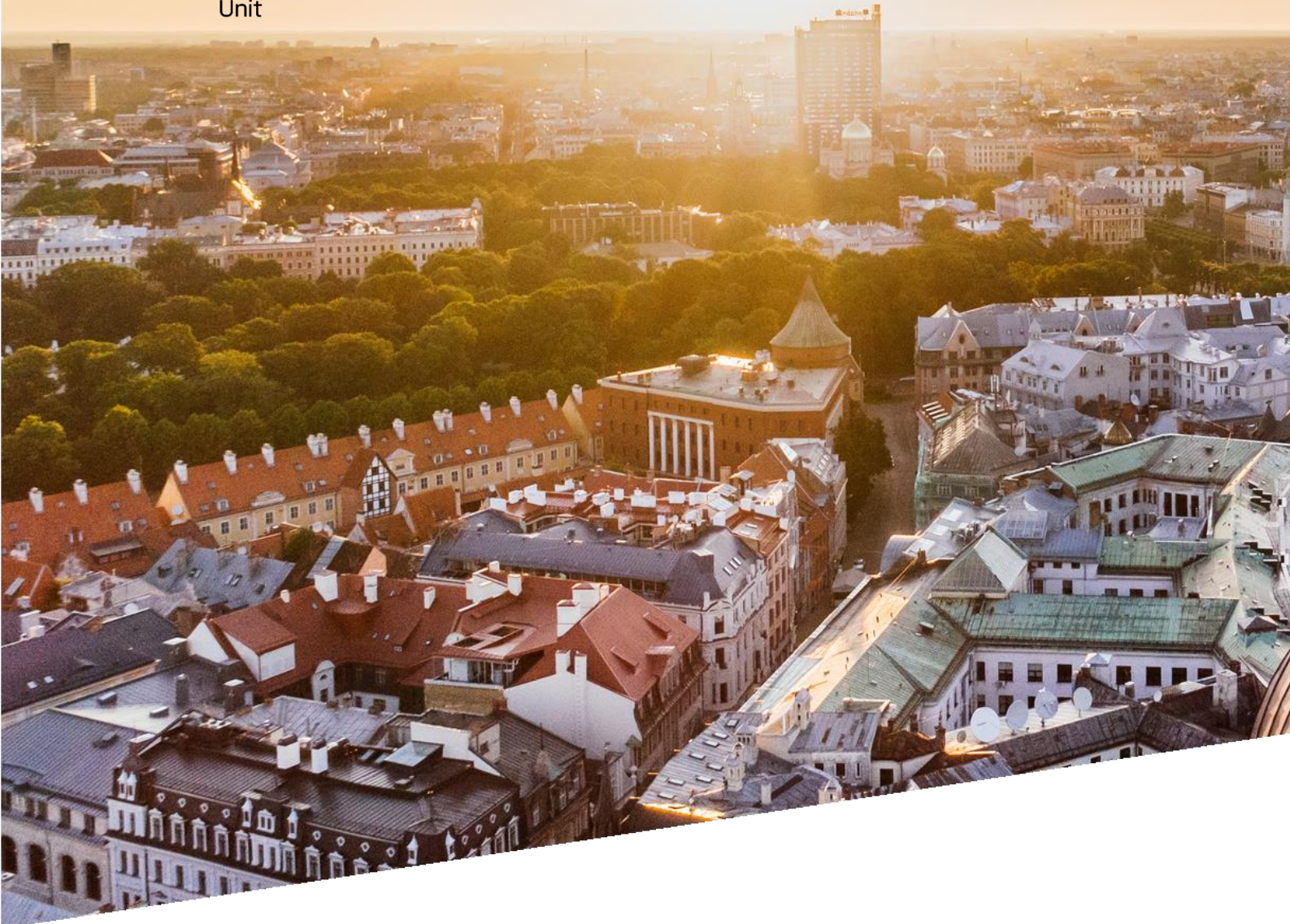Financial Intelligence
Unit

STRATEGY

FOR 2023 - 2027

FINANCIAL INTELLIGENCE UNIT

INTRODUCTION

The Financial Intelligence Unit (FIU) Operational Strategy for 2023-2027 is a medium-term management document that provides a blueprint for FIU's activities by setting clear, predictable and measurable FIU strategic priorities, objectives, key performance indicators and their numerical values to be achieved.

