THE ESTONIAN FINANCIAL SERVICES MARKET
as at 31 December 2022
This review covers the services provided in Estonia by companies that come under the supervision of Finantsinspektsioon using unconsolidated data.
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1. GENERAL DEVELOPMENT OF THE FINANCIAL SERVICES MARKET

Developments in Estonian financial services were affected most in 2022 by high inflation, rises in interest rates, and the fall in securities markets.

Rises in real estate prices and the overall cost of living accelerated the growth in the loan portfolios of banks and creditors. Non-life insurance premiums achieved their fastest growth of recent times, largely because of rising tariffs, and the growth is faster than before the pandemic.

General growth in deposits slowed, but high interest rates encouraged growth in term deposits. Declines in global financial markets reduced the value of a lot of investment. Withdrawals from the second pension pillar as contracts were terminated reduced the assets of pension funds.
2. DEPOSITS

STOCK OF DEPOSITS

The total stock of deposits at banks operating in Estonia did not particularly change in 2022, as it grew by only 1% or 177 million euros to stand at 28.1 billion euros at the end of the year. The growth in deposits was much slower than in recent years, when it was 12-20%, and than the 17% or about 4 billion euros in 2021. The total volume of deposits was affected most by financial institutions, whose deposits declined by a third over the year (see Figure 2).

The stock of private deposits grew by 7% or 914 million euros in 2022 to reach 13.3 billion euros. The gap between the smaller and larger deposits of private individuals widened over the year. At the same time that large deposits increased, the amount held in deposits of under 20,000 euros shrank (see Figure 3). The reduction in smaller deposits particularly affects people who have few savings and are more exposed to energy prices, rapidly rising food prices and higher interest rates on housing loans.

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1 The data cover credit institutions and Estonian branches of foreign credit institutions operating in Estonia, and so they cover the deposits of Estonian residents and non-residents. They do not cover deposits in the foreign branches of Estonian credit institutions.
2 Includes deposits taken through online deposit-taking platforms.
3 Includes non-profit organisations.
At the end of the year, 73% of private depositors held up to 2556 euros on their sight account, and a third of accounts had less than 10 euros (see Figure 4). Meanwhile, 81% of the money held on the accounts of private clients at the end of the year was on 12% of accounts.

The stock of deposits held by companies\(^4\) increased by 3% to 10.6 billion euros.

The stock of deposits held by financial institutions\(^5\) declined last year by 1.3 billion euros to 2.5 billion.

The stock of general government deposits\(^6\) increased by 19% to reach 1.7 billion euros.

The stock of term and savings deposits started to grow again after a long time, adding 48% over the year to stand at 4.3 billion euros at the end of December. The stock of demand and overnight deposits decreased though by 6% to 23.1 billion euros at the end of December. Other deposits stood at 0.7 billion euros.

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\(^4\) Includes state-owned and local government-owned companies.

\(^5\) Includes insurers and pension funds.

\(^6\) The general government covers the central government, local governments, the state social insurance fund and other off-budget funds.
The biggest change in the market share for client deposits in 2022 was the growth in the market share of smaller banks, as Coop Pank increased its market share from 4% to 5%. Bigbank increased its from 3% to 4%, and Inbank grew from 1% to 2% (see Figure 5). The market share of Swedbank and LHV Pank declined. Swedbank again held the largest market share with 42% followed by SEB Pank with 22% and LHV Pank with 17%.

The client types that saw the biggest changes in the market share for deposits were the general government and financial institutions.

The market share for general government deposits increased substantially for Coop Pank from 2% to 14%, and for Luminor Bank from 13% to 22% (see Figure 6). Swedbank held the largest market share with 33%, with Luminor Bank second on 22%.

The largest market share of the deposits of financial institutions was held by LHV Pank with 56%, followed by Swedbank with 22% and SEB Pank with 15% (see Figure 7).
The market share of SEB Pank for corporate deposits grew the most over the year from 23% to 27% (see Figure 8). Swedbank again held the largest market share with 39% followed by SEB Pank with 27%.

The market share of Bigbank for private deposits grew the most over the year from 6% to 9%. The market share of Swedbank shrank from 51% to 48%, and that of Luminor Bank fell from 4% to 3% (see Figure 9). Swedbank again held the largest market share with 48% followed by SEB Pank with 21%.
NUMBER AND SIZE OF DEPOSITS

The number of deposit contracts continued to grow in 2022. A total of 90,065 new deposit contracts were added at banks operating in Estonia in 2022, down from 133,248 new contracts in 2021. The rapid growth came from the deposits of private individuals, which increased by 78,059 over the year.

There were 3.07 million deposit contracts with the banks operating in Estonia at the end of the year, of which 2.66 million were contracts for demand and overnight deposits (see Table 1).

Table 1. Number of current deposit contracts* at the end of 2022

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>demand and overnight deposits</td>
<td>2,589,993</td>
<td>2,660,795</td>
</tr>
<tr>
<td>of which private deposits</td>
<td>2,280,725</td>
<td>2,340,299</td>
</tr>
<tr>
<td>term and savings deposits</td>
<td>380,489</td>
<td>388,390</td>
</tr>
<tr>
<td>of which private deposits</td>
<td>374,658</td>
<td>381,948</td>
</tr>
<tr>
<td>investment and other deposits</td>
<td>12,151</td>
<td>23,513</td>
</tr>
<tr>
<td>of which private deposits</td>
<td>11,520</td>
<td>22,715</td>
</tr>
</tbody>
</table>

* Deposits with money on account. The number covers both residents of Estonia and non-residents.
3. LOANS ISSUED BY CREDIT INSTITUTIONS

THE LOAN PORTFOLIO

The total stock of loans issued by banks increased notably faster in 2022 than in the previous year, adding 2.6 billion euros or 11.8% to stand at 25.1 billion euros by the end of December, having grown by 1.8 billion euros or 8.5% in 2021.

