## Abbreviations used

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| DeFi | Decentralised finance |
| MoE | Ministry of Economics |
| EMI | Electronic money institutions |
| FCMC | Financial and Capital Market Commission |
| FLA | Fintech Latvia Association |
| MoF | Ministry of Finance |
| LB | Latvijas Banka (*Bank of Latvia*) |
| FLA | Finance Latvia Association |
| LFTA | Latvian Financial Technology Association |
| LIAA | Investment and Development Agency of Latvia |
| LMENA | Association of Latvian Payment and Electronic Money Service Providers |
| PI | Payment institutions |
| AML/CTPF | Anti-money laundering and combating terrorism and proliferation financing |
| CRPC | Consumer Rights Protection Centre |
| SFD | Settlement Finality Directive |
| Startin.LV | Latvian Startup Association |
| MEPRD | Ministry of Environmental Protection and Regional Development |

## Activity plan

Creating a supportive environment

| **No.** | **Task** | **Outcome indicator** | **Responsible institution** | **Co-responsible institution** | **Term** |
| --- | --- | --- | --- | --- | --- |
| 1 | Promote the development of crypto-assets and DeFi services. | An assessment of the need for a nation-wide regulation of crypto-assets is carried out before it enters into force. | MoF |  | 31 December 2022 |
| The EU's single framework for Markets in Crypto-assets (MiCA) is introduced. | MoF |  | 31 December 2023 |
| 2 | Strengthen the digital resilience of the financial sector. | The EU's single framework for financial sector digital resilience - Digital Operational Resilience Act (DORA) - is introduced. | MoF |  | 31 December 2023 |
| 3 | Ensure data availability, including for FinTech companies (open data) in the public sector and public enterprises. | Number of public authorities with open data, number of datasets. | MEPRD |  | 31 December 2023 |
| 4 | Improve access to banking services for FinTech companies (PI/EMI, etc.) by promoting dialogue between banks and FinTech companies, as well as awareness of the requirements in the field of AML/CTPF. | Improved access to services through supervisory and control authority’s dialogue with payment and electronic money institutions and credit institutions. | FCMC[[1]](#footnote-2), LB (from 1 January 2023) | LFTA, FLA, LMENA, Startin.LV | 31 December 2023 |
| 5 | Stimulate the development of RegTech[[2]](#footnote-3) companies (ML/TPF prevention, fraud prevention) by providing advice on the compliance of the solutions to the regulation. Identify opportunities for cooperation between the financial sector and FinTech companies. | An assessment of the development of RegTech companies and the application of solutions in the financial sector has been prepared. | FCMC, LB (from 1 January 2023) |  | 31 December 2023 |
| 6 | Establishment of an inter-institutional cooperation framework to support and develop financial innovation. | The FinTech Working Group acts as a forum for the implementation of the strategy. Coordination between involved parties has been ensured. | MoF | CRPC, FCMC, LB | 1 February 2023 |
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| 7 | Raise awareness of the sector of the AML/CTPF requirements. FCMC guidelines on drafting the AML/CTPF procedures. Assess the adequacy of the AML/CTPF requirements and the suitability of their application to ensure a risk-based approach, including in relation to supervision. | Guidelines and training on the AML/CTPF procedures have been prepared as part of the licensing process improvement programme. | FCMC, LB (from 1 January 2023) |  | 30 December 2023 |  |
| 8 | Review the licensing process, make it more efficient. | An assessment has been prepared of the changes made to the licensing process.  Informative events carried out on enhancement of the licensing processes. | FCMC, LB (from 1 January 2023) |  | 31 January 2023  Constantly |  |
| 9 | Introduce relevant amendments to the regulatory framework to facilitate access of EMI/PI to central bank infrastructure following the adoption of the relevant amendments to the Settlement Finality Directive[[3]](#footnote-4) (SFD). | Work in line with the progress of the SFD revision project. | MoF | FCMC, LB (from 1 January 2023) | Depends on the outcome of the Directive revision process |  |
| 10 | Assess possible solutions to reduce administrative burden, including streamlining data exchange between financial market participants and the State Revenue Service on the income earned and taxes paid by all investors. | Assessment has been prepared. | MoF |  | 30 November 2022 |  |
| 11 | Increase visibility of the state aid programmes, within the scope whereof the FinTech companies can obtain support. | Informative events have been held. | LIAA | FCMC, LB (from 1 January 2023) | Constantly |  |

