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BANKING THE OCCUPATION

How Russia's primary bank for war procurement is integrating the
occupied territories of Ukraine into Russia's financial system

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9 OCTOBER 2026

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EXECUTIVE SUMMARY

Promsvyazbank (PSB), Russia's state-owned bank and the primary financier of its military procurement for the war against Ukraine,^{1,2,3,4} has emerged since 2022 as a key instrument in Moscow's efforts to fully integrate the temporarily occupied Ukrainian territories (ToTs) into Russia's financial system. This process, made possible by rubleization in 2022, involves luring local residents into becoming clients through lucrative offers and initiatives that position PSB as the guarantor of essential social payments. Amid the expanding role of Russian financial institutions in state surveillance, the consolidation of sensitive personal data through PSB may be enhancing the ability of occupation authorities to leverage that information for surveillance of the local population. This is a concern given that an estimated half of the population in the ToTs are registered with PSB. This report examines the process of PSB's expansion over ToTs and its effects, finding that:

- PSB is actively encouraging residents of the ToTs to use its banking accounts and cards to both receive essential payments like pensions, social support and benefits, and pay utility bills.
- PSB has introduced resident's cards that link access to social and municipal services to the bank's infrastructure, deepening financial integration with the occupying power and generating consolidated data on beneficiaries.
- PSB is extending this model to children: together with the occupation authorities in the so-called Donetsk People's Republic (DPR) and Russia-registered private transport company Alpika, PSB has introduced a schoolchildren's card that offers similar functions to the adult resident's cards, promoted to parents as a means of controlling children's spending.
- PSB is helping install Russian economic policy in the ToTs and, according to Russian state media, is the "facilitator" of the government's business-support scheme in the "new regions." These measures include preferential lending and simplified online applications for small and medium sized enterprises, as well as cooperation with the Russian Ministry of Agriculture to boost agricultural production in the occupied part of Kherson Oblast, as Russian drones target Ukrainian farmers behind the contact line.

¹ Федеральный закон О внесении изменений в Федеральный закон «О государственном оборонном заказе» (23 December 2019), available at: <http://publication.pravo.gov.ru/Document/View/0001201912280062?index=0&rangeSize=1>, archived: <https://web.archive.org/web/20200119142553/http://publication.pravo.gov.ru/File/GetFile/0001201912280062?type=pdf>

² ПСБ (n.d.), available at: <https://www.psbank.ru/personal/army>

³ The Moscow Times (11 March 2026), available at: <https://ru.themoscowtimes.com/2026/03/11/oboronnnyy-bank-psb-v-25g-narastil-kreditovanie-i-poluchil-ubytok-v-19-mlrd-r-a189331>

⁴ Интерфакс (28 December 2019), available at: <https://www.interfax.ru/russia/689759>

- PSB is launching lucrative housing programmes in the ToTs, made available to Russians from across the country in an apparent attempt to bring Russians into seized Ukrainian territories.
- PSB is supporting efforts to connect businesses in the ToTs to Russian-supported international trade networks via [sanctions evasion service A7](#). China and Belarus appear to be particular target markets: in December 2025, the so-called DPR's "My Business" centre announced the signing of the first export contracts for confectionery and frozen-food products from the so-called "DPR" with these two countries.

Combined, these findings show how Russia is attempting to strengthen control over the occupied parts of Ukraine via PSB. Reports indicate that this is putting local residents living under occupation in further danger: in January 2026, Ukraine's Centre for Countering Disinformation warned that Russian authorities were increasing monitoring of cash transfers and digital payments, expanding regulators' access to payment-system data and accelerating information exchange between government agencies, specifying that residents of the ToTs as being at heightened risk of financial monitoring and pressure.

There is circumstantial evidence to indicate that this is indeed the case: Russia's Federal Security Service (FSB) has required major Russian banks to integrate a dedicated surveillance interface (SORM) into their systems by 2027, which would enable the storage of correspondence, voice messages and other content transmitted through banking applications. Banks would then be mandated to provide this information to law enforcement authorities upon request. This expansion of Russian surveillance enforcement for banks further underscores the significance of PSB's role in the ToTs: Russia's increasing intrusion into the provision of everyday and essential services for people in occupation – by making PSB accounts and cards increasingly necessary for accessing pensions, benefits, housing finance, business support, etc – may enhance the ability of occupation authorities to surveil Ukrainians living in the ToTs even further.

1 INTRODUCTION AND BACKGROUND

Promsvyazbank (PSB), Russia's state-designated "supporting bank" for the defence-industrial complex under Russian law,^{5,6,7,8} has rapidly expanded its presence in the temporarily occupied territories of Ukraine (ToTs) since 2022. Before that, major Russian banks largely refrained from operating in the ToTs due to concerns that international sanctions would affect their wider operations.^{9,10} However, following the February 2022 full-scale invasion, Russian President Vladimir Putin called on Russian banks and businesses to launch operations in occupied Crimea, with particular emphasis on PSB:

"One of our banks that is 100% state-owned, Promsvyazbank, is already present on the peninsula in principle, but the institution should begin operating in Crimea as quickly and as extensively as possible... It needs to provide financing to agriculture, construction, tourism and other key sectors of the regional economy, open branches and offices here, and develop its retail network".¹¹ [auto-translated]

Indeed, PSB was one of the first Russian banks to be deployed in the ToTs.¹² On 4 April 2022, PSB announced that it had begun operations in occupied Crimea,¹³ and on 9 June the bank's Chairman, Pyotr Fradkov, signed an agreement with the heads of occupation authorities in the so-called Donetsk People's Republic (DPR) and so-called Luhansk People's Republic (LPR) to begin operations there.¹⁴ PSB's expansion into the ToTs began just weeks later. By 26 June 2022, a PSB sign was being affixed to the former building of the Ukrainian subsidiary of Austrian-owned Raiffeisen¹⁵ in Kherson City – then under Russian occupation prior to its liberation

⁵ Федеральный закон О внесении изменений в Федеральный закон «О государственном оборонном заказе» (23 December 2019), available at: <http://publication.pravo.gov.ru/Document/View/0001201912280062?index=0&rangeSize=1>, archived: <https://web.archive.org/web/20200119142553/http://publication.pravo.gov.ru/File/GetFile/0001201912280062?type=pdf>

⁶ ПСБ (n.d.), available at: <https://www.psbank.ru/personal/army>

⁷ The Moscow Times (11 March 2026), available at: <https://ru.themoscowtimes.com/2026/03/11/oboronnnyy-bank-psb-v-25g-narastil-kreditovanie-i-poluchil-ubytok-v-19-mlrd-r-a189331>

⁸ Интерфакс (28 December 2019), available at: <https://www.interfax.ru/russia/689759>

⁹ Financial Times (15 September 2024), available at: <https://www.ft.com/content/3b16f988-fa21-4016-9480-8ec17afe4ae1?syn-25a6b1a6=1>

¹⁰ Радіо Свобода (24 September 2022), available at: <https://www.radiosvoboda.org/a/novyny-ptyazovya-banky-rosii-pereselennya-rosiyan-v-okupatsiyu/33394550.html>

¹¹ РИА Новости Крым (17 March 2022), available at: <https://crimea.ria.ru/20220317/putin-prizval-banki-i-krupnye-biznes-struktury-zakhodit-v-krym-1122700891.html>

¹² Kommersant (14 September 2026), available at: <https://www.kommersant.ru/doc/8952789?ysclid=muy2y87i4l275799728>

¹³ Telegram (4 April 2022), available at: <https://t.me/psbbank/446>

¹⁴ ПСБ (9 June 2022), available at: <https://www.psbank.ru/bank/press/news/2022/06/09-01>