The Strategy contributes to the objective of the Action Plan "to strengthen Latvia's capacity to combat ML, TF and PF and to monitor the implementation of the requirements of the PMLTPF regime, to reduce overall ML, TF and PF risks, thereby ensuring compliance with international obligations and standards in the area of LPMLTPF and promoting public safety, economic competitiveness and confidence in Latvian jurisdiction" and in particular the implementation of Action Line 6 (Financial Intelligence).

The results of the evaluation of the previous period's strategy, including feedback from key partners on FIU's work in the previous period, are used as a basis for the development process, ensuring continuity of the institution's work. At the same time, it also takes into account future orientation – the ability to anticipate and adapt to future challenges and risks, the desire to improve performance results and efficiency. Given that the Strategy is closely linked to a number of FIU's internal processes and documents (departmental work and procurement plans, employee training, individual process plans, etc.), the involvement of every FIU employee in the development of the Strategy is important.

The publicly available Strategy reflects only part of the objectives and performance indicators: they are specific to the internal work of each unit. In total, there are dozens of performance indicators for the different departments of the institution, cascaded down to personal tasks and performance indicators at the level of each employee.

The FIU Strategy has been developed in accordance with the Cabinet of Ministers Instruction No 1 of 1 February 2022 "Procedures for Developing and Updating an Institution's Operational Strategy and for Evaluating its Implementation".

2023-2027

MISSION

FIU protects the country and its citizens from criminal abuse of the financial system.

VISSION

Latvia is an international leader in the fight against MLTPF, ensuring the security and integrity of the financial system

VALUES

Cooperation, excellence, trustworthiness, proportionality.

FIU PARTNERS AND STAKEHOLDERS

FIU is the independent leading authority for the prevention of MLTPF under the supervision of the Cabinet of Ministers. To meet its objectives, as set out in the law, FIU works with a wide range of institutions and partners from the public and private sectors, both locally and internationally.

The FIU's closest cooperation partners are the investigative authorities, including the State Police and the CPCB, the Prosecutor's Office, the State Revenue Service, the subjects of the Law and their supervisory and control institutions, including the Bank of Latvia. FIU also works closely with the Ministry of Finance and the Ministry of the Interior, as well as with non-governmental organisations.

The following partners were interviewed during the development of the strategy:

DELNA, the State Prosecutor's Office, the Ministry of Finance, the FNA, CPCB, ECL, OCCD, prosecutor's office and the SRS. Overall, the partners evaluated the cooperation positively and made valuable recommendations, which have been incorporated into the Strategy.

