

BRIDGING INNOVATION AND REGULATION!

# FINTECH PULSE 2023

LATVIA

10.10.2023.

BROUGHT TO YOU BY

**FINTECH LATVIJA**  
ASOCIĀCIJA



# Welcome to Latvia!

An important and growing sector

An industry with growth potential that cannot be ignored

Let's play in the Regulatory Sandbox!

Latvia as a sandbox for fintech solutions!

Out of **600** startups **25%** are FinTech's

Fintech development strategy **approved** in February 2023

**Support mechanisms** designed by the Bank of Latvia

1. Innovation Hub;
2. Regulatory sandbox & Synthetic Data Sandbox;
3. Sandbox for issuers;
4. Pre-licensing consultations;
5. Roadmap and checklist for newcomers;
6. Internal iLab

Check also:

[fla.lv/why-latvia/](https://fla.lv/why-latvia/)

[fintechlatvia.eu/why-latvia/](https://fintechlatvia.eu/why-latvia/)



Ministry of Finance  
Republic of Latvia



Ministry of Economics  
Republic of Latvia



Investment and  
Development  
Agency of Latvia



# Welcome to Latvia!

Innovative business models ask for specialised education

Finance Management Information Systems study program offered in English language by BA School of Business and Finance with the University of Latvia as from 2024



Baltic Centre of Excellence in Financial Services by Riga Business School with the Riga Technical University



Latvia has ambitions to become the fintech hub

Currently, conditions are maximally positive and the stars are aligned better than before – Latvijas Banka is actively signalling that Latvia wants to become more open to fintech companies.

*Rūdolfs Enģelis,  
partner at law firm Sorainen*

The centre will serve as a key regional independent think-tank and capacity builder, aiming to shape the future of financial services in the Baltic region and beyond.



# What's happening?

## SECTORAL REVIEW

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A business with unicorn potential

Latvia wants to be the centre of the crypto industry

It is important to be among the first to implement the MiCA Regulation

Phenomenon of the Latvian market: investment platforms

Crowdfunding financing services are gaining momentum

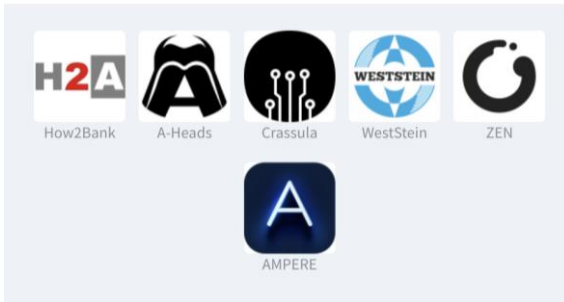
One of the oldest fintech niches in Latvia: non-bank consumer lending

A sector with high potential: Regtech

One of the biggest exits in the Latvian fintech scene: Nordigen's acquisition by GoCardless

