accounts with CIs in the reporting period, broken down by federal districts, (% of respondents who did not use accounts with CIs in the reporting period)**



Source: Survey ordered by the Bank of Russia.

## 2.2. Placement of funds by individuals

During 2017, outstanding retail deposits of CIs grew by 7.4% (to ₺25,987 billion), while the acquired funds of natural persons at NBFIs (MFOs, CCCs in SROs, and ACCCs) (in the form of a loan) grew by 18.8% (to ₺82 billion).

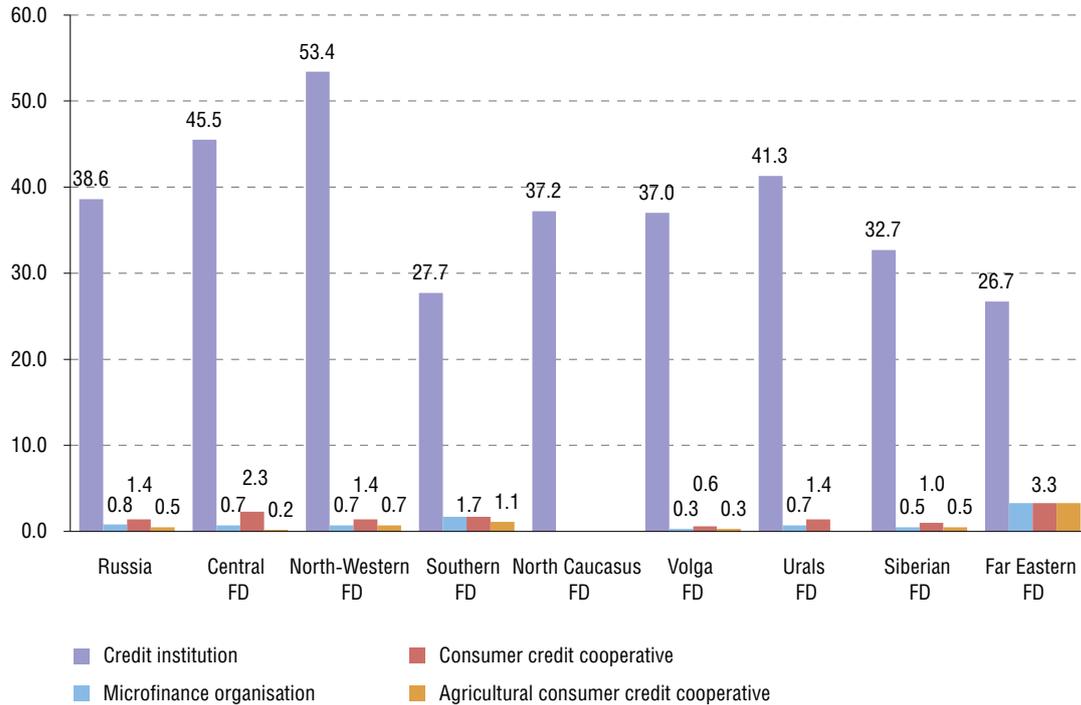
As of May 2018, on average 38.6% of Russia's adult population had deposits (accounts) at CIs; 1.4%, at CCCs; 0.8%, at MFOs; and 0.5%, at ACCCs.

The leading federal district by the share of adult population having deposits (accounts) at CIs is the NWF (53.4%), and the last one is the SFD. As to the placement of funds at NBFIs, the leader here is the FEFD (3.3% of the adult population of this federal district).

The share of women having deposits (accounts) with CIs exceeds the same indicator for men (39.3% and 37.8%, respectively). However, men have funds placed at NBFIs (MFOs, CCCs and/or ACCCs (2.1%) more often than women (1.7%).

Residents of Moscow and Saint Petersburg (49% of this population group) have deposits (accounts) at CIs the most frequently. The least frequent users of deposits (accounts) at CIs are residents of cities with

**Chart 10. Share of adult population having deposits (accounts<sup>1</sup>) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by federal districts (%)**



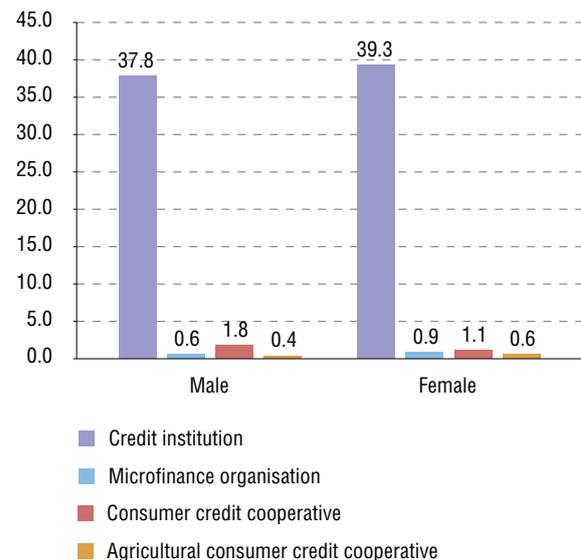
Source: Survey ordered by the Bank of Russia.

500–950 thousand population (34%) and rural residents (34.8%).

Deposits (accounts) at CIs are the most frequently held by people aged 65 years or older, and the least frequently, by people aged 18–30. It should be noted that the share of the population aged 71 years or older having funds placed at MFOs (in the form of a loan) is rather high (3.1%). Funds placed with CCCs (in the form of a loan) are the most common for the population aged 21–25 (4.4%).

The retired (including due to disability) (47.5% of this population group) and entrepreneurs/self-employed (42.9%) account for the highest shares of adult population having deposits (accounts) at CIs. Entrepreneurs/self-employed (3.9%) and employees (2.4%) place funds at NBFIs (in the form of a loan) the most frequently.

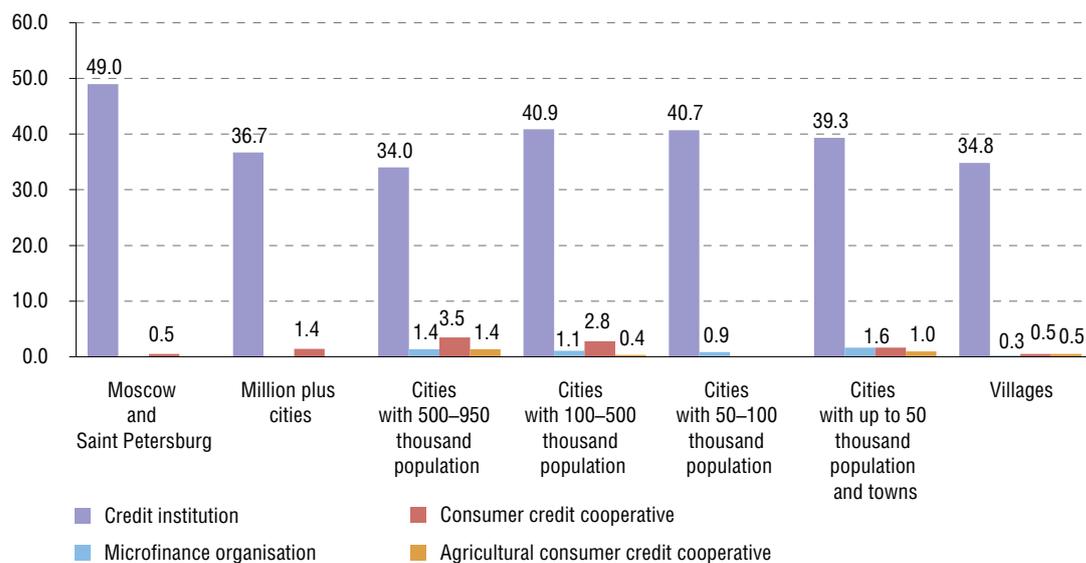
**Chart 11. Share of adult population having deposits (accounts) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by gender (%)**



Source: Survey ordered by the Bank of Russia.

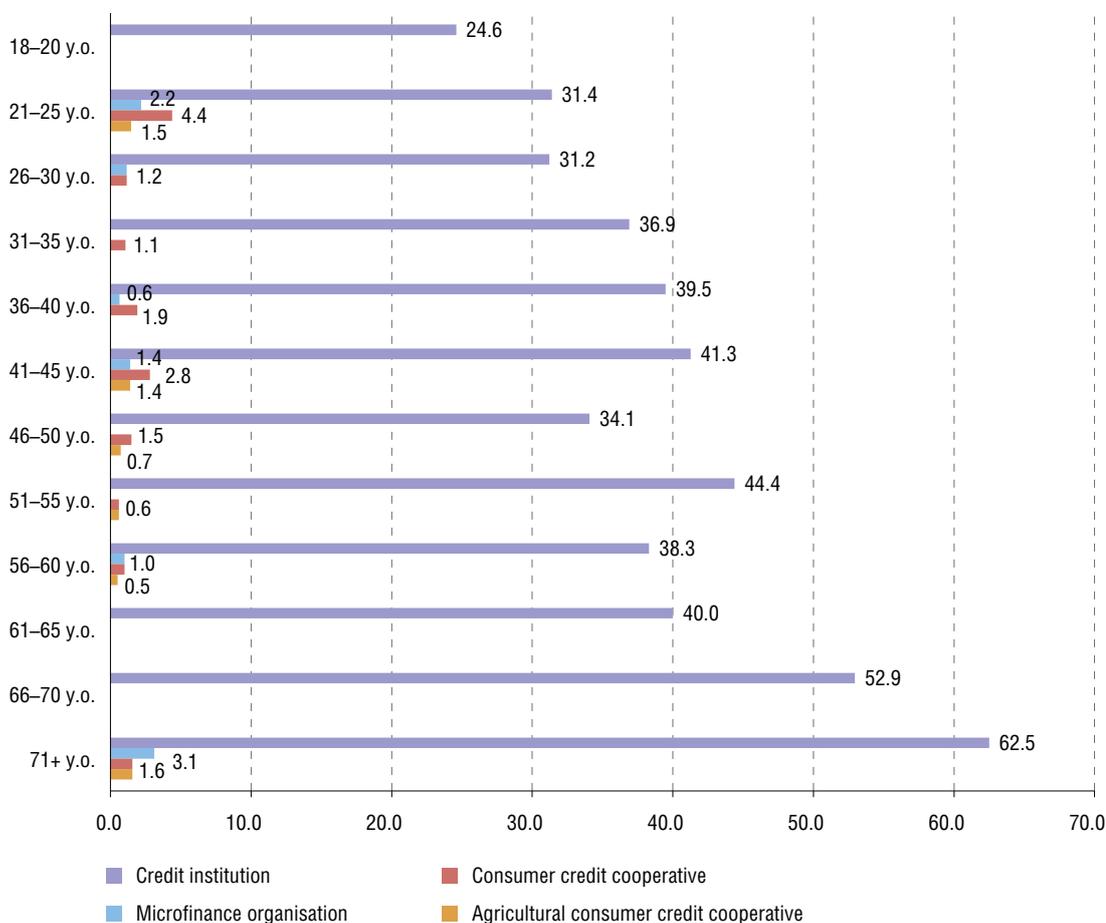
<sup>1</sup> The significant increase, as compared to the surveys of 2015–2017, in the share of adult population having deposits with CIs may also be related to changes in the survey questionnaire for the adult population. For example, in 2018, the term 'bank deposit' was subdivided into two terms – 'bank deposit with no replenishment or withdrawal option' and 'bank deposit with a replenishment and/or withdrawal option'. It can be assumed that part of the population could not distinguish between deposits and current accounts, so they selected the 'bank deposit with a replenishment and/or withdrawal option', though in fact it was a current account.

**Chart 12. Share of adult population having deposits (accounts) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by type of settlement (%)**



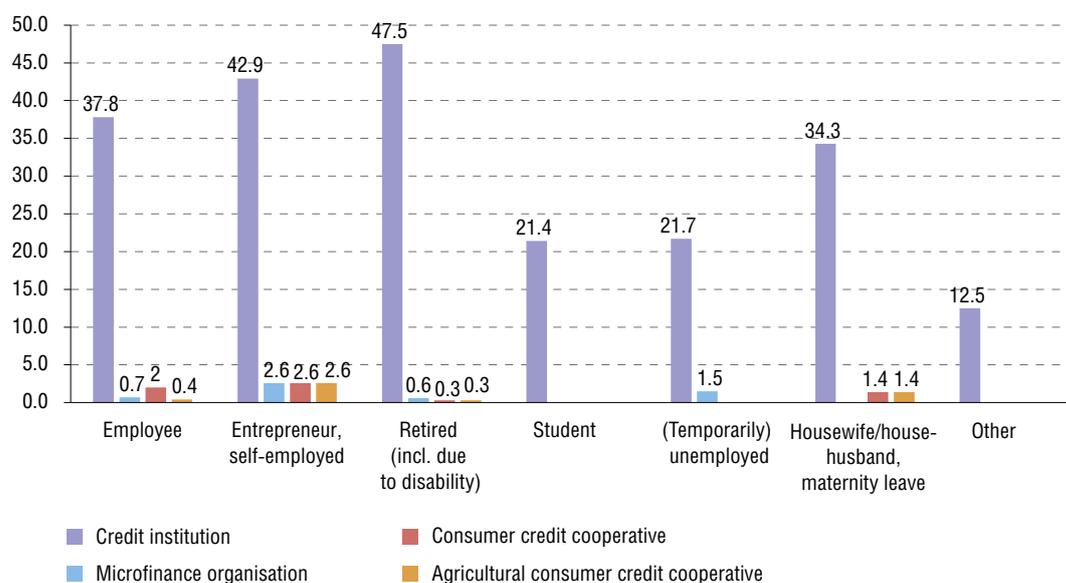
Source: Survey ordered by the Bank of Russia.

**Chart 13. Share of adult population having deposits (accounts) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by age (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 14. Share of adult population having deposits (accounts) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by type of employment (%)**



Source: Survey ordered by the Bank of Russia.

**Table 4. Share of adult population having deposits (accounts) at CIs or funds placed at NBFIs (MFOs and/or CCCs and/or ACCCs) (in the form of a loan), broken down by groups formed depending on the financial situation of a respondent<sup>1</sup> (%)**

	CI	MFO	CCC	ACCC
We hardly have enough money for food	22.2	2.8	2.8	2.8
We have enough money for food, but can hardly buy clothes	31.9	0.0	1.6	0.0
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	38.7	1.0	1.8	0.7
We do not have to borrow to buy household appliances, but we cannot afford a car	40.5	0.5	0.9	0.0
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	46.1	1.0	2.0	2.0
We do not have any financial difficulties. We can afford a flat or a country house	58.3	0.0	0.0	0.0

Source: Survey ordered by the Bank of Russia.

With the improvement of the financial situation, the share of adult population having deposits (accounts) at CIs increases. Deposits (accounts) at CIs are the most frequently used by the high-income pop-

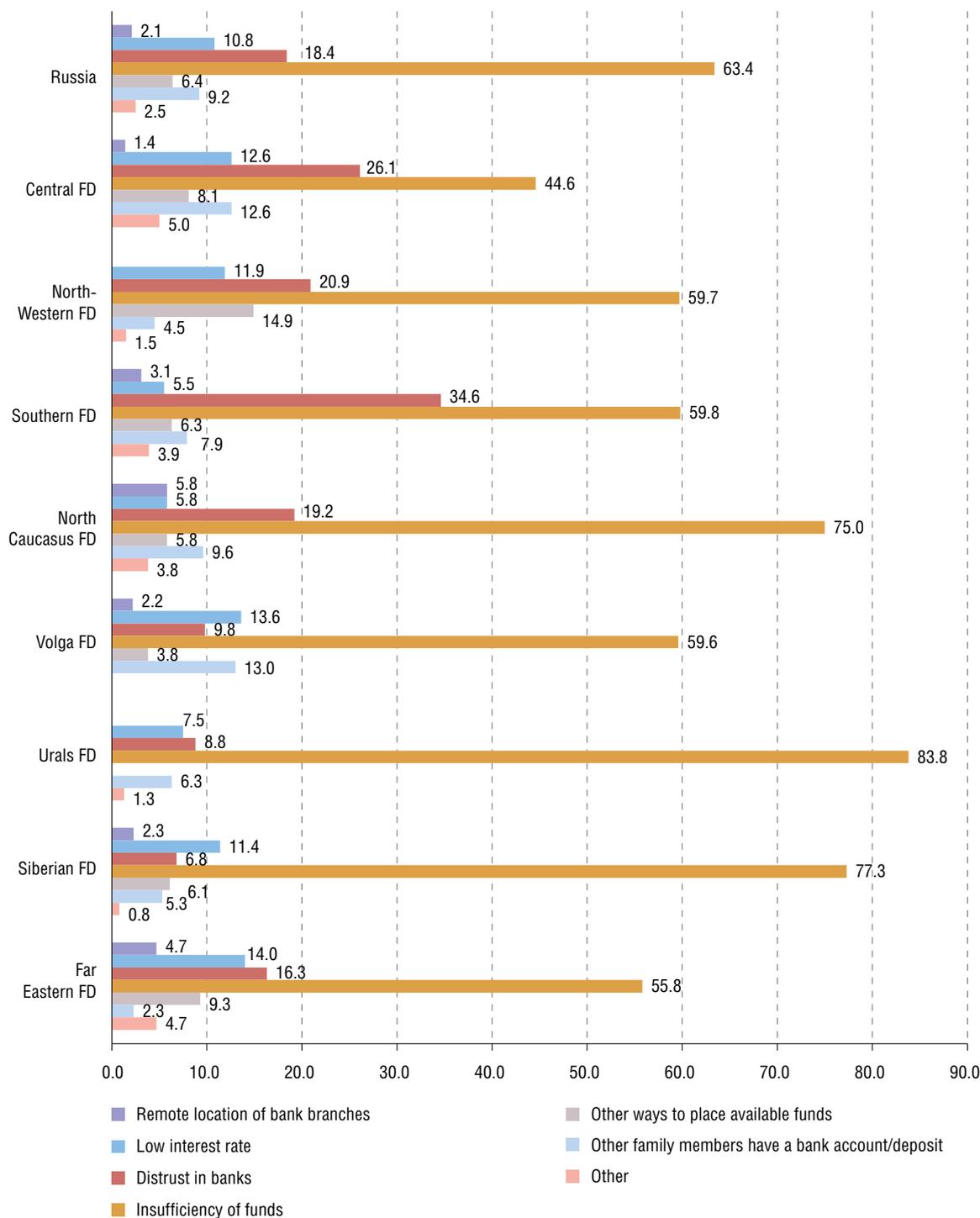
ulation group ('We do not have any financial difficulties. We can afford a flat or a country house') (58.3%). The least frequent users of deposits (accounts) are low-income people ('We hardly have enough money for food') (22.2%). The same group of low-income people has funds placed at NBFIs (in the form of a loan) the most frequently.

Placement of funds at NBFIs by low-income people and the elderly may be explained by their desire to receive high interest income, which, in turn, shows that they cannot compare the risks associated with the placement of funds at MFOs, CCCs, or ACCCs with the potential benefits. It consequently demonstrates the low financial literacy and low financial responsibility level of these population groups. For example, according to the 2017 survey, the share of the adult population belonging to the low-income group 'We have enough money for food, but can hardly buy clothes' who had funds placed at NBFIs (in the form of a loan) amounted to 3.2% (vs Russia's average of 1.9%). Thus, this problem appears to be systematic, and it would be wrong to consider these numbers incorrect, which is especially important in the context of promoting responsible lending conduct.

The main reason why adults abstained from using deposits (accounts) at CIs is insufficiency of funds

<sup>1</sup> Respondents defined their financial situation themselves by answering the question, 'Which of these statements best describes the financial situation of your family?'

**Chart 15. Reasons why adults abstained from having deposits at CIs in the reporting period, broken down by federal districts (% of respondents who did not use deposits (accounts) at CIs in the reporting period)**

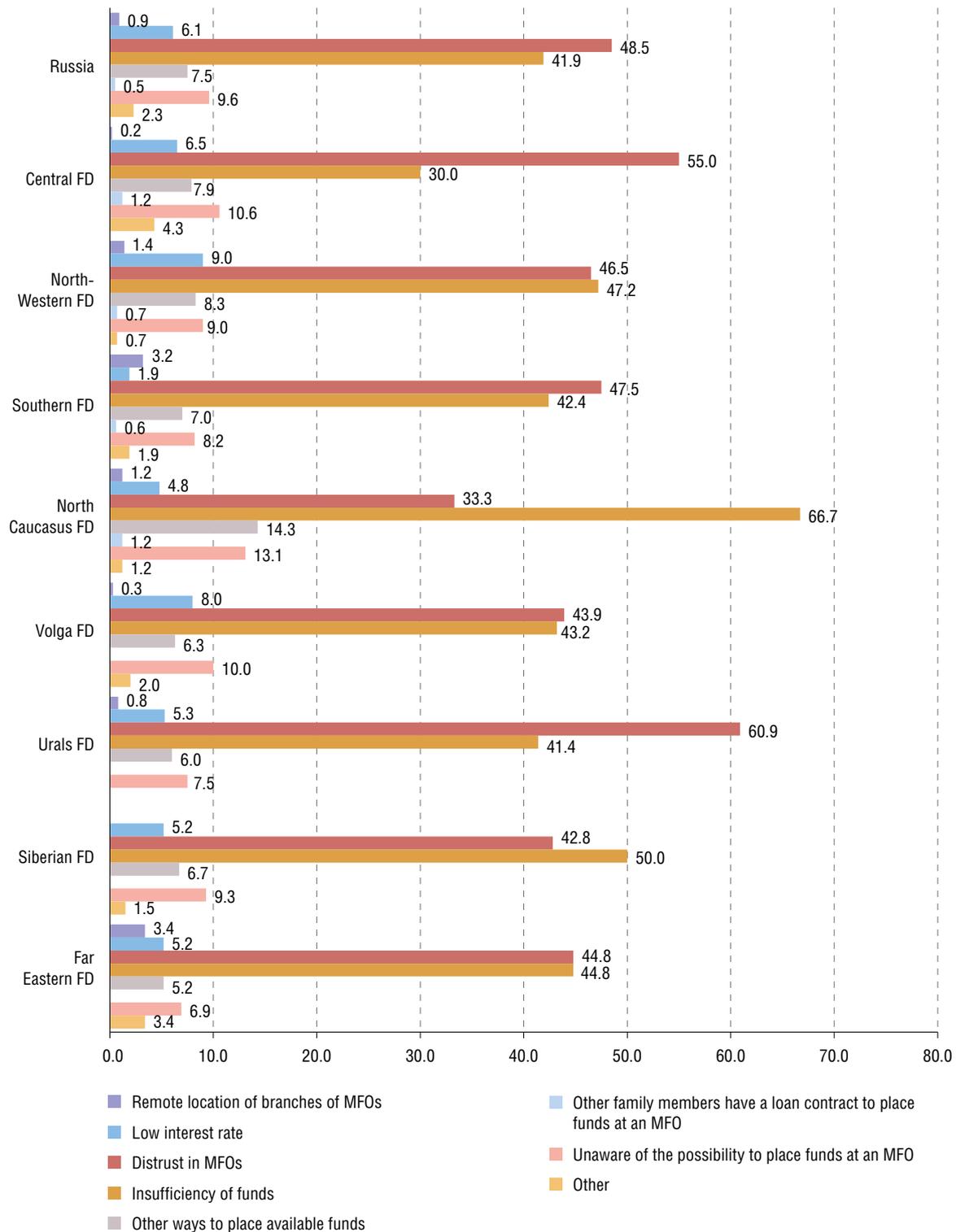


Source: Survey ordered by the Bank of Russia

(63.4% indicated this reason). Distrust in banks (18.4%), and low interest rate (10.8%) follow. Distrust in banks was the most often mentioned by respondents in the SFD (34.6%). The remote location of bank branches was the most frequently mentioned by respondents in the NCFD (5.8%) and in the FEFD (4.7%).

The main reason why adults abstained from placing funds at MFOs (in the form of a loan) (48.5%) is distrust in MFOs. This reason was the most frequently mentioned by respondents in the UFD (60.9%). Insufficiency of funds (41.9%) and unawareness of the possibility to place funds at an MFO follow. The re-

**Chart 16. Reasons why adults abstained from placing funds at MFOs (in the form of a loan) in the reporting period, broken down by federal districts (% of respondents who did not place funds at MFOs (in the form of a loan) in the reporting period)**

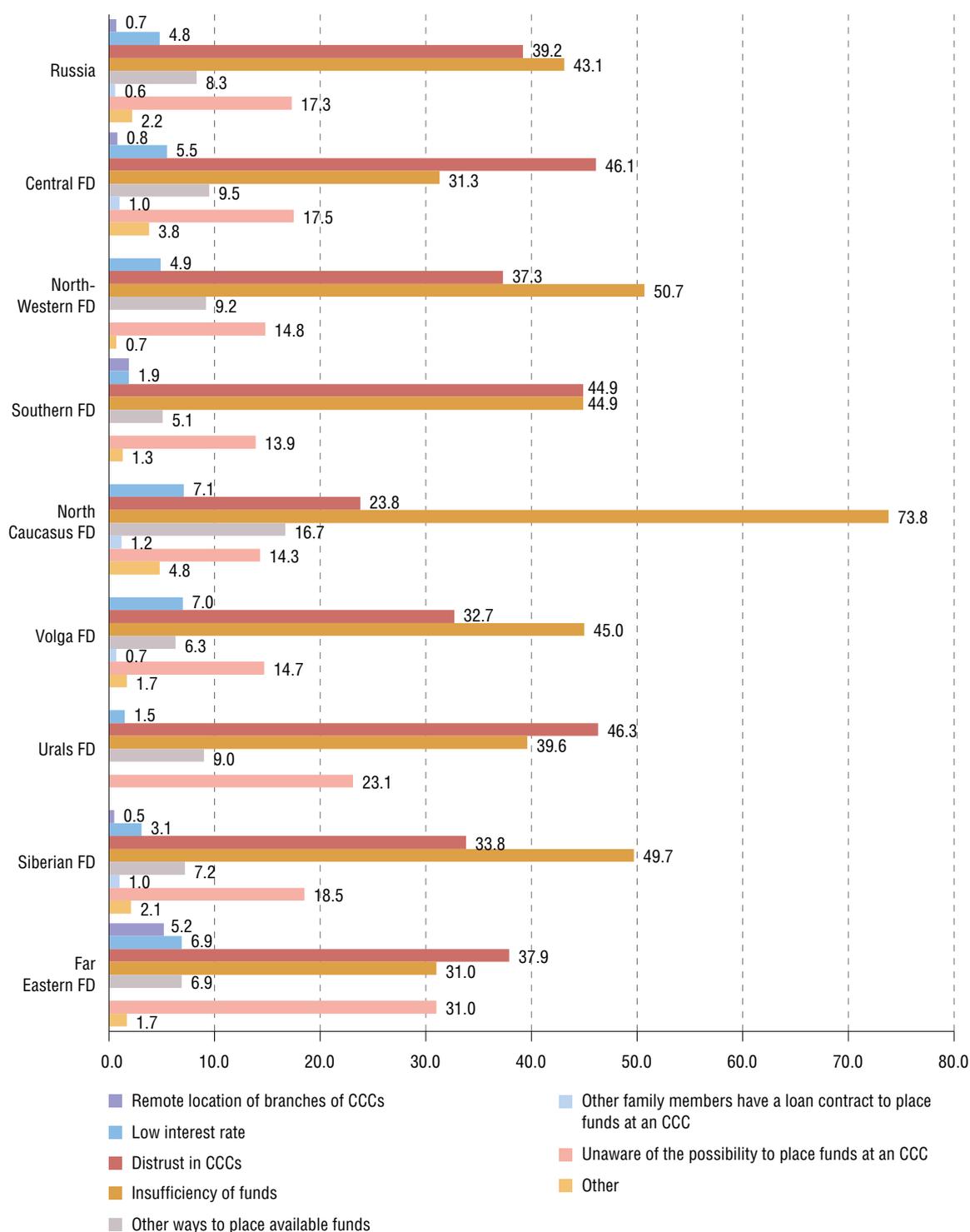


Source: Survey ordered by the Bank of Russia

remote location of MFO branches as a reason for not placing funds at MFOs (in the form of a loan) was

the most often mentioned by respondents in the FEED (3.4%).

**Chart 17. Reasons why adults abstained from placing funds at CCCs (in the form of a loan) in the reporting period, broken down by federal districts (% of respondents who did not place funds at CCCs (in the form of a loan) in the reporting period)**



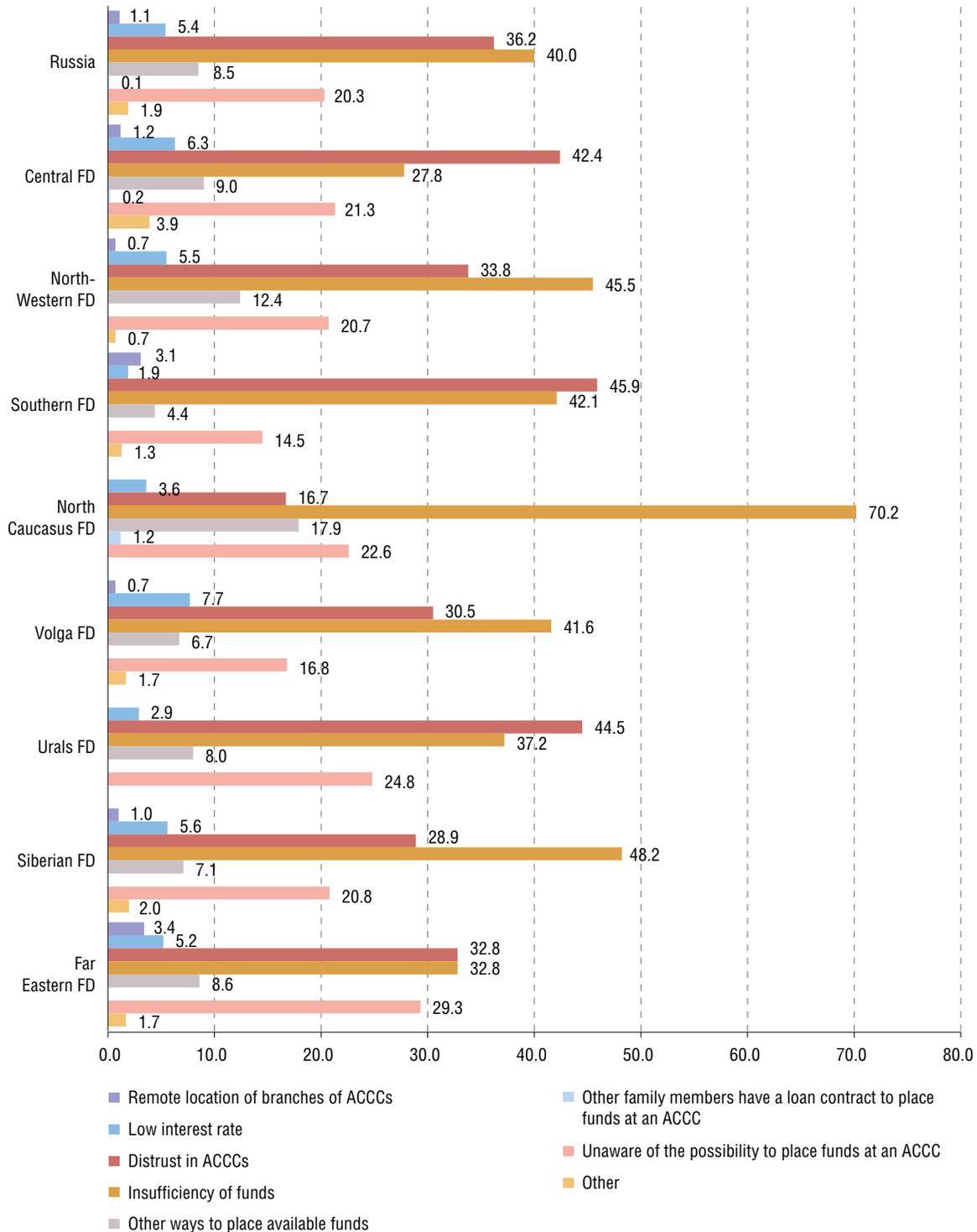
Source: Survey ordered by the Bank of Russia.

The main reason why adults abstained from placing funds at CCCs (in the form of a loan) is insufficiency of funds (43.1%). This reason was selected the most often by residents of the NCFD (73.8%).

The second most popular reason is distrust in CCCs (39.2%).

The main reason why adults abstained from placing funds at ACCCs (in the form of a loan) in the re-

**Chart 18. Reasons why adults abstained from placing funds at ACCCs in the reporting period, broken down by federal districts (% of respondents who did not place funds at ACCCs (in the form of a loan) in the reporting period)**



Source: Survey ordered by the Bank of Russia.

porting period is insufficiency of funds (40%). This reason was the most frequently chosen by residents of the NCFD (70.2%). Distrust in ACCCs (36.2%) and

unawareness of the possibility to place funds at an ACCC (20.3%) follow.

## 2.3. Placement of funds by SMEs

In 2017, outstanding deposits of IEs at CIs increased significantly (by 36.6% to ₹474 billion). Acquired funds of SMEs at NBFIs (MFOs, CCCs in SROs, and ACCCs) (in the form of a loan) grew by 35.7% (to ₹48.3 billion).

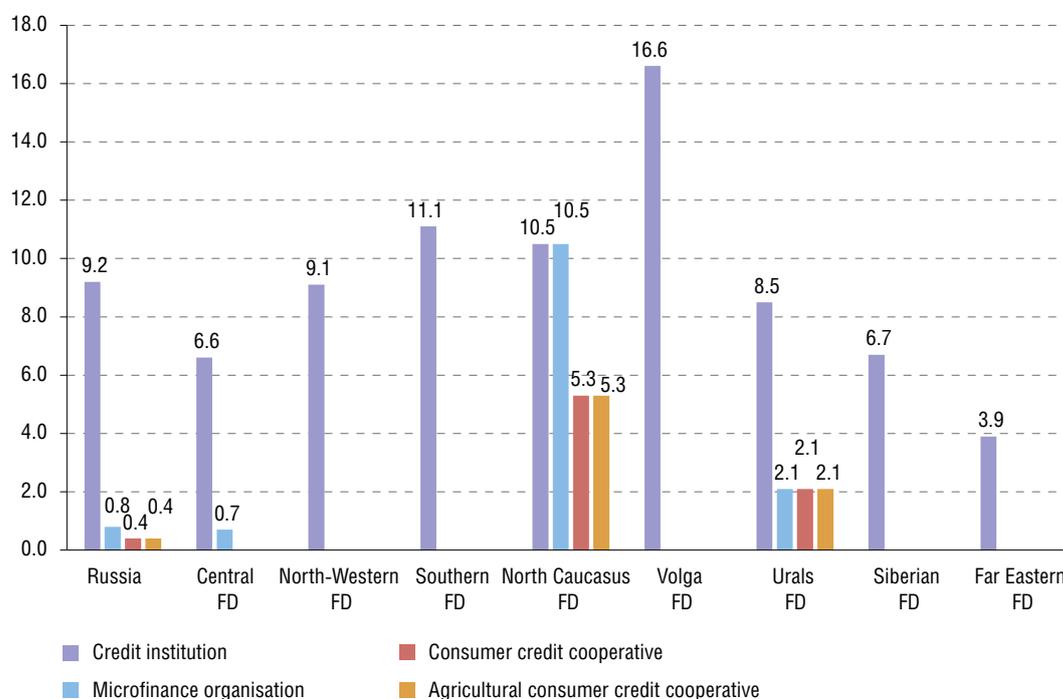
On average in Russia, the share of SMEs that used deposits for legal entities at CIs and placed funds at CCCs (in the form of a loan) decreased from 14.6% to 9.2% and from 1% to 0.4%<sup>1</sup>, respectively. The share of SMEs that placed funds at MFOs (in the form of a loan) in the reporting period remained unchanged. Deposits for legal entities at CIs were the most actively used by SMEs in the VFD (16.6%), and the least actively, by SMEs in the FEFD (3.9%). SMEs in the NCFD placed funds at MFOs, CCCs, and ACCCs the most frequently.

Medium enterprises used deposits for legal entities at CIs (28%) more frequently than other SME types. IEs used this type of deposits least of all (2.2%). Also, medium enterprises more often placed funds (in the form of a loan) at CCCs and ACCCs (2% each). Small enterprises placed funds (in the form of a loan) at MFOs more frequently than other SME types (2.9%).

