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Analysis

The Russian Banking Industry after the 2008–2009 Financial Crisis – What Next?

By Laura Solanko and Zuzana Fungáčová, Helsinki

Abstract
Although the Russian banking sector is relatively small by international standards, it is growing rapidly. The sector is highly fragmented, with the large number of small banks complicating oversight and limiting interbank trust. At the same time, state banks dominate the industry. The Russian financial system suffered greatly during the 2008–9 international crisis because it is highly dependent on the price of oil and the international financial markets. The current financial crisis most likely will not alter the makeup of the sector, but continued tightness in international money markets could ultimately hinder Russian growth.

Small but Growing
The Russian banking sector has grown extremely rapidly in recent years. In 2001 domestic lending was equal to 14 percent of GDP. By the end of 2008, the ratio had risen to 35 percent. At the beginning of 2001 the combined sector balance sheet was equal to approximately 32 percent of GDP, but over the next few years this figure grew, reaching over 68 percent in 2008. Despite this impressive expansion, Russia still trails not only the developed economies but also its counterparts in Central and Eastern Europe in the level of financial intermediation (see Figure 1 on p. 5). The Russian banking sector remains small relative to the size of economy.

Banking sector growth has been associated with longer loan periods, increased confidence in the ruble and a multiplication of borrowing opportunities for Russian households. During the impressive growth years of the 2000s, Russian banks increasingly began to resemble the banks everywhere in emerging economies. Russian banks, by and large, receive retail deposits, give credit both to households and enterprises, engage in fairly standard operations on capital markets, issue bonds and, in some cases, even participate in international loan syndications. The Russian ruble has been freely convertible since 2006 and there are no restrictions on the capital account. Payments flow fairly reliably across Russia's eleven time zones, several foreign banks have found their way into the top 10 banks and, in the big cities, bank cards have even become common.

The Structure of the Russian Banking Sector

Too Many Small Banks
Despite the slow decline in the number of banks since the peak of 2,500 in 1994, there are still a large number of banks registered in Russia. At the end of 2009, the Bank of Russia reported the number of banks to be 1,058. However, only the 50–70 biggest banks are important to the functioning of the sector as a whole. The remaining 1,000 are mostly small or very small. Of these 1,000 small banks, about half are based in Moscow, with the other half scattered over the rest of the country. Many remote regions of Russia are served only by the state-owned Sberbank savings bank and a handful of local, regional banks. Only the country's top 20 banks have much of a nationwide branch network.

The fragmentation of the sector causes difficulties in supervision and a lack of trust within the banking community. The large number of registered banks also makes supervision more challenging, especially with the limited resources available to the authorities. Despite many improvements in recent years, supervision is still considered to be more form than substance. Moreover, reporting is still based on the Russian accounting standards, which in many respects differ from the International Financial Reporting Standards (IFRS). The objective of implementing the Basel II recommendations on banking laws and regulations has been declared, but how this is to be achieved remains unclear. The lack of trust in counterparties is especially clear on the interbank market, which was not functioning properly even before the current financial crisis.

The consolidation of the sector is still the subject of debate. A new law governing the minimal amount of capital banks must hold entered into force on January 1, 2010. This legislation requires banks to have capital of at least RUB 90 million (RUB 180 million from 2012). Banks seem to have adjusted to this requirement since at the beginning of 2010 there were only 22 banks with capital lower than the minimal requirement. Thus, the consolidation of the banking sector remains a task to be dealt with in the future.

State-Controlled Banks Dominate

The Russian banking sector is still predominantly state-controlled. This feature makes it different from the emerging markets in Central and Eastern Europe and more similar to the situation in China. The large state-controlled banks have been significant players in the market throughout the post-Soviet period. The share of the three largest state-controlled banks (Sberbank, VTB Group and Rosselkhosbank) in total banking sector assets increased from 30 percent in 1998 to 35 percent in 2008. Including the major banks owned by Gazprom (Gazprombank) and by the City of Moscow Government (Bank Moskvy), the share of the five major state-controlled banks grew from 30 percent to 45 percent in the ten years to 2008.

As in other countries, the current financial crisis has further increased the state's share of the sector. Vernikov (2009) estimated the share of state-controlled banks in total banking sector assets to be 57 percent in July 2009. The increase in state holdings is, however, not necessarily bad for efficiency in Russia. A recent study found that Russian state-controlled banks do not seem to be less efficient than other domestic banks. Foreign banks are, however, the most efficient (Karas et al., 2010).

Foreign bank penetration in Russia has been low, but is increasing. The share of foreign-owned banks in the total assets of the Russian banking sector increased from 8 percent in 2002 to almost 20 percent in 2008. There are no binding legal barriers to foreign bank entry, but the low foreign bank penetration can partly be explained by the legal and regulatory environment which is only slowly beginning to resemble that of many other emerging economies. Three of the country's Top 10 banks are foreign-owned (OECD, 2009).

