
Q3 2020 overview of payment institution sector

Payment institutions operating in Estonia mediated payments of 68 million euros in the third quarter of 2020. The volume of payments was a quarter less than in the second quarter, and the number of payments was down by a tenth. The average size of a payment transaction fell by 16.7% to 51.63 euros in the third quarter from 62 euros in second quarter.

Key indicators	Q2 2020	Change	Q3 2020
Value of payments	91 mln €	?	68 mln €
Number of payments	1.5 mln	?	1.3 mln
Profit	1.3 mln €	?	1.5 mln €
Return on equity (annualised)	23%	?	22%
Equity coverage ratio	1912%	?	1706%

Cross-border payments provided 10.6% of all payments in the third quarter, having been 10.2% in the second quarter. Card payments were 14% of all the payments having been 10% in the second quarter. The volume of money transfers accounted for 18% of all transactions, up from 12.9% in the previous quarter.

The payment institution sector is very well capitalised with equity at 17 times the required level.

The payment institution sector as a whole returned an operating business loss for 2019, but the sector as a whole is in profit in 2020. However, the sector ended the third quarter with an operating loss, unlike in the previous two quarters. The operating loss recorded in the third quarter was 94,000 euros, after operating profit of 281,000 euros had been recorded in the second quarter. Payment institutions earned a total profit of 1.4 million euros in the third quarter of 2020 and of 1.3 million euros in the second quarter, while they earned 1.4 million euros in the third quarter of 2019. The average return on equity of the sector fell a little in the third quarter to 21.89%, from 22.88% in the

second quarter.

Main development trends and risks

- The payment institution sector continues to make an operating profit, even though the operating profit of earlier quarters was replaced by an operating loss in the third quarter.

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