

Ranking Shows No Progress on Financial System

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The  **Moscow Times**

Russia placed 39th on a list of global financial systems compiled by the World Economic Forum on Wednesday, with no improvement on last year's position and three places lower than 2008.

The goal of turning Moscow into an international financial center and making the ruble a reserve currency has long been championed by Prime Minister Dmitry Medvedev, but it has yet to be reflected in the ratings that measure financial clout on the global stage.

The World Economic Forum used seven different categories in its Financial Development Report to assess the financial systems and capital markets of 62 economies.

Russia recorded its worst scores for its institutional environment (59th place), its banking financial services (58th place) and financial access (50th place).

In the final ranking, the Slovak Republic was rated one notch above Russia. Economies ravaged by the eurozone financial crisis including Spain, Italy and Ireland were also placed above Russia, as were Jordan, Poland and Thailand. Hong Kong was in first place for a second year in a row.

"Russia continues to be plagued by a weak institutional environment and should look to address weakness in ... corporate governance, legal and regulatory issues, and financial sector liberalization," the report said.

The Financial Development Report markets itself as a resource for officials to identify and address local deficiencies.

Russia's highest score came in the non-banking financial services category, where it was ranked eighth. The country was ranked 16th in the subcategories of initial public offering activity and seventh for mergers and acquisitions.

Despite Medvedev's promises to develop Moscow's financial infrastructure, progress has been slow and the capital has even fallen in some of the ratings of financial hubs produced across the world.

But some positive steps have been taken. The Central Depository, a key demand of investors for more than a decade, is due to be approved by financial regulators in November. And in October Euroclear bank was granted access to the Central Depository, linking Moscow to global post-trade services and opening up its bond markets.

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