

# Framework for designating vital service providers

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This document describes the procedure for designating and revising the list of vital service providers.

## Vital service

1. A vital service is a service that has an overwhelming impact on the functioning of society and the interruption of which is an immediate threat to the life or health of people or to the operation of another vital service or service of general interest.<sup>1</sup>
2. The continuity of a vital service is the capability of the provider of the vital service to ensure continuous operation and to restore continuous operation after an interruption of the vital service.<sup>2</sup>
3. Vital services in the financial sector include payment services and cash circulation.<sup>3</sup>

## Vital service provider

4. For the purposes of this framework, vital service providers are credit institutions performing the tasks provided for by the Emergency Act with a view to ensuring the continuity of vital services.

## List of vital service providers

5. The list of vital service providers shall be approved by Eesti Pank.<sup>4</sup>
6. A credit institution shall be included in the list of vital service providers if it meets at least one of the following criteria:
  - 6.1. IMPACT OF INTERRUPTION – the interruption or termination of the service has a considerable impact on the stability of the Estonian financial market and the continuous operation of the payment and settlement system;
  - 6.2. NUMBER OF CLIENTS – the number of clients amounts to a considerable share of all customers using financial services in Estonia;
  - 6.3. MARKET SHARE OF DEPOSITS – the market share of the deposits placed with the institution in Estonia exceeds ten per cent of the total amount of the deposits placed with credit institutions in Estonia.<sup>5</sup>
7. The following indicators and market share thresholds shall be used to assess whether a criterion is fulfilled:

Criterion	Indicator	Threshold
IMPACT OF INTERRUPTION (payment services)	card payments in Estonia (cards issued in Estonia)	3.5%
	domestic payments (excl card payments)	
IMPACT OF INTERRUPTION (cash circulation)	cash withdrawals from ATMs	3.5%

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<sup>1</sup> Emergency Act subclause 2(4)

<sup>2</sup> Emergency Act subclause 2(5)

<sup>3</sup> Emergency Act subclause 36(3)

<sup>4</sup> Credit Institutions Act subclause 3 (3)

<sup>5</sup> Credit Institutions Act subclause 3 (2)

NUMBER OF CLIENTS	number of deposit holders	10%
MARKET SHARE OF DEPOSITS	market share of deposits	10%

8. The data of the preceding calendar year are used to calculate the market shares, based on the official statistics provided by credit institutions. In case of payment services, the arithmetic mean of the two indicators is used.

#### **Assessment**

9. The Executive Board of Eesti Pank shall make the decision regarding the inclusion or exclusion of a credit institution in the list of vital service providers. Such decision will be based on the data and opinions provided by the Department of Payment and Settlement Systems, Financial Stability Department, Cash and Infrastructure Department and Risk Manager of Eesti Pank.
10. The inclusion or exclusion of a credit institution in the list of vital service providers shall be decided separately for each of the two services referred to in clause 3 of this document.
11. Credit institutions are assessed against the criteria referred to in clause 7 at least once a year (in the first quarter of the year), based on the data of the preceding year.
12. The Executive Board may carry out an extraordinary assessment of credit institutions against the criteria referred to in clause 7 after significant changes have occurred in the market of the financial services (a merger or a split-up of credit institutions, etc). An extraordinary assessment may be based on the statistical data of a shorter reference period than that referred to in clause 8.

#### **Revising the criteria**

13. The Executive Board revises the criteria for vital service providers at least once a year and makes the necessary amendments in clause 7 of this document.

#### **Implementation**

14. A revision of the list of vital service providers (clause 9) and a revision of the criteria (clause 13) shall be prepared by the Risk Manager of Eesti Pank.
15. The criteria for designating vital service providers and any amendments thereto shall be published on Eesti Pank's website.