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## [The Estonian financial services market as at 31.12.2020](#)

The development of the Estonian financial services sector in 2020 was affected most by the outbreak of the Covid-19 pandemic in the spring and by the planned pension reform, but they did not affect all financial services in the same way. Most financial services increased their volumes despite the coronavirus crisis, as deposits and investment increased and more was taken out than before in housing loans. Demand for some financial services declined though, as the crisis affected sales of travel insurance most within insurance for example, since the restrictions reduced travel by a large amount. Premiums written for motor vehicle liability insurance were also down. The uncertainty caused by the spread of the Covid-19 virus made consumers less active in taking new consumption loans. Life insurance was affected very much by the pension reform that came in at the start of 2021 and that allows people to withdraw money directly from their pension fund and not sign a pension contract with an insurer.

Aggregate deposits grew very fast in 2020, adding 20% or 4.1 billion euros, while growth in 2019 was 12%. The growth was driven by an increase in the stock of demand and overnight deposits over the year of 27%, or 4.4 billion euros, while the stock of term and savings deposits decreased by 13%, or 0.5 billion euros, at the same time. At the end of the year there was a total of 23.9 billion euros invested in deposits.

The aggregate stock of the loan portfolios of the banks in Estonia grew at the same rate in 2020 as in the previous year, adding 4% or 857 million euros, and at the end of the year it stood at 20.7 billion euros. Growth slowed in the aggregate stock of consumer loans from creditors though to 2% or 23 million euros, leaving the total stock at 1.19 billion euros at the end of the year.

The amounts involved in investment services mostly grew, as pension fund assets increased by 12% and investments in foreign funds<sup>1</sup> grew by 8%, but the value of assets of public investment funds fell by 4%. The aggregate volume of individual portfolios increased by 15%. However, other direct investments in financial instruments, such as in holding securities, increased by 46% at the expense of equities.

In total, the assets invested in financial services aimed at savings and investment, which includes investment funds and pension funds, individual portfolios, direct investment financial instruments, term and savings deposits, and investment and other deposits, grew by 6% in 2020 to 11.4 billion euros at the end of the year from 10.7 billion euros at the end of 2019. The amount held as deposits on current accounts increased by 27% over the year to 20.7 billion euros at the end of the year. A total of 32 billion euros was invested in all the different financial services in Estonia.

Insurance premiums in life insurance declined by 11% to 86 million euros. Insurance premiums also declined in non-life insurance, falling 4% to 383 million euros.

## **The pdf-version of The Estonian financial services market**

[Estonian Financial Services Market](#)

Page last edited on 26/05/2021