

LATVIAN FINANCIAL SECTOR: MANAGING THE CHANGE

Pēters Putniņš, Chairman

Financial and Capital Market Commission Republic of Latvia

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2 FC BANKING SECTOR IN LATVIA 2018

Standard liquidity requirement 30%

FCMC sets enhanced

regulatory requirements for foreign deposits:

20-40% - liquidity requirement 40%

40-70% - liquidity requirement 50%

70% and more - 60%

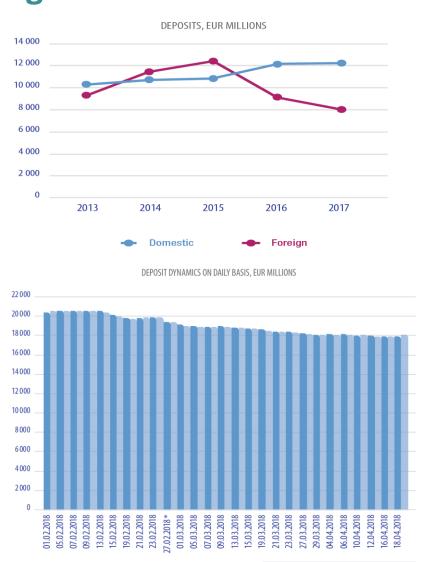
Foreign customer banks: 12 Domestic customer banks: 3 (Swedbank, SEB banka, Luminor)



CHALLENGE TO SUPERVISION: significant presence of foreign customers since 1990s

55% March 2015

31%Today



* ABLV Bank AS transfers 480 million euro for pay-out of quaranteed compensations

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2016: CHANGE IN SUPERVISION APPROACH – Enhanced AML Controls

19 employees

Setting up of Compliance
Control Department – April
2016

3 employees

Until 2016 – **Financial Integrity Division** as structural unit of FCMC
Supervision Department



FCMC sanctions/corrective measures applied to banks 2014 - 2017

2017

ABLV Bank

2016

Latvia's accession to the OECD 01.07.

+6 million euro investment in improvement of control systems (ABLV Bank)

+12.5 million euro should be invested in improvment of control system until 2020 (ABLV Bank)

2014
Joining the euro
area /sanctions
publications
started

Total: 70 000 euro fine on 1 bank; 2 warnings to banks.

2015
Before accession to the OECD

Total: 2.4 million euro fines on 4 banks; Fines on 4 bank's board members ~ 145 000 euro; 2 warnings to 1 bank.

Total: 5.96 million

euro fines on 4 banks;

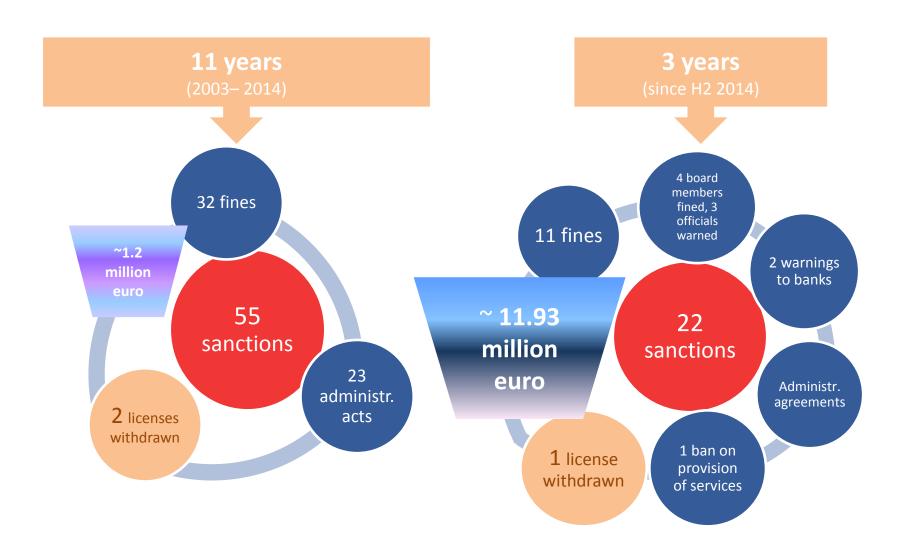
1 bank: restrictions and withdrawal of authorization;

1 bank: ban on provision of services in Latvia.

Total: 3.5 million euro fines on 5 banks (including in cooperation with FIB for circumventing sanctions on North Korea);

Public warnings issued to 3 bank officials

FCMC sanctions applied in AML/TF field since 2003





SESSION of Q&A



Pēters Putniņš, Chairman Financial and Capital Market Commission



Nora Dambure, Director Supervision Department, Member of Board



Gvido Romeiko, Director Legal and Licensing Department, Member of Board