As a member of the Egmont Group, an international organisation of financial intelligence units, FIU also exchanges information with its counterpart institutions in 165 member countries. At the end of 2022, a survey was carried out with the foreign Financial Intelligence Units – the closest cooperation partners – in order to ascertain their evaluation of FIU's international cooperation, which has also been taken into account and incorporated into the Strategy. The high quality of the information provided, the completeness of the replies, the fast turnaround time and the usefulness of the information in analysis and investigations were highlighted as key aspects.
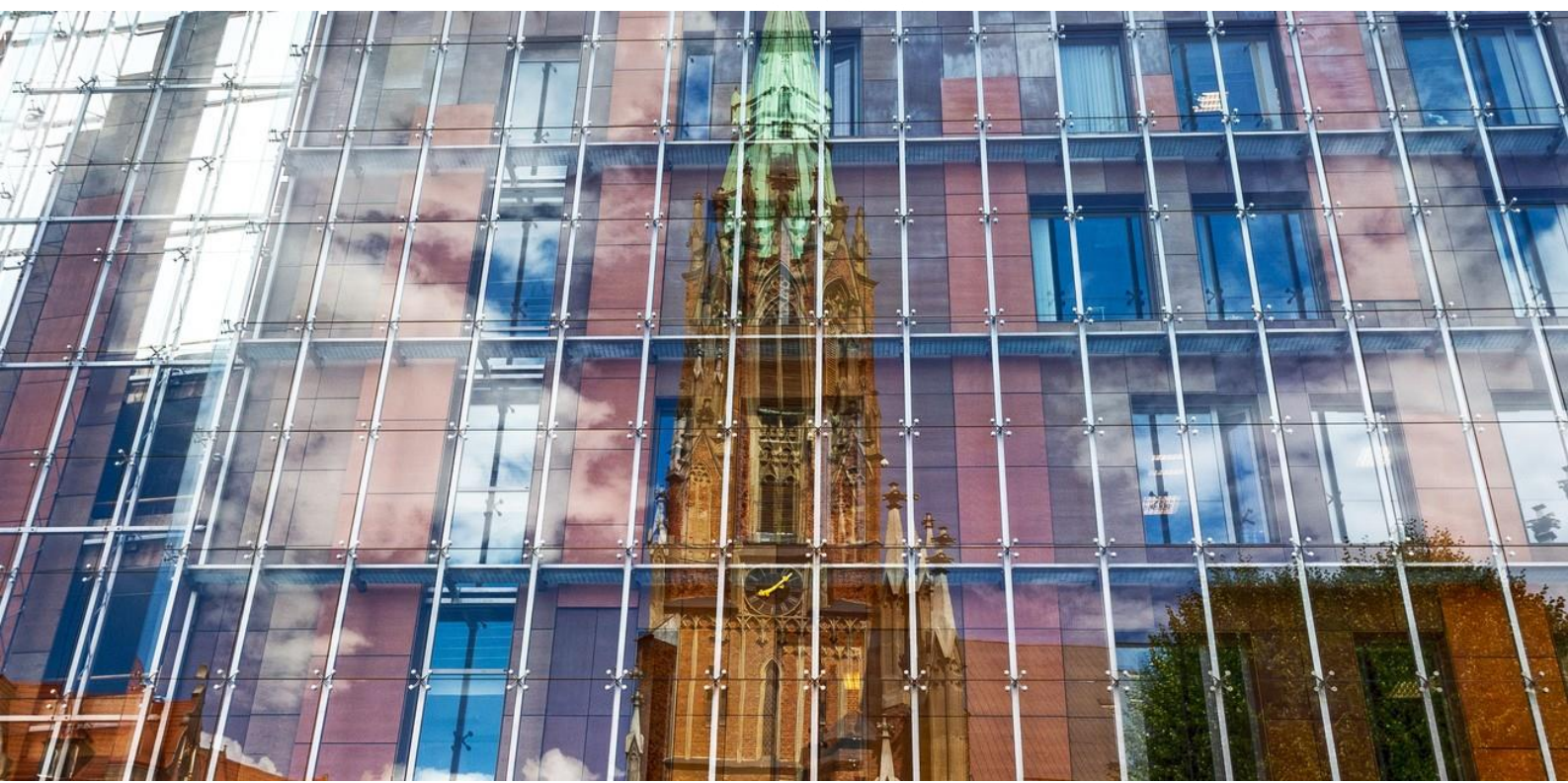
FIU STRATEGIC PRIORITIES, OBJECTIVES AND KEY PERFORMANCE INDICATORS

The Strategy identifies five strategic priorities and related objectives. For each strategic priority, there are also KPI to show progress in implementing the strategic priorities and objectives. Since part of the FIU KPI is restricted information, the public version of the Strategy presents only general indicators to give an overall picture of the most important performance measures.

01

STRATEGIC PRIORITY NO 1 - Promote the effective and efficient use of financial intelligence in the fight against MLTPF by regularly assesing and updating local and international risks and leading effective prevention and combating of MLTPF.

Objectives

1.1. Using financial intelligence and other information available to the FIU, conduct strategic and tactical analysis of trends and typologies of MLTPF, improve methods to prevent and detect such activities, resulting in a risk-based approach to preventing and combating MLTPF at both public and private sector levels;

1.2. To analyse in depth and refer to law enforcement authorities high priority cases related to professional services provided in relation to tax ML, potential corruption and criminal offences in the service of public authorities, organised crime and other serious and especially serious crimes, circumvention of international and national sanctions, thereby reducing the possibility of criminal use of the financial system;

1.3. Develop FIU's ability to use the latest technology solutions, increase the capacity of the institution's analytical solutions to speed up and improve the intelligence analysis process, ensure the reliability of intelligence and the security of data processing;

1.4. Implement AI and machine learning solutions to identify typologies and trends in MLTPF and automatise routine and low-intelligence manual activities, allowing resources to be redirected to more in-depth analysis.

