Anti-money laundering system in Latvia

What we have in place to deal with the challenges posed by a COVID-19 pandemic?

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Latvia - Compliance with highest international standards

AML IV and AML V Directive – fully implemented

The only Moneyval country which fully complies with FATF 40

Positive and tangible progress in all effectiveness indicators proven to FATF

Stand-alone ML is criminalised. AML is pursued as top priority.
Basic principles of operation in Latvia

No tolerance to financial crime identified

Transition to better risk management by ensuring sustainable banking business models

Opting out of unmanageable risks:

• on May 9, 2018 prohibition for the credit institutions and payment institutions to cooperate with shell arrangements came into force;

• outgoing transactions of foreign customers decreased by half and number of foreign deposits dropped from 39.7 % to 6.6. % from 2017. – 2019.
Latvia - comprehensive cooperation mechanisms

The FIU has and is actively using the Public-Private Partnership (PPP) model according to the JMLIT model for both operational and strategical issues.

Private – private information sharing between the banks is allowed and is actively used.

The UBOs register, compliant with the standards of FATF and EU is available on-line, free of charge to anyone.
Money laundering and hybrid threats: Has COVID-19 made it all worse?

• When the COVID-19 pandemic will be over, then... When it will be over?

• Investments more than welcome/needed!

• Potential impact in Latvia / other countries

• Is global financial system stability secured, in general?

Recent phenomenon of Wallstreetbets, BTC price increase, etc.
In response to the challenges - requirements consistent with the risk-based approach and available tools will make it possible to manage the risks. It’s important not to ignore them or fall in *de-risking*. 