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## Q4 2020 overview of payment institution sector

Payment institutions operating in Estonia mediated payments of 90.4 million euros in the fourth quarter of 2020. The value of payments in the sector and the number of them were both around a third more than in the third quarter. The value of payments grew at all payment institutions. The average size of a payment transaction did not change particularly over the quarter, as it was 52 euros in the fourth quarter and 51 euros in the third quarter.

Key indicators	Q3 2020	Change	Q4 2020
Value of payments	68 mln €	?	90 million €
Number of payments	1.3 million	?	1.7 million
Profit	1.5 million €	?	2 million €
Return on equity (annualised)	22%	?	23%
Equity coverage ratio	1643%	?	1654%

The structure of payment transactions in the sector also remained largely unchanged from the previous quarter. Cross-border payments provided 10% of all payments in the fourth quarter, having been 11% in the third quarter, card payments were 13% having been 14%, and money transfers were 15% having been 18%.

The payment institution sector remains very well capitalised with equity at 16 times the required level.

Payment institutions earned total sales revenue of 1.5 million euros from providing payment services in the fourth quarter, having earned 1.6 million euros in the fourth quarter of 2019. Revenues from payment services made up 55% of total sales revenues.

The average return on equity of the sector rose a little in the second quarter to 22.64%, from 21.84% in the third quarter.

The profitability of the sector has improved from 2019, and most payment institutions earned a profit..

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## **Main development trends and risks**

- The profitability of the payment institution sector as a whole increased in 2020, as almost all the payment institutions ended the financial year in net profit. The sector saw the volume of payments increase substantially in 2020, mainly because of the Covid-19 pandemic. The pandemic did not cause any substantial losses in the sector.
- Interest in gaining an authorisation to operate as a payment institution remains strong.

[Quarterly reviews of the payment services sector](#)