



Bank of Russia



PRIORITIES OF THE FINANCIAL INCLUSION PROGRAMME OF THE RUSSIAN FEDERATION FOR 2022–2024

Moscow
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The Priorities of the Financial Inclusion Programme of the Russian Federation for 2022–2024 were approved by the Board of Directors of the Bank of Russia on 23 December 2021.

The document is based on available statistical and other data as of 15 December 2021.

The [electronic copy of the document](#) is available in the section ‘Financial Inclusion / Guidelines for the Development of the Russian Financial Market’ of the Bank of Russia website.

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INTRODUCTION

Greater financial inclusion for consumers and SMEs is a key policy area of the Bank of Russia and a strategic goal of Russian financial market development.

[The Financial Inclusion Strategy of the Russian Federation for 2018–2020 \(extended through 2021\)](#)¹ was the first policy document to outline priorities of the national financial inclusion agenda. Its high social importance explains the special focus on solutions to the problems outlined in the document. Over that timeframe, the Bank of Russia, jointly with financial market participants, authorities, professional and public associations and other stakeholders, had delivered a number of essential initiatives intended to provide equal access to financial services for residents in remote, underpopulated and hard-to-reach areas, create a barrier-free financial environment for people with disabilities, people with limited mobility and the elderly population, and ensure that various financial instruments are accessible to small and medium-sized businesses.

To coordinate efforts, align and involve various stakeholders in activities to implement tasks under these priorities for 2018–2021, the Bank of Russia has set up permanent working groups, which are currently operating. It was in many ways on the back of proposals and support from their members that targeted action plans related to declared priorities were drawn up and implemented; a number of projects including those at regional level were launched; financial services in ‘simplified’ service formats remained open to consumers, with credit institutions maintaining their presence in rural settlements; recommendations about equal access to financial services were developed for the market; the efforts to foster risk-based banking regulation (for more accurate risk assessments) made a stronger impact and improved banks’ interest in lending to SMEs with more effective use of government support measures for SME financing; and made non-banking financing instruments more appealing to SMEs.

Also, the key focal area was accelerated digitalisation of financial products and services to enable remote access to services – any-time, any-place – which is aligned with the Strategy for Information Society Development in the Russian Federation for 2017–2030.² In the years to come, the Russian financial market is on course to evolve under the influence of trends towards digitalisation and ecosystem transformation that had taken shape in Russia over the past period and are expected to be sustainable. They, in turn, create new challenges in terms of enabling sustained balance in digital transformation processes in the financial market.

The document ‘Priorities of the Financial Inclusion Programme of the Russian Federation for 2022–2024’ (hereinafter, the Priorities) follows and complements the Financial Inclusion Strategy of the Russian Federation for 2018–2020 (extended through 2021). It outlines the Bank of Russia’s initiatives intended to deliver on better financial inclusion objectives under [the Russian Financial Market Development Program for 2022–2024 \(English version is available\)](#) and create a favourable environment for high-quality financial products and services where demand for them, their range and the safety of their use are all growing, and businesses have more opportunities to attract debt and equity finance. While the Priorities are being implemented, it is essential that a balance is struck between the interests of all categories of consumers and businesses – both in digital and physical accessibility of financial services.

The Priorities further include measures, to be formulated and implemented, that are intended to secure financial market development from the perspective of financial inclusion, and which are expected to make a sustainable impact in the long term. One of the long-term targets is improved

¹ Approved by the decision of the Board of Directors of the Bank of Russia dated 26 March 2018 and extended through 2021 according to the decision of the Board of Directors of the Bank of Russia dated 23 October 2020.

² Approved in accordance with Decree of the President of the Russian Federation No. 203, dated 9 May 2017.

quality and standards of living of households, to be enabled by the use of financial products and services including an expanded range of financial market instruments aimed at meeting the needs of citizens with relatively low incomes, as well as the creation of an environment where interests of consumers using financial products are fully protected, which in turn will help reduce imbalances in income distribution.

The Priorities take into account provisions and contribute to the implementation of the following documents:

- The National Project ‘Small and Medium-sized Enterprises and Individual Entrepreneurship Support’;³
- The National Action Plan to Enable a Recovery in Employment and Household Incomes, Economic Growth and Long-Term Structural Changes in the Economy;⁴
- The Guidelines for Financial Market Digitalisation for 2022–2024 (to be approved);
- [The Monetary Policy Guidelines for 2022–2024 \(English version is available\)](#);⁵
- [The National Payment System Development Strategy for 2021–2023 \(English version is available\)](#);⁶
- Strategy for the Improvement of Financial Literacy in the Russian Federation in 2017–2023;
- The Strategy for Information Society Development in the Russian Federation for 2017–2030;
- The Guidelines for Financial Sector Information Security Development for 2022–2024 (to be developed).

The Priorities will be implemented by the Bank of Russia in cooperation with financial market participants, authorities, professional and public associations and other stakeholders.

³ *The objectives of the National Project ‘Small and Medium-sized Enterprises and Individual Entrepreneurship Support’, approved by the Presidium of RF Presidential Council for Strategic Development and National Projects, Minutes No. 16, dated 24 December 2018.*

⁴ *Approved by the Government of the Russian Federation on 23.09.2020, Minutes No. 36, Section VII.*

⁵ *Approved by the Bank of Russia Board of Directors on 9 November 2021.*

⁶ *Approved by the Bank of Russia Board of Directors on 30 March 2021.*

SECTION 1. GOALS AND OBJECTIVES OF THE NATIONAL FINANCIAL INCLUSION PROGRAMME

Efforts to develop the Russian financial market are within the remit of the Bank of Russia in accordance with the Federal Law ‘On the Central Bank of the Russian Federation (Bank of Russia)’.¹ Following legislative amendments in 2020,² the Bank of Russia was assigned the responsibility for developing and implementing a policy to ensure financial inclusion for population and SMEs (in co-operation with the Government).

The Bank of Russia considers the following **goal** for 2022–2024 as its priority: balanced growth of physical availability and affordability of financial services for consumers and businesses, their improved quality and extended range driven by digital transformation processes in the financial market.

Within the framework of the Russian Financial Market Development Program for 2022–2024, the Bank of Russia highlights the following **key objectives of better availability of financial services**:

- 1) to improve physical availability and widen the range of financial services through the development of online service channels for population and businesses while reducing the risks of digital disparity and strengthening cybersecurity;
- 2) to expand opportunities for debt and equity finance for businesses.

The Bank of Russia sees further growth potential for remote channels of financial services to consumers and business, including a transition to their *preferred* use instead of visits to physical service outlets, for a significant proportion of consumers. Essentially, success of the first objective is directly dependent on the current state of communication infrastructure, which is why the target of making remote financial services universally available to consumers and small businesses is a long-term objective.

Importantly, in determining the goals and objectives of the financial inclusion agenda priority is given to the interests of financial consumers. Greater financial inclusion being not a goal in itself, it should primarily assist in improving the **welfare of citizens, quality of life and standards of living**, and expanding opportunities to set up and develop business.

To deliver on this financial inclusion agenda, beyond enabling full access to high-quality financial services for consumers and businesses, the following **consumer groups** should be targeted, as a separate priority:

- 1) residents in remote, underpopulated and hard-to-reach areas;
- 2) people with disabilities, people with limited mobility and the elderly population;
- 3) low-income citizens;
- 4) SMEs.

This suggests the continuity of priorities established in the Financial Inclusion Strategy of the Russian Federation for 2018–2020 (extended through 2021).³

¹ Article 3 of Federal Law No. 86-FZ, dated 10 July 2002, ‘On the Central Bank of the Russian Federation (Bank of Russia)’.

² Federal Law No. 106-FZ, dated 3 April 2020, ‘On Amending the Federal Law ‘On the Central Bank of the Russian Federation (the Bank of Russia) and Certain Laws of the Russian Federation as Regards the Specifics of Amending Loan Agreement Conditions’.

³ For 2018–2021, the following goals and related priorities were established:
1) increasing financial inclusion and improving the quality of financial services:
– for financial consumers in remote, underpopulated or hard-to-reach areas;
– for SMEs;
– for population groups with limited access to financial services (citizens on a low-income, people with disabilities, people with limited mobility and the elderly population);
2) increasing the speed and quality of access to financial services for internet users.

Importantly, the active involvement of financial market participants in the implementation of measures of special **social importance** to improve financial inclusion will increase the contribution of the financial market to the achievement of sustainable development goals and the ESG transformation of Russian business. When delivering on the previous strategy, the Bank of Russia saw examples of some financial organisations prioritising, at their own initiative, public interests over commercial interests, and not without sizeable alternative costs in some cases. Such examples include their decisions and arrangements to maintain physical networks in rural areas until the moment there are alternative options for access to financial services, adaptations of various service channels to the needs of people with disabilities, and preferential loans provided to SMEs with lower margins compared to corporate clients.

Over the medium term, with the main operational focus of the Bank of Russia on financial inclusion related to products and services in remote and digital forms, it is necessary to take into account the needs of consumers who are not yet ready to interact with their providers in this format. At the same time, it is important that service channels are adapted to the needs of various consumer groups both from the functional perspective (including for people with disabilities, people with limited mobility and the elderly population) and by developing ‘simplified’ service formats (the internet does not yet cover all remote, underpopulated and hard-to-reach areas of the country).

The advancement of digital financial services including those based on platforms and ecosystems will also help consumers gradually switch to the active use of online channels of access to financial services. The Bank of Russia will in turn implement a package of measures to enable financial market infrastructure development, adjust regulation, improve financial literacy, ensure the protection of consumer rights and cybersecurity, as well as a set of organisational, legal and technical measures to counter social engineering in the financial market.

Over the medium term, the Bank of Russia will in principle pay special attention to improving the quality of financial products and services, as well as to expanding their range and access channels for various needs of private consumers and SMEs. The range of products and services available to consumers will be expanded and their cost reduction facilitated by the advantages created by modern financial and digital technologies and platform solutions. Also, private consumers and businesses will receive more opportunities to manage their funds in a free manner thanks to the Faster Payment System, which is also expected to reduce the cost of funds transfers for households and business costs related to non-cash payment acceptance, ensuring the safety of non-cash payments.

As economic recovery emerges and normalisation sets in, it is important that the stability of the real economy is guaranteed, SMEs are supported and efforts are continued towards improving risk-based banking regulation and increasing the availability of governmental preferential lending programmes for SMEs. The Bank of Russia will concurrently focus on the development of non-bank finance for small and medium-sized businesses.

SECTION 2. CURRENT STATE OF FINANCIAL INCLUSION IN RUSSIA

The current state of financial inclusion for consumers and SMEs is largely the implementation result of the Financial Inclusion Strategy of the Russian Federation for 2018–2020 (extended through 2021) and other medium-term planning documents guiding strategy implementation.¹

The following accomplishments of recent years and mid-term trends should be highlighted:

- accelerated digitalisation of financial products and services and their growing affordability;
- expanding the presence of credit institutions in rural areas in ‘simplified’ service formats;
- service channels, including online channels, gradually adjusting to the needs of people with disabilities, people with limited mobility and the elderly population;
- expanding banking and non-banking finance for business.

2.1. Major initiatives delivered in 2018–2021

The Bank of Russia identifies three consumer groups as the target audience for the priorities of the Financial Inclusion Strategy of the Russian Federation for 2018–2020 (extended through 2021). A key contribution to the formulation and implementation of core tasks² within strategy implementation was made by financial market representatives, authorities, professional and public associations and other stakeholders (who participated in priority area working groups attached to the Bank of Russia).³ Also, efforts were made to implement measures and projects that help improve overall affordability of financial services for consumers and business.

Enhancing financial inclusion for residents in remote, underpopulated and hard-to-reach areas

Since 2018, some major credit institutions with a wide network of regional coverage have been involved in Bank of Russia initiatives to enhance financial inclusion in remote, underpopulated and hard-to-reach areas, as well as to develop ‘simplified’ formats of presence and test new services provided on their basis: stationary and non-stationary points of service with bank payment and other agents, bank partners and credit institution employees.

¹ [The Guidelines for Financial Technology Development for 2018–2020](#); the National Project ‘Small and Medium-sized Enterprises and Individual Entrepreneurship Support’; [The Russian Financial Market Development Programme for 2019–2021 \(English version is available\)](#) (approved by the Board of Directors of the Bank of Russia on 8 February 2019); [The National Payment System Development Strategy](#) (approved by the Board of Directors of the Bank of Russia on 15 March 2013).

² [The Action Plan \(Roadmap\) for Better Financial Inclusion in Rural, Remote, Underpopulated and Hard-to-Reach Areas for 2021](#) (No. PM-01-59/195, dated 23 December 2020); the [Action Plan \(Roadmap\) to Improve Financial Inclusion for People with Disabilities, People with Limited Mobility and the Elderly Population for 2017–2019](#) (No. PM-01-59/31, dated 5 July 2017) (agreed with the Ministry of Labour and Social Protection of the Russian Federation), and the [Action Plan \(Roadmap\) to Improve Financial Inclusion for People with Disabilities, People with Limited Mobility and the Elderly Population for 2020 and 2021](#) (No. PM-01-59/55, dated 8 June 2020); [The Bank of Russia’s Roadmap for SME Finance Development for 2018–2021](#) (approved by Order of the Bank of Russia No. OD-2387, dated 13 September 2018) and the [Bank Of Russia’s Roadmap for SME Finance Development for 2021–2022](#) (approved by Order of the Bank of Russia No. OD-2212, dated 28 December 2020, version No. OD-721 as of 20 April 2021).

³ **The working group on financial inclusion in remote, underpopulated and hard-to-reach areas**, which includes credit institutions with a mature network of presence in rural areas and telecoms operators (set up in 2018); the **working group on cash-out at points of sale for card holders (pilot project)**, whose participants are credit institutions with a mature acquiring network, including those operating in the Republic of Crimea and Sevastopol, and core payment system operators (set up in 2019); the **working group on financial inclusion for people with disabilities and people with limited mobility**, which includes, among others, public organisations and associations of people with disabilities (set up in 2017); the **working group on SME finance**, which includes representatives of the Ministry of Economic Development of the Russian Federation, JSC “RSMB Corporation”, business associations and credit institutions (set up in 2016); and the **working group on monitoring, consumer risk assessment and proposals for crowdfunding regulation** (set up in 2016, operations are completed).

In order to clarify a number of issues on cash-out terms, the Bank of Russia released recommendations for credit institutions and payment system operators.⁴ Bottlenecks for the cash-out service were identified. They include limited opportunities to provide the service to entrepreneurs using patent taxation and the lack of knowledge and skills of consumers and business to use the service. The Bank of Russia is working to resolve these issues.

That time marks the beginning of consistent efforts commenced at regional level to enhance financial inclusion in remote, underpopulated and hard-to-reach areas. Since 2018, in close cooperation with authorities of the constituent entities of the Russian Federation, administrations of municipalities, credit institutions, telecoms operators and other stakeholders, plans have been implemented to enhance financial inclusion in remote, underpopulated and hard-to-reach areas of the Far East, and since 2019, of the Southern and North Caucasus Federal Districts. With this service format having been found viable,⁵ such packages of measures are set to be developed and scaled up countrywide.

An interactive map of points of access to financial services is being developed. Data on the location and functionality of such points, which financial institutions regularly provide to the Bank of Russia, will be integrated into desktop (browser) and mobile versions of the mapping service by a major provider in the Russian market. This widely available service will enable any interested person to access official and regularly updated information about points of access to financial services: their location and functionality.

Credit institutions are due to receive service recommendations related to residents in rural, remote, underpopulated and hard-to-reach areas.⁶

Enhancing financial inclusion for people with disabilities, people with limited mobility and the elderly population

Based on global experience, working group proposals and wide discussion, four information letters were prepared and published,⁷ along with two issues of Bank of Russia methodological recommendations⁸ for credit and non-credit financial institutions related to the creation of a barrier-free financial environment and personal and remote services for people with disabilities, people with limited mobility and the elderly population.

In pursuance of the list of instructions of the President of the Russian Federation following the 3 December 2020⁹ meeting with representatives of public organisations, the Bank of Russia released recommendations¹⁰ for credit institutions for strengthening measures to prevent financial losses and to reduce the risk of fraud with regard to accounts of people with disabilities, people with limited mobility and the elderly population. Credit institutions are recommended to implement the so-called ‘second hand’ service whereby the client can appoint another client of the same credit institution as an assistant for additional control of transactions to be performed via remote (digital) channels.

Compliance with all Bank of Russia recommendations is monitored on an ongoing basis:

- since 2018, credit institutions have been interviewed annually to check progress with their implementation of Bank of Russia recommendations on the creation of a barrier-free environment for people with disabilities, people with limited mobility and the elderly population;

⁴ Bank of Russia Information Letter [No. IN-06-59/157, dated 3 November 2020](#).

⁵ [Some accomplishments](#) of the financial inclusion programme for remote, underpopulated and hard-to-reach areas in the Far East, Southern and North Caucasus Federal Districts were published on the Bank of Russia website on 24 June 2021.

⁶ To be approved by early 2022.

⁷ Bank of Russia Information Letters [No. IN-03-59/20, dated 12 May 2017](#); [No. IN-01-59/50, dated 23 October 2017](#); [No. IN-01-59/5, dated 28 January 2019](#); and [No. IN-01-59/184, dated 29 December 2020](#). Another two draft information letters are planned for approval before the end of 2021.

⁸ Bank of Russia Methodological Recommendations [No. 12-MR, dated 26 April 2019](#), [No. 11-MR dated 9 August 2021](#).

⁹ List of instructions of the President of the Russian Federation No. Pr-2243, dated 31 December 2020.

¹⁰ Bank of Russia Methodological Recommendations No. 11-MR, dated 9 August 2021.

- four financial inclusion studies have been carried out with a focus on people with disabilities;
- support was given to the practice of working group members drawing up initiative rankings of credit institutions on the availability of various service channels for people with disabilities.

Between 2018 and 2021, the [Financial Culture website \(fincult.info\)](https://fincult.info)¹¹ published two guidance documents explaining the specifics of teaching financial literacy basics to people with disabilities; educational videos on financial literacy were published in the Russian sign language for people with hearing and/or speech impairments. The Bank of Russia University website published in the public domain a Bank of Russia training course titled ‘Communication without Barriers’ for financial organisation employees, teachers and financial education volunteers interacting with people with disabilities. A number of educational materials on financial literacy will have been adapted for people with mental/cognitive disabilities by the end of 2021.

Enhancing financial inclusion for SMEs

The Bank of Russia had developed risk-based banking regulation aimed at more accurate risk assessment to raise the appeal of lending to SMEs for banks and ensure efficacy of government support measures for SME finance. Currently, the main focus is now on new areas of SME finance to be developed within the framework of the National Project ‘Small and Medium-sized Entrepreneurship and Individual Entrepreneurship Support’, which envisages expanding SME access to financial resources through the stock market (including the use of support measures) and through crowdfunding platforms and factoring, as well as the efforts to further develop the Faster Payments System (FPS).¹²

Efforts were made to improve the banking regulation of SME lending. In 2018–2021, several innovations were introduced through amendments to Regulation No. 590-P,¹³ which included:

- more cases are covered by portfolio provisioning;
- the list of information for credit institutions to analyse the borrower’s financial position was significantly expanded;
- guarantees and sureties of JSC "RSMB Corporation" were included in the grade 1 collateral list. This will allow banks to create zero provisions on JSC "RSMB Corporation"-backed loans;
- for banks with a basic licence, the loan amount to be included in the uniform loan portfolio was increased from 1.5 to 3% of own funds (capital);
- a specific provisioning rule was established for SME loans of which the risk is assessed on the basis of intra-bank borrower solvency evaluations without the use of statutory reporting;
- extensions were made to the list of exceptions to the requirements for assessing the borrower’s real operations.

In addition, as part of Instruction No. 180-I¹⁴ (currently Instruction No. 199-I),¹⁵ the maximum amount of claims against the borrower (a group of related borrowers) was increased from 60 million to 70 million rubles, in order to apply a reduced risk ratio of 75% for claims on SMEs. Furthermore, the minimum number of individual SME borrowers was reduced by half (from 100 to 50) for banks holding a basic licence to apply the above reduced risk ratio to claims on SMEs, under Instruction No. 183-I.¹⁶ In this way, banks (both basic and universal licence holders) were able to increase the base for calculating ratios using the incentive risk ratio.

¹¹ The Bank of Russia’s financial literacy website.

¹² In addition to funds transfers between individuals (C2C) and funds transfers to legal entities for goods, works and services (including using QR codes) (C2B), the FPS can carry out funds transfers from legal entities to individuals (B2C) including refunds, as well as transfers between accounts of one individual with different banks at the recipient’s initiative (C2C-pull).

¹³ Bank of Russia Regulation No. 590-P, dated 28 June 2017, ‘On the Procedure for Credit Institutions to Make Loss Provisions for Loans, Loan and Similar Debts’.

¹⁴ Bank of Russia Instruction No. 180-I, dated 28 June 2017, ‘On Banks’ Required Ratios’.

¹⁵ Bank of Russia Instruction No. 199-I, dated 29 November 2019, ‘On Banks’ Required Ratios and Capital Adequacy Buffers for Banks with a Universal Licence’.

¹⁶ Bank of Russia Instruction No. 183-I, dated 6 December 2017, ‘On Banks’ Required Ratios for Banks with a Basic Licence’.

In 2020, the Bank of Russia took part in the rollout of measures to enhance availability of SME finance by more efficient solvency assessments of SMEs based on credit history bureau data, which corresponds to amendments by Federal Law No. 302-FZ,¹⁷ effective from 1 January 2022.

The Bank of Russia's programme for preferential refinancing of banks is ongoing. Under the SME lending incentive programme of JSC "RSMB Corporation", worth 175 billion rubles, the lending rate was reduced in 2020 to 8.5% per annum, with loan purpose and borrower industry restrictions lifted. To provide support to SMEs in the context of a deteriorating situation following the spread of coronavirus, the Bank of Russia also allocated 60 billion rubles in a special support package under this programme, available from 1 November 2021 through 30 December 2021, to support preferential bank lending to SMEs in the worst affected sectors.

In 2020, in the conditions of the pandemic, the Bank of Russia launched temporary instruments to a total of 500 billion rubles to provide liquidity to banks on preferential terms. These instruments incentivised banks to extend loans to non-financial organisations for the latter to pay wages and fund other urgent needs, as well as other loans to small and medium-sized enterprises. These loans will have been fully repaid by the end of 2021.

SMEs received more options to access the stock market:

- guarantee support for development institutions in terms of access to the stock market;
- reduced exchange fees for SME issuers;
- development institutions involved as anchor investors in securities issues of SMEs;
- subsidising part of the coupon rate and SMEs' costs of securities issues

In 2019, investment platform operators were formalised in legislation.¹⁸ Investment platforms became another channel for SMEs to raise finance. A fee subsidy scheme has been launched with regard to platform operator fees.

Subsidies have been granted to credit institutions that signed up to the FPS for reimbursement to SMEs of banks' transaction fees in the FPS between 1 July through the end of 2021¹⁹ under newly developed rules (the programme was extended through the first half of 2022 in pursuance of an instruction of the President of the Russian Federation).²⁰ Corporate clients received a mobile application (FPS Pay) to enable easy and safe payments of private consumers to retail and service outlets connected to the FPS.

In 2021, the FinTech Association with the participation of the Bank of Russia and JSC "RSMB Corporation" created a prototype of an online factoring platform. The prototype was launched on the Masterchain certified blockchain platform and envisages the use of smart contracts to digitalise the procurement process.

A series of educational webinars, including jointly with JSC "RSMB Corporation" and Moscow Exchange, was launched to raise awareness about finance raising opportunities for SMEs in the stock market through crowdfunding and factoring. Over the first eleven months of 2021, 42 webinars for an awareness campaign were held on these subjects and on FPS opportunities for SMEs, with 7,300 participants and 11,000 views on the Bank of Russia's YouTube channel, Facebook page and in social networks.

¹⁷ Federal Law No. 302-FZ, dated 31 July 2020, 'On Amending the Federal Law 'On Credit Histories' with Regard to Modernising the System of Credit History Formation'.

¹⁸ Federal Law No. 259-FZ, dated 2 August 2019, 'On Investment Raising Using Investment Platforms and on Amending Certain Laws of the Russian Federation'.

¹⁹ Its implementation is ongoing in line with Russian Federation Government Decree No. 1103, dated 30 June 2021, 'On Approval of Rules for Federal Budget Subsidies to Russian Credit Institutions for Reimbursement of Bank Fees Paid by Small and Medium-sized Enterprises on Individuals' Funds Transfers to Small and Medium-sized Enterprises as Payments for Goods (Works/Services) in the Faster Payments System of the Bank of Russia'.

²⁰ List of instructions based on the results of the 13th Investment Forum 'Russia Calling!' (approved by the President of the Government of the Russian Federation, Instruction No. Pr-2282, dated 2 December 2021).

Increasing affordability of financial services and digitalisation

The new infrastructure solutions helped make financial services for consumers and business safer and more affordable. The FPS service reduces the cost of funds transfers for citizens and business costs of non-cash payment acceptance. Marketplace reduces the cost of financial products and lifts territorial restrictions. The digital profile facilitates interactions and data exchange related to financial products and services, reducing costs for financial institutions.

Furthermore, plans were unveiled for the creation of a digital ruble, the advancement of Marketplace 2.0, as well as the launch of the Know Your Customer platform, which will also contribute to better affordability of financial services.

The compulsory third-party liability insurance of vehicle owners (OSAGO) reform was completed in 2020, which helped stabilise rates. Also, credit history bureau reforms were completed, having improved debt burden assessments, with positive implications for the cost of credit products.

Financial services are becoming increasingly more available remotely, which further reduces their cost. For example, as part of the efforts to develop the insurance market infrastructure, a new federal law was enacted in 2020 that lifted the ban on Internet operations for insurance agents and insurance brokers.²¹ In addition, insurance agents and insurance brokers were authorised to provide voluntary insurance and OSAGO (on behalf of and at the expense of the insurer) in electronic form; remote services were authorised for all types of voluntary insurance.

2.2. Progress to date

Digitalisation for financial inclusion in the interests of consumers and businesses

Non-cash payments have by now become common practice for Russian consumers, on the back of advances in banking payment infrastructure and following credit institution clients' strong demand for remote management of their accounts and funds. The share of non-cash payments in total retail sales, public catering and commercial services is growing, and payment cards are on the rise. 2021 Q3 results (compared to 2018):²²

- The most dynamic POS network in recent years operated almost 3.5 million devices (+ 58.1%);
- the share of accounts with remote access to funds (in the number of active bank accounts)²³ totalled 91.0% (+ 6.7 percentage points);
- the share of non-cash payments in total retail sales, public catering and commercial services was 72.6% (+17 percentage points).

The universal use of payment cards creates a key advantage for the consumer – fast online access to services. However, just several years ago (in 2016) their client service potential for the financial market remained to be unlocked, with a mere 23.7% of adult clients using remote access to their bank account (Chart 1). Back in 2018, although financial institutions had been promoting online services, consumer predominantly viewed them as additional channels of access to financial services.

