

Yearbook 2024



Finantsinspektsioon

Finantsinspeksioon

Sakala 4
15030 Tallinn

+372 668 0500

+372 668 0501

info@fi.ee

www.fi.ee

Editor Eva Vahur

Layout Urmas Raidma

Start of the financial year: 1 January 2024

End of the financial year: 31 December 2024

Core activity: financial supervision

Management board: Kilvar Kessler, Andres Kurgpõld, Andre Nõmm, Siim Tammer

Auditor: Ernst & Young Baltic AS

CONTENTS

FOREWORD BY THE MANAGEMENT BOARD	5
ABOUT FINANTSINSPEKTSIOON	9
THE RIGHT TO OPERATE IN THE FINANCIAL SECTOR	15
BANKING AND CREDIT	17
INSURANCE	23
E-MONEY AND PAYMENT SERVICES	24
INVESTMENT AND THE SECURITIES MARKET	27
THE LEGAL ENVIRONMENT	33
FINANTSINSPEKTSIOON AS A RESOLVER OF CRISES	37
FINANCIAL SANCTIONS AND COUNTERING MONEY LAUNDERING AND TERRORIST FINANCING	41
CONSUMERS	43
INCOME AND EXPENSES OF FINANTSINSPEKTSIOON	47
ACTIVITIES OF THE INTERNAL AUDITOR (CAE)	57
CONFIRMATION BY THE MANAGEMENT BOARD	59
TABLES	61



The work of Finantsinspeksioon was managed in 2024 by a four-member Management Board
*From the left: management board members Andre Nõmm and Andres Kurgpõld,
chair of the board Kilvar Kessler and board member Siim Tammer.*

FOREWORD BY THE MANAGEMENT BOARD

Three major trends: concentration, digital business models, and the desire to take risks

Banking is the largest branch of the Estonian financial market and the one that has most impact on the economy. There has been a fundamental change in this in the past ten years, as the banks have consolidated into strong regional companies. SEB Pank announced at the end of 2024 that it would merge its banks in the Baltic states by the start of 2027, and move the headquarters of the combined bank to Estonia. This is similar to what Luminor did earlier. Decisions like this cannot be taken without effective supervisory cooperation, in which one of the key players is Finantsinspektsioon, whose support is helping to make Estonia the banking centre of the region.

The business models of the credit institutions have changed. Classical banking has continued to dominate, with its focus on issuing credit and taking deposits. The banks have at the same time exited some of the riskiest lines of business, such as providing massive cross-border payments to clients with a murky background. Financial intermediaries that based their business purely on that have closed their doors. Cross-border business has however taken on other forms, and small banks in particular are taking deposits from other countries in Europe and offering consumer credit there. Finantsinspektsioon has deliberately shaped the changes in business models, setting individual capital buffers, withdrawing operating licences, and taking various other important steps.

Development in digital technologies has brought consumers closer to financial intermediaries, and helped them make their businesses more efficient. This has increased interest in the regulated financial market and made companies more interested in operating there. Simply trying things out in the financial market is however not acceptable from professionals, as financial intermediaries take responsibility for the future well-being of people by issuing loans, taking deposits, investing, and insuring against risks. We have allowed trustworthy players to bring innovative business models into the market in order to find a balance between trying out new ideas and remaining stable and secure. Some of those innovators have been successful, and others less so. We have guided those that did not succeed out of the regulated financial market in a controlled way by working together and acting in the interests of consumers.

Ordinary consumers have become increasingly interested in investing, primarily because of the growth in the popularity of crypto assets, and also in direct investment in startup companies. This is in general very welcome from the perspective of economic activity. It must be remembered though that every opportunity comes with an equal and opposite risk. The risks and opportunities may appear in a distorted form in the unregulated market, because there is no referee on the pitch to restrain influencers who enthuse about investing. This makes it particularly important that everyone considering investing should apply their common sense and look carefully at all the possible dangers.

To regulate or to ease, that is the question

We believe that individual cases should be resolved within the legislative framework that already exists, giving a clear signal that breaking the law is not worth it and that abiding by the law is the best option for business reasons. If each individual case leads to a rush to introduce additional regulations, it could place a disproportionate burden on those market participants that have been acting responsibly and following the rules. New laws should be considered when systemic problems arise that have intolerably harmful impacts on society more broadly.

The European Union is in theory a single market, but there is a myriad of rules in the financial sector that restrain small market participants above all and restrict enterprise. There is often no standard for proportionality. There is equally though the risk that gradually cutting back the common rules could lead some member states to replace them with their own local restrictions to protect their own markets, which could hinder the free operation of the single market. Making the single market really work and supporting competition and enterprise needs the rules to be as harmonised as possible at the union level, but within a legal framework that sets only the minimum requirements that are truly necessary. There should be as few standards as possible but as many as are necessary, with consideration also for smaller market participants. We have set a goal for this year of identifying the dead weight in the legislation and proposing how it can be repealed.

Finantsinspektsioon is noted for its capacity to react fast

Finantsinspektsioon is an adaptable and flexible organisation. Recent structural changes came about because of legislative developments and the need for better balance in a changing risk environment, and they were designed to make supervision more efficient without needing to expand the staff. The reorganisation of work strengthened the supervision of the securities market, increased the capacity for administering processes for entry into the regulated financial market and for supporting innovation, and brought a focus onto the exact handling of financial risks. Finantsinspektsioon is appreciated as an employer by its staff, and human resources experts report that the working environment at Finantsinspektsioon is much more highly rated than the average in the public sector.

Finantsinspektsioon has the smallest staff of any supervisory authority in the European Union and operates on the basis of risk, as this allows resources to be used more efficiently. Euro area banking supervision in the SSM is also moving towards a more risk-sensitive supervisory model, and our experience is contributing to this process. Using digital tools helps us reduce the costs of supervision, as we monitored international financial sanctions in 2024 for example using technology that had the data-processing capacity to let us identify pressure points in the systems of market participants quickly. This year we launched a platform allowing digital applications for operating licences, which makes the proceedings more transparent and creates new ways of communicating with applicants.

Finantsinspektsioon is flexible in our less hard-edged work such as promoting financial literacy, in which we constantly keep an eye on what information it is that consumers most need. Our cartoon drawing competition themed around money proved particularly popular among young people, and we followed it this year with a competition to design a board game. The winning game was sent out to schools and youth centres to give children a fun and attractive way of learning about money.

Finantsinspektsioon has made successful use of exchange programmes to bring outside knowledge and international experience into the market, which helps us adapt regulations and promote the credibility of financial services and the financial markets and spread knowledge about them. A guest employee who had earlier worked for the Securities and Exchange Commission in the USA joined Finantsinspektsioon on a Fulbright-Schumann scholarship to analyse crypto markets systemically.

Crisis exercises and a sharp focus give clear targets

The cross-border operations of Estonian financial intermediaries need our supervisors to be able to operate well in an international environment and to be recognised as experts in their field. Practice is the criterion of truth in financial markets, and so exercises are run to test the readiness, knowledge and skills of financial supervision authorities for dealing with a crisis. Finantsinspektsioon took part successfully in a Nordic and Baltic crisis training exercise in 2024 in which 450 experts from national institutions in the region and from the European Union institutions participated.

Finantsinspektsioon is publishing its clear priorities for the supervisory year at the start of the year for the third year in a row. The focus in 2025 is on breathing life into the market, minimising cyber risks, protecting investors, and managing known financial risks. More can be read about these topics in the online publications from Finantsinspektsioon.

We continue to work to maintain trust in the financial market, which we do by engaging in public dialogue and through our determined and firm, and always legal, actions. We thank all the staff of Finantsinspektsioon and all our colleagues, subjects of financial supervision and partners who have helped to keep the financial markets in Estonia operating stably and honestly!



Arabian silver coins from the 9th and 10th centuries and a German denier from the end of the 12th century that was worn as a pendant.

Photograph: Archaeological Research Collection of Tallinn University.

No money was minted in Estonia in the dark ages because there was no central authority to organise markets and the flow of money. There were however many tonnes of foreign silver that circulated in Estonia from the ninth century on, mostly oriental dirhams weighing three grams.

In the second half of the 10th century silver denier coins weighing 1-1.5 grams and minted in the mints of Western Europe started to appear in Estonia.

ABOUT FINANTSINSPEKTSIOON

Finantsinspektsioon is an independent financial supervision and resolution authority. Finantsinspektsioon carries out state financial supervision over banks, insurance companies, insurance intermediaries, investment firms, fund managers, investment and pension funds, payment institutions, e-money institutions, creditors and credit intermediaries, crowdfunding service providers, credit servicers or debt collection agencies, and the crypto asset and securities markets. Finantsinspektsioon operates in the banking sector jointly with the European Central Bank and the Single Resolution Board.

Finantsinspektsioon acts on behalf of the Estonian state and works to ensure that the financial market is stable, trustworthy and transparent. Other priorities for Finantsinspektsioon are that the critical functions of the banks must be stable during crises and there must be sufficient protection for the funds of depositors, investors and other clients.

In financial supervision and in resolving financial crises, Finantsinspektsioon works for the benefit of the public interest as required by law. Its work is funded not from the state budget but by the supervision and procedural fees that are paid by the market participants. Finantsinspektsioon also helps carry out a large part of the duties of the Guarantee Fund under a cooperation agreement and by law.

Strategy for 2022-2025

The values of Finantsinspektsioon are that it is certain, professional and creative. The Finantsinspektsioon strategy focuses on digital skills, maintaining financial stability, and protecting the interests of clients and investors. Finantsinspektsioon also encourages technological innovation to help the market function more efficiently. The full text of the strategy can be found on the Finantsinspektsioon website.

The work of the Supervisory Board

The Supervisory Board plans the activities of Finantsinspektsioon and monitors its management. The Supervisory Board approved the strategy, budget and supplementary budget for Finantsinspektsioon proposed by the Management Board in 2024, and proposed the rate for the volume share of supervisory fees for the next year to the Ministry of Finance.

It also approved the structural organisation and the principles for remuneration of work at Finantsinspektsioon proposed by the Management Board.

The Supervisory Board appoints members of the Management Board to office and chooses a chair from among them, recalls members of the Management Board, and approves the pay of the Chair and members of the Management Board, and the social guarantees that apply to them. It also approves the annual report of Finantsinspektsioon submitted by the Management Board.

The Supervisory Board has six members, among whom the Minister of Finance and the Governor of Eesti Pank are members by virtue of office. The Minister of Finance chairs the Supervisory Board by virtue of office.

Members of the Supervisory Board of Finantsinspektsioon in 2024 were:

Mart Võrklaev, Minister of Finance (until 22 July 2024)
Jürgen Ligi, Minister of Finance (from 23 July 2024)
Madis Müller, Governor of Eesti Pank
Veiko Tali
Rein Minka
Ardo Hansson
Evelyn Liivamägi

The Supervisory Board held five meetings in 2024 at which the following decisions were taken:

- the Finantsinspektsioon Yearbook 2023 was approved and it was decided that the surplus of 192,272.70 euros in the Finantsinspektsioon budget for 2023 would be transferred to the Finantsinspektsioon reserves
- the Finantsinspektsioon budget of 15,281,000 euros for 2025 was approved and it was proposed that the Ministry of Finance approve the supervision fee rates for 2025
- the 2025 annual plan of work for the internal audit of Finantsinspektsioon was approved

The Management Board of Finantsinspektsioon gave the Supervisory Board regular reviews of its activity, its execution of the budget, and the state of the financial sector.

The work of the Management Board

The work of Finantsinspektsioon was managed in 2024 by a four-member Management Board that comprised Chair Kilvar Kessler and members Andres Kurgpõld, Andre Nõmm and Siim Tammer.

The Management Board held 57 meetings in 2024 at which 218 management decisions and 184 administrative rulings were made, of which 15 were written precepts. The board issued fines totalling 138,800 euros, issued nine operating licences and withdrew six.

The work of the Finantsinspektsioon Management Board in numbers

	2023	2024
Management Board meetings	53	57
Management Board management decisions	207	218
Management Board administrative rulings	161	184
Precepts	10	15
Crime reports	5	3
Misdemeanour proceedings ending with a fine	7	5
Issue of operating licences	4	8
Withdrawals of licences	6	6
Advisory guidelines	21	25

Organisation and staff

The Finantsinspektsioon staff are a good balance of dedicated top-level experts with long experience and very capable young specialists. At the end of 2024 there were 137 people working at Finantsinspektsioon. The average age of employees was 39.2 and they had worked on average for 9.3 years for Finantsinspektsioon. During the year, 10 new members of staff joined and seven left. There were 93 women working at Finantsinspektsioon and 44 men.

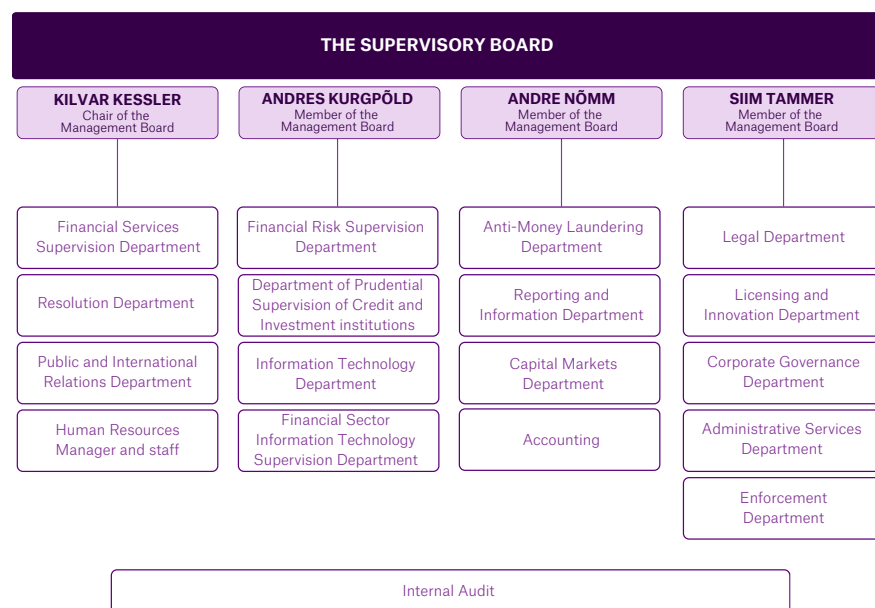
The staff of Finantsinspektsioon

	2023	2024
Total staff	134	137
New staff added during the year	11	10
Staff leaving during the year	8	7
Average length of employment	8.7 years	9.3 years

From October 2024 to July 2025 Finantsinspektsioon is hosting a guest employee from the US Securities and Exchange Commission on a Fulbright-Schuman scholarship as an expert on designing supervision of crypto currencies. Finantsinspektsioon offers internships to university students every year. Two interns worked at the bank in 2024. Finantsinspektsioon went to two careers fairs to promote working and internship opportunities, and also held an open day at the financial supervisor for students.

