

---

# Public consultation on financial innovation environment in Estonia

## Documents

[Public consultation on financial innovation environment in Estonia \(doc, 102 KB\) \(docx, 0.10 MB\)](#)

## The aim of this consultation

Finantsinspektsioon would like to map the financial innovation landscape in Estonia and consult on the use of financial technology and its potential, obstacles and feasible solutions.

Finantsinspektsioon considers financial innovation or financial technology to include financial products/services that involve technological solutions and bring some kind of novelty aspect to them.

Financial innovation in the context of this consultation may also be all kinds of innovative systems and compliance mechanisms.

Finantsinspektsioon is a supervisory authority which strategic role in financial innovation is to:

- Analyze potential supervisory activities
- Contribute to the more efficient financial safety net and
- address the opportunities and risks involved with financial innovation.

We are constantly monitoring the area of financial innovation, reacting to the distortions of the products, assessing risks and taking proportionate measures without hindering the innovation. Finantsinspektsioon offers direct contact with relevant specialists in order to provide initial regulatory guidance and assistance in the qualification of innovative business models.

You may read further about financial innovation facilitators of Finantsinspektsioon on our website:

- [Financial innovation](#)
- [Konsultatsiooni pilootprojekt \(only in Estonian\)](#)

Finantsinspektsioon's strategical directions for the next three years include inter alia developing a more innovation-minded financial sector. To that regard, Finantsinspektsioon shall draw up and apply a supervisory policy in consultation with market participants under which the introduction by a supervised entity of IT solutions that are new, but sufficiently secure, will see a reasonable relaxation of the assessment and application of the requirements for market entry for that entity, except where the supervised entity was responding to a violation of the law or in matters of personal suitability.

---

Finantsinspeksioon abstains from restricting the definitions of financial innovation or financial technology. However, for the purposes of this consultation, we would like to bring some examples of the most popular technologies:

- **Artificial Intelligence (AI)**

A technology that is made to train machines to learn from experiences, adjust to new inputs and perform human-like tasks. It relies heavily on deep learning and natural language processing. Some AI examples are the following: chatbots, voice recognition, credit scoring, identifying insurance interests, robo-advise, automated phone calls and/or presentations on credit risks, AML prevention, data processing, etc.

- **Big data**

It is a term that defines a large volume of data (hereby both structured and unstructured) that overwhelms daily an entity. It is used to uncover hidden patterns, correlations and other insights that may refer to something. All the processes where Big Data analytics can help are much faster and better than with traditional BI (business intelligence) it has been. Examples, that support Big Data analytics are the following: data management, data mining, predictive analytics, etc.

- **Distributed ledger technology**

For example, digital currencies, cross-border payments, financial markets infrastructure in the securities markets, collateral registries, smart contracts, etc.

## **Consultation period and other observations**

The consultation period has finished.