

Paribas, Sberbank Join for Consumer Lending

By [The Moscow Times](#)

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French bank BNP Paribas is spinning off its last remaining Russian retail banking arm into a joint venture with Sberbank to reduce its presence in the heavily state-influenced market.

Britain's Barclays and HSBC have already left the Russian retail market as banks slim down their balance sheets to beef up capital in the face of tougher regulation and Europe's debt crisis.

BNP will shift its consumer credit unit into the joint venture, the companies said. The French bank will own 30 percent, which will operate under its Cetelem brand, and Sberbank the remaining 70 percent.

The partnership will allow BNP to avoid a wholesale pullout from the tough Russian retail market, which is dominated by state-connected banks like Sberbank and VTB.

"Sberbank is bringing its network, which is enormous. ... Cetelem, meanwhile, is bringing existing partnerships and its expertise in loans," said Pascal Roussarie, a spokesman for Cetelem. "We wanted to stay in the [consumer] market."

The consumer credit business, or point-of-sale lending, involves offering loans to clients directly in the store where the purchase is made, as opposed to at a bank branch.

BNP's 800 million euro (\$1.05 billion) existing Russian consumer loan portfolio will stay out of the joint venture but future lending will be done via Cetelem, Roussarie said.

Russian consumer lending has been dominated by privately owned foreign and local players like Home Credit & Finance Bank and Russian Standard Bank, but the new joint venture is likely to squeeze their margins as Sberbank can offer lower loan rates due to a cheap funding base.

The deal further strengthens Sberbank, as it accounts for a quarter of overall domestic banking assets and a third of total loans.

Russia's state-owned banks control about 60 percent of the country's banking sector by assets.

The BNP-Sberbank tie-up will aim for a 25 to 30 percent share of consumer lending at the point of sale, BNP personal finance chief Thierry Laborde told French daily Les Echos.

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