Organisation structure

The management board of Finantsinspektsioon changed the structure of the institution at the end of 2024 so that from February 2025 there were three new departments. The main aim of the change in structure was to optimise the organisation of work within the institution. The organisational change was also made because of changes in the risk environment and the financial sector and because of new areas coming under financial supervision.



The supervisory measures of Finantsinspektsioon

Finantsinspektsioon uses various supervisory measures in its work in order to ensure that the activities of supervised entities comply with the law and to identify the risks around those activities. Advisory guidelines are issued to explain legal norms and information received from reporting is used to identify risks. Finantsinspektsioon carries out on-site inspections in areas where the risks are larger, while remote inspections are used to map the market and assess the activities of market participants.

Finantsinspektsioon carried out 37 on-site inspections in 2024 and 139 remote inspections in order to assess whether the activities of the supervised entities complied with the law. The inspections focused on various areas, including internal control systems, governance, information technology, reporting, and service quality assessment. Thorough inspections were also made of the efficiency of the systems used by subjects of financial supervision for applying financial sanctions, and for managing the risks of money laundering and terrorist financing. Some shortcomings were identified in internal control systems and general governance, risk assessment and management, and internal procedures for service provision. Where necessary the subjects of financial supervision were reminded of their obligations and precepts were issued requiring them to remedy the shortcomings, by extending their internal procedures and processes for example.

International cooperation

Finantsinspektsioon contributes to designing the financial supervision policy of the European Union through three European regulators. These are the European Banking Authority (EBA), the European Insurance and Occupational Pensions Authority (EIOPA), and the European Securities and Markets Authority (ESMA). The European Systemic Risk Board (ESRB) is part of the European system of financial supervisors and handles macro supervision, and Finantsinspektsioon contributes there also.

As Estonia is a member of the euro area, the everyday work of Finantsinspektsioon is directly affected by the Single Supervisory Mechanism (SSM). This is a banking supervision system for the euro area that takes in the European Central Bank and the banking supervision authorities of the euro area countries. The European Central Bank conducts direct capital supervision through the SSM over important credit institutions in the euro area, and Finantsinspektsioon contributes to that supervision through the Joint Supervisory Teams (JSTs). The banks in Estonia that met the criteria for direct supervision in 2024 were AS SEB Pank, Swedbank AS consolidated as Swedbank Baltics AS, Luminor Bank AS and AS LHV Pank.

Finantsinspektsioon is also involved in crisis resolution, and works in the Single Resolution Board (SRB), which is the central resolution authority in the euro area. The Single Resolution Board together with the resolution authorities of the euro area countries make up the Single Resolution Mechanism.

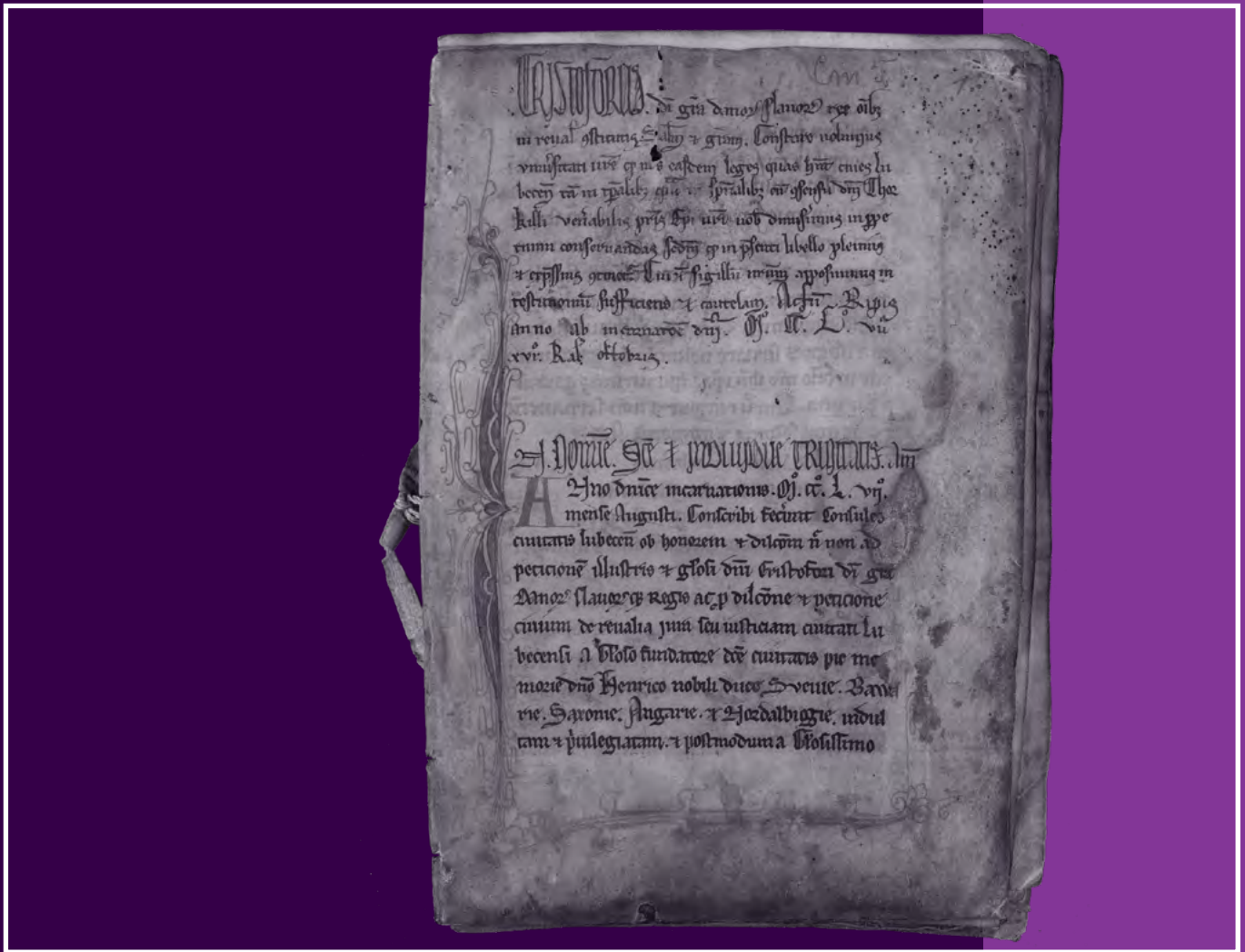
Finantsinspektsioon participates in colleges for supervision and resolution to make supervision over cross-border financial intermediaries and over resolution of them as efficient as possible, and to make cooperation between the institutions responsible in different countries as effective as possible.

Finantsinspektsioon is also a member of the International Association of Insurance Supervisors (IAIS), and the International Organization of Securities Commissions (IOSCO). It promotes cooperation between Nordic and Baltic countries in the Nordic-Baltic Macroprudential Forum (NBMF) and the Nordic-Baltic Stability Group (NBSG). It is also a member of the Group of Banking Supervisors from Central and Eastern Europe (BSCEE). A conference call is held each month between the heads of the Baltic financial supervision authorities to exchange information and align positions.

Finantsinspektsioon has taken an active role in launching the work of the European Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA). AMLA will become the central agency in Europe tackling money laundering and terrorist financing, and it will coordinate the work of the various national supervisory authorities and start to supervise 40 entities directly for money laundering and terrorist financing from 1 January 2028.

Finantsinspektsioon continued to promote innovation

Finantsinspektsioon promoted innovation through the Innovation Hub and the regulatory sandbox testing environment to analyse better the legal framework for new products and services and to decide on supervisory attitudes. The Innovation Hub handled a total of around 170 initial queries in 2024. The queries mainly concerned crypto assets and the provision of crypto asset services, the Market in Crypto-Assets Act that recently came into force, and the implementation of the European Union's Markets in Crypto-Assets Regulation (MiCA). Finantsinspektsioon was also asked about the operation of the sandbox and interest was shown in the development of FinTech, and in the application of new business models in regulated areas such as crowdfunding, payment services, credit issuance, insurance, and investment services.



The Tallinn code of the Lübeck Law 1257.
Photograph: National Archives (TLA.230.1.Cm5.)

Medieval law in Tallinn was largely based on Lübeck law. The city received the Lübeck city rights in 1248 and adopted the Lübeck law, which was then the basis for law in Tallinn for more than 600 years. Rakvere and Narva received the Lübeck city rights in the 14th century. The Tallinn code of the Lübeck law from 1282 covers such topics as inheritance, cash holdings, seizures, pledges, counterfeit currency, debts, loans, assigned funds and trading associations.

Point 164 of the Code. Trading associations. *If somebody leaves the association, if the members start to divide the property, and if there is fixed capital and income, then he must first take out what he initially put in. The rest they must divide equally. If the remainder is less than the initial capital, they must divide the property in proportion to how they contributed it.*

THE RIGHT TO OPERATE IN THE FINANCIAL SECTOR

Anybody wanting to provide regulated financial services must have a licence from Finantsinspektsioon to do so. Before issuing a licence, Finantsinspektsioon checks that the applicant has sufficient capital and where it comes from, and assesses the organisational structure and the intended business plan, the level of technical organisation, and the suitability of the managers and owners to participate in the financial sector. There are strict requirements for participants in the financial sector to ensure protection for consumers of financial services, the stability of the financial system, and honesty in the operation of the market. Managers and owners in the financial sector must have a spotless reputation, relevant qualifications, and sufficient experience of the sector.

Entities supervised by Finantsinspektsioon

	2023	2024
Number of entities operating with a licence from Finantsinspektsioon	156	154
Banks	9	9
Creditors	50	44
Credit intermediaries	6	8
Non-life insurers	7	7
Life insurers	2	2
Insurance brokers	40	37
E-money institutions	3	3
Payment institutions	16	14
Investment firms	9	8
Fund managers	12	18
Regulated market operator	1	1
Organiser of the security settlement system	1	1
Crowdfunders	0	2
Credit servicers	0	2

Branches of foreign entities operating in Estonia

	2023	2024
Branches of banks	4	5
Branches of non-life insurers	7	7
Branches of life insurers	3	3
Branches of insurance brokers	7	5
Branches of investment firms	0	1
Branches of payment institutions	2	2

Nine companies received an operating licence from Finantsinspektsioon

Finantsinspektsioon received 16 applications for a licence to operate in 2024, and some application processes that had started in 2023 continued. The most common licence applications were for credit intermediary licences and credit servicer licences for debt collectors, with four applications for each. There were two applications each for mortgage credit intermediary licences and creditor licences, and one each for licences as a credit institution, an investment firm, and a payment institution, while one Estonian creditor applied for a licence to establish a branch in Slovenia.

Four of the licences issued in 2024 by Finantsinspektsioon were operating licences and five were additional licences. Two credit intermediaries and two debt collectors received operating licences, and one insurance broker was also added to the list. Two investment firms, one mortgage credit intermediary and one insurer received additional licenses, while one credit institution received the right to start issuing covered bonds. A branch of one Lithuanian investment firm entered the Estonian market, and an investment firm from Cyprus was given the right to establish a branch in the Estonian market, but it has not yet acted on that right.

Licences issued in 2024

1 additional licence to a credit institution to issue covered bonds
2 additional licences for investment firms
1 additional licence for an insurer
1 insurance broker added to the list of insurance intermediaries
2 licences as a credit intermediary
1 additional licence for a mortgage credit intermediary
2 licences as credit servicers

Finantsinspektsioon assessed suitability to operate in the financial sector

Finantsinspektsioon assessed in 2024 whether a total of 447 people were suitable to operate in the Estonian financial sector or to own a qualifying holding in companies in the sector. Of the people assessed, 352 received a positive assessment. Finantsinspektsioon planned to issue a precept requiring one manager to step down, but the person in question was removed from their position during the precept proceedings. The suitability assessments of 95 people were not completed because either the person themselves revoked their candidacy or their application was withdrawn, and so Finantsinspektsioon did not make a final assessment of the suitability of those people.

Suitability assessments

	2023	2024
Total number of suitability assessments	300	447
Positive decisions	199	352
Applications withdrawn	101	95

BANKING AND CREDIT

Finantsinspeksioon carries out supervision over credit institutions, credit intermediaries and creditors that operate under a licence. Creditors and credit intermediaries are only supervised by Finantsinspeksioon if they lend to consumers. There were 14 credit institutions operating in the Estonian banking sector at the end of 2024, of which five were branches of foreign banks. There were also 44 creditors in the market, 10 of them operating with an exemption, and eight credit intermediaries operating in Estonia. There were also two credit servicers or debt collection agencies operating in the market at the end of 2024.

