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The situation of the Estonian financial sector in Q3 2018 was strong. The banks operating here are well-capitalised and liquid. The quality of the loans granted by the banks is high. In spite of a slight drop, the profitability of banks remained at a good level in Q3 with a total of 73 million euros of profit earned. The return on equity of banks was 9.6%.

Read more: [Banking sector overview – Q3 2018](#)

The Estonian non-life insurance sector is also well-capitalised. Insurance companies have become more cost-efficient. The biggest jump was experienced in motor insurance, the combined ratio of which improved by 12%. The profit of the non-life insurance sector in Q3 2018 amounted to 16.4 million euros.

Read more: [Non-life insurance sector overview – Q3 2018](#)

The life insurance sector was also well-capitalised. The profitability of the companies has dropped a bit, however, remaining at 8.6 million euros in Q3 2018. The profit is mainly lower due to investment activities. The volume of obligations with financial guarantees of the insurance companies to clients is high and securing thereof is accompanied by a high risk, as the environment is not favourable for investments.

Read more: [Life insurance sector overview – Q3 2018](#)

Investment firms were sufficiently well-capitalised in the end of Q3 2018. Even though the profitability of investment firms dropped to 2.1 million euros, the income base and profitability of the sector

remain at a good level. As the majority of the services of investment firms are sold outside of Estonia and services are mostly provided to non-residents, there are remarkable operational, compliance, and money laundering risks.

Read more: [Investment firm sector overview – Q3 2018](#)

The capitalisation of the payment institutions operating in Estonia was good. The profitability decreased slightly in Q3 2018, to 0.9 million euros, but remained more than twice as high as in the same period in 2017. The return on equity of the payment institution sector in Q3 was 22%. The risk of money laundering remains the highest for the payment institutions focusing on serving non-residents.

Read more: [Payment institution sector overview – Q3 2018](#)