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Summary of the presentation by Mrs. Elena Muzika, Central Bank of Russia
Participation of foreign investors in Russia's banking sector

It is often claimed that the Russian government seeks to control the access of private including foreign investment in the Russian banking sector. This note argues that this is not a case and that the private, including foreign banks, play not a negligible role in Russia's banking sector.

First, the Russian government and the Central Bank of Russia consider that to ensure efficient bank services it is essential to develop sound competitive environment. The strategic objective is to establish an optimal combination of large multidivisional banks, regional medium-size banks, small banks and banks with specialized services. This supposes also the creation of other organizational structures than the banks, in particular non bank credit organisations.

Second, Russia as a transition economy needs to have a stable banking sector enabling the state to carry out some of its essential tasks. For this reason, the state will maintain its participation in certain Russian banks such as to Sberbank, Bank VTB, Moscow Bank and Gazprombank. It is however noteworthy, that state participation in the banking sector has been reduced in recent years: for example between 2006 and 2007, the share of the state in Sberbank decreased from 60.6% to 57.6% and in Bank BTV from 99.6% to 77.5%.

Third, as indicated in Tables 1 and 2, whereas the number of credit organizations decreased from 1253 in January 2006 to 1134 in March 2008, the number of such organization with 100% non-resident ownership increased from 41 to 63.

These data clearly indicate that in recent years Russia's banking system has been progressively opened to foreign capital and the remaining state's participation in the banking sector does not correspond to its dominating position but rather contributes to the growth of this sector.

Таблица 2

Дата	Кол-во действующих КО
01.01.2006	1253
01.02.2006	1247
01.03.2006	1244
01.04.2006	1238
01.05.2006	1233
01.06.2006	1229
01.07.2006	1221
01.08.2006	1217
01.09.2006	1211
01.10.2006	1205
01.11.2006	1203
01.12.2006	1201
01.01.2007	1189
01.03.2007	1134

Таблица 3

Дата	Кол-во КО со 100% иностранным участием
01.01.2006	41
01.01.2007	52
01.02.2007	52
01.03.2007	52
01.04.2007	52
01.05.2007	53
01.06.2007	53
01.07.2007	58
01.08.2007	58
01.09.2007	58
01.10.2007	60
01.11.2007	61
01.12.2007	60
01.03.2008	63