¹⁵ Raiffeisen Bank (n.d.), available at: <https://www.rbinternational.com/en/raiffeisen/rbi-group/about-us.html>

by Ukrainian armed forces in November 2022 –^{16,17} before a branch was officially opened there by 30 June.¹⁸ On the same day, PSB launched its first branch in Melitopol, Zaporizhzhia Oblast,¹⁹ and by December 2022 claimed to have opened 200 branches across the ToTs.²⁰

Putin then practically gave away local banks, run by the occupation authorities in the cities of Donetsk and Luhansk, to PSB. In November 2022, Vladimir Putin signed a decree requiring both the so-called Central Republican Bank of the Donetsk People's Republic and the so-called State Bank of the Luhansk People's Republic to be sold to PSB for the symbolic price of one ruble.²¹ PSB then bought them and turned them into its local subsidiaries (PSB Donetsk and PSB Lugansk). These deals were completed in early 2023, formalising the consolidation of occupation financial institutions under PSB and, therefore, under its owner, the Russian government.²²

By June 2026, PSB had reportedly established the largest banking network in the ToTs. According to PSB Deputy Chairman Mikhail Dorofeev, the bank operated 450 branches across 147 settlements, with more than 3,300 ATMs. Dorofeev also claimed that the bank had more than 3 million individual customers in the ToTs, in addition to business and corporate clients.²³ The population figures for the ToTs needed to assess these claims are, however, difficult to estimate and verify. One 2024 estimate implies a total population of approximately 6 million.²⁴ A more recent 2026 estimate claims between 3.5 and 5 million remained in either the ToTs or Russia.²⁵ Demographic changes that have taken place since the start of the full-scale invasion further complicate the picture, with high mortality, low birth rates, and the relocation of Russian citizens to the ToTs.²⁶ Taking the implied population of approximately 6 million as a reference (including children who may also receive cards),²⁷ a reported customer base of 3 million in 2026 would correspond to approximately a half of the population. While only a rough comparison, this

¹⁶ Telegram (26 June 2022), available at: https://t.me/herson_rus/1870

¹⁷ Український інститут національної пам'яті (5 January 2024), available at: <https://uin.gov.ua/informaciyi-materialy/vyzvoleni-regiony-materialy-do-richnyci-deokupaciyi/rik-vyzvolennya-herson>

¹⁸ Telegram (30 June 2022), available at: https://t.me/herson_rus/1967

¹⁹ Telegram (30 June 2022), available at: <https://t.me/BalitskyEV/28>

²⁰ ПСБ (12 December 2022), available at: <https://www.psbank.ru/bank/press/news/2022/12/13-02>

²¹ Донецкое агенство новостей (21 November 2022), available at: <https://dan-news.ru/ekonomika/centrobanki-dnr-i-lnr-po-ukazu-putina-voljutsja-v-strukтуру-promsvjazbanka/>

²² ПСБ (3 February 2023), available at: <https://www.psbank.ru/bank/press/news/2023/02/03-01>

²³ Ведомости (11 June 2026), available at: <https://www.vedomosti.ru/kapital/persons/characters/2026/06/11/1205106-mihail-dorofeev-v-novih-regionah-razvivaetsya-vsya-ekosistema-banka>

²⁴ Укрінформ (26 June 2024), available at: <https://www.ukrinform.ua/rubric-tymchasovo-okupovani/3878992-na-tot-zalisautsa-blizko-sesti-miljoniv-ukrainciv-iz-nih-15-miljona-diti.html>

²⁵ Telegram (9 July 2026), available at: https://t.me/dmytro_lubinetzs/12048

²⁶ Telegram (26 May 2026), available at: <https://t.me/DIUkraine/8522>

²⁷ Вконтакте (9 November 2023), available at: https://vk.ru/wall-37131732_103387?ysclid=muzypv6v9y103598910

suggests that PSB has achieved substantial penetration among the population in the ToTs. But how was PSB able to achieve this within just four years?

Absorbing the largest banks that had been operating in Donetsk and Luhansk from 2014, including the so-called Central Republican Bank of the Donetsk People's Republic and the so-called State Bank of the Luhansk People's Republic, gave locals little alternative.^{28,29} PSB has also worked to lure residents of seized Ukrainian cities into becoming clients through a series of initiatives that position the bank as a guarantor of social service payments, including for families with children and pregnant women,^{30,31 32} while also offering lucrative banking deals designed to incentivise Russian development in the ToTs.

PSB also actively worked alongside occupation authorities to enforce the rubleization of seized parts of Ukraine through the ostensibly generous offer of unlimited exchange of cash hryvnia for rubles,^{33,34} Occupation authorities began phasing out the hryvnia in 2022³⁵ before banning it entirely from 1 January 2023. According to the National Resistance Centre (as reported by Ukrainska Pravda), representatives of occupation authorities raided shops accepting Ukrainian currency, detained money changers and confiscated payment terminals.³⁶ PSB facilitated this transition by offering an “unlimited” exchange of cash hryvnia for rubles throughout the ToTs.³⁷ In January 2023, PSB also expanded the installation of merchant payment terminals to enable businesses to accept non-cash payments in rubles.³⁸ The rollout was explicitly linked to the end of hryvnia circulation by a pro-Russian Telegram channel focused on issues in the occupied areas of Kherson Oblast:

“The circulation of the hryvnia has been discontinued since 1 January. To accept non-cash payments in rubles, PSB offers legal entities and

²⁸ Комсомольская правда (3 February 2023), available at: <https://www.donetsk.kp.ru/online/news/5126098/>

²⁹ Донецкое агентство новостей (4 June 2022), available at: <https://dan-news.ru/ekonomika/rossijskij-bank-promsvjazbank-poluchil-razreshenie-na-rabotu-v-dnr/>

³⁰ Официальный сайт правительства Запорожской области (27 September 2022), available at: https://zo.gov.ru/news/show/semi_s_detmi_v_zaporozhskoj_oblasti_imeyut_pravo_na_edinovremennyy_e_i_ezhemesyachnye_vyplaty

³¹ Telegram (27 August 2022), available at: https://t.me/herson_rus/4194

³² V Kontakte (3 November 2023), available at: https://vk.ru/wall-179270502_509422?reply=831396

³³ Financial One (13 June 2023), available at: <https://fomag.ru/news-streem/psb-organizoval-bezlimitny-obmen-grivny-na-rubl-v-novykh-regionakh-rf/>

³⁴ Telegram (12 January 2023), available at: https://t.me/herson_rus/10117

³⁵ Економічна правда (5 May 2022), available at: <https://epravda.com.ua/publications/2022/05/05/686680/>

³⁶ Ukrainska Pravda (7 February 2023), available at: <https://www.pravda.com.ua/eng/news/2023/02/07/7388328/>

³⁷ Financial One (13 June 2023), available at: <https://fomag.ru/news-streem/psb-organizoval-bezlimitny-obmen-grivny-na-rubl-v-novykh-regionakh-rf/>

³⁸ Telegram (12 January 2023), available at: https://t.me/herson_rus/10117

individual entrepreneurs the option of installing merchant terminals”.[auto-translated]³⁹

Together, these measures helped establish the ruble as the primary currency for everyday transactions in the ToTs. The crucial role of rubleization in Russia’s wider financial control over Ukraine’s occupied territories has been highlighted by Dr Jade McGlynn in her report on resistance and survival in the ToTs for the Centre for Strategic and International Studies:⁴⁰

“Economic control cements dependence. Russia has imposed forced rubleization, compelled below-market conversion of residents’ Ukrainian hryvnia into rubles, and replaced Ukrainian banks with sanctioned Russian state lenders and the Mir payment system, binding civilians to the occupier’s financial infrastructure. Across the occupied territories, economic struggle defines daily life.”

