

## Self-assessment of Latvijas Banka as the SEPA Product User

Latvijas Banka is the central bank of the Republic of Latvia pursuant to the Law of the Republic of Latvia "On the Bank of Latvia".

The Board of Latvijas Banka approved the SEPA plan<sup>1</sup> of Latvijas Banka by its Resolution No. 929/3 of 23 July 2009 and passed a decision whereby Latvijas Banka as the SEPA product user has committed *to send and receive SEPA credit transfers as of 12 November 2010, ensuring complete implementation of SEPA credit transfers by the euro changeover day.*

The SEPA plan of Latvijas Banka stipulates that the following credit transfers in euro will be replaced by SEPA credit transfers: the Bank of Latvia commercial payments for goods and services received and payments executed by the employees of Latvijas Banka. Latvijas Banka will also ensure the receipt of SEPA compliant payments (such as, payments for the sold collector coins, the European Commission payments).

Latvijas Banka will use its internal resources (i.e. information systems and human resources) for sending and receiving the above SEPA credit transfers. Latvijas Banka will not use the services provided by other payment service providers due to the fact that Latvijas Banka will also be the SEPA product provider at the same time and will use the Electronic Clearing System of Latvijas Banka, the EKS, for sending and receiving SEPA credit transfers in the bank-to-bank domain. At the same time, Latvijas Banka will also be the provider of SEPA credit transfer infrastructure – the EKS.

Answers to the self-assessment questionnaire are provided with respect to the situation as at 12 November 2010, once Latvijas Banka ensures functionality of the EKS as a SEPA compliant infrastructure.

Banks and the future payment institutions play a crucial role in the SEPA process. Not only do they contribute to the policy-setting process, they are providers of the resulting SEPA payment instruments too. Since they expect other users to adopt SEPA payment instruments, the Eurosystem also expects<sup>2</sup> them to lead by example in order to be consistent. Therefore, banks should:

1. include a reference to the SEPA criteria of the European Payments Council (EPC) and the Eurosystem's expectations in the text of their invitations to tender for payment processing?

Yes       No

Comments:

Not applicable. Latvijas Banka will not outsource payment processing due to the fact that Latvijas Banka as the SEPA product user will use its internal resources for processing SEPA credit transfers, i.e. Latvijas Banka will also be the SEPA product provider at the same time and comply with the EPC and the Eurosystem's SEPA expectations for providers.

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<sup>1</sup> [http://www.bank.lv/images/img\\_lb/mns/latvian/sepa/Bank\\_of\\_Latvia\\_SEPA\\_plan.pdf](http://www.bank.lv/images/img_lb/mns/latvian/sepa/Bank_of_Latvia_SEPA_plan.pdf)

<sup>2</sup> *Eurosystem's SEPA expectations, 27 March 2009.*

<http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

2. use SEPA payment instruments (instead of legacy euro payment instruments ) and use a provider (i.e. for payments which are not "on-us" payments) which observes the EPC's and the Eurosystem's SEPA rules and expectations, and which does not necessarily need to be located within the same country, in order to:

Yes  No

Comments:

As of 12 November 2010, Latvijas Banka as the SEPA product user has committed to send and receive SEPA credit transfers. Latvijas Banka will not involve other product providers and will use its internal resources for sending and receiving SEPA credit transfers, i.e. Latvijas Banka shall also be the SEPA product provider at the same time and comply with the EPC and the Eurosystem's SEPA rules and expectations.

- a. pay their suppliers. If unavailable, the Eurosystem expects banks and payment institutions to actively request the necessary SEPA identifiers from their suppliers;

Yes  No

Comments:

Latvijas Banka will send SEPA credit transfers, using the SEPA account identifiers (IBAN and BIC) specified by suppliers.

- b. effect salary payments. The Eurosystem expects employees to provide their IBANs and BICs;

Yes  No

Comments:

Latvijas Banka will send SEPA credit transfers, using the SEPA account identifiers (IBAN and BIC) specified by the employees of Latvijas Banka.

3. use IBANs instead of account numbers, if the payments mentioned under 2.a and 2.b are effected in-house (i.e. "on-us payments").

Yes  No

Comments:

Not applicable. The payments mentioned under 2.a and 2.b cannot be in-house payments executed at Latvijas Banka as Latvijas Banka will send payments to its suppliers and those executed by employees of Latvijas Banka to the IBAN accounts with other banks.