Despite the high share of state-controlled banks in the banking sector, their market power declined between 2001 and 2007 (Fungacova, Solanko and Weill 2010). This trend can be explained by the weakening of their competitive advantage in terms of security. These banks used to have an advantage in collecting deposits, as their ownership status prevented them from going bankrupt. However, macroeconomic stability combined with the new deposit insurance system reduced their competitive advantage. On the other hand, foreign-owned banks gained in market power. This shift might indicate that, after initially attracting customers with lower prices and better services, foreign-owned banks may have been gradually increasing their prices to become standard banks.

Dependence on Foreign Money

The years of growth saw Russian banks become stronger, and, on average, highly capitalized and exceedingly profitable. In addition, the Russian banking sector had very little involvement with the financial instruments that triggered the international financial crisis. Why, then, did the crisis hit the Russian banking sector so hard?

There were two basic causes. The Russian economy in general, and the financial sector in particular, are dependent on two external factors: the price of oil and the international financial markets. Fragmentation, low trust, poor supervision and the relatively small share of foreign banks further aggravated the situation.[1]

During the past decade, a constantly growing share of banking sector growth has been based on borrowing from abroad. Although the stock of foreign borrowing is not particularly large in international comparison, it has grown rapidly and the loans are relatively short-term (see Figure 2 on p. 6). Only a third (37 percent) of the USD 140 billion foreign debt of the sector matures after mid-2011.[2] The interbank market, in particular, is highly dependent on foreign money. This means the banking system is very open and, as became clear in autumn 2008, dependent on the risk-taking propensity of foreign financial institutions. In autumn 2008 the supply of foreign refinancing dried up and the interbank ruble interest rates doubled in a matter of months. The collapse in the world market price of oil together with the strengthening dollar destroyed market confidence in the ruble.

Concern over the future exchange rate finally paralyzed the Russian financial markets. The banks did not want to lend in rubles, while borrowers no longer dared to borrow in foreign currency. A substantial share of the banks' ruble liquidity was exchanged for foreign currency. Russia drifted into a step-by-step devaluation, as a result of which the currency depreciated approximately 30 percent against the dollar-euro basket between November 2008 and February 2009.

The rapid and massive support measures taken by both the government and the central bank at the end of 2008 prevented the collapse of the financial system. The measures taken by the central bank proved sufficient and there have been no significant bank failures. Some smaller institutions were closed and the authorities even took over several banks in order to prevent possible bank runs. The deposit guarantee system has

1 For a fuller discussion, see Solanko, 2009.

2 http://www.cbr.ru/statistics/credit_statistics/print.asp?file=schedule_debt.htm

worked without problems. Taken together, the measures promised to secure the operations of the banking system amount to approximately 10 percent of GDP.[3]

Future Outlook

In recent months, since the return of oil to USD 60–80 a barrel, the ruble has tended to strengthen slightly. Fuelled by ample liquidity in the domestic banking system and foreign capital inflows, the Russian stock exchange indices have more than doubled from their lows at the end of February 2008. Moreover, the market for domestic corporate bonds has been attracting increasing interest. The monthly volumes of bond emissions have been larger than ever, with the state railroad monopoly RZD and the state oil pipeline monopoly Transneft leading the way (Fungacova and Kurronen, 2010). But bank lending is still declining in real terms.

So far solvency has not been a problem at the level of the banking system as a whole. Many of the smaller banks (which typically have high capitalization ratios) may stomach a fairly large share of their possible loan losses by eating up their own capital and retained earnings. The government has made clear that it will recapitalize the banks in its ownership if needed.

Since the banks currently have ample liquidity, lending activities can revive as soon as the uncertainties in the economic environment begin to diminish. In the medium term, however, growth in bank lending may be hampered by slow growth on the other side of bank balance sheets. The rapid growth in bank lending experienced in 2001–2007 was based predominantly on foreign funding. Acquiring wholesale funding now on the international markets will be both more expensive and more difficult than during the last five years.

Past growth in the banking sector was accompanied by even faster growth in foreign borrowing by the large Russian corporate clients. Russian companies became especially large players in international markets for syndicated loans, with the flow of syndicated loans to Russian borrowers in 2006–2007 being larger than to Italian or Spanish borrowers. Therefore, both the domestic and the international side of Russia's dual financial system grew rapidly. Now both sides are struggling.

The current financial crisis is unlikely to dramatically change the structural features of the Russian banking industry. The ownership structure will continue to differ from Central Europe. As elsewhere, the state will increase rather than decrease its share. The major foreign banks will with all likelihood stay in the market, but they will not become the major players in retail banking. The sector will continue to be highly fragmented and prone to rumors. Even though some smaller banks are expected to vanish, Russia will still have a high number of tiny banks that are difficult to control and regulate.