Finanšu izlūkošanas dienests

KPI	2023	2024	2025	2026	2027
Strategic analysis studies on topical issues in the area of preventing MLTPF have been developed, contributing to a proactive approach to the prevention of MLTPF.	6	6	6	6	6
Financial analysis has been carried out and the information has been passed on to law enforcement authorities (number of cases).	330	+10 %	+10 %	+10 %	+10 %
High-priority, particularly complex and voluminous cases analysed in depth and forwarded to LEA (number).	20	22	23	25	27
The tactical analysis led to the identification of the crime and as a result to an in-depth financial analysis was carried out and the information was passed on to law enforcement authorities.	According to trends, but not less than 10	According to trends, but not less than 10	According to trends, but not less than 10	According to trends, but not less than 10	According to trends, but not less than 10
Analysis in cases of alleged circumvention of international and national sanctions, breach of sanctions has been carried out.	100 %	100 %	100 %	100 %	100 %
Technological solutions have been introduced to automate, speed up and improve the intelligence analysis process.	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year
Solutions have been introduced to reduce manual, routine work and there is an upward trend in the identification of new risk indicators (red-flags).	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year

02

Objectives

STRATEGIC PRIORITY NO 2 - Lead innovative and proactive inter-institutional and private sector cooperation at national and international level to more effectively detect, prevent and combat financial crime.

2.1. Using the research conducted as a result of the strategic analysis (including the National MLTPF Risk Assessment), promote a high-quality receipt of suspicious transaction reports corresponding to Latvia's risk profile;

2.2. Initiate OpCen[1] and CCG mechanisms in cases related to professional services in relation to the tax ML, alleged corruption and criminal offences in public institutions, organised crime and other serious criminal offences;

2.3. Promote private sector involvement and support in the detection of MLTPF by strengthening and developing the CCG mechanism with the private sector;

2.4. As a result of increased regional cooperation, FIU conducts and develops joint strategic analysis studies with the Baltic Sea institutions and in other formats (e.g. AMLIH, EFIPPP) on topical MLTPF issues;

2.5. Improved technological solutions to ensure secure, successful and proactive cooperation between authorities, law enforcement bodies at both national and international level.

KPI	2023	2024	2025	2026	2027
Satisfaction of the LEA and the Prosecutor's Office with the cooperation within the CCG.	8 out of 10	8 out of 10	8 out of 10	8 out of 10	8 out of 10
Ensure increased efficiency of the CCG.	63 STRs submitted based on the discussions of the CCG 69 materials sent to LEA based on the discussions of the CCG	66 STRs submitted based on the discussions of the CCG 72 materials sent to LEA based on the discussions of the CCG	69 STRs submitted based on the discussions of the CCG 75 materials sent to LEA based on the discussions of the CCG	72 STRs submitted based on the discussions of the CCG 78 materials sent to LEA based on the discussions of the CCG	75 STRs submitted based on the discussions of the CCG 81 materials sent to LEA based on the discussions of the CCG
Satisfaction of the LEA and the Prosecutor's Office with the quality and timeliness of responses.	8 out of 10	8 out of 10	8 out of 10	8 out of 10	8 out of 10
A technology platform for technologically secure and inclusive inter-institutional cooperation and knowledge transfer has been provided. Solutions have been developed to speed up the exchange of information with FIU partners in Latvia.	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year	2 solutions per year

03

STRATEGIC PRIORITY NO 3 – Promote national understanding of the importance of prioritizing the combating of MLTPF and financial crime.

Sub-objectives

3.1 Using strategic analysis studies conducted (including the National Risk Assessment), promote receiving suspicious transaction reports that match Latvia's risk profile in terms of number;

3.2. Promote the number and quality of reports received;

3.3 Raise public awareness and reduce involvement in financial crime through regular public opinion surveys and results-based strategic communications aimed at educating citizens and businesses about financial crime and its risks;

3.4. Ensure transparency in the work of the FIU, where possible, through regular reporting on results and developments to strategic partners and the public, reducing public tolerance of financial crime and building confidence in the State's ability to prevent it.

KPI	2023	2024	2025	2026	2027
Proportion of STRs received from the non-financial sector to all STRs received by the FIU.	3 %	3 %	5 %	5 %	5 %
The society understands the current and future risks of MLTPF in Latvia: - the proportion of the Latvian society willing to commit financial crimes or benefit from them in their own interests is decreasing;	+ 2 % in comparison to 2022	+ 2 % in comparison to 2023	+ 3 % in comparison to 2024	+ 3 % in comparison to 2025	+ 4 % in comparison to 2026
- people's trust in the FIU increases;	+ 2 % in comparison to 2022	+ 2 % in comparison to 2023	+ 3 % in comparison to 2024	+ 3 % in comparison to 2025	+ 4 % in comparison to 2026
The number of registered goAML users is increasing.	+10%	+10%	+10%	+10%	+10%

[1] OpCen is an initiative of the FIU to ensure cooperation, information analysis and exchange, action planning between the FIU and the LEA in the framework of specific financial intelligence, criminal proceedings and operational activities in order to improve the prevention and combating of organised crime and serious crime, in particular the prevention and combating of money laundering, financing of terrorism and the identification of money laundering to ensure its subsequent confiscation.