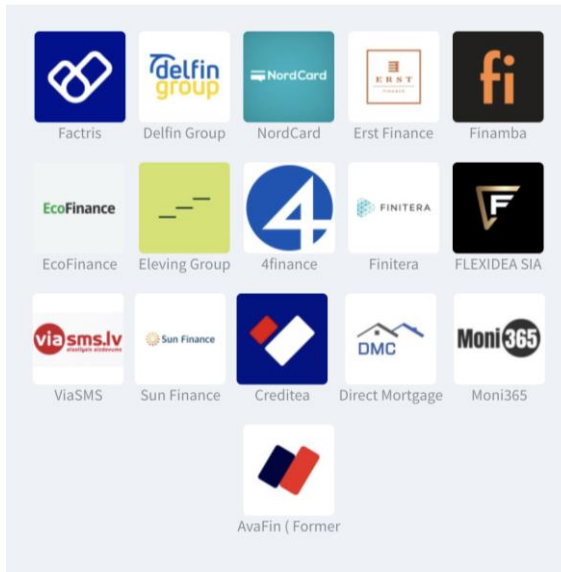
## Banking

Combined funding \$ 2M



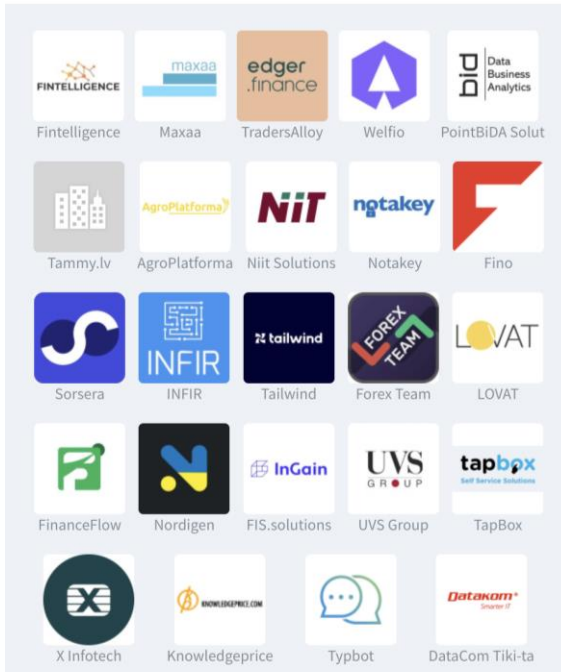
## Fintech Lenders

Combined funding \$ 46M



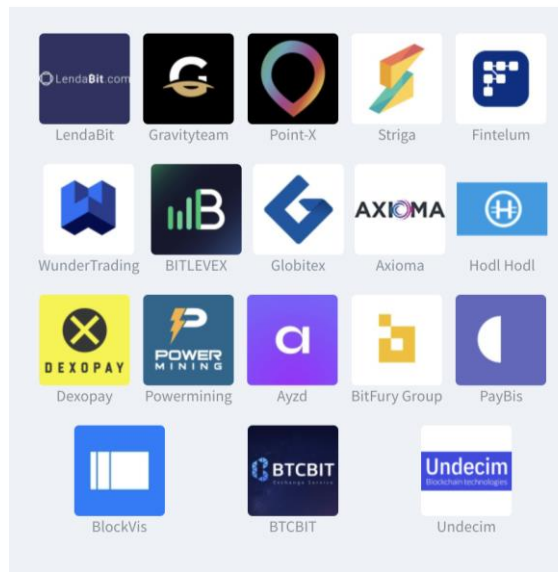
## Data/IT solutions

Combined funding \$ 4.8M



## Crypto/blockchain

Combined funding \$ 228M



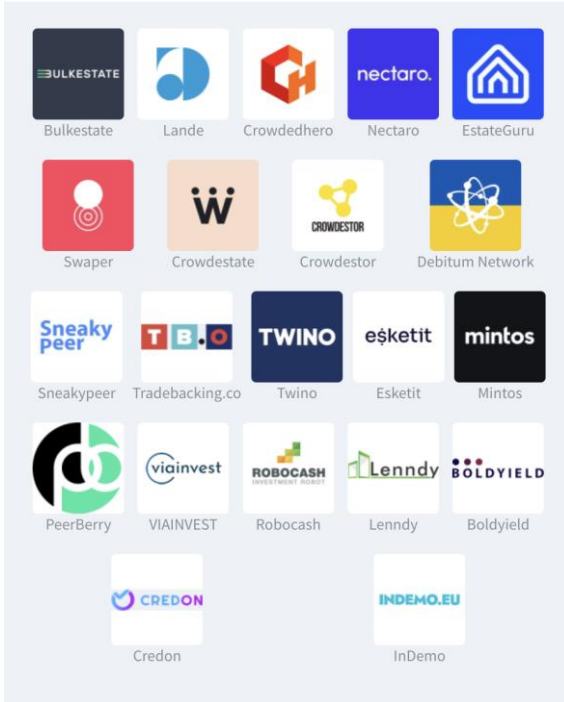
## Brokers

Combined funding \$ 2.4M

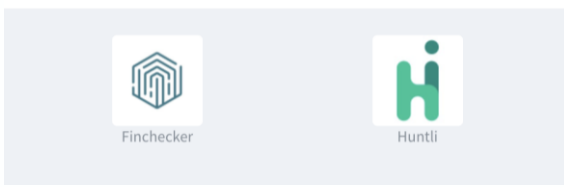


## P2P/Crowdfunding

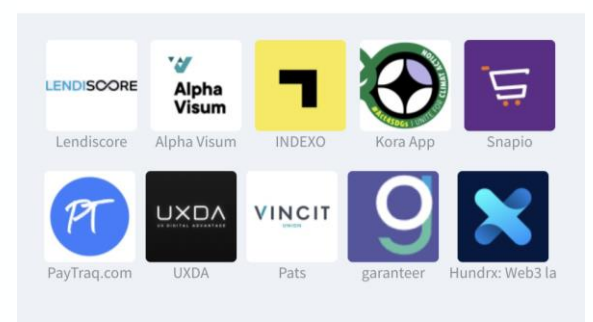
Combined funding \$ 41M



## AML/KYC

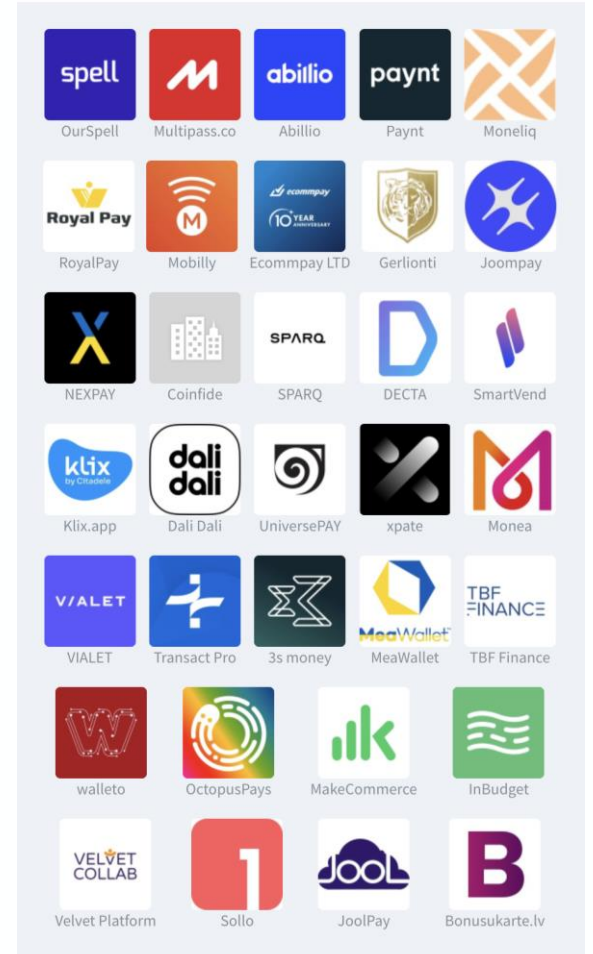


## Others



## Payments

Combined funding \$ 29M



 Venture Faculty

 dealroom.co

# Latvia wants to be the centre of the crypto industry

Ministry of Finance full speed ahead to introduce MiCA

Financial Intelligence Unit hosted an international conference on Future Framework of Crypto Assets

Opportunities and challenges of MiCA from the perspective of the Regulator and advisors

Latvian Blockchain Association



We have quite high expectations for MiCA, because being among the first to introduce national regulation gives us the opportunity to make a major breakthrough in the fintech industry

***Dina Buse,***  
*Ministry of Finance*

# Crowdfunding and Investment platforms

## Latvian phenomenon: Investment platforms

**mintos**

**TWINO**

**nectaro.**

**INDEMO**

 **DEBITUM**

 **viainvest**

## Crowdfunding financing services are gaining momentum



**CrowdedHero**

2-3 applications for authorization in line

**mintos**

**TWINO**

**nectaro.**

  
**ESTATEGURU**

Numerous peer-to-peer and crowdfunding platforms that are presently active in the market have originated from the Baltics, particularly Latvia. "Latvia stands out as a country of investment platforms. Twino and Mintos were the first - everyone knows Latvia because of these platforms.

***Ramona Miglāne,**  
partner at drill., attorney at law*

**drill.**





**Consumer lending:** mature, technologically advanced and among most regulated in Europe



**Payment and electronic money institutions:** to regain momentum after EU Instant Payment Regulation package adoption?



**RegTech:** new startups in the scene



# Banks & Fintechs

The relationship between banks and fintechs - it's complicated

