



Cabinet of Ministers
Republic of Latvia

Latvian Financial Sector Update

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Guna Paidere
Chief State Notary

Message from the Chief State Notary of the Register of Enterprises

Business transparency remains the absolute priority of the Register of Enterprises: this goal can only be achieved by ensuring adequate, up-to-date and correct information on the beneficial owners of companies and financial assets. To this end, it is important we welcome active cooperation from entrepreneurs and business owners, finding solutions which prioritise the security of the business environment, yet maintain much-needed procedural efficiency.

We continue to work toward our goal of expunging the remaining 4% of non-compliant companies from the register – thus ensuring there are no companies based in Latvia which fail to disclose their beneficial owners. On 29 June, amendments to Law on the Prevention of Money Laundering and Terrorism Financing were adopted, strengthening public-private cooperation and obligating businesses to maintain the active upkeep of their beneficial owners' information.

The Register of Enterprises is verifying all submitted information, and will continue to work with Latvian businesses to ensure the highest international standards of disclosure are met.

In this respect, free access to beneficial owner information remains especially important; we welcome the Latvian Government's decision to provide information from the Register of Enterprises free of charge, commencing in 2020.

In This Issue

- Prime Minister Krišjānis Kariņš visits US to meet with US presidential administration and Congress
- Cabinet of Ministers adopts regulations to comply with FATF standards and Moneyval recommendations
- FCMC publishes its annual report for 2018
- Cabinet of Ministers approves new arrangements for selection of FCMC administration
- FCMC fines Rigensis Bank AS 1 million euros
- FIU Latvia participates in Egmont Group's plenary session

Financial Sector Transformation Prime Minister's Visit to the United States

From 8 to 15 July, the Prime Minister Krišjānis Kariņš engaged in his first working visit to the United States, in his capacity as Prime Minister.

During the visit, Mr. Kariņš met with representatives of the US presidential administration and Congress to address issues regarding bilateral cooperation and transatlantic security; investment opportunities in the Latvian economy; and the international fight against money laundering and terrorism financing.

At the conclusion of the working visit, Mr. Kariņš noted that the positive assessments of Latvia's reform programme: specifically, representatives of the US presidential administration and Congress welcomed Latvia's progress, in strengthening both its national defence capabilities and its business and investment environments.

[Learn more](#)

Cabinet of Ministers adopts regulations to comply with FATF standards and Moneyval recommendations

On 9 July, the Cabinet of Ministers adopted two new regulations to ensure full compliance with FATF standards and Moneyval recommendations: the "Procedures for the Proposal and Enforcement of International and National Sanctions" legislation, and the "Statute of Sanctions Coordination Council" legislation. These regulations establish, among other benefits:

- asset freezing procedures for all persons (without delay and without prior notice)
- a clear evidentiary standard and procedure for designation proposals, including upon the request of foreign parties
- de-listing and exemption procedures

The regulations also establish a Sanctions Coordination Council, chaired by the Ministry of Foreign Affairs with the participation of more than 20 other institutions involved in the application of sanctions. The Council will also feature members of civil bodies, including the Finance Latvia Association, the Employers' Confederation of Latvia, and the Latvian Chamber of Commerce and Industry.

FCMC publishes its annual report for 2018

On 1 July, Latvia's Financial and Capital Market Commission (FCMC) published its annual report for 2018, detailing its regulatory activities, as well as the performance of the market participants currently under surveillance.

Commercial banks still represent the largest segment of Latvia's financial and capital markets, in terms of assets. However, under the strict risk mitigation procedures implemented by the FCMC in 2016, the Latvian banking sector continued to narrow in 2018. Indeed, commercial banks represented 79% of financial sector assets in 2018, dropping from 84% a year earlier.

In the change management process, the most important task remained for lending and financial institutions to abandon potentially high-risk foreign financial assets, deposited in Latvian accounts.

In 2015, the share of foreign deposits was 54%. By the end of 2017 and 2018, this had fallen to 39% and 20%, respectively. In addition, Latvian authorities reduced the sector's exposure to CIS customers to 5-6%, through the extensive auditing of high-risk customer bases. In the same three-year period, US dollar transactions also declined more than 26 times.

The volume of domestic deposits has steadily increased – offsetting the decline in foreign deposits, and bolstering financial stability across the sector. At the end of 2018, the loan portfolio was valued at some 13 billion euros.

Changes in the Financial and Capital Market Commission

On 4 July, Pēters Putniņš, Chairman of the Financial and Capital Market Commission (FCMC), and Gunta Razāne, Deputy Chairwoman of the FCMC, submitted their resignation to the Saeima (the Parliament).

The FCMC will continue working in accordance with its priority objectives: to promote the protection of interests of investors, depositors and insured persons; to promote the development and stability of the financial and capital market; and to ensure the prevention of money laundering and terrorism and proliferation financing.

“Successful operation of the FCMC is currently particularly important, taking into account the necessity to introduce Moneyval recommendations in order to strengthen the prevention system for money laundering and terrorism and proliferation financing,” emphasised Jānis Reirs, the Minister for Finance. “I will invite the interim chairperson of the FCMC to ensure this remains a priority.”