Growth in loans was driven by loans to private clients and companies. The stock of both loans to private clients and loans to companies increased by 1.1 billion euros in 2022, while the stock of loans issued to financial institutions grew by 403 million euros and those to the general government grew by 45 million euros.

The stock of loans to private clients was 11.5 billion euros at the end the year, and the stock of loans to companies was 9.4 billion euros (see Figure 10). The stock of loans issued to financial institutions was 3.4 billion euros, and that to the general government was 0.8 billion euros.

Like earlier, the growth in private loans was driven by housing loans (see Figure 11), which grew by more than one billion euros in 2022, having grown by 0.8 billion euros in 2021.

Consumer loans are in second place in the portfolio of bank loans to private individuals. The stock of consumer loans grew by 38 million euros.

7 Bank loans issued in Estonia.
8 Also includes non-profit institutions serving households (NPISHs).
9 Includes state-owned and local government-owned companies.
10 Includes insurers and pension funds.
Like previously, the largest part of the loan burden of private clients was made up of housing loans in 2022. The average size of housing loans issued increased by 17,890 euros to 123,281 euros (see Figure 12). The average outstanding housing loan grew by 4684 euros over the year to 54,586 euros by the end of December (see Figure 13). This was followed by vehicle leases, for which the average outstanding lease increased by 472 euros to 11,632 euros. The average outstanding other loan increased from 18,743 euros to 22,400 euros. The size of the average loan was affected by relatively large loans taken out to fund business activities, as the average loan for funding business activities is 28,070 euros.
The average outstanding consumer loan taken from a bank was notably larger at 2462 euros than the average outstanding consumer loan of 1464 euros from a creditor. The average consumer loan from a bank increased by 225 euros in 2022, while the average such loan from a creditor increased by 414 euros. The average outstanding credit card loan increased from 805 euros to 897 euros. The average outstanding study loan increased by 70 euros to 2195 euros.

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11 Reasons why private individuals and non-profit associations take other loans include purchases of securities, and starting or expanding businesses.

12 Consumer loans from creditors cover the categories of other monetary credit and asset purchase with instalments.
The number of housing loan contracts with private clients was 192,136 at the end of December, up from 189,356 at the end of 2021. There were 192,538 consumer loan contracts, down from 194,895 at the end of 2021; 177,776 credit card contracts, down from 179,384; 30,137 overdraft agreements, down from 30,162; 17,192 study loan contracts, down from 20,422; and 16,748 other loan contracts, down from 17,464.
MARKET SHARE OF BANK LOANS

The largest loan portfolios at the end of June were held by Swedbank with 38% of the market, SEB Pank with 25%, and LHV Pank with 13% (see Figure 14). The smaller banks, which are Coop Pank, Bigbank, and OP Corporate Bank plc Estonia branch, continued to increase their market share in the loan market.

The biggest lenders to the general government at the end of the year were Swedbank, with market share of 38%, and SEB Pank with 35% (see Figure 15).

Loans to financial institutions are mainly distributed between the three large banks (see Figure 16). Swedbank had the largest share with 35%, while SEB had 27% of such loans and Luminor Bank had 17%.

Figure 14. Market share of bank loans as at the end of 2022 (end of 2021 in brackets)

Figure 15. Market share for loans to government as at the end of 2022 (end of 2021 in brackets)

Figure 16. Market share for loans to financial institutions as at the end of 2022 (end of 2021 in brackets)
The market share for corporate loans grew at the smaller banks, particularly Coop Pank and Bigbank, while the market share of the large banks Swedbank and SEB Pank shrank. Swedbank and SEB Pank still had the largest market share despite the decline, as Swedbank had 34% and SEB had 22% of loans to businesses (see Figure 17). There was no change over the year in the market share of LHV Pank, and it remained at 18%.

Small banks also increased their market share of private loans, as Coop Pank and Bigbank each added one percentage point to their market share, giving Coop 5% and Bigbank 2% (see Figure 18). LHV Pank increased its market share from 9% to 10%. Swedbank again held the largest market share with 43% followed by SEB Pank with 27%.

The majority of loans to private clients were housing loans, which were as much as 91% of private loans at the end of the year. The market distribution of loans to private clients is consequently defined very much by the distribution of the market for housing loans. The market leaders for housing loans remain Swedbank with 43% of the housing loan market and SEB Pank with 28% (see Figure 19).
Swedbank had the largest market share of consumer loans at 47% (see Figure 20), followed by TF Bank Estonia branch with 21% and SEB Pank with 13%.

Figure 20. Market share for consumer loans to private individuals as at the end of 2022 (end of 2021 in brackets)

- Holm Bank 8% (6%)
- TF Bank Estonia branch 21% (20%)
- Luminor Bank 2% (2%)
- SEB Pank 13% (13%)
- Swedbank 47% (50%)
- Bigbank 9% (8%)
4. LOANS ISSUED BY CREDITORS

There was a new wave of consumer loans being signed in 2022. Some 792,000 new contracts were signed with creditors (see Figure 21), which was 22% more than the 649,000 in 2021. New loans worth 970 million euros were granted, after 906 million euros in loans were issued in 2021. The growth in the number of loan contracts was mainly in unsecured small loans. Unsecured small loans are consumer loans that are not instalment loans, leases or credit associated with residential real estate, and that are made available to the consumer in cash. Some 648,000 new contracts were signed in the year for unsecured small loans, up from 492,000 in 2021. A large number of loans with instalments were again signed at 126,000, and there were 18,000 car lease contracts signed.

The stock of the aggregate loan portfolio from creditors to private clients increased overall by 9% in 2022 to reach the mark of 1.5 billion euros.

