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Chair of the management board of Finantsinspektsioon Kilvar Kessler reported to the Riigikogu today on the work last year of Finantsinspektsioon and the risks facing the financial sector this year. The biggest factor affecting the work of Finantsinspektsioon and the operation of the financial sector last year was the war in Ukraine, but this year the biggest impact has come from inflation.

“We can conclude today that the risks from the war were mapped out in time, measured and managed in cooperation with the financial sector and other institutions so that society and the economy were able to function in 2022 without interruption”, said Kilvar Kessler to the Riigikogu.

He noted that the second major topic that Finantsinspektsioon faced in 2022 was the assessment by an international mission of Estonia’s capacity to fight against money laundering. “The results of the assessment were released in the final report at the start of this year. The report shows that Estonia still has some weaknesses in its anti-money laundering system, such as issues with criminal prosecutions and risks around crypto assets, but overall the assessors found that Estonia’s capacity to act against money laundering is good, especially in the banking sector”.

Looking to the near future for the financial sector, Mr Kessler spoke about the ICT risks and the impact of inflation on the economic climate and the financial sector. He said that credit risks are increasing in 2023 and that more people than before will have difficulties in paying their loans. He observed that a financial ombudsman could in future operate at Finantsinspektsioon to protect debtors.

There were 112 people working at Finantsinspektsioon at the end of 2022, applying over 700 legislative acts and guidelines to 140 companies under financial supervision. Companies supervised by Finantsinspektsioon owned or managed around 80 billion euros of assets. The Management Board made 201 management decisions and 214 administrative rulings in 2022, of which 13 were written precepts. Nine authorisations were issued during the 12 months, and eight were withdrawn.

Kilvar Kessler’s speech to the Riigikogu on 8 June