“Finantsteenused Eestis: võimalused ettevõtetele ja järeldused poliitikale” kokkuvõte

Uuring on läbi viidud konsultatsioonifirma Oxera Consulting Ltd poolt
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1. Executive summary and conclusions

1.1 Remit and objectives

The Ministry of Economic Affairs of Estonia and the Development Fund of Estonia have commissioned Oxera to conduct a study on the growth opportunities in the Estonian financial services sector. The objectives of the study are to:

- identify the parts of the financial services industry where Estonia is likely to have a competitive advantage internationally;
- propose high-level policy options to promote the growth and development of the financial services sector in Estonia in these identified parts.

The analysis investigates how Estonia might be viewed from the perspective of a financial services institution making geographic location choices for certain of its activities (i.e., front office, core, and back-/middle office functions), and whether, in this context, Estonia could be seen as an attractive location for the provision of activities in different segments of the financial services sector (e.g., asset management) when compared with other jurisdictions.

The focus of the study is to consider what potential there may be to increase ‘exports’ of financial services rather than considering the growth potential of the sector per se. In this context, exports are defined as follows.

- Sales of services to clients cross-border—for example, this could involve sales of private banking services to foreign residents, or the provision of asset management services to (foreign) private equity funds investing in the region.
- Outsourcing (external and internal) of certain activities that form part of the value chain in the provision of financial services to Estonia from another country.
  - External outsourcing of selected activities from another jurisdiction to an entity operating in Estonia: for example, this could involve outsourcing of back office activities by a bank to a third-party provider in Estonia.
  - Internal outsourcing of selected activities from another jurisdiction to Estonia within an international financial services firm—for example, this could involve consolidation of certain back office activities in Estonia to service demand in different jurisdictions by a global fund.

As part of the study Oxera carried out data and conceptual analysis, together with a review of existing research and academic and professional literature. Interviews were also undertaken for the study with leading financial institutions and regulators in Estonia and across Europe, and two workshops were held with market participants in the Estonian financial services sector.
1.2 Estonian financial services sector

Overall, Estonia has a relatively well-developed financial services sector (some segments of the sector), especially when compared with other countries in the region at a similar level of development. Moreover, although its financial services sector has been significantly hit by the financial and economic crisis \(^1\) and suffered from at least some regional ‘contagion’ associated with the perception of regional vulnerabilities, to date it does not seem to have fared worse than many other European countries that have required significant state intervention in the form of bank and insurance company bail-outs, provision of state guarantees, and other measures.

Between 2000 and 2008, financial services contributed to around 4% of Estonia’s gross value added (GVA). At the same time, in 2008 the share of the financial services sector of total services exports in Estonia was 2%. This contribution to GVA and exports is representative of levels observed among its Nordic and Central and Eastern European (CEE) peers in the sector.

In principle, Estonia has a basis from which to increase its exports of financial services, particularly in the segments and functions where services are ‘exportable’ (based on the generic characteristics of the activities involved) and where the level of development of these activities in Estonia is relatively high. The analysis identifies at least three such areas of activity.

- **Core and back office functions in asset management, particularly with respect to management of investments in the region**—these can be exported relatively easily if there is demand for these services materialises, which is likely to depend on factors such as the growth of portfolio asset allocation of international investors to the Baltic States and CEE, and changes in the degree of concentration of the core asset management function in major financial centres. The sector activities in Estonia are reasonably well developed. The sector has also experienced significant growth over the past few years (particularly since joining the European Union (EU) in 2004) and is likely to expand further, providing a basis for potential growth in exports in this sector. Although across Europe there is significant concentration of core asset management functions in major financial centres, these functions benefit from local presence, which may allow Estonia to benefit from the availability of investment know-how in relation to the Baltic States and CEE.