The dire situation McGlynn describes is the result of a strategy by the Russian occupation to use the banking system as an extension of territorial and administrative control, for which rubleization laid the groundwork. With this context in mind, in this report CIR examines PSB’s role in this process, focusing on the bank’s expansion across the ToTs and the ways in which its services have both become embedded in residents’ everyday lives and may be being leveraged as a tool of state control and surveillance over the local population.

2 THE BANKING OF EVERYDAY LIFE

As PSB’s growing presence in the ToTs forms part of a broader move to embed local economic and administrative life into Russian financial infrastructure, local news sites and social media groups provide a window into how these efforts have increasingly affected everyday life in the ToTs. Combined, this digital evidence details the extent to which access to social payments and administrative services is linked to PSB cards, which, at least by 2023, had become increasingly necessary for accessing these services^{41,42} and, in some cases, even mandatory.

In July and August 2022,^{43,44} PSB introduced interest-free options for paying utility, internet, and telephone bills, among other services, through its website and app. This involvement soon switched from optional to mandatory: in September 2022, the Luhansk occupation authorities required entities providing housing and utility

³⁹ Telegram (13 March 2023), available at: https://t.me/herson_rus/11477

⁴⁰ Center for Strategic & International Studies (14 January 2026), available at: <https://www.csis.org/analysis/thresholds-survival-resistance-occupied-ukraine>

⁴¹ Официальный сайт правительства Запорожской области (27 September 2022), available at: https://zo.gov.ru/news/show/semi_s_detmi_v_zaporozhskoj_oblasti_imeyut_pravo_na_edinovremennyye_i_ezhemesyachnye_vyplaty

⁴² V Kontakte (3 November 2023), available at: https://vk.ru/wall-179270502_509422?reply=831396

⁴³ Telegram (26 July 2022), available at: <https://t.me/zpvestnik/276>

⁴⁴ Telegram (2 August 2022), available at: https://t.me/Short_DPR/32755

services to open accounts with PSB by 1 October 2022,⁴⁵ cementing PSB's role in handling routine payments for essential services. PSB also began facilitating the delivery of pensions and other social benefits in a seeming move to make their bank accounts more attractive to locals. In August 2022, occupation authorities in Kherson and Zaporizhzhia oblasts began issuing pensions on PSB cards (Figure 1),^{46,47} and by November 2022, this was being extended to pensioners from Donetsk Oblast.⁴⁸ The provision of these essential services through PSB channels further entrenched the bank's role in the everyday financial lives of people living under occupation who rely on pensions and social benefits for their livelihoods.

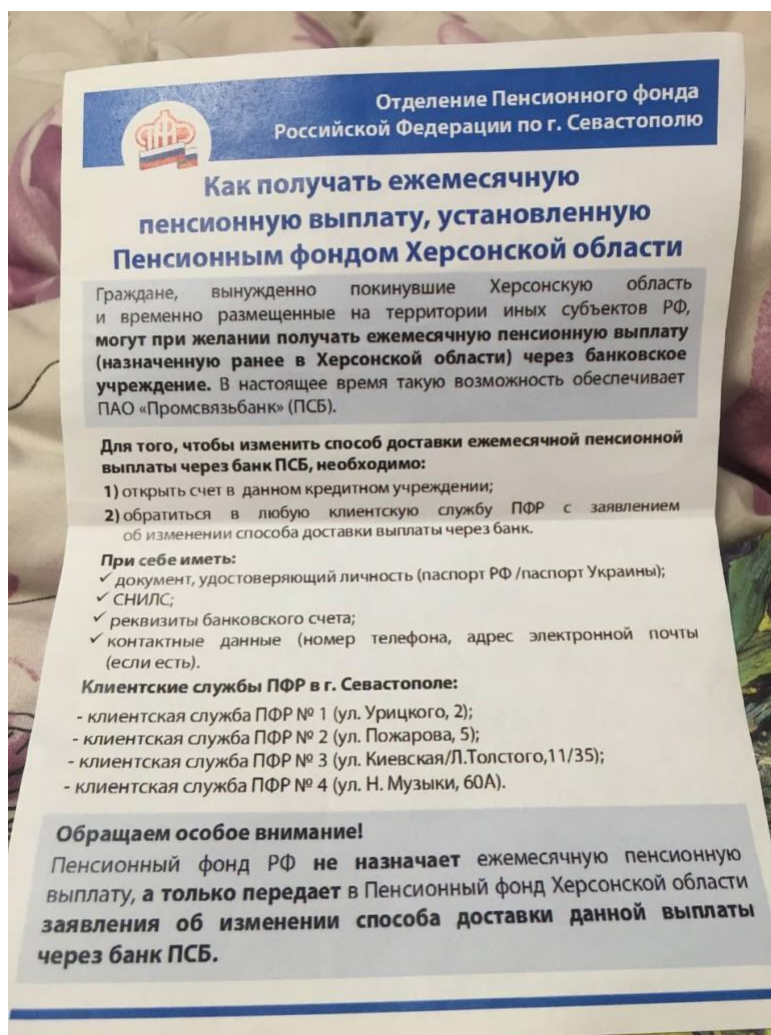


Figure 1: letter explaining how displaced persons from Kherson Oblast can receive their pension via a PSB card in Sevastopol (source: [@Region_Novorossiia on Telegram](https://t.me/Region_Novorossiia), 28 November 2022).

⁴⁵ Луганский информационный центр (September 2022), available at: <https://lug-info.ru/news/pravitel-stvo-lnr-obyazalo-subuektov-sfery-zh-kh-do-1-oktyabrya-otkryt-scheta-v-psb/>

⁴⁶ Telegram (26 August 2022), available at: https://t.me/k_gubareva/155

⁴⁷ Telegram (26 August 2022), available at: <https://t.me/zpvestnik/1639>

⁴⁸ Telegram (19 November 2022), available at: https://t.me/budem_zhit/2458

Occupation authorities also began offering both one-off and monthly social payments – including payments for families with children and pregnant women –^{49,50} that appear to have been delivered exclusively through the PSB banking system.⁵¹ Beginning in October 2024, PSB raised interest rates on deposits for retail customers in the ToTs in another seeming attempt to lure in new clients and encourage them to deposit their savings with the bank: the “Formula of Income” deposit offered up to 25% annual interest on amounts over 100,000 rubles for 250 days.⁵²

The housing market was also leveraged to draw residents of the ToTs into the Russian administrative and financial system. Applications for a state housing certificate in Kherson Oblast required a Russian passport, for example, while applications for a one-off payment of 100,000 rubles to go towards relocation within Russia also required PSB bank details,^{53, 54} linking the application process for access to housing-related assistance to both Russian documentation and PSB banking services. Russian-installed officials in ToTs also encouraged the registration of businesses with Russian tax authorities via obtaining Russian bank accounts,⁵⁵ and on 30 June 2022 (the day after PSB officially opened in the territory),⁵⁶ the leader of the occupation administration in the Russia-controlled part of Kherson Oblast, Volodymyr Saldo, signed a decree extending the deadline for businesses to register a Russian bank account, emphasising that PSB was offering a “one-stop” service to do so.⁵⁷

This combination of administrative, payment and banking service incentives appears to have gradually ingrained PSB into everyday economic life in the ToTs, a process perhaps best reflected in PSB’s claimed customer base of more than 3 million, which would represent roughly half of the population in the ToTs, according to a 2024 estimate.⁵⁸

⁴⁹ Официальный сайт правительства Запорожской области (27 September 2022), available at: https://zo.gov.ru/news/show/semi_s_detmi_v_zaporozhskoj_oblasti_imeyut_pravo_na_edinovremennyye_i_ezhemesyachnye_vyplaty

⁵⁰ Telegram (27 August 2022), available at: https://t.me/herson_rus/4194

⁵¹ Vkontakte (3 November 2023), available at: https://vk.ru/wall-179270502_509422?reply=831396

⁵² Новости ГТРК (30 October 2024), available at: <https://news.gtrklnr.ru/news/lnr/14411-psb-uluchshil-usloviya-po-depozitam-dlja-fizlic-v-novyh-regionah.html>

⁵³ Постановление Правительства Российской Федерации от 21 октября 2022 № 1876 (21 October 2022), available at: <http://static.government.ru/media/acts/files/1202210220005.pdf>

⁵⁴ Telegram (14 July 2023), available at: https://t.me/osvedomitell_alex/10273

⁵⁵ TACC (15 August 2023), available at: <https://tass.ru/ekonomika/18510497>

⁵⁶ Интерфакс (29 June 2022), available at: <https://www.interfax.ru/business/849479>

⁵⁷ Telegram (12 July 2023), available: https://t.me/herson_rus/2177

⁵⁸ Ведомости (11 June 2026), available at: <https://www.vedomosti.ru/kapital/persons/characters/2026/06/11/1205106-mihail-dorofeev-v-novyh-regionah-razvivaetsya-vsya-ekosistema-banka>

3 RESIDENT'S CARDS: ALL-IN-ONE

In 2026, PSB began working with occupation authorities in Donetsk and Kherson oblasts to consolidate data on individuals via resident's card (Карту жителя) programmes.^{59,60} This follows an earlier, similar PSB card programme – the “For Our Own” card – targeted at residents of the ToTs from early 2023 onwards.⁶¹ Administered through Russia's Mir payment system,⁶² these resident's cards were first advertised on local news sites in Donetsk as a solution to ease holders' access to social benefits – such as discounted public transport fares and discounts at retail and service businesses – while also being touted as a means of eventually facilitating full access to municipal services.⁶³ They were soon introduced as a voluntary programme in selected areas as PSB, together with the occupation authorities of the so-called DPR and the Russia-registered transport company Alpika, announced the launch of the resident's card initiative on 27 January 2026.^{64,65}

As of October 2026, implementation of the programme is at different stages across the ToTs and in June 2026 the occupation authorities of the so-called DPR made the “Gold Resident's Card” an “official instrument” for receiving social support benefits.^{66,67} This essentially forced residents, including vulnerable groups like disabled children and their guardians, to obtain PSB resident's cards or risk losing monetary support.⁶⁸ PSB also signed an agreement to bring a resident's card programme to the occupied areas of Kherson Oblast.⁶⁹ PSB, Alpika, and the so-called DPR also launched a schoolchildren's card that offers similar functionalities to the resident's cards,⁷⁰ marketed to parents as a tool to manage their child's spending.⁷¹

There is evidence to suggest that data collected through these cards may be accessible to the occupation authorities. In a post from December 2025 about a meeting on the use of payment cards to administer social benefits, the Deputy Chairman of the occupation authority in Kherson Oblast wrote that consolidating

⁵⁹ Твой Донецк (27 June 2026), available at: <https://doneck-news.com/main/7671-karta-zhitelya-dnr.html>

⁶⁰ Mail.ru (6 June 2026), available at: <https://news.mail.ru/society/71175834/>

⁶¹ RG.RU (13 January 2023), available at: <https://rg.ru/2023/01/13/psb-predlozhit-socialnuiu-kartu-zhiteli-dnr-lnr-hersonskoj-i-zaporozhskoj-oblastej.html>

⁶² Комсомольская правда (11 February 2026), available at: <https://www.donetsk.kp.ru/daily/27761/5208796/>

⁶³ Комсомольская правда (26 January 2026), available at: <https://www.kp.ru/daily/27753/5201228/>

⁶⁴ Комсомольская правда (26 January 2026), available at: <https://www.kp.ru/daily/27753/5201228/>

⁶⁵ Telegram (12 February 2026), available at: <https://t.me/dnrdonetsk/164753>

⁶⁶ Telegram (6 July 2026), available at: https://t.me/psb_dlya_svoih/2117

⁶⁷ ПСБ (n.d.), available at: <https://www.psbank.ru/personal/debetcards/dnrcard>

⁶⁸ Telegram (6 July 2026), available at: https://t.me/psb_dlya_svoih/2117

⁶⁹ Херсонское агентство новостей (5 June 2026), available at: <https://xonews.ru/news/psb-podderzhit-proekt-karta-zhitelja-hersonskoj-oblasti/>

⁷⁰ Telegram (3 February 2026), available at: <https://t.me/PushilinDenis/9259>

⁷¹ Telegram (20 March 2026), available at: https://t.me/psb_dlya_svoih/1657

data collected through them would make it easier to maintain accurate records of people receiving social benefits.⁷² Further, in a press release announcing the programme, the Ministry of Labor of the so-called DPR described the project as a step toward a more transparent social support system, adding that it was intended to make residents' lives safer.⁷³ These statements indicate that occupation authorities, while presenting these cards as a public good, could leverage these initiatives to collect sensitive personal information that could possibly be used to persecute Ukraine-supporters and locate male residents to draft them for Russia's war.

4 BANKING AS A TOOL OF SURVEILLANCE

There is further circumstantial evidence to suggest that this integration of Russian financial institutions into the ToTs via resident's cards schemes may be enhancing Russian surveillance of the resident population. In January 2026, Ukraine's Centre for Countering Disinformation warned that Russian authorities were stepping up surveillance via financial transactions:⁷⁴

"Russian authorities will significantly strengthen control over cash transfers and digital payments of citizens in 2026...This includes expanding monitoring of "non-standard" transactions between individuals, regulators' access to payment system data, and accelerated information exchange between agencies...These changes are particularly dangerous for residents of temporarily occupied territories. Unlike Russian citizens, residents of the occupied territories are subject to even stricter control. Any transfer, even a family transfer, can be considered "non-standard" only due to the Ukrainian origin of the recipient. Under such conditions, financial control becomes not a technical measure, but a mechanism of constant monitoring, inspections, and pressure from the occupation authorities".⁷⁵ [auto-translated]

While CIR has not identified publicly available information indicating that PSB has cooperated with occupation authorities in law enforcement investigations in the ToTs, Russian law generally requires the bank to provide information to Russian

⁷² Telegram (18 Вусуьиук 2025), available at: https://t.me/Cherevko_Sergey_Nikolaevich/225?single

⁷³ Минтруд ДНР (14 May 2026), available at: <https://mintrud-dpr.gosuslugi.ru/news/chto-nuzhno-znat-o-karte-zhitelya-doneczkoj-narodnoj-respubliki/>

⁷⁴ Центр протидії дезінформації (11 January 2026), available at: <https://www.facebook.com/protydiyadezinformatsiyi.cpd/posts/pfbid0sVQJkXK2oRm3otfFeULfCKPnwDAR96HyPdHefVgpmzFbJ68padzuhpWbLxAnMfRdl>

⁷⁵ Центр протидії дезінформації (11 January 2026), available at: <https://www.facebook.com/protydiyadezinformatsiyi.cpd/posts/pfbid0sVQJkXK2oRm3otfFeULfCKPnwDAR96HyPdHefVgpmzFbJ68padzuhpWbLxAnMfRdl>

law enforcement agencies upon request,⁷⁶ and this is likely to include the ToTs. Furthermore, PSB may be subject to the installation of Russia's System for Operative Investigative Activities (SORM), which provides the Russia's Federal Security Service (FSB) with a streamlined means of obtaining remote access to certain client data. In October 2025 FSB ordered major Russian banks to integrate the SORM, mass surveillance system, into their services by 2027, according to RBK.^{77, 78, 79, 80, 81} SORM stipulates the storage of all available data collected by apps – including client correspondence, location data and other content – for a period of three years,⁸² and also allows Russian law enforcement agencies to remotely access client data.⁸³ PSB appears to fall within the scope of the requirements to implement SORM. It is one of Russia's major state-owned banks and is highly likely to own a website and application that enables users to exchange messages, as well as to own technological communications networks with their own IP address blocks and autonomous system numbers. Accordingly, under the applicable FSB order, PSB may be required to implement SORM, potentially obliging it to provide the FSB with remote access to relevant client data.^{84, 85}