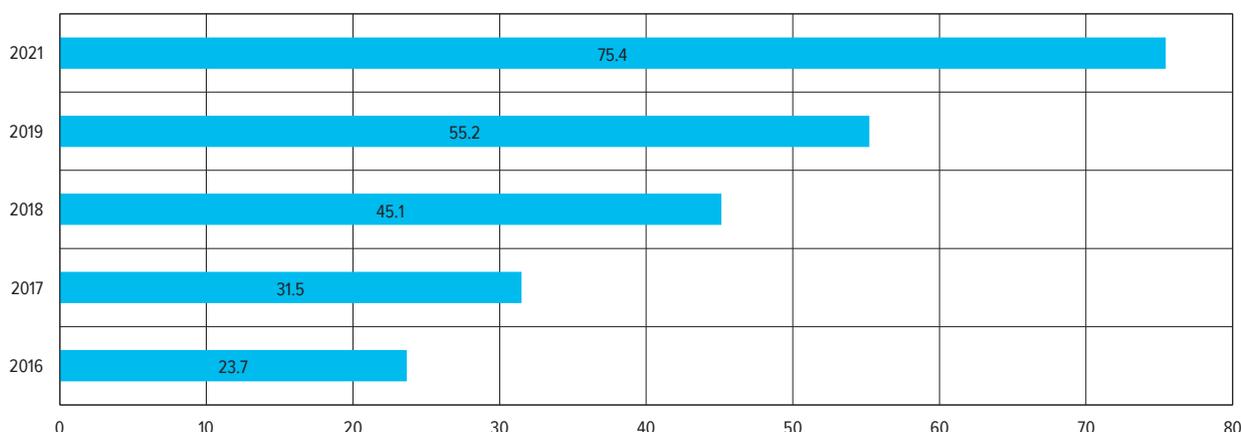
At the moment, given the mature base for further technological transformation of the financial market (including through the improvement of existing and the launch of new digital financial

²¹ The amendments were made to the Law of the Russian Federation No. 4015-I, dated 27 November 1992, 'On the Organisation of the Insurance Business in the Russian Federation' (Federal Law No. 149-FZ, dated 24 April 2020, 'On Amending Certain Laws of the Russian Federation').

²² For the first two indicators: data as of 01.10.2021 and 01.01.2018, for the third indicator: for the first nine months of 2021 and 2018.

²³ Active bank accounts are accounts of clients that are not credit institutions and those with at least one cash transfer transaction during the year.

SHARE OF ADULT CONSUMERS WHO USED REMOTE ACCESS TO BANK ACCOUNTS FOR FUNDS TRANSFERS IN THE PAST 12 MONTHS (INTERNET AND/OR MOBILE BANKING), ACCORDING TO AN ANNUAL MAY SURVEY (% OF RESPONDENTS) Chart 1



Source: adult consumer surveys commissioned by the Bank of Russia as part of the programme of measuring financial inclusion indicators.

services: the Unified Biometric System (UBS), the FPS, marketplaces, the Digital Profile and wide use of remote payment opportunities (Chart 1), as well as the environment for core financial services to be provided online (including insurance). The Bank of Russia sees opportunities for further growth of remote service channels to be used by private and corporate consumers, including a switch to their *preferred use* instead of physical points of access.

The deep penetration of remote financial services by early 2020 provided wider access to financial services to private and corporate consumers as the coronavirus pandemic hit the economy. Mass lockdowns and other anti-pandemic restrictions in turn led to even more frequent and widespread use of remote channels of access to financial services including, beyond payment services, lending (including mortgage loans), insurance, depositing free cash and others, which to some extent spurred consumers to switch to them.

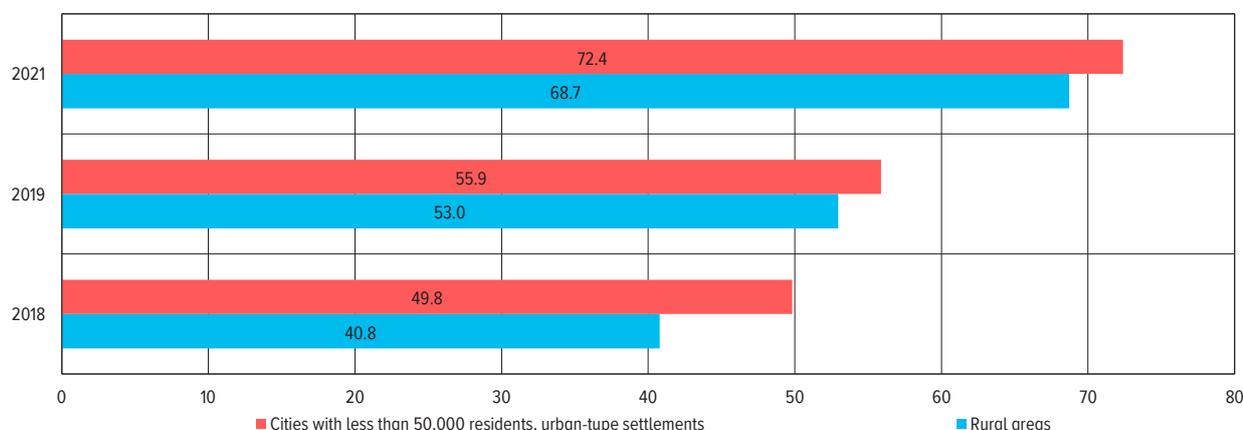
At the same time, consumers and businesses are not yet ready to fully opt out of physical points of service. First of all, some areas in the country are still uncovered by the internet (especially remote, underpopulated and hard-to-reach areas), and remote service channels do not always suit the needs of all population groups (including people with disabilities, people with limited mobility and the elderly population). Even where the internet is available, rural residents may lack the right skills or the need for online access to financial services. The mental availability of digital financial services is therefore the key driver for preferred use of online channels. According to a 2021 survey,²⁴ 41.8% of adult consumers who do not regularly access financial services remotely are prepared to start using remote channels regularly if possible.

Enhancing financial inclusion for residents in remote, underpopulated and hard-to-reach areas

Survey data (Chart 2) show that in 2021, 68.7% of rural residents and 72.4% of residents in urban-type settlements and small towns (up to 50,000 people) used remote access to bank accounts for funds transfers over the past 12 months, while the indicator averaged 78.8% for residents of other settlements. Regarding the instant transfer option (which takes up to 15 minutes) via any online or offline channels (by accessing the bank account or without it), a similar imbalance is recorded: 82.5 and 83.8% for residents of rural settlements, and urban-type settlements and small cities respectively against 91.8% for residents of major cities.

²⁴ Adult consumer survey as part of the programme of measuring financial inclusion, May 2021.

SHARE OF RURAL/SMALL TOWN RESIDENTS WHO USED REMOTE ACCESS TO BANK ACCOUNTS FOR FUNDS TRANSFERS IN THE PAST 12 MONTHS (INTERNET AND/OR MOBILE BANKING), ACCORDING TO AN ANNUAL MAY SURVEY (% OF RESPONDENTS)



Source: adult consumer surveys commissioned by the Bank of Russia as part of the programme of measuring financial inclusion indicators.

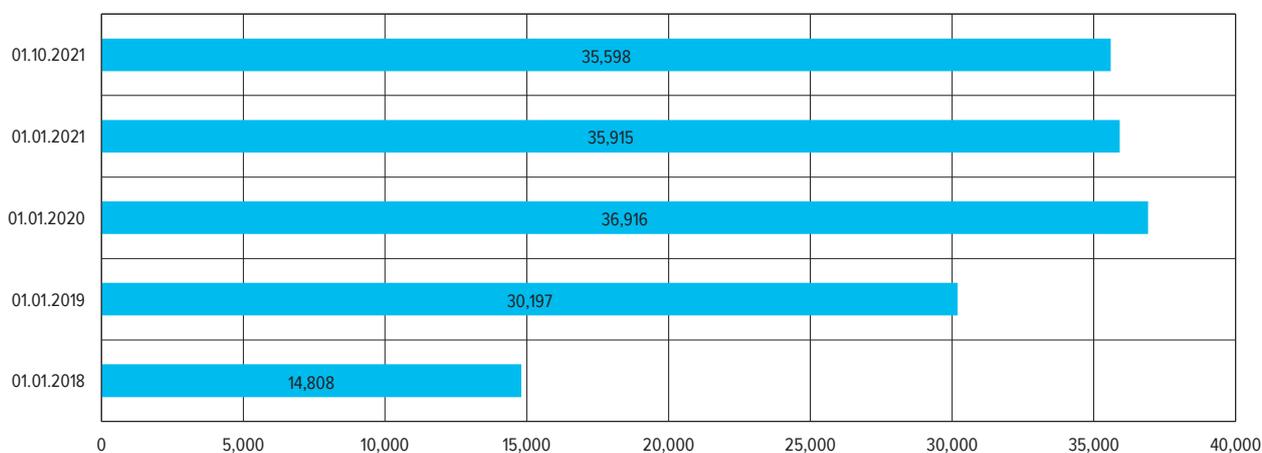
In 2018–2021, the core contribution to the objective of ensuring financial inclusion in rural areas was made by banks involved in the previously mentioned working groups: not only did they decide against reducing their presence in rural areas in traditional formats (bank offices²⁵ and ATMs), but also made efforts to expand their offices operating in ‘simplified’ service formats.

For example, increasingly more banking services are now offered by post offices. 2021 Q3 results show that banking services are provided at 35,600 post offices, of which 26,200 are located in rural areas (Figure. 3). Given that this service format is already provided by 95% of all operating stationary post offices with internet access, the focus over the medium term – starting from 2020 – is shifting to quality and the range of financial services available at such points of service.

The network of cash-out outlets is also expanding. Based on 2021 Q3 results, there were 5,900 such outlets (Figure 4). Importantly, the number of such outlets went up considerably following the pilot test of this service. Crucially, preliminary estimates suggest that more than 70% of these points are located in rural areas. Some cash-out outlets in the pilot test also provide payment services and accept applications for debit card issuance, among other services.

NUMBER OF BANKING SERVICE OUTLETS IN POST OFFICES

Chart 3

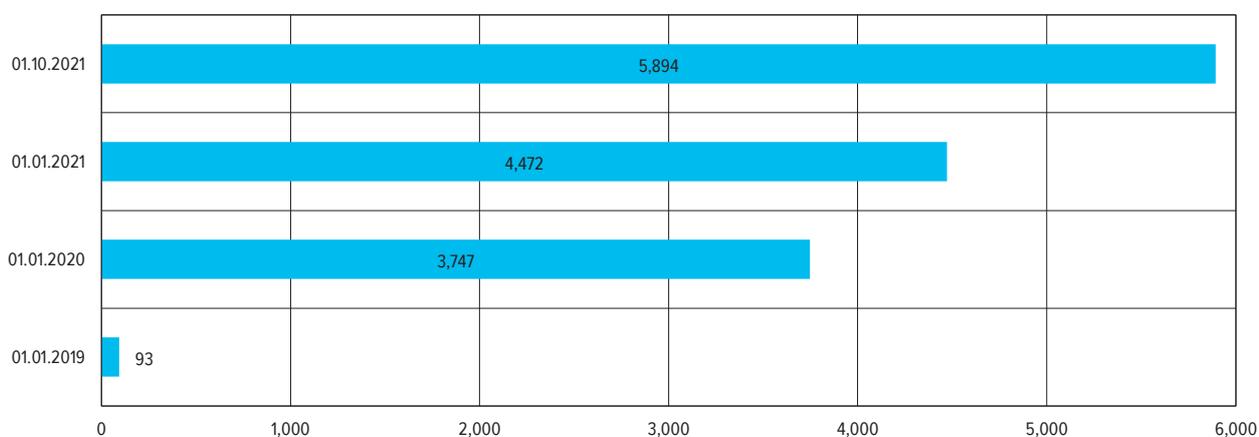


Source: PJSC Post Bank data.

²⁵ Despite the overall decline in the number of credit institutions’ offices in the country.

NUMBER OF CASH-OUT OUTLETS IN RETAIL AND SERVICE OUTLETS

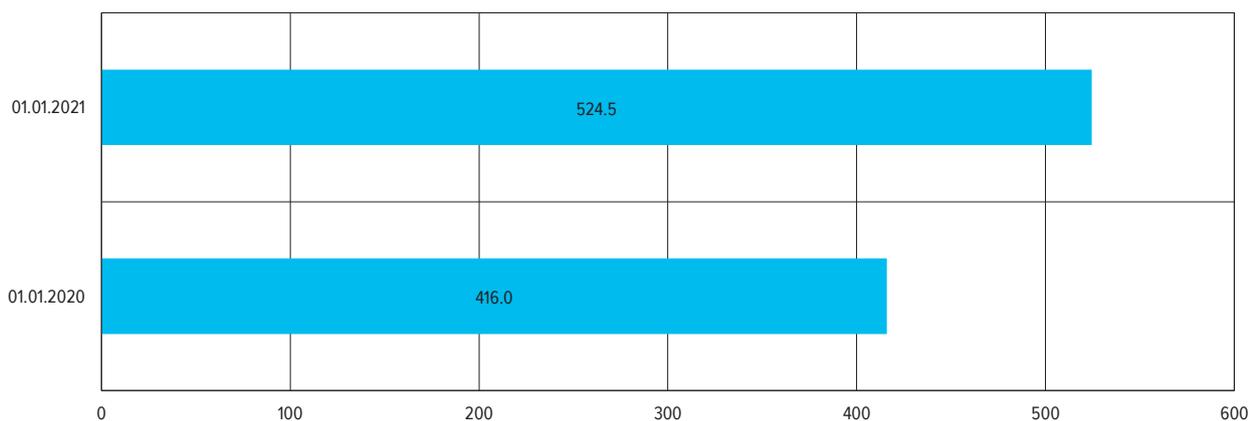
Chart 4



Source: data from credit institutions that are members of the Bank of Russia working group on cash withdrawal at points of sale (pilot project), excluding cash-out outlets in VkusVill.