## 2.4. Loans of individuals

In 2017, outstanding loans of natural persons issued by CIs increased by 12.7% (to ₹12,174 billion), while outstanding loans of natural persons issued by NBFIs (MFOs, CCCs in SROs, ACCCs, and pawnshops) grew by 20% (to ₹168 billion). The volume of loans issued by CIs to resident individuals in 2017

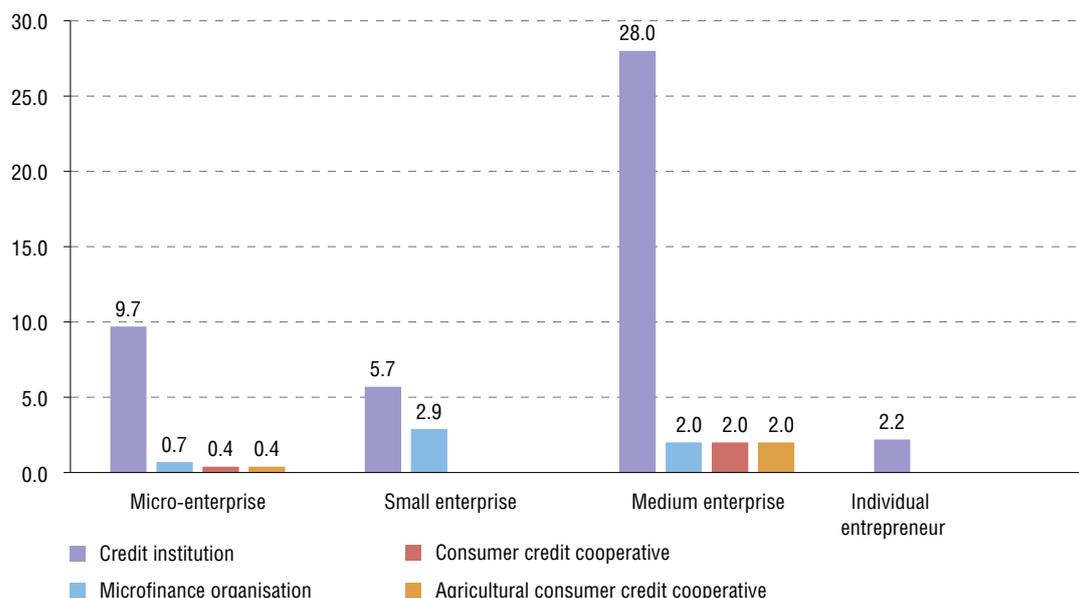
**Chart 19. Share of SMEs that used deposits for legal entities at CIs, placed funds at MFOs, CCCs, or ACCCs (in the form of a loan) in the reporting period, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

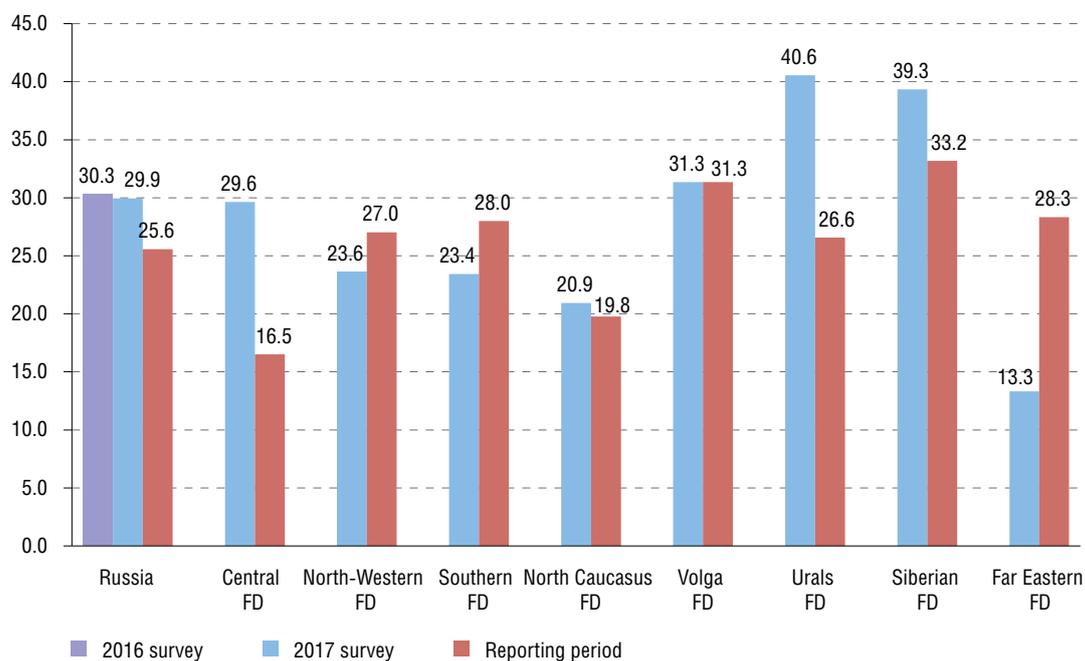
<sup>1</sup> Hereinafter, when SME survey data is compared, it should be taken into account that direct comparison with previous year data may be inappropriate with regard to certain indicators since the SME sample was adjusted in 2018 as compared to 2017 towards a greater number of microenterprises and a lesser number of small enterprises.

**Chart 20. Share of SMEs that used deposits for legal entities at CIs, placed funds at MFOs, CCCs, or ACCCs (in the form of a loan) in the reporting period, broken down by SME type (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 21. Share of adult population having at least one outstanding loan at a CI, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

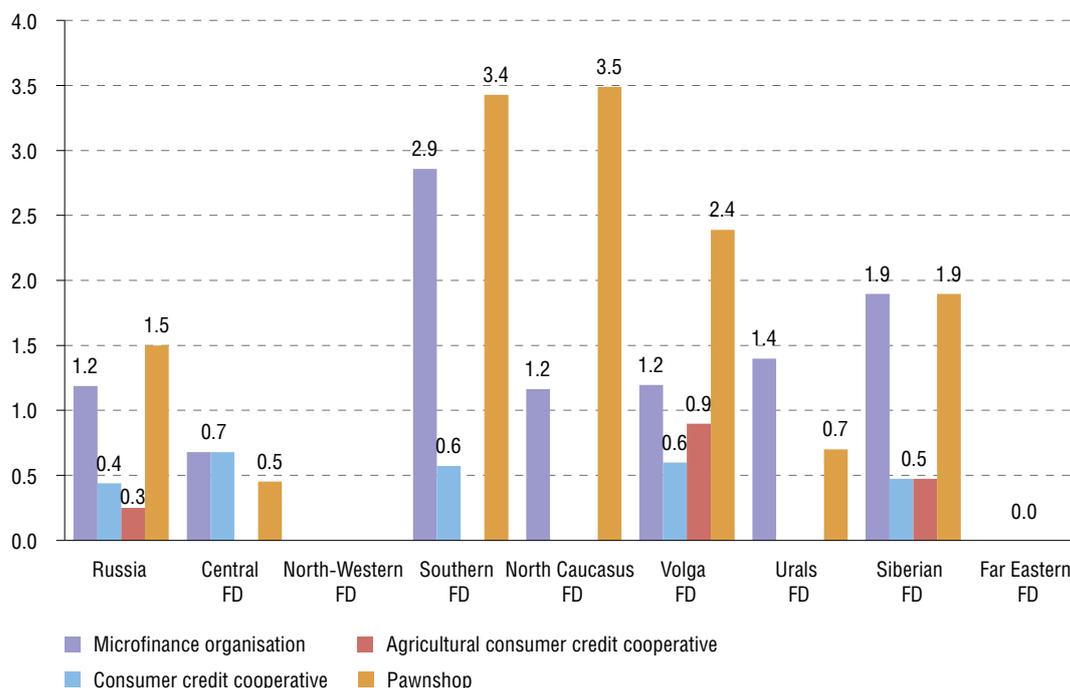
grew by 28.1% (to ₹9,234 billion), while the volume of loans issued by NBFIs (MFOs, CCCs in SROs, and pawnshops) increased by 17.4% (to ₹500 billion).

In the reporting period, the share of Russia's adult population having at least one outstanding loan at a CI went down 4.3 pp to 25.6% (27% of men and 24.4% of women). This indicator dropped significant-

ly in the CFD (by 13.1 pp), the UFD (by 14 pp), and the SibFD (by 6.1 pp) and grew in the NWFD (by 3.4 pp), the SFD (by 4.6 pp), and the FEFD (by 15 pp).

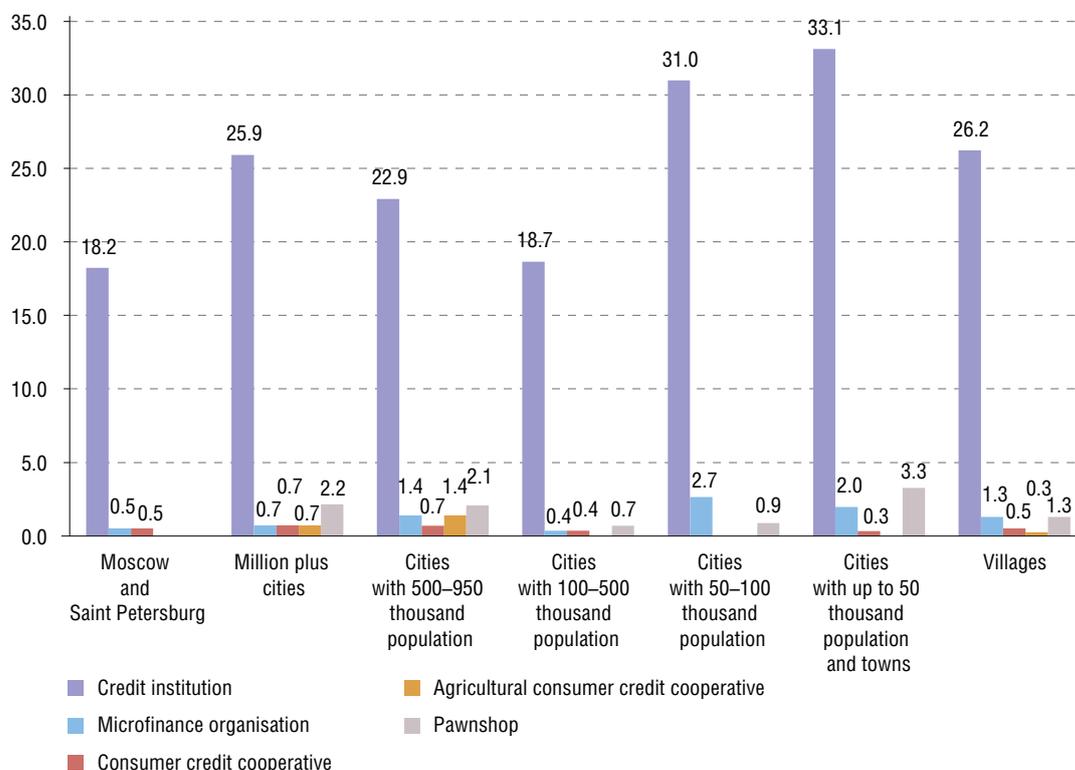
The highest share of adult population having at least one outstanding loan at MFOs is in the SFD (2.9%); at CCCs, in the CFD (0.7%); at ACCCs, in the VFD (0.9%); and at pawnshops, in the NCFD (3.5%) and

**Chart 22. Share of adult population having at least one outstanding loan at an MFO, CCC, ACCC, or pawnshop, broken down by federal districts (%)**



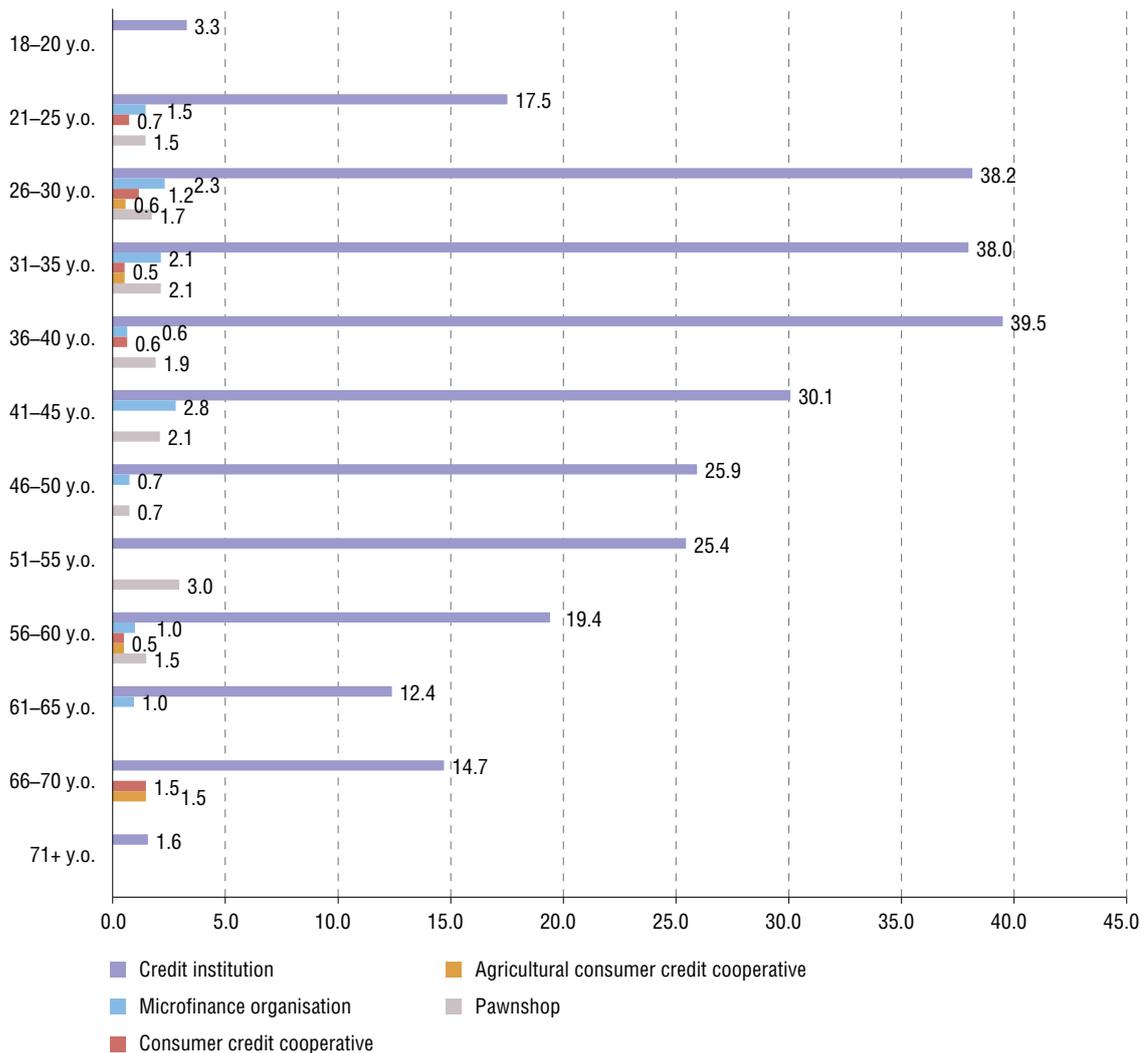
Source: Survey ordered by the Bank of Russia.

**Chart 23. Share of adult population having at least one outstanding loan at a CI, MFO, CCC, ACCC, or pawnshop, broken down by type of settlement (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 24. Share of adult population having at least one outstanding loan at a CI, MFO, CCC, ACCC, or pawnshop, broken down by age (%)**



Source: Survey ordered by the Bank of Russia.

the SFD (3.4%). In the FEFD, none of the respondents had any outstanding loans at NBFIs as of the survey date.

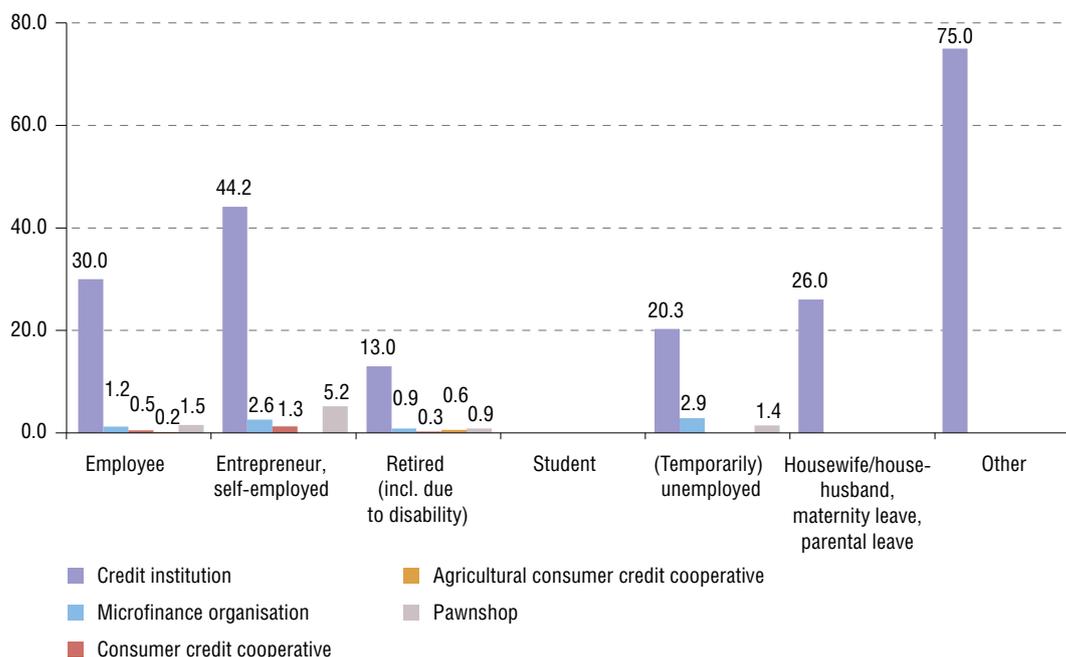
Among all types of settlements, the lowest share of the population having outstanding loans at CIs is in Moscow and Saint Petersburg (18.2%), and the highest share is in cities with up to 50 thousand population and towns (33.1%). Outstanding loans at pawnshops are also used the most frequently by residents of this type of settlements (2.7%). The highest share of adult population having loans at MFOs is in cities with 50-100 thousand population (2.7%).

Loans at CIs are the most popular among adults aged 26–40 (38.5%), outstanding loans at MFOs, among adults aged 41–45 (2.8%), and loans at pawnshops, among those aged 51–55 (3%).

Credits at CIs (44.2%) (except for those whose employment falls into the category 'Other') and loans at CCCs (1.3%) and pawnshops (5.2%) are the most popular among entrepreneurs/self-employed. Loans at MFOs are the most popular among (temporarily) unemployed (2.9%). The students surveyed did not have any outstanding loans as of the survey date.

The most frequent users of loans at CIs, MFOs and pawnshops are low-income people ('We hardly have enough money for food') (33.3%, 5.6%, and 11.1%, respectively). The frequency of the use of loans at CIs by other groups of the population formed depending on their financial situation is approximately at the same level (from 23.2% to 27.7%). People whose income is above average ('We can afford quite a lot, but we could hardly save for a one-room flat in the near future') have

**Chart 25. Share of adult population having at least one outstanding loan at CIs, MFOs, CCCs, ACCCs, or pawnshops, broken down by type of employment (%)**



Source: Survey ordered by the Bank of Russia.

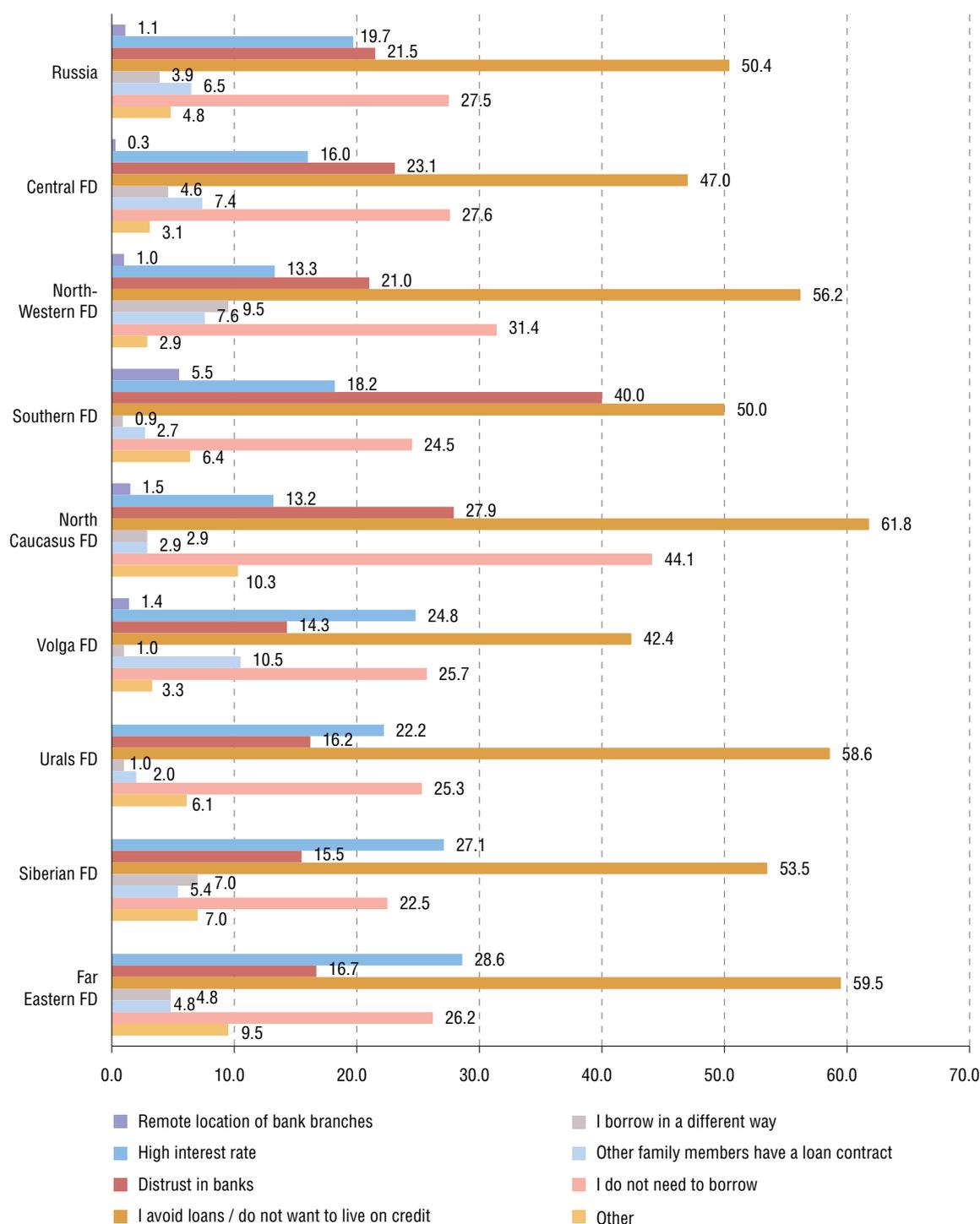
**Chart 26. Share of adult population having at least one outstanding loan at CIs, MFOs, CCCs, ACCCs, or pawnshops, broken down by groups formed depending on the financial situation of a respondent<sup>1</sup> (%)**



Source: Survey ordered by the Bank of Russia.

<sup>1</sup> Respondents defined their financial situation themselves by answering the question: 'Which of these statements best describes the financial situation of your family?'

**Chart 27. Reasons why adults abstained from using loans at CIs in the reporting period, broken down by federal districts (% of respondents who did not use loans at CIs in the reporting period)**



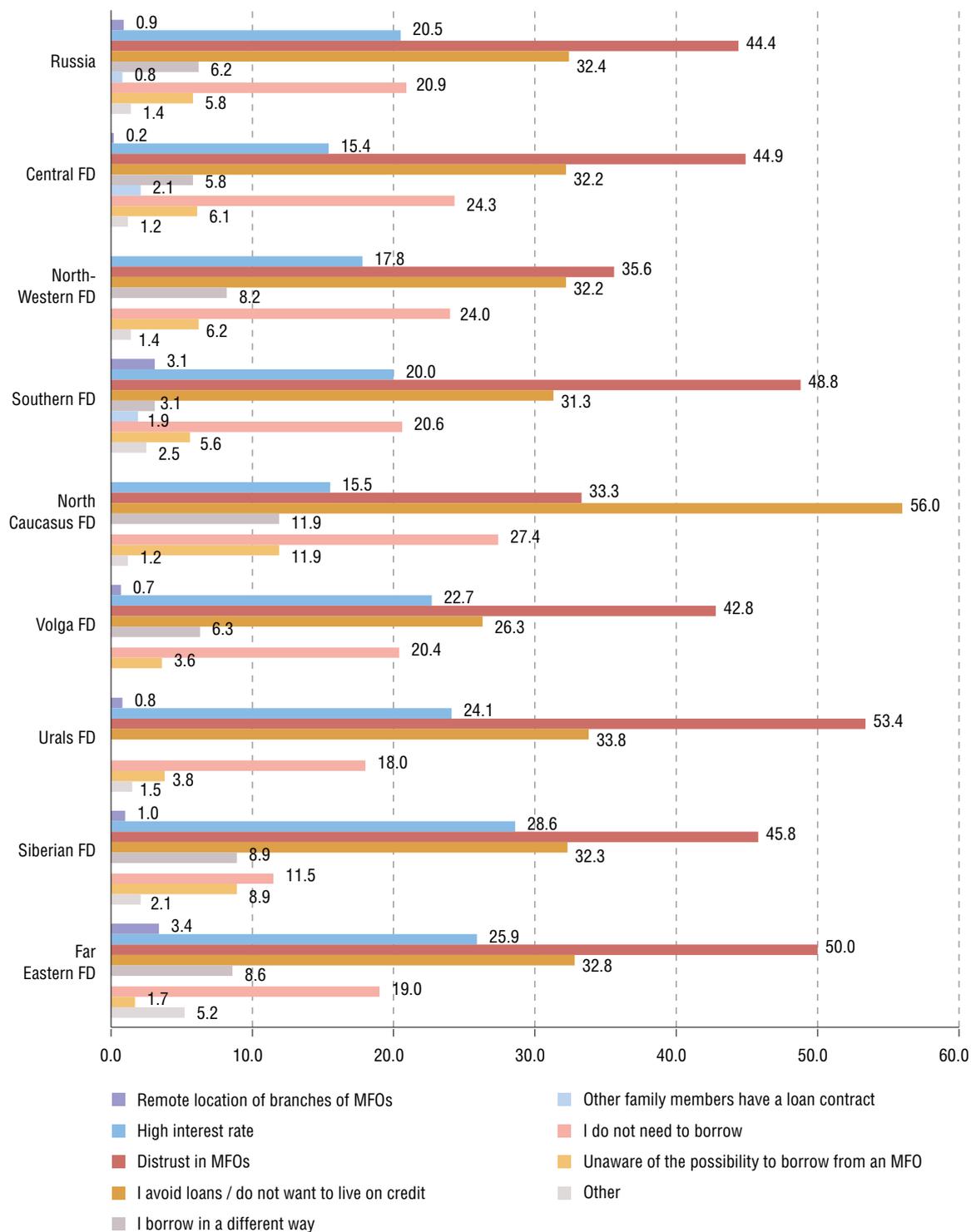
Source: Survey ordered by the Bank of Russia.

outstanding loans from CCCs or ACCCs more often than other groups.

The main reason why adults abstained from using loans at CIs in the reporting period is their reluctance to live on borrowed funds (50.4%). This reason was mentioned the most frequently by respondents in

the NCFD (61.8%). The absence of a need for extra funds (27.5%) and distrust in banks (21.5%) follow. The interest rate was too high for 19.7% of the adults surveyed who did not use loans at CIs in the reporting period. This reason was chosen the most frequently by residents of the FEFD (28.6%). Remote location of

**Chart 28. Reasons why adults abstained from using loans at MFOs in the reporting period, broken down by federal districts (% of respondents who did not use loans at MFO in the reporting period)**



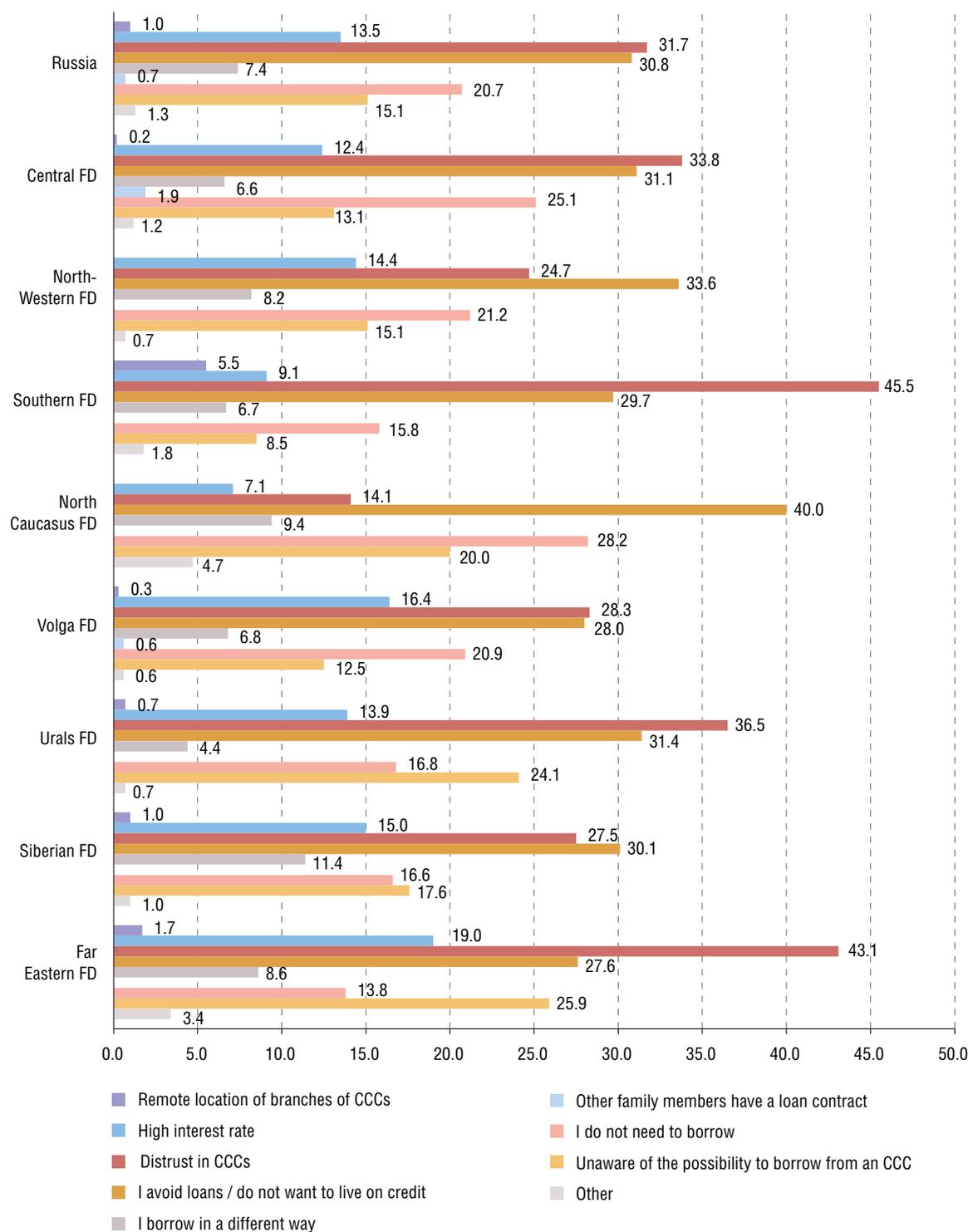
Source: Survey ordered by the Bank of Russia.

branches of CIs was the most frequently chosen by respondents in the SFD (5.5%).

The main reason why adults abstained from using loans at MFOs in the reporting period is distrust in MFOs (44.4%). This reason was the most frequently mentioned

by respondents in the UFD (53.4%). Then reluctance to live on borrowed funds (32.4%) and absence of a need for extra funds follow (20.9%). It is worth noting that the NCFD is the only federal district in which respondents more frequently mentioned their reluctance to live

**Chart 29. Reasons why adults abstained from using loans at CCCs in the reporting period, broken down by federal districts (% respondents who did not use loans at CCCs in the reporting period)**



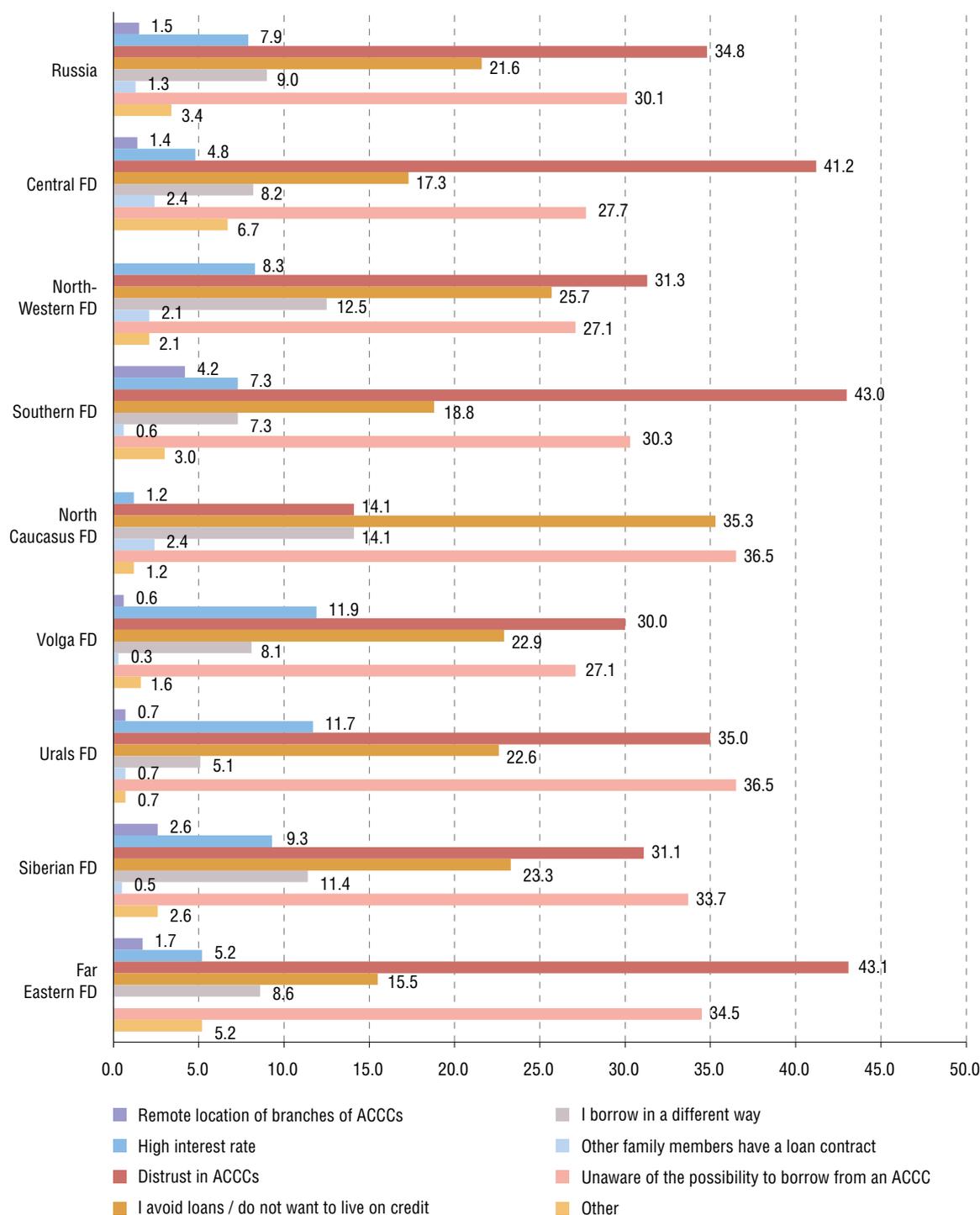
Source: Survey ordered by the Bank of Russia.

on borrowed funds (56%) than distrust in MFOs (33.3%). Remote location of MFO branches was the most frequently chosen by respondents in the FEFD (3.4%).

The main reason why adults abstained from using loans at CCCs in the reporting period is distrust in

CCCs (31.7%). Reluctance to live on borrowed funds (30.8%) follows. High interest rates were the most frequently mentioned by respondents in the FEFD (19%). Remote location of CCC branches was the most frequently mentioned by respondents in the SFD (5.5%).

