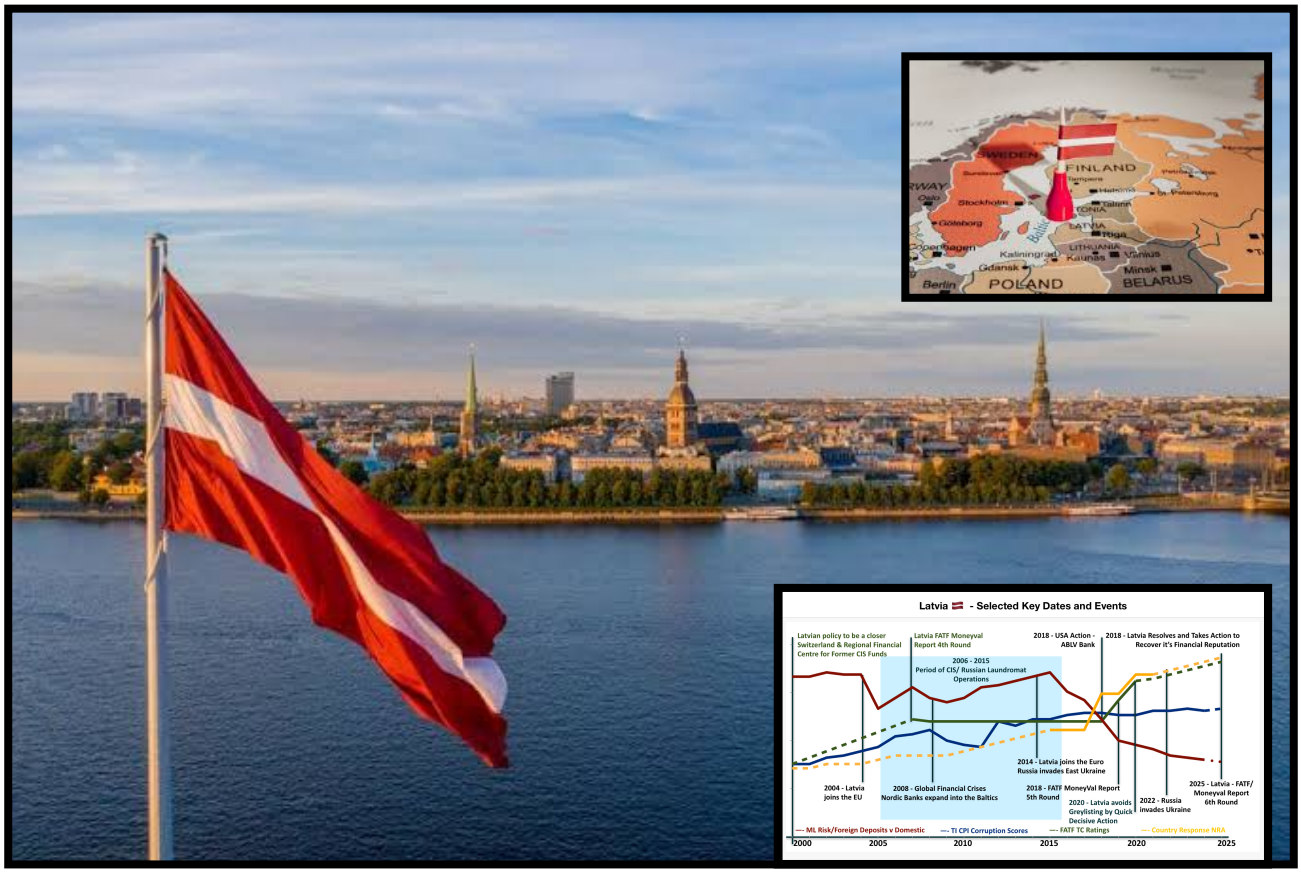
Latvia 🇱🇻 - Financial Crime Summary & Dashboard - June 2025 by FCN



1. introduction

Today Financial Crime News is publishing a Financial Crime Dashboard (see Annex 1) for Latvia and a summary of the progress made, a week after the new Moneyval report for Latvia was discussed at the joint FATF Moneyval Meeting and is said to be positive. Nevertheless, we will have to wait until Q4 2025 as Latvia is the first country to be assessed under the 6th round of country evaluations so it will go through a full quality check. For the avoidance of any doubt, FCN has not seen a copy of the report and is not aware of any of its findings and this paper has been compiled from publicly available information curated by the FCN Editor.

Latvia's reputation then was as a major ML centre, at the centre of laundering tens of US$ billions in illicit financial flows from the former CIS including Russia into the EU/Eurozone and beyond, with ML scandals, Bank closures, and even the Central Bank Governor arrested for bribery (later found guilty and sentenced to 6 years imprisonment).

Latvia has approached this evaluation with confidence, as it has heavily de risked and the foreign ML threat is much diminished as well as having improved its response. Whilst Moneyval and FATF focusses mostly on the response, it has to take account of the evolving threat, and should do more of this.

Latvia had embarked over two decades on an attempt to become a regional financial centre, welcoming mainly offshore funds from the former CIS countries including Russia. The former Prime Minister had described a vision of Latvia as an offshore centre closer to Eastern Europe than Switzerland, which welcomed foreign funds. With its EU membership in 2004 and Euro membership in 2014, US$billions in foreign funds flowed in. Latvia also lured US$ billions more in foreign assets through its golden visa scheme and via special tax incentives for business, three special economic zones and two free ports. Snapping up Baltic financial assets after the 2008 Global Financial Crises, Nordic Banks became important players in the region including in Latvia. By 2011, Latvia Banks reported 41% were from foreigners, rising to over 50% in 2015. Foreign funds were very profitable. In one case a Latvian Bank was charging €90 for each payment, whilst the underlying cost was €1.

The rug was pulled as the US targeted Latvia in 2018, ML scandals were exposed including a number of Russian/CIS Laundromats and the EU and Nordic regulators woke up to what had been happening.