NUMBER OF REMOTE SERVICE POINTS WITH CREDIT INSTITUTION EMPLOYEES AND STATIONARY BANKING OUTLETS OPERATED BY AGENTS/PARTNERS OF CREDIT INSTITUTIONS, THOUSANDS

Chart 5

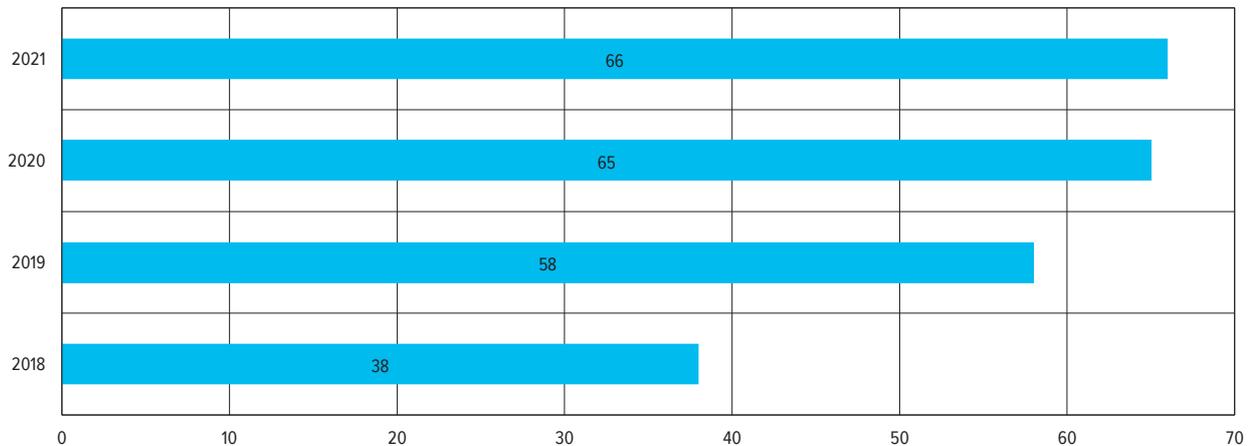


Source: a comprehensive survey of credit institutions, notifications of credit institutions. Statistics on the points of service with employees and agents of credit institutions have been calculated from the beginning of 2019 (their number went up 13% in two years), statistics on those with partners, from the beginning of 2020.

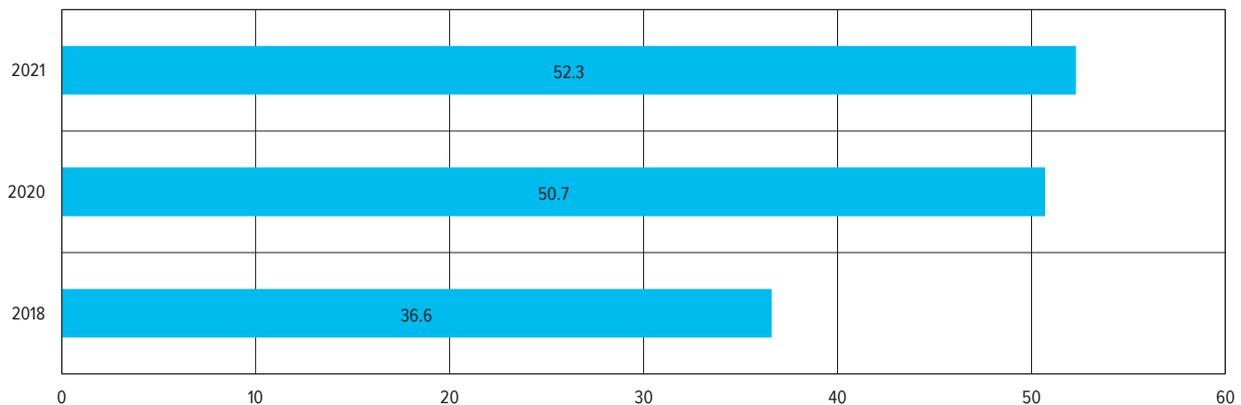
In addition, growing is the network of remote service outlets with credit institutions' employees and stationary banking outlets operated by agents/partners of credit institutions. In 2020, their number was up 26% to 524,500 (Figure 5). Also, rural areas keep demand for non-stationary services covering several settlements via agents that mainly collect documents and provide information and consulting services.

Enhancing financial inclusion for people with disabilities, people with limited mobility and the elderly population

As follows from the outcomes of efforts in 2018–2021, the level of financial inclusion for people with disabilities, people with limited mobility and the elderly population have increased; major barriers to an inclusive environment for these population groups have been removed.

SHARE OF CREDIT INSTITUTIONS THAT HAVE FULLY OR PARTIALLY IMPLEMENTED BANK OF RUSSIA RECOMMENDATIONS RELATED TO THE CREATION OF A BARRIER-FREE ENVIRONMENT *Chart 6*
(%)


Source: Bank of Russia surveys of credit institutions: December 2017 – June 2018, April 2019 – August 2019, September 2020 – December 2020, September – November 2021.

SHARE OF PEOPLE WITH DISABILITIES WHO USED REMOTE ACCESS TO BANK ACCOUNTS FOR FUNDS TRANSFERS OVER THE PAST 12 MONTHS (INTERNET AND/OR MOBILE BANKING), ACCORDING TO AN ANNUAL OCTOBER SURVEY *Chart 7*
(% OF RESPONDENTS)


Source: surveys of people with disabilities commissioned by the Bank of Russia.

As of the end of 2021,²⁶ 66% of credit institutions implemented or almost implemented Bank of Russia recommendations concerning the creation of a barrier-free environment (including recommendations of the additional list²⁷, which is 28 percentage points more than in 2018 (Chart 6); stripping out technical upgrade recommendations,²⁸ this number is 88%, this is 20 percentage points up on 2018.

At the same time, the imbalance of access to online service channels is seen among people with disabilities, people with limited mobility and the elderly population. However, the core barrier for their access is not the absence of the internet but the fact that remote service channels are not always adapted to the needs of all population groups (including people with disabilities, people with limited mobility and the elderly population).

²⁶ In accordance with Bank of Russia Information Letter No. IN-03-59/20, dated 12 May 2017, and taking into account the additional list of recommendations in accordance with the provisions sent to credit institutions in line with Bank of Russia Methodological Recommendations No. 12-MR, dated 26 April 2019 and No.11-MR, dated 9 August 2021.

²⁷ Except for institutions without services to individuals (as reported).

²⁸ Excluding the extra package of recommendations.

For example, survey data (Chart 7) shows that only 52.3% of such citizens accessed in 2021 their bank accounts remotely to transfer funds (that is, the percentage is fewer than that of rural residents). However, in a noticeable improvement on 2018, the indicator went up by 15.7 percentage points. 70.4% of respondents reported complete or partial adjustment of online banking accessed via a web browser, and 86.7% confirmed such adjustment of the bank's mobile application. 44.5% of people with disabilities reported that they were ready rather than not or willing to fully switch to remote service.

For people with disabilities in general, despite the significant rise in the use of remote service channels, personal visits to offices are still the most common channel of interaction with financial institutions. At the same time, among respondents with disabilities who personally visit financial institutions, 51.3% support rather than not or fully support a switch to remote service without visits to bank offices. The least number of respondents who likely or fully support the possibility of abandoning personal visits to bank offices and a full switch to remote interactions with financial organisations are people with total hearing loss (31.5%) and people with total sight loss (41.5%). Compared to other groups of people with disabilities, they are most sensitive to the degree of adjustment of channels of interaction with financial institutions; they tend to question that barrier-free access to all financial services is only possible via remote channels.

A 2021 survey found that 83.2% of people with disabilities were completely or rather satisfied with service standards of credit institutions (6.3 percentage points up on 2018), which includes 38.7% of fully satisfied customers (vs 30.8% in 2018).

Enhancing financial inclusion for SMEs

The problem of costly credit resources is most relevant for SMEs, due to their specificity. The cost of lending for them tends to be higher than for big business. For all the noticeable improvements in price conditions (Chart 8), the financing of domestic SMEs is still largely reliant on government support.

Lending to SMEs has been expanding in 2018–2021 (Chart 9); it was one of the fastest growing segments in 2020. Among factors driving this expansion were the Bank of Russia's programme of improving risk-based banking regulation, the incentive, lending and preferential financing programme for SMEs, as well as the government's anti-crisis package and loan restructuring relaxations.

Non-bank financing tools, in turn, became more appealing, helped by, among other things, the implementation of the National Project 'Small and Medium-sized Entrepreneurship and Individual Entrepreneurship Support'.

In 2020, bond placements in the new Growth Sector of Moscow Exchange more than doubled (growth of 106%) compared to 2019 and totalled 6.4 billion rubles (Chart 10). In the first eleven months of 2021, the Growth Sector registered 15 placements worth 7.86 billion rubles.

Growth was also recorded in the volume of funds SMEs raised with the help of investment platform operators acting as investment-raising intermediaries (crowdfunding). These funds totalled 5.656 million rubles for the first nine months of 2021.

Leasing and factoring are essential to SME development. SME transactions constitute a sizeable part of the leasing market, with SMEs accounting for 57.1% (613 billion rubles) of leased property value for the first nine months of 2021, having recorded growth compared to 2018 (47.6%)²⁹. For the first nine months of 2021, SMEs accounted for 319 billion rubles, or 14.5%, of total factoring financing and for about 75% of total clients; the share of transactions with SMEs is 12.5%, or 93 billion rubles (unchanged from 2018 when their share was 14% by volume and 13% by portfolio).³⁰

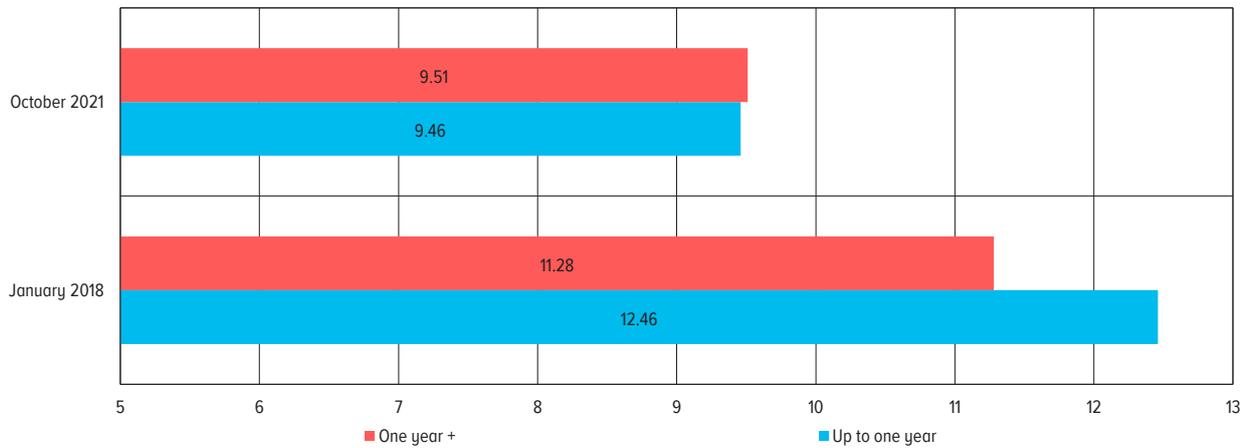
In addition, a decline was recorded in the cost of non-cash settlements between consumers and businesses in the FPS. Bank fees payable by merchants in the FPS are capped at 0.4–0.7% subject to the types of retail operations, whereas acquiring fees are 2.5–3 times as high (and average 1.2–2.2%). As of 1 November 2021, 130,000 SME retailers are connected to the FPS.

²⁹ Expert RA data.

³⁰ Association of Factoring Companies data.

WEIGHTED AVERAGE INTEREST RATES ON LOANS TO NON-FINANCIAL SMES IN RUBLES (%)

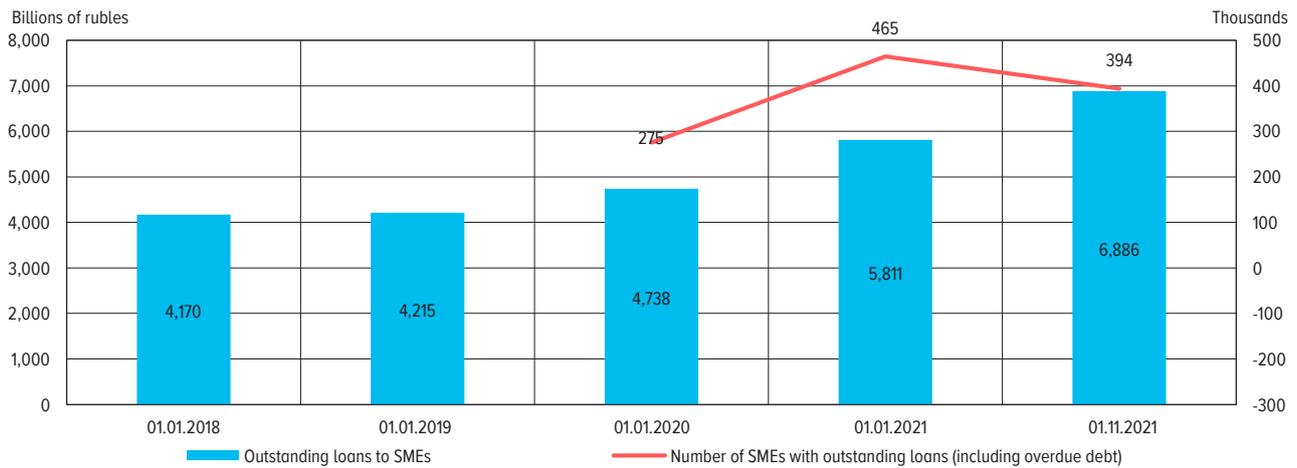
Chart 8



Source: Bank of Russia.

