

Latvian National money laundering/terrorism financing risk assessment report

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According to the anti-money laundering and countering the financing of terrorism (hereinafter - AML/CFT) international standards^[1], the country must recognise, assess and understand its national money laundering and terrorism financing (hereinafter - ML/TF) risks and, on the basis of this evaluation, must apply a risk-based approach, in order to ensure that the activities directed towards prevention or mitigation of the ML/TF risks are commensurate with the significance of the identified risks.

Recognition, assessment and understanding of the ML/TF risks forms the basis for formation and development of the effective system of mitigation of the identified risks, which can be achieved through adoption and embodying of the appropriate political decisions and in the relevant fields, and, at the same time, by introducing and implementing appropriate internal control procedures also in the private sector.

Latvia has taken significant measures, in order to introduce and ensure the legal and institutional AML/CTF framework corresponding to international standards. In order to provide useful information regarding the identified ML/TF risks and AML/CFT system gaps to the institutions involved in the AML/CFT and combating, as well as to the public, the national ML/TF risk assessment is carried out. Such assessment, on the basis of identified risks, allows raising the efficacy of resources for mitigation and prevention of the identified risks, as well as enhances the understanding of the involved institutions and the public regarding the ML/TF risk threats and negative consequences.

[The second national money laundering and terrorism financing risk assessment report](#) (hereinafter – NRA) is prepared according to the methodology, which, for the purposes of risk assessment, contains nine separate interrelated modules - national ML threats assessment, national ML vulnerability assessment, assessment of vulnerability of banking sector, securities sector, insurance sector, other financial institutions, non-financial sector, terrorism financing risk assessment and assessment of the risks of availability of financial services. The NRA provides information on the situation in the fields of combating ML/TF, by means of statistical data for the time period from 2013 till 2016, as well as information on the identified risks and the necessary action for restricting the identified risks.

According to the NRA the level of threats of the ML legalisation has been assessed as medium high and the level of threats of financing of terrorism - as low.

[1] Recommendations of the Financial Action Task Force (*International Standards on Combating Money Laundering and the Financing of Terrorism & Proliferation*)

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