

PANEL SESSION II

ST. PETERSBURG

JULY 12-14

2017

Guidelines for the development of the Russian financial market: On the equator

FINANCE FOR
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ФИНАНСЫ ДЛЯ
РАЗВИТИЯ



Bank of Russia
Central Bank of the Russian Federation

International
Financial
Congress

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Moderator:

Oleg Vyugin, Chairman of the Board of Directors, NAUFOR, Professor at the Higher School of Economics National Research University

Speakers:

Rolf Berndt, Head of Finance and Markets Global Practice in Europe and Central Asia, World Bank Group

Alina Vetrova, First Vice-President, Association of Regional Banks of Russia

Yevgeny Dankevich, Chairman of the Management Board, Otkritie Bank

Mikhail Zadornov, CEO and Chairman of the Board, VTB 24

Timothy Talkington, Co-Head of Russia and the CIS, Goldman Sachs Group

Sergei Shvetsov, First Deputy Governor, Bank of Russia

Discussions at the panel session centred mainly around the evolution of Russia's financial market, assessment of the overall effectiveness of financial market regulation in Russia, the effect the changes have had on three major beneficiaries: the Russian people, the Russian economy as a whole and the financial sector in particular, as well as outlining future steps to promote further development.

At the session, the speakers deliberated on the following matters:

1. Availability of financial products and consumer rights protection.

A key objective of the financial market is to convert savings into investments, so, as bank rates decrease, investment products are increasingly in demand. Yet to maintain the demand, a whole new level of consumer safeguards needs to be achieved, and the focus needs to be shifted from revenues to the degree of customer satisfaction, increased financial awareness and a higher level of confidence in auditors.

2. Better competitive environment.

Competition in retail banking is quite fierce throughout Russia but its level differs greatly in cities (where it is higher) and in the regions (considerably lower). Under today's conditions, the uneven concentration is well justified, since only the biggest financial market participants command the requisite technology and personnel.

Competition in consumer banking could be boosted by a cut in the operating costs of regional banks, which would allow them to



reach out to remote regions. Furthermore, securing an equal degree of consumer confidence in private and government-owned financial market players could also become a driver to improve the competitive environment. Consumer confidence can only be levelled out by greater supervision by the regulator, as well as tighter controls by the antitrust authority.

3. The most important measures for developing the financial market need to be incorporated in the subsequent edition of the Guidelines for Development of the Financial Market of the Russian Federation.

The Guidelines should put focus particularly on digital technology, user identification and information security. It would be expedient to consider including development of alternative payment, settlement and loan platforms, as well as digital assistants into the Guidelines. Top priority tasks include evening out the tax burden on various financial instruments, boosting the development of syndicated lending, ensuring financial sector stability and implementing cross-regulation approaches. Subsequent editions of the Guidelines should be drafted in conjunction with all market participants. In addition, an increase is needed in the planning timeframe by drafting a long-term (5-year) strategy and a short-term tactical action plan.