The largest part of the loan stock was held by creditors associated with banks, which make up 83% of the market for creditors (see Figure 22). The remaining 17% of the market is held by creditors not associated with banks, of whom the largest is ESTO with 2.7% market share, followed by PLACET GROUP with 2.3% and IPF Digital with 2.1%. The market shares of other creditors were: Creditstar Estonia AS 1.86%, Monefit Estonia OÜ 1.61%, Telia Eesti AS 1.44%, Hopoteeklaen AS 1.04%, BS Finance OÜ 0.73%, Svea Finance AS 0.71%, AB Krediteks AS 0.70%, Primero Finance OÜ 0.67%, OU AIRES LAENUD 0.44%, Rávala Laenud OÜ 0.32%, Omega Laen AS 0.27%, OU Citadele Leasing & Factoring 0.24%, Medcredit OÜ 0.11%, Eesti Ühithel Inja OÜ 0.10%, Fresh Finance OÜ 0.09%, Nordic Hypo AS 0.09%, Ehitt Krediet OÜ 0.08%, aktisästels Saare Kalur 0.08%, Modena Estonia OÜ 0.06%, Credit.Ee OÜ 0.05%, AS Finora Capital 0.04%, Mercury Credit OÜ 0.04%, RE Invest OÜ 0.04%, OREON OÜ 0.04%, Baltasar Liising OÜ 0.04%, Invest in OÜ 0.03%, Tenor OÜ 0.03%, Tele2 Eesti Aktisästels 0.02%, Berger Financial Group OÜ 0.02%, Clemenger OÜ 0.02%, Kemotex Finance OÜ 0.02%, aktisästel UUEMÕISA INVEST 0.02%, Best Capital OÜ 0.02%, Autokirjand OÜ 0.01%, ON24 Aktisästel 0.01%, Saare Finants OÜ 0.01%, Kinnistuläen OÜ 0.003%, TBB Liisingu AS 0.002%, Digiteks Osäihng 0.001%, and osäihng TKM Finants 0.00%.

The data cover consumer loans to private individuals.

As well as making consumer loans to private individuals, creditors also issue loans to businesses. Finantsinspektioon does not supervise these. The stock of loans to businesses stood at 2.5 billion euros at the end of 2022, up from 2.3 billion a year ago.
Creditors not associated with banks, which mainly provide instant loans, differ from creditors associated with banks in the structure of the loan portfolio and in their lending conditions. Their loans are on average much more expensive than those from creditors associated with banks. The average annual percentage rate on car leases at the end of the year for example was 8% from creditors associated with banks, and 24% from creditors not associated with banks (see Figure 23). The annual percentage rate on other monetary credit from creditors associated with banks was 21%, and from creditors not associated with banks it was 43%.

The average stock of loan contracts of creditors associated with banks is mostly also substantially larger. The average outstanding loan amount for vehicle leases was of 11,696 euros to creditors associated with banks, and of 5045 euros to other creditors (see Figure 24). The average outstanding value of unsecured small loans for everyday use was of 2157 euros at creditors associated with banks and 1534 euros at other creditors, and the outstanding amount on instalment loan contracts was of 826 euros at creditors associated with banks and 472 euros at other creditors. Only loans for residential real estate were larger at non-bank creditors, averaging 21,854 euros against 13,401.

Figure 23. Average Annual Percentage Rate of charge from creditors for the types of loan issued most commonly in the fourth quarter

Figure 24. Average outstanding loan contract as at the end of 2022 (euros)
CREDITORS ASSOCIATED WITH BANKS

The loan portfolio of creditors associated with banks stood at 1.26 billion euros at the end of December, which was up 8% or 96 million euros over the year. The biggest growth was of 60 million euros in the stock of unsecured small loans and of 41 million euros in the stock of vehicle leases. The stock of loans with instalments declined by 5 million euros (see Figure 25).

![Figure 25. Outstanding loans to creditors associated with banks (million euros)](image)

CREDITORS NOT ASSOCIATED WITH BANKS

The loan portfolio of creditors not associated with banks stood at 263 million euros at the end of December, which was up 26 million euros on a year earlier. The biggest growth was again in unsecured small loans, which increased by 30 million euros to 182 million euros at the end of the year and accounted for 69% of the loan portfolio of creditors not associated with banks (see Figure 26).

The number of loan contracts was 190,058 at the end of December.

![Figure 26. Outstanding loans to creditors not associated with banks (million euros)](image)
4.1. CREDIT INTERMEDIARIES

Alongside providers of consumer credit there are credit intermediaries operating in the market. There were eight of them at the end of 2022.

The turnover of credit intermediaries totalled 22 million euros in 2022, and 19 million in 2021, which is a long way below the 970 million euros of turnover of creditors (see Figure 27).

The credit intermediary with the largest market share was Omaraha OÜ, which had 36% and was followed by OÜ Altero with 26% and Ühisraha OÜ with 20%.

A total of 30,789 consumer credit contracts were intermediated, which was 55% more than in 2021. The largest share of these contracts was handled by Omaraha OÜ, which had 51% of them.
5. INVESTMENT AND PENSION FUNDS

INVESTMENT AND PENSION FUNDS

The sector was affected most in 2022 by the terminations of contracts and withdrawals of money from the second pillar pension funds and by the overall decline in financial markets. This caused the value of public investment funds\(^\text{17}\) to fall by 397 million euros or 8% over the year to stand at 4.9 billion euros at the end of December.

The value of assets in second pillar funded pension funds fell by 439 million euros or 10% over the year to stand at 4.0 billion euros (see Figure 28). This meant that the value of funded pension funds fell by the end of 2022 to where it was five years ago.

The assets of equity funds\(^\text{18}\) also declined. Estonian equity funds last had that volume of assets 20 years ago, as their assets shrank by 21 million euros, or 22%, in 2022 to 74 million euros.

The assets of additional funded pension funds grew by 40 million euros, or 10%, over the year. Additional funded pension funds are the second largest type of fund in Estonia. They had assets of 431 million euros at the end of the year.