**Chart 30. Reasons why adults abstained from using loans at ACCCs in the reporting period, broken down by federal districts (% of respondents who did not use loans at ACCCs in the reporting period)**

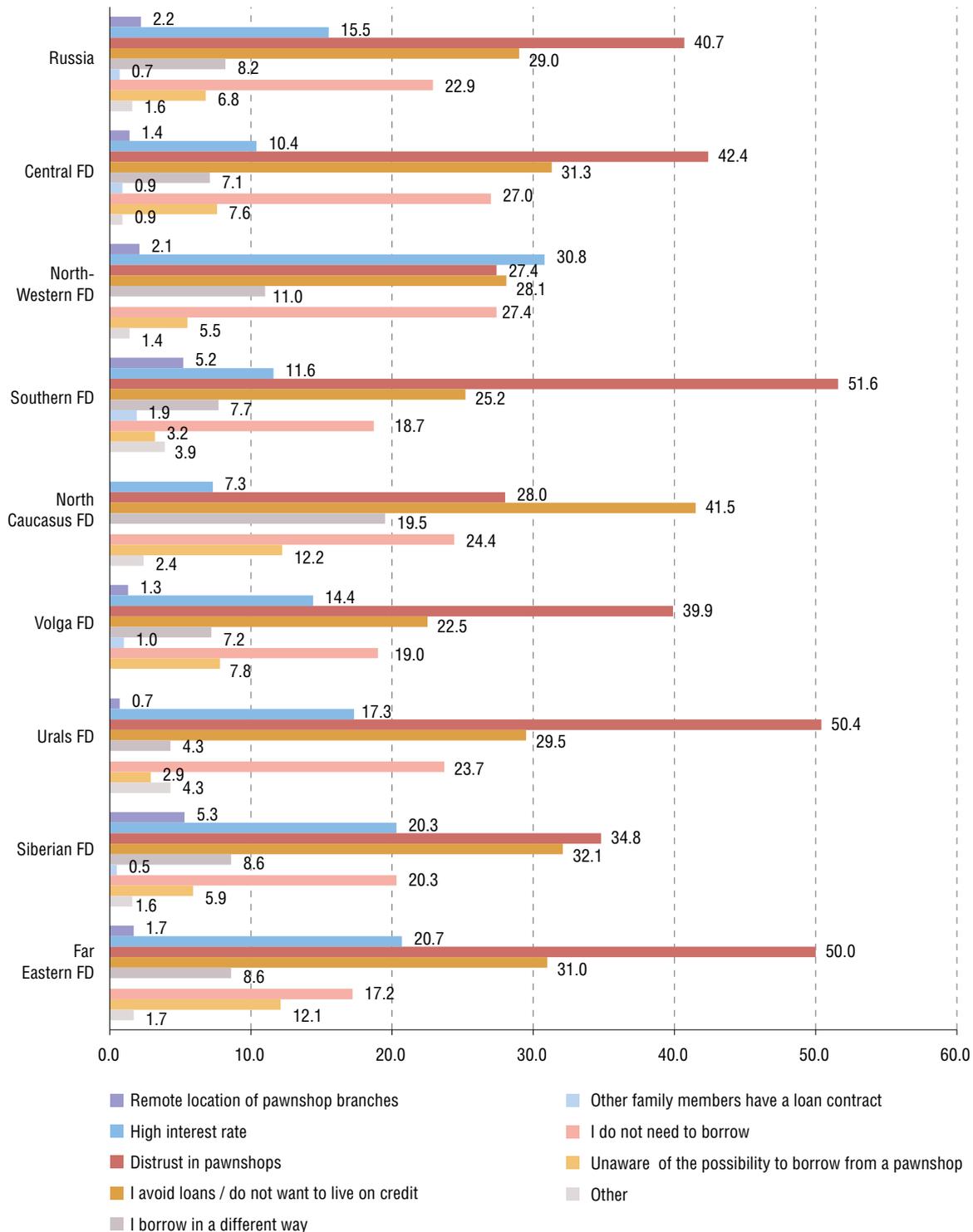


Source: Survey ordered by the Bank of Russia.

The main reason why adults abstained from using loans at ACCCs in the reporting period is distrust in ACCCs (34.7%). This reason was the most frequently mentioned by respondents in the FEFD (43.1%) and the SFD (43%). The share of respondents who had

never heard that loans could be obtained from ACCCs is also quite high (30.1%). Remote location of ACCC branches was the most frequently mentioned by respondents in the SFD (4.2%).

**Chart 31. Reasons why adults abstained from using pawnshop loans in the reporting period, broken down by federal districts (% of respondents who did not use pawnshop loans in the reporting period)**



Source: Survey ordered by the Bank of Russia.

The main reason why adults abstained from using pawnshop loans in the reporting period is distrust in these financial institutions (40.7%). Reluctance to live on borrowed funds (29%) and absence of a need for borrowed funds (22.9%) follow. High interest rates

were the most frequently chosen by respondents in the NWFD (30.8%). Among all federal districts, remote location of pawnshop branches was the most frequently mentioned by respondents in the SibFD (5.3%) and the SFD (5.2%).

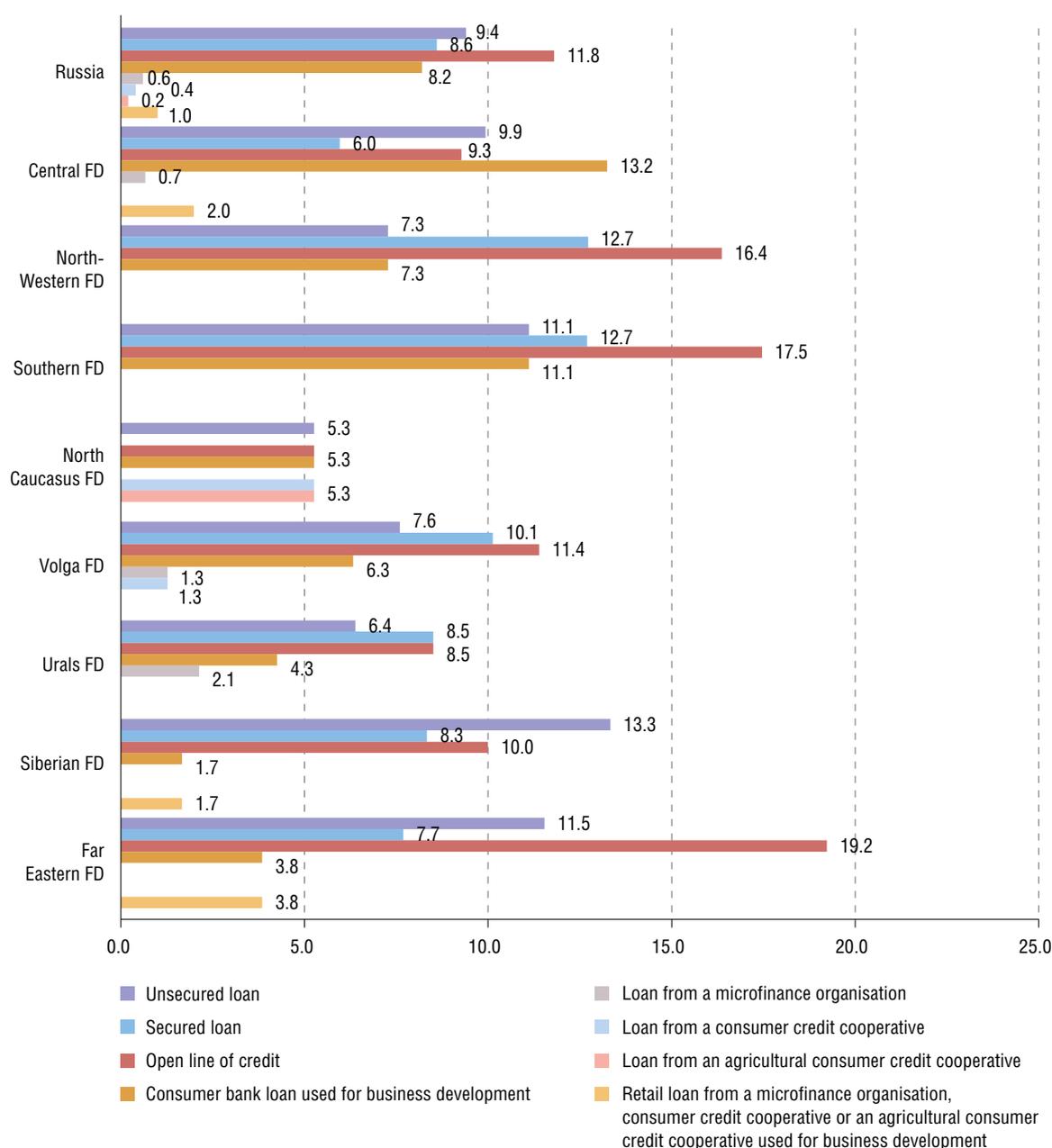
## 2.5. Loans of SMEs

In 2017, outstanding loans of SMEs issued by CIs decreased by 6.7% (to ₹4,170 billion), and outstanding loans of SMEs issued by NBFIs (MFOs, CCCs in SROs, and ACCCs) decreased by 7.1% (to ₹39 bil-

lion). In 2017, the amount of loans of SMEs issued by CIs grew by 15.3% (to ₹6,117 billion). In 2017, the amount of loans of SMEs issued by NBFIs (MFOs and CCCs in SROs) slightly decreased slightly (by 0.7% to ₹34.2 billion).

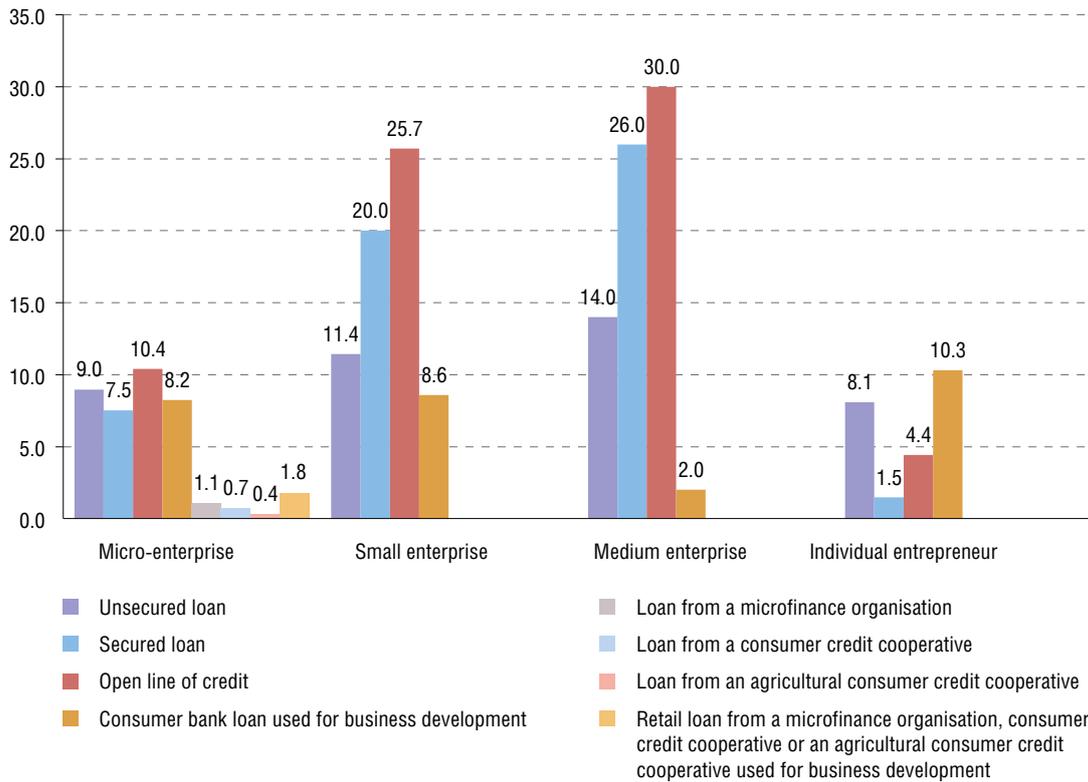
From May 2017 till May 2018 the share of SMEs with active loans at CIs/NBFIs decreased. For example, the share of SMEs with active unsecured loans

**Chart 32. Share of SMEs with active<sup>1</sup> loans at CIs and NBFIs (MFOs, CCCs, and ACCCs), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

<sup>1</sup> Hereinafter, an active loan is an outstanding loan.

**Chart 33. Share of SMEs with active loans at CIs and NBFIs, broken down by SME type (%)**

Source: Survey ordered by the Bank of Russia.

decreased from 10.6% to 9.4% (i.e., a change within the limits of sampling error); with secured loans, from 10.6% to 8.6%; with an open line of credit, from 14.6% to 11.8%; with consumer bank loans, from 10.8% to 8.2%; and with MFO loans, from 1% to 0.6%. As of the survey date, 1% (0.6% as of 2017) of SMEs had active retail MFO, CCC, or ACCC loans that were de facto used for business development.

Open lines of credit remain the most popular means of obtaining borrowed funds among Russian SMEs (11.8%). Open lines of credit are the most frequently used by SMEs in the SFD and the FEFD – 17.5% and 19.2%, respectively. Active unsecured bank loans are the most frequently used by SMEs in the SibFD (13.3%), and consumer bank loans that are de facto used for business development are the most popular in the CFD (13.2%). Among all federal districts, SMEs in the NCFD had various active loans the least frequently.

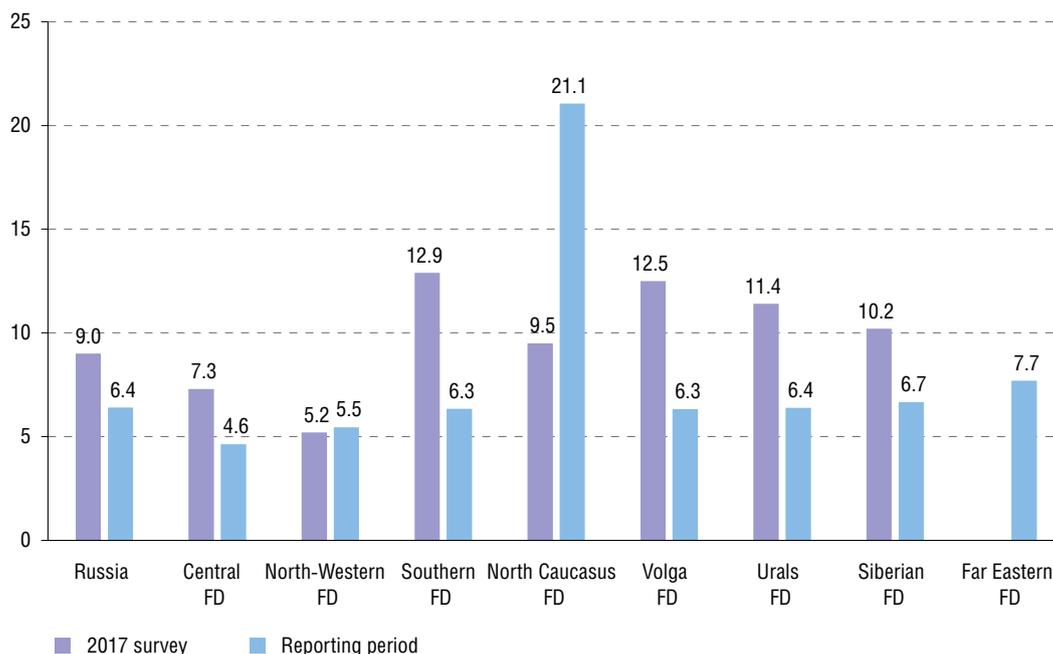
Medium enterprises had active unsecured (14%) or secured loans (26%) and open lines of credit (30%) the most frequently of all types of SMEs. Consumer bank loans used for business development are the most popular among IEs (10.3%). Micro-enterprises had MFO, CCC, and ACCC loans

the most frequently (1.1%, 0.7%, and 0.4%, respectively).

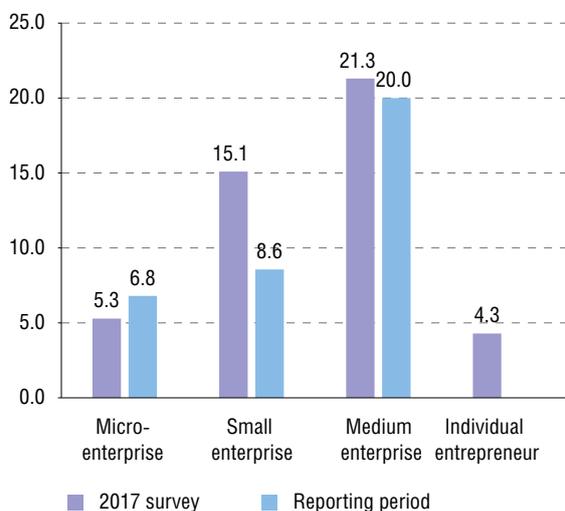
## 2.6. Use of Financial Services for SMEs

In the reporting period, the use of bank guarantees by SMEs decreased from 9% to 6.4%. Bank guarantees were the most frequently used by SMEs in the NCFD (21.1%), and the least frequently, in the CFD (4.6%).

Medium enterprises were the most active users of bank guarantees in the reporting period (20%). Surveyed IEs did not use bank guarantees at all. The use of bank guarantees by small and medium enterprises and IEs decreased in the reporting period. The use of bank guarantees by microenterprises insignificantly increased in the reporting period (from 5.3% to 6.8%).

**Chart 34. Share of SMEs that used bank guarantees in the reporting period, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Chart 35. Share of SMEs that used bank guarantees in the reporting period, broken down by SME type (%)**

Source: Survey ordered by the Bank of Russia.

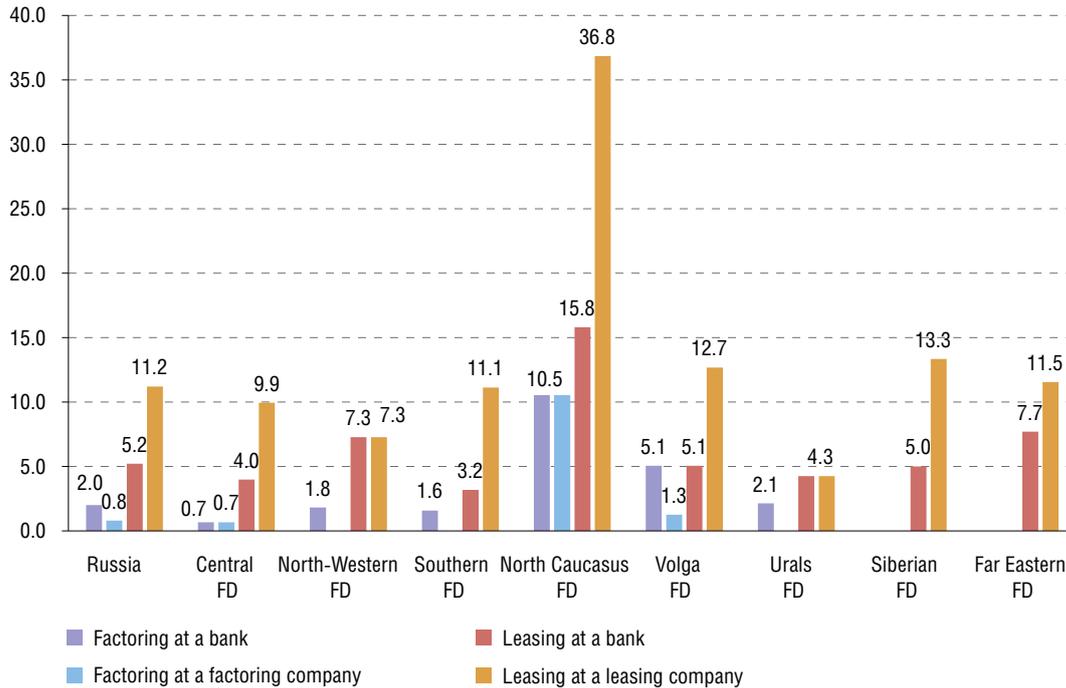
In the reporting period, there was a growth of the share of SMEs using factoring and leasing services. All types of factoring and leasing services were the most actively used by SMEs in the NCFD. Only the SMEs surveyed in the CFD (0.7%), the NCFD (10.5%), and the VFD (1.3%) used factoring services of factoring companies. The SMEs surveyed in the SibFD and the FEFD did not use factoring services

at all. Besides the NCFD, bank leasing services are also popular in the FEFD (7.7%) and the NWFD (7.3%).

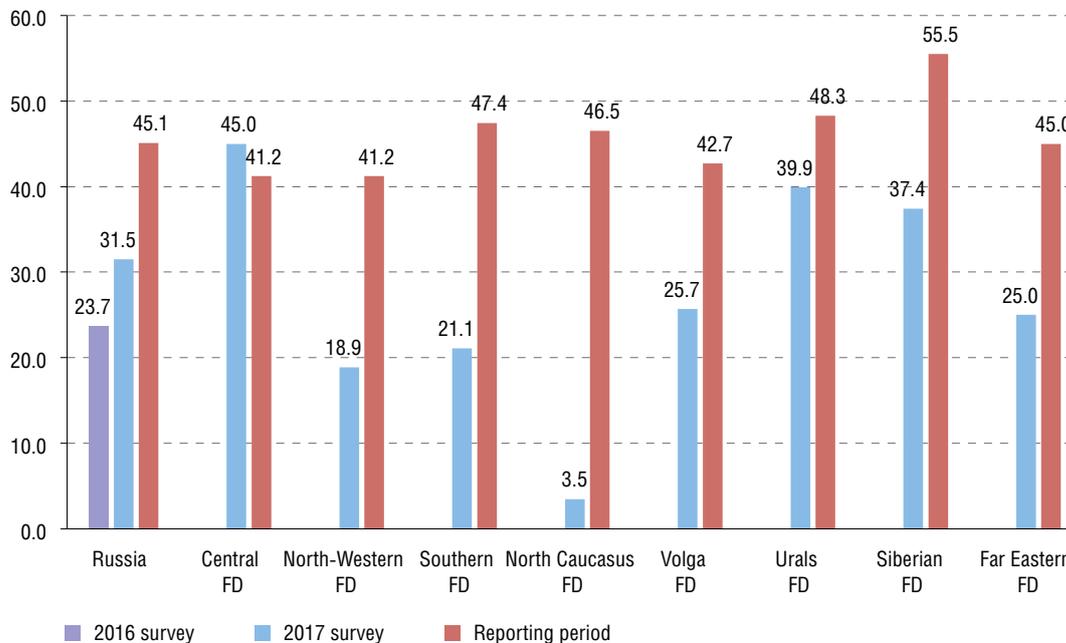
## 2.7. Use of Payment Services by Individuals

In 2017, the amount of payments for goods (works, services) made within Russia with the use of payment (debit and credit) cards issued by Russian CIs increased by 31.1%. Moreover, during the reporting period, the number of payment cards issued by Russian CIs, with the use of which, transactions were carried out in Q4 2017, increased by 13.3% (by 7.4% in 2016). A significant achievement of 2017 was the fact that in the specified period cashless transactions carried out within Russia with the use of payment cards issued by Russian CIs exceeded cash withdrawal transactions with the use of these cards for the first time.

The percentage of adult population using remote access to bank accounts to transfer funds (Internet

**Chart 36. Share of SMEs that used leasing and factoring services in the reporting period, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

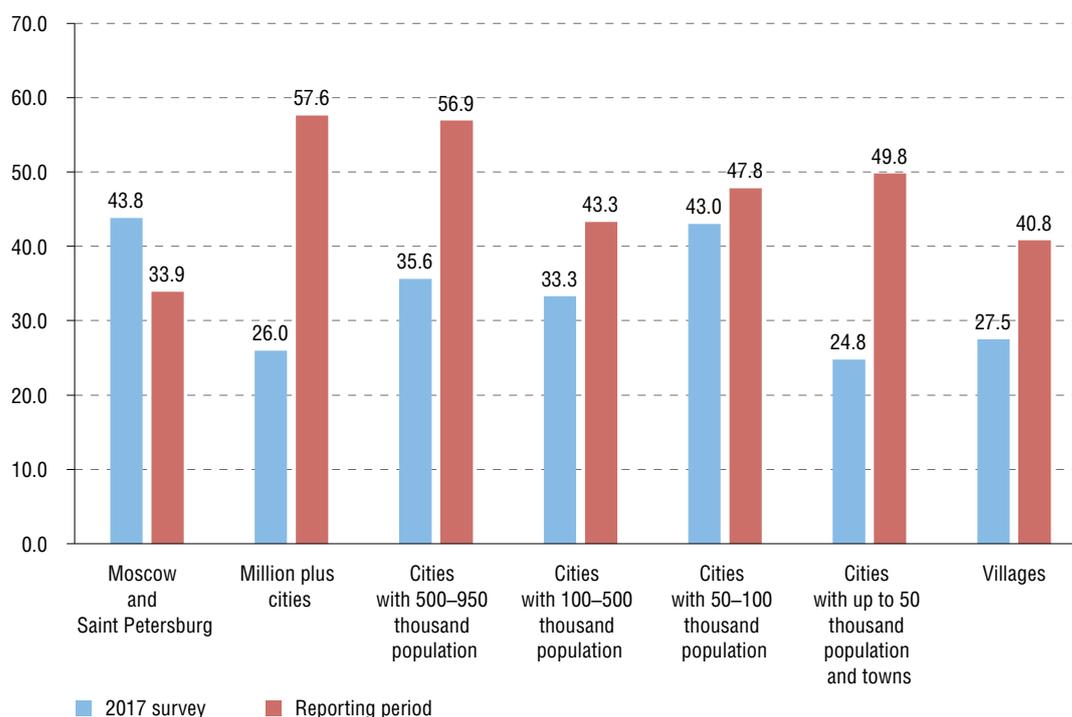
**Chart 37. Share of adult population using remote access to bank accounts to transfer funds (Internet and/or mobile banking) in the reporting period, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

and/or mobile banking) continued to increase. In the reporting period, the indicator increased from 31.5% to 45.1%. Only in one federal district a decrease in

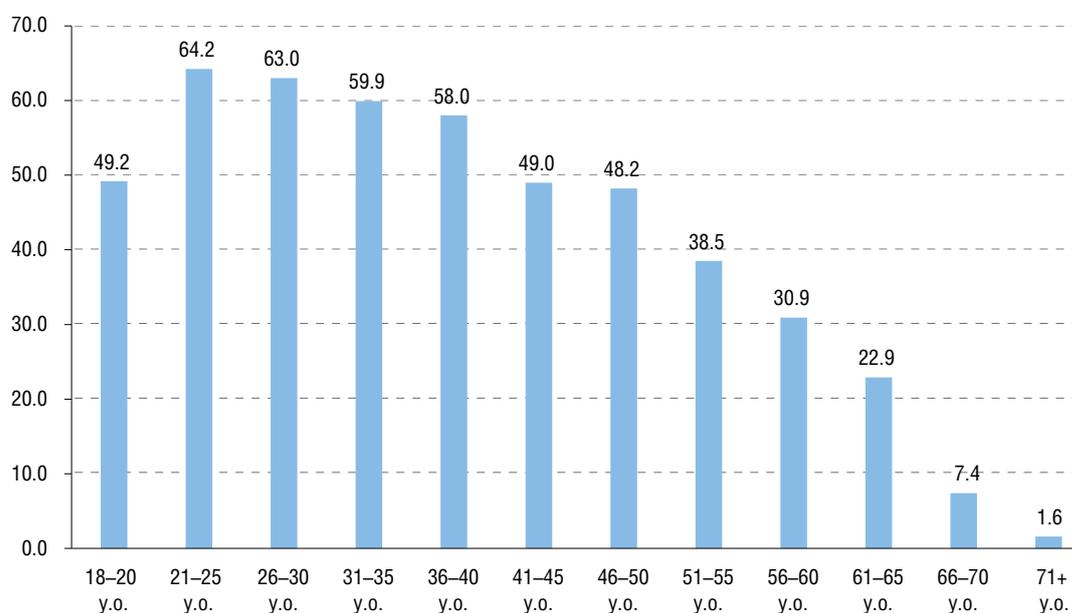
the use of remote access to bank accounts to transfer funds decreased (in the CFD, by 3.8 pp). The most active users of remote access to bank accounts are

**Chart 38. Share of adult population using remote access to bank accounts to transfer funds in the reporting period, broken down by type of settlement (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 39. Share of adult population using remote access to bank accounts to transfer funds (Internet and/or mobile banking) in the reporting period, broken down by age groups (%)**



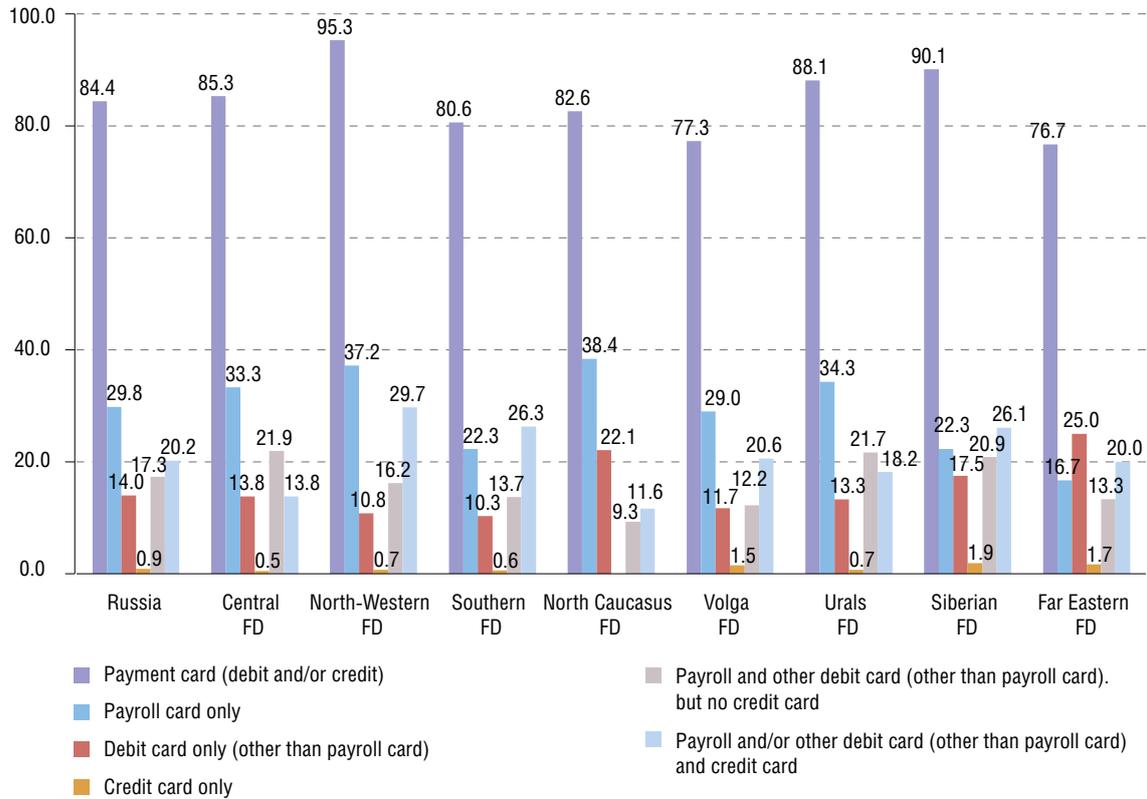
Source: Survey by order of the Bank of Russia.

residents of the SibFD (55.5%), and the least active, residents of the CFD (41.2%).

In the reporting period, remote access to bank accounts was used the most frequently by residents of

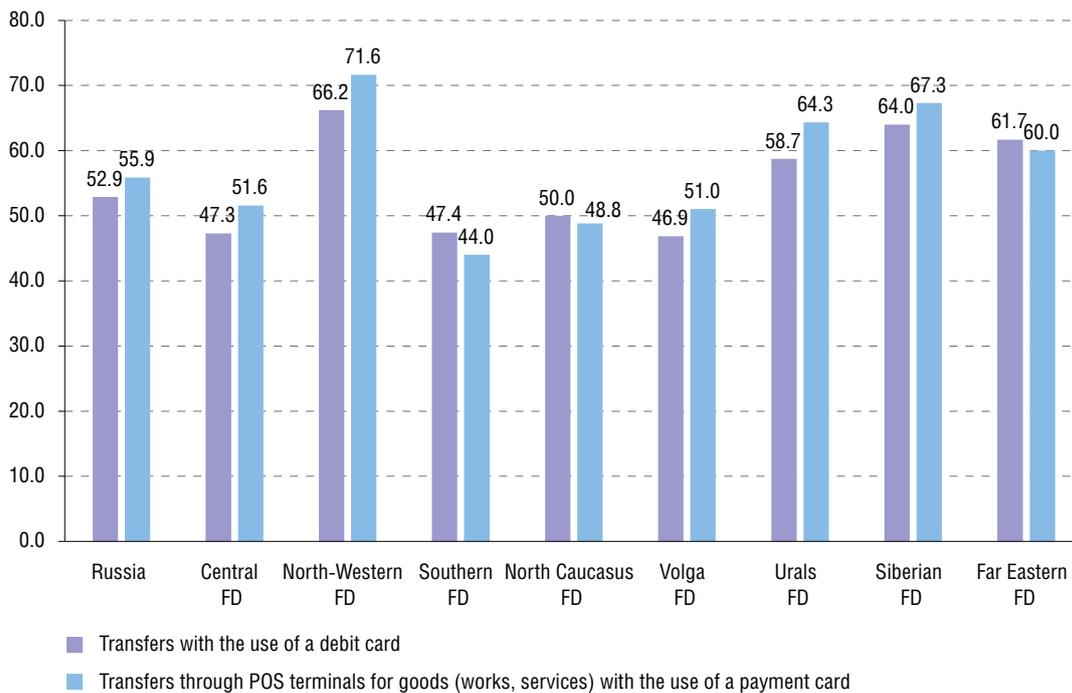
million plus cities (57.6% of this population group) and cities with a population of 500,000 to 950,000 (56.9%). Compared to the 2017 survey data, in million plus cities and in cities with up to 50 thousand population

**Chart 40. Share of adult population holding various types of payment cards (debit and/or credit), broken down by federal districts (%)**



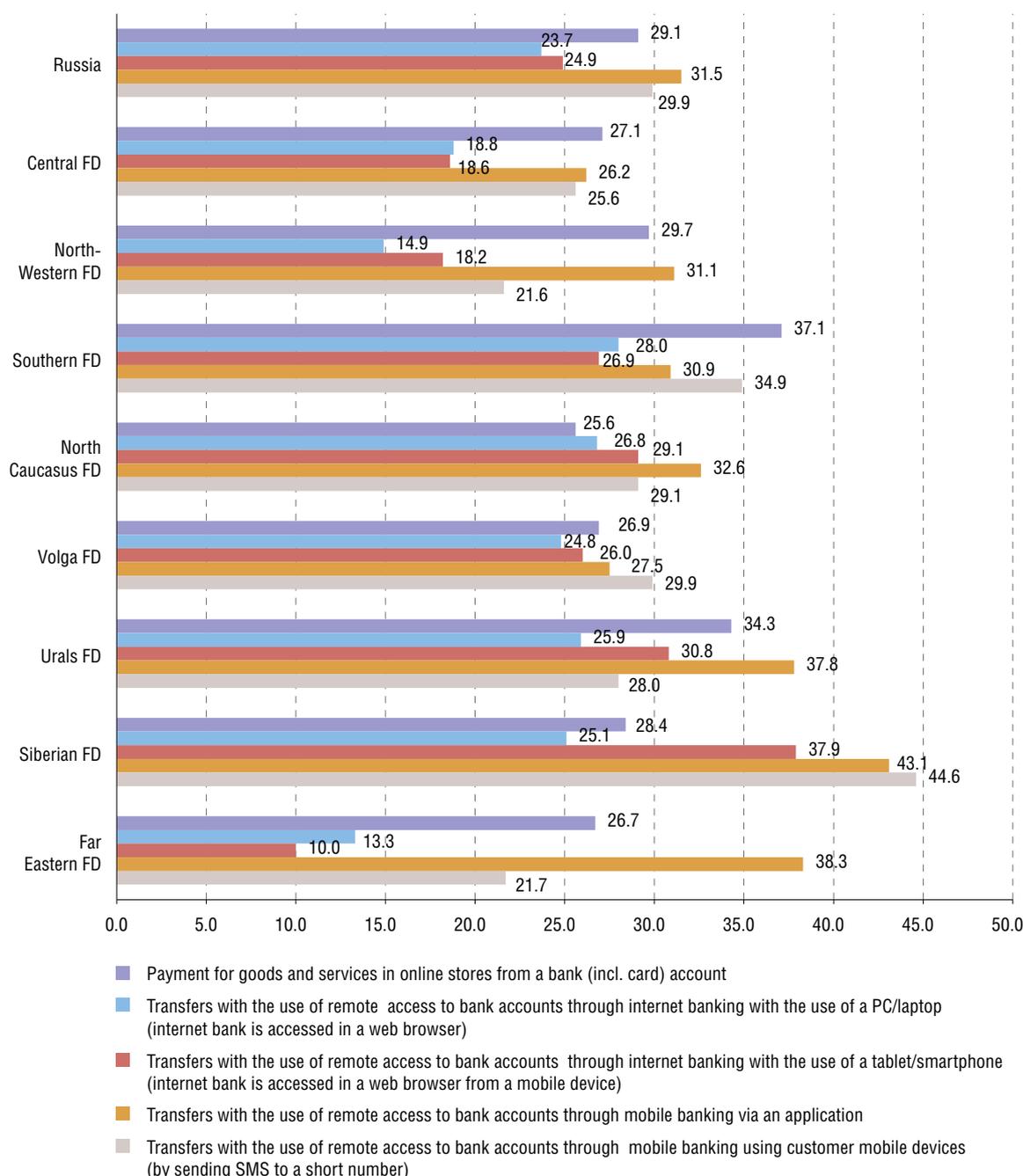
Source: Survey ordered by the Bank of Russia.