But if the large Russian corporations also find themselves unable to draw on the international money markets for a prolonged period, they will have to turn to the domestic banking sector for finance. Given that these corporations are large by any measure, this would imply further scaling down of many investment plans in Russia. The return of the large corporations to the domestic markets could crowd out the small and medium-sized domestic companies from access to bank finance in Russia. This might seriously hamper economic growth in the long term.

About the Authors
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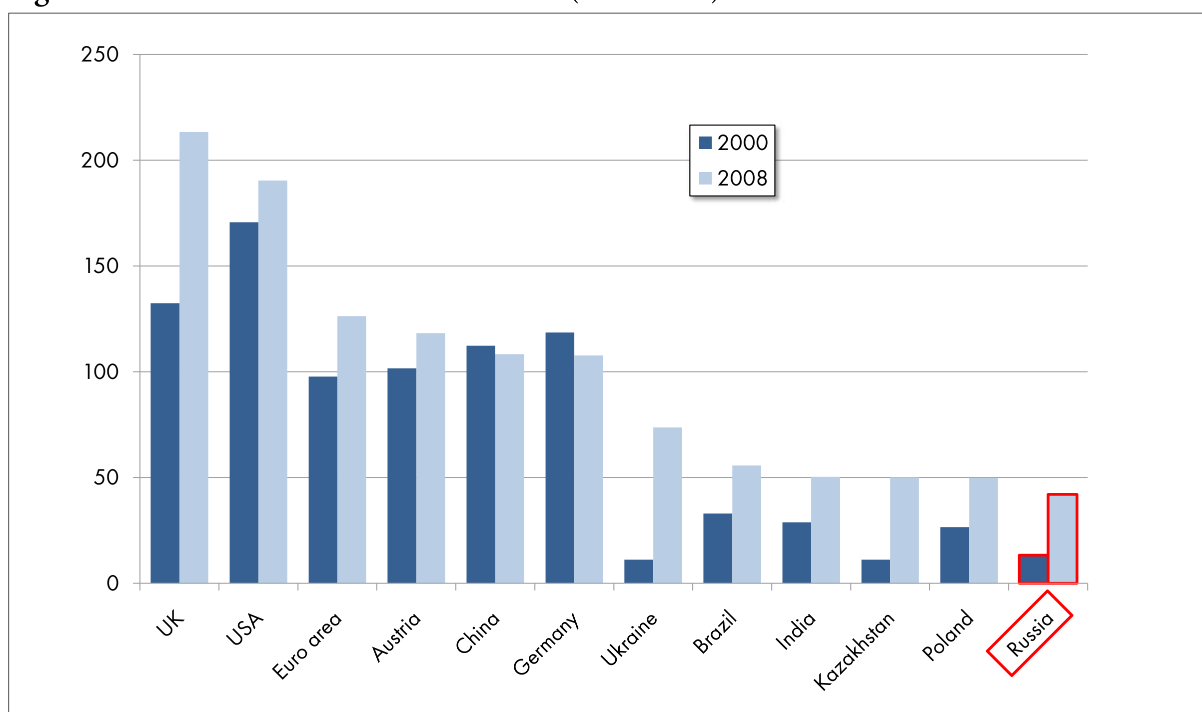
3 For an account of the various support measures, see Fidrmuc and Süß (2009).

Diagrams

Domestic Credit to and Foreign Debt of Russia's Private Sector

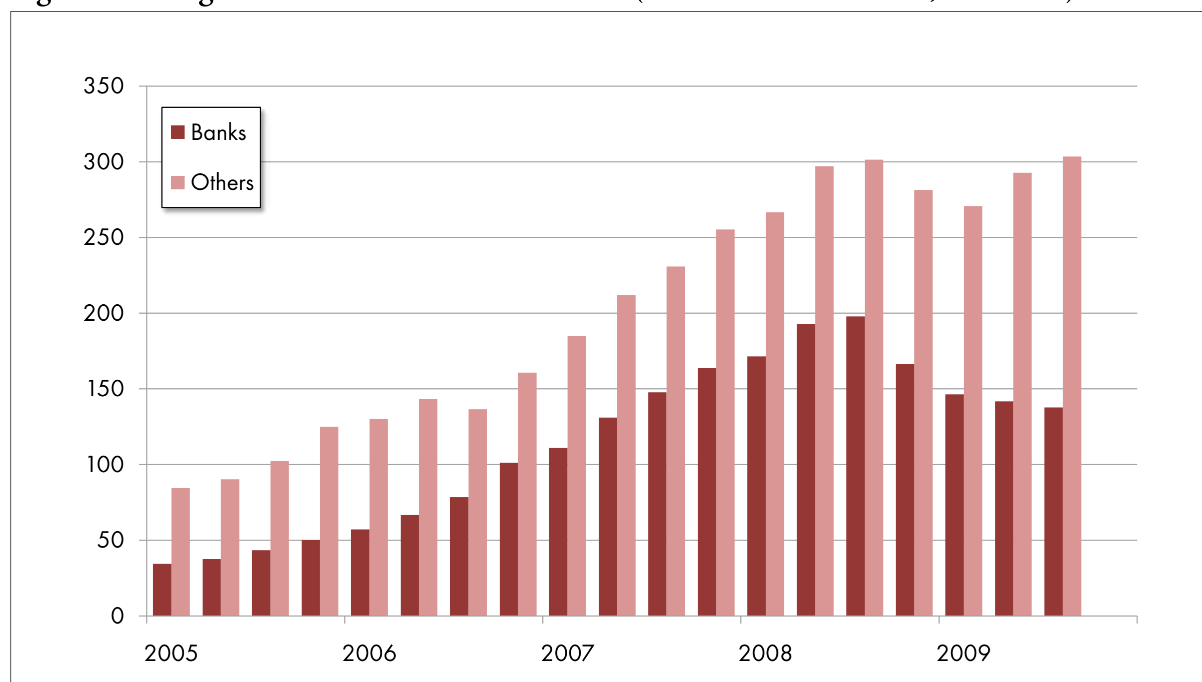
Figure 1: Domestic Credit-to-Private Sector (% of GDP)