2. A Selected Chronology

The chronology from 2018 including key dates and actions include the following:

- In **2018**, at the Moneyval's plenary meeting, the **fifth round report** on Latvia was adopted. The report summarised the threats identified in Latvia's National Risk Assessment in 2017, which identified, "*illicit economic activities particularly corruption and bribery (including embezzlement of public funds) fraud (including fictitious companies) and tax evasion as Latvia's primary ML threats. ML threats that arise from international organised criminal groups are rated as high due to the proximity and strong financial ties to former CIS countries including Russia".* Considering the assessment results, enhanced supervision of Moneyval was applied to Latvia meaning that Latvia had to make significant improvements to the system for AML/CFT/CFP. The Latvian government was informed — in case the progress reached in a year is assessed as insufficient, Latvia would be included in the FATF grey list.

- In **2018**, the Latvian Central Bank reported that Latvian monetary financial institutions (banking) earned EUR 278.3 million in aggregate profit in the first 11 months of 2018, up 17.8 % against the same period in 2017. In November 2018, Latvian banks made EUR 26.6 million in aggregate profit. The total assets of Latvian banks amounted to EUR 20.981 billion on 30 November 2018, which is 23.1% or 6.309 billion euros less than at the end of November 2017, when the assets of banks amounted to 27.29 billion euros. At the end of November, deposits from residents amounted to EUR 11.535 billion, up 3% from previous year. Deposits in euros amounted to EUR 10.515 billion and in foreign currencies EUR 1.02 billion. The volume of euro-denominated deposits has increased by 6.2% compared to the end of November 2017, while the amount of deposits in foreign currency has decreased by 21.7%.

- In **2018**, the Latvian government, **commissioned** all institutions involved in AML/CFT/CFP, to ensure, guided by the FIU, the process of eliminating the shortcomings and introducing and implementing the recommendations that have been defined in the Moneyval's report, as well as to ensure preparation of two reports, the "Technical Compliance Report" and the "Progress Report on Effectiveness". Measures also included additional **risk-based reforms** of the AML/CTF system intended to bring Latvia fully into compliance with international standards (FATF) and European Union, as well as enhanced measures, such as passing new laws to clamp down on ML, including:

  - banning Latvian Banks from offering services to **shell companies**, including closing existing accounts, and reducing exposures to foreign deposits.

  - establishing a **PPP**, namely the Latvian Cooperation & Coordination Group, led by the FIU. In 2022 the PPP published its operating protocols. The PPP covers a number of important areas, including: discussing the quality of submitted reports (STR's), the interpretation of laws and regulations, as well as on operational cases. For example, in 2019, *"Latvia organised 107 CCG Meetings, 58 of which focussed on operational cases, 17 CCG on feedback, and 32 on other issues. There have been several cases solved at operational level, as a result of the functioning of the CCG". By* 2024 the CCG was even more active with the FIU reporting 293 meetings held.

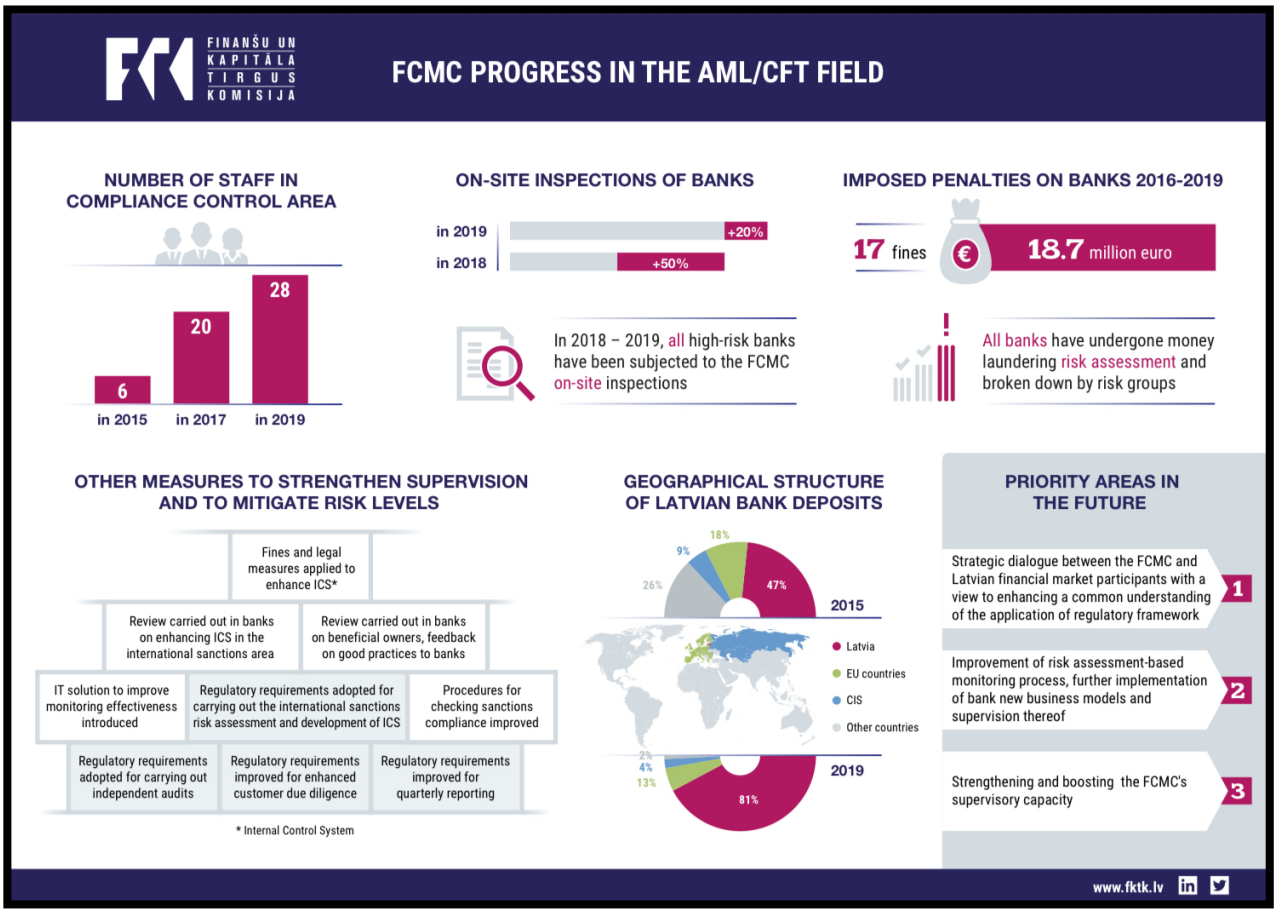
- In **2019,** the Latvian government gave up on its former objective of positioning Latvia as a **regional financial centre**, and in this vain, **foreign assets** were down to 20%, and by 2022 down even further to 13%.