[2] Annual feedback survey, where 10 is the best score

[3] Annual feedback survey, where 10 is the best score

04

STRATEGIC PRIORITY NO 4 - Ensure that Latvia maintains and improves high level of compliance with international standards for the MLTPF, that strengthens the country's reputation and international competitiveness.

Objectives

4.1. Ensure that international evaluators (Moneyval, FATF, OECD, IMF, UN, EP, etc.) evaluate Latvia's MLTPF prevention system as compliant with international standards;

4.2. To position Latvia as an active partner for international organisations in the area of MLTPF prevention;

4.3. Actively participate in and promote cooperation with foreign FIU's in the area of data analytics.

KPI	2023	2024	2025	2026	2027
Latvia's evaluation of the Immediate Outcome 6 (IO6) in the area of MLTPF prevention is improving compared to previous periods.	Medium level of efficiency	Medium level of efficiency	Medium level of efficiency	Medium level of efficiency	Medium level of efficiency
The average response time to requests from foreign FIU's is improving (number of days).	18	17	16	15	15
The average annual score for international cooperation provided by FIU Latvia to foreign authorised bodies is no lower than 9 out of 10, while the average score for an individual foreign FIU is improving.	9 and 7	9 and 7	9 and 8	9 and 8	9 and 8
FIU organises international conferences and discussions to promote international awareness of MLTPF issues and strengthen international cooperation.	1 sanctions conference and 1 other conference on a topic of international importance	1+1 At least two new strategic partners are approached each year	1+1 At least two new strategic partners are approached each year	1+1 At least two new strategic partners are approached each year	1+1 At least two new strategic partners are approached each year

Finanšu izlūkošanas dienests

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STRATEGIC PRIORITY NO 5 - FIU Latvia is a modern and safe workplace that values and respects environmental, social and governance (ESG) issues in its daily work. FIU has predictable workflows and high efficiency of internal work processes.

Objectives

5.1.	Effectively and strategically attract, recruit, retain and develop FIU employees to ensure that they have the necessary competencies, dynamism and mindset to ensure the success of the institution and its employees in the ever-changing environment;

5.2.	FIU employees have the highest engagement rates in public administration;

5.3.	FIU's internal communication strengthens employee engagement and loyalty, enables employees to understand the corporate culture and helps them achieve high-quality results;

5.4.	FIU develops and maintains a sustainable working environment.

As a result of an effective recruitment process, FIU is able to attract, recruit, retain and manage FIU talent.	Duration of recruitment process < 2 months Employee satisfaction survey score is at least 7 out of 10	Duration of recruitment process < 2 months Employee satisfaction survey score is at least 7 out of 10	Duration of recruitment process < 2 months Employee satisfaction survey score is at least 8 out of 10	Duration of recruitment process < 2 months Employee satisfaction survey score is at least 8 out of 10	Duration of recruitment process < 2 months Employee satisfaction survey score is at least 8 out of 10
FIU develops and maintains a sustainable working environment.	FIU received at least a Bronze Award in the Sustainability Index	FIU received at least a Bronze Award in the Sustainability Index	FIU received at least a Silver Award in the Sustainability Index	FIU received at least a Silver Award in the Sustainability Index	FIU received a Gold Award in the Sustainability Index
FIU employees understand the institution's objectives and are aware of and take advantage of qualification upgrading opportunities.	The results of the FIU employee survey show that: - 80 % understand FIU's objectives, strategic directions and future vision; - 50 % have sufficient information on qualification upgrading opportunities;	The results of the FIU employee survey show that: - 85 % understand FIU's objectives, strategic directions and future vision; - 60 % have sufficient information on qualification upgrading opportunities;	The results of the FIU employee survey show that: - 85 % understand FIU's objectives, strategic directions and future vision; - 70 % have sufficient information on qualification upgrading opportunities;	The results of the FIU employee survey show that: - 90 % understand FIU's objectives, strategic directions and future vision; - 80 % have sufficient information on qualification upgrading opportunities;	The results of the FIU employee survey show that: - 90 % understand FIU's objectives, strategic directions and future vision; - 90 % have sufficient information on qualification upgrading opportunities;

