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RUSSIAN
MICROFINANCE
CENTER

Monthly bulletin

The All-Russian Forum on SME Development

On 22 April 2009 speaking at the All-Russian Forum on SME Development, organized by Bank for Development and Foreign Economic Affairs (Vnesheconombank), Ministry for Economic Development of the Russian Federation and OPORA Russia in cooperation with the National Partnership of Microfinance Market Stakeholders (NAMMS), the Prime Minister of the Government of the Russian Federation Vladimir Putin underlined the importance of microfinance system development. Among other things he noted: "This year we are going to actively develop the microfinance program... In particular, it is necessary to accept the law about the credit cooperation and microfinance organizations... Financial resources will also be allocated from the Vnesheconombank and the RF Ministry for Economic Development for microfinance organizations development... The total volume of the state support for small and medium enterprise program will be increased by 15 billions rubles more." The First Vice Prime Minister of the RF Government Igor Shuvalov, the RF Minister for Economic Development Elvira Nabiullina, and other officials participated in the Forum. On behalf of the Business Associations there participated, among others: the President of "OPORA Russia" Sergey Borisov, the President of the Russian Chamber of Commerce and Industry Evgeniy Primakov, and NAMMS President Mikhail Mamuta. About 500 people participated in the Forum.

The Russian Microfinance Center Advisory Board Meeting



On 23 April 2009 the regular Russian Microfinance Center (RMC) Advisory Board Meeting was held at the Russian Chamber of Commerce and Industry. The Advisory Board members and invited participants discussed and approved the main directions of microfinance development for the year 2009, the results of RMC performance in 2008 and working plans for 2009; they also expressed several practical recommendations on further Center's development.

New members of the Advisory Board joined it at this meeting: Ekaterina Butova, the President, Chairman of the Board of the «Russian Women Microfinance Network»; Natalya Shadukis, the Director of the Credit Consumer Credit Cooperative «Credit Union «Shans»; Andrey Sidnev, the Director of the mutual insurance company «Soyuz».

We use this opportunity to thank all RMC Advisory Board members for their active contribution to the microfinance development and RMC performance support.

NAMMS Concept is translated into Spanish

«The Concept of building all-inclusive financial system to raise the availability of financial services. Measures of microfinance development in the Russian Federation. 2008-2012», developed by the National Partnership of Microfinance Market Stakeholders (NAMMS) is highly popular in Latin America. It has already been translated into Spanish.

The Spanish translation of the Concept can be downloaded from the RMC website at: <http://www.rmcenter.ru/about/news/detail.php?ID=2948>.

"Analytical Paper about Branchless Banking Regulation in Russia. May 2008"

We offer your attention the "Analytical Paper about Branchless Banking Regulation in Russia. May 2008". Russian Microfinance Center was a partner in conducting this investigation. Since November 2006 when President Putin in his broadly published speech appealed to increase the financial services availability for population, several state initiatives began developing in Russia indicating serious interest of Russian leaders and regulators in this problem decision. Branchless banking is considered an economically highly effective way of achieving the goal described in the speech - raising the availability of financial services, especially for the Russian citizens with low income living on vast and under-populated territories of our country.

Since USSR dissolved, banks have been the main official providers of financial services in Russia. However, in the latest three years the situation has developed in a new way, including flying expansion of payment terminals, which belong both to banks and non-bank organizations. At the same time some banks in cooperation with the operators of cellular communications give customers a possibility to make payments and receive other banking services through the mobile phones.

Besides, a small group of Internet emitters of electronic money have lots of subscribers and declare about enormous (and constantly growing) volumes of transactions. Such emitters of electronic money and other non-bank organizations allow people to make electronic payments without trouble and with minimum efforts - without opening bank account and in many cases without client's identification.

The legal base of branchless banking services delivery lags behind the practice. Further development of branchless banking in Russia is menaced by risks connected both with the performance of huge and fast-moving and unregulated operators, and legal uncertainty concerning the possibility of payment and settlement services delivery by non-bank organizations.

The course of future development depends in many aspects of the following factors: (1) accepting the legislative definition of electronic money and legislative decision of the issue whether non-bank organizations can issue electronic money or not), (2) possibility of more broad use of retail agents for banking services delivery, and (3) reconsideration of legislative requirements about struggle with the money laundering and terrorism funding counterwork based on the approach which takes into account the real measure of risk (risk-oriented approach).

More detailed information is available at the RMC website where you can download the original text of the investigation (in English) or its translation (in Russian) at: <http://www.rmcenter.ru/publications/research/detail.php?ID=2960>.