Cooperation is always a good idea: LPB Bank's experience in cooperation with fintechs



Moneyval & financial sector reconstruction

Latvia went through an overhaul of its financial industry - more ambitious than anywhere else in Europe. Market participants, supervisors, and advisors at all levels are now much more knowledgeable about this area than the European average. [...]

*R. Enģelis,  
Sorainen*

## Geography

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- Tietoevry Banking Latvia's team works worldwide
- There is almost endless potential in Kenya
- There is an opportunity for FinTech's in large economy
- Vietnam: a country with huge potential

## Availability of Financing

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- Bonds
- IPO - the next logical step
- End of the unicorn era

## Innovations & Trends

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- Innovations are crucial for long-term success
- Twino Investments starts offering investments in rental properties
- Help in forecasting cash flow
- On a mission to reverse the paradigm of what it means to be a fintech
- The elephant in the room: artificial intelligence
- New regulation on open finance is coming
- The fintech sector shapes the future of finance
- Global fintech trends came to Latvia

# In summary

- **Latvia is ready to welcome new FinTech's** - clear signals from policy makers and regulators
- **Streamlined licensing process and support mechanisms offered by the Bank of Latvia**, and continuous good feedback from the industry as being one of the most approachable regulators in Europe
- **Predictable compliance environment** after financial sector reconstruction following Moneyval evaluation of 2018
- **Banks willing to service FinTech's**: even though some side-effects after financial sector reconstruction are being experienced, there are banks who have set as their strategic goal to cooperate with FinTech's
- **Access to SEPA via Central bank on the way**: fueled by developments in EU and dialogue between industry and the Bank of Latvia
- **Capital availability via public markets** for more mature FinTech's
- **Best consultants in Europe** to guide you on the way

