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## Q2 2019 overview of payment institution sector

Payment institutions operating in Estonia mediated payments of 83 million euros in the second quarter of 2019, which is 54% less than in the first quarter. The biggest fall was caused by the decision of Finantsinspektsioon in the second quarter to withdraw the authorisations from two payment institutions.

There were 1.9 million payments made in the second quarter, which was 9% more than in the first quarter despite the exit of two payment institutions from the market. The average size of a payment transaction was 43 euros, which was 58% smaller than in the first quarter.

Key indicators	Q1 2019	Change	Q2 2019
Value of payments	183 million euros	?	83 million euros
Maksete arv	1.8 million	?	1.9 million
Profit	1.1 million euros	?	1.4 million euros
Return on equity (annualised)	22%	?	24%
Equity coverage ratio	814%	?	1434%

Payment institutions earned profit of 1.4 million euros in the second quarter. The return on equity of the sector was 23.9% in the second quarter, having been 22.0% in the first quarter.

The payment institution sector is very strongly capitalised with equity at 14.3 times the required level. The capitalisation was improved because the audited profit from 2018 was added to equity in the second quarter.

## **Main development trends and risks**

- The payment institution sector is profitable. Although the biggest profit is earned from non-core activities, other participants, whose profitability is based on providing payment services, have joined the market.
- Finantsinspektsioon cancelled the authorisations of the payment institutions Talveaed and GFC Good Finance Company in the second quarter for serious breaches of the law.

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