

PROGRESS ON FINANCIAL CRIME PREVENTION IN 2020

ON-SITE INSPECTIONS IN THE FIELD OF AML/CFTP*

IN
2020

13 inspections

The level of risk decreased in the major segments: credit institutions and payment institutions.

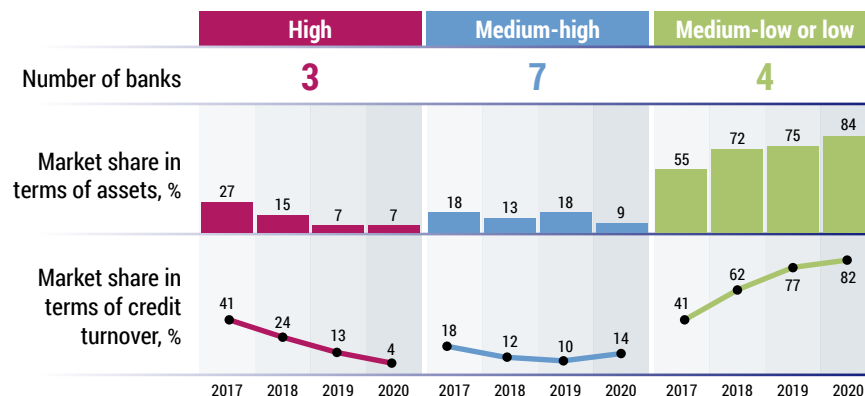
Inspections on compliance with requirements for non-face-to-face customer identification carried out in all banks.

FINES IMPOSED ON BANKS

17 fines of 18.7 million € (2016-2019)

3 fines of 2.03 million € (IN 2020)

RISK LEVEL IN BANKS



FCMC's MEASURES TO STRENGTHEN RISK-BASED APPROACH

Recommendations for the establishment of internal control system for ML/FTP and sanctions risks management and customer due diligence

Guidance on basic payment account

Guidance on actual beneficiary in associations

Dialogue with market participants opened

IT solutions for risk management improved

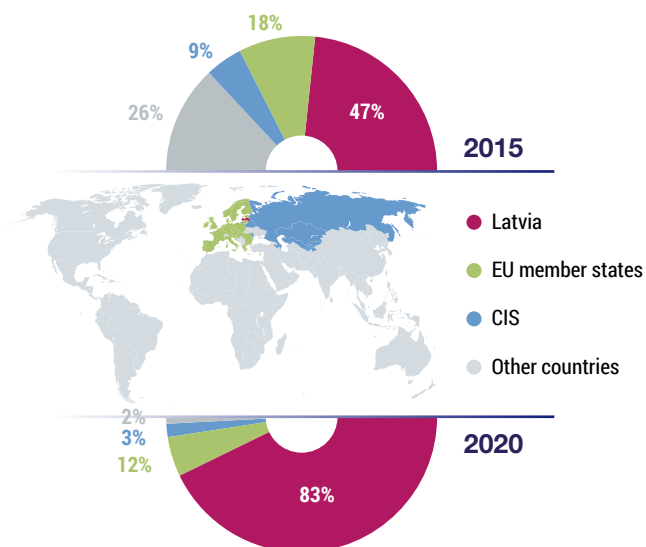
Approach to measuring banks' risk exposure improved

Financial sector risk assessment developed

Change in the approach to inspections, based on the assessment of 10 elements:

- ML/FTP risk assessment
- ML/FTP risk management strategy
- Compliance of structures, responsibility, staff and training
- Customer due diligence and transaction monitoring processes
- Detecting and reporting suspicious transactions to the Financial Intelligence Unit
- Compliance and adequacy of IT systems
- Effectiveness of internal audit
- Contacts with agents and services provided by third parties
- Process of whistleblowing
- Compliance and adequacy of internal laws and regulations

GEOGRAPHIC STRUCTURE OF LATVIA'S BANK DEPOSITS



FURTHER ACTION FRAMEWORK FOR FCMC

Reinforcing the quality of supervision:

- Changing inspection approaches and improving methodologies
- Improving staff skills and knowledge
- Effective use of IT tools
- Development of the Baltic & Nordic supervisory platform
- Exchange of experience with supervisors from other countries

Market participants' common understanding of the application of requirements:

- Development of regulatory framework
- Dialogue with market participants
- Public campaigns and guidance

*AML/CFTP – anti-money laundering and countering the financing of terrorism and proliferation