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The Emergence of Credit Bureaus in Russia’s Consumer Credit Market: The Evolutionary Perspective.

Abstract

Russia has recently been experiencing a consumer credit boom. Lending to households has been steadily increasing for the past four years. But despite the impressive growth rate, the consumer credit market in Russia is still in its infancy compared with mature Western market and even emerging East European markets. One of the major obstacles to its further development is the lack of information sharing between banks which translates into the absence of working credit bureaus. This paper details the process of emergence of consumer credit reporting and creation of credit bureaus in Russia using the evolutionary perspective developed by Aldrich.

Although the first credit cards were issued in 1989, pioneers of Russia’s credit card market could not mobilize forces to organize a credit bureau until after the real boom started in purchasing and installment consumer credit market in 2000-2001. The real push for the creation of credit bureaus came when they were framed as a key element in the presidential housing program (to aid mortgage lending). This allowed for a new draft law to be quickly passed by the Russian Parliament (generating regulatory legitimacy) and for the spilling of the discussion about credit bureaus into the popular press and public sphere to build moral legitimacy.

The paper analyzes several alternative models of credit bureaus considered in Russia, the struggles around their selection, as well as the first practical steps at organizing them.