

July 14, 2011
Moscow

Russian spend abroad beats pre-crisis records

According to Citibank's estimates, the amount of Russians' spend abroad will exceed pre-crisis levels and reach USD 40 billion in 2011.

Aggregate spend made by Russians abroad in 2011 has reached pre-crisis 2007 levels, according to Citibank's annual research that was published today. Share of international payments has grown to 28% in 2011 as compared to 20.1% in 2010. Citibank's experts estimate that the total amount of purchases made abroad until the end of 2011, including credit card spend, will amount to 3% of the GDP, or USD 40 billion.

During summer months in 2010, August and September became the biggest "spenders". In 2011, the expenditure growth started in spring, and the traveling spree stayed even when the New Year holiday season was over. At the same time, the share of New Year holidays spend grew from 26% to 31.7% of the total spend amount, as compared to 2010.

"Since the beginning of 2011, we have witnessed a substantial growth in consumer activity that is exceeding the pre-crisis period, says Michael Berner, Consumer Lending Head at Citibank. — Our clients are actively using credit cards both in Russia and abroad, as well as in the Internet."

As usual, the most popular countries were the US (16% of the total spend volume), Italy (11%), UK (8%), France (9%) and Spain (4%). Turkey and Thailand left the top ten and passed the baton to Germany (3%) and United Arab Emirates (4%).

This year, travelers stopped saving on hotels and indulged themselves into nice hotel accommodation. According to experts, this is proved by an increased spend volume in the Hotels category (22%). At the same time, Russian consumers cooled down in respect of tourist agencies and air travel as compared to other categories, though in absolute numbers costs associated with air travel have increased. Clothes and shoes are still a key priority for Russians traveling abroad (#1 after hotels with 15% of the total spend volumes), particularly in Italy and the UK. Jewelry and luxurious goods, purchases in stores, supermarkets and Duty Free shops are also on the rise again.

US or Europe?

The US are at the top of the list again thanks to the high transportation costs, though in 2011 overall spend volumes for America, as compared to the costs incurred in other countries, were lower than in 2010 (18% in 2010 and 16% in 2011, respectively). Russians started to spend more in Italy and France: 11% (as compared to 9% last year), and 9% (as compared to 7% in 2010) — respectively. However, the aggregate spend in Britain was less impressive. Switzerland (4%) and Finland (4%) grew by spend amounts: these skiing countries are popular in the context of winter holidays. In general, as compared to 2010, the major part of Russian foreign credit card spend fell on the European countries, and a smaller part — on the US.

It should be taken into consideration that the bulk of expenses related to the US, UK and Italy spend are also connected with Internet purchases: for instance, for the US, two-thirds of the total spend volume comes from Internet shops (63% of the total spend in this country). In Luxembourg (3% of the aggregate spend volume), almost 100% of purchases was made in the Internet shops registered in this country.

What do they buy in Mauritius?

Mauritius and Malaysia extended the list of most popular countries by the average transaction amount in 2011. Based on the average cost of the most expensive purchases made during the analyzed period, Mauritius tops the cake with an average transaction amount of U.S.\$673: this romantic island does have luxurious hotels and jewelry shops. The same categories proved to be in demand in Malaysia (91% for hotels and 2% for jewelry). The average transaction amount in this country has substantially increased compared to 2010 (U.S.\$347 and U.S.\$67 in 2011 and 2010, respectively). Switzerland also gets to the top through its expensive accommodation (24% of the total spend), while in Portugal and Argentine Russian travelers took to their leather goods (6% of the total spend in these countries). Israel attracted attention, inter alia, through its elite medical centers (3%).

Where do romantic Russians live?

Statistics of payments made by residents of Moscow and St. Petersburg show that Muscovites have a soft spot for the US (19% of the total spend amount), Italy (12%) and UK (9%), whereas St. Petersburg inhabitants, apart from trips to the US and Italy (11% and 12%, respectively), often find themselves on the road to the neighboring Finland (12% of the aggregate spend volume), or — even more often — in the romantic France (impressive 14% of the total spend).

Methodology.

The study uses statistical data on purchases made by Citibank's clients with credit cards abroad. The study analyzed the monthly data for the period between January 2007 and June 2011. The randomly selected sampling of at least 50,000 respondents included Citibank's clients over 22 years old that reside in Moscow, St. Petersburg, Samara, Nizhniy Novgorod, Yekaterinburg and other cities with population of over 1,000,000 residents.

Data for the first five months of 2011 and the statistical trends for the past four years have been used to build a forecast until the end of 2011.

The study did not analyze data on expenditures made by individual credit cardholders, and instead used generalized statistical data.

ZAO Citibank, a full subsidiary of Citi in Russia, has been operating since 1993 when it became one of the first banks with foreign capital to enter the Russian market. It was the first out of three current subsidiaries of Citibank in CIS. Citibank has since grown its business to be among the country's largest banks offering a full range of products and services to corporate and consumer customers. At present, the Bank has over 3,000 employees; its distribution network includes retail branches, 400 ATMs and representative offices in largest cities in Russia, Ukraine, and Kazakhstan.

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