



## FCMC intends to perform 43 inspections of financial institutions in 2022

24.01.2022

In 2022, the Financial and Capital Market Commission (FCMC) is planning to carry out 43 various on-site inspections\* in financial institutions to gain assurance that their activities comply with regulatory requirements, as well as to ensure the protection of the interests of customers of financial institutions.

**Santa Purgaile, Chairwoman of the FCMC, points out:** *"Despite of Covid-19 control measures, the FCMC has fully succeeded to conduct inspections as planned for 2021, ensuring comprehensive, effective and risk-based supervision of financial institutions. The year 2022 inspection plan is far-reaching and ambitious. It will pay particular attention to the new entrants in the financial sector, while inspections of existing market participants will be targeted, focusing on the problem aspects identified when executing off-site supervision tasks. The FCMC will follow global trends that affect the functioning of financial institutions and create new risks, and it will also focus on them during inspections."*

The 2022 plan reflects upcoming on-site inspections; however, the plan may be modified according to the risk assessment updated in line with day-to-day supervisory activities. In addition to the planned inspections, the FCMC ensures daily monitoring, as well as in response to complaints or other information available to the FCMC, which raises suspicion of non-compliance with regulatory requirements, the FCMC conducts *ad hoc* inspections or applies other supervisory measures.

In 2022, the FCMC intends to perform 12 inspections in the field of anti-money laundering and counter-terrorism and proliferation financing (AML/CTPF) and sanctions, five inspections in the field of information technology (IT), including the overall IT risk assessment, while 26 inspections are planned in the field of prudential supervision, of which one horizontal inspection of less significant banks, moreover the FCMC supervisors will also participate in the inspections performed by the European Central Bank.\*\*

By segments, this year 14 inspections are planned in banks, two – in the insurance sector, two – in the pension sector, two – in the field of investment, two – in central securities depository, three – in the payment institutions, one – in electronic money institution, 12 – in investment firms, five – in savings and loan associations.

**Kristīne Černaja-Mežmale, Member of the Board of the FCMC,**  
**emphasizes:** *"In 2022, in exercising supervision of credit institutions, the FCMC will pay particular attention to asset quality and credit risk management, risks associated with the development of financial technologies, as well as cyber security, and will continue an active dialogue with representatives of financial sector. The focus of FCMC will be strategies of financial institutions, profitability of business models, internal governance and sustainability issues, and the functioning of internal control system of market participants, defined risk appetite and the ability to manage risks. The Covid-19 impact monitoring will remain to be the focus as well."*

In 2022, strengthening internal management (improving internal control systems and risk management processes) and promoting sustainable finances will be the focus of supervision. Besides, attention will be paid to possible decisions of the European Union (EU) on reinforcing sanctions against Belarus, which poses further challenges for effective and uniform application of sanctions at EU level. The use of the internet environment, which contributes to the development of a variety of new criminal offences (such as fraud and cybercrime), has increased more rapidly in the face of pandemics, and it will inevitably also be the focus of the financial sector this year.

In 2021, during on-site inspections various shortcomings were identified, such as deficiencies in the

field of credit risk management, crowdfunding processes, in the AML and sanctions field, internal management and risk management. The FCMC has instructed financial institutions to take the necessary measures to address the identified deficiencies within a specified time limit and supervise their implementation. The outcome of the inspections shows that in the AML field as a whole, the Latvian financial sector has continued to reduce risk levels in major segments both in credit institutions and payment institutions, moreover, banks have taken the necessary steps to improve their internal control systems. In 2021, four market participants were subject to sanctions, either warning or penalty.

The plan of inspections is available on the [FCMC website](#).

\* On-site inspections will be carried out considering the epidemiological situation in the country and restrictions imposed, using a remote approach, if necessary.

\*\* The ECB plan of on-site inspections is not publicly available yet, therefore they are not included in the FCMC's on-site inspection plan.

For further information:

Dace Jansone

Head of Communications Division

Financial and Capital Market Commission

Phone: +371 67774808

E-mail: [dace.jansone@fktk.lv](mailto:dace.jansone@fktk.lv)