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# Finantsinspeksioon operating strategy 2022–2025

The Supervisory Board of Finantsinspeksioon approved the Finantsinspeksioon strategy for 2022-2025 at its regular meeting on 26 November. The strategy sets out the vision, mission, values and four main lines of action for Finantsinspeksioon in 2022–2025.

## Vision

A digitally skilled and efficient Finantsinspeksioon.

## Mission

We maintain confidence in the financial market.

## Values

Certain. Professional. Creative.

## Main action points for Finantsinspeksioon for 2022-2025

### **I. A creative, environmentally sustainable and digitally skilled Finantsinspeksioon is an efficient financial supervision and resolution authority**

Vision:

A digitally skilled and efficient Finantsinspeksioon.

Expected outcome 1. To make financial supervision and resolution more efficient we plan and apply the digital solutions needed. The working processes of Finantsinspeksioon are more automated than before and digital solutions are used more than by other financial supervision authorities in the region.

Expected outcome 2. To attract people who are talented, hard-working and representative of the Finantsinspeksioon values, and to maintain the organisation, we have defined the tasks of each job and updated our pay and motivation system.

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Expected outcome 3. We apply environmentally sustainable principles in our administration and other activities. We work in a green office.

Expected outcome 4. We encourage our staff to make proposals for raising efficiency at work and improving cooperation. We recognise creative and professional staff.

## **II. Finantsinspektsioon maintains stability in the financial markets so that more value added can be created in the economy**

Mission:

We maintain confidence in the financial market.

Expected outcome 1. We identify the vulnerabilities to cybercrime in the IT systems of market participants, and direct subjects of financial supervision to repair those weaknesses. We focus more on control of the business continuity of vital systems and the transfer of critical functions. Vital systems operate without serious interruption.

Expected outcome 2. We focus on the risk control systems, processes and working culture of the subjects of financial supervision. It is verified that the subjects of financial supervision and auditors of listed companies have met all their obligations to Finantsinspektsioon, and that if necessary they have been directed to eliminate shortcomings with individual precepts or recommendatory guidelines. The working culture of the managers of the subjects of financial supervision takes a balanced approach to risk appetite and risk management.

Expected outcome 3. We prepare and apply adequate screening for licensing in new areas such as crowdfunding or virtual currency services. Depending on the business model of the applicant, we want important areas to be sufficiently staffed in Estonia and we avoid issuing licences to businesses that are only a PO Box number. The people who have the right to operate in the financial market are competent and law-abiding, and run sustainable businesses.

Expected outcome 4. We are even more active and influential in setting up the Single Supervisory Mechanism (SSM), the Single Resolution Mechanism (SRM), and the anti-money laundering and terrorist financing authority of the European Union (AMLA). The good skills of the Estonian IT risk controller have been recognised and are used in the SSM and the SRM. The systemic risks to the Estonian banking market are known to the SSM and the SRM and they are not ignored in a crisis but are taken into account.

Expected outcome 5. We develop further the models for countering money laundering and terrorist financing and supervising international financial sanctions. The processes and systems of subjects of financial supervision are sufficient to apply international financial sanctions.

Expected outcome 6. We look at environmental, social and governance (ESG) issues when performing our statutory duties and we apply the legal standards for them in the financial sector. Subjects of financial supervision and listed companies follow the principles set out in ESG legislation.

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### **III. Finantsinspektsioon protects the interests of clients and investors to strengthen overall confidence in the financial market**

Values:

Certain. Professional. Creative.

Expected outcome 1. We have created the office of ombudsman if the law states that the financial ombudsman is to be established at Finantsinspektsioon. We explain to stakeholders why it is in the interests of clients, investors, subjects of financial supervision and society that the financial ombudsman work at Finantsinspektsioon. The financial ombudsman resolves and settles disputes.

Expected outcome 2. We continue to educate consumers about financial services and products through the [www.minuraha.ee](http://www.minuraha.ee) website and we have introduced additional channels for the systematic dissemination of information and knowledge from Finantsinspektsioon. Consumer education focuses on students, pensioners and debt counsellors, as they are more receptive or vulnerable groups, or work with such groups. Timely and relevant objective information on the risks of financial products and services is readily available to focus groups.

Expected outcome 3. By exchanging factual information and skills we have deepened our cooperation with the Financial Intelligence Unit, the Prosecutor's Office, and investigative and security agencies, while respecting legal boundaries and the principle of reciprocity. Potential offenders are deterred and offenders are punished more effectively.

### **IV. Finantsinspektsioon encourages technological innovation to help the market function more efficiently**

Expected outcome 1. To promote the development of technologically innovative business models and the use of local knowledge and skills, we have introduced an operating authorisation with ancillary conditions that can be applied for, if such an authorisation is permitted by the law and the risks are suitably managed. Technologically innovative business models can be tested and developed in a controlled manner.

Expected outcome 2. We apply a fast-track licensing procedure for entities that have previously held an operating licence, and also in some other individual cases if the associated risks are low enough. Licensing procedures are quicker and cheaper.

Expected outcome 3. We maintain contact<sup>1</sup> with financial businesses with new business models, especially technologically innovative businesses. Those considering becoming subjects of financial supervision have sufficient information that they can decide on their next steps.

Expected outcome 4. We direct the subjects of financial supervision to use more digital solutions. Following the principle of proportionality, subjects of supervision have efficient risk-based digital

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solutions for controlling risks.

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<sup>1</sup> The contact, the nature of the supervisory dialogue and the scope depend on individual circumstances and take account of the business secrets involved. Preference is given to financial businesses with strong potential that make extensive use of or develop local knowledge and skills, and that can make the Estonian market operate more efficiently or increase competition. For this reason Finantsinspektsioon cannot in this case treat everyone equally but must apply reasonable discretion.