Public real estate funds also showed growth in 2022, as their assets increased by 23 million euros or 8%.

\[^{15}\text{Investment fund data cover all the clients of public investment funds registered in Estonia, including foreign clients.}\]
\[^{16}\text{Asset volumes are recorded at market value.}\]
\[^{17}\text{Public investment funds are euro funds, alternative funds and pension funds. The Investment Funds Act that came into force at the start of 2017 subjects fund managers that nominate themselves as small funds to limited financial supervision and reporting obligations, and so they are not covered by this report.}\]
\[^{18}\text{Local equity funds include funds of funds and mixed funds.}\]
SHAREHOLDERS IN FUNDS

Shareholders\textsuperscript{19} had signed a total of 793,135 contracts\textsuperscript{20} with Estonian public funds at the end of 2022, which was 1% fewer than a year previously.

Of those contracts, 97% were with pension funds, as there were 583,225 contracts with second pillar funds and 184,017 with additional funded pension funds (see Figure 29). The number of contracts with shareholders in other types of funds was much smaller, as there were 15,707 contracts with public real estate funds and 10,186 with equity funds.

Interest grew again in 2022 in saving for pensions through index funds, and the number of shareholders who have chosen such funds grew again. Index funds were 22% of all the contracts with second pillar pension funds at the end of the year, up from 14% in 2021, and 45% of the contracts with additional funded pension funds, up from 43% (see Figure 30).

\textsuperscript{19} Many people make investments through multiple investment and pension funds, and so the actual number of people investing through funds is smaller than the number of contracts.

\textsuperscript{20} The number of shareholders includes non-residents.
The main change in the Estonian market for fund services in 2022 was the growth in the market share of Tuleva Fondid from 7% to 9%, and the decline in the market share of Swedbank Investeerimisfondid from 37% to 35% (see Figure 31). Despite losing market share, Swedbank Investeerimisfondid remained the largest fund manager. It was followed by LHV Varahaldus with 27% market share, and SEB Varahaldus with 15%.

LHV Varahaldus increased its market share among second pillar funded pension funds from 29% to 31%, and Tuleva Fondid increased its share from 7% to 8% (see Figure 32). The market share of Swedbank Investeerimisfondid fell from 39% to 38%, and that of SEB Varahaldus fell from 17% to 16%. The largest second pillar pension fund in the Estonian market remains Swedbank Investeerimisfondid.

The fastest growth in the market for additional funded pension funds was at Tuleva Fondid, where market share increased from 23% to 29% (see Figure 33). The market share of LHV Varahaldus rose from 13% to 14%, but the market position of other fund managers declined, as the market share of Swedbank Investeerimisfondid fell from 40% to 37%, that of SEB Varahaldus fell from 17% to 15%, and that of Luminor Pensions Estonia fell from 7% to 5%.

21 The market shares of fund managers are calculated from the assets of public investment funds registered in Estonia.
There were only two fund managers in the public real estate funds market, Northern Horizon Capital with 59% of the market and EfTEN Capital with 41% (see Figure 34).

At the end of 2022 Avaron Asset Management had the largest market share for equity funds with 69% (see Figure 35).

**Figure 34. Market share of public real estate funds as at the end of 2022 (end of 2021 in brackets)**

- EfTEN Capital 41% (38%)
- Northern Horizon Capital 59% (62%)

**Figure 35. Market share of equity funds as at the end of 2022 (end of 2021 in brackets)**

- Avaron Asset Management 69% (55%)
- LHV Varahaldus 9% (8%)
- Trigon Asset Management 6% (6%)
- Swedbank Investeerimisfondid 16% (31%)
6. PAYOUTS FROM THE SECOND PENSION PILLAR

Since 2021 it has been possible to terminate investments in the second pension pillar and withdraw the money saved there in a pension fund. This means that payouts from the second pension pillar now go not only to those who are retiring, but also to anyone else who applies for them.

Data from Pensionikeskus show that some 49,000 people applied to exit the second pension pillar in 2022. Although the number applying to exit the pillar was much lower than it was in 2021, it was still much higher than the number exiting the second pillar to retirement, which is around 8000-9000 a year. There were 28,000 people who joined the second pension pillar last year.

This meant that the number of investors in the second pillar funded pension funds was 28% lower than before the withdrawals started in consequence of the pension reform (see Figure 36).

Around 1.8 billion euros was paid out from pension funds, of which about 0.4 billion euros was paid out in 2022, and this is about a third of the total assets of the pension funds before the payouts started.
VALUE OF PORTFOLIOS

Securities portfolio management services are provided by fund managers, banks and investment firms. The aggregate value of portfolios grew by 3% in 2022 to 819 million euros, having grown by 23% in 2021. The main changes came in the portfolios managed by the banks, which shrank on aggregate over the year from 683 million euros to 666 million (see Figure 37).

There was little change in the size of the client portfolios of fund managers and investment funds. The client portfolio of fund managers stood at 128 million euros at the end of the year, and the client portfolio of investment firms was 25 million euros.

PORTFOLIO MANAGERS

The largest market share among providers of portfolio management services was held by companies in the Swedbank group, which had 40% of the market between them. LHV Pank advanced into second place with 27%, followed by Luminor Bank with 19% (see Figure 38).

The fund manager with the largest portfolio was Swedbank Investerimisfondid, the investment firm with the largest was Kawe Kapital.

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22 Data on portfolio management cover all the market participants in Estonia who provide that service, including consultation. Their clients may be in Estonia or abroad.
8. THE SECURITIES MARKET

The only regulated secondary securities market in Estonia is the Nasdaq Tallinn exchange, which had 18 financial instruments listed on its primary list at the end of 2022, two on its additional list, two on the list of tradable funds, and 13 on the list of Baltic bonds. No new shares were listed on the Baltic primary list in 2022.

Nasdaq Baltic also operates the First North alternative market in Estonia, in parallel to the regulated market, which had 13 instruments on its equity list and four on its bond list, as previously. There were five new listings of shares on the First North alternative market in 2022, which together increased the market capitalisation to 183.5 million euros from 172.6 million euros in 2021.