There is currently limited public information about cases in which PSB data has been used to prosecute criminal cases or target potential supporters of Ukrainian resistance. There are, however, documented cases in which information from banking transactions has been used to prosecute individuals in the ToTs.^{86, 87} In one case from 2026, a Russian court convicted an elderly lady from the occupied city of Tokmak in Zaporizhzhia Oblast for supporting the Ukrainian Armed Forces, to whom she repeatedly donated her Ukrainian pension via a mobile app of a Ukrainian bank.⁸⁸ While in this case the bank was Ukrainian, it is plausible that the

⁷⁶ Совет Федерации Федерального Собрания Российской Федерации (25 July 2025), available at: <http://council.gov.ru/events/news/168541/>

⁷⁷ РБК (29 October 2025), available at: https://pro.rbc.ru/demo/6900ef699a7947a7992b8495?utm_source=telegram&utm_medium=messenger&utm_campaign=rbc_news&utm_content=6900ef699a7947a7992b8495

⁷⁸ Telegram (29 October 2025), available at: https://t.me/rbc_news/134549

⁷⁹ Медуза (29 October 2025), available at: <https://meduza.io/news/2025/10/29/rbk-fsb-potrebovala-ot-krupnyh-bankov-ustanovit-sorm-sistemu-dlya-otslezhivaniya-i-hraneniya-perepiski-polzovateley>

⁸⁰ Новая Газета Европа (30 October 2025), available at: <https://novayagazeta.eu/articles/2025/10/30/konets-ery-servisov-bez-gosnadzora>

⁸¹ Agentura.ru (24 April 2026), available at: <https://agentura.ru/en/new-nobility/the-sorm-archipelago-how-the-fsb-and-the-telecom-industry-divide-labor/>

⁸² Медуза (8 June 2026), available at: <https://meduza.io/cards/pravda-li-chto-operator-svyazi-stali-peredavat-fsb-bolshe-dannyh-o-rossiyanah>

⁸³ Новая Газета Европа (30 October 2025), available at: <https://novayagazeta.eu/articles/2025/10/30/konets-ery-servisov-bez-gosnadzora>

⁸⁴ Новая Газета Европа (30 October 2025), available at: <https://novayagazeta.eu/articles/2025/10/30/konets-ery-servisov-bez-gosnadzora>

⁸⁵ Медуза (8 June 2026), available at: <https://meduza.io/cards/pravda-li-chto-operator-svyazi-stali-peredavat-fsb-bolshe-dannyh-o-rossiyanah>

⁸⁶ ZOV Херсон (10 March 2026), available at: <https://news-kherson.ru/other/2026/03/10/623353.html>

⁸⁷ ZOV ДНР (16 July 2025), available at: <https://dnr-news.ru/society/2025/07/16/1110665.html>

⁸⁸ Суспільне Запоріжжя (28 August 2026), available at: <https://suspilne.media/zaporizhzhia/1389966-15-rokiv-uvaznenna-za-donati-dla-zsu-ak-okupanti-zasudili-70-ricnu-patriotku-svitlanu-loj-iz-tokmaka/>

increasing expansion and integration of Russian banks like PSB, which may eventually be subject to strict data sharing requirements by the surveillance apparatus of the Russian state, into the ToTs means individuals' financial records may be used to identify individuals and their connections to inform investigations into suspected support for Ukraine.

5 RECONSTRUCTION AND RUSSIFICATION

PSB is playing a key role in directly financing “reconstruction projects” in Ukrainian cities demolished by Russia while offering subsidised financial products in the ToTs designed to draw in buyers, commercial developers and investors from Russia itself. Since at least June 2023, PSB has been announcing plans to finance the construction of housing in occupied Donetsk Oblast.⁸⁹ The bank also prepared an offer for preferential mortgages in the so-called DPR at a fixed 2% interest rate for when the construction kickstarts.⁹⁰ This was substantially cheaper than the subsidised mortgage rate of 8% that the Russian government was then offering within Russia as part of a Covid-era stimulus programme.⁹¹ This programme ended in July 2024, causing average mortgage interest rates in Russia to rocket to over 20%,⁹² which have since decreased to around 10% as of May 2026.⁹³

PSB has since expanded its 2% preferential mortgage programme across the ToTs, available to anyone in any part of Russia for newly built dwellings.⁹⁴ This could be an indication of the Russian government's intention to secure an influx of Russians to the ToTs, something for which Russia has had a track record in Crimea since 2014. Another mortgage programme for military personnel of the Russian army and their families located in the ToTs is available at the same rate.⁹⁵ The bank is also financing developers to sell off-the-plan apartments while simultaneously offering mortgages to buyers for those dwellings,⁹⁶ seemingly incentivising new construction while drawing in buyers and investors from both the ToTs and Russia itself.

PSB also offers 2% mortgages to fund purchases of existing dwellings in the secondary housing market. These mortgages are available to “teachers, healthcare workers, social workers, and employees of cultural institutions, physical education,

⁸⁹ РИА Новости (15 June 2026), available at: <https://ria.ru/20230615/finansirovanie-1878330530.html>

⁹⁰ Telegram (6 June 2023), available at: <https://telegram.me/MAYDNR/54359>

⁹¹ The Bell (12 July 2024), available at: <https://en.thebell.io/russia-ends-subsidized-mortgages-leaving-a-housing-bubble-and-inequality-behind/>

⁹² EECFA – Buildecon (26 September 2024), available at: <https://buildecon.blog/2024/09/26/life-after-the-preferential-mortgage-scheme-in-russia/>

⁹³ Известия IZ (5 June 2026), available at: <https://en.iz.ru/en/2091884/2026-05-06/average-mortgage-rate-russia-has-exceeded-10>

⁹⁴ ПСБ (n.d.), available at: <https://www.psbank.ru/personal/mortgage/new-territories>

⁹⁵ ПСБ (n.d.), available at: <https://www.psbank.ru/personal/mortgage/military-new-territories>

⁹⁶ ПСБ (n.d.), available at: <https://www.psbank.ru/corporate/longterm/developers-new-regions>

and sports facilities”.⁹⁷ Preferential mortgages in the secondary housing market are also available to various enablers of the Russian occupation, who are required to work for an organisation located in the ToTs, including:

"employees of the FSB, Ministry of Justice, Ministry of Emergency Situations, Federal Protective Service, Ministry of Internal Affairs, Investigative Committee, National Guard, and other government agencies located in these areas, as well as participants in the SVO [Special Military Operation] and family members of Russians killed during special operation or who died of wounds".⁹⁸ [auto-translated]

There is evidence that these incentives are helping generate demand for property in the ToTs, including from buyers and investors based in Russia. In January 2025, a PSB executive told RBC that while demand in the cities of Donetsk and Luhansk was coming largely from local residents, in the city of Mariupol, a significant proportion of demand for mortgages was reportedly coming from buyers and investors within Russia (he did not disclose the exact percentage).⁹⁹ This follows the near total destruction of infrastructure in Mariupol during Russia's attempt to conquer the city in 2022, when local residents fell victim to war crimes perpetrated by the Russian army, including starvation, forced deportation and filtration *en masse*. Over 20,000 died during the siege in Mariupol, according to Ukrainian officials.¹⁰⁰

