

Self-assessment of Latvijas Banka as the SEPA Product User

28 February 2011

Latvijas Banka is the central bank of the Republic of Latvia pursuant to the Law of the Republic of Latvia "On the Bank of Latvia".

The Board of Latvijas Banka approved the SEPA plan of Latvijas Banka by its Resolution No. 929/3 of 23 July 2009 and passed a decision whereby Latvijas Banka as the SEPA product user has committed *to send and receive SEPA credit transfers as of 12 November 2010, ensuring complete implementation of SEPA credit transfers by the euro changeover day*¹. As of 9 November 2010 Latvijas Banka send and receives SEPA credit transfers.

The SEPA plan of Latvijas Banka stipulates that the SEPA credit transfers replace Latvijas Banka's own customer payments. Latvijas Banka ensures also the receipt of SEPA compliant payments (such as, payments for the sold collector coins, the European Commission payments).

Latvijas Banka uses its internal resources (i.e. information systems and human resources) for sending and receiving the above SEPA credit transfers. Latvijas Banka makes SEPA credit transfers on its own behalf due to the fact that Latvijas Banka is also the SEPA product provider at the same time and uses the Electronic Clearing System of Latvijas Banka, the EKS, for sending and receiving SEPA credit transfers in the bank-to-bank domain. At the same time, Latvijas Banka is also the provider of SEPA credit transfer infrastructure – the EKS.

Banks and the future payment institutions play a crucial role in the SEPA process. Not only do they contribute to the policy-setting process, they are providers of the resulting SEPA payment instruments too. Since they expect other users to adopt SEPA payment instruments, the Eurosystem also expects² them to lead by example in order to be consistent. Therefore, banks should:

1. include a reference to the SEPA criteria of the European Payments Council (EPC) and the Eurosystem's expectations in the text of their invitations to tender for payment processing?

Yes

No

Comments:

Not applicable. Latvijas Banka does not outsource payment processing due to the fact that Latvijas Banka as the SEPA product user uses its internal resources for processing SEPA credit transfers, i.e. Latvijas Banka is also the SEPA product provider at the same time and complies with the EPC and the Eurosystem's SEPA expectations for providers.

2. use SEPA payment instruments (instead of legacy euro payment instruments) and use a provider (i.e. for payments which are not "on-us" payments) which observes the EPC's

¹ Pursuant to the explanation by the Directorate General for Economic and Financial Affairs of the European Commission – the €-day is the day on which the euro banknotes and coins are granted the legal tender status in the respective Member State.

² Eurosystem's SEPA expectations, 27 March 2009.

<http://www.ecb.int/pub/pdf/other/eurosystemsepaexpectations200903en.pdf>.

and the Eurosystem's SEPA rules and expectations, and which does not necessarily need to be located within the same country, in order to:

Yes No

Comments:

As of 9 November 2010, Latvijas Banka as the SEPA product user sends and receives SEPA credit transfers. Latvijas Banka does not involve other product providers and uses its internal resources for sending and receiving SEPA credit transfers, i.e. Latvijas Banka is also the SEPA product provider at the same time and complies with the EPC and the Eurosystem's SEPA rules and expectations. SEPA credit transfers' requirements in full Latvijas Banka will adapt by the €-day.

a. pay their suppliers. If unavailable, the Eurosystem expects banks and payment institutions to actively request the necessary SEPA identifiers from their suppliers;

Yes No

Comments:

Latvijas Banka sends SEPA credit transfers, using the SEPA account identifiers (IBAN and BIC) specified by suppliers.

b. effect salary payments. The Eurosystem expects employees to provide their IBANs and BICs;

Yes No

Comments:

Currently Latvijas Banka effects salary payments in lats, using account identifiers (IBAN and BIC) specified by the employees of Latvijas Banka. As of €-day Latvijas Banka will send SEPA credit transfers, using the SEPA account identifiers (IBAN and BIC) specified by the employees of Latvijas Banka.

3. use IBANs instead of account numbers, if the payments mentioned under 2.a and 2.b are effected in-house (i.e. "on-us payments").

Yes No

Comments:

Not applicable. The payments mentioned under 2.a and 2.b cannot be in-house payments executed at Latvijas Banka as Latvijas Banka sends the euro payments to its suppliers to the IBAN accounts with other banks.