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## [Q2 2020 overview of payment institution sector](#)

Payment institutions operating in Estonia mediated payments of 91.4 million euros in the second quarter of 2020.

<b>Main indicators</b>	Q1 2020	Change	Q2 2020
Value of payments	88 million €	?	91 million €
Number of payments	2.0 million	?	1.5 million
Profit	1.8 million €	?	1.3 million €
Return on equity (annualised)	27%	?	23%
Equity coverage ratio	1948%	?	1912%

The value of payments was a little larger than in the first quarter, but the number of payments was down to 1.5 million payments. The average size of a payment transaction was 62 euros, up from 43.8 euros in the first quarter.

Cross-border payments provided 10.2% of all payments in the second quarter, having been 14% in the first quarter. Card payments were 10% of all the payments. Money transfers accounted for 12.9% of all transactions by value, down from 20% in the previous quarter.

The payment institution sector as a whole returned an operating loss for 2019, but the sector as a whole is in profit in 2020. The operating profit of the sector increased to 281,000 euros in the second

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quarter of 2020, from 36,000 euros in the first quarter of 2020 and 166,000 euros in the second quarter of 2019. Payment institutions earned a total profit of 1.3 million euros in the second quarter of 2020 and of 1.8 million euros in the first quarter, while they earned 1.4 million euros in the second quarter of 2019. The average return on equity of the sector fell a little in the second quarter to 22.88%, from 26.64% in the first quarter.

The payment institution sector is well capitalised with own funds at 19.1 times the required level.

Payment institutions earned total sales revenue of 1.7 million euros from providing payment services in the second quarter, and 1.7 million euros in the first quarter as well. Total revenues of the sector were 5.7 million euros in the second quarter, up from 5 million euros in the first quarter. Income from payment services provided 30% of total revenues, and 33% in the first quarter. Interest income was the largest part of total revenues at 55%.

## **Main development trends and risks**

- The payment institution sector continues to make an operating profit, having finished last year with an operating loss for the sector as a whole.
- The sector did not suffer any serious harm in the second quarter from the Covid-19 pandemic.

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