

## **Mārtiņš Kazāks, Governor of Latvijas Banka**

### **Opening speech at the Latvia Fintech Forum, 2024-11-05**

*Good morning, Minister Valainis, distinguished guests, esteemed innovators and entrepreneurs, dear colleagues.*

I am honoured to welcome you to the annual Latvia Fintech Forum. Today, we stand at a pivotal moment in Latvia's journey toward becoming a prominent actor in the global fintech ecosystem. I am looking forward to share this forum with industry leaders, policymakers, and experts who are shaping the future of finance. To share ideas, to kick off new business ventures and make history. No less than that! We do aim high.

In the past decade, the fintech sector has transformed how financial services are accessed, provided, regulated and supervised. The impact of fintech reinvents finance industry across the board.

And Latvia aims high to contribute to this success.

Latvia already has its own established and budding success stories.

We at Latvijas Banka recognize the very importance of fintech sector to drive economic growth, innovation, and competitiveness. Our aim is to build a healthy and thriving financial sector where innovation fuels productivity, incomes and well-being of our societies. Where all benefit from a safe, resilient, and healthy economy.

We are excited to start working on a new fintech strategy that aims to grow Latvia as a successful fintech hub in Europe. Our value proposition is to be based on a friendly and supportive ecosystem and efforts to prioritize access to capital, developing world-class talents, and fostering deeper collaboration with stakeholders to build Latvia's competitive position. And let's be ambitious: we're not just aiming for a seat at the table; we're aiming much higher!

Over the past few years, we have achieved excellence in compliance. Today, I am proud to say that the foundational work is complete. Latvia now hosts a regulatory environment that is open to innovation, aligned with EU standards, and committed to fostering a fintech-friendly business environment.

Consider a sailing analogy – just as a healthy maritime system requires a diverse fleet of vessels – ferries, cargo ships, sailboats, tugboats – the financial markets must go beyond banks. Fintechs, like nimble and agile vessels, play a unique role in navigating the open waters of the financial system – prepared and ready to respond to structural shifts and business opportunities. Through agile interaction and sound practices, entrepreneurs and policymakers can work together to build an ecosystem where fintech innovation thrives. Yes, bold steps are essential, but carrying dodgy cargo or venturing too close to dangerous cliffs or sandbanks is not our path. By this I mean that we shall follow high standards for AML/CFT.

Latvijas Banka has created a framework that balances flexibility with responsibility. Our efforts have been focused on streamlining licensing processes (some of our market participants have obtained their license in less than 3 month), reducing barriers to entry, and promoting transparent governance in the financial sector. Latvijas Banka’s strategic decision to open our payment infrastructure to fintech companies is a key milestone for Latvia’s financial ecosystem. By providing fintechs direct access to SEPA, we empower them to operate more efficiently, offering faster, cost-effective, and seamless euro transactions across the EU. This positions Latvia as a forward-thinking financial hub in Europe and aligns with our broader objective to create an open, competitive, and technologically advanced financial industry.

Our next chapter in fintech development is one of expansion. We have identified three key pillars that will guide our new fintech strategy:

First, infrastructure and regulation. We are committed to continually improving our payment infrastructure, Innovation hub, Regulatory sandbox, tools and frameworks to ensure that innovation takes root and thrives. Our goal is to maintain a regulatory environment that is adaptive, secure, and supportive of cutting-edge technologies. At the same time, we will ensure that consumer protection and financial stability remain at the heart of our policies. Like a well-built ship that’s ready for any storm!

Second, talent development and innovation ecosystem. The strength of our fintech sector relies on the talent and innovation it can generate. Latvia is home to a growing pool of talented professionals; we must continue investing in education, training, and research partnerships with universities and international institutions. Fostering a culture of learning

and innovation is essential. After all, only the best crews know how to adapt to changing tides.

Third, access to capital and investment. One of the biggest challenges for startups is securing access to capital. Authorities, in collaboration with financial institutions and venture capital funds, shall facilitate access to funding. Because what good is a great ship without fuel to set sail?

As we sail into the future, it is essential to keep our eyes on the horizon and maintain a steady course toward future success. The fintech sector is navigating through uncharted waters, and we must be agile to adjust our sails as needed. Just as changing sailing conditions, technologies like blockchain, decentralized finance, artificial intelligence, and crypto assets are transforming the very fabric of finance. At Latvijas Banka, we are charting new territories by exploring these innovations and preparing to tackle the opportunities and challenges that lie ahead. Together, we can ensure that our fintech fleet is equipped to navigate the evolving financial seas and seize the moment for growth and advancement.

In conclusion, I am optimistic about the future of fintech in Latvia. We have the talent, the regulatory framework, and the strategic vision to succeed. But success will come only with collaboration. We must work together—industry leaders, regulators, entrepreneurs, and policymakers—to build an ecosystem where innovation thrives. If we make the best of it, I cannot see any reason why we shall not have a unicorn of our own. In fact, I would dare to set it as our aim for the next five years to produce a fintech unicorn. Let us do it! Let us do it!

I thank you all for your participation today and for your commitment to driving this industry forward. Let's use this forum to exchange ideas, forge new partnerships, and hoist our sails toward building your business and make Latvia to become a leading fintech hub in Europe.

Have fun, aim high and make it profitable!

Thank you!