Finanšu izlūkošanas dienests

Risks that may affect the achievement of strategic priorities, sub-objectives and results

STRENGTHS

1. A clear mandate, enshrined in law;
2. Operational independence;
3. FIU has professional and experienced employees;
4. Fast and wide access to information;
5. Local and international cooperation is strong;
6. FIU is highly regarded professionally and has a good reputation among partner institutions.

WEAKNESSES

1. Few potential employees with the necessary financial intelligence and data management skills;
2. Latvia's reputation continues to be affected by the failing Moneyval 5th Round evaluation;
3. The volume of work increases disproportionately to the amount of funding;
4. Multiple tasks and projects of high priority and complexity carried out simultaneously.

OPPORTUNITIES

1. Increased awareness of the credibility of the Latvian financial system;
2. The subjects of the law understand the nature and meaning of reporting;
3. Increasing availability of financial intelligence useful for LEAs;
4. Public-private cooperation has led to a significant increase in the number of economic crimes prevented;
5. Latvia is one of the first countries to participate in the Moneyval 6th Round evaluation and is able to improve the 5th Round score;
6. New technologies (including artificial intelligence) offer new opportunities for detecting and preventing MLTPF.

THREATS

1. Geopolitical insecurity;
2. Political instability and fluctuating political priorities;
3. The inability of public administration remuneration to compete with private sector pay levels for equivalent positions, which risks attracting analysts, IT and other professionals for long-term employment;
4. Uncertainty, economic downturn;
5. Cybercrime and the rise of cyber threats;
6. Potential reputational risks at national level.

FIU FUNDING FOR 2023-2027

	2023	2024	2025	2026	2027
TOTAL	4 800 541	5 284 743	5 284 743	5 284 743	5 284 743
Remuneration	3 019 387	3 566 553	3 566 553	3 566 553	3 566 553
IT expenditure	805 562	805 562	805 562	805 562	805 562
Employee training	58 609	58 609	58 609	58 609	58 609
Research	10 000	10 000	10 000	10 000	10 000
Public awareness (campaigns, conferences, etc.)	161 124	98 160	98 160	98 160	98 160
International cooperation	8000	8000	8000	8000	8000
Business trips	45 380	45 380	45 380	45 380	45 380
Office maintenance expenses	583 124	583 124	583 124	583 124	583 124
Other administrative expenses	82 965	82 965	82 965	82 965	82 965
Training of law subjects and LEAs	26 390	26 390	26 390	26 390	26 390

Finanšu izlūkošanas
dienests

ABBREVIATIONS

AMLIH	Anti-Money Laundering Innovation Hub
DELNA	Delna Society for Transparency
EFIPP	Europol Financial Intelligence Public Private Partnership
ECCD	Economic Crime Combatting Department
CE	Council of Europe
FATF	Financial Action Task Force
FIU	Financial Intelligence Unit
KPI	Key Performance Indicators
IMF	International Monetary Fund
IT	Information Technologies
CPCB	The Corruption Prevention and Combating Bureau
ECL	Employers' Confederation of Latvia
Subjects of law	Subjects of the Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
Moneyval	Committee of Experts on the Evaluation of Anti-Money Laundering Measures and the Financing of Terrorism
ML	Money Laundering
MLTPF	Money Laundering and Financing of Terrorism and Proliferation
PMLTPF	Prevention of Money Laundering and Terrorism and Proliferation Financing
LPMLTPF	Law on the Prevention of Money Laundering and Terrorism and Proliferation Financing
CO	Criminal Offences
OECD	Organisation for Economic Co-operation and Development
OCCD	Organised Crime Combating Department
OpCen	Operations Centre
Action plan	Action Plan to Prevent Money Laundering, Terrorism and Proliferation Financing for 2023-2025
PF	Proliferation Financing
CCG	Cooperation Coordination Group
STR	Suspicious Transaction Report
Strategy	Financial Intelligence Unit Operational Strategy for 2023-2027
LEA	Law Enforcement Authorities
TF	Terrorism Financing
UN	United Nations
SRS	State Revenue Service