- **Front office, core and back office functions in private banking, particularly with respect to selected regional markets**—these can be exported if demand for these services materialises, which is likely to depend on such factors as economic and political developments in selected regional markets (particularly, Russian and other CIS countries), and, more generally, transformation of position of the offshore financial centres globally (eg, due to regulatory pressures). This sector in Estonia is being developed, with some exports specifically targeted at clients from Russia and other CIS countries. Globally, private banking is prone to significant concentration in financial centres, especially offshore ones that are well established. Nevertheless, Estonia could benefit from factors such as regional cultural links, allowing exports of private banking out of smaller centres such as Estonia which do not fall into the category of major offshore private banking centres.

- **Back office functions in banking, insurance and asset management, particularly with respect to processing functions**—these can be exported if demand for these services materialises, which is likely to depend on the overall growth of outsourcing of

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\(^1\) This effect has mainly materialised through the indirect impact that the crisis has had on the real economy.
these activities (both internally and externally). The servicing of this function in Estonia is relatively well developed. Although these functions are still often carried out in the same location as front office and core functions, or outsourced to the major outsourcing centres (including jurisdictions outside Europe, such as India), in specific circumstances (eg, where international financial services firms already have a presence in the country), smaller countries such as Estonia can have an opportunity to attract back office activity.

Other broad areas include, for example, the provision of pension savings product and technology-related services, in the contexts of both cyber-security and broader aspects of technology in financial services, including the provision of information, communications and technology (ICT) solutions to international service providers.

Importantly, these parts of the financial services satisfy necessary (ie, given the characteristics of these activities, they are ‘exportable’; these activities are relatively well developed in Estonia), but not sufficient conditions for Estonia to attract a notable level of foreign demand. Further insights into Estonia’s potential can be drawn from the analysis of how well it compares in terms of its critical attractiveness factors.

1.3 How attractive is Estonia as a location?

In addition to a relatively well-developed financial services sector, Estonia scores well on some important location attractiveness factors. Overall, therefore, there is a basis for increasing the export of financial services in Estonia in the medium term, although a number of challenges and obstacles remain. In particular, there are some strong alternatives, in the CEE and beyond, vying to attract an increasing level of financial services exports, although Estonia has some strong distinguishing features (eg, strong links with Nordic countries) which can provide it with some advantage.

Even if, in practice, being an attractive location does not guarantee significant increases in activity, this is an important pre-condition for achieving any growth in activity and positioning the country in a way that would, given the right external conditions, enable it to develop clustering of firms carrying out particular export-oriented activities, and to grow into an important small financial centre in the long run.

The key conclusions in relation to each of the attractiveness factors can be summarised as follows.

– Labour pool size and quality—in Estonia there is (a perceived or actual) scarcity of people with the relevant business education and more specific skills required for activities across different parts of the value chain of financial services.

– Regulatory regime—financial services regulation and supervision compare reasonably well against those of relevant comparators, although Estonia would benefit from more targeted effort by the regulators in terms of understanding the needs and business practices of international financial services firms.

– Tax regime—in terms of attractiveness of the tax regime, Estonia ranks midway in comparison to its peers. A number of specific issues (eg, lack of double-taxation agreements with some countries) are particularly harmful to certain segments of the financial services sector.

– Geographic and cultural proximity—Estonia is positioned favourably in terms of geographic, cultural and economic proximity to clients in the Nordic countries, CEE and CIS. It has advantages in terms of languages, familiarity, close existing links, relevant know-how, and so on.
– Technical capabilities including financial services infrastructure—in Estonia there are
good (perceived or actual) technical capabilities, including ITC systems; there is also
good financial services infrastructure.

– Labour and property costs—these costs are lower than the EU average, but similar to
those of other countries in the Baltic and CEE regions; in terms of labour costs, even
when adjusted for differences in productivity, costs in Estonia are likely to be attractive
when compared with those in more developed EU countries.

– Quality of life—Estonia scores poorly on the overall quality of life metrics when
compared with the more developed European countries, although the level is broadly
comparable to that in other CEE countries.