In January 2026, PSB stated that 60% of its preferential mortgages issued to date were in the so-called DPR, though it did not provide further breakdowns between different Russian-occupied cities.¹⁰¹ Russian property development company Evolution told TASS in March 2026 that Mariupol, which is located on the seaside of the Azov Sea, was the most rapidly expanding property market in all of "Russia", growing fivefold over the past year:^{102, 103}

"Mariupol is among the most attractive resort locations for residential investment, with the city's year-over-year growth in the number of lots for sale amounting to 424.4%: while 434 lots were put on sale in March 2025, their number reached 2,276 in March 2026. No other destination has demonstrated similar growth." [auto-translated]

⁹⁷ Все о стройке (3 March 2025), available at: <https://xn--blagapfwapgcl.xn--plai/kak-rabotaet-lgotnaja-ipoteka-pod-2-v-novyh-regionah-rossii/>

⁹⁸ Все о стройке (3 March 2025), available at: <https://xn--blagapfwapgcl.xn--plai/kak-rabotaet-lgotnaja-ipoteka-pod-2-v-novyh-regionah-rossii/>

⁹⁹ РБК (30 January 2025), available at: <https://www.rbc.ru/finances/30/01/2025/679a05f49a7947e6a743a218>

¹⁰⁰ Радіо Свобода (10 September 2025), available at: <https://www.radiosvoboda.org/a/novyny-pryzov-ya-viy-na-mariupol-okupatsiya-zhertvy-ruanda/33525687.html>

¹⁰¹ Telegram (28 January 2026), available at: https://telegram.me/psb_dlya_svoih/1482

¹⁰² SBlogs (6 April 2026), available at: <https://www.sostav.ru/blogs/215822/82310>

¹⁰³ TACC (31 March 2026), available at: <https://tass.ru/ekonomika/26943525>

The reasons for so many lucrative offers for property purchasing in Mariupol, which have consequently triggered the demand, may go beyond the recreational. Russia is attempting to erase evidence of its war crimes against Mariupol residents, say Ukrainian analysts.¹⁰⁴ According to Petro Andriushchenko, head of Center for the Study of the Occupation, Russian occupation authorities in Mariupol used 100,000 tonnes of rubble from demolished buildings as building material:

*“Buried beneath the rubble at the processing plant, alongside 100,000 tonnes of our lives, lie the bodies of many Mariupol residents who lost their lives. Now there is absolutely no chance of ever finding out how many people died or who they were. There used to be a chance of at least finding some DNA samples. But that’s it – nothing remains.. The occupying administration is profiting from this mountain of rubble. They are selling the material to builders from the Rostov region,” said Andriushchenko.*¹⁰⁵
[auto-translated]

The 2% mortgage rate appears to be playing a major role in attracting buyers from inside Russia to Mariupol. It is widely cited by Russian real estate agents and brokers as the key reason for investing in new property in the city.^{106, 107, 108, 109} One Telegram post describes the mortgage rate as the “main advantage” of buying in Mariupol, stating “the monthly payment on such a loan is ridiculously low. In essence, you are borrowing almost free money from the government.”¹¹⁰ Other posts from Russian users on social media also indicate that low interest rates on mortgages are playing a role in attracting Russian buyers for property in Mariupol (Figure 2).

¹⁰⁴ Molfar Intelligence Institute (n.d.), available at: <https://www.molfar.institute/fake-rebuilding-of-mariupol/>

¹⁰⁵ 24 канал (12 May 2026), available at: https://24tv.ua/rosiyani-pererobili-demontovani-budinki-mariupoli-100-tisyach_n3066134?utm_medium=Social&utm_source=Facebook#Echobox=1778579762

¹⁰⁶ V Kontakte (8 July 2026), available at: https://vk.ru/wall-194586402_24968

¹⁰⁷ V Kontakte (20 May 2026), available at: https://vk.ru/wall-211210856_26496

¹⁰⁸ Telegram (8 February 2026), available at: https://t.me/broker_fadeeva/3429

¹⁰⁹ Telegram (19 May 2026), available at: <https://t.me/prodenejka/4772>

¹¹⁰ Telegram (19 May 2026), available at: <https://t.me/prodenejka/4772>

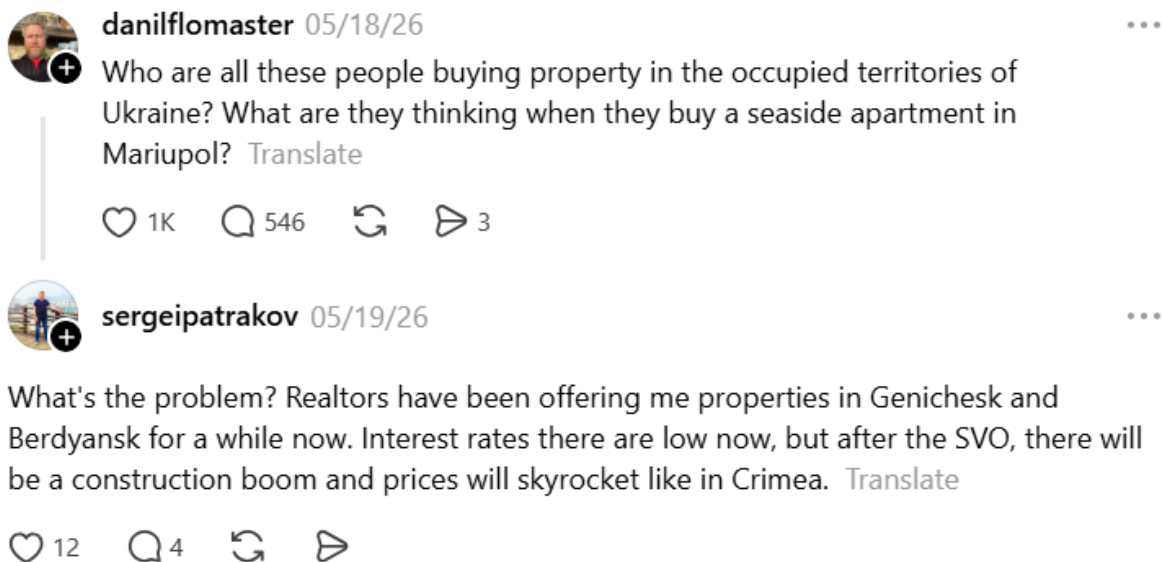


Figure 2: Screenshot of a Threads post from a Russian user citing low interest rates as a reason for investing in real estate in the ToTs. (Source: Threads via [Web Archive](#), 18 May 2026) [auto-translated]

Speaking in July 2025, PSB's Kherson Regional Director, Alexey Grishin, explained that drawing in buyers was an intention of the programme:

"By providing the opportunity to purchase apartments in the Kherson region at a 2% rate, PSB is addressing several important issues. In addition to increasing the affordability of housing for the local population, this stimulates the inflow of personnel and investments".¹¹¹ [auto-translated]

PSB is also offering local businesses and industries credit programmes in cooperation with the Russian Ministry of Economic Development as it tries to absorb them into the Russian economy.¹¹² In June 2023, at the same time as the lucrative 2% mortgage programme was mentioned,¹¹³ PSB also announced a lucrative loans scheme for small and medium-sized businesses in the ToTs.¹¹⁴ PSB has claimed that by January 2026, as many as 75% of entrepreneurs in the so-called LPR, the so-called DPR, and the occupied parts of Zaporizhzhia and Kherson oblasts were working with their bank.¹¹⁵

PSB is also keen to bolster Russian government involvement in key industries in the ToTs. A 2025 report by TASS describes PSB as the "facilitator of all government business support measures in the new regions," a term Russia uses to refer to parts of Ukraine it occupied. This includes cooperating with the Russian Ministry of Economic Development and the Ministry of Agriculture on a preferential lending

¹¹¹ Telegram (26 July 2025), available at: https://telegram.me/psb_dlya_svoih/842

¹¹² ПСБ (n.d.), available at: <https://www.psbank.ru/business/loans/gospodderzhka/novye-territorii>

¹¹³ Telegram (6 June 2023), available at: <https://telegram.me/MAYDNR/54359>

¹¹⁴ Интерфакс (16 June 2023), available at: <https://www.interfax.ru/pressreleases/906761>

¹¹⁵ Telegram (28 January 2026), available at: https://telegram.me/psb_dlya_svoih/1482

programme, with simplified online applications for small and medium-sized businesses in the ToTs.