	2000	2008
USA	170.72	190.45
UK	132.46	213.41
Germany	118.58	107.75
China	112.32	108.31
Austria	101.68	118.26
Euro area	97.74	126.30
Brazil	32.97	55.71
India	28.85	50.36
Poland	26.57	49.86
Russia	13.27	42.01
Kazakhstan	11.19	50.10
Ukraine	11.17	73.73

Source: World Development Indicators

Figure 2. Foreign Debt of Russia's Private Sector (Banks/Non-Financials, bln. USD)



		Banks (excluding equity capital)	Other sectors (excluding equity capital)	Total
2005	2005Q1	34.4	84.4	118.8
	2005Q2	37.6	90.3	127.9
	2005Q3	43.4	102.3	145.7
	2005Q4	50.1	125	175.1
2006	2006Q1	57.2	130	187.2
	2006Q2	66.7	143.2	209.9
	2006Q3	78.5	136.5	215
	2006Q4	101.2	160.7	261.9
2007	2007Q1	110.9	185	295.9
	2007Q2	131	212	343
	2007Q3	147.7	230.8	378.5
	2007Q4	163.7	255.3	419
2008	2008Q1	171.4	266.6	438
	2008Q2	192.8	297	489.8
	2008Q3	197.9	301.4	499.3
	2008Q4	166.3	281.4	447.7
2009	2009Q1	146.4	270.8	417.2
	2009Q2	141.7	292.8	434.5
	2009Q3	137.7	303.5	441.2

Source: Central Bank of Russia

Analysis

The Russian Stock Market: Reflecting Society's Broader Problems

By Philippe Rudaz, Fribourg

Abstract

The Russian stock market has yet to overcome the problems that it inherited as a legacy from the mass privatization and loans-for-shares program that took place during the 1990s. After its founding in 1994, Russia's stock market grew quickly through 1998 and then continued to boom from 2000 to the 2008 crisis. However, the recent problems in the stock market contributed to the lack of liquidity in the financial sector. Reforms are needed to address problems with the regulatory agencies, extensive corporate conflict, unclear property rights, and the dearth of domestic investors. Ultimately the problems in the stock market reflect the low levels of trust in Russia society.

A Mirror on Society

The story behind the evolution of the Russian stock market tells us about much more than economic factors. It is, in fact, a mirror of the societal issues that Russia faces today. From the privatization of the 1990s to the global crisis that began in 2008, an examination of how the Russian stock market developed and how it differs from Western financial markets makes clear how a stock market is embedded in the broader social structure. As the market evolved, international influences on the market began to become more important than domestic ones.

Stock Market Formation 1992–1997

Russia built its stock markets from scratch in late 1994. But to understand the features that characterize it, one has to begin with the privatization process.

Mass privatization. Russia's privatization took place in a way that greatly distorted the newly created financial markets. To make privatization attractive to enterprises, the authorities put in place programs called Employee and Management Buy-Outs (EMBOs), which reserved a substantial allocation of corporate shares for management and workers. Consequently, on average, only 29 percent of the shares of a company were auctioned.

The government implemented mass privatization by issuing vouchers to the population. The process created a number of new legal categories of activities, which unfortunately left plenty of room for abuse. *Voucher investment funds* were designed to attract vouchers and cash from the population; *investment companies* bought and sold vouchers and securities for themselves and for their clients; *financial brokers* were allowed to do that on the stock exchange and *investment consultants* offered financial advice to companies willing to issue new stocks. By the end of 1993, officially there were about 600 investment funds, 300 investment companies, and 900 brokers and investment consultants. But official reports never matched reality: it is estimated that up to 2,000 unlicensed companies were active on financial markets during the mass privatization process, in which 80 million Russians invested between 50–70 trillion rubles ($5–7 billion).

