
Finantsinspektsioon's activities in 2019

Prevention of money laundering is part of the Finantsinspektsioon's strategy

According to the Finantsinspektsioon's strategy 2019-2021, the Finantsinspektsioon expects market participants to have an internal control system in line with the business model, including especially in relation to the prevention of money laundering. The issue of money laundering prevention has become more and more topical due to the changed foreign policy environment and large-scale cases.

In connection with the prevention of money laundering, the Finantsinspektsioon has continuously mapped the respective risks in the financial sector, including the risks related to cryptographic assets, reported them (to the extent that does not impair financial supervision or is not in conflict with the law) and implemented supervisory measures. The Finantsinspektsioon has also entered into an agreement with the Financial Intelligence Unit to plan its work, assess risks and organize data exchange in order to perform its tasks more efficiently.

Finantsinspektsioon's activities in preventing money laundering in 2019

Anti-money laundering supervision gained extra powers

Finantsinspektsioon created a separate department to make anti-money laundering supervision more effective, and it hired new staff for the department so that it had seven members at the end of 2019. This was an increase of almost half in the number of staff dealing with supervision over money laundering and terrorist financing.

Finantsinspektsioon made six on-site anti-money laundering inspections, 15 extraordinary enquiries, and 146 remote inspections in 2019. It also organised five information days to discuss prevention of money laundering, met market participants on some 60 occasions, and attended ten meetings of the Estonian Banking Association on preventing money laundering. Proportionally, the closest attention paid to supervised entities and transactions focused on banks, with five on-site inspections, 15 extraordinary enquiries and 31 remote inspections, and investment firms, with one on-site inspection and five remote inspections.

There is no longer any great danger to the banking sector from money laundering risk

One of the most important anti-money laundering supervisory actions was the conclusion in April 2019 of the extraordinary supervisory proceedings that looked into the risks to the banking sector in 2019 and compared them with the point when the new management of Finantsinspektsioon gave a

great boost to anti-money laundering supervision in 2014. The financial supervision opinion at the conclusion of the proceedings was that the risks to Estonian banking from serving non-residents had been substantially reduced, and the majority of the banking sector was not at high risk of money laundering. In 2019 the focus in Estonia is mainly on providing services to local clients or to business and private clients that are related to them. The share of non-residents in banking fell from 19.1% at the end of 2014 to 10.0% in the data for the end of 2019. The steepest fall was from 8.5% to 0.3% in clients from very high-risk jurisdictions, including low tax territories. The deposits of clients from outside the European Union were exactly 1% of the deposits in the banking sector at the end of 2019, having been 11.4% at the end of 2014.

Finantsinspektsioon developed its international cooperation in anti-money laundering work a great deal in 2019. Finantsinspektsioon was one of the instigators in creating a cooperation network between the financial supervision authorities of the Nordic and Baltic countries. In consequence there were many more meetings with financial supervisors from other countries than in 2018. Of the 250 or so meetings concerning money laundering that were held in 2019, 60 were with financial supervision authorities from foreign countries, which was twice as many as a year earlier. The head of the anti-money laundering department of Finantsinspektsioon also contributed directly to the fight against international money laundering by applying for the position of head of the European Council's anti-money laundering expert committee Moneyval.

The European Banking Authority (EBA), the International Monetary Fund (IMF), the Organisation for Economic Co-operation and Development (OECD) and the European Commission all assessed the anti-money laundering work of Finantsinspektsioon in 2019. On 16 April the EBA decided that Finantsinspektsioon had not broken European Union law in its supervision over Danske bank. It also decided not to issue any recommendations for changes to the current organisation of supervision. The IMF gave a positive opinion of the work of Finantsinspektsioon after its 2019 mission, and it noted that Finantsinspektsioon was one of the first institutions to take a risk-based approach to combating money laundering.