Banks with a licence from Finantsinspeksioon

	2023	2024
Number of banks	9	9
Value of assets	51.7 billion euros	56 billion euros
Yearly growth in the loan stock	4.6%	8.5%
Yearly growth in the value of deposits	5.3%	6.9%
Yearly growth in the stock of household loans	5.9%	8%
Yearly growth in the stock of corporate loans	2.4%	8.6%
Return on equity (RoE)	19.8%	16%
Annual profit	1.1 billion euros	968 million euros

Branches of foreign banks in Estonia

	2023	2024
Number of bank branches	4	5
Value of assets	1.3 billion euros	1.3 billion euros
Yearly growth in the loan stock	7.8%	-0.1%
Yearly growth in the value of deposits	0.7%	23.0%
Yearly growth in the stock of household loans	3.5%	8.2%
Yearly growth in the stock of corporate loans	-4.2%	14.2%
Annual profit	22.3 million euros	30.2 million euros
Creditors and credit intermediaries supervised by Finantsinspeksioon		
	2023	2024
Creditors	50	44
Credit intermediaries	6	8
Stock of consumer credit	1.6 billion euros	1.6 billion euros
Yearly growth in the stock of consumer credit	3%	1%
Net interest income	154 million euros	162 million euros

The banks were required to hold more equity

Finantsinspeksioon assesses the business model, management system and risk profile of each bank at least once a year, and also the sufficiency of their capitalisation and liquidity. This is called the Supervisory Review and Evaluation Process, or SREP. If the generally applicable capital requirement set in the banking regulation does not cover the risks of a particular bank sufficiently, Finantsinspeksioon can set an additional Pillar 2 capital requirement.

An additional capital requirement and an own funds guideline were set for the banks operating in Estonia in 2024 that totalled 888 million euros. The requirements for the large banks were 719 million euros, and for the small banks it was 169 million euros. This was decided for the large banks by the European Central Bank in cooperation with Finantsinspektsioon. The additional capital requirement and own funds guideline made up 47% of the general capital requirements, or Pillar 1, set for the banks under the banking regulation.

The purpose of the requirement is to ensure that credit institutions have sufficient capital to cover all of the risks arising from their activities. It also helps underpin the stability of the financial system and make sure the banks are sufficiently capitalised even in difficult economic circumstances.

Finantsinspektsioon tested the resilience of banks to a crisis

Finantsinspektsioon ran risk stress tests for all the banks operating with a licence in Estonia to assess whether they would have sufficient capital if they were faced with negative economic developments. Both corporate and private loans were tested, including the resilience of the portfolio of loans backed by real estate.

The stress tests found that conditions similar to those encountered in the economic crisis of 2008-2009 would see the credit losses of credit institutions reach 4% of the whole portfolio over three years. The biggest losses would be the 34% of the total loss arising from loans to private individuals not secured by real estate, and the 37% from the commercial real estate portfolio of businesses.

The stress tests also showed that smaller banks, which have smaller capital buffers, are more vulnerable to conditions of extraordinary stress and their level of core equity would fall fastest. This makes it important that they hold sufficient capital buffers to cover the credit losses that would be caused by a stress incident. The results of the stress test were used to set an additional capital buffer for the less important banks.

Stress tests were also run at the less important banks to assess their ability to maintain sufficient liquid assets in a crisis and cope with the impact of a crisis on their liquidity ratios.

Finantsinspektsioon supervised the larger banks jointly with the European Central Bank

The European Central Bank is responsible for capital supervision over banks that are considered systemically important under the European Single Supervisory Mechanism (SSM), and it works together with the local financial supervisors of the countries in the euro area. Supervision in 2024 focused on credit risk and IT risk.

The European Central Bank organised cyber resilience stress tests for important banks for the first time to assess their capacity to react to serious and credible cyber security incidents and to recover from them. The results of the tests were integrated into the supervisory work in 2024.

There was also a focus on monitoring macroeconomic and geopolitical impacts, and work continued on climate risk, where the efforts of the banks to eliminate shortcomings were inspected throughout the year. Finantsinspeksioon was also involved in assessing the action plans of the systemically important banks for remedying the shortcomings found earlier during the inspection of internal models for credit risk.

Finantsinspeksioon assessed the risks from taking deposits in through platforms

Finantsinspeksioon assessed the risks to the banks from taking deposits in through platforms, focusing above all on liquidity risk, operational risk and legal risk. The analysis found that the banks were aware of those risks and had taken measures to guard against them. Liquidity risk management still requires attention, as do cases where the banks need to be ready to replace the deposits from platforms with other forms of financing.

Finantsinspeksioon analysed the digital risk management solutions of the banks

Finantsinspeksioon followed the goal setting strategy and analysed the risk management for digital solutions at credit institutions. Part of the assessment covered whether and how well the banks had enacted their digitalisation framework and strategy. Another part covered the digital capacity of the banks for managing various risks and for aggregating risk management data.

The results of the analysis are to be used in giving supervisory assessments to direct the subjects of supervision to apply effective risk-based digital solutions in their risk controls while following the principle of proportionality.

Finantsinspeksioon analysed the principles of the banks for making write-downs

Finantsinspeksioon researched how the banks apply the international accounting standard IFRS9 when making write-downs on loans. It emerged that the ratio of write-downs in the loan portfolio of the banks in Estonia was below the average for important banks in Europe, and so the Estonian banks are less conservative in making write-downs. The extent of write-downs was a little more than in the previous period however, as the banks had increased their write-downs by more than the average.

Finantsinspeksioon finds that the banks need to be more conservative in making the risk assessments when measuring write-downs to be sure that the level of write-downs is sufficient before a loan becomes non-performing. Several banks already do this. Finantsinspeksioon will continue to pay attention to the application of IFRS9.

Finantsinspeksioon produced a handbook on responsible lending

Finantsinspeksioon produced a handbook on responsible lending that is an aid for the courts, market participants and consumers to help them understand better the obligations around responsible lending.

The handbook describes what must be done before credit is issued, such as collecting, verifying and evaluating the information needed to assess creditworthiness. It also underlines practices that are not acceptable when assessing the credit capacity of consumers. The handbook helps to avoid disputes and provide support for resolving them.

Finantsinspektsioon laid out what creditors and credit intermediaries must do when monitoring and restructuring debts

The terms of the Creditors and Credit Intermediaries Act that came into force on 14 July 2024 require creditors and credit intermediaries to have internal procedures for monitoring the performance of credit agreements and for amending them, which includes taking measures to restructure debts. This means they should have an internal strategy for dealing with overdue consumer credit contracts, which includes assessing arrears and if necessary offering consumers the chance to restructure their debt. The checks by Finantsinspektsioon found that most creditors and credit intermediaries have put such internal procedures in place, but the internal rules of some market participants are too general and need to contain more precise directions.

Finantsinspektsioon and the central bank together proposed ways to make it easier to transfer a home loan from one bank to another

The analysis of competition between the banks in the Estonian lending market written jointly by Finantsinspektsioon and Eesti Pank made several proposals for how to make it quicker, simpler and cheaper for people to transfer their housing loan from one bank to another. One proposal was to make the assessment of the real estate used for collateral more flexible. The banks could be allowed to use statistical models rather than requiring an assessment by a real estate agent. The proposals would improve the functioning of the lending market and encourage competition in banking, but it would need some changes to the law.



The warehouse known under the name Olde Hansa, where merchants of the Hanseatic League once operated. Tallinn, Vana turg, warehouse building with horse-drawn tram (TLM F 2739); Tallinn City Museum. Photograph taken by photographers Johannes and Peeter Parikas.

Tallinn joined the Hanseatic League in 1285, and this had a major impact on economic growth and development in Estonia. The League was a strong and integrated trading network that benefited the economy of Tallinn substantially by creating a modern commercial environment.

The Estonian towns that were members of the Hanseatic League were Tallinn, Tartu, Viljandi and Pärnu.



A ten-thaler credit note issued by Stockholms Banco in 1666.
Source: Uppsala University Coin Cabinet.

The wars in Estonia ended in 1629 and a period of peace of almost a century started under Swedish rule. Estonia in the 17th century was divided in two parts for cash circulation, with marks and öre in the northern half, which was the Swedish economic area, and the groats and shillings of Lithuania and Poland in use in South Estonia and Saaremaa.

In 1661 Johan Palmstruch, who was one of the greatest financial innovators in the Baltic region, started to issue credit notes from the bank Stockholms Banco that he had founded. These notes were not connected to specific individual deposits, but were based on the general trust in the bank, which had promised to issue real money in exchange for the credit notes on demand.

These credit notes were the first banknotes in Europe and they proved popular. They were accepted in all the main commercial centres including Tallinn. Problems arose in autumn 1663 though, as the bank had issued more in credit notes than it had available in real money, and in 1664 it had to call all its loans back in to meet the demand from depositors. The world's first central bank, the Riksbank, was founded shortly afterwards, in 1668 in Sweden. Paper money came into general use in Sweden in the 1740s, by which time Estonia and Livonia were already under Russian control.

INSURANCE

Finantsinspektsioon carries out supervision over insurance companies and insurance intermediaries that operate under a licence issued by Finantsinspektsioon. There were two life insurers and seven non-life insurers operating in the Estonian market with a licence from Finantsinspektsioon. There were also branches of seven foreign non-life insurers and three foreign life insurers operating in Estonia at the end of 2024.

There were 37 insurance brokers listed as insurance brokers on the Finantsinspektsioon list of insurance intermediaries at the end of the year. There were also branches of five foreign insurance brokers operating in Estonia.

Insurers with a licence from Finantsinspektsioon			
	2023	2024	
Non-life insurers	7	7	
Value of assets	1 billion euros	1.1 billion euros	
Insurance liabilities	483 million euros	499 million euros	
Insurance premiums	767 million euros	836 million euros	
Life insurers	2	2	
Value of assets	1.4 billion euros	1.6 billion euros	
Insurance liabilities	1 billion euros	1.1 billion euros	
Insurance premiums	332 million euros	354 million euros	

Finantsinspektsioon helped run the stress tests led by EIOPA

The European Insurance and Occupational Pensions Authority (EIOPA) organised a stress test in 2024, which it does regularly every four years. Finantsinspektsioon coordinated the test in Estonia, communicating with the Estonian insurers that participated and validating and forwarding the data to EIOPA.

The stress test was designed to assess the resilience of the financial position of insurers in difficult economic circumstances, with a focus on the sufficiency of capital and liquidity. The test had 48 insurers as participants from 20 European countries, and between them they held 75% of all the assets in the European Union's Solvency II insurance market. One insurer from Estonia participated in the test.

The test ran for about a year, and the results were published on the EIOPA website. The results for Estonia were around the middle and not much different to those of other countries. The capitalisation of the insurers was good in the European Union as a whole and for the Estonian insurer that participated.

Finantsinspeksioon monitored the activity of insurance marketers

Finantsinspeksioon continue to observe the activities of non-life insurers in 2024, focusing on handling and compensating losses. The existence of internal rules, compliance with them, and their alignment with legal standards was checked. The shortcomings identified were highlighted with supervisory measures, and the insurers remedied the failings in their own activities.

Finantsinspeksioon also continued to observe whether insurers are ensuring the rights of their clients when restoring assets that claims have been made for to their former state.

This covered cases where clients have ordered repair work or a replacement for the insured property and should receive sufficient information about the calculation of the repairs and the decision about compensation. Appropriate supervisory measures were applied to remedy the shortcomings.

Particular attention was paid with insurance brokers wanting to enter the insurance intermediation market to the suitability of the applicant, their organisational capacity, and their knowledge of insurance issues, to ensure that they can provide a service of sufficient quality.

The roundtable meetings with market participants that had become standard good practice in earlier years continued in 2024. Finantsinspeksioon informed insurers and insurance brokers at these meetings about its supervisory expectations for supervision of insurance products and compliance with governance requirements, and for explaining insurance compensation to clients.

Finantsinspeksioon assessed the risks of insurers

Finantsinspeksioon produced a risk analysis for all the insurers operating with a licence it had issued, and assessed their business models, strategies, financial positions, governance systems, market and insurance risks, and other risks related to the operations of an insurer. Shortcomings were found mainly in the governance systems of the insurers, including in the organisation of key functions. Capital management, investment policy, the financial position and the level of capitalisation, and operational and IT risks were also noted. The outcome of the assessment was that each insurer was given a risk score that is considered when supervisory measures are planned.

E-MONEY AND PAYMENT SERVICES

Finantsinspeksioon carries out state supervision over e-money and payment institutions that operate under a licence issued by Finantsinspeksioon. There were three e-money institutions and 14 payment institutions in the market at the end of 2024, four of them operating with an exemption. The requirements are not as strict for payment institutions that have an exemption from the

licence as either the volume of payments they can intermediate is limited or they only provide account information services.

Payment institutions with a licence from Finantsinspektsioon

	2023	2024
Payment institutions	16	14
Value of assets	162.4 million euros	94.2 million euros
Value of payments	844 million euros	1.2 billion euros
Size of the average payment	58 euros	63 euros
Return on equity (RoE)	11%	11.4%
Annual profit	7.2 million euros	6 million euros

E-money institutions operating with a licence from Finantsinspektsioon

	2023	2024
E-money institutions	3	3
Value of assets	75.4 million euros	63.1 million euros
Annual profit	5 million euros	3 million euros

Finantsinspektsioon observed the activities of credit institutions in providing basic payment services

Credit institutions play an important role in the Estonian payment services market, as they are required to provide basic payment services to consumers. This requirement does not apply to other participants in the financial market. Finantsinspektsioon tested whether the credit institutions are following the requirement to provide basic payment services. This involved two on-site inspections, and the shortcomings they identified were highlighted to the market participants.

Finantsinspektsioon also organised an information day that presented its advisory guidelines on requirements for providing basic payment services to credit institutions and other payment institutions, and covered the requirements for providing payment services more broadly.

Finantsinspektsioon assessed the capitalisation of payment and e-money institutions

Finantsinspektsioon analysed in 2024 the capitalisation and revenue bases of payment and e-money institutions and the structure of their client assets, and continued to monitor riskier market participants. The capitalisation of payment institutions was generally good at the end of the year and they all met the standards for own funds.

