



Cabinet of Ministers
Republic of Latvia

Latvian Financial Sector Update

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Sandis Ģirģens
Minister for the Interior

Message from the Minister for the Interior

My main priority is to ensure that Latvian law enforcement has all the tools it needs to prosecute money laundering and enforce the probity of our financial sector. Since 2016, the State Police of Latvia have strengthened their capacity to investigate financial crime.

The State Police has just developed new guidelines for all law enforcement agencies to improve their ability to tackle financial crime. These guidelines are being improved and updated constantly, particularly as the Government's legislation to overhaul financial sector regulation makes its way through Parliament.

Today I am pleased to say that the facts show that Latvia's institutions have achieved convincing results. In the first five months of 2019, EUR 93.5 million of assets have been frozen to prevent money laundering, 3.5 times more than in the same period in 2018, and nearly as much as in the whole of 2018. We will continue to build on this success to ensure that Latvia enforces the highest standards in our financial sector.

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Financial Sector Transformation

Latvian Parliament progresses with amendments to strengthen financial sector regulation

Latvian Parliament (Saeima) is ready to adopt a legislative package to strengthen financial sector regulation next week, including amendments to the laws governing anti-money laundering and counter terrorism financing, the Financial and Capital Market Commission, and the regulation of credit institutions. The bills are the centerpiece of the financial sector regulation overhaul announced by Prime Minister Krišjānis Kariņš.

On 30 May, Saeima passed the first reading of urgent legislative changes to sanctions law. These changes would expedite the implementation of Moneyval's recommendations, helping to strengthen the Latvian financial sector. The amendments will allow for the application of UN-imposed financial and civil sanctions within 48 hours of their adoption. The amendments will also allow the Cabinet of Ministers to establish a Sanctions Coordination Council to ensure swift and unified enforcement of sanctions. The amendments should be adopted in June.

US Treasury expresses strong support for Prime Minister's financial sector regulation overhaul

On 16 May, Prime Minister Mr. Krišjānis Kariņš met with Mr. Marshall Billingslea, the Assistant Secretary for Terrorist Financing in the US Department of the Treasury. During the meeting, Mr. Kariņš and Mr. Billingslea discussed Latvia's progress and the envisaged measures in the field of the prevention of money laundering and terrorism financing, including the introduction of the Moneyval's recommendations.

Prime Minister stressed that the Latvian government has committed itself to creating a stable and sustainable financial sector and will continue its work on improving the financial sector. Mr. Billingslea acknowledged that the prime minister's information on efforts to align the Latvian financial sector is a positive signal, and the US is ready to give Latvia support in carrying out these reforms.

[Learn more](#)

Moody's affirms Latvia's credit rating

On 31 May, the credit rating agency Moody's Investors Service reaffirmed its 'A3' long-term foreign currency sovereign credit rating on the Republic of Latvia with a stable outlook.

Moody's cited Latvia's continued strong growth performance and the Latvian government's low and declining levels of debt as key reasons for keeping the stable rating.

Moody's Investors Service expects that Latvia's fiscal strength will be maintained and that the Latvian government will continue to reduce banking sector risks related to money laundering and the financing of terrorism.

[Learn more](#)

DBRS changes trends on Latvia's ratings to Positive

On 24 May, DBRS Ratings Limited confirmed Latvia's Long-Term Foreign and Local Currency – Issuer Ratings at A (low). At the same time, DBRS confirmed the Republic of Latvia's Short-Term Foreign and Local Currency – Issuer Ratings at R-1 (low). The trends on all ratings have been changed to Positive.

The Positive trend reflects DBRS's view that Latvia's credit fundamentals appear to be improving. The liquidation of ABLV Bank AS last year and the significant decrease in non-resident deposits (NRDs) in the financial system have not affected financial stability, or Latvia's economic or fiscal performance. Furthermore, comprehensive tax reform has addressed some of Latvia's structural challenges by making personal income taxation more progressive and improving corporate sector competitiveness.