– Performance and liquidity of markets—Estonian securities markets are small and
significantly underdeveloped.\(^2\)

1.4 Policy implications

In light of the findings of this study, the government, in conjunction with other independent
decision centres, has a number of policy options. These options are related to the extent to
which the government objectives for the economic policy more broadly would be focused on
one or more sectors, the degree of intervention, and the geographical focus.

Policy option 1: ‘Proactive—broad/comprehensive’
Actively promote the financial services sector with a particular focus on exports. This is the
most comprehensive option and is based on the assumption that the financial services sector
represents a major area of opportunity for Estonia. If successful, this option could have
significant positive impacts on the Estonian economy, whereby growth in exports of financial
services would contribute materially to the overall growth of exports and the overall economic
activity in Estonia. Examples of other countries where global exports of financial services
amount for a significant share of total exports highlight potential benefits associated with this
policy options. (One example is Switzerland, whose share of financial services exports
constituted 38% of total services exports in 2007.\(^3\)) However, this option also carries
potentially high costs (eg, depending on the scope of revisions to the tax code) and limited
probability of success.

Policy option 2: ‘Proactive—focused/niche’
Actively promote the most promising activities in the financial services sector with a particular
focus on exports and emphasis on attracting demand from regional markets (Nordic and the
CIS). This is a more limited version of Policy option 1. (One of the likely outcomes under
Policy option 1 is the development of a strong niche focus in segments that \textit{prove to be}
particularly successful). If successful, this option could have significant positive impacts on
the Estonian economy, although the precise nature and size of these benefits would depend
on the size of the target market (defined in terms of geographic focus and segments/
functions that are being targeted). For example, targeting Nordic and the CIS countries—
which might be an optimal approach, given Estonia’s current position—would, all else equal,
deliver more limited benefits than a policy option aimed at all European or global markets.
Experience of successful niche centres (eg, Jersey) confirms that the financial services
sector has the potential to become a major contributor to the economic growth. Overall, since
the policies can be more targeted, this option might be easier to implement than Policy option
1. (This has been the option adopted by most successful small financial centres).

\(^2\) It should be noted that the Tallinn Stock Exchange is part of the international Nasdaq OMX Group, one of the largest
exchange groups in the world.

\(^3\) OECD website, international trade statistics.
Policy option 3: ‘Defensive’
Introduce incentives to make it less attractive for financial institutions to shift abroad the functions of the value chain in the provision of financial services for the Estonian domestic market. This policy has some overlap with the proactive policies proposed under Policy options 1 and 2, but is more focused on the domestic market. In terms of its economic impact, this option is focused on maintaining the status quo in relation to exports of financial services. It is cheaper to implement than the above ‘proactive’ options, although it offers only limited gains. This option may be the most critical from a short-term perspective.

Policy option 4: ‘Neutral’
Target efforts at creating favourable economic and political conditions (eg, overall stability) more generally, without an explicit focus on the financial services sector. This involves potentially more limited changes and required investment (specific to the financial services sector), with policies and benefits considered more broadly beyond the financial services sector. In other words, take a less proactive stance without an explicit policy for the financial services sector, and be more reactive to the developments in the economy more generally. This policy option is likely to result in a level of growth of exports of financial services that is broadly in line with that observed for Estonia’s CEE peers, with a potential to outperform or underperform peers depending on specific circumstances. This option is most in line with the current policies pursued by the Estonian government.

Based on the overall evidence and analysis carried out as part of this study, and if the intention is to adopt a proactive policy, Policy option 2 looks the most attractive for Estonia. However, the decision ultimately lies with the government and other stakeholders, and needs to take into account the overall policy objectives.

Importantly, in order to develop these policy options and improve the probability of greater exports of financial services, it is important to adopt a targeted strategy aimed at improving specific aspects of the financial services industry and economy that are valued by firms when they are choosing where to locate. Although some policies may be relatively low-cost, a longer-term policy would require significant commitment by the government and other stakeholders.

