

Exceptional release of cross-border payments made by banks in Estonia

22.10.2018

Eesti Pank has been asked to comment on individual banks and their cross-border payment volumes in addition to publishing the total payment volumes for the Estonian banking industry. The central bank is responsible for compiling official statistics on the financial sector and is thereby bound by the rules that prohibit it from distributing data on individual banks. Now the banks themselves have asked the central bank to publish additional information on their activities, as more granular data on cross-border payments would help in understanding the different business models of the banks.

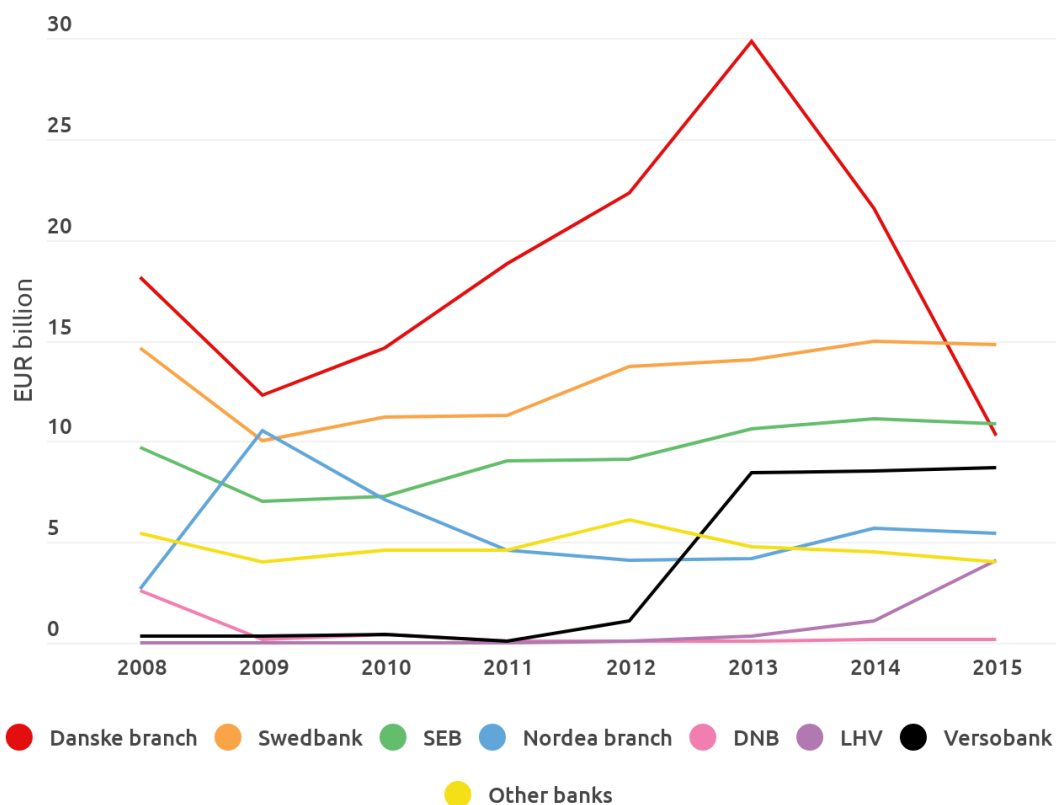
In the press release of 5 October, Eesti Pank presented the total amounts for cross-border customer payments and explained that those are not particularly large in international comparison.

The figures and tables below describe the relative importance of individual banks in processing cross-border customer payments, as they are both received in Estonian banks and initiated from them. The statistics show clearly that a large share of total cross-border payments was processed by Danske Bank, the payment volumes of which increased strongly until 2014, after which they contracted sharply. Given the relatively small size of Versobank, the volume of its cross-border transactions between 2013 and 2016 also stands out.