PORTFOLIO OF SME LOANS AND THE NUMBER OF SME BORROWERS

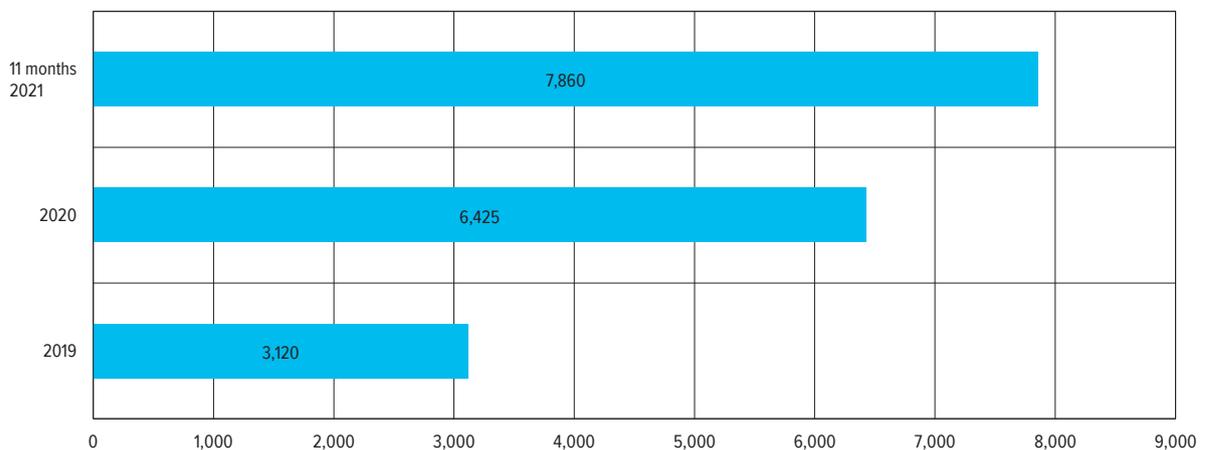
Chart 9



Source: Bank of Russia.

SME BONDS PLACEMENTS IN THE GROWTH SECTOR OF MOSCOW EXCHANGE
(MILLIONS OF RUBLES)

Chart 10



Source: Moscow Exchange data.

SECTION 3. PRIORITY AREAS AND CROSS-FUNCTIONAL TASKS

Growth in financial inclusion for consumers and business will be chiefly driven by the digitalisation of financial products and services and of their access channels, as well as advancements in digital financial services in the medium term. In the years ahead, the Bank of Russia will place special emphasis on efforts to enhance the availability of financial products and services in digital form, including through its involvement in legislative activities that aim to create a legal framework for high-quality financial services in electronic form.

Fast and safe access to any service – any time, any place – is what the consumer should enjoy in the future; this is what the market and regulator will view as high service standards.

Digital transformation has in recent years enabled financial institutions to expand their online capabilities, with the emergence of increasingly user-friendly and safe interfaces and services. This trend was accompanied by dynamic change in customer acquisition and office models: organisations have been increasingly abandoning full-scale offices, shifting to ‘simplified’ service formats including agent-based models that may only offer a minimum set of services, sufficient to attract clients online.

In addition to the ongoing rapid **digitalisation of financial accessibility**, which enables **universal** access to high-quality and safe financial services for consumers and business, priority areas for 2022–2024 include efforts to improve the level of accessibility, quality and the range of financial services for the following **consumer groups in need of special attention**: residents in remote, underpopulated and hard-to-reach areas; people with disabilities, people with limited mobility and the elderly population; low-income citizens; and SMEs.

At the same time, it is important to establish an environment where consumers feel confident about their financial future, can meet their current and future financial obligations and can make financial decisions that contribute to **the improvement of their quality of life and living standards**. In addition, the financial market should offer solutions that prevent any deterioration in consumer welfare through the use of financial services.

This section presents key tasks and activities for 2022–2024 in these priority areas.

Furthermore, such **cross-functional tasks** as ensuring the protection of consumer rights and improving financial literacy including digital, investment and cyber literacy, when successfully solved, should contribute to expansion in demand for financial products and services including those provided in digital form or through new digital financial services.

3.1. Digitalisation for financial inclusion in the interests of consumers and businesses

Core tasks and activities for 2022–2024

1. Facilitating digitalisation

Creating a favourable environment for new technologies and supporting financial innovation are top strategic areas in the Bank of Russia’s operations.

Core tasks and activities towards facilitating digitalisation are outlined in the Russian Financial Market Development Program for 2022–2024. Additional policy documents – the Guidelines for Financial Market Digitalisation for 2022–2024 and the Guidelines for Financial Sector Information Security Development for 2022–2024 – determine priorities for the next few years in this area.

1.1. Development of the UBS:

- set up appropriate infrastructure to enable citizens to independently register biometric data in the UBS through secure mobile applications;
- explore video identification options.

1.2. Digital Profile Platform Development:

- enable all financial institutions to obtain reliable information through Digital Profile infrastructure;
- create a Digital Profile of a Legal Entity and enabling submission of basic details of a legal entity/individual entrepreneur to the Digital Profile from state information systems.

1.3. Digital ruble project development:

- pilot-tests of the digital ruble platform.

Importantly, there are plans for the rollout of the digital ruble in offline mode in the future. This will allow consumers to pay in digital rubles in locations without the internet. It is especially relevant for some remote, underpopulated and hard-to-reach areas. Businesses operating in such locations will be able to reduce cash handling costs.

1.4. Development of open APIs:

- create a legal framework for a switch to open interaction through APIs.

1.5. Developing formats and service tools for population and business taking into account digital transformation processes in the market:

- introduce the non-bank payment service provider institution;
- amend insurance legislation to create a legal framework for almost all insurance services to be provided fully in electronic form; implement measures targeting mandatory types of insurance to streamline contractual and indemnity payout procedures for consumers.

1.6. Development of platform solutions:

- develop the Marketplace project in terms of regulation and expansion of the list of services;
- expand FPS services;
- expand Masterchain-based services;
- create a Know Your Customer platform;
- develop services on the Digital Platform for SMEs;
- sign participants on to Bank of Russia-developed platforms (for example, microfinance organisations to join the Digital Profile and Marketplace projects).

1.7. Creating the Automated Information System (AIS) Insurance operator:

- create a legal framework for the AIS Insurance operator, to be wholly owned by the Bank of Russia;
- information support of insurance market participants by the AIS Insurance operator.

Platform solutions are essential to expanding financing for small and medium-sized enterprises. In line with the National Project ‘Small and Medium-sized Entrepreneurship and Individual Entrepreneurship Support’ and the National Action Plan to Enable a Recovery in Employment and Household Incomes, Economic Growth and Long-Term Structural Changes in the Economy, coordinated by the Bank of Russia, efforts are being made to develop SME financing tools based on the stock market and crowdinvesting, to advance online factoring for SMEs, enabling payments for goods and services of SMEs in the FPS, and to set up a Know Your Customer platform (see Subsection 3.5).

2. Analysing and eliminating barriers to extensive use of remote service channels throughout the life cycle of a financial product (service):

- analyse the seamless nature of supply chains in the financial market to confirm that full-scale services can be provided remotely;
- assess behavioural patterns and consumer preferences in terms of their willingness to use remote channels of access to financial services (assessing mental barriers);
- monitor and identify cyber risks affecting financial stability and operational reliability of systemically important financial institutions, associations and ecosystems;
- identify other barriers to extensive use of remote service channels and digital financial services;
- identify and eliminate constraints that prevent the consumer from exercising the right to free informed choice, as well as to a barrier-free switching between financial service providers, including for complex financial products and for maturing financial ecosystems.

When delivered, the Priorities should result in the emergence of favourable market conditions and consumer readiness to obtain services mainly online. Behavioural aspects are also known to be a potential barrier to the expansion of online access channels, and they may be even more difficult to overcome than infrastructural and other constraints.

Platform solutions are becoming a key tool for enhancing financial inclusion in Russia, with ecosystem transformation processes in the financial market, conflating financial and non-financial services on their basis, expected to make an increasingly strong impact on consumers in the near future. At the same time, this brings consumer protection risks that will need the involvement of the Bank of Russia to be controlled and minimised.

3. Monitoring population and business groups potentially exposed to digital disparity

A switch to online channels will involve the need to ensure the interests of consumers who for some reason cannot or are not ready to interact with providers online. Digital disparity risks should be controlled and digital discrimination prevented, that is, efforts will be needed to prevent situations when citizens and businesses lose access to financial services because of unavailable conventional service channels (including as a result of a gradual drop in their numbers) and the lack of remote access to services.

3.2. Enhancing financial inclusion for residents in remote, underpopulated, and hard-to-reach areas

Core tasks and activities for 2022–2024

1. Maintaining the essential number of points of access to financial services in rural, remote, underpopulated and hard-to-reach areas:

- conduct flash monitoring of status and coordinate plans for the development of network and presence formats of banks participating in working groups;
- promote 'simplified', including agent-based, presence formats of credit institutions operating in rural, remote, underpopulated and hard-to-reach areas;
- identify, analyse, and elaborate actions to remove barriers for expansion of network coverage in rural, remote, underpopulated, and hard-to-reach areas;
- increase the number of retail and service outlets, public and municipal institutions and other organizations that accept non-cash payments (via payment cards or the FPS including through QR codes);
- lay the groundwork for expansion of services based on mobile cash transaction points, including feasibility analysis of ROSINKAS Association infrastructure to be used for financial services in rural, remote, underpopulated and hard-to-reach areas lacking points of access to financial services;

- introduce the option of obtaining insurance indemnity through insurance agents of individuals who would perform all the functions of the insurer's representative office; foster a switch to an agent-based presence format from physical presence for insurance indemnity payouts in compulsory third-party liability insurance of vehicle owners (OSAGO);
- incentivise the conduct of inspections of damaged vehicles (or other property) within the settlement of residence of the policy holder (when remote interactions in electronic form are impossible for reasons beyond the control of the policy holder) as a part of the switch from essentially office-based operations to an agent-based presence model of regional OSAGO providers;
- jointly with federal and regional authorities, elaborate proposals and measures to expand the presence of financial organisations in small settlements, including within the framework of programmes such as the Integrated Development of Rural Areas and Spatial Development Strategy of the Russian Federation through 2025.

2. Improving the range and quality of financial services available to consumers through stationary and remote service channels:

- expand the range of financial services provided in rural, remote, underpopulated and hard-to-reach areas both through conventional presence formats (branches and ATMs) and post offices/retail and service outlets (cash-out), including upgrades of financial infrastructure facilities (for example, by promoting contactless technology);
- elaborate and implement incentives for retail and service outlets to provide financial services including cash-out;
- monitor the implementation of recommendations for credit institutions providing services to residents in rural and remote, underpopulated and hard-to-reach areas, and their updates if necessary;
- conduct comprehensive assessment of the range and quality of financial services in municipalities by means of surveys of heads of municipalities;
- assess the availability of services of professional securities market participants to residents in rural, remote, underpopulated and hard-to-reach areas, including the adequacy of supply of financial instruments and channels of access to them;
- identify and analyse factors preventing extensive use of various digital financial services in rural, remote, underpopulated and hard-to-reach areas.

3. Improving the efficiency of measures aimed at better availability of financial services in rural, remote, underpopulated and hard-to-reach areas at regional level:

- jointly with regional authorities, credit institutions, telecoms operators and other stakeholders, elaborate and implement a uniform package of measures to increase financial inclusion in rural, remote, underpopulated and hard-to-reach areas in all constituent entities of the Russian Federation, taking into account their adaptation to the needs of residents of specific territories;
- extend the functionality of the geographical distribution map of points of access to financial services;
- assess the availability of points of access to financial services in settlements and municipalities (taking into account internet coverage, the distance from the nearest access point and population size);
- identify settlements with insufficient financial services infrastructure;
- implement targeted measures in settlements with insufficient financial services infrastructure.

4. Extending measures in this priority area to urban-type settlements and small towns (up to 50,000 people).

3.3. Enhancing financial inclusion for people with disabilities, people with limited mobility and the elderly population

Core tasks and activities for 2022–2024

1. Enhancing financial inclusion for people with disabilities, people with limited mobility and the elderly population, mainly through remote (digital) service channels:

- monitor how financial institutions follow Bank of Russia recommendations with regard to the creation of a barrier-free financial environment for people with disabilities, people with limited mobility and the elderly population including, in particular, the accessibility of remote service channels, branches, ATMs, advanced training for staff, as well as compliance with GOST R 52872-2019;¹
- assess the difficulties that people with disabilities, people with limited mobility and the elderly population experience in interactions with financial institutions, including through various service channels, and implement measures aimed at their mitigation, including by making appropriate recommendations for financial institutions;
- continue the comprehensive assessment of financial inclusion for these population groups, including in order to ensure growth in the level of adaptation, penetration and demand for remote (digital) service channels, as well as the level of readiness of various consumer groups to switch to essentially online delivery of services;
- explore the option of expanding the list of UBS modalities for biometric identification by people with disabilities, people with limited mobility and the elderly population, in particular by people with hearing and speech impairments (including ongoing implementation of the list of instructions of the President of the Russian Federation following the 3 December 2020 meeting with representatives of public organisations);
- expand the range of services provided with the use of biometric personal data of people with disabilities, people with limited mobility and the elderly population.

2. Improving security for people with disabilities, people with limited mobility and the elderly population as financial consumers:

- shape a financial environment that safeguards people with disabilities, people with limited mobility and the elderly population against financial loss of as a result of fraudulent actions, including through social engineering (ongoing implementation of the list of instructions of the President of the Russian Federation following the 3 December 2020 meeting with representatives of public organisations); release recommendations for financial organisations; explore the need for legislative amendments;
- detect and eliminate financial consumer discrimination of people with disabilities, people with limited mobility and the elderly population;
- improve the level of financial literacy of people with disabilities, people with limited mobility and the elderly population including by offering dedicated training materials.