As well as analysing capitalisation in 2024, Finantsinspektsioon assessed how the payment institutions and e-money institutions operating in Estonia with a licence from Finantsinspektsioon were meeting the requirements for capital management processes, internal audits and risk management and were organising them. The attention of the market participants was directed to the shortcomings uncovered.



*Tartu Mutual Credit Fund, Auriku tänav 1 (ERM Fk 2821:136).
Photograph: Estonian National Museum.*

After Russia's victory in the Great Northern War, Estonia became a province of the tsarist Russian empire from 1710. The first credit funds and credit unions emerged in the 18th and 19th centuries. The Tartu credit fund (Leyh-Casse) started up in 1765, and Russian Empress Catherine the Great gave the new bank a loan of 10,000 roubles for 10 years to help it become established. The aim of the bank was to promote commerce and craft in the town. The credit fund of Saint Anthony's Guild started to operate in Tartu in 1858 as the first credit union in Estonia and in the Russian empire.

Most people living in Tartu at the time were not Estonians as the majority of them were Germans, and most of the towns that were Estonian and Livonian by population had no banks until the middle of the 19th century. The main creditors to small merchants, artisans and local landlords were the large merchants, who mainly issued short-term loans that could be recalled at any time and that had high rates of interest. The Estonian Nobles' Credit Union and the Livonian Nobles' Credit Union were founded in 1802 to provide credit for the landlords.

INVESTMENT AND THE SECURITIES MARKET

Finantsinspeksioon carries out state financial supervision over investment firms, fund managers, and investment and pension funds that operate under licences issued by Finantsinspeksioon, and over the crypto asset and securities markets. Finantsinspeksioon by law does not supervise small fund managers that are operating only with a registration. Banks are also active in investment, offering their clients investment products and access to financial markets.

At the end of 2024, Finantsinspeksioon was supervising 12 fund managers, six small fund managers, 53 funds, and eight investment firms.

Finantsinspeksioon monitors trading in securities and disclosure of information by listed entities in the regulated market of Nasdaq Tallinn and the First North alternative market. Finantsinspeksioon was monitoring 45 issuers of securities at the end of 2024.

Fund managers with a licence from Finantsinspeksioon

	2023	2024
Fund managers	12	12
Public funds including pension funds	54	53
Second pillar assets	5 billion euros	6 billion euros
Third pillar assets	616 million euros	896 million euros
Annual profit	15.4 million euros	18.6 million euros
Total value of assets under management	7.9 billion euros	9.8 billion euros
Assets of public funds	6.1 billion euros	7.4 billion euros
Number of instruments issued	55	62

Investment firms with a licence from Finantsinspeksioon

	2023	2024
Investment firms	9	8
Value of assets	103 million euros	104 million euros
Net income	13 million euros	21 million euros
Return on equity (RoE)	-16.80%	-4.34%
Annual loss	15 million euros	4 million euros

Branches of foreign investment firms operating in Estonia

	2023	2024
Number of branches of investment firms	0	1
Value of assets	0	62,596 euros
Net income	0	3875 euros
Annual loss	0	124,148 euros

Finantsinspektsioon assessed compliance with the requirement for informing clients when providing investment services

Finantsinspektsioon assessed in 2024 how client information or digital disclosure works at neobroker-type investment firms that provide services mainly online or through an app, and whether the IT-risk management and control of the investment firm is sufficient to ensure that automated services function properly. The inspection was primarily intended to ensure that the interests of both local and cross-border clients are protected when automated services are provided. Possible IT risks were assessed, and whether information sent to clients through technical solutions is legible, timely, accurate, and complete. The shortcomings identified were not significant and did not need major changes to internal rules, but a few practical proposals were made during the inspection.

Finantsinspektsioon assessed the readiness of issuers to produce sustainability reports

Securities issuers with more than 500 employees, credit institutions and insurers are required by the Corporate Sustainability Reporting Directive (CSRD) to accompany their financial report for 2024 with a sustainability report written in accordance with the European Sustainability Reporting Standards (ESRS). Financial reports for 2023 indicate that 16 companies in Estonia supervised by Finantsinspektsioon met the criteria in 2024. Finantsinspektsioon asked the supervised entities to assess how ready they were to produce sustainability reports. The purpose of the assessment was to direct professional securities market participants to prepare to write their sustainability reports. Most of the market participants were already doing so. The main problem that market participants found was the large amount of data that needs to be collected and the complexity of the report that needs to be written. Information about the difficulties identified by market participants was passed on to the Ministry of Finance.

Finantsinspektsioon assessed compliance with ESG requirements

Several financial intermediaries provide financial products and services that are promoted as responsible and environmentally-friendly or are given the abbreviation ESG, standing for environmental, social, governance. Finantsinspektsioon inspected in 2024 whether financial intermediaries are disclosing information on these products and services in accordance with the law, and whether they are meeting other sustainability requirements. It also inspected how the sustainability requirements are integrated into the internal rules, and what measures are used to avoid greenwashing within the organisation. No shortcomings were found in compliance with the requirements, as market participants had disclosed the relevant information and their internal rules met the requirements.

Finantsinspektsioon registered the prospectuses of three public offers of securities during the year

Finantsinspektsioon approved three prospectuses in total in 2024 for the public offering, listing and admission to trading of securities, and two additions to prospectuses. Prospectuses need to be registered with Finantsinspektsioon for public offers of securities in Estonia if the total size of the offer exceeds 8 million euros over a year in all the member states of the European Union. The prospectus must also be registered before securities can be accepted for trading on the regulated market. Only one offer of securities in 2024 was for an issue of shares, and the others were for bonds. A prospectus registered with Finantsinspektsioon can also be used to offer securities in other countries of the European Economic Area. Several issuers wanted to extend their public offerings of securities in 2024 to Latvia and Lithuania as well.

A person wishing to take a controlling interest in a company whose shares are traded on the Estonian market must make a public offer, or takeover bid, to purchase the shares. The takeover bid must be coordinated with Finantsinspektsioon, which checks that the bid is legally compliant. Finantsinspektsioon coordinated two such bids in 2024.

Finantsinspektsioon monitored that issuers publish their reports correctly

Finantsinspektsioon observes that listed issuers publish financial reports at the correct time, and that the content of the report complies with the requirements. Finantsinspektsioon inspected the accuracy of the disclosure of information about alternative performance indicators (APM) in the reports of six issuers in 2024. A more thorough inspection of compliance with the European Single Electronic Format (ESEF) was carried out on the reports of three issuers, and the report of one issuer was inspected for reasons other than compliance with financial disclosure requirements. The reports of five issuers were inspected for compliance with international financial reporting standards (IFRS), with a focus on accounting for the macroeconomic environment and climate topics and the requirements for disclosures. Finantsinspektsioon did not find any issues that would have given grounds for further action, but it drew the attention of some issuers to shortcomings that it recommended should be remedied in subsequent reports.

Finantsinspektsioon inspected compliance with the disclosure requirements of the Taxonomy Regulation and found that two issuers had repeatedly failed to disclose the information needed. These failures led to a warning being given to one issuer, while the other disclosed the missing information in a separate announcement published in the stock exchange information system. The other issuers were given notice of common shortcomings so that they could be aware of them in future.

Finantsinspektsioon inspected dubious transactions in the security markets

The Securities Market Act requires Finantsinspektsioon to monitor transactions with financial instruments in places of trade to identify and

move against possible criminal activity in the market. Securities brokers equally have a duty to inform Finantsinspektsioon of suspicious transactions and transaction orders. Professional participants in the Estonian securities market sent 59 reports of suspicious transactions and transaction orders in the securities market for Finantsinspektsioon to inspect in 2024. There were also three reports of suspicions sent by supervision authorities in other countries. Following these reports, Finantsinspektsioon initiated three misdemeanour proceedings that resulted in fines for two individuals. Misdemeanour proceedings against one individual remained ongoing in 2025. No misdemeanour proceedings were initiated against seven individuals even though they could have been, as Finantsinspektsioon chose to issue warnings instead.

Finantsinspektsioon gave permission to liquidate one fund

Finantsinspektsioon gave Swedbank permission in May 2024 to liquidate its Russian equity fund. Transactions with units in the fund had been suspended since 28 February 2022. Swedbank Robur Rysslandsfond, the fund's parent fund, started liquidation in November 2023, and so by law the Swedbank Russian equity fund also had to start the process of liquidation. Finantsinspektsioon extended the deadline for liquidation proceedings at the application of the fund manager in November to the maximum length allowed by law, which is 18 months for a fund that is not closed-ended.

Finantsinspektsioon assessed the risks of non-public funds

Finantsinspektsioon ran analysis among the non-public funds of licensed fund managers to assess the risks in the sector and their impact on the Estonian fund market. It assessed market risk, and also geographical, systemic, liquidity, leverage, currency and interest rate risks. There are 22 non-public funds operating in the non-public fund market, and they are managed by 11 licensed fund managers. The total value of the sector is more than 830 million euros and over 90% of that amount is in 11 funds managed by three fund managers. The main investments by non-public funds are in real estate and forestry in the Baltic states. The biggest investors are pension funds from the Baltic states, and so the non-public funds are largely connected to public funds. The inspection found that interest-rate risk is high because there are a lot of real estate funds among the non-public funds.



*Insurance companies mostly provided insurance against fire and storms in the 19th century.
Estonian mutual fire insurance company 1852 (TTM_7586 Em).
Photograph: Estonian Firefighting Museum.*

Baltic Germans from Estonia took the lead in setting up the first nationwide insurance companies. In 1832 the Tartu association for insurance against hail storms was set up and mutual insurance companies started to appear in the towns in 1863-1875.

Barely any of the mutual assistance societies took in fixed insurance premiums or had permanent capital for compensating losses, so in the event of a fire, the obligation to help was spread around the members, and support was usually given in the form of building materials. Money was only given in rare cases.



*Train in Paldiski in the early 20th century (ERM Fk 3075:539).
Photograph: Estonian National Museum.*

Commerce and banking started to develop faster in Estonia in the 1870s as the railway arrived. Growth in the economy and in wealth had earlier been boosted by the production of spirits in Estonian manor houses for the St Petersburg market. The railway connected Tallinn to the governorates of the Russian interior, allowing transport to Western Europe for typical Russian export goods, mainly agricultural produce like grain and flax, together with timber and ores. Those raw materials were also processed in the machine building, wood processing and cellulose producing plants set up in Tallinn.

The most important development for the Estonian economy was the symbiosis of two railway lines that created a single economic and banking space for all the counties of Estonia by connecting them in a single transport network.

THE LEGAL ENVIRONMENT

The legislative environment of the Estonian financial sector is made up of national legislation, directly applicable European Union regulations, and a large quantity of soft law instruments issued by European Union institutions.

There were no signs of legislative activity slowing down in 2024.

Finantsinspeksioon expressed its own opinions on various draft legislative acts, and the European supervisory authorities issued several guidelines to clarify legislation of the financial sector. Finantsinspeksioon published these as advisory guidelines (see Appendix 1), and it directed the attention of market participants to these guidelines.

Finantsinspeksioon's mandate was expanded

The year 2024 was an important one for Finantsinspeksioon, because two acts governing the financial sector came into force and will presumably extend the set of entities it supervises. Licensed service providers in the crypto assets market and credit servicers, more commonly known as debt collectors, now come under supervision.

The Market in Crypto-Assets Act came into force on 1 July and brought participants in the crypto assets market under the supervision of Finantsinspeksioon. The act is part of the implementation of the European Union's Markets in Crypto-Assets Regulation (MiCA) and it applies to entities involved in issuing crypto assets, offering them, or accepting them for trading through a platform, and providing crypto assets services in the sense of the MiCA. Providers of virtual currency services and entities who were providing virtual currency services before the act came into force and who want continue to do so must get a licence from Finantsinspeksioon by 1 July 2026 at the latest. They do not come under supervision from Finantsinspeksioon until they have done so.

The Credit Servicers and Credit Purchasers Act came into force on 14 July and created the legal framework for Finantsinspeksioon to supervise the activities of licensed businesses that collect or purchase the debts arising from loans issued by banks or other creditors. Debt collection companies, or credit servicers, have to bring their activities and documentation into accordance with the terms of the Credit Servicers and Credit Purchasers Act by 30 June 2025 at the latest, or cease their activities by that date.

The Riigikogu passed changes to the law in 2024 that gave Finantsinspeksioon the right to submit collective representative actions for class action cases within the state and abroad. This makes it possible to protect the interests of consumers of financial instruments and financial services. Class action cases can be brought when any of the legal regulations in Finantsinspeksioon's areas of responsibility has been violated, if the company responsible has caused damages to or could cause damage to the collective interests of consumers or data subjects.

Finantsinspeksioon made a major contribution in 2024 to drafting the act on disclosures of credit information. The aim of the new act is to stop excessive lending and reduce the number of people struggling with it, and to prevent

consumers falling into debt bondage. The new regulation will allow creditors to assess the credit capacity of consumers using up-to-date and reliable information on their financial obligations from a credit information register that is being created to bring together data on the financial obligations of consumers. Creditors will be required to submit data on the financial obligations of consumers to the credit information register and to send queries about their credit capacity to the register. The draft will also set a new legal basis and rules for processing consumer credit information.

Finantsinspektsioon has been involved since 2023 in making amendments to the Investment Funds Act and the Financial Supervision Authority Act about the regulation of small funds operating without a licence. The amendments supplemented the list of data and documents to be submitted for registration as a small fund manager and the grounds for rejecting the application; increased the share capital requirement; clarified the conditions for advertising and the regulation for deletion from the register; and established a supervision fee for entities. The amendments came into force in July 2024 and small fund managers operating without a licence must bring their share capital into line with the new requirements by 1 July 2025 at the latest.

