

FINANCE 
LATVIA 
ASSOCIATION 

NAVIGANT

ON APRIL 4, 2019

WORKSHOP
“SUSPICIOUS TRANSACTIONS
REPORTING”

RIGA BUSINESS SCHOOL,
ALUMNI AUDITORIUM, SKOLAS STREET 11, RIGA



SANDA LIEPIŅA

CEO,
FINANCE LATVIA ASSOCIATION



Agenda

Session I	
9:00 – 9:10	Welcome, Introductions and Overview
9:10 – 9:35	Legal Basis for Investigating Red Flags of Potentially Suspicious Transactions and Recent Regulatory Actions
9:35 – 10:00	STR Safe Harbor and Confidentiality
10:00 – 10:45	Identification of Unusual Activity Interactive Working Session: Identifying Red Flags
10:45 – 11:00	Break
11:00 – 11:45	Investigating Potentially Suspicious/Illegal Transactions Documenting the STR Decision Making Process
11:45 – 12:30	STR Preparation Monitoring and STR Filing on Continuing Activity
12:30 – 13:00	How Law Enforcement Uses STRs in Investigations
13:00 – 13:15	Record Retention
13:15 – 14:00	Lunch
Session II	
14:00 – 15:15	Interactive Working Sessions: Drafting Quality STRs Drafting Investigative Plans Using STR information
15:15 – 15:30	Break
15:30 – 16:45	Interactive Working Session: Understanding the Importance of Tying the STR Process Together between the Banks and Law Enforcement

Development

The industry adheres to the highest International standards and provides competitive, modern and European facing financial services to support the growth of the economy

Technology

Latvian financial industry is agile and using Technology to enable access for European customers

Compliance

Achieving the highest anti-money laundering and combating the financing of terrorism (AML/CFT) compliance standards among member banks within the next 2 to 3 years.

Vision: Latvian financial industry pursues broad partnerships and leads in innovation in Europe

EMERGING LANDSCAPE- FINANCE & CORPORATES



**POLICY GUIDANCE AND
GUIDELINES ON ANTI-MONEY
LAUNDERING, COUNTERING
TERRORISM FINANCING AND
ENFORCEMENT OF SANCTIONS**

ADOPTED OCTOBER 2017,
UPDATED OCTOBER 2018

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**What banks are doing to prevent
misuse of Latvian financial sector
for money laundering, terrorist
financing and other illicit purposes**

APRIL, 2018

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**What Businesses Need to Know about
International Sanctions Policy**

JUNE, 2018



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1. What are sanctions?

Sanctions are restrictive measures set in accordance with public international law. Sanctions are imposed by an international organisation or a country on another country or on other subjects of international law (such as terrorist organisations, groups facing allegations of war crimes).



Zero tolerance to
financial crime



Meaningful
cooperation with
law enforcement
and FIU



The FIU should
have a lead in
regards to ML/TF



On the same
page with TAX3
committee's
report on EU FIU
and more strict
EU level regulation
on ML/TF to
end regulatory
arbitrage



Ending
transactional
business model
and stop
considering Latvia
as a Regional
financial center

MAIN CHALLENGES

- STRs are filed to the FIU only, other agencies access them directly in order to meet their needs, not only follow the FIU's focus. Thus, several channels of filing STRs can be eliminated
- Detailed feedback is important, it motivates and also helps to look for similar patterns throughout the sector
- Filing a STR is not enough, closer public-private cooperation and prompt reaction is needed to stop illicit funds. Avoid defence-reporting, focus on Catch'n'Freeze

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**PRINCIPLES OF INFORMATION
SHARING AMONG FINANCIAL
INSTITUTIONS IN THE COURSE OF
APPLICATION OF
AML/CFT LAW PROVISIONS**

- Voluntary information sharing platforms make STRs more focused, usable, and effective
- Safe harbour provisions to facilitate public-private information sharing are of utmost importance

VOLUNTARY INFORMATION SHARING – LATVIAN EXPERIENCE

- Within FIU Coordination Platform (UK JMLIT model): applies to any obliged entity and law enforcement if they are willing to share information, to cooperate
- Within State Revenue Service (SRS): «bank – SRS», analytical work before filing STR, finding suspicious activities by cooperation, data exchange. Tax related money laundering
- Both help to investigate (public sector gain) and mitigate risk in advance (private sector gain), and all together help to fight financial crime

MAKING STR MEANINGFUL AND BENEFICIAL FOR LAW ENFORCEMENT

- Finance Latvia Compliance Committee has established a good collaboration with Latvian FIU
- Regular Finance Latvia and Latvian FIU monthly meetings on typologies and improvement of reporting (STR and UTR) and reducing defensive reporting
- Discussions on setting up the most robust and comprehensive reporting framework (Latvian FIU centric preferably)
- New STR Template has been proposed for consultation by Latvian FIU
- Finance Latvia will collaborate with Latvian FIU in order to improve STRs meaningfulness and direct application in further investigations (significant reduction of defensive reporting should be achieved)

Thank you!

TRANSPARENCY



PARTNERSHIP




ACCOUNTABILITY





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