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[News](#)

Finantsinspektsioon and Eesti Pank have together created a new mathematical model for measuring money-laundering risk in the Estonian financial sector to help back its credibility.

Finantsinspektsioon has since 2014 consistently updated the supervisory methods that it uses to counter money laundering. This has substantially reduced the money-laundering risks in the financial sector in Estonia and has allowed additional information to be passed on to the investigating authorities handling money laundering cases.

The strategic analysis program that Finantsinspektsioon has introduced calculates and visualises the risks and vulnerabilities that the banks face from deposits and through payment channels, by looking from various viewpoints and using multiple algorithms. Among much else, it can show how the residential structure of deposits in the Estonian financial system has changed over time and what the current trends are in the movement of payments into and out of Estonia. Anonymous aggregate data are used for measuring risks. Eesti Pank and Finantsinspektsioon built the table of risks using the legal and technical infrastructure for reporting, and algorithms that have been developed by anti-money laundering experts at Finantsinspektsioon.

“This new solution allows Finantsinspektsioon to react faster if money-laundering risks start to build up in the financial sector or at an individual bank, or if the nature of the risks changes”, explained **Andre Nõmm**, a member of the Finantsinspektsioon management board. “In the same way that we are doing at Finantsinspektsioon, the quality of mass data should be addressed and risks should be assessed from those data in real time across the whole of Europe. This would help Europe to fight against money laundering together, and would allow money-laundering risks to be better compared and uniformly treated across countries. International payment systems have massive datasets that contain patterns which give them an untapped potential for identifying the unusual alongside the usual. This would bring the fight against money laundering closer to the moment where the money is actually being laundered”.

Finantsinspektsioon carries out financial supervision over financial institutions. Financial supervision is carried out to increase the stability, credibility and transparency of the financial sector and the efficiency of its operation, to reduce systemic risks and help prevent the abuse of the financial sector for criminal aims in order to protect the interests of clients and investors by preserving their funds, and so to support the stability of the Estonian monetary system.

Finantsinspektsioon is given responsibility under the Eesti Pank Act for supporting the stability of the financial system and carrying out macroprudential supervision of it, for helping payment systems operate efficiently and supervising them, and for promoting the payment environment.

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