## Join our networking events series "Fintech Breakfast"



### Events so far:

- The life before and after IPO
- Social engineering - unlimited fraud possibilities or lack financial literacy?
- Cyber security trends and challenges in the fintech sector
- Talent mobility in 21st century: Challenges and opportunities
- Smart HR: The future of talent motivation and management
- Cooperation between banks and FinTech's: challenges and opportunities
- Fintech development strategy: Education

# Coming soon

Fintech Board members'  
academy:  
Empowering Excellence



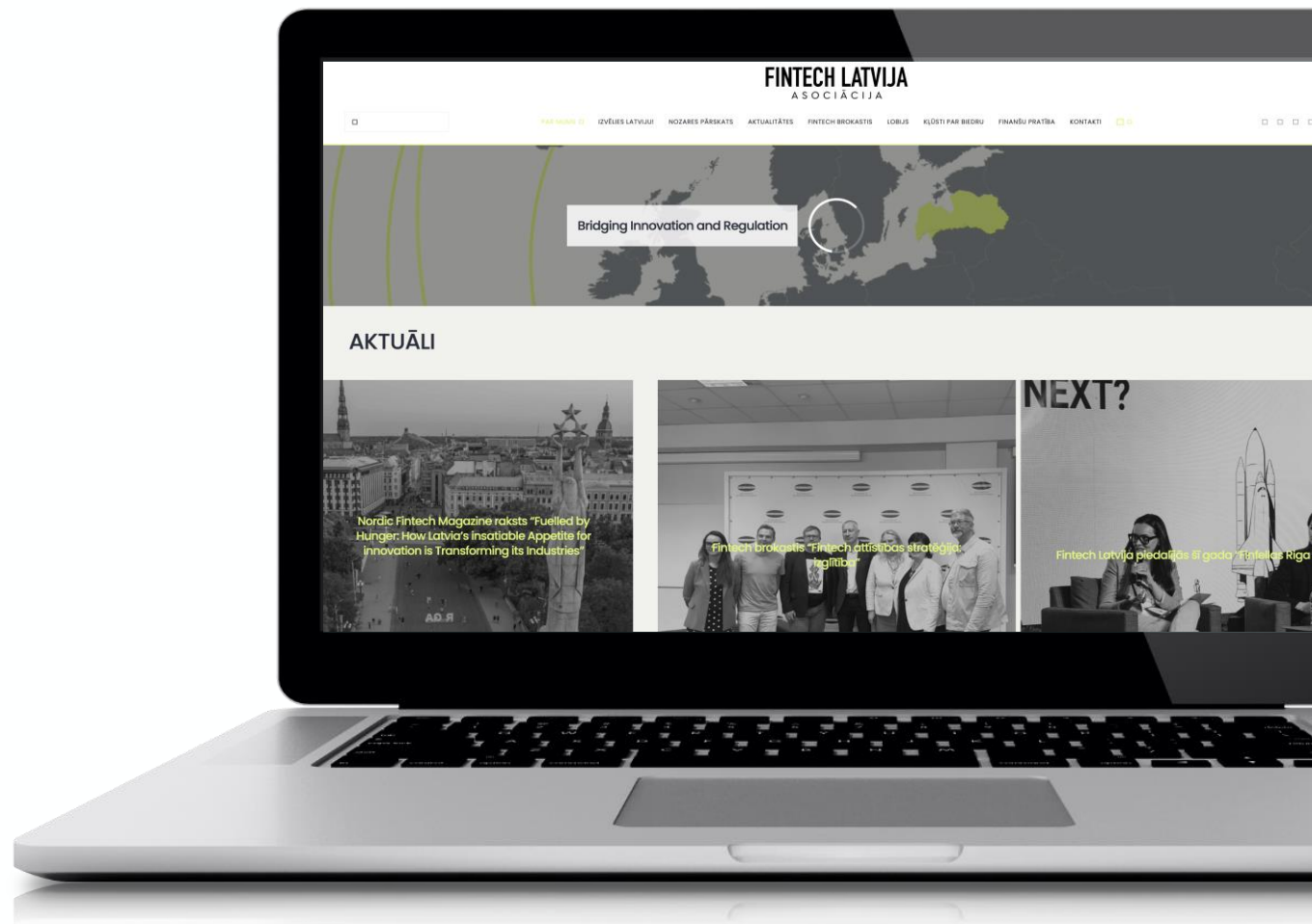
In cooperation with:



# Fintech Latvia Association:

- Open for collaborations:
  - Fintech Breakfast
  - Fintech Pulse 2024
- Accepting new members

Reach out at: [info@fla.lv](mailto:info@fla.lv)



# Thank you!

Content Wizard:  
**Anda Asere,**  
editor at Labs of Latvia



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# Thank you!

## For financing:



## Being featured:

