

Strengthening the control of the crime proceeds in the non-banking sector

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News

Before January 1, 2019, consumer lending service providers should establish a system for internal control of the prevention of money laundering and terrorist financing.

This is provided for by the amendments approved by the Cabinet of Ministers on 5 June 2018 in the Cabinet of Ministers Regulation No.245 of 29 March 2011 "Regulations on the Special Permit (License) for the Provision of Consumer Lending Services".

The establishment of an internal control system will reduce the possibility of money laundering and terrorist financing. The creation and maintenance of an internal control system will apply to 59 capital companies that have received a special permit (license) for the provision of consumer lending services, as well as those capital companies who wish to obtain such special permit (license).

It is well known, according to the Law on the Prevention of Money Laundering and Terrorism Financing (hereafter referred to as the Law), the Consumer Rights Protection Centre (CRPC) has the duty to monitor compliance of CRPC licensed consumer lending service providers with the requirements of this Law. The law stipulates that CRPC licensed consumer lending service providers shall carry out and document an assessment of the risks of money laundering and terrorist financing in order to identify, assess, understand and manage the risks of money laundering and terrorist financing inherent to their activity and their clients. On the basis of this assessment, companies should also set up an internal control system for the prevention of money laundering and terrorist financing, including preparation and documentation of relevant policies and procedures.

The amendments to the CM regulation have been drafted in order to ensure that consumer lending service providers establish a system for internal control of the prevention of money laundering and terrorist financing. The existence of such an internal control system will be a prerequisite for obtaining the special permit (license) for the provision of consumer lending services.

In order to enable consumer lending service providers to develop and implement the aforementioned internal control system, the Cabinet of Ministers regulation provides for a 6 months transition period — amendments to the CR regulation will enter into force on 1 January 2019.

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