The primary areas of policy focus could be defined as follows.

– Regional and international policies.
– Economic and political stability and attractiveness.
– Tax and regulatory regimes.
– Development of human capital.
– Technical capabilities (including financial services infrastructure).
– European community and other international platforms.
– General business attractiveness.

The choice of specific policies is conditional on the choice of particular policy option, and requires more detailed consideration of the costs and benefits. Nevertheless, a number of suggestions of specific policies across different policy areas are provided in the report. Notably, some of the policies could be implemented within a relatively short timescale and are comparatively low-cost. Also, the benefits associated with some of these policies (eg, promotion of Estonia) would directly benefit other sectors of the economy.

Examples of relevant policies include the following (a more detailed list of policies is provided in section 5 of the main report).

International awareness of Estonia can be increased through targeted promotional campaigns focusing on the capabilities and strengths of Estonia’s financial services sector and the country more general. Estonia may also be able to improve its standing through
high-profile participation in financial services conferences. More indirectly, existing relationships with regional stakeholders (particularly large financial services firms) in Estonia’s financial industry could be used to reach out to prospective investors and financial services firms in these countries.

A coordinating body could be established (involving financial regulators, government and industry representatives) to promote cooperation between financial services stakeholders in Estonia and their peers in Nordic (and broader EU), CEE and CIS countries. This could provide an opportunity to market Estonia more effectively, and serve as a forum to engage with foreign investors and institutions (on issues such as taxation and regulation), and better respond to their needs.

The level of skilled labour could, in the short term, be boosted by subsidising relevant academic and vocational courses and qualifications (eg, chartered financial analyst, CFA), which are of a relatively short duration. In the longer term, government grants could be provided to support the development of relevant full-time university degrees (eg, MSc Finance) and vocational programmes in Estonia. Similarly, it would be beneficial to create centres for (finance) excellence at universities, which could potentially be co-funded by financial services firms.

In relation to the attractiveness of the tax regime, it could be beneficial, as a starting point, to undertake a detailed comparison of the competitiveness of Estonia’s tax system from the perspective of financial services firms relative to its Nordic and CEE peers. Furthermore, a number of specific tax and regulation issues raised during the interviews for this study (eg, lack of double taxation treaties with some countries) could be addressed within the short term. It would also be beneficial to set up systems and bodies to ensure better coordination between Estonia and the financial supervisory authorities in other countries, particularly in relation to the implementation of EU laws.

There is also a range of policies which could enhance the actual or perceived business attractiveness of a country. For example, improvement of the transport links between main European locations and Tallinn would have an immediate impact on the business environment and on the perception of the business environment.

1.5 Suggestions and illustrations of specific policies across different policy areas

The choice of specific policies is conditional on the choice of particular policy option, and requires more detailed consideration of the costs and benefits. Nevertheless, a number of suggestions are provided below, together with illustrations of specific policies across different policy areas that could be adopted to achieve the set policy objectives.

Generally, distinction is made between policies that could be implemented in the short run and in the medium-run respectively. Also, while some of these policies are relatively costly, others can be effectively implemented with comparatively low cost. Moreover, it should be noted that some of the policies outlined here (eg, advertising campaigns promoting Estonia) would directly benefit other sectors of the economy.

General awareness, information and perception of Estonia and regional and international policies

To develop Estonia’s financial services sector, and enhance opportunities for exports, efforts could be geared towards improving the general awareness of, and information about, Estonia’s strengths and the opportunities it offers to investors. In particular, policies could be
targeted towards improving the perception of Estonia’s financial services industry and enhancing cooperation between Estonian financial service institutions and institutions and investors in the relevant markets.

**Short-term options**

In the short term, the priorities could include policies aimed at marketing Estonia’s financial services industry and promoting cooperation between Estonia and the regions which can offer a source of demand for Estonia’s financial services exports. The policies falling into this category can generally be undertaken with relatively low monetary cost. Examples of these policies include the following.