Finantsinspektsioon was involved in the legislation process to give people better access to basic payment services. Amendments were made to add detail to the rules for accessing and denying basic payment services, and the roles of Finantsinspektsioon and the Consumer Protection and Technical Regulatory Authority in bringing misdemeanour and supervision proceedings in the financial sector. The regulation defined precisely the extent of the obligations of the two institutions in financial supervision and in misdemeanour proceedings. Failure to apply the principles of responsible lending and proceedings for breaches of the upper limit of the cost of credit became the sole province of Finantsinspektsioon for example.

The process of transposing and implementing the new EU banking package, which contained the remaining elements of Basel III in amendments to Directive 2013/36/EU (CRD6) and Regulation 575/2013 (CRR3), began in 2024. The amendments were made to the Credit Institutions Act and other related acts. Preparations also started for amendments to the Insurance Activities Act and other related acts. These amendments will transpose the amendments to Directive 2009/138/EU (Solvency 2) and Directive 2025/1 of the European Parliament and of the Council. These will create a framework for the recovery and resolution of insurance and reinsurance undertakings.

Finantsinspektsioon continued to participate in the drafting of the act on civilian crises and national defence in 2024. Proceedings also continued for amendments to the Savings and Loan Associations Act and to other related acts. These amendments are designed to change the requirements that apply to savings and loan associations, as their activity is essentially the same as that of credit institutions, but they are not subject to any licensing procedures, supervision or depositor protection.

Finantsinspektsioon continued with eight court cases

Finantsinspektsioon was involved in eight open court cases at the end of the year, two of which ended in early 2025.

- AB Kreditex AS applied to the Tallinn Administrative Court on 30.11.2023 to overturn the decision of Finantsinspektsioon that withdrew its licence as a creditor and a mortgage creditor.
- Harju County Court rejected the appeal from AB Kreditex AS of 3.06.2024 against the out-of-court decision taken by the chair of the management board of Finantsinspektsioon on 13.05.2024.
- In the court case concerning the costs of AB Kreditex AS for misdemeanour proceedings, the case brought by Finantsinspektsioon was terminated on 14.10.2024 because of the statute of limitations. AB Kreditex AS appealed to Harju County Court, but the court returned the complaint to AB Kreditex AS. The district court dismissed the appeal, then the Supreme Court dismissed the appeal of AB Kreditex AS in its ruling of 17.02.2025 and the case was closed.
- Ühisraha OÜ applied to the Tallinn Administrative Court on 30.11.2023 to overturn the decision of Finantsinspektsioon that withdrew its licence as a credit intermediary and a mortgage creditor.
- AS Luminor Bank applied to the Harju County Court on 5.02.2024 for full compensation for procedural costs in a misdemeanour case. The court initiated the proceedings on 8.02.2024 and dismissed the application on 21.02.2024.
- A natural person filed a complaint with the Tallinn Administrative Court on 26.06.2024 requesting that the warning notice published by Finantsinspektsioon on 27.03.2024 about operating without a licence be removed. The Tallinn Administrative Court issued a judgement on 4.11.2024 that the warning issued by Finantsinspektsioon was lawful. The judgement has been appealed and the case continues.
- Vagner Insurance Broker AS submitted a complaint to the Tallinn Administrative Court on 18.12.2024 requesting that the decision of Finantsinspektsioon to remove it from the list of insurance intermediaries be annulled.
- AS Silvano Fashion Group submitted a complaint to the Tallinn Administrative Court on 6.11.2024 requesting that the precept issued by Finantsinspektsioon be annulled. Finantsinspektsioon issued the precept requiring AS Silvano Fashion Group to comply with the law in response to the stock exchange announcement issued by the group on 3.09.2024.
- Tuleva Fondid AS submitted a complaint to the Tallinn Administrative Court on 16.01.2024 about the decision of Finantsinspektsioon in the general proceedings in a misdemeanour case to fine Tuleva Fondid AS 100,000 euros because there were serious shortcomings in how Tuleva Fondid AS advertised its financial services. The Tallinn Administrative Court issued a decision on 18.11.2024 that reduced the fine to 17,500 euros. Finantsinspektsioon filed a cassation appeal with the Supreme Court on 16.01.2025 that the court dismissed on 4.02.2025.
- IIZI Kindlustusmaakler AS submitted a complaint to the Harju County Court on 18.06.2024 about the decision of Finantsinspektsioon in the general proceedings in a misdemeanour case to fine IIZI Kindlustusmaakler AS 24,000 euros under § 261 (2) of the Insurance

Activities Act because it transferred its marketing illegally. Harju County Court rejected the appeal from IIZI on 28.11.2024, but IIZI then filed a cassation appeal with the Supreme Court on 23.12.2024. The case is still ongoing.

Five misdemeanour proceedings ended with Finantsinspektsioon issuing a fine

Seven misdemeanour proceedings that Finantsinspektsioon had started were ended in 2024. The proceedings concerned violation of the requirements for disclosing information about a fund, violation of the creditor's obligation to assess creditworthiness, non-compliance with the requirements of the creditor's internal rules, market manipulation, violation of the prohibition on the transfer of insurance marketing and the requirements for advertising financial services, provision of incorrect information to a policyholder, trading in shares during the prohibition period, and violation of the reporting obligations. Five of the seven cases ended with a fine being issued, while in one case no punishment was given for pragmatic reasons, and one case was terminated because of the statute of limitations.

Proceedings in a further three cases were continued into 2025.

Finantsinspektsioon decided in 2024 not to start misdemeanour proceedings in 17 cases of small violations of the rules, and only issued warnings to those responsible.

Finantsinspektsioon submitted three complaints of criminal activity in 2024. One concerned operating without a licence, and two were suspicions of criminal misuse of internal information.

Amounts issued in fines by Finantsinspektsioon

2023	2024
1,025,000 euros	138,800 euros

Finantsinspektsioon issued precepts to guide financial intermediaries

Finantsinspektsioon issued 15 precepts in 2024 to direct participants in the financial market to meet the requirements of the law. A precept was issued to one credit institution because Finantsinspektsioon found significant shortcomings in the systems and organisation for countering money laundering and terrorist financing. The payment service operations of the bank were restricted in consequence, and it was required to remedy the shortcomings discovered. Six market participants received precepts from Finantsinspektsioon for various shortcomings and violations relating to risk controls, internal audit and compliance controls; the operation of governance bodies; and capital management and the correctness of reporting. Finantsinspektsioon issued a precept to one issuer of securities requiring it to comply with the law and submit its audited annual report by the required date regardless of the stock exchange announcement it had issued. Seven market participants were required by precept to publish their annual financial reports immediately.

FINANTSINSPEKTSIOON AS A RESOLVER OF CRISES

One aim of Finantsinspektsioon is to prevent any insolvency of any bank affecting financial stability, and so to protect the funds of the public sector, depositors, investors and other clients.

In 2024, Finantsinspektsioon extended and updated the resolution plans of the systemically important banks operating in Estonia together with the minimum requirements for eligible own funds and liabilities. This was done in cooperation with the resolution authorities and supervisory authorities of other countries, and Finantsinspektsioon participated in crisis resolution colleges and contributed to the work of the internal resolution team. Finantsinspektsioon also continued extending and updating the resolution plans of the less important banks operating in Estonia, and setting the minimum requirements for own funds and eligible liabilities.

A domestic crisis resolution handbook is being prepared, which is being financed by the European Commission and written by Deloitte. Deloitte ran five workshops as part of the project to discuss how various crisis measures could be applied, and organised a crisis exercise.

Finantsinspektsioon took part in a Nordic and Baltic crisis training exercise

Finantsinspektsioon took part in a Nordic and Baltic crisis training exercise in 2024 that was mainly intended to assess the resolution capacity of the Nordic and Baltic institutions, and their ability to work together internationally. Finantsinspektsioon also participated in the previous similar exercise in 2019. Some 450 people from the supervision and resolution authorities, central banks and ministries of finance of Denmark, Estonia, Latvia, Lithuania, Finland, Iceland, Norway and Sweden took part in the exercise. The European Commission, the Single Resolution Board, the European Central Bank, and the European Single Supervisory Mechanism also attended, as did the IMF as an observer.

The exercise simulated a deterioration in the financial position of a fictitious systemically important banking group operating in the Nordic and Baltic countries from the early stress stage until the stabilisation of the banking group after resolution. The main aim of the exercise was to test the exchange of information and cooperation between different institutions in a crisis.

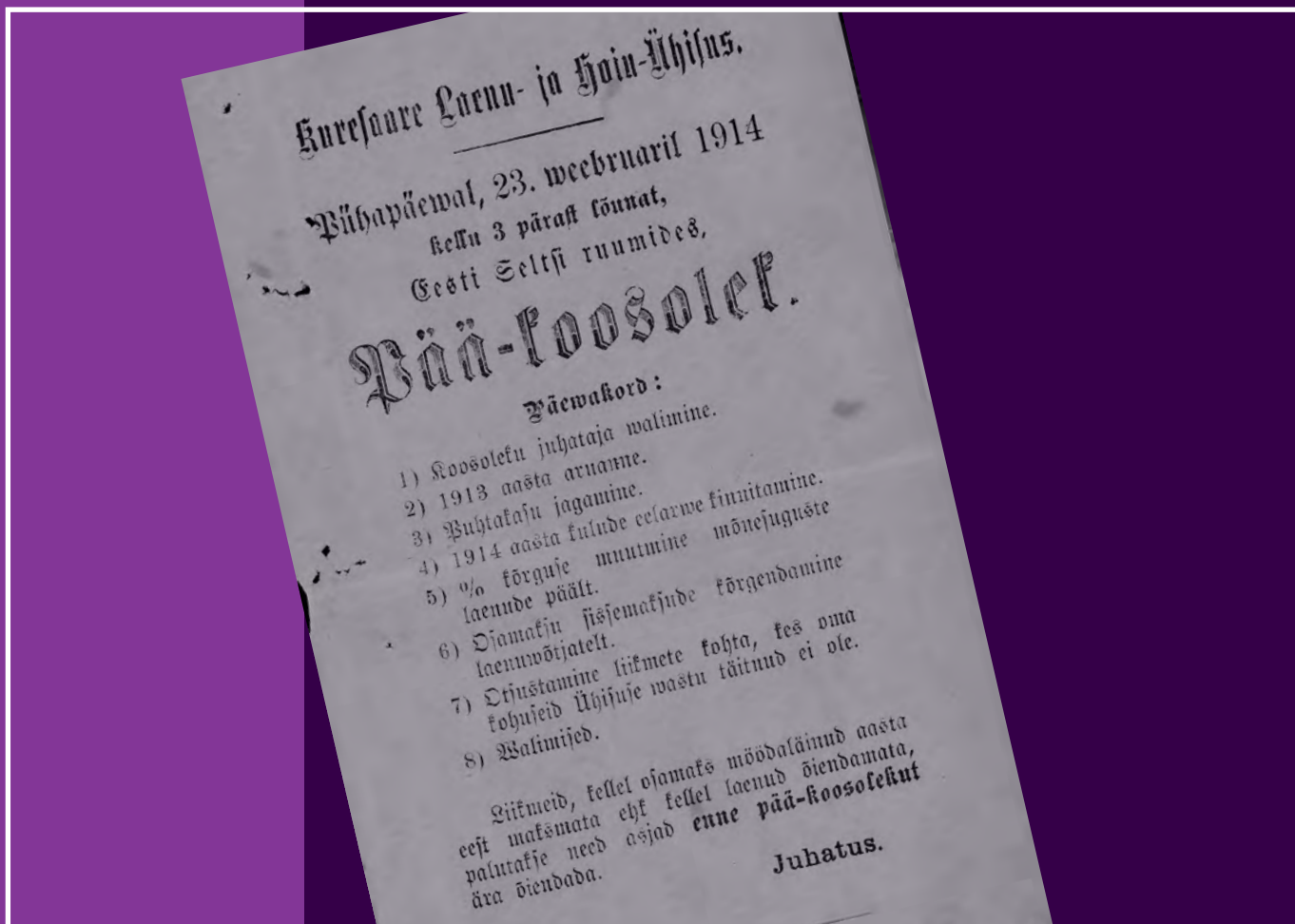
Cooperation continued between the Guarantee Fund and Finantsinspektsioon

Finantsinspektsioon supported the work of the Guarantee Fund under the cooperation agreement between the two institutions. The work included cooperation on collecting the core data on contributions to the sectoral funds of the Guarantee Fund, compiling the volume forecasts for the sectoral funds, collating the decisions of the supervisory board of the Guarantee Fund,

and updating the internal rules of the Guarantee Fund. Finantsinspektsioon also helped the Guarantee Fund organise stress tests that tested the readiness of banks to pass data to the Guarantee Fund on deposits that need to be compensated.

The Single Resolution Fund did not take in any funds in 2024

A resolution fund has been set up at the Guarantee Fund to finance crisis resolution, and the banks operating in Estonia make regular payments in to it. The Guarantee Fund transfers the payments to the Single Resolution Fund set up at the European level, which is managed by the Single Resolution Board. The Single Resolution Fund did not take in any additional funds in 2024 because it had reached its target of building the fund up to at least 1% of the total amount of deposits guaranteed.



Agenda for the general meeting of the Kuressaare loan and deposit association, 1914. SM_ 8418:2 Ard 451:2.
Photograph: Saaremaa Museum SA.

The part of the Estonian economy that was run by non-Estonians, mainly Baltic Germans and Russians, started to decrease in the early 20th century. Russian finance minister Sergei Witte wanted to enliven the non-agricultural economy and encouraged the founding of institutions offering short-term credit. As industry and commerce developed, more and more Estonians moved off the land and into the towns and suburbs, increasing the need for credit among the Estonians working the land and those who had moved into the towns, either to buy out their farms or to set up industrial workshops. The first bank for Estonians was the Estonian deposit and loan association founded in Tartu in 1902. A bank for Estonians in Tallinn was set up in 1906 as the Tallinn mutual credit union, which grew into the largest bank in Estonia. Over time it started to take on some of the tasks of a central bank. The credit union took the name Tallinna Krediid Pank after Estonia became independent because the name Eesti Pank had already been bestowed on the central bank.