Strengthening the FinTech ecosystem

| **No.** | **Task** | **Outcome indicator** | **Responsible institution** | **Co-responsible institution** | **Term** |
| --- | --- | --- | --- | --- | --- |
| 13 | Develop a guide on a national level regarding FinTech opportunities and available support (according to the competence of each authority) | An informative summary has been developed. | LIAA | MoE, MoF, FCMC, LB (from 1 January 2023) | 30 June 2023 |
| 14 | Strengthen Latvia’s FinTech community. Provide advisory support on the viability of the business model/service. Provide support on various business operations issues and organise experience exchange. | Support tools, action plan within the organisation have been created. | LIAA | LFTA, FLA, LMENA, Startin.LV | Constantly |
| 15 | Promote the establishment of international relations of industry branch associations with the EU/Global FinTech Hubs to help market participants scale up their business models. | International cooperation has made an important contribution to scaling up business models. | LIAA | LFTA, FLA, LMENA, Startin.LV | Constantly |  |
| 16 | Develop the capacity, accessibility and functioning of Innovation Hubs (speed, cross-border operation advice).  Reduce the administrative burden for financial innovation, at the same time ensuring technology neutrality. | Access to innovation hub services for branch representatives has been facilitated, by shaping dialogues, providing consultations on licensing options, organising informative events on FinTech regulation and creating an interactive tool for promoting financial innovation. | FCMC, LB (from 1 January 2023) |  | 1 January 2023   Constantly |  |
| 17 | Promote cooperation with universities on financial innovation issues. Carry out regular analysis of the offer of programmes of Latvian higher education institutions and secondary schools, expanding the range of programmes and improving existing programmes by attracting world-class academic staff and expert level attraction in the field of financial innovation. | An assessment of the availability of talents needed to develop the FinTech sector has been carried out and possible improvements in the study programmes have been identified. | MoF | MoES, AIP, LFTA, FLA, LMENA, Startin.LV | 30 December 2022 |  |
| 18 | Increase the involvement of higher education institutions in working with innovation in the financial sector. | Involvement of education institutions, number of projects implemented. | MoES | MoF, FCMC, LB (from1 January 2023), LFTA, FLA, LMENA, Startin.LV | 31 December 2023 |  |

Ensuring access to information in Latvia and promoting Latvia as a centre for FinTech development outside Latvia

| **No.** | **Task** | **Outcome indicator** | **Responsible institution** | **Co-responsible institution** | **Term** |
| --- | --- | --- | --- | --- | --- |
| 19 | Increase the interest of foreign and local investors in the FinTech sector, by organising publicity and international competitiveness facilitation events. | Volume of investment transactions, publicity events. | LIAA |  | Constantly |
| 20 | Ensure the regular inter-institutional exchange of information on current developments and their inclusion in the communication activities of relevant authorities and associations (in particular when communicating internationally) to build relationships with FinTech industry leaders and media in Europe and elsewhere. | Informative events organised, including internationally. | MoF | FCMC, MoE, LIAA, LB, LFTA, FLA, LMENA, Startin.LV | Constantly |  |
| 21 | Stimulate the interest of foreign FinTech service providers in Latvia as an important centre for financial technologies. | Volume of investment transactions. Number of new FinTech companies | LIAA |  | Constantly |  |

Minister of Finance J. Reirs

1. On 1 January 2023, the Law on Latvijas Banka (available at: https://likumi.lv/ta/id/326575-latvijas-bankas-likums) will enter into force, by which the Financial and Capital Market Commission will be merged into Latvijas Banka. [↑](#footnote-ref-2)
2. RegTech - innovative technologies that help financial market participants meet regulatory and compliance requirements and use resources more efficiently. [↑](#footnote-ref-3)
3. Directive 98/26/EC of the European Parliament and of the Council on settlement finality in payment and securities settlement systems, https://eur-lex.europa.eu/legal-content/LV/TXT/?uri=CELEX%3A31998L0026 [↑](#footnote-ref-4)