The legal infrastructure was not sophisticated enough to prevent extensive fraud. The MMM scandal summarizes well this early period of the stock market formation. The crash of MMM, a giant pyramid scheme that swallowed the savings of thousands of investors in July 1994, was only the first of a series of newly created financial companies to collapse, and the institutional response in November 1994 was the creation of the Federal Commission on the Stock Market. In late summer 1995, the Russian Trading System (RTS) was launched, organized with the structure of a quote-driven market. The Moscow Interbank Currency Exchange (MICEX) began its activity in 1992 as a platform for carrying out currency transactions for banks and firms. But it was launched as a stock market in 1997 and has remained the principal exchange for dollar-ruble trading and corporate bonds.

Loans-for-shares. Trading in Russian securities began in late 1995 on a limited number of "blue-chip" companies working in the oil, gas, electricity, metals and telecommunication industries. Interestingly, these "blue-chips," which have the highest capitalization today, never were part of the mass privatization process. Instead, they were privatized in a second phase, through the "loans-for-shares" scheme. under which the government, in an effort to increase revenue, transferred control over these firms to private banks. The majority of the 16,000 medium and large firms that experienced mass privatization did not foster enough trading volume to allow for a liquid secondary market to develop. In 1996, new laws defined more clearly the broader legal infrastructure of the stock market and new licensing criteria came into force for the various players. The Federal Commission's tight budget forced it to endorse self-regulating organizations, which are still active today.

Stock Market Development, 1997–2010

The period from 1996 to the resignation of President Yeltsin in 1999 saw the most spectacular boom and bust

cycle in financial market history. The main pattern of this period was a binary perception of Russia by international investors. Either the country would return to Soviet-style politics, or succeed in building a Western-style market system. And as foreign investors began to think that the transition was successful, they started investing *en masse*. The 1998 devaluation and government debt default proved, however, that the transition was going to hit a few bumps. That year the RTS fell by 93 percent from its pre-crisis peak in 1997. Even though this crisis migrated from Asia, investors overlooked Russia's specific country-risks. It took two years for international investors to regain confidence in the Russian market and the recovery was fast. From 2000 onwards, Russia's financial sector and stock market developed very quickly.

Integration. The Russian stock market became integrated domestically, which reduced opportunities for arbitrage and speculation, particularly the risky high-return investments that played on price differences across Russia's regions and had attracted myriad unlicensed financial companies at the early stages of privatization. Small domestic investors started to play a greater role and they tended to choose MICEX, an order-driven market, to minimize their transaction costs. The Russian stock market became integrated internationally as well, with domestic factors gradually having a smaller impact on stock market returns, while international ones gained weight.

Bond market. Until 1999, corporate bonds did not circulate in Russia. Only from that period onwards, did companies begin to use bonds actively to attract debt financing. The declining inflation rate ultimately pushed down yields, which made the market more attractive to issuers.

IPOs. The market for Initial Public Offerings (IPOs) began in 2004 and took off in 2005. Until then, the majority of big companies had turned to the London and New York stock exchanges, but new regulations eased the process of listing on the two Russian stock exchanges and limited the possibilities to list on foreign ones.

To financially justify an IPO, a company must have a capitalization of $100–$200 million. The costs of preparing the accounts for a company with annual proceeds of $100 million ranges between $100,000 and $300,000 and the cost of preparing IPO documents ranges between $50,000 and $80,000. A small cluster of companies therefore use IPOs for external financing.

The 2008–2009 Crisis

From the end of 2008 to March 2009 the stock market fell by more than 70 percent, but this time, in contrast to 1998, Russia had accumulated huge foreign currency reserves. As a major exporter of raw materials, primarily oil, gas and metals, Russia's equity market was hit hard by the fall in commodity prices. Although Russian banks were constrained by the liquidity crisis that emerged from the U.S. in late summer 2008, internal factors played a role. The outbreak of the crisis on the stock market can thus be seen as the result of a mix of investors' fear over state interference with the economy, lack of transparency in banking, and geopolitical tensions following the South Ossetia war in August 2008. Capital flight out of Russia from late summer 2008 onwards is an illustration of the sensitivity of the emerging stock markets to political events. The absence of a solid pool of domestic investors added more pressure.

The crisis spread from the stock market to the banking system through repurchase agreements, a financial instrument to finance the banks. The interbank money market relied on Russian stocks as collateral for repurchase operations. Obtaining loans during the crisis required far more securities than before and no financial institution was willing to lend to other institutions longer than overnight. The situation evolved from a confidence crisis into a real liquidity crisis.

The government reacted on September 17th by allocating 1.1 trillion rubles for 3 months to the three largest banks – VTB, Sberbank and Gazprombank. But government actions did not restore confidence and due to fear that the lack of liquidity could come back at any moment, only short-term money remained in the market. Such fears were justified: many second and third tier banks believed that more problems were still to come. At the same time, businesses needed to make tax and budgetary payments and knew that VTB, Sberbank and Gazprombank had no incentives to refinance their competitors. Indeed, these state owned banks are the government's financial arm and the financial steam of key industries runs through them. By the beginning of 2009, the Russian authorities finally admitted that the real economy would suffer. Funds were being allocated to the regions, but the main problem was that the money was not reaching the small and medium sized businesses it was intended for. Arteries were blocked and additional blood transfusions were simply not doing the trick.

A Stock Market Structure that Needs Reforms

In the wake of the crisis, it is clear that the stock market needs major reforms. Much of the Russian stock market exists in some sort of shade. There is a large volume of internal operations taking place inside the client pools of big companies. Precise numbers are hard to define since

companies' internal transactions are never disclosed, but according to official statistics, this internal organized market could account for 70 percent of the total volume of trading in the stock market. Major brokerage firms frequently rely on offshore partners and the accounting methods for assets and settlements involving offshore companies are still not very transparent. The bulk of derivatives trading takes place in the underwater of the over-the-counter or offshore market and market participants are used to working with derivatives outside the Russian legal system, because the later is still not considered reliable and taxation of derivatives is unclear and contradictory. Overall the regulatory system is rather fragmented. Stock markets are regulated by one law, foreign exchange by another, commodities assets trading by a third. This "regulatory fragmentation" of the stock market reflects the import of "best practices," mainly from the U.S. However, the Russian regulators implemented the regulatory frameworks in isolation from each other, without a clear and coherent overarching framework.

Moreover, the complex of potential problems linked to corporate conflict and the redistribution of property, which renders the confirmation of ownership uncertain, has a greater effect when a crisis hits. The vulnerability of property rights also explains the low level of share circulation (around 10 percent of Russian blue-chips are in flotation). This concentration of shares is symptomatic of a need for control. Corporate conflicts could indeed result in a significant loss of shares, which means a loss of control, hence the incentives to minimize the level of free-floating shares. The real of threat of hostile takeover (Russian regulation is virtually non-existent on this matter) is a motor of progress from this point of view. Interestingly, in an imperfect institutional environment that renders ineffective the usual corporate governance mechanisms needed to discipline management and protect shareholders, ownership concentration can have a positive effect on corporate governance. Corporate governance, however costly, increases the value of shares and reduces the contestability of control and therefore the probability of takeover.

Another characteristic of the Russian stock market is the lack of domestic investors. Despite the outstanding number of companies providing brokerage services, there are still a small number of clients (about 0.8 percent of the economically-active population in the country). Indeed, by comparison, in India, for example, the number of private individuals investing in shares is 6 times higher. This absence of a pool of domestic investors is the result of the lack of an effective system of savings in the form of pensions and insurance. The absence of domestic investors renders the Russian stock market dependent on international investors.

The Stock Market Reflects Russia's Societal Problems

In order to see how the problems and characteristics stated above are not only economically relevant, but politically and socially as well, one has first to postulate that financial markets are more than simple "intermediaries" between savers and investors. They are arenas in which participants are able to engage in a series of impersonal transactions because trust is routinized. But the way mass privatization took place was linked to the view of markets as natural phenomena disconnected from social organization. It moved forward without the legal and enforcement infrastructure that would have been needed to prevent insider dealing and fraud inside the medium sized companies that were privatized first. The managers and employees did not gradually sell out in the same way that they do in the West in Russia because the difference in trust levels toward insiders or outsiders is more important in Russia than in Western societies. Corporate decisions that lack transparency and openness are not necessarily unethical from that perspective and it certainly explains why some companies do not bother entering the stock market and prefer borrowing money from banks. Listing their shares would require dealing with minority shareholders and disclosing more information.

The large volume of operations happening underwater and offshore is symptomatic of the hostile business environment that Russia inherited. Tax rules compelled managers to hide profits. By the same token, accounting rules were designed to meet the need of central planners and not investors and the Ministry of Finance updated them only in order to know how much to tax a company rather than to help investors understand the cash flow. Even if Russia is now implementing the International Financial Reporting Standard (IFRS), it poses conceptual challenges, for differences rooted in fundamental definitions persist.

Financial markets, perhaps more than other markets, need to rest on a "chain of trust" linking the various players from the end clients to the prime brokers. Yet the numerous scandals and frauds of financial companies during the initial period of stock market formation had disastrous effects on the levels of institutional trust. It is telling that the Federal Commission's first regulatory actions focused on the complete absence of domestic investment from the formal financial markets. The commission reported that the population viewed financial investments as lotteries and pyramid schemes and estimat-

ed that Russians kept $20 – $30 billion hidden at home instead of investing it into companies.