PSB also waives the usual fees for online business registrations in the Ukrainian ToTs in an apparent attempt to lure local businesses into becoming clients. According to TASS's report, PSB had more than 108,000 entrepreneurs as clients in the ToTs.¹¹⁶ The bank has also signed an agreement to work with the Russian Ministry of Agriculture to boost agricultural production in Kherson Oblast through lending and investment,¹¹⁷ at the very same time as Russian drones target Ukrainian farmers behind the contact line.¹¹⁸

6 INTERNATIONAL ENGAGEMENT: PSB AND A7

Beyond economic integration with Russia itself, PSB is also seeking to build international economic ties between the ToTs and Russia's international allies. This includes working alongside the sanctions evasion service A7, a part-owned subsidiary of PSB. A7 is a payments service specifically geared at evading international sanctions, co-owned by PSB and Moldovan-Israeli convicted fraudster Ilan Shor. It operates as a payments business within Russia, but outside Russia is effectively deemed a money laundering network, using shell companies, cryptocurrency, and other well-established criminal methodologies to illicitly move money around the world at the behest of Western-sanctioned Russia and Iran and their proxy firms. A7 is itself under sanctions (including sanctions by the US Government)¹¹⁹ while it helps other companies circumvent them. The illicit nature of A7's sanctions evasion activities means that it operates more opaquely than PSB, even in Russian-controlled jurisdictions. There is, consequently, relatively less open-source information available about A7's activities in the ToTs. Despite this, CIR has identified some evidence on how A7 is working with PSB and occupation authorities to facilitate sanctions evasion linked to the ToTs.

Via its subsidiary A7-Agent,¹²⁰ A7 opened local offices in Russian-occupied Donetsk on 10 June 2025 and in the seized city of Sevastopol in the Crimean Peninsula on 19 June 2025, according to financial filings.¹²¹ As of July 2026, A7 has 22 offices,¹²² two of

¹¹⁶ TACC (n.d.), available at: <https://tass.ru/specialprojects/vozvrashchenie-domoy/podderzhka-biznesa-v-novyh-regionah/>

¹¹⁷ Telegram (10 October 2024), available at: https://t.me/herson_rus/20037

¹¹⁸ Ukrainska Pravda (1 July 2026), available at: <https://www.pravda.com.ua/eng/news/2026/07/01/8041913/>

¹¹⁹ The New York Times (1 October 2026), available at: <https://www.nytimes.com/2026/10/01/business/a7-russia-us-sanctions.html>

¹²⁰ OpenSanctions (3 July 2026), available at: <https://www.opensanctions.org/entities/NK-NTKJGAHgBMJtCfVVDf9MeW/>

¹²¹ Bo.nalog.gov.ru (n.d.), available at: <https://bo.nalog.gov.ru/organizations-card/12542241#financialResult>

¹²² Telegram (8 July 2026), available at: https://t.me/A7official_ru/299

which are notably located in the ToTs.¹²³ In August 2025, A7-Agent representative Viktor Velichko gave a webinar presentation to the Sevastopol “My Business” branch on how to use A7’s services for international payments (Figure 3).¹²⁴ In an interview in June 2026, A7 Deputy General Director of Sales Stanislav Lazarev described the Sevastopol branch as one of the fastest-growing regional offices.¹²⁵

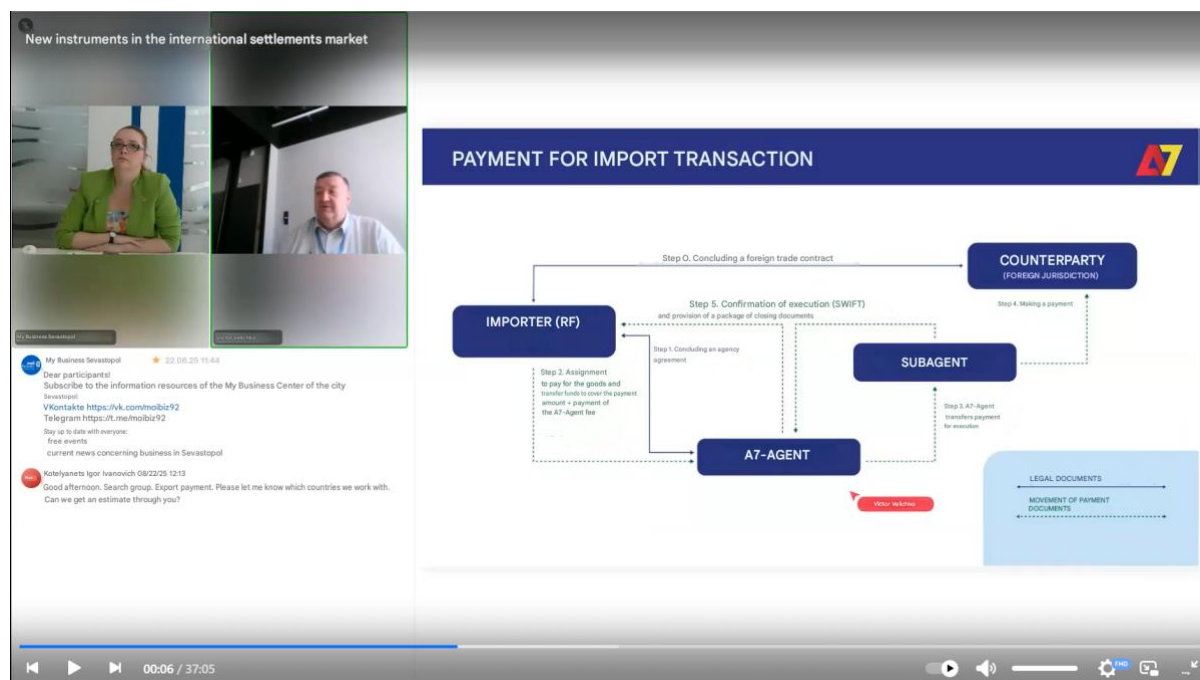


Figure 3: Screenshot of a webinar featuring A7’s services run by Viktor Velichko, 23 August 2025. (source: VK via [Web Archive](#)) [auto-translated]

In October 2025, along with representatives of the so-called DPR’s Ministry of Economy, and “My Business” Centre (a Donetsk-registered organisation for support of small and medium-sized entrepreneurship, run by occupation authorities),¹²⁶ PSB held an information session on its financial products for local businesses in occupied Donetsk Oblast and the use of A7 for settlements under international trade contracts.¹²⁷

The Chinese market is a major target of efforts by PSB, alongside occupation authorities and Russian federal agencies, to boost international business ties with the ToTs. China is also a major focus for A7: roughly a third of all payments facilitated by A7 are with China, even excluding substantial payments made to Hong Kong (which A7 separates from mainland China in its internal statistics).¹²⁸ While publicly China has long tried to maintain a neutral stance over Russia’s full-

¹²³ Telegram (8 July 2026), available at: https://t.me/A7official_ru/299

¹²⁴ Vkontakte (22 August 2025), available at: https://vkvideo.ru/video-191228213_456240704