There were 91 loan and deposit associations that started operations in the early 20th century. As the options for these associations were limited, credit unions were founded to issue larger loans, first in Tartu and then rapidly spreading elsewhere. The concentration and redirection of the previously unused small capital into areas where there was greater activity had a stimulating effect on the entire economy and significantly raised the standard of living of Estonians.



*The new main building of Eesti Pank built in 1935 in the functional style, and the older main building next to it.
Source: Eesti Pank.*

The Provisional Government decided in December 1918 that the Estonian currency would be called the mark. The Estonian mark was equal in value to the German Ostmark that had been in use until then. Printing of the notes started in March 1919 in the Tilgmann printing house in Helsinki. There was no real backing for the Estonian mark. The state's spending was many times larger than its revenues, so it was not possible to provide a solid foundation for the mark or to guarantee the exchange rate. Spending could not be reduced, nor revenues increased, so the only remaining option was to finance the state by printing more marks.

On 24 February 1919 the Provisional Government approved the decision to found Eesti Pank and confirmed its statutes. The core capital of the bank was 10 million marks allocated from the state treasury. The statute permitted the bank to undertake all the operations allowed to commercial banks and credit institutions, so it could issue loans against bills of exchange and securities or against goods and agricultural produce, and it had the right to hold securities and foreign currencies on its own account. The difference between it and the other banks was that it was the only bank with the exclusive right to issue Estonian banknotes.

FINANCIAL SANCTIONS AND COUNTERING MONEY LAUNDERING AND TERRORIST FINANCING

Finantsinspektsioon took part in several important projects to measure money laundering risk in 2024, contributing to the development of the methodology and to the final assessment. Experts from Finantsinspektsioon helped at the international level with creating the new risk assessment methodology for the newly founded European Union Authority for Anti-Money Laundering and Countering the Financing of Terrorism (AMLA) and the European Banking Authority (EBA). AMLA will start to use this methodology on a sample of the financial institutions that come under its direct supervision. The financial supervision authorities in the European Union will also start to base their assessments of the individual risks of market participants on it.

Experts from Finantsinspektsioon were involved within Estonia in writing a new national risk assessment for countering money laundering and terrorist financing. Finantsinspektsioon used the new methodology it had created in 2024 to prepare a risk assessment of money laundering and terrorist financing in the financial sector that allowed it to set its supervisory focus and direct resources and attention where they would have most impact.

Finantsinspektsioon extended the mathematical model it uses for measuring the risks of money laundering and terrorist financing and breaches of financial sanctions in 2024. The updated system now allows the dynamics of the investment services of investment firms to be monitored alongside the payment transactions of credit institutions, payment institutions and e-money institutions. The model allows Finantsinspektsioon to react quickly to anomalies in the patterns and to direct the attention of subjects of financial supervision to them.

Finantsinspektsioon tested the screening systems of financial institutions for financial sanctions

Finantsinspektsioon tested the capacity of subjects of supervision to identify people and entities on sanctions lists, and to assess the efficiency of their own screening systems in 2024. The test used modern technology that allows very large amounts of data to be analysed. Tens of thousands of data entries in 38 different filtering systems were tested.

The test allowed the subjects of supervision to compare their own activities and results with international averages. Finantsinspektsioon can intervene if needed and give more precise instructions to subjects of supervision. The aim of testing was to make sure that European Union financial sanctions work as efficiently as possible and so help to weaken the illegal activities of Russia and Belarus.

Finantsinspektsioon raised awareness of anti-money laundering work and financial sanctions

Finantsinspektsioon works closely with financial market participants on preventing money laundering and terrorist financing and on applying international financial sanctions. An anti-money laundering forum was organised in 2024 that discussed the risk picture for money laundering and terrorist financing and the new legislative acts, and shared experience of applying administrative measures. The aim of the forum was to promote cooperation between the public and private sectors so that the financial market can be better ready to tackle money laundering and terrorist financing and to apply sanctions.

CONSUMERS

Finantsinspeksioon works to increase public understanding of financial services and products to help achieve the goals of financial supervision. The consumer website run by Finantsinspeksioon gives independent information on the most popular financial services. People can also check from the website of the financial supervisor whether people or companies operating in the financial sector have the licences they need or whether there have been any warnings or alerts about their activities. Finantsinspeksioon has prioritised young people, the retired and debt counsellors in promoting financial literacy, as its strategy defines them as the main target groups for whom financial literacy and support in financial affairs are most important.

Finantsinspeksioon received 374 complaints about financial services providers

Finantsinspeksioon received 374 complaints in 2024, which was a little fewer than the 389 received in 2023. As in the previous year, 70% of the complaints concerned payment and credit services. A notable share of the complaints about payment services concerned possible frauds. Problems arose in several cases with making payments and closing payment accounts.

Finantsinspeksioon does not have the legal authority to resolve individual consumer complaints or assess the legality of the activities of subjects of supervision. When Finantsinspeksioon is contacted by a consumer, it can make a supervisory enquiry of the service provider to ask for explanations and to test whether that provider is acting in full compliance with the law. The main goal in handling the complaint is to find information on the risk environment and to guide and control financial intermediaries using supervisory activities.

Consumer complaints by service type		
Type of service	2023	2024
Payment services	181	165
Credit services	111	96
Non-life insurance	46	36
Investment services	17	19
Other topics	11	0
Crowdfunding services	9	42
Banking services	7	6
Life insurance	4	5
Insurance intermediation	1	1
Funded pensions	1	0
E-money services	1	3
Credit management activities	0	1
TOTAL	389	374

Finantsinspektsioon published a total of 863 alerts on its website in 2024 to inform consumers about entities operating without a licence and possible fraud. European supervisory authorities work together in this, regularly exchanging information and publishing alerts about entities operating in other jurisdictions. Six of the alerts published were issued at the initiative of Finantsinspektsioon. Two of them warned the public about unlicensed provision of credit, and another two warned about unlicensed crowdfunding services. The other two alerts concerned websites that published misleading or false information that could deceive consumers. One of these websites falsely claimed that its deposits were guaranteed by the Estonian Guarantee Fund, while the other website falsely stated that it held an operating licence even though Finantsinspektsioon had not issued any such licence.

Before using a financial service, consumers can check on the website of Finantsinspektsioon to verify whether a service provider is licensed to operate in Estonia and whether any alerts have been issued about them.

Alerts to consumers		
	2023	2024
Number of alerts	1310	863

Finantsinspektsioon promoted financial literacy among young people, debt counsellors and the retired

Financial intermediaries are constantly bringing new products and services to the market or adding new options to their current offers. To help improve the financial literacy of the Estonian public, Finantsinspektsioon runs the consumer website minuraha.ee. Minuraha.ee offers independent advice on the financial services and products that are on the market. The website has practical materials for teachers to use in classes, and for debt counsellors to use in advising debtors, and the text on the consumer website is updated regularly in cooperation with Finantsinspektsioon's partners.

The main target groups for Finantsinspektsioon in promoting financial literacy are young people, the retired, and debt counsellors, and special projects are designed for them. Finantsinspektsioon regularly organises seminars for teachers and debt counsellors, family days to promote financial literacy for young families, and debates for older school pupils on financial topics. To reach young people, Finantsinspektsioon publishes regular articles on the youth information portal Teeviit, produces materials for teachers to use in classes, and provides books covering financial literacy to school libraries. It was involved in organising the financial literacy conference for young people and other events that were held as part of the financial literacy month in March, and it gave out awards to those who have promoted financial literacy.

The Finantsinspektsioon travelling exhibition on financial literacy was supplemented with a board game

Finantsinspektsioon and the youth information portal Teeviit organised a competition in spring 2024 to design board games and card games, and there were entries from 57 teams across Estonia. The board game was turned into

a travelling game that schools and teachers can use in their school. The game comes with worksheets. At the end of the year, Finantsinspektsioon presented copies of the financial literacy board game to around a hundred youth centres across Estonia.

The travelling exhibition on financial literacy of Finantsinspektsioon and Teeviit that was created in a cartoon drawing competition in spring 2023 continued in 2024. The travelling exhibition visited several youth centres across Estonia during the summer holidays. Finantsinspektsioon also organised lectures in schools that have shown particular interest in promoting financial literacy. The lectures were held together with the travelling exhibition and travelling board game.

The financial literacy projects of Finantsinspektsioon received recognition

The Ministry of Education and Research and the Education and Youth Board organised an award to recognise work done with young people, and Finantsinspektsioon was nominated for the second time in the category of "Friend of the year to young people". The competition recognised the efforts of Finantsinspektsioon to improve financial literacy and understanding of money among young people, highlighting the authority as a shining example of interdisciplinary cooperation in youth policy. Finantsinspektsioon organised a cartoon drawing competition in 2023 together with the youth information portal Teeviit that resulted in a travelling exhibition teaching about money that remains very popular and has been ordered by youth and education institutions across Estonia. Another popular competition was organised in 2024 jointly with Teeviit to design a board game about money that resulted in a travelling game that schools could also order.



*Tallinn. Das neue Haus d Scheelschen Bank (Scheeli bank) (TLM F 6178).
Postcard: Tallinn City Museum.*

On 24 October 1929 the crash started on the New York stock exchange that went on to shake the whole world. Estonia's biggest commercial bank, Scheeli bank, became insolvent as there was a run on deposits there.

INCOME AND EXPENSES OF FINANTSINSPEKTSIOON

	<i>thousand euros</i>		
INCOME	2024	2023	APPENDIX
Supervision fees	13 313	11 013	3
Other income	209	183	4
Total operating income	13 522	11 196	
EXPENSES			
Labour costs	9 240	8 257	5
Sundry operating expenses	3 884	3 177	6
Total operating expenses	13 124	11 434	
Result from core activities	398	-238	
Interest income	520	430	7
Result for the reporting year	918	192	

APPENDIXES

APPENDIX 1. Accounting principles

General information

The Finantsinspektsioon annual profit and loss account has been prepared in accordance with the Financial Supervision Authority Act and the accounting principles detailed in this Appendix 1. The profit and loss account has been prepared on the historical cost basis. The Annual Accounts have been prepared in thousands of euros unless indicated otherwise.

Cash and cash equivalents

Cash and cash equivalents reflects the balance on the settlement account at Eesti Pank.

Claims and advances

Claims reflects claims submitted to subjects of supervision for supervision fees to be paid within the deadline set in the Financial Supervision Authority Act. The balance sheet item 'Supervision fee claims' reflects the prepayments of supervision fees not yet received by Finantsinspektsioon and 'Revenues of future periods' reflects prepayments of supervision fees. Claims and advances are recorded at adjusted acquisition cost. Claims and advances are classified as short-term if their deadline for receipt is within 12 months of the balance sheet date.

Debts and advances

Debts and advances are recorded at adjusted acquisition cost. Debts and advances are classified as short-term if their deadline for payment is within 12 months of the balance sheet date.

Income

The operations of Finantsinspektsioon are mainly covered by supervision fees paid by the subjects of financial supervision and procedural fees under the Financial Supervision Authority Act. The supervision fee has two components. The first is the capital share, which depends on the type of supervised entity

and is 1% of the capital requirement of that entity, which may be minimum net own funds, minimum capital requirement, the highest of minimum equity or own funds or share capital or core capital, or similar. The second is the volume share, which is the rate that is set annually by the Ministry of Finance at the proposal of the Finantsinspektsioon Supervisory Board and that is paid on assets, gross premiums, total intermediation fees, the stock of consumer credit, or another basis, depending on the type of supervised entity. Under the Financial Supervision Authority Act, the pre-payment of the supervision fee is calculated from the arithmetic average of the value of the assets of the subject of supervision, which for most subjects is found from the balance sheet data submitted to Finantsinspektsioon on 31 December of the year preceding the year that the decision concerns, and on 31 March and 30 June of the current year; the final payment of the volume share is calculated from the data as at 31 March, 30 June, 30 September and 31 December of the preceding year. The capital share and the volume share of the supervision fees are paid in advance to the Finantsinspektsioon budget by 31 December of the preceding year. The final payment of the volume share is paid into the budget by 1 September. Entities that come under supervision during the financial year pay only the legally required amount of the capital share of the supervision fee within 30 days of receiving the right to operate.

Income is recorded during the accounting period on an accrual basis regardless of when cash was received. Income is recorded at fair value of the fee received or to be received.

Expenses

Expenses are recorded during the accounting period on an accrual basis regardless of when cash was paid. Recording of expenses follows the principle of matching for income and expenses, meaning that expenses are recorded in the same period when the income related to them is recorded.

Operating leases

An operating lease is a lease where the significant risks and benefits of ownership of the asset are not transferred to the lessee. Operating lease payments are reflected as an expense linearly across the lease period in the profit and loss account.

Taxation

Under the Eesti Pank Act, Finantsinspektsioon does not pay income tax other than income tax on employee benefits. Finantsinspektsioon has been liable for VAT since 01 July 2022 and calculates the value added tax from the supply of intra-Community acquisition or imports of goods and services.

Post-balance-sheet events

Assets and liabilities are adjusted for events that occur between the balance sheet date and the date of compilation of the Annual Accounts but are related to transactions during the accounting period or earlier periods or materially affect the condition of assets and liabilities on the balance sheet date. Important post-balance-sheet events that do not affect the condition of assets and liabilities on the balance sheet date are disclosed in the Notes.