- In **2019**, a **delegation** from Moneyval led by its then Chair and Executive Secretary visited Latvia to impress upon them the importance of the work they needed to do, and the real danger of being added to the FATF greylist.

- In **2019**, these messages were headed and by December 2019 Latvia received improved ratings of, 7 "compliant" and 33 "largely compliant". Thus, Latvia was the first Moneyval member with the system for AML/CFT/CFP assessed as **compliant/largely compliant** to all 40 FATF recommendations.

- In **2020**, (February) the FATF announced that Latvia had not been placed on its so called "grey list" of high-risk money-laundering countries. The FATF stated that, *"Latvia has set up a strong and robust financial crime prevention system and will not be subject to 'enhanced surveillance' or 'grey listing'."* Prime Minister Krišjānis Kariņš said, *"the decision showed the urgent overhaul of the supervision of the financial sector begun a year ago had succeeded and the country's reputation was well on the road to recovery. Of course, this does not mean that we can stop, we must continue to do what needs to be done to implement decisions that have been made*". An immediate response was issued by Latvia's financial regulator, the Financial and Capital Market Commission (FKTK), which

said "*further work in the field of combating financial crime" would continue with "a risk-based approach, as well as various measures with a view to enhancing a common understanding of the regulatory enactments in the field of the prevention of money laundering and terrorism financing and the application of sanctions in the ongoing work of the FKTK and all participants of the Latvian financial sector.*" Santa Purgaile, the FKTK chairwoman said: "*I am pleased that the work of Latvian authorities has brought the result we all were hoping for; however, the work on combating financial crimes must be continued by refining the nuances of awareness and attempting to reach a more shared understanding of the application of regulatory enactments*." In addition, FKTK released an infographic summarising the action it had taken in the last year



- In **2020,** the **PRE was reviewed and approved** at a plenary meeting of FATF in February 2020, when the experts acknowledged Latvia had been able to demonstrate progress as well as demonstrated commitment to fight economic and financial crime.

- In **2020,** Latvia's regulators **fined** 2 Banks after carrying out 12 inspections, carrying on a recent practice, from 2016 -2019 where 17 fines were levied, totalling €18.7 Million.

- In **2020**, Latvia published its **National Risk Assessment** covering ML/TF/PF (2017-2019 reporting period) was published, presenting the threats as those that related to the former foreign deposits and flows as well as national threats from fraud and corruption,

including from the shadow economy, related to tax crimes and excise smuggled related crimes.

- In **2020**, Latvia became the first and is now one of only 3 EU countries where the **Beneficial Owner registry** which was publicly accessible since 2018 also became free of charge. It has also extended this full public access policy to the Politically Exposed Person registry. According to the Latvian government, "*taking transparency to its ultimate conclusion, information is offered both as structured data, as well as in machine readable format. This makes it discoverable, usable, and analysable by virtually anyone or anything, serving as a facilitator for international AML collaboration, as well as a deterrent for potential wrongdoers".* Open Ownership considers Latvia a global leader in transparency and best practices in this area,

- In **2021** the Latvian **AML Coordination Unit** was established to focus on the effective combatting of ML (investigations and prosecutions) and asset confiscation, including non conviction based confiscation. Non conviction based confiscation proceedings increased from 162 in 2022 to 183 in 2024. ML investigations and prosecutions were up at 124 cases (64 ML and a predicate offence combined/60 stand-alone ML cases) in 2024, compared to 21 ML cases brought to court between 2013-2017. Still according to Latvia's FIU just 2 criminal proceeding were concluded with out of court settlement in 2024, (9 in 2023 and 3 in 2022). Amounts confiscated have not been disclosed.

- In **2021**, before the full-scale invasion of Ukraine, Russia still ranked among Latvia's top five trading partners, both for exports and imports. Nearly one in five Latvian exporters and one in six importers had commercial ties with Russian partners in 2021. A year later, studies revealed that more than half of the Latvian firms that traded with Russia in 2021 ceased doing so in 2022 – a substantial change relative to previous years.

- In **2022**, Latvia exited **enhanced monitoring** under the FATF/Moneyval process after the 3rd final Follow Up Report was submitted.

- In **2022** the **FIU**, had expanded to 68 (from 10 staff in 2010 and 18 staff in 2018). It won the **Best Egmont Group Case Award**, "*for exceptional work in the field of financial intelligence*", in competition with 19 countries, who submitted 32 cases. The case submitted by Latvia earned recognition due to the volume, complexity of the case, the innovative financial intelligence methods and the developed international cooperation network.

- In **2022** Latvia, submitted its bid to host the future **EU AML Authority**, the new pan EU AML regulator, stating that, "*Latvia has ensured that it has coordinated and agile administration, a respectable and highly professional supervisors of the financial sector, vigorous FIU and significantly advanced compliance culture. It is demonstrated by: compliance with all 40 FATF recommendations, superb transparency and access to*

publicly available information including up-to-date registries on BOs and PEPs; introduction of information sharing via KYC Utility tools; effective targeted financial sanction system; successful public-private partnership and international cooperation for intelligence sharing and case analysis; development of an AML Innovation Hub in Riga to foster use of artificial intelligence, machine learning, and other data analytics instruments in predicate case and pattern investigation. Advanced and collaborative AML policy has transferred to other sectors as a role model". Whilst the bud was unsuccessful, and the winning bid being Germany, announced in 2024, Latvia's bid was well presented and considered favourably on its merits.

- In **2022**, FIU Latvia launched its **AML Innovation Hub** (AMLIH), with the aim to promote corporation among law enforcement institutions and explore the application of innovative solutions and technologies in detecting financial and economic crimes. AMLIH worked in 2023 on enhancing FIU Latvia's capabilities, significantly increasing data processing capacity by laying the ground work for more effective work with big data and machine learning. Additionally, progress was made in strengthening into agents information exchange, with the launch of the blackbox initiative being a prime example. The black box is a tool that enables authorised uses of law enforcement agencies to partially access the FIU Latvia database in a pseudo anonymised manner, ensuring data privacy and security.

