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# Banking and credit

## Related links

[Banks and creditors licensed in Estonia](#)

[The Credit Institutions Act](#)

[The Creditors and Credit Intermediaries Act](#)

Finantsinspektsioon carries out state supervision over banks and creditors that operate under an activity licence granted by Finantsinspektsioon.

## What is a credit institution?

The main job of a credit institution, or bank, is to take in deposits of money and other repayable funds from the public and to issue loans on its own account or to finance them in other ways. To create a credit institution, an activity licence needs to be applied for from Finantsinspektsioon.

Only businesses that take in deposits from the public have the right to use the name 'bank'. The only businesses established in Estonia that are allowed to take in deposits from the public are those that have a licence from Finantsinspektsioon to operate as a credit institution.

## What is a creditor?

A creditor is an institution that provides credit to private clients, extends payment deadlines for a fee, provides leases or other financial help, including signing credit agreements, and carries out all the related transactions under its own name and on its own account.

A creditor that issues credit backed by mortgages or other collateral to customers to buy, renovate or build residential real estate is a mortgage creditor.

Since November 2014 Finantsinspektsioon has been part of the [European Single Supervisory Mechanism](#) (SSM), which carries out capital supervision for the most important banks and banking groups in Europe. The banks operating in Estonia that come under the direct supervision of the SSM are SEB Pank, Swedbank and Luminor.

- Supervision over branches of banks operating in Estonia is exercised by the supervision authority of the home country of the bank.
- Providers of cross-border banking services are also supervised by the supervision authority of their home country.

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