Data from Nasdaq Baltic show the market capitalisation of the instruments traded on the Estonian securities market was around 5.10 billion euros on the last trading day of 2022 (see Figure 39). Enefit Green accounted for 22.7% of the market capitalisation.

There were 964,739 transactions with instruments listed on the Estonian securities markets in 2022, and 897,118 in 2021. The turnover of trading fell by 22.0% to 411 million euros, from 527 million euros in 2021. The leader for turnover was Enefit Green with 115 million euros, which was 28.0% of the total turnover of trading. Shares of Enefit Green were the only ones listed on the Tallinn exchange to rise in price, gaining 8.3% in 2022.

Figure 39. Market capitalisation

Figure 40. Number of transactions on Estonian securities markets in 2022 (2021 in brackets)
The rise in the number of transactions was partly affected by the volatility caused by uncertainty, the reform of the pension pillars and the option of opening pension investment accounts, and an increase in the numbers of issuers and retail investors. Valuations have declined in parallel with the fall in trading turnover and market capitalisation, which is partly a consequence of the deterioration in the outlook for the economy, inflation, war in Ukraine, and tighter monetary policy.

There were 91,000 securities accounts at the end of 2021 holding at least one security traded on the Tallinn exchange, but by the end of 2022 there were 102,000 such securities accounts according to the stock registers. The number of securities accounts has risen in recent years partly because transaction fees have been removed for active exchange members trading in Baltic shares. The combined market share for the number of transactions of LHV Pank AS with 54.5% and Swedbank AS with 35.4% was 89.9% at the end of 2022, which is a little higher than the 88.5% in 2021.

The current state of the market and the movement of shares can also be estimated using the general index. The local general index is OMX Tallinn, which covers all the shares on the main and additional indexes except those of companies where the sole shareholder controls 90% or more of the outstanding shares. The OMXT index was down by around 11.7% in 2022 (see Figure 41).

Figure 41. OMX Tallinn exchange index
9. THE LIFE INSURANCE MARKET

Life insurance contracts are provided in Estonia by insurers registered in Estonia and Estonian branches of foreign insurers. Life insurance contracts can also be provided cross-border in Estonia, mainly through insurance brokers, but the volume of such contracts is close to non-existent (see Figure 42).

9.1. NEW SALES OF LIFE INSURANCE CONTRACTS

In 2022, 29,872 new life insurance contracts were signed in Estonia, which was less than the 31,322 new contracts signed in 2021. Premiums received under them were notably smaller at 12.6 million euros than the 18.5 million euros received in 2021. The biggest fall was in direct sales by insurers, as the volume of premiums under new contracts fell at almost all the life insurers, even as more contracts were signed. Direct sales remain the preferred sales channel for life insurers, and 70% of the premiums under new contracts came from direct sales (see Figure 43).
9.2. INSURANCE COMPANIES PROVIDING LIFE INSURANCE

Insurance premiums\textsuperscript{23}

In 2022 the life insurance companies in Estonia received 79 million euros in insurance premiums\textsuperscript{24} from new contracts and ones signed in earlier years, which was 9% less than a year earlier. Premiums of 87 million euros were received in 2021. There has been no notable growth in the premiums received in Estonia over the past 13 years, as the premiums received in 2010 were of the same size at 80 million euros.

The life insurance product that received the largest amount of premiums was again unit-linked life insurance, which took 31 million euros of premiums in 2022 and 39 million euros in 2021 (see Figure 44). It was followed by whole life insurance premiums of 20 million euros, up from 19 million euros a year earlier.

\begin{figure}[h]
\centering
\includegraphics[width=\textwidth]{Figure44.png}
\caption{Life insurance premiums by type of insurance (million euros)}
\end{figure}

\begin{table}[h]
\centering
\begin{tabular}{|c|c|}
\hline
Type of Insurance & 2021 & 2022 \\
\hline
Endowment Insurance & 9 & 8 \\
Unit-linked Insurance & 39 & 31 \\
Annuity & 9 & 7 \\
Term and Whole Life Insurance & 19 & 20 \\
Additional Insurances & 11 & 13 \\
\hline
\end{tabular}
\caption{Life insurance premiums by type of insurance (million euros)}
\end{table}

\textsuperscript{23} The data on insurance premiums come from Statistics Estonia.
\textsuperscript{24} The data do not cover insurance premiums received from outside Estonia.
Life insurers

INVL Life joined the list of life insurers operating in Estonia in the middle of 2022 as it took over the insurance portfolio of Mandatum Life Insurance Company Estonia branch. It had 5% of the life insurance market at the end of the year. Swedbank Life Insurance SE held the largest market share with 48% of the life insurance market, followed by SEB Life and Pension Baltic SE Estonia branch with 24% of the market and Compensa Life Vienna Insurance Group SE with 15% (see Figure 45).

The biggest changes for insurance products were in unit-linked life insurance, while changes in the market share of other insurance products remained smaller than 1%.

The largest providers of other insurance products at the end of the year were SEB Life and Pension Baltic SE Estonia branch with 52% of the market for capital endowment insurance, Swedbank Life Insurance SE with 62% of the market for unit-linked life insurance, Compensa Life Vienna Insurance Group SE with 92% of the market for pension insurance, and Swedbank Life Insurance SE with 55% of the market for whole life insurance.