- In **2022**, FIU Latvia launched a **training platform** which includes videos and other educational materials for professionals working in the field of AML/CTF/CPF. By 2023 it had surpassed 1,400 active users.

- In **2023** (start) the Financial and Capital Markets Commission was **integrated** into the Bank of Latvia to enable more effective supervision. This on top of significant progress made by supervisory institutions, including on risk measurement, risk scrutiny, guidance etc

- In **2023** a new **National Risk Assessment** covering ML/TF/PF (2020-2022 reporting period) was published, presenting the threats as more domestic and less international than before, with Latvias shadow economy and the criminal offences related thereto, namely, tax related crimes, illegal handling of excise goods and narcotic drugs, including smuggling; digital fraud; corruption. In terms of cross border illicit flows, these are mostly related to frauds committed abroad. A new threat was the circumvention of EU sanctions against Russia and Belarus, which not only pose a ML risk, but has a significant impact on the capacity of the Latvian authorities to effectively combat ML and poses a significant threat to Latvia's internal and external security.

- In **2023**, the **National ML Combatting Ability**, based on the World Bank model used in the NRA in 2023 reported improved overall results to 0.76/1.00. This increase can be compared to the 2020 NRA overall result of 0.67/1.00 and the 2017 NRA of 0.50/1.00.

Highest ratings in 2023 were for quality of ML prevention policy and strategy (1.00/1.00), Quality of FIU (1.00/1.00), Prosecutorial Resources (0.9/1.00), Effectiveness of Domestic Co operation (1.00/1.00), Effectiveness of International Co operation (0.9/1.00), Availability and Access to BO information (1.00/1.00). Credit institutions overall risk reduced from medium high to medium, in 2023 compared to 2020, due to a reduction in inherent risk and not due to a reduction in vulnerability. For the rest of the financial sector, reductions in vulnerability led to better overall risks at medium (except for Investment Firms where the inherent risk went up and overall risk at medium high).

- In **2023**, the National ML/TPF **Strategy** was published following and based on the findings of the NRA 2023, which defines the strategic objectives and an **action plan** to achieve them during 2024 - 2026. The **objective** stated is to, "*to coordinate cooperation between the public administration and the private sector in the field of AML/CTF/CPF in order to effectively prevent and combat ML/TPF, promote the rule of law, economic growth and investment environment in Latvia, thereby strengthening Latvia's internal and external security*" and a **vision** of an "*effective AML/CTF/CPF system that provides a safe and favourable environment for Latvia's economic growth and attracting foreign investments".* The 5 **strategic directions** stated are*: 1) Strengthening of the National and EU security; 2) Identifying and recovering the proceeds of crime; 3) Strengthening the AML/CTF/CPF framework through digital transformation; 4) Strengthening Latvias international reputation; & 5) Ensuring proportionality of AML/CTF/CPF requirements to promote competitiveness.*

- The **2023 Action Plan** to be implemented between 2024 - 2026, includes over 90 actions to achieve the objectives of the strategy under 12 focus areas; *"risk policy and co ordination, international collaboration, financial and non financial sector, legal persons and arrangements, financial intelligence, ML investigations and prosecutions, confiscation, TF Investigation and prosecutions, TF prevention and financial sanctions, PF Financial Sanctions and International and National Sanctions"* - (apart from the last mirroring the FATF IO11 categories).

- In **2023**, the Latvian police reported that 200 **criminal proceedings** for ML initiated and 67 ML cases referred for prosecution. In addition €199.39 Million **seized**, & €96.19 Million recognised as **proceeds of crime**, with €96 Million to go to State coffers and €0.15 to victims.

- In **2023**, Latvia volunteered to be the first country to be assessed in **FATF's 6the round of country evaluations.**

- In **2023**, T. Raja Kumar, the Presidents of the Financial Action Task Force (FATF) joined a Latvian conference to emphasise that, "*Latvia is a formidable leader in the world of AML".*

- In **2024**, Latvia's FIU, took on additional responsibilities with respect to National and International sanctions implementation in Latvia. "*This made the FIU the single point of contact and a central authority for sanctions implementation, facilitating communications between the private and the public sectors".*

- In **2024**, Latvia reported 124 ML **criminal cases** proposed for prosecution, (64 combined with a predicate offence & 60 stand-alone), of which 107 brought to court, compared to 91 in 2023 and 97 in 2022. Of these 2 cases were settled with out of court settlements (compared to 9 in 2023 and 3 in 2022). 183 conviction based confiscations were achieved in 2024, compared to 172 in 2023 and 162 in 2022.

- In **2024,** the FIU reported **STR** numbers at 5,501 (42% up from the non financial sector), and down from 6,617 in 2018, and FIU **reports disseminated to LEA**, at 569 down from 569 in 2022, however the lower risk profile for Latvia suggests this could be the reason, as opposed to a reduction in system performance.

- In **2024,** FIU reporting in 2024 its survey of foreign counterparts rating Latvia at 9.54/10 for **international co operation,** just down from 9.56/10 in 2023, but still at a very high level.