**Chart 41. Share of adult population that used various payment services in the reporting period (payment services using a payment card), broken down by federal districts (%)**



Source: Survey by order of the Bank of Russia.

**Chart 42. Share of adult population that used various payment services in the reporting period (remote access channels to a bank account, including a card account), broken down by federal districts (%)**



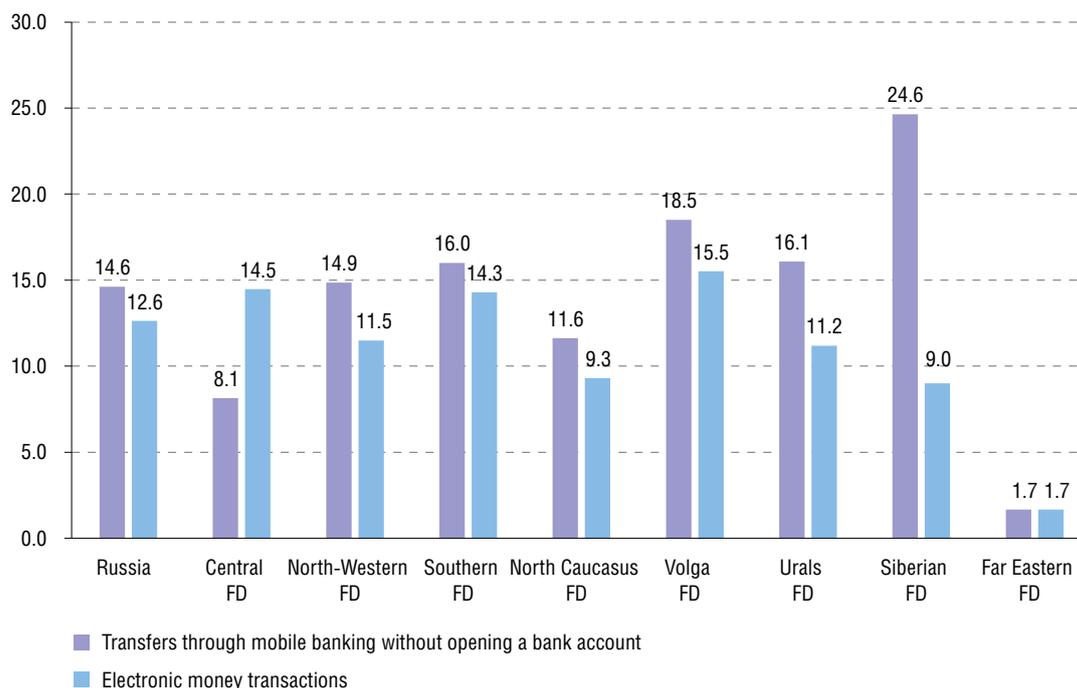
Source: Survey ordered by the Bank of Russia.

and towns there was a significant increase (more than twofold) in the percentage of adults using remote access to bank accounts (by 31.6 pp and 25 pp, respectively). The least active users of remote access to bank accounts in the reporting period were residents of Moscow and Saint Petersburg.

People aged 21–30 (63.6% of this population category) were the most active users of remote access to bank accounts to transfer funds. The percentage of adult

population using remote access to transfer funds decreases as age increases. However, the percentage of adult population using remote access to bank accounts increased in comparison with the 2017 survey data in all age groups, except people aged 66–70 and over 71 (an insignificant decrease within the limits of sampling error, by 0.5 pp and 0.6 pp, respectively). It should be noted that in the age group of 61–65 years there was a significant increase of this indicator (by 15.1 pp).

**Chart 43. Share of adult population that used remote access channels to financial services without using a bank account, including a card account, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

In the reporting period, the percentage of adults holding a payment card (debit and/or credit) increased by 4.9 pp. The percentage of adults having only a payroll card<sup>2</sup> showed an insignificant increase (by 1.6 pp). The percentage of adult population holding only a debit card other than a payroll card decreased by 5.7 pp. The percentage of adults holding only a credit card showed an insignificant decrease (by 0.7 pp). The percentage of adults holding a payroll card and another debit card but no credit card increased by 8.2 pp. The highest percentage of adults holding a payment card (debit and/or credit) is in the NWFD (95.3%).

In the reporting period, the percentage of adults making transfers using a debit card increased. The leading federal district by this indicator (66.2%) is the NWFD. The highest percentage of adults making transfers through POS terminals for goods (works, services) with the use of a payment card (71.6%) is also in the NWFD. In the reporting period, the lowest percentage of adults making transfers using a debit card was among respondents in the VFD (46.9%), the CFD (47.3%), and the SFD (47.4%). Besides, res-

idents of the SFD made transfers through POS terminals using a payment card in the reporting period the least actively (44%).

In the reporting period, in all federal districts there was an increase in the percentage of adult population using remote access channels to a bank account, including a card account. In comparison with the 2017 survey results, there was a significant increase in the usage of all types of the above-mentioned services in the SFD and the NCFD. It should be noted that the percentage of adults who made transfers with the use of remote access to bank accounts through mobile banking via an application is quite high in all federal districts.

In the reporting period there was an increase in the share of adults using remote access channels to financial services without using a bank account, including a card account. For example, the percentage of adults making transfers through mobile banking without opening a bank account increased from 5.7% to 14.6%, and the percentage of adults conducting electronic money operations increased from 9.7%

<sup>1</sup> As the term 'electronic wallet' is not defined in the Russian legislation, the wording 'conducting electronic money operations' is used instead of 'transfers via an electronic wallet' (WebMoney, Yandex.Money, QIWI wallet, etc.).

<sup>2</sup> Payroll card is a bank card for payment of salary and other monetary accruals (bonuses, business travel expenses, financial aid, etc.) to an employee by an organisation that has entered into a payroll card program agreement with a bank.

to 12.6%. Making transfers through mobile banking without opening a bank account is the most popular among residents of the SibFD (24.6%), and conducting operations with electronic funds, in the CFD (14.5%) and the SFD (14.3%).

## 2.8. Use of Payment Services by SMEs

In Russia, the percentage of SMEs using remote access to bank accounts to transfer funds increased by 6 pp in the reporting period. The leading federal districts by this indicator are the CFD (80.8%), the NWFD (81.8%), and the NCFD (89.5%).

Among SMEs, remote access to bank accounts to transfer funds was the most frequently used by micro-enterprises (87.1%) and the least frequently, by IEs (61.8%).

The highest shares of SMEs using Internet banking through a PC/laptop (80.9%) and a mobile device (44.7%) are in the UFD. SMEs that used mobile bank-

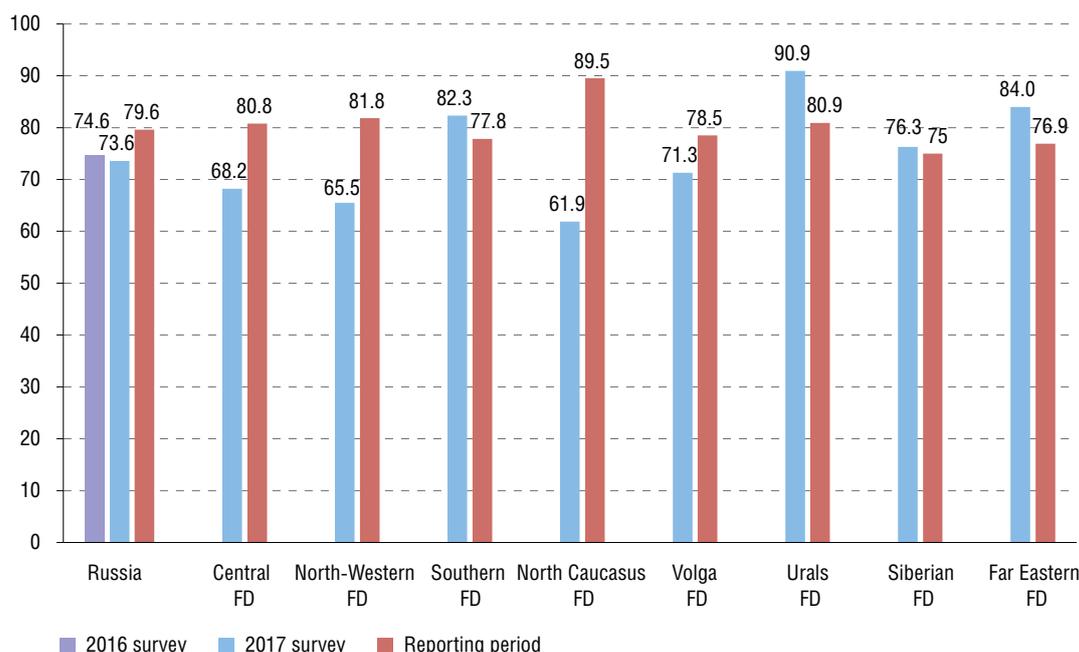
ing via an application (42.1%) and SMS commands (36.8%) the most actively are located in the NCFD. The least frequent SME users of the above-mentioned channels are located in the NWFD (18.2% and 12.7%, respectively).

Micro-enterprises (84.6%), small enterprises (82.9%), and medium-sized enterprises (84%) used Internet banking through a PC/laptop with roughly equal frequency, while the level of usage of this channel by IEs was significantly lower (51.5%). Mobile banking via an application (32.4%) and Internet banking through a mobile device (37.5%) were the most actively used by individual entrepreneurs and the least actively, by medium-sized enterprises (28% and 30%, respectively).

## 2.9. Use of Insurance Services by Individuals

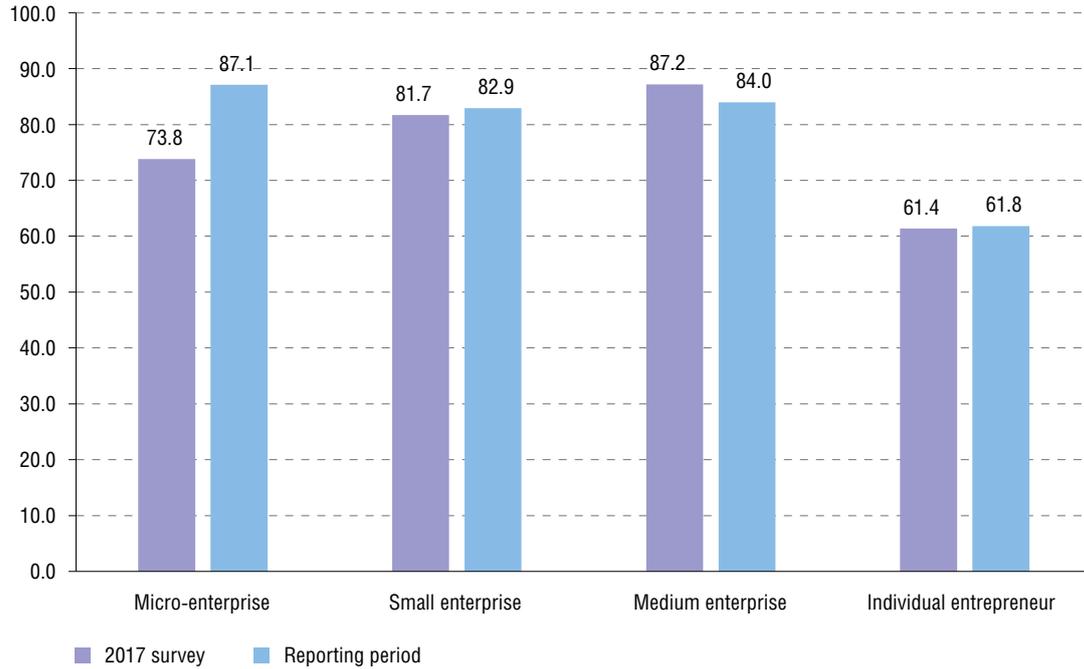
In 2017, the number of active voluntary life insurance contracts increased by 2.5%, and the number

**Chart 44. Share of SMEs that used remote access to bank accounts to transfer funds (Internet and/or mobile banking) in the reporting period, broken down by federal districts (%)**



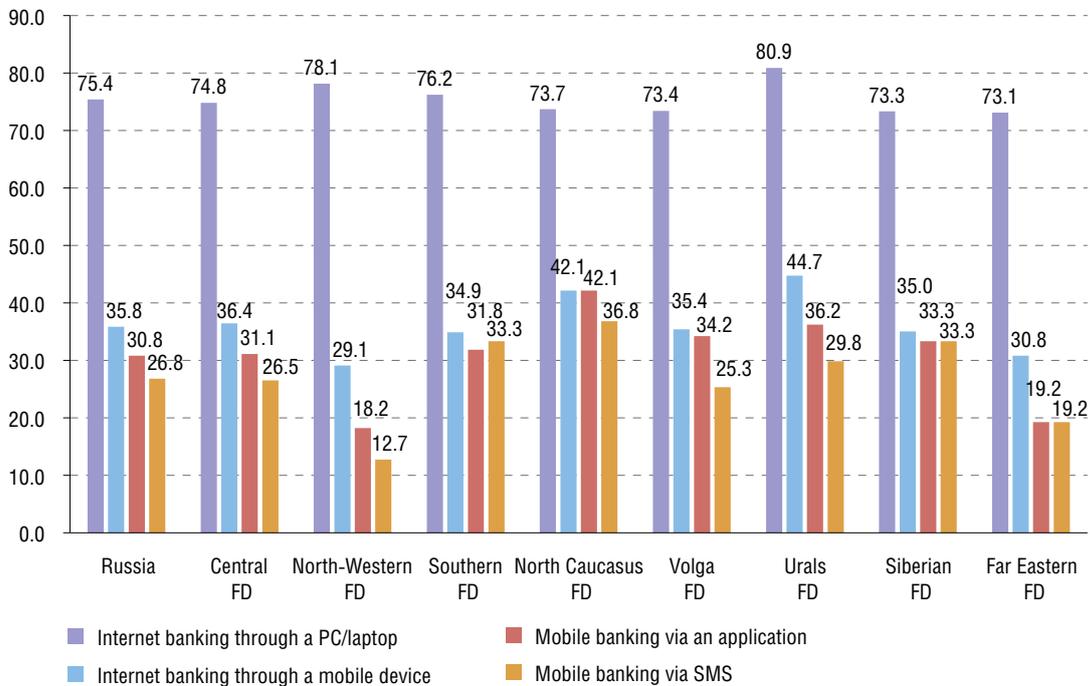
Source: Survey ordered by the Bank of Russia.

**Chart 45. Share of SMEs that used remote access to bank accounts to transfer funds (Internet and/or mobile banking) in the reporting period, broken down by SME types (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 46. Share of SMEs that used various types of remote access to bank accounts to transfer funds in the reporting period, broken down by federal districts (%)**

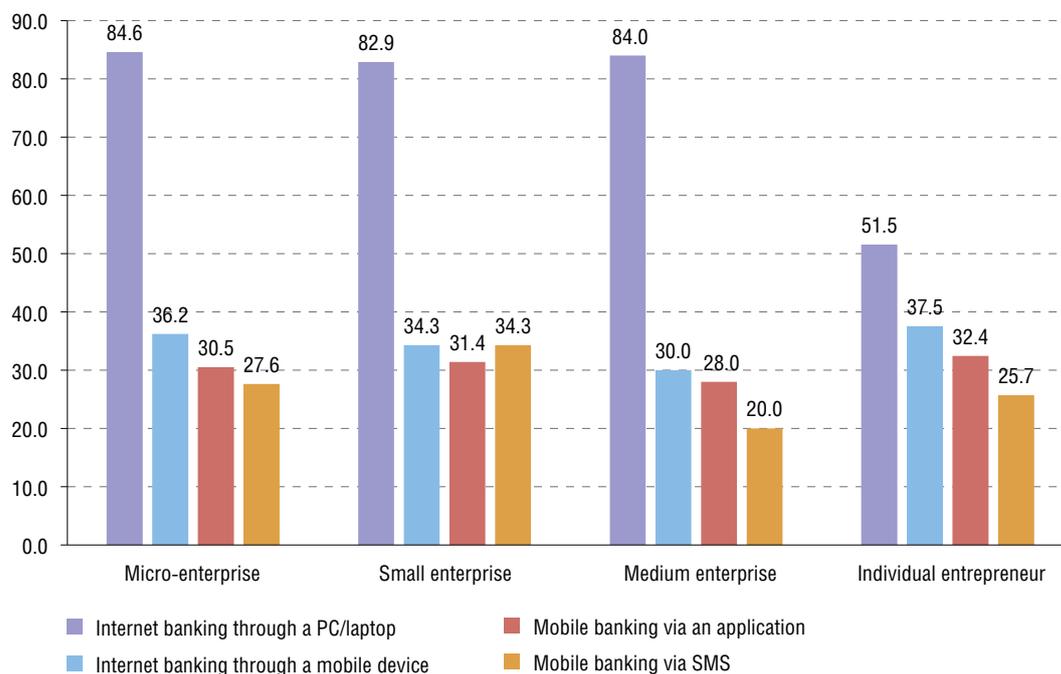


Source: Survey ordered by the Bank of Russia.

of active insurance contracts other than voluntary life insurance (except mandatory medical insurance) increased by 9.7%. In 2017, life insurance reserves sub-

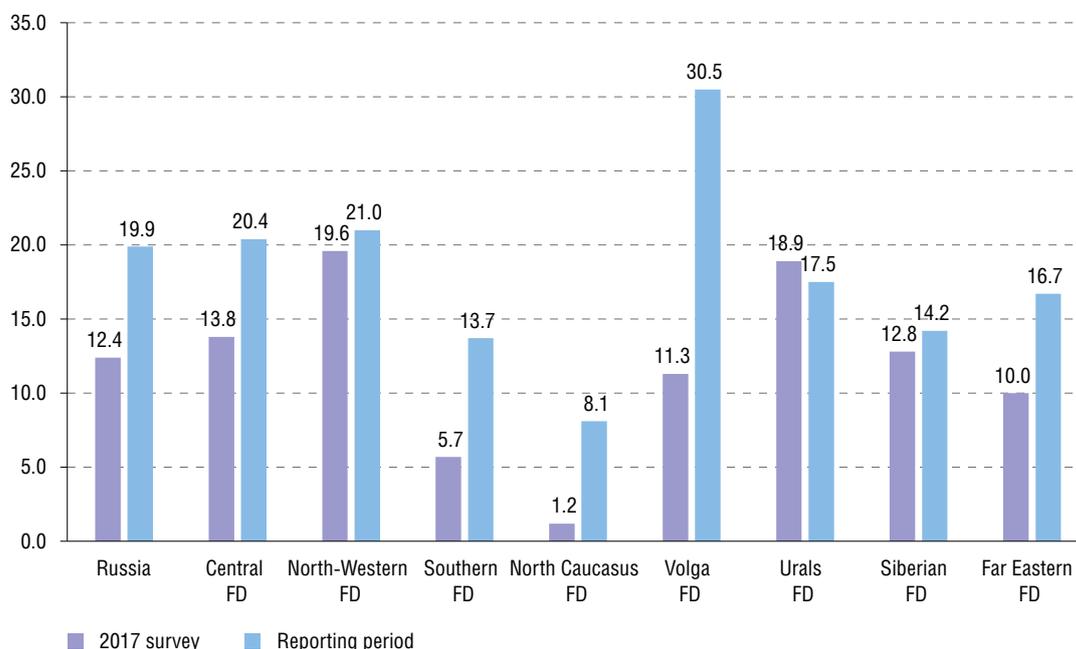
stantially increased (by 65% to ₺584 billion). Insurance reserves other than life insurance reserves increased by 10.3% (to ₺865 billion).

**Chart 47. Share of SMEs that used various types of remote access to bank accounts to transfer funds in the reporting period, broken down by SME type (%)**



Source: Survey ordered by the Bank of Russia.

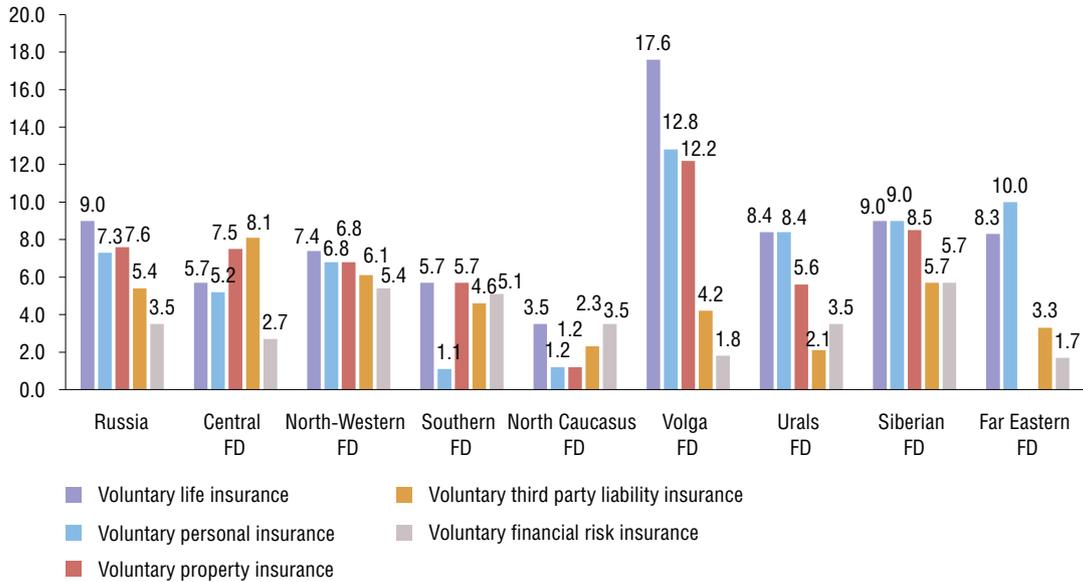
**Chart 48. Share of adult population that used voluntary insurance in the reporting period, broken down by federal districts (%)**



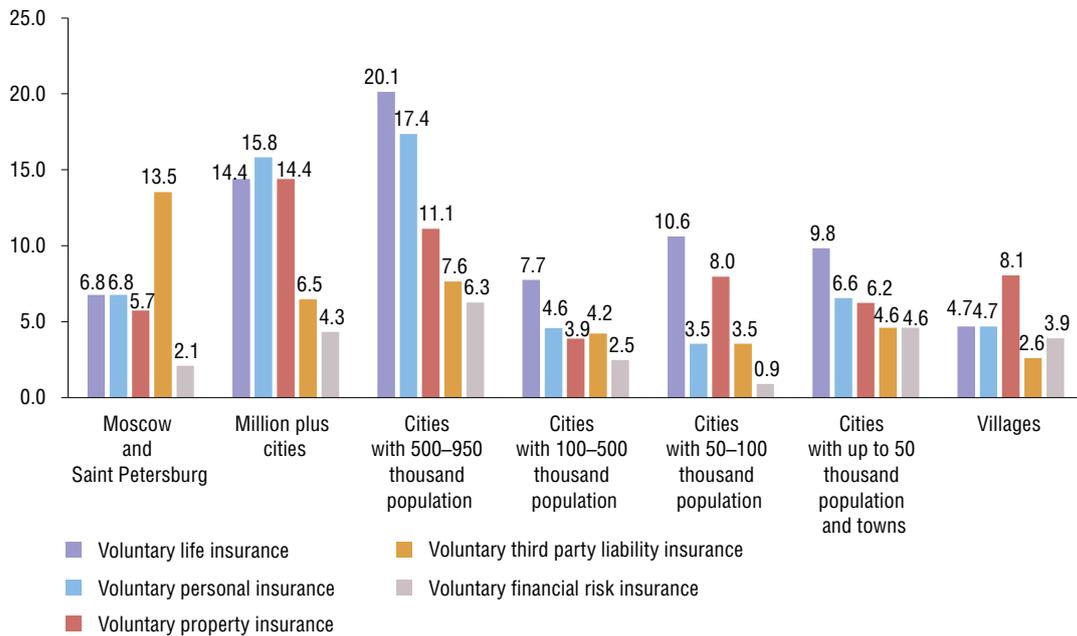
Source: Survey ordered of the Bank of Russia.

Compared to the 2017 survey data, the percentage of adults using voluntary insurance increased significantly during the reporting period, both on average in Russia (from 12.4% to 19.9%) and in each feder-

al district. The highest share of adults using voluntary insurance was in the VFD (30.5%), and the lowest, in the NCFD (8.1%).

**Chart 49. Share of adult population that used various voluntary insurance services<sup>1</sup> in the reporting period, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Chart 50. Share of adult population that used various voluntary insurance services in the reporting period, broken down by type of settlement (%)**

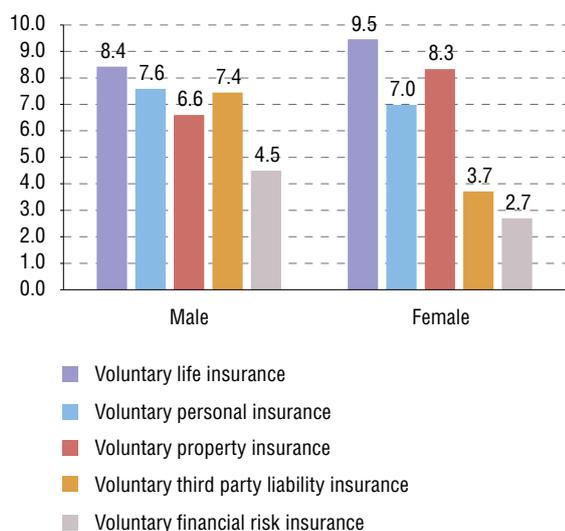
Source: Survey ordered by the Bank of Russia.

<sup>1</sup> Hereinafter,

**Voluntary life insurance:** 1) insurance with benefits paid upon death or reaching a certain age or the occurrence of another event; 2) insurance with periodic insurance payments (rents, annuities) and/or participation of a policyholder in the investment income of an insurer; 3) pension insurance.

**Voluntary personal insurance** (other than life insurance): 1) accident and illness insurance; 2) health insurance.

**Chart 51. Share of adult population that used various voluntary insurance services in the reporting period, broken down by gender (%)**

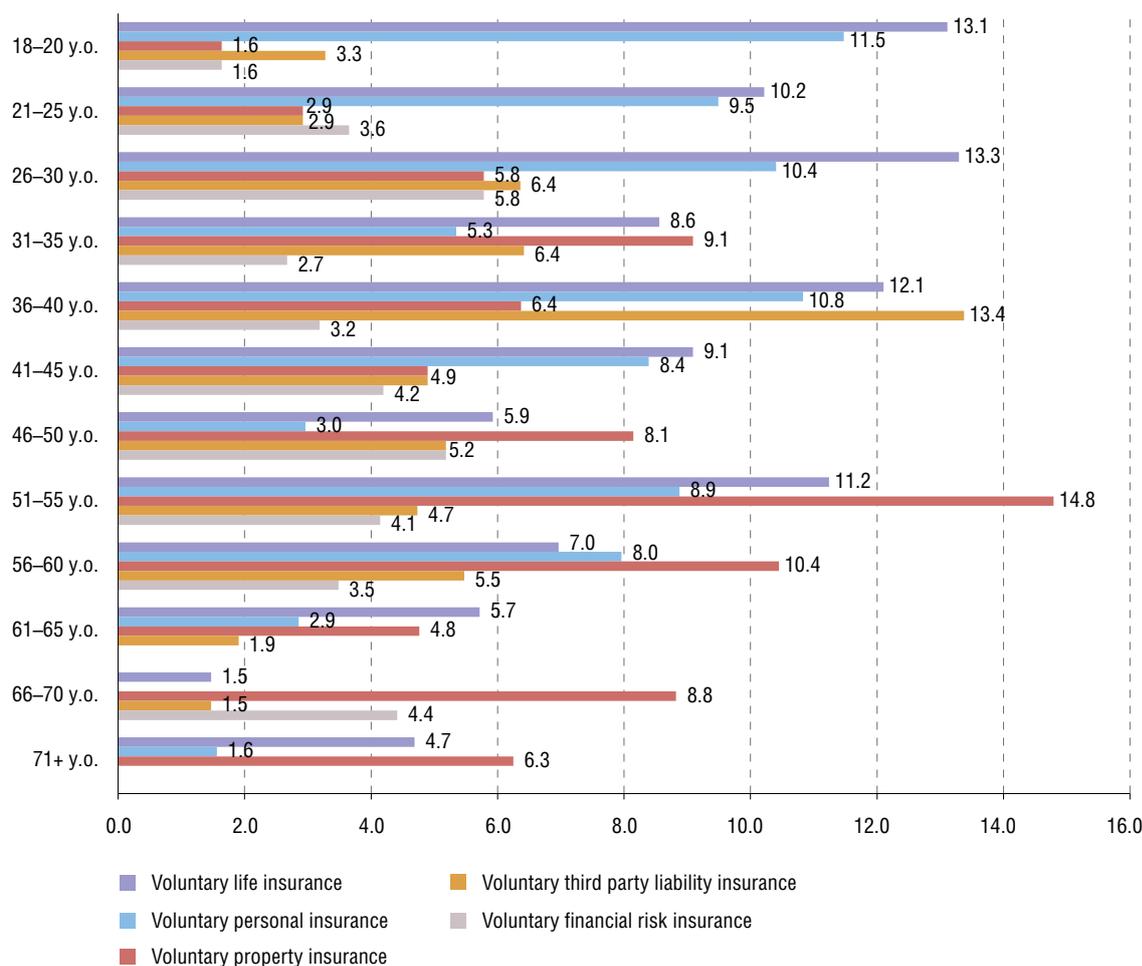


Source: Survey ordered by the Bank of Russia.

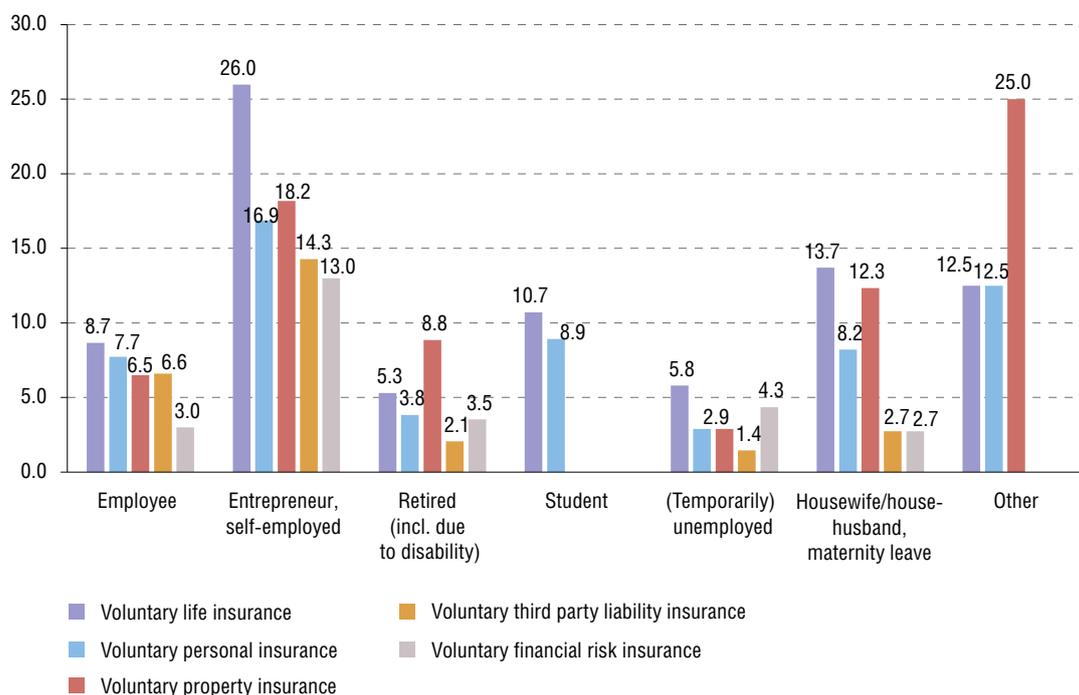
In the reporting period, all types of voluntary insurance became more popular. The percentage of adults using voluntary life insurance increased by 4.5 pp; voluntary personal insurance, by 2.4 pp; voluntary property insurance, by 2.5 pp; voluntary third party liability insurance, by 3 pp; and voluntary financial risk insurance, by 0.8 pp (change within the limits of sampling error).

In the FEFD, surveyed adults did not use voluntary property insurance at all. All types of voluntary insurance services, except financial risk insurance, were used the most actively in the VFD, and voluntary financial risk insurance was used the most frequently in the SibFD. The lowest percentage of adults using voluntary life insurance was in the NCFD (3.5%). The lowest indicators of voluntary personal insurance use were in the SFD and NCFD (1.1% and 1.2%, respectively) (excluding the FEFD, where surveyed adults did not use voluntary property insurance at all). Voluntary third party liability insurance is used least of

**Chart 52. Share of adult population that used various voluntary insurance services in the reporting period, broken down by age (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 53. Share of adult population that used various voluntary insurance services in the reporting period, broken down by type of employment (%)**

Source: Survey ordered by the Bank of Russia.

all by residents of the NCFD and the UFD (2.3% and 2.1%, respectively), and financial risk insurance was used the least by residents of the VFD and the FEFD (1.8 pp and 1.7 pp, respectively).

In the reporting period, voluntary life insurance (20.1%) and voluntary personal insurance (17.4%) were the most frequently used by adult residents of cities with 500-950 thousand population, and voluntary property insurance (14.4%), by residents of million plus cities. In the reporting period, the highest share of adults using voluntary third party liability insurance was in Moscow and Saint Petersburg (13.5%). The level of voluntary insurance usage was significantly lower in smaller settlements than in large ones.

Overall, the percentage of men using all types of voluntary insurance services increased significantly in comparison with the 2017 survey data. Among women, the percentage of those using voluntary financial risk insurance decreased, while other indicators in this group increased.

Voluntary insurance was used the most frequently by population aged 26–30 and 36–40 and the least, by those aged 61 and older and 18–25. People aged 61–65 and those aged 71 and older did not use voluntary financial risk insurance at all, and the age group of 66–70 did not use voluntary personal insurance. Among

**Table 5. Share of adult population that used voluntary insurance in the reporting period, broken down by groups formed depending on the financial situation of a respondent (%)**

	Reporting Period
We hardly have enough money for food	16.7
We have enough money for food, but can hardly buy clothes	12.6
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	14.8
We do not have to borrow to buy household appliances, but we cannot afford a car	27.1
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	28.4
We do not have any financial difficulties. We can afford a flat or a country house	50

Source: Survey ordered by the Bank of Russia.

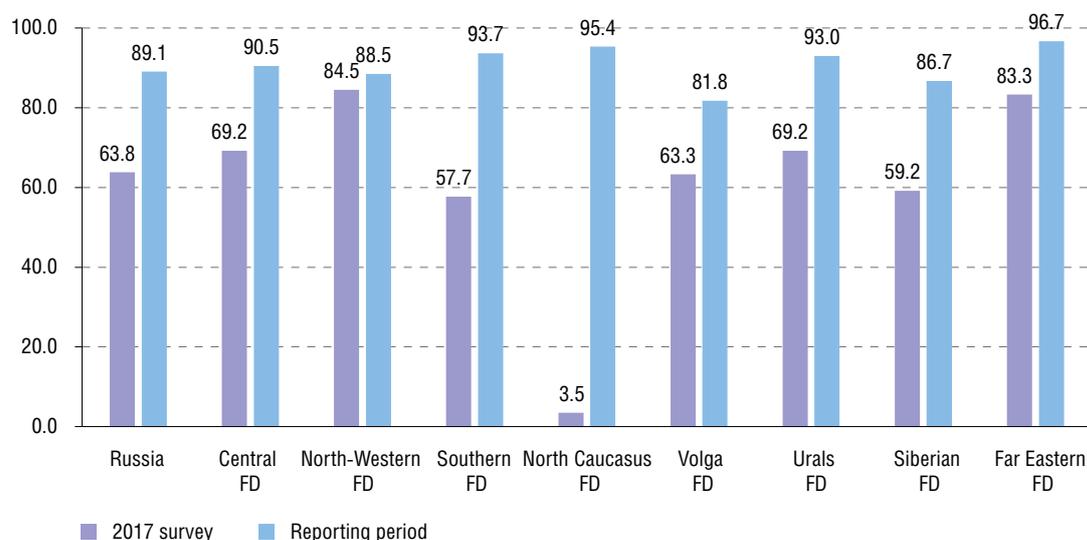
all age categories, voluntary third party liability insurance was not used only by those aged 71 and older.

In the reporting period, various voluntary insurance services were the most frequently used by entrepreneurs/self-employed. This population group was the most active users of voluntary life insurance, voluntary personal insurance, voluntary third party liability insurance, and voluntary financial risk insurance.

**Table 6. Share of adult population that used various voluntary insurance services, broken down by groups formed depending on the financial situation of a respondent (%)**

	Voluntary Life Insurance	Voluntary Personal Insurance	Voluntary Property Insurance	Voluntary Civil Liability Insurance	Voluntary Financial Risk Insurance
We hardly have enough money for food	11.1	2.8	2.8	0.0	0.0
We have enough money for food, but can hardly buy clothes	3.7	3.7	6.3	1.6	2.1
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	6.9	5.6	4.6	4.1	3.0
We do not have to borrow to buy household appliances, but we cannot afford a car	11.8	10.2	10	8.6	4.3
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	13.7	10.8	10.8	8.8	5.9
We do not have any financial difficulties. We can afford a flat or a country house	37.5	25	33.3	12.5	16.7

Source: Survey ordered by the Bank of Russia.