APPENDIX 2 Balance sheet

thousand euros

	31.12.2024	31.12.2023	APPENDIX
ASSETS			
Current assets			
Cash	24,229	20,175	
Claims and advances	614	2,021	8
Total current assets	24,843	22,196	
TOTAL ASSETS	24,843	22,196	
LIABILITIES AND NET ASSETS			
Short-term liabilities			
Debts and advances	17,611	15,882	9
Total short-term liabilities	17,611	15,882	
TOTAL LIABILITIES	17,611	15,882	
NET ASSETS			
Reserves	6,314	6,122	
Result for the reporting year	918	192	
TOTAL NET ASSETS	7,232	6,314	

APPENDIX 3 Supervision fees

in thousand euros and volume share rates in %

	Supervision fees 2024	Supervision fees 2023	Volume share rates for supervision fees 2024 (%)	Volume share rates for supervision fees 2023 (%)
Credit institutions	9468	7624	0.0178	0.0147
Non-life insurers	1187	1046	0.097	0.097
Fund managers	683	609	0.0013/ 0.0095/ 0.013	0.0013/ 0.0095/ 0.013
Life insurers	519	511	0.023	0.023
Creditors	451	355	0.19	0.15
Insurance brokers	269	233	0.92	0.92
Investment firms	307	274	0.23	0.23
Payment institutions	206	173	0.019/ 0.5	0.019/ 0.5
Credit intermediaries	28	21	0.1	0.1
Pension register administrator Regulated securities market operator	23	23	0.5	0.5
E-money institutions	138	124	0.17	0.17
Credit institutions issuing covered bonds	21	20	0.001	0.001
Providers of crowdfunding services	13	0	0.019	0.019
Total	13,313	11,013		

APPENDIX 4 Other income

	<i>thousand euros</i>	
	2024	2023
Processing fees	43	30
Other income	166	153
Total	209	183

Under the Financial Supervision Authority Act, any natural person, legal person or branch of a foreign business that applies to Finantsinspektsioon to have an application considered or a transaction completed pays a processing fee to Finantsinspektsioon.

The service fee paid by the Guarantee Fund under the cooperation agreement signed between Finantsinspektsioon and the Guarantee Fund, is recorded under other income.

APPENDIX 5 Labour costs

	<i>thousand euros</i>	
	2024	2023
Wage costs	6,574	5,897
Social taxes	2,251	2,018
Supervisory Board remuneration	98	87
Guarantees and benefits	210	176
Culture and sport	107	79
Total	9,240	8,257

Wage costs cover salaries, bonuses, remuneration of members of the management board, severance pay, and holiday pay. The average salary of employees of Finantsinspektsioon in 2024 was 3748 euros a month, and it was 3567 euros a month in 2023.

The total remuneration paid out to members of the Finantsinspektsioon Supervisory Board and Management Board in 2024 was 584,999 euros, and it was 510,458 euros in 2023. Performance bonuses paid out to employees accounted for 7.59% of staff costs, and 7.97% in 2023. There were 130 staff including members of the management board as at 31 December 2024, and 122 as at 31 December 2023.

Guarantees and benefits are maternity support, extraordinary allowances and costs for promoting health and sport among the staff. This cost item also covers the reimbursement of one third of the contributions made by Finantsinspektsioon employees to the voluntary pension system, but not more than 10% of their gross annual salary. Culture and sport records the costs of events for employees of Finantsinspektsioon.

APPENDIX 6 Sundry operating expenses

	<i>thousand euros</i>	
	2024	2023
Membership fees for international organisations	1,124	1,052
Rent of real estate	521	428
IT infrastructure, software and development	1,279	1,008
Business travel	198	151
Office expenses	164	168

	<i>thousand euros</i>	
	2024	2023
Communication costs	67	38
Training	120	65
Accounting services	94	82
Legal assistance and consultation	57	14
Information agencies	34	32
Personnel work	58	30
Cost of leasing fixed assets	153	94
Audit costs	15	15
Total	3,884	3,177

Under membership fees for international organisations, Finantsinspektsioon records fees paid for membership to ESMA, EIOPA, EBA, IAIS, BSCEE, and IOSCO.

Sundry operating expenses also include the expenses for services provided by Eesti Pank, which are agreed in a cooperation protocol signed between Eesti Pank and Finantsinspektsioon in 2020. These services are described below.

Rent of real estate covers the cost of renting office space from Eesti Pank and the real estate management services purchased from Eesti Pank.

IT infrastructure, software and development reflects the information technology services bought from Eesti Pank at an imputed cost of 4444 euros per user per year, and the IT infrastructure and development projects for Finantsinspektsioon.

Accounting costs cover the cost accounting, partial management accounting, payroll accounting, credit accounting, and payment and settlement execution purchased from Eesti Pank.

The cost of leasing fixed assets includes the rental costs on an annual basis paid by Finantsinspektsioon to Eesti Pank for fixed assets used by Finantsinspektsioon including IT hardware and software, and inventory. The amount of the lease is equal to the amortisation rate of the fixed asset of Eesti Pank.

APPENDIX 7 Financial income and expenses

	<i>thousand euros</i>	
	2024	2023
Interest income	576	430
Interest expenses	56	0
Total	520	430

Financial income and expenses covers the interest income and costs from the reserves held at Eesti Pank. The funds held by Finantsinspektsioon at Eesti Pank were subject to the €STR money market interest rate from 03.01.2022 to 30.04.2023, having earlier been subject to EONIA. From 01.05.2023 the rate applied to the funds of Finantsinspektsioon held at Eesti Pank is €STR minus 20 basis points.

APPENDIX 8 Claims and advances

	<i>thousand euros</i>	
	31.12.2024	31.12.2023
Supervision fee claims	370	1,825
Expenses for future periods	199	156
Accruals	45	40
Total claims and advances	614	2,021

Supervision fee claims cover the prepayments to be made by subjects of supervision in 2025 for supervisory fees.

Expenses for future periods records invoices that are to be paid in future periods. This covers invoices that have been paid and those that have not been paid because they have not yet reached their due date, which are also recorded until payment under "Sundry liabilities".

Accruals record the interest earned during the calendar month on the balance of the current account and the services to the Guarantee Fund for December 2024 that were not paid for yet.

APPENDIX 9 Debt and advances

	<i>thousand euros</i>	
	31.12.2024	31.12.2023
Liabilities to employees	447	431
Sundry liabilities	3,312	2,512
Income of future periods	13,762	12,926
Provision for possible future liabilities	90	13
Total liabilities and advances	17,611	15,882

Liabilities to employees covers holiday liabilities. Holiday liabilities records the imputed liability of Finantsinspektsioon for holiday entitlement unused by employees.

Sundry liabilities covers the costs to Finantsinspektsioon that Eesti Pank covered in 2024 and for which Finantsinspektsioon will compensate Eesti Pank in 2025.

Income of future periods records the prepaid supervision fees for 2025.

Provision for possible future liabilities covers expenses in 2024 for which invoices had not yet been received at the time the report was compiled.



Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Eesti
Tel.: +372 611 4610
Tallinn@ee.ey.com
www.ey.com/et_ee

Äriregistri kood 10877299
KMKR: EE 100770654

Ernst & Young Baltic AS
Rävala 4
10143 Tallinn
Estonia
Phone.: +372 611 4610
Tallinn@ee.ey.com
www.ey.com/en_ee

Code of legal entity 10877299
VAT payer code EE 100770654

Translation of the Estonian Original

INDEPENDENT AUDITOR'S REPORT

To the Supervisory Board of Finantsinspektsioon

Opinion

We have audited the annual report of revenues and expenditures of Finantsinspektsioon, which comprise the balance sheet as at 31 December 2024, and the revenue and expenditure report for the year then ended, and summary of significant accounting policies.

In our opinion, the annual report of revenues and expenditures present fairly, in all material respects, the financial position of Finantsinspektsioon as at 31 December 2024 in accordance with the Financial Supervision Authority Act and the accounting principles stated in the annual report of revenues and expenditures.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Estonia). Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the annual report of revenues and expenditures" section of our report. We are independent of the Finantsinspektsioon in accordance with the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA code) together with the ethical requirements that are relevant to our audit of the annual report of revenues and expenditures in Estonia, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA code.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our unqualified opinion.

Other information

Other information consists of the paragraphs included in the 2024 annual report, but does not consist of the annual report of revenues and expenditures and our auditor's report thereon. Management is responsible for the other information.

Our opinion on the annual report of revenues and expenditures does not cover the other information and we do not express any form of assurance conclusion thereon, except as indicated below.

In connection with our audit of the annual report of revenues and expenditures, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the annual report of revenues and expenditures or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and Supervisory Board for the Annual Report of Revenues and Expenditures

Management is responsible for the preparation and fair presentation of the annual report of revenues and expenditures in accordance with the Financial Supervision Authority Act, and for such internal control as management determines is necessary to enable the preparation of annual report of revenues and expenditures that are free from material misstatement, whether due to fraud or error.

In preparing the annual report of revenues and expenditures, management is responsible for assessing the Finantsinspektsioon's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Finantsinspektsioon or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Finantsinspektsioon's financial reporting process.



**Shape the future
with confidence**

Auditor's responsibilities for the audit of the annual report of revenues and expenditures

Our objectives are to obtain reasonable assurance about whether the annual report of revenues and expenditures as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (Estonia) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these the annual report of revenues and expenditures.

As part of an audit in accordance with International Standards on Auditing (Estonia), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- ▶ identify and assess the risks of material misstatement of the annual report of revenues and expenditures, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control;
- ▶ obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Finantsinspektsioon's internal control;
- ▶ evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management;
- ▶ conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Finantsinspektsioon's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the annual report of revenues and expenditures or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Finantsinspektsioon to cease to continue as a going concern;
- ▶ evaluate the overall presentation, structure and content of the annual report of revenues and expenditures, including the disclosures, and whether the annual report of revenues and expenditures represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Tallinn, 24 March 2025

Olesia Abramova
Authorised Auditor's number 561
Ernst & Young Baltic AS
Audit Company's Registration number 58



*Main building of the BIS (1930–77) in Basel, Switzerland.
Source: bis.org.*

The Bank for International Settlements (BIS) was founded in 1930, with Eesti Pank as one of its founding members, and it is the oldest international organisation promoting cooperation in monetary and financial policy. Its founding meant that the Estonian financial sector became part of the international banking system and the broader global financial network.



*Estonian 100-kroon note.
Source: Eesti Pank.*

Modern banking law started to apply in Estonia in 1992. There were 42 commercial banks operating in the country at that time. A total of around 11.3 tonnes of gold deposited abroad was returned to Eesti Pank and used to back the new Estonian kroon. On 20 June 1992 the Estonian kroon became legal tender in Estonia, and roubles were exchanged for kroons. Ten roubles bought one kroon, and people could exchange up to 1500 roubles at a time.

A banking crisis erupted in November though, mainly because of the accounts of the Estonian banks that were frozen in the former Soviet bank for foreign trade. Three large banks, Tartu Kommertspank, Balti Ühispank and Põhja-Eesti Aktsiapank, and eight smaller banks became insolvent, and this rattled confidence in banking a great deal. Eesti Pank and the government worked together on a rescue operation that led to the merger of UBB and PEAP as a new bank called Põhja-Eesti Pank.

ACTIVITIES OF THE INTERNAL AUDITOR (CAE)

In the view of the internal auditor (CAE), the decisions made by the Governing Council and the Management Board of the Finantsinspektsioon were effectively implemented in 2024. The management and control systems operated to a considerable extent within reasonable expectations.

The internal auditor is of the opinion that the employees of the Finantsinspektsioon demonstrated an adequate sense of responsibility in preventing conflicts of interest, and the measures in place to mitigate such conflicts complied with the legal requirements set forth for the institution.

In 2024, the internal auditor carried out his duties using a risk-based approach, in conjunction with compliance and oversight methodologies. The internal auditor maintained full independence in the overall planning of his work, the execution of his official duties, and the organisation of his activities, ensuring neutrality and objectivity in reporting the results to both the Management Board and the Governing Council. Furthermore, the Governing Council and the Management Board allocated sufficient resources to support the functioning of the internal audit function in 2024.

Throughout his work, the internal auditor adhered to the International Standards for the Professional Practice of Internal Auditing, the Code of Ethics of the Institute of Internal Auditors and the Finantsinspektsioon, the Internal Audit Charter, the IAC Manual of the European System of Central Banks and the Single Supervisory Mechanism. Based on key performance indicators, the internal auditor concludes that the internal audit function has operated in accordance with reasonable expectations and industry standards, maintaining the required quality level.

Raivo Linnas, PhD
CAE
/signed digitally/



*Finantsinspektsioon has worked in the building at Sakala 4 since 1 January 2002. The building in the functional style was built in 1935 to a design by the architect Edgar Kuusik.
Photograph: Kaupo Kalda.*

The rural bank Maapank went bankrupt in summer 1998, highlighting the need for a single banking supervisor. The Supervisory Board of Eesti Pank and the government called in 1999 for reforms to be made and the next year a commission was set up to draft a law on financial supervision. The draft act allowed for the creation of an institution that would be responsible for state supervision over companies operating in banking, insurance and the securities market. The government presented the draft to the Riigikogu in December 2000, and the Riigikogu decided during the second reading that the financial supervision institution should be established at Eesti Pank.

The Riigikogu passed the Financial Supervision Authority Act on 9 May 2001 and on the same day it confirmed the necessary amendments to other acts. This was one of the most important reforms in the history of the Estonian financial sector. The new supervisor – Finantsinspektsioon – started to operate at Eesti Pank, but with full independence in its decisions.

CONFIRMATION BY THE MANAGEMENT BOARD

Tallinn, 24.03.2025

The annual report has been prepared by the Management Board of Finantsinspektsioon and presented for approval to the Supervisory Board of Finantsinspektsioon. The annual report is submitted to the Riigikogu.

The annual report contains a review of the work of Finantsinspektsioon, including

- the profit and loss account for the year
- the balance sheet
- the auditor's report

The Management Board of Finantsinspektsioon confirm that the profit and loss account for the year for Finantsinspektsioon meet the requirements of the Financial Supervision Authority Act and the applicable accounting principles.

Kilvar Kessler **Andres Kurgpõld** **Andre Nõmm** **Siim Tammer**
/signed digitally/ */signed digitally/* */signed digitally/* */signed digitally/*



Estonia adopted the euro on 1 January 2011.