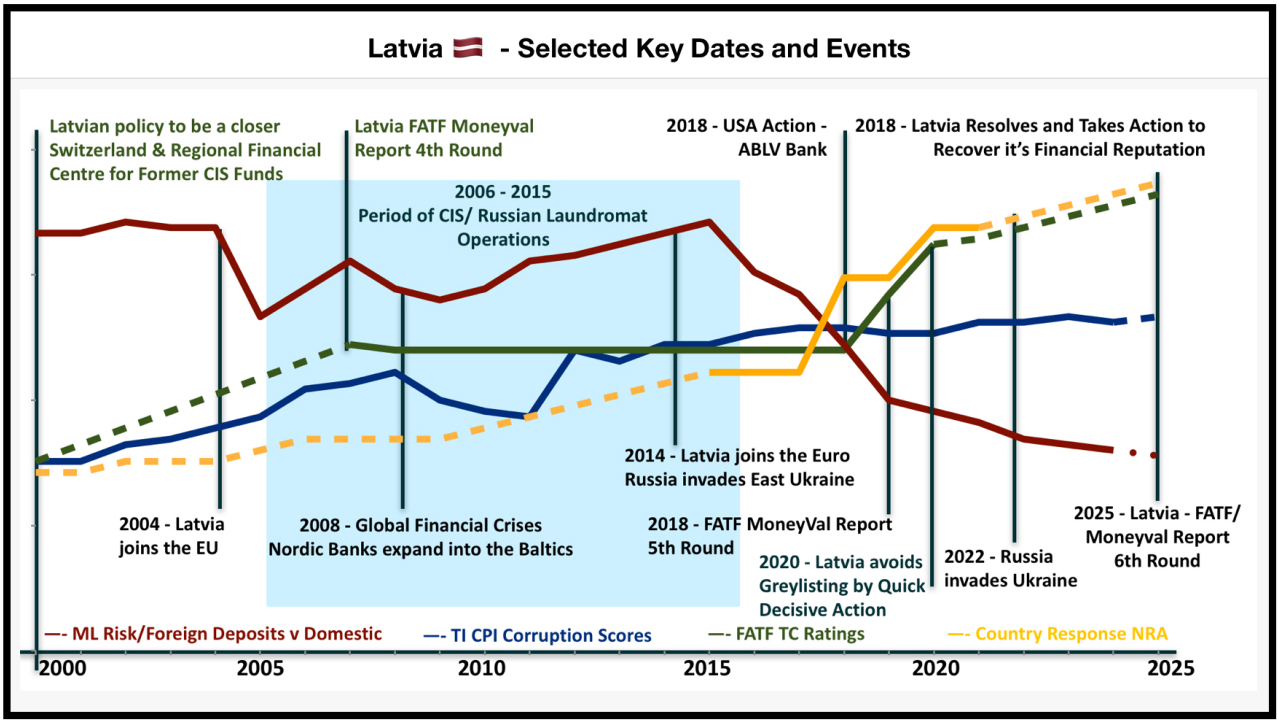
- In **2024**, Latvian FI's mainly banks, made a profit of EUR 461.7 million in the first ten months of the year, compared to €596.2 million, for the first 10 months in 2023 and €573.5 million as a whole, 75.8% more than in 2022. This compares to EUR 278.3 million in aggregate profit in the first 11 months of 2018. On average profits per month in 2024 were €43.17, whereas €47.75 Million for 2023 and €25.2 Million in 2018. As at end October, 2024, the total assets of monetary financial institutions amounted to EUR 29.23 billion, which is 8% or EUR 2.164 billion more than at the end of October 2023, when the assets of monetary financial institutions amounted to EUR 27.066 billion. This can be compared to total assets of Latvian banks which amounted to EUR 20.981 billion on 30 November 2018, which is 23.1% or 6.309 billion euros less than at the end of November 2017, when the assets of banks amounted to 27.29 billion euros. In terms of GDP however, total assets in 2024 represented 74% of Latvia's 2023 GDP (US$42.25/€39 , Billion whereas in 2018 (US$33.25/€29.5 Billion) it represented 72%. In 2018, foreign bank deposits represented 30% down from over 50% in 2015 to 13% in 2022.

- In **2025**, disclosure of the **beneficial owners in real estate** acquisitions is required. Therefore before submitting a request to register a land purchase any legal entity has to first disclose the BO with a government or EU corporate registry.

- In **2025,** the **Moneyval report** on Latvia was presented and accepted by the FATF/ Moneyval joint plenary in Strasbourg in June.

3. Selected Key Dates and Events

In many ways, Latvia's journey was predictable. Becoming Independent, but retaining strong CIS and Russian ties, looking for growth, joining the EU, growing through CIS and Russia funds, some illicit, the global financial crises, stalling the economy, Nordics involvement in Banking, more funds from the CIS including Russia, joining the Euro, the Russian invasion of East Ukraine, the start of derisking, but also the continuation of the status quo, the US attacking ABLV Bank, and the Latvian response starting recognising major things had to change, as Latvia become an embarrassment in the EU, a target if the USA and a problem child for Moneyval and FATF.



4. Conclusion and Final Remarks

Dreams of becoming a regional financial centre, making the most of the advantages of being in the EU, and the Euro, and being able to attract huge financial flows from the former CIS including Russia, generating big profits in the Banks were dashed and the dream was formally ditched in 2019, The growth and attractiveness of Latvia was as much to do with illicit financial flows as legitimate ones and when the USA acted against a Latvian Bank, the reality finally hit home and the chickens came home to roost. A new imperative for Latvia to instead win back its financial reputation became paramount, and its reliance on inflows from Russia and the former CIS became much more problematic politically in Latvia and across the EU.

In some ways the wake up call came early in 2018 and may in retrospect have come at a good time, though it could also have come much sooner, as all the red flags about Latvia were being waved for many years, both before and after the Global Financial Crises. By the

time of the full attempted invasion in 2022 by Russia in Ukraine, the derisking of the Latvian financial system from Russia and former CIS was mostly complete, and the pain taken, and the response underway. Had the Latvian implosion not happened in 2018, and instead later, much more pain would have been felt by Latvia and its reputation would have been harder to recover.

That Latvia has derisked and improved its response is self evident and is well summarised in this short paper, which is sourced from publicly available information. We expect FATF/ Moneyval to improve Latvia's effectiveness ratings in particular where Latvia was rated at ME or LE levels, for example for IO1, Risk Assessment & Policy, IO5 Transparency of Legal Persons and Arrangements, IO6 Financial Intelligence, IO9 TF Investigations and Prosecutions, IO10 & IO11 TF/PF Frameworks & Sanctions. It is also possible that the positive SE rating received for IO2 International Co operation could be improved further, with the FIU reporting in 2024 its survey of foreign counterparts rating Latvia at 9.54/10 for international co operation.

Whether upgrades are given for IO3 Supervision and IO4 Preventative Measures (FI's being combined into I03 this time), will be of particular interest. Whilst evidence to support this for IO3 has been published in for example the NRA in 2023, most of the improvements (reductions in overall risk for vulnerabilities, comes from the reduction in inherent risk as opposed to major control effectiveness improvements). Few countries have achieved SE for both supervision and preventative measures for the private financial services sector, so this is one to watch.