**Chart 54. Share of adult population who used mandatory insurance in the reporting period, broken down by federal districts (%)**

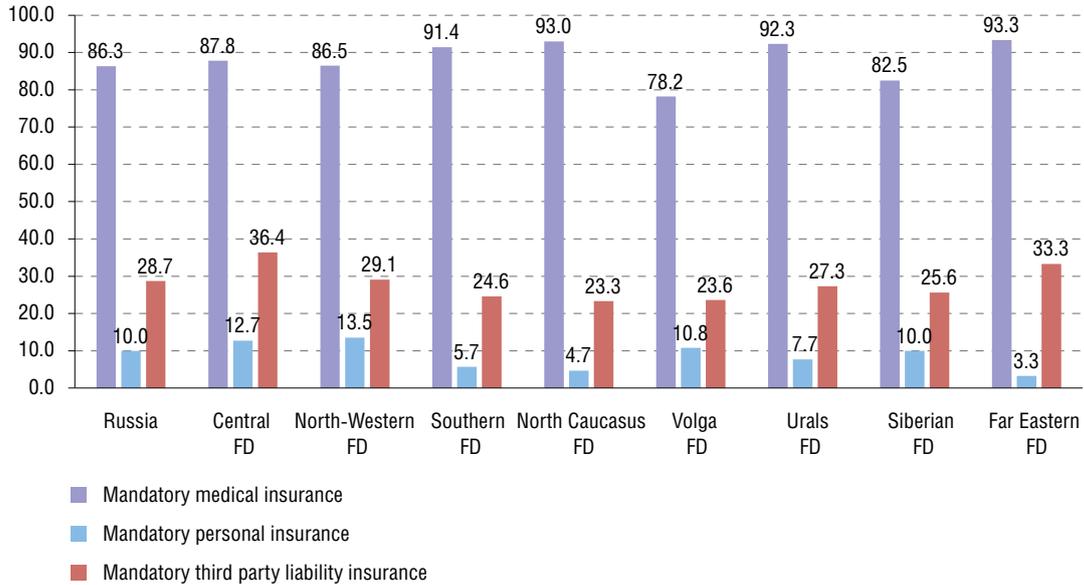
Source: Survey ordered by the Bank of Russia.

Surveyed students did not use voluntary property insurance, third party liability insurance, and financial risk insurance at all. The population group whose type of employment falls into the category 'Other' was the most active users of voluntary property insurance (25%).

In the reporting period, as well as according to the 2017 survey data, as financial situation improved, the usage level of voluntary insurance services increased.

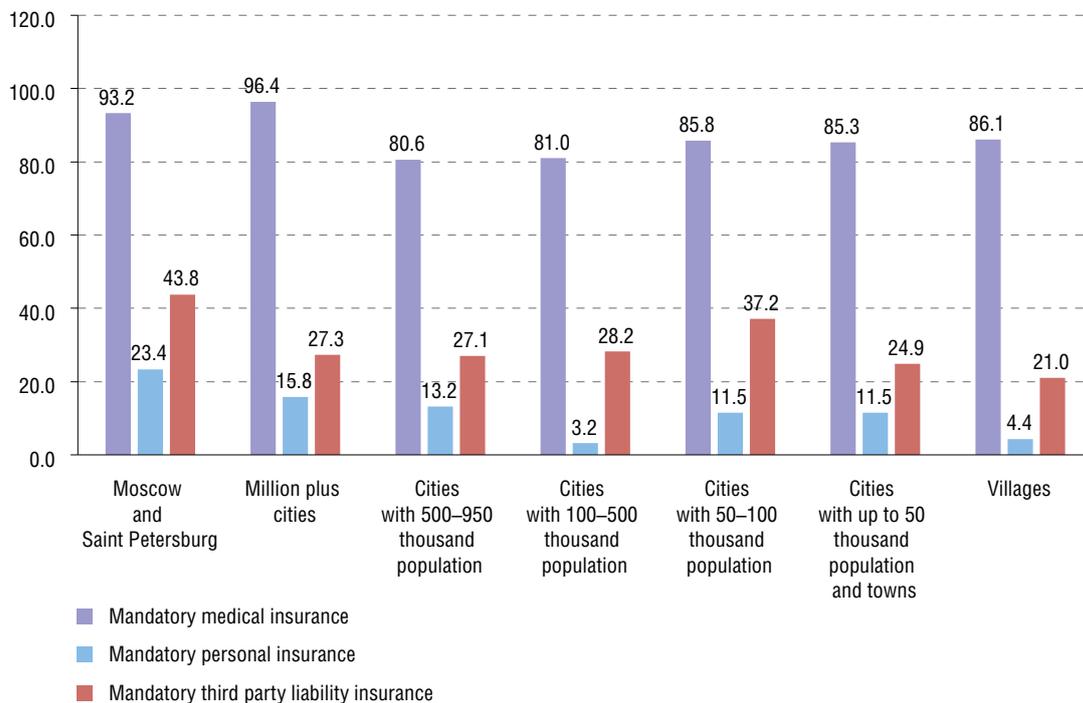
The population group whose financial situation can be described as 'We can afford quite a lot, but we could hardly save for a one-room flat in the near future' showed a slight reduction in the usage level of voluntary life insurance (by 1.9 pp), voluntary personal insurance (by 3.3 pp), and voluntary property insurance (by 3.3 pp). The usage level of voluntary personal insurance also decreased among high-income people ('We do not have any financial difficulties. We can afford a flat or a country house'). Furthermore, the us-

**Chart 55. Share of adult population that used various mandatory insurance services<sup>1</sup> in the reporting period, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 56. Share of adult population that used various mandatory insurance services in the reporting period, broken down by type of settlement (%)**

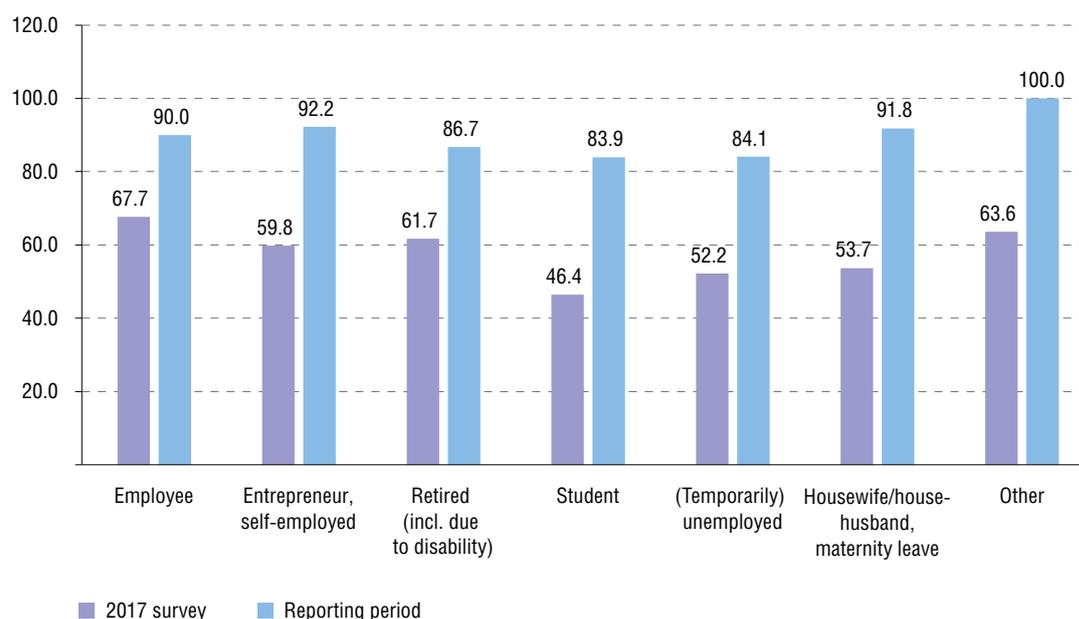


Source: Survey ordered by the Bank of Russia.

<sup>1</sup> Hereinafter,

**Mandatory personal insurance:** 1) insurance of passengers (tourists); 2) life and health insurance of a person participating in a clinical trial of a medicine 3) state personal insurance of tax authority officials; 4) state life and health insurance of military servicemen and persons equivalent to them for the purpose of mandatory state insurance.

**Mandatory third party liability insurance:** insurance for individuals owning vehicles (OSAGO and other insurance types).

**Chart 57. Share of adult population that used various mandatory insurance services in the reporting period, broken down by type of employment (%)**

Source: Survey ordered by the Bank of Russia.

age level of voluntary insurance services increased significantly (on average, by more than 4.4 pp for each type) in the middle-income population group ('We do not have to borrow to buy household appliances, but we cannot afford a car').

The percentage of adults using mandatory insurance services significantly increased in the reporting period (to 89.1%). Mandatory insurance was used the most by residents of the FEFD (96.7%), and the least, by the population of the VFD (81.8%).

In the reporting period, there was a significant increase in the percentage of adults using mandatory medical insurance. The percentages of adults using mandatory personal insurance and mandatory third party liability insurance (by 9.9 pp) also substantially increased (by 29.1 pp and 9 pp, respectively). The highest share of adults using mandatory third party liability insurance was among residents of the CFD (36.4%).

In the reporting period, mandatory insurance was the most frequently used by residents of million plus cities (97.8% for all mandatory insurance services). The highest share of adults using mandatory medical insurance was among residents of million plus cities (96.4%). Mandatory personal insurance (23.4%) and mandatory third party liability insurance (43.8%) were the most actively used by adult residents of Moscow and Saint Petersburg.

**Table 7. Share of adult population that used mandatory insurance in the reporting period, broken down by groups formed depending on the financial situation of a respondent (%)**

	Reporting Period (%)
We hardly have enough money for food	80.6
We have enough money for food, but can hardly buy clothes	85.3
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	88.9
We do not have to borrow to buy household appliances, but we cannot afford a car	91.0
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	94.1
We do not have any financial difficulties. We can afford a flat or a country house	95.8

Source: Survey ordered by the Bank of Russia.

In the reporting period, mandatory medical insurance (78.6%) and mandatory third party liability insurance (8.9%) were used the least by students. The highest shares of adults using mandatory personal insurance (20.8%) and mandatory third party liability insurance (58.4%) were among entrepreneurs/self-employed.

In the reporting period, as financial situation improved, the share of adults using mandatory insurance services increased.

**Table 8. Share of adult population that used various mandatory insurance services in the reporting period, broken down by groups formed depending on the financial situation of a respondent (%)**

	Mandatory Medical Insurance	Mandatory Personal Insurance	Mandatory Third Party Liability Insurance
We hardly have enough money for food	75.0	0.0	13.9
We have enough money for food, but can hardly buy clothes	81.2	2.6	15.2
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	86.3	6.4	26.4
We do not have to borrow to buy household appliances, but we cannot afford a car	88.7	16.7	49.0
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	90.2	20.6	54.2
We do not have any financial difficulties. We can afford a flat or a country house	95.8	29.2	15.9

Source: Survey ordered by the Bank of Russia.

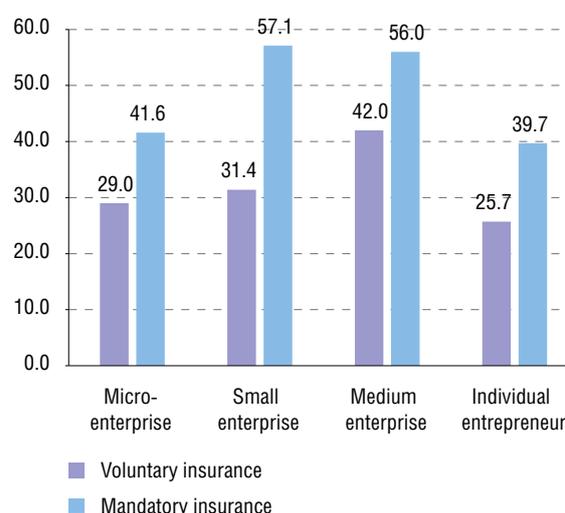
In the reporting period, mandatory medical insurance (95.8%) and mandatory personal insurance (29.2%) were used the most by high-income people ('We do not have any financial difficulties. We can afford a flat or a country house'). Mandatory third party liability insurance was used the most by the population group whose financial situation can be described as 'We can afford quite a lot, but we could hardly save for a one-room flat in the near future' (54.2%). In the reporting period, all mandatory insurance services were used the least by low-income people ('We hardly have enough money for food').

## 2.10. Use of Insurance Services by SMEs

In the reporting period, IEs used voluntary and mandatory insurance services the least of all SME types.

In the reporting period, mandatory insurance services were the most popular among SMEs with an annual turnover of ₺120 to ₺400 million inclusive (50%) and of ₺800 million to ₺1 billion inclusive (50%). Voluntary (26.9%) and mandatory (37.4%) insurance services were the least popular among SMEs with an annual turnover of up to ₺12 million inclusive.

In the reporting period, the usage level of voluntary insurance services by SMEs decreased by 8.4 pp. The lowest percentage of SMEs that used voluntary

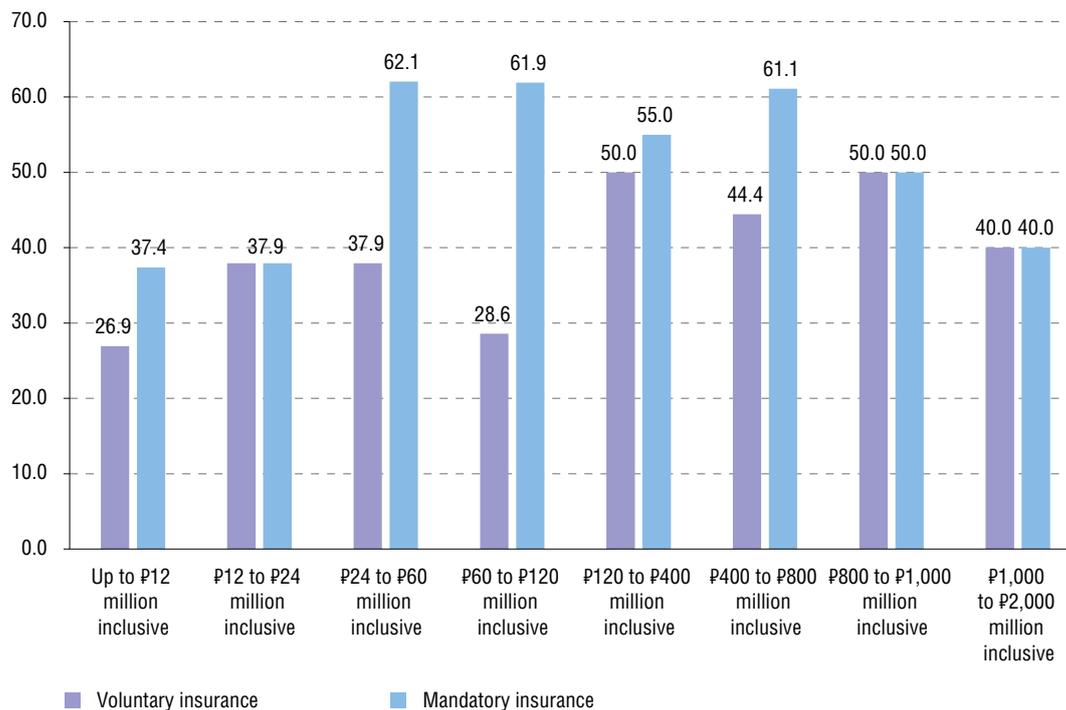
**Chart 58. Share of SMEs that used voluntary and mandatory insurance in the reporting period, broken down by SME type (%)**

Source: Survey ordered by the Bank of Russia.

insurance in the reporting period was in the NCFD (21.1%).

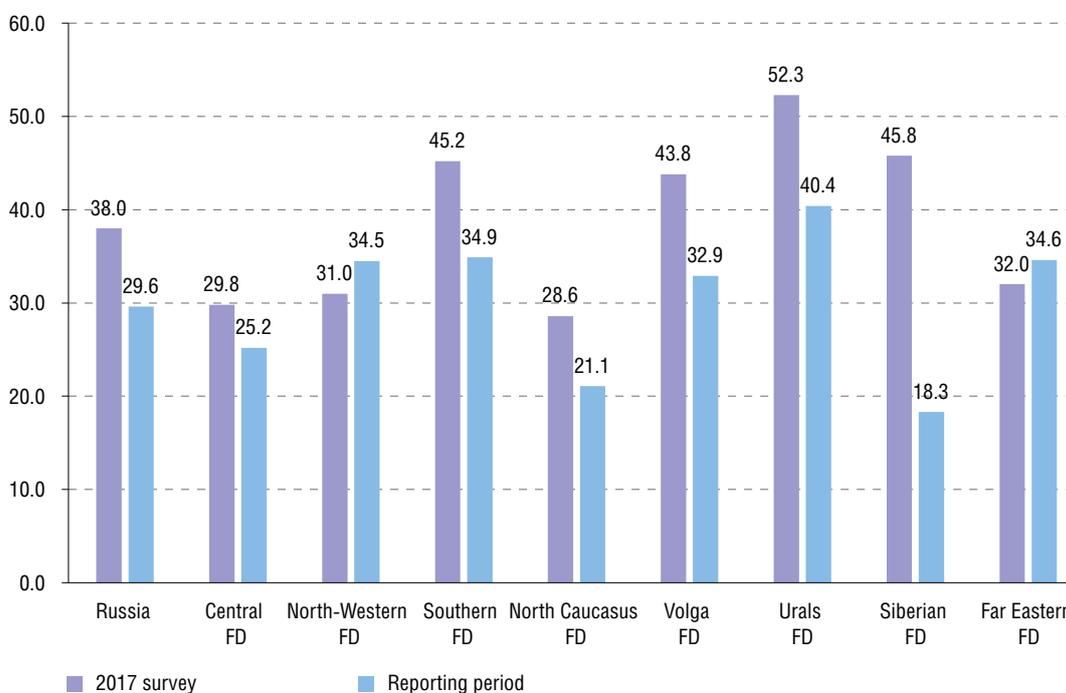
In the reporting period, the percentage of SMEs that used mandatory services increased insignificantly (within the limits of sampling error), by 3.4 pp. There was an increase in all federal districts, except the NWFD and the UFD. The most notable surge was in the NCFD (by 34.6 pp).

**Chart 59. Share of SMEs that used voluntary and mandatory insurance in the reporting period, broken down by annual turnover (%)**

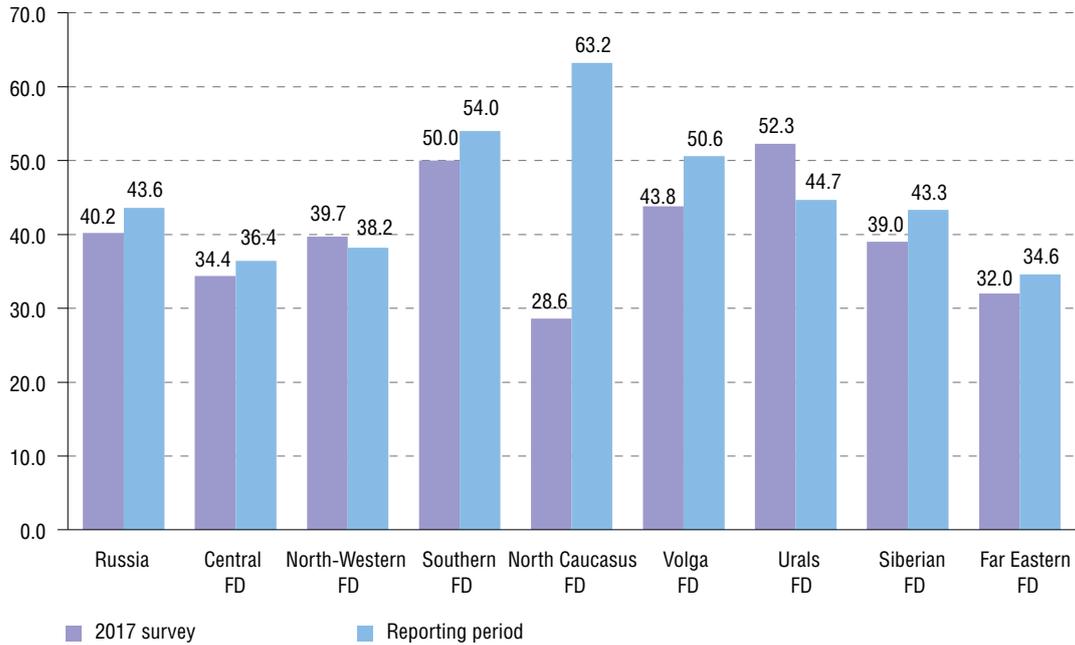


Source: Survey ordered by the Bank of Russia.

**Chart 60. Share of SMEs that used voluntary insurance in the reporting period, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 61. Share of SMEs that used mandatory insurance in the reporting period, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

## 2.11. Use of Financial Services by Underserved Population Groups

After the analysis of available data, underserved population segments were identified. These include residents of rural areas; low-income people (their financial situation can be described either as 'We hardly have enough money for food' or 'We have enough money for food, but can hardly buy clothes'); and the retired (including due to disability). The table below summarizes usage levels of various financial services by these population groups.

Some population segments underserved with regard to certain types of financial services are not at all underserved with regard to other financial services. For example, the retired (including due to disability) had deposits (accounts) at a CI and/or funds placed at an NBFi (in the form of a loan agreement) (47.8%) much more frequently than the adult population of Russia on average (38.8%). Also, the low-income population group whose financial situation can be described as 'We hardly have enough money for food' (36.1%) had at least one outstanding loan at a CI and/or an NBFi (MFO, CCC, ACCC, or pawnshop) much more frequently compared to the adult population of Russia on average (26.8%).

**Table 9. Comparison of usage levels of various financial services by underserved population groups and the adult population of Russia (%)**

	Adult population of Russia	Residents of rural areas	Population group whose financial situation can be described as 'We hardly have enough money for food'	Population group whose financial situation can be described as 'We have enough money for food, but can hardly buy clothes'	Retired (including due to disability)
Share of adult population using accounts opened with a CI, including deposit accounts (%)	89.4	80.0	69.4	78.5	83.5
Share of the adult population intensively (three or more times per month) using accounts with a CI (%)	62.0	48.1	41.7	45.5	42.2
Share of adult population having deposits (accounts) at a CI and/or funds placed at an NBF (in the form of a loan) (%)	38.8	35.1	22.2	31.9	47.8
Share of adult population having at least one outstanding loan at a CI and/or an NBF (MFO, CCC, ACCC, or pawnshop) (%)	26.8	27.3	36.1	29.3	14.5
Share of adult population using remote access to bank accounts (Internet and/or mobile banking), to transfer funds (%)	45.1	40.8	25.0	29.8	16.5
Share of adult population using voluntary insurance (%)	19.9	16.4	16.7	12.6	13.6

Source: Survey ordered by the Bank of Russia.

## 3. QUALITY OF FINANCIAL SERVICES

The quality of financial services is characterized by financial services affordability for households and SMEs, the safety level of financial services provision, trust level of the population in the financial system, and presence of an effective financial consumer protection system.

### 3.1. Quality of Financial Services for Individuals

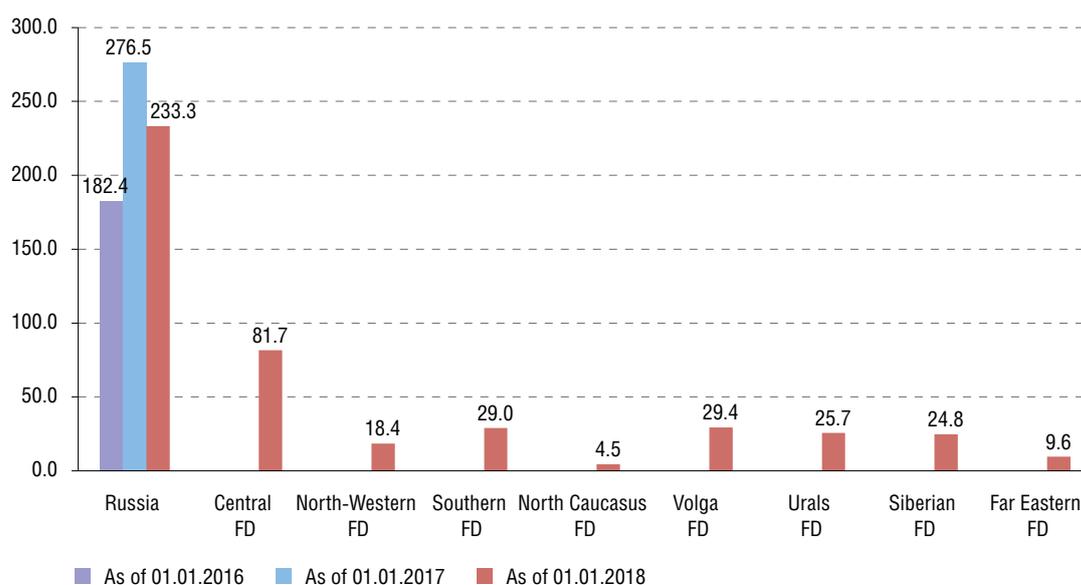
In 2017, there was a significant increase in the number of complaints made by financial consumers against MFOs, CCCs, ACCCs, and pawnshops (by 30.6%) as

**Table 10. Complaints made by financial consumers against CIs and NBFIs (thousand)**

	As of January 1, 2016	As of January 1, 2017	As of January 1, 2018
Number of complaints made by financial consumers against CIs and NBFIs (MFOs, CCCs, ACCCs, pawnshops, and insurance entities), including:	182.3	276.5	223.3
Number of complaints made by financial consumers against CIs	121.7	184.9	115.3
Number of complaints made by financial consumers against MFOs, CCCs, ACCCs, and pawnshops	7.4	13.4	17.5
Number of complaints made by financial consumers against insurance entities	53.2	78.2	90.5

Source: Bank of Russia.

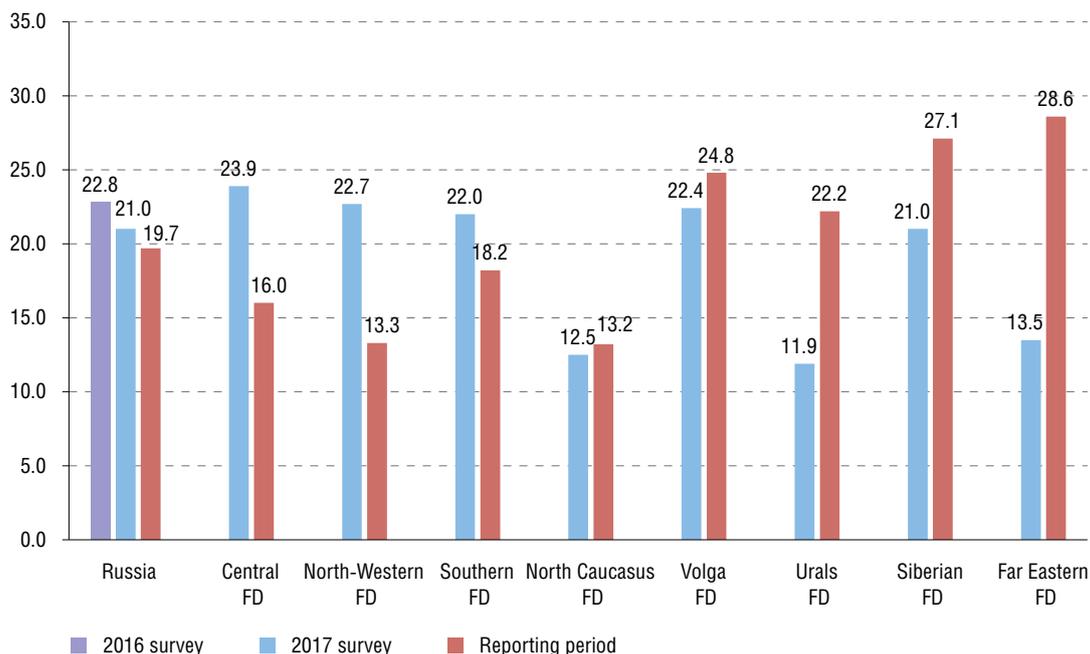
**Chart 62. Number of complaints made by financial consumers against CIs and NBFIs, broken down by federal districts<sup>1</sup> (thousand)**



Source: Bank of Russia.

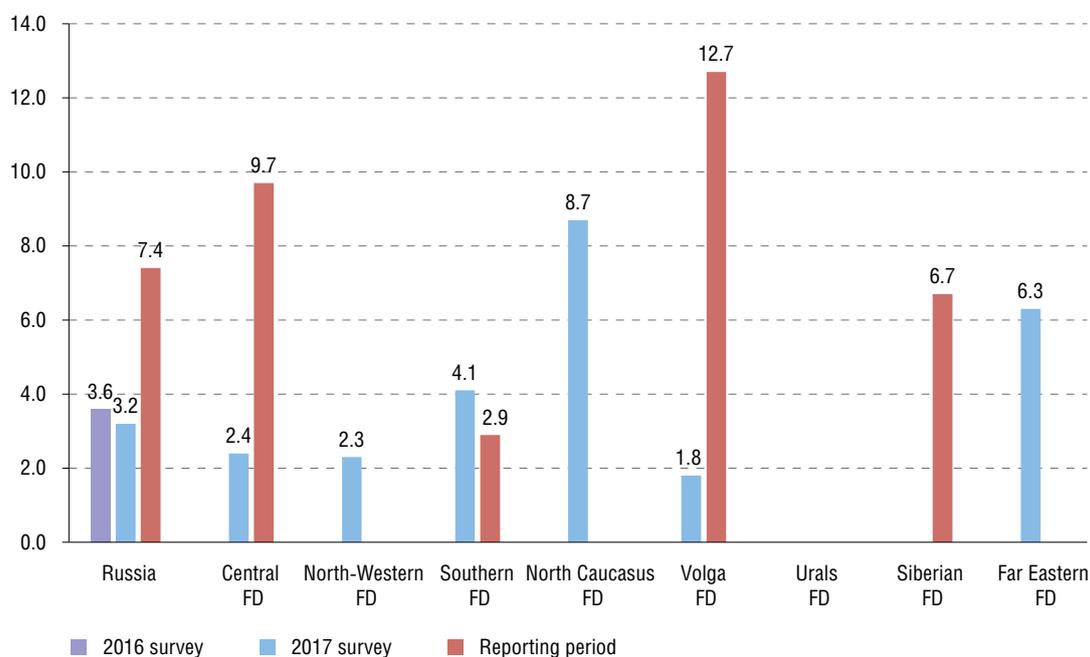
<sup>1</sup> In Q1 2017, only complaints against CIs which were examined with by the Service for Consumer Protection and Financial Inclusion of the Bank of Russia were taken into account, as the final transition to the new system of handling complaints against financial institutions in the Bank of Russia was completed at the end of Q1 2017.

**Chart 63. Share of adult population who abstained from using a loan at a CI because of its high cost (interest and other payments), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 64. Share of adult population who abstained from having an account with a CI because of its high cost, broken down by federal districts (%)**

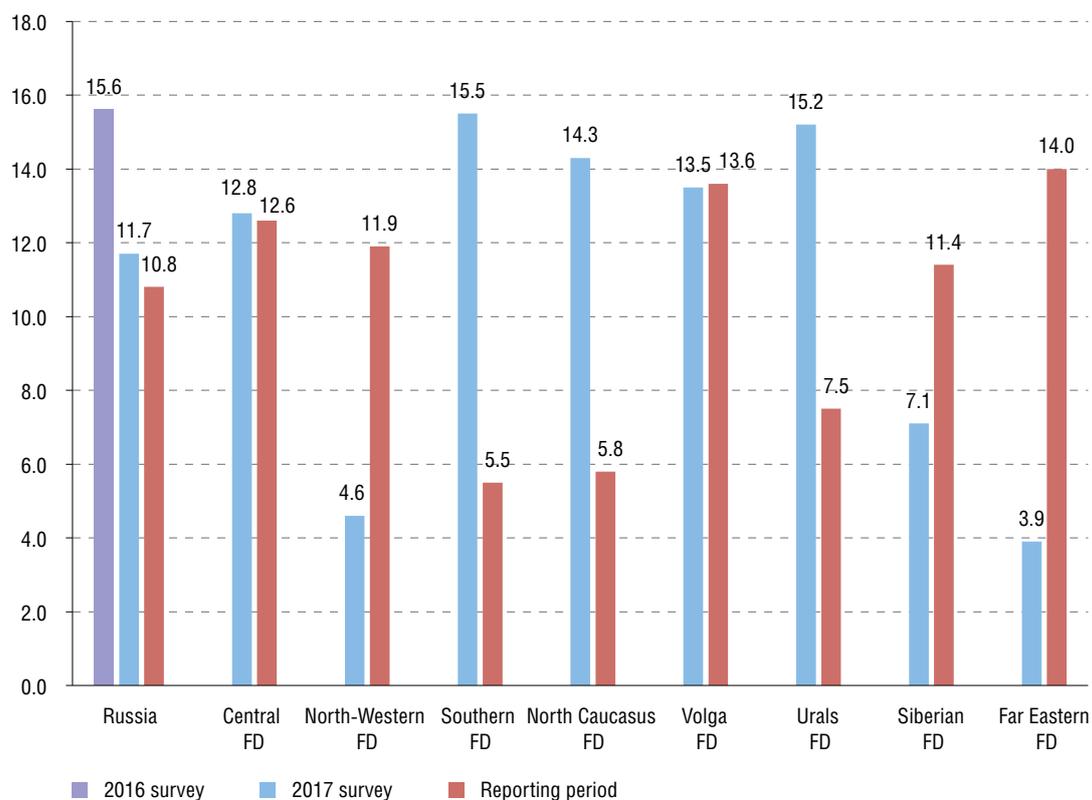


Source: Survey ordered by the Bank of Russia.

well as insurance entities (by 15.7%). As of 1 January 2018, the smallest number of complaints in the reporting period was received from the FEFD, and the largest number was received from the CFD. Most of the com-

plaints in all federal districts were related to CI activities, as the population uses their services more frequently.

**Chart 65. Share of adult population who abstained from opening a term deposit at a CI because of a low interest rate, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

In the reporting period, there was a reduction in the percentage of adult population who abstained from using a loan at a CI because of its high cost (interest and other payments). Only 19.7% of the adult population (19.4% of men and 20.0% of women) on average in Russia abstained from using a loan at a CI because of its high cost in the reporting period. The highest percentage of adult population abstained from using a loan at a CI because of its high cost was in the FEFD (28.6%), and the lowest, in the NCFD (13.2%) and the NWFD (13.3%).

It should be noted that among the population groups formed depending on the financial situation of a respondent, this indicator was the highest in the group whose financial situation can be described as 'We do not have to borrow to buy household appliances, but we cannot afford a car' (22.8%).

In the reporting period, there was a slight increase in the percentage of adult population who abstained from having an account with a CI because of its high cost (by 4.2 pp). 3.5% of men and 11.8% of women abstained from having an account with a CI because of its high cost in the reporting period. The highest

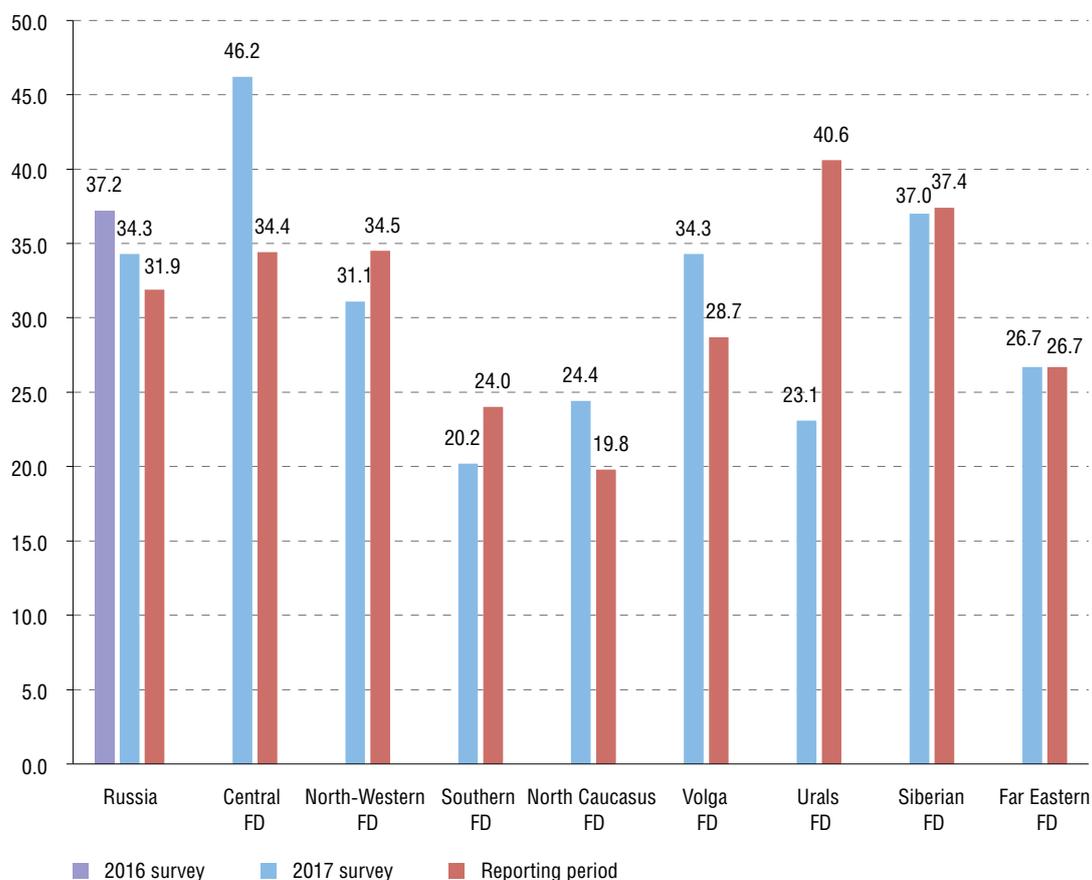
percentage of adults abstained from having an account with a CI was in the VFD (12.7%). Among all age groups, this indicator was the highest in the population group aged 61–65.