– A coordinating body could be established to promote cooperation between Nordic (and broader EU), CEE and CIS financial institutions and investors and the Estonian financial services stakeholders. This would provide an opportunity to market Estonia more effectively, and serve as a forum to engage with foreign investors and institutions on such issues as taxation and regulation, and to respond to their needs.

– Raise awareness of Estonia through focused promotional campaigns. For example, marketing campaigns could be launched which focus on the capabilities and strengths of Estonia’s financial services industry. Advertising and promotional campaigns could, in the first instance, be focused in the relevant regions.

– Existing relationships with regional stakeholders in Estonia’s financial services sector could be used systematically to reach out to prospective investors and financial institutions. For example, the relationship with Nordic banks could be used to improve awareness and perceptions of Estonia.

– It would be beneficial to organise financial services conferences in Estonia which would provide an opportunity to promote the financial service industry, and increase general awareness of Estonia. Such events would also help to foster co-operation between specialists in Estonia and more sophisticated financial centres.

**Medium-term options**

In the medium term, efforts could focus on systematising the short-term options outlined above and expanding their outreach. So, for example, most of the short-term options may be focused on promoting cooperation with, and general awareness among, investors, while in the medium-term these efforts might be focused on highlighting very specific strengths in the niche segments that Estonia would target (if this is chosen as a proactive policy option).

**Economic and political stability and attractiveness**

The economic and political stability of a jurisdiction is important in attracting foreign capital in the first instance, and then in sustaining investor interest. Even if not tailored towards enhancing the attractiveness of the Estonian financial industry, Estonian policy-makers are likely to regard stability as a general policy objective and adopt strategies to maintain stability. In terms of economic stability, specific short- and medium-term policies therefore include generally sound overall monetary and fiscal policy, maintaining sound regulation of the financial services sector, adoption of Euro (assuming conditions are right). In terms of political stability, particularly relevant are policies aimed at improving the relationship with neighbours.

**Tax and regulatory regimes**

As already discussed, the tax and regulatory regimes are important factors which influence the competitiveness of the region. Policies geared towards enhancing the attractiveness of the tax and regulatory regimes need to be implemented in the context of the overall strategy of the government, and some options may appear more or less feasible, given EU fiscal and regulatory constraints.
**Short-term options**
In the short term, the priorities could include policies aimed at meeting financial services firms’ needs and benchmarking competitiveness relative to alternative locations and target markets. Examples of such policies include the following.

- Undertaking a detailed comparison of the competitiveness of Estonia’s tax system relative to its Nordic and CEE peers, focusing on an assessment of attractiveness from the perspective of financial services firms.

- In interviews carried out as part of this study, specific issues have been identified that may warrant consideration, such as the appropriate VAT rate for the investment fund industry; the effective rate of capital gains tax on private persons. Also, Estonia currently lacks double-taxation treaties with some countries, particularly in the CIS region, which could hamper the growth of financial services exports.

- There are also a number of regulatory regime changes which could be considered.

- Interview respondents expressed concern about certain elements of the regulatory regime. Specifically, it may be relevant to undertake an update of the non-UCITS fund law which is perceived by some market participants as outdated.

- Further to the policy options regarding regional and international cooperation, it may be a policy option to set up systems and/or bodies (involving regulators and legislators, as well as industry players) to ensure better coordination between Estonia and the financial supervisory authorities in other countries, particularly in relation to the implementation of EU laws.

- In order to better understand and meet the needs of international financial services firms, one policy option is to set up meetings between the Estonia FSA and the Estonian tax authorities and local and international firms. This would permit the regulator and state bodies to assess the perceived inadequacies of the taxation and regulation regimes, and would provide a forum to discuss proposed reforms. Many of these reforms could be achieved with a limited amount of monetary cost.