[Learn more](#)

Minister of Justice encourages the establishment of an economic affairs court in Latvia

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AML Risk Management & Compliance

FIU Latvia international conference on combatting proliferation financing

On 27 – 28 May, the Financial Intelligence Unit of Latvia (FIU Latvia) in cooperation with the Ministry of Foreign Affairs, organized an international conference on combatting the financing of proliferation, called "How to improve effectiveness in IO.11?". Financial Action Task Force (FATF), Immediate Outcome 11 is designed to ensure financial sanctions to prevent proliferation are adequately enforced. The goal of the conference was to improve international understanding of this issue and to highlight the expertise of the representatives present.

The conference brought together high-level experts from different countries to discuss the challenges of combating proliferation financing. The experts shared their experiences of targeted financial sanctions regarding proliferation financing – regulatory framework and compliance with international standards, effective enforcement and monitoring, as well as the importance of public-private cooperation. It was clearly concluded that only through cooperation between countries and institutions results can be achieved and the possibility of weapons of mass destruction reaching fragile countries, terrorists or the black market can be reduced.

The conference was attended by nearly 100 experts from 30 countries. Given the level of interest, this conference will be organized in Riga every year.

FIU Latvia publishes two risk assessment reports

In May, the Financial Intelligence Unit of Latvia (FIU Latvia) published two risk assessment reports:

"Virtual currencies – risks of money laundering and financing of terrorism" – this report provides insight, as well as practical advice on approach to be applied to clients engaged in transactions related to the use of virtual currencies. [Read the report.](#)

"National Terrorist Financing and Proliferation Financing Risk Report for years 2017-2018" – this report provides an informative summary and analysis of Latvia's terrorist financing (TF) and proliferation (PF) threats, vulnerabilities and the resulting risks. It includes changes made to Latvian laws and regulations, as well as actions taken to mitigate TF and PF risks in Latvia during 2017-2018. The report will soon be available in English.

Financial Sector Development

Latvia's tax revenue 3.7% above target in four months

During the first four months of 2019, the State Revenue Service collected EUR 2.978 billion in taxes, beating the four-month tax revenue target by EUR 105.984 million, or 3.7%.

Revenues grew by EUR 108.007 million or 3.8 percent, compared to the first four months of 2018.

[Learn more](#)

Finance Latvia Joins the Principles for Responsible Banking

Finance Latvia has subscribed to the United Nations Environment Programme – Finance Initiative’s (UNEP FI) Principles for Responsible Banking.

The Principles for Responsible Banking provide the much-needed framework for the sustainable finance system of the future – and enable the finance industry to demonstrate how it makes a positive contribution to society.

The Association will promote the Principles of Responsible Banking within its network and will be active in public consultations. Finance Latvia also intends to establish an Expert Group to advance the work on Sustainable Finance agenda.

[Learn more](#)

Nordic-Baltic Industry Event: “Various Facets of Data Economy

On 12 June, Finance Latvia Association and Microsoft Baltics in partnership with Finance Norway, EY Norway, the Norwegian Chamber of Commerce in Latvia and Magnetic Latvia is organizing Nordic-Baltic Industry Event in Oslo: “Various Facets of Data Economy - Private and Public Sector Approaches to Information Sharing, Decision Making and Execution in the new Open Data, AI and RPA world”.

The goal of the event is to foster an action-focused dialogue on the various facets of data economy and the latest thinking on private and public sector approaches to information sharing, decision making and execution in the new open data, artificial intelligence (AI) and robotic process automation (RPA) world.

[Learn more](#)

Latvia’s First Pension Plan for Investment in Sustainable Businesses

Citadele Bank’s subsidiary, CBL Asset Management, has created Latvia’s first pension plan whose pension savings are invested in businesses which are the most sustainable in their respective industries. CBL Asset Management’s experts make investment decisions based not only the financial results of this business, but also its environmental, social and corporate governance, or sustainability aspects.

[Learn more](#)

Contributing Institutions



Cabinet of Ministers
Republic of Latvia



State Chancellery
Republic of Latvia



Ministry of Finance
Republic of Latvia



Ministry of
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Ministry of the Interior
Republic of Latvia



Register of Enterprises
Republic of Latvia



Office for Prevention of
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