Key effectiveness ratings for IO7 on ML Investigations and IO8 on Asset Recoveries are still harder to predict & much more difficult to deliver on. In **2018** the results in these areas for Latvia were poor, as they are in most countries. Based on the limited available information there have been improvements, but when it comes to ML convictions & asset recoveries these need to be verified. If asset seizures are at approx 15% & asset confiscations at approx 7% of estimated proceeds of crime, then an upgrade would be well deserved.

FATF/Moneyval will need to consider the evidence and these ratings very carefully. If improvements from 2018 generate better and positive results in these crucial areas for Latvia, or are better as against the changing risk profile of Latvia, after having de risked, then the natural reaction might be to give improved ratings, for example from ME to SE. Whilst FATF is hoping for improved effectiveness in this round, it must remain firm as to whether a substantial or high level of effectiveness has actually been achieved as opposed to giving positive ratings to results that are better &/or not as bad as before. The temptation to improve ratings in such cases must be resisted if the results still significantly undershoot what any reasonable person would consider to be substantially or highly effective, otherwise the system will be seriously undermined. If the system for investigations & prosecutions is not able to prosecute regularly successfully ML including third party ML & asset recoveries (not frozen or seized but confiscated and recovered) & or

these are not at levels that genuinely impact ML, then it can't possibly be described as substantially effective.

Whilst Latvia is an important first country to go through this 6th round evaluation process and it's results and ratings will be assessed and picked over carefully, it may not be the benchmark that many assume. There will be few countries in the 6th round that have de risked and reduced the inherent ML risk, and in many countries the ML risk most likely will have increased. Therefore expectations on what Latvia needs to do and evidence versus countries with an increasing risk profile may be different. After all that's the nature of the risk based approach, which is at the heart of FATFs approach and is a core message to countries. Latvia may not therefore be a benchmark but more likely comes to be seen as representing a minimum standard. But that standard will be likely higher than many more countries that follow, due to the efforts of the many that have worked hard to regain Latvia's reputation.

Financial Crime News - June 2025

Annex 1 - Financial Crime Dashboard for Latvia by FCN - June 2025

June 2025

Financial Crime Dashboard Latvia

"The ML/TF risks identified in previous NRAs, which arose from the former status of Latvia as a regional financial centre, no longer poses a notable threat and are no longer significant in the current reporting period 2020 - 2022….The geography of the flow of funds of customers of the Latvian banking sector has changed significantly in the current reporting period compared to the NRA 2020 reporting period. The number of payments with Russia and Belarus has fallen significantly, while the number of payments with Lithuania have increased by a factor of more than two and a half. Lithuania is one of Latvia's largest foreign trade partners, and a significant number of Latvian natural persons and legal entities have opened accounts with Lithuanian financial institutions. At the same time, there is a risk that the growing ML risks in the Lithuanian financial sector may cause risks of negative side-effect also in Latvia, if not managed properly". - **Latvia ML/PF/TF NRA 2023**

Key Harms & Effects

9% of public service users paid a bribe in Latvia & **20%** believe corruption is increasing in 2020.	A total of **23,000** fraud cases were committed in 2024, which was more than double those in 2022.	Shadow Economy Index in the Baltic States, found **26.5%** of GDP in Latvia in 2022.	**15,016** people in Latvia with illegal drug use disorders **0.8%** of country - 2021.	**3.4** in 1,000 prevalence in Latvia & approx **6,000** Human Trafficking victims - 2023

Key Financial Crime/Money Laundering/Terrorist & Proliferation Financing Threats Identified by Latvia

"The risk of ML in Latvia is medium high"…"The risks of TF in Latvia are low"… "The PF risks in Latvia are medium low"…"The risk of violation & circumventing financial restrictions in Latvia is assessed as "medium" and the level of risk of sectoral sanctions violation & circumventing in Latvia is assessed as medium high". "Tax related predicate crimes pose a high ML threat, while fraud, illegal movement of excise goods and the illegal movement of drugs and criminal offences committed in state service pose a medium high ML threat"…Human trafficking & Environmental Crime..pose a medium low ML threat" - **Latvia ML/PF/TF NRA 2023**

Tax Crimes	Fraud (Cyber Enabled/Digital)	Illegal Movement of Excise Goods	Drug Trafficking	Bribery & Corruption
Human Trafficking	**Environmental Crimes**	**N/A**	**N/A**	**N/A**

Additional Threats Threats Identified By Third Parties

Human Trafficking (See 16,17 & 37 below)	Proliferation (See 10 Below)	Illegal Drug Use (See 6, 7, 11 & 30 Below)	Financial Crimes (See 12 & 34 Below)	Organised Crime (See 4 & 40 Below)

Sanctioned (Material Sanctions including for Financial Crimes related activities and WMD Proliferation) - By