3. Shape an accessible and safe financial environment for people with mental/cognitive disabilities:

- take into account the needs of this target audience in the rollout of measures aimed at creating a barrier-free environment for people with disabilities, people with limited mobility and

¹ The National Standard of the Russian Federation GOST R 52872-2019 'Internet resources and other information in electronic digital form. Applications for stationary and mobile devices and other user interfaces. Requirements for accessibility for persons with disabilities and other persons with limitations on daily activities' (approved by Order of Rosstandart No. 589-St, dated 29 August 2019).

- the elderly population, including special service and security recommendations for financial organisations regarding this population group;
- improve readability and comprehensibility of financial documents for people with mental/cognitive disabilities;
 - create dedicated training materials taking into account the needs of this target audience, as well as how-to books for interactions with this group as educational content of financial literacy classes.

3.4. Use of financial market tools to improve the welfare of citizens, primarily low-income population

Priority will be given to the tasks of developing new approaches, tools and measures to protect the interests of citizens and enable consumer welfare growth through the use of financial services.

Such measures will be developed based on the needs of consumers and the opportunities that financial market instruments present to improve the quality and standard of living.

Importantly, such measures will be developed taking into account the interests **of low-income population**, including with regard to the terms of financial services. One key task here is to expand the range of financial market instruments focused on their needs. For individuals who are only able to spend little on financial products and services, the rollout of standard terms for such financial market instruments will make consumer choice and product use easier, reducing the cost of basic financial services for this population group.

First of all, there are plans to offer households options for better use of their savings opportunities: packaged products with a fixed minimum interest rate for low-income individuals. Also on the agenda is the task of eliminating differentiation in price conditions (by some parameters, including the deposit amount) for any deposits of all consumers.

A package of protection tools is envisaged to be available to all citizens, but their use by low-income citizens will be of critical importance. Such protection tools are primarily intended to prevent or reduce excessive debt burdens, with a number of measures to be implemented from the rollout of responsible lending principles to the extension of loan repayment holidays to all types of consumer loans – as a legislated opportunity for struggling individuals to restructure loans.

It should be noted that these objectives, especially in terms of affordable prices, may only be delivered in sync with the Monetary Policy Guidelines for 2022–2024. Price stability is essential to sustaining social stability. Low and steady inflation is what primarily protects low-income population.

The following initiatives will be implemented in active discussion with financial market participants, government authorities and other stakeholders.

Core tasks and activities for 2022–2024

1. Creating dedicated financial products for low-income citizens:

- create a packaged product that is based on a current account and a MIR card, accrues interest on the balance within a certain limit linked to the key rate, and enables no-fee cash withdrawals, transfers and payments (including for utilities) in a certain monthly amount, with disabled direct debit and debit by enforcement order to a certain amount (times the subsistence minimum);
- create a special product – bank deposit with guaranteed accrual of interest at a rate linked to the key rate or inflation rate, provided that this is the individual's only deposit on which interest is accrued in the above amount; the amount for accrual of guaranteed income is capped;
- explore the option of special credit products available to fund short-term education courses and business development (for the self-employed and novice entrepreneurs).

Special financial products may only become available if credit institutions are entitled to guaranteed access to a single register of consumer details (individuals receiving social support measures, including low-income individuals) with records of individuals with open special financial products). Credit institutions need such access to check consumer details in the system and confirm that the *one product per individual* rule is observed.

2. Increasing the affordability of financial products and services, eliminate irregularities in their terms:

- enable no-fee interbank transfers between accounts of one consumer within a monthly amount established by law;
- introduce a ban on differentiation in deposits rates in an amount established by law subject to the deposit amount, the depositing method (transfer from a bank account (deposit) with the same/another bank or depositing cash), as well as purchase of/opting out of additional financial products and services including by related parties;
- introduce automatic bank deposit agreement extension on the best terms for an annual/nearest-term deposit of all deposit products currently offered by credit institutions at the time the fixed-amount deposit is extended, based on the consumer profile.

Also, affordability will improve on the back of further digitalisation of financial products and services, as well as through digital financial services being launched, with efforts to promote their use: the FPS – which reduces the cost of funds transfers for consumers and non-cash payment acceptance costs for businesses; marketplaces and the Digital Profile – which facilitate interactions and data exchange related to financial products and services, which in turn reduces costs for financial institutions.

3. Improving security for consumers, especially those with a relatively low level of income, as users of financial products and services:

- legislate the right to loan repayment holidays with a certain frequency for struggling consumers;
- ensure protection of property interests of debt-laden consumers;
- introduce self-restraint on loan issue/online loans issued through a credit history bureau;
- mandate that credit and microfinance organisations calculate the borrower's debt service to income indicator (DSTI) and notify borrowers of the risks of a high DSTI;
- guarantee that the borrower has a subsistence minimum after the bank withholds funds by court order; ensure the individual's right to protect the subsistence minimum in a direct debit agreement;
- implement measures to protect consumers from banks' unfair practices by disincentivising credit institutions from *dishonest bonus* practices, misselling, imposition of products and services, or unfair sales.

3.5. Enhancing financial inclusion for SMEs

Core tasks and activities for 2022–2024

1. Extending the availability of bank lending for SMEs, including through small and regional banks:

- continue to implement measures to improve risk-based banking regulation of SME lending including in order to increase the appeal and efficiency of banks' development institution support tools (including the option of assigning quality grade 1 to regional guarantee funds for loan loss provisions to be made);

- launch and implement a permanent preferential funding² facility, essentially for small regional banks and banks with a basic licence³ that have limited access to government programmes; it will help extend the availability of preferential loans to SMEs including SMEs that are clients of such banks;
- jointly with the Ministry of Economic Development of the Russian Federation, propose lending programme optimisation options to involve more banks in these programmes and extend the availability of lending to SMEs including those that are clients of regional and small banks;
- continue to work with the Government of the Russian Federation to unify requirements for banks selected for participation in government programmes, in order to establish a competitive environment in the banking services market;
- develop securitisation of loans and leasing to SMEs.

In addition to SME lending incentives through regulatory instruments, the Bank of Russia has over the past few years made consistent efforts to streamline credit institutions' access to government programmes of preferential lending to SMEs. The Bank of Russia believes that if the bank has no credit exposure related to the implementation of preferential programmes, it is advisable to select banks for participation in such programmes on an application basis provided they have appropriate lending experience; if the bank has credit exposure, the key selection criterion would be the bank's rating.

A promising tool for the development of SME lending is umbrella guarantees for such borrowers by JSC "RSMB Corporation". The mechanism would help extend the availability of financial resources to SMEs.

An important area in the development of SME finance is loan securitisation. Securitisation helps release financial resources of credit institutions, which in turn helps increase the volume of lending.

In addition to securitisation of SME loans, it is also advisable to develop leasing securitisation, which will help increase transparency and standardisation of leasing operations.

2. Development of stock market instruments and incentives for SMEs to raise finance including through bond issue:

- the Bank of Russia is to coordinate measures to sustain preferential rates for SMEs and provide government support measures, including by subsidising floatation costs and part of the coupon rate; and to support development institutions' programmes: anchor investments and guarantees/sureties;
- participation in the rollout of a rating system as a tool for independent quality assessment of bonds;
- regular training activities.

A bond issue may be the first step towards full publicity of the company ahead of its IPO (initial public offering). As the Bank of Russia places high emphasis on equity capital raising by SMEs, new support tools will be crafted to incentivise IPOs. Equity capital raising is one of the most promising lines of financing from the business development perspective, as equity capital is raised for an unlimited period and there are no mandatory future payments, including interest/coupon payment costs. This will allow companies to raise funds for a long period of time, driving better business transparency, and subsequently will carry positive implications for the cost of raising equity finance.

At the same time, bond issue is normally public borrowing, that is debt finance. The Bank of Russia also places high emphasis on better availability of equity financing instruments, including through crowdinvesting platforms (issue of shares) and through new digital financial instruments.

² By updating the terms of the SME lending incentive programme implemented by JSC "RSMB Corporation" with the participation of the Bank of Russia.

³ Except for systemically important credit institutions, their subsidiary banks, and some other credit institutions.

3. Development of crowdfunding (crowdlending and new crowdinvestment tools):

- deliver government support measures, including subsidising fund raising costs with the help of crowdinvesting platforms;
- hold regular training events;
- design and deliver measures aimed at increasing demand for the equity financing instrument (issue of shares) through crowdinvesting platforms;
- develop crowd investing involving new digital financial instruments (the legal framework has been established to date for the use of digital financial instruments in raising investments through investment platforms, but such business practices are still to emerge); the holistic legal regulation of utility digital rights and digital financial assets, with the taxation specifics of these transactions to be legislated;
- create favourable conditions for a capital raising ecosystem for companies at initial stages of the life cycle and high-tech startups, including based on investment platforms.

The above measures will expand the use of crowdinvestment tools for SMEs and raise funds for business development to entrepreneurs who are still unable to use such tools as bank loans or bond issues.

4. Factoring development:

Efforts will be made to develop digital factoring, including as part goods and services supplied by SMEs to major customers. This track envisages the following steps:

- expanding the options of access to online factoring;
- regular training events;
- exploring the feasibility of smart contracts, and if found feasible, their tests.

The Bank of Russia, jointly with the FinTech Association and JSC “RSMB Corporation”, seeks to offer digital platform solutions for this market sector in order to streamline the fund-raising process for business as much as possible and reduce the cost of factoring by lowering transaction and documentary costs and by encouraging competition.

5. Development of the FPS for business needs:

The following measures are planned to increase the number of SMEs using the FPS and its transaction volumes:

- regular training events;
- enable SMEs to pay for goods and services via the FPS with the help of all credit institutions with a universal licence: the service has been offered since 2021 by all systemically important banks; in 2022, other banks with a universal licence will offer FPS payment services to SMEs.

6. Creating the Know Your Customer Platform, a centralised information service

Thanks to the service credit institutions will be able to obtain online information to classify customers and their counterparties into three suspicious operation risk groups (low, medium and high-risk groups) and use this information in anti-money laundering procedures. The rollout of the service will reduce the costs of responsible business by establishing a low-risk client environment and reducing the number of their requests for information and documents to confirm the real nature of operations; it will further lower the need for preventive restrictive measures enforced by credit institutions when they detect minor or ‘technical’ risks of money laundering and the financing of terrorism. In addition, the service will enable credit institutions to focus on assessing the operations of clients with a high level of risk, making their anti-laundering systems more effective.

7. Implementing infrastructure solutions for SMEs:

Beyond the development of these SME finance tools, the Bank of Russia is designing other digital services which, once implemented, will also help enhance the availability of financial resources for business. For example, a legal framework will be created for the launch of the Digital Profile of a Legal Entity, and access to its data made available. Marketplace 2.0, an ongoing project, will expand the range of financial platform-based products and services, including for legal entities and individual entrepreneurs, and will help encourage market competition and take remote financial services to the next level.

3.6. Cross-functional tasks

Key objectives and measures to ensure **financial consumer and investor protection and to improve financial literacy**, are specified in the Russian Financial Market Development Program for 2022–2024 as well as in the Strategy for the Improvement of Financial Literacy in the Russian Federation in 2017–2023.

The above mentioned activity areas are key to create favourable conditions for promoting financial inclusion including financial products and services provided online. Taken together, these measures are aimed to improve consumer confidence in safety and high quality of financial services as well as in protection of their rights. They will also contribute to building trust in financial institutions and distribution channels (which is extremely important in the context of the development of new digital financial services and new 'simplified' formats that may be new to consumers).

Financial consumer and investor protection

The Bank of Russia will further develop market conduct supervision and regulation tools taking into account latest trends in the development of remote communication channels, use of artificial intelligence and robotization in interaction between consumers and financial institutions (M2M finance). This will improve the client focus of financial services providers and increase client satisfaction.

Furthermore, the development of digital financial services based on platform solutions and ecosystems will draw attention to consumer freedom to choose service providers and switchover when necessary. The issue of personal data protection also becomes topical.

Corporate culture and consumer treatment as well as building long-term relations between consumers and financial service providers have also become topics of primary importance.

What consumers need is key information on financial products in a brief and clear form. The Bank of Russia, together with financial market participants, will develop and implement rules of information disclosure to clients when selling financial products, e.g. introduction of product 'passports' (Key Information Documents, KIDs). A brief description ('passport') of a financial product will allow consumers to make informed decisions and reduce risks of unfair sales practices.

In addition, a set of legal, organisational informational and educational measures will be aimed to reduce the number of fraudulent transactions based on social engineering scams. This will also help to build positive customer experience and inspire consumers confidence.

Increasing financial literacy of individuals and small- and medium sized enterprises

The Bank of Russia and the Government of the Russian Federation will continue to work together to implement the Strategy for the Improvement of Financial Literacy in the Russian Federation in 2017–2023; regional branches of the Bank of Russia will join forces with regional authorities to deliver financial literacy programmes.⁴

⁴ In accordance with the Methodological Recommendations for the Development of Regional Programmes (approved by the Interdepartmental Strategy Implementation Coordination Commission in 2019).

Demand for various services and services is largely determined by consumers' readiness to use them (mental availability). This can be addressed by increasing financial literacy, including digital financial literacy and cyber literacy, with a special focus on imparting *practical skills* to use digital financial services, counter social engineering, and ensure information security in remote channels of access to financial services. Given the rapid growth in the number of start-up retail investors in the financial market, efforts to enhance investment literacy are also crucial.

1. Enhancing financial literacy with a focus on digital, investment and cyber literacy:

- incorporate basics of financial literacy into curricula;
- develop distance learning modes;
- expand the [Financial Culture website \(fincult.info\)](https://fincult.info);
- hold and participate in financial literacy events, maintaining a balance between online and offline events;
- conduct research on financial literacy;
- produce and circulate information materials;
- promote financial literacy, including through web-based resources;
- expand a partner network in financial literacy.

2. Imparting practical cybersecurity skills to consumers:

- the Bank of Russia, in cooperation with the Government of the Russian Federation, will create information and educational content to teach financial cyber literacy to consumers;
- continue practice-centred training in information security for various trainee categories;
- implement educational initiatives in cybersecurity.