¹²⁵ Деловой Петербург (22 June 2026), available at: <https://www.dp.ru/a/2026/06/22/objom-transgranichnih-platezhej>

¹²⁶ Мой бизнес (n.d.), available at: <https://mb180.ru/about/>

¹²⁷ Telegram (30 September 2025), available at: <https://t.me/dnrdonetsk/152887>

¹²⁸ Коммерсант (14 July 2026), available at: <https://www.kommersant.ru/doc/8814958>

scale invasion of Ukraine, evidence suggests it has backed Russia by providing it with critical minerals, as well as equipment and technology for weapon production.^{129,130}

In July 2025, PSB announced that 10 winning companies from the ToTs (not including Crimea) of its "Know Ours" competition for growing brands would be taken as part of a Russian business delegation to Shanghai to attend the China International Import Expo and tour Chinese manufacturing facilities; the winners consisted largely of food and produce companies.^{131,132} During the trip, held in November 2025, PSB "organised business negotiations between entrepreneurs and foreign partners, where the terms of purchase of Russian goods by foreign companies were discussed."¹³³ Then, in December 2025 the "My Business" branch in Donetsk announced that the first export contracts for confectionery and frozen food products from the so-called DPR had been signed with China and Belarus, although it is not clear whether this included companies which participated in PSB's business delegation.¹³⁴

On 19 February 2026, A7 took part in a roundtable hosted by Export Support Center which is a part of "My Business" Centre in occupied Donetsk Oblast.¹³⁵ A7-Agent's Head of Department for Working with Key Customers, Elena Agranovich, was a speaker on the panel, which discussed "modern mechanisms for international settlements in the context of existing restrictions" and "practical aspects of cross-border payments".¹³⁶ Agranovich was photographed attending the Donetsk Regional Industrial Forum on 27 February 2026,¹³⁷ and the following month, on 17 March 2026, represented A7 at a meeting of the DPR occupation authorities' Investment Activities Council. Topics discussed included "new tools in the international payments market [which] provide local businesses with the opportunity to scale up and build sustainable supply chains".¹³⁸ In May, Agranovich then met with the occupying Donetsk City District Administration's Department of Economics and the Chairman of the Donetsk City District Enterprise Directors Association to present A7's services. Coverage of the meeting notes that an

¹²⁹ Радіо Свобода (30 January 2025), available at: <https://www.radiosvoboda.org/a/skhemy-kytay-rosiya-metaly-stybiy-haliy-hermaniy/33297483.html>

¹³⁰ Telegram (19 September 2026), available at: https://t.me/V_Zelenskiy_official/20917 Telegram (17 September 2026), available at: https://t.me/V_Zelenskiy_official/20917

¹³¹ ПСБ (21 July 2025), available at: <https://www.psbank.ru/bank/press/news/2025/07/21-01>

¹³² Telegram (13 November 2025), available at: https://t.me/psb_dlya_svoih/1237

¹³³ Telegram (13 November 2025), available at: https://t.me/psb_dlya_svoih/1237

¹³⁴ ТАСС (6 December 2025), available at: <https://tass.ru/ekonomika/25834051>

¹³⁵ Мой бизнес (n.d.), available at: <https://mb180.ru/about/>

¹³⁶ Telegram (19 February 2026), available at: <https://t.me/exportdnr/1084?single>

¹³⁷ ЗОВ Донецк (27 February 2026), available at: <https://donetsk-news.ru/society/2026/02/27/439966.html>, archived at: <https://web.archive.org/web/20260715235008/https://donetsk-news.ru/society/2026/02/27/439966.html> (the photo is available in archived version)

¹³⁸ Telegram (17 March 2026), available at: https://t.me/kulemzin_donetsk/61939

agreement was reached for "further cooperation", without providing any details on the nature of this cooperation.¹³⁹

The potential impact of PSB's and A7's efforts to facilitate trade between the ToTs and Russia's foreign allies goes beyond simple economic benefits: they may also strengthen the economic integration of ToTs into Russian-controlled networks even further and create channels for doing business while evading sanctions. For more detail on A7's operations see CIR's previous reports on the topic.¹⁴⁰

7 CONCLUSION

PSB's expanding presence in the ToTs appears to have played a vital role in consolidating Russian control there since 2022. From then on, PSB has worked alongside occupation authorities to promote the adoption of Russian financial infrastructure that has become increasingly embedded in everyday economic and administrative life. This penetration has been achieved by facilitating the replacement of the Ukrainian hryvnia with the Russian ruble, supporting the registration of businesses within the Russian financial and tax system, and eventually forcing residents who rely on social benefits to open PSB accounts and obtain resident's cards to receive them. Access to essential services – including utility payments, pensions, social benefits and housing assistance – have become increasingly connected to PSB's financial infrastructure, while the bank has actively encouraged arrangements that compelled residents to move their money into the bank.

By June 2026, roughly half of the remaining population in the ToTs had reportedly opened accounts with PSB. The scale of this uptake may reflect, at least in part, the growing dependence of locals living under Russian occupation on PSB for essential services and payments. At the same time, increased access to financial data that paints an intimate picture of people's lives may be providing the occupiers with an additional tool for surveillance and control. The integration of Russian banks into SORM from late 2025 onwards will have only enhanced the ability of Russian law enforcement and intelligence authorities to utilise personal financial data as part of a tech-enabled mass surveillance system.

PSB has also played a central role in Russia's reconstruction campaign in the ToTs by providing financial incentives on both the supply and demand sides for the construction of new apartments by Russian developers. In the case of Mariupol,

¹³⁹ ZOV Донецк (14 May 2026), available at: <https://news-donetsk.ru/other/2026/05/14/457348.html>, archived at: <https://web.archive.org/web/20260716002743/https://news-donetsk.ru/other/2026/05/14/457348.html>

¹⁴⁰ Centre for Information Resilience (25 June 2025), available at: <https://www.info-res.org/project/financial-integrity/>

which Russia nearly razed to the ground in 2022, such incentives have been extended specifically to Russian buyers, as opposed to locals. According to analysts, the grand rebuilding of Mariupol can indicate Russia's attempt to hide traces of war crimes by its own army.¹⁴¹ At the same time, PSB and its part-owned subsidiary, the sanctions evasion service A7, appear to have been seeking to boost trade between the ToTs and Russia's international allies. Together, these activities point to the large extent to which Russia's occupation of Ukrainian territories depends on the active involvement of Russian banks like PSB. The subjugation of the Ukrainian population via assimilation into Russian administrative and bureaucratic structures relies, in part, on making civilians' ability to conduct basic economic activities dependent on Russian banking and payment infrastructure.

CIR's research indicates that the role of PSB specifically in this process warrants further attention, particularly their possible involvement in the collection and use of financial and personal data, the financing of settlement and reconstruction, and the provision of incentives that may facilitate demographic and social change in the ToTs. Continued monitoring of these developments will be important for generating an understanding of how Russian economic integration of occupied Ukrainian territories may shape their longer-term governance. Further research might examine the extent to which access to Russian banking becomes increasingly compulsory for all residents of the ToTs, whether other Russian banks follow PSB into the ToTs, and how the role of banking differs across the ToTs themselves. It will also be important to closely monitor the extent to which Russian banks become embedded in the lives of children and adolescents, including through financial education, youth programmes, payment services and other forms of early engagement. Further, a comparative study that juxtaposes these developments with other recent and historical cases of occupation may help shed light on the extent to which Russia's practices depart from or build on longer-standing practices of economic and administrative integration by occupying powers.

¹⁴¹ Molfar Intelligence Institute (n.d.), available at: <https://www.molfar.institute/fake-rebuilding-of-mariupol/>