United Nations - No	USA - No	- No	- No	- No

Threat Metrics KPIs By Third Parties

3/45 - RED	9/45 - AMBER	31/45 - GREEN	2/45 - N/A	Mostly GREEN

1	GDP Economic Size - US$42.25 Billion - GDP - 2023) Advanced Country	G	16	Global Slavery Index 2023 6,000 Estimated numbers of modern day slaves	G	31	OC Index 2023 Arms Trafficking 3.5/10	G
2	GDP per Capita (US$22,502 per capita - (2023)	A	17	Global Slavery Index 2023 GSI 3.4/1,000 Incidence of human trafficking	A	32	OC Index 2023 Illicit Trade in Excisable Goods 6/10	A
3	World Economic Forum Security (OC, Terrorism,Homicides, Police) 80 (2019) - 51/114 (70.7/42/86/59)	G	18	US Dept of Labor Child Labour - Not included	G	33	OC Index 2023 Wildlife 2/10, Timber Trafficking 1.5/10, Illegal Mining 2/10 (Flora up 0.5 from 2021)	G
4	World Economic Forum Organised Crime 70.7 (2019) - 38/141	A	19	IOM Migration 2020	N/A	34	OC Index 2023 Financial Crimes 6.5/10	R
5	Numbeo Crime Survey 2023 37.68/100 - 98/142 (1 being the worst)	G	20	Illegal Unreported and Unregulated (IUU) - IUU Fishing Index 2023 1.9/5	G	35	OC Index 2023 Cyber Dependent Crime 6/10	A
6	Illegal Drug Dependency Disorders Number US Inst Health Metrics & Evaluation 2021 - 15,016	G	21	EU Listing of Countries for Illegal Fishing Not Included	G	36	OC Index 2023 Extortion & Protection Racketeering 3.5/10	G
7	Illegal Drug Dependency Disorders Share US Inst Health Metrics & Evaluation 2021 0.8% (0.9% in 2019)	G	22	US DoS - Wildlife Trafficking 2021 Focus / Countries of Concern - Not Included	G	37	OC Index 2023 Human Trafficking 5/10 (up 0.5 from 2021)	A
8	TI Corruption Perceptions Index 2024 60/100 (36/180 - 2023) (59 in 2022 / 53 in 2013)	G	23	UNODC Thefts 2016 Score 739 ranked 18/74	G	38	OC Index 2023 People Smuggling 4.5/10 (up 1 from 2021)	G
9	TRACE 2021 Bribery Risk Matrix Ranked NA	N/A	24	Global Financial Integrity 2017 Advanced Economy	R	39	OC Index 2023 Criminal Actors 3.3/10 (down 0.08 from 2021)	G
10	Proliferation Index - PPI 2021/22 Threat Tier 1 High Threat Level	R	25	EUIPO & OECD Counterfeit Goods 2016 Propensity to Export Counterfeit Goods 0.026 OCI 2023 - Trade in Counterfeit Goods 6/10	A	40	OC Index 2023 Foreign Actors 4.5/10, Mafia-Style 4/10, Criminal Networks 3.5/10, Private Sector Actors 2.5/10, State Embedded Actors 2/10 (Mafia up 0.5 from 2021)	G
11	US Dept of State 2023 INCSR Vol 1 Not Included	G	26	EU List of None Co operative Jurisdictions for Tax purposes 2023 - Not Included	G	41	Estimated Corruption Proceeds 1% of GDP as per EU Assessment US$425 Million	G
12	US Dept of State 2023 INCSR Vol II Not Included	G	27	Tax Justice Network - Financial Secrecy Index 2022 100/141 Countries Secrecy Score 51/100 0.24% FSI Share	G	42	Estimated Fraud Losses 2019 6.05% of Global GDP - US$2.5 Billion	G
13	US DOS 2023 Country Reports on Terrorism Not Included	G	28	Tax Justice Network - Corp Tax Haven Index 2024 38/70 Countries - CTHI 71 & 0.6%	A	43	Estimated Money Laundering 2.7% of GDP US$1.14 Billion	G
14	Global Terrorism Index 2023 GTI - Impact - "Very Low" Impact 0 (=93rd/last)	G	29	OC Index 2023 Criminality 3.9/10 (up 0.39 from 2021) Overall 156/193; 35/44 Europe; 4/8 N Europe	G	44	Estimated Organised Crime (POC) 41% of POC (45 below) is US$615 Million	G
15	Sanctioned by UN, USA, EU, UK or Others (Australia, Canada, JP CH) - Not included	G	30	OC Index 2023 Drugs Synthetics 5.5/10, Cocaine 5.5/10, Cannabis 5.5/10, Heroin 4.5/10 (Co/Syn up 0.5 from 2021)	A	45	Estimated Financial Crime - Proceeds of Crime (POC) 3.6% of GDP US$1.5 Billion	G

FCN

Key Sector Risks & Vulnerabilities 🇱🇻 Identified by Latvia

*"In the financial sector as a whole, during the reporting period ML risk has decreased. In the IMC, PI/EMI, FCT & credit institution sectors, it has changed from "**medium-high**" to "**medium**". During the NRA 2020 reporting period, many comprehensive improvements of the ML/TF prevention & enforcement system were made, &, during the NRA 2023 reporting period, their positive effects are visible".* Investment Firms are rated as a"**medium high**", along with Outsourced Accountants, Gambling & Lotteries, Real Estate Agents & Tax Advisers. Others see below are rated "**medium**". - **Latvia ML/PF/TF NRA 2023**

Investment Firms	**Credit Institutions Payment & E Money Instns**	**Investment Management CO's, Cash in Transit**	**Alt Inv Fund Managers, VASPs,**	**Licensed Consumer Credit, Credit & Leasing Services**
Outsourced Accountants, Gambling & Lotteries	**Real Estate Agents, Tax Advisers**	**Lawyers & Advocates, TCSP, Financial Consultants**	**Precious Metals & Stones Traders**	**Vehicle Sales & Brokerage**