3. Fintech Hub of the Bank of Russia:

- create educational modules and content for further training in financial technologies, cybersecurity and payment tools for schoolchildren, students and financial company experts.

4. Enhancing financial literacy of individual consumer groups:

- raise awareness of consumers in remote, underpopulated and hard-to-reach areas about 'simplified' service formats;
- further adaptation of financial literacy materials to the needs of people with disabilities, people with limited mobility and the elderly population;
- continue to implement measures aimed at creating and developing responsible financial behaviour skills among financial consumers, correct financial behaviour principles (to protect consumers from impulsive financial decisions that bring risks to financial position of citizens and households, among other objectives); develop dedicated educational programmes for citizens with a relatively low level of income;
- continued training for SMEs within the framework of the National Project 'Small and Medium-sized Enterprises and Individual Entrepreneurship Support'.

SECTION 4. RISKS OF THE PRIORITIES

When drawing up the Priorities, the Bank of Russia took into account the potential risks that could hinder their implementation.

The **key risks** that may affect the development of the entire financial market in the medium term and thereby affect financial inclusion are outlined in the Russian Financial Market Development Program for 2022–2024.

One of the most important risks is that of **cross-agency interaction** in terms of extended deadlines for project development, longer consideration and passage of legislative amendments and other multilateral measures, relative to initial timeframes, which may reduce the efficiency and progress against plan of the financial market development agenda in general and those under the Priorities, as well as reduce market confidence about declared intentions.

Additionally, the Bank of Russia highlights the following most significant **special risk factors in the implementation of the Priorities**.

Stakeholder engagement

The complex nature of the Priorities suggests that its planned initiatives will only have a maximum effect if implemented with the active participation and support of all stakeholders. The Priorities will be implemented by the Bank of Russia in cooperation with financial market participants, authorities, professional and public associations and other stakeholders. Therefore, many initiatives cannot be delivered by the Bank of Russia alone.

It is important that all stakeholders are aligned, including within the framework of operating Priorities working groups attached to the Bank of Russia, and project approaches are applied in the implementation of action items under the Priorities.

Balanced development of the financial market

Action to enhance financial inclusion should be aligned with other items of the financial market development agenda. Otherwise, this would undermine the delivery of the Priorities. This prerequisite is especially important in the context of basic tools being applied to support greater financial inclusion such as the promotion of digitalisation, the protection of the rights of financial consumers and investors and financial literacy improvement. Beyond that, trust and competitive interaction between participants – key performance drivers for the overall financial market – help extend the availability and improve the quality of financial products and services, reduce the risks of non-market pricing, and lower costs of consumers and suppliers.

Every effort should be made to implement the Russian Financial Market Development Program for 2022–2024, a comprehensive document that recognises these focal areas, to ensure balanced development of the financial market and enhance financial inclusion.

Development of communication and data transmission infrastructure

The efforts to enhance financial inclusion through the development of online service channels for consumers and businesses are strongly reliant on the current state of communication infrastructure. While the Bank of Russia cannot directly address the lack of access to information and communication infrastructure (the internet) and the unavailability of technical means to use remote access channels (including smartphones), it is possible, as part of the financial literacy programme, to drive, to a certain extent, the readiness and willingness of consumers to use online channels for interactions with financial providers.

SECTION 5. EXPECTED BENEFITS AND PROGRESS INDICATORS OF THE PRIORITIES

The progress of the Priorities will be monitored against the following key indicators:

EXPECTED BENEFITS AND PROGRESS INDICATORS OF THE PRIORITIES

Table 1

Expected benefit	Progress indicator	Current value	Target value
<ul style="list-style-type: none"> • Increase the physical availability and range of financial services by advancing online service channels for consumers and businesses while reducing digital disparity risks and strengthening cybersecurity (<i>the first key objective in the area 'Extending the availability of financial services for consumers and businesses' under the Russian Financial Market Development Program for 2022–2024</i>). • Increase public satisfaction with online service channels, which is currently a key driver for overall consumer satisfaction with financial products (services) [3] 	The Composite Index of Consumer Satisfaction with Financial Institutions, Products (Services) and Service Channels, points (survey indicator; progress indicator in the Russian Financial Market Development Program for 2022–2024)	49,7 [1]	Indicator growth [2]
Residents in remote, underpopulated and hard-to-reach areas			
<ul style="list-style-type: none"> • Growth in penetration and demand for remote channels of access to financial services among residents in remote, underpopulated and hard-to-reach areas • Residents in remote, underpopulated and hard-to-reach areas are ready to switch to essentially online services 	Percentage of residents in rural settlements and small towns using remote access to bank accounts for funds transfers over the past 12 months (survey indicator)	70,1 [1, 4]	75 [2]
<ul style="list-style-type: none"> • Rural settlements retain sufficient infrastructure for access to financial services to meet the needs of residents who are not yet ready to switch to online channels • The Bank of Russia's online monitoring targets Russian regions with the lack of the infrastructure for access to financial services and digital disparity risks • Jointly with regional authorities, credit institutions, telecoms operators and other stakeholders, a package of measures is being developed to level off physical accessibility of financial services 	Availability of points of access to financial services in settlements and municipalities (taking into account internet coverage, distance from the nearest access point and population size) (qualitative indicator)	Physical availability of financial services is randomly measured in some constituent entities of the Russian Federation	Nation-wide regular monitoring of 'red zones' (regions with a low level of physical accessibility [5])

Expected benefit	Progress indicator	Current value	Target value
<ul style="list-style-type: none"> 'Simplified' service formats are consolidating, with their network expanding (their presence via post offices remains in place); the range and quality of their financial services are on the rise) 	Number of remote service outlets operated by credit institution employees and stationary service outlets operated by agents/partners of credit institutions, thousands (<i>indicator based on credit institutions' data and the Bank of Russia survey</i>)	524,5 [6]	To be monitored
	Proportion of operating stationary post offices with internet access and several banking services enabled by related technological processes (including cash withdrawal and depositing), % (<i>based on monitoring results</i>)	95% [7]	95% (current level maintained)
	Assessment of the range and quality of financial services available in post offices and retail and service outlets (cash-out) (<i>qualitative indicator</i>)	Assessments are based on sample surveys	Regular monitoring in place
<ul style="list-style-type: none"> Create, develop and promote a universally accessible service enabling access to official data on points of access to financial services (location and available services), with financial market entities supplying such data to the Bank of Russia on a regular basis 	Develop a map of points of access to financial services based on a major Russian mapping service providers (<i>qualitative indicator</i>)	Access point map under development	Consumers have access to all up-to-date information on all types of service outlets [8]
People with disabilities, people with limited mobility and the elderly population			
<ul style="list-style-type: none"> Channels of access to financial services, especially remote ones, are adapted to the needs of people with disabilities, people with limited mobility and the elderly population Improve the protection of people with disabilities, people with limited mobility and the elderly population using these channels 	<ul style="list-style-type: none"> Proportion of credit institutions that have wholly or partially implemented Bank of Russia recommendation related to the creation of a barrier-free environment, % (<i>indicator is based on the Bank of Russia's survey data</i>) 	66 [9]	75
<ul style="list-style-type: none"> Credit institutions are adapting their services to the needs of people with mental/cognitive disabilities 	Proportion of credit institutions that reported the availability of measures and/or products (services) for people with mental/cognitive disabilities, % (<i>indicator is based on the Bank of Russia's survey data</i>)	62 [9]	73 [10]
<ul style="list-style-type: none"> Increased penetration and demand for remote access to financial services among people with disabilities, people with limited mobility and the elderly population people with disabilities, people with limited mobility and the elderly population are ready to switch to essentially online services 	Share of people with disabilities that have used remote access to bank accounts for funds transfers over the last 12 months, % of respondents with disabilities (<i>survey indicator</i>)	52,3 [11]	75 [2]
Citizens with relatively low income levels			
<ul style="list-style-type: none"> Increase affordability of financial services 	Average consumer prices (rates) for financial services included in the list of goods and services for consumer price index calculations, rubles per year (unless otherwise specified) (<i>statistical indicator</i>)	<ul style="list-style-type: none"> Card servicing – 676.97 Loan servicing – 14,399.31 Safe deposit-box renting – 892.71 (monthly) Funds transfer – 182.34 Voluntary housing insurance – 6,590.15 Motor hull insurance – 57,851.61 OSAGO – 9,486.71 [12] 	To be monitored
<ul style="list-style-type: none"> Enable an environment for expansion in the use of core financial services by low-income population groups 	As regards savings products: Share of low-income citizens with deposits, % (<i>based on a survey</i>)	33,8 [1]	To be monitored
	As regards dedicated financial products: Number of low-income citizens using dedicated financial products, people (<i>estimate</i>)	Products unavailable	To be monitored

Expected benefit	Progress indicator	Current value	Target value
SMEs			
<ul style="list-style-type: none"> Expand opportunities for debt and equity finance for businesses (<i>second key objective in the area 'Extending the availability of financial services for consumers and businesses' under the Russian Financial Market Development Program for 2022–2024</i>) 	As regards debt finance: Share of SMEs with outstanding loans of the total number of registered SMEs, % (based on reporting data of credit institutions)	4.2 for 2019 [13]	Excess of the 2022–2024 average over the current value
<ul style="list-style-type: none"> SMEs have wider access to financial resources by issuing bonds, including with the use of support measures 	Volume of bond issues placed by SMEs (for the year), billion rubles (based on Moscow Exchange data)	7.31 for the first 9 months of 2021	16.5 [14]
<ul style="list-style-type: none"> No more than 1% of SMEs can make payments for goods, works and services with a fee via the FPS, including with QR codes via credit institutions 	Number of retail and service outlets – SMEs – connected to the FPS to make payments for goods, works and services, thousands (calculations are based on National Payment Card and SME Register data)	130 as of 01.11.2021	400 [14]
<ul style="list-style-type: none"> SMEs have wider access to financial resources provided by crowdinvesting platforms, including with the use of support measures 	Volume of finance raised by SMEs through crowdinvesting platforms (year total), billions of rubles (based on investment platform operators' reports)	5.7 for the first 9 months of 2021	1.9 [14]

Notes:

[1] Based on an adult consumer survey commissioned by the Bank of Russia, as part of the programme of measuring financial inclusion, May 2021.

[2] Progress against targets for survey indicators will be assessed based on results of surveys of the adult population and people with disabilities to be commissioned by the Bank of Russia in 2024.

[3] This is seen from the Composite Index of Consumer Satisfaction with Financial Institutions, Products (Services) and Service Channels based on consumer surveys in May 2016, 2017, 2018, and 2019 ([published](#) on the Bank of Russia website), and May 2021.

[4] This is 8.7 percentage points less than the indicator for residents of major cities (78.8% of respondents in such settlements). The average indicator for Russia is 75.4% of respondents (understood as a target value of the indicator by 2024).

[5] The definition of 'red zones' will be based on the calculation of physical accessibility indices for various types of points of access to financial services, taking into account internet coverage, distance from the nearest access point and population size.

[6] According to a Bank of Russia survey of credit institutions as of 1 January 2021.

[7] Based on the monitoring of participant network maturity by the working group on financial inclusion in remote, underpopulated and hard-to-reach areas (in particular, JSC "Post Bank") as of 1 October 2021.

[8] Data is planned to be made gradually available in 2022 for the following categories of service outlets: branches and points of remote service with credit institution employees; offices of microfinance organisations, credit consumer cooperatives and agricultural credit consumer cooperatives, pawnshops, insurance agents, professional securities market participants, investment platform operators and non-governmental pension funds; post offices offering several banking operations; points of payment services of credit institutions and bank payment agents; and cash-out outlets.

[9] Based on a Bank of Russia survey of credit institutions. October–November 2021. The indicators exclude institutions without services to individuals (as reported).

[10] In a 2020 survey, 73% of credit institutions reported that arrangements and/or products (services) for mentally impaired people were available or under development (understood as a target to be reached in 2024), and 76% in 2021.

[11] According to an October 2021 survey of people with disabilities conducted by the Bank of Russia.

[12] According to Rosstat data as of November 2021, except for funds transfers (December 2020).

[13] The 2019 average, calculated on a monthly basis. To exclude the impact of anti-crisis measures to support SMEs in 2020–2021, the 2019 value was taken as the current value. 6.3% in 2020.

[14] The targets are set in the National Project 'Small and Medium-sized Enterprises and Individual Entrepreneurship Support'. Current values of 2020 of the specified indicators, with the exception of the indicator 'the volume of bond issues placed by SMEs (year total), billion rubles', were not specified in the National Project as target values.