The percentage of adults who abstained from opening a term deposit at a CI because of a low interest rate continued to decrease in the reporting period. Only 10.8% of adults (11.9% of men and 9.9% of women) on average in Russia abstained from opening a term deposit at a CI because of a low interest rate. The highest values of this indicator were in the FEFD (14%) and the VFD (13.6%), and the lowest, in the SFD (5.5%).

Among the population groups formed depending on the financial situation of a respondent, this indicator was the highest in the group whose financial situation can be described as 'We hardly have enough money for food' (16%).

In the reporting period, there was a decrease in the percentage of the population who abstained from concluding a voluntary insurance contract because of its high cost. Only 31.9% of adults (30.6% of men and 33% of women) on average in Russia abstained from

**Chart 66. Share of adult population who abstained from concluding a voluntary insurance contract because of its high cost, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

using voluntary insurance because of its high cost. The highest value of this indicator was in the UFD (40.6%), and the lowest, in the NCFD (19.8%).

Among the population groups formed depending on the financial situation of a respondent, this indicator was the highest in the group whose financial situation can be described as 'We have enough money for food, but can hardly buy clothes' (41.4%).

Thus, in 2018, the index of financial services affordability for the adult population<sup>1</sup> in Russia was 0.7, reaching its 2018 target of 0.7<sup>2</sup>.

The population has the least trust<sup>3</sup> in MFOs and pawnshops – 44.3% and 36.4%, respectively. 74.2% and 22% of the population trusted<sup>4</sup> CIs and insur-

ance entities, respectively. Here it must be stressed that most of the population were not able to assess their own level of trust in MFOs, CCCs, ACCCs, pawnshops, and insurance entities.

During the fourth annual measurement of financial inclusion indicators the level of distrust in non-governmental pension funds and brokers was measured for the first time, which amounted to 30.9% and 26.3%, respectively.

In the reporting period, there was an increase in the percentage of adults distrusting any financial institutions in all federal districts. The highest level of distrust in any financial institutions was in the SibFD (12.8% of the district's adult population) and the SFD (12.6%);

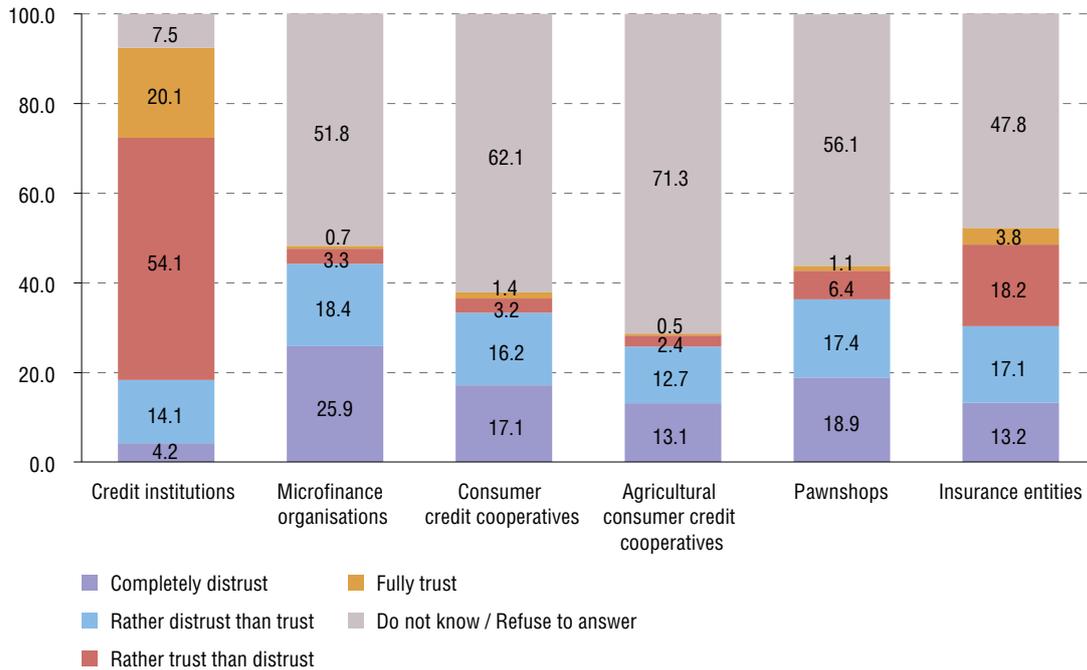
<sup>1</sup> The index of financial services affordability for the adult population can take a value from 0 to 4, where 4 means that 100% of the population abstained from 1) using a loan at a CI because of its high cost; 2) having a current account with a CI because of its high cost; 3) opening a term deposit at a CI because of a low interest rate; 4) concluding a voluntary insurance contract because of its high cost.

<sup>2</sup> The target values of the index of financial services affordability for the adult population are set in the Guidelines for the Development of the Russian Financial Market in 2016–2018.

<sup>3</sup> Hereinafter: 'Distrust' refers to the share of adults who selected the answers 'Rather distrust than trust' and 'Completely distrust'.

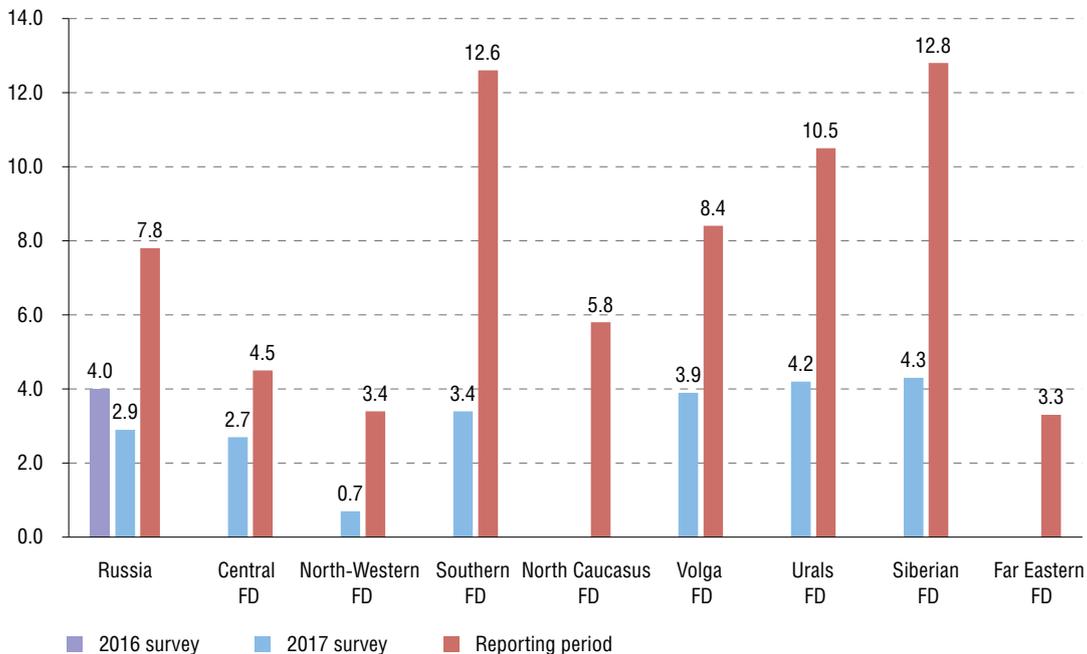
<sup>4</sup> Hereinafter: 'Trust' refers to the share of adults who selected the answers 'Rather trust than distrust' and 'Fully trust'.

**Chart 67. Level of trust of the adult population in various financial institutions (CIs, MFOs, CCCs, ACCCs, pawnshops, and insurance entities) (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 68. Share of adult population distrusting any financial institutions (CIs, MFOs, CCCs, pawnshops, insurance entities, non-governmental pension funds, and brokers), broken down by federal districts (%)**

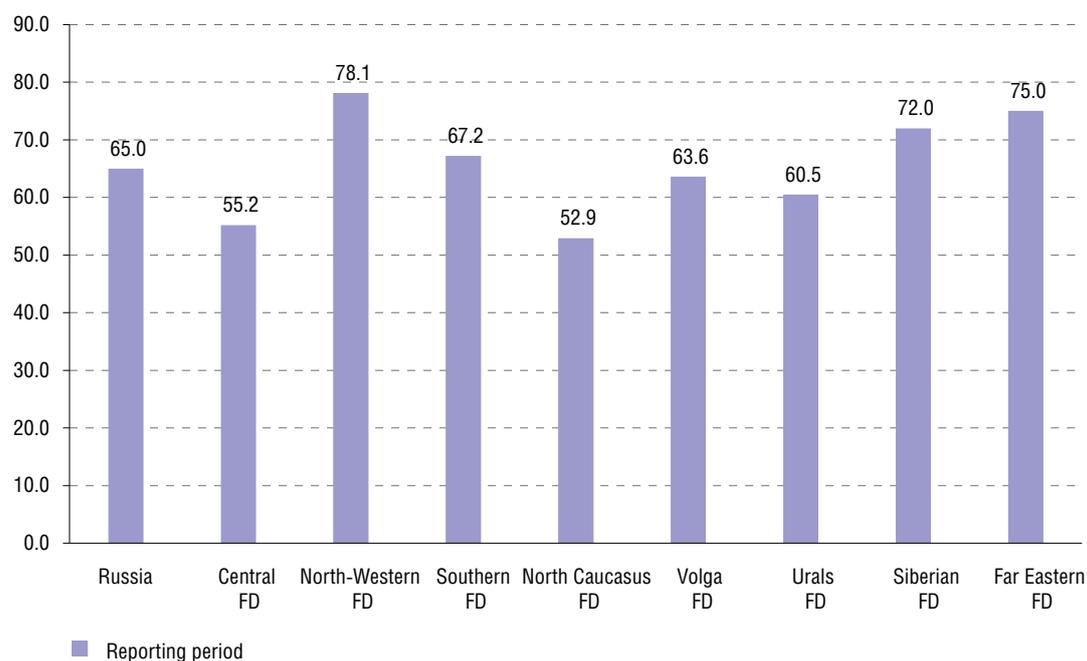


Source: Survey ordered by the Bank of Russia.

the lowest level, in the NWFD (3.4%) and the FEFD (3.3%).

On average in Russia, there was a 3.4 pp increase in the percentage of the population believing that they

were given accurate, understandable, and sufficient information about the loan when applying for it. The lowest values of this indicator were in the NCFD (52.9%) and the CFD (55.2%).

**Chart 69. Share of adult population believing that they were given accurate, clear, and sufficient information about the loan when applying for it<sup>1</sup>, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Table 11. Cost of Certain Financial Services for Individuals**

Indicator	As of January 1, 2016	As of January 1, 2017	As of January 1, 2018
Average cost of opening a current account for individuals (₽)	0.0	0.0	0.0
Average cost of servicing <sup>2</sup> a current account for individuals (₽)	39.4	42.7	43.7
Average cost of a funds transfer from a bank account of a natural person in the amount equivalent to \$200	3.1	2.9	2.7

Source: Survey ordered by the Bank of Russia (desk study of Cls' tariffs).

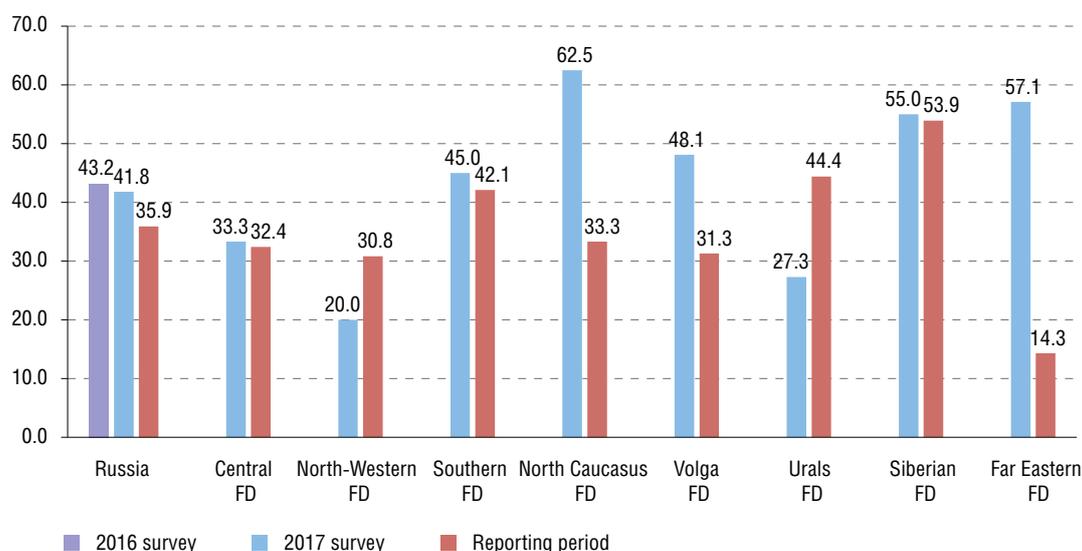
In 2017, the average cost of opening a current account for individuals did not change. However, the average cost of servicing a current account for individuals slightly increased (from ₽42.7 to ₽43.7). The average cost of a funds transfer from a bank account of a natural person in the amount equivalent to \$200 decreased by 6.9%.

## 3.2. Quality of Financial Services for SMEs

The share of SMEs that were required to provide collateral when obtaining their last loan, further decreased (from 41.8% to 35.9%). Such a tendency has been observed for the past few years. Unsecured loans were the most often issued to SMEs in the FEFD (only 14.3% of SMEs were required to provide collateral when obtaining their last loan) and the NWFD (30.8%); the worst situation was in the SibFD (53.9%).

<sup>1</sup> The indicator has been calculated only for the adult population who used a loan in the reporting period.

<sup>2</sup> For a calendar month.

**Chart 70. Share of SMEs that were required to provide collateral when obtaining their last loan<sup>1</sup>, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Table 12. Cost of Certain Financial Services for SMEs**

Indicator	As of 1 January 2016	As of 1 January 2017	As of 1 January 2018
Average cost of opening a bank account for SMEs (₽)	1,281.8	1,553.3	1,683.8
Average cost of servicing <sup>2</sup> a bank account for SMEs (₽)	984.0	1,146.8	1,456.4

Source: Survey ordered by the Bank of Russia (desk study of CIs' tariffs).

If broken down by SME types, 28.8% of micro-enterprises, 54.5% of small enterprises, 66.7% of medium-sized enterprises, and 22.7% of IEs having active loans were required to provide collateral when obtaining their last loan.

The value of *the index of financial services affordability for businesses* in Russia<sup>3</sup> was 3.4 for 2017

and 2018, whereas for 2016 and 2017 it equaled 3.2. The Bank of Russia monitors this indicator.

In 2017, the average cost of opening a bank account for SMEs increased by 8.4%, and the average cost of servicing such an account increased by 27%.

<sup>1</sup> The indicator is calculated only for SMEs having active loans.

<sup>2</sup> For a calendar month.

<sup>3</sup> The index (Affordability of Financial Services from the Global Competitiveness Index of the World Economic Forum; calculated based on the results of the Executive Opinion Survey) can take a value from 1 to 7 (the best value). The value of this index is the two-year weighted average score of answers given by business executives (large, small, and medium-sized businesses from various sectors) to the question: 'To what extent does the cost of financial services (e.g., insurance, credits, trade finance) impede business activity in your country?' on a scale from 1 (strongly impedes) to 7 (does not impede at all).

## 4. USEFULNESS OF FINANCIAL SERVICES

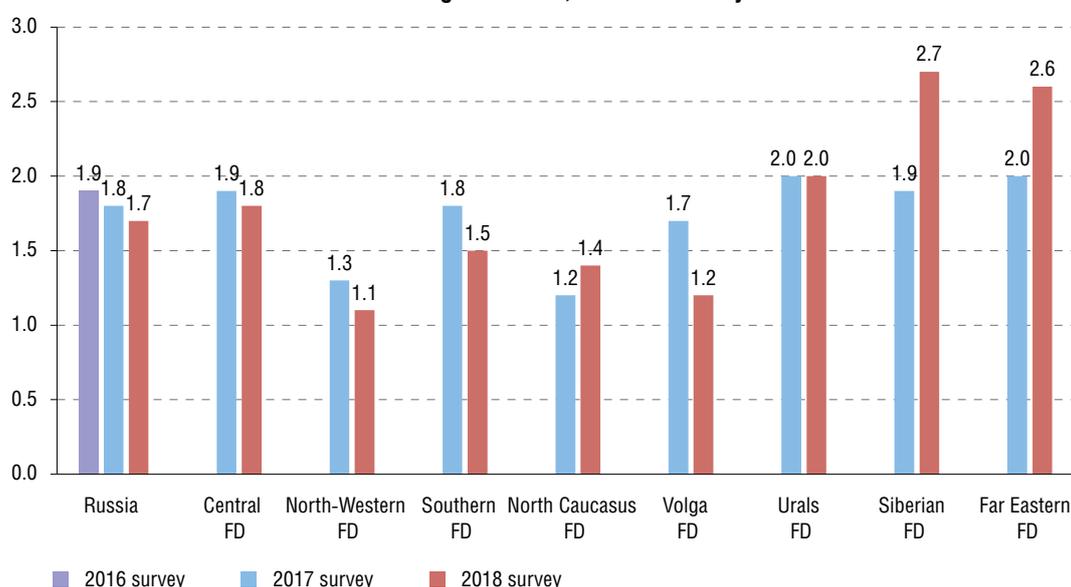
The usefulness of financial services is characterised by financial inclusion indicators measuring the financial literacy level of the population, customers' understanding of financial services provided to them, and the influence of financial services on quality of life.

### 4.1. Usefulness of Financial Services for Individuals

One of the main indicators in this section is the indicator reflecting the level of the adult population's financial knowledge.

It should be noted that financial knowledge is one of the components of the population's financial literacy. In general, the expert community has reached a consensus on the broad definition of *financial literacy*. It is the definition used in the OECD (Organisation for Economic Cooperation and Development)/INFE (International Network on Financial Education) project<sup>1</sup>. *Financial literacy* is broadly defined as a 'combination of *awareness, knowledge, skill, attitude, and behaviour* necessary to make sound financial decisions and ultimately achieve individual financial well-being' (2012)<sup>2</sup>. The OECD/INFE International Survey of Adult Financial Literacy Competencies published in November 2016 considered financial literacy as financial competency – that is, not only indicators of financial knowledge were measured, but also those of financial behaviour and financial attitudes. Financial knowledge is a mere understanding of the sense of

**Chart 71. Financial knowledge indicator, broken down by federal districts<sup>3</sup>**



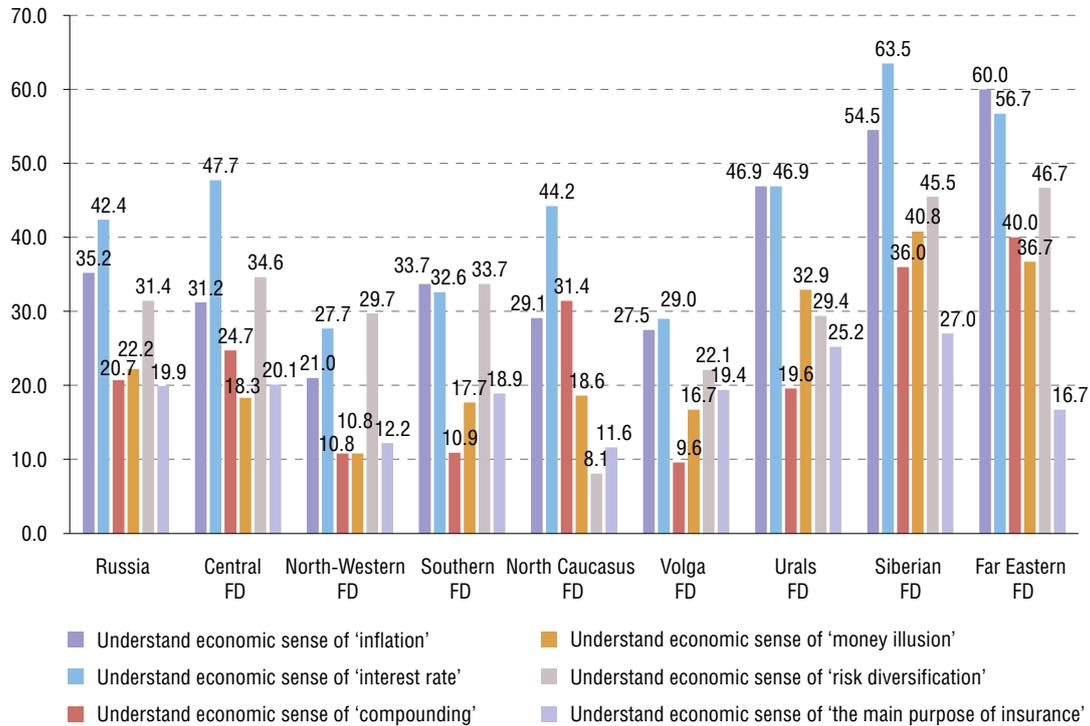
Source: Survey ordered by the Bank of Russia.

<sup>1</sup> INFE was created in 2008. OECD uses INFE as a platform for collection of data on financial literacy, research, preparation of analytical and comparative reports, and formulation of recommendations. INFE includes more than 240 public organisations from over 110 countries.

<sup>2</sup> Measuring Financial Literacy: Questionnaire and Guidance Notes for Conducting an Internationally Comparable Survey of Financial Literacy. URL: <http://www.oecd.org/finance/financial-education/49319977.pdf>.

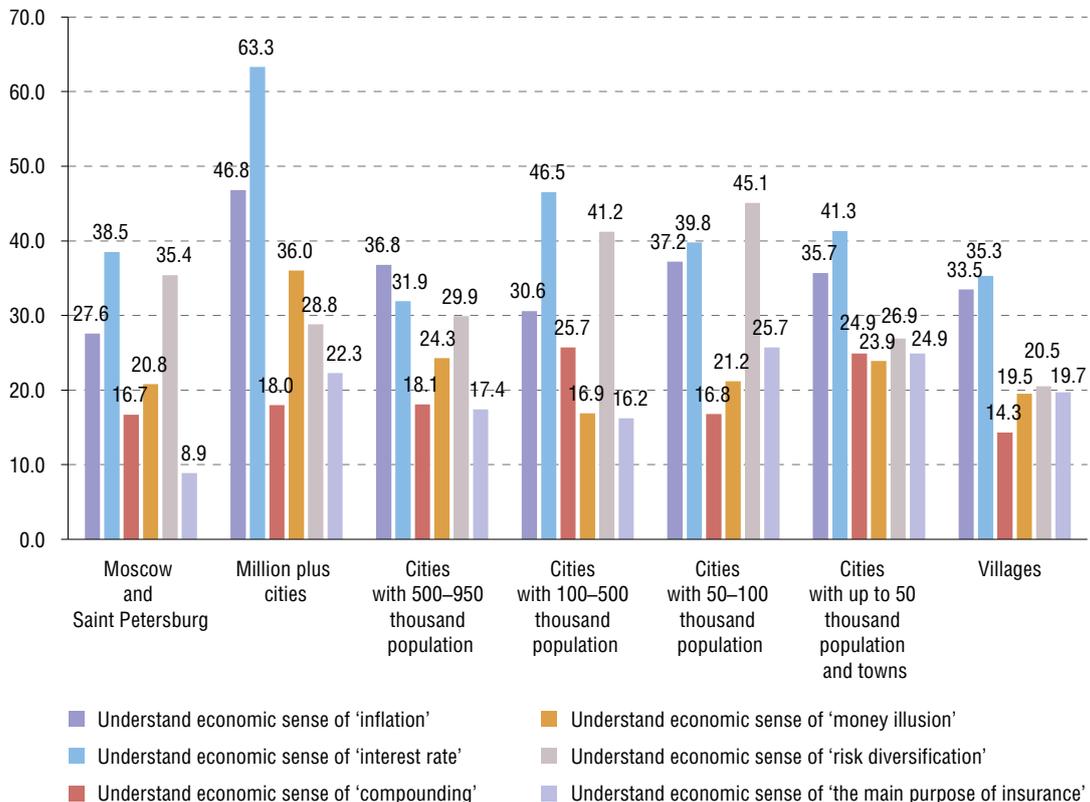
<sup>3</sup> The value of the financial knowledge indicator can take a value from 0 to 6, where 6 means that 100 % of the population understands the economic sense of all the following six financial and economic terms: inflation, interest rate, compounding, money illusion, risk diversification, the main purpose of insurance. The definitions of the terms were not asked.

**Chart 72. Individuals' understanding of the economic sense of various financial terms, broken down by federal districts (%)**



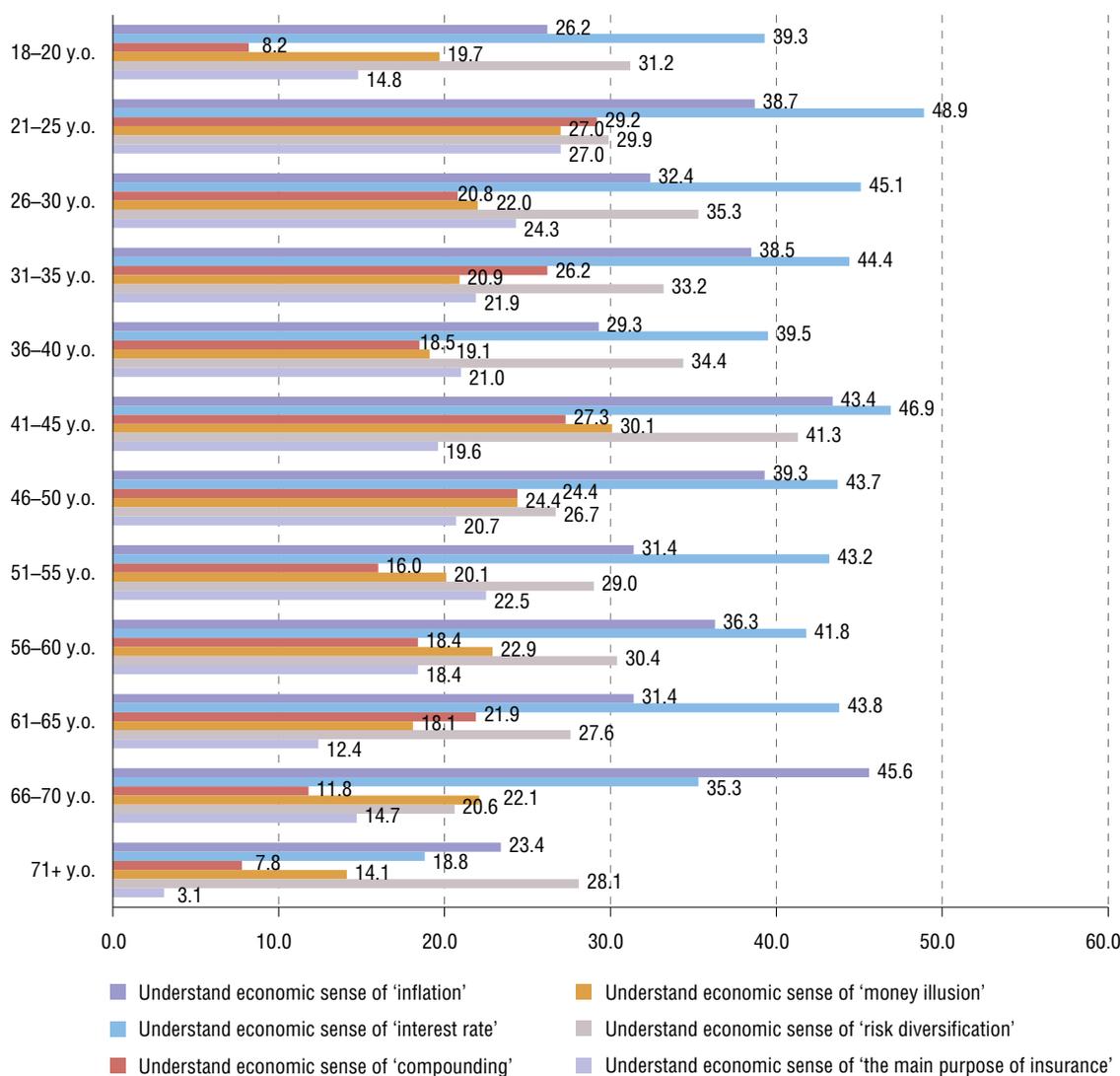
Source: Survey ordered by the Bank of Russia.

**Chart 73. Individuals' understanding of the economic sense of various financial terms, broken down by type of settlement (%)**



Source: Survey ordered by the Bank of Russia.

Chart 74. Individuals' understanding of the economic sense of various financial terms, broken down by age (%)



Source: Survey ordered by the Bank of Russia.

financial and economic terms and phenomena by the population.

It must be noted that the financial literacy study carried out by the Public Opinion Foundation and ordered by the Bank of Russia, showed an increase from 2017 to 2018 in the subindex of financial behaviour, which is the most important component of financial literacy, from 50 to 52 and an increase in the financial attitude subindex from 52 to 53. However, the financial knowledge subindex decreased from 54 to 53.

The measurement of financial inclusion indicators showed a low level of financial knowledge in Russia. Moreover, the financial knowledge indicator decreased over the reporting period. For example,

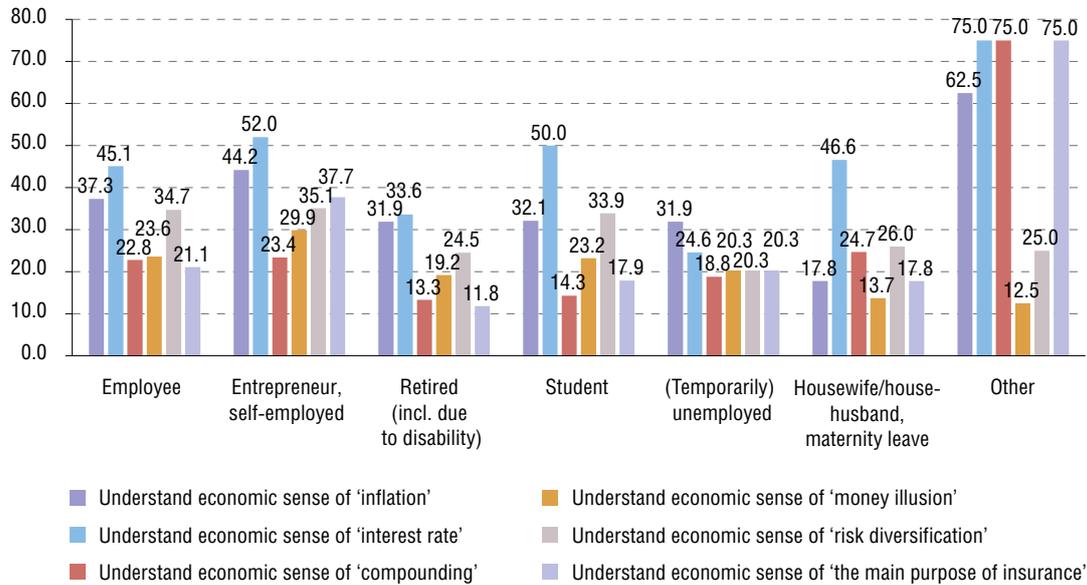
among all federal districts, only the NCFD, the SibFD, and the FEFD showed an increase in the financial knowledge indicator. Thus, the 2018 target for the financial knowledge indicator (2.5)<sup>1</sup> was not achieved.

During the measurement of financial inclusion indicators, the population's understanding levels of the sense of financial and economic terms and phenomena such as inflation, interest rate, compounding, money illusion, risk diversification, and the main purpose of insurance were measured.

The highest values of the financial knowledge indicator were in the SibFD (2.7) and the FEFD (2.6), and the lowest, in the NWFD (1.1) and the VFD (1.2).

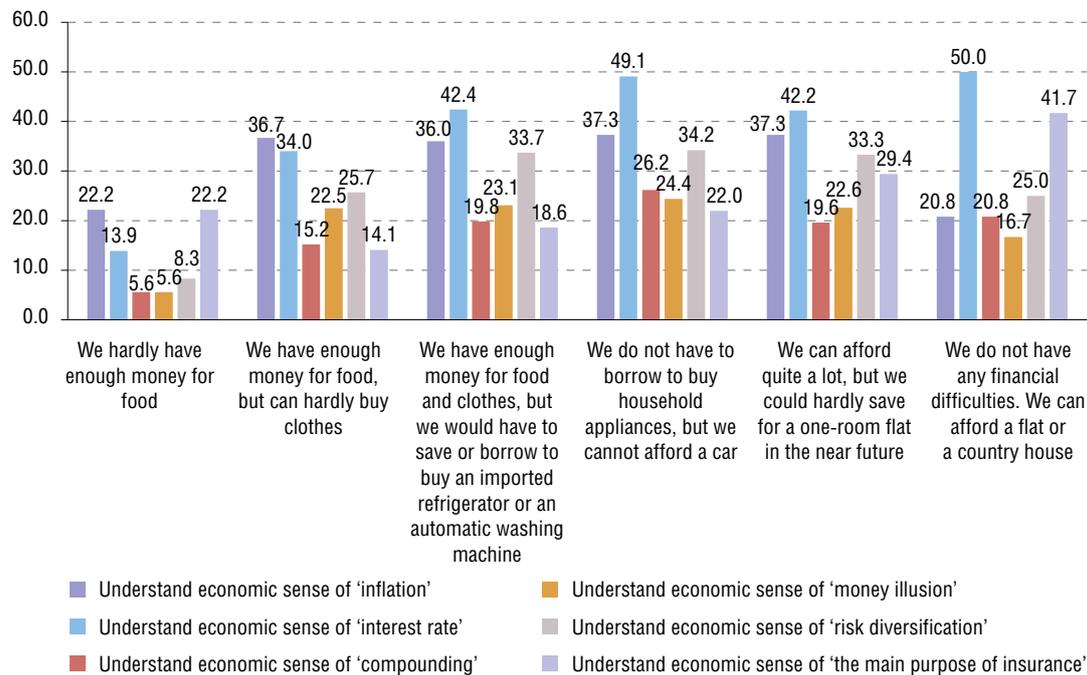
<sup>1</sup> The target values of the financial knowledge indicator are set in the Guidelines for the Development of the Russian Financial Market in 2016–2018.

**Chart 75. Individuals' understanding of the economic sense of various financial terms, broken down by type of employment (%)**



Source: Survey ordered by the Bank of Russia.