Figure 45. Market share of life insurance by premiums received in 2022 (2021 in brackets)

Figure 46. Market share of capital endowment insurance by premiums received at the end of 2022 (end of 2021 in brackets)

Figure 47. Market share of unit-linked life insurance by premiums received at the end of 2022 (end of 2021 in brackets)

25 Also includes the insurance premiums received between January and June by Mandatum Life Insurance Company Limited Estonia branch.
Figure 48. Market share of annuities by premiums received at the end of 2022 (end of 2021 in brackets)

- SEB Life and Pension Baltic Estonia branch 3% (3%)
- Compensa Life Vienna Insurance Group 92% (91%)
- ERGO Life Insurance Estonia branch 5% (5%)
- Swedbank Life Insurance 0% (1%)

Figure 49. Market share of whole life insurance by premiums received at the end of 2022 (end of 2021 in brackets)

- SEB Life and Pension Baltic Estonia branch 33% (33%)
- Compensa Life Vienna Insurance Group 2% (2%)
- ERGO Life Insurance Estonia branch 6% (6%)
- INVL Life uždaroji akcinė draudimo bendrovė Estonia branch 4% (4%*)
- Swedbank Life Insurance 55% (55%)

* The market share for 2021 of INVL Life uždaroji akcinė draudimo bendrovė Estonia branch includes the market share for 2021 of Mandatum Life Insurance Company Limited Estonia branch.
9.3. INSURANCE BROKERS INTERMEDIATING LIFE INSURANCE

Insurance premiums intermediated

Insurance brokers registered in Estonia intermediated a total of around 1.5 million euros of life insurance premiums in 2022. Although the volume of insurance premiums intermediated increased by 28% over the year, the amount collected through brokers remains very small at below 2% of the life insurance premiums of insurers operating in Estonia.

Insurance brokers mainly intermediated accident and illness insurance, for a total of some 887,000 euros, and other life insurance contracts worth some 424,000 euros (see Figure 50). The most popular type of insurance among other life insurance contracts was risk life insurance. Annuity payments of 169,000 euros were intermediated, while no premiums for unit-linked life insurance were intermediated at all.

The life insurance brokers in Estonia also intermediate a lot of contracts from insurers in other countries. In 2022 these accounted for 33%, or 491,000 euros, of the insurance premiums of brokers, having been 40% or 459,000 euros a year earlier.

Market share by premiums (three largest market participants):
- IIZI Kindlustusmaakler 36%
- UADBB Aon Baltic Estonia 22%
- KindlustusEst Kindlustusmaakler 19%

Clients: 1,349 contracts intermediated
Volume of services: 1.5 billion euros of insurance premiums intermediated in 2022

Figure 50. Insurance premiums intermediated through insurance brokers by type of life insurance (thousand euros)
Insurance brokers

There were eight insurance brokers intermediating life insurance contracts in 2022.

Because the volume of premiums intermediated is small, the market shares of life insurance brokers are quite volatile, as each new contract can affect the market share of its broker substantially. IIZI Kindlustusmaakler had the largest market share in 2022 with 36% (see Figure 51). It was followed by UADBB Aon Baltic Estonia branch with 22% and KindlustusEst Kindlustusmaakler with 19%.

Figure 51. Market share of insurance brokers by life insurance premiums received in 2022 (2021 in brackets)

* The market shares of other insurance brokers intermediating life insurance were: UADBB MAI Baltics Estonia branch 1%, Vagner Insurance Broker AS 0.9%, and Ultima Kindlustusmaakler OÜ 0.2%.
10. THE NON-LIFE INSURANCE MARKET

Non-life insurance contracts are provided in Estonia by insurers registered in Estonia, Estonian branches of foreign insurers, and foreign insurers operating internationally. Cross-border services are mainly provided in Estonia through Estonian insurance brokers (see Figure 52).

10.1. NEW SALES OF NON-LIFE INSURANCE CONTRACTS

In 2022, 3,391,485 new insurance contracts were signed in Estonia, which was fewer than the 3,433,063 new contracts signed in 2021. Much more was received in premiums under them though, at 475 million euros after 408 million euros in 2021 (see Figure 53). Direct sales of insurance contracts brought insurers 58% of the insurance premiums from new contracts. Around 19% of the premiums from new contracts came through insurance agents and 23% came through insurance brokers.

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26 This amount includes internal group agents.
10.2. INSURANCE COMPANIES PROVIDING NON-LIFE INSURANCE

Insurance premiums

Receipts of non-life insurance premiums increased by 18% in 2022, which is the fastest growth for four years. This was encouraged by the recovery in the economy and the removal of the movement restrictions imposed during the pandemic, and by the rise in tariffs.

Non-life insurance companies operating in Estonia and branches of foreign non-life insurers received a total of 471 million euros in insurance premiums in 2022, up from 400 million a year earlier.

Premiums were up for almost all types of insurance except insurance for other vehicles and goods under transport and financial loss insurance. As in previous years, the largest aggregate volumes of premiums were the 152 million euros paid for land vehicle insurance, and the 134 million euros of property insurance (see Figure 54). There was a notable increase in travel insurance as premiums were almost double what they were in 2021 and rose from 12 million euros to 22 million. Premiums for health insurance also grew substantially, increasing from 6 million euros to 10 million. This is a supplementary insurance taken out by employers with the state health insurance system on behalf of employees.

Market share by premiums
(four largest market participants):
- IF P&C Insurance AS 19%
- Swedbank P&C Insurance 18%
- ERGO Insurance 15%
- AB Lietuvos draudimas Estonia branch 15%

New contracts signed: 3,391,485

Volume of services: Premiums of 471 million euros were received in 2022

Insurance payouts of 286 million euros were made in 2022, which was the largest amount ever. There were 244 million euros paid out in the previous year. Compensation increased for most types of insurance. The largest compensation was the 104 million euros paid out for land vehicle insurance, followed by 69 million euros for motor third-party liability insurance (see Figure 55).

27 Data on non-life insurance cover only contracts signed in Estonia and do not include contracts signed by branches of Estonian insurers abroad.
28 The data on insurance premiums and payouts come from Statistics Estonia.
29 Travel insurance is recorded under accident and illness insurance.
30 Health insurance is recorded under accident and illness insurance.
Insurance companies

The biggest changes in the market distribution for non-life insurers came at LHV Kindlustus and ERGO Insurance. The market share of LHV Kindlustus increased from 2% to 4%, while that of ERGO Insurance fell from 17% to 15% (see Figure 56).

If P&C Insurance had the largest market share with 19%, and Swedbank P&C Insurance had 18%. Behind them were ERGO Insurance and AB Lietuvos draudimas Estonia branch with 15% each.