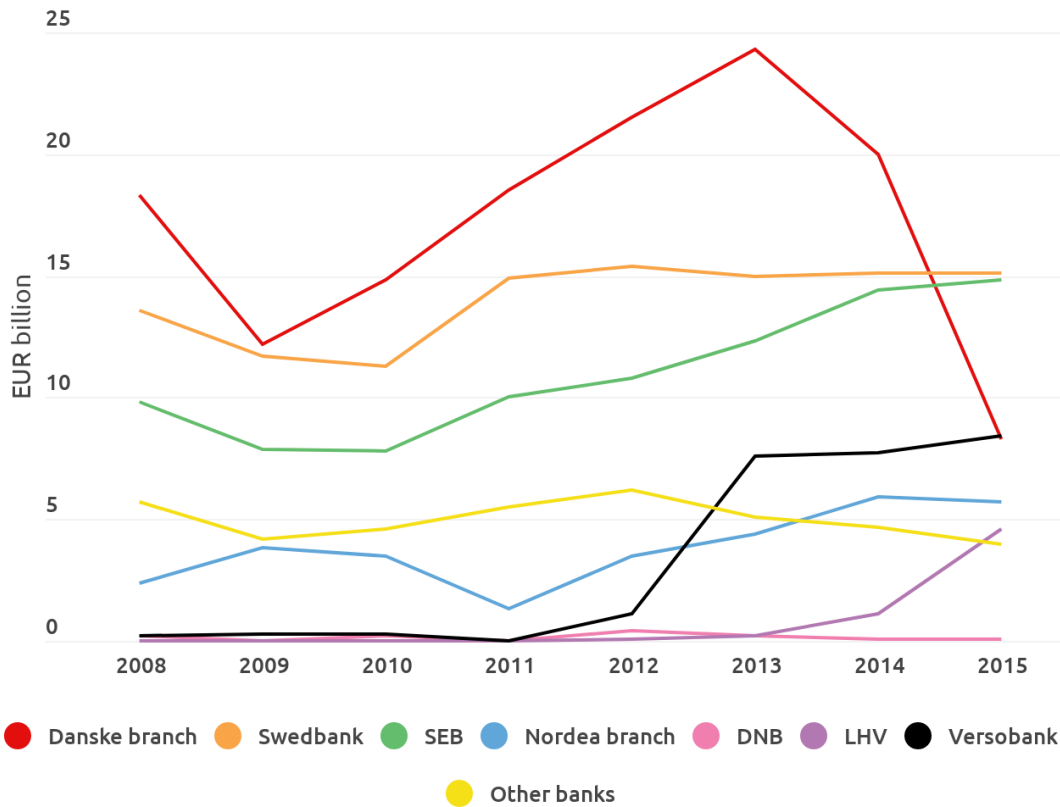
The licence of Versobank was withdrawn by the European Central Bank on 26 March 2018 at the request of the Estonian Finantsinspektsioon. Inspections by Finantsinspektsioon at Danske Bank identified serious shortcomings in its anti-money laundering procedures from 2007 onwards. Finantsinspektsioon informed the Danish supervisory authorities of its findings in 2007, 2009, 2012, 2013 and 2014. Following an injunction issued by Finantsinspektsioon, Danske Bank stopped providing payment services to high-risk non-resident customers through its Estonian branch by the end of 2015.

The dynamics of the cross-border payments of the other larger banks in the Estonian market may be affected by changes in their customer segments, but they can generally be explained by developments in the Estonian economy more broadly, and changes in the market share of the banks in the Estonian market.

