

# Conditions Attached to Operations by Way of the Freedom to Provide Services in Latvia

A payment institution and an electronic money institution (hereinafter – a payment institution) licensed in another Member State intending to commence the activity of payment institution in Latvia under the freedom to provide services (without opening a branch, with or without an agent) must take account of the essential provisions required by Latvian legislation.

Laws and other regulation are available on the official website: [www.likumi.lv](http://www.likumi.lv). Most of them are also available in English. Laws directly related to credit institutions, payment institutions and electronic money institutions are also available on the official website of Latvijas Banka): [www.bank.lv](http://www.bank.lv).

The information below is not exhaustive and is provided for general information purposes only and should not be regarded as a substitute for seeking legal advice.

## 1. Payment Institution Legislation

According to the Section 31, Paragraph 2 of the Law on Payment Services and Electronic Money, a payment institution licensed in another Member State may commence the activity of payment institution under the freedom to provide services only after Latvijas Banka has received a notification from competent authorities of the home Member State according to this Section and according to the Commission delegated Regulation (EU) 2017/2055.

A payment institution must comply with the requirements of the Law on Payment Services and Electronic Money, including Chapters: **V, VII, VIII, IX, X, XI, XII, XIII, XIV and XIV<sup>1</sup>**.

According to the Section 51 of this Law, Latvijas Banka may request that the payment institution terminates activities that contradict the Latvian laws.

According to the Section 105 of this Law, The Consumer Rights Protection Centre ([www.ptac.gov.lv](http://www.ptac.gov.lv)) carries out supervision over compliance with the provisions of this Law regarding consumer protection.

According to the Section 61(2) of this Law, the payment institution shall provide requested information as stated in the Section 63 of the Credit Institution Law. In particular, the information to the following extent set in the Credit Institution Law shall be provided to Latvijas Banka, the Financial Intelligence Unit of Latvia, courts, the person directing proceedings in accordance with the laid down in the Criminal Procedure Law, persons performing investigative field work, bailiffs, notaries who examine inheritance matter, the information technologies security incidents response institution and other state institutions and officials.

According to the Section 44.<sup>1</sup> of this Law, a payment institution shall provide information to the State Revenue Service ([www.vid.gov.lv](http://www.vid.gov.lv)) regarding the suspicious transactions of persons, whose country of residence or registration is Republic of Latvia, as well as customers and their payment accounts in accordance with the Account Register Law and the Law on Taxes and Duties. The suspicious transaction or activity reports to the State Revenue Service shall be submitted using the Financial Intelligence Unit's Financial Intelligence Data Receiving and Analysis System. Additional guidance on reporting requirements on suspicious transactions can be found on website of Financial Intelligence Unit (<https://www.fid.gov.lv/en/roles-and-responsibilities/guidelines>).

According to the Section 44.<sup>2</sup> of this Law, the payment institution shall not enter into business relationship with the gambling organizer or its intermediary listed in a decision provided to the payment institution by the Lotteries and Gambling Supervisory Inspection (<https://www.iaui.gov.lv/en/>) regarding the ban on entering into and carrying on business relationship with the gambling organizer that performs its activity without a licence as prescribed in the regulatory provisions of the Republic of Latvia or its intermediary.

## **2. AML/CFT and Sanctions**

Payment institutions by way of the freedom to provide services in Latvia shall comply with requirements in AML/CFT area (Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing, hereinafter – AML/CFT Law) to extent it is reasonably possible. This includes at least the obligation to provide to the Financial Intelligence Unit of Latvia information on each suspicious transaction or activity related to customers from the Republic of Latvia, as well as to provide the information and documents at their disposal which the Financial Intelligence Unit of Latvia requests for the fulfillment of its duties in accordance with the requirements of AML/CFT Law.

Payment institutions and electronic money institutions operating under the freedom to provide services in Latvia shall also comply with the Law on International Sanctions and National Sanctions of the Republic of Latvia which states that requirements provided in the Law applies to every person.

AML/CFT Law, among other regulatory enactments and guidelines, is also available at Latvijas Banka homepage: <https://www.bank.lv/en/legislation/legislation-navigation>.

### **3. Consumer Protection**

The Consumer Rights Protection Law applies to all contracts concluded between consumers and service providers (payment institutions). Pursuant to the Consumer Rights Protection Law, a consumer is a natural person who expresses a wish to purchase, purchases or might purchase, or use goods or a service for a purpose, which is not related to his or her economic or professional activity. The Consumer Rights Protection Centre ([www.ptac.gov.lv](http://www.ptac.gov.lv)) supervises the legality of the use of contract conditions from the point of view of consumer protection.

### **4. Data Protection**

Data protection is regulated by the Regulation (EU) 2016/679 of the European Parliament and of the Council of 27 April 2016 on the protection of natural persons with regard to the processing of personal data and on the free movement of such data, and repealing Directive 95/46/EC (General Data Protection Regulation).

The Data State Inspectorate ([www.dvi.gov.lv](http://www.dvi.gov.lv)) is a data supervisory authority within the meaning of the General Data Protection Regulation and carries out the tasks in the area of data processing specified in the General Data Protection Regulation and Personal Data Processing Law.