Money laundering and hybrid threats caused by COVID-19
The ML risk profile affected by Covid-19 is based on the following assumptions:

- activity of «non-essential» businesses is limited and on-site client services are restricted, therefore online sales are increasing;
- support measures to reduce the negative impact on the Latvian economy are implemented, which may create new ML opportunities;
- impact on the financial and social behaviour due to the closure of businesses, unemployment, restructuring of governmental resources.

Although, AML measures during the global pandemic remain a high priority, Covid-19 is not doing any favours to any countries, including Latvia’s, capability to prevent and combat ML.

Both information available at a disposal of the FIU Latvia, and international organisations indicate tendency on specific ML risks arising due to the Covid-19.
Cybercrime

The precaution measures and limitation of physical movement of individuals increased the demand for on-line communication and purchases, significantly increasing cyber security risks for users.

- a rise in phishing emails and text messages containing links to malicious websites, attachments to obtain personal payment information, and social engineering has been observed;
- a specific form of cyber-frauds reported consist in impersonating public authorities who provide social aid to fraudulently obtain funds or personal information;*
- business e-mail compromise scams – cyber-criminals are exploiting weaknesses in businesses’ network security to gain access to customer contact and transaction information, to later request fake payment for goods.

*A particular typology involves fake e-mails on behalf of the World Health Organization (also received in Latvia).
Other predicate offences

Based on the ML risks identified by the FIU Latvia and international organisations in the context with Covid-19, predicate offences are identified more frequently than stand alone ML cases.

Some of the most common predicate offences are as follows:

**Fraud:**
- fraud with medical equipment;
- fraud related to economic relief measures;
- fraud/embezzlement related to public procurement contract;
- intentionally driving legal persons to insolvency.

**Corruption:**
- corruption relates to the ease of the public procurement procedures to ensure the swift delivery of highly demanded medical supplies.

**Medicrime:**
- the pandemic has led to a significant demand for medical equipment and supplies which in turn resulted in overpricing and low-quality goods;
Attracting investment vs protecting financial system: an example

The duality of the establishment of «green corridor» with Belarusian companies:

› great pressure from society, government and desire to be a preferred country for business purposes;

› duty to protect the financial system.

The challenge of being competitive

Formation of somewhat competitive disadvantage in economy not only in international or EU level, but also in regional level, affecting cooperation between some countries:

› countries are caught between a wide range of AML/CFT/CFP requirements and performed assessments by various international institutions, which are not homogeneous;

› Covid-19 crisis management methods differs significantly in every country.
Thank you for your attention!