Estonia joined the European Union in 2004 after six years of membership negotiations. Latvia, Lithuania, Poland, Hungary, Czechia, Slovakia, Slovenia, Malta and Cyprus joined at the same time.

In 2007, Estonia then joined the Schengen Area of countries that allow free movement of people with no visas or border controls, and it then adopted the euro in 2011.

TABLES

GUIDELINES AND MEMOS

1.1. Guidelines

Name of the guideline	Date of the Decision of the Management Board
Joint EBA and ESMA Guidelines under Directive (EU) 2019/2034 "Guidelines on common procedures and methodologies for the supervisory review and evaluation process (SREP)" (EBA/GL/2022/09)	08.01.2024
European Securities and Markets Authority (ESMA) guidelines "Guidelines for reporting under EMIR" (the European Market Infrastructures Regulation) (ESMA74-362-2281)	08.01.2024
The Finantsinspektsioon policy on refunding processing fees, issued as advisory guidelines	22.01.2024
European Securities and Markets Authority (ESMA) guidelines "Guidelines on transfer of data between Trade Repositories under EMIR and SFTR"	11.03.2024
European Securities and Markets Authority (ESMA) guidelines "On the types and content of the provisions of Cooperation Arrangements (Article 79 of CCPRRR)"	11.03.2024
Amendment of the requirements for the outsourcing of activities by subjects of financial supervision	18.03.2024
European Securities and Markets Authority (ESMA) guidelines "On written arrangements and procedures for the functioning of resolution colleges"; "On the summary of resolution plans"; "On the assessment of resolvability (Article 15(5) of CCPRRR)"	01.04.2024
Organisational solution and preventative measures for credit and financial institutions to prevent money laundering and terrorist financing	08.04.2024
European Banking Authority guidelines "Amending Guidelines EBA/GL/2020/14 on the specification and disclosure of systemically important indicators" (EBA/GL/2023/10)	08.04.2024
European Securities and Markets Authority guidelines "Guidelines on stress test scenarios under the Money Market Funds Regulation" (ESMA50-43599798-9011)	22.04.2024
European Banking Authority guidelines "Guidelines on the characteristics of a risk based approach to anti-money laundering and terrorist financing supervision, and the steps to be taken when conducting supervision on a risk sensitive basis under Article 48(10) of Directive (EU) 2015/849 (amending the Joint Guidelines ESAs 2016 72)" (the guidelines for risk-based supervision)	29.04.2024
European Banking Authority guidelines "Guidelines on the assessment of adequate knowledge and experience of the management or administrative organ of credit servicers" (EBA/GL/2023/09)	20.05.2024
European Banking Authority guidelines "Guidelines on benchmarking of diversity practices, including diversity policies and gender pay gap, under Directive 2013/36/EU and Directive (EU) 2019/2034" (EBA/GL/2023/08)	20.05.2024
The Finantsinspektsioon policy on refunding processing fees	12.08.2024
European Banking Authority guidelines amending the guidelines EBA/GL/2021/02 "Guidelines under Articles 17 and 18(4) of Directive (EU) 2015/849 on customer due diligence and the factors credit and financial institutions should consider when assessing the money laundering and terrorist financing risk associated with individual business relationships and occasional transactions"	21.08.2024

Name of the guideline	Date of the Decision of the Management Board
European Banking Authority guidelines "Guidelines on the establishment and maintenance of national lists or registers of credit servicers under Directive (EU) 2021/2167" (EBA/GL/2024/02)	21.08.2024
European Banking Authority guidelines "Guidelines on overall recovery capacity in recovery planning" (EBA/GL/2023/06)	26.08.2024
European Banking Authority guidelines "Guidelines on resubmission of historical data under the EBA reporting framework" (EBA/GL/2024/04)	23.09.2024
European Banking Authority guidelines issued under Article 45(8) of Regulation (EU) 2023/1114 "Guidelines establishing the common reference parameters of the stress test scenarios for the liquidity stress tests referred in Article 45(4) Regulation (EU) 2023/1114" (EBA/GL/2024/08)	23.09.2024
European Banking Authority guidelines "Guidelines amending Guidelines EBA/GL/2015/12 on arrears and foreclosure" (EBA/GL/2024/10)	21.10.2024
European Banking Authority guidelines "Guidelines on information requirements in relation to transfers of funds and certain crypto-assets transfers under Regulation (EU) 2023/1113" (EBA/GL/2024/11)	04.11.2024
European Banking Authority guidelines "Guidelines on recovery plans under Articles 46 and 55 of Regulation (EU) 2023/1114" (EBA/GL/2024/07)	11.11.2024
European Banking Authority guidelines "Guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens" (EBA/GL/2024/06)	18.11.2024
European Banking Authority guidelines "Guidelines on the minimum content of the governance arrangements for issuers of asset-referenced tokens" (EBA/GL/2024/06)	18.12.2024
European Banking Authority guidelines "Guidelines on the STS criteria for on-balance-sheet securitisation and amending Guidelines EBA/GL/2018/08 and EBA/GL/2018/09 on the STS criteria for ABCP and non-ABCP securitisation" (EBA/GL/2024/05)	23.12.2024

1.2. Memos

Memo	Date of the Decision of the Management Board
Memorandum explaining the minimum requirements for a special purpose report to be submitted when applying for interim profits to be included in own funds	12.11.2024

LICENCES

2.1. Issue of operating licences

Sector	Name of business	Date of decision
Investment firm (additional authorisation)	Lightyear Europe AS	04.03.2024
Insurer (additional licence)	AS Inges Kindlustus	11.03.2024
Insurance broker (entry in the list of insurance intermediaries)	SEE Insurance Broker OÜ	18.04.2024
Credit intermediary	Maksekeskus AS	22.07.2024
Credit intermediary	Sortter OÜ	21.10.2024
Credit institution (covered bonds)	Coop Pank AS	13.11.2024
Mortgage credit intermediary	Mifundo OÜ	11.11.2024

Sector	Name of business	Date of decision
Credit servicer	Julianus Inkasso OÜ	11.12.2024
Credit servicer	OÜ GS Core	23.12.2024
Investment firm (additional authorisation)	AS Redgate Capital	23.12.2024

2.2. Withdrawal of the right to operate and termination

Sector	Name of business	Date of the Decision of the Management Board	Reason
Credit intermediary and mortgage credit intermediary	Saare Finants OÜ	20.05.2024	At the application from the company itself
Creditor and mortgage creditor	Credit.ee OÜ	20.05.2024	At the application from the company itself
Insurance broker	SafeGo Kindlustusmaakler OÜ	21.05.2024	Removal from the list of insurance intermediaries at the initiative of Finantsinspeksioon
Payment institution	AS Pocopay	12.06.2024	Termination of the licence because of the termination of the firm
Investment firm	AS Cresco Väärtpaberid	10.06.2024	Withdrawal of licence at the initiative of Finantsinspeksioon
Creditor	Tele2 Eesti AS	02.09.2024	At the application from the company itself
Insurance broker	AS Smrtex Investeering	18.09.2024	Removal from the list of insurance intermediaries
Insurance broker	Allier Kindlustusmaakler OÜ	04.12.2024	Removal from the list of insurance intermediaries
Insurance broker	Vagner Insurance Broker AS	17.12.2024	Removal from the list of insurance intermediaries at the initiative of Finantsinspeksioon
Creditor	ON24 Aktsiaselts	23.12.2024	At the application from the company itself
Creditor and mortgage creditor	Ehital Krediid OÜ	30.12.2024	At the application from the company itself
Investment firm	Grünfin AS	31.12.2024	Termination of the licence because of the termination of the firm

2.3. Issue of licences to Estonian firms for cross-border activities outside Estonia

Sector	Name of business	Notification
Credit institution	Swedbank AS	Provision of services in Finland
Credit institution	Luminor Bank AS	Provision of services in Italy
Non-life insurer	ERGO Insurance SE	Provision of reinsurance services in Poland
Non-life insurer	If P&C Insurance AS	Provision of services in Lithuania
Insurance broker	Cachet Insurance Broker OÜ	Provision of services in Italy, Greece, Luxembourg, Poland and Hungary
Insurance agent	Stebby Draudimas OÜ	Provision of services in Lithuania

Sector	Name of business	Notification
Insurance broker	Cachet Insurance Broker OÜ	Provision of services in Greece, Cyprus, Luxembourg, Iceland, Poland and Hungary
Fund managers	Avaron Asset Management AS	Marketing of fund units in Austria and Germany
Fund managers	Limestone Platform AS	Management of funds in Luxembourg and provision of funds in Sweden and Finland
Fund managers	EfTEN Capital AS	Provision of funds in Latvia and Lithuania
E-money institution	Monemon AS	Provision of services in EEA countries

2.4. Licences to found a branch of an Estonian firm in a foreign country

Sector	Name of business	Date of decision
Creditor (establishment)	Bondora AS	27.05.2024

2.5. Setting up a branch of a foreign business in Estonia or terminating its activities

Sector	Name of business	Date of the Decision of the Management Board
Investment firm (establishment)	UAB FMI INVL Financial Advisors Estonia branch	01.07.2024
Investment firm (establishment)	Admirals Europe Ltd Estonia branch	22.07.2024

2.6. Providing international financial services in Estonia. International notifications of intention to provide cross-border financial services in Estonia

Sector	2023	2024
Banking services/credit institutions	480	468
Credit intermediation	5	8
Non-life insurance services	431	447
Life insurance services	99	96
Insurance intermediation	1928	2177
Investment services	733	740
Crowdfunding services	15	27
Payment services/payment institutions	305	292
E-money services/e-money institutions	217	235
Provision of fund management	44	72
Provision of investment funds	712	913

3. CHANGES TO FUNDS

Name of fund	Event	Date of the Decision of the Management Board
Swedbank Venemaa Aktsiafond	Issue of licence to liquidate	06.05.2024
Luminor 50-56 Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor 16-50 Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor 56+ Pensionifond	Coordination of changes to conditions	20.05.2024

Name of fund	Event	Date of the Decision of the Management Board
Luminor 61-65 Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor Indeks Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor Tulevik 16-50 Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor Tulevik 55+ Pensionifond	Coordination of changes to conditions	20.05.2024
Luminor Jätkeusuutlik Tulevik 50-55 Indeks Pensionifondu	Coordination of changes to conditions	20.05.2024
Swedbank Venemaa Aktsiafond	Permission under § 178(5) of the Investment Funds Act	22.07.2024
Avaroni Kasvuettevõtete Fond MASF	Coordination of changes to statutes	13.05.2024
Avaroni Kasvuettevõtete Fond MASF	Coordination of changes to statutes	01.07.2024
Swedbank Venemaa Aktsiafond	Extension of the deadline for liquidation proceedings	04.11.2024
LHV Euro Võlakirjade Fond	Initial registration	02.11.2024

4. CONSUMER COMPLAINTS

4.1. Number of complaints sent to Finantsinspektsioon by sector

Area	2023	2024
Payment services	161	165
Credit services	111	96
Non-life insurance	46	37
Investment services	17	19
Crowdfunding services	9	42
Banking services	7	6
Life insurance	4	5
Insurance intermediation	1	0
Funded pensions	1	0
E-money services	1	3
Credit management activities	1	1
Other	11	0
TOTAL	389	374

4.2. Number of complaints sent to Finantsinspektsioon by service provider

Service provider	2023	2024
Credit institutions	215	192
Creditors	60	45
Cross-border service providers	41	30
Estonian non-life insurers	29	26
Branches of foreign non-life insurers	16	10
Providers of crowdfunding services	9	42
Credit intermediaries	6	4
Investment firms	3	6
Branches of foreign life insurers	2	5

Service provider	2023	2024
Estonian life insurers	2	0
Payment institutions	2	4
Creditors operating with an exemption	1	6
Cross-border providers of non-life insurance services	1	0
Insurance intermediaries	1	1
Pension register administrator	1	0
Credit servicers	0	1
Fund managers	0	1
Organiser of the security settlement system	0	1



*The head office of the SSM is in the Eurotower in Frankfurt.
Source: Unsplash.*

In September 2012, the European Commission proposed setting up a single supervisory mechanism for banking in the euro area, giving the European Central Bank the right to supervise how the banks operating in the euro area fulfil the prudential requirements, and giving it final responsibility for all supervisory work over banks in the euro area in relation to financial stability. The European Parliament approved the new banking supervision system of the European Union a year later, and from 4 November 2014 120 of the largest banks in the European Union were brought under the supervision of the European Central Bank. Finantsinspektsioon contributed to the design of the SSM and the start of its work in the capital supervision of the banks. The members of the SSM are the European Central Bank and the banking supervision authorities of the countries in the euro area.

As Estonia is a member of the euro area, the everyday work of Finantsinspektsioon remains very closely involved with the single supervisory mechanism. The banks operating in Estonia that are under the direct supervision of the European Central Bank are LHV Pank, Swedbank, SEB Pank and Luminor Bank. Finantsinspektsioon generally takes decisions concerning the other banks, following the guidelines of the European Central Bank where appropriate.

THE DEVELOPMENT OF THE FINANCIAL SECTOR IN ESTONIA

Finantsinspektsioon's lessons from history

Sources used for the information pages

- Eesti Pank Museum
- <https://www.eestipank.ee/eesti-pank-100>
- Eesti pangandus enne seda, kui Eesti Vabariik sai 100 [Banking in Estonia before Estonia turned 100], Villu Zirnask. Äripäev newspaper supplement, February 2018
- The History of Eesti Pank, 2019, (Villu Zirnask)
- Hansapaevad.ee
- Wikipedia
- Ühistegevuse arengust Eestis [Development of joint activity in Estonia], 1996, (Valner Krinal, Kaljo Krimm, Eve Tomson)
- Lübecki õiguse Tallinna koodeks 1282 [The Tallinn code of the Lübeck Law 1282], 1998 (Tiina Kala)
- Finantsinspektsioon, www.fi.ee
- Ministry of Foreign Affairs, www.vm.ee

Thanks also to Heido Vitsur for his assistance with this part.