The numerous problems linked to corporate conflicts and the low proportion of shares in flotation in the stock market remind us that the question of "who owns what" – the critical legacy left by the privatization experience – has not gone away. The "loans-for-shares" program and its rigged auctions are still affecting the Russian economy and pushing back into the social arena political questions about the legitimacy of ownership for Russia's largest corporations.

Conclusion

Although the Russian stock market is evolving rapidly, many problems remain to be addressed. The trading volume on the derivatives section of RTS, FORTS, tripled in 2007. Structured products appeared recently on the Russian market and securitization is beginning as well. But until the recent amendment of the Russian tax code, which President Medvedev signed in December 2009, there was no definition of financial futures contracts. Until then, Russian law did not recognize that futures contracts were linked to risk management. The nature of central counterparty activities, whose key function is the efficient handling of risks prior to the settlement of a transaction, would require that the counterparty have the ability to deal on its own account. Yet the central counterparty is missing in Russia because the current law does not make it possible to cumulate dealer and clearing licenses. So, clearly, the financial market infrastructure needs to be updated.

But one cannot help wondering if it would not be wiser to strengthen the banking sector and its regulatory framework first. The efficiency of the banking sector is still very low and makes financial intermediation in Russia expensive. The development of creditors' rights for the banking system and efficient implementation of bankruptcy laws are considered to be more important than equity markets. It is believed to be the most effective way of fostering the development of small and medium sized enterprises, an important component of long-term growth. Proper accounting rules and practices, the protection of minority rights, and disclosure of corporate activities are all issues boiling down to corporate governance, which needs critical attention in Russia.

Agency theory, supposed to solve the principal-agent problem, provided a powerful argument to proponents of stock market development. Yet, it is based on Western views of business ethics and one could argue that it does not necessarily work for Russia.

About the author
Philippe Rudaz is a PhD student in Economics at the University of Fribourg, Switzerland. His dissertation focuses on the links between financial development and economic development in emerging economies. He worked two years in Russia for a Swiss consulting firm handling structured financial products.