METHODOLOGY FOR CALCULATING PROGRESS INDICATORS (QUANTITATIVE INDICATORS)

Table 2

Indicator	Methodology description
The Composite Index of Consumer Satisfaction with Financial Institutions, Products (Services) and Service Channels, points	Calculations are based on survey data; surveys commissioned at the request of the Bank of Russia as part of the programme of measuring financial inclusion (triennially) with the use of statistical data analysis methods. The range of index values is from 0 to 100 points, where 100 is the best value. The composite index is made up of variables reflecting the level of satisfaction with service standards of various financial organisations, the level of trust in them, the level of satisfaction with their products (services), the assessment of various online and offline service channels against such criteria as 'ease of access, universally available', 'acceptable cost', 'good level of protection, secure', and 'fast access, acceptable waiting time'.
Percentage of residents in rural settlements and small towns using remote access to bank accounts for funds transfers over the past 12 months, % of respondents in these areas Share of people with disabilities using remote access to bank accounts for funds transfers over the last 12 months, % of respondents with disabilities	Calculations are based on data of surveys conducted by: <ul style="list-style-type: none"> • for residents in rural settlements and small towns, among the adult population, commissioned by the Bank of Russia as part of the programme of measuring financial inclusion (triennially); all rural residents and residents in urban-type settlements/small towns (up to 50,000 people) are covered; • for people with disabilities, as part of a special survey among this population group commissioned by the Bank of Russia. Respondents are asked to assess the use of remote access to bank accounts for funds transfers over the past 12 months before the survey date: access through internet banking (from a mobile phone or computer) and mobile banking (by sending an SMS to a short number or from a mobile application).
Number of remote service outlets operated by credit institution employees and stationary service outlets operated by agents/partners of credit institutions, thousands	Calculated based on data of a comprehensive survey of credit institutions with regards to stationary points of service (except bank payment agents), agent-based and partner-based, as well as on notifications of credit institutions ¹ . A partner-based point of service may include, for example, a retail and service outlet providing POS loans.
The proportion of operating stationary post offices with internet access and several banking services enabled by related technological processes (including cash withdrawal and depositing), %	Calculated based on the monitoring of participant network maturity by the working group on financial inclusion in remote, underpopulated and hard-to-reach areas (in particular, JSC "Post Bank") and JSC "Russian Post" data
Share of credit institutions that have fully or partially implemented Bank of Russia recommendations with regard to the creation of a barrier-free environment, %	Calculated based on a comprehensive survey of credit institutions with regard to compliance with the following requirements: <ul style="list-style-type: none"> • the Bank of Russia information letter concerning the creation of a barrier-free environment for people with disabilities, people with limited mobility and the elderly population (includes recommendations on advanced training of employees and other recommendations, unrelated to technical equipment, concerning office accessibility, ATM functions and the accessibility of remote service channels)²; • Other Bank of Russia information letters and methodological recommendations in this area; • National Standard GOST R 52872-2019³.
Share of credit institutions that reported the availability of arrangements and/or products (services) for mentally impaired people, %	Calculated on the basis of data of the comprehensive survey of credit institutions – as the share of credit institutions that reported the availability of arrangements improving service standards and convenience for mentally impaired people (for example, those listed in Bank of Russia Methodological Recommendations No. 12-MR, dated 26 April 2019), as well as special products and services for such population groups.

Indicator	Methodology description
Average consumer prices (rates) for financial services, rubles	<p>Data from Rosstat's monthly monitoring of the consumer price index, including at the level of a constituent entity of the Russian Federation. The list of goods and services included in the calculation of the consumer price index is annually updated by Rosstat. The list is made based on the share of consumer spending (that is, stripping out services with small shares). Accordingly, banking and insurance services are included in the list. In line with Rosstat Order No.848, dated 25 December 2020 (updated on 23 April 2021) 'On Approval of Sets of Consumer Goods and Services for Monitoring Prices and Rates', the following services are included:</p> <ul style="list-style-type: none"> • bank card servicing, for a card issued in the national currency; • consumer loan servicing (an interest rate in value terms), rubles; • safe deposit-box renting, monthly; • a bank fee on P2P transfers within Russia (service); • annual policy of voluntary housing insurance against standard risks; • annual policy of voluntary motor hull insurance against standard risks; • annual policy of compulsory third-party liability insurance of vehicle owners (OSAGO).
Share of low-income citizens with deposits, %	Calculations are based on survey data; surveys are commissioned by the Bank of Russia as part of the programme of measuring financial inclusion (triennially). Calculated for the population group reporting up to 15,000 rubles of approximate monthly income per family member.
Number of low-income citizens using dedicated financial products, people	Calculations are based on survey data; surveys are commissioned by the Bank of Russia as part of the programme of measuring financial inclusion (triennially). Calculated for the population group reporting up to 15,000 rubles of approximate monthly income per family member.
Share of SMEs with outstanding loans of the total number of registered SMEs, %	<p>The number of SMEs with outstanding loans includes SMEs with overdue loan debt as of the relevant date.</p> <p>The number of registered SMEs is calculated on the basis of data of the Unified Register of SMEs. Current and target values of the indicator can be adjusted following change in /clarification of criteria for business entities to be classified as SMEs. The calculation strips out the self-employed if they are included in SMEs. The average indicator for 2022–2024 is calculated according to the average time formula on a monthly basis. The starting point of the dynamic series is the value of the indicator as of 01.01.2022, the end point is the indicator value as of 01.01.2025.</p>
<p>Volume of SME-issued bonds (year total), billions of rubles</p> <p>Number of retail and service outlets – SMEs – connected to the FPS to make payments for goods, works and services, thousands</p> <p>Volume of finance raised SMEs through crowdinvesting platforms (year total), billions of rubles</p>	Indicators are calculated on the basis of data by external organisations and executive authorities of the Russian Federation for the National Project 'Small and Medium-sized Enterprises and Individual Entrepreneurship Support'.

¹ In line with Bank of Russia Ordinance No. 5775-U, dated 12 April 2021, 'On the Procedure for Credit Institutions (Branches Thereof) to Open Additional Offices, on the Procedure for Entering Information Thereon in the State Register of Credit Institutions, and on the List of Banking Operations Allowed to Additional Offices' (becomes effective on 1 April 2022; prior to this date – in line with Bank of Russia Instruction No.135-I, dated 2 April 2010 'On the Procedure for the Bank of Russia to Make Decisions on Registration of Credit Institutions and Issue of Banking Licences').

² Bank of Russia Information Letter No. IN-03-59/20, dated 12 May 2017.

³ The National Standard of the Russian Federation GOST R 52872-2019 'Internet resources and other information in electronic digital form. Applications for stationary and mobile devices and other user interfaces. Requirements for accessibility for persons with disabilities and other persons with limitations on daily activities' (approved by Order of Rosstandart No. 589-St, dated 29 August 2019).

GLOSSARY

Cash-out outlets are points at retail and service outlets providing cash withdrawal services to consumers in addition to purchases.

POS loans are unsecured targeted consumer loans extended through a transfer of borrowed funds to a retail/service outlet as a payment for goods (services) under a contract with the retail/service outlet.

A POS terminal is an electronic terminal at points of sale.

A QR code is a square black and white image of squares of different sizes whereby information is coded (for example, a text, link to a web page, payment details, etc.). A QR code can be used to encode payment details and payment amounts. A bank mobile application can be enhanced to recognise QR-codes and generate payment instructions based on QR-code information.

ABBREVIATIONS

UBS – Unified Biometric System

SME – small and medium-sized enterprise

MFO – microfinance organisation

Priorities – the Priorities of the Financial Inclusion Programme of the Russian Federation for 2022–2024

CCC – consumer credit cooperative

DSTI – debt service to income ratio

TCC – total cost of credit

FPS – Faster Payments System

ACCC – agricultural consumer credit cooperative

ANNEX

KEY PROGRESS INDICATORS OF THE FINANCIAL INCLUSION STRATEGY OF THE RUSSIAN FEDERATION
FOR 2018 – 2020 (EXTENDED THROUGH 2021)

Indicator	Basic value (for the end of 2017)	Target value (2021)	Change, current value and best result (2018–2021)
Physical availability index (calculated indicator), points of 100 [1]	Indicator was not calculated	No target value	As regards branches of credit institutions in 2018 – 63
Share of the adult population who can instantly (15 minutes after the need has arisen) transfer funds with the use of a mobile phone or satellite communication (with or without access to a bank account), % of respondents <i>(survey indicator)</i> [2]	Indicator was not calculated	No target value	2019 – 54,7 2021 – 73,6
The financial service affordability index for the adult population, points 0–1 ('the less the better') <i>(survey indicator)</i> [3]	2016 – 0,79 2017 – 0,70 (positive dynamics)	0,60	2018 – 0,7 2019 – 0,68 2021 – 0,69
The financial knowledge indicator, scores 0–6 <i>(survey indicator)</i> [4]	2016 – 1,86 2017 – 1,78 (negative dynamics)	1,9	2018 – 1,72 Not measured in this form in 2019–2021; however, the (new) financial knowledge sub-index declined [5]
Share of the adult population satisfied with service standards of financial organisations, % of respondents <i>(survey indicator)</i> : – banks – MFOs, CCCs, ACCCs and pawn shops; – insurance agents	2016: 80,7/8,9/6,8/NA/10,3/23,2 2017: 82,3/10,5/8,2/6,1/16,3/30,1	89/14/12/8/17/40	2018 – 81,4/5,9/6,3/3,3/7,9/22,8 2019 – 83,9/12,4/10,3/6,7/16,7/31,7 2021 – 67,0/5,8/7,1/6,2/16,0/21,5
Share of the adult population using at least one bank account including deposit accounts, % of respondents <i>(survey indicator)</i>	2016 – 77,5 2017 – 79,5 (positive dynamics)	87	2018 – 89,4 2019 – 87,5 2020 – 86,2 [6] 2021 – 93,7
Share of the adult population actively using (three or more transactions per month) bank accounts that can be used to make payments, % of respondents <i>(survey indicator)</i>	2016 – 32,4 2017 – 45,3 ¹ (positive dynamics)	60	2018 – 62 2019 – 54 2021 – 74,8
Share of payments for goods (works, services) made in Russia using payment cards issued by credit institutions in total annual retail sales, catering and commercial services, % <i>(indicator based on reporting of credit institutions and Rosstat data)</i>	2015 – 22,9 ¹ 2016 – 30,6 ¹ (positive dynamics)	No target value	2017 – 37,7 2018 – 47,0 2019 – 56,2 2020 – 66,9 First 9 months of 2021 – 70,8
Share of the adult population with funds in credit and non-credit financial organisations (MFOs, CCCs and ACCCs), funds in individual investment accounts (IIAs) and balances with banks in the amount allowing to maintain 100% level of expenses, % of respondents <i>(survey indicator)</i>	Indicator was not calculated	No target value	2018 – 39,3 2019 – 34,5 2021 – 44,4
Number of open individual investment accounts with professional securities market participants per 10,000 people of the adult population, year end <i>(indicator based on reporting data of professional securities market participants)</i>	2015 – 7 2016 – 16 (positive dynamics)	40	2017 – 26 2018 – 51 2019 – 141 2020 – 299 01.10.2021 – 381,9
Share of the adult population using voluntary insurance, % of respondents <i>(survey indicator)</i>	2016 – 16,4 2017 – 12,4 (negative dynamics)	20	2018 – 19,9 2019 – 22,8 2021 – 33,5
Share of SMEs that have one or more outstanding loans from a credit or non-credit financial institution (MFO, CCC or ACCC) or for which a credit line is opened in a credit institution, % of respondents <i>(survey indicator)</i>	2016 – 28,8 2017 – 23,8 (negative dynamics)	25	2018 – 18,4 2019 – 25,4 2021 – 27,9
Share of SMEs using POS terminals to receive payments, % of respondents <i>(survey indicator)</i>	2017 – 30,2	40	2018 – 24,6 2019 – 34,6 2021 – 37,6

¹ Updated.

Notes:

[1] The physical accessibility index for credit institutions' branches was calculated in 2018, based on information about the location of a credit institution's branches, as well as the estimated population size and analytical tool for assessing the direct distance from a settlement without a branch of the credit institution to the nearest settlement with one². The weighted average index of estimated population in settlements was 63 out of 100.

Physical accessibility indices for other types of points of access to financial services in the modified methodology (taking into account internet coverage in addition to the distance from the nearest point of access and population size) will be calculated as part of efforts to deliver the Priorities (see the qualitative indicator 'Assessment of settlements and municipalities for the availability of points of access to financial services').

[2] Here and elsewhere, unless otherwise specified, reference is made to results of surveys of the adult population and SMEs commissioned by the Bank of Russia as part of the programme of measuring financial inclusion. Measurements were made in May 2016, 2017, 2018, 2019 and 2021.

[3] The sum of shares of the adult population (between 0 and 1) who elected not to use the following financial services in the reporting period:

- obtaining a loan because of its high cost;
- opening a current account with the bank because of its high value;
- opening a time deposit because of its low interest rate;
- a voluntary insurance contract because of its high cost.

The index is calculated based on the data of the adult survey commissioned by the Bank of Russia and takes values ranging from 0 to 4, where 0 is the best value (0% of the adult population elected not to use financial services in the reporting period because of dissatisfaction with their cost), and 4 is the worst value (100% of the adult population elected not to use financial services in the reporting period because of dissatisfaction with their cost).

The standardised affordability of financial services index for the adult population is calculated according to the formula: $7 - (X \cdot 6/4)$, where X is the affordability of financial services index for adult consumers.

According to a 2021 study, the standardised affordability of financial services index for the adult population was 6.0 (rounded-off) of 7 with the target value of 6.1 under the Russian Financial Market Development Program for 2019–2021.

[4] Respondents were asked questions to check their understanding of the essence of financial and economic terms, such as inflation, an interest rate, compounding, money illusion, risk diversification, and the main purpose of insurance. Respondents were not asked to give definitions as such. The total index is calculated as the sum of indicators (in the numerical range from 0 to 1) and takes values ranging from 0 (minimum) to 6 (maximum).

[5] Financial inclusion was instead measured with the financial literacy index. The index is calculated as part of a survey commissioned by the Bank of Russia and features a methodology that takes into account both the OECD's toolkit and Russian specifics. The index includes three components: the financial knowledge subindex, the attitudes and financial behaviour subindex, each being calculated as a combination of the global methodology and Russian specifics; similar to the general index, it is measured in the range of 0 to 100 points. Surveys were conducted in 2017, 2018 and 2020.

	2017	2018	2020
Financial literacy index	52	53	54
Financial knowledge subindex	54	53	54
Financial behaviour subindex	50	52	54
Financial attitudes sub-index	52	53	52

[6] The value of the indicator in 2019 was obtained based on the results of a Bank of Russia-commissioned survey as part of a study of inflation expectations and consumer sentiment.

² The index takes the value 100 if the number of specified points of access to financial services (credit institution branches in this case) by population size is more than the national average; 50 – if more than zero but less than the national average; 25 – if it is zero but the distance to the nearest access point in another settlement is less than 10km; and 0 – if it is zero and the distance to the nearest access point in another settlement is more than 10km.