Cross-border client payments initiated from Estonian banks



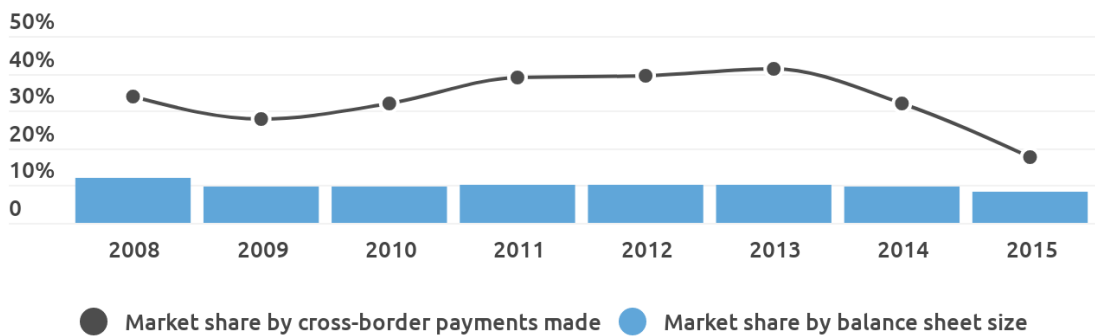
Cross-border client payments received by Estonian banks



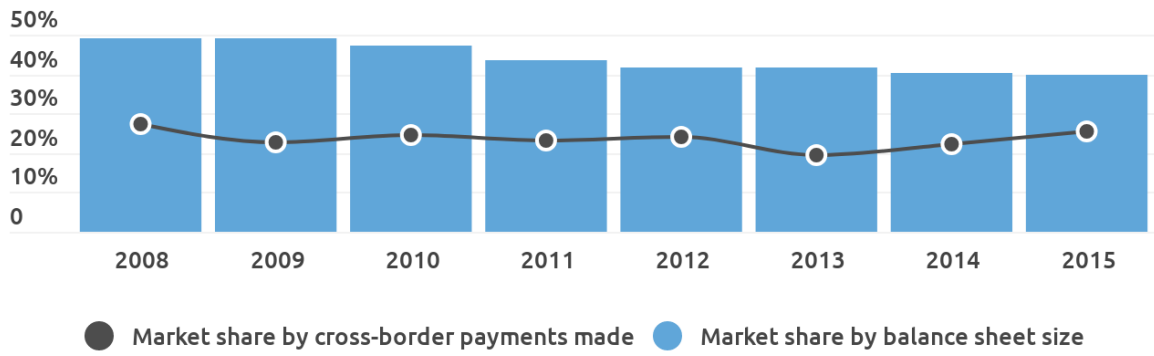
To explain further the relative importance of different banks in Estonia in cross-border payments and their different business models, the charts below compare the banks' market share in international payments with their market share measured by their total assets. The figures illustrate that though Danske and Versobank were very active in cross-border payments, they only made up about 10% of the Estonian banking market by assets.