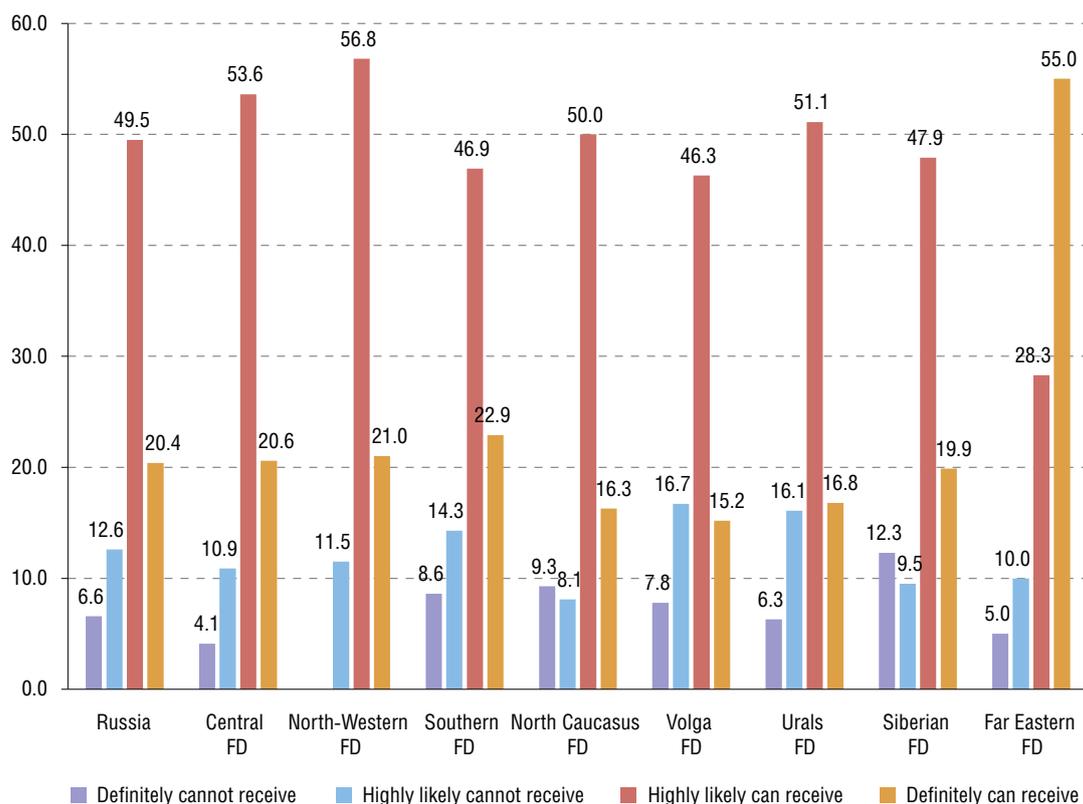
**Chart 76. Individuals' understanding of the economic sense of various financial terms, broken down by groups formed depending on the financial situation of a respondent (%)**



Source: Survey ordered by the Bank of Russia.

In all federal districts of Russia adults best understood the economic sense of the term 'interest rate' (42.4% of adults). The highest percentage of adults understanding economic sense of 'interest rate' (63.5% of the district's adult population) was in the SibFD (63.5% of the district's adult population), and the low-

est, in the VFD (29%). The term 'inflation' held the second place by the population's level of understanding of its economic sense (35.2%), 'risk diversification' was the third (31.4%), 'money illusion' was the fourth (22.2%), 'compounding' was the fifth (22.2%), and 'the main purpose of insurance' was the last (19.9%).

**Chart 77. Individuals' estimation of their chances to obtain emergency funding, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

Among all settlement types, people living in rural areas (1.4) and those living in Moscow and Saint Petersburg (1.5) had the lowest values of the financial knowledge indicator. 'Compounding' was the worst understood economic term in rural areas (14.3%), and 'the main of purpose of insurance', in Moscow and Saint Petersburg (8.9%).

Among all age groups of the population, the lowest values of the financial knowledge indicator were observed among people aged 71 and older (1.0) (1.3 according to the 2017 survey data) and among people aged 18–20 (1.4) (2.0 according to the 2017 survey data).

Among population groups formed by type of employment, the worst values of the financial knowledge indicator were demonstrated by the retired (including due to disability) (1.3) (1.5 according to the 2017 survey data) and (temporarily) unemployed (1.4) (1.2 according to the 2017 survey data).

Among population groups formed depending on the financial situation of a respondent, the worst values of the financial knowledge indicator were observed among the low-income group whose financial situation can be described as 'We hardly have enough money

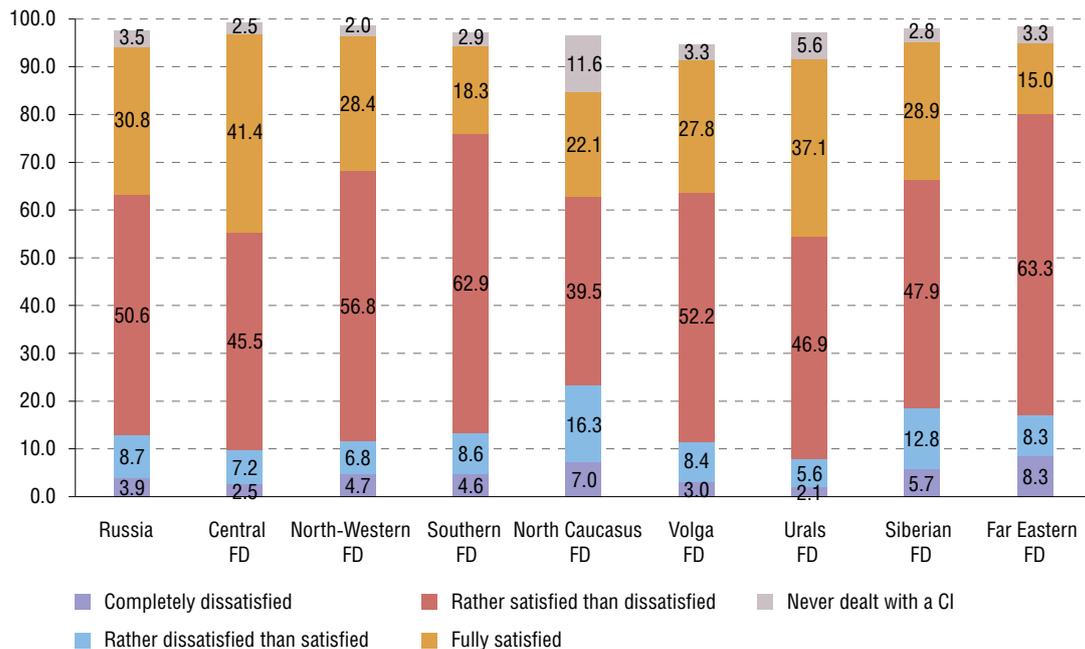
for food' (0.8) (1.3 according to the 2017 survey data) and 'We have enough money for food, but can hardly buy clothes' (1.5) (1.6 according to the 2017 survey data). In general, as income increased, the level of understanding of various economic terms increased too.

In the reporting period, there was a decrease in the percentages of population who, in their own estimation, definitely could not receive (by 9.3 pp) or highly likely could not receive (by 5.8 pp) emergency funding. At the same time, there was an increase in the percentages of population who, in their own estimation, highly likely could receive (by 15.6 pp) or definitely could receive (by 2.9 pp) emergency funding. Respondents in the FEFD were the most optimistic: 55% of the district's adult population was sure about obtaining emergency funding. People living in the SFD were the most pessimistic: 8.6% of the district's population believed that they definitely could not receive emergency funding, and 14.3% believed that they highly likely could not receive emergency funding.

In the reporting period, there was an increase in the percentages of population who, as the main source of emergency funding, chose earnings or borrowings from the employer (by 4.2 pp), borrowings

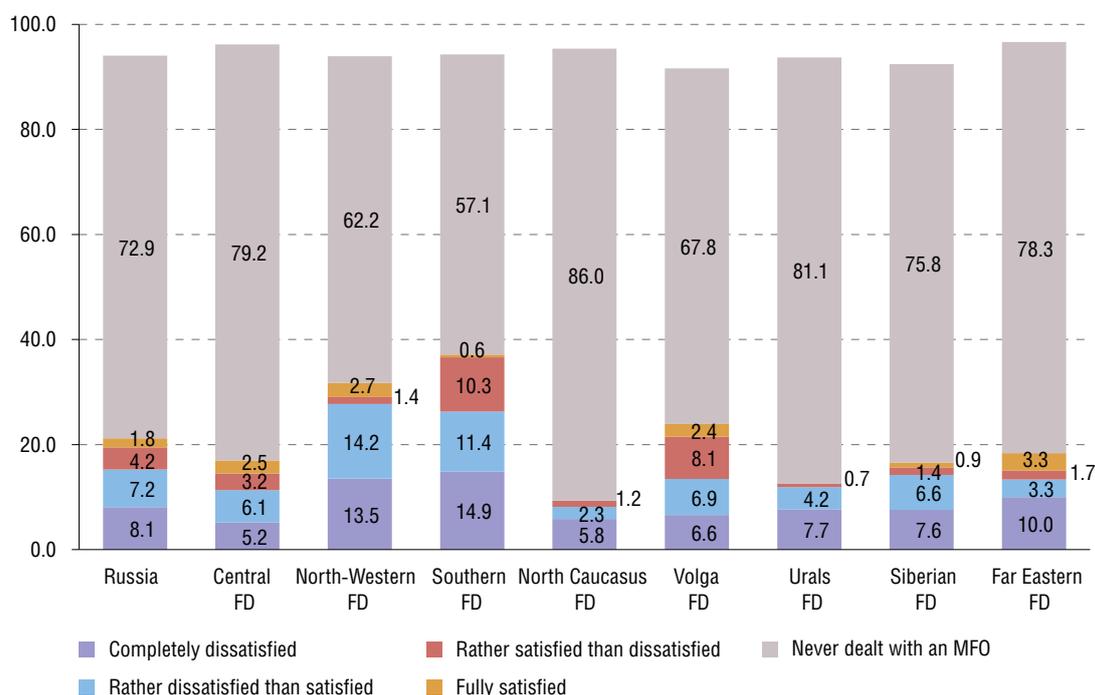
**Chart 78. Main sources of emergency funding for individuals, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Chart 79. Satisfaction of the adult population with the work of CIs when applying for and/or using financial services or in any other cases when they dealt with CIs, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Chart 80. Satisfaction of the adult population with the work of MFOs when applying for and/or using financial services or in any other cases when they dealt with MFOs, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

from friends or relatives (by 5.4 pp), borrowings from a private informal organization (by 1.6 pp), and obtaining a loan from a financial institution (by 7.4 pp). There was a reduction in the percentages of adults who, as the main source of emergency funding, chose savings (by 4.5 pp) and other sources (by 30.6 pp).

Respondents in the NCFD did not choose borrowings from a private informal institution as a source of emergency funding at all.

In the reporting period, there was a slight decrease (change within the limits of sampling error) in the level of adults' satisfaction with the work of CIs. For example, 81.4% of adults in Russia were satisfied<sup>1</sup> with work of CIs when applying for and/or using financial services or in any other cases when they dealt with CIs, and 12.6% were dissatisfied<sup>2</sup>. The highest level of dissatisfaction was in the NCFD (23.3%).

In the reporting period, the level of satisfaction with MFOs decreased by 4.6 pp; however, most of the respondents could not assess the work of MFOs (72.9%). The highest level of satisfaction with MFOs, as of the survey date, was in the SFD (10.9%) and

the VFD (10.5%), and the highest level of dissatisfaction, in the NWFD (27.7%) and the SFD (26.3%).

In the reporting period, the level of satisfaction with CCCs decreased by 1.9 pp; however, most of the respondents could not assess the work of CCCs (77.1%). The highest level of satisfaction with CCCs was in the SFD (13.2%) and the VFD (8.7%), and the highest level of dissatisfaction was in the NWFD (26.3%) and the SFD (14.3%).

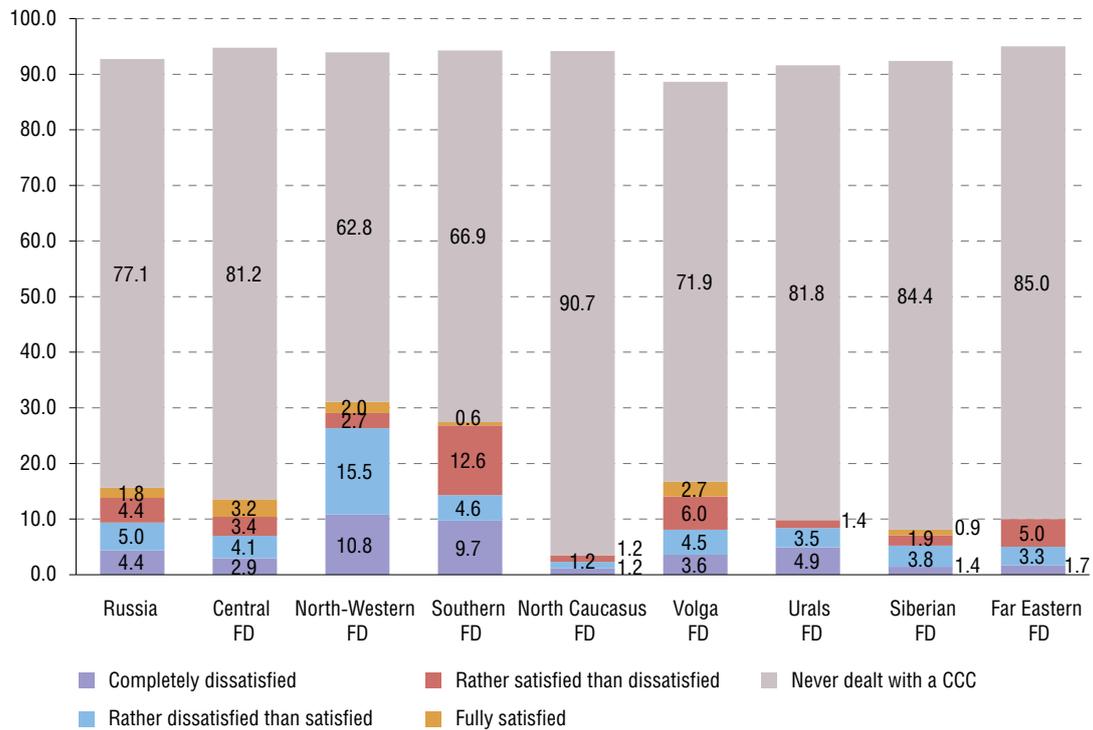
In the reporting period, the level of satisfaction with pawnshops decreased by 8.4 pp; however, most of the respondents could not assess the work of pawnshops (72.2%). The highest level of satisfaction with pawnshops was in the SFD (14.3%) and the CFD (9.5%), and the highest level of dissatisfaction was in the NWFD (23.6%) and the SFD (20.5%).

In the reporting period, the level of satisfaction with insurance entities decreased by 7.3 pp; however, most of the respondents could not assess the work of insurance entities (55.4%). The highest level of satisfaction with insurance entities was in the FEFD (41.6%) and the SFD (28.5%), and the highest level of dissatisfaction

<sup>1</sup> Hereinafter, 'Satisfied' refers to the percentage of the population who selected the answers 'Rather satisfied than dissatisfied' and 'Fully satisfied'.

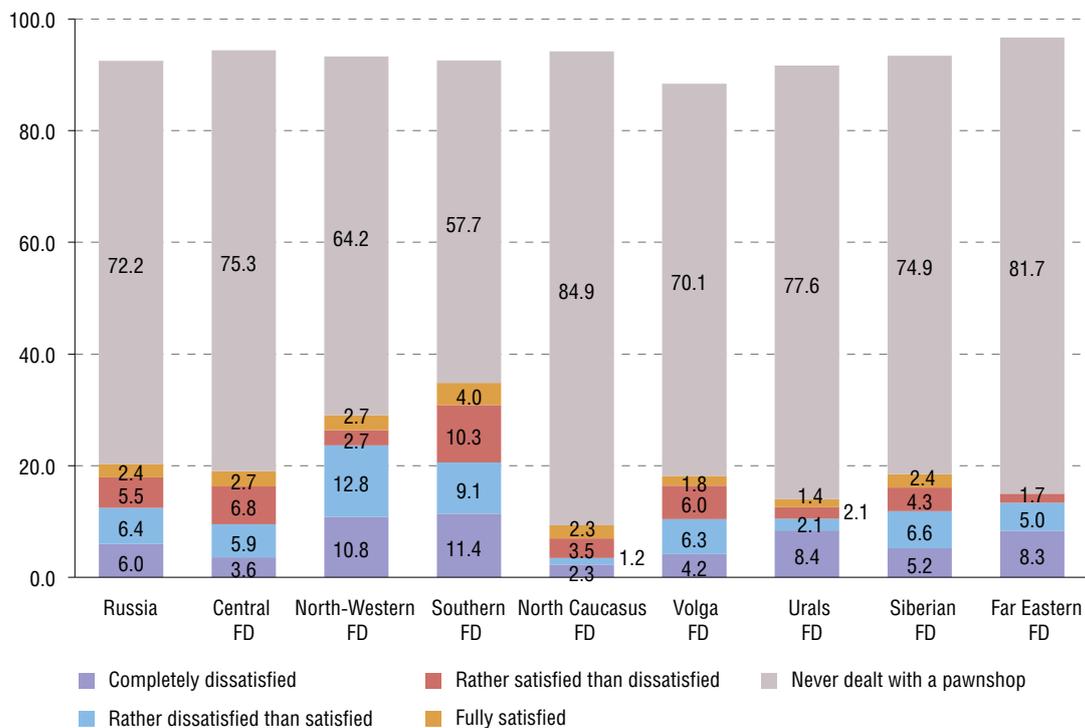
<sup>2</sup> Hereinafter, 'Dissatisfied' refers to the percentage of the population who selected the answers 'Rather dissatisfied than satisfied' and 'Completely dissatisfied'.

**Chart 81. Satisfaction of the adult population with the work of CCCs when applying for and/or using financial services or in any other cases when they dealt with CCCs, broken down by federal districts (%)**



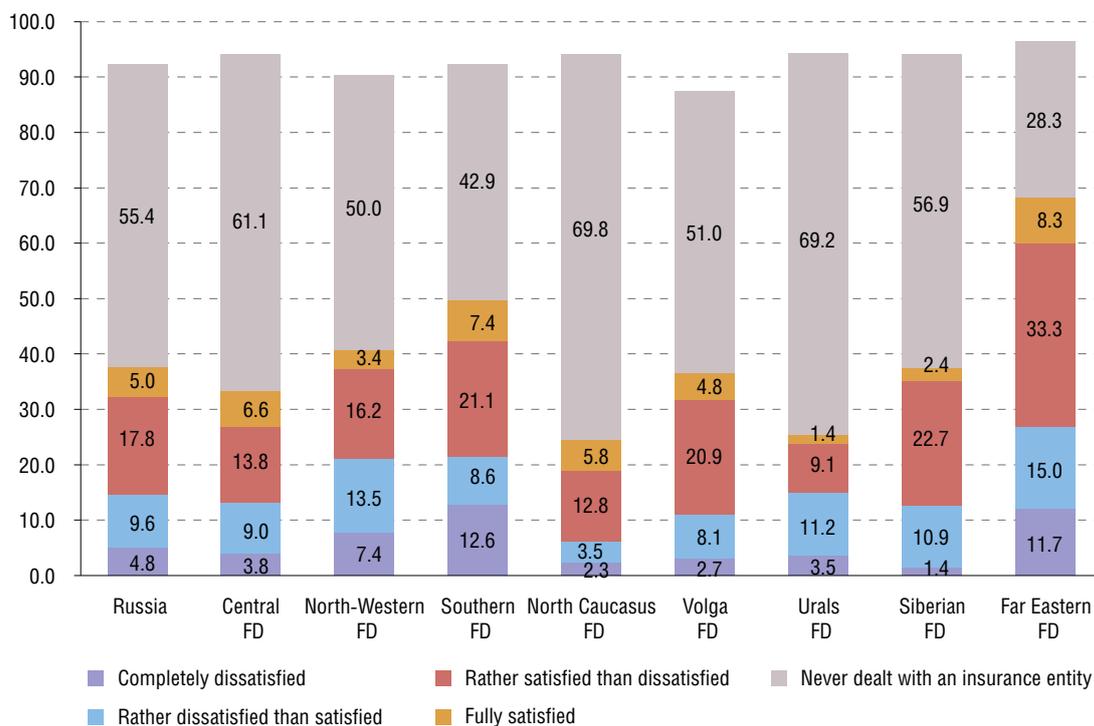
Source: Survey by order of the Bank of Russia.

**Chart 82. Satisfaction of the adult population with the work of pawnshops when applying for and/or using financial services or in any other cases when they dealt with pawnshops, broken down by federal districts (%)**



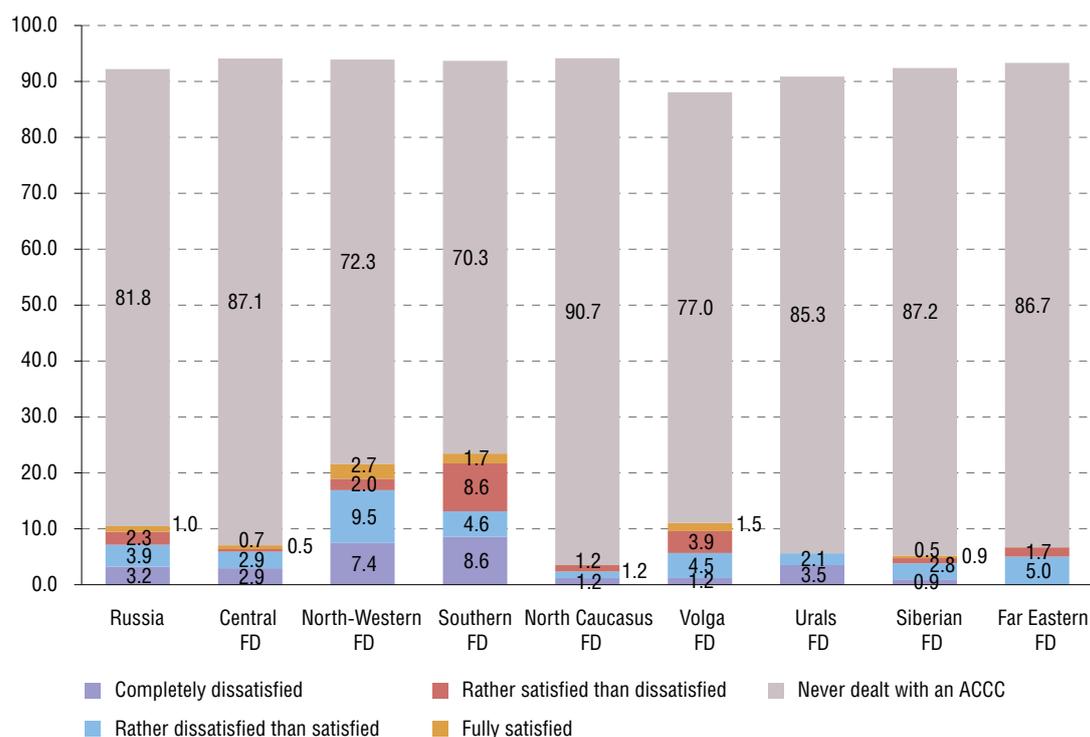
Source: Survey ordered by the Bank of Russia.

**Chart 83. Satisfaction of the adult population with the work of insurance entities (insurance organisations, mutual insurance societies, and insurance brokers) when applying for and/or using financial services or in any other cases when they dealt with insurance entities, broken down by federal districts (%)**



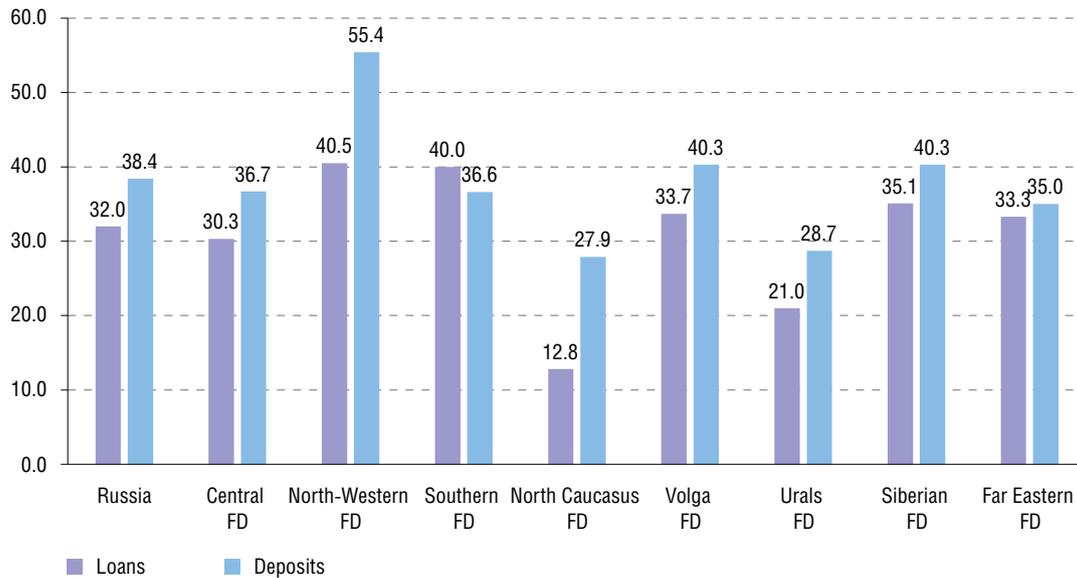
Source: Survey ordered by the Bank of Russia.

**Chart 84. Satisfaction of the adult population with the work of ACCCs when applying for and/or using financial services or in any other cases when they dealt with ACCCs, broken down by federal districts (%)**



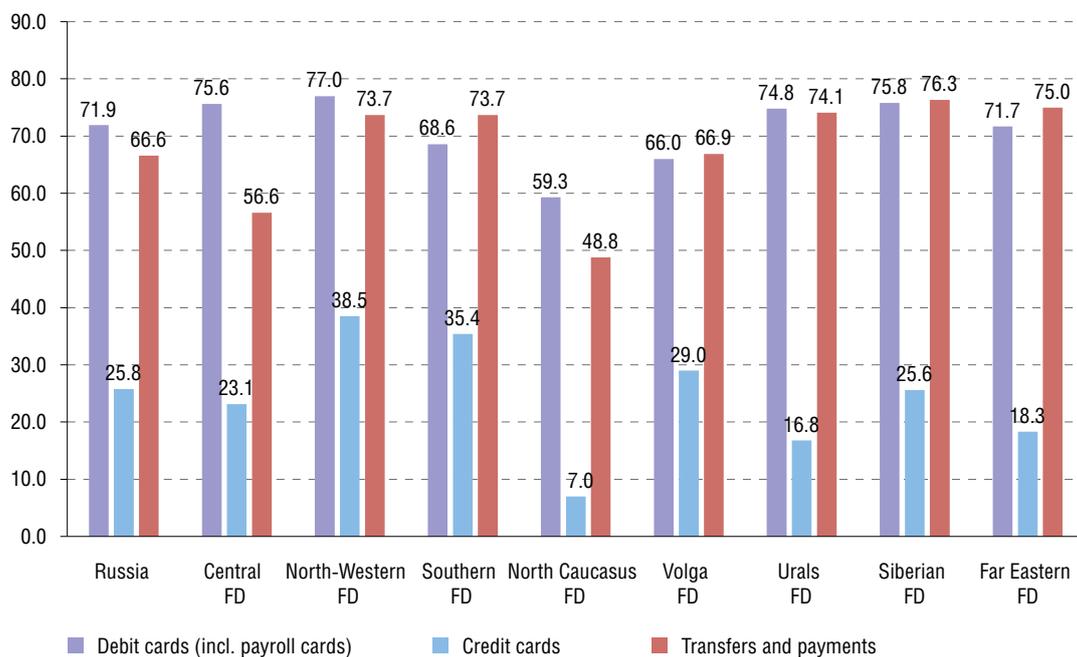
Source: Survey ordered by the Bank of Russia.

**Chart 85. Share of adult population positively assessing their satisfaction with financial products/services (CI loans and deposits), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 86. Share of adult population positively assessing their satisfaction with financial products/services (debit cards, credit cards, transfers and payments), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

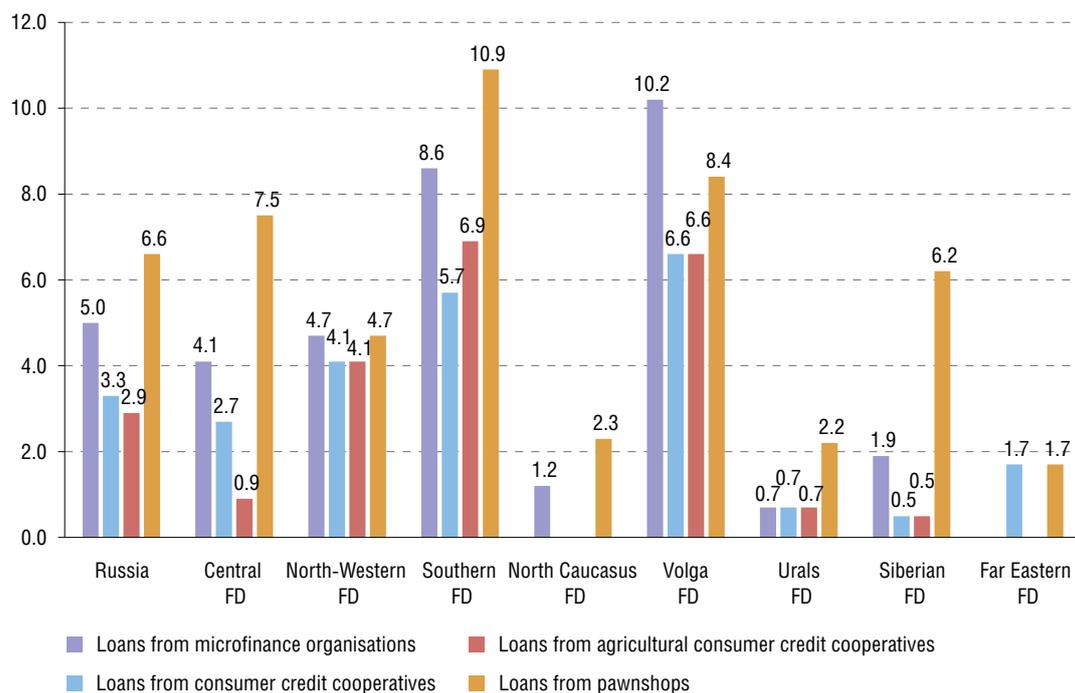
was also observed in these federal districts, 26.7%, and 21.2%, respectively.

In the reporting period, the level of satisfaction with ACCCs decreased by 2.8 pp; however, most of the respondents could not assess the work of ACCCs (81.8%). The highest level of satisfaction with ACCCs

was in the SFD (10.3%) and the VFD (5.4%), and the highest level of dissatisfaction was in the NWFD (16.9%) and the SFD (13.2%).

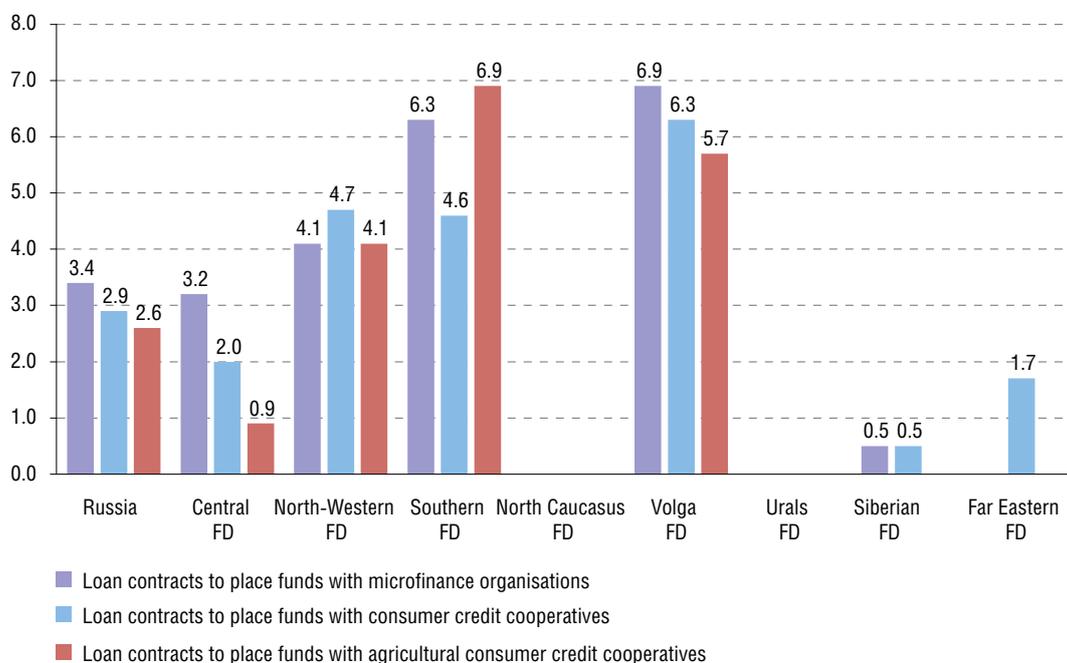
Almost in all federal districts, the level of satisfaction with deposits was higher than the level of satisfaction with loans. The highest level of satisfaction

**Chart 87. Share of adult population positively assessing their satisfaction with financial products/services (NBFi loans), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 88. Share of adult population positively assessing their satisfaction with financial products/services (placement of funds in the form of a loan), broken down by federal districts (%)**

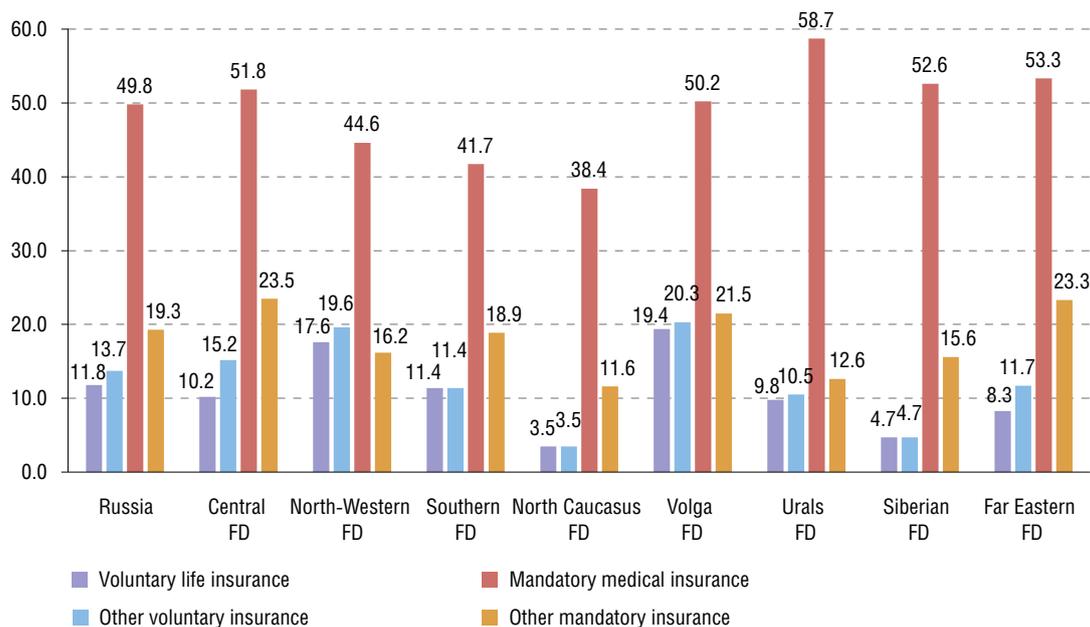


Source: Survey ordered by the Bank of Russia.

with both deposits (55.4%) and loans (40.5%) was in the NWFD, and the lowest level of satisfaction with

these financial products was in the NCFD (27.9% and 12.8%, respectively).

**Chart 89. Share of adult population positively assessing their satisfaction with financial products/services (insurance services), broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

The highest levels of satisfaction with debit cards (including payroll cards), credit cards, transfers and payments were in the NWFD (77.0%, 38.5%, and 73.7%, respectively), and the lowest levels were in the NCFD (59.3%, 7.0%, and 48.8%, respectively).

The highest levels of satisfaction with loans from MFOs, CCCs, ACCCs, and pawnshops were observed in the SFD and the VFD. The highest levels of dissatisfaction with loans from MFOs were in the NWFD (19.6%) and the VFD (12%); with loans from CCCs, in the NWFD (15.5%) and the SFD (8.5%); with loans from ACCCs, also in the NWFD (12.9%) and the SFD (7.4%); and with loans from pawnshops, in the same federal districts (23.0% and 13.1%, respectively).

The highest percentages of the population satisfied with placement of funds in the form of a loan at MFOs (6.9%) and CCCs (5.7%) were in the VFD, and in ACCCs (6.9%), in the SFD. The highest percentages of the population dissatisfied with placement of funds at MFOs (18.2%), CCCs (14.8%), and ACCCs (12.9%) were in the NWFD.