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Diagrams

Russian Stock Exchange Indices 1995–2010

Diagram 1: Russian Stock Exchange Indices 1995–2000

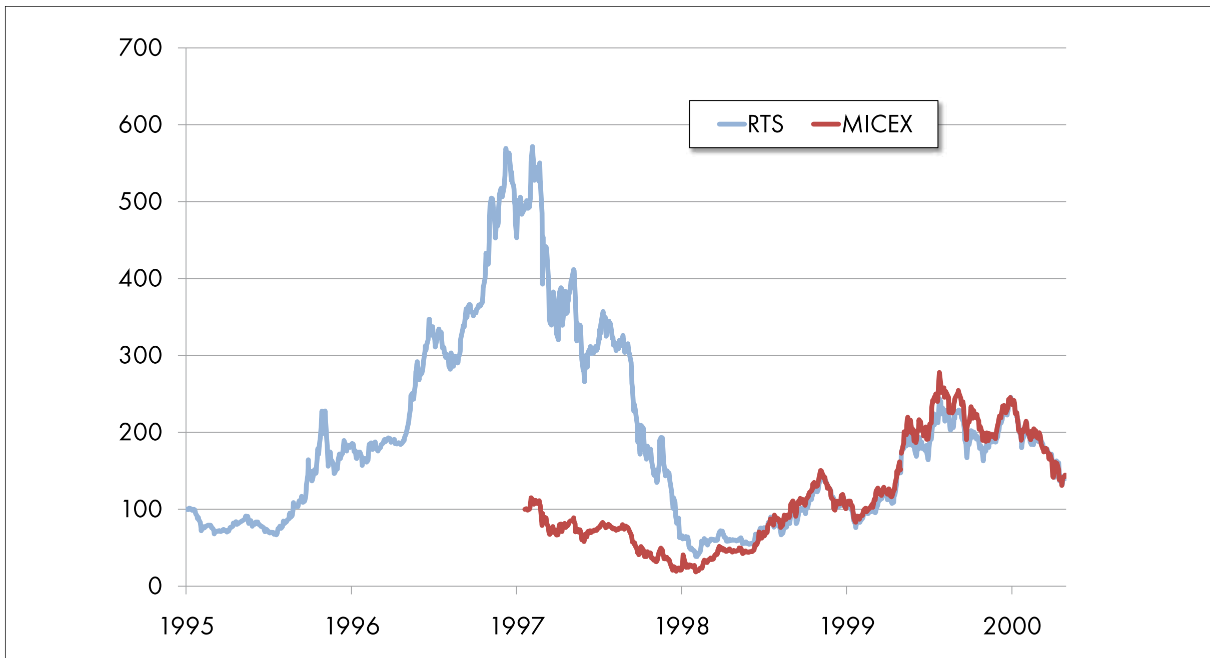
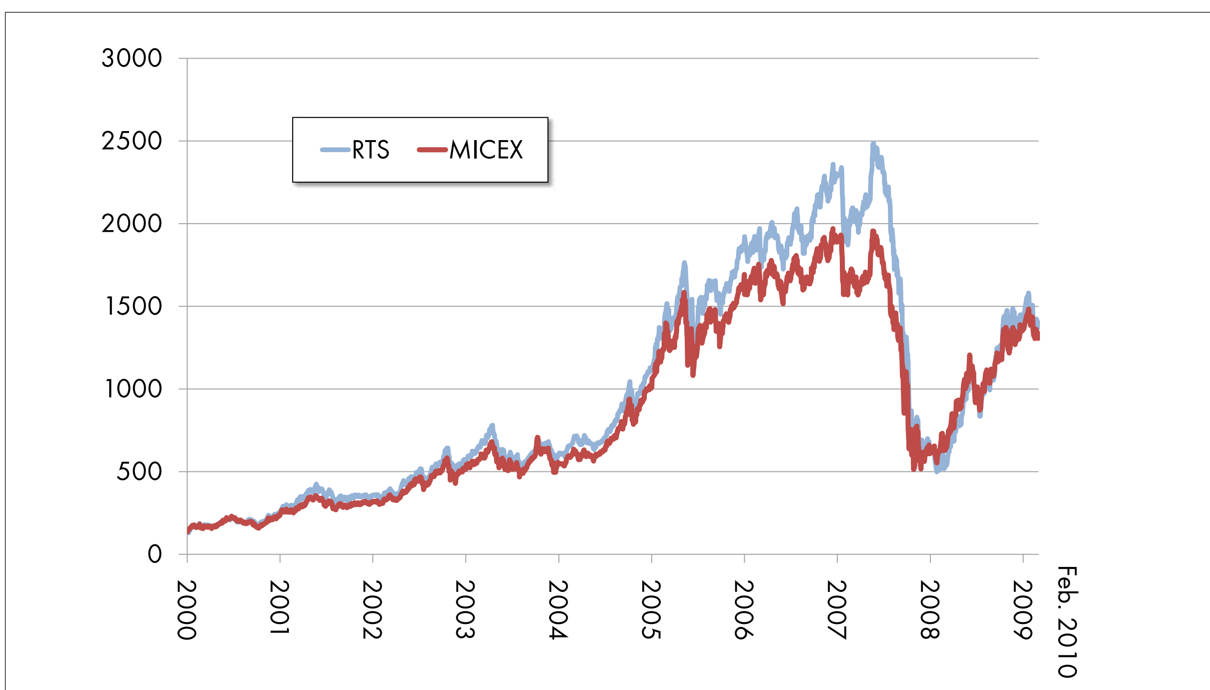


Diagram 2: Russian Stock Exchange Indices 2000–2010



Sources: http://www.rts.ru/ru/index/stat/dailyhistory.html?code=RTSI
http://www.micex.ru/marketdata/indices/shares/composite#&index=MICEXINDEXCF

About the Russian Analytical Digest

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The Russian Analytical Digest is a bi-weekly internet publication jointly produced by the Research Centre for East European Studies [Forschungsstelle Osteuropa] at the University of Bremen (www.forschungsstelle.uni-bremen.de), the Center for Security Studies (CSS) at the Swiss Federal Institute of Technology Zurich (ETH Zurich), the Resource Security Institute and the Institute of History at the University of Basel (http://histsem.unibas.ch/seminar/). It is supported by the German Association for East European Studies (DGO). The Digest draws on contributions to the German-language Russland-Analysen (www.laender-analysen.de/russland), the CSS analytical network on Russia and Eurasia (www.res.ethz.ch), and the Russian Regional Report. The Russian Analytical Digest covers political, economic, and social developments in Russia and its regions, and looks at Russia's role in international relations.

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With a collection of publications on Eastern Europe unique in Germany, the Research Centre is also a contact point for researchers as well as the interested public. The Research Centre has approximately 300 periodicals from Russia alone, which are available in the institute's library. News reports as well as academic literature is systematically processed and analyzed in data bases.

The Center for Security Studies (CSS) at ETH Zurich
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The Institute of History at the University of Basel was founded in 1887. It now consists of ten professors and employs some 80 researchers, teaching assistants and administrative staff. Research and teaching relate to the period from late antiquity to contemporary history. The Institute offers its 800 students a Bachelor's and Master's Degree in general history and various specialized subjects, including a comprehensive Master's Program in Eastern European History (http://histsem.unibas.ch/bereiche/osteuropaeische-geschichte/).

Resource Security Institute
The Resource Security Institute (RSI) is a non-profit organization devoted to improving understanding about global energy security, particularly as it relates to Eurasia. We do this through collaborating on the publication of electronic newsletters, articles, books and public presentations.

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