

## IV SYSTEMICALLY IMPORTANT PAYMENT AND SETTLEMENT SYSTEMS

### OPERATION OF PAYMENT AND SETTLEMENT SYSTEMS

From October 2009 until March 2010, around 99,000 payments a day were settled in the inter-bank payment and settlement systems managed by Eesti Pank – the ESTA, EP RTGS and TARGET2-Eesti – at a total value of 11.5 billion kroons. The majority of payments were settled in the ESTA, but the settlement value of these payments was smaller than that of other settlement systems (see Table 1).

On average, 98,800 payments a day were settled through the **ESTA** over the past six months. The average daily value of ESTA payments reached 1.6 billion kroons.

The statistics of payments reflect economic developments. The number of payments processed in the ESTA has not recovered fully, remaining at the level of 2008 (see Figure 1). The value of payments settled in the ESTA has slightly increased; compared to six months ago the average daily turnover has grown by 7% (see Figure 2). The average payments settled in the ESTA has also started to increase, standing at 16,100 kroons at the end of the first quarter of 2010.

In the last six months, around 192 payments were settled daily in the **EP RTGS** with the average value of 5.1 billion kroons. The number of EP RTGS payment has not changed with the last six months and remains at the level of 2009 (see Figure 1). The average settlement value of the EP RTGS, however, continues to decrease, having dropped 15% since six months ago (see

Figure 1. Average number of payments processed in ESTA and EP RTGS per day

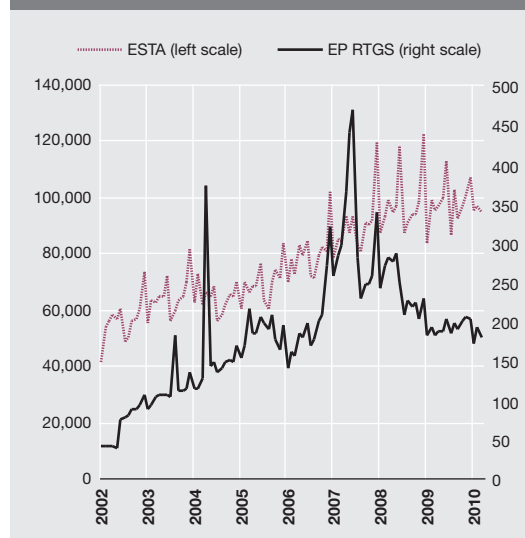


Figure 2). The value shrank the most in February and March 2010.

In terms of payment instruments, the number and settlement value of EP RTGS payments has not changed. The majority of payments of the past six months were express payments initiated by bank customers (70%), an average payment being 4.5 million kroons. The majority of the settlement value consisted of transactions related to the collateral account of the ESTA, and also currency and cash transactions with Eesti Pank.

Sufficient liquidity for performing payments in the settlement systems of Eesti Pank is guaranteed by the high reserve requirement (15% of the total liabilities of a bank). In the past six months, the average reserve requirement for banks operating in Estonia was 43 billion kroons, of which

Table 1. Use of settlement systems of Eesti Pank

Settlement system	% of total number of payments	% of total value of payments
ESTA	99.7	13.6
EP RTGS	0.2	43.9
TARGET2-Eesti	0.1	42.5

48% was met with liquid external assets. The Estonian kroon accounts in Eesti Pank exceed the settlement value of ESTA and EP RTGS payments by approximately four times.

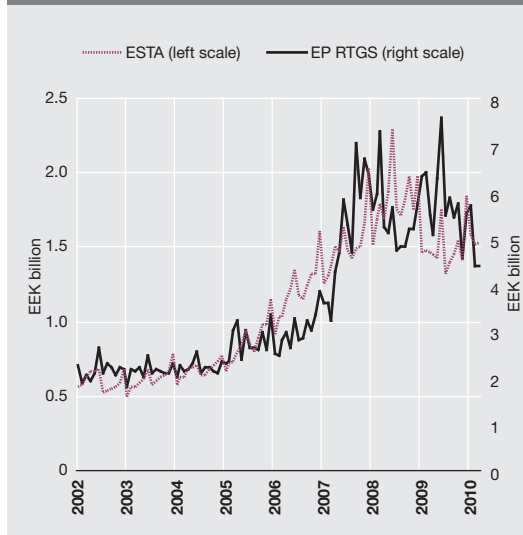
In the last six months, around 73 payments were settled daily in the **TARGET2-Eesti** with the average value of 313 million euro (4.9 billion kroons). The average daily number of TARGET2-Eesti payments has slightly increased over the last six months, while the average daily value has dropped by 9%.

### AVAILABILITY AND FAILURES OF PAYMENT AND SETTLEMENT SYSTEMS

There were no such incidents in the operation of the Estonian payment and settlement systems in the past six months that would have threatened the stability of Estonia's financial sector. The last more serious failure occurred in November 2009, when a communications interruption in Eesti Pank stopped ESTA's operability for 30 minutes.

**In the first quarter of 2010, the availability of all three systems was 100% (see Figure 3).**

**Figure 2. Average value of payments processed in ESTA and EP RTGS per day**



**Figure 3. Availability of interbank settlement systems**

