

## Q1 2021 overview of payment institution sector

Payment institutions operating in Estonia mediated payments of 110 million euros in the first quarter of 2021. The value of payments in the sector was 16% more than in the fourth quarter, and the number was 19% higher. Payment institutions earned total sales revenue of 1.9 million euros from providing payment services in the first quarter, up from 1.7 million euros in the first quarter of 2020. Revenues from payment services made up 66% of total sales revenues.

Key indicators	Q4 2020	Change	Q1 2021
Value of payments	94 million €	?	110 million €
Number of payments	1.8 million	?	2.2 million
Profit	1.3 million €	?	2.1 million €
Return on equity (annualised)	20%	?	26%
Equity coverage ratio	1654%	?	1587%

The average size of a payment transaction did not change particularly over the quarter, as it was 51 euros in the first quarter and 52 euros in the fourth quarter of 2020. The structure of payment transactions in the sector also remained largely unchanged from the previous quarter. Cross-border payments provided 10% of all payments in the first quarter, the same as in the previous quarter; card payments were 11% of all payments having been 12% in the fourth quarter of 2020. The share of money transfers in all payments was down a little at 8% in the first quarter from 14% in the fourth quarter of 2020.

The average return on equity of the sector rose in the quarter to 25.63% from 20.32% in the fourth quarter of 2020.

The profitability of the payment institution sector is trending upwards. The sector ended the first quarter with operating profit of 68,000 euros, having made 37,000 euros in the first quarter of the previous year. The net profit of the sector in the first quarter was 2.1 million euros having been 1.8 million euros in the same quarter of last year.

### **Main development trends and risks**

- The move of business to e-commerce channels because of the Covid-19 pandemic increased

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the number of transactions intermediated by payment institutions.

- The average capitalisation of the sector is high.

[Quarterly reviews of the payment services sector](#)

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