**Medium-term options**
There are also a number of specific policies that could be implemented in the medium-term. For example, some of the tax and regulatory changes suggested above could be realistically implemented only in the medium term. Also, depending on which of the niche markets (if such a policy option is adopted) become increasingly successful, more targeted changes aimed at further improving the attractiveness of activities in given segments and functions could be particularly beneficial.

**Development of human capital**
The availability of skilled human capital is a critical factor in the development of the financial services industry. Broadly, two elements of skills are relevant: education and experience. The availability of an experienced Estonian financial services workforce is likely to take time, and will happen naturally as the industry gains maturity. Enhancing the levels of workers with relevant finance and business administration degrees is also likely to take time, although some short-term policy options could be considered.

**Short-term options**
In the short term, the priorities could include policies aimed at boosting the supply of skilled financial services workers. Examples of such policies include the following.
– It is possible to boost the educational levels of financial services workers by subsidising relevant academic/vocational courses and qualifications such as CFA, which are of a relatively short duration.

– It may also be beneficial to fast-track the entry of financial services workers by relaxing immigration requirements.

– Hiring of a very senior recently retired executives (eg, from the UK) in the financial services sector to take up an advisory role for limited contracts could be considered.

**Medium-term option**

There are also a number of specific policies that could be implemented in the medium term. Notably, implementation of these policies should involve different stakeholders (government, universities, and financial services firms), which would allow to utilise the expertise of various involved parties, and also to share monetary costs associated with the implementation of these policies. Examples include the following.

– Government grants to support the development of relevant full-time university degrees (eg, MSc Finance) and vocational programmes. These could also be co-funded by financial institutions.

– Collaboration among universities and between universities and private sector to develop relevant programmes. This may also be of relevance in developing short-term courses to support and enhance the continuous professional development of financial services workers.

– It may be beneficial to create centres for (finance) excellence at universities, which could potentially be co-funded by financial services firms. Also, if, once qualified, financial services workers were to retain links with these centres of excellence, this may allow for a potential source of funding via private grants and a route for students to gain practical experience via interaction with former students leading to internships.

**Technical capabilities (including infrastructure)**

The technical capabilities and the infrastructure which supports the financial services sector are important aspects of the attractiveness of a given location. If Estonia is to develop as a regional specialist financial centre in private banking or core asset management, for example, it may also be that specialist ancillary infrastructure will be required to support the development of these specialist financial services segments and parts of the value chain.

Although the development of financial infrastructure and technical capabilities is likely to be led by the industry, specific policy initiatives may be required to support the development of this infrastructure and capabilities. For example, government and/or the financial services regulator may need to facilitate the necessary investment through direct intervention in the market (eg, in instances when investment in an important infrastructure which would be beneficial to industry is not undertaken due to the lack of coordination between market players).

**European community and other international platforms**

Estonia can improve its standing as a regional financial centre by engaging more closely with European financial industry bodies. This is relevant for Estonian industry bodies and regulators that could, for example, benefit from being able to promote Estonian interests, and gain reputational benefits from being involved in the supra-national industry platforms. The policies falling into this category can generally be undertaken with relatively low monetary cost, although it would require a non-negligible time commitment from senior executives at the relevant institutions in Estonia.
**Short-term options**
In the short term, the priorities would include policies aiming at participating in regional European platforms, especially for those financial services segments where Estonia may have an opportunity to develop a strong competitive position internationally. Participation in platforms which are established in the EU as a first instance may be helpful in enhancing the existing and developing new relationships. Estonian regulators and policy-makers could also participate in the European Commission’s financial regulatory associations in order to better benchmark its own regulatory framework against developments in the wider industry and best practice.

**Medium-term options**
For the medium term, Estonia could seek to make participation in the international forums more systematic, and to host a financial platform in Estonia.