On 8 July, Saeima’s Budget and Finance Committee appointed Kristīne Černaja-Mežmale, the head of the FCMC’s Monetary Finance Institutions Operations Analysis Office, as the temporary head of the Commission.

[Learn more](#)

New arrangements for the selection of candidates for the post of Chairman of the Financial and Capital Market Commission’s Council

On 9 July, the Cabinet of Ministers approved draft legislation relating to the selection of candidates for the post of Chairman of the Financial and Capital Market Commission’s (FCMC). The selection will be carried out by the Commission under the leadership of Jānis Citskovskis, Director of the State Chancellery.

The head of the FCMC will be selected through a three-round open competition, which the State Chancellery launched on 12 July. Applicants are encouraged to apply here before 12 August.

[Learn more](#)

AML Risk Management & Compliance FCMC fines Rigensis Bank AS 1 million euros

On 9 July, the Board of the Financial and Capital Market Commission (FCMC) fined Rigensis Bank AS a total of EUR 1,028,850, following infringements of regulatory requirements regarding the prevention of money laundering and terrorism financing (AML/TF).

The FCMC also issued a warning to Renārs Degro, the member of the bank’s board responsible for the field of AML/TF. A number of legal obligations have been imposed on the bank, including a request to submit a plan of measures to address the identified irregularities and shortcomings to the FCMC. Other measures include requests for an independent assessment of the internal control system; and the completion of a customer base audit within the specified deadline.

[Learn more](#)

FIU Latvia participates in Egmont Group's 26th plenary session

From 1 to 5 July, Financial Intelligence Unit of Latvia took part in the 26th plenary session of the Egmont Group, in The Hague. The FIU participated in various working groups, including a regional meeting of the European Union Financial Intelligence Units.

The main agenda of the meetings was a "public-public partnership", which was widely debated at the closing plenary session, in which the experience and best practices of other countries were presented.

Additionally, during the plenary FIU Latvia presented the suggested project of ad hoc IFIT (International financial intelligence taskforce) development - voluntary effort bringing together no less than 25 countries to jointly analyse the financial intelligence both in strategic and tactical levels regarding the case of a particular credit institution.

In total, around 450 participants from over 100 different countries attended the meetings.

[Learn more](#)

FIU Latvia publishes ML/FT report of legal entities and NGOs

More recently, FIU Latvia published the "Risk Assessment Report of Legal and Non-Governmental Organizations on Money Laundering and Terrorist Financing for 2017 - 2018".

The goal of the report is to assess the threats, vulnerability and risk level of legal entities, including non-governmental organizations, as well as to analyse existing risks thereof.

The report summarises the changes made to Latvian laws and regulations in 2017 - 2018, as well as actions taken to mitigate money laundering and terrorism financing risks across respective sectors. The report will soon be available also in English.

Finance Latvia Association carries out an assessment of the shared KYC utility

As it continues to ensure adherence with global best compliance practices, the Finance Latvia Association has prepared a report on the possibilities of introducing a shared "know-your-customer" (KYC) utility in Latvia. The report provides detailed insight into possible models and their advantages.

[Learn more](#)

"Policies and Tools for Embedding Culture of Compliance" Workshop

On 23 August, the Finance Latvia Association - in cooperation with UK Finance - will hold a "Policies and Tools for Embedding Culture of Compliance" workshop. It will be led by Dr. Roger Miles - a behavioural risk academic who counsels the boards of public- and private-sector organisations on such issues.

The goal of the workshop is to inform and assist executives of financial sector institutions, in the design of policies to mitigate regulatory and conduct risks.

[Learn More and Register](#)

Financial Sector Development

Latvijas Banka publishes Macroeconomic Developments Report

With the global economic cycle becoming increasingly sluggish amid an uncertain economic environment, Latvia's gross domestic product (GDP) grew at a slower-than-expected rate in the first quarter of 2019.

Nevertheless, the impacts of external stresses are projected to be largely offset by promising domestic factors in 2019.

The data for the first quarter of 2019 points to consistently strong domestic demand, which – complimented by the ongoing development of sizeable capital projects – gives reason to anticipate further investment in the Latvian economy.

Latvijas Banka has revised its GDP growth forecast for 2019 downwards from 3.5% to 2.9%, leaving the forecast for 2020 unchanged at 3.1%. Latvijas Banka's inflation forecast has remained unchanged, i.e. 2.9% for 2019 and 2.5% for 2020.

[Learn more](#)

The value of instant payments reaches EUR 1 billion

5.1 million instant payments amounting to 1 billion euros have been processed via Latvia's instant payment infrastructure, developed and maintained by Latvijas Banka.

The historic EUR 1 billion milestone of instant payments was reached on 1 July, 2019.

[Learn more](#)

Contributing Institutions



Cabinet of Ministers
Republic of Latvia



State Chancellery
Republic of Latvia



Ministry of Finance
Republic of Latvia



Ministry of
Foreign Affairs
Republic of Latvia



Ministry of the Interior
Republic of Latvia



Register of Enterprises
Republic of Latvia



Office for Prevention of
Laundering of Proceeds
Derived from Criminal Activity



Financial and Capital
Market Commission



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