By product line, If P&C Insurance had the largest market share for land vehicle insurance with 20%, and for property insurance with 24%. The largest market share in third-party motor insurance was held by ERGO Insurance SE with 20%.
10.3. INSURANCE BROKERS INTERMEDIATING NON-LIFE INSURANCE

Insurance premiums intermediated

Insurance brokers registered in Estonia intermediated non-life insurance premiums of 192 million euros in 2022, which was 11% more than the 173 million euros in 2021. The number of contracts intermediated fell by 21,036 to 729,815.

As previously, the largest type of insurance by insurance premiums intermediated by brokers was insurance for land vehicles, where 51 million euros of insurance premiums were intermediated (see Figure 60). In second place was property insurance at 44 million euros. Premiums of 42 million euros in motor third-party liability insurance were intermediated.

Estonian insurance brokers intermediate premiums under contracts from both Estonian and foreign insurance companies. In 2022, 78% or 150 million euros of all the insurance premiums intermediated were those of Estonian insurance companies, and 22%, or 42 million euros, went to foreign insurers. The largest share of the contracts of foreign insurers were the 14 million euros of financial loss insurance, and the same amount of insurance for other vehicles and goods under transport. These were followed by property insurance with 6 million euros.

The share of brokers in sales volumes in Estonia has declined in recent years, as 39% of the non-life insurance premiums written by insurers in Estonia were intermediated through brokers in 2016, but only 32% were in 2022.

Brokers have the largest share by product at 61% in insurance for other vehicles, covering rail, air and water transport, down from 75% in 2021 (see Figure 61). Some 41% of the motor third-party liability insurance premiums of Estonian insurers were intermediated through brokers. Brokers generally intermediate 20-35% of the premiums of Estonian insurers for other types of insurance.

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31 As well as contracts with insurers, contracts with foreign reinsurers were also intermediated by brokers, but they are not covered in this review. They received 8.9 million euros in insurance premiums in 2022.
Insurance brokers

There were 41 insurance brokers intermediating non-life insurance contracts in 2022. The majority of the market is divided between only a few brokers though, as 75% of insurance premiums were intermediated by nine insurance brokers (see Figure 62), while 21 brokers have market share of less than 1%.

The largest market share by premiums was held by IIZI Kindlustusmaakler with 28% and Marsh Kindlustusmaakler with 18%. They were followed by Howden Kindlustusmaakler, formerly CHB Kindlustusmaakler, and KindlustusEST Kindlustusmaakler with 6% each.

IIZI Kindlustusmaakler had the largest share of motor third-party liability insurance premiums intermediated with 54%, of land vehicle insurance premiums with 32%, and of travel insurance premiums with 46%. Marsh Kindlustusmaakler had the largest market share for property insurance with 30% and for financial loss insurance with 89%. The largest market share for other vehicles, covering rail, air and water craft, was held by Kominsuur Kindlustusmaakler with 29%.

* The market shares of other insurance brokers intermediating non-life insurance were: GrECo Specialty GmbH Estonia branch 2.43%, Marine Insurance Services SIA Estonia branch 2.39%, Aadel Kindlustusmaakler OÜ 2.38%, AS Smart Kindlustusmaakler 2.37%, Fix Kindlustusmaakler OÜ 2.21%, AS Vänderi Kindlustusmaakler 1.77%, Optimal Kindlustusmaakler OÜ 1.54%, NB Kindlustusmaakler OÜ 1.36%, Ultima Kindlustusmaakler OÜ 1.32%, OÜ Kindlustusmaakler Tiina Naur 1.19%, OÜ TiIB Kindlustusmaakler 0.97%, Pro Kindlustusmaakler OÜ 0.83%, 1Kindlustusmaakler OÜ 0.51%, OÜ Marks ja Partnerid Kindlustusmaakler 0.45%, Avor Kindlustusmaakler OÜ 0.45%, InPro Insurance Brokers OÜ 0.42%, UADBB MAI Baltics Estonia branch 0.41%, Cachet Insurance Broker OÜ 0.41%, FoxTail Kindlustusmaakler OÜ 0.32%, Lõuna Kindlustusmaakler OÜ 0.32%, Clemenc Kindlustusmaakler OÜ 0.20%, FS Kindlustusmaakler OÜ 0.19%, AVC Advisory Kindlustusmaakler OÜ 0.14%, Premium Kindlustusmaakler OÜ 0.13%, Vector Kindlustusmaakler OÜ 0.05%, Herrmann, Huebner & Partner Insurance Broker OÜ 0.04%, AID Kindlustusmaakler OÜ 0.04%, Direct Kindlustusmaakler OÜ 0.03%, EURORISK Kindlustusmaakler OÜ 0.03%, Norther1 Insurance Solutions Kindlustusmaakler OÜ 0.01%, Allier Kindlustusmaakler OÜ 0.01% and Mede Kindlustusmaakler OÜ 0.002%.

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**Figure 62. Market share of insurance brokers by non-life insurance premiums received in 2022 (2021 in brackets)**

Other* 24% (30%)
IIZI Kindlustusmaakler 28% (27%)
Marsh Kindlustusmaakler 18% (19%)
Howden Kindlustusmaakler 6% (5%)
KindlustusEst Kindlustusmaakler 6% (6%)
UADBB Aon Baltic ESTONIA branch 5% (4%)
Kominsuur Kindlustusmaakler 4% (4%)
Coop Kindlustusmaakler 3% (1%)
ABC Kindlustusmaakler OÜ 3% (2%)
Vagner Insurance Broker 3% (2%)

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**Figure 63. Market share of insurance brokers for motor third-party liability insurance as at the end of 2022 (end of 2021 in brackets)**

Other 22% (22%)
IIZI Kindlustusmaakler 54% (55%)
KindlustusEst Kindlustusmaakler 8% (8%)
UADBB Aon Baltic Estonia branch 6% (4%)
Howden Kindlustusmaakler 4% (6%)
Vagner Insurance Broker 3% (3%)
Fix Kindlustusmaakler 3% (2%)