Market shares based on total assets and volume of outgoing cross-border payments

Danske branch



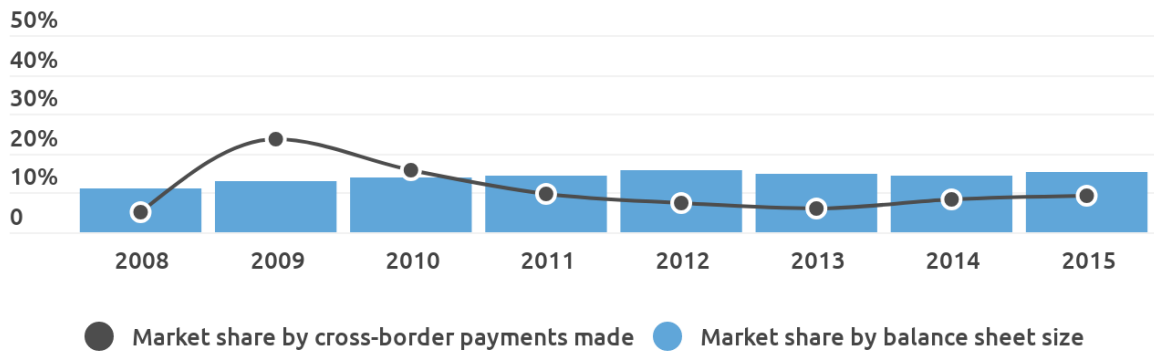
Swedbank



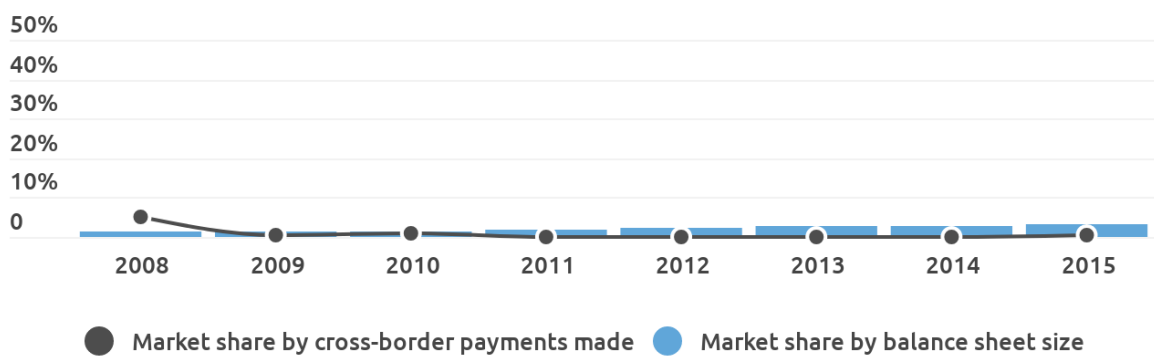
SEB



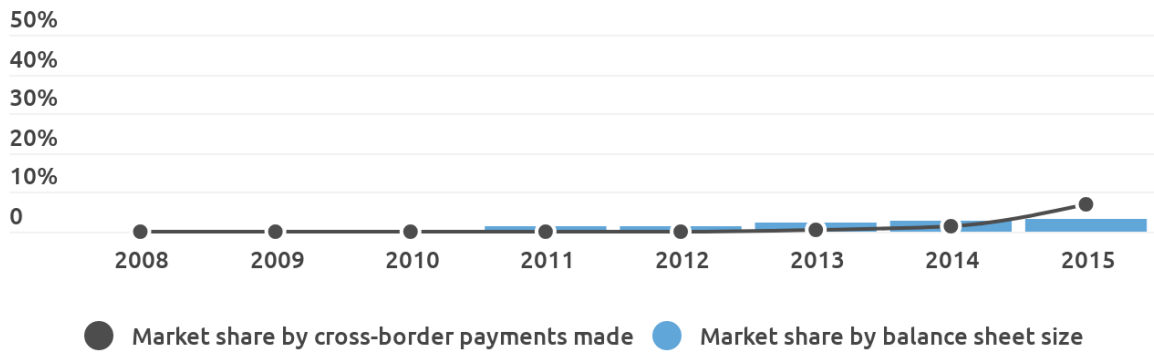
Nordea branch



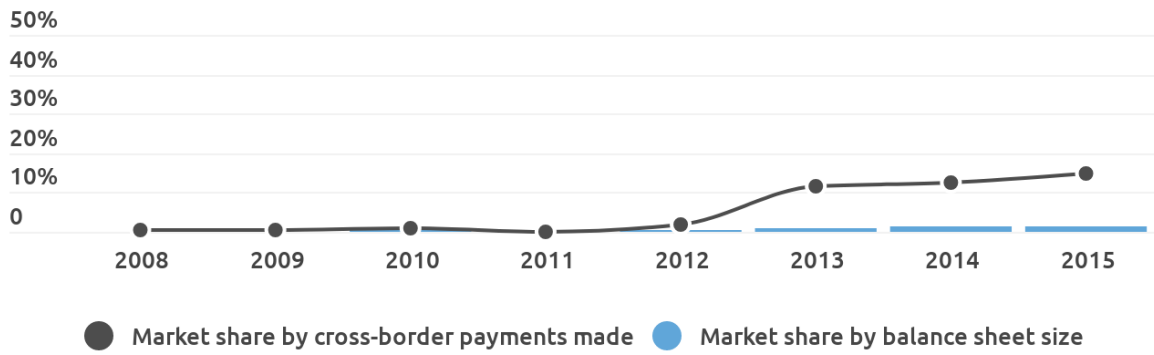
DNB



LHV



Versobank



Other banks