Response Metrics KPIs 🇱🇻 By Third Parties

2/45 - RED	6/45 - AMBER	30/45 - GREEN	7/45 - N/A	Mostly GREEN

1	OECD - Global Forum on Transparency & Exchange Info for Tax Purposes 2023 - Largely Compliant	G	16	OC Index 2023 - Resilience 7.58/10 (up 0.27 from 2021) Overall 11/193 countries, 8/44 Europe & 6/8 in N Europe	G	31	European Union Third Country Grey List Not Included	G
2	Global Slavery Index 2023 Country Response Rating 59/100	A	17	OC Index 2023 National Policies & Laws 8.5/10 (up 0.5 from 2021)	G	32	FATF Report Date of Publication 2018 (FUR 2019)	G
3	US DoS Trafficking in Persons 2024 Tier 2 - 2023)	A	18	OC Index 2023 AML 6/10 (up 0.5 from 2021)	A	33	FATF Grey List - Strategic AML Deficiencies (Including Suspensions) - Not Included	G
4	Proliferation Index - PPI 2021/2022 Controls 991/1300 High Controls score	G	19	OC Index 2023 International Co Operation 8/10	G	34	FATF Black List - Strategic AML Deficiencies & Call for Counter Measures - Not Included	G
5	Global Cybersecurity Index 2020 97.28 (15/182)	G	20	OC Index 2023 Political Leadership/Governance 7/10 (down 0.5 from 2021)	G	35	Gov Spending on Public Order / Law & Order Knoema 2016 % of GDP - NA	N/A
6	PWC Crypto AML Regulation 2025 Crypto Regulated for AML/CTF - Not Included	N/A	21	OC Index 2023 Prevention 9/10	G	36	Country National Risk Assessment 2023 Covers ML/TF/PF Published 2023 (prior NRA in 2020)	G
7	Open Ownership BO Transparency - Registers 2023 Central/Public Register Not Committed/Not Implemented	N/A	22	OC Index 2023 Justice System & Detention 9/10 (up 0.5 from 2021)	G	37	Financial Information Sharing Partnership Yes - Latvian Cooperation & Coordination Group est 2018 with 293 mtgs in 2024	G
8	Freedom House 2025 Freedom Index 89/100 "Free"	G	23	OC Index 2023 Law Enforcement 8/10 (up 0.5 from 2021)	G	38	FIU FTE 68 employees at end 2022 (16 in 2010,18 in 2018, 54 in 2019) - FTE/STR ratio 1:81	A
9	Heritage Foundation 2025 Economic Freedom Index - 72.8/100 "Mostly Free"	G	24	OC Index 2023 Gov Transparency/Accountability 6.5/10 (up 0.5 from 2021)	G	39	Suspicious Trnx Reports (STRs) filed with FIU 5,501 STRs in 2024 (6,364 in 2022/6,617 in 2018)	N/A
10	Basel AML Index 2024 4.08/10 - 145/164 (1 being the worst)	G	25	OC Index 2023 Territorial Integrity 8.5/10	G	40	STRs Dissemination and Conversion (517 reports disseminated to LEA in 2024 - No of STRs included not available, down from 565 in 2023 and 569 in 2022)	N/A
11	World Bank Regulatory Quality (2021) from WB Global Gov Indicators 1.17 - 10/191 (1 the best)	G	26	OC Index 2023 Economic Regulatory Capacity 8/10	G	41	Money Laundering Convictions 59 criminal ML cases in court, 102 persons charged in 2019 (up from 23/54 in 2018)	R
12	Institute for Crime & Justice Policy Research 2021 Imprisonment 165/100,000 (3,124 persons)	NA	27	OC Index 2023 Victim & Witness 7.5/10	G	42	Human Trafficking Convictions US TIP 2022 5 HT convictions in 2021 & US374,000 seized	R
13	Environment Performance Index 2022 Score 61.10 (15/180)	G	28	OC Index 2023 Non State Actors 7/10	G	43	Enforcement of the OECD Anti-Bribery Convention 8 cases commenced and 1 conviction between 2018-2021	A
14	World Justice Project Rule of Law Index 2023 Score 0.73/Rank 22/140	A	29	FIU Egmont Member Yes since 1999	G	44	Assets Seized Assets frozen 2013-2017 at €187M (US$216M) or US$43M a year on av - 3% of POC In 2023 - €199.59M (US$232M) seized - 15% of POC	G
15	Open Budget Index 2021 Budget Transparency Scores - Not Included	N/A	30	Interpol / Europol Interpol Member YES - Europol Yes	G	45	Assets Confiscated Assets confiscated 2013-2017 at €140M (US$162M) or US$32M a year on av - 2% POC In 2023 - €9&M (US$111M) seized - 7.4% of POC	G

FATF Ratings 🇱🇻 Report 2018 & FUR 2019

2/51 - RED	8/51 - AMBER	41/51 - GREEN	0/51 - N/A	Mostly GREEN

FATF 40 Recommendations MER 18 & FUR 19								
R1	Assessing Risks & Applying a Risk Based Approach	C	R18	Internal Controls & Foreign Branches & Subsidiaries	LC	R36	International Instruments	C
R2	National Cooperation & Coordination	C (LC)	R19	Higher Risk Countries	LC	R37	Mutual Legal Assistance	LC
R3	Money Laundering Offence	LC	R20	Reporting of Suspicious Transactions	LC	R38	Mutual Legal Assistance , Freezing & Confiscation	LC
R4	Confiscation & Provisional Measures	C	R21	Tipping Off & Confidentiality	C	R39	Extradition	LC(PC)
R5	Terrorist Finance Offence	LC	R22	DNFBPs CDD	LC(PC)	R40	Other Forms of International Cooperation	LC(PC)
R6	Targeted Financial Sanctions related to Terrorism & TF	LC(PC)	R23	DNFBPs Other Measures	LC			
R7	Targeted Financial Sanctions related to Proliferation	LC(PC)	R24	Transparency & BO's of Legal Persons	LC			
R8	Non Profit Organisations	LC(PC)	R25	Transparency & BO's of Legal Arrangements	LC			
R9	FI Secrecy Laws	C	R26	Regulation & Supervision of FI's	LC(PC)			
R10	Customer Due Diligence	LC(PC)	R27	Powers of Supervisors	C			
R11	Record Keeping	LC	R28	Regulation & Supervision of DNFBP's	LC(PC)			
R12	Politically Exposed Persons	LC	R29	Financial Intelligence Unit	LC			
R13	Correspondent Banking	LC	R30	Responsibilities of LE & Investigative Authorities	LC			
R14	Money or Value Transfer Services	LC	R31	Powers of LE & Investigative Authorities	LC			
R15	New Technologies	LC	R32	Cash Couriers	LC(PC)			
R16	Wire Transfers	LC	R33	Statistics	LC			
R17	Reliance on Third Parties	LC	R34	Guidance & Feedback	C			
			R35	Sanctions	LC			

FATF 11 Immediate Outcomes (IO's)		
1	Assessment of Risk Co Ordination & Policy Setting	ME
2	International Co Operation	SE
3	Supervision	ME
4	Preventative Measures	ME
5	Transparency & Beneficial Ownership	LE
6	Financial Intelligence	ME
7	ML Investigations & Prosecutions	ME
8	ML Confiscations	ME
9	TF Investigations & Prosecutions	ME
10	Prevention of Terrorism & TF	ME
11	Prevention of WMD Proliferation	LE

Suspension - Not Included	Grey List - Strategic Deficiencies - Included 2018- 2020	Black List - Call for Action - Not Included
Key: C = Compliant, LC = Largely Compliant, PC = Partially Compliant, NC = None Compliant.		Key: HE = Highly Effective, SE = Substantially Effective, ME = Moderately Effective, LE = Low Effective.

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Note: The FCN Dashboard will be updated later in 2025, particularly as the OCI will be updated as well as FATF 40/11.