
About Finantsinspektsioon

Finantsinspektsioon is a financial supervision and crisis resolution authority with autonomous responsibilities and budget that works on behalf of the state of Estonia and is independent in its decision-making.

The work of Finantsinspektsioon is funded by the supervision fees and procedure fees paid by the subjects of financial supervision.

Finantsinspektsioon is part of the European Single Supervisory Mechanism (SSM), which has carried out capital supervision for the most important banks and banking groups in Europe since November 2014. Finantsinspektsioon is also part of the [European Single Resolution Mechanism](#) (SRM) and the [Single Resolution Board](#).

The work of Finantsinspektsioon is planned and monitored by the supervisory board of Finantsinspektsioon, which has six members and is chaired by the Minister of Finance of the Republic of Estonia.

The work is managed by a four-member management board, which is a collective management group that takes decisions by majority vote. The management board is headed by the chair of the board.

The supervisory activities of Finantsinspektsioon are divided between supervision of markets and services, and capital supervision.

- The focus of capital supervision is on analysing the risks of financial institutions and the sustainability of their operations.
- Supervision of markets and services is intended to keep financial services transparent, trustworthy and efficient.

Since the [Single Resolution Board](#) (SRB) was set up in Europe in 2015, Finantsinspektsioon has also had responsibility for crisis resolution work as the supervisory institution.

The main aim of the crisis resolution function is to prevent any insolvency of any credit institution hurting financial stability, by protecting the funds of the public sector, depositors, investors and other clients, and making sure that credit institutions can continue their critical functions uninterrupted.

The organisation of supervision

The aim of financial supervision is to help ensure the stability and service quality of companies providing financial services, and so to support the trustworthiness of the Estonian financial system.

The main aim of supervision is to ensure that in future, financial institutions will be able to meet their promises to clients by paying out deposits, insurance payouts, pension savings and so forth.

Another important job of Finantsinspektsioon is helping to enhance the efficiency of the Estonian financial sector, by reducing systemic risks and preventing the abuse of the financial sector for criminal purposes. Supervision work also makes sure that consumers of financial services receive correct and comprehensive information and are treated fairly.

Who is supervised?

Finantsinspektsioon carries out state supervision over banks, insurance companies, insurance intermediaries, investment firms, fund managers, investment and pension funds, payment institutions, e-money institutions, creditors and credit intermediaries, and the securities market that all operate under activity licences granted by Finantsinspektsioon.

The banks operating in Estonia that come under the Single Supervisory Mechanism of the European Central Bank are LHV Pank, SEB Pank, Swedbank and Luminor. These banks are supervised under the framework of a cooperation mechanism.

Supervision over branches of banks, insurance companies and investment funds operating in Estonia is exercised by the supervision authority of the country of origin of the branch.

How Finantsinspektsioon's activities are funded

The costs of Finantsinspektsioon are covered by supervision fees and procedural fees paid by the subjects of financial supervision, and by other sources.

The supervision fee consists of the capital part and the part calculated from assets. The capital part of the supervision fee is calculated as 1% of:

- the minimum net own funds required of a credit institution;
- the highest amount of minimum own funds required of insurance companies for a given type of insurance activity;
- the highest amount of minimum own funds required from the operator of the Estonian central securities register or of a security settlement systems;
- the highest amount of minimum own funds required for companies operating under an activity licence as an investment firm, a regulated securities market organiser, an e-money institution or a fund manager.

The part of the supervisory fee calculated from assets is set as a percentage for the calendar year as laid out in the [Financial Supervision Authority Act](#).

The rate is set by regulation of the Minister of Finance within 15 days of the supervisory board approving the budget for Finantsinspektsioon.

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