**General business attractiveness**
There are a multitude of policies which enhance the actual or perceived business attractiveness of a country. Some policies that could be adopted are outlined below, although, as such, these policies are already likely to form part of the overall government policy (not specifically related to the financial services sector).

Improvement of the transport links between main European locations and Tallinn will have an immediate impact on the business environment and on the perception of the business environment. Also, the launch of advertising and marketing campaigns which focus on promoting Estonia could enhance the perceived attractiveness of the country.
A1 Interviews and workshops

A1.1 Interviews with industry participants

The analysis in this report has been substantiated by interviews with senior executives from the Estonian financial services sector and international financial institutions. The interviews have informed the analysis and provided a check to ensure that the conclusions drawn are robust. The key objective of the interviews was to obtain qualitative insights into the latest trends financial markets in Estonia and globally (particularly in relation to the export of services), factors that determine the attractiveness of locations and Estonia’s standing on those factors, and the potential developments going forward.

The interview participants are listed in Table A1.1. In some cases more than one interview was carried out with people from the same organisation. The table also reports segments where interviewees are active.

**Table A1.1 Interview list**

<table>
<thead>
<tr>
<th>Country</th>
<th>Institution</th>
<th>Segment of activity (interviewees)</th>
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<tbody>
<tr>
<td><strong>Interviews in Estonia</strong></td>
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<td>Estonia</td>
<td>Avaron</td>
<td>Asset management</td>
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<td>Estonia</td>
<td>KFP</td>
<td>IT solutions</td>
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<td>Estonia</td>
<td>FSA</td>
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<td>Estonia</td>
<td>Nordea</td>
<td>Private banking</td>
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<td>Estonia</td>
<td>SEB</td>
<td>Asset management, Private banking, Corporate finance</td>
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<td>Estonia</td>
<td>Swedbank</td>
<td>Private banking</td>
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<tr>
<td><strong>International interviews</strong></td>
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<tr>
<td>Belgium</td>
<td>Fortis</td>
<td>Investment banking, Asset management</td>
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<tr>
<td>Sweden</td>
<td>SEB</td>
<td>Wealth management</td>
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<td>UK</td>
<td>AXA Investment Managers</td>
<td>Asset management</td>
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<td>UK</td>
<td>BGI</td>
<td>Asset management</td>
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Source: Oxera.

A1.2 Workshops

Oxera carried out two workshops in Estonia as part of this project, with the objective of engaging with the stakeholders in the Estonian financial services industry, including senior business executives and policy-makers, by discussing strategic business opportunities and future growth of the sector.

The first workshop was held soon after the start of the project in order to gather the views of senior decision-makers regarding business opportunities and areas for development, as well as an insight into challenges facing participants in the Estonian financial industry. The second workshop was held following the finalisation of the draft report in order to discuss
observations from Oxera’s analysis and offer an opportunity to executives in the Estonian financial services industry, as well as government representatives and other stakeholders, to express their opinions and comment on the emerging conclusions.

**Workshop 1**
The agenda for the first workshop held in Estonia on May 18th 2009 was as follows.

- Session 1: Presentation from Oxera on the objectives of the project following by an initial questions and answers session on project scope and objectives.
- Session 2: Presentation from Oxera on the implications of the financial crisis on the financial services industry in Europe.
- Session 3: Discussion sessions—servicing local demand; and the export of financial services.
- Session 4: Presentation of findings by participants.

**Workshop 2**
The agenda for the second workshop held in Estonia on August 3rd 2009 was as follows.

- Session 1: Oxera presentation of the findings in the report.
- Session 2: Question and answer session on general findings and analysis conducted by Oxera.
- Session 3: Policy implications: discussions in groups, following a short introduction from Oxera.
- Session 4: Policy recommendations: conclusions from the discussion in the sub-groups and plenary session.
Figure A2.1 shows a stylised value chain in asset management, for illustrative purposes.

**Figure A2.1 Example of a generic asset management value chain**

Source: Oxera.