It should be noted that the population in the NCFD was not able to assess the above-mentioned financial products at all, whereas all the respondents in the UFD were dissatisfied with them (7.0%, with placement of funds at MFOs in the form of a loan; 5.6%, with placement of funds at CCCs in the form of

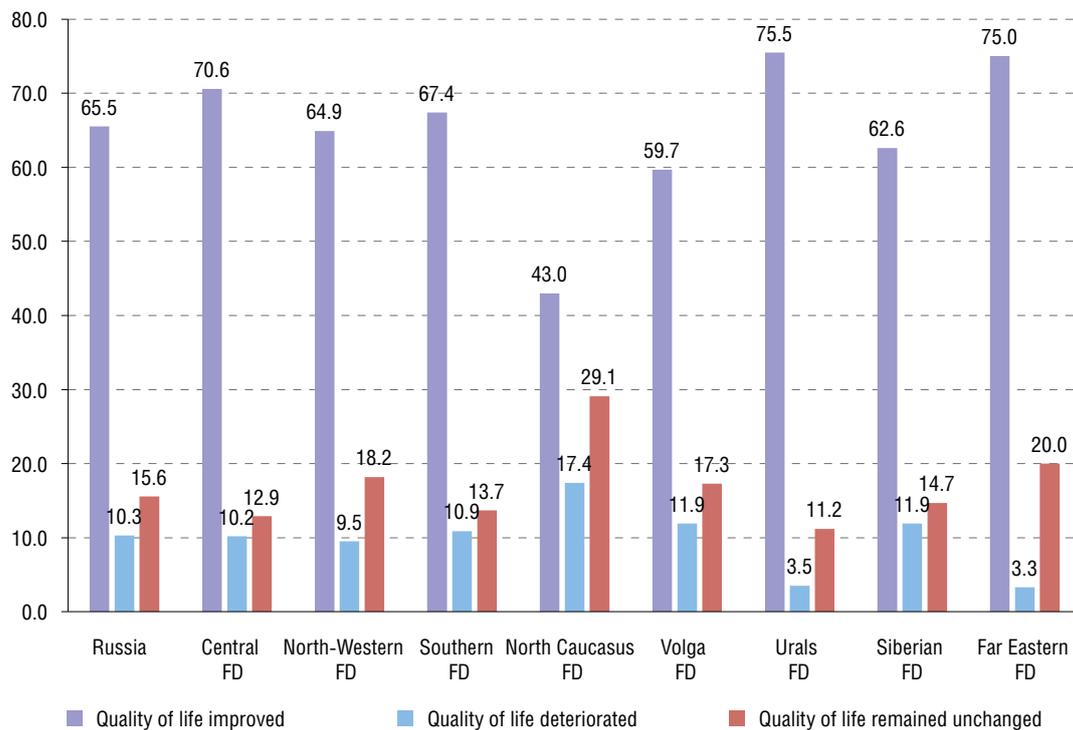
a loan; and 4.2%, with placement of funds at ACCCs in the form of a loan).

The highest percentages of the population that could assess voluntary life insurance were in the the NWFD (36.5%) and the VFD (27.2%), other voluntary insurance, in the NWFD (38.6%) and the VFD (29.3%); mandatory medical insurance, in the NWFD (75%) and the FEFD (76.7%), other mandatory insurance, in the SFD (38.3%) and the NWFD (35.1%).

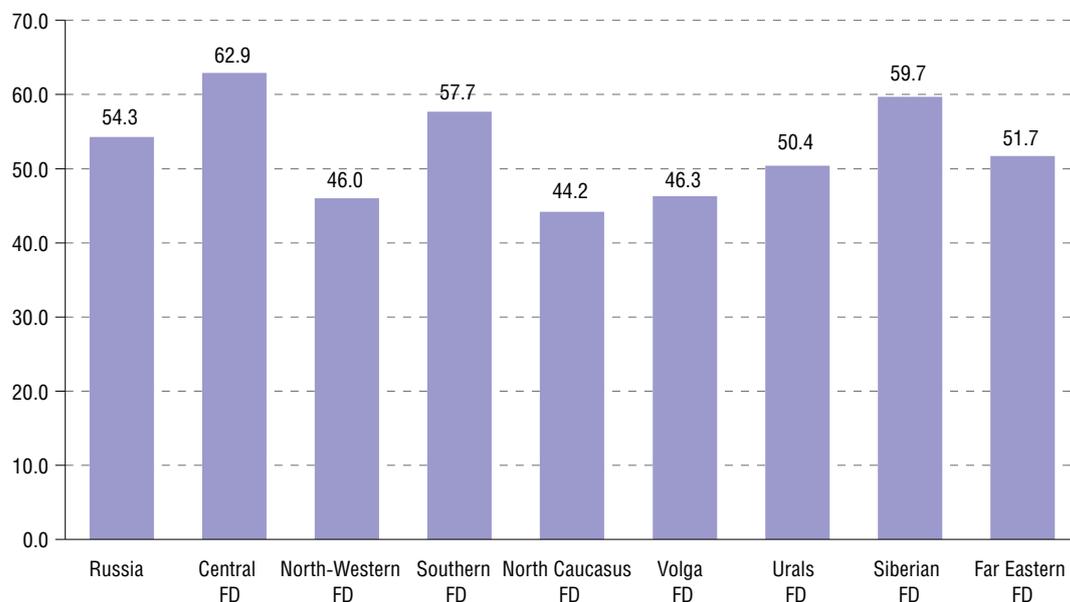
The lowest percentages of the population that could assess the above-mentioned insurance products were in the NCFD. The highest level of satisfaction with voluntary insurance services was observed in the VFD, and the lowest level, in the NWFD. The highest level of satisfaction with other mandatory insurance was in the CFD (23.5%) and the FEFD (23.3%), and the lowest level, in the SFD (19.4%) and the NWFD (18.9%).

In the reporting period, there was a significant (19.4 pp) increase in the percentage of adults believing that the use of financial services contributed to the improvement in their quality of life, and a 12.5 pp decrease in the percentage of adults believing that the use of financial services contributed to the deterioration in their quality of life. Respondents in the UFD were the most optimistic, and respondents in the NCFD were the most pessimistic.

The lowest percentage of adults ready to start regularly using remote channels to access financial servic-

**Chart 90. Influence of financial services use on the quality of life of the adult population, broken down by federal districts (%)**

Source: Survey ordered by the Bank of Russia.

**Chart 91. Share of adult population ready to start regularly using remote channels to access financial services, if the option is available, broken down by federal districts (%)<sup>1</sup>**

Source: Survey ordered by the Bank of Russia.

<sup>1</sup> The basis for calculation of this indicator is the population that never used or used only once remote services (Internet banking and/or mobile banking) as a means of interaction with a financial institution.

es was in the NCFD (44.2%), and the highest percentage was in the CFD (62.9%). Among people living in rural areas, this indicator amounted to 50.9%. The indicator decreased rapidly as age increased (after the age of 50) and equaled as little as 18.8% in the population group aged 71 and older. Among the retired (including due to disability), this indicator was 22.7%. It was also significantly below average in low-income population groups ('We hardly have enough money for food' (38.9%) and 'We have enough money for food, but can hardly buy clothes' (35.1%).

In comparison with 2017, there was a significant increase in the level of satisfaction with remote access channels to financial services – about 10 pp for Internet banking with the use of a PC/laptop/tablet/smartphone and about 13 pp on average for mobile banking through an application or by sending SMS to a short number.

The highest levels of satisfaction with the above-mentioned access channels were observed among residents of Moscow and Saint Petersburg and million plus cities; in the population group aged 18–40; among students and entrepreneurs/self-employed, and in

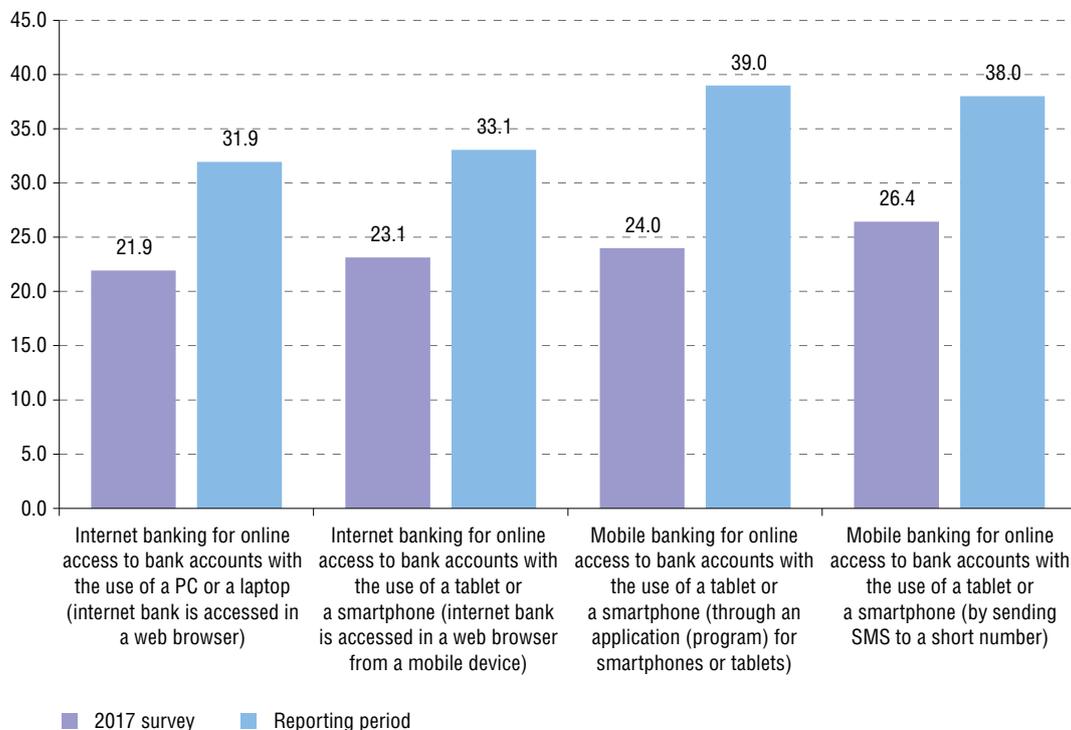
the high-income population group ('We do not have any financial difficulties. We can afford a flat or a country house'); and residents of the CFD.

## 4.2. Usefulness of Financial Services for SMEs

In the reporting period, the share of SMEs satisfied with the work of CIs when applying for and/or using financial services for businesses or in any other cases when dealt with these institutions decreased by 5.2 pp. SMEs in the NWFD were the most satisfied with the work of CIs (89.1%), and SMEs in the SFD had the lowest level of satisfaction (68.2%).

In the reporting period, the share of SMEs satisfied with the work of MFOs decreased by 1.4 pp. The level of dissatisfaction with the work of these financial in-

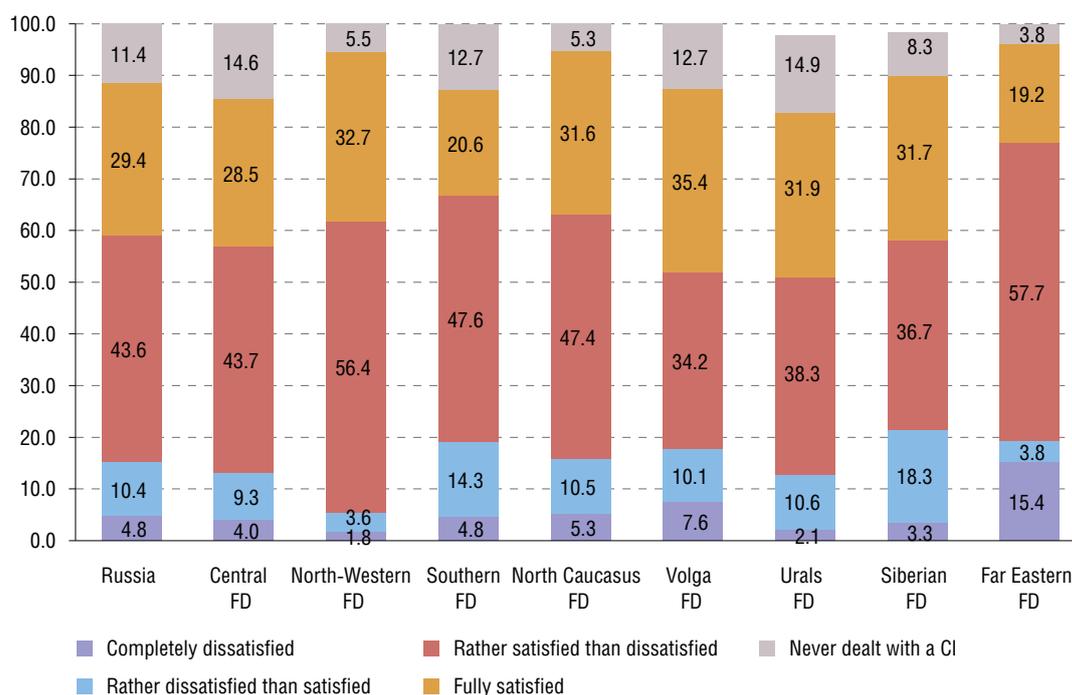
**Chart 92. Level of satisfaction with remote access channels to financial services<sup>1</sup> (%)**



Source: Survey ordered by the Bank of Russia.

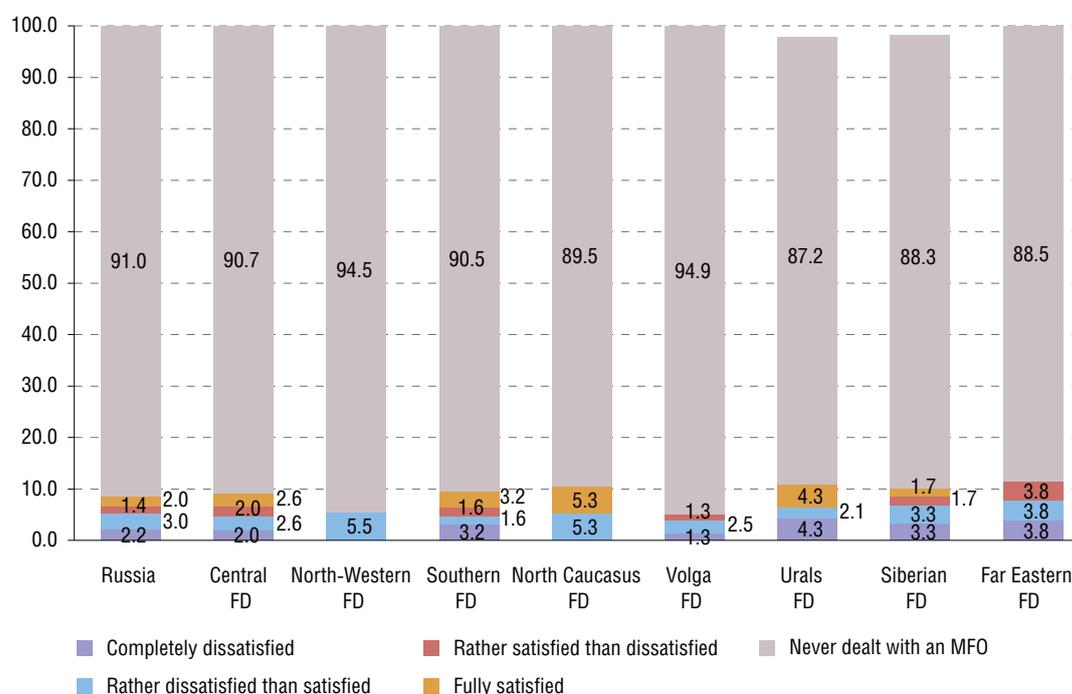
<sup>1</sup> Share of the adult population who positively assessed (4 or 5 points, with 5 being the maximum score) the channel of access to financial services by all characteristics: ease of access, availability everywhere; affordable cost; a good protection level, security; fast access, acceptable waiting time.

**Chart 93. Satisfaction of SMEs with the work of CIs when applying for and/or using financial services for businesses or in any other cases when they dealt with CIs, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 94. Satisfaction of SMEs with the work of MFOs when applying for and/or using financial services for businesses or in any other cases when they dealt with them, broken down by federal districts (%)**



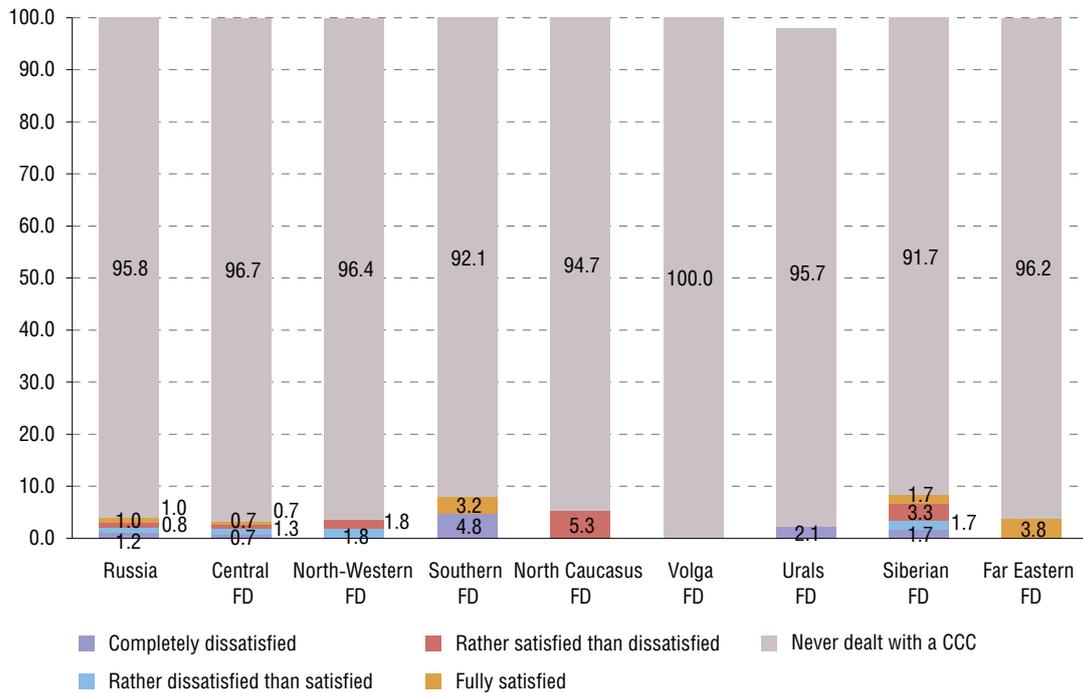
Source: Survey ordered by the Bank of Russia.

stitutions (5.2%) was higher than the level of satisfaction with their work (3.4%).

As of the survey date, the share of SMEs satisfied with the work of CCCs was equal to the share of

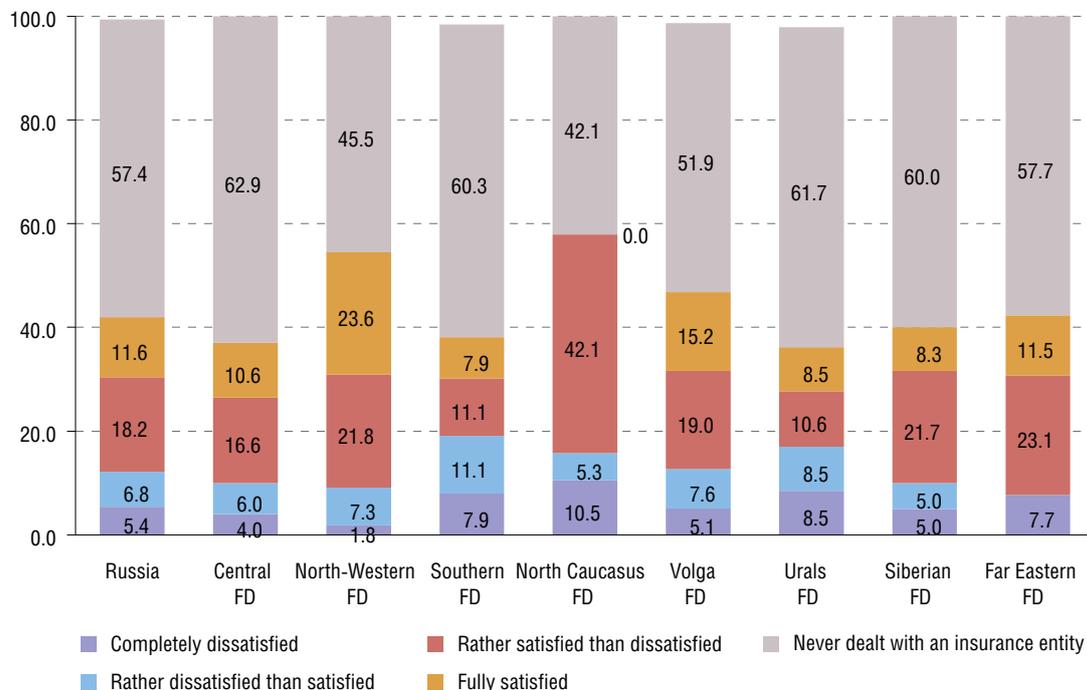
SMEs dissatisfied with their work (2% each). All SMEs from the UFD that assessed the work of CCCs were fully satisfied with their work (2.1%), and those from the SFD were either completely dissatisfied (4.8%) or

**Chart 95. Satisfaction of SMEs with the work of CCCs when applying for and/or using financial services for businesses or in any other cases when they dealt with them, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 96. Satisfaction of SMEs with work of insurance entities when applying for and/or using financial services for businesses or in any other cases when they dealt with them, broken down by federal districts (%)**



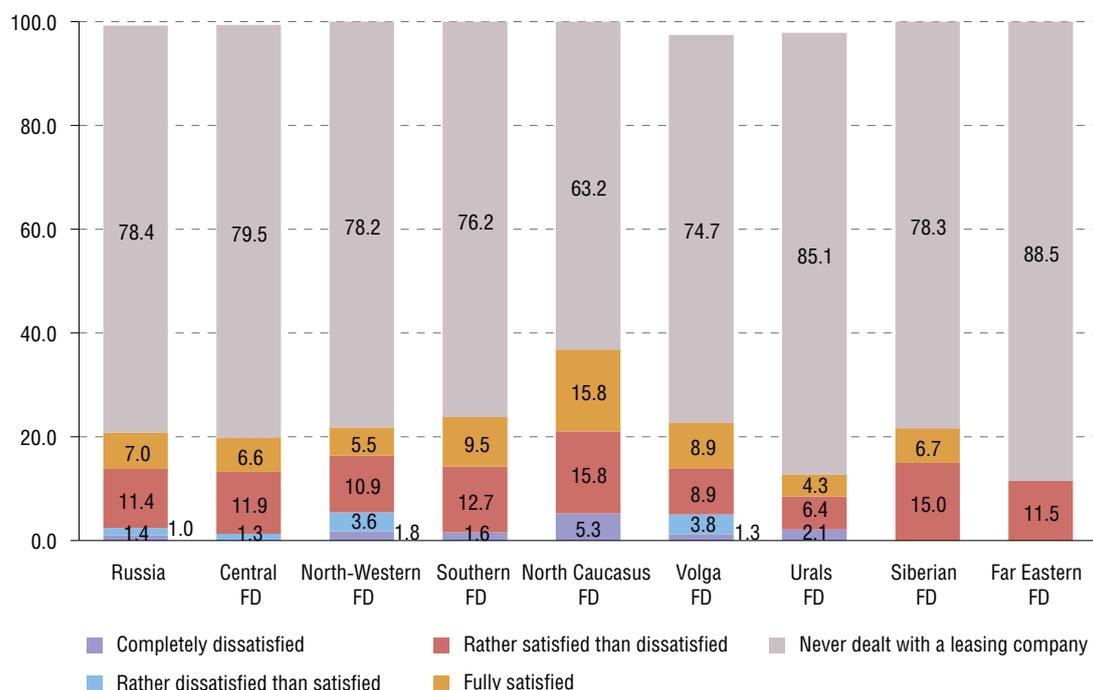
Source: Survey ordered by the Bank of Russia.

fully satisfied (3.2%). The SMEs surveyed in the VFD could not assess the work of CCCs.

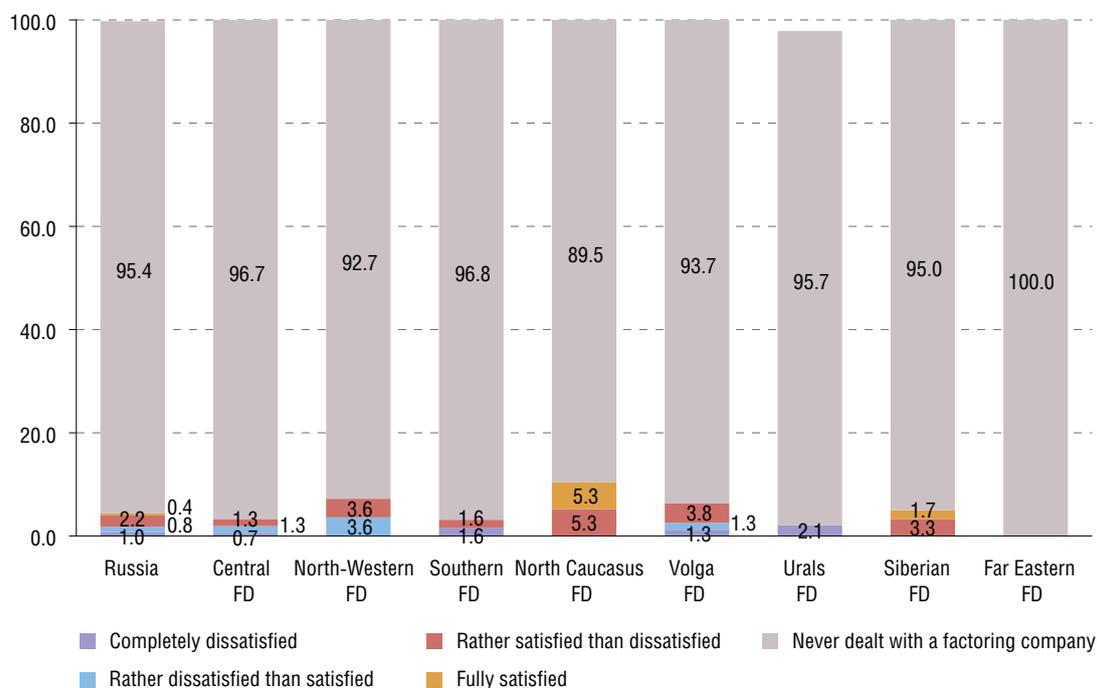
In the reporting period, the level of SMEs' satisfaction with the work of insurance entities decreased by

6.2 pp. In most of the federal districts, the level of satisfaction with the work of insurance entities was significantly higher than the dissatisfaction level, except the SFD (where the dissatisfaction and satisfaction

**Chart 97. Satisfaction of SMEs with the work of leasing companies when applying for and/or using financial services for businesses or in any other cases when they dealt with them, broken down by federal districts (%)**



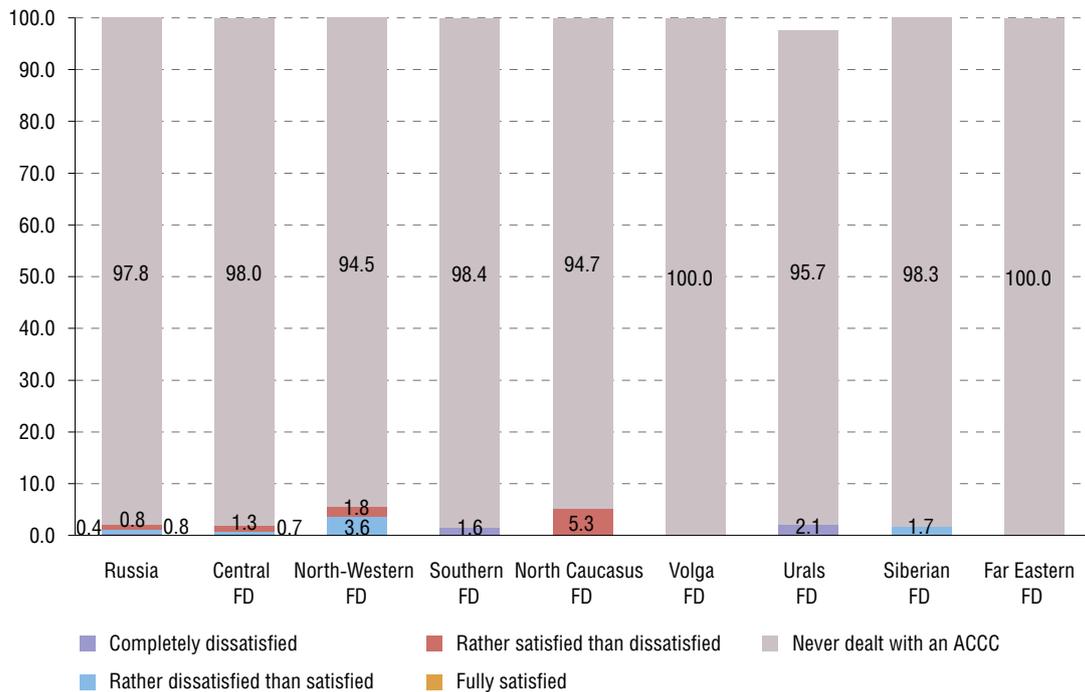
**Chart 98. Satisfaction of SMEs with the work of factoring companies when applying for and/or using financial services for businesses or in any other cases when they dealt with them, broken down by federal districts (%)**



levels were equal) and the UFD (where the satisfaction level was only 2.1 pp higher than the dissatisfaction level).

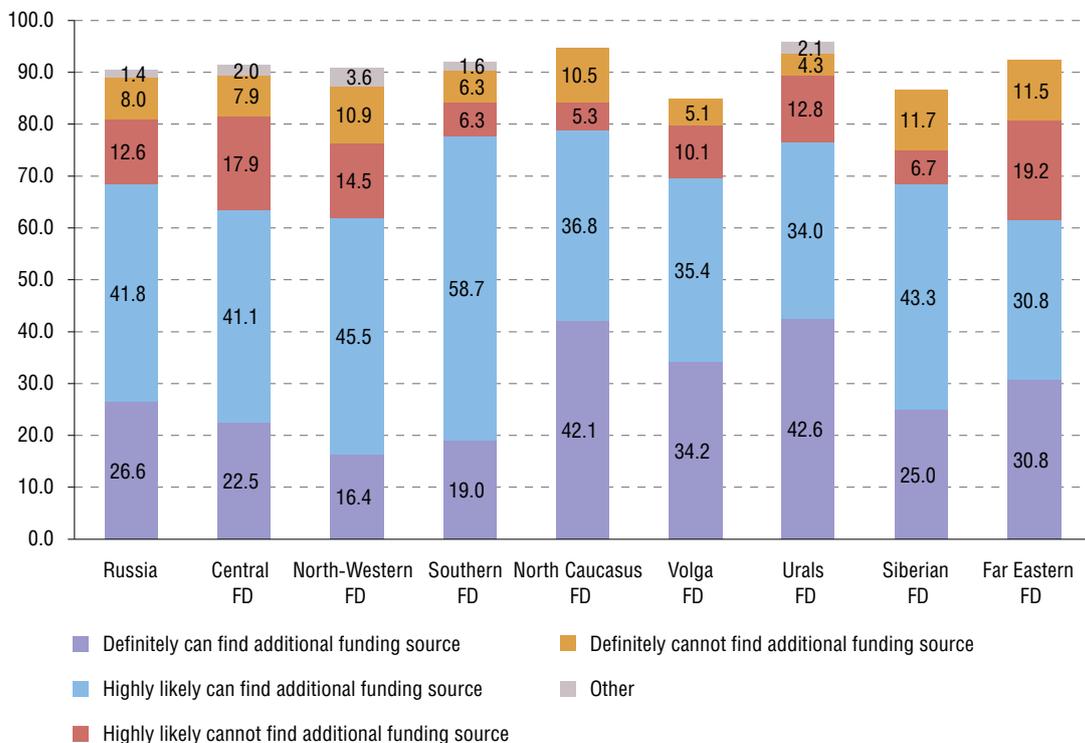
In the reporting period, the share of SMEs satisfied with the work of leasing companies decreased by 2 pp. In the NCFD, there was the highest level of satisfaction with these financial institutions (31.6% – that

**Chart 99. Satisfaction of SMEs with the work of ACCCs when applying for and/or using financial services for businesses or in other cases when they dealt with them, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

**Chart 100. SMEs' estimation of their chances to finance their businesses in case of emergency, broken down by federal districts (%)**



Source: Survey ordered by the Bank of Russia.

is, 13.2 pp higher than Russia's average). The highest level of dissatisfaction was in the NWFD (5.4%), the VFD (5.1%), and the NCFD (5.3%).

In the reporting period, the share of SMEs satisfied with the work of factoring companies decreased by 2 pp. In the NCFD, there was the highest level of satisfaction with these financial institutions (10.6%). The highest level of dissatisfaction with them was in the NWFD (3.6%).

In the reporting period, the share of SMEs satisfied with the work of ACCC decreased by 1.6 pp. SMEs in the NCFD demonstrated the highest level of satisfaction with the work of ACCCs (5.3%), and the high-

est level of SME dissatisfaction with ACCCs was in the NWFD (3.6%).

The SMEs surveyed in the VFD and the FEFD could not assess the work of ACCCs.

As of the survey date, the shares of SMEs believing that their businesses could definitely/highly likely could not/definitely could not find an additional funding source in case of emergency remained almost unchanged. The share of SMEs believing that they highly likely could find an additional funding source in case of emergency decreased by 4.8 pp. SMEs in the FEFD were the most pessimistic: 30.7% of the district's SMEs believed that they definitely/highly likely could not find an additional funding source.

## 5. APPENDIX

### 5.1. Survey methodology

#### Survey of individuals

##### INFORMATION COLLECTION METHODOLOGY

Quantitative survey based on the Omnibus technology. A monthly representative nationwide survey. The questionnaire contains various topical units with questions from different customers.

Respondents choose the survey method most suitable for them:

- a street interview near office, business, and shopping centers (TAPI);
- an interview at the place of residence (in a residential district, by the porch, TAPI);
- an online interview with a recruiter through an online panel (CAWI);
- an online interview with a pre-recruiter (hybrid CATI):
  - using mobile phones,
  - using stationary phones,
  - using social networks.

##### SAMPLING METHOD

Nationwide sample: 1,600 respondents representing Russia's population aged 18 and older broken down by gender, age, level of education, and type of settlement (distribution in accordance with official statistics).

The sampling error for the adult population at the level of Russia, is not more than 2.5% at 95% confidence level.

The survey is held in over 150 settlements in 42 regions. All federal districts are covered.

##### QUALITY CONTROL:

- at least 20% of each interviewer's questionnaires (by phone, with the purpose of establishing that the conversations took place and the reliability of answers given);
- automatic monitoring of questionnaire completion, audio recording, GPS coordinate control;
- logical and arithmetic data control.

#### Survey of SMEs

##### INFORMATION COLLECTION METHODOLOGY

Quantitative survey. Phone interview with top officials of SMEs taking financial decisions:

- chief executive officer;
- commercial director;
- chief accountant;
- heads of departments and divisions.

##### SAMPLING METHOD

Sample: 500 entities, broken down by type of entity (individual entrepreneur/legal entity), size (micro-, small and medium enterprises), industry (according to the national classifier of economic activity), federal districts, type of settlement (distribution in accordance with official statistics).

The sampling error for SMEs at the level of Russia, is not more than 5% at 95% confidence level.

## 5.2. Descriptive statistics of individual respondents

### Total number of people interviewed in Russia and broken down by federal districts, ppl

Russia	CFD	NWFD	SFD	NCFD	VFD	UFD	SibFD	FEFD
1,600	442	148	175	86	335	143	211	60

### Total number of people interviewed, broken down by gender, ppl

Male	Female	Total
712	888	1,600

### Total number of people interviewed, broken down by age, ppl

18–20	21–25	26–30	31–35	36–40	41–45	46–50	51–55	56–60	61–65	66–70	71+	Total
61	137	173	187	157	143	135	169	201	105	68	64	1,600

### Total number of respondents, broken down by type of employment, ppl

Type of employment	Number of respondents
Employee	970
Entrepreneur, self-employed	77
Retired (including due to disability)	339
Student	56
Temporarily (unemployed)	69
Housewife/househusband, maternity leave	73
Other	8
Do not know/Refuse to answer	8
Total	1,600

### Total number of people interviewed, broken down by groups formed depending on the financial situation of a respondent, ppl

Financial situation	Number of respondents
We hardly have enough money for food	36
We have enough money for food, but can hardly buy clothes	191
We have enough money for food and clothes, but we would have to save or borrow to buy an imported refrigerator or an automatic washing machine	736
We do not have to borrow to buy household appliances, but we cannot afford a car	442
We can afford quite a lot, but we could hardly save for a one-room flat in the near future	102
We do not have any financial difficulties. We can afford a flat or a country house	24
Do not know/Refuse to answer	69
Total	1,600

### 5.3. Descriptive statistics of SME respondents

#### Total number of SMEs surveyed in Russia and broken down by federal districts, number of entities

CFD	NWFD	SFD	NCFD	VFD	UFD	SibFD	FEFD	Total
151	55	63	19	79	47	60	26	500

#### Type of entity (as per SPARK), number of entities

Legal entities	Individual entrepreneurs
364	136

#### Total number of SMEs, broken down by size, number of entities

Microenterprises	Small businesses	Medium businesses	Individual entrepreneurs	Total
279	35	50	136	500

#### SMEs, broken down by number of years of operation, number of entities

1–7	8–17	18–27	28+	Not sure	Total
242	164	82	12	0	500

#### SMEs, broken down by number of employees, number of entities

1–15	16–100	101+	Not sure	Total
372	107	21	0	500

#### SMEs by annual turnover (as per SPARK), number of entities

Up to ₱12 million	₱12–₱24 million inclusive	₱24–₱60 million inclusive	₱60–₱120 million inclusive	₱120–₱400 million inclusive	₱400–₱800 million inclusive	₱800 million–₱1 billion inclusive	₱1–₱2 billion inclusive	No answer
182	29	29	21	20	18	6	10	185

