

FSAE(Estonia) Financial Regulator: What it is and what it do

Who wouldn't want to be assured of financial safety when making investments and engaging in trade? Despite there being numerous financial regulators all around the world, there are still fake and dubious financial regulator and brokers too. And that's why Every government has taken the initiative to protect their consumers from fraud.

So, in this article we will talk about Estonian financial regulator FSA, that works to tightened ropes by ensuring the integrity and fairness is maintained within the financial markets. We are also going to see;

- *The challenges that they have faced overtime.*
- *What measures have they token to overcome these problems?*

That said, let's now start by first understanding what actually is FSAE?

what is FSAE?

The Estonian financial supervision and regulatory authority (FSA) is an agency that supervises financial market and its fairness as well as credibility of financial brokers withing that market, on behalf of the Estonian state. It is also called finantsinspekitsoon.

This agency is responsible for carrying out supervision on behalf of the state over the following firms:

- Banks
- Insurance intermediaries and companies
- Fund managers as well as payment institutions
- Investment firms
- Investment and pension funds
- E-money institutions, credit intermediaries and creditors as well as the security markets

All these companies operate under activity licenses that are granted by finantsinspekitsoon.

This regulatory body is also part of the European Single Supervisory Mechanism (SSM), a financial regulator that carried out capital supervision in most of the European banks since 2014, as well as the European Single Resolution Mechanism (SRM), an institution that majorly dealt with crisis resolution.

Danske Bank

The FSAE showed its meticulous work early last year during the case of money laundering committed at the Tallin- based subsidiary of Danske bank laundered 230 billion dollars in 2018. This has caused regulators in this country to tighten their ropes in matters supervision, in order to get to the root of the problem.

Andre Nomm, a board member at the Estonian financial supervisory authority, addressed this issue at a conference, saying that the bank was still serving clients who were not supposed to be active in that country despite the implementation of the know- your- customer measures. This has shed a spotlight on the FSAE from Estonia's financial media, especially after the Danske bank case.

Concealment of Criminal Activity

On the 19th of March, 2019, a US law firm, Grant & Eisenhofer (GE), issued a statement on a Monday morning, announcing that it was suing Danske bank for \$475 million, while representing a mix of institutional investor from 19 different countries. The law firm claims that the bank's leadership was aware of the money laundering activity that was taking place since 2013.

This of course is a criminal activity that could only go on for so long. It was reported that Danske bank had engaged in concerted cover ups of its money laundering exposure, while painting a rosy picture to their investors. G&E also claimed that approximately \$9 billion was lost by the investors and the Danske's share price halved when the bank's activity went to press. How was this activity hidden for all that time? I guess this is a question that leaves us asking more questions about the credibility of a lot of institutions that we have blindly entrusted our life savings in.

Investigation into Swedbank

The Danske bank case also opened up another investigation into the Swedbank. In March, last year, STOCKHOLM, Sweden's financial overseer, fined Swedbank with 4 billion crowns following serious deficiencies in its anti-money laundering activity, claiming that the bank withheld this information from the authorities. Swedbank, the oldest retail bank in Sweden suffered a share price collapse by a third following the money laundering case that was preceded by the Danske bank case, that happened at the end of 2018 through the beginning of 2019.

Swedbank has been accused of processing suspicious gross transaction of up to 20 billion euros, majorly from non-Russian residents through Estonia, from 2010 to 2016. It was therefore observed by the FSA that the bank's awareness of the money laundering consequences, control systems and routines and routines were insufficient.

Swedbank joined the Baltics in 1990 following the fall of the Soviet Union, and is now the biggest bank in Estonia in matters of market share for lending and deposit services.

Following the money laundering report, the chief executive officer of Swedbank, Birgitte Bonnesen, was fired, and the bank's chairman, Lars Idermark, resigned.

Even before the Swedbank allegations, the Estonian FSA had started to look into the sixteen banks operating in the East European nations and the regulator promised to concentrate their efforts into offering services to private clients and local customers.

The FSA forex Brokers.

Forex, is one currently of the biggest and actively traded in financial business in the world, and most Estonian forex brokers work under FSA regulation. FSA grants licenses to these service providers and also monitors their activities in order to ensure they abide by the law.

Therefore, forex brokers who wished to be registered under FSA were required to meet certain standards. This is in regards customer's funds handling, partaking regular audits and reporting their transactions among others. Some of the requirements to be a licensed FSA forex brokers include:

- A minimum capital requirement of 730,000 Euros to guarantee that the company is financially stable.

- The client's account must be separated from the broker's operating funds in order to shield the client's money in a case of the broker's mishaps such as bankruptcy
- The broker must guarantee that the client's money shall never go negative, so that the client cannot lose more money than the one he or she invested.
- The forex broker should report their client's transaction on a regular basis as a way of improving investor protection and market integrity and transparency
- EU forex brokers are also required to participate in a compensation mechanism for their investors in the case of the broker becoming insolvent or when he or she ceases to trade.

It is therefore evident that forex investors in the European Union are fully cushioned from any unexpected events that may occur with the forex brokers, making EU forex a safe platform to make investments. There is quality and credibility in this online market, which is safe to say, compared to many other mushroomed platforms that are not under any regulations, and the client may end up in debt.

The FSA registry search

In order to ensure consumers are fully cushioned from fraud, Estonia has a public record that contains firms, individuals and other bodies that have been registered under FCA or PRA. This record is called the Financial Services Register. Nearly all financial service activities must be regulated by the FCA in the UK, and therefore you can search for any financial service register for firms, individuals and activities that you may be interested in investing before you make the decision. This will assure your safety and empowerment as a client. This is because all bodies that have been permitted are limited under the FCA.

The clients are also advised to use only the contact details under the register. This is mainly because there are many scammers who pretend to be from a particular firm, and without the original contact detail, you may fall into their trap.

Using the contact details only available in the registry is therefore insisted upon to ensure you are dealing with a genuine firm before partaking any business with the firm or private body. The senior managers and certification regime (SM&CR) had promised to publish and maintain a directory of certified persons on the FSA registry, so that consumers get to confirm details of key individuals working in various financial services. More details about the persons registered by the FCA can be found in the directory of certified and assessed person page.

Firms that had been reported to provide financial services without being registered first by the FCA are forcefully included in the register with prominent warnings. Other details pertaining these firms in the register include the different details that they give out as well as whether they are claiming to be from a genuine authorized firm or not. This is a very essential piece of information to the consumer because if they deal with a body that is not registered by the FCA, they may not be covered by the Financial Service Compensation Scheme.

Any client who wishes to access the FCA register can buy a subscription or sign up with the FSC register API developer portal, that is free of charge and enables their users to develop a unique key to access the register's API as well and getting some of the self help support materials that will enhance consumer awareness.

The website for accessing this site will work well with the two latest versions of Microsoft internet explorer as well as the one previous release of google chrome, Mozilla Firefox, google safari and Microsoft edge.

Conclusion

It is therefore safe to say that the FSA has proven to be a potent, credible and autonomous authority that works for the interest of the investors, to ensure that any scammers are excluded from the market. It also works rigorously to ensure any matters of corruption are dealt with appropriately and thoroughly. As Nomm assured the citizens of Estonia, they work tooth and comb to eliminate any dodgy banking characters. This however will be successful if the citizens are fully empowered through information on credible businesses and firms to invest in. otherwise, it would be a futile attempt to protect vulnerable uneducated clients.