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**Figure 64. Market share of insurance brokers for land vehicle insurance as at the end of 2022 (end of 2021 in brackets)**

Other 19% (22%)
IIZI Kindlustusmaakler 32% (38%)
KindlustusEst Kindlustusmaakler 9% (9%)
Coop Kindlustusmaakler 9% (2%)
Howden Kindlustusmaakler 7% (6%)
Smart Kindlustusmaakler 7% (7%)
Marsh Kindlustusmaakler 4% (4%)
ABC Kindlustusmaakler 4% (3%)
Aadel Kindlustusmaakler 4% (3%)
Fix Kindlustusmaakler 3% (3%)
Vagner Insurance Broker 3% (3%)

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Figure 65. Market share of insurance brokers for property insurance as at the end of 2022 (end of 2021 in brackets)

- Other 20% (20%)
- Marsh Kindlustusmaakler 30% (35%)
- IIZI Kindlustusmaakler 19% (16%)
- Howden Kindlustusmaakler 10% (8%)
- ABC Kindlustusmaakler 4% (3%)
- UADBB Aon Baltic Estonia branch 4% (5%)
- KindlustusEst Kindlustusmaakler 4% (4%)
- Aadel Kindlustusmaakler 3% (3%)
- Vandeni Kindlustusmaakler 3% (3%)
- Vagner Insurance Broker 3% (3%)

Figure 66. Market share of insurance brokers for financial loss insurance as at the end of 2022 (end of 2021 in brackets)

- Other 2% (5%)
- Marsh Kindlustusmaakler 89% (88%)
- IIZI Kindlustusmaakler 4% (3%)
- UADBB Aon Baltic Estonia branch 3% (3%)
- Howden Kindlustusmaakler 1% (1%)

Figure 67. Market share of insurance brokers for travel insurance as at the end of 2022 (end of 2021 in brackets)

- Other 17% (21%)
- IIZI Kindlustusmaakler 46% (37%)
- KindlustusEst Kindlustusmaakler 8% (9%)
- ABC Kindlustusmaakler 6% (8%)
- Howden Kindlustusmaakler 5% (4%)
- Marsh Kindlustusmaakler 5% (4%)
- Optimal Kindlustusmaakler 4% (5%)
- Vagner Insurance Broker 4% (6%)
- Aadel Kindlustusmaakler 3% (3%)
- NB Kindlustusmaakler 3% (3%)

THE ESTONIAN FINANCIAL SERVICES MARKET AS AT 31 DECEMBER 2022
Non-life insurers received 26.1 million euros in intermediation fees in 2022, up from 23.3 million euros a year earlier, and 88% of those fees were received by 15 of the 41 insurance brokers.

Table 2. The largest non-life insurance brokers by intermediation fees received

<table>
<thead>
<tr>
<th>Broker</th>
<th>Market share</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2022</td>
</tr>
<tr>
<td>IIZI Kindlustusmaakler AS</td>
<td>34%</td>
</tr>
<tr>
<td>Marsh Kindlustusmaakler AS</td>
<td>10%</td>
</tr>
<tr>
<td>Howden Kindlustusmaakler OÜ</td>
<td>7%</td>
</tr>
<tr>
<td>KindlustusEst Kindlustusmaakler OÜ</td>
<td>7%</td>
</tr>
<tr>
<td>UADBB Aon Baltic Estonia branch</td>
<td>4%</td>
</tr>
<tr>
<td>Kominsur Kindlustusmaakler OÜ</td>
<td>4%</td>
</tr>
<tr>
<td>OÜ ABC Kindlustusmaaklerid</td>
<td>3%</td>
</tr>
<tr>
<td>Vagner Insurance Broker AS</td>
<td>3%</td>
</tr>
<tr>
<td>Marine Insurance Services SIA Estonia branch</td>
<td>3%</td>
</tr>
<tr>
<td>Aadel Kindlustusmaaklerid OÜ</td>
<td>3%</td>
</tr>
<tr>
<td>Fix Kindlustusmaakler OÜ</td>
<td>3%</td>
</tr>
<tr>
<td>AS Smart Kindlustusmaakler</td>
<td>3%</td>
</tr>
<tr>
<td>Coop Kindlustusmaakler AS</td>
<td>2%</td>
</tr>
<tr>
<td>GrECo Specialty GmbH Estonia branch</td>
<td>2%</td>
</tr>
<tr>
<td>Optimal Kindlustusmaakler OÜ</td>
<td>2%</td>
</tr>
</tbody>
</table>
11. PAYMENT SERVICES AT PAYMENT INSTITUTIONS

Payment institutions intermediated payments of 674 million euros in the 2022, up from 570 million a year earlier. A total of 10.2 million payments were made, up from 8.7 million a year earlier (see Figure 68).

Despite the growth, the volume of payments at payment institutions is substantially less than that at the banks. Data from Eesti Pank show that the volume of domestic payments at the banks was 213 billion euros in 2022.

The largest volume of payments in 2022 was at Maksekeskus, which had 45% of all payments, followed by Ühisarveldused with 25% and Wallester with 10% (see Figure 69). The largest market share by number of payments was held by Maksekeskus, which intermediated 65% of all payments.

**Figure 68. Volume and number of payments at payment institutions in half years**

![Graph showing volume and number of payments at payment institutions in half years]

**Figure 69. Market share of payment institutions by payments intermediated in 2022 (2021 in brackets)**

<table>
<thead>
<tr>
<th>Market share by volume of payments (three largest market participants):</th>
</tr>
</thead>
<tbody>
<tr>
<td>Maksekeskus                               45%</td>
</tr>
<tr>
<td>Ühisarveldused                                25%</td>
</tr>
<tr>
<td>Wallester                                       10%</td>
</tr>
</tbody>
</table>

**Volume of services:** payments of 674 million euros  
**Number of payments:** 10.2 million payments